

4 MAY 2024

The Grocer Guide to...

The Grocer

Tobacco, vaping & accessories



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The tobacco, vaping & accessories category has seen a fair share of challenges over the past year, with more to come. But will the proposed legislation on the single-using vaping ban and the generational tobacco ban really have legs? Or is it all just political smoke and mirrors? And how are brands responding to the changing scenario?

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Analysis

Tough times

While the tobacco, vaping & accessories category faces regulatory hurdles and a mixed performance, it's not the first battle it has faced... and it won't be the last



↙ It's an industry that has been fielding body blows for some time and looks set to continue to do so.

What really started to bring regulatory authority and government scrutiny of the category were the concerns on under-age vaping, as well as the marketing appeal of vapes to under-age users via their use of imagery and names akin to confectionery brands¹. As a result, vapes became hot news for the tabloid media.

Then came the non-compliance scandal of some vaping brands regarding the amount of liquid in their vapes². Following swiftly on that issue, the negative environmental aspect of single-use vapes came under the spotlight³ and the UK's Conservative Government, led by Rishi Sunak stepped in, leading to a proposed ban on single-use vapes from April 2025⁴.

But Prime Minister Sunak wasn't finished. Whether it was concern for the health of future generations or, more cynically, the realisation that he could be championing a clear vote-winner, his proposal for a generational ban led

on from the government's ambition, announced in 2019, for a smoke-free Britain by 2030; the Tobacco and Vapes Bill was introduced to parliament in March this year⁵ and won clear support on both sides of the House of Commons⁶.

However, far from running out of puff, the tobacco, vaping & accessories category is preparing for a battle royal as it faces into these headwinds. And it has several calling cards up its sleeve to counter some of the legislation. Not least of these is the clear loss of income these political moves could bring to countless retailers across the country, as well as the danger of fomenting fresh energy into an already widespread illicit trade.

Tobacco still dominant

In the meantime, some category sectors are continuing to flourish. While traditional tobacco is still losing out to the burgeoning vaping category, this is hardly surprising, as encouraging consumers to replace combustible nicotine products with the less harmful

Performance snapshot

A snapshot of the Grocer's Top Products survey for 2023 reveals that roll your own tobacco saw the fastest decline in volume sales of any category last year, down -18.7%, due to the cost-of-living crisis and the rise in vaping, while the cigarettes and cigars category lost 14.9%, with volumes down 4.2m kilosⁱ.

Meanwhile vaping was the UK's fastest-growing product category in the Top Products survey, adding £897.5m in 2023 and shifting an extra 115.2m packsⁱⁱ.

What's more, vaping brand Lost Mary was the fastest-growing product of 2023 in the UK, amassing £310.7m in sales from a standing startⁱⁱⁱ.

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alternative of vaping is still seen as a strategic way of improving health and reducing the burden on the UK's already creaking NHS.

The tobacco category, worth around £14bn each year (before tax)⁷, provides a substantial sales opportunity for retailers, says Yawer Rasool, consumer marketing director UK & Ireland at Imperial Brands. "Looking at the sub-categories, factory made cigarettes (FMC) currently hold the lion's share of the market, worth 70% of tobacco sales, with roll your own (RYO) accounting for 30%⁸," he says.

The value of tobacco in the UK totalled £13.8bn in the last year⁹ and remains a strong and profitable category for retailers, agrees JTI UK sales director Gemma Bateson. "JTI remains the No.1 tobacco manufacturer in the UK and we hold a leading combined market share of 44.3%¹⁰," she reveals.

Strong forecast for vaping

As more consumers seek out alternative nicotine solutions, the vaping sector is expected to grow from 36% in 2019 to over 45% by the end of 2024 for adult nicotine users¹¹, says Imperial Brands' Rasool. "In the UK alone, the category value is forecast to almost triple from £930m in 2019 to be worth almost £3bn in 2025¹²," he notes.

With around 35% of current vape volume sales already taking place in the traditional retail channel¹³, it's clear there will be continued demand from consumers for vaping products throughout 2024. "To tap into this rising trend, retailers need to ensure they are dedicating sufficient space in-store for vaping products and stocking the right range for their customer base," he adds.

Vaping has grown materially in the last 12 months – specifically, the supermarket and impulse channel has grown by £518m during that time¹⁴, says Totally Wicked CEO Marcus Saxton. "The largest driver of growth year on year (YOY) has been the single-use sub-category, with some marginal declines in other sub-categories. The leading brands within the single-use category continue to be SKE Crystal, Lost Mary and Elf Bar, which account for around 80% of all single-use sales value¹⁵," he adds. "Across each of these brands, approximately 20 flavours within each accounts for 80% of their category value."



Anis Safri, sales director at I Vape Great, concurs that the vaping sector has shown resilience over the past year despite various challenges like flavour changes and the potential disposable vapes ban. "Our brands have performed well, with a focus on continuous product innovation such as 4 in 1 big puff devices and flavour enhancements," he says.

Cigarillos drive cigar sector

Scandinavian Tobacco Group's latest data shows the total UK cigar category to be worth £309m in annual sales, which is a value increase of 9.2% vs the same time last year¹⁶, reveals UK managing director Gleb Pugacev. "This positive performance is mainly down to cigarillo sales, which account for the largest of the four segments in the cigar category. Cigarillos are now worth £124.4m in annual sales and are responsible for just over half of total cigar volume sales¹⁷," he says. "Our

Signature Action brand has seen sales grow by over 40%¹⁸ since the same time last year."

The cigarillo category continues to see notable growth in both the grocery and convenience channels¹⁹, now worth approximately £9m a month²⁰, reveals JTI UK marketing director Mark McGuinness. "Since launching in 2019, Sterling Dual Capsule Leaf Wrapped is the fastest-growing cigarillo brand in the UK²¹ and currently No.1 in the market²², with a 94.1% market share²³," he says. "As existing adult smokers continue to demand innovative flavours, we wanted to build on this. Berry and menthol flavours are already popular in other categories, such as nicotine pouches and heated tobacco. So we broadened our cigarillo portfolio, introducing Sterling Dual Double Capsule Leaf Wrapped, a blend of peppermint and berry mint capsules, providing a dual flavour and enhanced taste."

