

# EMPTY CIGARETTES PACKS SURVEY

Q2 2018



ANTI-ILLCIT CIGARETTE TRADE INITIATIVE



19 September 2018

# SURVEY SPECIFICATIONS

## COVERAGE

- |                |                   |                                     |            |
|----------------|-------------------|-------------------------------------|------------|
| ▪ MAIN SAMPLE  | 20 LARGEST CITIES | 3.38 mio POPULATION COVERED (47.1%) | 5800 PACKS |
| ▪ FOCUS CITIES | 6 CITIES          |                                     | 700 PACKS  |

## METHODOLOGY

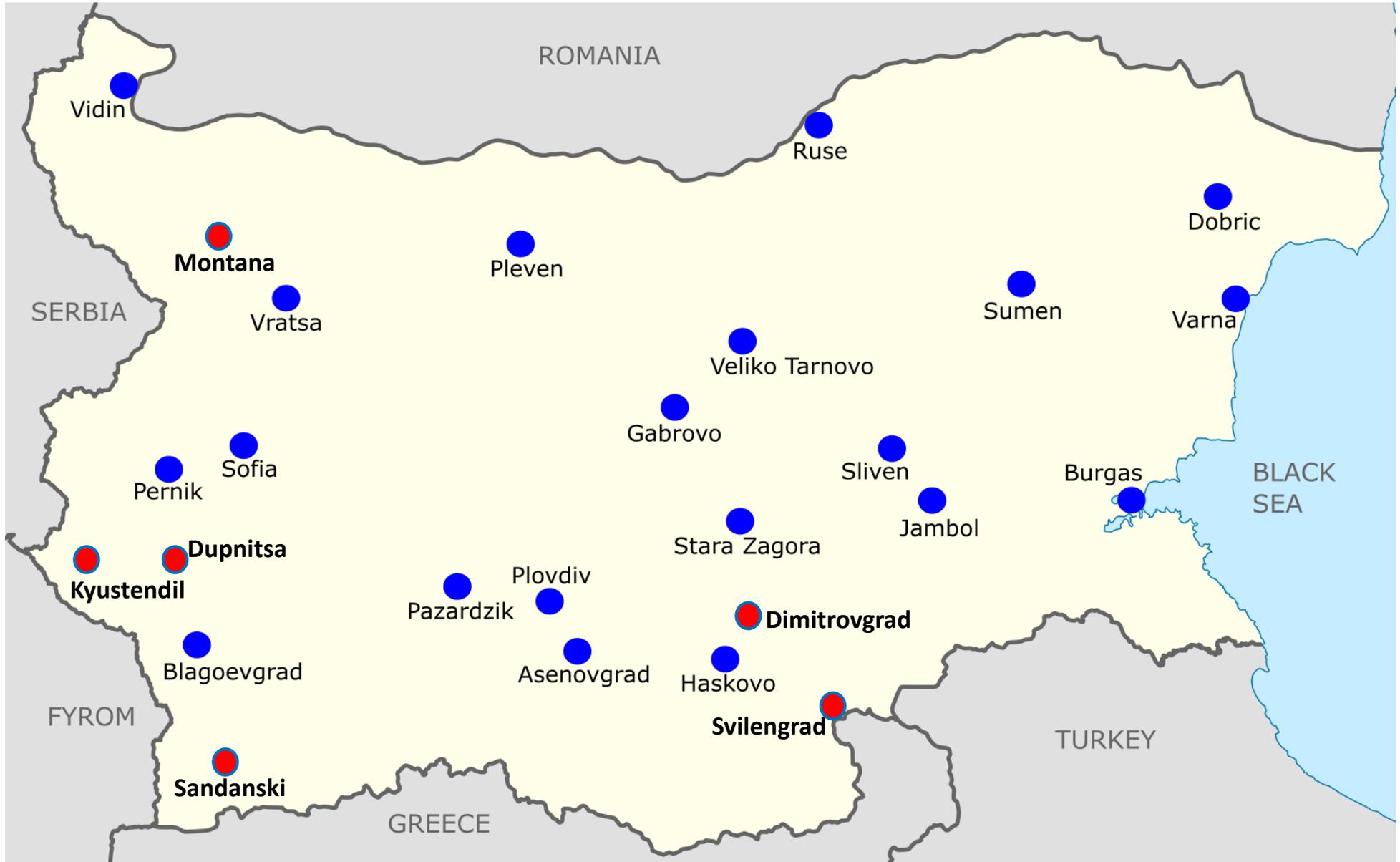
- AGENCY: NIELSEN - Independent international market research agency
- FIELD WORK: 2 – 28 May 2018
- COLLECTION OF EMPTY CIGARETTE PACKS FROM STREETS AND PUBLIC BINS, ANY BRAND AND VARIANT
- RESULTS ARE CALCULATED BASED ON NUMBER OF STICKS CORRESPONDING TO THE PACKS
- THE MARKET VARIANT OF ALL COLLECTED PACKS AND THE AUTHENTICITY OF THE COLLECTED PACKS BEARING PARTICIPATING COMPANIES' TRADEMARKS WERE EXAMINED BY THE RESPECTIVE COMPANIES

## LIMITATIONS

- HOMES AND WORKPLACES ARE NOT COVERED
- INFORMATION ON PACKS OF NON-PARTICIPATING COMPANIES IS NOT COLLECTED
- THE SURVEY IS DESIGNED TO FOCUS ON TRENDS RATHER THAN INCIDENCE AT A SINGLE POINT IN TIME
- CIGARETTE BRANDS ARE ALLOCATED TO COMPANIES BASED ON THE TRADEMARKS™ REGISTRATION\*, AS PER AVAILABLE PUBLIC TM DATABASES (WWW.TMVIEW.COM) AND IS VALIDATED BY THE PARTICIPATING COMPANIES.

\*As of August 2017, local brands of BTH are owned by BAT.

