

Evaluation of market
opportunity for
E-Cigarettes in India

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E-Cigarettes : Healthier Alternative to Smoking

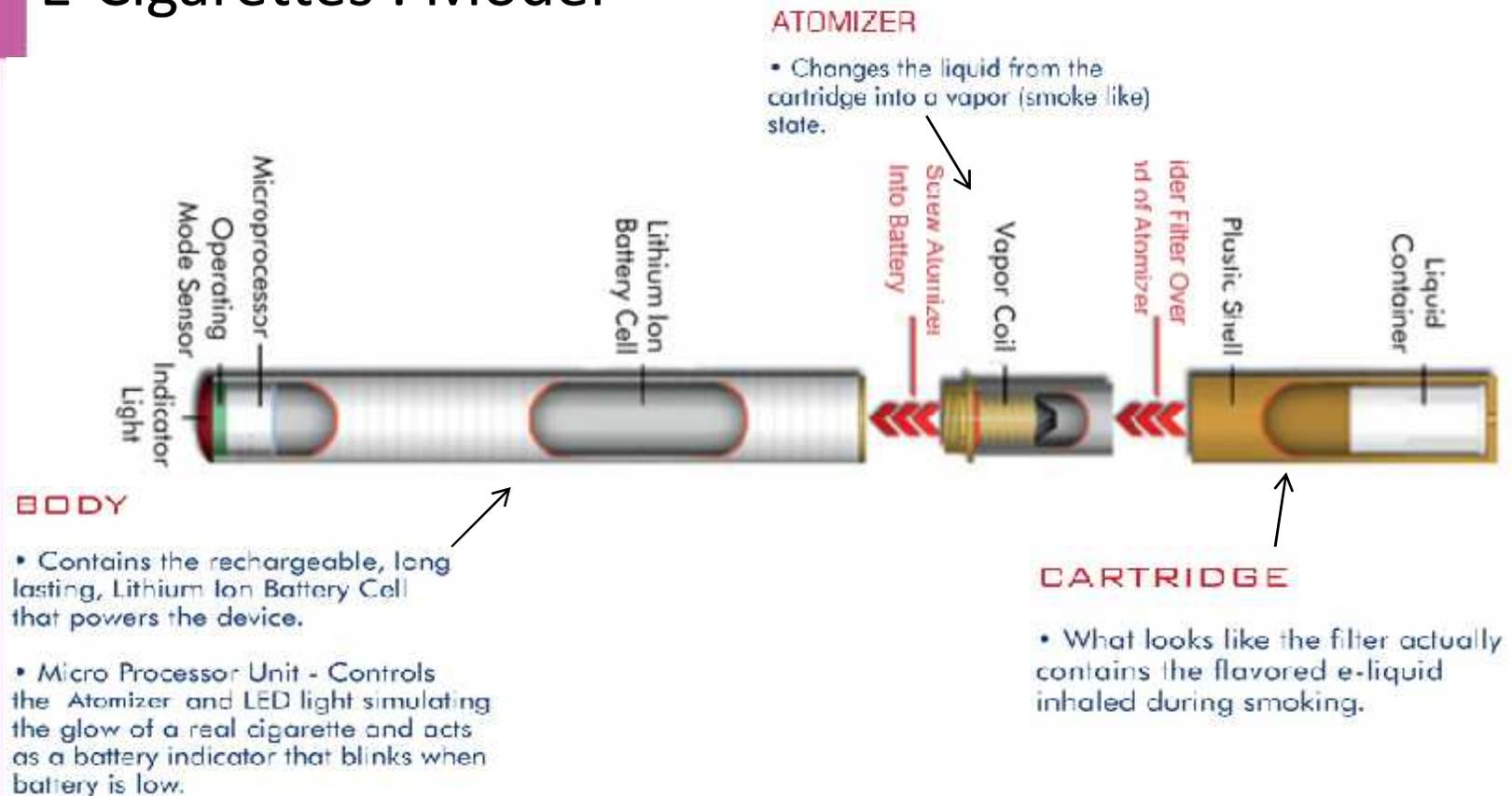


E-Cigarettes : Introduction

- An electronic cigarette (E-Cigarette) is an **electrical device** that **simulates the act of tobacco smoking** by producing vapor, bearing the **physical sensation, appearance and often the flavor** (with or without nicotine content) of inhaled tobacco smoke, **without its odor or ostensibly, its health risks.**
- E-Cigarettes use **heat/power supply** to vaporize a glycerin-based liquid to produce aerosol mist which creates sensation similar to that of tobacco smoking.
- The **liquids** used in the E-Cigarettes **can be refilled and are available in different flavors** and may or may not contain nicotine.
- In India, tobacco smoking in public places has been banned under Health Law, 2006. Since E-Cigarettes avoid the use of tobacco, smoking E-Cigarettes is considered to be legal. However, there is **no evidence of proper regulatory framework** for the use of E-Cigarettes in India.
- Use of E-Cigarettes as a smoking cessation aid has been debated in many countries around the world.
- E-Cigarettes are treated more as a **smoking cessation device**. It's **use as a medicinal nicotine replacement therapy (NRT) has not been approved** due to the lack of necessary clinical testing.



