

## Commentary on Ross *et al.* (2011): Beyond cigarette taxes – the need for research on other cigarette pricing policies

Higher cigarette taxes and prices have consistently been shown to reduce cigarette smoking by leading current smokers to try to quit, preventing former smokers from restarting, keeping young people from taking up smoking, and by reducing the frequency and intensity of smoking among those who continue [1]. The paper by Ross and colleagues [2] provides a useful addition to the evidence on the effectiveness of higher taxes and prices in reducing smoking, using longitudinal data from the International Tobacco Control Policy Evaluation Survey (ITC survey) to look at the impact of cigarette prices on cessation. They provide clear evidence that motivation to quit is significantly higher among smokers facing higher cigarette prices, and that further increases in prices can strengthen both quit intentions and actual cessation. Using the unique data from the ITC survey, they also show that the availability of discount cigarette brands, price-reducing promotions and other sources of cheaper cigarettes do not deter cessation, but do reduce the magnitude of the effects of price on quit-related outcomes.

Ross and colleagues' findings raise important questions about other policy options that governments could adopt to limit the availability of cheaper cigarettes and, as a result, to maximize the effectiveness of higher cigarette taxes in reducing tobacco use and the death and disease it causes. Smokers can seek out cheaper cigarettes through a variety of tax avoidance efforts, while illegal trade can make cheaper cigarettes more widely available. At the same time, cigarette company pricing and price-related marketing strategies can make less expensive cigarettes widely available. With respect to the latter, governments have several options, in addition to tax increases, for making cigarettes and other tobacco products more expensive.

One such option relates to the type of tobacco tax structure employed. As described more fully in the recently published World Health Organization's (WHO) *Technical Manual on Tobacco Tax Administration* [3], uniform, high specific cigarette excise taxes (taxes based on quantity) will, by reducing the gap in price between premium and discount cigarette brands, be more effective in reducing tobacco use than will either *ad valorem* excise taxes (taxes based on value) or differential taxes that apply higher rates to premium brands. The WHO recommendation is supported by Chaloupka and colleagues' [4] finding that greater reliance on specific cigarette excise taxes than on *ad valorem* taxes shrinks the price gap between premium and discount brands and reduces

overall cigarette consumption, based on their analysis of data from European Union countries using different mixes of specific and *ad valorem* excises on cigarettes. However, more research is needed to add to the limited empirical evidence that currently exists on the impact of cigarette tax structure on smoking behavior.

Another option is to limit tobacco companies' use of price-reducing promotions (e.g. buy-one-get-one-free and other multi-pack discounts, coupons, distribution of free samples and special low-price offers). At least in the United States, cigarette companies have significantly increased their use of price-reducing marketing techniques over the past two decades [1]; anecdotal evidence suggests that the same is true in a number of other countries. In its forthcoming review, *Effectiveness of Tax and Price Policies for Control of Tobacco*, the International Agency for Research (IARC) on Cancer international expert working group concludes that 'tobacco industry price discounting strategies, price-reducing marketing activities, and lobbying efforts mitigate the impact of tobacco excise tax increases' [5]. The working group goes on to suggest that comprehensive bans on tobacco company marketing that include bans on the use of price-reducing promotions would be one option for eliminating these as a source of cheaper cigarettes [5], a finding supported by a small but growing body of empirical evidence [6,7]. Such policies have been adopted by a small but increasing number of governments around the world [8]. More research is needed, however, to assess the impact of these policies on the smoking behavior of individuals, including their interests in quitting and actual cessation behaviors.

In countries where comprehensive marketing bans may face constitutional barriers, another option is to adopt minimum pricing policies that set a floor for cigarette prices. Minimum pricing policies, however, may run afoul of competition laws, as seen in the European Union where minimum tobacco product pricing policies in Austria, France and Ireland were recently struck down [5]. Moreover, as Feighery and colleagues [9] note in their analysis of the impact of state-level minimum pricing policies on cigarette prices in the United States, unless these policies define price broadly enough to include price-reducing promotions that lead to prices below the minimum, they will have little if any impact on the actual prices paid by smokers. To date, no empirical evidence exists on the impact of minimum pricing policies for cigarettes on cigarette smoking behaviors, including initiation and cessation.

To summarize, Ross and colleagues [2] demonstrate that higher cigarette prices are effective in promoting smoking cessation, but that the magnitude of the effect is smaller when low-priced cigarettes are readily available. Research is needed to better understand the impact of alternative policies for reducing the availability of cheaper cigarettes on all aspects of smoking behavior.

#### Declaration of interests

None.

**Keywords** Cigarette price, cigarette tax, marketing bans, minimum pricing, smoking cessation, tobacco control.

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