

6 MAY 2023

The Grocer Guide to...

The Grocer

Tobacco, vaping & accessories



Analysis

Challenge and opportunity

As tobacco prices continue to increase, suppliers are focused on the value end of the market. Meanwhile, as vaping comes under increased scrutiny, the industry is being urged to act on compliance before greater regulation is imposed upon it

↘ The tobacco, vaping and accessories market is one constantly under scrutiny by both regulatory authorities and health watchdogs. Yet tobacco duty receipts amounted to £10bn in 2022-23¹, so it continues to be a lucrative source of income for the UK government.

Meanwhile, the first-ever study by the Centre for Economics and Business Research on behalf of the UK Vaping Industry Association, revealed a turnover of £1,325m, with a contribution to the Exchequer through tax revenues of £310m in 2021².

In short, it's big business.

However, with duty being ramped up on tobacco products and certain brands and retailers in the vaping industry coming under attack from another direction, the industry has certainly seen its share of problems over 2022/23.

Sector overview

“Worth £14bn each year (before tax), the tobacco category continues to hold significant value for retailers³, with nearly a 50/50 market split between factory-made cigarettes (FMC) and roll your own (RYO) categories, at 54% and 46% respectively⁴,” says Tom Gully, head of consumer marketing UK&I at Imperial Tobacco.

JTI UK sales director Gemma Bateson puts a figure of £14.4bn on the value of the tobacco category in the last year⁵, noting that it remains strong and profitable for retailers.

However, FMC value sales have fallen 9%, while volumes are down 14% in the past year⁶, says Richard Cook, director of national accounts at Juul UK, while the vaping category has seen growth of 108% in value, with annual sales of £1.5bn through tracked channels⁷. “The

majority of growth in the category has been driven by disposable e-cigarette products, especially within the convenience channel, while sales of closed-pod systems and open systems remain flat overall⁸,” he says.

“E-cigarettes remain the largest and fastest-growing category in reduced-risk alternatives, having added over £60m to category growth over the past year⁹,” he adds. “However, FMC and RYO still account for over 65% and 22% respectively of total tobacco category sales¹⁰.”

The vape market is continually expanding, with the number of vapers in the UK increasing from 3.7m in 2021 to 4.3m in 2022¹¹, agrees Imperial Tobacco's Gully. “In the UK alone, the category is now worth around £1.2bn and is expected to reach £1.4bn in the next three years¹².”



Contents

Broughton	8
Urging the vaping industry to act on compliance and self-regulation	
Imperial Tobacco UK&I	10
Keeping a weather eye on popular trends in the vaping category	
JTI UK	12
Flexing its portfolio to meet ultra-value demand in RMC and RYO	
Juul Labs	14
Bringing improved technology for adult smokers to switch to vapes	
Republic Technologies (UK)	16
Accessorising the market with quality, affordable products	
Scandinavian Tobacco Group .	18
Focusing on the value end of the cigarillos market	

This supplement to The Grocer was published by:
William Reed Ltd, Broadfield Park, Crawley, West
Sussex RH11 9RT. TEL: 01293 613400

EDITOR: Ellie Woollven

DESIGNERS: Michael Joslin; Stuart Milligan;
Nick Figgins; Karen Palmer

PRINTERS: St Ives

© William Reed Ltd, 2023

For the cigar category, Scandinavian Tobacco Group UK's (STG UK's) latest data shows the total value to be down slightly by 1.6% compared to last year, at just over £283m¹³, reports Nataly Scarpetta, marketing manager at the company. "While cigarillo sales continue to grow, the more traditional cigar segments are all in decline of around 4-5%¹⁴, which is likely to be due to a combination of factors, such as some smokers moving into vaping or pouches and/or people cutting down due to the cost-of-living crisis."

JTI UK's Bateson reckons the cigarillo category has seen notable growth and is now worth around £8m a month¹⁵. In April this year, the company expanded its cigarillo portfolio by introducing Sterling Dual Double Capsule Leaf Wrapped, featuring a blend of peppermint and berry mint capsules.

On the tobacco accessories front, Republic Technologies UK (RT) reports that the sector is continuing to provide robust sales performance, "currently worth £341m and growing 5% YOY¹⁶", says sales & marketing director Gavin Anderson. "The category's fastest-growing sector is rolling papers, which is also the highest value at £105m and showing a 12% uplift¹⁷," he adds, noting that Republic Technologies' OCB brand is leading the charge.

The company says the convenience sector accounts for more than half of total tobacco accessories sales, at £171m¹⁸ and, within this, RT's best-selling lines are worth over £68m¹⁹.

At Imperial Tobacco, Gully believes the tobacco accessories category provides a substantial sales opportunity for retailers. "Recent figures show that filter tips are worth

a sizeable £114m in sales and, while regular papers account for £40m, king size papers at £31m and combi papers at £26m are also proving popular²⁰," he says. "With this in mind, we strongly recommend that retailers stock a wide range of products across each of these segments to cater for customer needs and maximise sales opportunities."

Next-gen continues to surge

Nicotine pouches are continuing to see a strong performance, with the sector now worth £3.8m a month²¹, equating to an annual figure of around £45.8m a year²², says JTI UK portfolio brand manager Bruce Terry. "A key trend driving the popularity of pouches is the demand for higher nicotine strengths, with 83.1% of sales in traditional retail in the UK from extra-strong or strong²³," he says.

