

8 OCTOBER 2022

The Grocer Guide to...

The Grocer

Tobacco, vaping & accessories



Analysis

Value in mind

With the cost-of-living crisis upon us, suppliers in the market are focusing on their value offers to shoppers, with roll-your-own becoming increasingly popular. Meanwhile vaping and next-gen products continue to capture greater market share

As the country faces into a cost-of-living crisis, tobacco, vaping & accessories suppliers are only too aware that consumers will be watching their wallets and seeking real value from their smokes in the months ahead.

However, the category still offers retailers – particularly those in the convenience sector – considerable value and, despite the growing online market, is still a draw to attract shoppers into outlets. In the meantime, suppliers are looking carefully at how they ride out the next few months and into 2023.

“With the country now returning to some semblance of normality in a post-Covid world, the tobacco category is proving once again to hold a substantial amount of value for retailers. The market is now worth £14bn (before tax) per year¹ and, as it stands, there is almost a 50/50 market share split across factory-

made cigarettes (FMC) and roll-your-own (RYO) categories – at 52% and 48% respectively²,” says Tom Gully, head of consumer marketing UK&I at Imperial Tobacco.

JTI sales director Gemma Bateson agrees that the tobacco market remains a strong and profitable category in the UK, totalling £15.6bn in the last year³. JTI is currently the No.1 tobacco manufacturer in the UK with a combined market share of 44.9%⁴, she says. Meanwhile she estimates the ready-made cigarette (RMC) market accounts for £11bn, with JTI holding a market share of 43.9%⁵.

“The future of the tobacco industry lies very much within the value of the product as consumers seek out ways to save money. So, if retailers are to successfully cater to the needs of today’s customer and increase sales,

then ensuring they are stocking a wide range of value tobacco products is crucial,” she adds.

Rapid growth for disposable vaping

Over the past 12 months the vaping market has seen significant change, with disposable products replacing open- and closed-system products as the fastest-growing segment⁶, reports BAT UK head of business development Mustafa Zaidi. “The vapour market grew by 90% overall in the first half of this year, compared to the same period last year⁷ – but within that market, disposable vape products, such as Vuse Go, continue to grow fastest.”

Disposable vaping products have had nothing short of a meteoric rise in the last 12 months, agrees Vyko managing director Harris Tanvir. The uptake for both smokers and vapers



has been considerable, as this category of product offers the easiest use. The company is rolling out its Vyko Paper Bar, launched three months ago on the UK's largest vape websites, in Morrisons supermarkets nationwide and Vyko says several other key account roll-outs are in the pipeline for this year.

More consumers seeking out alternative nicotine solutions is creating continual expansion in the vaping sector, says Imperial Tobacco's Gully. In the UK alone, the category is now worth around £1.2bn and is expected to reach £1.47bn in the next three years⁸, he notes.

Within that, both closed pod systems and open pod systems remain a popular choice for vapers, accounting for 70% of the total UK vaping market size in 2022 (35% pod systems/35% open systems)⁹. "But although these

devices account for a large majority of the share, we're also seeing significant growth in the disposables category, which is currently worth around £132m and makes up 10% of the market share – up from 5% in 2021¹⁰," he adds.

Heating up the next-gen sector

Recent data from Nielsen found that the heat-not-burn segment grew 19% in 2022 versus 2021¹¹, reveals Kate O'Dowd, head of commercial planning at Philip Morris Limited (PML) in the UK & Ireland. "Heets, tobacco sticks designed for exclusive use with Iqos – the UK's No.1 heat-not-burn product¹² – have spearheaded category growth¹³," she says. "While awareness remains low compared to e-cigarettes, the performance of the heat-not-burn category demonstrates the popularity and growing consumer demand

Contents

Feature analysis	2
Disposable vaping is growing in popularity, although concerns over underage use continue to hamper the market. Meanwhile, value products are in the spotlight while the next-gen sectors are also gaining ground	
British American Tobacco	8
Developing a broader choice for adult nicotine consumers	
The Chancellor Tobacco Company (UK) Limited	10
Taking a stand as the only UK cigarette manufacturer	
Clipper UK	12
Focusing on the reusability and presentation of lighters	
Vapro	13
Growing its UK presence with disposable vapes	
Imperial Tobacco UK&I	14
Catering to the rising demand for roll-your-own	
JTI UK – Mayfair/B&H	16
Maximising its presence in the value tobacco arena	
JTI UK – Nordic Spirit	18
Supporting retailers to capitalise on nicotine pouch sales	
Juul Labs UK	20
Introducing new technology for a better vapour experience	
Philip Morris Limited (PML)	22
Delivering real tobacco taste with its heat-not-burn offer	
Republic Technologies (UK) ..	24
Adding value and margin potential with its tobacco accessories	
VYKO	26
Tackling sustainability concerns via its paper-based brand	

This supplement to The Grocer was published by: William Reed Ltd, Broadfield Park, Crawley, West Sussex RH11 9RT. TEL: 01293 613400
EDITOR: Ellie Woollven
DESIGNER: Michael Joslin; Stuart Milligan; Nick Figgins; Beth Johnson
PRINTERS: St Ives

© William Reed Ltd, 2022

Analysis

for a real tobacco alternative that is affordable, satisfying and less harmful than continued smoking¹⁴.

“In 2016 when heat-not-burn first arrived in the UK, we thought it would take time to develop the category due to the complexity of the technology,” says PML’s O’Dowd. Since then, she says, the company has remodelled its entire commercial business to support category growth through indirect retail channels, and is now selling almost 54 times the volume of Heets monthly than it did on average in 2017¹⁵, she reveals.

The heated tobacco market is rapidly growing and is now worth nearly £2m a week in traditional retail with a growth of 43.6% year on year¹⁶, says JTI UK’s Bateson. “The heated tobacco category represents a huge opportunity for retailers, especially those with a competitive range and strong product knowledge. Sales of tobacco-flavoured heated tobacco variants account for 52% of all refill sales in traditional retail¹⁷, with menthol flavoured accounting for 44%¹⁸.”

Cost-of-living impact

As prices on the high street continue to rise and consumers face increasing financial challenges, the trend for quality and value for money will continue, says BAT UK’s Zaidi.

“Retailers who can keep their pricing as competitive as possible are likely to attract more consumers.”

For many existing adult smokers, now more than ever, price is a key factor when deciding what brand to purchase, agrees JTI UK’s Bateson. “Value tobacco continues to be a key trend, with 80.2% of all sales volumes currently in the value or ultra-value RMC and RYO sectors¹⁹,” she says.

Affordability is a key factor for many adult smokers in their decision to switch to alternative products, notes PML’s O’Dowd. “For those smokers who don’t quit tobacco and nicotine products completely, then switching to Iqos could work out far cheaper. On average, a pack of 20 Heets will be under half the price of a pack of 20 cigarettes²⁰. An adult smoking 20 cigarettes a day could save, on average, £200 each month if they switched completely to Iqos²¹.”

With household costs and inflation soaring, shoppers are now even more aware of how much they are spending,



says Imperial Tobacco’s Gully. “As a result, we’re seeing a move towards low-priced propositions across the entire category, resulting in the lower-priced tiered products making up a majority of tobacco sales. In fact, the sub-economy segment now makes up 63% of FMC sales, while the economy segment accounts for 56% of RYO, with these value segments growing at an impressive 3% and 5% YOY²².”

He points to a significant rise in RYO tobacco, which he says now accounts for 48% of all tobacco sales²³. “With this in mind, we’d recommend retailers checking that they have a strong variety of leading RYO brands such as Riverstone and Players JPS, to ensure they are prepared for this rising demand for value tobacco products.”

With the current economic climate forcing consumers to seek products at lower price points, RYO products, which typically offer shoppers value for money, will become even more

attractive to shoppers, agrees Republic Technologies’ Anderson. “Current data shows the demand for factory-made cigarettes is reducing, possibly linked to the financial challenges faced by shoppers plus the increase in duty-free purchases,” he says. “We aren’t seeing shoppers cut costs when it comes to tobacco, but purchasing volume is decreasing significantly, which highlights an opportunity for retailers who are able to carry a wider range of tobacco accessories.”

