
DOCUMENT THE PROBLEM: Merchant Education

Understanding Merchants' Point of View

This section provides you with background information about the retail environment obtained from focus groups conducted with retailers throughout California in 2001. If you are interested in reviewing the complete Executive Summary for these focus groups, see [STORE Executive Summary](#). Suggestions and advice are also offered on how to obtain information from retailers in your community with a special emphasis on identifying cultural and ethnic differences among merchants. Understanding the retailers in your community will enable you to develop more effective education strategies. You might also find some retailers who are actively interested in supporting your goals.

While most storeowners acknowledge that they play an important role in the lives of customers as a source of food, drink and other products that enhance life, they also acknowledge that they are in the retail business to earn a living. With few exceptions, retailers generally work long hours in order to succeed in a very competitive sector of the economy. If a store is fairly isolated or lacks competitors in its neighborhood, retailers may have the luxury of setting relatively high prices in order to enhance profit margins. But in general, the key to a store's financial success is in selling high volume.

Storeowners perceive themselves as part of the community and as playing an important role in the lives of their customers.

Many manufacturers, including tobacco companies, reward retailers who sell a high volume of their products by offering them discounts on their orders as well as other monetary incentives. (The discount is both a financial reward for the retailer and an incentive to continue selling the same amount or more of the product, thereby garnering further financial incentives from manufacturers.)

In the fall of 2001, focus groups were conducted with California retailers in an effort to learn more about the retail environment. When retailers were asked to provide some information about tobacco sales in their stores in terms of its importance to the bottom line, they said:

Tobacco sales play an important role in the bottom line of most independent and franchise stores because of the proportion of sales they represent and because of the foot traffic they generate for additional sales of other items in the store. For some franchise convenience stores, tobacco products represent as much as 50% to 60% of their total sales. On average, this percentage falls somewhere between 20% and 30%; however, it can be as low as 5% for small corner grocery stores in urban markets.

While cigarette sales represent a small proportion of total sales for grocery chain stores (2%, on average), the average volume of sales is much greater than that of independent stores (600+ cartons vs. 200 cartons, respectively).

The retailers were also asked about how they would respond if people expressed concerns about product advertising or sales in their stores. The following is an excerpt from the Executive Summary of the focus group findings:

Several retailers have had customers or church groups ask them to change the display of products in their stores that they found offensive. Several storeowners say they either removed or hid adult publications from the view of children in their stores. One chain removed large beer displays from the front windows in response to the community's concern about its impact on the neighborhood children.

While retailers say they will listen to concerns or complaints from community groups, their first priority is running their business for a profit. They are open to discussing valid concerns, particularly, if the customers asking for changes are those who patronize their business regularly. If the request will cause them to lose money or customers, they are less likely to be responsive to the request.

As far as being asked to restrict tobacco ads or to replace them with health messages in the store, retailers (particularly independent storeowners or managers) are less receptive. Many retailers do not appreciate others telling them how to run their business; others feel that it may interfere with their tobacco contracts and/or offend customers who smoke.

What Do Retailers Say About Illegal Sales and Tobacco Marketing?

Eleven focus groups of 63 retailers and clerks were conducted to learn about the retail environment with regard to tobacco advertising and sales, and to discover retailers' receptivity to modifying their store policies and practices to achieve the campaign goals.

The groups were held in four communities in California: San Francisco, Sacramento, Fresno and Santa Monica. The focus groups drew participants from neighboring cities and counties including: Daly City, Amador County, El Dorado County, Mariposa County and Madera County. The groups were comprised as follows:

- Eight groups of owners and/or managers from independent or independent-franchise stores, such as corner groceries, convenience mini-marts (with and without gas) and liquor stores. These respondents are responsible for negotiating agreements with vendors, sales representatives, distributors and wholesalers for the purchase of tobacco products. Two of these groups were conducted with English-speaking respondents of Chinese descent. The other six groups were conducted among respondents without any ethnic background requirement.

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- One group of store managers from retail supermarket or grocery supply-chains
 - Two groups of clerks from chain and independent stores
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Illegal Sales

Following is a summary of what retailers in the focus groups had to say about illegal tobacco sales to minors, including: problems they encounter; training provided for clerks; their recommendations on preventing illegal tobacco sales; reactions to health messages for youth; and, their reactions to tobacco licensing.

