The continued expansion of capsule cigarettes in Mexico, 2018–2021

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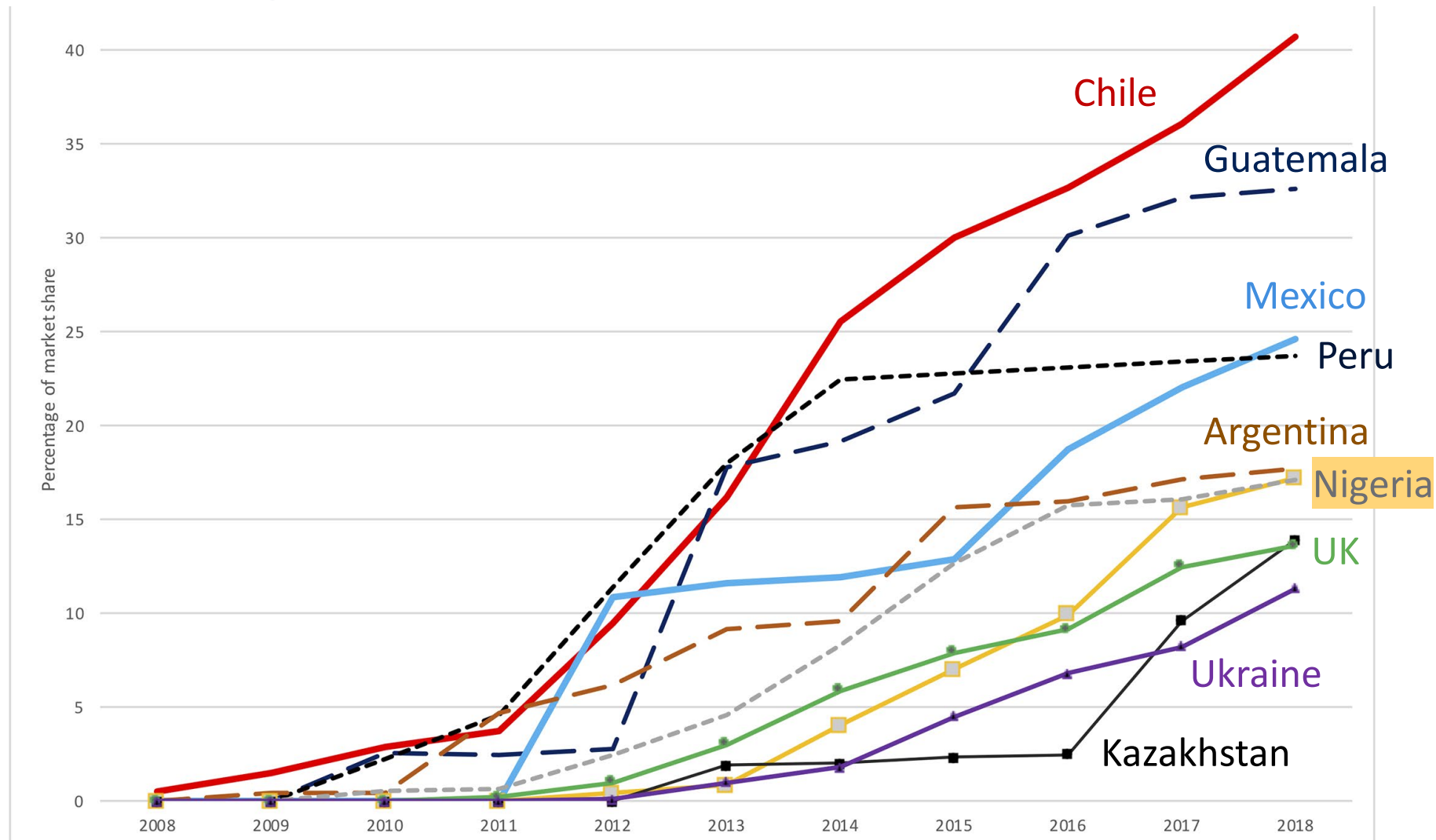
Capsule Cigarettes