The rising cost of living has not spared any industry sector in particular and such is the case with the vaping and e-cig category, says Georgi Keckarovski, managing director UK & Ireland at Vapepro. “We are already seeing a race to the bottom, with more and more disposable brands RSP in the below £5/unit price bracket. This has put a massive strain on the margins but, more importantly, has adversely impacted the category by opening

Making space for accessories

The tobacco accessories market in the UK is currently worth £330mⁱ and continues to grow year on year, highlighting its ongoing importance for retailers, says Republic Technologies sales & marketing director Gavin Anderson. Rolling papers is performing well in the category as the second-highest value sector within tobacco accessories, currently worth £97m and growing 4.3% YoYⁱⁱ, he notes.

Consumers are more transient when selecting their product of choice these days, therefore brands need to be continually at the top of their game,”

says Anderson. “High-quality products, consistent innovation and good availability and distribution are all vital components, but a fair price tag is also important. Republic Technologies’ brands – including OCB, Swan and Zig-Zag – have considerable history in the market and are synonymous with quality and value for money.

“Over the last couple of years, the team has been working hard on our broader product range to develop Republic Technologies’ all round consumer offer. OCB Papers and our range of household utility lighters have both benefited from

this strategy, offering retailers a range of products that continue to gain and maintain traction within the market and drive sales for our customers.

Clipper UK points to the introduction of its Combo Shape Display alongside other POS materials as an asset in creating real visibility for accessories.

Meanwhile, with more consumers now moving towards RYO products, retailers are presented with new sales opportunities within tobacco accessories, says Imperial Tobacco head of consumer marketing UK&I Tom Gully. “Both the trade and consumers have responded

particularly well to our Rizla Flavour Infusions range, which include flavoured cards that can be used alongside standard factory-made cigarettes or RYO tobacco products. Customers need only to insert a flavour card into a pack of cigarettes or roll your own tobacco and wait around 60 minutes. Alternatively, by leaving in for over an hour, the flavour becomes even more intensified.

Another product line gaining traction with tobacco shoppers is Rizla Silver Kingsize Combi which has an RRP of £1.20ⁱⁱⁱ and offers papers and tips together in one pack.

the door to the illicit and counterfeit products.”

Despite the cost-of-living crisis, the vaping category has seen a bullish trend in recent months and shows no sign of slowing down, says Vyko’s Tanvir. “Historically speaking, smoking has not been significantly affected by cost-of-living increases or recessions. We expect the vape market to follow a similar trend.”

Outlets in balance

Modern disposables are driving the overall increase in volume in the vaping market – recording a 3,545% volume increase year-on-year for the first half of 2022²⁴, explains BAT UK’s Zaidi. “Within that, independent convenience stores account for around three-quarters of sales of disposable vape products as of June²⁵. As adult consumers look for the right nicotine alternatives, they are spending longer in the category, which gives retailers,

particularly independent retailers, a prime opportunity to grow vape sales.”

Currently the main trade channels for disposables are independents and convenience, but we’ve seen an exponential rise in the number of listings in the large grocers lately, adds Vapepro’s Keckarovski. “This shows the category is now being recognised as a true and better alternative to traditional smoking products.”

The trend of the past 12 months has been one of consumers moving away from specialist vape stores and towards convenience/supermarkets, confirms Vyko’s Tanvir. “Major convenience and supermarket outlets have reacted to this shift and have been ranging more and more vaping products,” he says. “From our surveys, convenience store staff stated they lacked space and brands have not done enough in terms of providing guidance. Our retail training programme and innovative POS solutions address this.”

Combating underage smoking

Illicit smoking products and underage smoking continue to be a concern for all suppliers.

“BAT continues to work closely with retailers to drive education on products and categories, as well as responsible sales through our youth access prevention scheme, Verify,” says Zaidi. “The scheme provides retailers with display materials, information and training to help prevent tobacco, vapour and nicotine pouches from being accessed by people under the age of 18.”

One of JTI’s core principles is that tobacco and nicotine vaping products should not be consumed by anyone under the age of 18, says Ian Howell, regulatory affairs manager at JTI UK. “To support retailers, we help to fund the ‘No ID, No Sale!’ campaign, which provides retailers with materials and advice to prevent underage sales. It also helps to remind shop staff and younger customers that valid proof-of-age is

Analysis

required when buying tobacco and vaping products.”

He also points to the concern of tackling children being able to access disposable vapes. “We’re concerned about the use of inappropriate naming and packaging on some items, which could potentially appeal to children, including cartoon imagery or imitations of well-known confectionery and soft drink brands.

“Worse still, many of these products do not meet regulations, exceeding nicotine limits and containing banned chemicals. One recent study found 25 out of 28 disposable vapes tested on the market were not compliant. The UK Vaping Industry Association are reported to have said that up to 60% of the disposable vape products on sale are non-compliant. We’re calling on retailers to steer well clear of these products and only stock products made by responsible manufacturers.”

Retailers have a responsibility to proactively prevent underage sales and support youth access prevention measures, says James Hall, anti-illicit trade manager at Imperial Tobacco UK. “As part of this, retailers must implement and demonstrate an age verification policy and process is in place and make sure that nicotine products are only marketed to and used by adults. With this in mind, we encourage retailers and their staff to familiarise themselves with Challenge 25 policies to ensure age verification on all tobacco- and vape-related sales.

“For online retailers, Imperial Tobacco helped create the UKVIA’s Preventing Underage Sales Guide to support responsible retailers looking to improve their age verification systems for vaping to ensure no nicotine products are sold to youth,” he adds.

In September, Juul Labs UK launched an online resource centre for UK retailers, JuulLabsRetailer.co.uk, which it says is the latest step in its mission to transition more adult smokers from combustible cigarettes while combating underage use. These include its underage use prevention policies, the Challenge 25 age-gating procedures, including acceptable forms of ID and ongoing mystery shop compliance programme protocols, reveals country leader John Patterson. “Underage use prevention is imperative to building consumer, regulatory and stakeholder



confidence in the industry. We ask all of our retailer partners to join us in combating underage use and have been encouraged by the feedback the new website has received so far.”

“In the UK, as with all PMI markets, we follow strict principles to guard against access to our products by unintended audiences,” says O’Dowd. “Responsible sales and marketing practices are critical priorities in the expansion of our smoke-free portfolio. PMI’s Youth Access Prevention measures, Responsible Marketing Practices, and Good Conversion Practices are at the forefront of our commercialisation efforts. This means communicating regularly with our retail partners, continued education through our national field force and Digital Trade Engagement Platform as well as other rigorous methods that support laws prohibiting the sale of tobacco products and nicotine-containing products to youth.”

Looking ahead to 2023

“The next-gen category is growing at a phenomenal rate and will continue to progress and develop over the next 12 months,” says JTI UK’s Bateson “Strong and extra-strong now make up 78.7% of nicotine pouch sales²⁶ and extra-strong is the fastest-growing strength. Extra-strong pouches are likely to be the top strength category of 2022 if their popularity continues, so we advise retailers to provide a good choice of products in this segment.

“Sales of tobacco-flavoured heated tobacco variants account for 50% of all refill sales in traditional retail²⁷ and grew by 8% in the past 12 months²⁸, meaning that this category is definitely ‘one to watch’ for retailers as the trend will likely continue,” she adds.

“We expect to see continued growth in both the disposable and closed systems categories,” says BAT UK’s Zaidi. “Products such as Vuse Go, ePod and ePen... will continue to be part

Sustainability in focus

“Sustainability is no longer ‘nice to have’ for consumers – it’s key for their choice of what to buy,” says BAT UK head of business development Mustafa Zaidi. “Vuse is committed to continuing to improve the sustainability of its products. It’s not only a brand with a long history in the UK market but it was also the first vapour brand to achieve carbon neutrality^{iv}.”

