

EFFECTS OF TOBACCO CONTROL ACT (2007) ON THE MARKETING OF
CIGARETTES AND TOBACCO PRODUCTS: A CASE STUDY OF BRITISH
AMERICAN TOBACCO (K) LTD.

A RESEARCH PROJECT PAPER

BY

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DECLARATION

I declare that this research project paper is my original work and has not been presented anywhere for any degree award.

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This research project paper has been submitted for examination with my approval as the university supervisor:

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Date.....

DEDICATION

This work is passionately dedicated to my dear wife Nancy and my beloved sons Alvin and Lesley. Thank you for the love, care and support you have given me throughout my studies. I am truly thankful to you my dear family and may God bless you abundantly.

ACKNOWLEDGMENT

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LIST OF ABBREVIATIONS

ATSA	Agricultural Tobacco Sector Association
BAT (K)	British American Tobacco Kenya
CSR	Corporate Social Responsibility
FCTC	Framework Convention on Tobacco Control
ETS	Environmental Tobacco Smoke
EC	Economic Cooperation
FAO	Food and Agricultural Organization
GYFS	Government Youth Forum Survey
LSK	Law Society of Kenya
NACADA	National Campaign on Alcohol Drugs Abuse
TC	Tobacco Control
TCA	Tobacco Control Act
WHO	World Health Organization
NSSF	National Social Security Fund
MDGS	Millennium Development Goals
NGOS	Non Governmental Organizations
OECD	Organization for Economic Cooperation Development
SACCO	Saving and Credit Cooperative Organization
RYO	Roll Your Own

ABSTRACT

Tobacco control activists often meet serious opposition in defending the tobacco control Act that imposes advertising restriction on the marketing of cigarettes and tobacco products. Achieving the restriction or banning of tobacco advertising is one of the fiercest battles to undertake with due to sociological issues surrounding tobacco products. Tobacco lobbyists usually assert that advertising does not increase the overall quantity of tobacco sold. Rather, the tobacco industry maintains that advertising merely enhances the market share of a particular brand, without recruiting new smokers. Previous studies on tobacco control have largely focused on the health implications of unrestricted advertisement of the tobacco products. This study however deviates from these approaches by focusing on business implications of restrictions thus the main objective to investigate the effects of Tobacco Control Act on the marketing of cigarettes and tobacco products in Kenya in the context of the Tobacco Control Act 2007 using BAT (K) as the study site.

This study adopted a case study design which brought an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research. It also emphasizes detailed contextual analysis of a limited number of events or conditions and their relationships. The researcher used questionnaires and observation schedules to collect data that was required to answer the research questions. The questionnaires were administered to the selected respondents through face to face interviews at their departments of work. An observation checklist was used to collect data at different times at different locations within the company. The research questions in this study were also answered with the use of documentary sources that were already available in records. The qualitative data collected were cleaned, coded and edited. Simple descriptive statistics were used to organize, analyze and interpret the data. Where applicable the data were tabulated to aid in summary and presentation. Analysis was done by coding against each key variable or theme in accordance with study objectives.

The study findings indicated that BAT (K) has adopted and fully complied with the norms and enforcement practices set out in Tobacco Control Act. The study also indicated that the company faced many challenges in its endeavor to comply with the tobacco products regulations and had not relented on its efforts to be compliant with the Act despite the many challenges. Further the study revealed that the company had adopted alternative marketing

strategies that were all within the law and were legal avenues and business practices that all companies apply in their endeavor to meet their business objectives. Finally the study revealed that advertisement restrictions on the marketing of cigarette and tobacco products had a negative effect to the company since the marketing teams had limited options of marketing their products as well as interacting with their customers which is normally a key factor for any successful business so as to avoid business to customer disconnect. The restrictions had also failed to recognize the fact that tobacco is a drug that is consumed legally and has other uses other than smoking. This raises the question as to why the Act restricts marketing of a product that is legally consumed and has other substantial uses. The restrictions did not look at the sociological issues that surrounds tobacco products consumption the fact that people smoke because they want to it is a choice they make well aware of the consequences and not a factor of advertising. The study recommends the review of tobacco control Act since it criminalizes a legal business that contributes significantly to the country in terms of revenues employment as well as services through corporate social responsibility.

Finally this study was informed by academic goals and was not intended at collecting intelligence for law enforcement or ethical issues related to business operation practices. This study was rather informed purely by academic goals only and can only to be used for academic reasons only. The findings are limited to academics purpose only and cannot be used for any other purpose other than pursuit of academic goals but can be generalized to other companies that deal with processing, manufacturing and marketing of tobacco product.

CHAPTER ONE: INTRONDUCTION

1.1 Background Information

Tobacco has been used by people for centuries, but cigarette smoking and large scale cigarette manufacturing began only in the 19th century. Cigarette smoking has since spread worldwide and in the year 2000 about one in three adults, or about 1.1 to 1.2 billion people worldwide, smoked. It is estimated that smoking is responsible for four million deaths in the world each year (WHO, 1999). The number of smokers is expected to increase to 1.6 billion people by 2025 as a result of growth in adult population and increased tobacco consumption (World Bank, 1999). Consumption of tobacco and tobacco products, by smoking in particular, is considered to impose a net social cost to society. Smoking and tobacco use are increasingly considered to have acquired the dimensions of an epidemic. According to various studies, tobacco related deaths will rise dramatically over the next 25 years, unless current smokers quit smoking (World Bank, 1999). Tobacco and tobacco products, however, are produced, traded and consumed legally and their production and trade are, apart from a few exceptions, subject to the same rules and regulations as other products in the market. Although many countries take active measures to reduce smoking and other uses as a policy for reducing tobacco related social costs, economies of countries depend heavily on tobacco growing and tobacco related manufacturing for employment and income.

Tobacco products are chewed, snuffed, and mostly smoked all over the world. People have been consuming tobacco products for centuries. Tobacco is also grown in many places in Kenya and all over the world. Originating from the Americas, it has since 1492 spread far and wide. Today, tobacco is grown in over 100 countries with its consumption being a major global public health threat. WHO (2003) places the global annual tobacco related deaths at 5 million people. That count is expected to double to 10 million annually by the year 2020. If the current trends continue by the year 2030, deaths attributable to tobacco in developing countries will be 70%. One in two smokers will die prematurely as a result of tobacco use many of this deaths will be in their productive middle years (WHO, 2003). Following the above concerns the World Health Organization (WHO) in 2003 introduced the Framework Convention on Tobacco Control (FCTC) to counter deaths brought about by tobacco consumption. Unanimously adopted in May 2003 by WHO member states, the treaty came into force in February 2005 and it was ratified by 40 countries. Currently, more than 100

countries have signed or ratified the treaty. The FCTC outlines measures relating to the reduction of both supply and demand for tobacco. The demand side prescriptions include raising tobacco prices through an increase in excise tax, creating smoking free public places, requiring health warning labels on tobacco packages, restricting advertising, abolishing promotion and sponsorship of events by tobacco companies, and initiating programs to help smokers quit. The Convention also aims to reduce the supply of tobacco products by advocating restrictions on tobacco sales to minors, curbing illicit trade in tobacco, and promoting alternative crops for tobacco growers. However, countries that want to support the aims of the FCTC at the national level face some obstacles. For example, many governments seriously consider the arguments of the tobacco industry that, increasing tobacco taxes deplete government coffers both by reducing the number of smokers and by encouraging the creation of tobacco black markets that are outside the reach of the tax departments (WHO, 2003).

The Kenyan Government, at least until recently, has been a shareholder in the company through the national pension program, the NSSF. However, the government recently announced that there had been a divestment in BAT (K), though this has not been officially confirmed. The company enjoys high political connections with some of its former and current executives and directors enjoying good relations with powerful individuals in successive political regimes. It is therefore not surprising that efforts to develop and implement legislation consistent with the FCTC treaty were until recently unsuccessful. However, after over a decade of trying, the Tobacco Control (TC) advocates were successful in passing the legislation in 2007. Nonetheless, this success does not deny the importance of the tobacco industry in Kenya. The industry has been particularly successful in shifting the terms of the debate from public health interest to the perceived damage that the tobacco control policies would have on tobacco growers, their communities, the national economy and even cigarette consumers (Patel et al, 2006).

According to LSK (2007), when the TCA finally made it to the second reading in the Kenyan parliament in 2007 after years of failure in large part due to industry influence, BAT (K) and Mastermind Tobacco spent Ksh. 7 million to lavish Members of Parliament with a beach holiday retreat at an exclusive coastal resort. It is widely reported that industry representatives made efforts to convince the legislators to do away with the Act or at least to

dilute it. One of the proposals included giving the industry a role in the Tobacco Control Board.

With the introduction of the TCA in July 2008, the tobacco industry strongly protested that the compliance time was too short. During its annual general meeting in May 2008, BAT (K) postponed the issuance of bonus shares to its shareholders, even after announcing a 17% growth in pretax profit to Ksh. 2.1 billion and domestic sales growth of 12%; because they claimed that they wanted to determine the short term effects of the Act. Further BAT (K) complained about the cost of implementation, while Mastermind Tobacco claimed that the Act criminalized smoking and should have been restricted to protecting only non-smokers (Daily Nation, 13th May 2008).

Despite the ban on advertising, promotion and sponsorship of public events, the industry still takes out full page advertisements of the prices of their various brands. While the industry states that its only purpose in advertising is to promote brand loyalty, there have been complaints that it still utilizes several tactics to attract new smokers by associating smoking with prestige, power, freedom, and luxury through various T.V programs and movies. Targeting specific groups in advertising has become an issue of focus. Beside youth, women have also recently become a target of interest for the industry. The industry has successfully promoted cigarettes to women by using seductive but false images of vitality, slimness, modernity, emancipation, sophistication and sex allure especially through T.V programs and movies depicting such images (GYFS, 2008). According to the National Campaign against Drug Abuse (NACADA) annual reports, consumption of cigarettes seem to be on the rise despite the introduction of the tobacco control act, this raises concern on how effective the tobacco control act has been in restricting the marketing of cigarettes and tobacco. Hence this research aimed at examining the effects of tobacco control act on cigarette and tobacco marketing in Kenya.

1.2 Problem Statement

Tobacco Control Act 2007 came into force on 8th October 2008. The main objective and purpose of this Act was to control the marketing of cigarettes and tobacco products. The Act aimed to regulate smoking in specified areas in order to protect the health of the individual in light of dangers of consumption of tobacco products (The Tobacco Control Act 2007).

Cigarette marketing has been a subject of substantial academic, economic, and political interest in Kenya. A fundamental concern has been the role of cigarette marketing in influencing the high consumption of cigarette and tobacco products in Kenya and the world at large. It is estimated that approximately one billion packs of cigarettes worth more than \$1 billion are consumed annually in Africa with Kenya being among the highest consumers (WHO 2007).

According to the recent review of health effects of tobacco smoking published by the U.S. Surgeon General in 2004 (USDHHS, 2004), tobacco is a harmful product because of its potential to cause physical (e.g., cancer), economic (e.g., monetary cost of consumption), and psychological harm (e.g., high likelihood of addiction to the product). Marketing practices for tobacco products receive considerable attention from both public policy makers and consumers because of the health, safety, and social problems associated with the consumption of the product. Issues that are of specific concern to the public are long term health problems, addiction, and consumption by underage consumers (WHO, 2007).