- First in market in 2007

- Capsules in the filter can be crushed to release flavor

- Designed to create an interactive and customizable experience

- Associated with improved taste/smell and misconceptions of reduced harm

- Particularly appealing to youth
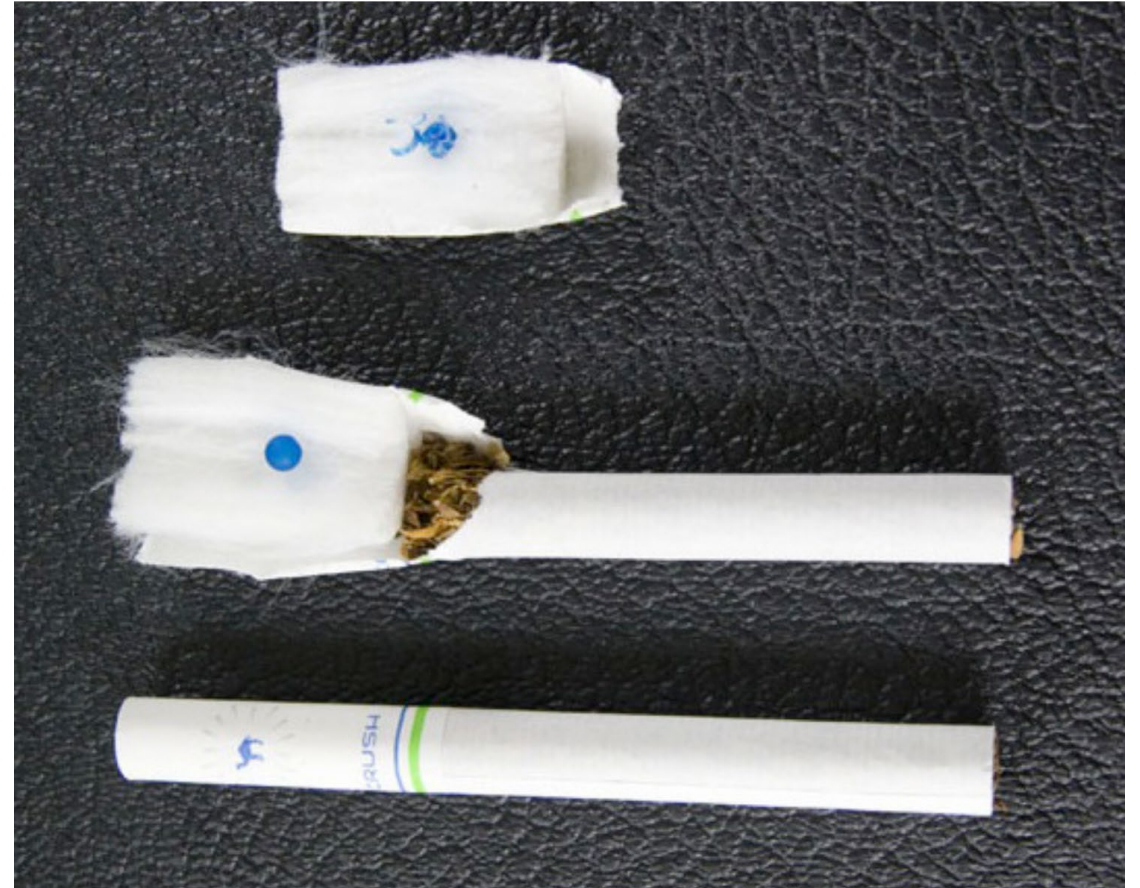
A Growing Market Worldwide

Industry Tactics

- Promote capsule cigarettes for industry growth by enticing new users
  - Pall Mall as an example

- Use of descriptors
  - Communicate flavor, technological innovation, other appeal

- Other product characteristics (e.g., length, pack size)

- Pricing strategies

Gaps in the Literature

- Lack of good monitoring of the capsule cigarette market
  - Last national survey in Mexico that captured data on capsule cigarettes was ENSANUT 2018

