



Market Report

A Snapshot of your Market Sector

E-Cigarettes & Vaping

This pack has been designed to provide information on setting up a business in the E-Cigarettes & Vaping industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in July 2018. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the E-Cigarettes & Vaping market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ The smoking cessation sector is estimated to have risen in value by **4% to £132 million in 2016**, after a couple of years of disappointing sales performance. Growth in the E-cigarette sector has slowed down in recent years, rising by 6% in 2016 to £230 million, as fewer new users enter the sector. Indeed, **usage has remained at 17% in 2016** compared with 2014. (Intel, *Smoking Cessation and E-cigarettes - UK*, January 2017).
- ◆ By year end 2016, sales of Electronic Nicotine Delivery Systems (ENDS) are expected to reach **£6.1bn globally** from just £0.7bn in 2010, an increase of around 800%. By 2020, sales are projected to rise to just under £12bn, increasing at a compound average growth rate (CAGR) of 17% per year. (EY, *Electronic Nicotine Delivery Systems (ENDS): an update on a rapidly evolving vapour market*, January 2017) (tinyurl.com/yeh7zkz3).
- ◆ In 2016, **75% of consumers purchased their modular devices at a retail store**, with the most common being specialist 'vape' stores. Retail stores were also the main purchase channel for rechargeable and disposable products. Online purchasing is slightly more common for users of modular devices (EY, *Electronic Nicotine Delivery Systems (ENDS): an update on a rapidly evolving vapour market*, January 2017) (tinyurl.com/yeh7zkz3).
- ◆ Current smoking prevalence for all adults (aged 16 and over) dropped significantly from 28% in 2003 to 21% in 2013; since then, the figures have remained almost static at 21-22% (21% in 2016). **Levels of current e-cigarette usage among adults had increased significantly from 5% in 2014 to 7% in 2015**, and stayed at the same level in 2016. **Current e-cigarette use was the same for men and women (7%) in 2016**. (Scottish Government, *The Scottish Health Survey 2016: section 2.4 E-Cigarette Use*, October 2017) (tinyurl.com/ya7tzqk5).
- ◆ E-cigarette use has increased rapidly in recent years with **nearly 3 million users in the UK** - 61% of smokers (up from 22% in 2012), and 19% of ex-smokers (11% in 2012) have tried an e-cigarette. (Houses of Parliament, *POSTNOTE 533 Electronic Cigarettes*, August 2016) (tinyurl.com/yed97cmk).
- ◆ Industry bodies include [Independent British Vape Trade Association](#) (IBVTA), the [UK Vaping Industry Association](#) (UKVIA) and the [Electronic Cigarette Industry Trade Association](#) (ECITA). s is a made up statistic.)

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Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel, *Smoking Cessation and E-cigarettes - UK (January 2017)***. The introduction of the Tobacco Products Directive (TPD) in 2016, seeing limitations on advertising, has likely impacted penetration in the sector, with value sales of E-cigarettes expected to be further impacted by product restrictions that come into force in 2017. However, with consumers continuing to use these as a smoking cessation device, there are benefits for manufacturers to become licensed in the sector.

There are also a number of online resources you may find helpful:

- ◆ **Office for National Statistics, *Adult smoking habits in the UK: 2017 (July 2018)*** (tinyurl.com/ybszsgs8). Section 9 of this report describes data from the Opinions and Lifestyle Survey, which covers Great Britain and includes adults aged 16 years and above. These statistics are also available to download as an Excel dataset (tinyurl.com/y7z5qj62).
- ◆ **Action on Smoking and Health (ASH), *Use of electronic cigarettes among adults in Great Britain (May 2017)*** (tinyurl.com/ybw97wdn). A briefing that summarises data from various annual surveys on e-cigarette use, products and perceptions.
- ◆ **EY, *Electronic Nicotine Delivery Systems (ENDS): an update on a rapidly evolving vapour market (January 2017)*** (tinyurl.com/y7z5qj62). This study looks at trends in the e-cigarette market in seven countries, including the UK, exploring developments in the sale and use of these products.
- ◆ **HM Revenue & Customs, *Understand the Online E-cigarette market (November 2016)*** (tinyurl.com/ycahde8l). This report presents research from interviews with online e-cigarette businesses and surveys with consumers. It explores the scale of the online e-cigarette market, how the online e-cigarette market supply chain functions and consumer use of e-cigarettes.
- ◆ **Houses of Parliament, *POSTNOTE 533 Electronic Cigarettes (August 2016)*** (tinyurl.com/y7z5qj62). This briefing summarises some of the latest data on the e-cigarette market and consumer use, and considers wider implications such as social impact and the effect of regulations.
- ◆ **ASH Scotland, *E-cigarette Briefings*** (tinyurl.com/y7z5qj62). A collection of factsheets and briefings, with the latest statistics on e-cigarette use and updates on regulation of the e-cigarette market in Scotland.
- ◆ **Medicines and Healthcare Products Regulatory Agency, *E-cigarettes: regulations for consumer products*** (tinyurl.com/y7z5qj62). Guidance on how to get an e-cigarette on the market in the UK, as well as advice for producers and retailers.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as Yell, Thomson Local or Google Maps
- ◆ Trade specialists like EuroPages (European directory), The Wholesaler or Free Index
- ◆ Business to business (B2B) specialists such as Kompass

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the Companies House website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Retaining and Grow Your Customer Base](https://tinyurl.com/c2fw4o4) (tinyurl.com/c2fw4o4) will help you to identify who your customers are, how to use this information to sell more effectively and how to actively compete in your marketplace.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the National Records of Scotland (NRS). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the Census Area Profiles. Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ Understanding Scottish Places has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ Scottish Government Statistics provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ The Scottish Household Survey provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ Office for National Statistics (ONS) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Account](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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Updated by: Carla Bennett



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