



# JTI USA: Reliable Leaders In an Ever-Changing Industry

*How JTI USA is partnering with retailers to overcome challenges hitting the tobacco industry*

The tobacco industry has seen a lot of changes over the past decade. Vapor products are on the rise, consumer habits are drastically changing, but business is still doing well overall.

“I’ve been in the tobacco industry for 38 years, and I can’t remember when there has been such a rapid change in the market,” said Jay Loftin, general manager at JT International U.S.A., Inc. (JTI USA). In the U.S., JTI USA has grown into a total tobacco company with its oversight of three businesses: JTI USA with cigarettes, PrimeTime International Distributing, Inc. (PTID) with cigars and pipe tobacco and Logic vapor products.

From that perspective, Loftin explained that adult tobacco consumers have changed over the past several years. Previously, Loftin said, the typical tobacco

consumer was “the person who walks into your store and asks for their full-flavor brand and a lotto ticket.” Nowadays, if retailers are marketing their tobacco category within that narrow definition of a tobacco consumer, they are missing profit and future growth for their stores.

Today’s consumer is looking for more options and more variety in all products, from salty snacks to beverages—and even tobacco products. By working closely with its trade partners, JTI USA is able to support retailers to ensure they are offering the best range of tobacco products for all adult consumers, including premium to deep discount cigarettes, little cigars and pipe tobacco, and of course, vapor products.

“Whether it’s the person grabbing a pack of flavored little cigars and

wine for this weekend’s barbecue or the 30-year-old techie who wants an education on how different e-vapor systems work, JTI USA will help make your store a destination for all adult tobacco consumers with our competitive programs,” Loftin said.

Building a successful and stable tobacco program means knowing about industry trends and finding a manufacturer that understands those trends and challenges, like JTI USA.

## **Tobacco industry trends**

“JTI USA has reached double-digit volume growth the last two years, and we are not going to slow down,” Loftin said. “We might be a small player in the U.S. right now, but we have the backing of a leading global tobacco company and we are determined to grow even more in the U.S.”



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# A RESPONSIBLE COMPANY

JTI adheres to priorities and beliefs including:

## Minors should not smoke or have access to tobacco products.

JTI USA works with its retail community and is a *WeCard* Manufacturer Council Member to support its commitment to ensuring minors cannot and do not access any of its tobacco products. All JTI USA's websites require age verification.

## Better regulation.

JTI USA believes in evidence-based regulation, including the need for dialogue between lawmakers and business.

## Product quality.

Manufacturing integrity is critical to JTI USA to provide retail partners with the highest quality products. This is underpinned by JTI USA's product guarantee.

## Fair taxation.

Tax rates should be reasonable and based on public policy goals. Unreasonable taxation creates unintended consequences, including the illicit trade in tobacco products.

## Adult consumer choice.

JTI USA believes adult smokers should have the ability to purchase the legal products they prefer.

At the end of 2017, JTI USA brought three separate businesses (JTI USA, PTID and Logic) under one management structure.

“Now, we can partner with retailers to position their entire tobacco category for these opportunities, with great trade incentives and brand activation programs,” said Loftin.

JTI USA is also able to recognize larger trends within the category and quickly adapt to the changing adult tobacco consumer—who is evolving at a faster pace than before.

Loftin said, “In the cigarette category, we are seeing volume increases at the polar ends—the Prestige brands on one side and Base brands on the other. If this trend continues, storeowners will have to reevaluate their margins and profits from these very different categories.”

JTI USA's cigarette offerings cater to consumers' shifting preferences. “Our global flagship brand, LD, gives adult smokers a high-quality cigarette at a Base price point. For



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the Prestige category, our Export 'A' is a unique, crafted Virginia-blend cigarette in a signature slide-in-shell pack," Loftin said. "With our 100% product guarantee on cigarettes, you can't lose trying either brand in your store."

While cigarette sales are still growing by value, the vapor category continues to make waves. Vapor products are

becoming increasingly interesting to retailers as electronic cigarette options proliferate and offer adult consumers the technology and variety they're looking for. Having said this, it continues to be important to partner with suppliers that are focused on regulatory compliance and providing retailers with quality vapor products and accessories.

