ELECTRONIC CIGARETTE MARKETING: CURRENT RESEARCH AND POLICY

A report by Linda Bauld, Kathryn Angus, Marisa de Andrade and Allison Ford

Commissioned by Cancer Research UK
October 2016

AUTHORS

Prof Linda Bauld[1,2,3], Kathryn Angus[1,3], Dr Marisa de Andrade[3,4], Dr Allison Ford[1,2,3]

1. Institute for Social Marketing, University of Stirling
2. Centre for Tobacco Control Research, University of Stirling
3. UK Centre for Tobacco & Alcohol Studies
4. School of Health in Social Science, University of Edinburgh

ACKNOWLEDGEMENTS

The authors would like to thank the colleagues who agreed to be interviewed to inform this report. In addition, thanks to members of the European Respiratory Society for assistance with some data extraction for the rapid review and to Kate Massie for her help in formatting the report. Finally our thanks to Alyssa Best at Cancer Research UK for her support and guidance with the research.

CONFLICT OF INTEREST STATEMENT

This report was produced with funding from Cancer Research UK. The authors have received no funding (either current or past) from the tobacco, e-cigarette or pharmaceutical industries. In addition to her University post, Professor Bauld holds the CRUK/BUPA Chair in Behavioural Research for Cancer Prevention at Cancer Research UK.

EXECUTIVE SUMMARY

This report outlines results from three separate but connected pieces of research. First, a review of the current e-cigarette market drawing on available data from market analysis, the trade press and other published sources. Secondly, a systematic rapid review of the e-cigarette marketing literature published in peer reviewed journals between 2011 and 2016, updating our previous work in this area. Finally, a description of the past and current regulatory framework for e-cigarette marketing in the UK, drawing on semi-structured interviews with key professionals working in the field and relevant documentary sources.

The E-Cigarette Market

The e-cigarette market in the UK and globally is in a constant state of change creating a complex situation that is quickly out of date. Available information on the market from a range of different sources – including from researchers, charities, advocates, trade associations, analysts, journalists, health bodies and industry professionals from the tobacco and independent sectors – is variable and often contradictory in nature. Given the ways in which current data are presented, there appears to be confusion over whether the tobacco industry (TI) or independent sector has a greater market share.

The availability and appeal of first-generation e-cigarettes (cig-a-likes as they look like tobacco cigarettes or closed systems) initially drove the market, which then expanded towards second-generation products (usually larger than cig-a-likes and resembling fountain pens). Third-generation products – also known as vapours, tanks and mods (VTMs), personalised alternatives with novel flavours or open systems available from vape shops – enhanced vaping capacities and designs arrived towards the end of 2013. This part of the market is larger and growing at a much faster rate. The TI reportedly owns the leading e-cigarette brands, but currently has almost no foothold in the vape shop share of the market, where many second and third generation products are sold. Indeed, the majority of e-cigarette users (around 66%) in the UK are currently using tanks.

E-cigarettes were the fastest growing product category in British supermarkets in 2014. Tobacconists or e-cigarette shops were amongst those opening most branches during 2015 in town centres. Across the majority of e-cigarette brands, London and its surrounding areas and northern England (particularly the northwest) are a focus for brand distribution in the UK. The five most saturated regions in the UK for retail distribution outside vape stores are London, northeast England, southeast Wales, northwest England and the West Midlands. The East of England, Northern Ireland and Scotland do not have such a significant presence of stores – although one of the top five largest retailer chains, EcigWizard is currently focusing on the East of England. British American Tobacco's (BAT) e-cigarette Vype is sold in Lloyds Pharmacy stores and Puritane, owned by Imperial Tobacco's subsidiary Fotem Ventures, is exclusively available at Boots.

Tobacco industry efforts to build a market for reduced-risk products show evidence of a recent focus on vapour devices that are not e-cigarettes, but rather primarily other product categories and diversification. For example, heat-not-burn that uses tobacco heated at high temperatures (but not burnt) instead of e-liquid.

