

CATEGORY ADVICE 2021

FOR TOBACCONISTS ONLY

TOBACCO & VAPING



- **Market Insights**
- **Must Stock Lines**
- **Planograms**





Tobacco is the No.1 category in value and the leading footfall driver into convenience stores.

On average each customer in convenience is worth over £1100* per year in Tobacco sales alone.

*Source: HIM research

Impact of Covid Pandemic

Overall UK volume has grown 10% due to travel restrictions with less tobacco coming in from abroad.

Roll Your Own has driven growth as economic uncertainty and continued duty increases have made consumers seek value for money.

Roll Your Own volumes up 23% with 50g now representing 36% of RYO sales.*

More people than ever are working from home and using their local stores more – keep them coming back by meeting their shopper needs.

*Source: IRI

The menthol ban in 2020 has fuelled new top sellers in Smokers Accessories.

Menthol cards, menthol drops and filters are driving sales – see inside for leading brands.

Top 3 customer service shopper needs:

1. Availability 2. Price 3. Range

If a cigarette shoppers brand is not available, almost 1 in 2 will leave to buy elsewhere.

Value for money is key – sell at RRP on all main value lines to protect your business and store footfall, supermarkets are recovering share lost at the start of the pandemic due to premium pricing in convenience.

Vaping – Sales in convenience grew by 25% in 2020 to £115m* but Independent Retailers grew faster than any other retail outlets at +34%.

Vape is one of the biggest sales and profit opportunities for convenience retailers.

Liquids and pods account for 85% of sales, with pods driving the most growth.

Excellent margins – especially liquids.

Independent retailers have a great opportunity to drive additional sales, see our advice inside.

*Source: Nielsen

Alternatives to traditional tobacco continue to get traction with consumers.

Nicotine Pouches are new and already selling almost £1m per month* - almost half of which is through convenience.

Heat Not Burn sales almost doubled in 2020*, and IQOS (Device & Heats) is the UK's No.1 Smoke Free Product.**

*Source: IRI **Source: Nielsen



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	JPS Players	JPS Players	JPS Players	JPS Players	B&H Blue
	Sovereign Blue	Sterling	L&B Blue	L&B Blue	L&B Blue	B&H Blue	Marlboro
	Sterling	JPS Players	Carlton	L&B Original	L&B Original	Rothmans Value	Sovereign Blue
	Rothmans Value	Carlton	Sterling	Sterling RYO	Sterling	Sterling	Sterling
	JPS Players	Sovereign Blue	L&B Original	Kensitas Club	JPS Silver Range	Carlton	Embassy Signature
RYO	Amber Leaf	Gold Leaf RYO	Amber Leaf				
	Gold Leaf RYO	Sterling RYO	Sterling RYO	Gold Leaf RYO	Gold Leaf RYO	Amber Leaf	Sterling RYO
	Sterling RYO	Gold Leaf RYO	Gold Leaf RYO	Golden Virginia Original	Sterling RYO	Golden Virginia Original	Golden Virginia Original
	Golden Virginia Original	Golden Virginia Original	Golden Virginia Original	Sterling RYO	Golden Virginia Original	Cutters Choice Extra Fine	Gold Leaf
	Golden Virginia Yellow	Golden Virginia Yellow	Lambert & Butler RYO	Lambert & Butler RYO	Lambert & Butler RYO	Cutters Choice	Golden Virginia Yellow

Fastest Growing Brands

(52 weeks to 30th Jan BW data)