# EMPTY CIGARETTES PACKS SURVEY Q2 2018 – CITIES COVERED



**MAIN SAMPLE**

- 20 CITIES OVER 43,595 CITIZENS
- 47.1% OF TOTAL POPULATION

**ADDITIONAL FOCUS CITIES**

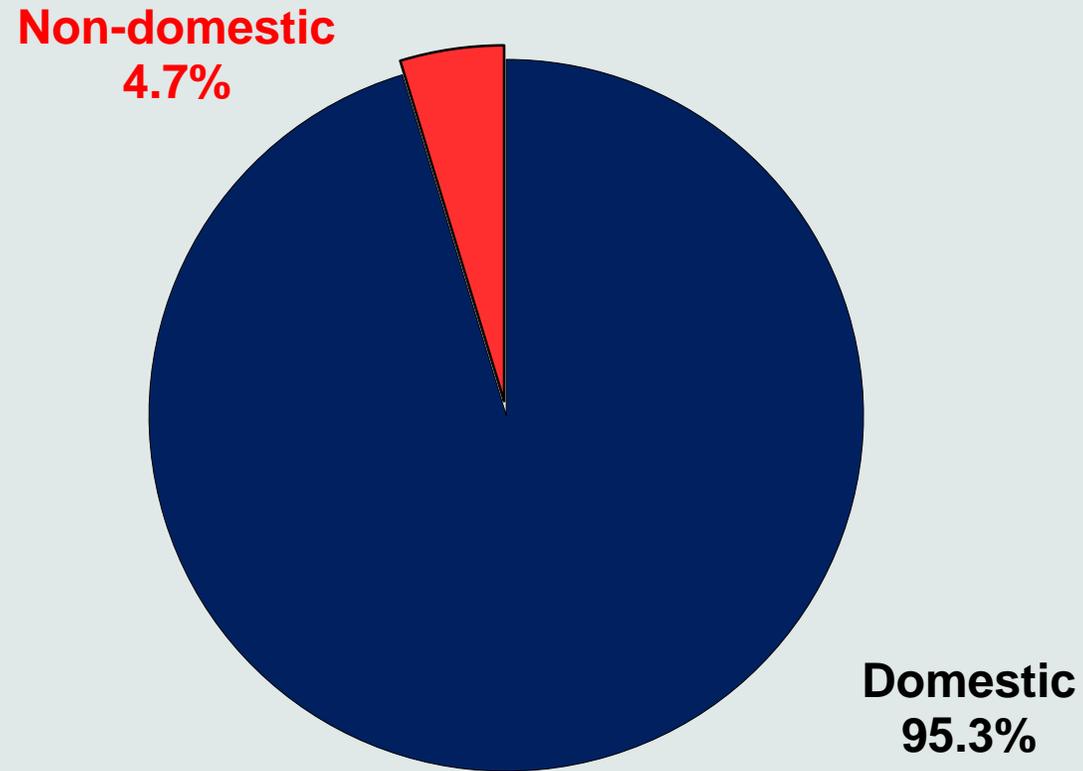
- 6 TOWNS (mostly in border areas) RANGING FROM 17,800 TO 41,380 CITIZENS