Next gen maintains momentum

At JTI UK, McGuinness says the company is continuing to see more customers looking for an alternative but familiar tobacco experience with devices that heat tobacco instead of burning it. “The category is currently worth £120m in traditional retail^{iv},” he says. “Supermarkets in the UK saw heated tobacco category sales of £69m in the last year, up 13.2% year-on-year (YOY)^v. With JTI estimating the category to be worth £400m by 2027^{vi}, there’s no doubt that heated tobacco provides a big opportunity for retailers, particularly those with a competitive range

and strong product knowledge.”

Device sales for the company’s Ploom brand have almost doubled compared to last year, while its Evo tobacco stick sales have tripled YOY^{vii}, he reveals. In September last year, the company launched Ploom X Advanced, an updated version of its Ploom X device originally introduced in October 2022.

Now worth approximately £52.7m a year in grocery^{viii}, the nicotine pouch category continues to grow, says JTI UK portfolio brand manager Bruce Terry. “Nordic Spirit is one of the leading nicotine pouch brands in the UK^{ix}... making it a must-stock for

retailers looking to capitalise on the category,” he says. “Offering a wide range of flavours is key to success in alternative nicotine product categories, such as nicotine pouches. Mint-flavoured products have soared to new heights, with the market currently split 80.7% mint and 18.7% fruit^x,” he reveals. More specifically shoppers are looking for these flavours in higher nicotine strengths, with a total of 66.6% of nicotine pouch sales in traditional retail in the UK from the extra-strong or strong strengths^{xi}.”

One new entrant to the nicotine pouch category is Scandinavian Tobacco

Group, with the launch of its new XQS nicotine products, reveals Pugacev. Available to retailers from May onwards, the pouches are priced at just £5.50 and come in four flavours with a variety of strengths: Tropical, Blueberry Mint, Cool Ice and Arctic Freeze. “All four variants come in fully recyclable packaging and contain uniquely smaller sized pouches to ensure a perfect fit under the lip,” he says.

The launch follows STG’s acquisition of Swedish smoke-free brand XQS last year as part of its growth strategy to enter the next gen category to complement its core range and develop its portfolio, reveals Pugacev.

Accessories offer profit opportunity

The UK tobacco accessories market continues to be a key sector for retailers to boost profits, with the category currently worth £376m and growing by 10.2% YOY²⁴, says Republic Technologies sales & marketing director Gavin Anderson. “This growth signifies the importance of the category for retailers,” he says. “Papers remain the highest-value sub-category in tobacco accessories, worth over £115m and growing YOY²⁵. Republic Technologies’ eco-friendly OCB range continues to outperform other papers in both value and volume growth, maintaining its position as the UK’s fastest-growing paper brand in the tracked market, at +40%²⁶.”

With 4.5m RYO smokers in the UK²⁷, the tobacco accessories category provides a substantial sales opportunity for retailers, says Imperial Brands’ Rasool. “The rolling papers category has performed well over the

last year, with recent figures showing that king size papers represent around 60% of the sales value and, within this, combi papers is the fastest-growing segment²⁸,” he says.

“Value-savvy consumers are increasingly migrating from king size into combi formats due to the added value and convenience they offer,” he adds, “To help retailers tap into this trend, we recently extended our combi range to include a new Classic King Size Combi variant (MRRP £1.30²⁹) for our Rizla brand, including 32 unbleached king size papers and tips.”

From value to premium

As the cost-of-living crisis continues to put pressure on consumer spending, the demand for ultra-value products continues to dominate, says JTI’s Bateson. “With the ultra-value sector currently the fastest-growing category in share terms³⁰, with 60% of sales volumes currently in the value or ultra-

value RMC and RYO sectors³¹, it offers a significant opportunity to maximise sales,” she says.

“JTI is responding to existing adult smokers’ increased demand towards value for money by offering well-known brands, like Benson & Hedges and Mayfair, at ultra-value price points,” notes Mark McGuinness, marketing director at JTI UK. “Most recently we expanded our ultra-value RMC range with the launch of Mayfair Gold in October last year. This has had a hugely successful introduction, selling 1.5m packs since launch³² and achieving £16.9m in sales³³.”

At Imperial Brands, Rasool says that as the cost-of-living crisis continues to impact consumer spending, he is seeing shopper demand for value rise across the entire tobacco category. “As a result, products in the lower pricing tiers now account for the majority of all tobacco sales,” he says. “In fact, the value tier, combined with the economy

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sector, now make up a 69% of all FMC sales and 54% of all RYO sales³⁴.”

With this in mind, the company recently launched a new update to its L&B Blue New Crush (RRP £13³⁵) and Embassy Signature New Crush (RRP £12.75³⁶) variants to enable retailers to cater to the demand for value tobacco, he reveals. These provide adult smokers with an instant cooling sensation, thanks to the new and exclusive ‘Fusion’ large bore filter, which is nearly 20% larger than a standard-size bore filter [in other Imperial Tobacco cigarette brands], he explains.

The company has also seen RYO products within the value price sector increase by 8% year on year³⁷, making it the fastest-growing segment that accounts for almost a quarter (24% of all RYO sales³⁸). “Data also shows that 30g packs of rolling tobacco are now the most popular, with this format new making up 69% of all RYO sales,” adds Rasool. “It’s clear that value-focused customers are increasingly opting for budget-friendly RYO products that offer the lowest out-of-pocket spend.”

However, despite this value popularity, the premium price sector holds the largest share of the RYO market at 36%³⁹, he notes, so there are many adult smokers who remain brand-loyal and are willing to pay a more premium price for a brand they know and trust.

The trend for value has also been prevalent in the cigar category for some time now, evidenced by the success of STG’s Moments Blue brand, says Pugacev. “In fact, our Moments 10s pack are the biggest brand in the value for money segment⁴⁰ and are well-known among tobacco-selling retailers as a popular choice among those customers who are looking to save money,” he notes. The company recently launched Moments Black, a new full-flavour variant to complement the existing Moments range. This comes in packs of 20, “offering premium tobacco at value for money pricing” and will only be found with the company’s grocery channel customers, he adds.

