EXAMPLES OF RETAILER/TOBACCO COMPANY CONTRACTS

Specific terms of contracts are generally not publicly disclosed because of non-disclosure agreements signed between retailers and the tobacco industry, but examples of those contracts are referred to in the quotes below.[1]

“Philip Morris has contracts for different levels for different volume. More volume, the better the contract—the more money you get. Buydowns, percent of display area and placement of display are part of the contract. Some contracts last 30 days, others quarterly, still others last longer. Marlboro is the most demanding.” (Independent convenience store owner)

“Some reps require contracts; they have different volume levels. The contract asks for prime advertising location in the store, near the first register or a banner outside. The store would get a payment.” (Independent liquor store manager)

“They come in and say I want 45% of your space, if that is the market share they command in the area. They say, ‘I will provide the rack/bin and I will pay you 35 cents a pack for a year’ . . . . You have to maintain the right percentage of their product, put up signage and keep track of your cartons which they pay you for.” (Independent convenience store manager)

“With our RJR contract, we can’t sell any cartons lower than the best value of $18.14. We can’t carry cigarettes that sell for less than that. They pay quarterly for that. They give us big racks for the cartons and a pack rack. Doral also is in the carton spot by the front door. It stands on the floor and customers can pick out what they want. We can only sell cartons for $30.03. That is the highest we can go. We purchase them for $20.14 in the Doral brand and sell it for $27.14.” (Independent liquor store owner)

---

1 *E C Feighery, K M Ribisl, P I Clark, H H Haladjian, “How tobacco companies ensure prime placement of their advertising and products in stores: interviews with retailers about tobacco company incentive programmes” Tobacco Control 2003;12:184-188,*

Tobacco Free Leon .org