Survey conducted by ACNielsen – following assignment from BAT, BT, ITG, JTI, PMI

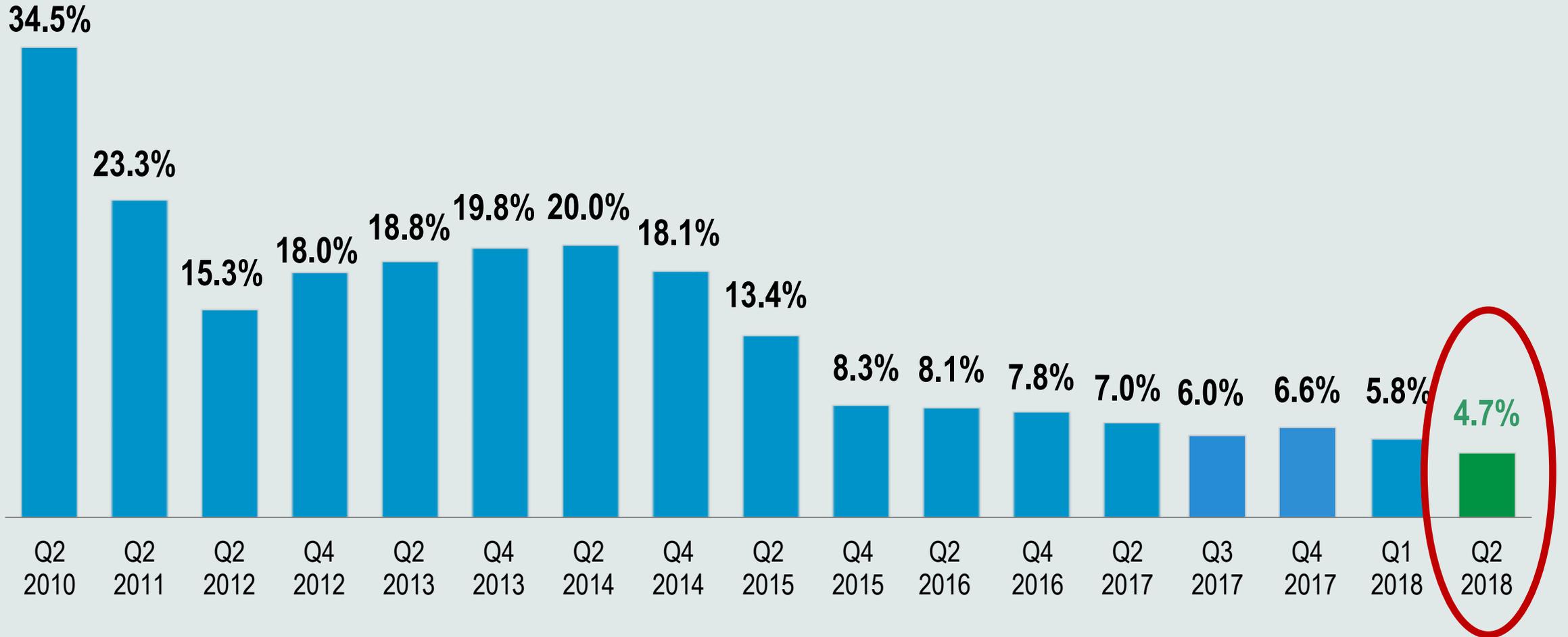
# MAIN SAMPLE – NON DOMESTIC INCIDENCE



**4.7% in Q2 2018 r.**

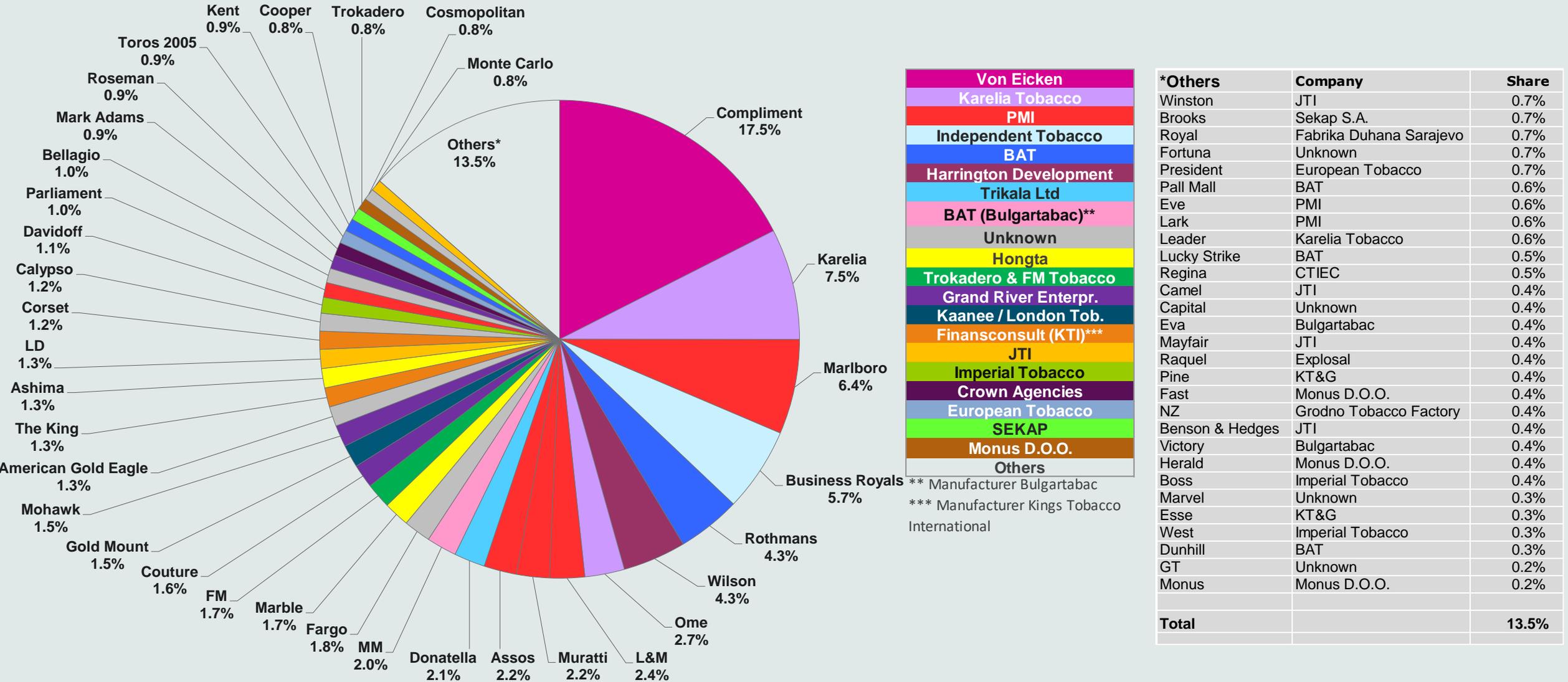


# MAIN SAMPLE – NON DOMESTIC INCIDENCE EVOLUTION

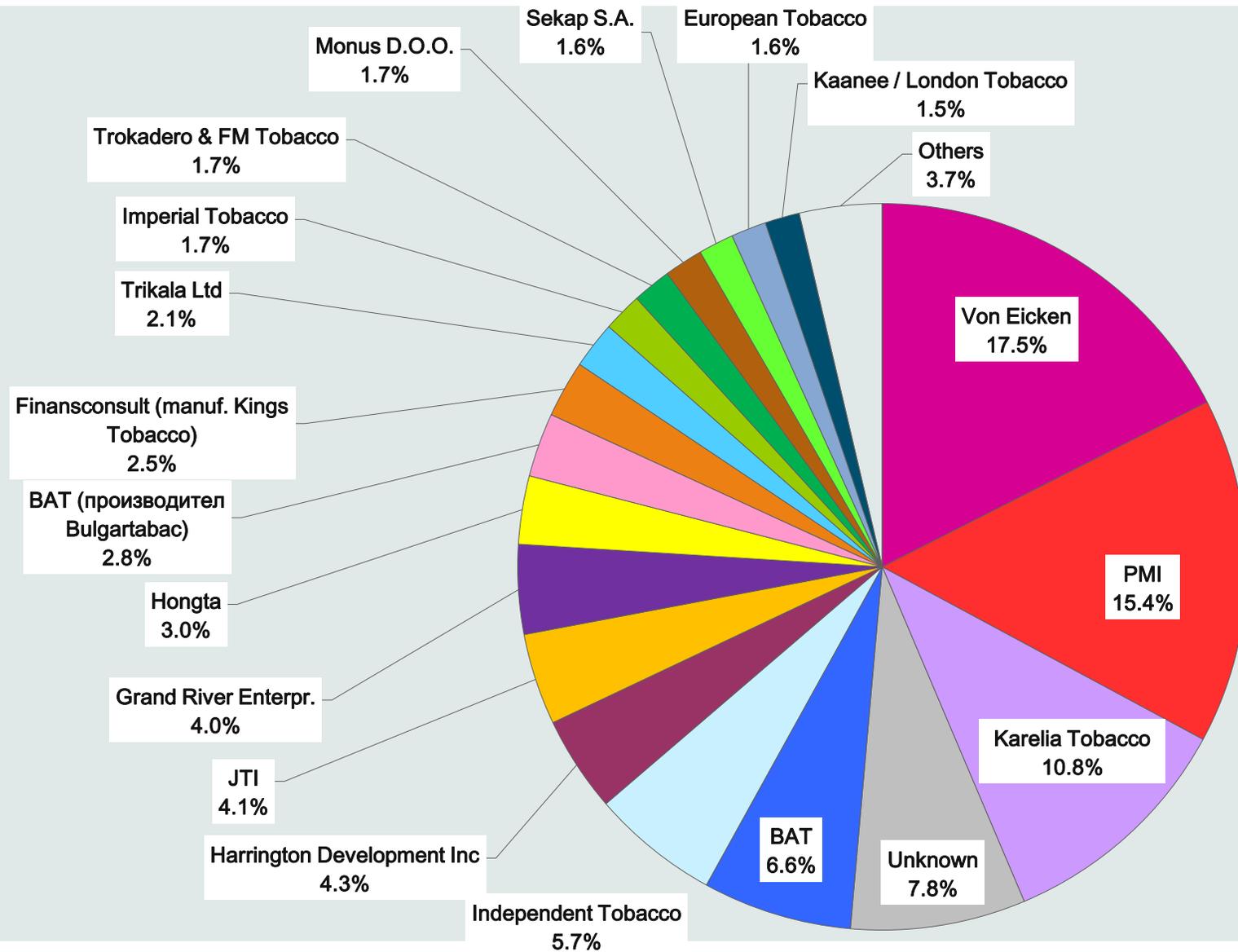


**1.1% DECLINE VS. PREVIOUS QUARTER AND LOWEST LEVEL EVER SINCE 2007**

# MAIN SAMPLE – NON DOMESTIC INCIDENCE – BY BRANDS



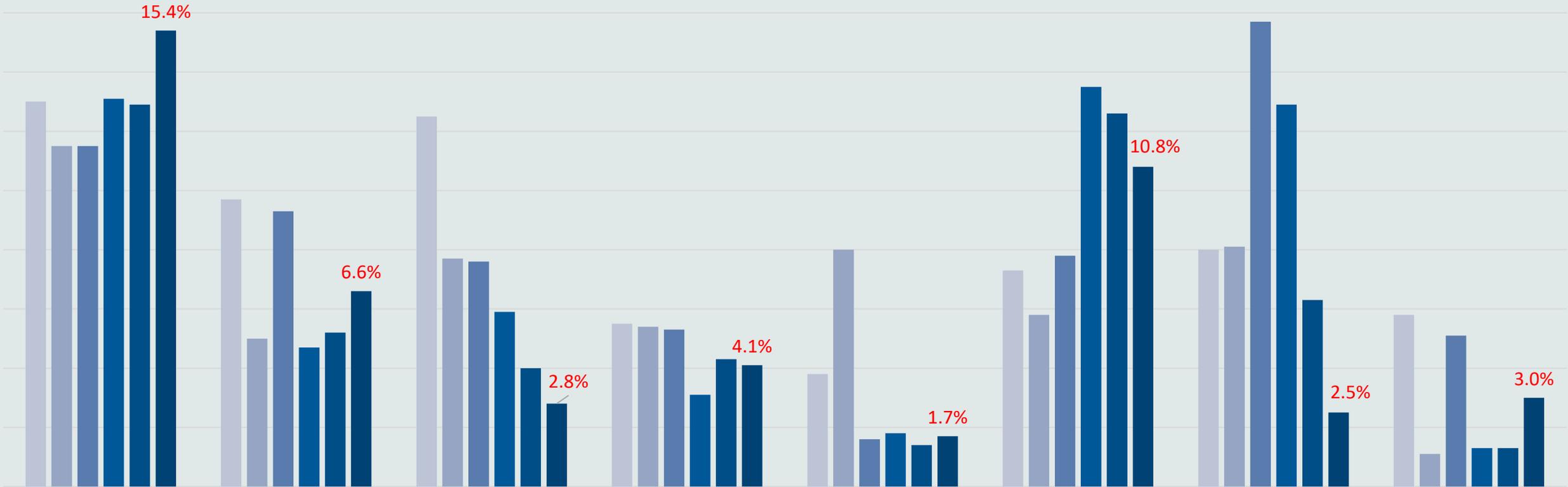