- Little is known about the size that capsule cigarettes play within the flavored cigarette market and the use of descriptors on packs of capsule cigarettes

Objective

- Describe the trends of capsule cigarette sales in Mexico in recent years & sales patterns by product characteristics

- We analyzed:
  - Market share of capsule cigarettes by product characteristics, in comparison with unflavored & flavored non-capsule cigarettes
  - Trends in capsule cigarette market share over time

Methods

National Cigarette Sales Data (Oct 2018-Sep 2021)

- Licensed from Nielsen Consumer LLC ("NielsenIQ")
- Sales value and volume were aggregated by month

Trade channel	Type of vendors included	Data collection methods	Product characteristics tracked by Nielsen
Modern	Supermarkets, convenience stores, pharmacies, government-owned retail outlets	Point-of-sale scanner	Manufacturer, brand, presentation (words and information on cigarette packs), flavor, pack size, cigarette length, price tier, and presence of capsule
Traditional	Traditional stores, minimarts, booths, kiosks	Field audit	

Descriptors on Cigarette Packages

Characterizing Flavor Descriptors

Concept Flavor Descriptors

Action Descriptors

Characterizing Flavor Descriptors

- Terms that directly named a fruit, food, beverage, spice, or other known flavor

Concept Flavor Descriptors

- Terms denoting a taste, aroma, or sensation that is not a specific fruit, food, beverage, spice, or other known flavor

- Confirmed by internet searches

Action Descriptors

- Indicators related to the interactive aspects of capsules in cigarettes

- Confirmed by pack photos taken as part of the Tobacco Pack Surveillance System (TPackSS) project
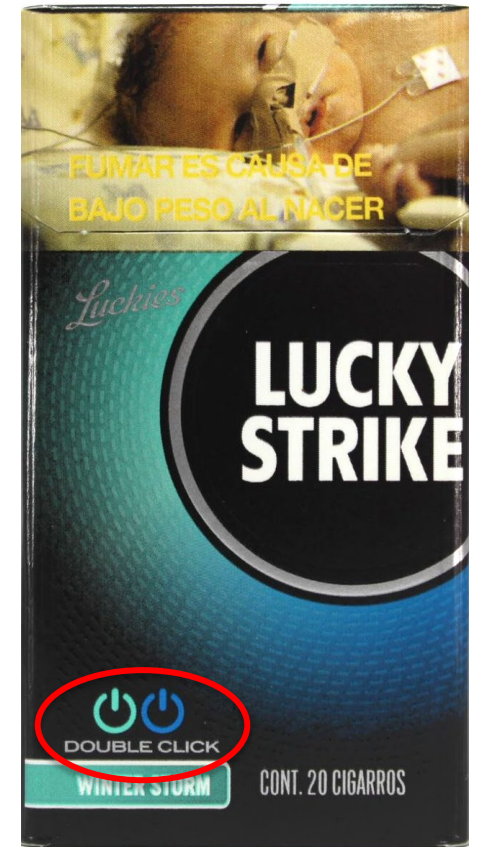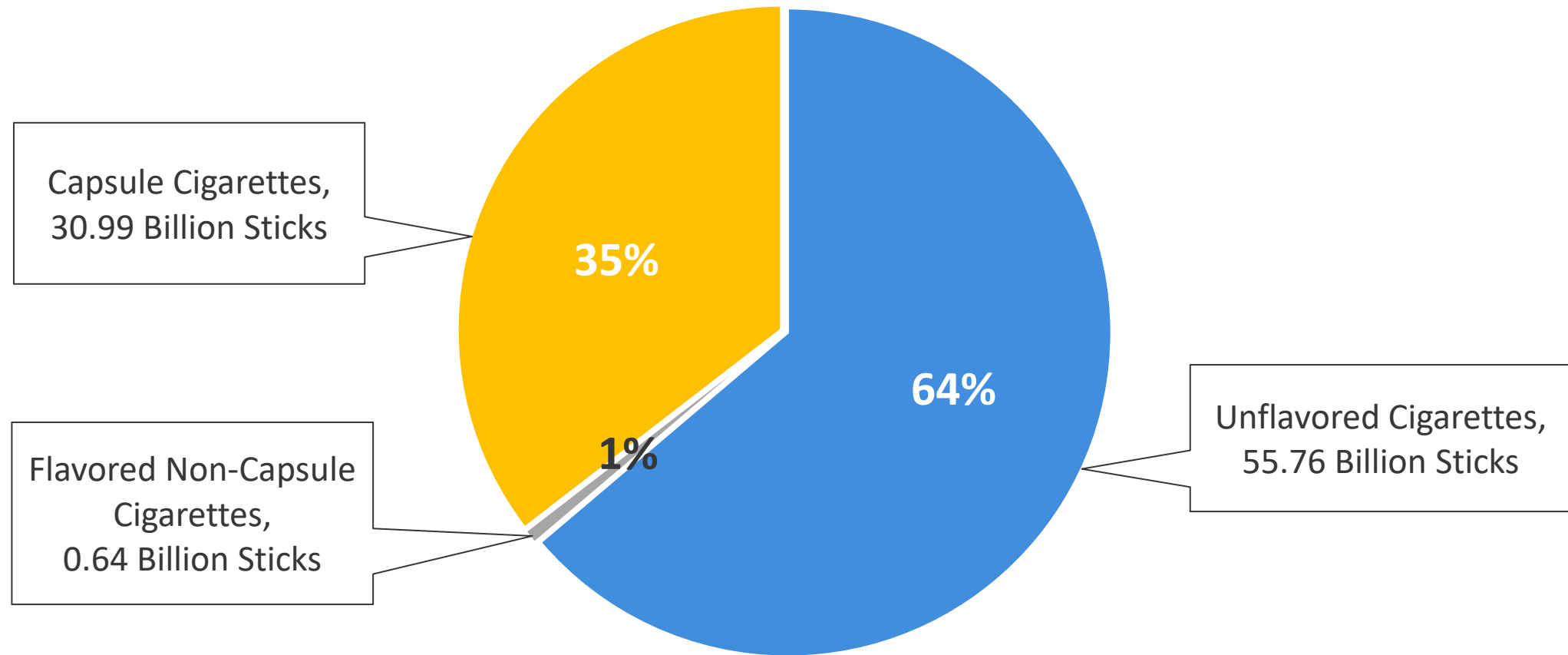
Sales Volume & Sales Value

