



# The big switch.

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How convenience retailers in England are improving access to, and awareness of, smoke-free alternatives to help adult smokers switch away from cigarettes for good. A special report.

With a foreword by James Lowman  
at the Association of Convenience Stores (ACS)

June 2022



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# The big switch.

**This report is funded by Philip Morris Limited (PML) in the UK and Ireland. The fieldwork was conducted independently by KAM and Lake Market Research. PML did not contribute to the report's data.**

**The findings and conclusions of the report are those of KAM and Lake Market Research and do not necessarily represent the views of PML.**

The report was co-authored by KAM and PML.

## Retailer research methodology:

KAM conducted a quantitative research study with a sample of 1,397 symbol<sup>1</sup> and independent convenience retailers in England. Fieldwork was carried out between July 7 and August 5, 2021. Key decision-makers in each store (the owner/manager) were interviewed across the following local authorities: Birmingham, Brighton & Hove, Bristol, Coventry, Doncaster, Greater Manchester, Leicester, Liverpool City Region, London, Newcastle upon Tyne, Northampton, Nottingham, Oxfordshire, Peterborough, Portsmouth, Reading, and Sheffield.

## Consumer research methodology:

Lake Research conducted a quantitative research study with a sample of 1,080 adults aged 21+ in England. All had switched from cigarettes and other combustible tobacco products to smoke-free alternatives. Fieldwork was carried out in August 2021.



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Philip Morris Limited is an affiliate of Philip Morris International with a diverse workforce of around 350 people in the UK.

Our history can be traced back to 1847, when our founder Philip Morris opened a shop on London's Bond Street. Today, we are a leading international tobacco company.

In 2016, we announced our decision to build PMI's future on smoke-free products that are a much better choice than cigarette smoking. We believe that our company can contribute best to public health by developing a broad range of reduced-risk, and therefore better, alternatives to cigarettes that smokers can switch to: PMI.com

**KAM**

KAM is a research and insight agency specialising in the retail, wholesale and hospitality sectors: [kam-media.co.uk](https://kam-media.co.uk)

**Lake**  
Market Research

Lake Research is a market research agency delivering high quality quantitative and qualitative research solutions: [lake-research.com](https://lake-research.com)

1 A symbol retailer is an independent business that is a member of a larger organisation, often recognisable by a symbol on the shopfront.  
Birmingham (127) Brighton & Hove (40) Bristol (74) Coventry (48) Doncaster (62) Greater Manchester (200) Leicester (55) Liverpool City Region (72) London (385) Newcastle upon Tyne (55) Northampton (55) Nottingham (52) Oxfordshire (32) Peterborough (35) Portsmouth (30)



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## Glossary of terms.

**Independent convenience retailer/retailer/store:** A symbol or unaffiliated convenience retailer or store that sells both combustible tobacco products and smoke-free alternatives.

**Smoke-free retailer/store:** A symbol or unaffiliated convenience retailer or store that only sells smoke-free products and no combustible tobacco products.

**Adult smoker/customer/consumer:** An adult who smokes combustible tobacco products, such as cigarettes and roll-your-own products.

**Smoke-free user/smoke-free customer/consumer:** An adult who uses smoke-free products.

**Smoke-free communities:** A community where adult smoking prevalence is 5% of the population or below, as defined by the UK government.

**Combustible tobacco products/combustibles:** Cigarettes, roll-your-own, and other products that burn tobacco.

**Smoke-free alternatives/smoke-free products/less harmful alternatives/better alternatives:**

Regulated tobacco and/or nicotine products that, whilst not risk-free, are a better alternative than continuing to smoke.

**Smoke-free category:** A term describing all verified smoke-free products currently available in England.

**ABC1:** A system of demographic classification, based on the occupation of the chief income earner in the household. ABC1 represents those in a higher managerial role, intermediate managerial role, supervisory, clerical, or junior managerial role.

**C2DE:** represents households whose chief income earner is in skilled manual work, semi-skilled or unskilled manual work, casual work, claiming state pension, or unemployed.



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**“I’ve converted three generations of one family to smoke-free alternatives.**

**“As a retailer, I have an opportunity to introduce these products into my community and get people away from cigarettes which is something I believe in.”**

**– Aman Uppal.  
One Stop Mount Nod,  
Coventry.**

# Foreword.



**Christian Woolfenden**  
Managing Director at Philip Morris Limited in the UK and Ireland.



**James Lowman**  
Chief Executive at the Association of Convenience Stores (ACS)

**Aman Uppal of Coventry wouldn’t have thought that from a single conversation, he’d end up helping three generations of one family abandon cigarettes for good.**

For years, Aman has served his community, becoming a permanent fixture in a neighbourhood where people rely on him and his staff for their needs. In recent times this has only increased and, as Aman’s commitment to his community has grown, so too has the trust placed on him by those he serves.

