

12 Vaping Stats & Trends for the Informed E-Cig Retailer

AN **e-cigarette** GUIDE
DIRECT



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Those who shout the loudest get the most attention. And no-where is that more true than in the e-cig industry.

If you follow blogs and forums online, you could be forgiven for thinking almost all vapers are male with dreadlocks and tattoos and use RDAs (Rebuildable Dripping Atomizers).

If you did, you'd be wrong.

So when making decisions that affect your business, it's essential to look at the underlying data.

In this report, you'll find out 12 key trends and statistics to help you target the right demographics with the right products - and ensure your business' success.

These include:

- Who your customers are: age, sex, income
 - What they are buying
 - What works best for them
 - What e-liquids they like
 - The best places to sell
- Current and forecast growth for the e-cigarette market

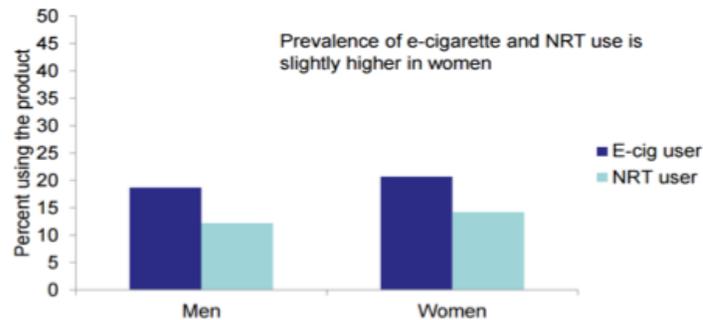
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1. Demographics: Know your Customers!

Most e-cig branding focuses on men. In fact, slightly more women than men use electronic cigarettes.

Electronic cigarette and NRT use in men and women



N=8,263 adults who smoke or who stopped in the past year and were surveyed between 2013 and 2014

Yet this group of the market is underserved by predominantly masculine e-cig brands.

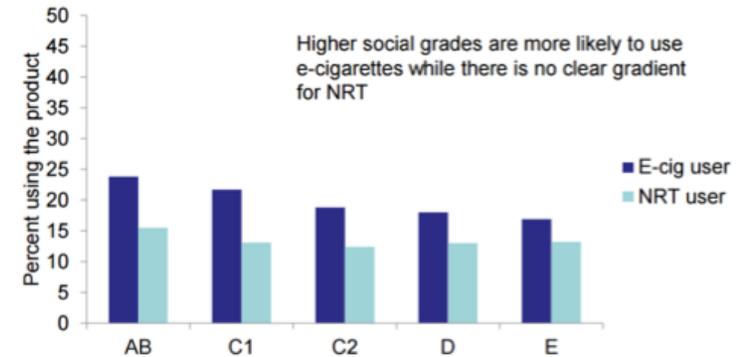
That's one reason why, when we worked on the Halo brand, we wanted it to convey a gender neutral tone.

Takeaway: Ensure that you appeal to women as well as men. Consider including gender neutral or feminine brands.

2. For Richer, For Poorer

Current research shows that the higher social grades are more likely to use e-cigarettes. ABs is most likely to vape and E's less likely to vape

Electronic cigarette and NRT use across the social gradient



N=8,263 adults who smoke or who stopped in the past year and were surveyed between 2013 and 2014

However, in the E-Cigarette Summit, Professor West emphasized this trend is starting to change.

This mirrored our own early experiences. Less affluent smokers:

- Are less likely to have a credit card and PayPal account
- Are less likely to shop online
- Sometimes couldn't afford to buy an e-cig kit (falling prices mean this is no longer the case)

But the demographic profile of our shop customers is very different. Shop customers are likely to be poorer, not own a credit card and to pay in cash.

