

CATEGORY ADVICE 2022

FOR TOBACCONISTS ONLY

TOBACCO & VAPING



- **Market Insights**
- **Must Stock Lines**
- **Sales and Margin Opportunities**





Tobacco is still the number 1 footfall driving category in convenience stores.

Tobacco shoppers visit more often and on average spend £18.56 per visit, 86% more than non tobacco shoppers*.

(*Lumina Intelligence report 2021)

Covid pandemic and economic pressure.

As travel increases so will the volume of cheaper tobacco coming in from abroad.

Increases in the cost of living is driving more consumers into RYO, and value RYO brands now account for 49% of all RYO sales.

Economy cigarettes already represent 64% of sales and growing.

Responsible retailing is essential for the Vape category.

To ensure the Vape category continues to deliver, all retailers need to operate responsibly and diligently. All devices must be fully compliant to TPD/TRPR regulations and registered with the MHRA and clearly labelled. See our guide inside. Vape devices are an age restricted product and customers must be over the age of 18 to purchase.

The top 3 things your shopper needs:

1. Availability 2. Price 3. Range

Having the right product at the right price is the key to maximising sales. As prices rise, shoppers will go elsewhere to save money, so sell at RRP to keep customers coming back to your store.

Convenience sector leading growth in Vape category.

The development of “ready to vape” disposable e-cigarette technology has been a catalyst in bridging the gap between smokers transitioning to becoming vapers.

The convenience sector is leading the growth within this product category with 38% of vaping volume sales taking place in the convenience channel.

Non-combustibles are alternatives to traditional tobacco and continuing to show strong growth – essential to maximise your sales and profit:

Heets are driving the “heat not burn” category. Nordic Spirit is the leading oral nicotine brand.