Aman is a second-generation convenience store retailer. He is the embodiment of the Big Switch report: a retailer who cares about his customers and the choices they make - using his store, position, and knowledge to help adult smokers switch to better alternatives if they’re unable to quit tobacco and nicotine products completely.

But Aman isn’t alone. The Big Switch reveals a growing movement of convenience retailers improving access to, and awareness of, smoke-free alternatives for the adult smokers among their customer bases.

These retailers, and the movement they’re part of, are rarely acknowledged and go largely unseen in efforts to reduce the proportion of adults that smoke. However, in communities throughout England, they are making a difference.

Many have moved beyond a ‘stock and sell’ mentality, instead building connections with smokers to better understand their needs and offer alternatives to match. This new form of community retailing has the potential to help millions of smokers overcome any reservations or knowledge gaps they may have about switching to a less harmful product.

As the only tobacco company purposefully working to phase out cigarettes completely, we welcome the data, insights, and sentiments contained in this report. They should provide encouragement to those retailers looking to replicate the success of Aman in helping customers - and by extension his community - achieve a smoke-free future.

**Convenience store retailers are embedded in their communities, with a reach unlike any other sector in the UK grocery market.**

This community grounding of convenience stores enables the people running and working in stores to be acutely in tune with the needs of their customers, but retailers also need to look at data from wider research to keep abreast of trends.

The e-cigarette and smoke-free category is fast-changing, so it’s important to understand consumer attitudes and benchmark with your own experiences and sales information.

<sup>1</sup>A symbol retailer is an independent business that is a member of a larger organisation, often recognisable by a symbol on the shopfront.





# Executive summary.



Over the past decade, the proportion of adults in England that have stopped smoking has increased significantly<sup>3</sup>.

Many have abandoned cigarettes in favour of smoke-free alternatives that, whilst not risk-free, are a better choice than continued smoking.

2.7  
Million

There were, for instance, 2.7 million adults using vaping products in 2020 in England<sup>4</sup>.

50%

More than 50% of vapers in England reported using e-cigarettes to quit smoking<sup>5</sup>.

5.7  
Million

In recent years other products, such as nicotine pouches and heated tobacco products, have emerged to offer adult smokers more choice. Yet, despite the proliferation of better alternatives, 5.7 million adults continue to smoke in England<sup>6</sup>.

The potential of smoke-free products will only be realised if they are used as an alternative to combustible tobacco products, like cigarettes and roll-your-own products.

**Smokers who want to continue using tobacco or nicotine products must have access to these products if that potential is to be realised. By 'access' we mean:**



**01 Smokers are aware of the existence and benefits of smoke-free products**

**02 The products are acceptable to the smoker as a viable alternative to cigarettes**

**03 The products are conveniently available for sale to the smoker**

**04 Smoke-free products are affordable to the smoker**

Kamran Hafeez  
Wiggleys corner shop, Oxford.

<sup>3</sup> Adult smoking habits in the UK: 'The proportion who are current smokers in the UK, its constituent countries and local areas, 2011 to 2019'. Office for National Statistics (ONS). (7 July 2020) <sup>4</sup> Vaping in England: 2021 evidence update summary. (Public Health England) (Published via GOV.UK on 23 February 2021) <sup>5</sup> Ibid <sup>6</sup> Adult smoking habits in the UK: 2019. 'Cigarette smoking habits among adults in the UK, including the proportion of people who smoke, demographic breakdowns, changes over time and use of e-cigarettes.' Office for National Statistics (ONS) (7 July 2020)

In 2020, there were 38,963 convenience retailers in England<sup>7</sup>, 91% of which stocked smoke-free alternatives<sup>8</sup>.

This means that in almost every community in the country, consumer touchpoints exist that enable adult smokers to see, learn about, and purchase alternative products. More critically, there are store owners and staff on-hand to better facilitate access to these products in a local retail environment.

To date, there has been insufficient data to understand whether convenience retailers

The findings demonstrate a willingness to build better relationships over the counter-top between retailer and customer.

There's a clear appetite amongst store owners to work with multiple partners, including competitors and local stop smoking services, to support smokers.

In some cases, there's in-store evidence of store owners actively prioritising smoke-free alternatives over combustible products.

switch, demonstrating how they could be accelerating the journey towards a smoke-free future.

There are also actionable recommendations based on the findings that may help retailers overcome short-term access challenges in the smoke-free category.

Importantly, the report provides the basis to conduct more analysis that may uncover the true extent of the impact the convenience sector has, and continues to have, on reducing smoking prevalence through improved access to alternatives.