	Sales	Market Share
Volume		Volume Share = $$\frac{Number\ of\ sticks\ sold\ in\ a\ particular\ category}{Total\ number\ of\ sticks\ sold}$$
Value		Value Share = $$\frac{Dollar\ value\ of\ sales\ in\ a\ particular\ category}{Dollar\ value\ of\ the\ total\ sales}$$

Results

Capsule Cigarette Market Share (Oct 2018-Sep 2021)

Capsule Cigarettes,
30.99 Billion Sticks

35%

Unflavored Cigarettes,
55.76 Billion Sticks

64%

Flavored Non-Capsule
Cigarettes,
0.64 Billion Sticks

1%

Concept Flavor Descriptors

- 54 descriptors identified

- 57.2% (by sales volume) of capsule cigarettes sold had concept descriptors

Characterizing Flavor Descriptors

- 3 descriptors identified

- 17.8% (by sales volume) of capsule cigarettes sold had characterizing descriptors
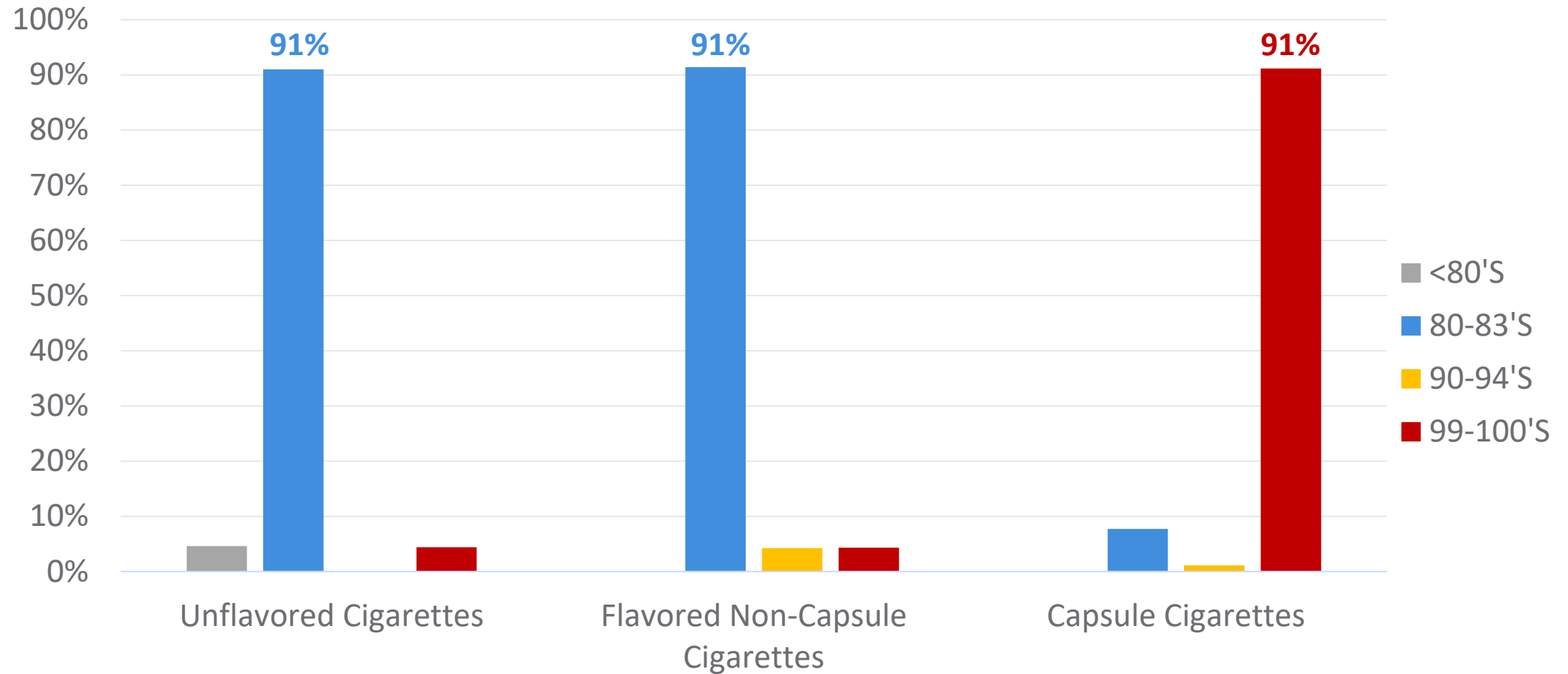
menthol