# MAIN SAMPLE – SHARE OF NON DOMESTIC INCIDENCE BY COMPANY/TM OWNER



# MAIN SAMPLE – TRENDS OF NDI BY COMPANIES, OPERATING IN BULGARIA



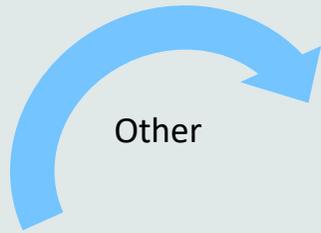
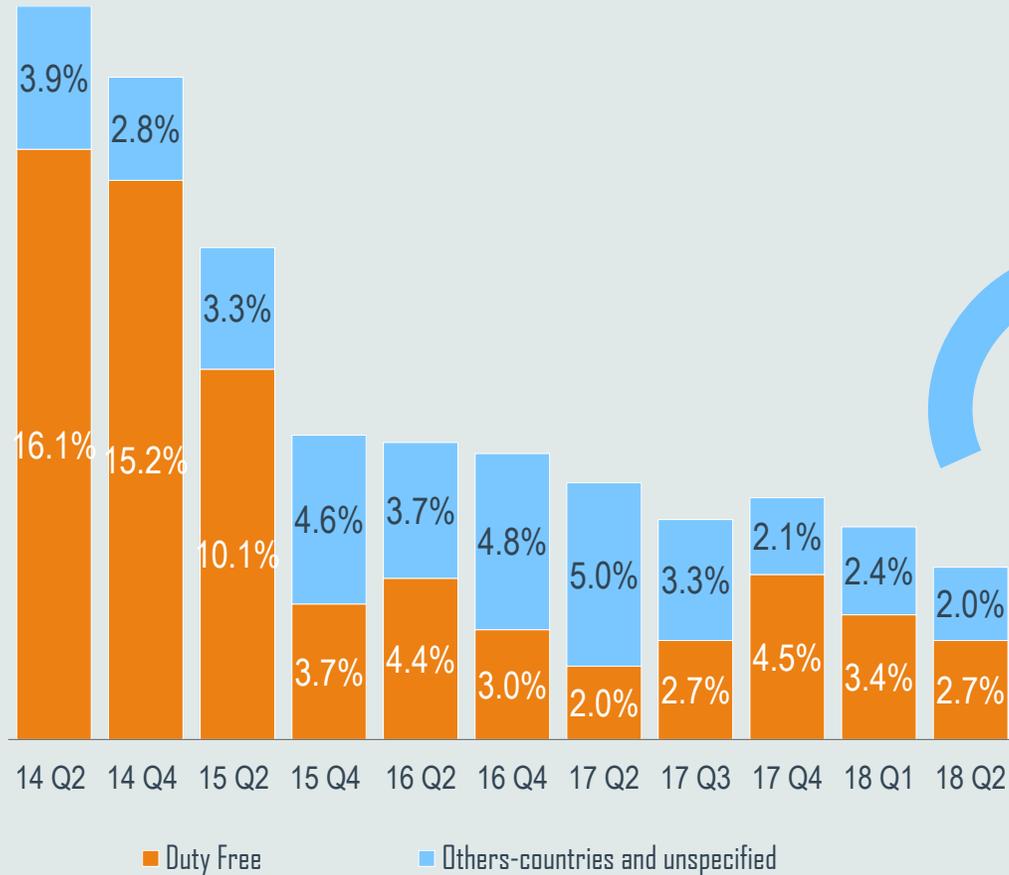
■ 16 Q4 ■ 17 Q2 ■ 17 Q3 ■ 17 Q4 ■ 18 Q1 ■ 18 Q2



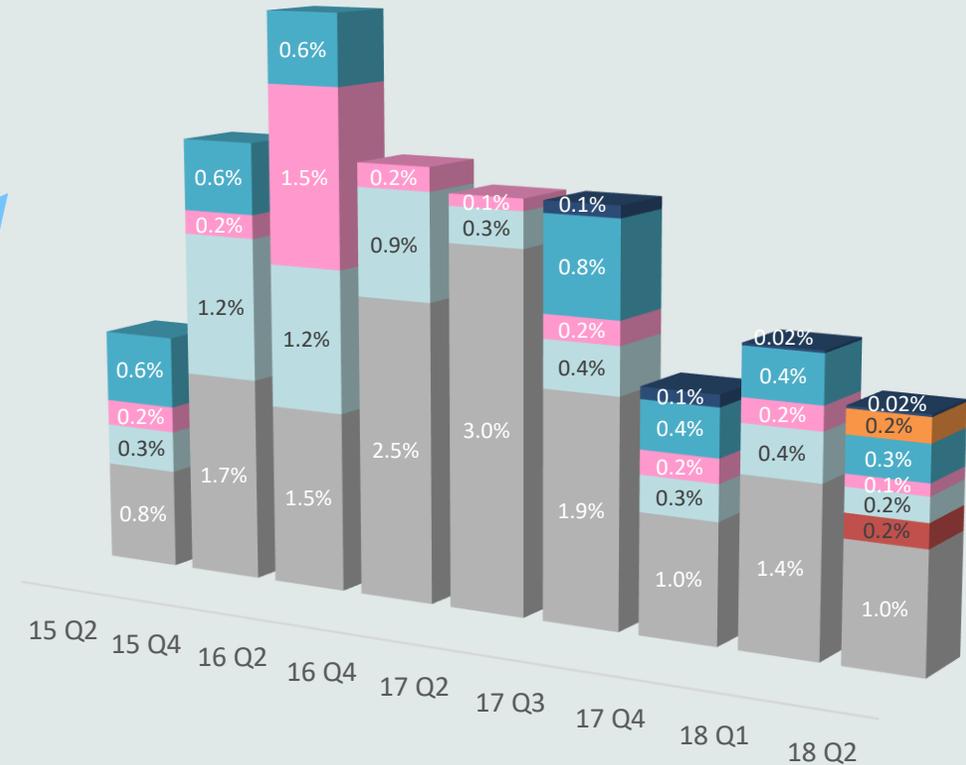
**Finansconsult**  
(общо произв. от КТІ и други варианти, непредназначени за пазара)