## Convenience retailers can help adult smokers overcome key access barriers.

have contributed to any large-scale effort in switching smokers to better alternatives – or whether actions taken have helped in any way to reduce smoking prevalence rates in England.

Whilst this report cannot pinpoint for certainty an exact association, the data, insights, and sentiments of both retailers and customers present a positive correlation - that meaningful access to smoke-free products is being enhanced through the convenience sector for the purposes of switching adult smokers.

Hurdles remain, of course, preventing the indirect retail channel from achieving its full potential. Many retailers lack sufficient knowledge of the smoke-free category, which has impacted consumer confidence.

Some worry about building a sustainable business without combustible products. There are also stark regional variations on the willingness to go completely 'smoke-free'.

Overall, the Big Switch highlights the role retailers may be playing to help smokers

Philip Morris Limited (PML) will commit to furthering our understanding in this area and identify what additional support retail partners may need to improve the awareness, acceptability, availability, and affordability of smoke-free products in England.



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<sup>7</sup> Store numbers sourced from ACS Local Shop report 2020

<sup>8</sup> Percentage of convenience stores stocking smoke free alternatives sourced from The Retail Knowledge Partnership



# Key findings.

## Convenience retailers.



35%

Would like to become an exclusively smoke-free retailer and play an active role in helping adult smokers switch to better alternatives.



42%

Would be motivated into replacing cigarettes with smoke-free products if it helped customers and communities to go smoke-free.



68%

Would work with other local retailers to help smokers switch, whilst 58% would work with local pharmacies, GP surgeries, and stop-smoking services to better advise smokers in their community.



68%

Want to build better relationships with smokers to understand which smoke-free products might be right for them.

## Smoke-free customers.



64%

Feel that a convenience store is an appropriate place to be advised about what smoke-free products might be right for them.



67%

Feel that their local convenience retailer could have played a bigger role in helping them go smoke-free, and faster.



83%

Would have welcomed more information and advice from retailers on switching.



#1

Factor when considering switching completely to smoke-free products was acceptability.

Thuy Nguyen.  
Soho Vape, London.



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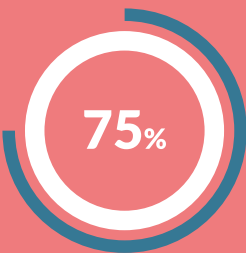
# Meet the retailer.



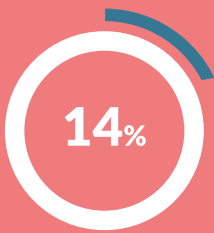
Number of convenience stores in England: 38,963<sup>9</sup>



Percentage selling smoke-free alternatives: 91%<sup>10</sup>



Started selling smoke-free products between 2015 and 2019.



Sold smoke-free products before 2015.



Started selling smoke-free products in the past two years.

### Estimated annual sales split:



## Smoke-free categories currently stocked.



<sup>9</sup>Store numbers sourced from ACS Local Shop report 2020  
<sup>10</sup>Percentage of convenience stores stocking smoke free alternatives sourced from The Retail Knowledge Partnership

