

# Total U.S. Nicotine Trends

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## Notice

This presentation is based solely on an analysis conducted by Management Science Associates Inc. (MSAi) and does not necessarily reflect the opinion of any client. The definitions and analysis used in the presentation are based on general industry knowledge and typically represent the way a tobacco retailer may refer to the broad tobacco and nicotine delivery industry. Further, this presentation refers to tobacco and non-tobacco categories, that are often reported as cigarette only, cigars and pipe tobacco only, loose leaf only and electronic and other delivery systems only.

For purposes of this presentation, all of these categories are often referred to as one category using the phrase “nicotine delivery systems”, as that is a category grouping, that in MSAi’s experience, is used by most retail establishments. This presentation’s reference to “nicotine delivery systems” is in that context of the broadest retailer categorization of these various items.

# Agenda

- **Total U.S. Nicotine Trends + Category Forecasts**
- **Growth and Decline of Nicotine Categories**
- **Impact of Pandemic**
- **Impact of Vapor Closed System Flavor Ban**

# Data Coverage

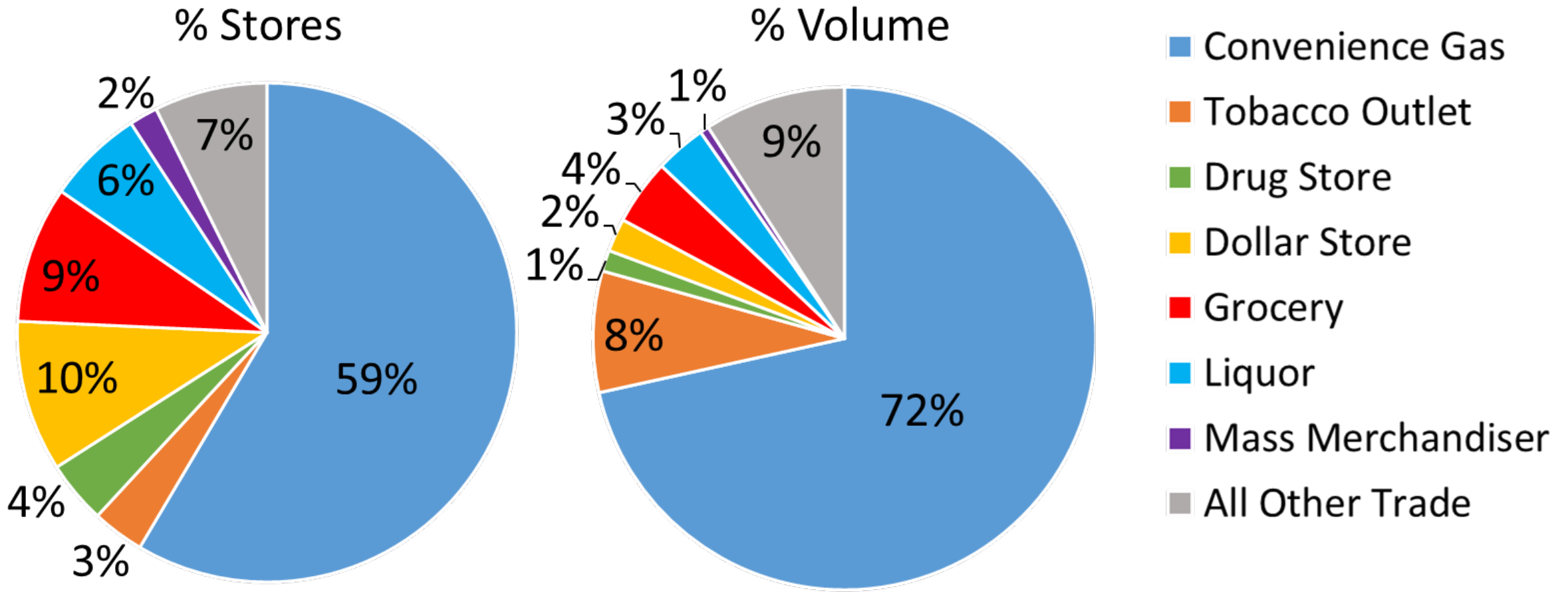
The following slides highlighting the Total US Nicotine Trends use just over 300,000 stores summarizing shipment-to-retail volume for these stores.



# Total US Nicotine Trends

# Nicotine Distribution by Trade Class for US

52 Weeks Ending Q1-2021



# Total US Nicotine Trends

% Change 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

	All Outlets	Convenience Gas	Tobacco Outlets	Drug Stores	Dollar Stores	Grocery	Liquor	Mass Merch
Consumer Units	3.8%	4.2%	5.1%	-19.0%	1.7%	-3.0%	9.9%	-36.9%
Servings	-0.4%	0.9%	-0.9%	-22.2%	0.3%	-4.2%	5.3%	-38.8%
Distribution	-1.7%	0.5%	-3.0%	-16.9%	2.9%	-6.7%	-1.4%	-21.5%
Item Count	-9.6%	-3.8%	-11.6%	-11.6%	-7.5%	-4.6%	-2.7%	-11.9%

## Included Categories

- ◆ Cigarettes
- ◆ Large Cigars
- ◆ Little/Filtered Cigars
- ◆ Pipe Tobacco
- ◆ Vapor
- ◆ Papers/Tubes/Wraps
- ◆ Roll Your Own
- ◆ Moist
- ◆ Snus
- ◆ Modern Oral Nicotine



## Total US Nicotine Share – Servings

Share of Nicotine 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

	Shr Q1-2020	Shr Q1-2021	Shr Change
Cigarettes	78.6%	78.2%	-0.4
Moist	7.2%	7.2%	No Change
Vapor	5.7%	5.6%	-0.1
Papers/Tubes/Wraps	3.6%	3.2%	-0.4
Large Cigars	2.6%	3.2%	+0.6
Little/Filtered Cigars	1.1%	1.0%	-0.1
Modern Oral	0.4%	1.0%	+0.6
Snus	0.3%	0.3%	No Change
Pipe Tobacco	0.3%	0.3%	No Change
Roll Your Own	0.02%	0.02%	No Change

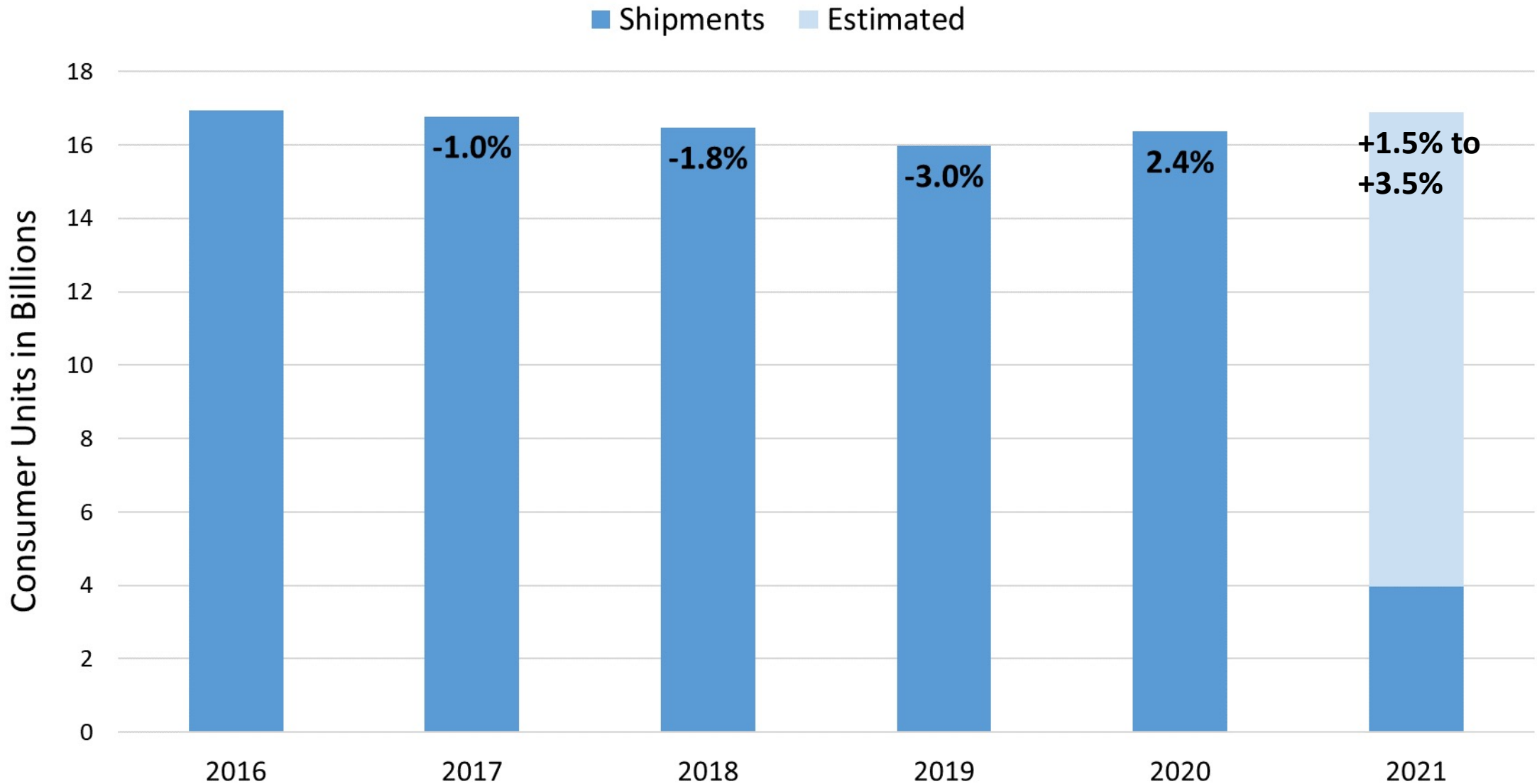
*Volume in  
Serving  
Units*

## Total US Nicotine Share – Consumer Units

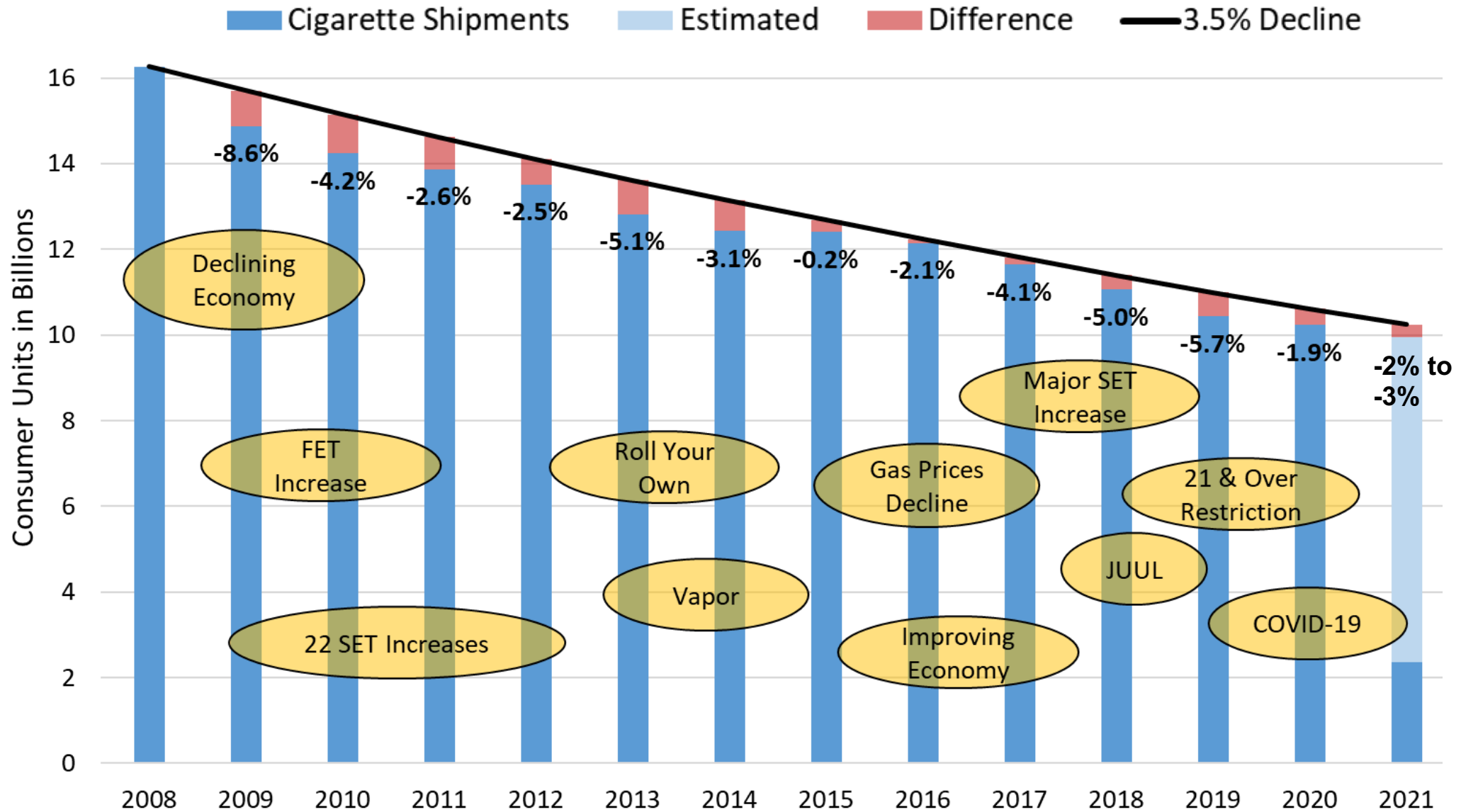
Share of Nicotine 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

	Shr Q1-2020	Shr Q1-2021	Shr Change
Cigarettes	64.7%	61.8%	-2.9
Large Cigars	20.8%	23.4%	+2.6
Moist	9.2%	8.8%	-0.4
Papers/Tubes/Wraps	1.6%	2.0%	+0.4
Vapor	1.6%	1.6%	No Change
Modern Oral	0.5%	1.0%	+0.5
Little/Filtered Cigars	1.0%	0.8%	-0.2
Snus	0.3%	0.3%	No Change
Pipe Tobacco	0.3%	0.2%	-0.1
Roll Your Own	0.1%	0.1%	No Change

# Overall Total US Nicotine Trends



# Overall Total US Cigarette Trends



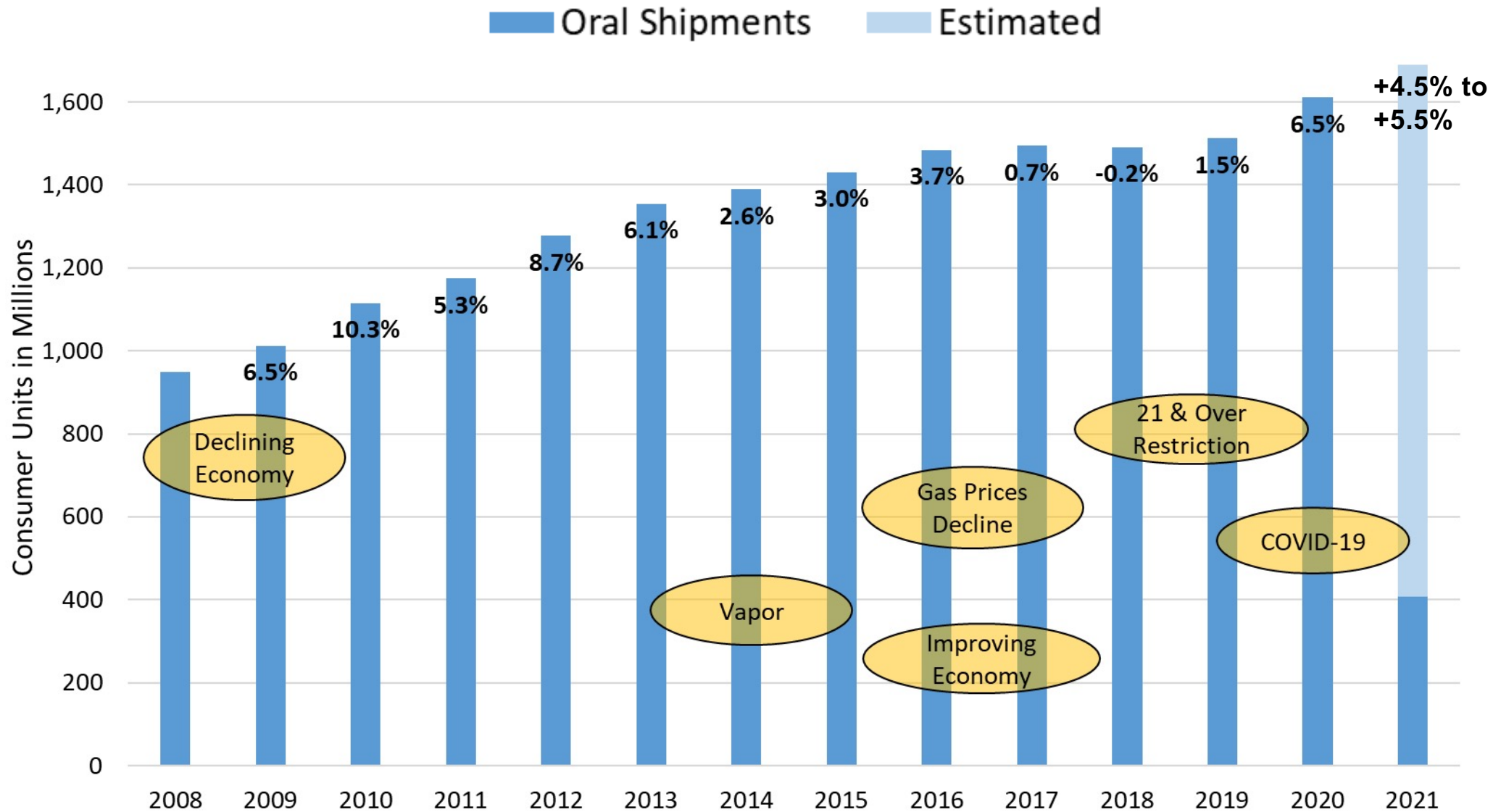
# Overall Total US Cigarette Trends

% Change 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

	All Outlets	Convenience Gas	Tobacco Outlets	Drug Stores	Dollar Stores	Grocery	Liquor	Mass Merch
Volume								
Cigarettes	-0.8%	0.0%	3.2%	-16.9%	-0.4%	-3.7%	5.7%	-36.5%
Menthol	0.1%	1.3%	2.4%	-16.9%	-1.3%	-2.7%	4.2%	-41.0%
Non-Menthol	-1.3%	-0.8%	3.6%	-17.0%	0.1%	-4.2%	6.6%	-34.3%
Distribution								
Cigarettes	-3.6%	-1.8%	-3.0%	-7.4%	3.5%	-6.3%	-4.3%	-7.8%
Menthol	-5.5%	-4.3%	-4.0%	-9.5%	2.7%	-8.3%	-9.8%	-10.2%
Non-Menthol	-3.5%	-1.8%	-3.0%	-7.5%	3.5%	-6.1%	-4.1%	-8.0%
Items								
Cigarettes	-3.9%	-4.2%	-3.8%	-2.5%	-11.2%	-3.7%	-3.3%	-4.4%
Menthol	-3.7%	-3.6%	-3.2%	-0.6%	-9.6%	-3.8%	-2.9%	-1.8%
Non-Menthol	-3.8%	-4.4%	-4.1%	-3.6%	-12.5%	-3.5%	-3.5%	-6.0%