**Hongta**

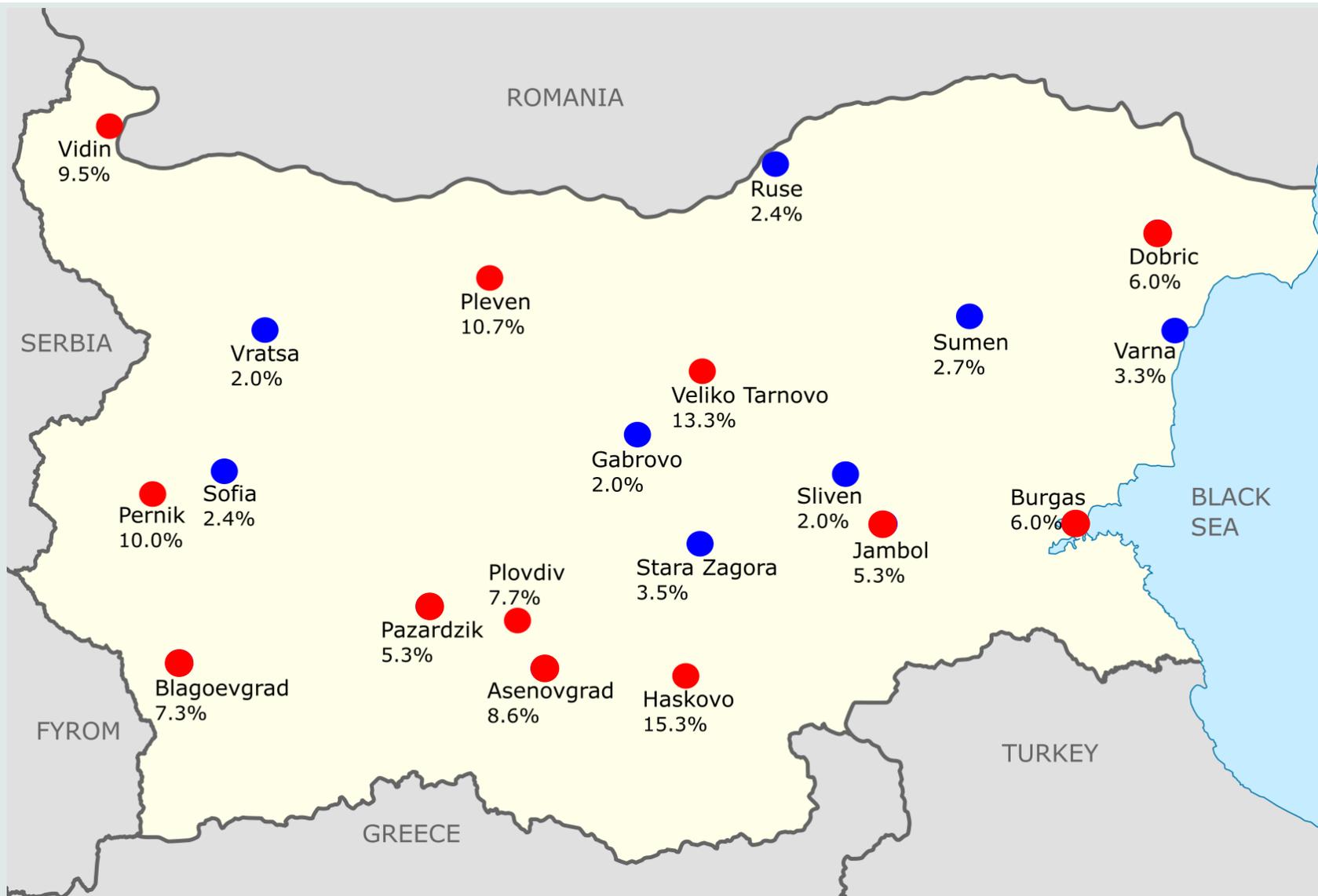
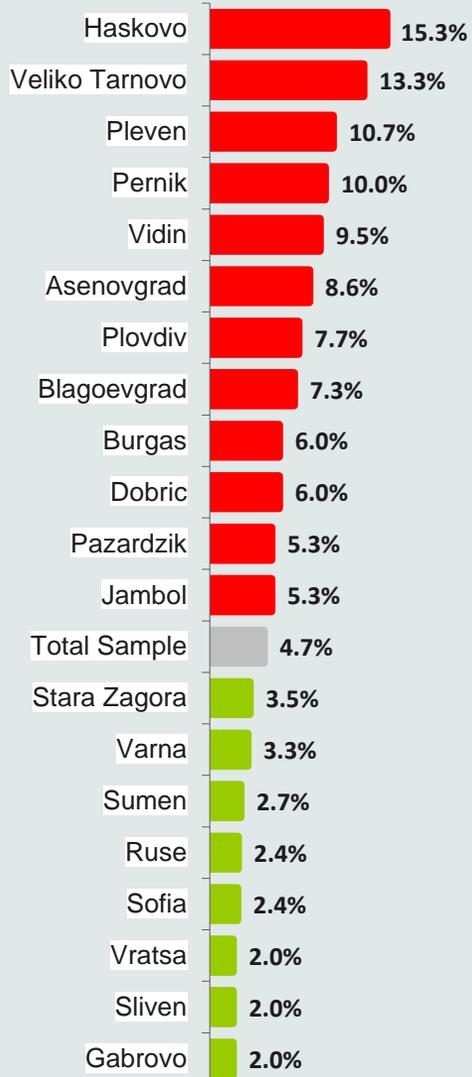
# MAIN SAMPLE – TRENDS OF NDI BY MARKET VARIANT