Analysis

Meanwhile, despite value products being so key in the current market, retailers should also look to developments driving the next-gen nicotine category, such as heated tobacco products like Ploom X, adds Victoria Lopez Aguas, reduced-risk products director at JTI UK. “The heated tobacco market continues to grow rapidly in popularity as customers are looking for alternatives that can be used instead of, or alongside, their traditional tobacco products,” she says. “Now worth £91m in the last year in traditional retail²⁴, with supermarkets in the UK seeing weekly heated tobacco sales of £1.1m²⁵, the category represents a huge opportunity for retailers, especially those with a competitive edge and strong product knowledge to offer a good level of customer service.”

Inflationary impact

Naturally, amid a cost-of-living crisis, the pressures on the tobacco, vaping & accessories industry keep on coming. In this year’s Spring Budget, it was announced that the duty rate on all tobacco products would increase by the tobacco duty escalator of 2% above RPI (at 10%). Meanwhile, the duty rate for hand-rolling tobacco would rise by an additional 4%, to 6% above RPI inflation, and the Minimum Excise Tax (MET) would increase by an additional 1%, to 3% above RPI inflation this year.

According to a report in The Sun²⁶, this means an average pack of 20 cigarettes goes up by £1.55 to £14.39 and a pack of tobacco for hand-rolled cigarettes will increase by 16.1%.

“The recent price increase in tobacco products, announced in the Government’s Spring Budget, coupled with inflationary pressures on food and grocery costs, may result in a drive for more adult smokers to reconsider their expenditure and use of tobacco products,” notes Juul’s Cook. “Switching to alternatives like e-cigarettes may also provide opportunity for longer-term savings for adult smokers.”

STG UK’s Scarpetta believes tough financial times only serve to highlight the continued importance of value as a consumer trend. “Many consumers who want to remain in the tobacco category are going to be increasingly price-conscious, so retailers should ensure they are highlighting their value



brands to customers to help them save money,” she says.

Indeed, with more consumers looking for ways to reduce spending amid soaring household costs, Imperial Tobacco’s Gully says he is seeing a shift towards low-priced propositions across the entire tobacco category. “We’ve seen shopper demand for value gain momentum as a result of the cost-of-living crisis and we’re now seeing the lower-priced, tiered products account for the largest proportion of tobacco sales. For example, the sub-economy segment now makes up 63% of FMC sales, while the economy segment accounts for just over half (56%) of RYO – and these segments are showing strong growth at 3% and 5% year-on-year (YOY) respectively²⁷.”

JTI UK’s Bateson says it’s no surprise that value brands are sought after, given the current climate, with price playing an increasingly important role in tobacco purchasing habits. “In fact,

over 80% of tobacco sales volumes are currently in the value or ultra-value FMC and RYO sector²⁸,” she says.

Republic Technologies’ Anderson reckons that while RYO products have always been synonymous with value, this looks set to increase as more shoppers tighten the belt and look for ways to cut costs without making major lifestyle changes.

Flavours to savour

While menthol cigarillos have exploded in popularity over the last couple of years, despite the segment barely existing just three years ago, they now make up over 46% of total volume and represent just under £100m in value sales²⁹, reveals STG UK’s Scarpetta. Also, while perhaps not as prevalent as elsewhere in Europe, flavoured cigars are growing steadily in popularity here in the UK, with the company’s vanilla-flavoured Signature Red Filter brand proving popular, she reveals.



An eye to the future

At Broughton, Pete Lomas, managing consultant, device development, says the development of non-heated technologies for turning e-liquid into vapour is a growing trend in the vaping industry, thus removing the need for conventional heater coil technology.

“Traditional vaporisation heats the e-liquid past boiling point, turning it into a gas or vapour. Newer technologies involve atomisation, which mechanically acts on the e-liquid to create a fine mist or spray. These are more of an engineered solution compared to the conventional heater coil and, as such, deliver a

much more consistent and repeatable performance,” he says.

However, Lomas also points to the “huge potential of nicotine pouch products”, due to their convenience and harm reduction, adding that the company is seeing an increase in requests for testing and consultancy support from manufacturers.

With the nicotine pouch sector growing quickly, STG UK recently introduced its first-ever non-tobacco product, Ström. The premium brand is inspired by its Scandinavian heritage, with Sweden the “home of snus and most nicotine pouches”, reveals marketing manager Nataly Scarpetta. In

three flavours – fresh mint, minty orange and juicy berry, Ström has only been available to retailers across Manchester for an initial six-month trial period before hopefully being rolled out to other cities across the UK later in the year, she says.

Meanwhile, JTI UK anticipates the heated tobacco category will be worth £250m by 2025ⁱ, with 66% of consumers buying through traditional retailⁱⁱ. Marketing director Mark McGuinness says JTI has continued to invest in nicotine pouches with Nordic Spirit, and Ploom X within the heated tobacco category, as each category continues to evolve and grow in popularity.”

Sales of heated tobacco flavoured variants account for 50% of all refill sales in traditional retail³⁰, with menthol-flavoured produce accounting for 43%³¹, says JTI UK’s Lopez Aguas. In nicotine pouches, meanwhile, the market is currently split 81.6% mint and 17.6% fruit³², she adds.

Mint remains the second most popular flavour profile in pod systems, says Gully at Imperial Tobacco. However, we have seen some growth in the popularity of fruity flavour profiles, such as strawberry and blueberry. The latter flavours are mirrored in the disposables sector, where fruity flavours dominate the sales and blueberry variants are especially popular.