# Overall Total US Oral Trends

*'Oral' includes Moist, Snus, & Modern Oral*

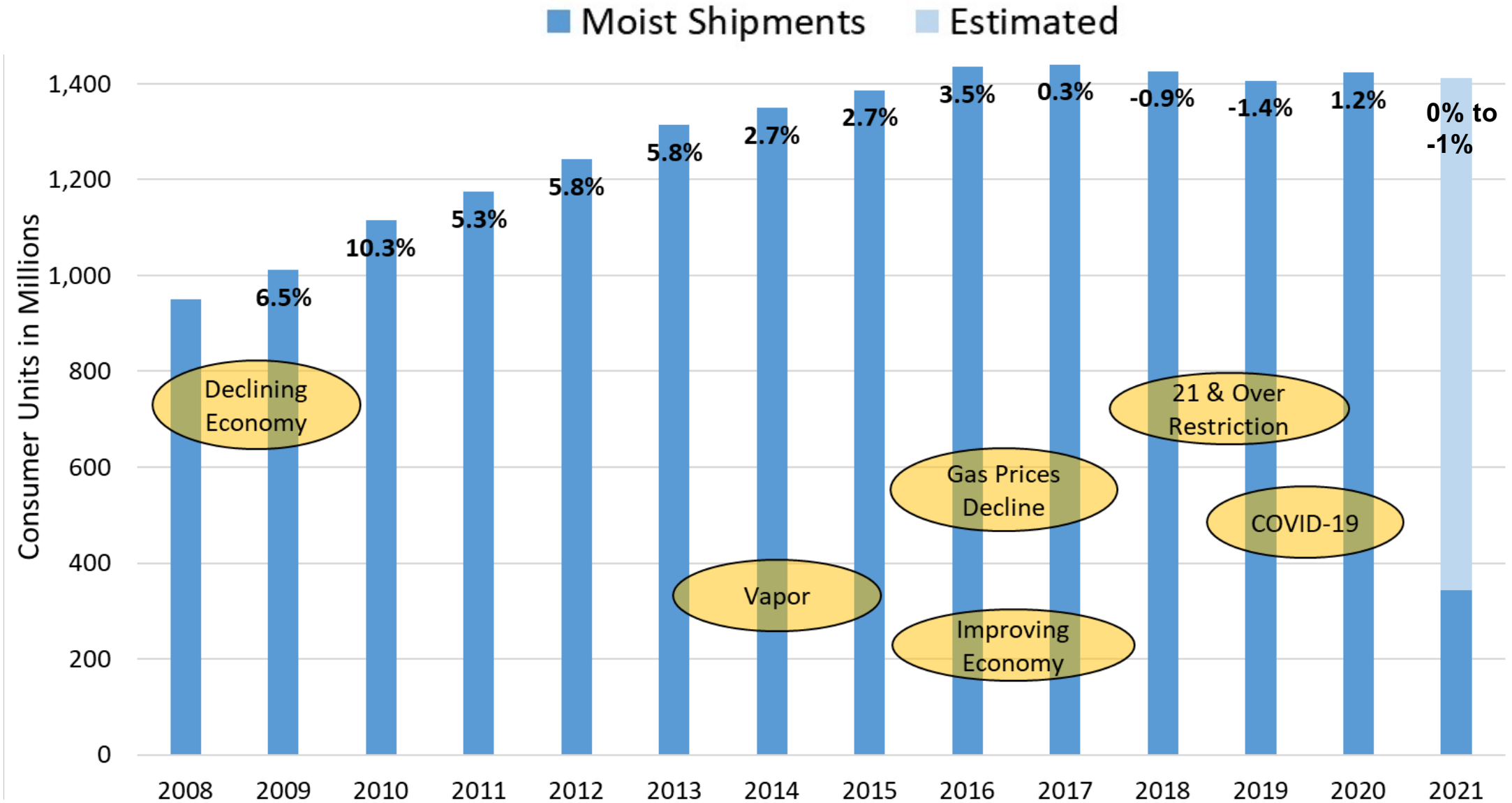


# Overall Total US Cigar Trends

% Change 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

	All Outlets	Convenience Gas	Tobacco Outlets	Drug Stores	Dollar Stores	Grocery	Liquor	Mass Merch
Volume								
Large Cigars	17.1%	18.1%	29.1%	-15.3%	9.0%	1.4%	22.2%	-37.8%
Little/Filtered Cigars	-12.5%	-12.9%	-11.8%	-37.2%	-2.5%	-14.5%	-12.0%	-35.3%
Distribution								
Large Cigars	0.4%	2.2%	1.3%	-10.9%	5.6%	-5.1%	2.8%	-18.4%
Little/Filtered Cigars	-9.1%	-8.6%	-5.0%	-33.4%	0.6%	-11.7%	-9.3%	-27.8%
Items								
Large Cigars	-1.9%	-1.8%	-2.7%	-14.6%	5.2%	-5.2%	-4.0%	-16.2%
Little/Filtered Cigars	-13.7%	-14.6%	-16.7%	-17.5%	-5.6%	-14.8%	-17.0%	-47.1%

# Overall Total US Moist Trends





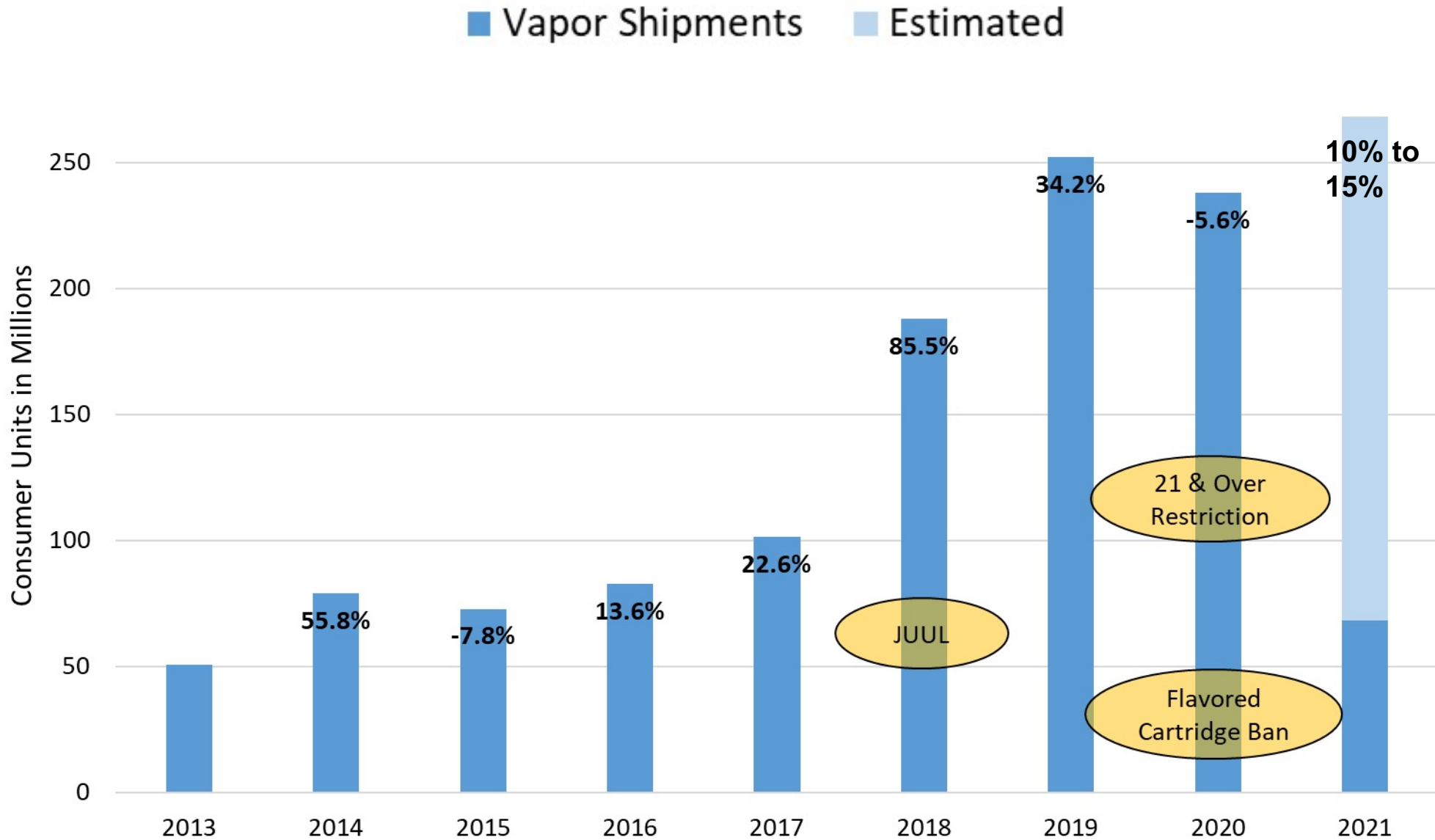
# Overall Total US Vapor Trends – Servings

% Change 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

	All Outlets	Convenience Gas	Tobacco Outlets	Drug Stores	Dollar Stores	Grocery	Liquor	Mass Merch
Volume								
Cartridges	-2.6%	0.1%	-0.5%	-100.0%	-99.6%	-39.8%	1.0%	-99.6%
Disposables	51.5%	65.1%	132.4%	-100.0%	-100.0%	-27.7%	172.1%	11.3%
Kits	-96.8%	-96.8%	-88.0%	-100.0%	-96.6%	-94.1%	-88.7%	-100.0%
e-Liquid	-50.6%	-63.3%	-48.8%	-13.5%	-100.0%	-71.8%	-56.2%	-98.1%
Distribution								
Cartridges	-8.2%	0.3%	-9.9%	-93.0%	-97.8%	-59.0%	-15.8%	-99.0%
Disposables	-5.4%	11.8%	11.2%	-96.1%	45.2%	-71.5%	55.2%	-88.5%
Kits	-81.3%	-80.8%	-76.0%	-79.9%	-95.7%	-88.2%	-83.0%	-99.9%
e-Liquid	-61.0%	-65.0%	-57.0%	-77.5%	-92.0%	-72.1%	-58.7%	-98.2%
Items								
Cartridges	-58.7%	-56.6%	-56.9%	-55.1%	-40.4%	-54.3%	-55.9%	-75.7%
Disposables	182.9%	198.7%	158.3%	-70.6%	83.3%	147.8%	211.9%	-73.6%
Kits	-35.1%	-36.4%	-36.9%	-74.3%	-91.2%	-54.9%	-52.1%	-89.0%
e-Liquid	-51.6%	-61.7%	-50.8%	-89.1%	-90.7%	-73.7%	-56.1%	-97.9%