Only one product has been granted a medicinal license by the UK's Medicines and Healthcare Products Regulatory Agency (MHRA) following standard procedures. E-Voke, produced by BAT's subsidiary Nicoventures, is an e-cigarette which has been produced following another licensed device, Voke, produced by the same company which is an inhaler which contains no electronics, heat or combustion. Medicinal licenses for Voke and e-Voke allows them to be marketed as smoking cessation aids, to make health claims and to be prescribed by health professionals as well as sold over the counter in pharmacies. However, importantly neither Voke nor E-Voke is yet available on the UK market.

The introduction of the EU Tobacco Products Directive will introduce substantive changes that will both affect the e-cigarette market overall but also limit marketing opportunities.

The less restrictive packaging environment for vaping products lets e-cigarette manufacturers make a statement and use packaging to express their brand and product differentiation. There are recent signs that the price of e-cigarettes and vapour products has declined both online and offline. While in supermarkets and convenience stores prices have been falling, two offline channels, the pharmacy and petrol/travel retail sectors (primarily convenience stores within petrol stations) are relatively expensive, with prices static or even increasing. The prices of tank products appear to be more standardised across websites, suggesting more stable demand. According to some analysts, the decline in e-cigarette pricing is at least partly due to the expanding vapour category and development of vapours, tanks, mods and refills that are generally retail cheaper.

The e-cigarette market currently represents less than 1 per cent of the tobacco market. However, it is growing year on year and at least one market analysis suggests that annual sales of e-cigarettes could outstrip tobacco by 2024.

Rapid Review of Published Research

The purpose of the rapid review was to identify peer-reviewed research on e-cigarette marketing and to summarise the studies' findings on: the nature and extent of e-cigarette marketing; and any actual or perceived effects of e-cigarette marketing on children and adults.

Six academic literature databases were searched using permutations of e-cigarette, e-shisha, vaping, marketing, advertising, promotion, social media and sponsorship as search terms on March 31st, 2016. To be included in the rapid review, studies had to: be published between January 2011 and March 2016; be an empirical study published in a peer-reviewed journal; and use quantitative measures to examine a marketing element of e-cigarettes, i.e. advertising and promotion channels, pricing or availability from commercial sources. Journal articles that were editorials, commentaries, policy or legal analyses, and reviews were excluded. The data were extracted from all the included studies and the findings reported in a narrative synthesis, arranged by the types of marketing, and then, for the studies with people as subjects, by the outcomes measured.

The rapid review included a total of 73 peer-reviewed studies on e-cigarettes and marketing published in 75 papers between 2011 and the end of March 2016. The findings were split into three main categories: studies of the nature of e-cigarette marketing, studies on the effects of e-cigarette marketing on children (≤18 years) and studies on the effects of e-cigarette marketing on adults. Where relevant, the review focused on findings most relevant to the UK.

Studies of the nature of e-cigarette marketing

43 studies (published in 42 papers) looked at the nature and/or extent of an element of e-cigarette marketing. All were observational studies and most were conducted in the USA (n=32); four studies came from the UK, two from Canada and one each from China, South Korea and Switzerland; and one study covered 45 countries, another covered two (Canada and the USA). Overall, there was a considerable amount of data on the type, location, frequency and content of e-cigarette marketing. Some data on advertising spend and price of products were given. Few of the studies were conducted

in the UK, however other studies focused on marketing channels that could be accessed from the UK (eg. via social media).

Thirteen studies examined the nature of e-cigarette marketing via social media channels, YouTube and Twitter. They were used by manufacturers, retailers and vapers to promote e-cigarettes. It was difficult to distinguish between paid, unpaid and user-generated promotional content.

Five studies looked at marketing content across a range of other channels, including: print, TV and other broadcast media; through vaping conventions; and online through banner and video adverts. The types of marketing were diverse during the time-periods studied and different channels of marketing were intended to target different audiences.

Four studies from the USA examined e-cigarettes advertising spend; the trend data showed that the advertising spend increased during the time period each study covered. Four studies covered the pricing of e-cigarettes, with one multi-country study finding that that tobacco products were cheaper than e-cigarettes in most countries, except the UK, where e-cigarettes were cheaper overall.