In the UK vaping category, fruit flavours are now the dominant profile, accounting for around two-thirds of category sales³³, agrees Juul’s Cook. “This is followed by soft drinks, sweets and dessert flavours, at 17%. At 4% of total sales, mint is now trailing behind

both tobacco and menthol flavours, each with a 7% share³⁴.”

However, while flavours can play an important role in supporting adult smokers to switch, a balanced approach is required, he adds. “The vaping sector has seen a proliferation of new flavours entering the market, which, in some instances, has raised concerns over naming convention and profiles that could potentially appeal to underage audiences. It is important that there is a continued focus and review of flavour portfolios to prevent child-friendly profiles and characteristics that could drive appeal and further uptake by underage audiences.”

Vaping: tackling the underage issue

Demand for disposable vapes is now worth 83% of all vape sales³⁵, reckons Imperial Tobacco’s Gully. “This is an area we expect to go from strength to strength in the year ahead.”

However, retailers have a

responsibility to proactively prevent underage sales and support youth access prevention measures, he says. “As part of this, retailers must implement and demonstrate an age verification policy and process is in place and make sure nicotine products are only marketed to and used by adults.” As such, the company encourages retailers and their staff to familiarise themselves with the Challenge 25 policies³⁶ to ensure age verification on all tobacco and vape-related sales, he says.

Indeed, investigations by the Daily Mail³⁷ earlier this year have highlighted the problem of marketing to underage consumers through the use of colourful packaging and brand names that closely resemble confectionery. Not only that, but the newspaper has burrowed into the level of illicit or non-compliant vapes on retail shelves, finding out that certain brands contained illegal levels of nicotine.

Analysis

To date, the UK has taken an evidence-based approach that recognises the significant harm reduction potential in encouraging adult smokers to switch to alternatives like e-cigarettes and, in doing so, reduce the death and disease associated with tobacco use, says Juul's Cook. "This approach is, however, undermined by the risk of underage use and illicit or non-compliant products, impacting the opportunity for vapour products to contribute to the Government's 2030 smoke-free goals (see panel, p7). The policy landscape needs to evolve towards a more responsible framework. This is why we welcomed the new measures recently announced by the Government to combat underage use of e-cigarettes, alongside enhanced measures and funding to support enforcement of existing vape regulations.

"It is important that the vapour industry stays focused on these new emerging issues – ie limiting access and appeal of its products to non-nicotine users, especially those underage," he adds.

One company that could not agree more with this assessment is Broughton, a specialist scientific consultancy and contract research organisation that operates in the nicotine sector. CEO Chris Allen points to the Daily Mail article concerning the non-compliance of vape products on sale in UK retailers, which he says has highlighted the question of due diligence by product manufacturers and how regulatory compliance can be monitored. "In the UK, concerns are now rightly being raised over not only illicit non-notified products, but also legally notified and supposedly conforming vape products already on the shelf," he says.

Allen's argument is that the vape industry and relevant retailers need to self-regulate and crack down on this illicit and non-conforming behaviour before the UK Government decides to get tough and impose more regulations. "We are encouraged to see there has not been a knee-jerk reaction and call for more regulation, which would limit the availability of e-cigarettes and could drive smokers who have quit back to cigarettes," says Allen. "We continue to advocate for the rigorous enforcement of the existing regulations



and strengthening checks on product compliance to protect consumers."

One of the most straightforward solutions for the issue of product non-conformance is for manufacturers to utilise independent testing laboratories to design and execute robust, time and cost-efficient quality control testing programs, he adds. "Such data provides confidence in the manufacturing process and the ability to prevent non-compliant products from reaching the shelves."

While JTI UK doesn't manufacture disposable vapes, it commissioned a study which found out that "a shocking 25 out of the 28 vape products tested on the market are not legally compliant in the UK³⁸", reveals the company's fiscal and regulatory affairs manager Ian Howell. "The UK Vaping Industry Association also recently estimated that up to 60% of disposable vape products in the UK are illicit³⁹. With the cost-of-living increasingly biting, there's a

risk the illicit tobacco trade could gain further ground in the UK, with retailers feeling the sting from cheap imports and counterfeit products."

He says one of the company's core principles is that tobacco and nicotine vaping products should not be consumed by anyone under the age of 18 and it supports Trading Standards in eliminating underage trade and illicit tobacco sales. "The recently announced 'illicit vapes enforcement squad'⁴⁰ should see an increased focus on preventing sales to under-18s and building regulatory compliance, as well as removing illegal products from shops and at borders."

What lies ahead?

"With household bills and inflation soaring, we expect value to remain the dominant trend shaping sales across all nicotine categories," says Imperial Tobacco's Gully. "But it's really important for retailers to



Haze over smoke-free ambition

In 2019, the government set out an ambition for England to become smoke-free by 2030, meaning that fewer than 5% of adults have the habit.

However, recent studies, including the 2022 Khan reviewⁱⁱⁱ, have suggested that the country may miss this target. In fact, the UK government is almost a decade behind achieving its target for England to be smoke-free by 2030, a new report published by Cancer Research UK reveals^{iv}. The report warns that, if recent trends continue, the target will now not be met until 2039.

That said, Richard Cook, director of national accounts at

Juul Labs UK, believes the government's 2030 smoke-free ambition will be a key driver and indicator of potential category changes in the year ahead. "New policies and initiatives on reducing smoking prevalence – particularly within certain demographics – will likely support the transition of many more adult smokers from combustible tobacco products," he says.

"In tandem, the combustible cigarettes and RYO sectors may continue to see a decline in light of price increases, coupled with the continued focus on potentially less harmful alternatives like e-cigarettes.