▼ Problems Faced by Retailers Regarding Tobacco Sales to Minors

Out-of state licenses, passports and military identifications (IDs) are the biggest concern for most retailers. They say these alternative forms of ID make their jobs harder because they have to spend more time searching for the birth date or trying to figure out if it is legitimate. Retailers and clerks say they should not be expected to be experts at judging whether or not an ID is fake.

Almost all retailers have experienced verbal abuse because they asked for identification or refused to sell tobacco to suspected minors. A few retailers mentioned that the aggressive behavior sometimes becomes physical, including customers throwing or kicking things in the store.

Retailers mention that underage customers sometimes ask adults to purchase tobacco for them, putting the retailer in an awkward position of accusing adult customers of buying for the minor.

▼ Clerk Training

Clerk training for tobacco sales varies from informal verbal instructions at independent stores to being a component of a more formal three to five day overall training for cashiers at chain stores. Most retailers provide some sort of paper or electronic calendar to aid clerks in determining the correct birth date for legal tobacco sales.

Typically, retailers go over the rules about checking for identification for tobacco sales and explain the consequences for the clerk if an illegal sale is made. Many require clerks to sign a document indicating that they understand the rules and consequences.

Many of the chain and franchise stores incorporate instructional videos into their tobacco-training regime. These videos may show a sting operation and how to check for identification. A few independent stores mention showing a “We Card” training video to their clerks.

▼ How to Prevent Sales to Minors

A large number of retailers believe that the most important message to convey to their clerks in order to prevent sales to minors is that the clerk will be fined and/or fired for doing so. However, others believe that using positive reinforcement, such as, paying a bonus for doing a good job or receiving recognition from authorities, is the best approach for gaining the clerk's cooperation in this matter.

All chain stores and most independently owned franchise stores use cash register scanners as a tool in preventing sales to minors. These scanners prompt a clerk to ask for ID or require that a birth date be entered into the system, which is an effective tool for retailers in ensuring that customers are screened when purchasing tobacco products. While most "mom and pop" independent stores do not have scanners (presumably due to cost), they recognize that they would be useful for them.

Almost all owners and managers believe that inserting messages about tobacco sales into paycheck envelopes would not be effective to prevent sales to minors. Clerks say that rotating various messages in the break room would be more effective than paycheck messages.

Most retailers are unwilling to post pro-health messages and believe these are not an effective deterrent to youth who attempt to purchase tobacco.

▼ Reaction to Health Messages

Most retailers and clerks believe that posting health-related signage inside stores will not deter minors from trying to purchase tobacco products. They believe that the underage person has already decided to smoke before he enters their store.

Retailers say that it is not their responsibility to educate customers about the dangers of smoking, nor is their store the appropriate place to do so. Retailers worry that the health-oriented signage may conflict with their contracts with the tobacco manufacturers and/or offend their adult customers.

▼ Tobacco License

Two distinct opinions were given on tobacco licenses. Most chain managers say that requiring a tobacco license may help reduce the sale of tobacco to minors and that its purchase would simply be part of the cost of doing business. Many independent storeowners and managers, however, believe any additional license fees are too much. Once a fee of \$100 is mentioned, most of the small independents believe it is not a great sum and that it may be an effective tool in reducing illegal sales to minors. If the license *must* be purchased, most retailers support a flat fee for the license rather than one that is volume-based, as is required in alcohol sales.

▼ Tobacco Laws

Most retailers are not familiar with either the name of or the exact requirements for most of the federal, state or local laws and ordinances that effect tobacco sales in their stores. While most independent retailers receive information on new tobacco laws from tobacco company representatives, a few report getting information from the state. Chain stores receive their information from their corporate headquarters.

Point-of-Sale Advertising

Following is a summary of what retailers in the focus groups had to say about the marketing of tobacco products in stores, the mechanisms tobacco companies use to provide them with financial incentives to increase sales and their perspectives on changing or reducing advertising in their stores.

▼ In-Store Advertising

Beer, soda and chips are the most heavily advertised products inside stores across all markets and store types. Cigarettes and liquor round out this top tier of advertised products in the independent stores, but not the chain stores. As you would anticipate, the retailers acknowledge that in-store advertising increases sales of the product advertised and sales of related products or items in close proximity to the sale item; advertising closest to the front counter has the biggest impact on sales; and advertising that notes a sale price is the most effective.

Retailers acknowledge that in-store promotions increase sales of many products, including tobacco, soda and alcohol.