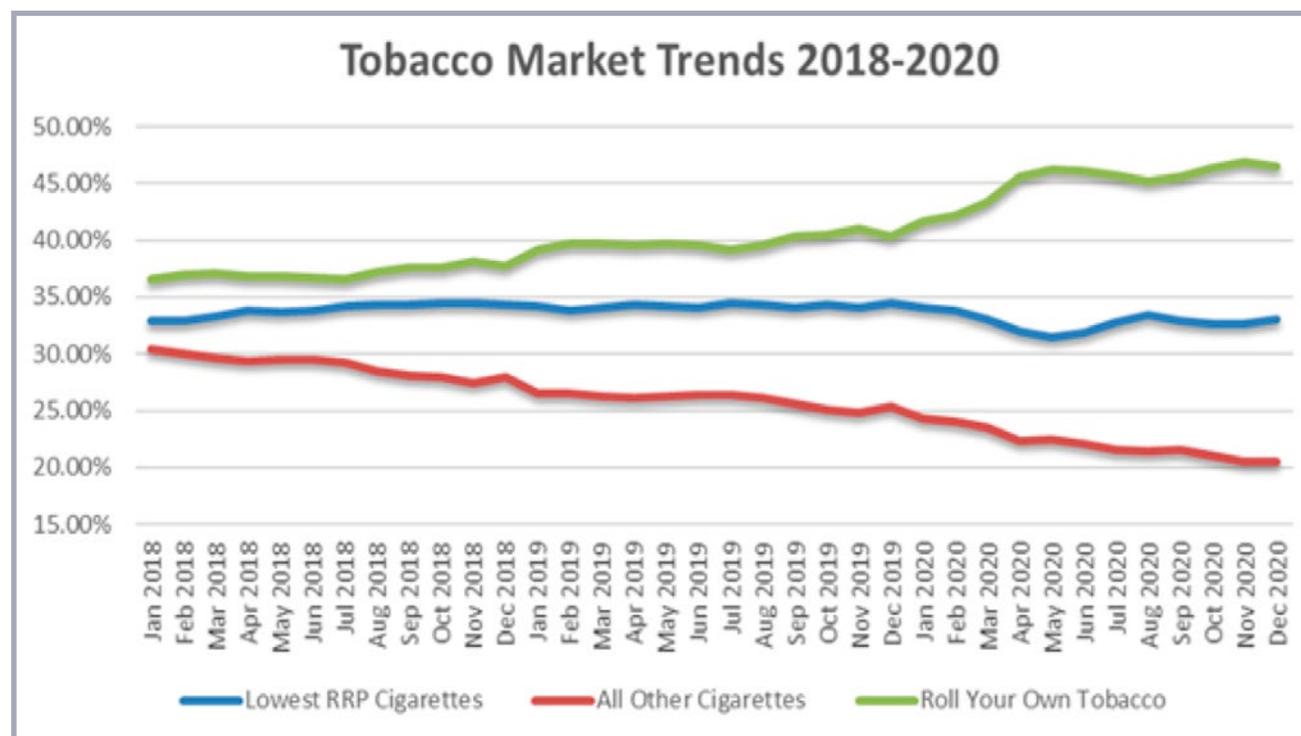
Cigarettes

- L&B Real Blue KS
- Marlboro Touch King Size
- B&H Blue SK
- B&H Blue KS
- Players Real Red KS
- Embassy Signature



Roll Your Own

- L&B RYO 30g
- Sterling Rolling Tobacco 50g
- Gold Leaf & Papers 50g
- Golden Virginia & Papers 50g
- Amber Leaf 50g



Value for Money continues to be the driving factor in tobacco. RYO has grown share of category volume, the lowest RRP cigarettes have almost 35% of total sales whilst mid-price and premium continue to lose share.

Selling at RRP - especially on the lowest price brands, continues to be the most important factor in growing or protecting your stores sales and customer footfall.



Key Market Trends and Opportunities

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The tobacco category is evolving, driven by legislative changes and technology, these are the key trends you need to be driving to maximise your sales and profit.

Flavour Infusions

Following the menthol ban in May 2020 this sub-category has emerged in Smokers Accessories and are now some of the best-selling lines and represent an excellent margin opportunity.

Menthol Flavour Cards

Rizla is the leading brand now with a new price marked pack creating retailer value and consumer confidence, Swan recently entered the market and Bestway also offer Rolling King as a value alternative.



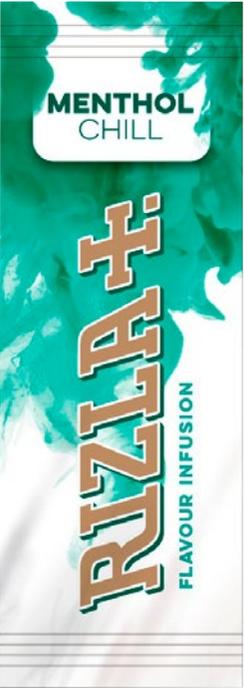
Swan Menthol Filters



Filter Drops

Instahit is a new and unique product that infuses the cigarette filter with menthol flavour – retails at £1 with great margins and is the second best-selling line in the category.*