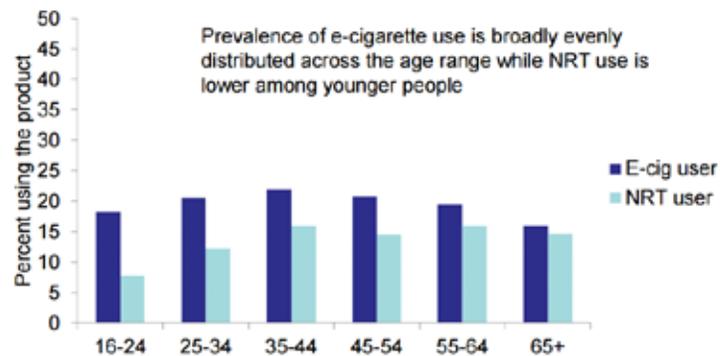
Research shows that smokers have a socioeconomic disadvantage and have deprived backgrounds. With more smokers making the change to vaping, we can assume that vapers will have similar backgrounds.

The increasing price of smoking is also encouraging lower income smokers to switch to vaping, with many saving in the region of £50.00 a week.

Takeaway: Current trends indicate that more affluent people use e-cigs. However, this is changing and shops which can target less affluent users (a group which includes more smokers) have the potential to do well.

3. How Old Are Your Customers?

Electronic cigarette and NRT use across the age range



N=8,263 adults who smoke or who stopped in the past year and were surveyed between 2013 and 2014

E-Cig usage is greatest amongst 35-44 year olds (over 20%), but the percentage difference is only slighter greater than other age groups. All age groups (starting from 16-24) show some usage of e-cigs.

Take away: Consider choosing branding which appeals to all age groups over the age of 18. However, do take all possible measures to avoid sales to under 18's. For more information, please contact us for:

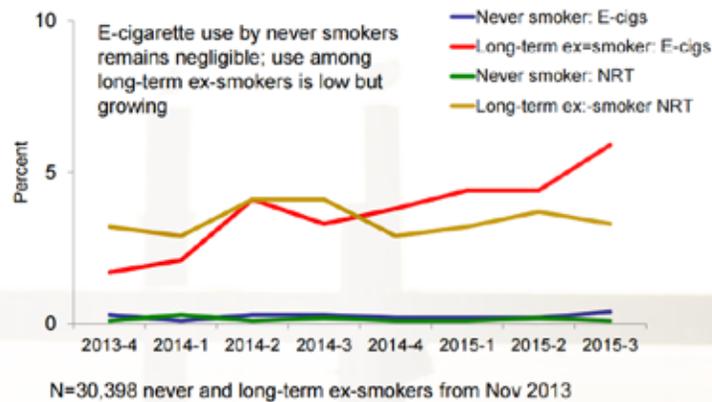
- Our age restrictions guidelines (produced with the assistance of Trading Standards)
- Sample refusals log
- Free age restrictions poster



4. Smokers v. Non-Smokers

The use of e-cigs amongst non-smokers is almost non-existent, and use of e-cigs amongst former smokers is low.

Nicotine use by never smokers and long-term ex-smokers



Use of e-cigs amongst children is non-existent, and almost entirely confined to those who were already smokers.

Take away: Happily, your customers are almost entirely smokers!

5. What e-cigs are people buying?

Our own data suggests that second generation devices are the most popular choice. In fact, over three quarters of our hardware sales are second generation related products.

Research from third party sources confirm this. 50% of customers opt for second generation e-cigarettes for all their vaping needs.

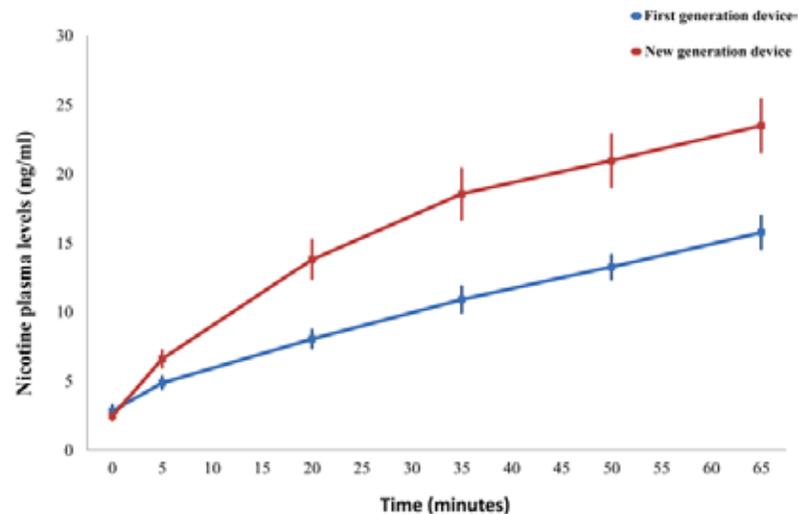
However, some studies define generations differently. They consider disposable e-cigarettes to be first generation, with second generation including rechargeable and replaceable pre-filled cartridges, and third generation meaning rechargeable and having a tank/reservoir.