▼ Tobacco Promotions

Price reductions (sales) and multi-pack discounts, such as “buy two, get one free,” are the most prevalent and effective promotions offered for cigarettes. The tobacco companies instigate almost all sales and promotions because merchants cannot afford to put these low profit items on sale.

Sales on packs or cartons of cigarettes are almost always due to a “buydown” for which the retailer is reimbursed the amount of the discount per pack after the sale ends. For example, Philip Morris may offer a retailer a “buydown” of 25 cents off every pack of Marlboro currently in stock. This offer is usually time limited and must be passed onto the consumer.

▼ Product Advertising and Placement

In independent stores, the tobacco products themselves have become the primary advertising for the brand. Because of various regulations limiting store signage and counter-top displays, the placement and percentage of the product on the shelving behind the counter has become the focus of competitors vying for the prime position in the store. The highest bidder among tobacco companies will win the right to put their products in the “first” or most visible position in the store. In most stores, this position is on the top or “eye level” shelf. In most independent stores, this shelving is behind the front counter; in chain supermarkets, the shelving is in a clear cabinet at the front of the store that is accessible to all the clerks.

Some independent retailers still have counter-top cigarette displays or small racks, but they are not self-serve. In fact, Philip Morris pays retailers additional bonuses for NOT having self-service displays. All retailers agree that the removal of self-serve displays has been a very positive change for them because it eliminates almost all cigarette theft.

▼ Contracts

Tobacco companies offer many types and levels of contracts to retailers. The all-encompassing contract attempts to control as much of the store space and as many promotions as it can. This type of contract specifies the total percentage of merchandise displayed for the contracting tobacco manufacturer’s brands, which brands will be sold, where the brands should be placed in the store and the amount of money offered for racks, displays, buydowns and other promotions. This type of contract would be based upon the volume of tobacco sold at the store. That is, retailers with greater cigarette sales volume are offered a higher category contract. The higher the category, the more money the retailer receives for each component of the contract. Philip Morris and R.J. Reynolds offer this type of contract more often than other smaller tobacco manufacturers.

Tobacco companies also offer less-involved contracts for individual buydowns or special promotions. The smaller players like Brown & Williamson and Lorillard, are more likely to offer the retailers multi-pack discount promotions, such as the “buy two packs and get one pack” displays. The Newport coupons on individual packs are also offered and they do not require a contract.

For either type of contract, the tobacco company usually gives the retailer temporary displays and signs to post for items on sale or promotion. Displays can also be provided even if there is no sale. Either way, the retailer is paid for using the display. Some retailers refer to this as a “monthly payment.”

While chain managers are aware that contracts or “deals” are struck between the tobacco companies and their corporate headquarters, they are not aware of the terms negotiated. They receive instructions about pricing, promotions and product placement from their corporate offices.

▼ Counter Displays and Advertising

While retailers want to be responsive to their community, they must make sure that the request will not hurt their business or offend other customers. Most retailers say they do not currently have tobacco advertising below three feet in their stores or near products, such as candy, that children purchase. Those who have signs in these areas say they would be willing to move them to another location. Retailers are reluctant to remove any items, such as displays or pricing advertising, which are often part of their contracts with the tobacco companies, who may pay to display them. In addition, these items help increase their sales of all items, not just tobacco.

Should You Conduct Focus Groups with Your Local Merchants?

Focus groups are used to obtain information from a number of people at the same time; usually participants have a similar background or unifying experience. Focus groups are not used for reaching consensus or to provide extensive education, but rather to gather the opinions and points of view from the participants about issues that affect them and to gain their perspectives about how to solve problems. Also, they are often used to obtain feedback on potential interventions.

As noted earlier in this section, focus groups were conducted with retailers in preparation for *The STORE Campaign*. Important and interesting information was gained about their perspectives on illegal sales of tobacco to minors and about tobacco marketing in their stores. A variety of intervention ideas were also explored. Local agencies participating in *The STORE Campaign* may wish to conduct focus groups with retailers in their communities to gain their perspectives on tobacco sales and advertising. This section provides information about how to conduct focus groups and how to recruit retailers and offers sets of focus group questions that may be used or modified in your local setting.

Before making a decision about whether to conduct focus groups, it is important to consider some information gained by the experience of conducting the focus groups discussed earlier. Three significant factors contributed to the success of these groups.