However, while value can be a motivating purchase driver in the cigar category, many adult smokers often like to take the opportunity to ‘trade up’ to more premium or larger format cigars, notes Pugacev. “One such cigar is our Henri Wintermans Half Corona brand



– by far the UK’s best-selling medium-large cigar and often given as a gift on special occasions such as Father’s Day or Christmas.”

With the ongoing cost-of-living crisis influencing consumer behaviour towards ultra-value and value FMC/RMC products and RYO tobacco, I Vape Great is focusing on competitive pricing, promotions and value-oriented options to meet the needs of budget-conscious shoppers, says Safri. “We’re also exploring strategies to enhance affordability with reusable products without compromising on product quality,” he says.

The cost-of-living crisis is also fuelling the growth in lower-priced nicotine alternatives, and almost 60% of heated tobacco consumers are switching from value and below tobacco lines, says JTI’s McGuinness. “Competitively priced, the Ploom X Advanced bundle offers value for money within the heated tobacco

category. As well as being more cost-effective for consumers, heated tobacco sticks also offer higher margins to retailers when sold at RRP⁴¹. Existing adult smokers could also save over £10 per pack. This is based on the average cost of 20 cigarettes (at £15.12 RRP⁴²) with 20 Evo Tobacco Sticks (at £4.50 RRP⁴³).

In terms of accessories, Republic Technologies’ Anderson says he is still seeing the effects of a turbulent economic market, with shopper habits changing as they look to make savings on their frequent buys during each trip. “RYO products have always been synonymous with value, and look set to appeal to even more shoppers who want to cut costs without having to make major lifestyle changes or compromise on quality and value,” he says. “Retailers should look to include multipacks in their offerings as they offer better value, for both retailers and consumers.”



Merchandising accessories

From papers, to tips to lighters, tobacco accessories offer retailers a lucrative profit opportunity, agree suppliers.

As Imperial Brands' Rasool points out, while merchandising is unique to every store and depends on what space there is available, having a visible display of accessories, either as part of installed gantry furniture, or a small counter display unit where space is restricted, signals to shoppers that tobacco products are stocked the moment they walk through the door. "So this would definitely be our recommendation," he says. "Wherever they are displayed in-store, it's really

important that staff are knowledgeable about the range of accessories stocked, so they are well equipped to answer any questions and offer advice to any shoppers that need it," he adds.

In terms of tobacco accessories, one of the most important tips for strong sales is to ensure that retailers are stocking a wide variety of products to ensure they are meeting the demands for ever-changing shopper trends and requirements, notes Republic Technologies' Anderson. "This is now more relevant than ever before with frequent changes in legislation affecting the overall

tobacco market and influencing purchasing habits.

"We've been educating retailers on the benefits of creating an eye-catching tobacco accessories display, which can act as a signpost for the wider category and highlight innovative new products or great value promotions. Our compact branded displays have been a really successful tool to support this."

The company's space-efficient perspex units are driving both awareness and demand, adds Anderson. "The multi-brand units feature interchangeable inserts for multiple best-selling brands,"

he says. "RYO shoppers tend to be repeat purchasers, so having a wide variety of good-value products, with a fully stocked display, will keep them coming back."

Tobacco accessories continue to present significant sales opportunities for retailers, says I Vape Great's Safri. "In 2024, products like high-quality vaping devices, accessories and innovative packaging solutions are proving successful. Retailers can enhance merchandising by creating visually appealing displays, providing product education and offering promotions to drive sales."

Reaction to regulatory moves

While the Prime Minister's proposed generational smoking ban may be well intentioned, it is unenforceable and has no grounding in evidence, says Imperial Brands' Rasool. "We are yet to see any detail on how retailers will be supported to resolve the complex age verification issues this policy will create. We are yet to see a promise of anywhere near the requisite funding for embattled border force and trading standards officers. Coupling a generational smoking ban with a ban on disposable vapes threatens to drive more consumers back towards smoking."

What's more, he adds, there has been little recognition of how these measures will embolden the illicit market. "Black market vapes and tobacco are already readily available across the UK. Without an urgent rethink, this government risks undoing much of the UK's progress towards achieving

its smoke-free ambition and driving people towards the unregulated illicit market."

All this said, the Tobacco and Vapes Bill is still in the early stages of its journey through parliament with a number of stages to progress through before the General Election, points out Rasool. "However, given the Prime Minister's proposed legislation is supported by Labour, the Bill will almost certainly become law. That said, the Government is consulting further on the specifics of future vape regulations."

JTI UK communications director Sarah Connor agrees that the proposed generational ban would be a deeply impractical law for retailers to implement. "This will mean that, by 2037, 28-year-olds won't be able to buy tobacco products, but 29-year-olds will," she observes. "Retailers will be expected to distinguish this difference in age when deciding whom to sell tobacco products to."

She also points to "the alarming rise in violence and abuse against retailers in the past 12 months, with 87% of retailers placing violence in their top three threats for the next two years⁴⁴". "One of the common triggers for abuse is requesting ID for age verification," she says. "Having spoken to retailers, we know that many are worried the proposed ban would lead to an increase in threatening or violent behaviour towards them. A JTI survey found that 55% of retailers are worried that the proposed changes will make ID checks more complicated for their staff, with 58% stating it will impact staff training, specifically around underage sales⁴⁵," she notes.

Apart from that, over two-thirds (67%) of the retailers told JTI they believe the generational tobacco ban would likely lead to an increase in illicit tobacco activity, she adds. "Illicit trade is already rife across the UK, bringing criminals to our local communities,

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and there is concern within the industry that illegal products will become more prevalent through this proposed ban. On top of this, 66% of retailers also stated they believe the Government does not have the required funding or resources to police a generational ban.”

Connor points out that similar proposals have been considered in other countries, such as Singapore, where they were discontinued as the country chose to await more evidence⁴⁶, and Malaysia, which concluded that it would be unconstitutional⁴⁷. “Meanwhile in New Zealand, which passed a similar law earlier in 2023, the new government will now repeal the policy before implementation⁴⁸,” she notes, concluding: “A generational ban will amount to a rolling prohibition of tobacco products. As in 1920s America, prohibition would be an impractical and illiberal experiment with serious unintended and disproportionate consequences.”