- Unspecified
- Greece
- Macedonia
- Serbia
- Others
- Turkey
- Counterfeit



# MAIN SAMPLE – NDI BY CITY

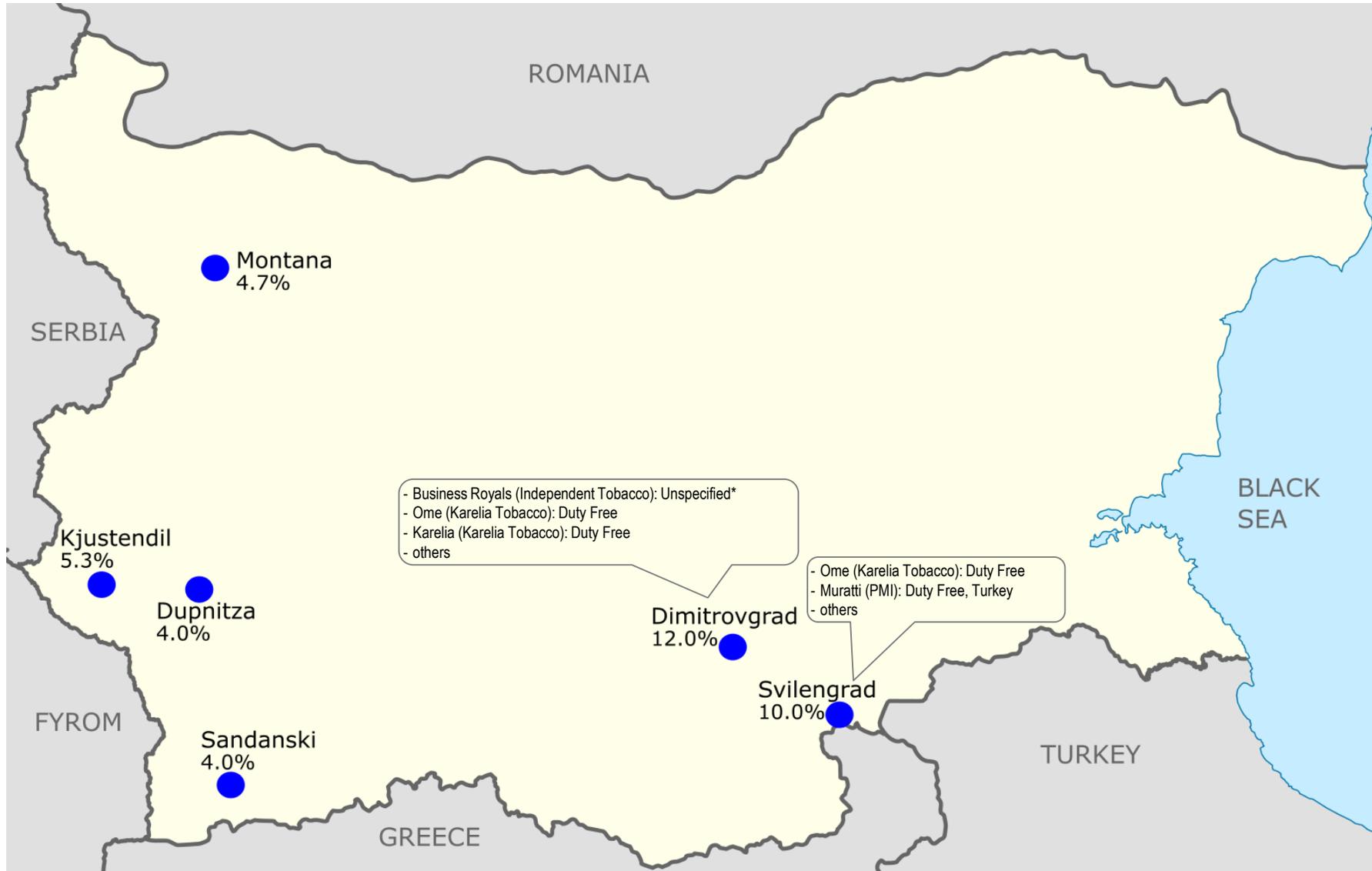


# MAIN SAMPLE – NDI EVOLUTION BY CITY



	Sample	Non-domestic Incidence							
	Packs	2015 Q4	2016 Q2	2016 Q4	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Haskovo	150	18.4%	24.5%	19.0%	20.7%	21.3%	17.3%	14.0%	15.3%
Veliko Tarnovo	150	7.0%	6.1%	2.1%	7.3%	16.0%	5.3%	10.7%	13.3%
Pleven	168	5.3%	6.9%	1.8%	5.4%	7.1%	6.0%	9.5%	10.7%
Pernik	150	10.3%	26.7%	26.1%	11.9%	7.2%	5.3%	14.7%	10.0%
Vidin	150	33.1%	10.6%	4.8%	14.7%	8.6%	10.0%	6.0%	9.5%
Asenovgrad	150			13.1%	11.3%	4.0%	8.7%	18.0%	8.6%
Plovdiv	557	19.5%	17.0%	12.1%	5.9%	8.6%	7.2%	7.2%	7.7%
Blagoevgrad	150	31.7%	16.5%	12.4%	20.0%	7.3%	8.5%	14.5%	7.3%
Burgas	333	8.2%	6.4%	4.0%	5.7%	4.2%	4.8%	2.1%	6.0%
Dobric	150	7.1%	8.0%	8.6%	5.3%	8.0%	4.7%	3.3%	6.0%
Pazardzik	150	26.7%	14.1%	6.9%	16.6%	15.3%	14.0%	7.3%	5.3%
Jambol	150	6.3%	4.6%	7.1%	11.3%	2.0%	12.7%	1.3%	5.3%
Stara Zagora	231	8.5%	5.9%	5.0%	3.5%	6.5%	11.3%	7.8%	3.5%
Varna	551	5.4%	6.1%	5.6%	2.2%	2.8%	4.4%	4.4%	3.3%
Sumen	150	1.6%	4.1%	1.4%	4.0%	2.0%	2.7%	2.8%	2.7%
Ruse	246	4.1%	9.9%	2.6%	0.4%	5.7%	6.9%	3.3%	2.4%
Sofia	1,764	5.0%	4.3%	7.8%	7.1%	4.5%	5.5%	4.8%	2.4%
Vratsa	150			3.4%	7.3%	4.6%	4.7%	4.0%	2.0%
Sliven	150	14.1%	9.4%	12.6%	9.3%	10.7%	10.0%	4.0%	2.0%
Gabrovo	150	40.2%	0.7%	2.8%	6.6%	1.3%	4.0%	1.3%	2.0%
<b>Total</b>	<b>5,800</b>	<b>8.3%</b>	<b>8.1%</b>	<b>7.8%</b>	<b>7.0%</b>	<b>6.0%</b>	<b>6.6%</b>	<b>5.8%</b>	<b>4.7%</b>

# FOCUS SAMPLE – NDI EVOLUTION BY CITY



# FOCUS SAMPLE- NDI EVOLUTION BY CITY



	Sample	Non-domestic Incidence*							
	Packs	2015 Q4	2016 Q2	2016 Q4	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2
Dimitrovgrad	100			8.8%	12.0%	12.0%	13.0%	15.0%	12.0%
Svilengrad	100	33.7%	30.2%	24.9%	44.0%	8.0%	28.0%	19.0%	10.0%
Kjustendil	150	27.1%	25.6%	28.1%	25.8%	28.3%	14.6%	9.9%	5.3%
Montana	150	12.9%	2.8%	4.7%	5.3%	1.3%	4.0%	8.0%	4.7%
Dupnitza	100			8.2%	16.5%	2.0%	11.0%	12.0%	4.0%
Sandanski	100	26.8%	16.2%	4.1%	10.0%	5.0%	10.9%	3.0%	4.0%