Top 10 Smokers Accessories by Value Sales*

Swan Filters Extra Slim	20 x 120 Tips	
Instahit Filter Drops Menthol	20 x 2ml	NEW in 2020!
Rizla Menthol Flavour Card	25 x Card	NEW in 2020!
Poppell Electric Lighter	25 x Lighter	
Raw Classic KS Paper & Filter	24 x Packet	
Rizla Mint Flavour Card	25 x Card	NEW in 2020!
Rizla KS Slim Silver	50 x Book	
Swan Filters Xtra Slim Menthol	20 x 120 Tips	
Rizla Green	100 x Book	
Raw Black Connoisseur Paper	24 x Book	

*BW sales data

Cigars & Cigarillos

Cigarillo's – available in price marked packs and including flavour capsules no longer permitted in cigarette have re-ignited the cigars category driving over 50% growth and are by far the best selling lines – Sterling 10's is the best seller and also available in 20's price marked packs.

Top 5 Sellers

Sterling Dual Capsule Leaf	£4.50	10's
Signature Blue		10's
Hamlet Half Outer		5's
JPS Crushball Cigarillo		10's
Hamlet Miniature		10's



Heat Not Burn

The IQOS device, using HEETS tobacco sticks, has pioneered this segment of the market and emits on average 95% lower levels of harmful chemicals compared to cigarettes: making it a much better choice for smokers.** Heets Menthol varieties are available. Ploom is a new entry into the market and uses EVO sticks.

**Average reductions in levels of harmful chemicals (excluding nicotine) compared to smoke of a reference cigarette (3R4F).



Nicotine Pouches

Dominated by Nordic Spirit available in a variety of flavours including PMP's.





Vaping & E-Liquids

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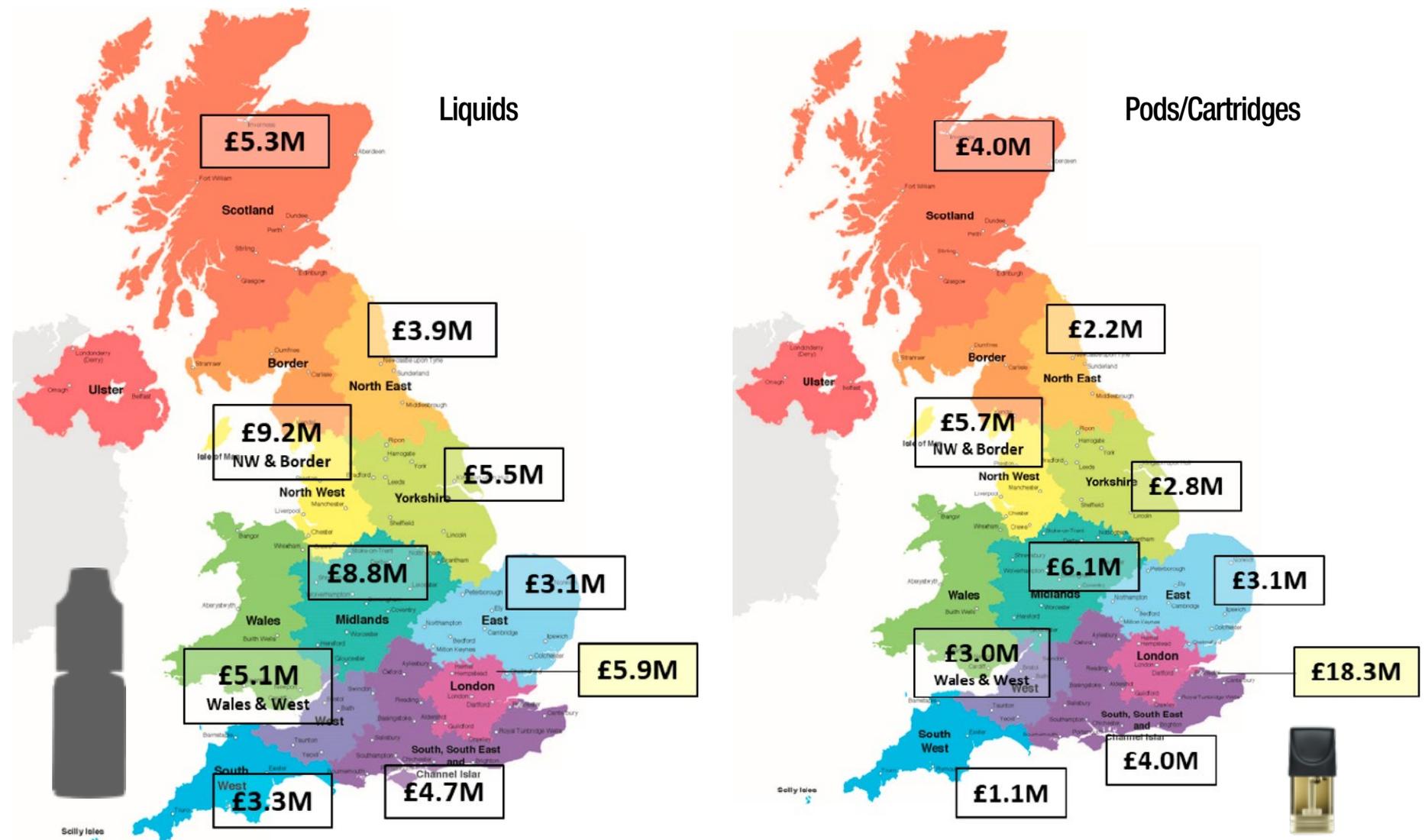
The vape category continues to grow and the UK is one of the biggest markets in the world. Vape shops have been hit by closures during the pandemic, driving sales in total convenience by 25% vs supermarkets at +17% - with Independents and Symbols leading the way at +34%. This makes Vape one of the most exciting categories in the store, here is our advice for getting your vape sales smoking!