If the intended disposable vaping ban and generational smoking ban legislation are implemented, it could have significant impacts, including limited product offerings, potentially driving consumers towards illicit trade – and even leading some to revert to traditional cigarettes, says I Vape Great’s Safri. “While the government’s intentions may aim to address public health concerns, it’s essential to ensure a balanced approach that considers industry perspectives and offers viable alternatives.

“The likelihood of the proposed legislation coming into effect can take up to 12-18 months but remains uncertain,” he adds. “However, we’re proactively preparing for potential impacts... including diversifying our product portfolio, introducing alternative products like rechargeable devices and nicotine pouches, exploring new markets and advocating for reasonable regulations that prioritise both public health and industry. There is an urgency to develop next-gen alternatives like nicotine pouches and heated tobacco products and we’ve been actively investing in research and development to expand our offerings in this space.”

Vaping has been the most successful reduced-risk alternative to combustible cigarettes, unequivocally the cause of many deaths (to life-long users),



as well as illness, and expense to the NHS, says Totally Wicked’s Saxton. So part of the challenge is combining the legislation on combustible cigarettes with legislation on this proven alternative. “The vaping industry aligns with any common policy which seeks to enable the continuation of the proven and positive role that vaping has – and should continue to play – for adult smokers, with the appropriate reduction in youth access to vaping, which is already illegal,” he says.

“So, despite the bill being a combined Tobacco and Vapes Bill, it is important to ensure that a comprehensive, evidence-based consultation and impact assessment takes place against the powers that the government is seeking around vape flavours,

packaging and point of sale, to ensure we can confidently meet both goals without throwing the baby out with the bathwater.

“All of the former is in parallel to separate legislation being sought for a potential ban on single-use products, which has yet to be enacted, nor evidenced, which is key to understand before further disproportionate legislation is considered.”

The proposed single use ban is being enacted on environmental grounds and is likely to come into effect in April 2025, based on current estimates, adds Saxton. “In preparation for this, both manufacturers and retailers are already evolving their ranges to ensure they have the appropriate rechargeable and refillable products,



having stabilised, we are now seeing growth in combined products, which contain both papers and tips (combi packs). We continue to see demand from vape consumers being driven, in part, by product innovation with many consumers opting for pod systems.”

For accessories, a focus on more eco-friendly products will be a consideration for shoppers as they look to purchase products that lessen their impact on the environment, says Republic Technologies’ Anderson. In addition, value will remain a key consideration, so retailers should ensure they are stocked with a variety of the best-selling brands and varying pack sizes, allowing shoppers the choice to purchase in bulk or single use, to suit their budget, he adds.

In terms of vaping, Totally Wicked’s Saxton expects to see low single-digit growth through 2024, as consumers/penetration among smokers has already started to plateau, he says. “This is partly due to confusion in smokers’ minds, driven through the widespread misinformation around the relative safety of vaping, which is a tragedy for any current smoker.

“In addition, the more sustainable product alternatives that are emerging are actually better value per equivalent use. So it is likely some category value may be eroded as consumers transition to these products – for example, pod devices or refillable.”

Meanwhile, I Vape Great’s Safri anticipates continued growth and adaptation in the vaping sector. “Market trends suggest ongoing demand for innovative products, increased regulatory scrutiny, and shifting consumer preferences,” he says.

Call to action

JTI’s Connor notes the company’s disappointment at the Government’s proposals. “A generational ban takes away the right of adult consumers to make their own choices solely based on their year of birth. This sets a worrying precedent for this type of discriminatory approach to other products,” she says.

“JTI is committed to the concept of informed choice across the spectrum of conventional tobacco products and alternative nicotine products such as vaping, heated tobacco and nicotine pouches. Providing adult consumers with a choice of products, including

those that have the potential to reduce the risks associated with smoking is surely a more rational approach than an unproven concept of a generational ban.”

As the bill is debated in Parliament, there is still time for retailers to take action and ensure their voices are heard, she adds.

“The best way to do this is for retailers to contact their local MP to express any concerns they may have around the bill. While this isn’t impacting them directly today, the proposed ban will have serious repercussions in the years to come, so it is incredibly important that retailers have their say now and speak to their local MP.

“Retailers can easily find their MP, using the ‘Find Your MP’ site and can share an email or letter expressing their opinions directly.”

Sources

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- ⁸ ITUK Report on Trade, Nov 2023
- ⁹ Circana Market Place, Value Sales, Total Tobacco Category, Total UK, MAT to 07.01.24
- ¹⁰ Circana Market Place, Volume Share, Total Tobacco Category, Total UK, Dec 2023
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- ¹² ITUK estimates. Observable market = 34% of the total market incl key accounts & independents, excl online and vape channels, Sept 2023
- ¹³ ECigIntelligence, Market Database estimates, May 2022
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- ¹⁸ STG Internal company data
- ¹⁹ Circana Market Place, Sales Volume, Total Cigarillo Category, Total UK, June 2022 vs June 2023
- ²⁰ Circana Market Place, Value Sales, Cigarillo Category, Total UK, March 2023
- ²¹ Circana Market Place, Volume Share, Total Cigar Category, Total UK, Latest Quarter to Dec 2023 vs prior period
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- ²⁶ Circana, Total MarketPlace, Paper Sales, 52 w/e 26.11.23
- ²⁷ Imperial Internal Estimates, January 2024
- ²⁸ EPOS data, November 2023
- ²⁹ Based on ITUK RRP as at May 2024. Customers are free at all times to determine the selling price of their products
- ³⁰ Circana Market Place, Volume Share, Total Tobacco Category, Total UK, 12 m/e Dec 2023 (based on slope calculation)
- ³¹ Circana Market Place, Volume Share, Total RMC Value & Ultra Value and Total RYO/MYO Combined, Total UK, Dec 2023
- ^{32/33} Circana Market Place, Unit and Value sales respectively, Mayfair Gold, Total UK. Sep 2023 to Jan 2024
- ³⁴ See 8
- ^{35/36} See 29
- ^{37/39} See 8
- ⁴⁰ See 16/17
- ^{41/43} Retailers are free at all times to price as they choose
- ⁴⁴ BRC Crime Survey, 2024
- ⁴⁵ Research conducted with 1,000 independent & symbol convenience retailers for JTI UK on behalf of Acorn Retail Promotions
- ⁴⁶ CNA, <https://tinyurl.com/5n6wx4wj>
- ⁴⁷ CodeBlue, <https://tinyurl.com/2hsx7hx6>
- ⁴⁸ Bloomberg, <https://tinyurl.com/ythhfjux>