Although the Kenya government initiated anti-smoking legislation in public interest, the effectiveness of this policy in reducing cigarette consumption is questionable. Health warning labels were required to be clearly displayed on cigarette packages so that consumers would be reminded about the negative aspects of smoking and, therefore, cut down on smoking or quit (WHO, 2007). This was not achieved because the media was no longer allowed to air anti-smoking adverts that mainly focused on the education of citizens on the harmful effects of smoking and to create awareness on the labels on cigarettes. Airing of these messages was seen as a way of advertising cigarettes (Saturday Nation, 10th November, 2012). According to the annual report by NACADA (2009), once the Tobacco Control Act came into effect, anti-smoking advertisements were not often aired, since broadcasters no longer had to give free air time to anti-smoking forces. It is for this reason of doubts as to the impacts of restrictions on lowering the marketing and consumption of tobacco products that this study sought to examine the effect of restriction on the marketing of cigarette and tobacco products at BAT (K).

1.3 Research Questions

The key research question that this study sought to answer was: What effects does Tobacco Control Act (2007) have on the marketing of BAT (K) cigarette and tobacco products?

1. What are the enforcement and compliance practices adopted by BAT (K) to conform to the provisions of the tobacco control act?
2. What are the challenges that BAT (K) faces in its attempts to be compliant with the Act?
3. What alternative marketing strategies does BAT (K) employ to reach its cigarette consumers?
4. What effects does the tobacco control Act have on marketing of BAT (K) cigarette and tobacco products?

1.4 Objectives of the Study

The general objective of this study was to assess the effects of the advertisement restriction on the marketing of BAT (K) cigarette and tobacco products.

This study therefore sought to realize the following specific objectives:

1. To analyze the enforcement and compliance practices adopted by BAT (K) to conform to the provisions of the tobacco control act.
2. To establish the challenges that BAT (K) faces in its attempt to be compliant with the Act.
3. To determine alternative marketing strategies adopted by BAT (K) to reach its cigarette and tobacco consumers.
4. To assess the effects that tobacco control Act has on marketing of BAT (K) cigarette and tobacco products.

1.5 The Significance of the Study

This study departs from previous studies by other scholars based on the reviewed literature in significant ways. For instance Pollay (1996) undertook a study on cigarette advertising and realized market shares among youths and adults. Pollay's study examined the relationship between the intensity of brand-level cigarette advertising and the separate effects on brand market shares realized among adults and adolescents. Using standard techniques to analyze market share, it modeled the impact of cigarette brand advertising on realized market shares

to allow for current and historical effects of advertising and for effects of brand advertising relative to total advertising in the competitive set. The bulk of literature on the topic of advertising and cigarette and tobacco consumption however concentrates on consumer behavior and particularly the social and health implications for the consumers. This study therefore took a different approach and utilized qualitative analysis methods to estimate the effects of advertising restrictions on marketing of cigarette and tobacco products of BAT (K) Limited Company. This study is therefore unique in that it focuses not on individual (consumers) motivations but on producer behavior in response to marketing conditions.

1.6 Scope and limitations of the Study

This study specifically focused on the tobacco producer and processing company BAT (K) headquarters situated in Nairobi industrial area and in particular the unit that deal with marketing of tobacco and its products. This was because marketing department was the main department that was mostly affected by the Act. BAT (K) is the largest tobacco company in Kenya and controls the cigarette and tobacco products market in the country the study did not consider Mastermind company which rivals BAT(K) because comparatively the market share that BAT (K) controls in Kenya is undisputed and only a small proportion is occupied by Mastermind.

The company is also among the highest revenue contributor and a major employment hub in the country. The study focused on the marketing department, finance department, human resources/legal department workers and some of the top management who are policy makers of the company. The study however did not focus on the processing department as it was not affected by the Act and its contribution to the study could not have significant impact to the study. The consumers of the cigarettes and tobacco products were also not focused on as they were found to be too many and also the fact that consumption of tobacco products is legal and was not in any way criminalized by the Act.

The study examined the statutory documents of the organization by reviewing annual company reports, articles published by the staff member's documents at the capital markets. The researcher also obtained most of the study information from the documents and materials maintained by the NACADA and other similar bodies such as Tobacco Control Board as well as news prints. Additionally the researcher obtained information from online journals

published by the relevant authorities and other government agencies like the government working papers.

The study was limited by the access of information since the company has very few staff members most of whom were in senior positions were not easily accessible more so the information sought by the study was perceived to be sensitive and confidential and business operation strategies that are subject to confidentiality and legal implications however the researcher endeavored to maintain a purely academic approach to the study limiting the application of this study findings to academic work only. The study was also limited by the geographical location of other company branches that are far from each other though they had a central command at the company head quarters thus making the research to concentrate its observations only on the head office, in Nairobi.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviewed literature on the tobacco control Act and its effects on the tobacco business. It also reviews literature related to the global and national debates on the subject, of cigarette advertisement, forms of tobacco promotion, cigarette advertising and consumption as well as relationship between cigarette advertising and marketing. Finally it presents the theoretical and conceptual framework that was adopted in this study.

2.1.1 The Tobacco Control Act (2007)

In August 2007, Kenya passed the Tobacco Control Act. The Act prohibits smoking in almost all public places (e.g. government buildings, hospitals, factories, and cinemas), and restricted it in several others. Tobacco related advertising, promotional giveaways, or children's candies and toys resembling tobacco are strictly prohibited. The Act provides for punitive measures for offenses that are against the stipulated rules and regulations of the provisions of the act. The act provides that; smoking is allowed only in specific designated smoking areas; advertising of tobacco products is prohibited in Kenya; retailers are allowed to sell cigarettes only in packets of ten and twenty cigarettes; cigarettes should not be sold to persons under the age of 18 years and that the packaging of cigarettes sold in Kenya will change to incorporate larger health warnings and other specific markings (Tobacco Control Act, 2007).

The tobacco industry challenged the legislation in court when the Ministry of Health issued ministry level directives for smoke free legislation and health warnings consistent with the FCTC (LN 44 of 2006), BAT (K) and Mastermind challenged the government in a court of law on the basis that they were not consulted and that they stood to incur massive losses if the rules were to be applied. They were successful at that time in getting the measures suspended. Subsequently, when city and town councils in Kenya invoked powers given to them by the Local Government Act to outlaw public smoking and designating smoking zones, the industry threatened that they would sponsor dozens of litigants to sue the councils for infringing on their constitutional right to smoke, though they did not follow through on the threat (East African, July 16-22, 2008).

2.2 Tobacco and cigarettes

Tobacco is an essential ingredient for cigarettes, roll-your-own (RYO) tobacco, pipe tobacco, snuff and chewing tobacco. However that is not to say that the value of tobacco in cigarettes and other tobacco products is necessarily high. In fact, in many OECD countries its share in total value is low compared to that of taxes, advertising and retailing (Gale, 2000). With taxes rising, this percentage is likely to drop even further.

Most tobacco is used for cigarettes. In the early 1990s, it was estimated that at least 80 per cent of tobacco leaf was used for cigarettes (FAO, 1990). Today, this might well be higher as demand for cigarettes is seen to outgrow that for other tobacco products. Demand for tobacco is thus in large part determined by demand for cigarettes. The volume of tobacco sold in the world can be expected to closely follow increases (or decreases) in the demand for cigarettes. That is not to say that demand for tobacco increases at the same pace as that for cigarettes. Historically, the amount of tobacco used per cigarette has decreased as a result of the increased use of filter tips; of the smaller diameter of cigarettes; and of reduced waste due to more efficient packing technologies. In addition, the proportion of leaf that can be used has increased through advanced processing technology (FAO, 1990).

2.3 Cigarette Advertisement

To say that tobacco advertising stimulates tobacco sales may seem a simple and moderate statement. In reality, tobacco control activists often meet serious opposition in defending this fact. Achieving the restriction or banning of tobacco advertising is one of the fiercest battles to face. Tobacco lobbyists usually assert that advertising does not increase the overall quantity of tobacco sold. Rather, the tobacco industry maintains that advertising merely enhances the market share of a particular brand, without recruiting new smokers (Stewart 1993).

In many countries, cigarettes are among the most heavily advertised and promoted consumer products (Saffer, 2000). The aim of advertising is to use the mass media to create positive product imagery or positive product association. Cigarette advertising is usually designed to associate the product with people's desire for sophistication, pleasure and success. In order to segment the market and to appeal to a wide variety of current and potential consumers, different desires are created by different brands. Tobacco control advocates argue that all tobacco advertising and promotion should be banned (World Bank, 1999 and Saffer, 2000).

They maintain that advertising presents cigarette smoking as glamorous, sophisticated and sexy, and that the associated health risks are downplayed.

Advertising creates an environment where smoking is seen as a natural, normal and pleasurable activity. Through the advertising imagery, it appeals to the personal and developmental concerns of teenagers. Furthermore, rather than providing information to the public, it is argued that cigarette advertising stifles the dissemination of knowledge about the product (Marks, 1998). By threatening to divert their advertising expenditure away from particular publications or broadcasters, cigarette manufacturers could bias the media's analysis of tobacco related news. In contrast, the tobacco industry argues that cigarette advertising is not primarily aimed at glamorizing the product or at recruiting new smokers. Because the product is in the mature stage of the product life cycle, advertising merely encourages confirmed smokers to stay with, or switch to, a particular brand. Cigarette advertising is meant to inform consumers (for example, about new product developments); it does not coerce them to smoke. The tobacco industry further argues that their advertising is not aimed at children, but at existing smokers. The international empirical literature on the relationship between advertising expenditure and cigarette consumption does not provide conclusive answers (Chaloupka and Warner, 1999).

2.4 Forms of tobacco promotion

Not all tobacco promotion takes traditional forms, such as billboard, print or TV advertising. A large proportion takes more subtle forms. Indeed, the tobacco industry undertakes much more 'indirect' advertising than other industries. Indirect advertising includes: sponsorship of sports or cultural events; displays at points of sale; 'brand stretching', where tobacco brand names are used as part of other product names (e.g. Marlboro Classics clothing); product placement in television and film shows; direct mailings; special sales promotions, etc. Indirect advertising is being used increasingly where direct advertising is not permitted (Roemer, 1993).

2.5 Cigarette Advertising and Consumption

Advertising and promotional expenditures could influence individual tobacco company profits by redistributing market share, or by preventing the erosion of market share to competitors. They could also increase total industry sales, thereby increasing the potential profitability of all tobacco companies regardless of their market share positions. Industry

sales could increase by the attraction of new smokers, retention of smokers who might otherwise quit, or increasing daily consumption by existing smokers. In the cigarette business, actual brand switching is very limited. Cigarettes enjoy one of the most tenacious brand loyalties of any consumer product since in a given year only about 10 percent of smokers switch brands (Gardne, 1985). Much brand switching occurs between brands of a single company. Little effort is made in cigarette advertising to link a brand with its parent company; many major brands do not even include the corporate name in their advertising (Gardner, 1985).