E-Cigarettes : Model



User inhales using the mouthpiece, which triggers the atomizer to turn the liquid into vapor. The vapor is inhaled by the user producing the effect of smoking a real cigarette. Thus the user starts 'vaping' and not smoking.



E-Cigarettes : Need Potential

- India is home to 111 million smokers, many of whom are trying to give up the habit due to **growing awareness about the health risks of smoking**.
- It is estimated that **70 % of smokers who wish to quit generally fail**.
 - Lack of will power and lack of effective aids to quit smoking are the key reasons for sustained abstinence.
- In some cases, reasons for smoking are **psychological nature**. It is observed that the feeling of just holding a cigarette in hand gives the smoker much needed high than actually smoking. In such cases, other available options of cessation like nicotine patches or gums may not serve the purpose. An E-Cigarette would **prove to be helpful for such consumers since it is similar to the real cigarette in appearance but less harmful**.
- **Withdrawal symptoms** also deter smokers from quitting
 - An effective way to induce smoking cessation would be to chalk a plan at a pace comfortable to the smoker without causing adverse withdrawal symptoms.



E-Cigarettes : Market Attractiveness

- Over the counter sale of smoking cessation products in India was valued to be US\$ 10 mn in 2011.* The OTC category has shown growth of 6% over 2010. It is growing at a CAGR of 7% over past five years.*
- Nu Life Chewettes, Nicorette and NoBacco are the only products that are mass advertised.
- Nu Life Chewettes and Nicorette are available in gum and lozenge formats while NoBacco is available as pastilles.
- No E-Cigarettes are available as OTC smoking cessation remedy since their use for medicinal purposes is argued. There are no figures available on E-Cigarettes sales in India.

E-Cigarettes will be one of a kind product in the fast growing cigarette cessation market in India, where nicotine gums are dominant.



E-Cigarettes : Popularity

- Although currently awareness of E-Cigarettes is very low in India, it is growing in popularity.
- However, those who are aware of E-Cigarettes and have used them opine that E-Cigarettes are an **effective and economical way** to quit smoking.
 - A major factor in people's choice to switch to E-Cigarette is its economical advantage. Many estimates say E-Cigarette habit **costs one-third** as much as a smoking habit.
 - The **cartridge** used to **refill** an E-Cigarette **costs lower** than a real cigarette and also lasts **three to five times longer** as compared to a traditional pack of cigarettes.
 - Another benefit is that the user is **in charge of how much he/she smokes**. One doesn't have to smoke the entire cigarette in one sitting, a **couple of puffs** can be taken as and when required.
- E-Cigarettes are mostly bought **online** and are delivered to the consumers' doorstep by the company.
- Majority of the consumers who buy E-Cigarettes fall within the age bracket of **30 to 50 years**.
- Recently launched products are promoted as '**Stop smoking, start vaporizing**' or as '**a healthier smoking alternative**'.



E-Cigarettes : Popularity

- E-Cigarette devices are available with **varying levels of nicotine strength** so that a smoker can **start with high strength fags** (16 mg of nicotine like regular cigarettes), **switch to medium** (8 to 12 mg nicotine like light cigarettes) and then go to **low or zero-nicotine fags**.
- Since it lets the smokers reduce the nicotine intake **at their own pace**, E-Cigarette may find acceptance among the smoking quitters in India.
- E-Cigarettes would be **helpful in meeting smoking cessation needs of millions** in India. However, robust clinical evidence needs to be produced in order to promote it as an ‘approved smoking cessation therapy’.
 - Although studies proving advantages of E-Cigarette use over nicotine patches or gums have been published, a long-term and large-scale study will be able to prove efficacy of E-Cigarettes in smoking cessation.



E-Cigarettes : Medical Practitioners' Perspective

- Doctors seem to think that the product might be called an “E-Cigarette” but **it's still a cigarette.**
- Doctors opine that E-Cigarettes might be safer than smoking but they are **definitely not healthy.**
- Doctors expressed **major concerns** over the use of E-Cigarettes resulting in potential **unintended consequences.**
 - The consequences include **increased smoking initiation** or **dual use** of different tobacco products by a single user, **especially among the youth** since they are very appealing.
 - E-Cigarettes might be a good option to suggest to smokers, however, the product with its 500 plus **ingredients** puts non-smokers at the **risk of smoking out of curiosity.**
 - Additionally, for smokers, this is most likely to **derail the potential for ultimate smoking abstinence.**
- Medical practitioners **oppose the sale of E-Cigarettes over the counter** saying **nicotine is a drug** and should only be given as a medical prescription.