**Volume in Serving Units**

# Overall Total US Vapor Trends



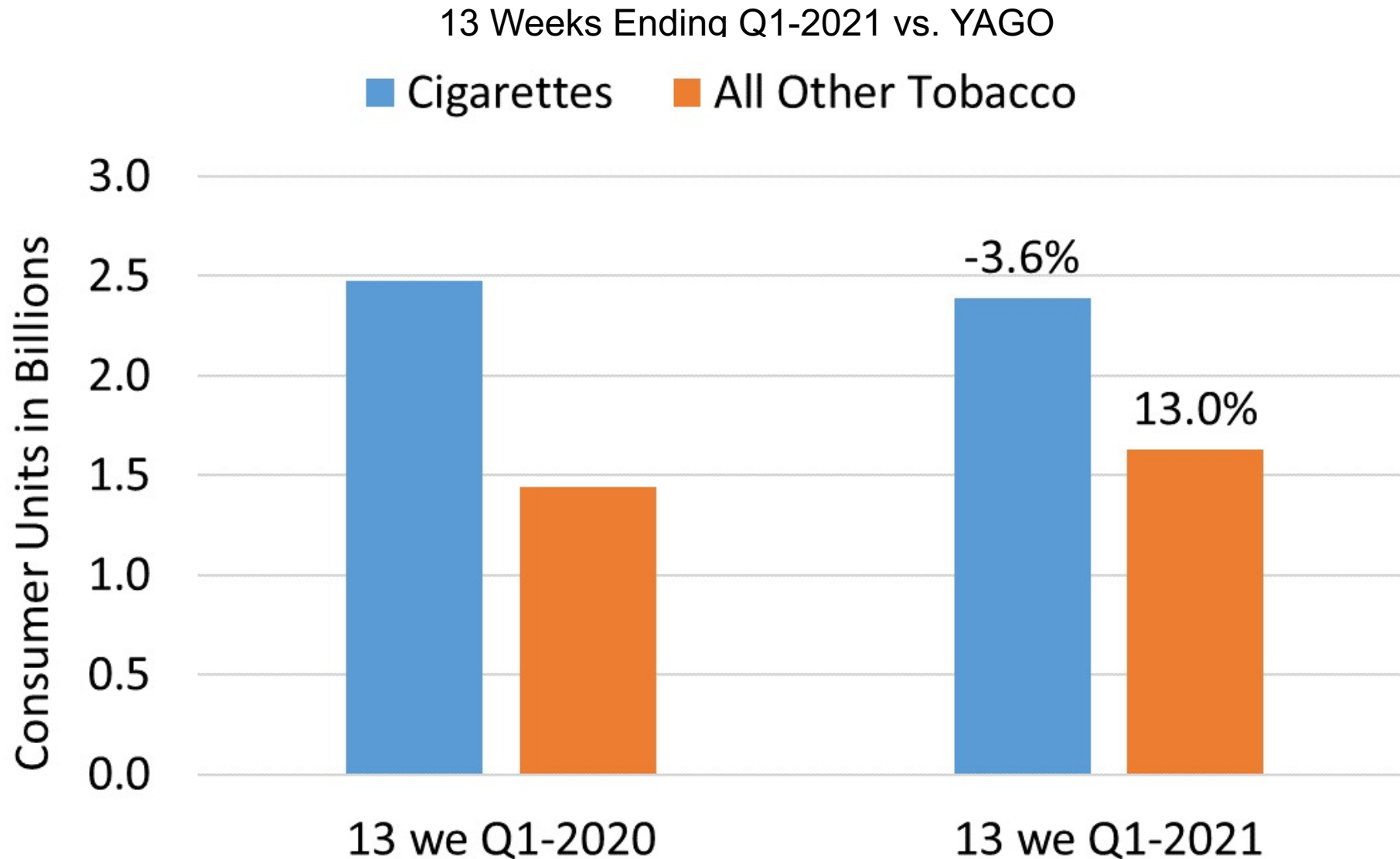
# Overall Total US OTP Trends

% Change 52 Weeks Ending Q1-2021 vs. 52 Weeks Ending Q1-2020

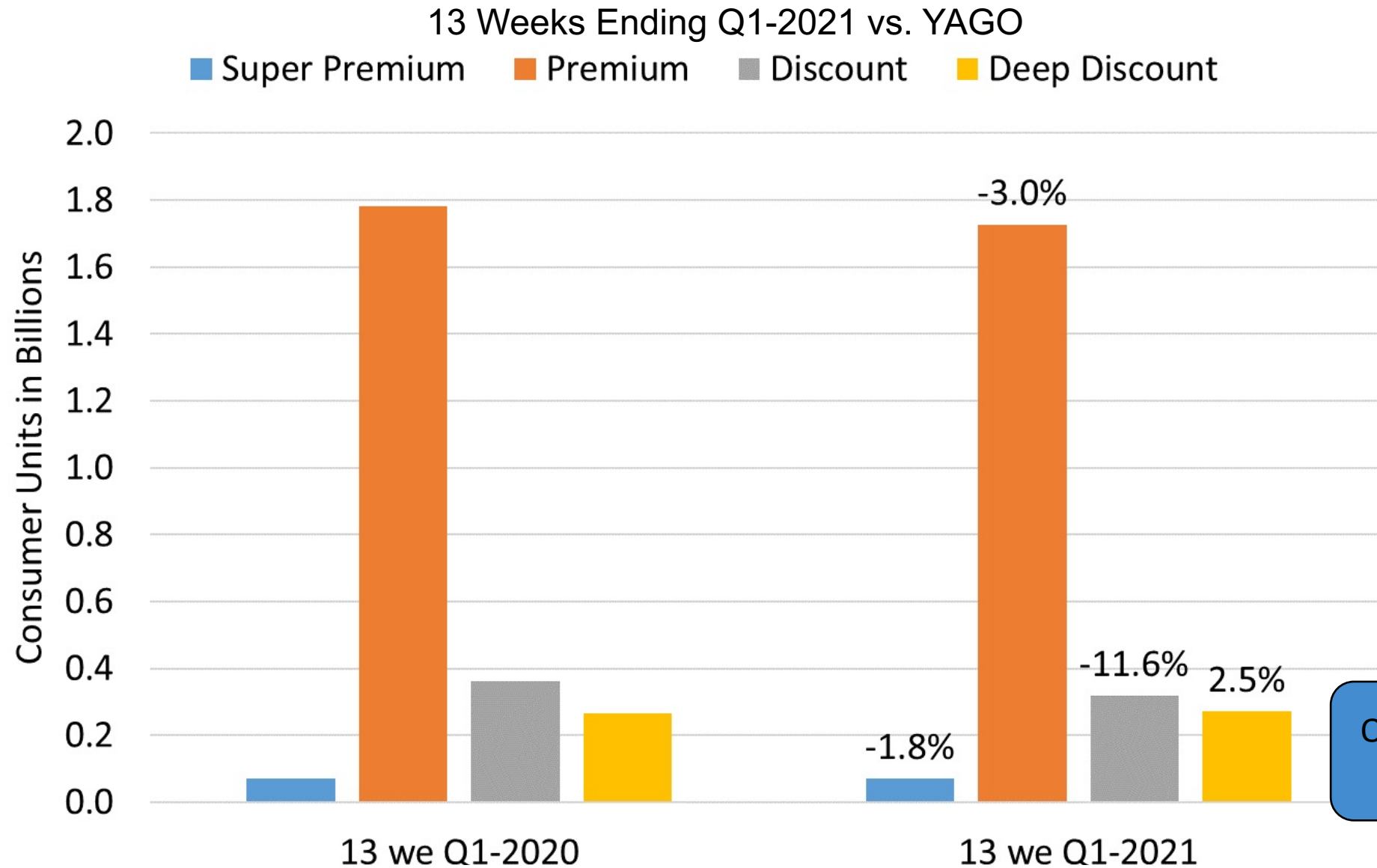
	All Outlets	Convenience Gas	Tobacco Outlets	Drug Stores	Dollar Stores	Grocery	Liquor	Mass Merch
Volume								
Moist	-0.5%	0.2%	3.0%	-4.8%	2.7%	-3.1%	8.6%	-35.8%
Snus	-5.3%	-4.9%	-3.1%	-3.8%	11.6%	15.7%	3.4%	-55.1%
Modern Oral	112.1%	110.8%	81.3%	66.9%	N/A	159.1%	148.3%	38.4%
Roll Your Own	-4.1%	-7.1%	0.5%	-23.4%	27.1%	-4.0%	-3.2%	-39.5%
Pipe Tobacco	-21.4%	-17.9%	-23.6%	-38.6%	-6.7%	-25.2%	-16.7%	-80.6%
Papers/Tubes/Wraps	26.0%	27.6%	5.1%	-10.8%	13.7%	16.7%	27.2%	-18.5%
Distribution								
Moist	-2.3%	-1.9%	-2.9%	24.8%	4.9%	-5.4%	-5.3%	-14.8%
Snus	-4.5%	-4.5%	-7.1%	122.3%	-51.3%	9.5%	-5.5%	-36.0%
Modern Oral	69.3%	58.4%	46.5%	+++	N/A	166.0%	101.1%	83.4%
Roll Your Own	-8.5%	-7.6%	-4.7%	-25.9%	-23.7%	-10.2%	-0.6%	-52.0%
Pipe Tobacco	-7.8%	-6.9%	-2.7%	-28.6%	-1.6%	-17.8%	-2.4%	-95.2%
Papers/Tubes/Wraps	5.2%	7.9%	1.2%	-22.5%	3.4%	-5.8%	7.5%	-12.5%
Items								
Moist	1.5%	1.6%	0.4%	-1.5%	-26.9%	-0.8%	-0.5%	-2.5%
Snus	-5.4%	3.8%	-3.2%	-3.8%	-45.8%	-1.0%	-6.9%	0.8%
Modern Oral	39.7%	43.7%	38.3%	183.3%	N/A	80.7%	65.4%	39.2%
Roll Your Own	-8.7%	-7.0%	-8.4%	-13.2%	19.6%	-2.6%	-3.1%	-47.7%
Pipe Tobacco	-6.9%	-6.8%	-8.2%	-13.7%	40.8%	-10.8%	-9.2%	-90.8%
Papers/Tubes/Wraps	10.2%	10.7%	10.6%	-4.2%	20.4%	7.9%	9.0%	-20.9%

# Growth & Decline of Nicotine Categories

# Cigarettes vs. All Other Tobacco

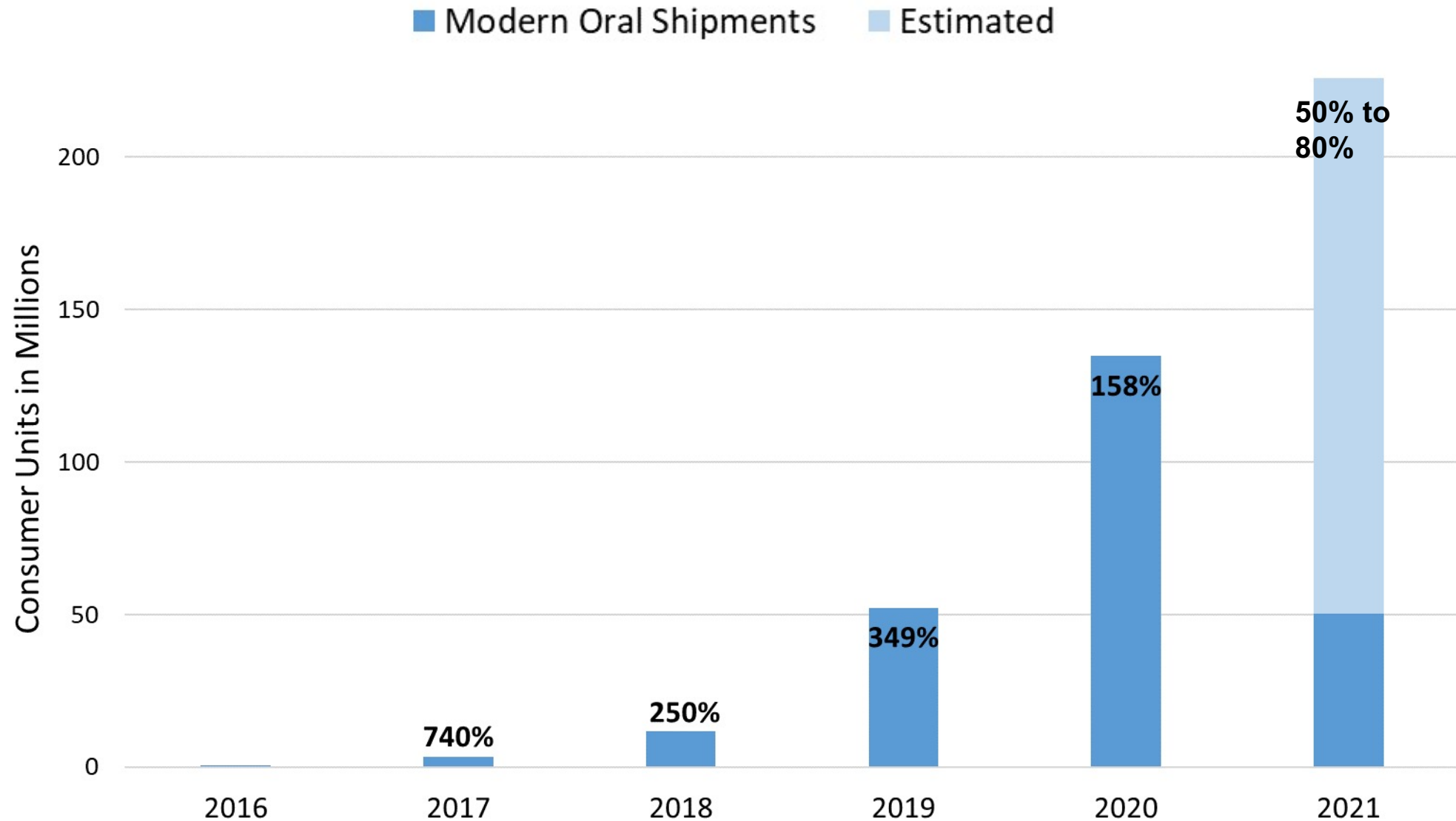


# Overall Total US Cigarette Trends

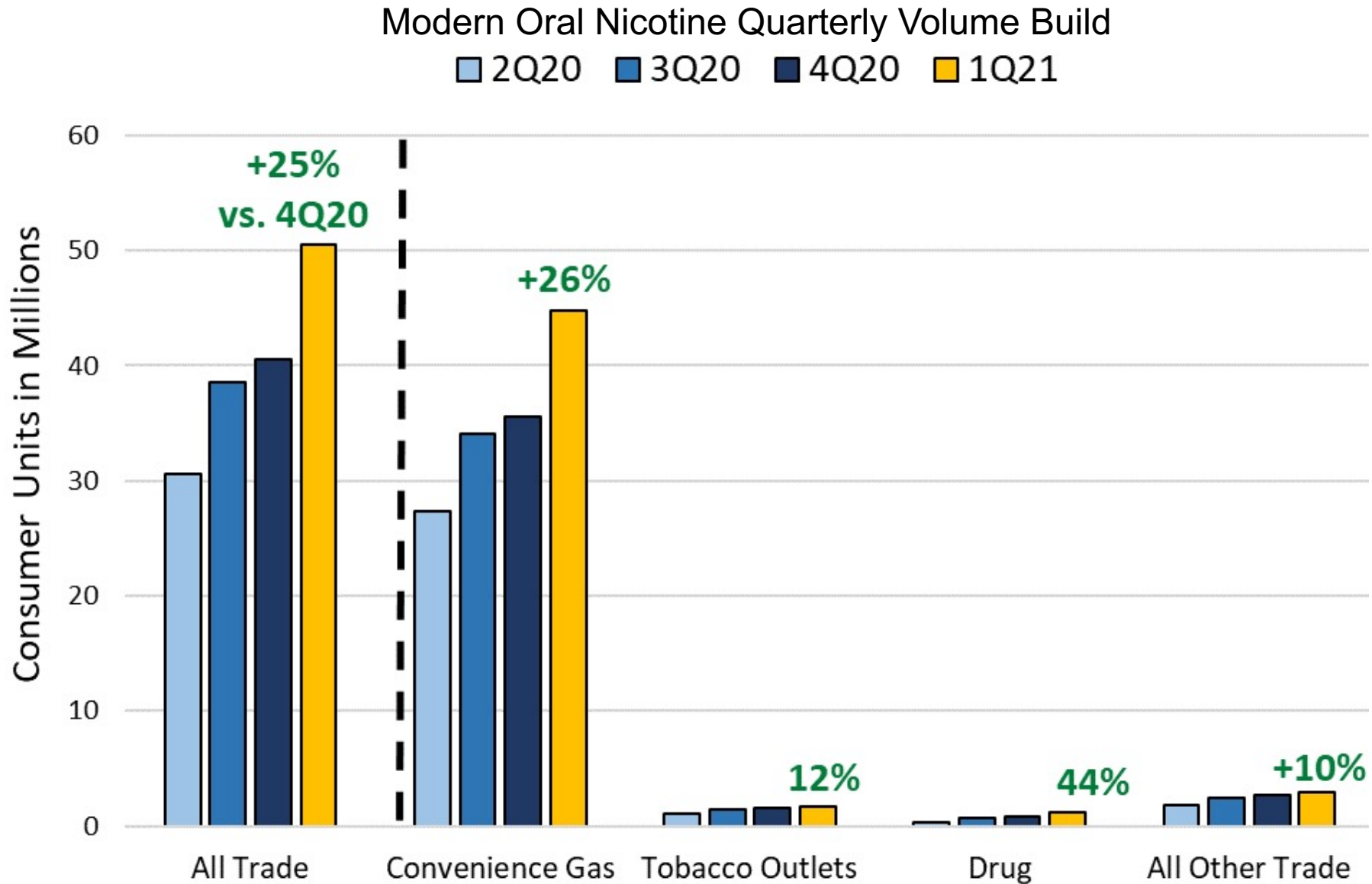


Overall Cigarettes  
down -3.6%

# Overall Total US Modern Oral Trends



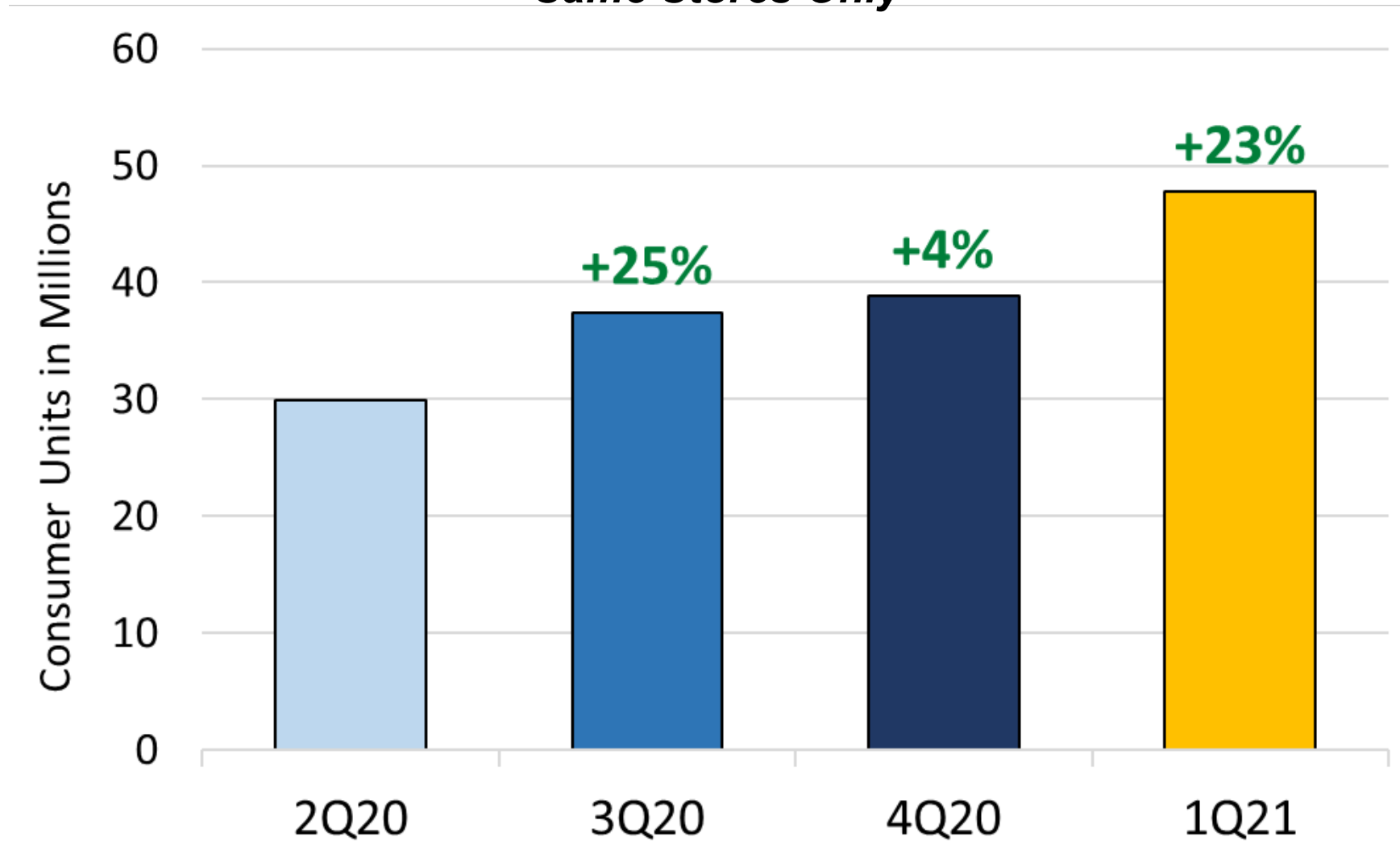
# Modern Oral Nicotine Trend by Trade Channel