With these definitions, third generation still comes out on top, with 50% of customers opting for these types.

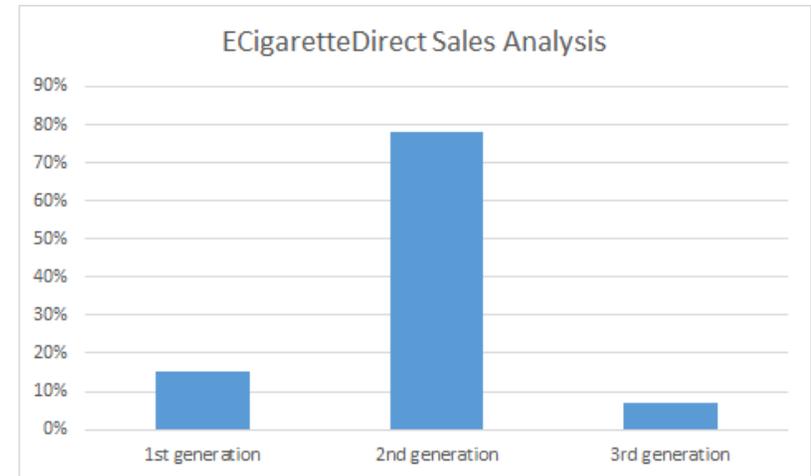
Another study reported that in 2015, 'tank' models (third generation) were the most popular product among current e-cigarette users with 66% using them, while only 32% use 'cig-a-like' devices (first generation).

6. What e-cigs are best for your customer?

Research demonstrates that second generation devices are 35-40% more effective than first generation devices.



Take away: To deliver the most effective devices to smokers, you need to offer second generation devices. When smokers can try both devices, in over 90% of cases they will choose to use second generation devices.



Second and third generation devices require additional advice and support, allowing you to differentiate yourself from supermarkets who are unable to offer this.

7. How Many Smokers Are Using E-Cigs?

Most vapers are smoking and vaping at the same time. That may seem strange, but:

Health experts emphasise this is still a net health benefit
Research suggests this will change over time

Dual Users

80% of e-cigarettes are used by people who classify themselves as current smokers, meaning that these vapers are smoking and vaping.

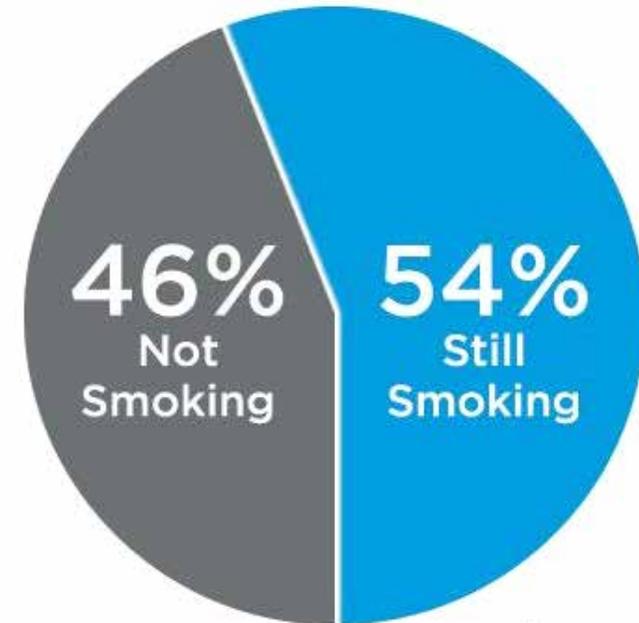
Single Users

The committed, 'diehard' vaping community only account for just one fifth of users.¹⁰

Future Trends:

However, one year on nearly 50% of dual users have switched totally:

DUAL USERS - ONE YEAR ON



Data Source:
www.sciencedirect.com/science/article/pii/S0306460313003304

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Take-away: Most e-cig users already smoke. However, this trend is likely to diminish, leading to increasing sales of e-liquid and e-cigs.