Eight varied studies analysed e-cigarettes online retail marketing; some looked at the content of promotions for retail sales online, while others looked at the range of products for sale and how sales were promoted. Some findings had less UK relevance now, where the CAP code and the TPD prohibit messages like effectiveness for smoking cessation or other health claims. Other findings highlighted promotional approaches such as using messaging that appealed to social status, social activities, romance or celebrity endorsement.

Twelve studies, including two from the UK, surveyed e-cigarette marketing in shops. Overall, the prevalence of retail outlets and the extent of displays in shops increased over the studies' time-periods. The promotion of e-cigarettes at point-of-sale was prevalent in a range of types of retailers and many of the tobacco retailers also sold e-cigarettes. A Scottish study found that 77% of the tobacco retailers audited in the study stocked at least one brand of e-cigarettes.

Studies of the effects of e-cigarette marketing

Thirty studies (published in 33 papers) had human participants (21 with adults, 8 with children and 1 with both adults and children). Most of the studies had observational designs, however nine of the studies with adults and children used an experimental design.

Studies of the effects of e-cigarette marketing on children

Nine studies examined perceived or actual effects of e-cigarette marketing on children (11-18 years). Six studies were from the USA, two studies were from the UK and one from Finland. There was a greater focus on recall of e-cigarette advertising in the studies, with less data on recall of other promotional channels, brand awareness and procurement of e-cigarettes.

Overall, the studies showed that this age group were aware of e-cigarette advertising via multiple channels: TV, posters, billboards, internet, newspapers, magazines and shops. Awareness of e-cigarette advertising was generally higher in the studies from the USA than elsewhere. For example, in a large representative survey from the USA in 2014, 66.4% middle school, 70.9% high school students could recall e-cigarette advertising or promotion; and a time series analysis showed that 12-17 year-olds' exposure increased by 250% between 2011 and 2013 in the USA. However, in Finland in 2013, e-cigarette advertising recall was just 10.5%.

Only one study, from the UK, measured e-cigarette brand awareness. It found that 84% of 11-16 year olds in the UK could not name (unprompted) an e-cigarette brand when asked. In four studies, young e-cigarettes users recounted commercial sources when asked to recall where they purchased or procured e-cigarettes; three in the USA and one in Finland. Commercial sources were less frequent than informal sources; across the studies the most common source of access was friends (35.9%-79.9% between four studies). All the studies were conducted when age of sale restrictions were not yet in place or had been very recently introduced.

Two of the studies with children used an experimental design to assess any effects of e-cigarettes marketing. The first, with 11-16 year-old never smokers and never vapers in England, found that those exposed to e-cigarette adverts with flavoured e-liquids (vs. unflavoured or no adverts) viewed the adverts as more appealing and reported more interest in trying the product. However, there was no difference in susceptibility to smoke tobacco between the groups. The second study, with 13-17 year-old never users in the USA, found that viewing e-cigarette adverts increased the appeal of products and increased reported intention to try an e-cigarette. The attitudes towards e-cigarettes were significantly more positive among those that viewed adverts vs. the control group; e.g. 'enjoyable', 'healthy', 'safe', 'fun', 'smart', 'cool', 'attractive'. However, as in the UK study, viewing the e-cigarette adverts did not affect perceptions of the harmfulness of tobacco cigarettes or attitudes towards using tobacco cigarettes.

Studies of the effects of e-cigarette marketing on adults

No studies on the effects of e-cigarette marketing on UK adults were identified. Of the twenty-two studies we did find, the majority were from the USA. Most of the studies were cross-sectional, measuring adults' recollection of the type or 'channel' of e-cigarette advertising to provide a 'snap-shot' of data from a single time point.

Among the different adult populations studied, i.e. young adults, ever e-cigarette users, former and current smokers, all were aware of e-cig advertising, including from multiple sources. Awareness levels were generally higher among adults than in the studies with children. Awareness of e-cigarette advertising was higher in US studies than in studies from the Netherlands and New Zealand. Vapers and tobacco smokers more likely to report exposure to and awareness of e-cigarette advertising. Very few studies measured adults' recall of e-cigarette marketing via other promotional channels. Only one study measured commercial advertising awareness amongst healthcare professionals, finding that it was the third most reported source of awareness of e-cigarettes, after patients and news stories.