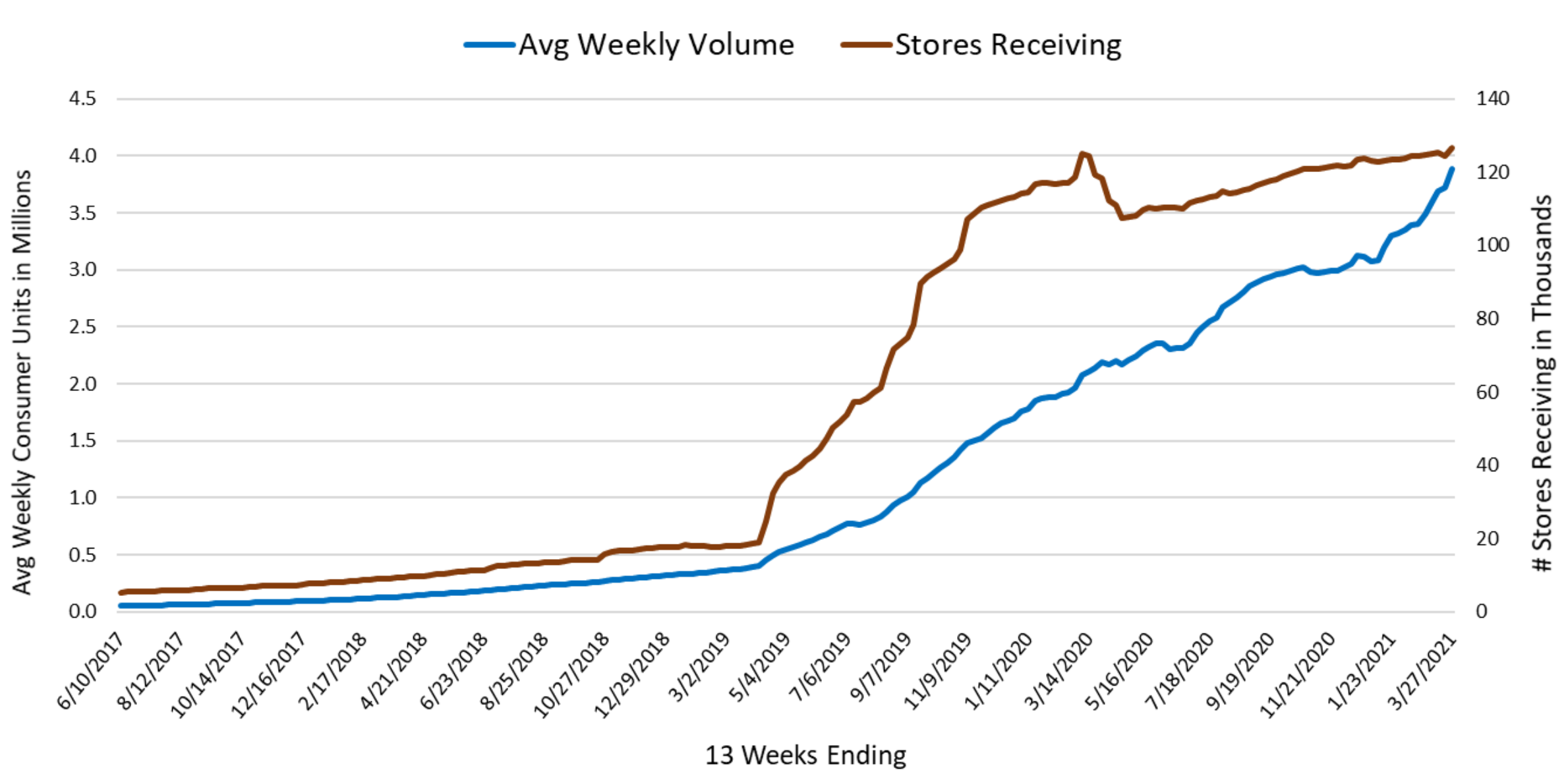


# Modern Oral Nicotine Trend – Same Stores

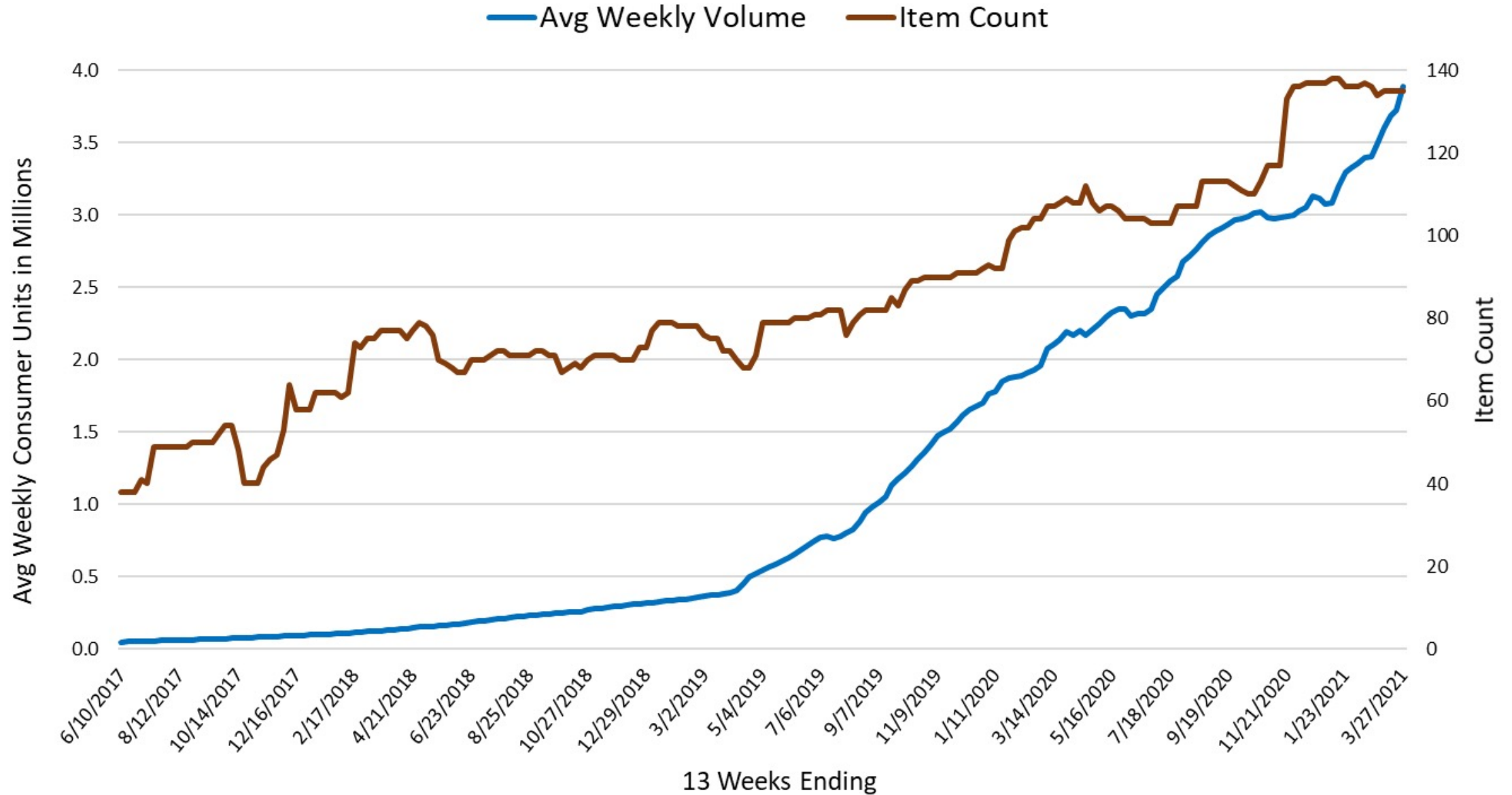
Modern Oral Nicotine Quarterly Volume Build  
**Same Stores Only**



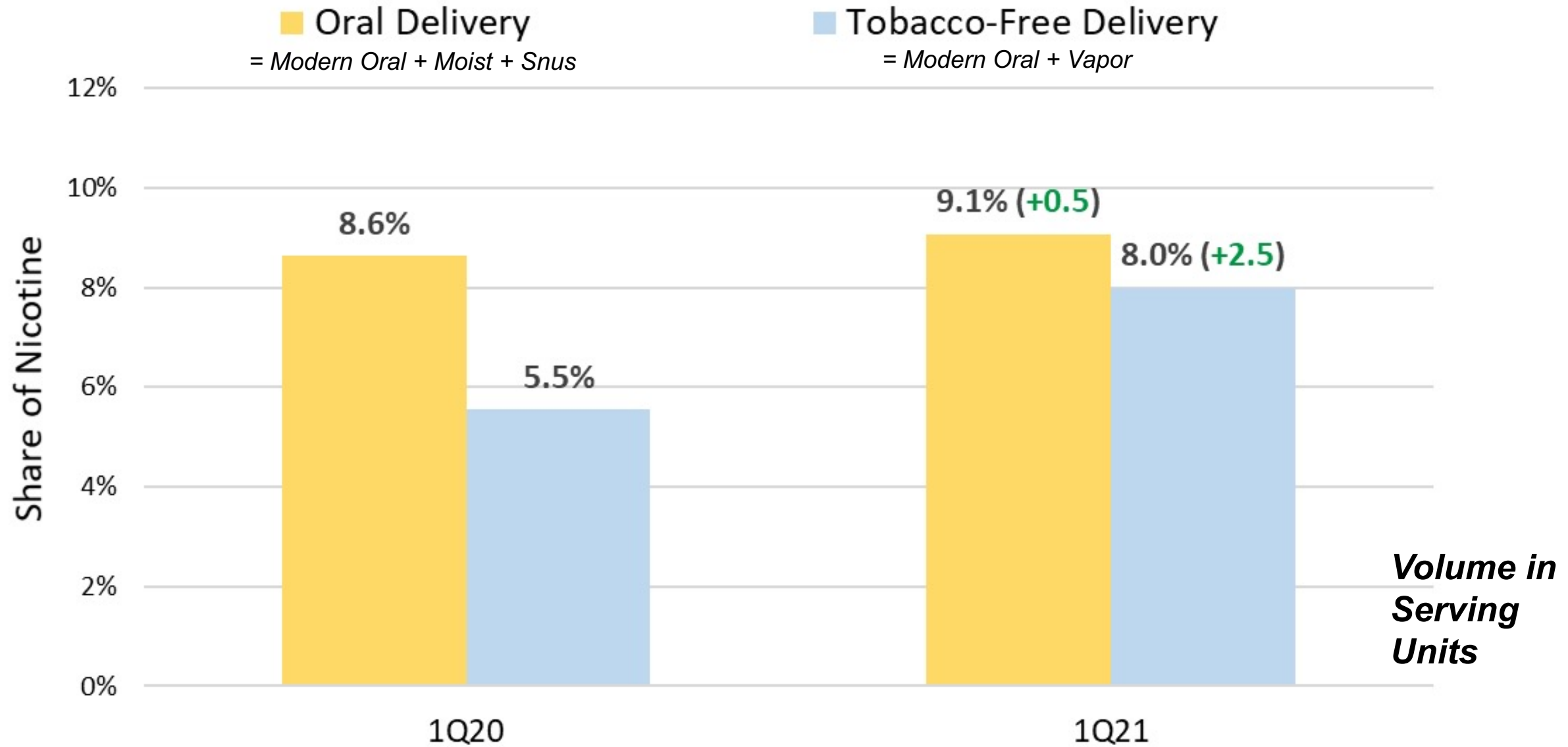
# Modern Oral Nicotine Volume & Distribution



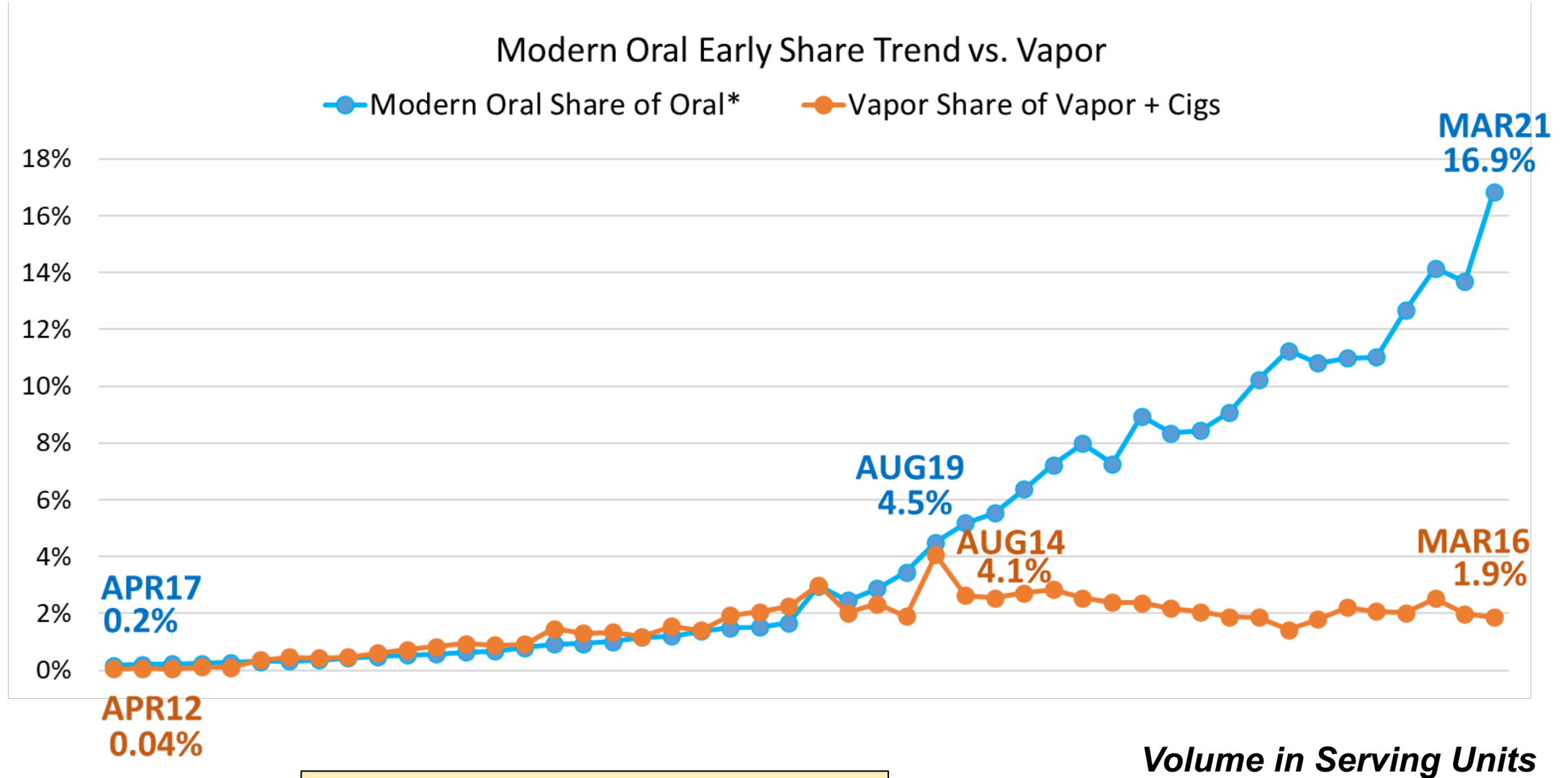
# Modern Oral Nicotine Volume & Item Count



