



Making the Switch

TPE 2024



M/A/R/C[®] Inc.

A Leader in Market Insights

50+ years of service and innovation

- Founded in 1965

Solutions incorporating predictive metrics to provide forward-looking brand insights for better brand management:

- Segmentation
- Brand Equity/Health Measurement
- Segmentation
- Sales Forecasting
- Concept / Product Optimization

Industry expertise includes:

- Dining and Hospitality
- Financial Services
- Consumer Packaged Goods
- Pharma and Healthcare
- Retail
- Animal Health

Headquartered in Dallas/Fort Worth area



M/A/R/C[®]'s Long History in Tobacco & Nicotine

For more than 45 years, M/A/R/C[®] Research, LLC has served the unique needs of the tobacco market. Our rich experience in tobacco has covered nearly every aspect of the industry, including:

Electronic Nicotine Delivery Systems

- E-Cigarettes
- Closed Vaping Systems
- Open Vaping Systems
- E-Liquids

Combustibles

- Cigarettes
- Cigars
- Pipe Tobacco

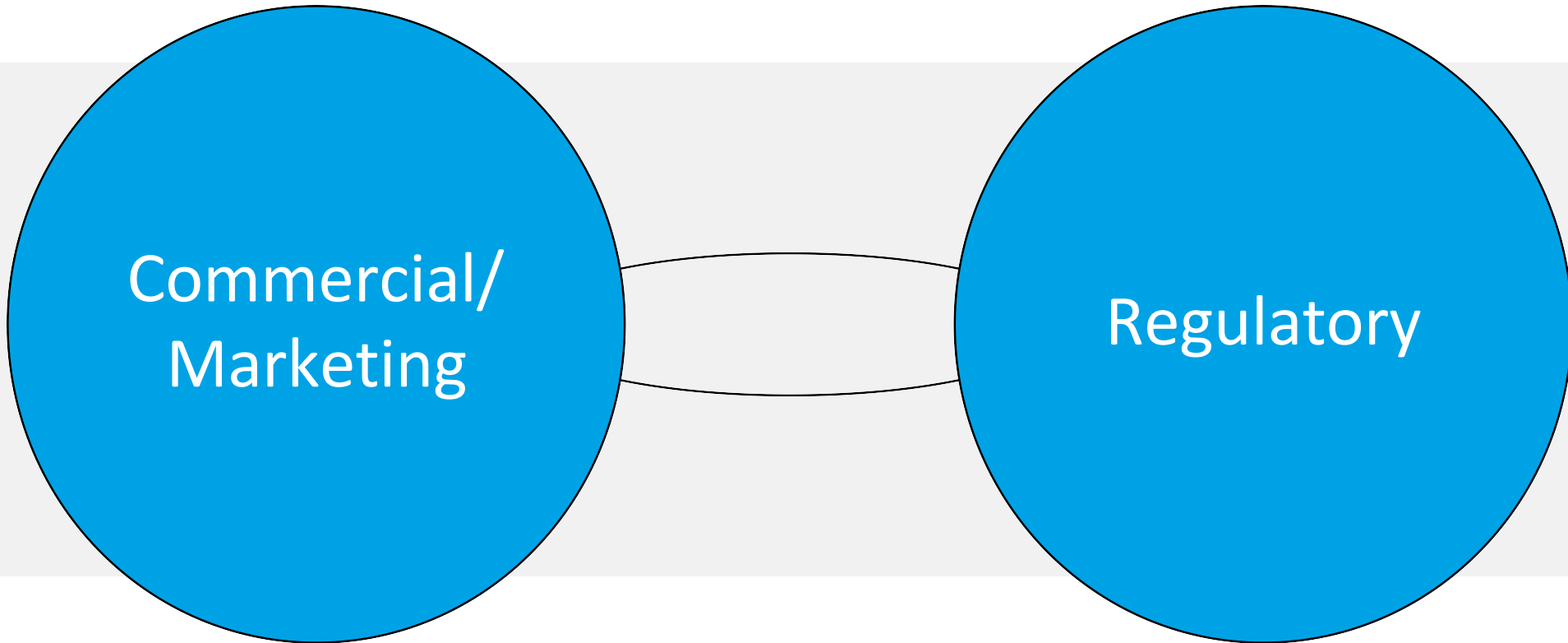
Smokeless

- Chewing Tobacco
- Moist Snuff
- Snus
- Dissolvables

Our history in tobacco also includes substantial work with NRTs and tobacco heating systems.

Unique Perspective Built from M/A/R/C's Dual Focus

M/A/R/C® Research's services in nicotine and tobacco serve both the marketing and regulatory affairs sides of the Tobacco and Nicotine Market.



Our dual focus gives us a unique perspective on the market and allows us to provide added insight & perspective as clients assess innovation within the space.