Imperial Tobacco is removing black plastic packaging from its blue pro range, to ensure the packs can be recycled, reveals head of consumer marketing UK&I Tom Gully. “This will affect the inner tray

of the devices, our clearomiser and liquid bottle tops across our 10ml flavour range, all of which will be replaced with recyclable materials. We are also looking to roll out even more sustainable packaging for future ranges, eliminating plastic trays and inserts entirely. Some aspects of our products, such as the blister packs for pods, need to meet certain child safety standards and make clear the nicotine levels in the pods, so cannot be changed at this stage.”

Juul Labs is trialling a take-back programme, where adult consumers with a subscription

on its website can return their used Juulpods by post. It also hopes similar in-store initiatives and recycling programmes will roll out in future.

Eighty per cent of grocery retail CEOs cite sustainability as a key priority, says Vyko managing director Harris Tanvir. “So, we are bound to see more companies follow in our footsteps and bring more sustainable products to market.” The company’s Vyko Paper Bar, the “first paper shell product in the UK”, features 99% plastic-free product and packaging and FSC-sourced materials, he says. “Millions of these products end up in landfill each month

and we want to change this, one vape bar at a time.”

JTI sustainability director Ruth Forbes notes that businesses across all sectors need to bring greenhouse gas emissions to net zero by the government’s 2050 deadline. Having launched its UK Environmental Plan in 2020, JTI has dedicated teams working on sustainable packaging for both conventional tobacco and reduced-risk products, she says. Targets include 85% reusable or recyclable packaging by 2025, rising to 100% by 2030, and for recycled content to account for 20% of its packaging by 2025.

of a growing market catering for the evolving demands of adult nicotine consumers.”

Meanwhile, Vapepro’s Keckarovski believes the disposables category will continue to demonstrate its resilience and carry on the same growth path in 2023: “Our conservative forecast is 80-120% vs 2022²⁹.”

The biggest areas of growth over the last two years have been based around flavour and innovation, which we expect will continue throughout the year ahead, says Republic Technologies’ Anderson. “Vaping and nicotine pouches are growing in popularity... and, while nicotine pouches are experiencing rapid growth, they still account for a relatively small share of the category.

“This shows how important it is that retailers continue to offer a range of accessories products, in flavour and format, stocking brands that shoppers know and trust. Value will be the

biggest driver in changing shopper behaviours, as consumers look to reduce spending across categories, to try and offset rising costs.”

“2023 will be the year the multcategory approach really takes hold,” believes PML’s O’Dowd.

“Competition will increase among manufacturers to offer a simplified portfolio of smoke-free products in a variety of usage, taste, price, and technology options, that satisfy an increasingly sophisticated consumer and reduce clutter in indirect retail in particular.

“I expect to see more cross-category promotions and innovative forms of visual merchandising being offered to retailers, in an attempt to prioritise the right assortment of products and help customers navigate through complexity. However, retailer education and knowledge building will remain far more effective in capturing the needs and preferences of consumers.”

Sources

- ¹ ITUK EPOS to w/e 29.08.21, P1 Retail & Wholesale
- ² ITUK Report on Trade, Feb '22
- ³ IRI Marketplace, Value Sales, Total Tobacco, MAT to 10.04.22
- ⁴ IRI Marketplace, Volume Share Total Tobacco Category, Total UK, June 2022 + Volume Share, Total RMC, Total UK, June '22
- ⁵ IRI Marketplace, Volume Share, Total RMC, Total UK, June '22
- ⁶ Nielsen Sell Out data for w/e 16.07.22
- ⁸⁻¹⁰ E-Cig Intelligence Market Database, May 2022
- ¹¹ Nielsen: Comparison between 2022 Jan-August vs 2021 Jan-August, Value Sales of full HNB
- ¹² Nielsen data, as of August 2022, IQOS – PMI’s heated tobacco system – had a value share of the heat not burn segment in the UK of 99.51%
- ¹³ PMI Q2 results, 21 July 2022
- ¹⁴ Based on the totality of evidence for IQOS in comparison with continuing to smoke
- ¹⁵ Estimates based on PMI Q2 results, 21 July 2022
- ¹⁶ IRI Marketplace, Value Sales, Total T-Vapour Category, Total UK, Jan 2022
- ¹⁷⁻¹⁸ IRI Marketplace, Unit Sales, Total T-Vapour Category, Total UK, Jan 2022 vs Jan 2021
- ¹⁹ IRI Marketplace, Volume Share, Total RMC Value & Ultra-Value and Total RYO/MYO Combined, Total UK, Jun 2022
- ²⁰⁻²¹ On average, a pack of 20 Heets will be under half the price of a pack of 20 cigarettes. The RRP of Heets is £5. The average cost of a pack of 20 king-size filter cigarettes in the UK is £12.43. (ONS dataset. RPI)
- ²²⁻²³ See 2
- ²⁴⁻²⁵ Nielsen date, Year to date, w/e 04.06.22 and w/e 18.06.22
- ²⁶ IRI Marketplace, Volume Share, Nicotine Pouch Category, Total UK, 02.22
- ²⁷⁻²⁸ IRI Marketplace, Unit Sales, Total T-Vapour Category, Total UK, June 2022, and June 2022 vs June 2021
- ²⁹ Vapepro forecasts

Making space for accessories

^{iv} IRI, 52 w/e 07.08.22
ⁱⁱⁱ Based on ITUK RRP, Sept 2022. Customers are free at all times to determine the selling price of their products

Sustainability in focus

^{iv} Carbon neutral device and consumables throughout their lifecycle, including lifetime charging (where applicable) for Vuse products. Also based on international sales forecasts for 12 months starting April 2022 via emissions reduction and offsetting.

British American Tobacco UK

Developing a broader choice

DETAILS

British American Tobacco UK Ltd (BAT UK)
 Bldg. 7, 566 Chiswick High Road
 London W4 5YG
 e: batuk_customer_services@bat.com
 w: vapermarket.co.uk

KEY CONTACTS

Mustafa Zaidi
 Head of Business Development, BAT UK

KEY BRANDS

Vuse
 Velo
 Rothmans
 Pall Mall
 Dunhill
 Vogue
 Cutters Choice Original
 Cutters Choice Extra Fine

↙ In a fast-growing vapour market UK retailers and consumers cannot ignore quality, convenient closed system vaping products such as the recently launched disposable product, Vuse Go, says BAT UK head of business development Mustafa Zaidi.

“Vuse Go and our new ePod Vivid ‘limited-edition’ range continue to enjoy success, particularly within independent stores and key accounts,” he says. “The Vivid range currently accounts for 10% of all ePod sales across independent and specialist stores, and its share is growing week by week¹. Both Vuse Go and ePod Vivid are performing well across the product range, including the best-selling fruit flavours, blueberry, strawberry and watermelon¹.

“The launch of Vuse Go was well-timed: while the vapour market grew by 90% overall in the first half of this year compared to the same period last year, disposable vape products have grown much faster – recording a 3,545% volume increase year-on-year for the first half of 2022²,” explains Zaidi.

“With Vuse Go and ePod Vivid, retailers can offer adult nicotine consumers a broad choice of the flavours and strengths consumers want, whether they are regular vapers or new to the category.

Flexible merchandising solutions

“We provide retailers with a flexible range of solutions for point-of-sale materials and merchandising. With back wall and free-standing, clip strips, shelf trays and countertop units, there’s something for every retailer regardless of the space they have available.”

To take full advantage of the



“The launch of Vuse Go was well-timed; while the vapour market grew by 90% in the first half of this year compared to the same period last year, disposable vapes have grown much faster²”

opportunity in the fast-moving vape market, retailers should make sure their customers can always have access to a full product range, across key categories including disposables, notes Zaidi. “Clear pricing, highly visible displays and keeping team members up to date with new products, including Vuse Go and ePod Vivid, will help to grow sales,” he says. “Talking to customers regularly about what they want will help too, including whether they prefer a disposable product or want to move to a refillable one.