# Oral and Tobacco-Free Delivery Change in Share of Nicotine

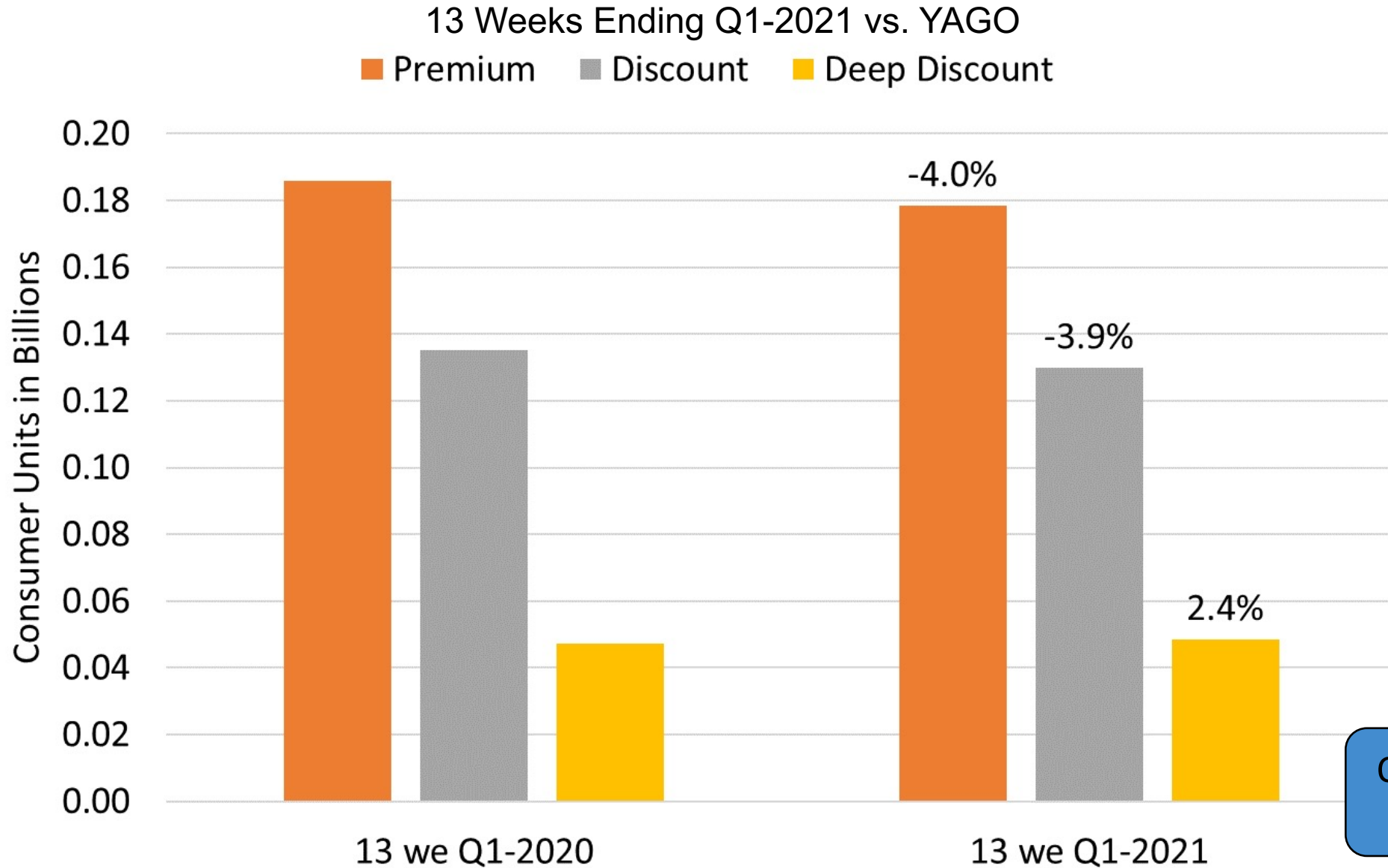


# Modern Oral Nicotine Trend vs. Vapor - Servings

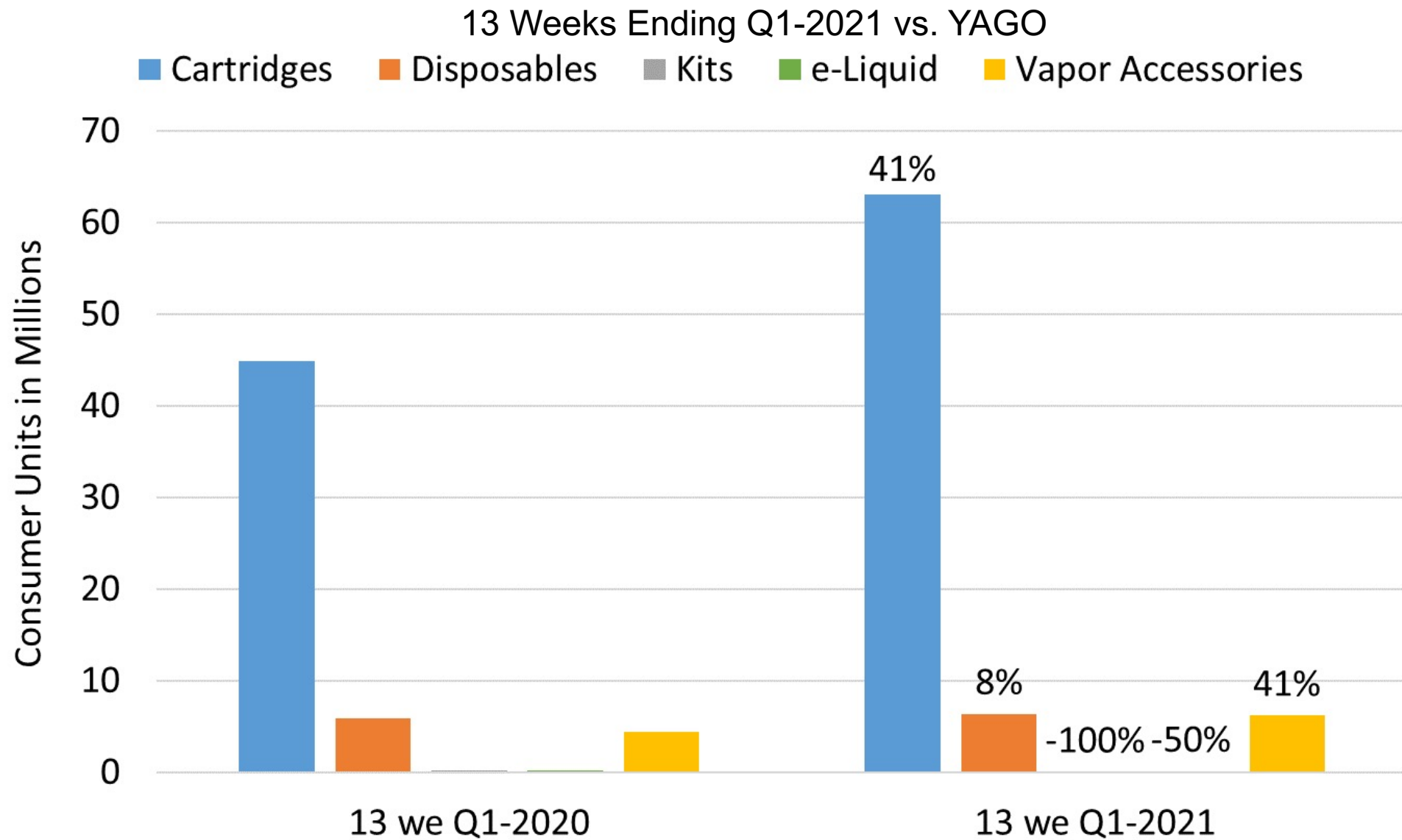


\*Oral = Moist + Snus + Modern Oral

# Overall Total US Moist Trends



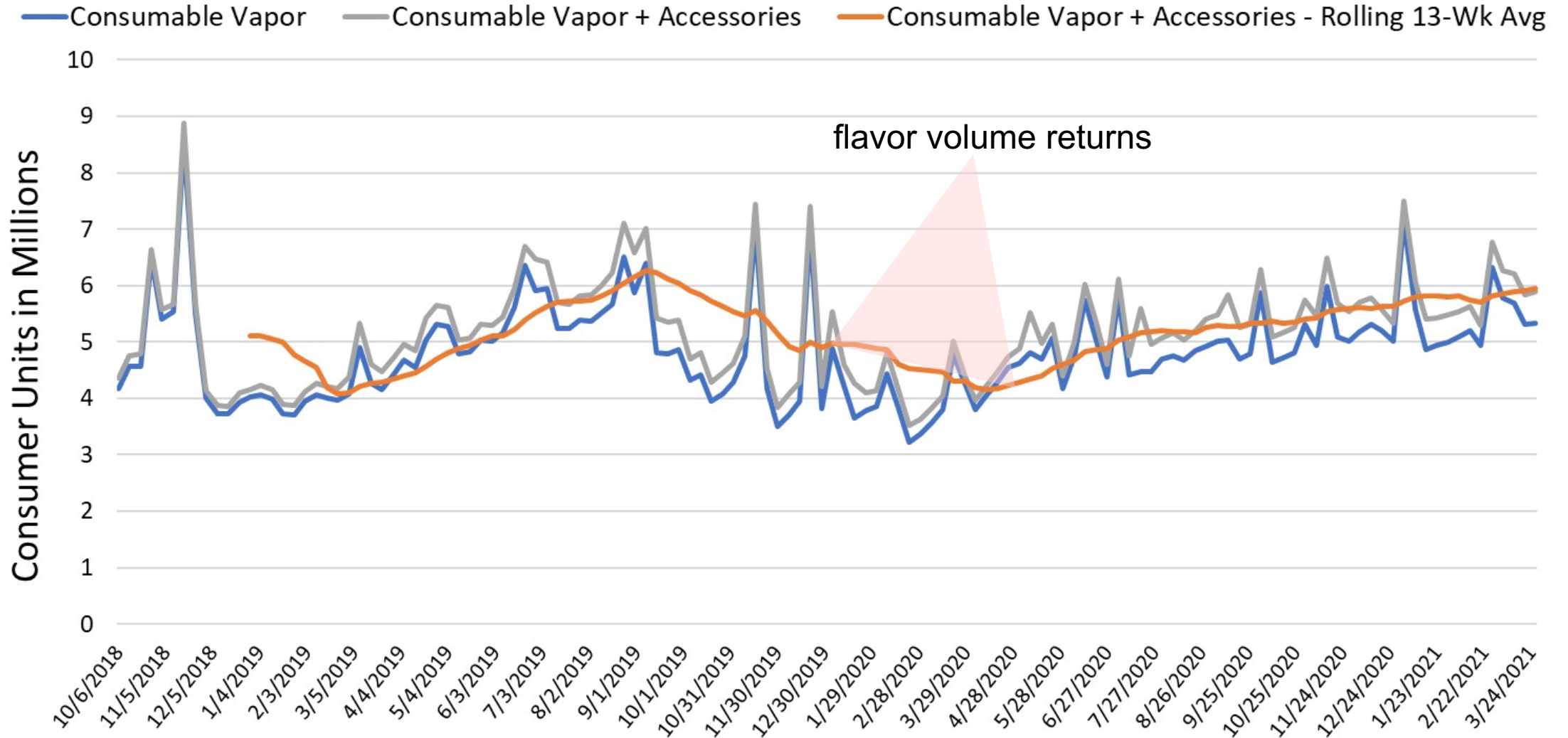
# Overview of Vapor Category



Total Vapor up 37%

# Vapor Volume Trend

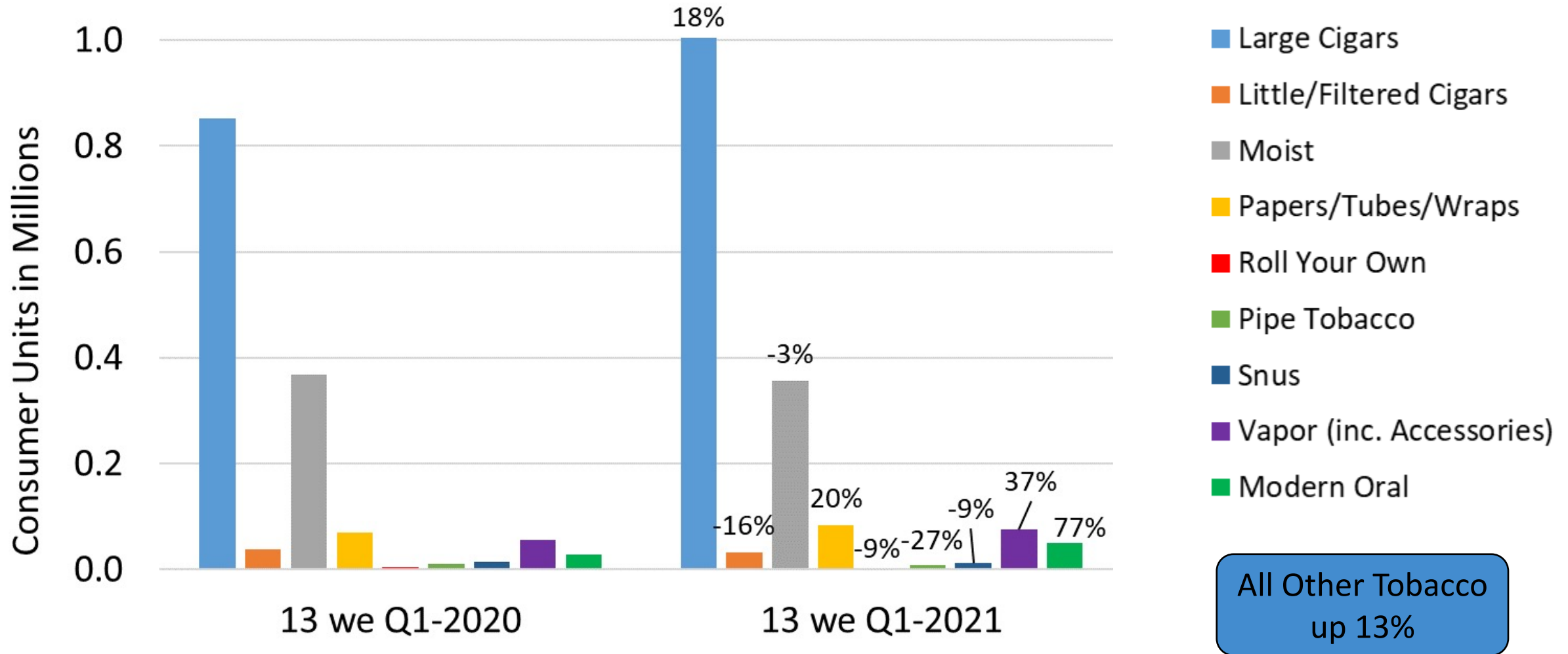
## Total US Vapor Volume





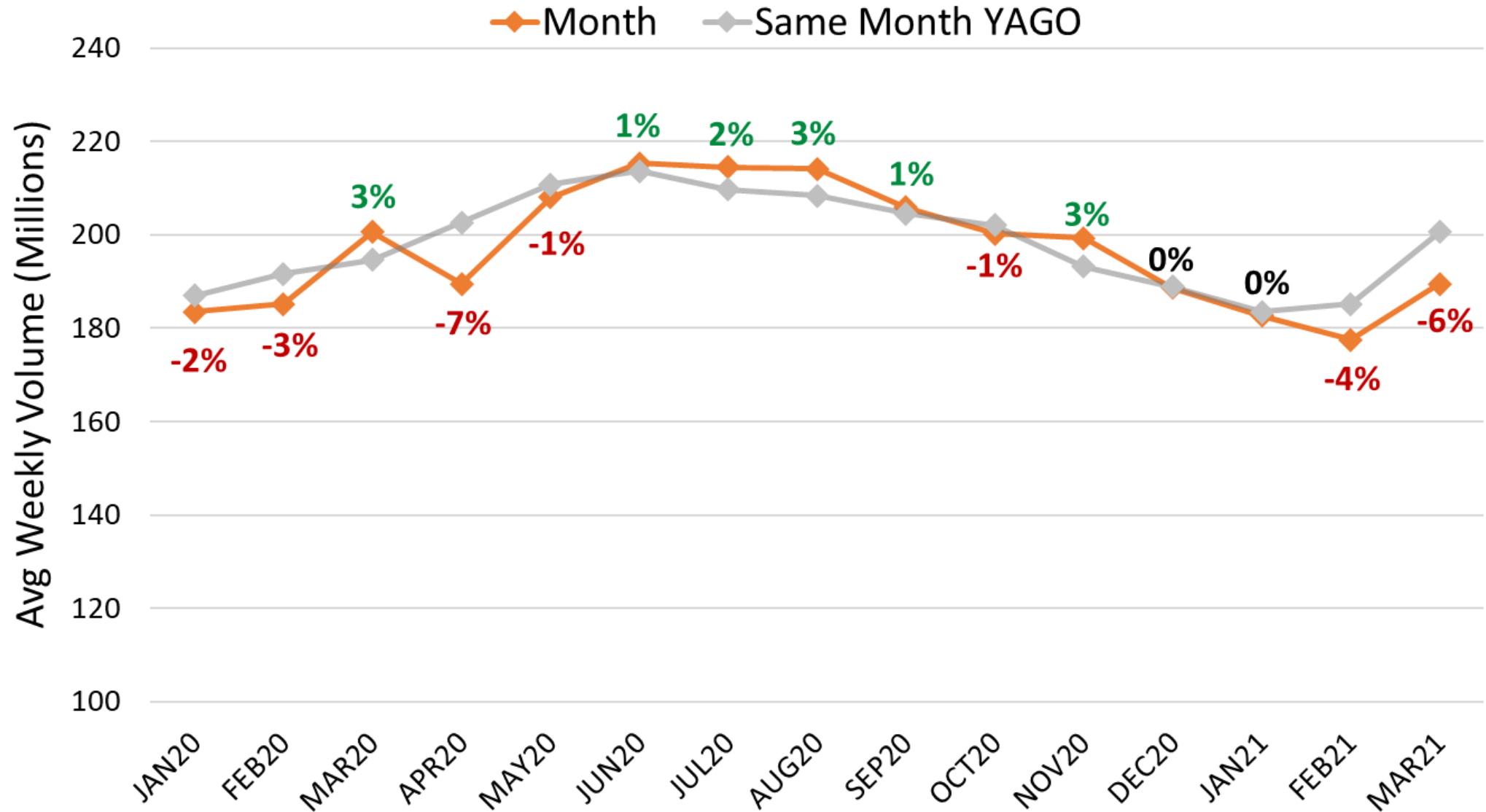
# Breakdown of All Other Tobacco

13 Weeks Ending Q1-2021 vs. YAGO