mint

kretek

Action Descriptors

- 12 descriptors identified

- 15.1% (by sales volume) of capsule cigarettes sold had action descriptors
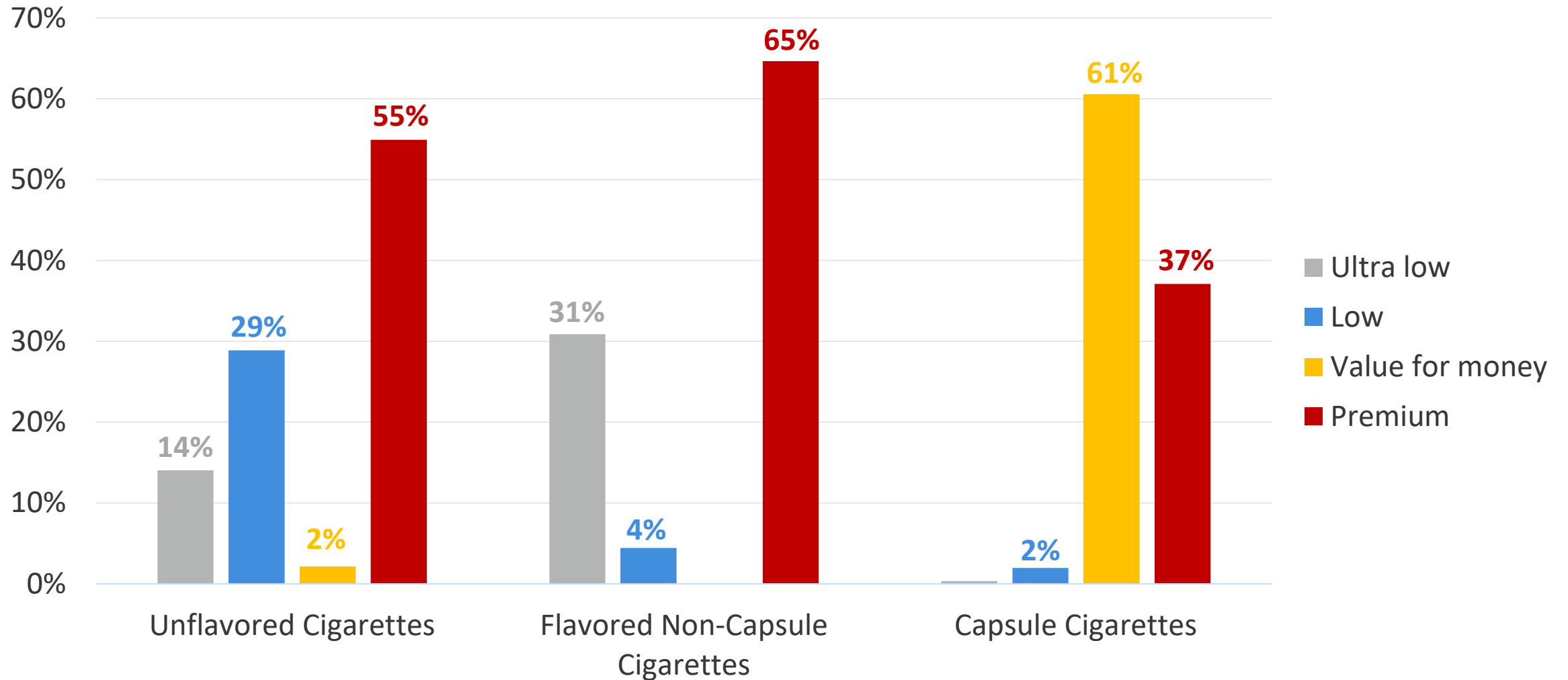
Sales Volume by Cigarette Length