Market's Focus: Harm Reduction

Mission Statements of Leading Nico



Innovation Rampant

Timeline of New Product Intro: Nico Pouches, Heat Not Burn



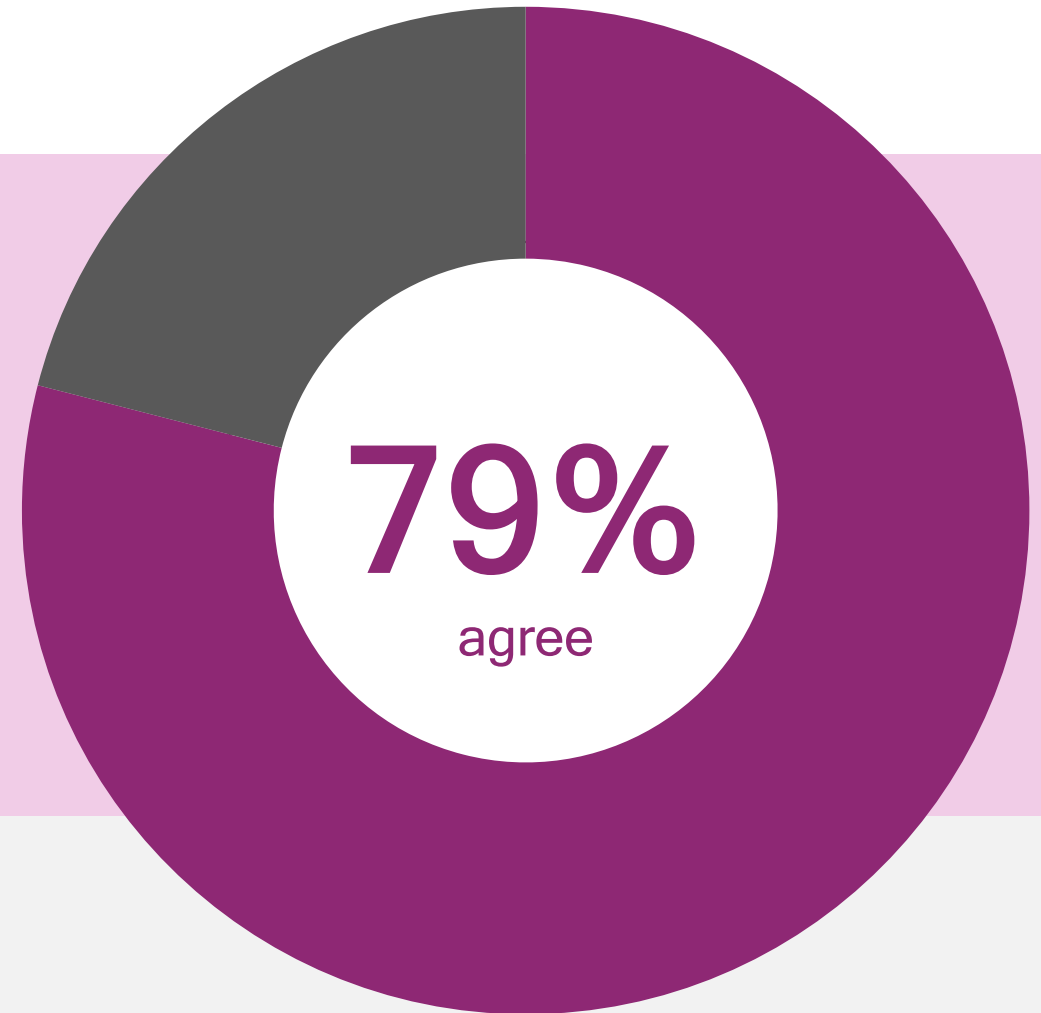
Consumer's Understand The Continuum of Harm

Perception Study Data on where Consumer's Place Products



However, adult consumers do not separate nicotine from tobacco and continue to associate it with smoking.

*nicotine =
tobacco =
smoking*



Tobacco and nicotine are seen as equally addictive and harmful to health.

Addictive

Harmful to Health

89%

agree tobacco is addictive

86%

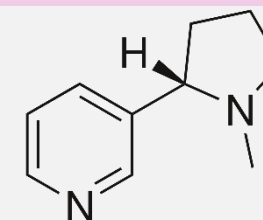
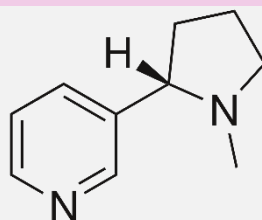
agree nicotine is addictive

92%

agree tobacco is harmful to health

89%

agree nicotine is harmful to health

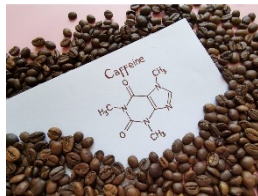


While Tobacco is seen as the most harmful substance; perceptions of nicotine's harm trail closely.



2022 | Washington, D.C.