Though the vapor product category still represents a relatively small segment of the overall tobacco product market, it has been growing at a steady rate. A report from Research and Markets suggests that the global e-cigarette and vapor market is poised to grow at a compound annual growth rate of 20.8% over the next decade, to reach approximately \$61.4B by 2025.

## A FULLY INVESTED MANUFACTURER

### In the U.S., JTI USA manages the following: JTI USA

JTI USA offers Prestige brands as well as high-quality Base segment cigarettes, providing adult smokers with a range of products to suit their needs and preferences. JTI USA cigarette brands are Wave, LD, Export 'A' and Wings. JTI USA is headquartered in New Jersey and has been distributing and marketing cigarette brands since 1986.

### PTID

PTID is an industry leader in filtered cigars as well as pipe tobacco. These products give adult consumers more options across a wide portfolio of products. Brands offered under PTID are the cigar brands Gold Rush, Smoker's Choice and PrimeTime and the pipe tobacco Sparrow.

### Logic

Finally, Logic demonstrates JTI's commitment to the changing demands of adult consumers and the evolving role of technology in the tobacco category. Logic is focused on the future of non-combustible products, offering quality e-cigarettes or "vapes." Under the Logic brand, there are two main products—Logic Power and Logic Pro. Logic Power is a ready-to-use electronic cigarette that can be assembled quickly and easily with a simple twist-and-lock system. The Logic Pro vaporizer is a closed tank vapor device that offers more power and richer vapor than a regular e-cig, all without the hassle of refilling, thanks to its innovative pre-filled capsules.


"You cannot deny the growth in vapor," Loftin said. "The top 25 states for the vapor category are all showing volume growth." He also noted that retailers will want to make sure that they dedicate some space for these products in their stores and plan for retail associate training.

Retailers, he said, should think of the adult vape consumer as an early tech adopter: "They aren't as price-sensitive as the cigarette smoker and they are willing to buy and try multiple models before they land on a product and a brand they like."

"When you are thinking about retailing vapor, you almost have to think about it as a separate category than tobacco, and more aligned with electronics," Loftin said. "The customer wants to feel the product, learn more about how it works and understand the maintenance involved."

Loftin suggests it's all about educating the customer. "If you are willing to take just a few minutes





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to explain the vapor devices, I think you will build a loyal customer base for these products. Our updated Logic website, logicvapes.us, tries to add to that conversation with how-to videos, FAQs and a learning section, so our users know all about our Logic Pro and Logic Power devices.”

### **JTI USA: A fully invested manufacturer**

JTI USA is a part of the leading international tobacco company Japan Tobacco International (JTI). With its global headquarters in Geneva, Switzerland, JTI owns some of the world’s best-known brands, including Winston—the number two global cigarette brand—and Camel, outside of the U.S.

Looking beyond sales and growth, there are some challenges that retailers and manufacturers face when selling tobacco and tobacco products. Loftin said the biggest challenges are coming from

regulations at the federal, state and local levels.

“As regulations continue to tighten, it will be more important for retailers and wholesalers to work closely with manufacturers who are fully invested in this category,” he said. While JTI USA does its best to represent the views of its trade partners when responding to proposed regulations, it is more important than ever that retailers communicate directly the potential impact of proposals on brick and mortar stores, the jobs they support and on the community as a whole.

### **Ushering in the next era of tobacco sales with JTI USA**

By offering a full range of products, JTI USA is able to meet the needs of retailers who may have previously had doubts about working with a smaller company. Retailers that partner with JTI USA can benefit from generous

margins, flexible contracts and, best of all, stability. JTI USA offers the dependability of a large multinational company, but also the flexibility and agility of a small and growing player. With FDA regulations changing regularly, retailers need a partner that can keep up and adhere to these regulations without leaving their customers in the dust.

Whatever your shoppers are looking for, JTI USA products fit the bill. From budget-friendly Base brands to Prestige cigarette options, cigars and filtered cigars, and the increasingly popular vapor category, retailers can count on JTI USA for all of their tobacco needs.



### **Want more information?**

To talk with JTI USA’s general manager, Jay Loftin, or his sales team, visit JTI USA’s NACS booth #4034 in the Central Hall or be connected to a sales representative for your area by calling 201.871.1210.

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