A simple calculation shows that brand switching, alone, could never justify the enormous advertising and promotional expenditures of the tobacco companies. With 2 percent of some 5 million smokers switching brands in 1983 (taken as a representative recent year), a total investment of \$ 1.9 billion would imply an expenditure of \$ 345 per switcher. If each of these brand switchers switched companies as well, each would have accounted for a virtually identical \$347 in gross revenue to the companies. (This is calculated by multiplying one and a half packs per day the average consumption by 365 days per year, by the average 1983 retail price per pack after excise taxes are removed. However, given the concentration within the industry, as noted above, much of the brand switching is intra-company, i.e., from one brand to another brand of the same company's cigarettes. In these cases, the advertising and promotional investment would yield no new revenue and obviously no profit. Thus, advertising and promotion can be considered economically rational only if they perform a defensive function retaining company brand loyalty that otherwise would be lost to competitors who promote their products or if they attract new entrants to the smoking marketplace, or discourage smokers from quitting (Englander, 1986).

The cigarette manufacturers insist that advertising and promotion serve only to retain brand loyalty and encourage brand switching. If this were accurate, with brand switching so modest each year it would pay the companies individually, and the industry collectively, to cease advertising and promotion altogether. The industry would save \$2 billion in "defensive" expenditures that could be devoted to revenue generating investments, or simply returned to stockholders as dividends; individually. The two leading companies, BAT (K) and Mastermind, each would save well over half a billion shillings per year. No company could afford to abandon advertising and promotion unilaterally, if they did serve to retain brand loyalty, and collusion would be illegal. Logically, however, the industry and its member

companies would seize the opportunity afforded by the parliament debate to lobby in favor of a legal banning of tobacco advertising and promotion. Instead, they have lobbied vigorously against the ban. The industry's support in the late 1960s of the broadcast advertisement ban in recognition of the reductions in cigarette sales that the fairness doctrine antismoking messages were producing, demonstrates that the industry would not combat an advertisement ban on ground of "principle". Thus, the only reasonable interpretation of the industry's position is that it believes that advertising and promotion do attract new smokers and discourage current smokers from quitting (Nash, 1983).

If advertising and promotion expanded (and maintained) the market by fewer than two million smokers per year less than four percent of all smokers, the industry's investment would be fully justified financially. This can be seen as follows: in 1983, the average smoker generated approximately \$ 80 in cigarette company profits annually. Using a four percent discount rate, and assuming that each new or retained smoker continued to smoke a specific company's cigarettes for 20 years, the present value of each incremental smoker's future cigarette purchases would be \$ 85. Therefore, in 1983 a cigarette company should have been willing to pay \$ 185 to attract a person who would smoke its brands for two decades. A total of 8 million new or retained smokers would have justified the entire promotional investment. Each year, more than two million children begin to smoke and an estimated 30 million adults attempt to quit, the vast majority unsuccessfully. If 5.5 percent of these new smokers and attempted quitters were influenced by cigarette advertising and promotion, the industry would have achieved a positive return on its investment, independent of companies' success in encouraging brand switching and retention (Sobczynsk, 1983).

2.6 Role of advertising in marketing

The assessment that cigarette advertising and promotion increase total sales/ consumption is supported by empirical evidence, including econometric studies and examples of promotional expenditures being serially correlated with changed demand within the target market. To estimate the impact of advertising on demand, econometric studies use statistical regression techniques to isolate its effect. There are problems with using such studies to predict the impact of a total elimination of advertising and promotion. The techniques are designed to estimate the impact of marginal increments of advertising expenditure on incremental demand, which led Cox to conclude that they are "irrelevant for the purpose of evaluating the

effect of comprehensive legislative controls on advertising and promotion" (Cox, 1984). In addition, if a significant base level of advertising is required to achieve and maintain a certain sales level, and an additional increment is required to compete for market share, it is possible that regression studies would not detect the former effect (Warne, 1986). These studies do not consider non-advertising promotional activities like event sponsorship and product give away, which have been increasing at a much faster rate than advertising in recent years. If, despite these methodological difficulties, econometric studies detected a measurable influence of advertising on increased demand, it would be reasonable to infer that there is a certain degree of advertising elasticity in the demand for cigarettes, and that the more advertising there is the more cigarettes will be smoked.

Several econometric studies have concluded that advertising does not increase demand. Schmalensee (1972), for example, was unable to find a causal relationship between advertising and either total industry sales or the sales of any individual company (in other words, advertising had no effect). Not wanting to conclude that cigarette companies were acting irrationally in allocating their resources, he speculated that "they may well have information that we do not about the efficacy of their advertising outlays." The tobacco industry funded Myres study (1981) also concluded that advertising does not increase cigarette consumption. This study has been criticized, however, because it did not consider the possibility that advertising could increase sales in time periods beyond that in which the expenditure was made (a residual or investment effect), it ignored smoking by children, and it did not account for other variables like antismoking publicity and non advertising promotional expenditures such as sports sponsorship and free sampling.

Schneider, Klein and Murphy (1981) studied the 1971 ban on broadcast cigarette advertising and concluded that it had an insignificant effect on total consumption, and in fact may have actually increased consumption by inhibiting the flow of information to consumers and reducing cigarette prices due to temporarily lower advertising costs. They suggest that the aggregate level of advertising is actually a function of consumer demand (not the other way around), and that cigarette company promotional expenditures have increased because of an increase in the desired level of advertising stock as consumers demanded increased information about comparative tar and nicotine figures and a new 'light' or 'healthful' image from their cigarettes. Other studies have concluded that cigarette advertising does increase

consumption. Taken together, these studies indicate that advertising increases cigarette consumption, at least in part by attracting new customers (Murphy, 1981).

It may be argued that the cigarette market is qualitatively different today, because total cigarette sales are stagnant. As discussed above, however, there is growth within the market. Advertising could still be promoting sales growth within these segments, thereby preventing a decline in total sales. Borden (1942) found that, while cigarette consumption in the pre-World War II period increased as a result of sociological forces, the trend was significantly accelerated by advertising. He concluded, "Without advertising, cigarette use would probably have grown. With advertising, the increase has been amazing." A company approved history of the R. J. Reynolds Tobacco Company supports Borden's findings by acknowledging the role of advertising during these years: "The Company's advertising expenditures and those of its major rivals were extraordinary, reflecting their apparent agreement on the necessity of large scale advertising to fuel expansion", Telser's (1962) study concluded not only did cigarette advertising increase demand in the period of the advertising, but it also had a residual effect, creating a higher level of demand in future periods.

Simon's (1968), study evaluated data from several earlier econometric studies and concluded that "the abolition of cigarette advertising would decrease per capita consumption by five percent in the first year, and cumulatively more in a negative geometric fashion in following years." Peles (1971) studied U.S. cigarette industry advertising and sales between 1953 and 1965. He concluded that an additional one dollar in advertising expenditures resulted in increased sales of 600 cigarettes in the period of expenditure and 430 cigarettes in the following period (due to the residual effect). He implied that at least part of the sales increase resulted from the attraction of new customers. Hamilton (1972) studied the impact of pro-smoking and anti-smoking advertisements between 1968 and 1970, when television and radio stations were required to furnish broadcast time for antismoking adverts. He found that promotional advertising did increase demand, although anti-smoking advertising had a depressing effect of greater magnitude, causing a net reduction in per capita consumption during the period.

A 1975 British study by McGuinness and Cowling (1975) found that advertising increased consumption, which "probably reflects the role that advertising plays in attracting potential customers into the market." They also concluded that as people grew more aware of the

health hazards of smoking, greater advertising expenditures were required to achieve a specified level of cigarette sales. In 1982 study of the West German cigarette market using industry supplied data, Reuijl (1982) tested the cigarette industry's hypothesis that the effects of cigarette advertising are limited to causing current smokers to switch brands, without influencing nonsmokers to start smoking. He concluded that advertising significantly increased total cigarette sales, and found "no support" for the industry hypothesis that an increase in sales for one brand always came at the expense of sales for another brand. More recently, Radfar's econometric analysis (1985) confirmed McGuinness and Cowling's findings. Radfar found that the effect of advertising on consumption was "positive, small but significant." He also concluded that a total ban on advertising could have a substantial impact on cigarette smoking. However this finding differs with Kenya case. With total ban on advertising of tobacco products in the country, there seem to be no substantial impact on cigarette smoking reduction. The literature on this study has concentrated majorly on foreign policies against tobacco smoking, advertising and production with the bulk of the work on consumer's response. It has concentrated much on the consumer's knowledge and reactions while this paper will concentrate on the producer's reactions to tobacco control policy. The literature has also concentrated on foreign while this paper will concentrate on local policies.

2.7 Theoretical frame work

This study is supported by ethical frameworks theories that are the utilitarianism based on the ideas of John Stuart Mills, deontological theory based on the ideas of Emmanuel Khant and the rational choice theory based on the ideas of George Homas and James Coleman. Utilitarianism theory centers on the moral worth of actions or decisions to concerned people with primary focus on acts and habits leading to happiness while deontological theory is characterized by a focus upon adherence to independent moral rules or duties set by the society.

Utilitarianism is a theory in normative ethics holding that the proper course of action is the one that maximizes happiness. It is now generally taken to be a form of consequentialism, although when Anscombe first introduced that term it was to distinguish between "old-fashioned utilitarianism" and consequentialism. According to utilitarianism the moral worth of an action is determined only by its resulting outcome although there is debate over how much consideration should be given to actual consequences, foreseen consequences and

intended consequences (Glover 1977). Jeremy Bentham contributed to this theory through his work entitled “*A Fragment on Government* “. Through his work, Bentham concludes that, ‘it is the greatest happiness of the greatest number that is the measure of right and wrong’ and describes this as a fundamental axiom. Also Bentham in his work entitled “*An Introduction to the Principles of Morals and Legislation*”, talks of ‘the principle of utility’ but later prefers “the greatest happiness principle which is the same principle used in the utilitarianism theory.

Utilitarianism can be characterized as a quantitative and reductionist approach to ethics. It is a type of naturalism. It can be contrasted with deontological ethics, which does not regard the consequences of an act as a determinant of its moral worth; virtue ethics, which primarily focuses on acts and habits leading to happiness; pragmatic ethics; as well as with ethical egoism and other varieties of consequentialism (Singer, 1993).

The development of the tobacco control Act was guided by the moral worth of a company to the consumers with primary focus on acts and habits leading to happiness. The researcher learned in the preliminary survey of the research theme that by letting tobacco consumption in a non-controlled market (without government regulations), brought happiness to the company and the consumers. The company could freely advertise and sell its products at will. The company therefore met the happiness of its consumers due to free interaction between the company and the consumers on the other hand consumers could easily enjoy their puff without being confined to smoking zone and also follow the company’s advertisement on the current and new products in the markets hence make a decision on whether to switch their brands. However the government indicated that BAT (K) does not consider the happiness of the consumer by not considering the effects smoking has on the consumers since the company is guided by their quest for utility from their product (NACADA, 2009).