Performance snapshot

- ⁱ <https://tinyurl.com/y2vj2ps8>
- ⁱⁱ <https://tinyurl.com/mpz3n983>
- ⁱⁱⁱ <https://tinyurl.com/4v6834zj>

Next gen maintains momentum

- ^{iv} Circana Market Place, Value Sales, Total T-Vapour Category, Total UK, MAT to Dec 2023
- ^v Circana Market Place, Value Sales, Total T-Vapour Category, Supermarkets GB & NI, MAT and Dec 2023 vs Dec 2022
- ^{vi} Circana Market Place Value & JTI estimates of Non-traditional channels, 2024
- ^{vii} JTI Actuals 2022, YTD 23 and forecasts
- ^{viii} Circana Market Place, Value Sales, Nicotine Pouch Category, Supermarkets UK & I, Annualised figure based on Dec 2023
- ^{ix} Circana Market Place, Volume Share, Nicotine Pouch Category, Total UK, Q4 23 and Dec 23 respectively
- ^x See X

which provide similar ease and quality of use to single-use, but in a much more sustainable fashion.”

Looking ahead

As the tobacco, vaping & accessories category picks its way gingerly through this regulatory minefield, there is still a sense of positive purpose in suppliers’ outlook for 2024, despite the recognition of the challenges ahead.

“Over recent years, the industry has faced a number of headwinds. The Covid-19 pandemic, when combined with high levels of excise, has had an impact overall. However, the industry has always been used to responding to challenge,” says Imperial Brands’ Rasool. “Following the accessories (papers & tips) market

Imperial Brands – blu bar 1000

blu bar boost to vape sales

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blu bar 1000
blu 2.0
blu PRO

↙ The vape category is expected to grow from 36% in 2019 to over 45% by the end of 2024¹ as more consumers seek out alternative nicotine solutions. In the UK alone, the category value is forecast to almost triple from £930m in 2019 to be worth almost £3bn in 2025².

Here, Yawer Rasool, consumer marketing director UK & Ireland at Imperial Brands, discusses how retailers can successfully tap into this flourishing market and what products they should be stocking in order to maximise sales.

The power of disposables

“One particular area that is experiencing a huge amount of growth is the disposables category, which now accounts for an impressive 88% of all vape sales³,” says Rasool. “With demand for these products continuing to rise, we recently launched our new and improved blu bar 1000 device, which benefits from an array of product upgrades and new features to help retailers grow their vape sales even further.

“Our new blu bar 1000 range, which is available for an RRP of £5.99*, offers up to 1,000 puffs⁴ per device and features blu Flavour Tech mesh coil technology to deliver strong bursts of flavour that really last,” he notes. “The redesigned casing on blu bar 1000 also means that the liquid level is visible through the translucent mouthpiece, making it much easier to see when the liquid is running low.



Source

¹ ECigIntelligence – Sept 2022

² ITUK estimates. *Observable market = c34% of the total market including Key Accounts & Independents, excluding Online and Vape Channels – Sept 2023

³ ITUK estimates, November 2023

⁴ Puff count is a maximum estimate based on typical user consumption. Actual number of puffs may vary depending on usage.

* Based on ITUK RRP as at May 2024. For the avoidance of doubt, customers are free at all times to determine the selling price of their products.



“In the UK alone, the vape category value is forecast to almost triple from £930m in 2019 to be worth almost £3bn in 2025²”

“With a new removable battery, users can now twist, pop and release it, making it easy to safely dispose of the used battery at a local battery collection point, while a new security lock feature allows users to lock their blu bar 1000 device when not in use.

Business as usual – for now

“Although the recent disposable vapes ban announcement may have brought concern for many retailers, it’s important to note that if the draft regulations pass through parliament, the ban is not set to come into force until 1 April 2025, which means that it’s business as usual for now,” says Rasool. “Despite the announcement, it’s unlikely that the demand for disposable vapes will slow down any time soon, so we recommend that retailers continue to stock a range of leading disposables, like our new blu bar 1000, which is the perfect solution for retailers looking to capitalise on this growing sector.”

To find out more about blu bar 1000, retailers should visit the new dedicated trade microsite, www.blubarhub.co.uk, which provides everything they need to know about the range.

18+

OVER 18 ONLY

NEW blu. bar

MORE INTENSE FLAVOURS

NOW WITH
MESH COIL

SAME GREAT
PRICE

£5.99**

UP TO
1000
PUFFS*

BLUBARHUB.CO.UK



THIS PRODUCT CONTAINS NICOTINE.

For existing adult smokers and vapers only. Not a smoking cessation product. 18+ only. © Fontem 2024.

*Puff count is a maximum estimate based on typical user consumption. Actual number of puffs may vary depending on usage.

**Based on ITUK RRP as of February 2024. For the avoidance of doubt, retailers are free at all times to determine the selling price of their products.

blu.®

Imperial Brands – Rizla

Answering a king size trend

DETAILS

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Jamie Burns-Smith
Category Manager

KEY BRANDS

Rizla King Size
Combi Classic
Rizla Crush Ball Filter Tips
Rizla Regular Green
Rizla King Size Silver

As an iconic brand that's steeped in over 200 years of heritage¹, Rizla is synonymous with the craft of rolling and holds the accolades of being the No.1 brand in papers in the UK² and the world³. With many value-focused adult smokers moving into the roll your own (RYO) category, stocking tobacco accessories presents a significant sales opportunity for retailers. Here, Jamie Burns-Smith, category manager at Imperial Brands, discusses the latest trends and innovations driving growth in the category.

Burgeoning RYO category

"In recent years, many shoppers have moved into the RYO category due to the cost-of-living crisis," says Burns-Smith. "As a result, there are now over 4.5 million RYO smokers in the UK⁴ who will be looking for quality tobacco accessories such as Rizla rolling papers.

"In the tobacco accessories category, recent figures show that king size papers represent a sizeable share of the sales value and, within this, combi papers are the fastest-growing segment⁵," he notes. "Rizla papers sell well across all segments and size formats and currently hold a significant 73% overall market share⁶, making it an important brand to stock to tap into the sales opportunities available in the tobacco accessories category.

