

Appendix 4.5

Evolution of Market Share in the E-Cigarette Market

Market Share in Tracked Channels *A4.5-2*

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Market Share in Tracked Channels

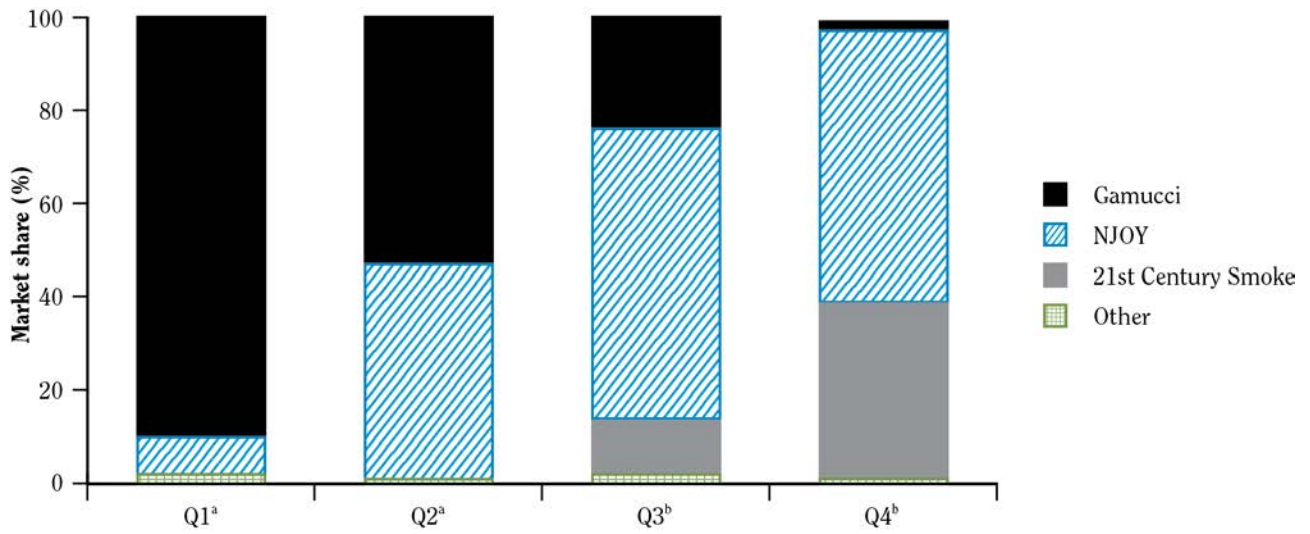
Figure A4.5-1 presents the change in market share for e-cigarettes sold in those retail stores (participating convenience, food, drug, and big-box stores) tracked by Nielsen. Market share, which is tracked per quarter for the year, is defined as the total sales dollars for a specific brand of e-cigarettes as a percentage of the total sales dollars for all e-cigarette products (including disposables, rechargeables, and e-liquid) in that quarter. An important caveat here is that the sales data in Figure A4.5-1 represent only sales of cigalikes and a small portion of tank systems that were sold in those retail stores tracked by Nielsen, which, according to a Wells Fargo Securities (2015) analyst's estimate, were only about one-third of all e-cigarette sales in the United States.

As Figure A4.5-1 demonstrates, the number of brands increased substantially between 2010 and 2014, consistent with the findings of Zhu and colleagues (2014). However, this may also reflect the increasing ability over

time of commercial marketing research companies to more accurately capture new products. At the beginning of 2010, the market was highly concentrated, but between that time and mid-2012, the level of concentration declined, with a number of companies having significant market share in the latter period. With major industry consolidation starting in mid-2012 (Lorillard acquired blu in April 2012), however, the level of concentration has again increased and, by the end of 2014, the top five brands accounted for more than 85% of market share. In a short period of 4 years, the market leader changed multiple times, from Gamucci at the beginning of 2010 to NJOY, to 21st Century Smoke, to Mystic, back to NJOY, to blu, and finally to VUSE at the end of 2014. Note that the last two of the market leaders are brands owned by cigarette companies, Lorillard and Reynolds American, respectively. (In June 2015, Reynolds American acquired Lorillard and sold blu to ITG Brands, the U.S. arm of Imperial Tobacco.)