It remains essential to take every step to:

- Help smokers move to e-cigs
- Stop vapers from reverting to tobacco cigarettes

8. How you can help smokers to switch?

Help smokers choose the right device

We've seen retailers make two basic mistakes.

- Offer new vapers too basic a device
- Offer a device which is too sophisticated

Every vaper is different. We suggest spending time with a new customer, exploring their technical ability and preferences. This both ensures the best possible success rate for customers AND increases repeat customers.



Offer Support

Louise Ross of the NHS stop smoking service helps smokers to switch with e-cigarettes. By combining e-cigs with support, she managed to achieve a 77% success rate in switching completely to e-cigs.

Obviously, we're not suggesting you try to replace the NHS quit smoking service! But you can help by:

- Offering excellent post-sales support.
- Pointing smokers in the direction of support,

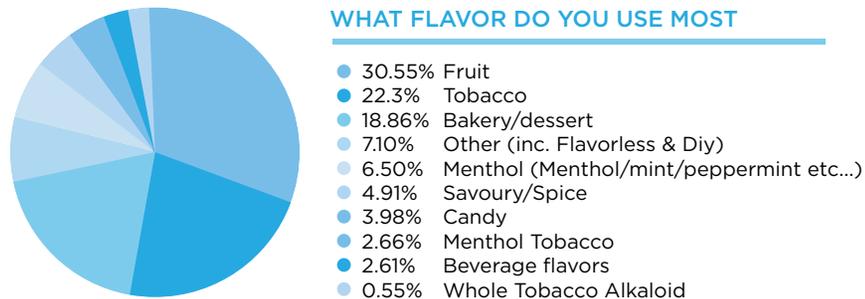
whether it's other vapers, a local quit smoking clinic (e-cig friendly, of course!) or online.

Also see our interview with Louise Ross here: <http://www.ecigarettdirect.co.uk/ashtray-blog/2014/12/nhs-using-ecigs-interview.html>

9. What flavours should you sell?

Data suggests that smokers go through a distinct journey when selecting flavours. Many smokers start with tobacco flavours, with 65% stating that tobacco flavours were ‘very important’ or “important” in helping them to quit smoking.¹³

However, established vapers are far more likely to use non-tobacco flavours. Fruit flavours are the most popular at 31%, followed by tobacco (22%) and dessert (19%).



Our own experience is that new vapers are more likely to buy tobacco flavours. During their journey into the world of vaping, they explore new flavours. This suggests that in the future, more non-tobacco e-liquids will be sold.

That’s good for vapers and retailers. If you’re using and enjoying non-tobacco e-liquids, you are far less likely to revert to smoking.

Take away: Our own experience is that new vapers are far more likely to choose a non-tobacco flavour when they have the opportunity to try different e-liquids. It is also important to provide a range of flavours in order to appeal to different vapers.

Again, do spend time with new customers to explore their tastes. We find that many new vapers think they want tobacco flavours - until they try some of the other delicious flavours we have!

Be Careful: Many flavours continue to carry compounds which are known to be harmful. 2015 has seen the first US retailer sued for not disclosing this. In the 2015 E-Cig Summit, Professor John Britton emphasised that UK e-cig retailers which do not take every step to ensure safety could be sued in the future.

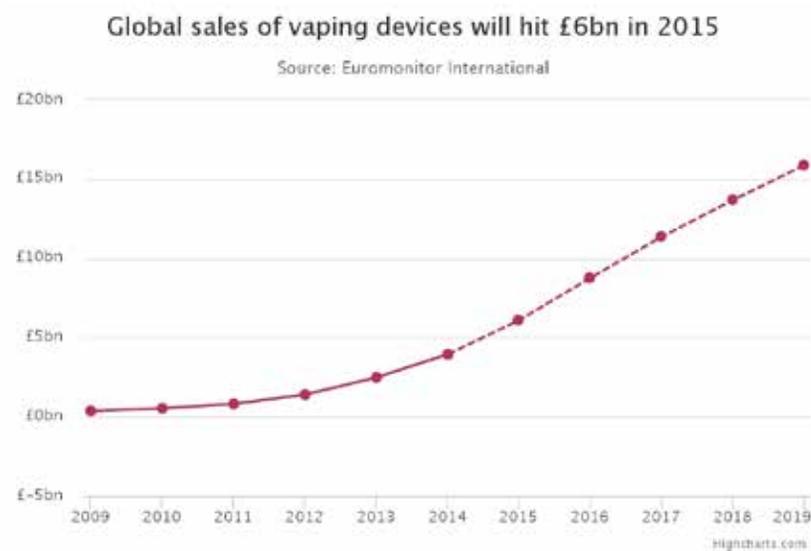
Takeaway: Only sell e-liquids which have been tested for harmful compounds in external government labs