"Ultimately, specific sub-sector developments across the reduced-risk and tobacco category will depend on actions and recommendations from the UK and devolved governments in addressing key priorities across youth usage, illicit trading and the environmental impact of the sector."

The government's recently announced 'swap to stop' scheme, offering a million smokers across England free vaping starter kits, should have some impact on getting closer to the target. However, it appears much more action will be needed if 2030 is to remain a realistic goal.

remember that value means different things to different people. For some, convenience will remain a priority, with shoppers seeking out easy-to-use vaping products ... or tobacco solutions that offer added value. Others will be looking for a leading brand that offers the reassurance of a brand name they know they can trust that also delivers on price."

Republic Technologies' Anderson expects the tobacco accessories market to continue to show growth, as inflationary pressures continue and shopper behaviour changes as a result. "Value will be the key driver of many coming into and already shopping the category," he says. "So retailers who are stocking the right range of quality, affordable and trusted RYO brands will see the most benefits."

At Broughton, chief scientific and regulatory officer Dr Nveed Chaudhary believes the next-generation nicotine sector is still full of opportunities.

"The UK continues to champion the potential of next-generation nicotine products to deliver a smoke-free future and is actively seeking manufacturers to support them in this mission by putting products through the MHRA's Medical Authorisation Application regulatory route.

"We must hope that the UK Government maintains its current position. The situation with regards to non-compliant and illicit vapes, as well as data showing an increase in youth vaping could eventually force the UK Government to rethink. So it's essential that the UK vape industry gets control of the current situation while it still has time and good will.

"But vaping is at a crossroads and, the next few months will be critical to the industry. If the problems experienced in the UK are replicated in other European markets, we might see a growth in anti-vape sentiment, with stricter regulations being proposed."

Sources

- ¹ <https://tinyurl.com/2fet285j>
- ² <https://tinyurl.com/4d8ak7xb>
- ³ ITUK EPOS to w/e 29.08.21, P1 Retail & Wholesale
- ⁴ ITUK Report on Trade, September 2022
- ⁵ IRI Marketplace, Value Sales Total Tobacco Category, Total UK, MAT to 08.01.23
- ⁶⁻⁸ IRI, Value Sales, Total Market to 12.03.23
- ⁹⁻¹⁰ IRI, Total Market Sales to 26.02.23
- ¹¹⁻¹² ECig Intelligence Market Database Estimates, Sep 2022
- ¹³⁻¹⁴ IRI Marketplace, Scotland region, Value and Volume Sales, w/e 22.01.23
- ¹⁵ IRI Marketplace, Value Sales, Cigarette Category, Total UK, Dec 2022
- ¹⁶⁻¹⁹ EXT IRI Total Marketplace, 52 w/e 19.02.23
- ²⁰ EPOS & ITUK Internal Estimates 2022
- ²¹ IRI Marketplace, Value Sales, Nicotine Pouch Category, Total UK, Dec 2022
- ²² IRI Marketplace, Value Sales, Nicotine Pouch Category, Total UK, Annualised figure based on Dec 2022
- ²³ IRI Marketplace, Volume Share, Nicotine Pouch Category, Total UK, Q4 '22
- ²⁴ IRI Marketplace, Value Sales, Total T-Vapour Category, Total UK, MAT to June 2022
- ²⁵ IRI Marketplace, Value Sales, Total T-Vapour Category, Total UK, Supermarkets GB&I June 2022
- ²⁶ <https://tinyurl.com/ywkrwxxy> See 4
- ²⁸ IRI Marketplace, Volume Share, Total RMC Value & Ultra Value and Total RYO/MYO Combined, Total UK, Dec '22
- ²⁹ See 13 +14
- ³⁰⁻³¹ IRI Marketplace, Unit Sales, Total T-Vapour Category, Total UK, June 2022, & vs June 2021
- ³² IRI Marketplace, Volume Share, Nicotine Pouch Category, Total UK, Dec '22
- ³³⁻³⁴ ITUK Report on Trade Feb 2022 See 9 + 10
- ³⁵ ITUK EVP Report on Trade Jan 2023
- ³⁶ <https://www.acs.org.uk/challenge25>
- ³⁷ <https://tinyurl.com/ynse4t5d>
- ³⁸ Research commissioned by JTI UK and carried out by Broughton Life Sciences in March 2022 in a UKAS accredited testing laboratory
- ³⁹ <https://tinyurl.com/mr4b89wu>
- ³⁹ <https://tinyurl.com/bd29bn97>

An eye to the future

¹⁴⁸ IRI Marketplace, Value & JTI estimates of non-traditional channels

Smoke-free ambition panel

¹⁴⁹ <https://tinyurl.com/49d63kmb>
¹⁵⁰ <https://tinyurl.com/bd87xc66>

Broughton

Act now on vape compliance

DETAILS

Broughton
Oak Tree House
West Craven Business Park
West Craven Drive
Earby,
Lancashire, BB18 6JZ
t: 01282 570524
e: mwrigley@
broughton-group.com
tw: https://twitter.
com/broughtonlabs
L-I: https://www.
linkedin.com/company/
broughton-group/
w: broughton-group.com

KEY CONTACTS

Merran Wrigley
Group Marketing Director
Chris Allen
CEO

KEY SERVICES

Vape compliance testing
TDP, TRPR, PMTA and MAA
Scientific testing,
consultancy and
regulatory support
Next-generation
product realisation
and development

 The vaping industry is under scrutiny following reports of non-compliant notified products, the seizure of illicit vapes, and increased illegal youth sales. The UK has a light-touch regulatory framework, but what's needed is more action and enforcement, reports specialist scientific consultancy and contract research organisation Broughton.