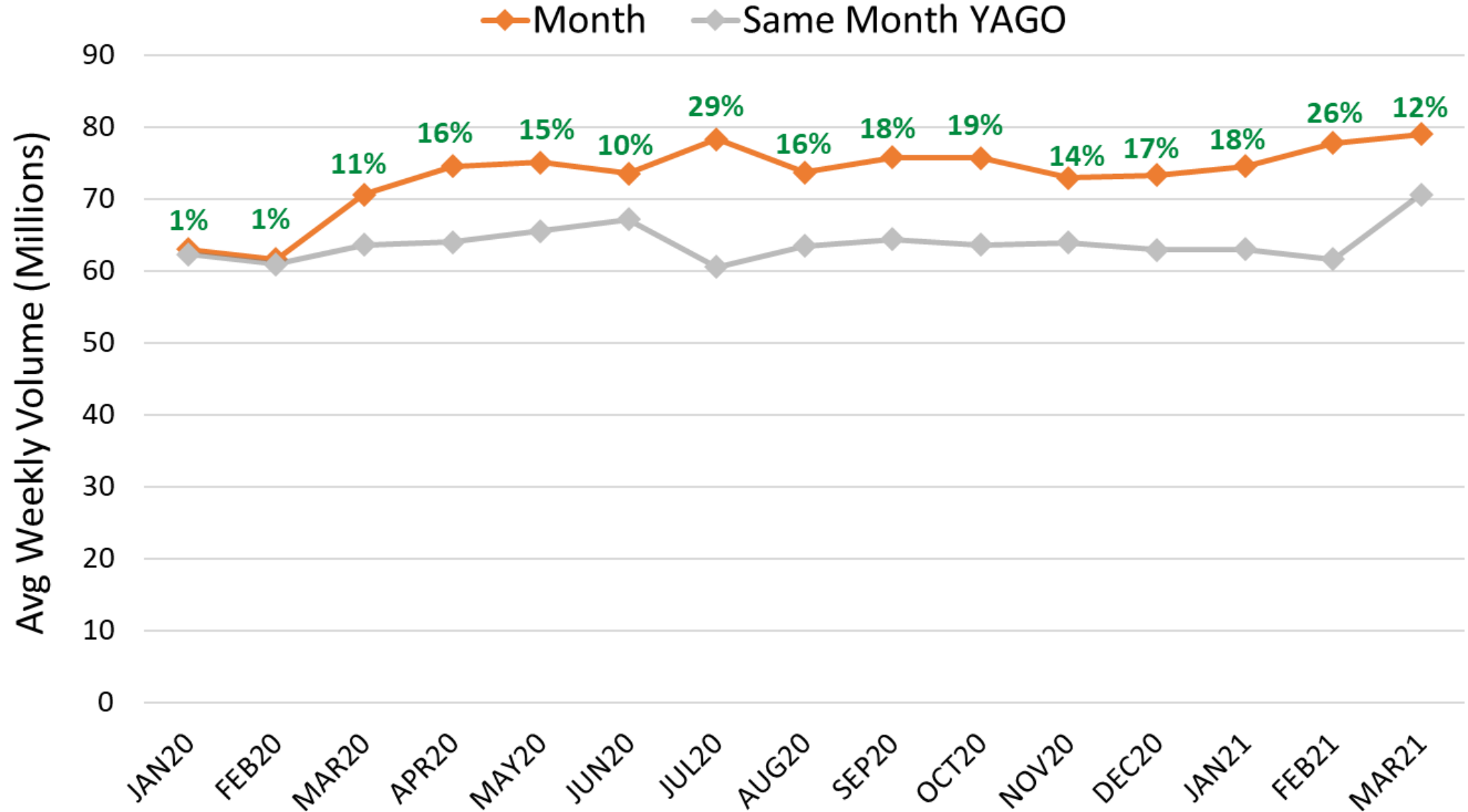


# Impact of Pandemic

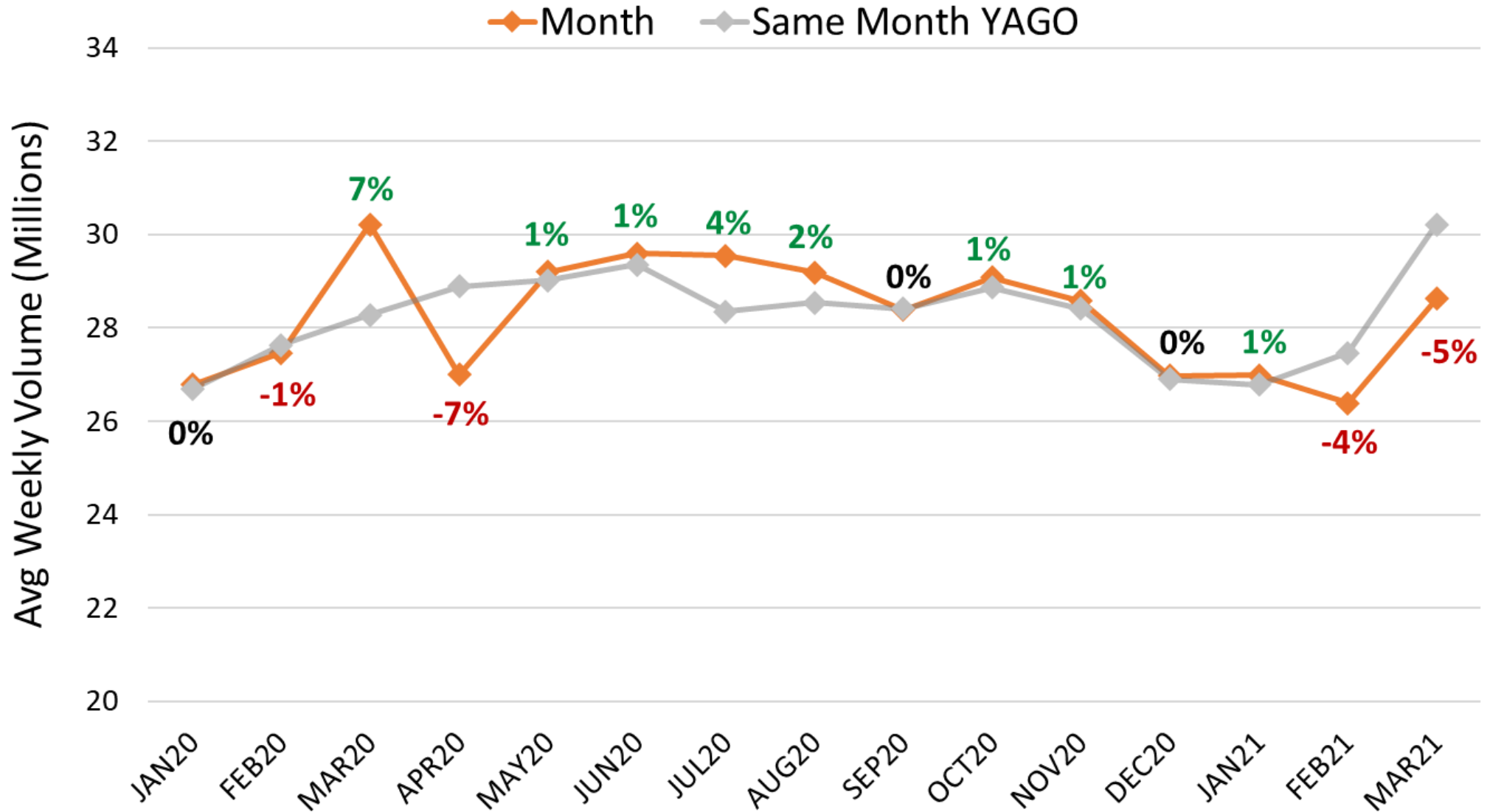
# Cigarettes



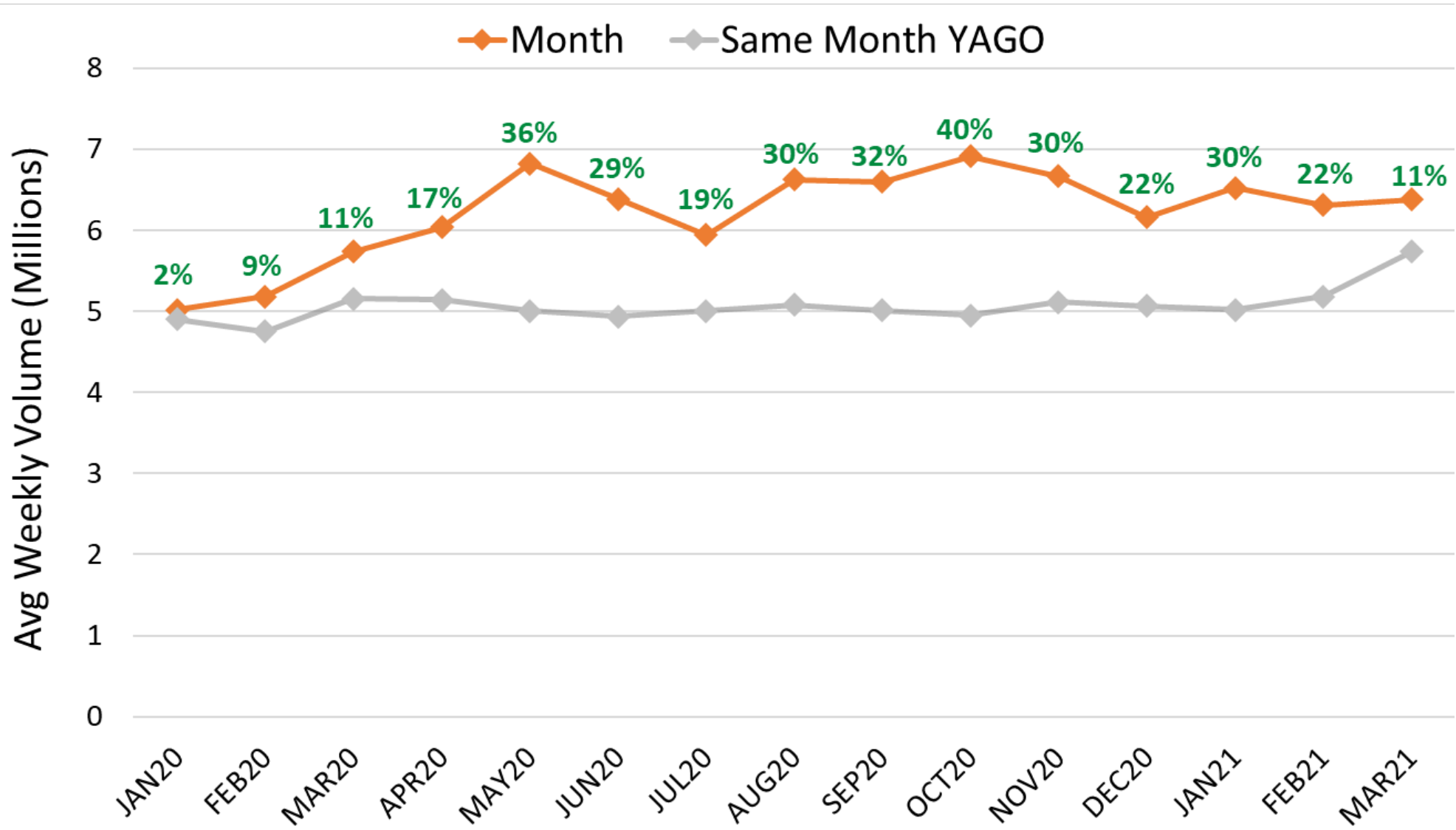
# Large Cigars



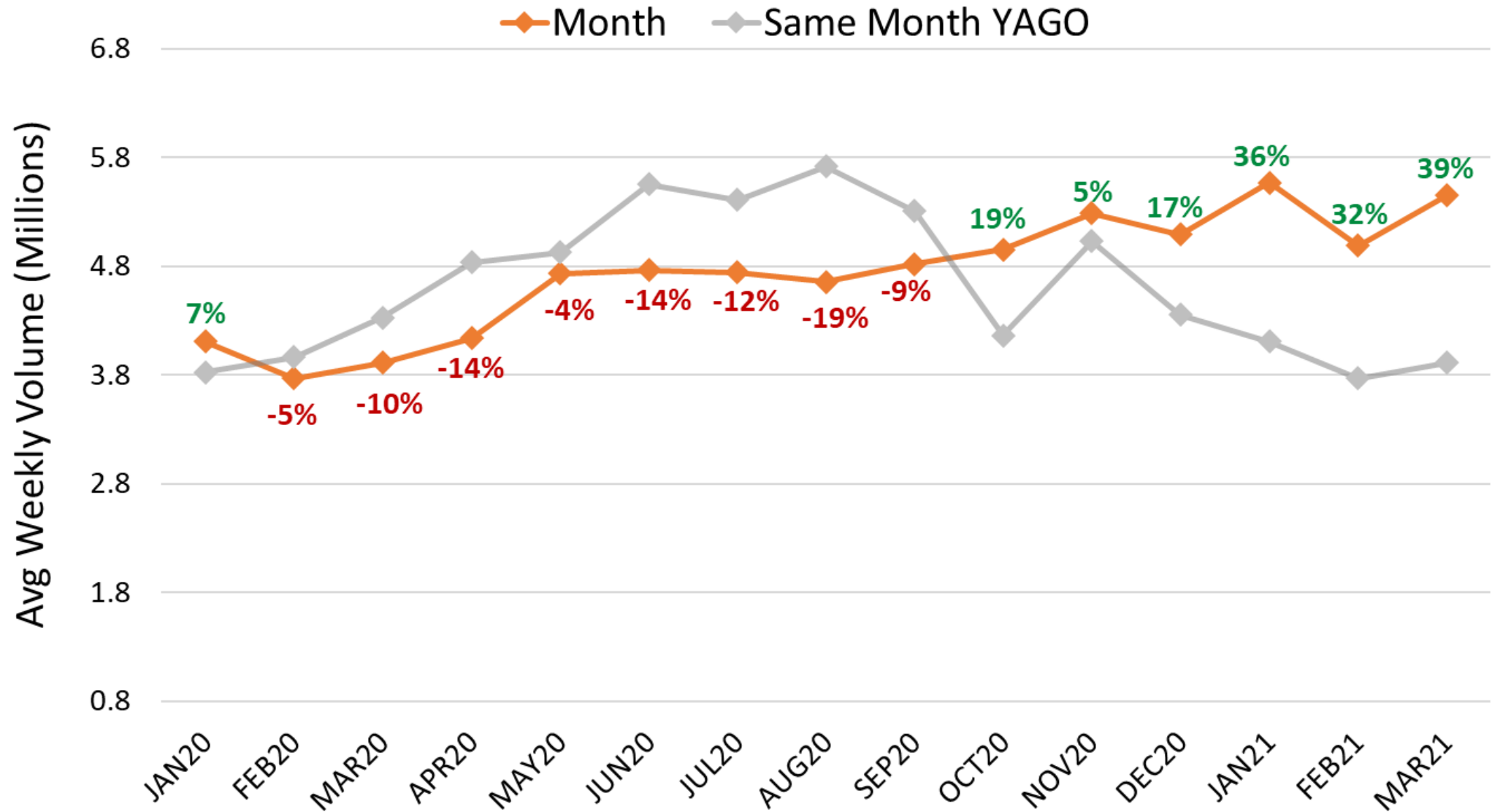
# Moist



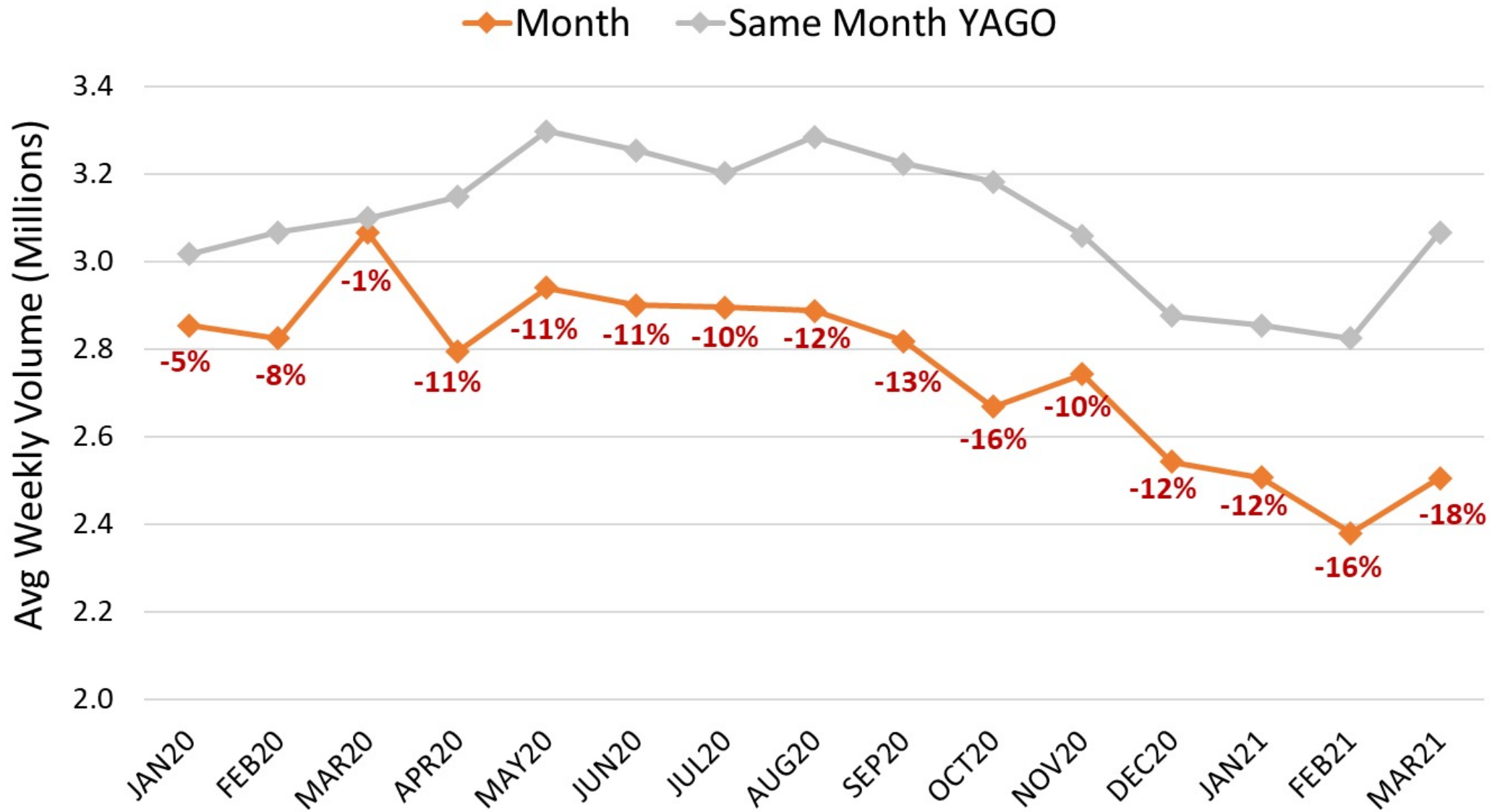
# Papers/Tubes/Wraps



# Vapor

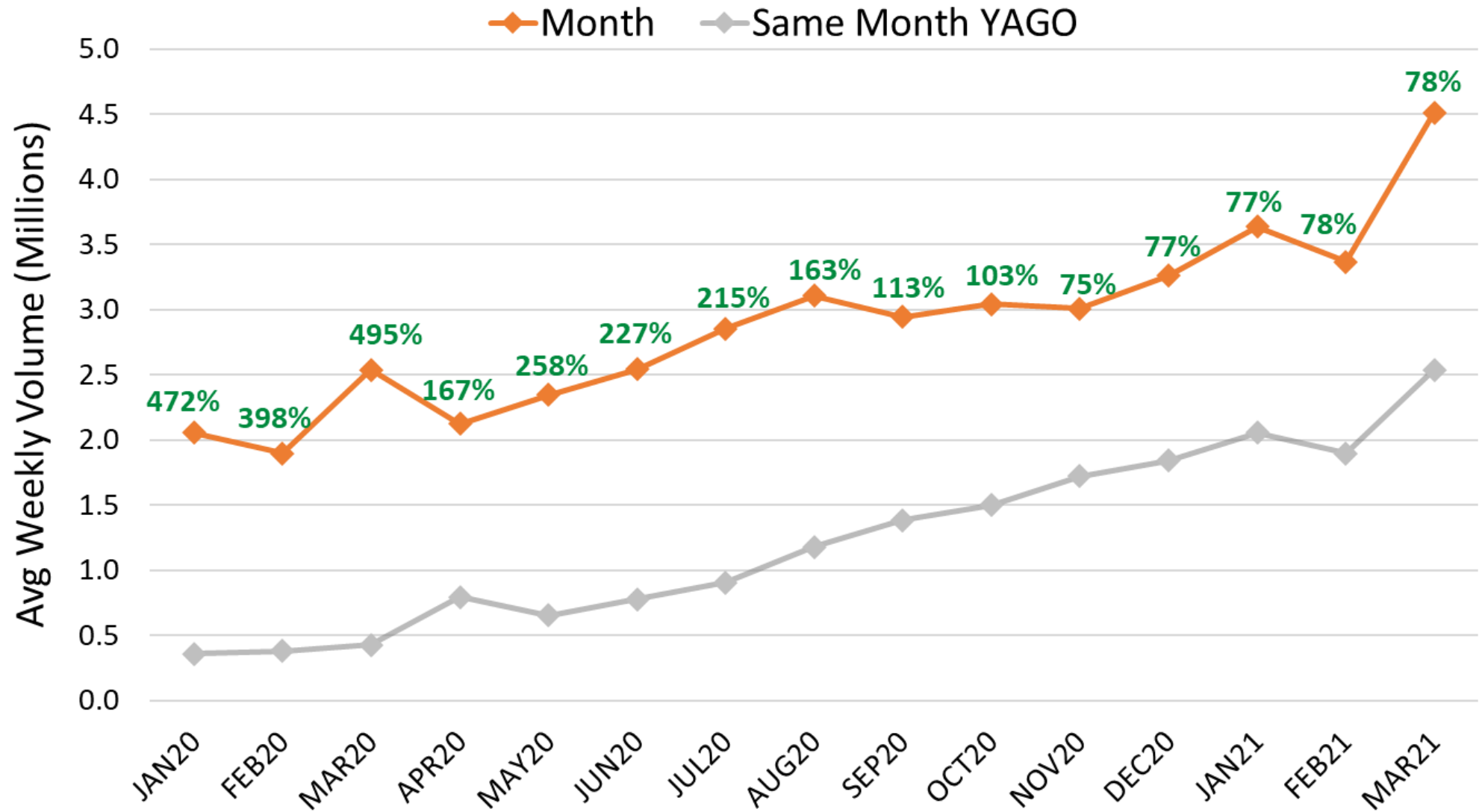


# Little/Filtered Cigars

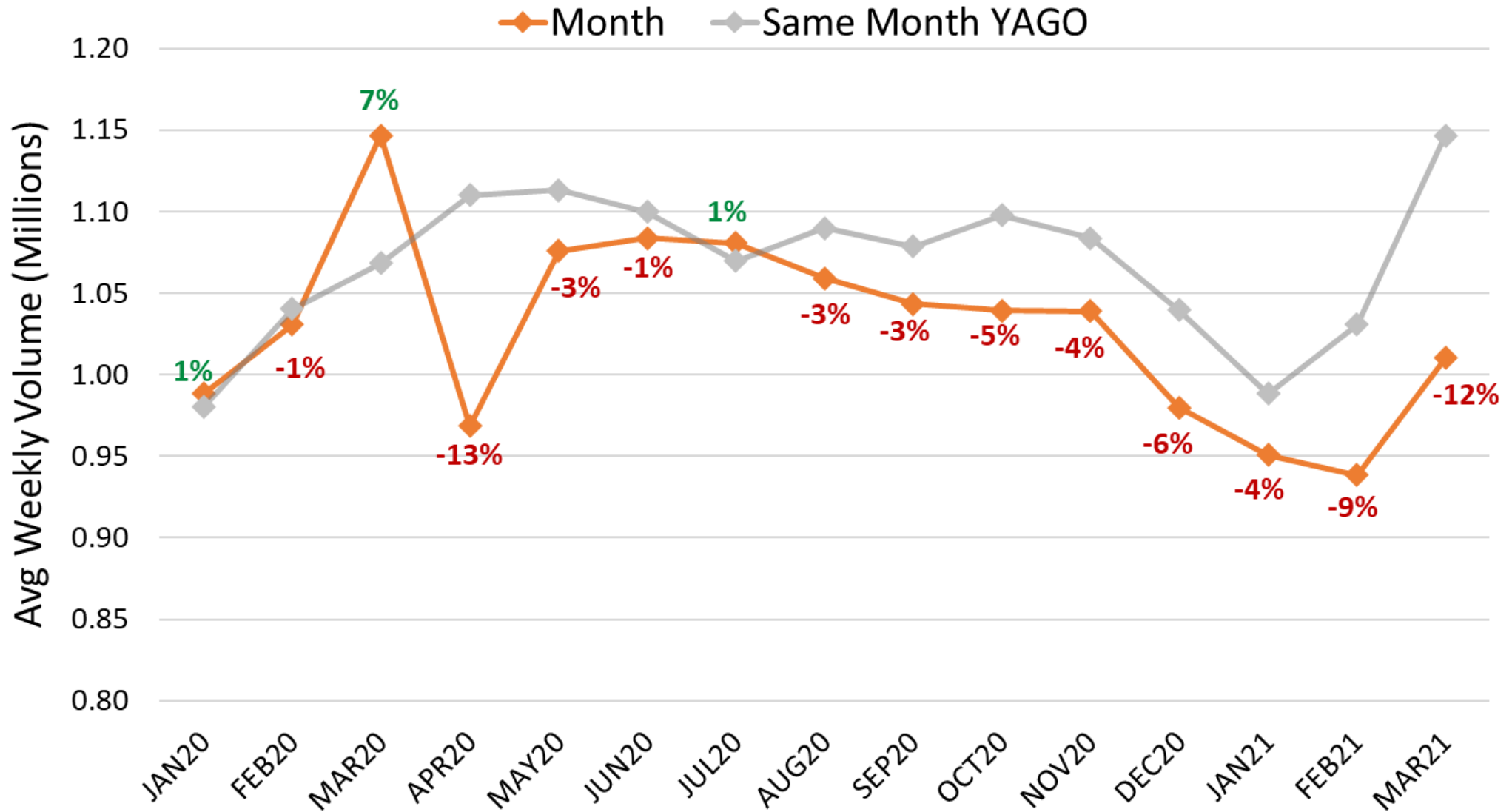




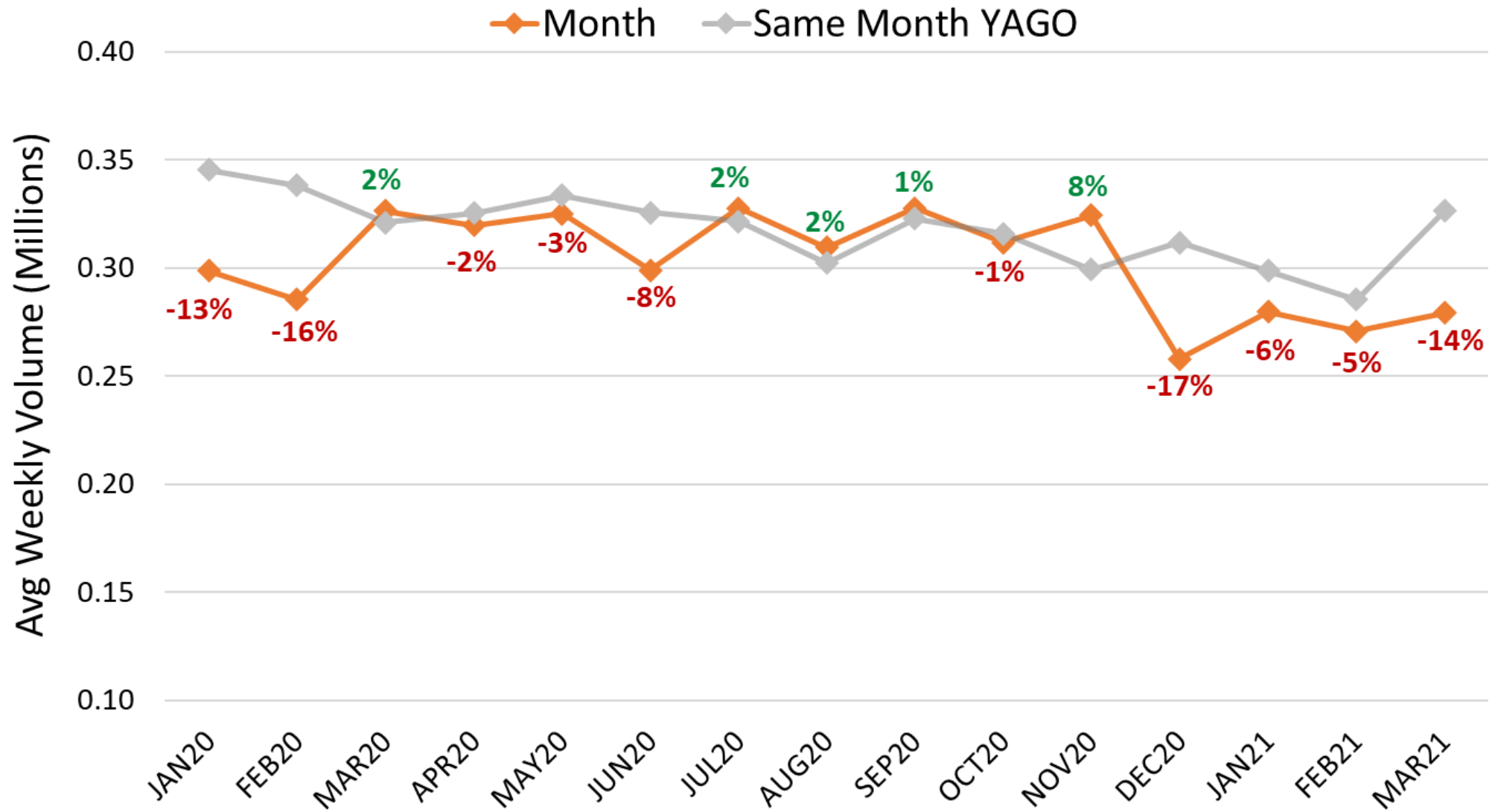
# Modern Oral



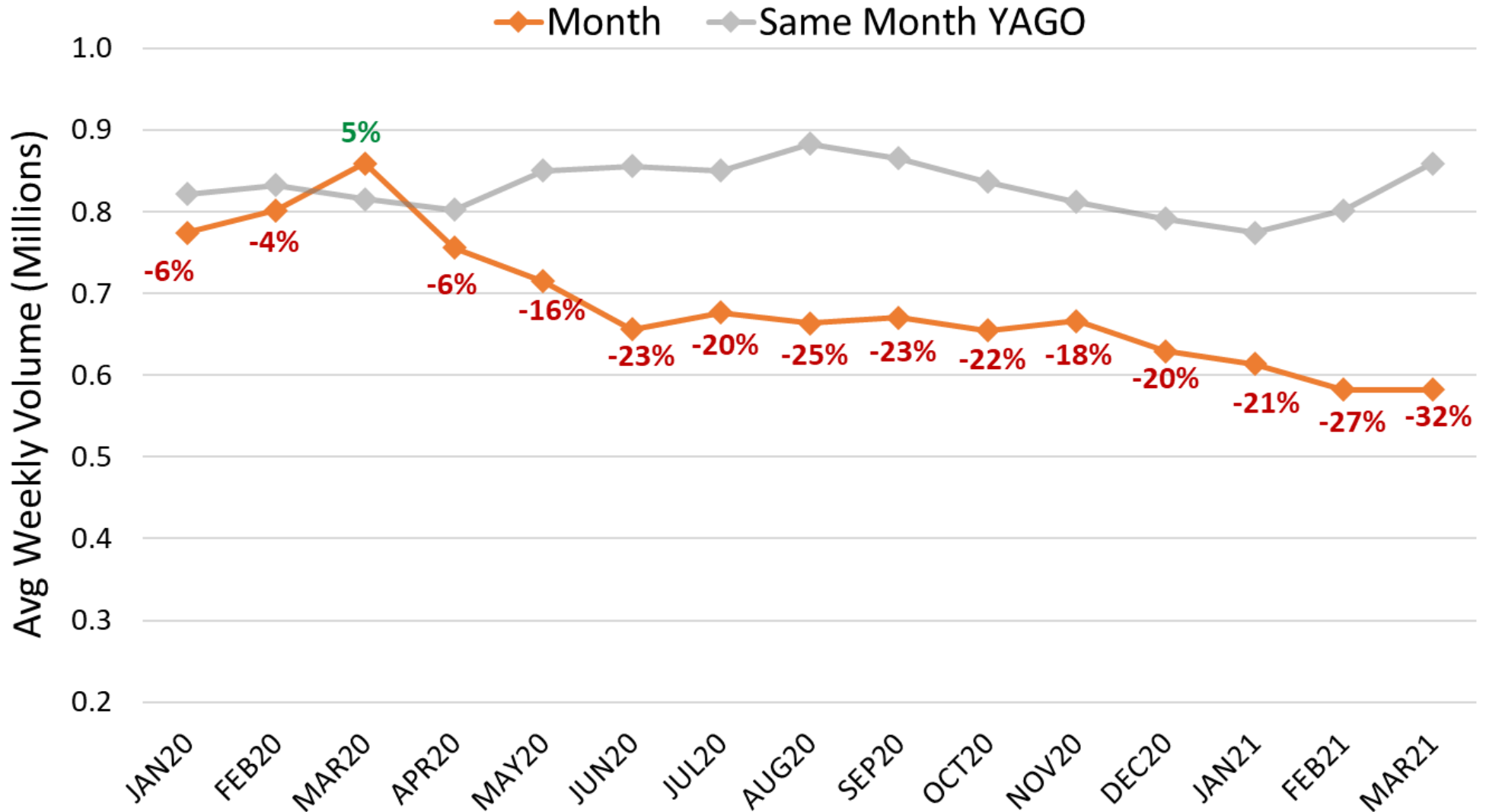
