

The Grocer

Focus On: Tobacco by Richard Pendleton (Richard.Pendleton@wrbm.com)

Publishing: 10 February
Advertising deadline: 9 January
Submissions deadline: 22 January

The Story

Tobacco is running out of puff. The impact of May's laws on plain packaging and minimum sizing are plain to see as more than £308m has come out of the tobacco category over the past year. But tobacco companies are looking to the future with optimism. New heated devices are still in early stages, yet are already being touted as a potential saviour of the category. So can tobacco become hot property once again?

Key themes:

Legislation: In May, legislation came into force requiring tobacco to be sold in standardised green packaging bearing graphic warnings of dangers of smoking. Design wasn't the only stipulation; all packs must contain at least 20 cigarettes to make sure they are big enough for health warnings to cover 65% of the front and back, with the brand name restricted to a standard size, font and colour. What effect has this had on the category? Can standard tobacco recover and if so, how?

Price wars: As pack sizes increase and prices rise, consumers are looking for the cheapest possible tobacco hit. This has prompted a 9.5% increase in sales in the rolling tobacco category, with brands such as Gold Leaf, Golden Virginia Smooth, Pall Mall and Holborn yellow all boasting double-digit growth. (NB: Volume sales are down 28.7%, but this may well be down to pack sizes). To what extent will this continue?

Heated devices: Innovation which promises to dramatically reduce the carcinogenic effects of smoking, is leading the way. Distribution is still small but it is growing. Most notably, Sainsbury's became the first mult to stock refills of one device in December. Now others looking into heated technology of its own. So how big is this tech? Can it become mainstream? If yes, how long will it take? What will be the barriers?

Innovations: We identify four new products or product ranges that have ideally not appeared in The Grocer before, including launch date and RSP, and source a hi-res picture of each.

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?
- How has merchandising changed in the market?
- What's next for the category?