“It is a critical time for the UK’s vape industry, which now has an opportunity to ensure there is no room in the market for manufacturers and retailers who break the rules,” says Broughton CEO Chris Allen. “If we don’t act immediately, regulations could be tightened significantly, and this could have severe consequences for the UK’s vaping industry. Amid the controversy, we must remember that vaping remains a powerful tool in preventing the death and disease caused by smoking.”

Illicit vs non-compliant

There are two key challenges when it comes to vape safety: illicit products and non-compliant ones. While illicit products have not been notified under the Tobacco and Related Products Regulations (TRPR) and are completely illegal, non-compliant products have been notified but the actual products on sale are not in compliance with the TRPR requirements. To ensure a product has been notified under TRPR, distributors and retailers can search the MHRA’s notified products register. Those who sell non-compliant or illicit products, risk being raided and fined by Trading Standards.

However, even responsible retailers who verify a product against the register may discover the item on-shelf doesn’t conform to its TRPR specifications.



“The best approach for the entire UK vape industry must be to collectively ensure current regulations are being adhered to and enforced”

Moving forwards together

“The best approach for the entire UK vape industry must be to collectively ensure current regulations are being adhered to and enforced,” adds Allen. “We need faster removal of non-compliant products, regular batch-testing of notified products to verify their compliance, and greater penalties for manufacturers and retailers who break the rules. No respectable retailer wants to be associated with potentially unsafe non-compliant or illicit vape products. Working with third-party certified testing laboratories can give manufacturers and retailers confidence in the products they sell, and ensure appropriate due diligence processes are in place to prevent non-compliant products from reaching the shelves.”

Broughton offers a UK and EU Vape Compliance Package that reviews product labelling and packaging, nicotine strength and fill volume, and screens for banned ingredients. It generates a Certificate of Analysis that verifies the parameters assessed comply with UK or EU regulations and can also be used to demonstrate responsible product due diligence.

“We must work together to ensure products are notified in line with TRPR regulations and compliant,” concludes Allen. “By doing so, we can avoid a consumer backlash that might see ex-smokers return to smoking and calls for stricter regulations. Anyone who believes in the UK’s smoke-free future must act now to clean up the sector before the power to do so is taken away from us.”



BROUGHTON

Testing • Consulting • Compliance

UK/EU Vape Compliance Testing

**From the world's leading
nicotine product testing and
compliance specialists**

Protect brand reputation and business revenues by ensuring
your vape products are compliant and safe.

Find out more at

<https://www.broughton-group.com/uk-eu-vape-compliance>

Imperial Tobacco UK&I

Meeting rising vape demand

DETAILS

Imperial Tobacco UK&I
121 Winterstoke Road,
Bristol BS3 2LL
t: 0117 963 6636
w: imperialbrandsplc.com
tw: twitter.com/ImpTobUK
w: imperial-ignite.co.uk
w: suspect-it-report-it.co.uk

KEY CONTACTS

Lindsay Mennell Keating
Head of Corporate
& Legal Affairs
Chloe Witcombe-Farr
Communications Executive

KEY BRANDS

Embassy Signature
Richmond
Riverstone
Players JPS
blu

↙ The vape category, which is already worth a sizeable £1.2bn, is expected to grow to an impressive £1.4bn in the next three years¹.

To benefit from the booming category and retain their vaping customers, retailers must keep one eye on emerging trends, says Tom Gully, head of consumer marketing UK&I at Imperial Tobacco. “From the popularity of pod-mods to the rising demand for disposables, by ensuring the products stocked respond to these key trends, retailers can meet the ever-evolving needs of their shoppers,” he says. “Thanks to the latest launches from Imperial’s leading blu brand, there’s an exciting range of products well placed to help them do just that.”

Disposables are rapidly taking over the vape category, with the segment seeing incredible growth in the last year, notes Gully. “In light of recent developments in disposables, many consumers are seeking out recognisable vaping brands that they know they can trust,” he says. “To help cater for this demand, we recently entered the disposable market with our new blu bar range, offering a great-quality range of fully compliant, disposable and ready-to-use vape products from the well-known blu brand. Available to buy at a MRRP of £5.99* per device, the new range includes six great-tasting flavours, including Kiwi Passionfruit, Mango Ice, Banana Ice, Peach Ice, Watermelon Ice and Strawberry Ice. To find out more about the range, visit our blu bar Knowledge Hub at www.blubarhub.co.uk.”

While demand for disposables may be rising, pod-mod devices still remain a popular choice for many vapers thanks to their ease of use and simple



“No two stores are the same, so it’s important for retailers to stock the right range for their customer base, including vape products from brands consumers know and trust, like blu bar and blu 2.0”

click-and-go format, he adds. “Through the launch of our next-generation pod-mod device, blu 2.0, we’ve developed a product that looks better, tastes better and lasts longer than before, providing retailers with the quality pod-mod vaping experience consumers are looking for. blu 2.0 is available in 9mg/ml and 18mg/ml nicotine strengths with an MRRP of £9.99* for the device and £6.99* for a pack of two liquid pods, which are available in six flavours: Golden Tobacco, Polar Menthol, Fresh Mint, Berry Mix, Blueberry Ice and Fresh Mango.”