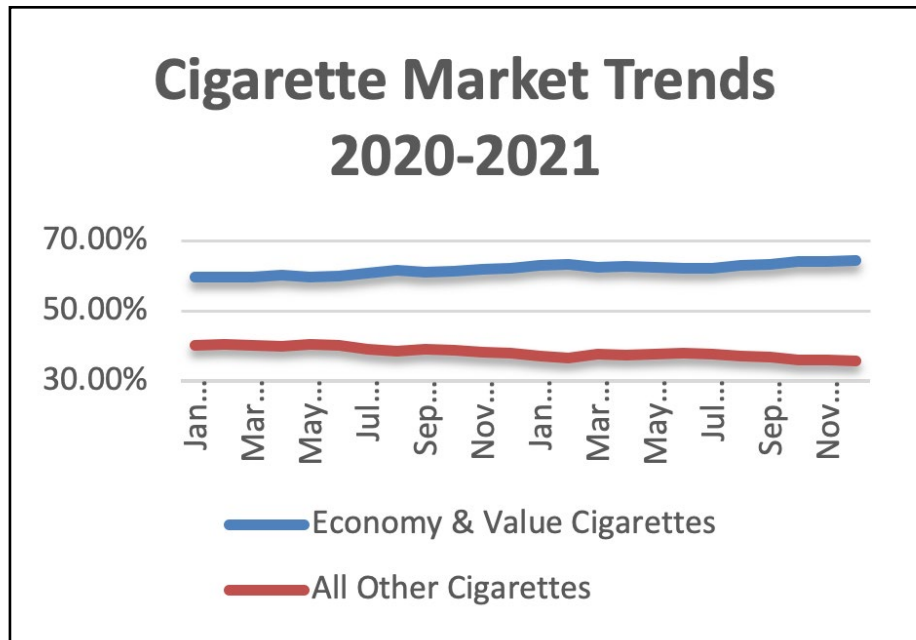


Must Stock Lines

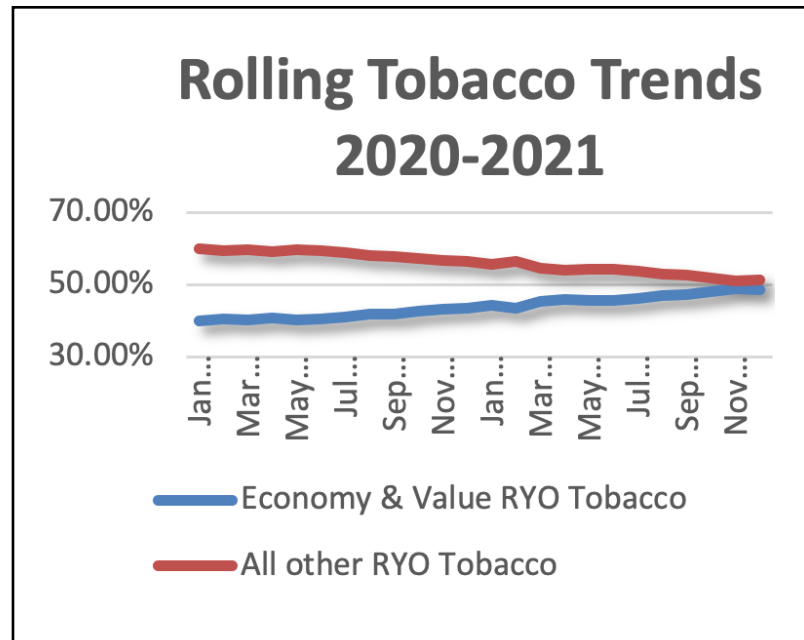
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These are the “Must Stock” lines in each region – meet your customer’s needs of AVAILABILITY, PRICE and RANGE to ensure they buy from you regularly. The right product, at the right price in a convenient location, is a winning combination!

	South East England	Midlands	Wales	Scotland	North England	South West England	Greater London
FMC	B&H Blue	B&H Blue	L&B Blue	Players JPS	Players JPS	B&H Blue	B&H Blue
	Sovereign Blue	Sterling	Players JPS	L&B Blue	L&B Blue	Players JPS	Marlboro
	Sterling	Players JPS	Carlton	L&B Original	L&B Original	Sterling	Sovereign Blue
	Rothmans Value	Carlton	Sterling	Kensitas Club	Sterling	Rothmans Value	Sterling
	JPS Players	Sovereign Blue	L&B Original	Sterling	JPS Silver Range	L&B Original	Rothmans Value
RYO	Amber Leaf	Amber Leaf	Amber Leaf	Amber Leaf	Amber Leaf	Gold Leaf RYO	Amber Leaf
	Sterling RYO	Sterling RYO	Sterling RYO	Gold Leaf RYO	Gold Leaf RYO	Amber Leaf	Sterling RYO
	Gold Leaf RYO	Gold Leaf RYO	Gold Leaf RYO	Golden Virginia Original	Sterling RYO	Cutters Choice Extra Fine	Golden Virginia Original
	Golden Virginia Original	Golden Virginia Original	Golden Virginia Original	Sterling RYO	Lambert & Butler RYO	Golden Virginia Original	Gold Leaf
	Golden Virginia Yellow	Golden Virginia Yellow	Lambert & Butler RYO	Lambert & Butler RYO	Golden Virginia Original	Cutters Choice	Golden Virginia Yellow



Source: UK EPOS to w/e 02/01/22



- As prices rise, primarily driven by duty increases, consumers continue to trade down to lower price brands in both cigarettes and RYO.
- Therefore it is more important than ever to sell the cheapest brands at RRP to protect your tobacco sales and footfall into your store.

Top Selling value brands are:





Sales and Margin Opportunities

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Smokers' accessories offer valuable incremental sales with strong margins, key products driving **growth** are:

- Menthol Filter tips and Filter Drops
- Bleached papers such as Raw

BEST SELLERS

Filter Tips

- Swan Filters Extra Slim, 120 tips
- Swan Filters Extra Slim Menthol, 120 tips
- Rizla Polar Blast Extra Slim, 60's
- Swan Filters Slimline, 165 tips



Flavour Infusions

- Insta Filter Drops Menthol, 2ml
- Rizla Mint Flavour Card 39p
- Rizla Menthol Flavour Card 39p Packet



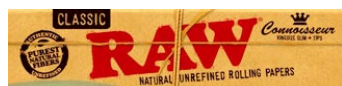
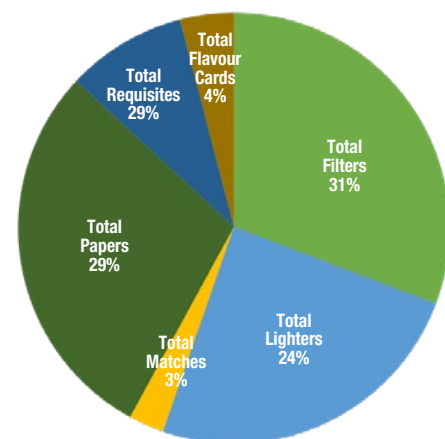
Lighters