# Meet the smoke-free customer.

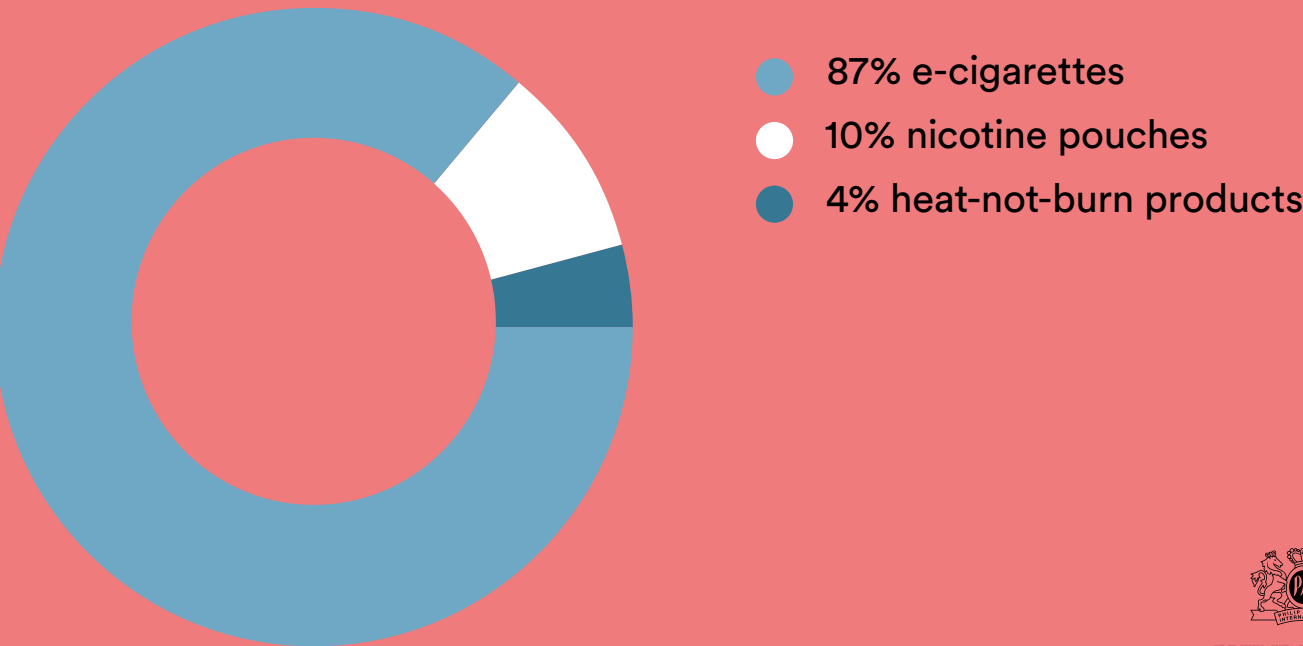


Gender split: 57% male - 43% female  
Social grade split: 77% ABC1 - 23% C2DE  
Average age: 40 years old

### Regional split:



## Preferred smoke-free product.





# The move towards a smoke-free future.

Convenience retailers are committed to helping adult smokers switch to better alternatives to help their communities go smoke-free, faster.



“The reason I came into this business was because I had a passion to get people off cigarettes.”

– Thuy Nguyen.  
Soho Vape, London.

## Smoke-free customer insight.



67% feel that their local convenience store could have played a bigger part in helping them go smoke-free.



This is higher for men (79%) than for women (51%).



There’s also a skew towards higher socioeconomic groups, with 74% of ABC1s saying their local convenience store could have played a bigger part, compared to 42% of C2DEs.



64% feel that a convenience store is an appropriate place to be advised about what smoke-free products might be right for them.



This rises to 72% among those aged between 35 and 54 and falls to 23% among those aged between 55 and 64.

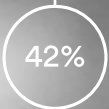


This suggests that improving awareness of smoke-free products amongst the older demographic may prove more difficult.

## Convenience retailer insight.



35% would like to become a smoke-free retailer and play an active role in helping adult smokers switch to smoke-free alternatives.

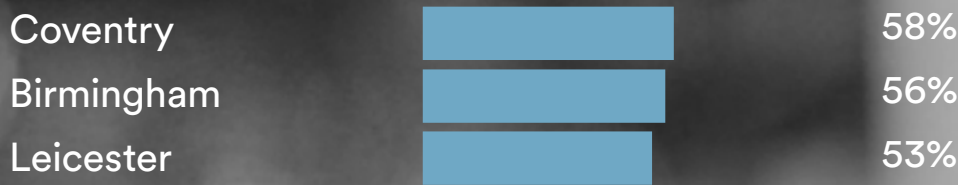


42% would be motivated to replace cigarettes with smoke-free alternatives if it meant helping smokers go smoke-free.



41% of retailers believe smokers would appreciate more support from them in helping them switch to smoke-free products.

We see wide regional differences from retailers who would like to become smoke-free. At the top end:



At the bottom end:



Shahid Hussain.  
United Supermarket, Bristol.





## Retailer quotes.



“It is time that this country moved forward with smoke-free products to help smokers who can’t quit.”

– **John Hanna.**  
Smokemart Convenience Store, Brighton.

Convenience retailers now fully recognise the role they play in helping adult smokers switch to better alternatives, if they are unable to quit tobacco and nicotine products completely.

The key is a shift in mentality. Retailers want to stock a range of smoke-free products not just for commercial reasons, but for supportive reasons too. There is a growing desire to switch customers to alternatives, rather than retaining them as cigarette smokers.

Remarkably, a third (35%) of retailers would completely replace combustible tobacco products, like cigarettes and roll-your-own products, with alternative products.

Retailers appreciate that they can more actively participate, and be of greater relevance, to a customer in their journey towards becoming smoke-free - offering information and advice on the smoke-free category. In turn, many customers consider their local convenience retailer a suitable place for advice and information on the smoke-free category.

The data does highlight strong regional disparity in the percentage of stores willing to become smoke-free retailers, with Coventry (58%) and Northampton (16%) at either end of the spectrum. There are also customers who remain unconvinced that the convenience sector is an appropriate place for advice and support.

A big challenge will be changing the mindset of over a third (36%) of retailers who remain unsure they would become smoke-free retailers. As the report later explores, there is a lack of knowledge about the smoke free-category amongst retailers and addressing this may have a positive impact on the percentage of retailers willing to become smoke-free.