To tap into the growing demand for pod-mods and disposables, retailers need to ensure they are dedicating sufficient space in-store for vaping products, advises Gully. “No two stores are the same, so it’s important for retailers to stock the right range for their customer base, including vape products from brands consumers know and trust, like blu bar and blu 2.0,” he says.

“There is a huge variety of different vape products available on the market today, so deciding what to buy can be a daunting task for consumers,” he concludes. “Retailers are therefore in an excellent position to provide advice to shoppers on what products are best suited to them, including insights into the latest trends shaping the category, such as the rising demand for pod-mods and disposables.”



Source

¹ ECigIntelligence Market Database Estimates, September 2022
* Based on ITUK RRP as at April 2023. For the avoidance of doubt, customers are free at all times to determine the selling price of their products.

NEW

blu[®] bar

STOCK UP NOW



RAISING
THE BAR
 ON FLAVOUR



blu[®]
 THAT'S UNLIT



18
 OVER 18 ONLY

FOR EXISTING ADULT SMOKERS & VAPERS ONLY.
 This product contains nicotine. 18+ only.
 Not a smoking cessation product. © Fontem 2023.

For more information visit our blu bar Knowledge Hub.

www.blubarhub.co.uk

JTI UK

Ultra-value tobacco stays key

DETAILS

JTI UK
t: 0800 163503
w: JTI.com

KEY CONTACTS

Mark McGuinness
Marketing Director, JTI UK
Gemma Bateson
Sales Director, JTI UK

KEY BRANDS

Benson & Hedges
Blue Rolling
Mayfair Silver
Nordic Spirit
Ploom X
Sovereign Blue
Sterling Dual Double
Capsule Leaf Wrapped
Sterling Essential Rolling

➔ The value of tobacco in the UK totalled £14.4bn in the last year¹, showing just how important this category continues to be for retailers, says JTI UK. JTI is currently the No.1 tobacco manufacturer with a combined market share of 44.9%² and continues to innovate with on-trend and value products to help drive sales for retailers.

Rising demand for value products

The value tobacco segment is in strong growth according to Mark McGuinness, marketing director at JTI UK. “Given the current economic climate, price is playing an increasingly important role in tobacco purchasing habits. In fact, 80.4% of all sales volumes is currently in the value or ultra-value ready-made-cigarettes (RMC) and roll-your-own RYO sector³ and we’ve worked hard in the past 12 months to ensure we have a portfolio that can flex for this demand.

“To address this trend, we recently adjusted the positioning of Sovereign Blue to better align with our other ultra-value offerings, such as Mayfair Silver and Benson & Hedges Blue. Sovereign Blue is now available at a recommended retail price of £11.95 for a 20-pack⁴. This move provides more choice of well-known brands to consumers at the value end of the market, offering a greater range at an affordable price point.”

Cigarillos on the rise

Over the past year, the cigarillo category has also seen notable growth in both the grocery and convenience channels⁵, now worth approximately £8m/month⁶. New for 2023, JTI has broadened its cigarillo portfolio by introducing Sterling Dual Double Capsule Leaf Wrapped, featuring a blend of peppermint and berry mint capsules, for a dual flavour and enhanced taste.

“Sterling Dual Capsule Leaf Wrapped has had a strong couple of years since launching in 2019 – it is the fastest-growing cigar brand in the UK⁷ and the top cigarillo brand, with a 92.4% market share⁸,” says McGuinness. “We wanted to build on this success by providing retailers with new flavours that respond to current trends, with berry and menthol already popular



“Given the current economic climate, price is playing an increasingly important role in tobacco purchasing habits”

flavours within other categories, such as vape and heated tobacco products.

“What’s more, the low price point and the fact we can offer a 10-pack, means retailers can cater to those shoppers looking for value-for-money tobacco options.”

Further innovation

Despite developments driving the next-gen nicotine category forwards, with the likes of nicotine pouches such as Nordic Spirit, and heated tobacco products such as Ploom X, trends and innovation within tobacco shouldn’t be overlooked, says McGuinness.

“Another innovation targeting the ultra-value market segment is Sterling Essential Rolling. We have updated our Sterling Essential Rolling product with a convenient zip pouch, rolling papers, and an improved blend. This refreshed product is designed to cater to the needs of existing adult smokers, providing all the essentials in just one value-based pouch.”

Source

¹ IRI Market Place, Value Sales, Total Tobacco Category, Total UK, MAT To 08.01.23

² IRI Market Place, Volume Share, Total RMC Value & Ultra Value and Total RYO/ MYO Combined, Total UK, Dec 2022

³ IRI Market Place, Volume Share, Total Tobacco Category, Total UK, Dec 2022

⁴ Retailers are of course free at all times to sell JTI products at whatever price they choose.

⁵ IRI Market Place, Sales Volume, Total Cigarillo Category, Total UK, December 2022 vs. December 2021

⁶ IRI Market Place, Value Sales, Cigarillo Category, Total UK, Dec 2022

⁷ IRI Market Place, Volume Share, Total Cigar Category, Total UK, Latest Quarter to Dec 2022 vs. prior period

⁸ IRI Market Place, Volume Share, Total Cigarillo Category, Total UK, Dec 2022



DUAL



NEW

STERLING DUAL DOUBLE CAPSULE LEAF WRAPPED

STERLING



BERRY MINT
CAPSULE



PEPPERMINT
CAPSULE

RRP PACK OF 10
£6.00*



DOUBLE UP ON FLAVOUR

*RRP effective 16 March 2023. Retailers are, of course, free at all times to sell JTI product at whatever price they choose.