- Poppell Electronic, Single
- Clipper Classic Flint, Single
- Clipper Metallic, Single



Smokers Accessories Market Share

- Total Filters 31%
- Total Papers 29%
- Total Lighters 24%
- Total Requisites 9%
- Total Matches 3%
- Total Flavour Cards 4%



Papers

- Raw Classic KS Papers & Filter Packet
- Rizla KS Slim Silver Standard
- Raw Black Connoisseur Papers
- Rizla Green, Single
- Rizla KS Slim Blue, Single
- Raw Classic KS Papers Packet

Make Your Own

- JPS MYO Tubes 99p, Single

Gas

- Swan Gas, 200ml

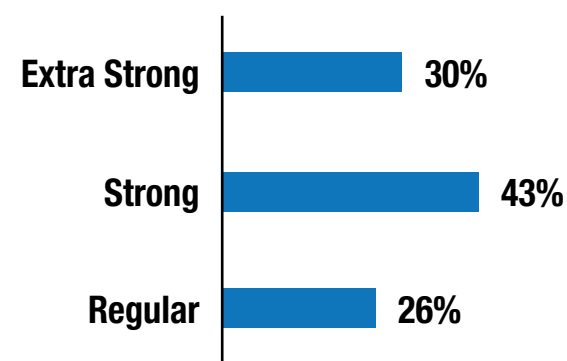
Matches

- Bestin Safety Matches, Box

Nicotine Pouches

- The nicotine pouch category is growing in the UK
- Now worth approximately £26.9 million a year¹

Sales Split by Traditional Retail (Q4 2021) *Strength -



Strong is currently the best seller but Extra Strong in fastest growth.

Nordic Spirit is the No.1 Nicotine Pouch brand in traditional retail in the UK



Cigarillos continue to grow

- Available in 10's and 20's
- Sterling Dual Leaf Wrapped available in price marked packs
- Convenience has over 50% of the market



Cigarillo Annual Sales Value (RSV)

Annualised		
£90.7m		National
£31.9m		Supermarkets
£49.6m		Convenience
£9.2m		Garage Forecourts



Vaping & E-Liquids

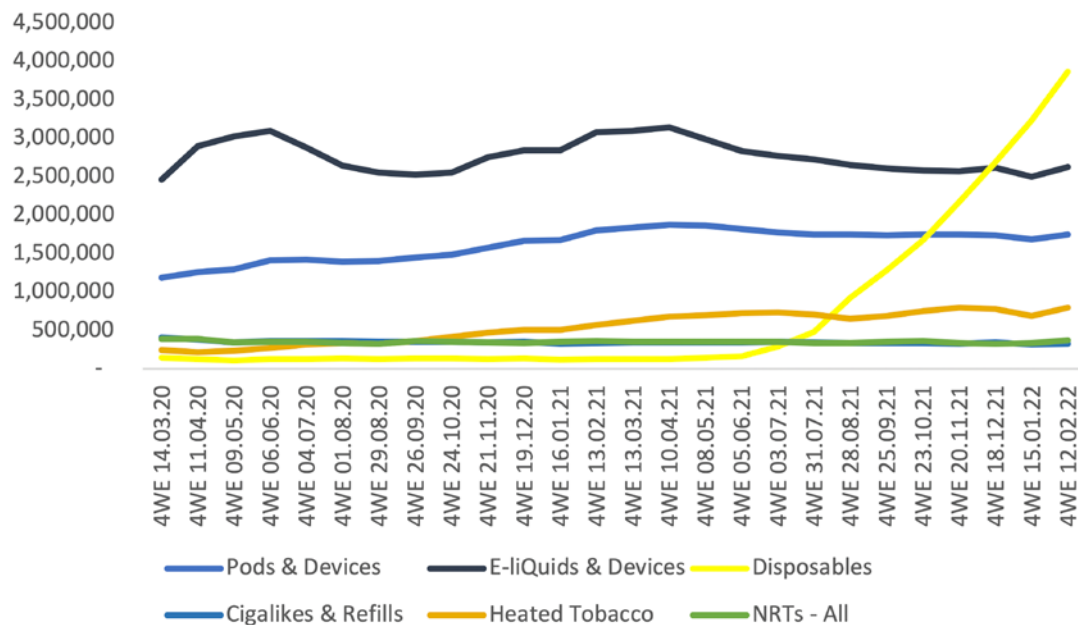
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Vaping is among one of the fastest moving markets in history.
The UK is Europe's largest vape market and one of the biggest markets in the world. The vape category has continued to grow and is currently worth around £2.6bn in the UK.