“Vuse Go blends single-use simplicity and disposable convenience. It offers six of the flavours most popular with adult nicotine consumers today, including the most popular fruit and mint flavours. There are also two nicotine strengths available, 20mg/ml and, more recently, a 10mg/ml choice.

“We also recently launched the same six flavours in the ePod Vivid range – in 18 and 12mg/ml nicotine strengths. It won’t stop there: we have plans to introduce more flavours across both the Vuse Go and ePod Vivid ranges, starting October of this year.

“So, with Vuse Go and ePod Vivid, retailers can seize a prime opportunity to give adult nicotine consumers a broader choice than ever.”



Source

¹ Nielsen, Traditional Sell-Out data for w/e 22.08.22
² Nielsen, Traditional Sell-Out data for w/e 16.07.22



SCAN ME



STOCK THE NEW VUSE GO FLAVOURS

NOW AVAILABLE IN 10MG/ML
INTENSE FLAVOURS ON THE GO

Available at vapermarket.co.uk



Dispose of responsibly.
18+ only. This product contains nicotine and is addictive.
For adult nicotine consumers only. For trade use only.

Contact your local sales representative

The Chancellor Tobacco Company (UK) Limited

The only UK cigarette factory

DETAILS

The Chancellor Tobacco Company (UK) Limited
 4A-4B White House Road
 Alpha Business Park
 Ipswich
 Suffolk IP1 5LT
 t: 01473 467940
 e: nick@chancellor-tobacco.com
 w: chancellor-tobacco.com
 britishsmokes.co.uk

KEY CONTACTS

Nick Roach
 National Sales Manager

KEY BRANDS

Universe
 – The cheapest cigarette available in the UK⁴, with an RRP of £9.45/pack.

MB
 – Priced at £9.99/pack, below the psychologically important £10/pack price point and available in red and blue variants, catering to all consumer preferences.

Treasurer London
 – Our super-premium brand, priced at £14.50/pack. Specialist tobacconists will be particularly appreciative of the brand and quality.

 The Chancellor Tobacco Company is an independent British manufacturer of exclusive cigarette brands. The company launched the world's most expensive cigarette, Treasurer London, in 1999, which is available in many countries.

Using its expertise in creating quality brands, the company's new strategy is to focus on the UK domestic market and the ever-expanding economy sector, reveals national sales manager Nick Roach. "The economy sector currently accounts for 64.3% of the market¹ and the down-trading trend is being accelerated by the acute cost-of-living crisis," he says. "Retailers report the most common question at point of sale is 'What is your cheapest cigarette?'"

The large, anticipated duty increases in the November budget will further fuel the sector's growth (RPI plus 2%, which could amount to a 14.3% increase²), notes Roach.

"It is difficult to launch brands in a dark market such as the UK. The only mechanisms to ensure success are 'trade push' – restoring the retail and wholesale margins so they are incentivised to push our products; and 'consumer pull' – having the cheapest brands at point of sale with the best quality.

Diverse portfolio

"We have a three-brand portfolio of cigarettes, all manufactured using the traditional Virginia blend of tobacco preferred by UK consumers: Universe, MB and Treasurer [see details left]," reveals Roach. "All three are available in king and the increasingly popular superking sizes.

"We are often asked by retailers why they should make room in their limited shelf space for our brands," he says. "The answers are:

- 1. Pricing:** We have the cheapest and second-cheapest Virginia brands in the market.
- 2. Margins:** We price in retail margins of between 6% and 15% and wholesale margins between 2.6% and 7%.
- 3. Quality:** Our tobacco blends are superior to our competitors in the economy sector which the consumer will recognise and appreciate.



“We are a British manufacturing company, employing British workers and supporting local suppliers”

4. UK manufacture: As the only remaining UK manufacturer, we can supply product rapidly, negating worldwide supply line issues. By sourcing locally, your company's carbon footprint is much reduced compared to the big four's carbon-heavy, long haulage EU supply model.

"We are a British manufacturing company, employing British workers and supporting local suppliers," notes Roach. "The defensive strategy of taking on board a UK supplier answers any threats to EU supply, including sabre-rattling on import tariffs over proposed changes to the Northern Ireland protocol, as well as increasing anxiety among member states over energy supply, leading them to draw up lists of essential industries. It is unclear if cigarettes for export would be considered an essential industry.

"These are compelling reasons to stock our cigarette brands," he says.

"We have exciting plans for alternative tobacco categories, but it is worth remembering that there are still 5.5m smokers in the UK, representing 13.5% of the adult population³," he adds. "Also, though the stated government goal is to be tobacco-free by 2030, this represents a reduction to 5% – not, thankfully, the prohibition of tobacco."



Source

- ¹ UK Epos to w/e 02.01.22
- ² Duty increases are set at RPI – 12.3% in August plus the 2% tobacco escalator
- ³ ONS 2021
- ⁴ The cheapest brand currently in the UK market is Chesterfield at £9.50. Universe will be £9.45, thus coming in under that as the cheapest in the market



The Chancellor Tobacco Company (UK) Limited

MADE IN GREAT BRITAIN 

Universe
King Size & Superkings



£ 9.45

Mb Blue
King Size & Superkings

Mb Red
King Size & Superkings

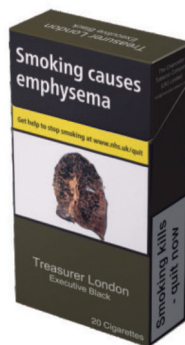


£ 9.99

£ 9.99

Treasurer London Executive Black
King Size & Superkings

Treasurer London Executive Gold
King Size & Superkings



£ 14.50

£ 14.50

Clipper UK

Leading lighter focuses on reusability

DETAILS

Clipper UK Ltd
6th Floor, Phoenix House
Phoenix Business Park
Christopher Martin Road
Basildon
Essex SS14 3EZ
t: 01268 662222
e: info@clipperukltd.co.uk
w: clipperofficial.com

KEY CONTACTS

Sofiane Heumissi
General Manager

KEY BRANDS

Clipper Pocket Lighters

↙ This year has been tough for the UK consumer. However, many are still looking for alternative ways to reduce their environmental impact, says Clipper. “This has led the interest in our reusable accessories, such as flints, flint systems and butane gas,” it notes. “These products allow the consumer to reuse their Clipper lighter and reduce their contribution to the planet’s plastic waste. Our reusability message has been the key to the long-term success of our brand.”

Another contribution to the brand’s success, is the innovative ways it presents its products. “Our POS material, such as carousel displays across the UK,” says the company. “They offer great value, with incentives of up to 48 free lighters. Our countertop displays are instantly recognisable and have become an iconic feature of our brand. This year we seen the introduction of our Clipper Combo



“Our POS materials have become a real asset to retailers across the UK”

Shape Display, which has been well received. This ultimate POS display features four tiers of mixed design lighters, decorated with a finish to resemble our classic Clipper lighter.”

“Although the UK lighter market, worth upwards of £78m¹, has seen some decrease, Clipper has retained the No.1 spot with a 43.1% share¹, despite market saturation,” it concludes.



Source
¹ IRI, Market Data, 07.08.22

CLIPPER
reusable

UK's NO.1 LIGHTER BRAND
OFFERS A COMPLETE RANGE



Vapepro

Growing its UK presence

DETAILS

Vapepro
t: 07896276428
e: office@vapepro.co.uk
w: vapepro.co.uk

KEY CONTACTS

Georgi Keckarovski
Managing Director
UK & Ireland

KEY BRANDS

Vapepro

↘ Vapepro is a leading disposable vapes brand with a presence in over 17 markets and more than 100,000 stores worldwide, reveals the company.

“The brand has achieved impressive results in only a few years since it was first launched with an average market share of more than 30%¹,” it says.

“Vapepro offers uncompromising quality and industry-leading reliability rate, validated in both lab and real live conditions. Equipped with the latest technology in disposable vapes, Vapepro devices boast an Airflow control system, which allows consumers to be in control of their vaping experience, as well as a child lock system for peace of mind.

“In addition, Vapepro disposable vapes provide value for money by producing more puffs per device than most of their competitors, with 800 puffs and 1400 puffs on their nicotine and nicotine-free devices respectively*.”