"Given the pressure on household spending in light of the cost-of-living crisis, many shoppers are seeking out added value from the products they buy. This has led to this shift towards combi papers, which are proving very popular with consumers thanks to convenience they offer, with papers and tips together in one pack. Alongside this, we're also seeing



“In the tobacco accessories category, recent figures show that king size papers represent a sizeable share of the sales value, with combi papers the fastest-growing segment⁵”

growing demand for unbleached papers as consumers seek out papers with a more natural look.

Tapping into the opportunity

"Our latest launch of Rizla Classic King Size Combi taps into both of these trends and responds to the rising demand among smokers for more natural papers, filling a gap in the market with its new unbleached papers and tips in the same pack," he explains.

"Available to buy now at an MRRP of £1.30*, the new Rizla Classic King Size Combi will appeal to the rising number of adult smokers looking for papers with a more natural look and feel. With the added benefit of tips in each pack, Rizla Classic King Size Combi provides everything smokers need for the perfect, authentic rolling experience.

"With volume sales of combi formats expected to exceed those of popular standard format king size papers thanks to the great convenience they offer, we'd highly recommend that retailers stock up on Rizla Classic King Size Combi to tap into this trend and grow their sales with an iconic and market leading paper brand."



Source

- ¹ Imperial Sales Data 2023
- ² EPOS Data March 2022-2023
- ³ Imperial Estimates 2023
- ⁴ Imperial Internal Estimates January 2024
- ⁵ EPOS Data November 2023
- ⁶ EPOS Data November 2023

* Based on ITUK RRP as at May 2024. For the avoidance of doubt, customers are free at all times to determine the selling price of their products.

COMBI PACK FROM UK'S N°1 PAPER BRAND*



- ✚ UNBLEACHED
- ✚ VEGAN
- ✚ NON GMO
- ✚ SUPER SLOW BURNING

CRACK ON ✚

*EPOS data, [February, 2024]

I Vape Great

IVG: the journey to success

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 Sales Director
Jacqueline Hoxtor
 Commercial Director

KEY PRODUCTS

**IVG 2400 4 in 1 Multi-
 Flavour Editions**
IVG Salts

“Our journey and growth over the past year has been nothing short of exceptional,” says Anis Safri, sales director at I Vape Great. “We’ve witnessed unparalleled success with various products, setting new benchmarks and redefining standards and the direction of the vaping industry. Our commitment to quality, innovation and customer satisfaction has propelled us to the forefront of the market and placed us as a UK leading brand.”

“One particular triumph lies in the unwavering trust and satisfaction of our consumers,” he notes. “Their positive feedback and brand loyalty have been the cornerstone of our success. We’ve consistently delivered on our promise of providing premium vaping products that not only meet expectations but exceed them. From our award-winning first-to-market IVG2400 4 in 1 multi-flavour device to our extensive range of UK-manufactured e-liquid flavours, every I Vape Great product is crafted with precision and passion.”

Unmatched support

I Vape Great understands the importance of supplying its B2B partners with comprehensive support and effective merchandising strategies, he notes. “This is why we go above and beyond to provide the tools and resources they need to succeed. From tailor-made eye-catching point-of-sale displays and informative product guides to incentives and merchandise, we ensure that our products stand out on the shelves, are self-explanatory and resonate with consumers.

“Our dedicated team of sales representatives is always on hand to provide personalised support and guidance. Whether it’s providing staff training on product knowledge or offering tailored marketing advice, we’re committed to empowering our retailers every step of the way.

Continuous innovation

“Innovation is at the heart of everything we do at I Vape



“We have ambitious plans for the future, with a pipeline full of groundbreaking products that will revolutionise the vaping experience”

Great. We’re constantly pushing creative boundaries and investing in research and development to bring brand new products, formulations and flavours to market.

“I Vape Great has led the way in the legal big puff market by introducing the IVG2400 4 in 1 device. The convenience of 4 different flavours in 1 device, which offers up to 2,400 puffs changed the shape of the category and disrupted the 600-puff disposable market. Other recent introductions include exciting new e-liquid flavours inspired by the latest trends and consumer preferences. From refreshing fruit blends to indulgent flavour profiles; there’s something for every palate to savour.

“However, our innovation doesn’t

stop there. We have ambitious plans for the future, with a pipeline full of groundbreaking products that will revolutionise the vaping experience, from sleeker designs to advanced technology and innovative formulations. We’re committed to staying ahead of the curve and setting new standards of excellence in the industry.

“With I Vape Great, the possibilities are endless. Join us on our journey as we continue to innovate and inspire the vaping experience for consumers around the world.”



AWARD WINNING
BRITISH BRAND



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WHY HAVE ONE WHEN YOU CAN HAVE 4 in 1 FLAVOURS DEVICE

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 <p>RASPBERRY EDITION Raspberry Sour Raspberry Ice</p>	 <p>LEMON EDITION Lemon Lemon Soda</p>	 <p>MINT EDITION Mint Mint Soda</p>	 <p>TIRAMISU EDITION Tiramisu Tiramisu Soda</p>	 <p>BLUEBERRY EDITION Blueberry Blueberry Soda</p>	 <p>LEMON & PEACH EDITION Lemon & Peach Lemon & Peach Soda</p>	 <p>WATERMELON EDITION Watermelon Watermelon Soda</p>	 <p>BLACKCURRANT EDITION Blackcurrant Blackcurrant Soda</p>	 <p>APPLE & PEACH EDITION Apple & Peach Apple & Peach Soda</p>	 <p>PEACH & RASPBERRY EDITION Peach & Raspberry Peach & Raspberry Soda</p>
<p>Disposable 1750 mAh Up to 2400 puffs 20 mg/ml nicotine</p> <p>This product contains nicotine which is a highly addictive substance.</p>									

01772 217000 sales@ivgeliqs.com

JTI

Driving the ultra-value sector

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Marketing Director

KEY BRANDS

Mayfair
Sovereign
Benson & Hedges
Sterling Essential

As shopper demand for value tobacco continues to gain momentum due to the cost-of-living crisis, the value segment of the market remains in growth¹ and delivering for retailers. With 60% of all sales volumes currently in the value, ultra-value RMC & RYO sectors², there's a big opportunity for value brands to heavily influence the future of the tobacco market.