Disposables' rocketing sales not impacting pod or e-liquid sales.
Disposables users are new to category.



Vape 4wk Unit Sales (Traditional Retail)



Convenience sector leading growth in vape category

Shoppers have become increasingly accustomed to purchasing their vape products from their local convenience stores. This is due in part to their continued operation during the pandemic while travel restrictions were in place and specialist vape stores were required to close.

There is a huge opportunity for convenience retailers to tap in to the larger vaping sector due to longer opening hours. The value of sales made between 8pm - midnight are up 120%.





Catering to both smokers and vapers.
C-Stores have traditionally offered products that cater to 'Smokers' as opposed to the wider choice of products required for 'Vapers'.
Keeping up with the latest trends in the vaping category and carrying a balanced product mix in stores that cater to both Smokers and Vapers is difficult but can also be extremely profitable. The recent surge in demand for disposable 'bar' products demonstrates this, with over 10 million devices being sold in the UK per month.

In June 2021, the most popular products were tank systems, with 77% of Vapers reporting using them and 18% of Vapers reported using cartridge/pod systems.* However, the wild popularity of disposables since the summer of 2021 have disrupted these figures.

*Ash, June 2021



Disposables are now the biggest sector of the market.

Disposables category in huge growth.

E-liquids slow post lockdown decline, but now in growth.

Pods stay moderately flat, with loyal consumers.

Heated Tobacco sees continued increase.



Vaping & E-Liquids

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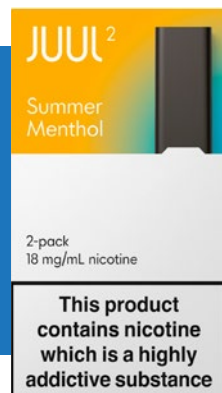
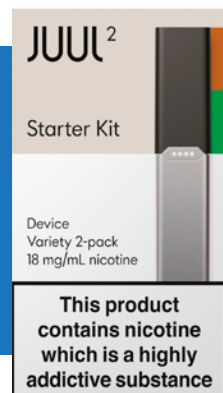
Key benefits of selling vape and reduced risk products

Now an established core range for independent retail, the vaping category has become more and more valuable to the success of independent stores, offering:

- **Increased footfall**
- **Increased basket spend**
- **Increased retailer margins**

Heated tobacco Category: represented 18.6 percent of the total Reduced-Risk Product market in the UK in 2021 growing 86 percent versus 2020.

- IQOS is the UK's number one product in the heat-not-burn category
- Delivers a real tobacco taste and cigarette-like satisfaction that is more affordable to the consumer.
- Whilst not risk free, switching completely to IQOS presents less risk to your health than continuing to smoke.
- Ten HEETS variants are now available. HEETS Mauve is the latest unique taste proposition.



The all new JUUL2 and corresponding JUUL App is available now!

Same simplicity, enhanced vapour experience with 70% more e-liquid per pod, over 20% more battery capacity and more cigarette-like satisfaction - JUUL2 is their most advanced product yet.

This product contains nicotine which is a highly addictive substance

This product contains nicotine which is a highly addictive substance



Vuse is the No.1 global vape brand.

New disposable variants of Vuse are available from May.

The same flavour variants will also be available for their pod system as consumers are expected to migrate from disposables to pods.

KNOW THE RULES

Responsible retailing

To ensure this Category continues to deliver, we encourage all retailers to operate responsibly and diligently. Vape devices are an age restricted product and customers must be over the age of 18 to purchase.



Compliance and what you need to know.

Bestway Wholesale only sells fully compliant TPD/TRPR products that are registered with the MHRA and clearly labelled. Understanding the complexities of regulation surrounding vaping can be overwhelming, especially as these regulations continue to evolve as the industry enters new phases of standardisation.

TPD: Tobacco Product Directive

TRPR: Tobacco and Related Product Regulations

MHR: Medicines & Healthcare Regulatory Agency

CLP: Classification, Labelling & Packaging

ECHA: European Chemical Agency

UFI: Unique Formula Identifier



**For more information including planograms
and advice on other key ranges, go to
www.bestwaywholesale.co.uk/categoryadvice**