Deontological moral systems are characterized by a focus upon adherence to independent moral rules or duties. To make the correct moral choices, we have to understand what our moral duties are and what correct rules exist to regulate those duties. When we follow our duty, we are behaving morally. When we fail to follow our duty, we are behaving immorally. Typically in any deontological system, our duties, rules, and obligations are determined by God. Being moral is thus a matter of obeying God (Kamm, 2007).

Deontological moral systems typically stress the reasons why certain actions are performed. Simply following the correct moral rules is often not sufficient; instead, we have to have the

correct motivations. This might allow a person to not be considered amoral even though they have broken a moral rule, but only so long as they were motivated to adhere to some correct moral duty (Wierenga, 1983). Nevertheless, a correct motivation alone is never a justification for an action in a deontological moral system and cannot be used as a basis for describing an action as morally correct. It is also not enough to simply believe that something is the correct duty to follow. Duties and obligations must be determined objectively and absolutely, not subjectively. There is no room in deontological systems of subjective feelings; on the contrary, most adherents condemn subjectivism and relativism in all their forms (Orend, 2000).

Perhaps the most significant thing to understand about deontological moral systems is that their moral principles are completely separated from any consequences which following those principles might have. Thus, if you have a moral duty not to lie, then lying is always wrong even if that results in harm to others. For example, you would be acting immorally if you lied to Nazis about where Jews were hiding. The word deontology comes from the Greek roots *deon*, which means duty, and *logos*, which means science. Thus, deontology is the "science of duty." Key questions which deontological ethical systems ask include: What is my moral duty? What are my moral obligations? And how do I weigh one moral duty against another? (Waller, 2005).

Through the advertisement in the media promoting smoking, BAT (K) was against the deontological moral rules that require people to follow certain rules set by the society. Encouraging people to smoke goes against the societal rules that teaches against smoking so the Tobacco control Act discourages smoking that is driven from the deontological moral rules. If the rules of advertisement as explained in the Act are not followed by the company, then it goes against the deontological moral rules that require individuals and companies to follow rules set by the society. This eventually creates a negative effect on BAT (K) products independent of their continuous adverts.

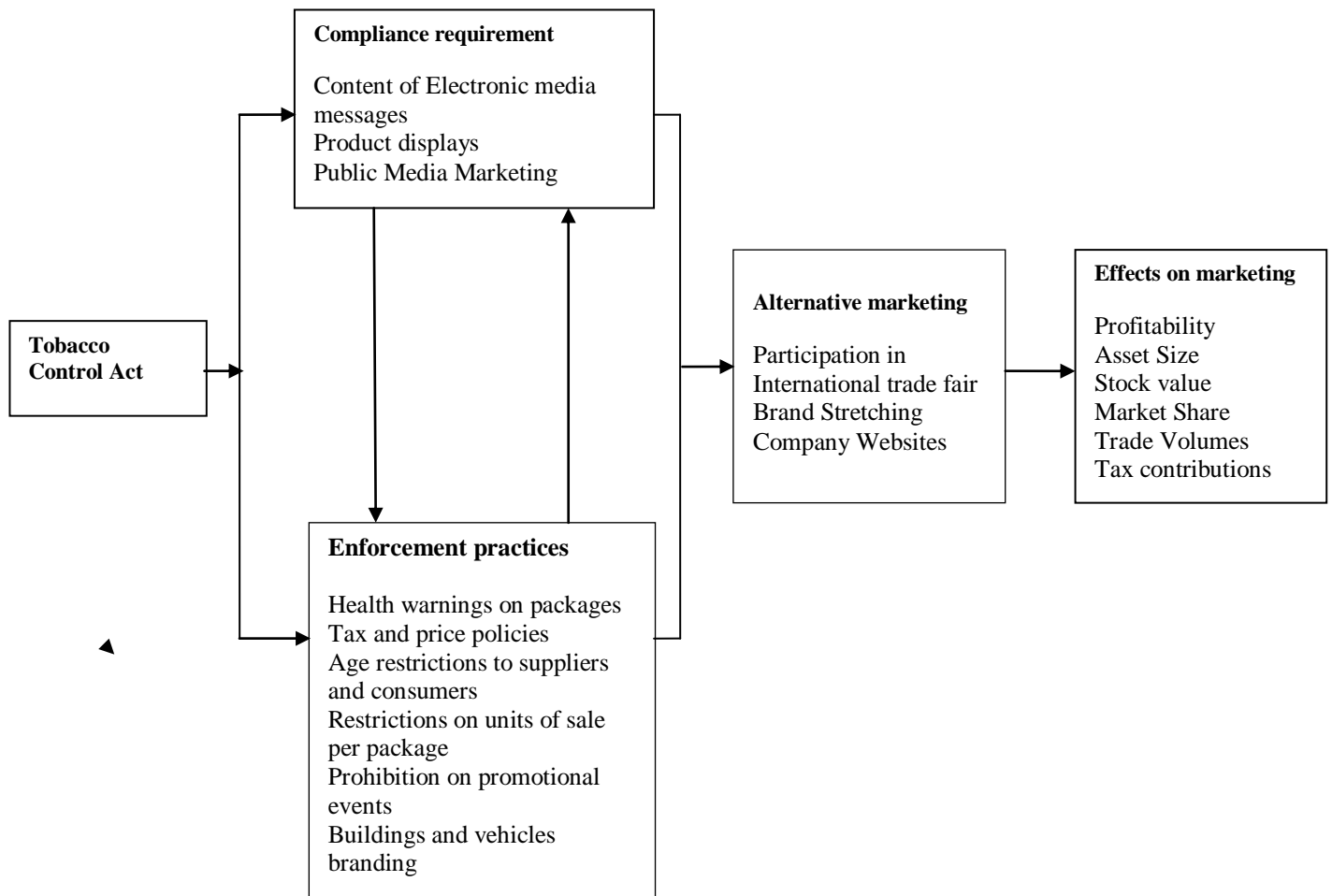
Rational choice theory, also known as choice theory or rational action theory is a framework for understanding and often formally modeling social and economic behavior. Rational choice theory was pioneered by sociologist George Homas, who in 1961 laid the basic framework for exchange theory, which he grounded in assumptions drawn from behavioral psychology. During the 1960s and 1970s, other theorists (Blau, Coleman, and Cook)

extended and enlarged his framework and helped to develop a more formal model of rational choice. Over the years, rational choice theorists have become increasingly mathematical. Economic theories look at the ways in which the production, distribution, and consumption of goods and services is organized through money. Rational choice theorists have argued that the same general principles can be used to understand human interactions where time, information, approval, and prestige are the resources being exchanged. According to this theory, individuals are motivated by their personal wants and goals and are driven by personal desires. Since it is not possible for individuals to attain all of the various things that they want, they must make choices related to both their goals and the means for attaining those goals. Individuals must anticipate the outcomes of alternative courses of action and calculate which action will be best for them. In the end, rational individuals choose the course of action that is likely to give them the greatest satisfaction.

One key element in rational choice theory is the belief that all action is fundamentally “rational” in character. This distinguishes it from other forms of theory because it denies the existence of any kinds of action other than the purely rational and calculative. It argues that all social action can be seen as rationally motivated, however much it may appear to be irrational. Also central to all forms of rational choice theory is the assumption that complex social phenomena can be explained in terms of the individual actions that lead to that phenomenon. This is called methodological individualism, which holds that the elementary unit of social life is individual human action. Thus, if we want to explain social change and social institutions, we simply need to show how they arise as the result of individual action and interactions. The fact that people make a choice to smoke cigarettes and tobacco products is well explained by the rational choice theory. Smokers take a choice to smoke well aware of the consequences of tobacco product consumption. It is worth to note that all packets containing tobacco products contains health warnings and yet people continue to consume these products. Choices are made with or without advertising a fact that explains the reason why even with total ban on marketing of tobacco products the consumption of these products remains on the rise.

2.8 Conceptual Frame work

The goal of this conceptual framework is to categorize and describe concepts relevant to this study and map relationships. The conceptual framework for this study is summarized in Figure 1 below.



CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter describes the methods and procedures that were followed in conducting the research. It describes the research design, the target population and sampling procedure, research instruments, validation and reliability procedures adopted, and data analysis techniques that were used.

3.2 Research Design

Coopers & Schindler (2006) defines research design as the blue print for the collection measurement and the analysis of data. This study utilized a case study design with emphasis on qualitative research methods considering the small size of the population involved and the nature of the organization studied. A case study (also known as a case report) is an intensive analysis of an individual unit (e.g., a person, group, or event) stressing developmental factors in relation to context. According to Long, (1996), qualitative research allows the subjects being studied to give much 'richer' answers to questions put to them by the researcher, and may give valuable insights which might have been missed by any other method. This study addressed the effect of advertisement restrictions on marketing of cigarettes and tobacco product in the country.

3.3 Study Site

This study was carried out at BAT (K) based in Industrial area Nairobi. BAT (K) is a tobacco processing company located in the industrial area Nairobi. The company collects tobacco from the farmers then processes it into final products and carries out marketing of the processed products to enhance consumption of the products and also compete effectively in the market. The entire population in the study consisted of 152 individuals out of whom 81 were from the marketing department, 30 from the finance department and 41 from the human resources/legal department.

3.4 Unit of analysis / Observation

The unit of analysis for this study was British American Tobacco Kenya Head Quarters Nairobi while the unit of observation was the Marketing Department, the Human Resources/Legal Department and the Finance Department.

3.5 Sampling Procedures

The study used purposive sampling method to select the sample for the study. Individuals and department were selected on the basis of relevance to the study topic. The sample for this study was drawn from the population of BAT (K) staff members at the head office. The sampling frames were staff in the three key departments that is the marketing department the finance department the human resources/legal department. The selection was done purposively where stratified sampling was used and in every stratum simple random sampling was done where 20 percent of every category of staff was given equal chance of participation to avoid biasness. In this respect out of the 152 staff a sample of 30 was drawn. These were distributed as follows, 16 from the marketing department, 8 from the human resources/legal department and 6 from the finance department. According to Mugenda (2003), a purposive sample, also commonly called a judgmental sample, is one that is selected based on the knowledge of a population and the purpose of the study. The subjects were selected because they had knowledge about the issues the researcher was interested in and not all employees could have the knowledge about marketing financial and legal aspects of the company.

Table 1: Sample Size

Description	Target population	Sampled population
Marketing department	81	16
Finance department	30	6
Legal department	41	8
Totals	152	30

3.6 Tools and Methods of data collection

The study utilized questionnaires and observation schedules. To collect data that was required to answer the research questions. The questionnaires were divided into 5 sections: section A contained information of the three departments. Section B, C, D and E gathered information in line with the objectives. An introductory letter was attached to every questionnaire explaining the purpose of the study. The questionnaires were administered to the selected respondents through face to face interviews at their department of work. The researcher also had an observation checklist which was used to collect the data at different times at different locations. The research questions in the study were also answered with the use of documentary sources that were already available in data and records. The research aimed at

achieving a holistic understanding of the effects of advertisement restrictions on BAT (K) ability to market their products.

