

# Cigarette prices have risen following standardised packaging, despite warnings

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The cost of smoking in the UK has risen since the advent of 'plain packs'

for cigarettes in 2017, countering claims made by the tobacco industry at the time that the public health measure would lead to discount pricing.

Authors of the new study from the University of Bath's Tobacco Control Research Group (TCRG), argue their findings provide important evidence to policymakers in the UK and around the world of the effectiveness of standardised packaging.

The new paper, published in the journal *PLOS One* (embargoed 2pm ET / 7pm GMT, Thursday 13 February 2020), highlights the impact of standardised packaging, comparing [prices](#) pre- and post-implementation from 2015-18.

During consultation on the introduction of plain packaging for cigarettes in the UK, [major tobacco companies](#) claimed smokers would refuse to pay [high prices](#) for premium cigarettes in plain packs so the policy would lead to falling prices, which in turn would increase smoking rates.

By analysing [tobacco](#) sales data, the researchers from Bath found the reverse: prices were higher one year after standardised packaging legislation was fully adopted, when compared to prices in 2015 when branding was still permitted (by 20p per pack of 20; 60p per RYO 30g pouch).

Principal Investigator and Director of the Tobacco Control Research Group, Professor Anna Gilmore explains: "Like many tobacco industry predictions, their claims did not withstand scrutiny. In fact, we found that prices in most market segments rose faster after the policy than before."

Through their latest analysis, the researchers argue this was achieved partly through the introduction of new requirements under a minimum excise tax (MET). Introduced to coincide with the introduction of plain

packs, the MET's objective was to make it harder for the tobacco industry to keep factory made cigarettes cheap.

Cheap tobacco makes it easier for young people to start smoking and harder for smokers to stop. The TCRG's previous work had shown that tobacco companies were gaming the tobacco tax system by over-shifting taxes on their premium products (to maximise profits) and using this to offset minimal revenue on their cheapest products where they absorbed the tax increases to keep these products as cheap as possible.

The MET aims to stop tobacco companies from doing this by forcing them to pay at least £5.88 (currently) to the government every time a pack of 20 cigarettes is sold—it works like a minimum price, but one [tobacco companies](#) have to pay in tax.

As the new MET duty was introduced in 2017, prices of the cheapest cigarette brands rose towards the prices of other brands and tax increases were passed on more consistently and quickly to smokers.

Professor Gilmore added: "In short, the MET addressed the industry's cheapest cigarette pricing and reduced its ability to manipulate prices. There is an important message to policymakers around the world here: standardised packaging when introduced within a setting of tax increases, does not appear to result in long term price falls."

Kruti Shrotri, Cancer Research UK's tobacco control manager, said: "Smoking is the biggest cause of health inequalities and raising taxes on tobacco is one of the most effective ways to reduce smoking. "The government should use the next budget to increase taxes above inflation for the sake of public health, and make sure that Stop Smoking Services are properly funded so that people who smoke can get support to quit."

The authors hope these findings can be used in jurisdictions around the

world when debating the effectiveness of standardised packaging and to counter [tobacco industry](#) claims.

While standardised packs has increased the average price of a pack of RYO tobacco, due to the introduction of a 30g minimum pack size, they suggest more needs to be done. Separate studies from the team, published in recent years suggest HM Treasury officials need to re-evaluate taxation on RYO. Their results from 2018 suggested prices for the most popular brand of RYO should almost double.

Economist and tax expert within the research team at the University of Bath, Dr. Rob Branston explained: "Higher taxes need to be levied on Roll Your Own tobacco so that it is on a par with factory made cigarettes when it comes to price. Currently there is a price gap which is encouraging RYO purchasing by smokers—in particular poorer ones—and this measure could help them quit this deadly product."

**More information:** *PLOS One* (2020). [DOI: 10.1371/journal.pone.0228069](#)

Provided by University of Bath

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