

## North East Illicit Tobacco Survey 2013

### Executive Summary

In January / February 2013 a survey among a mix of 1454 smoking and non-smoking adults (aged 16 and over) and 99 smokers aged 14-15 years old was undertaken across the 12 local authority areas of the North East. Results from this survey were compared against a comparable benchmark study undertaken by NEMS in 2009, and a second wave of interviewing in 2011.

In the last four years there has been a notable reduction in smoking prevalence of 6 percentage points to 17%. This, combined with a slight reduction in average daily consumption levels, resulted in an estimated drop of 30% in the volume of tobacco consumed across the region.

However, the popularity of hand-rolling tobacco among smokers has doubled in the last four years, resulting in almost one in three smokers being consumers of hand-rolling tobacco; this dramatic increase is primarily fuelled by smokers desire to reduce the impact their habit has on their finances.

The decline in the cheap tobacco market seen between 2009 and 2011 has continued, in both the proportion of smokers buying and the volume consumed. Purchase prevalence of duty frees has again reduced notably; this is likely to be in part attributable to a reduction in frequency of foreign travel resulting from on-going economic hardship. The proportion of smokers buying illicit tobacco has reduced from 24% to 17% and overall illicit volume is down by 39%, to represent 9% of the regions estimated total tobacco consumption; a substantial decline especially when considered against the backdrop of sustained economic hardship – that would be expected to fuel a demand for cheap illicit tobacco.

The research suggest that smokers are becoming less brand loyal and more open to trying alternative brands and/or forms of tobacco in order to save money, which would only favour the appeal of illicit tobacco and make smokers more open to experimentation with the illicit product.

Excluding the driver of price, two key factors determine consumption levels of illicit tobacco: attitudinal comfort with the issue and their exposure to the sale of illicit product. Once smokers have made the transition to try illicit tobacco, their likelihood of becoming an illicit buyer is strongly influenced by their opportunity to purchase. Therefore, increased attitudinal discomfort with the issue of illicit tobacco and a decrease in encountering its sale (among both smokers and non-smokers), are both likely to be the key drivers in a reduced illicit prevalence and market composition across the North East.

Compared to four years ago there has been a significant increase in the proportion of the adult population likely to report the sale of illicit tobacco, particularly among smokers – who are more likely to be approached by sellers.

Young smokers aged 14-15 year old have not exhibited the same shifts seen among the adult sample, and appear to be as exposed and open towards illicit tobacco now as they were 4 years ago; reflected in their higher prevalence and consumption levels of illicit tobacco. Not only is this vulnerable group exposed to illicit tobacco, they are also more likely to be exposed to the sale of other illicit goods such as alcohol, clothing, and drugs.

## Management Summary

### KEY FINDINGS

1. Between the 2009 and 2013 studies, reductions were seen in both the proportion who had ever smoked (53% 2009, 49% 2013) and current smoking prevalence (down from 23% 2009, 17% 2013). More than half of our sample of smokers took up the habit of smoking below the age of 16 years old.

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**NEMS** market research  
North East Illicit Tobacco Survey, 2013