3.6.1 Documentary Sources

These were already available data and records. They helped the investigator to compare and contrast findings with the work of other scholars on the same subject. The data and information utilized were drawn from web publications and records, university research documents and data bases, magazine articles, academic journals, BAT (K) company documents, the capital authority market library resources.

3.6.2 Interviewing

Face to face interviews were conducted to elicit information from the respondents. This was done through self-administered questionnaire. The interview was applied to focus the attention of both the interviewer and the respondent on the given items of research that were of specific interest to the study.

3.6.3 Questionnaire

A questionnaire is a pre-formulated written set of questions to which the respondents record the answers usually within rather closely delineated alternatives. The questionnaire was administered to management, finance legal and marketing personnel. An introductory letter was attached to every questionnaire explaining the purpose of the study. The questionnaire covered advertisement restriction and marketing. It had both close-ended and open-ended questions. The researcher made a follow ups and the fully completed questionnaires were picked from the respondents later by use of a research assistant.

3.6.4 Direct Observations

This method was used to gather information at different times and locations in the company premises. An observation checklist was used on physical facilities and the physical facilities observed included marketing vehicles, product display, employees clothing and company branding. The researcher immersed in and became part of the population being studied, so that he could develop a detailed understanding of the members of the population. According to Loomis (1989), observed data are not biased.

3.7 Data Analysis

Data from the survey were analyzed both quantitatively and qualitatively. The quantitative data were organized and analyzed according to the set objectives. The data were organized and coded thematically to establish emergent patterns and to allow searching and testing of alternative explanations. The data analysis went through the following procedures:

Editing: This involved the examining of collected information to detect errors and omissions.

Classification: The questionnaire utilized a three point scale with 23 statements categorized into three categories of marketing, finance and management. Simple descriptive statistics were used underscore the patterns of the data and consistency of the responses in each of the identified effects of advertisement restriction on the marketing of cigarettes and tobacco products. Results were then presented in tables and graphs with emphasis on graphical analysis.

Ethical considerations

This study was informed by academic goals as outlined in the objectives. The respondents in this study were therefore assured of confidentiality to their views, comments and identity. The study avoided endangering any of the company's business or the participants or to cause any form of harm or risk to anyone but to purely form a basis of academic conclusions. The study did not intent to collect any intelligence for any person, organization, any government agency, conceal any facts or ill intentions. Its findings therefore could only be applied or used solely for academics purposes.

The reporting was also done with due regard to actual representation of facts as given by the respondents and no exaggerations, alterations or misrepresentation of whatever nature has been done.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

In this chapter, the data collected were analyzed, discussed and reported. This chapter presented the results from the realized sample as contrasted to the planned sample. The initial target sample for the study was 30 respondents. Thirty questionnaires were circulated to purposively selected employees. Out of the 30 self administered questionnaire, 26 were duly completed and returned. Four of the questionnaires were not returned as the four respondents were reported to have travelled out of the country. The number that responded converted to a response rate of 87% as shown on Table 4.3. According to Mugenda and Mugenda (2003) and also Kothari (2004) a response rate of 50% is adequate for a descriptive study. Based on these assertions 87% response rate was found to be adequate for reliability of study findings.

Table 2: Response rate

	Frequency	Percent
Successful	26	87%
Unsuccessful	4	13%
Total	30	100%

The table 2 above shows the response rate of the respondents in the company where 30 respondents were initially targeted for the study. 26 of the respondents responded while 4 of them did not they were however reported to have been out of the country on official duties.

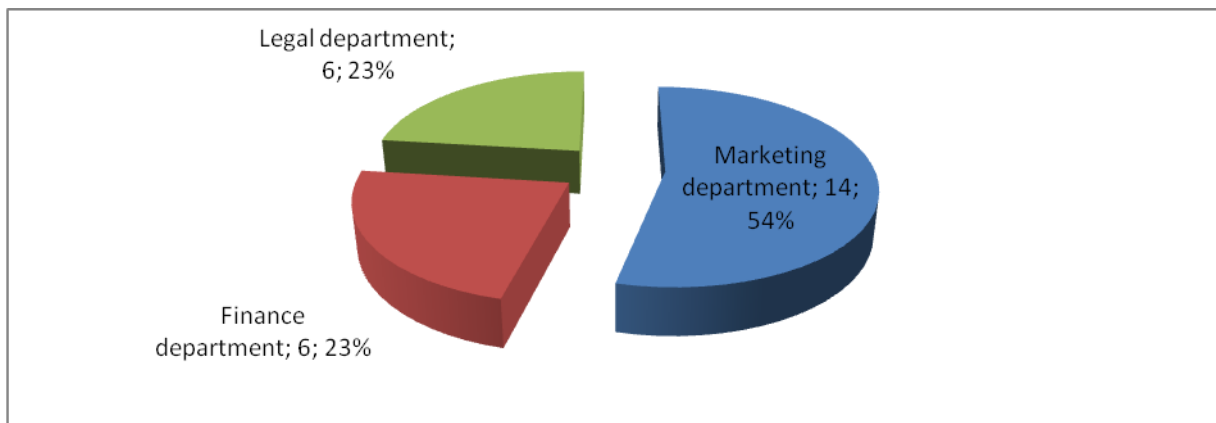
Table 3: Respondents by categories

Category	Top management	Middle management	Lower management	Total
Marketing	3	2	9	16
Legal department	2	1	3	8
Finance department	1	2	3	6

Table 3: above shows the distribution of respondents per level of management across different departments. The larger portion of the respondents was drawn from the marketing department. This was because the other two departments' legal and finance were only responsible for controls and regulations with regard to the statutory requirements on tobacco and cigarette marketing. The marketing department was responsible for implementation of the regulations since the regulation targeted this department.

4.2: Respondents Profiles by Departments

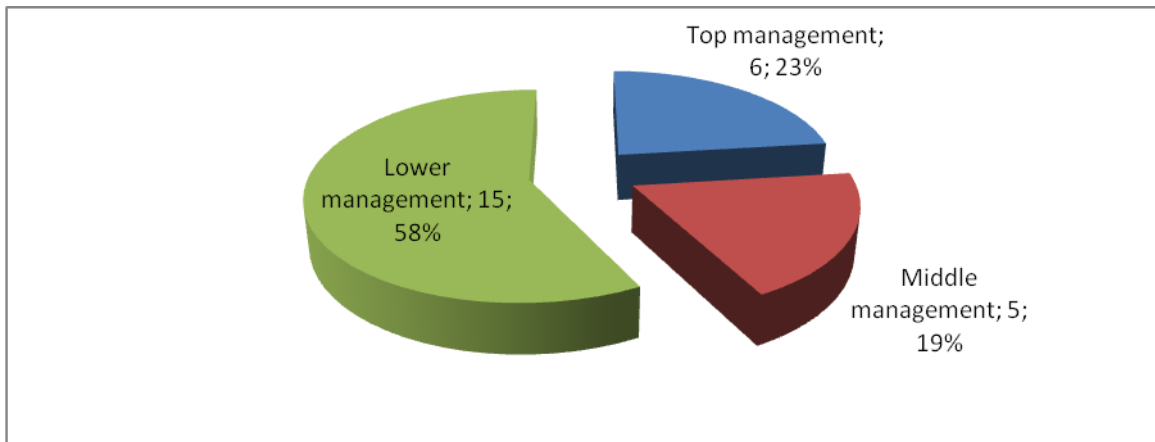
Figure 1: Respondents Departments



The study results under figure 1 indicate that majority, (54%) of the respondents were from marketing department followed by those from legal department at (23%) and another 23% were from finance department. The study focused on the legal department because it is mainly involved in overseeing the implementation of the company's legal policies while the marketing department implements the cigarettes and tobacco restriction policies. The finance department on the other hand ensures that adequate resources are allocated to facilitate successful implementations of the formulated policies. In addition the financial impacts of the tobacco restriction are outlined and addressed in the finance department.

4.2:1 Designation of Respondents

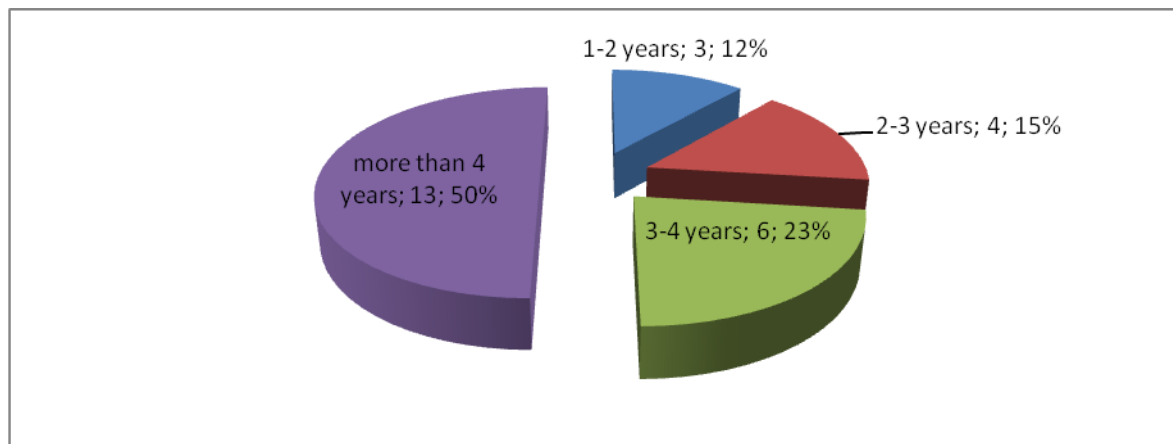
Figure 2: Designations of Respondents



The study results in figure 2 indicate that most of the respondents (58%) were drawn from the lower management cadres since they are the ones who are involved in the operation work of the company. They also formed the bulk part of the total number of the employees in the company. The lower management employees were found to be crucial in this study as they were the ones who ensured all the requirement of the Act as directed by their seniors were actually enforced. They were followed by top management level at (23%). The top management staff included senior managers of the company they were found to be critical in this study since they were involved in formulation and implementation of the rules that govern the company operation procedure in all aspects. Finally the respondent at the middle management were (19%) the middle management included the supervisors they were found to be crucial to this study since they acted as the bridge between the top and the lower management they ensured that all the requirement of the Act are adhered to by all the lower management staff in their respective departments.

4.2.2 Years of Service in the Company

Figure 3: Years Served in the Company



The study results in figure 3 indicate that (50%) of the respondents had worked in the company for more than 4 years these respondents had worked for the company prior during and after the implementation of the Act. They were followed by those who had worked for 3-4 years at (23%). These group of the respondent witnessed the transition period of the Act and the post Act period. Finally they were followed by those employees who had worked for 2-3 years at (15%) this involved the respondent who were employed immediately after the Act was implemented. The least number were those who had worked for 1-2 year at (12%) they included workers who did not experience uncontrolled tobacco product business as employees of the company. This means the respondents were in a position to give a reliable assessment on the effects of tobacco control Act on the marketing of cigarette and tobacco products.

4.3 Results and Discussion

This section was arranged and discussed the results based on the objectives of the study.