Currently, Vapepro offers a range



“The brand has achieved impressive results since launch with an average market share of 30%¹”

of eight nicotine and four nicotine-free flavours in the UK. The flavour formulas are unique to the brand, as all R&D is conducted in-house. It plans to introduce a few more flavours soon after the initial launch.

Also, Vapepro is now finalising plans to launch a pod system e-cigarette to further support its ambition to be a credible player in the alternative nicotine consumption category.

Source

¹ Internal company data

* Claims substantiated by laboratories in the UK and European Union



INDUSTRY LEADING QUALITY
LISTED IN MORE THAN 100,000 STORES IN EUROPE
FULL RETAIL SUPPORT PACKAGE AVAILABLE
APPROXIMATELY 50% POR

[WWW.VAPEPRO.CO.UK](http://www.vapepro.co.uk)
✉ OFFICE@VAPEPRO.CO.UK
☎ 07896276428

BETTER FLAVOURS, BETTER QUALITY, BETTER VALUE FOR MONEY



#2 | PREMIUM TOBACCO



#3 | COLA



#4 | ICE MINT



#5 | TROPICAL MANGO



#7 | HAWAIIAN PINEAPPLE



#11 | BLUEBERRY INTENSE



#12 | SWEET MELON



#13 | WATERMELON BUBBLE GUM



#14 | NAUGHTY CHERRY



#15 | GREEN APPLE



#18 | GRAPE XTREME



#21 | ITALIAN CAPPUCCINO

NICOTINE FREE - UP TO 1400 PUFFS
NICOTINE - UP TO 800 PUFFS

AIRFLOW
TECHNOLOGY

Imperial Tobacco UK&I

Rising demand for value RYO

DETAILS

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

KEY CONTACTS

Lindsay Mennell Keating
Head of Corporate
& Legal Affairs
Kate Cook
Communications Manager

KEY BRANDS

Embassy Signature
Golden Virginia
Lambert & Butler
Players JPS
Riverstone
myblu

There is currently continued movement towards low-priced propositions across the entire tobacco category as consumer demand for value continues to drive purchasing patterns, says Tom Gully, head of consumer marketing UK&I at Imperial Tobacco (pictured right).

“Shoppers are increasingly looking for products that provide value for money which is leading to a significant rise in sales of roll-your-own tobacco,” he says. “In fact, this category now accounts for 48% of all tobacco sales¹. Within this, the economy segment makes up the biggest share with 56% and is showing growth of 5% YOY² as an increasing number of adult smokers seek out value tobacco products.”

Tailoring the range for value

With the growing cost-of-living crisis impacting households nationwide, Gully expects this consumer demand for value to increase even further in the months to come. “Given this rising shift towards value products, and rolling tobacco in general, it’s important that retailers tailor their range to cater for this demand with the right product offering,” he says.

“Our Players JPS Easy Rolling Tobacco is a great example of what retailers should be stocking to tap into this trend. Players JPS Easy Rolling Tobacco benefits from the brand recognition of one of the UK’s best-selling cigarette brands³ and features a more vibrant colour and lower levels of moisture, making the blend easier to handle and to roll. The range is available to buy in 30g and 50g, with RRP’s of £13.65* and £22.35*, and each pouch includes a set of quality rolling papers.

“Another roll-your-own brand that is a must-stock for any retailers looking to respond to the rising value trend is Riverstone,” he adds. “The range was recently repositioned to sit within the rising economy segment alongside Players JPS, with its 30g and 50g pouches also with RRP’s of £13.65* and £22.35* and including both papers and filters for the ultimate in convenience.”



“Given this rising shift towards value products and rolling tobacco in general, it’s important that retailers tailor their ranges to cater for this demand with the right product offering”

Understanding the offer

While stocking the right products is key, it’s also important that retailers and their staff understand what products are on offer, notes Gully. “By taking time to explain and educate staff on what products within your range tap into the value trend, retailers will be in a much better position to proactively advise customers on the best products to suit their needs.

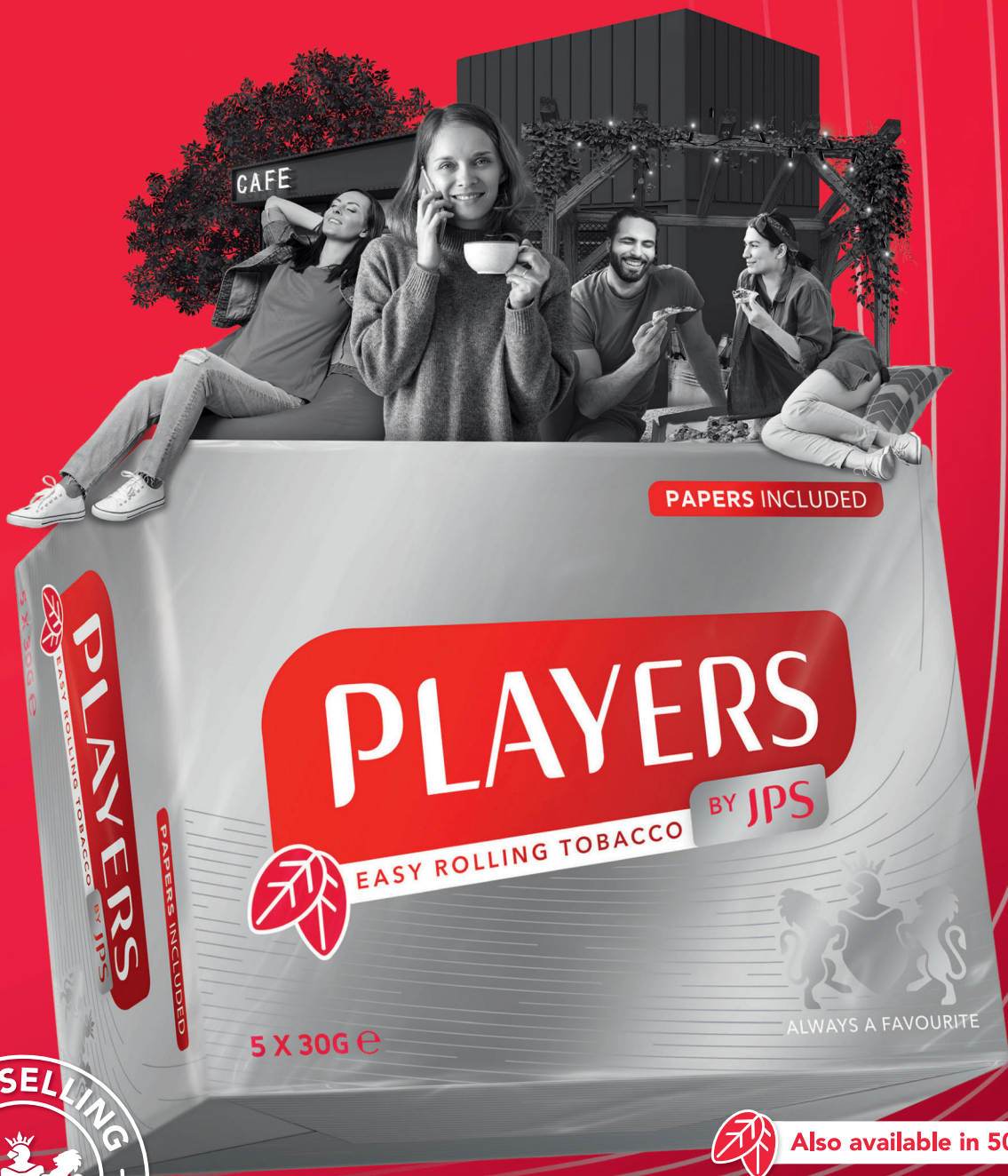
“Improving the knowledge of staff on the roll-your-own range on offer will not only help them support retailers with stock management, but will also likely see shoppers returning again and again as a result of the great advice and customer service they receive from staff in-store,” he adds. “Therefore, spending time to train staff on the products on offer is a worthwhile investment to make.”

