



# The impact of tobacco advertising bans on consumption in developing countries

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## ABSTRACT

Tobacco advertising bans have become commonplace in developed nations but are less prevalent in developing countries. The importance of advertising bans as part of comprehensive tobacco control strategies has been emphasised by the Framework Convention on Tobacco Control which calls for comprehensive bans on tobacco advertising. The empirical literature suggests that comprehensive advertising bans have played a role in reducing consumption in developed countries but that limited policies have not. This paper extends this analysis to include 30 developing countries and finds that bans do play an important role in reducing tobacco consumption in these countries. It finds that both comprehensive as well as limited policies are effective in reducing consumption although comprehensive bans have a far greater impact than limited ones. Furthermore, it finds that advertising bans may be even more effective in the developing world than they are in the developed world.

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## 1. Introduction

Possibly the single most important event in the history of tobacco control occurred in 1964 when the United States Surgeon General warned of the proven causal relationship between cigarette smoking and smoking related diseases, particularly lung cancer (United States Department of Health and Welfare, 1964, in Laugesen and Meads, 1991). This encouraged a wave of regulation and legislation in the developed world as governments began to restrict the advertising and promotion of cigarettes, place warnings of the dangers of smoking on packaging and increase prices using taxation (Laugesen and Meads, 1991). It is now generally accepted that smoking, as well as passive smoking, is a significant cause of premature death (United States Department of Health and Human Services, 1989, in Laugesen and Meads, 1991). More and more governments are finding it necessary to strengthen the regulation of advertising and in many cases banning it altogether. This is in line with the obligations and commitments contained in the *Framework Convention on Tobacco Control* which recognizes that a “comprehensive ban on advertising, promotion and sponsorship would reduce the consumption of tobacco products” (World Health Organisation, 2003/2005, p. 11). Furthermore it calls upon all ratifying nations to implement comprehensive bans on advertising. This has seen an increase in the number of developing countries taking steps to restrict and ban the advertising of tobacco products.

By 2030, tobacco is expected to be the single biggest cause of death worldwide. By 2020, 70% of those killed by smoking will be in the developing world (Jha and Chaloupka, 1999). It is becoming important and necessary to understand which

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**Table 1**  
Studies investigating the impact of advertising expenditure on tobacco consumption

Study	Country	Time Period
No significant effect of advertising		
Grabowski (1976)	United States	1956–1972
Schneider et al. (1981)	United States	1930–1978
Yuclet and Kaynak (1984)	United States	1955–1979
Baltagi and Levin (1986)	United States	1963–1980
Johnson (1986)	Australia	1961–1986
Godfrey (1986)	United Kingdom	1956–1984
Hoffman (1987)	West Germany	1969–1979
McAuliffe (1988)	United States	1957–1985
Baltagi and Levin (1992)	United States	1963–1988
Wilcox and Vacker (1992)	United States	1991–1990
Duffy (1991)	United Kingdom	1971–1987
Franke (1994)	United States	1961–1990
Wilcox et al. (1994)	South Korea	1988–1992
Duffy (1995)	United Kingdom	1963–1988
Goel and Morey (1995)	United States	1959–1982
Duffy (1996)	United Kingdom	1963–1992
Gallet (1999)	United States	1958–1971
Duffy (2003)	United Kingdom	1963–1996
Significant positive effect of advertising		
Fujii (1980)	United States	1929–1973
Witt and Pass (1981)	United Kingdom	1955–1975
Young (1983)	United States	1929–1973
Bishop and Yoo (1985)	United States	1954–1980
Radfar (1985)	United Kingdom	1965–1980
Leeffland and Reuijl (1985)	West Germany	1960–1975
Abernethy and Teel (1986)	United States	1949–1981
Porter (1986)	United States	1947–1982
Chetwynd et al. (1988)	New Zealand	1973–1985
Kao and Tremblay (1988)	United States	1953–1980
Harrison et al. (1989)	New Zealand	1973–1985
Seldon and Doroodian (1989)	United States	1952–1984
Tegene (1991)	United States	1953–1985
Smee (1992)	United Kingdom	1960–1987
Valdes (1993)	Spain	1964–1988
Tremblay and Tremblay (1995)	United States	1955–1990
Bardsley and Olekalns (1999)	Australia	1963–1996

Source: Smee (1992), Saffer and Chaloupka (2000) and Nelson (2006).

interventions succeed in reducing tobacco consumption, especially in the context of developing countries. Although the main driving force behind tobacco control is within the realm of public health it is economic interventions that have been found to be the most successful in reducing tobacco consumption. These interventions have tended to be related to increases in the price of cigarettes through taxation although a larger set of regulations including advertising bans, public smoking bans and restrictive sales practices are now becoming increasingly popular. Thus it is important to assess the effectiveness of these policies to ensure that the best possible policies are put in place to reduce cigarette consumption in developing countries.

This paper attempts to consider the impact that advertising bans have on tobacco consumption, paying particular attention to developing countries. It does so by using a cross-country analysis of demand including 51 countries. The first part considers the prior literature while the second section focuses on the methodology and data. This is followed by an analysis of the data and the estimation of the demand models.

## 2. Literature review

The debate over whether or not advertising affects the consumption of tobacco has for a long time been controversial. Tobacco control advocates and practitioners argue that tobacco advertising has a positive impact on aggregate consumption and that restricting and even banning tobacco advertising altogether can reduce aggregate consumption. The tobacco industry have for a long period of time argued that advertising has no positive impact on aggregate consumption but rather that it influences the relative market shares of individual brands and is thus not a public health issue. Economists have added empirical value to this debate with many studies showing that advertising has had a positive impact on aggregate consumption while equally many studies have shown no significant impact. Table 1 details almost all of the studies (published in peer reviewed journals) that investigate the relationship between tobacco consumption and advertising expenditure.

Saffer (2000) argues that the high level of aggregation of advertising expenditure data used in time series studies leaves very little variation to correlate with consumption data. Generally since the marginal product of advertising is very low (and

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