Table 4: Enforcement and compliance Practices adopted by BAT (K)

Statement	Agree	Not Sure	Disagree
The company has created awareness among staff on requirements of the Act.	23(88.4%)	1(3.8%)	2(7.7%)
The company has fully complied with the Act on the requirement to display prominent warning labels on packages.	22(84.6%)	2(7.7%)	2(7.7%)
The company complied with the Act requirement to display the age restrictions on the packages i.e. 18 years of age.	21(80.7%)	4(15.4%)	1(3.8%)
The company has complied with Act on the requirement to allow the company premises to be regularly inspected to ensure compliance.	23(88.4%)	1(3.8%)	2(7.7%)
The company has fully complied with requirement for packaging that is to ensure all cigarettes are packed in packets containing a minimum of 10 or 20 cigarettes in a packet.	17(65.3%)	4(15.4%)	5(19.2%)
The company has complied with the tobacco control Act in relation to cigarette and tobacco products advertising in print and electronic media.	18(69.2%)	1(3.8%)	7(26.9%)

4.3.1 Enforcement and compliance Practices

This section sort to establish the department responsible for enforcement of the Act, the nature of relationship and interaction with the government agencies as well as practices adopted by the company to conform with the regulation on tobacco and cigarette marketing.

The study sought to analyze the enforcement and compliance practices adopted by BAT (K) to conform to the provisions of the tobacco control Act. Results in Table 4.3 indicate that majority 88.4% of the respondents were aware of the Act, while 11.5% of the respondents were not aware of the government regulations on the marketing of tobacco products. Those who were not aware were found to have no interest on the tobacco control Act since they seemed not to be interested on any information relating to cigarette products yet they had worked for quite a lengthy period in the company, a time that would at least have made them understand the tobacco control Act. However it was noted that the company had adequately addressed tobacco control awareness effort within the company premises. Information relating to tobacco as stipulated in the Act was openly displayed on the notice boards within the company.

The study findings also indicated that a total of 22 of the respondents agreed with the statement that the company ensured that health information warnings were displayed on the packages with the warning signs boldly displayed by the right size, 2 of the respondents disagreed and another 2 of the respondents were not sure. The findings imply that the company ensured that it complied with the requirement to display warning labels on packages. Another 4 of the respondents doubted that warnings had any implications to the consumers. In addition, 80.7% of the respondents agreed with the statement that the company printed the age restrictions on the packages i.e. “do not sell to persons under the age of 18 years.” This implies that the company has ensured that all the requirements of the Act are followed by the company and fully implemented. 88.4% of the respondents agreed that the company received regular visits by the state agencies to monitor compliance meaning that the company compliance is kept on the check by the relevant agencies. The fact that the state agencies have not complained on the company failure to meet its obligation shows the company commitment to the Act. 7.7 % of the respondents disagreed while 3.8% were not sure. Those that disagreed with this statement said inspection involved the top management

and rarely involved the lower cadre. The findings imply that the company allowed regular inspection visits a sign of compliance confidence.

Finally the study findings indicated that 65.3% of the respondents agreed that the company has restricted number of cigarettes in any packet that is 10 or 20 cigarettes and 15.4% of those that were not sure with the statement seemed not to be concerned on whether regulations were fully adhered to. Those that disagreed seemed not aware of the quantity of cigarettes in packages as they were not smokers and were also not from the packaging section. The Act requires that all cigarette must be packed and sold in a minimum pack of 10 cigarettes the results shows that the company has ensured that all products it releases to the market are packed as per the regulation and no exception is allowed. Sixty nine point two percent (69.2%) of the respondents agreed that the company ensured the tobacco control Act in relation to electronic and print media marketing were observed. Twenty six point nine percent (26.9%) disagreed while 3.8% of the respondents were not sure. Those that disagreed cited various television programs that depict some of the actors smoking and also the print media job marketing as an avenue for the company to market its products. They also felt that this only market cigarettes indirectly as people tend to remember what the company produce. However the fact that majority of the respondents agree that the company does not post electronic or print marketing shows the company compliance to the Act. The company cannot be held hostage to the contentment of the media programs since the company does not engage in video shooting or media broadcasting but probably unprecedented gain.

The findings shows that the company has complied with the Tobacco Control Act, (2007) which asserted that:- smoking is allowed only in specific designated smoking areas; advertising of tobacco products is prohibited in Kenya; retailers are allowed to sell cigarettes only in packets of ten and twenty cigarettes; cigarettes should not be sold to persons under the age of 18 years and, the packaging of cigarettes sold in Kenya will change to incorporate larger health warnings and other specific markings. However from the respondent point of view compliance has only applied at the company's limit level and not beyond distribution. This is due to the fact that the company does not have control over the retailers of its products.

Table 5: Challenges that BAT (K) face in attempt to be compliant with the TCA

Statement	Agree	Not Sure	Disagree
The company faces challenges in implementing the Act at retail level.	20(76.9%)	1(3.8%)	5(19.2%)
The International brands do not face similar restrictions as BAT (K) products do in the market.	18(69.2%)	1(3.8%)	7(26.9%)
The company faces challenges from rampant illicit trade in the country and contraband.	19(73.1%)	1(3.8%)	6(23.1%)
The implementation of the Act is not easy and sustainable to the organization.	22(84.6%)	0(0%)	4(15.4%)
The company experiences decrease on the financial performance due to the state regulations.	20(76.9%)	1(3.8%)	5(19.2%)
There are instances when other departments have disagreed with the legal department recommendation on regulations.	19(73.1%)	1(3.8%)	6(23.1%)

4.3.2 Challenges that BAT (K) face in attempt to be compliant with the Tobacco Act

This section sort to establish the challenges the company face in implementing the tobacco and cigarette control Act and the business implications to the company as a result of restriction on the marketing of its products.

The second objective of the study was to assess the challenges that BAT (K) faces in its attempt to be compliant with the Act. The finding indicates that 76.9% of the respondents agreed that most aspects of regulation were difficult to implement especially at retail level. 19.2% of the respondents disagreed and 3.8% of the respondents were not sure. This was mainly attributed to the fact that the company did not have control over the retail business of it products the retailers totally control their own businesses and therefore the company does

not have any mandate on how retailers sell their products. Some retailers sell cigarette in stick form rather than in packet form as stipulated in the Act more so the company is not allowed to freely interact with its customers and as such the company remains unaware of its customers' needs and deets. Most importantly the company cannot inform its customers of new products formulations or any diversifications and yet consumption of its products is purely legal. 69.2% of the respondents agreed that the company had challenges concerning the availability of international products in the market. This is mainly because international products are competing products yet there is no clear frame work to regulate these products hence creating unfair trading ground for the company. The company is not allowed to create awareness of its products and also interact with its consumers and yet the company is still held responsible on health issues related to tobacco trade. 73.1% of the respondents agreed that the company faces a major threat from illicit products in the market. 23% of the respondents disagree while 3.8% of the respondents were not sure. The fact the company cannot advertise its products has made it possible for the illicit trade to gain roots as the consumers do not get any information relating to the company's product or the counterfeit actual product branding and packaging so that consumers can be fully informed of the genuine product. However 23% of the respondents who disagreed felt that the company products were dominant and hence illicit trade was not a threat and no matter what it take it cannot affect the company dominance.

84.6% of the respondents agreed that implementation of the regulation was not easy and sustainable to the organization. This was mainly attributed to the fact the regulation focuses more on the criminalization of a legal business rather than the actual cause of high tobacco product consumption more so there are other uses of tobacco beside smoking as well as the fact that tobacco is a drug that is legally consumed yet illegal to advertise however 15.4% of the respondents disagree. The study observed that tobacco product consumption is not directly attributed to the advertisement of the products. Tobacco product consumption is mostly a choice people take; it is addictive and most importantly associated to rite of passage to adulthood especially amongst the youths. Respondents at the top management level responded that it is therefore not possible for the company to change social issues through legal approach. 76.9% of the respondents agreed that there was a great decrease on the financial performance of the company due to the state regulations. Though they acknowledge the increase in performance, they strongly believe that with advertising, the growth could

have been much higher while 9.2% of the respondents disagree. Those that agreed believe that the financial performance of the company would have been much higher than it is if there were no restrictions. The few who disagreed believe that tobacco business did not require advertising and hence decline in financial performance could be attributed to normal business fluctuations. 73.1% of the respondents agreed that there were instances when other departments have disagreed with the legal department recommendation on regulations. This mainly was attributed to the focus of the Act on the tobacco trade rather than the health issues of the tobacco products. The marketing and the finance department felt that tobacco business is a perfectly legal business that contributes tax to the government with great margins and as such some of the legal polices criminalizes the business and seems to focus more on tobacco trade rather than addressing the health aspects of the products.

The study results are similar to the ones that were identified by Chaloupka and Warner, (1999) on the tobacco control bills and their impact to the producing company. They found that laxity in regulation compliance due to lack of clarity of the law and resistance by the producing company is one of the major challenges facing consumer protection laws adopted by the developing countries. They also indicated that there was a need for commitment from both sides to ensure there were acceptable rules and that the rules should not appear to target only one party to aid in its smooth implementation.

Table 6: Alternative Marketing Strategies adopted by BAT (K)

Statement	Agree	Not Sure	Disagree
The company participates in the national and international trade fair.	20(76.9%)	3(11.5%)	3(11.5%)
The company use indirect advertising within the legal framework as a major component of marketing.	18(69.2%)	3(11.5%)	5(19.2%)
The company uses brand stretching.	19(73.1%)	1(3.8%)	6(23.1%)
The company uses mass media to create positive product imagery and association.	19(73.1%)	3(11.5%)	4(15.4%)
The company participates in cultural social responsibilities.	21(80.7%)	2(7.7%)	3(11.5%)
The company uses special sales promotions and displays at points of sale within the legal requirement.	21(80.8%)	1(3.8%)	4(15.4%)

4.3.3 Alternative Marketing Strategies adopted by BAT (K)

This section sought to establish the alternative marketing strategies that the company uses to ensure that the company profitability, asset size, stock value, market share, trade volumes and tax contributions were not adversely affected by the implementation of the TCA.

The third objective of the study was to determine the alternative marketing strategies adopted by BAT (K) to reach to its cigarette consumers. The results presented in Table 4.7 indicate that the majority of the respondents i.e. 76.9% agreed that the company participated in the national and international trade fair only to educate tobacco farmers as well as inform the public of their prices but not in any way to market its products to the consumers or create awareness to the consumers. 11.5% of the respondents disagreed while 11.5% of the respondents were not sure. Those that disagreed responded that the company does not participate in the national and international trade fair to meet and educate farmers or to promote or advertise any of their products. 69.2% of the respondents agreed that the company use legal indirect advertising as a major component of marketing which mainly involve the

publicity of the company name as one of the highest tax contributor and also through various activities like Corporate Social Responsibility (CSR), however, the respondents said this has got nothing to do with product marketing or advertising; however they strongly agreed that tobacco products would still sell with or without marketing. 19.2 % of the respondents disagreed and ascertained that tobacco products are addictive and self marketing and so the company does not need to use either direct or indirect advertisement. 11.5% of the respondents were not sure whether the company uses indirect advertising to market its products. 73.1% of the respondents agreed that the company used 'brand stretching' and brand coupling as a form of promotion. This mainly involved ensuring that the company sells its products alongside well-known or developed image in different categories, a concept that is well explained by the categorization and association theory. This involve the use of complementing consumer brands like alcohol or unrelated but useful products like umbrellas and apparels; however these are legal business concepts that does not in any way contravenes the regulations. The findings also showed that the company participated in the unrestricted markets in neighboring states such as Sudan, Somalia, and Ethiopia in order to maximize market share as well as create awareness of its products. 23% of the respondents disagreed while 3.8% of the respondents were not sure. Those that disagreed responded that tobacco products do not require brand stretching as they easily sell on their own and more importantly not all business concepts are illegal.