Juul Labs UK

More benefits for adult smokers

DETAILS

Juul Labs UK
15 Stukeley Street
London WC2B 5LT
e: uksales@juul.com
w: juullabsretailer.co.uk

KEY CONTACTS

John Patterson
Country Manager UK

Richard Cook
Director of National Accounts

Steve Lintott
Director of Field Sales

KEY BRANDS

JUUL2
– Starter Kit
– Single device

JUUL2pods
– Virginia Tobacco
– Polar Menthol
– Crisp Menthol
– Autumn Tobacco
– Ruby Menthol
– Summer Menthol
– Blackcurrant Tobacco

* Juul Labs' all new JUUL2 system has been awarded Product of the Year for 2023 in the 'Vaping & Heated Tobacco Products' category, following an independent nationwide survey of 8,000 adult consumers by Kantar.



Smoking remains the leading cause of preventable death and disease in the UK, and we remain committed to our mission at Juul Labs to transition even more adult smokers from cigarettes, while combating underage use, says Richard Cook, director of national accounts at the company.

“Central to encouraging more adult smokers to transition away from combustible cigarettes is the relative satisfaction of e-cigarettes compared to cigarettes,” he says. “Satisfying adult smokers’ nicotine requirements and attracting adult smokers to fully switch from cigarettes are essential for its success. However, many smokers remain unsatisfied with e-cigarettes while almost 3 in 10 smokers have not even tried e-cigarettes as an alternative to combustible tobacco products¹.”

The Juul2 system

Juul Labs’ Juul2 System, completely updated from the previous version, has been created to be more competitive with combustible cigarettes, reveals Cook. “New technology provides a more consistent vapour experience, and new features – a larger, long-lasting battery, a smart light system, communicating e-liquid level and battery life and a range of Juul2 pods (18 mg/ml nicotine strength) – offer increased benefits for adult smokers,” he says.

In February, Juul Labs launched a new Juul2 Blackcurrant Tobacco variant – a classic tobacco flavour with ripe blackcurrant notes – and this joins Virginia Tobacco, Autumn Tobacco, Crisp Menthol, Polar Menthol, Ruby Menthol and Summer Menthol in the Juul2pods portfolio. “We’ve been encouraged by the number of adult smokers and vapour users who have transitioned to the new Juul2 system since launch last year. We’re confident that our new Blackcurrant Tobacco pods will provide even more choice to help adult smokers move away from combustible cigarettes,” says Cook.

Responsible retailing

Juul Labs does not want any non-nicotine users, especially those who are underage, to try its products, as its



“New technology in our Juul2 System provides a more consistent vapour experience and new features offer increased benefits for adult smokers”

purpose is to transition, and completely switch, adult smokers from combustible cigarettes, he notes. “Retailers play an active role in curbing underage access to age-restricted products, including Juul products. We’ve created a new retailer resource centre – JuulLabsRetailer.co.uk – to aid our retail partners in understanding how they can help keep their communities safe and uphold their reputation as responsible retailers. Underage use prevention is imperative to building consumer, regulatory and stakeholder confidence in the industry and the company mandates its Challenge 25 and Mystery Shopper programmes across all stockists.

“We ask all of our retail partners to join us in combating underage use and we’ve been encouraged by the feedback the new website has received so far,” adds Cook. “This dedicated website offers advice and guidance on the legal sale of vaping products, best-practice testimonials from retailers, as well as outlining our commitment and our initiatives to eradicate underage access.

“Providing an experience that can compete with combustible cigarettes is critical to facilitate an adult smoker’s transition to a potentially less harmful alternative. Retailers have to ensure that their ranges offer scientifically tested and MHRA-notified products, such as Juul2, to help adult smokers transition away from cigarettes.”

Source
¹ Use of e-cigarettes in adults in Great Britain, Aug 2022

JUUL[®]



Winner Vaping & Heated Tobacco Category. Survey of 8,000 people by Kantar.

Product of the Year delivers quality and dependability right off the shelf.

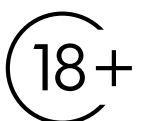


JUUL2 is tested against rigorous quality standards.



For more information on the responsible retailing of vapour products, scan the QR code.

Designed for adult smokers. Not for sale to minors.
JUUL is an e-cigarette. This is an age restricted product and age verification is required at sale.
TM and © 2023 JUUL Labs, Inc. All rights reserved.



WARNING: This product contains nicotine which is a highly addictive substance.

Republic Technologies (UK)

Quality, value and choice

DETAILS

Republic Technologies (UK) Limited
Sword House
Totteridge Road
High Wycombe
Bucks HP13 6DG
t: 01494 492230
e: enquiries@
republictechnologies.co.uk
w: republictechnologies.
co.uk
w: houseofswan.com
w: ocb.net
w: zigzagpapers.net

KEY CONTACTS

Gavin Anderson
Sales & Marketing Director
Tanya Johnstone
Marketing Manager

KEY BRANDS

OCB
Swan
ZIG-ZAG
Bryant & May
Cook's
Ship
Poppell
Cricket
By candlelight
lumière

As the economic climate continues to impact on consumer confidence and shopping habits, the UK's tobacco accessories category is maintaining its strong performance.

Roll your own (RYO) products have always been synonymous with value, but this looks set to increase as more shoppers tighten their belts and look for ways to cut costs without making major lifestyle changes.

The right tobacco accessories range enables retailers to meet these changing demands, says Gavin Anderson, sales & marketing director at Republic Technologies. The company has a range of products that not only provide value for money for both the retailer and consumer, but also high quality and wide breadth of choice, he notes.

