



Electronic Cigarette Trends Within Independent Stores

September 2013

Electronic Cigarettes Trends

The electronic cigarettes (eCigs) category is growing rapidly. Consumers are able to find the product in an increasing number of retail outlets. Consumer acceptance is expected to continue to grow as some eCig products more closely mimic the look and feel of traditional cigarettes and prices continue to fall (early kits sold for \$100+, now as low as \$20; disposables as low as \$5.). However, this growth could be tempered by the Food and Drug Administration (FDA) and possible regulation of this innovative category.

Electronic Cigarettes Trends



+400%

ADULT CONSUMERS

It is estimated that the number of adult American consumers who use eCigs has grown by more than 400% in one year*.

* TMA Tobacco Talk Conference Call with Vapor Corp CEO Kevin Frija, December 4, 2012



\$1.7 B+

GROWTH

Potential category sales at retail of \$1.7B+ in 2013†

† Bonnie Herzog, Analyst with Wells Fargo Securities, July 2013

Electronic Cigarettes Trends

MEASUREMENT

MSA currently measures the e-Cigs industry based upon equivalent volume to understand the usage by consumers

- Kits vs. refill cartridges vs. disposables vs liquids



Electronic Cigarette	Equivalent Volume Units
Kits	Number of cartridges in the consumer unit. Varies and maybe as many as 5 or more.
Refill Cartridges	Number of cartridges in the consumer unit.
Disposables	Number of cartridges in the consumer unit, typically the same as the number of sticks.
Liquid	Number of milliliters in the consumer unit.

Electronic Cigarettes Trends

STORE GROWTH

Based on stores receiving eCigs, the e-Cig Category has grown an average of 12% each month in 2013, and is up 104% year-to-date through August 2013.

Number of Independent Stores

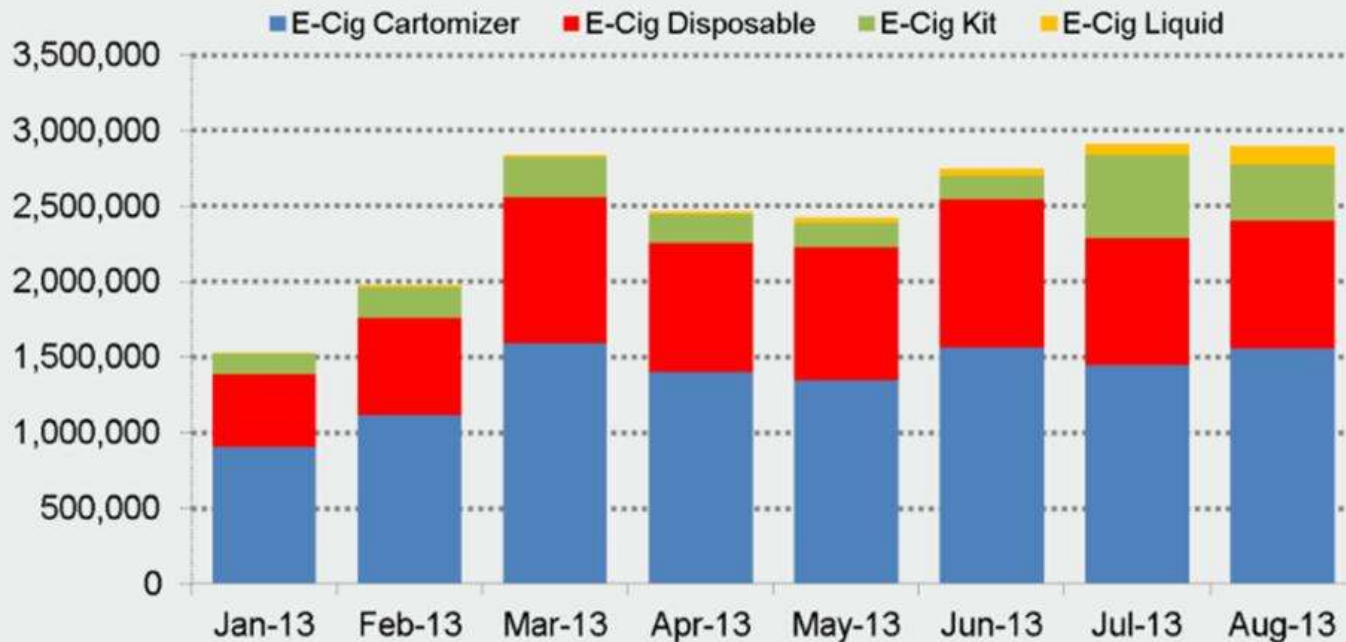


Electronic Cigarettes Trends

EQUIVALENT VOLUME GROWTH

Based on equivalent unit volume, the e-Cig Category has grown an average of 11% each month in 2013, and is up 89% year-to-date through August 2013.

Equivalent Unit Volume



Electronic Cigarettes Review

DATA SOURCE:

Wholesaler to retailer shipment data processed by MSA. 900 wholesalers across the U.S to 68,000 independent store retailers, of which 74% are independent convenience store retailers. Weekly item level data for each store for January through August 2013.