Receptivity to e-cigarette adverts was not particularly high. In this studies measuring this outcome, adult respondents more likely to rate e-cigarette adverts negatively compared with other adverts on measures such as: 'liked them', 'found them funny', 'found them sexy'. Adults smokers and e-cigarette ever-users more likely to be receptive than those who were not.

Seven studies, all from the USA, used an experimental study design with adult subjects. Overall, these studies showed the impact of e-cigarette advertising, such as ad exposure and receptivity, on variables such as intention and desire to use an e-cigarette and urge to smoke a tobacco cigarette. In several studies e-cigarette advertising was associated with intention or desire to use an e-cigarette among populations of young adults. Findings supported some of those from the cross-sectional studies such as current e-cigarette users being more receptive to adverts for branded e-cigarettes. One study found that e-cigarette advertising exposure increased interest to try an e-cigarette in two-thirds of smokers who had never tried an e-cigarette, suggesting a positive role for advertising. Also another study found that e-cigarette advertising exposure did not change smokers' existing desire to quit smoking.

Regulatory framework for e-cigarette marketing

This section of the report draws on stakeholder interviews and documentary review to capture the regulatory framework for e-cigarette marketing.

Between 2007, when e-cigarettes were introduced to the UK market, and 2014, by which time the market had grown rapidly accompanied by an increase in e-cigarette advertisements, existing Committee for Advertising Practice (CAP) / Broadcast Committee for Advertising Practice (BCAP) frameworks were presenting regulatory challenges. This resulted in a CAP/BCAP consultation in 2014 which informed new rules on e-cigarette advertising. Intended to be an interim measure until the TPD came into effect in May 2016, the new CAP/BACP code, introduced in November 2014, provided specific protections, particularly for children and non-smokers and allowed e-cigarettes to be shown in use on TV. In practice, it was generally thought that the new code, particularly in relation to TV advertising was working well, with relatively few complaints submitted to the Advertising Standards Authority, although some stakeholders from the tobacco control community believed the code did not go far enough to control advertising.

In May 2016, new rules for e-cigarette advertising came into force via Article 20(5) of the EU Tobacco Products Directive, prohibiting cross-border advertising of nicotine-containing unlicensed e-cigarette products, including TV, radio, online (though with scope for retailers to retain websites making limited claims), newspapers, magazines and sponsorship . The Tobacco and Related Products Regulations (TRPRs) 2016, set out how the TPD applies in the UK. Associated guidance on the provisions has been developed by the Department of Health who, in their interpretation of the TPD, aimed to strike a balance between the need to allow current smokers to receive information on e-cigarettes to encourage them to quit and the need to protect never smokers, particularly children, from the effects of advertising. To ensure the TRPRs are reflected adequately in the CAP and BCAP codes, CAP and BCAP have recently launched a consultation (September 2016) in order to provide further detailed guidance on the new rules.

Stakeholders interviewed for the study raised future issues related to e-cigarette marketing following the introduction of the new rules contained within the TPD. These included issues around being able to make health claims in marketing e-cigarette products, future marketing of non-nicotine containing products, the division between information and promotion, and the potential diversion of resources to non-restricted media such as billboards and leaflets, and point-of-sale displays. Although legal challenges to the TPD, both in the UK and EU courts, have been overturned, including a 'fatal' motion in the House of Lords, the result of the EU Referendum in the UK may pose future implications for the provisions of the TPD. It is also likely that Scotland will impose additional domestic advertising restrictions, through legislation passed last year and regulations that will be developed in 2017. No other UK nations are currently planning additional marketing restrictions beyond the TPD. Examining the impact of this new policy framework via the TPD and any other legislation is a priority for research. Will these current and planned marketing restrictions protect never smoking children from regularly using e-cigarettes? Will they restrict communication about the products to adult smokers who could benefit from switching from smoking to vaping? Ongoing surveillance and future studies should shed light on these important questions.