“While inflation has calmed in recent months, household costs continue to rise, and we expect the demand for ultra-value to remain a dominant trend across the tobacco category,” says Mark McGuinness, marketing director at JTI UK. “With existing adult smokers increasingly looking for products that offer premium quality at an ultra-value or value price point, we continue to invest in and innovate our core brands to meet demand and drive sales.”

Capitalise on brand heritage.

JTI is currently the No.1 tobacco manufacturer in the UK³, and owns the top three brands in the category⁴.

McGuinness continues: “We understand retailers don't want to take unnecessary risks in the current environment and seek reassurance by stocking brands they know and trust will sell well. By offering well-known brands, like Benson & Hedges, Mayfair and Sovereign in the ultra-value segment, we are in a strong position to help retailers capitalise on the products' brand heritage, while also offering a competitive price point.”

JTI continues to innovate its ultra-value range as seen last year when it launched Mayfair Gold. Joining the



“While inflation has calmed in recent months, household costs continue to rise, and we expect the demand for ultra-value to remain a dominant trend across the tobacco category”

already established Mayfair Silver, which has generated £64.9m in retail sales value over the last year⁵, Mayfair Gold offers existing adult smokers even more value for money. “As part of our ultra-value offering across all channels, Mayfair Gold is one of our lowest-priced cigarette brands. The brand has had a hugely successful introduction, selling 1.5 million packs since launch⁶, achieving £16.9m⁷ in sales.

Further innovation

“While the next-gen category is performing well, thanks to the likes of nicotine pouches such as Nordic Spirit, and heated tobacco products such as Ploom X Advanced, traditional tobacco continues to deliver profits for retailers and shouldn't be overlooked,” he adds.

“It is an area in which we'll continue to invest. Our latest innovation is product enhancements to Benson & Hedges Blue, available from May. With Benson & Hedges Blue the fastest-growing cigarette brand in the UK over the last 12 months⁸, Benson & Hedges Blue King Size and Sky Blue King Size will now include dual pack innovation. Cementing Benson & Hedges Blue status, the new packs will offer the same product, at the same price with lasting freshness.”



Source

¹ Circana Market Place, Volume Share, Total Tobacco Category, Total UK, over the last 12 months to Dec 2023 (based on slope calculation)
² Circana Market Place, Volume Share, Total RMC Value & Ultra Value and Total RYO/MYO Combined, Total UK, Dec 2023
^{3,4} Circana Market Place, Volume Share, Total Tobacco Category, Total UK, Dec 2023
⁵ Circana Market Place, Value Sales, Mayfair Silver, Total UK, MAT To 07/01/24
⁶ Circana Market Place, Unit Sales, Mayfair Gold, Total UK, September 2023 to January 2024
⁷ Circana Market Place, Value Sales, Mayfair Gold, Total UK, September 2023 to January 2024
⁸ Circana Market Place, Volume Share, Total RMC, Total UK, Dec 2023

* Retailers can find out more about the ultra-value opportunity by speaking with their local JTI Business Adviser

B&H BLUE NOW WITH DUAL PACK INNOVATION



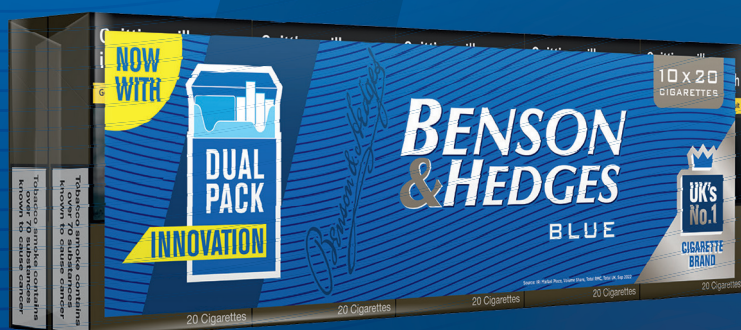
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SAME PRICE



LASTING FRESHNESS



AVAILABLE IN KING SIZE BLUE & SKY BLUE

*Circana Market Place, Volume Share, Total RMC, Total UK, Dec 2023, RRP £13.00 effective 9th April 2024.
You are of course, at all times free to sell JTI's products at whatever price you choose.



Republic Technologies (UK)

Choice stays key to success

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KEY BRANDS

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

↓ Retailers who offer tobacco accessories shoppers a broad range of products are benefiting most from the continued growth of the £376m market, which is currently growing by 10.2%¹ year on year.

“Shoppers in this category have a range of different usage occasions and purchasing habits, so choice is absolutely key in maximising engagement and sales in tobacco accessories,” says Gavin Anderson, sales & marketing director at Republic Technologies. “Those retailers who offer a varied selection of product formats, from king size papers to eco-friendly filters, are seeing the highest levels of repeat purchase, which is a key driver for incremental sales.”

Meeting the needs of RYO shoppers

Backed by category-boosting new product development (NPD) and sustained marketing support for all its leading brands, Republic Technologies currently accounts for approximately 40%² of total marketplace sales, with a diverse range of brands and products designed to meet the needs of every roll your own (RYO) shopper, he says.

Best-selling paper brand OCB recently introduced OCB Authentic Real Rice Papers to its UK range, to broaden its eco-friendly offering and appeal to customers looking for products containing more natural ingredients. Organic and chlorine-free, OCB Rice Papers are made from a blend of rice and organic hemp. The unbleached, ultra-thin papers deliver a premium rolling and slow-burning experience in a natural, brown paper. Featuring 32 papers per pack, OCB Rice is available in both Slim (RRP, £1.10) and Slim & Tips (RRP, £1.73).

Papers remain the highest-value sub-category in tobacco accessories, worth over £115m and growing YOY³. Republic Technologies’ eco-friendly



“ Republic Technologies currently accounts for around 40%² of total marketplace sales, with a diverse range of brands and products”

OCB range continues to outperform other papers in both value and volume growth, maintaining its position as the UK’s fastest-growing paper brand in the tracked market, at +40%⁴.