“If I had a choice not to sell cigarettes and still be able to run a successful business and pull customers into my shop, I probably wouldn’t sell them.”

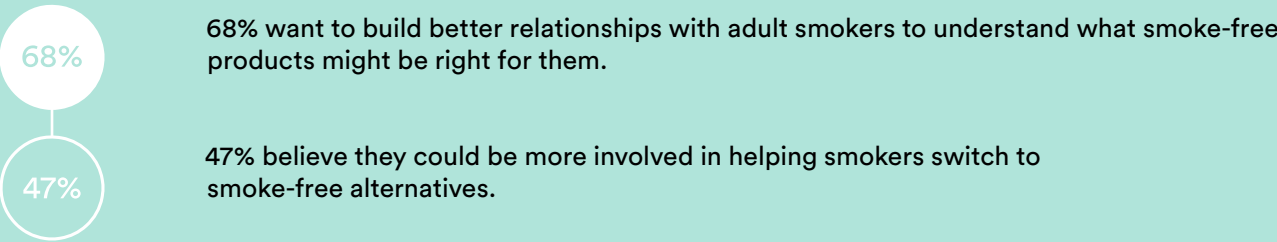
– **Hetal Patel.**  
News Plus, Greenford.



# Building in-store connections.

The relationships formed over the countertop could help retailers switch adult smokers to better alternatives with greater success.

## Convenience retailer insight.



We see wide regional differences from retailers who believe they could be more involved. At the top end:

Coventry	<div></div>	69%
Birmingham	<div></div>	65%
Leicester	<div></div>	64%

At the bottom end:

Oxfordshire	<div></div>	38%
Greater Manchester	<div></div>	37%
Northampton	<div></div>	35%

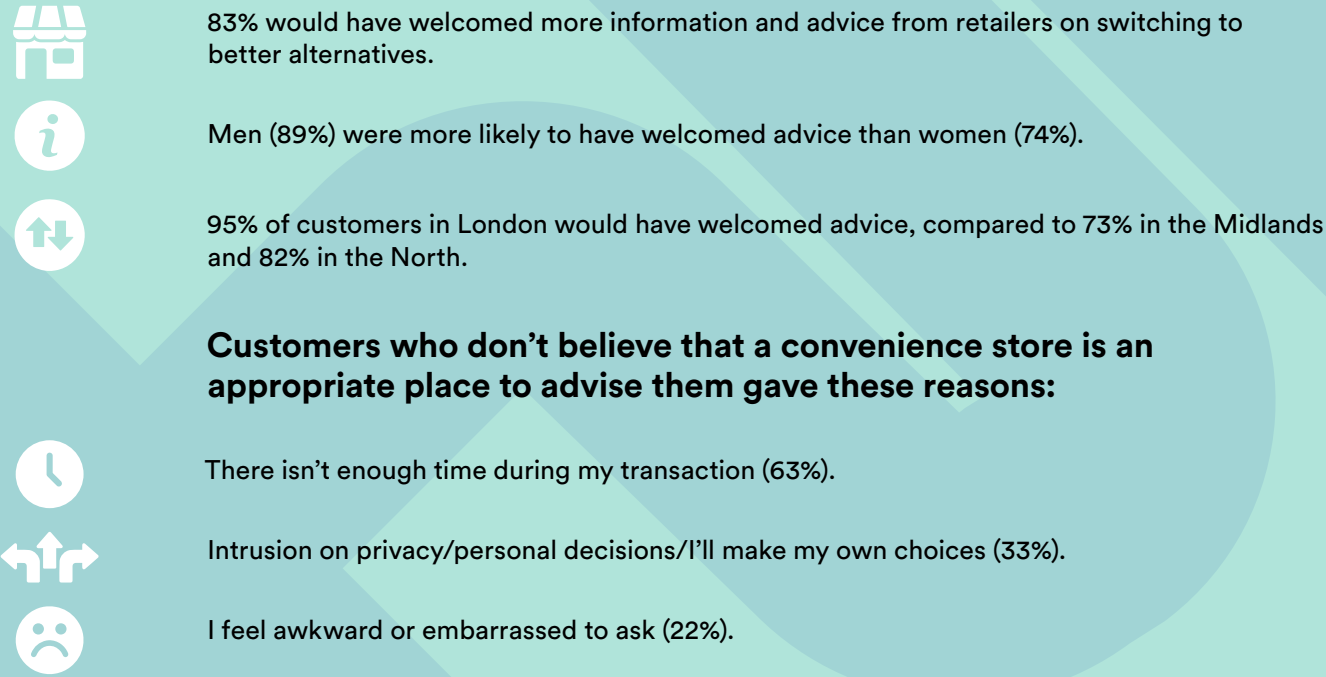
## Retailer quotes.