# EXAMPLES: NON-DOMESTIC PACKS

Brand Family:  
Company:  
Market Variants:

Compliment  
Von Eicken  
Duty Free

Business Royals  
Independent Tobacco  
Unspecified\*

Wilson  
Harrington Development  
Duty Free



# EXAMPLES: NON-DOMESTIC PACKS

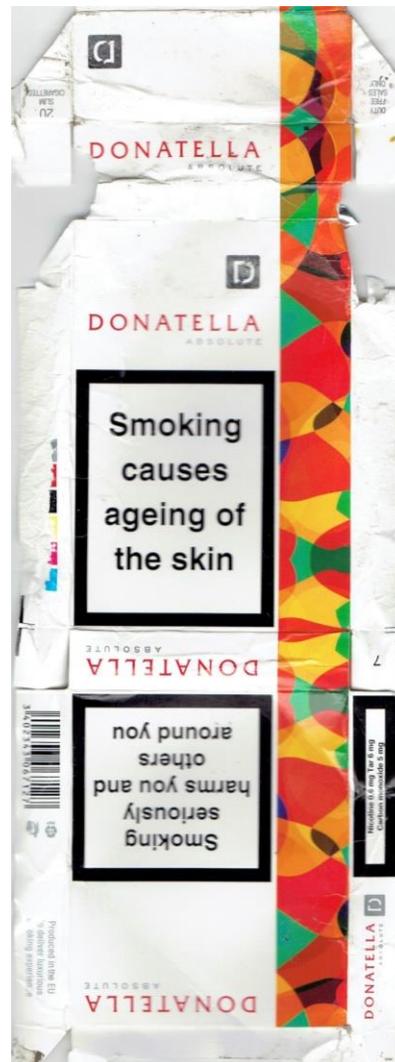


Brand Family:  
Company:  
Market Variants:

Fargo  
Unknown  
Duty Free



Donatella  
Trikala Ltd  
Duty Free



FM  
Trokadero & FM Tobacco  
Unspecified\*



# EXAMPLES: NON-DOMESTIC PACKS

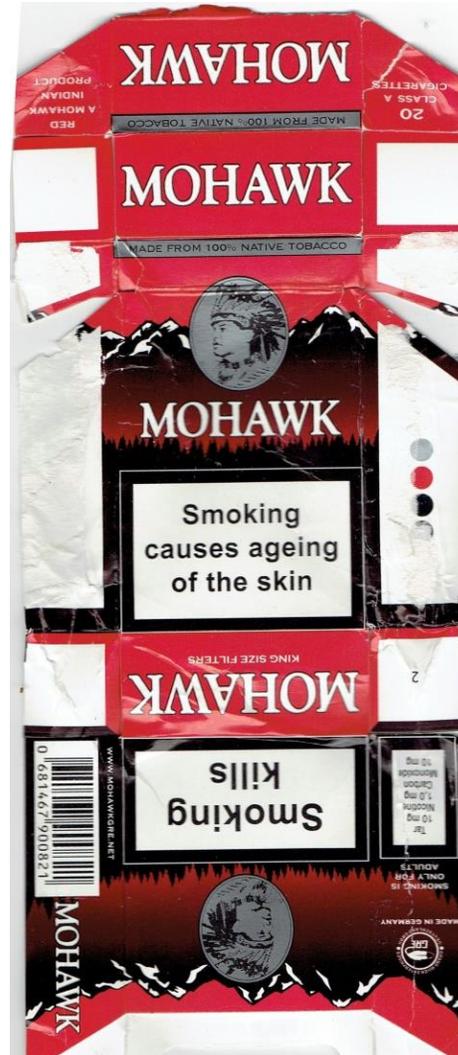


Brand Family:  
Company:  
Market Variants:

Cosmopolitan  
Unknown  
Duty Free



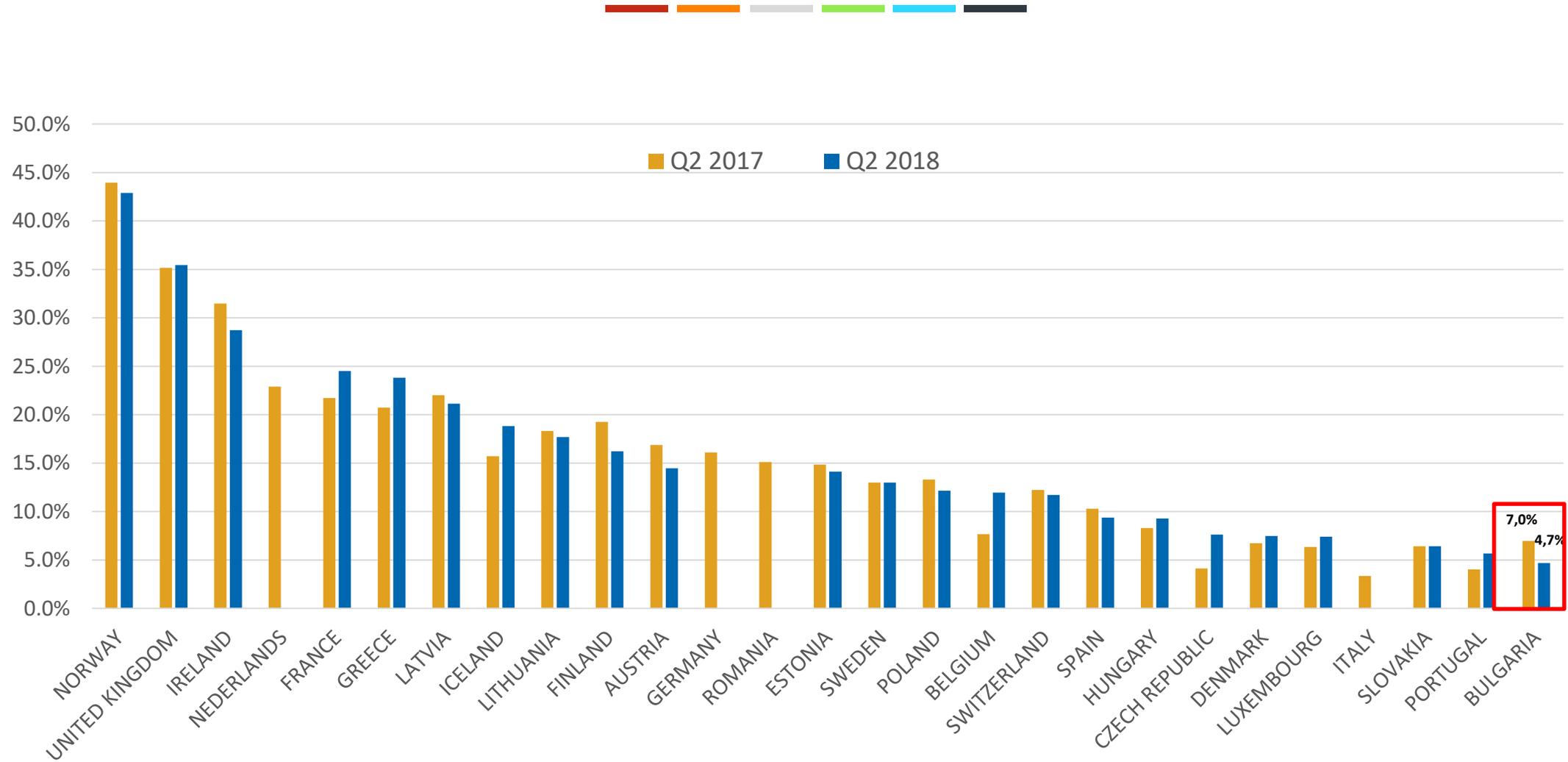
Mohawk  
Grand River Enterprises  
Unspecified\*