Display solutions

Tobacco accessories can also be used as a signpost for related products and Republic Technologies’ space-efficient perspex units are driving both awareness and demand. The multi-brand units feature interchangeable inserts for multiple best-selling brands.

“Our display solutions not only draw attention to new products, generating interest and impulse purchase, they also create more opportunities to upsell, as retailers can site them close to other tobacco-related products,” says Anderson.

As shoppers continue to seek value in their everyday purchases, Anderson also highlights the benefit of stocking multipacks.

“Multipacks offer better value for both retailers and consumers at a time when rising numbers of cost-conscious shoppers want to get an even better return from their sales across the tobacco accessories category,” he adds.



Source

^{1,3} Circana, Total Marketplace, 52 w/e 18.02.24

⁴ Circana, Total Marketplace Paper Sales, 52 w/e 26.11.23

OCB[®]

Rice

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OCB - THE FASTEST GROWING PAPER BRAND*

*(EXT IRI MARKETPLACE VOLUME 52WKS MAT 18/02/24)

Scandinavian Tobacco Group UK

Cigars, pouches... and more

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UK Managing Director

KEY BRANDS

Signature
Moments
Henri Wintermans
XQS

“Our latest data shows the total UK cigar category to be worth £309m in annual sales, which is a value increase of 9.2% versus the same time last year¹,” reveals Gleb Pugacev, UK managing director at Scandinavian Tobacco Group UK (STG UK). “This positive performance is mainly down to cigarillo sales, which account for the largest of the four segments in the cigar category². Despite barely existing just four years ago, cigarillos are now worth £124.4m in annual sales³ and are responsible for just over half of total cigar volume sales⁴. However, it’s also worth noting that value sales are also up in both the miniature, and medium/large segments too⁵.

The key thing cigars and cigarillos offer retailers – that other forms of tobacco don’t – is great profit margins, notes Pugacev. “On average, they are three times higher than cigarettes, so for example, our Moments Blue brand offers up to 18% margin when sold at its RRP, and there’s not many products in the tobacco category that can match that,” he says. “And on the subject of Moments, we’ve just launched Moments Black, a new full flavour variant to complement the existing Moments range, coming in 20 packs only and offering adult smokers’ premium tobacco at value for money pricing, which will be found only with our grocery channel customers.”

It’s well known that cigar sales go up at Christmas as many adult smokers like to enjoy a large cigar as part of their festive celebrations, adds Pugacev. “However, it’s not just Christmas time when retailers can enjoy a seasonal spike in sales,” he comments. “With spring here and summer not too far



“We have recently announced our entry into the next-gen nicotine category with the launch of our XQS nicotine pouches”

away, some adult tobacco customers may again start to think about trading up to larger format cigars to enjoy in the sunshine, so ensure your staff are equipped with the knowledge to have those kinds of conversations. Finally, as cigars are exempt from the plain packaging legislation, we recommend stocking 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.

“We have recently announced our entry into the next-gen nicotine category with the launch of our XQS nicotine pouches. This new range has been created in Sweden, the home of nicotine pouches, and is available to retailers from May onwards, competitively priced at just £5.50. XQS has launched in a range four great flavours with a variety of strengths: Tropical, Blueberry Mint, Cool Ice and Arctic Freeze. While the Tropical and Blueberry Mint variants give users a fruity burst of flavour, the Cool Ice and Arctic Freeze variants offer minty flavour and an icy, cooling sensation. All four variants come in fully recyclable packaging and contain uniquely smaller sized pouches to ensure a perfect fit under the lip.”



Source
¹⁻⁵ IRI MarketPlace, Value and Volume sales, w/e 18.02.24

NEW BOLD BLEND

RRP
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KEY PRODUCTS

Market leaders in distributing compliant disposable alternatives and first-to-market innovation from brands such as Elf Bar, Lost Mary, SKE and IVG

As the vaping industry continues to evolve and adapt to regulatory shifts, stakeholders are faced with the challenge of meeting consumer demands while complying with new regulations. With the disposables ban set to come into effect next year, the vaping industry is undergoing significant transformation, driving innovation towards more sustainable alternatives and legal compliance.

Transition from disposable vapes

Disposable vapes, now worth £1.5bn¹, have become popular due to their convenience and ease of use, driving unprecedented growth in the vaping category. As these face removal from shelves around April 2025, retailers will be considering how to transition these customers to alternative products.

In response to the ban, the industry is witnessing a surge in the development of sustainable alternatives to disposable vapes. Emerging are simple and affordable rechargeable vape devices, designed to either be refilled with e-liquid or used with pre-filled pods, meeting consumers' expectations for convenience and mirroring the appeal of disposable vapes. Retailers can capitalise on this trend by steadily diversifying their product offerings to include a variety of leading pre-filled pod and refillable options.

Convenience and compliance

With the consumer preference for convenience, there's a clear demand for 'big puff' devices that promise longer intervals between refills or pod replacements. Once dominated by illegal, overfilled vapes, there is now a rapid shift towards innovative compliant versions, offering 1200 to 5000 'puffs' per device. These rechargeable vapes accommodate multiple pre-filled pods or a refill container of up to 10ml of e-liquid, so consumers can use the device for extended amounts of time with no compromise on legality or compliance.

Legal 'big puff' devices, pod systems, and similar innovative products are rapidly gaining traction, providing consumers with greater choice as they



“In response to the disposable vapes ban, due to come into effect next year, the industry is witnessing a surge in the development of sustainable alternatives. Retailers can capitalise on this trend by steadily diversifying their product offerings”

transition from disposable vapes.

As regulatory requirements evolve, retailers and manufacturers need to stay updated on any changes, ensure product safety and quality, and implement effective age verification to mitigate risks and maintain shopper trust. Partnering with reputable distributors who understand regulatory and compliance standards can greatly assist in adhering to these requirements. Fostering transparency and communication with regulatory authorities can also help stakeholders navigate this landscape effectively.

Sustainability and innovation

The impending disposable vapes ban offers an opportunity for the industry to embrace sustainability and innovation, while continuing to adhere to existing legal obligations on a take-back scheme – which is key for single-use products.

Diversifying their offer to include sustainable options and emerging products, such as legal big puff devices and pod systems, can position retailers for success in this evolving market.

Source
¹ NielsenIQ, 52 weeks to 23.03.24 since 2021

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