Figure A4.5-1 E-cigarette market share in tracked channels by brand, 2010–2014

A. 2010



B. 2011

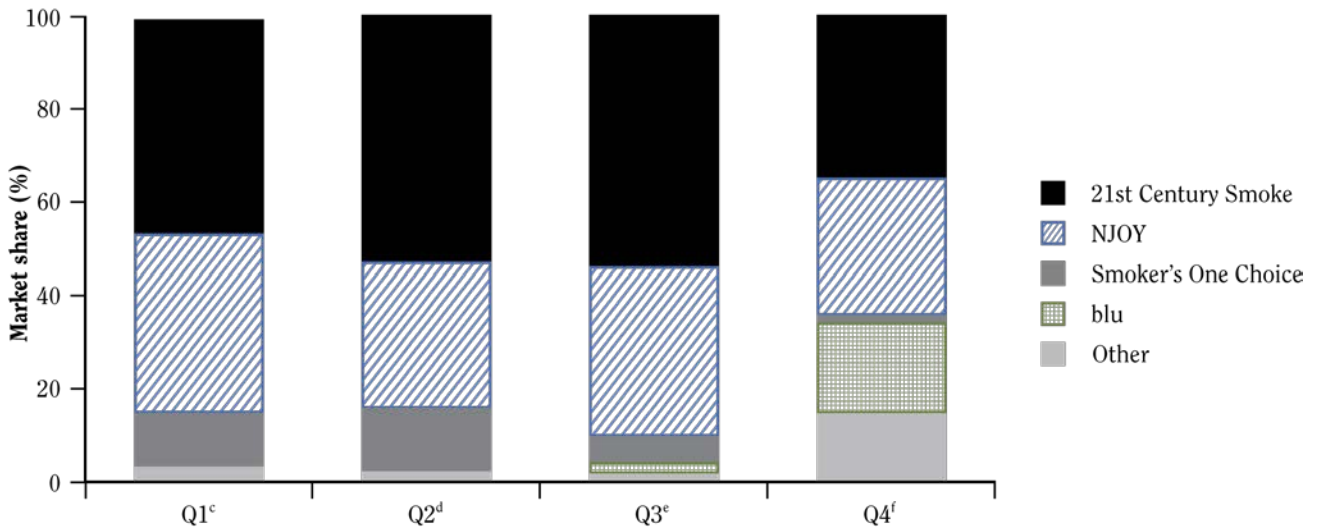
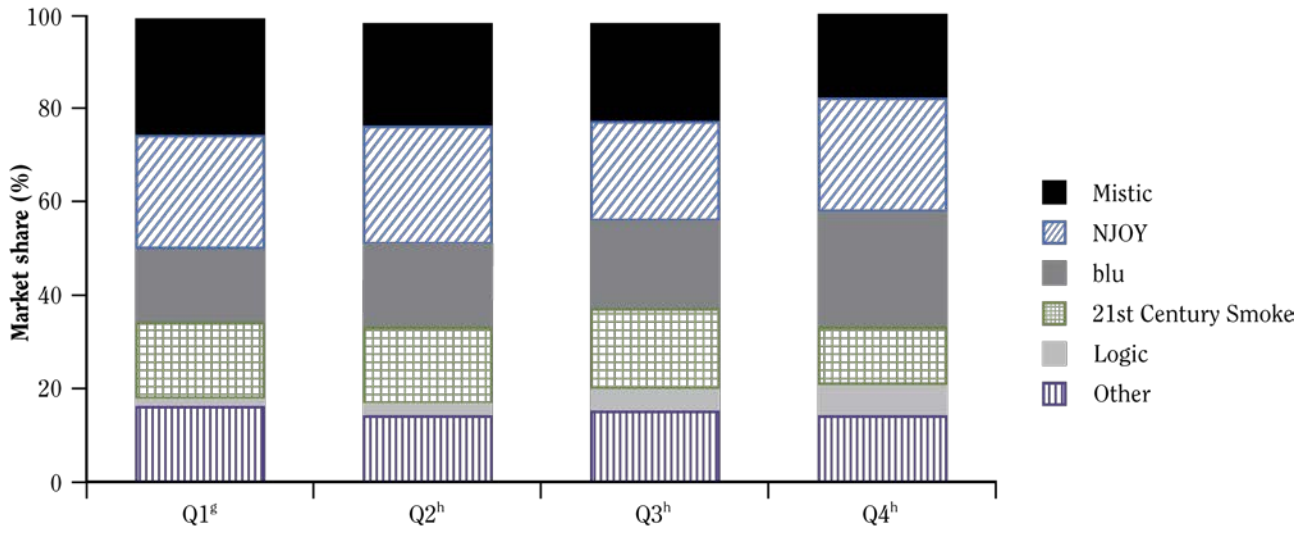