Cigarette Price Tiers in Mexico
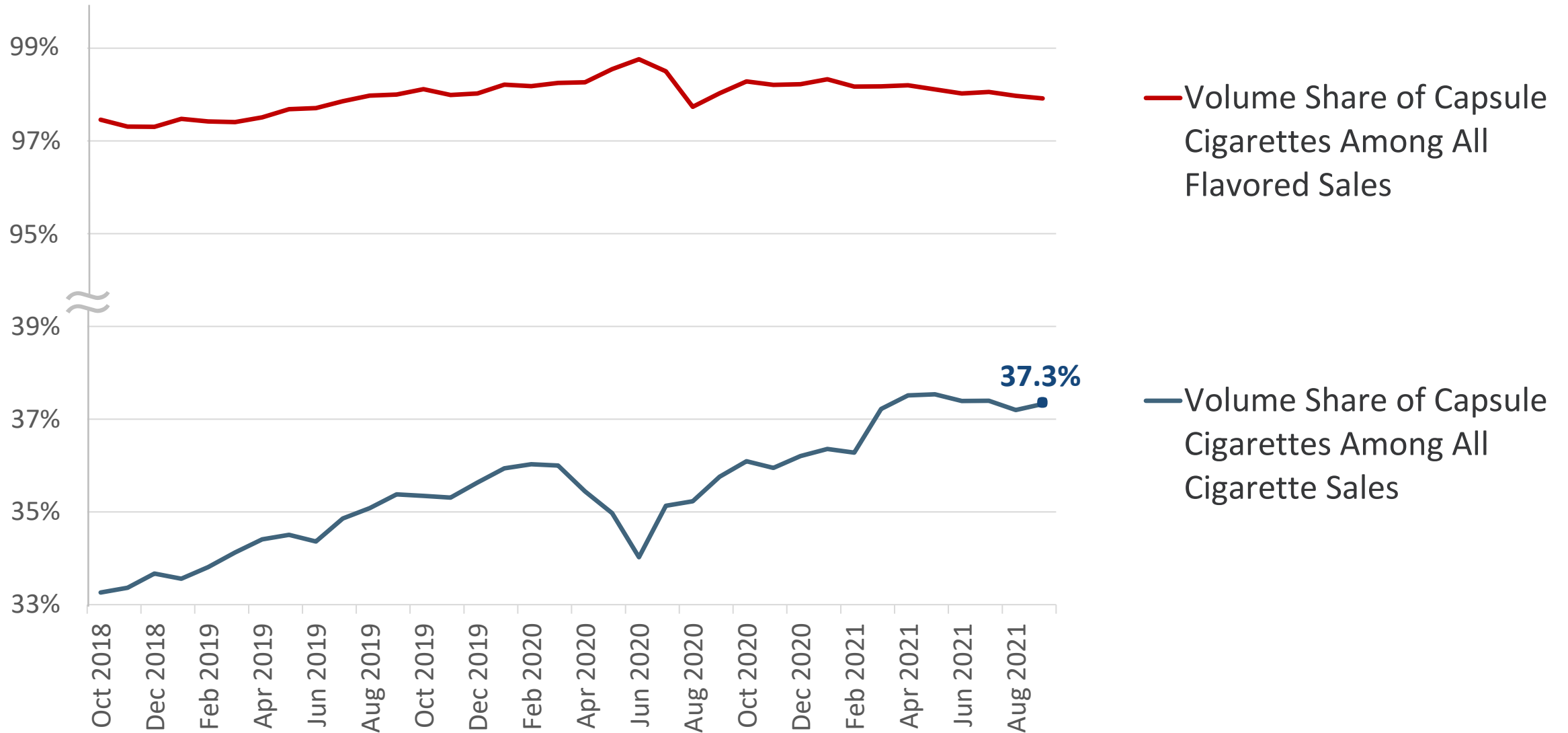
Price Tier	Average Price per Pack	Average Price per Cigarette
Ultra Low	$1.4 USD	US 6¢
Low	$2.1 USD	US 11¢
Value for Money	$2.4 USD	US 13¢
Premium	$2.7 USD	US 15¢

Sales Volume by Price Tier

Trends in Capsule Cigarette Market Share

Volume Share of Capsule Cigarettes Among All Flavored Sales

Volume Share of Capsule Cigarettes Among All Cigarette Sales

37.3%

Discussion

Implications

- Capsule cigarettes have a substantial market share in Mexico, with increasing popularity

- Descriptors and other product characteristics (e.g., cigarette length) might be used to increase the appeal & target particular populations

- Policymakers should consider :

  - banning capsules & flavors for cigarettes including concept flavor descriptors
  - regulating the appearance and design of tobacco products by adopting plain and standardized packaging

Limitations

- Product information provided by NielsenIQ might not always be complete

- Informal trade not captured

- Field audit methodology used for traditional trade is less robust than retail scanner collection for modern trade

- Findings cannot be generalized to trade channels beyond those assessed

Strengths

- Past research on capsule cigarette sales mostly cited estimates by Euromonitor Passport, based on sources such as trade associations, company research

- Sales data collected at retail points are likely more accurate; these data showed the market share of capsule cigarettes in Mexico is 10 percentage points higher than previously reported

Conclusions

- The expanding capsule cigarette market in Mexico led by major manufacturers is concerning, given the product's associated misconceptions of reduced harm and greater appeal among youth

- Our findings underline the need for enhanced regulations to address the public health threat posed by capsule cigarettes

Thank you!

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