# Snus



# Roll Your Own



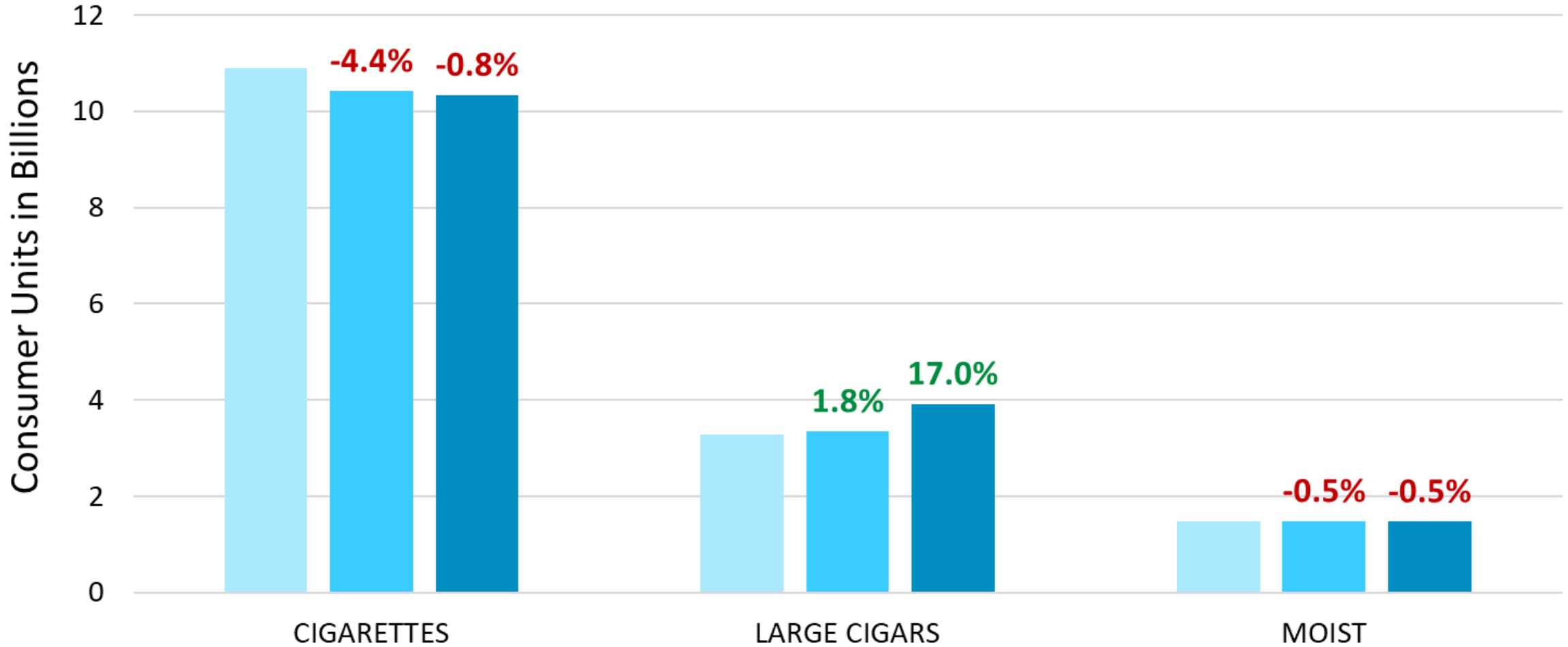
# Pipe Tobacco



# Yearly Volume Trends

52 Weeks Ending...

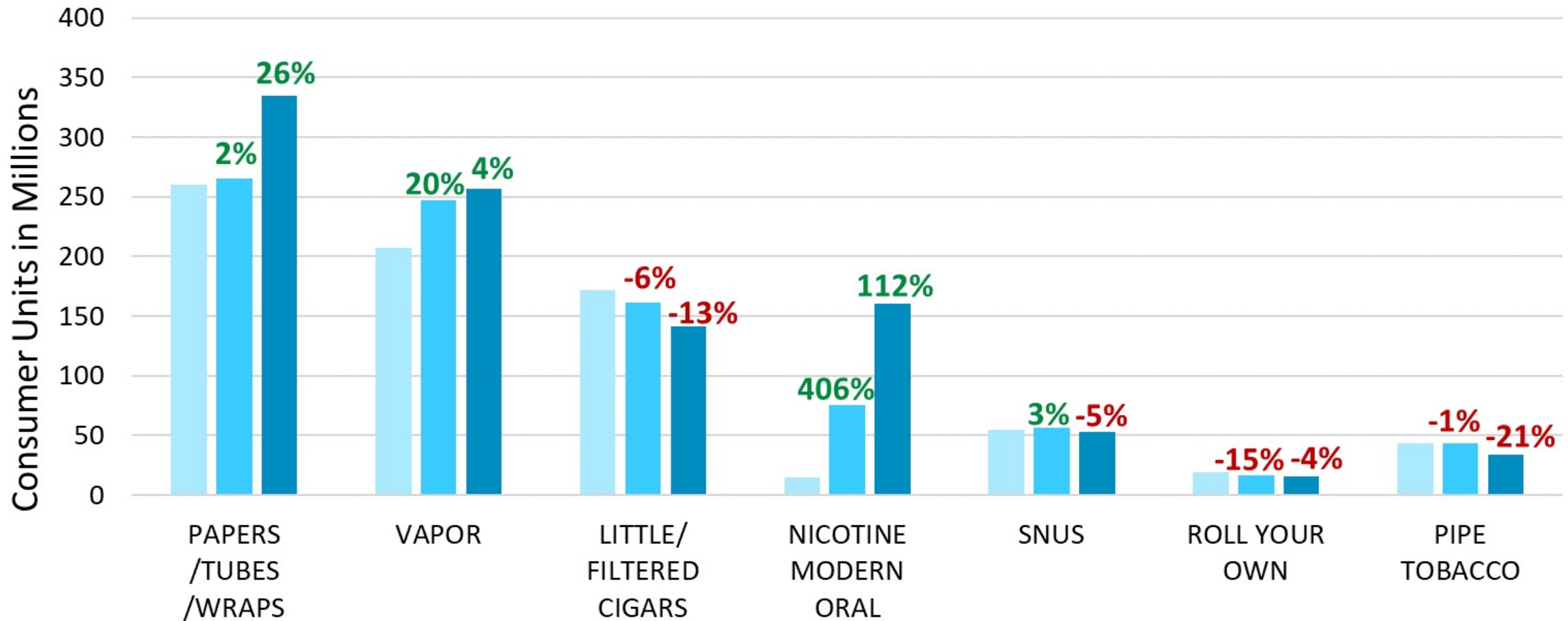
Q1 2019 Q1 2020 Q1 2021



# Yearly Volume Trends

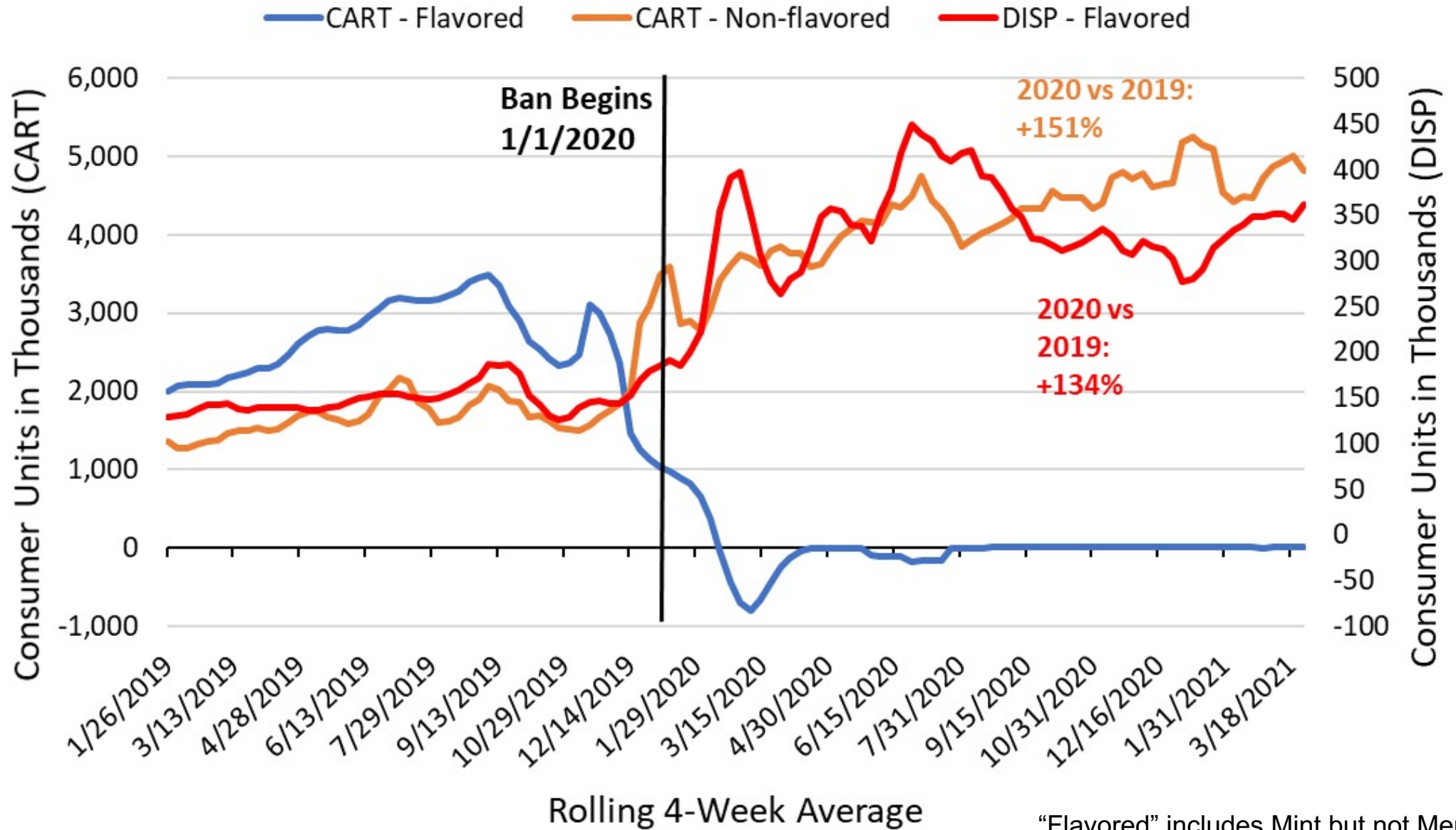
52 Weeks Ending...

Q1 2019 Q1 2020 Q1 2021



# Impact of Vapor Closed System Flavor Ban

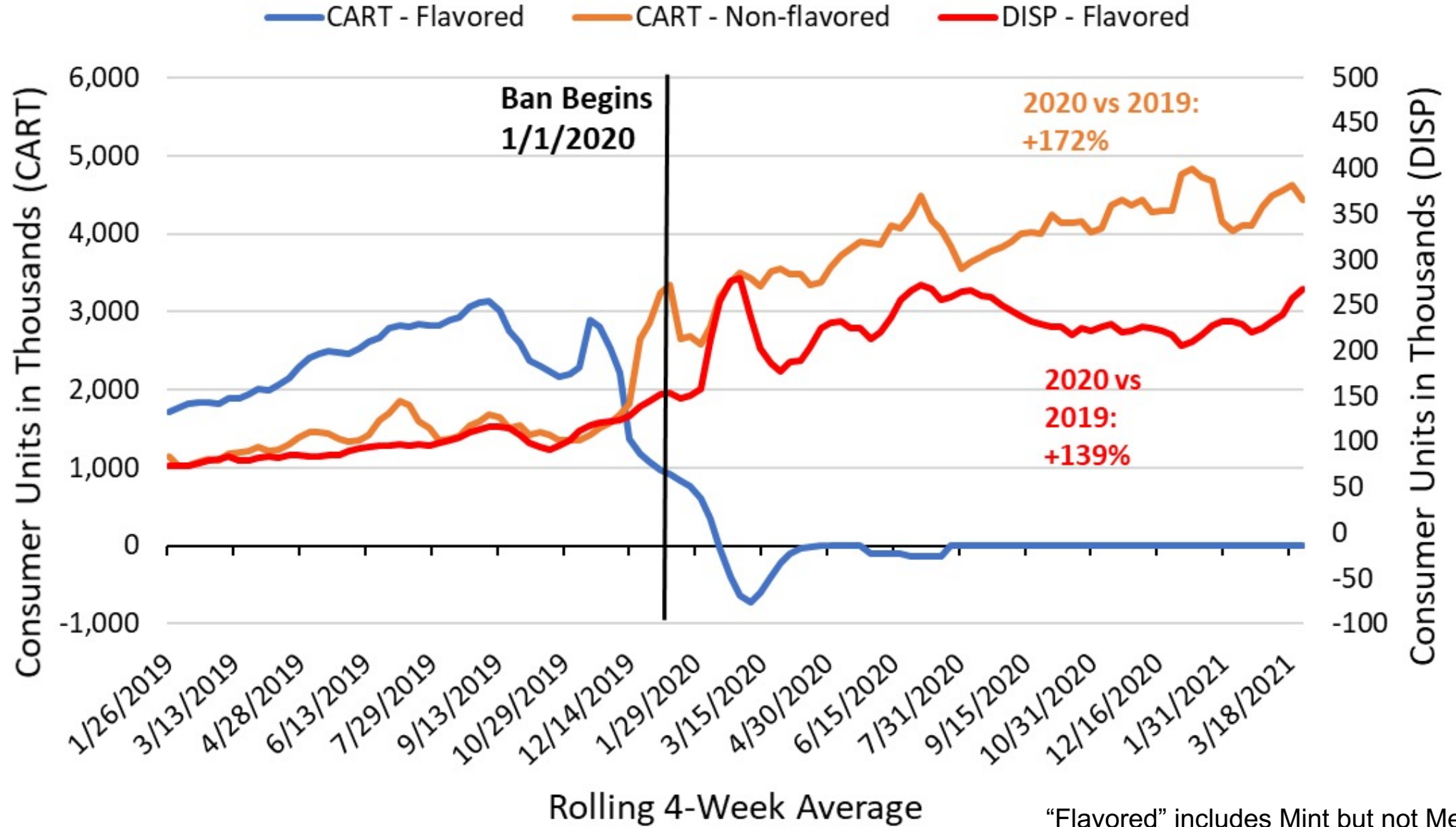
# Flavored Cartridge Ban – All Trade



“Flavored” includes Mint but not Menthol.



# Flavored Cartridge Ban – Convenience



“Flavored” includes Mint but not Menthol.

THANK YOU

MAAKE  
TERMA KASIH RAIBH MAITH AGAT  
GRAZIE MULTUMESC  
MERC  
MERC  
KIA ORA  
SALAMAT MULTUMESC  
MOCHCHAKKERAM  
OBRIGADO MATONDO  
SALAMAT CAM ON BAN  
RAIBH MAITH AGAT  
MERC  
OBRIGADO MOCHCHAKKERAM  
ASANTE  
UA TSAUG RAU KOJ MOCHCHAKKERAM  
KIITOS  
CHOKRANE  
MATUR NUWUN  
MATONDO  
CHOKRANE UA TSAUG RAU KOJ  
DANK JE  
RAIBH MAITH AGAT  
SPASIBO  
MAAKE OBRIGADO  
WELALIN  
SPASIBO  
ARIGATO  
MOCHCHAKKERAM  
OBRIGADO  
KIITOS  
DANKON  
NIRRINGRAZZJAK MOCHCHAKKERAM  
MULTUMESC  
VINAKA  
NIRRINGRAZZJAK  
MAMANA  
OBRIGADO  
DANK JE