- First, a professional marketing research firm conducted the focus groups with extensive experience in participant recruitment and focus group facilitation. The sponsor of the focus groups was not revealed to participants. We are quite certain that the retailers would

not have been as forthcoming in discussions about the topics if they had been aware that health groups were soliciting this information.

- Second, recruitment of participants was extremely labor intensive. While many participants were recruited by phone, recruiters had to make in-person visits to recruit additional participants.
- Third, storeowners and managers were paid an honorarium of \$150 and clerks were paid \$75 to participate in the focus groups. It is highly unlikely that we would have successfully recruited participants without substantial financial incentives.

One of the goals of conducting the focus groups was to learn whether views differed by geographic setting (urban, suburban and rural communities). We also wanted to conduct groups with retailers of various ethnic backgrounds for the same reason. However, we found remarkable consistency in the retailers' perspective and experience. The few differences we observed were driven primarily by the type of store (independent vs. franchise vs. chain) and the volume of tobacco sales rather than from the various geographic localities and ethnic backgrounds involved in the study.

If you believe that retailer focus groups would be important for the success of your efforts, we encourage you to consider hiring a professional focus group facilitator and to offer a financial honorarium to participants. We also urge you to observe the groups from another room or tape them (with their permission) so you can hear the discussion.

For some detailed information about how to conduct focus groups, see [Focus Group Protocols](#).

Local merchant focus groups may help projects further understand the views of merchants locally.

Focus Group Discussion Guides

▼ Developing Questions and Categories

The goal of conducting retailer focus groups is to obtain a better understanding of the retailers in your community. You are looking to gain knowledge about their attitudes, opinions and beliefs regarding illegal tobacco sales and tobacco advertising practices in their stores. Begin by thinking about what it is that the retailers know that would be helpful to you in developing strategies to reduce illegal sales and tobacco advertisements in your community. Start a list of questions; you usually broaden and/or narrow your questions as you progress. Remember you want to motivate interest in your specific topic area. Once you have developed questions, categorize them. For example, when conducting retailer focus groups on illegal sales to minors, your categories might include:

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- Barriers to eliminating tobacco sales to minors
 - Clerk training and usual store practices (i.e., use of scanners at check, etc.)
 - State and federal laws affecting tobacco sales to minors (include information/questions about your local ordinances)
 - Retailer recommendations for reducing tobacco sales to minors.

▼ Sample Questions/Discussion Guides

Attached are sample questions that were used in the retail focus groups conducted for *The STORE Campaign* in the fall of 2001. These are samples of the types of questions that were asked. Develop questions that are appropriate for your community and retailers. Ask questions that are going to assist you in documenting that illegal sales or tobacco advertising is a problem in your community. State your questions in a way that promotes discussion (do not ask yes or no questions). We cannot stress enough that your focus group research will only be useful if you ask questions appropriate for your community. The discussion guides are broken down by topic:

Illegal Sales to Minors

Tobacco Advertising and Promotions

It is important to develop questions that will address your specific county or city's tobacco control retail environment issues. After you have completed your draft questions, have co-workers, colleagues and/or members of your tobacco control coalition review them and recommend additional questions.

Recruiting Focus Group Participants

This is often a real challenge. During The STORE focus groups, we had a large number of retailers willing to participate because each retailer received a significant financial honorarium for participating. Even with an honoraria, however, we had to modify our requirements in order to get sufficient participants in some communities. These are not mandatory; however, they do make it easier when asking your retailers to give up their time to answer your questions. Sometimes the amount of money is the draw for retailers, while other times, it is the opportunity to share their opinions and/or to learn from their colleagues. You really have to give participants a reason to care about showing up. Again, we encourage you to consider hiring a professional focus group facilitator and to offer financial incentives whenever possible.

When recruiting by phone give yourself and the retailers enough time; try to do this at least two weeks prior to your sessions. Prepare a

“screener” or script for the person making the initial calls/contact to introduce her or himself and find out if the merchant meets the minimum qualifications to participate in your focus group. Consider these questions:

- Is the person a store manager or owner?
- Does the merchant sell tobacco products?
- Does he/she get tobacco products from a tobacco representative or are they bought at a discount store?
- Do they have tobacco advertisements?

If you are facilitating your own focus groups, try not to provide too much information about your agency or be too specific about your topic. For example, instead of indicating you are holding focus groups on tobacco advertisements, indicate that you are doing research on retailer advertising practices.