Calypso  
Unknown  
Duty Free

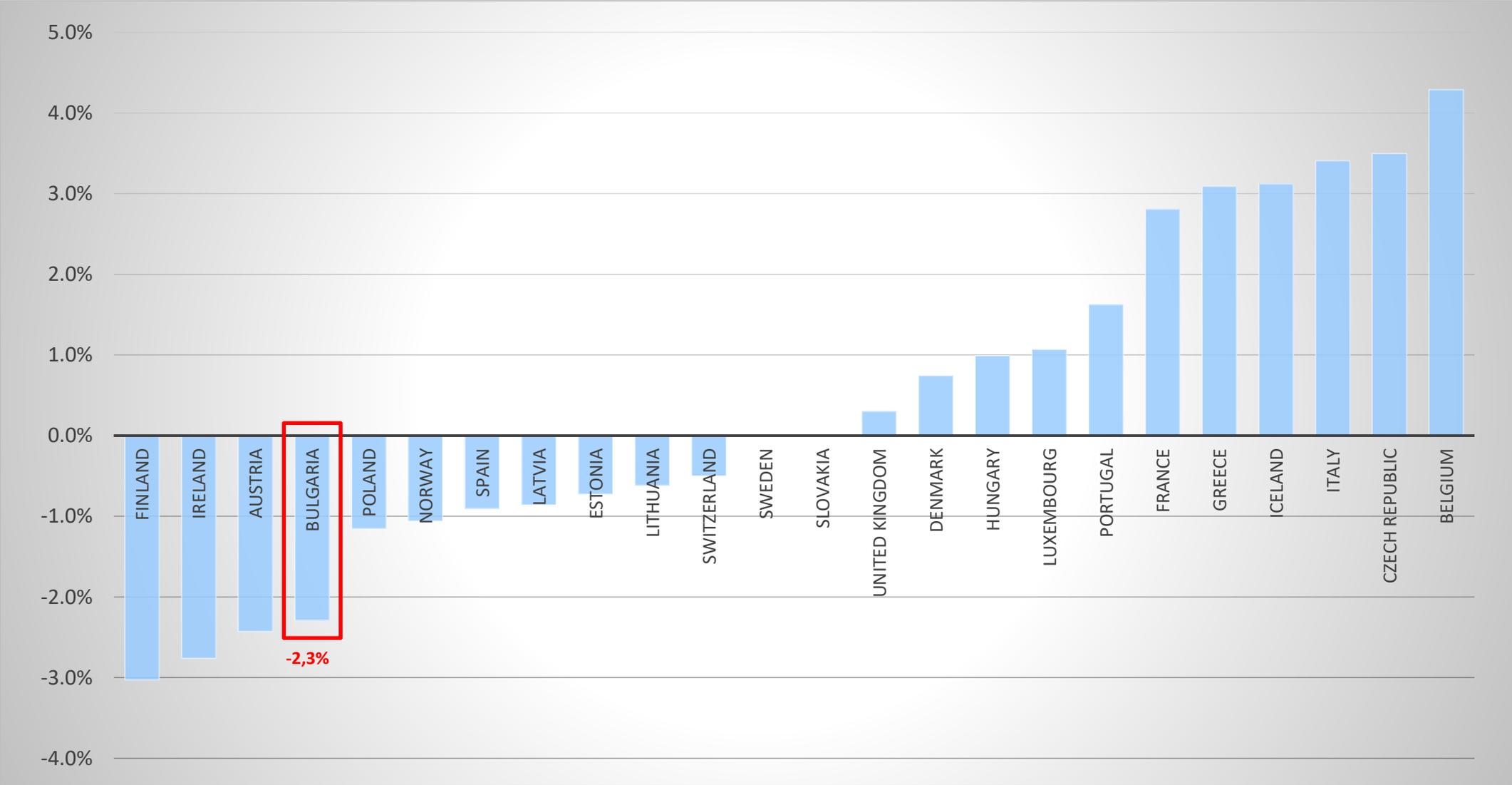


# EU NON DOMESTIC INCIDENCE Q2 2017 AND Q2 2018



Source: EPS Q2 2017 and Q2 2018

# EU NON DOMESTIC INCIDENCE - CHANGE (PP) Q2 2018 VS. Q2 2017



Source: EPS Q2 2017 and Q2 2018

# KEY TAKEAWAYS AND MESSAGES

- **4.7% is once again the lowest level of NDI** ever since EPS is conducted in Bulgaria. Fight against illicit trade in tobacco products has clearly and consistently produced positive results. This is due to the joint efforts of the LEA and the Anti Illicit Trade Initiative.
- This repetitive decrease does show that there is **room for improvement of NDI** and **potential to maximize excise revenues and legal market growth**. While fight against illicit cigarettes trade has clearly become a priority for the government, it is still important to maintain the focus both on cigarettes and strengthen efforts against illegal unbranded cut tobacco in open markets, on internet or via home deliveries.
- The main non-domestic brands and the companies owning them have mostly been the same for a long period in the survey, however this wave shows again that new illicit white or non-domestic brands are appearing all across the country, suddenly and quickly replacing the previous mass propositions – this speaks of a well organized illegal activity.
- The requirements for Tracing & Tracking of tobacco products (TPD Art. 15-16) have set very tight deadlines for implementation and having in mind the burdensome and complicated processes introduced for the legitimate operators, BG Customs agency actively works on the matter in a dialogue with the economic operators in order to make sure the system is to be fully operational by 20 May 2019. ID Issuer appointment a.s.a.p. of crucial importance.
- **Consultations with industry on any legislative initiatives**, avoiding extreme regulation and **ensuring predictability**, remain key priority. The AITI companies support the current excise policy, which is in line with EU practices and the principles related to ensuring legal market stability.

# THANK YOU!



## ANTI-ILLICIT TRADE INITIATIVE