* Based on ITUK RRP as at September 2022. For the avoidance of doubt, customers are free at all times to determine the selling price of their products.

Source

^{1,2} ITUK Report on Trade, February 2022
³ ITUK Report on Trade, February 2021

NEW NAME, NEW PACK, SAME QUALITY TOBACCO



ALWAYS A FAVOURITE

For Tobacco Traders Only.

**Based on share of market performance as at December 2021. Source: Combined from IRI, EDFM and Nielsen.

JTI UK – Mayfair and Benson & Hedges

Maximising value tobacco

DETAILS

JTI UK
Members Hill
Brooklands Rd
Weybridge KT13 0QU
t: 01932 372000
w: jti.com

KEY CONTACTS

Bruce Terry
Portfolio Brand
Manager, JTI UK
Sarah Connor
Communications
Director, JTI UK

KEY BRANDS

Mayfair Silver
– a new ultra-value offering in the RMC market
Benson & Hedges Blue Rolling
– from the UK's No. 1 cigarette brand⁶

➔ The value of tobacco in the UK totalled £15.2bn in the last year¹, showing just how important this category continues to be for retailers, reveals JTI UK.

JTI is currently the No.1 tobacco manufacturer with a combined market share of 44.9%², and continues to innovate in line with trends to help retailers drive sales, says the company.

Keeping tobacco in sight

Although there have been major developments and trends driving the next-gen nicotine category forwards, with the likes of nicotine pouches and heated tobacco products, trends and innovation within tobacco shouldn't be overlooked, says Mark McGuinness, head of marketing at JTI UK.

“Within the tobacco market, 80.2% of all sales volumes are currently in the value and ultra-value ready-made cigarettes (RMC) and roll-your-own (RYO) tobacco sectors³, as adult smokers continue to demand quality, but more affordable options,” he reveals. “These trends show no signs of slowing down and therefore should be a key consideration for retailers as we look ahead to 2023.

“For many existing adult smokers, now more than ever, price is a key factor when deciding what brand to purchase,” he adds. It's no surprise that value brands are so sought-after in the current climate, so we have made sure we've continued to innovate to offer choice to customers.”

Developing Mayfair

Just this year, JTI has launched two new ultra-value offerings from heritage brands – Mayfair Silver and Benson & Hedges Blue Rolling, reveals McGuinness.

Mayfair, which turns 30 this year, recently launched its ultra-value RMC range – Mayfair Silver.

“Designed to tap into the growing number of existing adult smokers seeking affordable options from trusted tobacco brands, Mayfair, which is one of the UK's most recognisable brands



“**Within the tobacco market, 80.2% of all sales volumes are currently in the value and ultra-value ready-made cigarettes and roll-your-own sectors³**”

on the market⁴, continues to deliver on the quality and value it's known for,” says McGuinness.

“Since its launch in 1992, Mayfair has continued to develop to meet the changing demands of both consumer and market trends and we are incredibly proud of Mayfair reaching this major milestone this year,” he says. “Since it was introduced to retailers, the brand has gone from strength to strength and we're continually looking to innovate to make sure Mayfair remains a success.”

Blue Rolling launch

Alongside Mayfair Silver, retailers should also stock up on the new Benson & Hedges Blue Rolling – another ultra-value launch in the RYO category, he adds.

McGuinness concludes: “By offering brands such as Mayfair and Benson & Hedges at new ultra-low prices, retailers can capitalise on the heritage of both, while maintaining a competitive price point.”

• *For more information and advice on what to stock, retailers can speak to their JTI Business Adviser.*

Source

¹ IRI Market Place, Value Sales, Total Tobacco Category, Total UK, MAT To 10.07.22
² IRI Market Place, Volume Share, Total Tobacco Category, Total UK, Jun 2022
³ IRI Market Place, Volume Share, Total RMC Value & Ultra Value and Total RYO/MYO Combined, Total UK, Jun 2022
⁴ Kantar/Online One Tracker: Wave 3 2021 Base: All RMC Smokers 19+n = 1,149, RMC/RYO/MYO n = 1,611
⁵ IRI Market Place, Volume Share, Total RMC, Total UK, Jun 2022
⁶ Retailers are of course free to sell JTI products at whatever price they choose.



ULTRA LOW PRICES

MAYFAIR

SILVER



£10.15*

**Available in
Kingsize &
Super Kings**



THE NEW SILVER RANGE:

AMAZING VALUE FROM ONE OF THE
UK'S MOST RECOGNISABLE BRANDS**

*RRP effective 14 February 2022. You are, of course, at all times free to sell JTI's products at whatever price you choose. **Source: Kantar / Online One Tracker: Wave 1 2020 Base: All RMC Smokers 19+ n = 1,117, All RMC/RYO/MYO n = 1,555

**STOCK UP
NOW**

JTI UK – Nordic Spirit

Grow your nicotine pouches

DETAILS

JTI UK
Members Hill
Brooklands Rd
Weybridge KT13 0QU
t: 01932 372000
w: jti.com

KEY CONTACTS

Bruce Terry
Portfolio Brand
Manager, JTI UK
Sarah Connor
Communications
Director, JTI UK

KEY BRANDS

Nordic Spirit
– a convenient and discreet 100% tobacco-free nicotine pouch, available in four flavours: Mint, Bergamot Wildberry, Elderflower and Spearmint. Also, in varying strengths, including regular, strong, and extra strong. Nordic Spirit has an RRP of £6.50*.

It has been just a few years since the nicotine pouch category began to take hold in the UK – growing at a fast pace, and now worth £36.1m a year¹, with the KMG channel contributing to £20.2m of this², reveals JTI. Nordic Spirit, a key player in the market, is now worth £16.7m a year³, continuing to build on its success with a raft of innovation and advice for retailers this year, it adds.

One of the main reasons for the category’s success is how convenient the product is and how easily it can fit into busy lifestyles. Perfect for all on-the-go occasions, it gives adult smokers and vapers an alternative in situations where smoking or vaping is not possible.

Although the category is still developing, prominent trends have already emerged. Bruce Terry, portfolio brand manager at JTI UK, comments: “Firstly, we’re seeing continued demand for higher nicotine strengths as customers seek a stronger nicotine pouch experience. Strong and extra-strong now make up 78.7% of nicotine pouch sales⁴, and extra-strong is the fastest-growing strength⁵.

“Secondly, mint-flavoured product has soared to new heights within the category, with the market currently split 81.3% menthol and 18.1% fruit⁶.”

To help retailers tap into these two key trends, JTI launched some exciting additions to its portfolio this year, reveals Terry. In March, the company introduced a new Extra-Strong Spearmint flavour, and a new Extra-Strong nicotine strength for the existing Bergamot Wildberry flavour.

“We only expect the category to grow, so there is huge potential for grocers as we look ahead,” adds Terry.



“We only expect the category to grow, so there is huge potential for grocers as we look ahead”

Maximising the opportunity

“We’ve established a strong brand recognition for Nordic Spirit, so there’s no reason why retailers can’t profit with a good range and by following a few key steps,” he says. “One of the most important of these is to give the category a clear ‘home’ in-store. Display the nicotine pouches on a back wall solution, so customers have a visible choice of products based on their preferences. We also offer POS category solutions, including countertop displays to boost pouch sales.

“It is vital that staff stay ahead with category education; as the nicotine pouch category is growing rapidly, consumers will require guidance, including what a pouch is, how to use it, and the strengths available. By working with JTI’s local Business Advisors staff can leverage all opportunities, including assisting customers in their decision-making process, and ensuring in-store stock is aligned to current trends.”