It may be necessary to offer a stipend to retailers to get them to participate.

Sometimes it is necessary for recruiters to make in-person visits to recruit retailer participants. During The STORE focus groups, there were communities where the screeners had to give up making phone calls and actually visit the stores in person to recruit merchants/clerks who were willing to participate. With our clerk focus groups in southern California, not only did we have to make in-person visits, we had to settle for older clerks than we had planned. Originally, we had wanted to talk with clerks 25 years of age or younger to verify whether or not younger clerks are more willing to sell to minors. Unfortunately, we had to make do with clerks that had been in the business for more than ten years sometimes or that were “acting” supervisors. There are no magic tricks to recruiting participants; it can be difficult. A good recruiter, however, will know how to network to find the correct person. It takes imagination, flexibility and creativity to find the right people and to keep them interested long enough to give them your pitch.

Once your retailer agrees to participate, be sure to send a follow up letter with the invitation, including all the pertinent information (when and where the focus groups are being held). A professional facilitator will do this for you; you do not have to worry about what letterhead you will use so as not to give away the name of your organization. Plan to make a reminder call the day before the focus group and when possible, try to recruit extra participants to make up for those merchants that turn out to be “no-shows.”

Identifying Cultural and Ethnic Merchant Needs

As with any strategy or action plan, it is essential to understand cultural and ethnic practices and special language requirements when interacting with your retailers. Prior to conducting focus groups in your community, identify if there are segments of your retailers that would benefit from having special facilitators and/or materials developed in specific languages. It is important to have a clear picture of the retailers in your community prior to conducting your focus groups.

As mentioned earlier, from our findings the few differences in attitudes noted in the final report were driven primarily by the type of store (independent vs. franchise vs. chain) and the volume of sales rather than from the various geographic localities and ethnic backgrounds involved in the study. We had planned to hold several specific focus groups, including Middle-Eastern, Chinese and Hispanic. As it turned out, there was a variety of participants including people of Iranian, Caucasian, Indian, Persian, Hungarian, Hispanic, African-American, Armenian, Fijian, Arabic, Jordanian, Asian, Palestinian and Lebanese descent. (These titles were self-identified by participants.) In the end, only two ethnic-specific groups were conducted with English-speaking respondents of Chinese descent.

▼ Conducting Specific Focus Groups

If you conduct ethnic specific focus groups in your community, have someone on your team who is of that ethnic background and knows the typical cadence of speech, as well as flow of the conversation. This helps with recruitment. Plan to have a facilitator who is fluent in both English and the specific language of the group when necessary, and prepare all materials in appropriate languages.

If you need assistance with locating facilitators and/or translating materials, check with local ethnic or cultural groups or associations for recommendations. Consider contacting and/or collaborating with specific groups such as retailers or neighborhood associations, ethnic or religious groups, or even social or community groups that may help provide access to your merchants. When appropriate, consult with one of the [Ethnic Tobacco Education Networks](#) for their advice and expertise. Prior to conducting specific ethnic or cultural focus groups, you may want to discuss possible cultural issues that might arise during the focus group with your facilitator. As an example, our facilitator with the Chinese descent focus group warned us that the promotional clocks might not be a good thing to share with this group, because traditionally one never gives a clock as a gift as it implies death. She explained it has to do with the clock 'ticking down' the hours/days left of a person's life.

Compiling Your Data for a Final Report

Once you have gone through the work and expense of conducting local retailer focus groups, take the final step in analyzing the data, summarizing the results and producing a final report. It is important to understand that the research collected from these focus groups is the preliminary step to achieving change in your community. Your final reports will be used to convince the public, media and community leaders that positive tobacco control changes need to occur in your retail environments.

As mentioned previously, if you tape the focus groups, this can be a great help with compiling your data. You do not have to rely entirely on your notes. It allows you to go back to listen to each group again and take additional notes and then you can start to group similar targets together. There are a number of resources for further assistance with compiling data and writing focus group reports, including *The Focus Group Kit*, a six-volume set provides detailed information on running a focus group. Titles of the volumes are: (1) Guidebook; (2) Planning a Focus Group; (3) Developing Questions for Focus Groups; (4) Moderating Focus Groups; (5) Involving Community Members in Focus Groups; and (6) Analyzing and Reporting Focus Group Results. This entire focus group kit or any of the individual volumes are available at TECC, Call Number: TECC RF 402.

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