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2. Smoking prevalence among the youngest age group (16-24 year old) was down by 3 percentage points from the previous two studies, to 28%; yet the proportion who had ever smoked in this age group was unchanged from that of the 45-55 year old age group – indicating that smoking uptake has largely remained unchanged in the intervening years.
3. The pattern of smoking prevalence showing notable differences between socio-economic groups was evident across all three studies, with those from the lower groups being around twice that of the higher groups. For example, 24% of DEs currently smoked compared with only 8% of ABs. However, all socio-economic groups showed notable decreases in smoking prevalence between the 2009 and 2013 studies.
4. Financial wellbeing continued to be a key discriminating variable for smoking prevalence, with those classified as '*struggling*' receiving the highest levels of smoking prevalence (30%). Yet, this is down notably from the 42% prevalence recorded in 2009 for those '*struggling*' financially.
5. The average daily tobacco consumption largely remained unchanged between the 2009 and 2013 studies, averaging 16 cigarettes-a-day. The only notable drop in consumption levels was among smokers aged 55 and over, which fell from 19 cigarettes per day to 16.
6. The decrease in prevalence has led to an estimated 30% drop in the volume consumed across the North East. However, the majority of this fall in tobacco consumption appears to have taken place between the 2009 and 2011 studies – since prevalence (and therefore consumption) appears to have plateaued between 2011 and 2013 (reducing by only 1% in the intervening years).
7. Hand-rolling tobacco has doubled in popularity among smokers between 2009 and 2013, resulting in just fewer than one in three (30%) current smokers being consumers of hand-rolling tobacco. This increase can mostly be attributed to smokers consuming both tobacco product types, as opposed to an increased prevalence of hand-rolling tobacco only smokers (which has largely remained static across the three studies). Cost is the key factor behind the increased popularity of hand-rolling tobacco, with 79% citing cheapness / value for money as the main reasons for consuming this type of tobacco.
8. This increased prevalence in hand-rolling tobacco is evident across smokers in all age groups, however smokers classified as '*struggling*' saw the greatest uptake of hand-rolling tobacco, increasing 3-fold from 16% in 2009 to 44% in 2013.
9. 72% of smokers had some level of concern about their habit, and 9 out of 10 smokers regret taking up the habit of smoking, the vast majority of which has "*a lot*" of regret (71%). 84% of smokers have had past failed attempts to quit, two-thirds of which were multiple attempts; despite this, 76% of smokers still have some desire to quit.

## The Cheap Tobacco Market

10. Irrespective of whether the source of cheap tobacco is duty free or illicit, it is the need for cheaper alternatives to UK duty-paid tobacco that drives the illicit tobacco and duty free markets.
11. In the last 12 months 29% of current smokers had either brought duty free from abroad or had someone bring back duty free for them; this is down by around a third from the 43% recorded in 2009. While smokers from all demographic groups recorded a drop in duty free purchase, the most notable decreases were among females and those aged 55 and over.
12. Across the North East, the market share of tobacco attributed to duty free purchase is 7%. This was the first study across the North East where duty free consumption was determined; therefore, no further commentary can be made about any change in tobacco market share of duty free other than the decrease in prevalence.
13. The decline in illicit tobacco purchase seen between 2009 and 2011 has continued, with one in six (17%) smokers now being illicit buyers, compared to one in four (24%) in 2009. While illicit tobacco is still more prevalent among young smokers who are males, and '*struggling*' financially, there is a narrowing of skewness towards any one group being illicit tobacco buyers; with a window of only 7 percentage points separating key demographic groups (between 14% and 21%), compared with a 21 percentage point window in 2009 (between 18% and 39%).
14. Not only is there a decrease in the number of illicit buyers, but there is also a notable decrease in the proportion of their tobacco attributed to illicit channels, falling from 45% in 2009 to 39% in 2013.
15. The overall impact of these changes (reduced smoking prevalence, reduced purchase prevalence among smokers and reduced proportion of illicit purchased) has a significant impact on estimated illicit tobacco volumes between each of the two follow-up studies. In 2009 an estimated 15% of tobacco across the North East was illicit, while in 2011 this fell to 13% and in 2013 it is approaching half the market volume share of 2009 at 9%.
16. Compared to 2011, there are indications that the North East illicit tobacco market is becoming less dominated by foreign tobacco, but more attributed to counterfeit brands available in the UK.
17. Illicit tobacco sellers and channels of sale were more clearly defined in the 2013 study, thereby making comparisons with previous studies difficult. However, the 2013 data highlights three main channels of illicit tobacco sale and identifies two key relationships buyers have with sellers. Pubs / clubs and private addresses were the two leading venues the purchase of illicit tobacco takes place across the region (30% each), followed to a lesser extent by shops (16%).

The sale of illicit tobacco is mostly from acquaintances (35%) and strangers (25%), although shop-based purchases are more likely to be from a stranger.