Figure A4.5-1 Continued

C. 2012



D. 2013

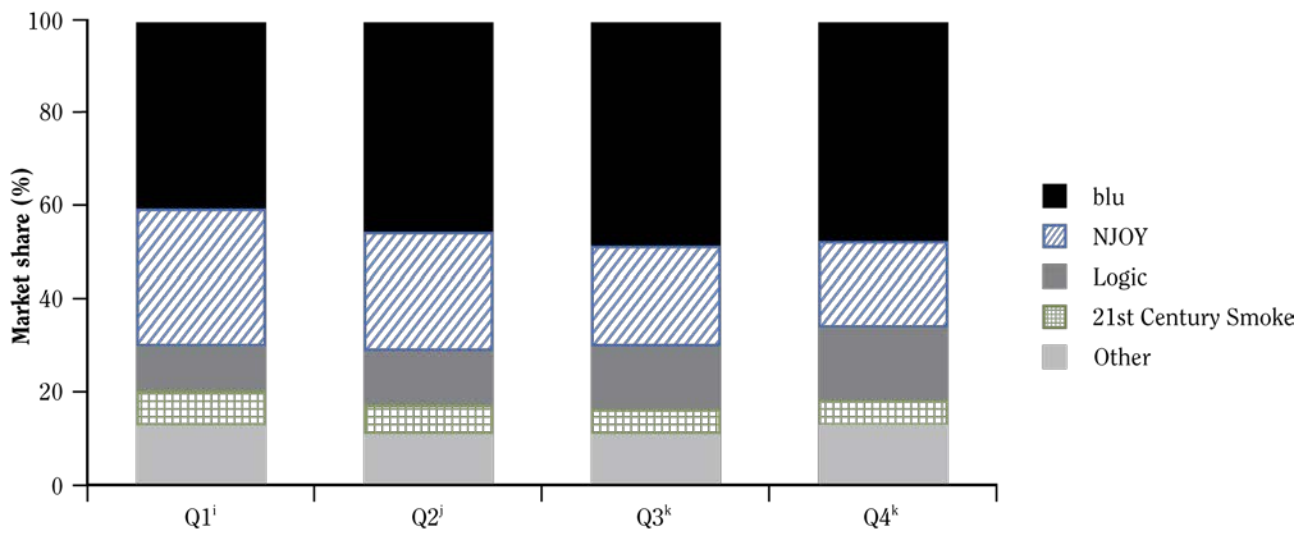
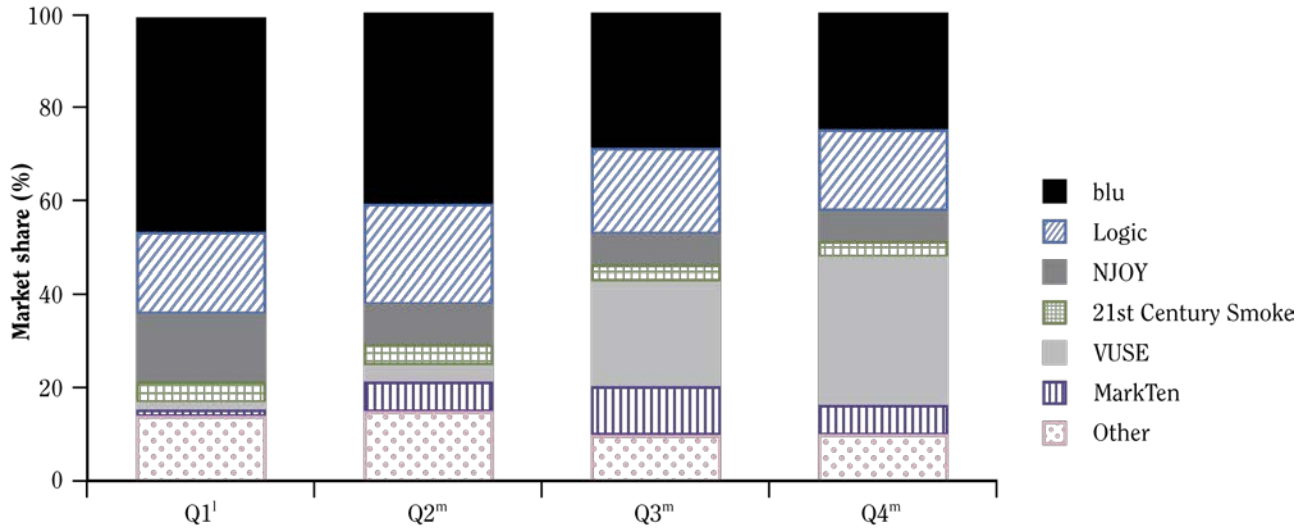