Source

- 1 IRI Market Place, Value Sales, Nicotine Pouch Category, Total UK, Annualised Figure Based on June 2022
- 2 IRI Market Place, Value Sales, Nicotine Pouch Category, Supermarkets UK & NI, Annualised Figure Based on June 2022
- 3 IRI Market Place, Value Sales, Nordic Spirit, Total UK, Annualised Figure Based on June 2022
- 4 IRI Market Place, Volume Share, Nicotine Pouch Category, Total UK, Q2 22**
- 5 IRI Market Place, Volume Share, Nicotine Pouch Category, Total UK, Q2 22 vs. Q1 22**
- 6 IRI Market Place, Volume Share, Nicotine Pouch Category, Total UK, June 2022

* Retailers are of course free to sell JTI products at whatever price they choose

** For more information or to verify comparison contact Nordic Spirit on Facebook or Instagram: @nordicspirit_uk or using our details at nordicspirit.co.uk/contact

18+ This product contains nicotine.
Nicotine is an addictive substance.

THE NEW WAY TO ENJOY NICOTINE



100% TOBACCO FREE NICOTINE POUCHES

For more information go to:

WWW.NORDICSPIRIT.CO.UK

 nordicspirit_uk  nordicspirituk

 Trustpilot*
 Excellent

*Trustpilot rating correct as of September 2022.

Juul Labs UK

New technology revealed

DETAILS

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

KEY CONTACTS

John Patterson
Country Lead, UK
Richard Cook
Director of National Accounts
Steve Lintott
Director of Field Sales

KEY BRANDS

- JUUL2**
JUUL
JUUL2pods
– Virginia Tobacco
– Polar Menthol
– Crisp Menthol
– Autumn Tobacco
– Ruby Menthol
– Summer Menthol
Original JUULPods
– Menthol
– Mint
– Mango
– Berry



Smoking remains the largest cause of preventable death in the UK with over 94,000 Britons dying from tobacco-related illness every year¹, says Juul Labs UK. While smoking rates have continued to fall, dropping to 14.5% last year², there remain 6.9m smokers in the UK and more needs to be done if the country is to meet its smokefree 2030 ambitions, it says.

There are now 4.3m vapers in the UK, and while the category is undergoing continued growth, the industry faces several challenges. Firstly, for more adult smokers to transition away from combustible cigarettes, it is important to provide a viable alternative to meet their needs. However, many smokers remain unsatisfied with e-cigarettes, while almost three in 10 smokers have not even tried e-cigs as an alternative to combustible tobacco products³.

The all-new Juul2 system

Juul Labs’ new Juul2 System has been completely updated with new technology, providing a more consistent vapour experience, while new features including 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.

Juul2 also strengthens Juul Labs’ ability to protect against the illicit trade market of its products. The Juulpod ID feature significantly improves the company’s ability to identify unauthenticated products and prevent use, and the Juul2 Device will only work with Juul2 pods.

Confusion and misperceptions remain around the harm reduction potential of the category, it says. The latest government review into nicotine vaping⁴, undertaken by researchers at King’s College London, found smokers who switched to vaping experienced a “substantial reduction” in their exposure to toxic substances which contribute to tobacco-related diseases.

The report said providing accurate information about the relative harms of vaping, and the risks of using nicotine, could help to correct misperceptions of



“New technology in JUUL2 provides a more consistent vapour experience while new features offer increased benefits for adult smokers”



vaping, and stressed how more needs to be done to help inform adult smokers.

Responsible retailing

Juul Labs does not want any non-nicotine users, especially those who are underage, to try its products, as its purpose is to transition, and completely switch, adult smokers from combustible cigarettes. Retailers play an active role in curbing underage access to age-restricted products, including Juul products. The company has created a new retailer resource centre – JuulLabsRetailer.co.uk – to help its retail partners understand how they can help keep their communities safe and uphold their reputation as responsible retailers. The company believes underage use prevention is imperative to building consumer, regulatory and stakeholder confidence in the industry and mandates its Challenge 25 and Mystery Shopper programmes across all stockists.

“We ask all our retail partners to join us in combating underage use and we have been encouraged by the feedback the new website has received so far,” says John Patterson, country lead at Juul Labs UK. “The dedicated retailer website offers retailers 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 combat underage access.”

Source

¹ Most recent aggregated figures from NHS Digital, Scottish Public Health Observatory, Public Health Wales, NI Public Health Agency
² ONS Opinions and Lifestyle Survey 2020
³ Use of e-cigarettes in adults in Great Britain, Aug 2022
⁴ Nicotine vaping in England: 2022 evidence update main findings, Sept 2022

Upgrade your stock to new JUUL2

Now with more
cigarette-like satisfaction*.

Add the JUUL2 product range today.



Virginia
Tobacco

Crisp
Menthol

Polar
Menthol

Ruby
Menthol

Summer
Menthol



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.

*Compared to the original JUUL.

TM and © 2022 JUUL Labs, Inc. All rights reserved.

18+

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

Philip Morris Limited (PML)

Heating up the market

DETAILS

Philip Morris Limited (PML)
10 Hammersmith Grove
London W6 7AP
t: 0208 222 0700
e: danny.bartlett@pml.com
w: pml.com

KEY CONTACTS

Kate O'Dowd
Head of Commercial
Planning

KEY BRANDS

IQOS
Marlboro

↙ Globally, the Iqos heat-not-burn system is already the preferred choice for 13.2m adults who, as of 30 June, had switched completely and stopped smoking¹, reveals Kate O'Dowd, head of commercial planning at Philip Morris (PML) in the UK & Ireland.

“Recent Nielsen data revealed that the UK’s heat-not-burn segment grew 19% in 2022, versus 2021², she notes. “As the No.1 heat-not-burn product in the UK³, Iqos, together with Heets – tobacco sticks designed for exclusive use with Iqos – continues to spearhead category growth, eating further into the market share of cigarettes and other combustible products,” she says.

More adult smokers are choosing heat-not-burn products, which, unlike a vape product that uses liquid, heat real tobacco for a more satisfying taste experience, explains O'Dowd. “This is why the majority of smokers who try Iqos, switch away from smoking for good⁴,” she says.

“Existing customers appreciate the choice of 10 Heets variants available in the UK, ranging from classic, menthol and aromatic blends, which are more affordable at an RRP of £5 per pack⁵ – less than half the price of an average pack of 20 cigarettes⁶. With affordability a growing concern for many, the cost of Heets is one major benefit adult smokers have if they switch completely to Iqos.

“Other benefits, such as no ash, reduced smell, and no smoke, are important considerations for smokers switching, if they don’t quit tobacco and nicotine products completely. So, we’ve invested millions to expand our national field force and developed digital platforms that educate and immerse our retail partners in the



“More adult smokers are using heat-not-burn products, which heat real tobacco for a more satisfying taste experience”

detail, so they can fully articulate heat-not-burn as a customer proposition.”

The goal is simplicity; refining the message well enough so that a retailer can communicate the benefits of switching to any adult smoker, and in any retail environment, she explains. “For many, this is far more important than visual merchandising, which is no substitute for a fully informed retailer.

“For those currently stocking Iqos, we’ll soon be rolling out Iqos Originals Duo, a revamped and renamed version of Iqos 3 Duo. As part of the Iqos portfolio, Iqos Originals Duo combines revamped design features with Philip Morris International’s Heatcontrol Technology, which uses a ceramic blade to heat tobacco from inside, delivering a real tobacco taste and satisfaction.”

Fully compatible with existing Heets tobacco sticks, Iqos Originals Duo will begin replacing Iqos 3 Duo, with no buy-back or product swapping necessary, she adds. The new stock will filter through naturally, although retailers will be able to order the new kits via PML’s Digital Trade Engagement Platform from December.

“While Iqos will remain our flagship smoke-free product in the UK, multi-category expansion will be a major focus for PML in 2023,” concludes O’Dowd. “Retailers should expect an innovative portfolio of smoke-free products in a variety of usage, taste, price and technology options.”