Range and Visibility

Ensure you have a carefully selected range, clear pricing and shoppers are able to see your offer and ideally browse. Staff education can be a major factor driving sales, if you don't have what a shopper is looking for or they are new to vape a recommendation can make the extra sales. Liquids offer greater choice and can be used in multiple devices, they are also the best value for money and offer the best margins.



The Market Two Important vaping product types to stock:



*Source; Nielsen / BW Data



Vaping & E-Liquids

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**BEST SELLING
FLAVOURS**
Menthol/Mint
Fruits
Tobacco



Hardware/Disposables

- Approx. 15% of value and volume sales
- Starter kits provide the device and shopper buys pods and liquids there after
- Basic open tank devices are for use with liquids. Don't forget to stock replacement coils – the sales are almost as good as the devices themselves
- Devices for pods and cartridges are branded and only compatible to their own cartridges and pods – these are the best sellers
- Disposables are a small segment of the market and often used as a back-up to main device by vapers
- Larger devices – called “mods” – are mainly bought at specialist outlets, they have a longer battery life and adjustable power but use most liquids.

Best Sellers

Juul / Vype ePen 3 / Logic Compact / Blu Pro



This product contains nicotine which is a highly addictive substance.

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Pods & Closed Systems

- Driving growth of vape in convenience channel
- Easy and convenient for the consumer, just click and go
- High cash margins
- Multiple brands each with unique pod system, with different flavours and often different nicotine strengths – stock the brand leaders

Leading Brands and Best Selling Cartridge Flavours

Juul - No.1 Vaping Brand*

- Juul Glacier Mint 18mg
- Juul Mango Nectar 18mg
- Juul Alpine Berry 18mg



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Vype ePen 3 and Vype ePod - Vype is changing its name to Vuse, becoming a global brand (both products fully compatible)

- Vype ePen 3 Crisp Mint 18mg
- Vype ePod Vpro Mint 18mg
- Vype ePen 3 Blended Tobacco 18mg
- Vype ePod Vpro Berry 18mg
- Vype ePen 3 Dark Cherry 18mg



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Logic Compact - No.1 distribution brand in retail*

- Logic Compact Menthol 18mg
- Logic Compact Berry Mint 12mg
- Logic Compact Tobacco 18mg



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Liquids

- Best percentage margin in category with highest unit sales
- Available in different flavours and nicotine strengths
- Suitable for most devices, offers biggest choice to vapers and is the most economical way to vape



Best Selling Flavours

Menthol – The best selling flavour in any brand

Fruits – Blackcurrant, Forest Fruits and Blueberry leading sellers

Tobacco – Best seller in highest nicotine strengths

Heizen – A fruit & menthol flavour well known to vapers

Nicotine Strengths

Providing consumers with a brand choice for some top flavours in each nicotine strength will help boost sales.

Low: less than 6mg

Medium: 9-12mg

High: 16 - 20mg

Leading Brands

Edge is leading the way in convenience with almost 40% market share followed by Logic Epiq – both price marked packs.



£2⁵⁰ logic.
EPIQ
MINT CHILL
50VG 50PG 6 MG/ML
This product contains nicotine which is a highly addictive substance.

*Source: IRI



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