“Raising the issue of smoke-free products in the store is very important. Plenty of customers want to kick the habit, but they can’t; they find it very difficult.”

– John Hanna.  
Smokemart Convenience Store, Brighton.

## Smoke-free customer insight.



Customer relations are essential in any store. In the convenience sector, the success of switching adult smokers to better alternatives may depend on building relationships over the countertop.

Some may want to keep things transactional. Whilst the data shows a large majority (83%) of former smokers would have welcomed more input from their local retailer before switching.

Would a more consultative approach be welcomed – one that

creates the conditions whereby retailers are better informed about a customer’s needs? In a busy retail environment, this may not be achievable, particularly in one transaction.

But, with every store visit, there may be a new opportunity to learn more, so that if a retailer is prompted, any smoke-free product recommendation is made based on an individual’s preferences.

It’s clear from the data that many customers wouldn’t feel

comfortable with this type of interaction. Perhaps that’s why many retailers place more emphasis on having an environment that’s easy to navigate, with CDUs, well-lit gantries, and other visibility methods providing information so options can be considered away from the counter and at the discretion of the customer.

Nevertheless, the insight is telling us that there’s enthusiasm on both sides of the till to cultivate better relationships to achieve a smoke-free outcome, and faster.



“When a customer walks through the door, that’s your chance to make a sale. If you don’t have the time to speak to them, it would help to have something visual for them to watch or read in their own time.”

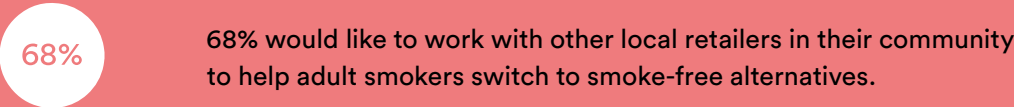
– Thuy Nguyen.  
Soho Vape, London.



# Community and greater collaboration.

Convenience retailers value community over competition and are eager to collaborate with other local stores, and a wider partner network, to achieve a smoke-free future.

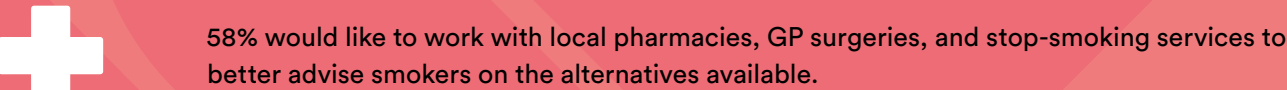
## Convenience retailer insight.



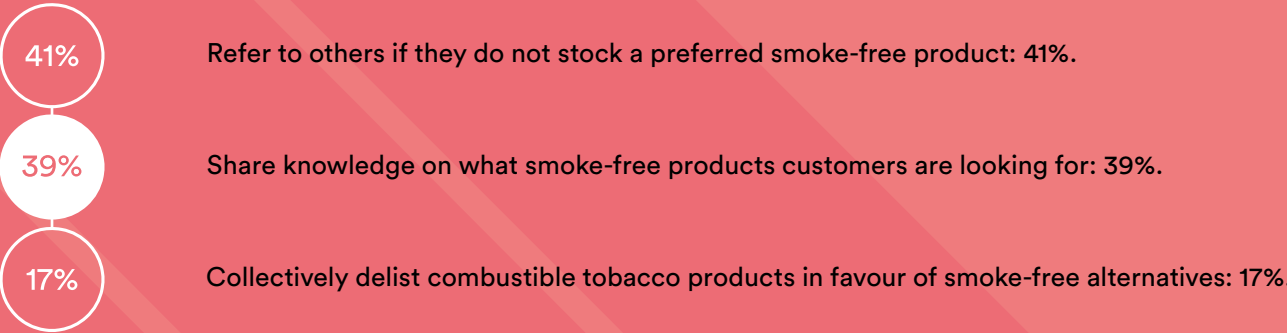
We see wide regional differences. At the top end:



At the bottom end:

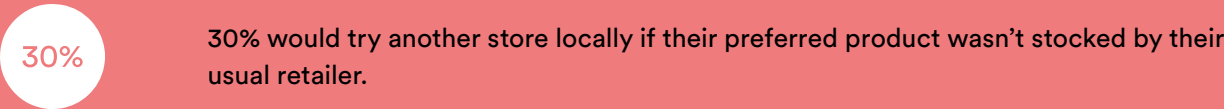


### How retailers would consider working with other local stores to help smokers go smoke-free:



<sup>9</sup>Store numbers sourced from ACS Local Shop report 2020  
<sup>10</sup>Percentage of convenience stores stocking smoke free alternatives sourced from The Retail Knowledge Partnership

## Consumer insight.



The common view may be that convenience retailers wouldn't want to work together because they are in competition. However, the data shows a strong appetite to work more collaboratively at a community-level to enable better access to smoke-free alternatives.