Source

- ¹ PMI 2022 Second-Quarter Results (21 July 2022). We estimate there were approximately 19m Iqos users as of 30 June, on a pro forma basis, of which approximately 13.2m had switched to Iqos and stopped smoking.
- ² Nielsen: Comparison between ‘2022 Jan-August’ vs ‘2021 Jan-August’ Value Sales of full HNB Nielsen segment
- ³ Nielsen: As of August 2022, Iqos – Philip Morris International’s heated tobacco system – had a value share of the heat not burn segment in the UK of 99.509%, meaning Iqos was the UK’s number one product in that category, encompassing all devices and consumables
- ⁴ PMI Financials or estimates, Iqos user panels and PMI Market Research.
- ⁵ Recommended Retail Price (RRP) of Heets in the UK is £5. On-shelf prices selected by retailers alone and may vary.
- ⁶ ONS: The average cost of a pack of 20 king size filter cigarettes in the UK is £12.43. (ONS dataset. RPI: Ave price – Cigarettes 20 king size filter, February 2022





The heat-not-burn segment grew 19 per cent in 2022, versus 2021¹.

Stock HEETS, made for IQOS – the No.1 heat-not-burn product in the UK².

HEETS can be purchased from most cash & carry and wholesale channels.

1. Nielsen: Comparison between '2022 Jan - August' vs '2021 Jan - August' Value Sales of full HNB Nielsen segment
 2. As of August 2022, IQOS – Philip Morris International's heated tobacco system – had a value share of the Heat not Burn segment in the UK of 99.509%, meaning IQOS was the UK's number one product in that category, encompassing all devices and consumables. (Nielsen data)

HEETS
 made for IQOS

**This product is not risk free and provides nicotine, which is addictive.
 Only for use by adults who would otherwise continue to smoke or use other nicotine products.**

This material is restricted to those who are involved in the business of the sale or distribution of tobacco who are aged 18 years or over. This material should not be made available to the public or sent to anyone else.

Republic Technologies (UK)

Adding value for retailers

DETAILS

Republic Technologies (UK) Limited
Sword House
Totteridge Road
High Wycombe
Bucks HP13 6DG
t: 01494 492230
f: 01494 492231
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

KEY BRANDS

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

Sales of tobacco accessories in the UK remain strong, worth £330m and showing YoY growth of 4.5%¹, providing an opportunity for retailers to build a range that drives profit.

Against the backdrop of rising costs of living, everyday shoppers are looking for ways to cut back, which will increase demand for value products, says Gavin Anderson, sales and marketing director at Republic Technologies UK. “Roll-your-own (RYO) products offer more value for less money when compared to traditional factory-made cigarettes, driving many shoppers to make the switch,” he says.

The move to hand rolling tobacco provides plenty of opportunity for retailers to encourage sales of tobacco-related accessories, such as filters, papers and lighters. “With impressive margins and many options for incremental sales, tobacco accessories can be a valuable profit driver for retailers,” notes Anderson. “The right range of brands and products, highlighted with effective POS, gives retailers the potential to make sure their store stands out.”

Rolling papers is one of the star performers in the category, currently the second-highest value sector within tobacco accessories, worth £97m and up 4.3% YoY¹, he reveals. “OCB from Republic Technologies is helping to drive this growth, as the UK’s fastest growing mainstream paper brand¹.”

The Slim & Tips subcategory is also showing impressive growth of 29.5% YoY¹ as there is an increasing move to premium paper formats. “OCB Virgin, Premium and Organic Hemp are all available in a Slim & Tips format, making the brand a must-stock for retailers looking to tap into these valuable sub-categories,” he says.

“As well as offering better value for shoppers, OCB works consistently on developing the highest-quality papers



“With impressive margins and many options for incremental sales, tobacco accessories can be a valuable profit driver for retailers”

that give the user the best natural experience. OCB Virgin and Organic Hemp unbleached paper ranges are 100% vegan, made using acacia gum, sustainable fibres and are presented in sleek packaging using vegetable ink.

“Product development is always at the heart of our approach to the category,” he explains. “We regularly review consumer needs, market trends and purchasing habits to help retailers and we encourage our customers to stock a range of tobacco accessories in different formats to maximise category sales. RYO shoppers tend to be repeat purchasers, so having a good variety of products, with a fully stocked display, will bring consumers back.

“Compact displays, like our branded counter-top units, highlight best-selling product lines and NPD, encouraging impulse sales. Moving accessories out of the gantry has been proven to uplift sales for our customers.

“Our brands – including Swan, OCB and Zig-Zag – have considerable history in the market and are synonymous with quality, so we are well placed to add real value for retailers.”



Source

¹ IRI, 52 w/e 07.08.22

The Natural choice

Are you stocking the UK's
Fastest Growing Rolling Papers?*

*IRI Marketplace Value 52 w/e 20/02/22



INSPIRED BY
nature
OCB

OCB

visit us at [OCB.net](https://www.OCB.net)
follow us at @RTUKtrade

VYKO

A new kind of disposable

DETAILS

VYKO
49-50 Hallmark
Trading Estate
Wembley HA9 0LB
e: info@vyko.co.uk
w: vyko.co.uk

KEY CONTACTS

Harris Tanvir
Managing Director
Aiden Hewson
Head of Operations

KEY BRANDS

VYKO Paper Bar
– the first of its kind:
99% plastic-free, made
from a paper shell and
easily recyclable

There has been a tremendous increase in the use of disposable vaping products in the last 12 months, says Harris Tanvir, managing director at Vyko. Statistics show that smokers and existing vapers are increasingly buying disposables because of their convenience and ease of use. However, due to the nature of these products, there is an obvious problem – waste. Although these products are helping millions to stay away from traditional cigarettes, they are having an impact on the environment, he notes.

“The Vyko Paper Bar was created to fix the category,” says Tanvir. “Disposable products should be seen as useful tools that encourage smokers to quit, but this shouldn’t be done at the expense of the environment. Millions of plastic disposables end up in landfill each month. We’re fixing this with the Vyko Paper Bar.”

Research shows that waste reduction – including plastic and packaging waste – is seen as the most significant environmental factor for shoppers¹, reveals Tanvir. “In fact, recent data reveals 56% of UK customers are willing to pay 5% to 20% more for a sustainable product².”

“The Vyko Paper Bar is 99% plastic-free, and FSC materials have been used in both the product and packaging to reduce as much as possible its impact on the environment. The product can be taken apart easily and can be recycled. The device is made from paper, so there will not be any micro plastics leaching into the environment.

What are we doing for retailers?

The Vyko Paper Bar is priced competitively and has a range of



“Millions of plastic disposables end up in landfill each month. We’re fixing this with the VYKO Paper Bar”

flavours to ensure sufficient choice for customers. Like all disposables, the product is easy to use and there is no training required for consumers.

With comprehensive sales guidance and materials provided by Vyko, retailers are fully supported, says Tanvir. “Vyko supplies some of the most innovative and sustainable POS, gantry and non-gantry solutions to ensure that the products are highly visible to smokers and vapers. These solutions are space-saving and easy to install in all retail environments.”

High demand for disposables

The disposable vape category is growing, but consumers are demanding a more sustainable product while refusing to sacrifice experience, flavour and price, he adds. “Vyko is currently rolling out its products in Morrisons supermarkets nationwide.

“Disposables typically have a higher affinity with 18 to 35-year-olds, as this age demographic often has a high interest in environmental issues, and the Vyko Paper Bar has already seen great success with this age range. With consumers in general spending more time outdoors, including leisure travel and commuting to offices, the Vyko Paper Bar will continue to increase its presence in the category.”



Source

¹ Sensormatic Solutions research was conducted in February 2022 on a random sample of 5,000+ shoppers in France, Germany, Italy, Spain and the UK

² Europe Greener Shopping: The New Era of Sustainable Retail by Johnson Controls

NB: VYKO is an independent British business based in London, run by a group of professionals who have been actively shaping the vaping industry since 2012.

UYKO PAPER BAR

**RECYCLABLE
DISPOSABLE
VAPE**
**MADE FROM PAPER
99% PLASTIC FREE
UP TO 800 PUFFS**



FSC Certified Materials



This product contains nicotine.
Nicotine is an addictive substance.
Not for sale to children or non-smokers



WilliamReed.

William Reed LTD.

Broadfield Park, Crawley, West Sussex RH11 9RT

Tel: 01293 613400 Fax: 01293 610380

www.thegrocer.co.uk