E-Cigarettes : Medical Practitioners' Perspective

- Doctors also add that E-Cigarettes **might work** as a strategy to quit smoking similar to nicotine replacement, if one **willfully commits to short-term use** of the E-Cigarettes.
- Doctors also suggested that E-Cigarettes might be an **attractive** smoking cessation option when **coupled with a message of being harmful but lesser than the real cigarettes**.
- Additionally, if these devices can be shown to **help more people quit** smoking completely, this will help in **eliminating the harmful effects for users and the population as a whole**.
- **No scientific basis currently exist** for making claims of either reduced harm or safety for E-Cigarettes. Hence, doctors advice that **one must trust the approved** methods of smoking cessation, which are proven to aid in quitting the habit.
- This is why doctors believe in directing the smokers toward **evidence-based treatments** such as counseling and nicotine replacements like a patch or gum instead of suggesting E-Cigarettes.



E-Cigarettes : Brands in India: Steamz

- A Chennai company, SPK Consumer Solutions, launched Steamz E-Cigarettes in May, 2008. The company gets at least 1 lakh orders every month, a major chunk of which are from India itself.*
- Steamz is promoted as “an Eigarette which gives smokers the freedom and pleasure of smoking anywhere.”
- It talks about advanced micro-electronic technology of the device, which gives its users a chance to smoke in a much healthier and tobacco-free way.
- Pollution-free aspect of the product is also addressed since it is reusable and without any carbon monoxide discharge.
- The Steamz range of Eigarettes includes the E-Cigarette kit, Disposable E-Cigarettes and Cartridges box.
- Price range of Steamz Eigarettes is up to US\$ 3 to US\$ 8 (Rs. 180 to Rs. 400).



E-Cigarettes : Brands in India: Foschia



- Kolkata-based RRR Chemicals sells E-Cigarettes under the brand name of Foschia.
- It has a customer base of 3, 500 customers.*
- Foschia E-Cigarettes are positioned as a premium product. It comes with a LCD display for the in-built battery information as well as a USB charger to charge the kit while working on computers.
- The price range from Foschia E-Cigarettes ranges from US\$ 50 up to US\$ 80. (Rs. 2700 up to Rs. 4300)



E-Cigarettes : Brands in India: Vapours

- Delhi's Jet Lite Creations has launched E-Cigarettes under the brand name of 'Vapours'.
- The company sells 8 to 10 'Vapours' every day.*
- Vapours E-Cigarettes targets:
 - Chain smokers who want to reduce or quit smoking forever.
 - Smokers who want to smoke anywhere.
 - People who work in no smoking environments and have a habit of smoking.
 - Smokers who wish to save themselves from harmful side effects.
- The product offering includes travelers kits for charging anywhere as well as flavored liquids.
- Price ranges within US\$ 47 to US\$ 66 (Rs. 2500 to Rs. 3500)



E-Cigarettes : Positives

- Smoking without odor/ taste of tobacco
- Lower health risks compared to tobacco smoking (no CO₂ inhalation)
- Reusable, refillable (disposable E-Cigarettes are also available)
- Cost-effective - One cartridge lasts three to five times longer than a pack of real cigarettes
- Varieties of flavors - with or without nicotine content
- Provides satisfaction of cigarette smoking due to its appearance like a real cigarette
- Smoke is not produced, hence smoking (or vaping) in public places is possible with no harm to the environment
- Since liquids are available in flavors of popular cigarette brands like Marlboro or Camel as well as in different concentrations of nicotine, smokers find it easy to switch to E-Cigarettes
- Nicotine concentration in the liquids can be reduced gradually. Thus it significantly reduces cigarette craving.



E-Cigarettes : Negatives

- FDA analyzed some of the E-Cigarette brands and found diethylene glycol and other cancer-causing agents in some samples.
- The nicotine cartridges emit an inconsistent amount of nicotine.
- Like secondhand smoke, particles from the vapor can land on surfaces like clothing, furniture and carpets and have the same affect as secondhand smoke.
- Lack of proper clinical evidence: Controlled studies of electronic cigarettes are scarce as they are relatively recent.
- Lack of regulatory framework in terms of manufacturing of the liquids and the device.
- Laws governing the use and sale of electronic cigarettes, as well as the accompanying liquid solutions, currently vary widely, with pending legislation and ongoing debate in many regions.
- Concerns have been raised by anti-smoking groups that use of the device still might carry health risks.
- If promoted OTC, it could appeal to non-smokers, especially children, due to its novelty, flavors and claims of safety.



E-Cigarettes : Conclusion

- Despite the lack of clinical evidence, E-Cigarettes assure considerably lower health risks than those caused due to the use of a real cigarette. This benefit outweighs most negatives of the product.
- Marketers would need to pay serious attention to the marketing claims of the product as the chances of non-smokers/children experimenting with the E-Cigarettes are high.
- Going further, there is a need to carry out credible clinical research with the product to prove its benefits. This would provide the evidence to government bodies to approve 'E-Cigarette as a smoking-cessation therapy.'



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