Furthermore, the results indicated that 73.1% of the respondents agreed that the company uses mass media to create positive product imagery and association. Some of the programs on the mass media especially TV's have some of the actors as smokers or smoking. This gives a chance to appeal indirectly to cigarette consumers.15.4% of the respondents disagree while 11.5% of the respondents were not sure. Those that disagreed said that the company has no links or control over programs aired neither does it dictate what the media presents to the public more importantly the products are unique in nature and have got sociological advantage and hence they do not need to be marketed . 80.7% of the respondents agreed that the company uses indirect advertisement through CSR activities and scholarships, 11.5% of the respondents disagreed while 7.7% of the respondents were not sure. Those that agreed responded that the company has to support its farmers who supply them with tobacco leaves as well as their esteemed customers as a matter of concern the company has to be instrumental in the society building and that does not mean marketing. However those that

disagreed responded that they are yet to experience such activities from the company. 80.8% of the respondents agreed that the company uses special sales promotions and displays at points of sale especially at the retail levels where the company does not bear any direct responsibility. In addition the company ensured that there were adequate designated smoking zones in towns, in companies and at bus stops. These compliance mechanisms in turn served as effective marketing alternatives. 15.4% of the respondents disagree while only 3.8% of the respondents were not sure.

The findings agree with those by Roemer (1993) who argued that tobacco industry undertakes much more 'indirect' advertisement than other industries. Indirect advertisement includes: sponsorship of sports or cultural events; displays at points of sale; 'brand stretching', where tobacco brand names are used as part of other product names (e.g. Marlboro Classics clothing); product placement in television and film shows; direct mailings; special sales promotions, etc. Indirect advertising is being used increasingly where direct advertising is not permitted. In this regard indirect advertising is purely legal concept that is applied in business world and one cannot therefore condemn a business for utilizing indirect advertising.

Table 7: Effect of Tobacco Control Act on Marketing of BAT (K) Cigarette and Tobacco Products

Statement	Agree	Not Sure	Disagree
The company has adequate legal mechanisms to reach the public.	20(77%)	1(3.8%)	5(19.2%)
The tobacco control Act has influenced the company stock value.	19(73.1%)	1(3.8%)	6(23.1%)
The tobacco control Act influenced the company profits by perpetuating the company dominance in market.	21(80.7%)	1(3.8%)	4(15.3%)
The potential profitability of the company increased despite the Act.	19(73.1%)	1(3.8%)	6(23.1%)
The tobacco control Act has influence brand switching from competing products in the market resulting to high sales.	20(76.9%)	0(0%)	6(23%)
The tobacco control Act has restricted competition by locking out new players thus ensuring that only known products remain in the market.	20(77%)	1(3.8%)	5(19.2%)

4.3.4 Effect of Tobacco Control Act on Marketing of BAT (K) Cigarette and Tobacco Products

This section examined the effectiveness of mechanisms employed by the company to reach its consumers as well as the effects of the Act to the company's growth.

The final objective of the study was to assess the effects of Tobacco Control Act on marketing of BAT (K) cigarettes and tobacco products. Results in Table 4.8 indicated that 19 in 26 of the respondents agreed that the company has a better legal mechanism to reach the public to counter the tobacco act mainly due to the unique nature of the tobacco products that

have addictive social pleasure and pose a sign of prestige, also the fact that tobacco products consumption does not depend much on advertising but rather pleasure and a feeling of maturity that later leads to addiction. In addition, smoking zones act as forms of advertising. 73.1% of the respondents agreed that the Tobacco control Act has influenced the company stock value with the value of the company shares appreciating since the inception of the Act. This high rise in stock value was mainly attributed to the fact that the company enjoys great market shares due to the fact that new investors cannot invest in sector where there is no advertising of the products and thus consumers cannot get to know of the new products in the market. Awareness is normally created through advertising and hence new products cannot penetrate over dominated market without massive advertisement. 80.7% of the respondents agreed that restriction on advertising has influenced the company profits by redistributing the advertising resources to capitalize on the company's market share in the country and in other countries within Africa. This was also attributed to decrease in advertising expenditure and the rise in demand of the company's products since the ban on advertising never allowed consumer warnings to be aired.

Results further revealed that 73.1% of the respondents agreed that restriction on advertising had increased the potential profitability of the company despite the Act. The company did not need to spend huge budget on advertising and this had ensured reduction in the company expenditure. 76.9% of the respondents agreed that advertising had greatly influenced brand switching from the newly introduced products by newly created companies most of the new consumers as well as the old ones tends to move back to the old dominating brands owned by BAT (K) hence high sales and thus undisputed growth. Tobacco product consumers have to make a choice on the more known product a fact both well explained by both categorization and association theory. Prior to the implementation of the tobacco control Act the company was the most dominant cigarette manufacture in Kenya with its products the most popular. As a result of restrictions on advertising the company retained dominance in the control of the cigarette market as new players did not have the option of marketing their products through advertisement since the law does not only apply to BAT (K) but to all players in the industry. 77% of the respondents agreed that restriction in advertising had helped in competing for the lucrative tobacco market this means that only the company that had a large market share prior to the tobacco Act had the opportunity to grow since tobacco companies are not permitted to directly or indirectly engage with the public as far as marketing of their products is

concerned. The company was also found to be among the highest tax contributors to KRA though the government has imposed heavy taxes on tobacco and alcohol products the total revenue contribution by the company cannot only be attributed to high taxation but also the total income. The respondents also observed that most consumers especially in Kenya did not start smoking due to advertisements but due to various reasons in life. Thus there was no substantial effect on tobacco consumers even with the implementation of Tobacco Act.

These findings differ with those in Radfar's econometric analysis (1985) who found that the effect of advertising on consumption was 'positive and small but significant', and asserted that a total ban on advertising could have a substantial impact on cigarette smoking, however, in Kenya where there is a total ban on advertisement of tobacco products in the country, there seem to be no substantial impact on cigarette smoking reduction.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This study sought to assess the effects of the advertisement restriction on the marketing of BAT (K) cigarette and tobacco products. The purpose of this chapter was to summarize and discuss the findings of the study and finally give conclusions and recommendations based on the study findings.

5.2 Summary of the Findings

The general objective of this study was to assess the effects of the Tobacco Control Act on the marketing of BAT (K) cigarettes and tobacco products. The study was guided by the following specific objectives; to analyze the enforcement and compliance practices adopted by the company to conform to the provisions of the tobacco control act, to establish the challenges that the company faces in its attempt to be compliant with the Act, to determine alternative marketing strategies adopted by the company to reach its cigarette consumers and to assess the effects that tobacco control Act has on marketing of the company's cigarette and tobacco products.

The first objective of the study was to analyze the enforcement and compliance practices adopted by the company to conform to the provisions of the tobacco control Act. The findings indicated that the company has complied with the government regulations on the marketing of tobacco products. Majority of the respondents were aware of the Act, 22 of the 26 i.e. 88.4% of the respondents responded that the company has ensured that health information warnings were displayed on the packages; 80.7% of the respondents agreed that the company has printed the age restrictions on the packages i.e. 'Do not sell to persons under the age of 18 years'; 88.4% of the respondent responded that the company received regular visits by the state agencies to monitor compliance; 65.3% of the respondents agreed that the company has restricted number of cigarettes in any packet as required by the Act and 69.2% of the respondents agreed that the company ensured the Government regulations were observed. From the study, the company has complied with enforcement practices outlined in the tobacco control Act.

The second objective of the study was to assess the challenges that BAT (K) faced in its attempt to be compliant with the Act. Results revealed that there were challenges facing the

company in implementing the tobacco Act. 20 out of the 26 respondents agreed that most aspects of regulation were difficult to implement in the organization since the company does not have control of retailers who retail its products. 69.2% of the respondents agreed that the company had a challenge concerning the availability of international products in the market. This is mainly because international products are competing products yet there is no clear frame work to regulate this products hence creating unfair trading ground for the company. 73.1% of the respondents agreed that the company faces challenge from illicit trade. 84.6% of the respondents agreed that implementation of the regulation was not easy and sustainable to the organization since tobacco product consumption is not directly attributed to the advertising of the products. 76.9% of the respondents agreed that there was a great decrease on the financial performance of the company due to the state regulations. 73.1% agreed that there are instances when other departments have disagreed with the legal department recommendation on regulations. This mainly was attributed to the focus of the Act on the tobacco trade rather than the health issues of the tobacco products.

The third objective of the study was to determine the alternative marketing strategies adopted by BAT (K) to reach to its cigarette consumers. Results indicated that the company has opted to use legal alternative methods of advertising such as brand stretching sponsoring of students through scholarships and also by undertaking Corporate Social Responsibility activities. 76.9% of the respondents agreed that the company participated in the national and international trade fair to educate tobacco farmers as well as informing the public on its prices, but not to advertise its products. 69.2% of the respondents agreed that the company use indirect advertisement as a major component of marketing, a component that is legally abiding to any business entity and allowed by the Act. 73.1% of the respondents agreed that the company use 'brand stretching' as well as brand coupling as a form of promotion. This involved the use of well established brands and images to market the company products; the products are also coupled with like products that supplement or complements them. 73.1% of the respondents agreed that the company uses mass media to create positive product imagery and association. 80.7% of the respondents agreed that the company uses indirect advertisement like community social responsibility activities and scholarships while 80.8% of the respondents agreed that the company uses special sales promotions and displays at points of sale especially at the retail levels where the company does not bear any direct responsibility. In addition the company ensured that there were adequate designated smoking

zones in towns, in companies and at bus stops. These compliance mechanisms in turn served as effective marketing alternatives. However all these marketing alternatives are legal practices that the company uses in its endeavor to accomplish its business goals.

The final objective of the study was to assess the effects of Tobacco Control Act on marketing of BAT (K) cigarette and tobacco products. 20 in 26 of the respondents agreed that the company has appropriate mechanism to reach the public to counter the tobacco Act. 19 in 26 of the respondents agreed that the Tobacco control Act has influenced the company stock value with the value of the company shares on high rise since the inception of the Act. 80.7% of the respondents agreed that the restriction on advertising has influenced the company profits by redistributing the advertising resources to capitalizing on the company's market share in the country and in other countries within Africa. 73.1% of the respondents agreed that restriction on advertising had increased the potential profitability of the company despite the Act. 76.9% of the respondents agreed that advertising had greatly influenced brand switching. 77% of the respondents agreed that restriction in advertising had helped in competing for the tobacco market. The study found out that with total ban on advertising of tobacco products in the country, there seem to be no substantial impact on cigarette smoking reduction.