This willingness to cooperate includes knowledge sharing, with retailers seeing the value of understanding what alternatives are being purchased at a competitor's store, presumably to prioritise and maintain inventories

at levels that meet demand. A further commitment would see convenience retailers establish referral networks to ensure customers access their preferred smoke-free brands.

Our data shows that over half of all customers would search online or visit a larger store if unable to purchase brands locally.

Customer referrals, then, could help smaller stores remain competitive and create goodwill. Remarkably, the spirit of

collaboration extends beyond the retail environment. Most retailers said they would be willing to work with local pharmacies, GP surgeries, and stop-smoking services to better advise adult smokers on alternative products.

It is clear retailers are open to collaboration when supporting smokers, which may explain why 42% think it likely that their community will become smoke-free by the end of the decade.

## Retailer quotes.

"I think it's really important for retailers to work together. The convenience sector has to be on board, and tobacco companies must work together and drive in the same direction to achieve a smoke-free future. If we could all sing from the same hymn sheet, we could help millions of adult smokers move away from cigarettes."

– Hetal Patel.  
News Plus, Greenford.



"I think there should be more collaboration between retailers and brands. We have a shared objective, and we should help each other along the way. Also, if you do it on a local basis it strengthens your community and relationships going forward."

– Aman Uppal.  
One Stop Mount Nod, Coventry.

The majority (75%) of convenience retailers started to sell smoke-free products between 2015 and 2019. Yet, many still lack the knowledge needed to confidently educate customers about the benefits and relative risks of alternatives compared to smoking.

Only 4% of retailers correctly identified ‘burning’\* as the most harmful element of cigarette smoke. Whilst not risk-free, many scientifically substantiated alternatives do not produce smoke, and are less harmful than combustible products. 30% of former smokers who now use alternative products agreed that information of this type would help current smokers to switch.

The likelihood that a smoke-free product will be considered a viable alternative also relies on conveying additional benefits, like product satisfaction, which 53% of retailers cited as a barrier preventing smokers from switching. Similarly, our data found that product acceptability, which includes - but isn’t limited to - the characteristics and sensory experience of a product, ranked highly amongst ex-smokers as a reason they didn’t switch sooner.

If retailers educate themselves and communicate the relative risks and benefits on the full range of alternatives available, smokers may be better informed.



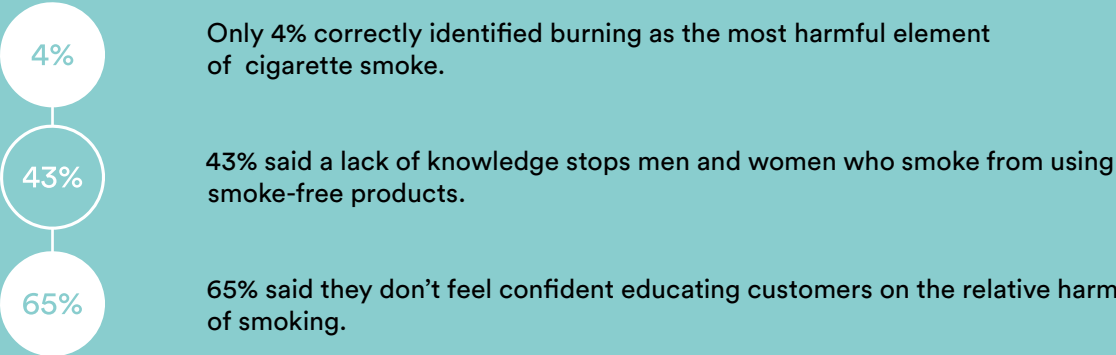
The issue with burning tobacco: When a cigarette is lit, it reaches high temperatures and produces approximately 6,000 chemicals. Around 100 of these have been identified by leading public health agencies as harmful or potentially harmful. Smoke-free products do not rely on the principle of burning and, hence, are a better choice than smoking.

John Hanna.  
Smokemart Convenience Store, Brighton.

# Closing the knowledge gap.

A lack of knowledge around smoke-free products prevents retailers from communicating their benefits if smokers are unable to quit completely.