18. A variety of brands were available through illicit channels, yet two stood out as the most available/popular: Lambert and Butler (among 22% of buyers) and Turner (among 19% of buyers). The average price paid for a single pack of 20 illicit cigarettes was £4.15, while the average price for a sleeve of 200 cigarettes was £31; hand rolling tobacco averaged £7 for a pouch of 50 grams – all well below the legitimately available equivalent retail price.
19. Fewer than half (47%) of smokers have been offered illicit tobacco to buy, with 9% often being approached by illicit tobacco sellers (both down from the 2011 figures of 58% and 12% respectively). Unsurprisingly, those reached by illicit sellers are also the most likely to be an illicit buyer – young, male and ‘*struggling*’ financially. Pubs / clubs were the most likely venues to be offered illicit tobacco, with 55% of illicit tobacco offers taking place at this venue, 15% on a monthly basis; a third of offers came from street hawkers.
20. 41% of current smokers have tried illicit tobacco, down slightly from the 45% recorded in 2011. The proportion of smokers who try illicit tobacco and go on to become regular illicit buyers showed no significant change between 2011 and 2013.
21. 20% of illicit buyers will always purchase such product when offered by a seller, with the remaining 80% being open to numerous factors influencing their decision to purchase illicit tobacco; leading factors were them not tasting right, not always being available and uncertainty about what they contained. The illegality of the purchase only resonated with 1% of current smokers offered illicit tobacco.
22. Illicit buyers were further classified into two-buyer types: opportunistic and seeker, each having their own profile and buying characteristics. The profile of illicit buyers being male, from lower socio-economic groups, struggling financially and have a heavier habit, is even more emphasised among seekers; they are also more comfortable with the issue of illicit tobacco and see the availability of such product as an enabler to allow them to smoke. Whereas opportunistic illicit buyers are closer to regular smokers and are more uncomfortable with the issue of illicit tobacco; they also have a more distant relationship with the seller, viewing them more as a stranger than an acquaintance.

### **Awareness and Attitudes**

23. While the percentage of non-smokers who had come across illicit tobacco for sale showed little change from 2009 to 2011, there has been a significant drop of 5 percentage points to 14% in 2013.

24. Over the last 4 years, awareness among non-smokers has increased significantly by 10 percentage points to 75%, this increase occurring between 2009 and 2011, and holding level in the last two years. Nine out of ten current smokers have heard of illicit tobacco.
25. Just under 1 in 5 respondents (18%) could recall seeing anything from the “Keep It Out” campaign, with recall being higher among men, those struggling financially, current smokers and particularly illicit tobacco buyers (31% recall).
26. Across the adult population, 70% are very uncomfortable with illicit tobacco, and this figure has significantly and consistently increased over the last four years (a 13 percentage point increase since 2009). Furthermore, this increase in discomfort has been exhibited across all demographic groups, while the greatest impact has been on men and those from younger age groups.
27. With an increase since 2009 of 17 percentage points, the latest study shows that more than half of smokers (51%) are now very uncomfortable with illicit tobacco.
28. The impact of attitudes towards illicit tobacco on demand for it is self-evident in trend measured in the North East region. The fact that comfort and illicit market share track each other so closely, reaffirms the relationship between these two and confirms the initial hypotheses that the market can be contained effectively through managing demand as well as supply through enforcement measures.

### **Reporting**

29. The last four years has seen a significant increase in the proportion of the adult population likely to report the sale of illicit tobacco, up by 7 percentage points to 34%.
30. When the sale of illicit tobacco involves children, then the likelihood to report increases dramatically, with around two thirds (67%) indicating that they would be very likely to report such incidents. This high level has been consistently maintained over the last four years.

### **Young People**

31. The average consumption level of young (14-15 year old) smokers is 6 cigarettes a day. More than a third (38%) are concerned about their smoking, and similar numbers (33%) regret a lot taking up smoking in the first instance. Conversely 44% do not regret taking up smoking, (at least 3 times as likely as their adult counterparts). 62% indicated that they felt they were addicted to smoking; 60% indicated some desire to quit, and indeed three-quarters of them had already tried to do so.
32. When it comes to their attitudes towards illicit tobacco, young smokers are significantly more comfortable than their adult counterparts. While there has been a downward trend in comfort towards illicit among adult smokers, it has at best remained static among young smokers over

the last 4 years. Just under a third (30%) was buyers of illicit tobacco, making young smokers almost twice as likely as their adult counterparts to be buyers.