5.3 Conclusion

Following the study findings it was possible to conclude that the company has complied with enforcement practices outlined in the tobacco control Act. The study also concludes that there are challenges facing the company in implementing the Act with debate slowly shifting from public health issues to trade restrictions which has resulted to criminalization of tobacco trade which is a legal business.

The study also concludes that the company has opted to use alternative methods of advertising which are all within the legal frame work such as brand stretching, brand coupling, sponsoring of students through scholarships and also undertaking Corporate Social Responsibility activities. In addition the company ensured that there were adequate designated smoking zones in towns, in companies and at bus stops. These compliance mechanisms in turn served as effective marketing alternatives.

Finally the study concludes that the BAT (K) Company has appropriate legal mechanism to reach the public to counter the tobacco control Act. This has been supported by the unique nature of the product that even without advertising the product is an addictive social orienting pleasure and hence self marketing. This has influenced the company's stock value with the value of the company shares appreciating since the inception of the Act. The Act has also influenced the company profits by redistributing the advertising resources to capitalizing on the company's market share in the country and in other countries within Africa. This in turn has increased the potential profitability of the company resulting rapid growth despite the Act. The company is also one of highest tax contributing company in the country and also playing a key role in corporate social responsibility. The study found also out that with total ban on advertising of tobacco products in the country, there seem to be no substantial impact on cigarette smoking reduction.

5.4 Recommendations

5.4.1 Recommendations on Enforcement and Compliance

The study recommends that cigarettes and tobacco products enforcement and compliance practices should hold all players in the sector accountable especially the retailers in the industry so that the Act does not only cover the companies involved in the processing of the tobacco products, but also the whole chain of production in the country with specific focus on illicit trade. The regulations need to consider the fact that tobacco is a legally consumed drug and therefore total ban on the marketing of the products creates awareness barriers that would educate consumers on these products.

5.4.2 Recommendations on compliance challenges.

The study recommends that the tobacco regulations should focus on public health issues that affect consumers and people around them and not criminalisation of the legitimate trade. Considerations need to be made on the unique nature of tobacco products the fact that it is addictive and holds sociological factors such as a sign of prestige, wealth, socialization and a bridge to maturity and freedom amongst the young people promotes to a large extent consumption of these products. In fact high tobacco consumption is not much a factor of marketing of tobacco products. Every business need to have the freedom to interact with its

customers so as to evaluate its Product quality and efficacy amongst its consumers this freedom need to be considered.

5.4.3 Recommendations on Alternative Marketing Strategies

The study recommends that the alternative methods of advertising should also include consumer awareness models that would protect consumers from contraband products. In addition the company should ensure that there are adequate designated smoking zones in towns, in companies and at bus stops. These compliance mechanisms in turn would serve as effective ways of ensuring that the company creates convenient avenue for its consumers.

5.4.4 Recommendations on effects of tobacco control Act

The study recommends that the regulations should be revised since advertisement has little or no effect on the total consumption of cigarettes and tobacco products. The regulations only serves to criminalize the tobacco trade without due regard to other uses of the products as well as factors that promotes the consumption of these products. These aspects are supported by this study that found out that with total ban on advertising of tobacco products in the country, there seem to be no substantial impact on cigarette smoking reduction.

5.4.5 Recommendations on Further Research

The study recommends further research to establish the reasons why people choose to smoke well aware of consequences associated with smoking and the role of marketing in relation to total cigarettes and tobacco consumption. Also the research should establish appropriate measures to reduce cigarettes and tobacco products consumption and adverse health effects associated with them.

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APPENDICES

Appendix 1 : Questionnaire

My name is Mr. Charles Muriithi. I am a student at the University of Nairobi carrying out a research on the effects of advertisement restriction on marketing of cigarette and tobacco products as part of the requirement for the award of the degree of Master of Arts in Entrepreneurship Development. I wish to assure you that the information you would provide will be used purely for academic purposes and the results arising from this study is only applicable in academic field and not any other purpose. I wish also to assure you that this study is not in any way motivated by the need to collect intelligence for any person or organization and that the information arising from this study will be handled in strict confidence and that appropriate measures have been taken to ensure that the information you provide cannot be traced back to you as a way of protecting your identity. Further I wish to inform you that your agreement to participate in this study has no personal benefits to you as a respondent. This is also to indicate that you are under no compulsion to participate in this study and that your involvement is based on informed consent. Furthermore should you need to withdraw from this study at any stage you will not incur any penalty for the withdrawal. (This questionnaire is to be filled by the management staff in the marketing and public relations department, finance department and the legal affairs department).

Section A: General Information

Department you work in

Marketing department () Finance department () Legal department ()

Management level

Top management () Middle management () Lower management ()

For how long have you worked in this company?

Less than 1 year () 1-2 years () 2-3 years ()

3-4 years () more than 4 years ()

Section B: Enforcement and compliance Practices adopted by BAT (K)

In a scale of 1-3, state the level of agreement with the following statement on enforcement and compliance practices adopted by BAT (K) to conform to the provisions of the tobacco control Act where 1- Agree, 2- not sure, 3- Disagree.

Description		1	2	3
1.	The company has created awareness among staff on requirements of the Act.			
2.	The company has fully complied with the Act on the requirement to display prominent warning labels on packages.			
3.	The company complied with the Act requirement to display the age restrictions on the packages i.e. 18 years of age.			
4.	The company has complied with Act on the requirement to allow the company premises to be regularly inspected to ensure compliance.			
5.	The company has fully complied with requirement for packaging that is to ensure all cigarettes are packed in packets containing a minimum of 10 or 20 cigarettes in a packet.			
6.	The company has complied with the tobacco control Act in relation to cigarette and tobacco products advertising in print and electronic media.			

Comment on the government regulations on cigarette and tobacco product marketing?

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Section C: Challenges that BAT (K) is facing in attempt to be compliant with the Act

In a scale of 1-3, state the level of agreement with the following statement about challenges that BAT (K) faces in its attempt to be compliant with the Act where 1-Agree, 2-Not sure, 3-Disagree.

Description		1	2	3
1.	The company faces challenges in implementing the Act at retail level.			
2.	The International brands do not face similar restrictions as BAT (K) products do in the market.			
3.	The company faces challenges from rampant illicit trade in the country and contraband.			
4.	The implementation of the Act is not easy and sustainable to the organization.			
5.	The company experiences decrease on the financial performance due to the state regulations.			
6.	There are instances when other departments have disagreed with the legal department recommendation on regulations.			

Comment on the government regulations on cigarette and tobacco product marketing?

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Section D: Alternative Marketing Strategies adopted by BAT (K)

In a scale of 1-3, state the level of agreement with the following statement on the legal alternative marketing strategies that BAT has to reach its cigarette consumers where 1- Agree, 2- Not sure, 3- Disagree.

Description		1	2	3
1.	The company participates in the national and international trade fair.			
2.	The company use indirect advertising within the legal framework as a major component of marketing.			
3.	The company uses brand stretching.			
4.	The company uses mass media to create positive product imagery and association.			
5.	The company participates in cultural social responsibilities.			
6.	The company uses special sales promotions and displays at points of sale within the legal requirement.			

Comment on the government regulations on cigarette and tobacco product marketing?

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Section E: Effect of Tobacco Control Act on Marketing of BAT (K) cigarette and tobacco products

In a scale of 1-3, state the level of agreement with the following statement on the effects of tobacco control Act on marketing of BAT (K) cigarette and tobacco products where 1- Agree, 2- Not sure, 3 – Disagree.

Description		1	2	3
1.	The company has adequate legal mechanisms to reach the public.			
2.	The tobacco control Act has influenced the company stock value.			
3.	The tobacco control Act influenced the company profits by perpetuating the company dominance in market.			
4.	The potential profitability of the company increased despite the Act.			
5.	The tobacco control Act has influence brand switching from competing products in the market resulting to high sales.			
6.	The tobacco control Act has restricted competition by locking out new players thus ensuring that only known products remain in the market.			

Comment on the government regulations on cigarette and tobacco product marketing?

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Appendix II : Observation Schedule

This checklist has been designed to observe some aspects linked to the marketing of cigarettes activities in the company. All the aspects are visible and linked to either direct or indirect marketing of the products. I will adopt the list according to my needs based only on what I will see.

Area of observation	Available	Absent	Remarks
Marketing facilities			
Product display			
Corporate identity dressing			
Smoking zones			
Branding			
Promotion products			
Company vehicles			
Outlet shops			
Warning signs			

Appendix III: Interpretations under the Tobacco Control Act

Brand element includes a brand name manufacturers name trade mark, trade name, logo, design, color or slogan that is reasonably associated with, or that invokes a product, a service or a brand of product or service.

Brand preference advertising means advertising that promotes tobacco products by means of its brand characteristics.

Cigarettes means any product which consists wholly or partly of cut, shredded or manufactured tobacco or of any tobacco derivative or substitute, rolled up in paper or any other material and capable of being used immediately for smoking.

Cinema has the meaning assigned to it film and stage plays act.

Electronic communication includes communications through the radio, television, telephone or internet.

Emission means any substance produced, processed or used.

Entity includes a company, corporation, firm, partnership, association, society, trust or other organizations whether incorporated or not.

Harmful constituents means nicotine, tar or any other constituent of a tobacco product or of tobacco smoke which the minister may under section 4(a) of the tobacco control act prescribe.

Illicit trade means any practice or conduct prohibited by the law and which relates to the production, shipment, receipt, possession, distribution, sale or purchase of tobacco or its products.

Ingredients means anything added to tobacco during the manufacturing process or from agricultural practices.

Lifestyle advertising means advertising that associates a product with or evokes a positive or negative emotion about an image of a way of life such as one that includes glamour, sensuality, recreation, excitement, vitality or risk.

Package means container, receptacle or wrapper in which tobacco products are sold or distributed, including the carton in which multiple packages are stored.

Prohibited smoking areas means a place in which smoking is prohibited under section 33 of the tobacco control act

Promotion means representations, including an advertisement, whether direct or indirect including any communication of information about a product or service and its price and distribution, that is likely to influence and shape attitudes, beliefs and behavior about the product or service, or that is intended to or has the effect of inducing consumers to use tobacco products, underestimate the dangers of tobacco consumption or create recognition of or goodwill for the tobacco manufacturer.

Public place means any indoor, enclosed, or partially enclosed area which is open to the public or any part of the public, or to which members of the public ordinarily have access and includes workplace and public conveyances.

Smoking means inhaling or exhaling the smoke of any tobacco product and includes holding of, or control over, any ignited tobacco product or device containing an ignited tobacco product.

Specially designated areas means an area provided under section 35 of tobacco control act.

Tobacco means the tobacco plant, including its seeds and leaves.

Vending machine means a machine or a device that is constructed to contain tobacco products and which can automatically retail any tobacco product upon the insertion of a coin, token or similar object into the machine or device.