Figure A4.5-1 Continued

E. 2014



Source: Figure created with data from Huang and Chaloupka (under review).

^a“Other” includes unspecified brands.

^b“Other” includes Elektro, Smoker’s One Choice, and unspecified brands.

^c“Other” includes Elektro, Gamucci, Logic, and other unspecified brands.

^d“Other” includes blu, Elektro, Gamucci, Logic, and other unspecified brands.

^e“Other” includes blu, Elektro, Gamucci, Krave, Logic, and other unspecified brands.

^f“Other” includes Cigirex, Elektro, Finiti, Gamucci, Krave, Logic, Smoker’s One Choice, X Hale O2, and other unspecified brands.

^g“Other” includes Cig2o, Cigaletric, Cigirex, Elektro, Finiti, Gamucci, Imperial, Krave, Logic, Nicotek, Smoker’s One Choice, X Hale O2, and other unspecified brands.

^h“Other” includes Cig2o, Cigaletric, Cigirex, Elektro, Finiti, Gamucci, Green Smart Living, Imperial, Krave, Logic, Nicotek, Smoker’s One Choice, X Hale O2, and other unspecified brands.

ⁱ“Other” includes Cig2o, Cigaletric, Cigirex, Elektro, Finiti, Green Smart Living, Imperial, Krave, Logic, Nicotek, Smoker’s One Choice, X Hale O2, and other unspecified brands.

^j“Other” includes Cig2o, Cigaletric, Cigirex, Elektro, Finiti, Green Smart Living, Imperial, Krave, Logic, Nicotek, Smoker’s One Choice, V2 Cigs, X Hale O2, and other unspecified brands.

^k“Other” includes Cig2o, Cigaletric, Cigirex, Elektro, Finiti, Green Smart Living, Imperial, Krave, Logic, MarkTen, Nicotek, Smoker’s One Choice, V2 Cigs, VUSE, X Hale O2, and other unspecified brands.

^l“Other” includes Cig2o, Cigaletric, Cigirex, Finiti, Green Smart Living, Haus, Imperial, Krave, Logic, MarkTen, Nicotek, Smoker’s One Choice, V2 Cigs, VUSE, X Hale O2, Zoom, and other unspecified brands.

^m“Other” includes Cig2o, Cigaletric, Cigirex, Elektro, Finiti, Green Smart Living, Haus, Imperial, Krave, Logic, MarkTen, Nicotek, Smoker’s One Choice, V2 Cigs, VUSE, X Hale O2, Zoom, and other unspecified brands.

References

Huang J, Chaloupka FJ. Rapidly Changing Electronic Nicotine Delivery Systems (ENDS) Market (working paper). Chicago (IL): University of Illinois at Chicago, under review.

Wells Fargo Securities. *Tobacco Talk: Independent Vapor Mfr. Survey: More Bullish Than Retailers—Suggesting Vapor Growth Remains Robust*. Equity Research. San Francisco (CA): Wells Fargo Securities, January 23, 2015.

Zhu SH, Sun JY, Bonnevie E, Cummins SE, Gamst A, Yin L, Lee M. Four hundred and sixty brands of e-cigarettes and counting: implications for product regulation. *Tobacco Control* 2014;23(Suppl 3):iii3–iii9.