## Convenience retailer insight.



## We see wide regional differences. At the top end:



## At the bottom end:



## Consumer insight.

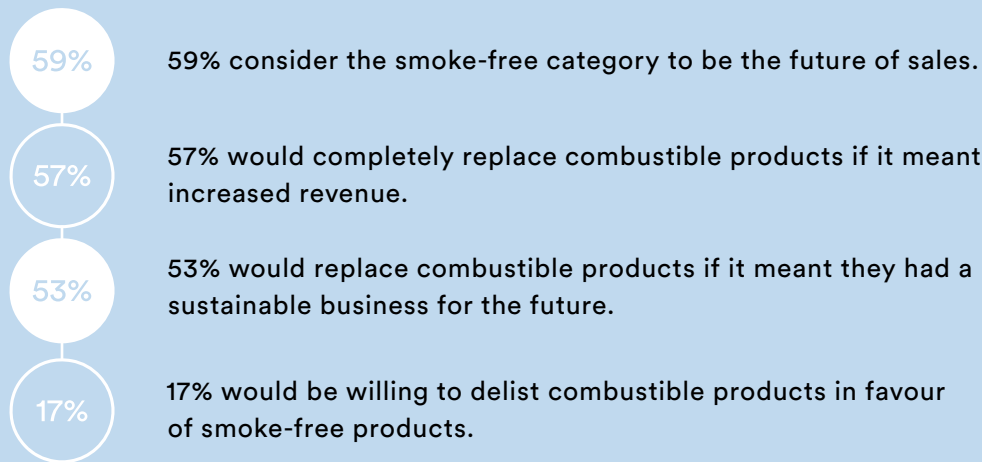




# The smoke-free future of retail economics.

Early adopters who embrace the smoke-free category will be in a strong position as customer behaviours continue to change.

## Convenience retailer insight.



When we consider an adult smoker becoming smoke-free, we imagine a journey filled with difficult steps, resolve, and a strong desire to do the right thing. The journey for a retailer is no different.

Cigarettes have been a reliable revenue stream for store owners. But over the past decade, smoking rates have continued their downward trend<sup>11</sup>, with customer behaviours changing rapidly.

The proportion of cigarette receipts, which comprise the largest percentage of tobacco

receipts in the UK, has also decreased over the previous 10 financial years<sup>12</sup>.

This evolving environment is likely to have impacted retailers financially and contributed to the majority (59%) identifying smoke-free as the future of sales.

Whilst the data showed a motivation to replace cigarettes completely, this was preferred if it meant increasing revenues overall and building a sustainable business.

The data seems to rationalise a phased approach, whereby retailers continue to sell

combustible products but accommodate a wider range of smoke-free products to meet growing demand.

This shift to smoke-free might feel daunting, and store owners may fear losing business.

However, the data makes clear that smoke-free is the future, so store owners must work towards that transition.

<sup>11</sup>Adult smoking habits in the UK: 'The proportion who are current smokers in the UK, its consistent countries and local areas, 2011 to 2019'. Office for National Statistics (ONS). (7 July 2020) <sup>12</sup>HM Revenue & Customs National (Gov.uk) - National Statistics: "Tobacco statistics commentary January 2022". (25 February 2022)

## Retailer quotes.

“If I stop selling cigarettes, customers are not going to come into my shop because I don’t have them. Then I’m not going sell the other goods they would have picked up on the way in or out. That means my other sales are going to go down as well.”

– **Hetal Patel.**  
**News Plus, Greenford.**



“We underwent a huge redevelopment at the start of this year. We’ve incorporated a vape shop within the shop, so we’ve used that area of the store to really shout about smoke-free alternatives.”

– **Aman Uppal.**  
**One Stop Mount Nod, Coventry.**



Hetal Patel.  
News Plus,  
Greenford.

# Recommendations on becoming a smoke-free convenience retailer.

## 01 Build connections with adult customers who smoke.

The convenience sector should be a destination for adult smokers on their journey to becoming smoke-free. Retailers must move beyond transactional-based relationships and build connections, so they can offer advice and support that is trustworthy and actionable.

## 02 Bridge the knowledge gap.

Retailers must take responsibility for their learning to close the knowledge gap and become a credible source of information. They must gain comprehensive knowledge of smoke-free categories, brands, and products - including the benefits and relative risks compared to smoking - to ensure recommendations are made based on individual needs and preferences.

## 03 Set up retail environments that are easy to navigate.

Stores must accommodate customers by making the point of sale easy to navigate, so decisions can be made at, or away from, the countertop.

## 04 Encourage collaboration with the local retailer community.

Collaboration is key to accelerating the journey to a smoke-free future. Retailers should seek best practice from other local retailers and be able to direct customers to nearby stores if their preferred smoke-free product isn't available.

## 05 Embrace a smoke-free future.

As customers shift towards the smoke-free category, retailers must ensure they're future-proofing their businesses. The data suggests a phased approach, whereby retailers continue to sell combustible tobacco products whilst they test which smoke-products are effective - and tailor their gantries to suit.







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