

# The Grocer

Focus On: Tobacco by Samantha Lyster ([samanthalyster@hotmail.com](mailto:samanthalyster@hotmail.com))

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## The Story

- **Cheap trumps all in tobacco right now, what with the chancellor continuing to ramp up duty, the threat of plain packaging looming large and the final phase of the display ban ready to swing into action in April. So which cigarette and rolling tobacco are enjoying the strongest growth at present and how? Who's in decline and why? What are players doing to ensure their survival in this increasingly uncertain future? Is price the only way to differentiate or, as the success of a handful of premium brands in spite of the continuing down trading in tobacco suggests, are there still other ways to prosper? What are they?**

## Key themes:

**Price:** The current market average price of a cigarette is 37p; rolling tobacco sells for an average of £33.06 per 100g. Yet it is brands with an asking price far below the market average that are in the strongest growth at present. Which brands are prospering and how? Is rolling tobacco continuing to prosper from the price sensitivity of smokers? With many brands launching cheaper versions of their established offerings, are others set to follow suit?

**Premium brands:** Will there still be a place for premium cigarette and rolling tobacco brands in coming years, or are they set to be squeezed out as the market becomes more commoditised. The ongoing decline of many premium brands suggests times are going to get tougher for such brands, although there are some glimmers of hope: how are some pricier brands managing to grow in the current climate and what are their prospects in the rolling tobacco market?

**The end of POS?** This feature will explore exactly how much of an impact players expect the c-store display ban, which will come into force in April, will have on the market, making reference to how it was affected by 2012's supermarket display ban and how other markets have been affected by similar moves.

**Formats:** We've had soft packs and slide packs, RYO pouches and boxes ... so what's next? This feature will weigh up what's on the cards in terms of innovation and explore what impact the display ban will have on such activity.

**Innovation:** This will be key to this feature. We'll be investigating how successful recent innovation has been and exploring what's in store for the next year. We will profile four of the most interesting NPDs in a separate panel.

**Retail channels:** This feature will explore in detail how players are looking to target different retail channels through their approach to factors such as pack formats, specific products, merchandising and promotions.

## Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- What's next for the category?