10. Growth in E-Cig Usage

E-Cig usage is continuing to grow, albeit more slowly than in the past. However, one in three smokers now use an alternative nicotine device, usually an e-cigarette.

In fact, between 2010 and 2014 there was a rise in the number of current smokers who also use electronic cigarettes, from 2.7% in 2010 to 17.6% in 2014.

Global sales of e-cigarette devices were predicted to skyrocket this year, and it seems the growth is set to continue in the coming years as more smokers take the plunge.

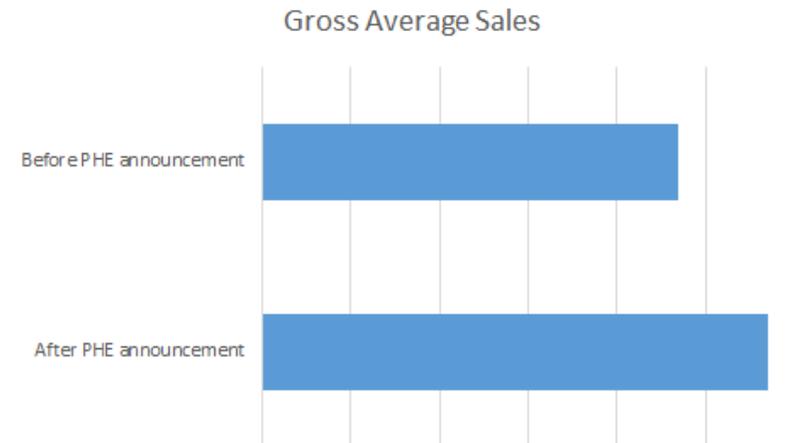


11. Health Concerns and the Effect on Sale

More than half of smokers believe that e-cigs are as or more dangerous than smoking.

Increasing numbers of people think e-cigarettes are equally or more harmful than smoking (22.1% in 2015, up from 8.1% in 2013), whilst 22.7% don't know.¹⁸

However, Public Health England's announcement that e-cigarettes are at least 95% safer than smoking lead to a surge in sales. Our own data showed a 20% increase in sales.



12. Where are people buying e-cigs: Online Vs Shops

Back in 2012, the majority of vapers brought their devices online.¹⁹

But both our own data and anecdotal evidence from other e-cig retailers indicates that vapers are increasingly switching to buying from shops. Meanwhile, a BMJ report suggests that the trend is towards selling e-cigs online or through specialist stores.²⁰

However, one survey showed the Internet as a small source of supply where only 9% of those surveyed bought their electronic cigarette online.

Take away: There is intense online competition. There are still huge sales online, but you need to be able to differentiate yourself from other online retailers.

However, there is still massive opportunity in retail. For example, only 20% of London tobacco retailers carry e-cigarettes and the majority of them are first generation, poor quality and offer little support. Furthermore, only 2 in 10 convenience stores stock e-cigarettes.

Conclusion

Thanks for reading. I'd love to hear your feedback, and what other information would help to advance your business.

For further advice, or for sample e-liquids and a catalogue, don't hesitate to get in contact with me.



Halo E-Liquid

- Developed after months of research with actual customers
- Strong branding with broad appeal
- Mixed in a clean room
- Made with pharma grade nicotine under the supervision of 6 scientists
- Tested by UK scientists in government approved labs
- Tastes great!



To request a free sample or price list, contact kathryn@ecigarettedirect.co.uk or give us a call on 01792 851919.

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