33. Almost a third of young smokers had been offered illicit tobacco in the street, more than twice as likely as their adult counterparts.

## CONCLUSIONS

34. Many tangible and measurable shifts recorded between 2009 and 2011 have been reaffirmed by the 2013 study, highlighting long-term trends; these shifts are cover attitudes towards illicit tobacco, decreased prevalence (both of smoking and illicit purchase), market share and availability of illicit tobacco.
35. The study reveals that while smoking prevalence has notably declined between 2009 and 2013, it shows signs of slowing between 2011 and 2013; with the majority of smokers having attempted to quit at some point during their habit.
36. The North East has rapidly gone from an area with a low level of hand-rolling tobacco consumption, to an area where hand-rolling tobacco consumption has doubled within a 4-year period; this dramatic increase is mostly attributed to smokers using both cigarettes and hand-rolling tobacco, primarily fuelled by the perceived cheapness hand-rolling tobacco offers.
37. There is evidence of smokers becoming less brand loyal and more open to trying alternative brands, something which facilitates illicit tobacco products to being more acceptable and open to experimentation.
38. The on-going trend of decreasing illicit tobacco prevalence, in addition to less illicit product being purchased by illicit buyers, has resulted in a significant decline in the tobacco market attributed to illicit tobacco – going for 16% in 2009 to 9% in 2013.
39. Drops in both the proportion offered and frequency of offers (among both smokers and non-smokers) strongly suggests that availability of illicit tobacco across the North East has notably fallen between 2009 and 2013.
40. Significant increased awareness of the issue of illicit tobacco and recall of specific campaign activity are encouraging signs that a high level of awareness has been maintained. Significant shifts in attitudes opposed to illicit tobacco have followed this increased awareness (in particular among smokers), reaffirming the relationship between awareness / attitudinal shift and reduced market share (as well as through enforcement measures).
41. Despite the overall market shifts, there is no evidence that young smokers exposure and attitudes towards illicit tobacco have changed in the last 4 years. Their comfort with illicit product



remains significantly higher than the adult population, which is reflected in young smokers' consumption levels.

42. Not only are young smokers more likely to be approached in the street by strangers selling illicit tobacco, they are also more exposed to other illicit items such as alcohol, clothes and drugs.

## ABOUT THE STUDY

43. A total of 1454 interviews were conducted across the North East region. A minimum sample of 116 interviews was achieved in each of the 12 local authority trading standards areas making up the region.
44. Interviews were conducted in January and February 2013 using a mix of both telephone and in-street interviewing.
45. Sampling was done among all those aged 16 and over. Quota controls were applied on gender, age and smokers/non-smokers.
46. The final data was weighted to make it representative of the population in terms of gender, age, population and smoking prevalence (determined from a random component of the sample). A study among a random sample of 99 young people (aged 14 to 15 year old) across region was also conducted. This sample of young people was among those who have ever smoked, and was to gauge their attitudes towards counterfeit / illicit tobacco, in addition to establishing their encounters with illicit tobacco.

### Notes on Statistical Reliability

As with any data collection where a sample is being drawn to represent a population, there is potentially a difference between the response from the sample and the true situation in the population as a whole. Many steps have been taken to help minimise this difference but there is always potentially a difference between the sample and population – this is known as the standard error.

The standard error can be estimated using statistical calculations based on the sample size, the population size and the level of response measured (as you would expect you can potentially get a larger error in a 50% response than say a 10% response simply because of the magnitude of the numbers).



To help understand the significance of this error, it is normally expressed as a confidence interval for the results. Clearly to have 100% accuracy of the results would require you to sample the entire population. The usual confidence interval used is 95% - this means that you can be confident that in 19 out of 20 instances the actual population behaviour will be within the confidence interval range.

### **Statistical Reliability of this study**

With a total sample of 1454 interviews the survey results are extremely robust, with a 95% confidence interval of  $\pm 2.6\%$ .