The category's robust performance has resulted in year-on-year growth of 5%¹, with annual sales of accessories now valued at a massive £341m¹.

"As demand for factory-made cigarettes continues to decrease, tobacco accessories are very well placed to offer consumers a quality, value alternative, but they must also be displayed effectively," says Anderson.

"Retailers who create an eye-catching display off-gantry, stocking brands such as Swan, Zig-Zag and OCB, stand to benefit most. Our branded display units not only enable retailers to showcase the latest NPD and bestsellers, creating awareness and driving impulse purchase, they also enable retailers to signpost the wider tobacco category."

The category's fastest-growing sector is rolling papers, which is also the highest value sector in tobacco accessories at £105m¹, he reveals. Leading the charge here is Republic Technologies' premium-quality papers



“As demand for factory-made cigarettes continues to decrease, tobacco accessories are very well placed to offer consumers a quality, value alternative, but they must also be displayed effectively”

brand, OCB, the UK's fastest-growing slim & tips brand in the tracked market², underlining its importance to tobacco accessories' stockists.

The slim & tips subcategory is also recording impressive growth with value sales of almost £30m¹ as more consumers opt for premium formats. This reinforces the role that brands such as OCB can play, both in retaining existing consumers and in attracting new shoppers to the fixture.

"Our brands have a proven track record of delivering quality, affordability and, in relation to new products, all-important innovation, and shopper loyalty and affinity is high for us," adds Anderson. "The added bonus for stockists of the most popular brands of choice is that tobacco accessories' consumers are creatures of habit, with proven strong levels of repeat purchase.

"By offering tobacco accessories brands which consumers know and trust, including filters, papers and lighters, retailers can make the most of a category which is performing well in the face of a challenging economic headwind. Sales can also be enhanced by the effective use of eye-catching point-of-sale."



Source

¹ EXT IRI Total MarketPlace 52 w/e 19.02.23

² IRI INT2 excl. Unaffiliated Independents 52 w/e 10.02.23

OCB

Stock up
Now

The

Natural

choice



INSPIRED BY
nature
OCB

visit us at OCB.net
follow us at @RTUKtrade

Scan me



Scandinavian Tobacco Group

Making the most of Moments

DETAILS

Scandinavian Tobacco Group (STG)
250 Centennial Park
Centennial Avenue
Elstree
Hertfordshire WD6 3TH
w: stgtrade.co.uk

KEY CONTACTS

Nataly Scarpetta
UK Marketing Manager

KEY BRANDS

Signature
Moments
Henri Wintermans

Latest data from Scandinavian Tobacco Group UK shows the total cigar category to be down slightly by 1.6% in value terms compared to last year at just over £283m¹, reveals marketing manager Nataly Scarpetta. While cigarillo sales continue to grow, the more traditional cigar segments are all in decline of around 4% to 5%², probably due to a combination of factors such as some smokers moving into vaping or pouches and/or people cutting down due to the ongoing cost of living crisis. STG UK remains the key player within traditional cigars, with a market share of just over 51% and five of the top 10 brands³.

“With value lines now more important than ever, we have recently announced a modern and eye-catching re-design for our Moments brand,” says Scarpetta. “The new pack design is already on Moments Blue and Moments Original, with packs of Moments Panatella following in May. Moments Blue has been one of the fastest-growing value-for-money cigars in the UK and is well-known among tobacco-selling retailers as a popular choice with those customers looking to save money.

“In terms of merchandising, it’s more important to stock the right range rather than a broad selection, as the top 10 cigar brands account for over 90% of sales⁴,” advises Scarpetta. “Minis remain the engine room of the category, so retailers need to get this segment right. By far the biggest player here is our Signature range⁵, which is ably supported by our Moments brand.

“Aside from cigarillos, retailers also need to consider brands in both the



“With value lines now more important than ever, we have recently announced a modern and eye-catching re-design for our Moments brand”

small and the growing medium/large segments to ensure they are covering their bases, so think about including the top-selling brands from each segment as a minimum,” she adds. “And it’s worth reminding retailers that as cigars are exempt from the plain packaging legislation, we recommend they stock them on the middle shelf of the gantry where they are visible, and more likely to be purchased by adult smokers who can see them.”

For a better understanding of the category, nothing beats face-to-face communication, notes Scarpetta. “So, our national accounts team visits our larger customers, while the field sales force goes out and visits convenience retailers daily, to share their knowledge and expertise on how to maximise sales from cigars. Then, for digital support, our trade website (see sidebar) is a good reference point for retailers to visit at a convenient time to increase their knowledge and that of their staff.”

Cigars remain an important part of the tobacco category; they drive footfall and associated basket spend in-store, as well as providing impressive profit margins, she adds. “2023 will be an exciting and busy year for STG UK, with an important brand anniversary and lots of other news that will add interest and excitement to the category.”



Source

¹⁻⁵ IRI MarketPlace, Scotland region, Value and Volume sales, w/e 22.01.23



SIGNATURE

THE UK'S NO.1 AROMATIC CIGAR*



A moment of pleasure



SCANDINAVIAN TOBACCO GROUP

Visit stgtrade.co.uk
or contact your Scandinavian
Tobacco Group representative

Visit us
online to
learn more

WilliamReed.

William Reed LTD.

Broadfield Park, Crawley, West Sussex RH11 9RT

Tel: 01293 613400 Fax: 01293 610380

www.thegrocer.co.uk