Caffeine
(found in products such as coffee, soda/pop, energy drinks, or energy bars)



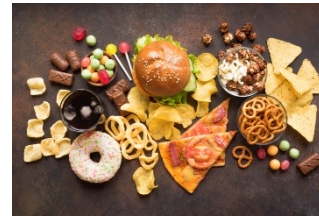
35

Refined Sugar
(found in products such as cakes, cookies, ice cream bread, pasta, or condiments)



63 66

Trans Fats
(found in products such as fried foods, shortening / margarine, or commercial baked goods)



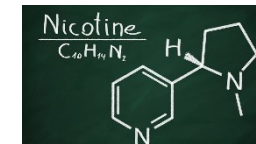
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Alcohol
(found in products such as beer, wine, whiskey, vodka, or spirits)



141

Nicotine
(found in products such as patches, gum, nicotine pouches, or vapor products)

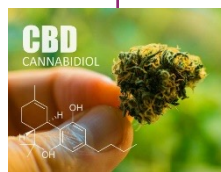


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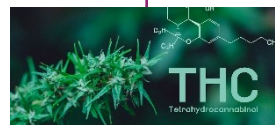
Tobacco
(found in products such as cigarettes, cigars, moist snuff, or dip)



200



CBD
(found in products such as oils, gummies, capsules, or drinks but does NOT produce the feeling of being 'high')

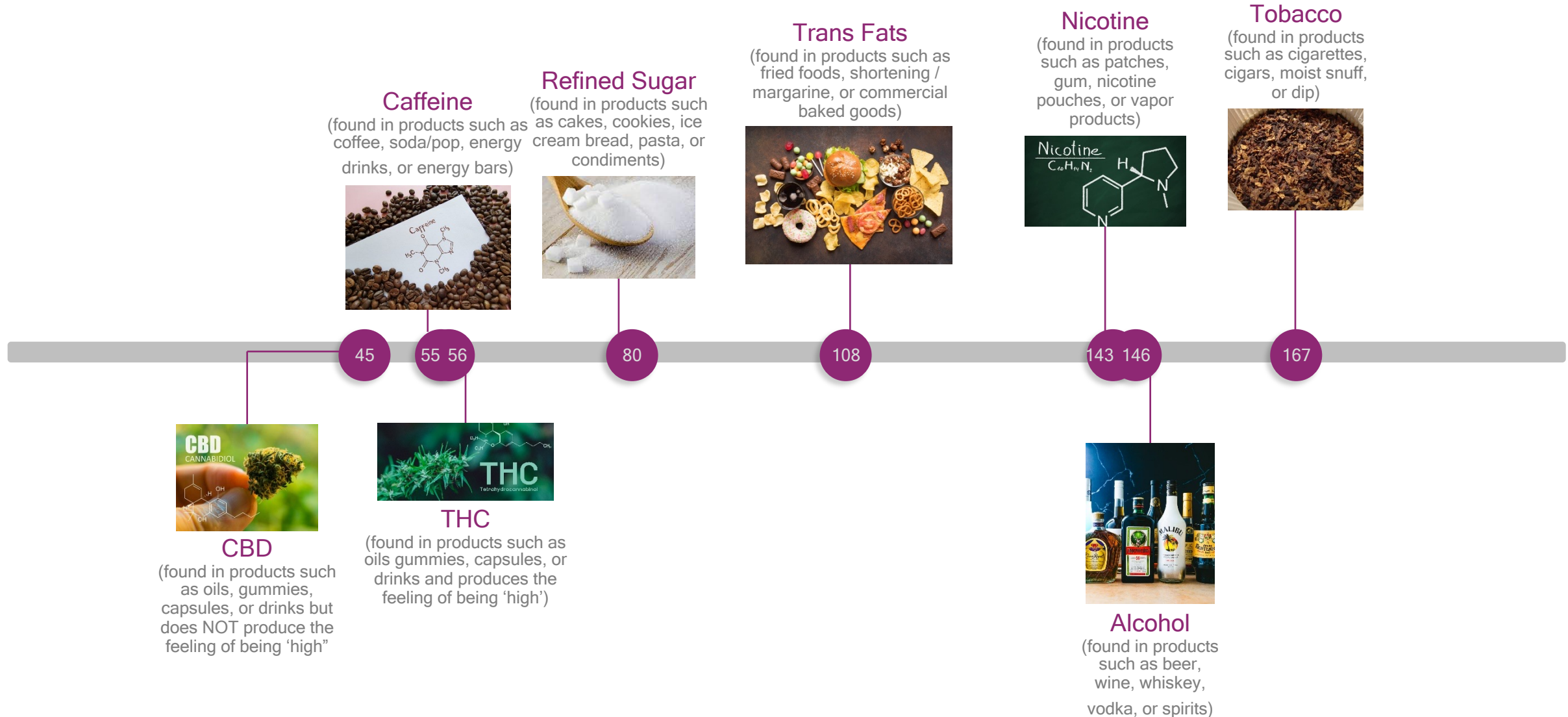


THC
(found in products such as oils gummies, capsules, or drinks and produces the feeling of being 'high')

Current Adult Tobacco / Nicotine Users consider tobacco most harmful with alcohol and nicotine trailing closely.



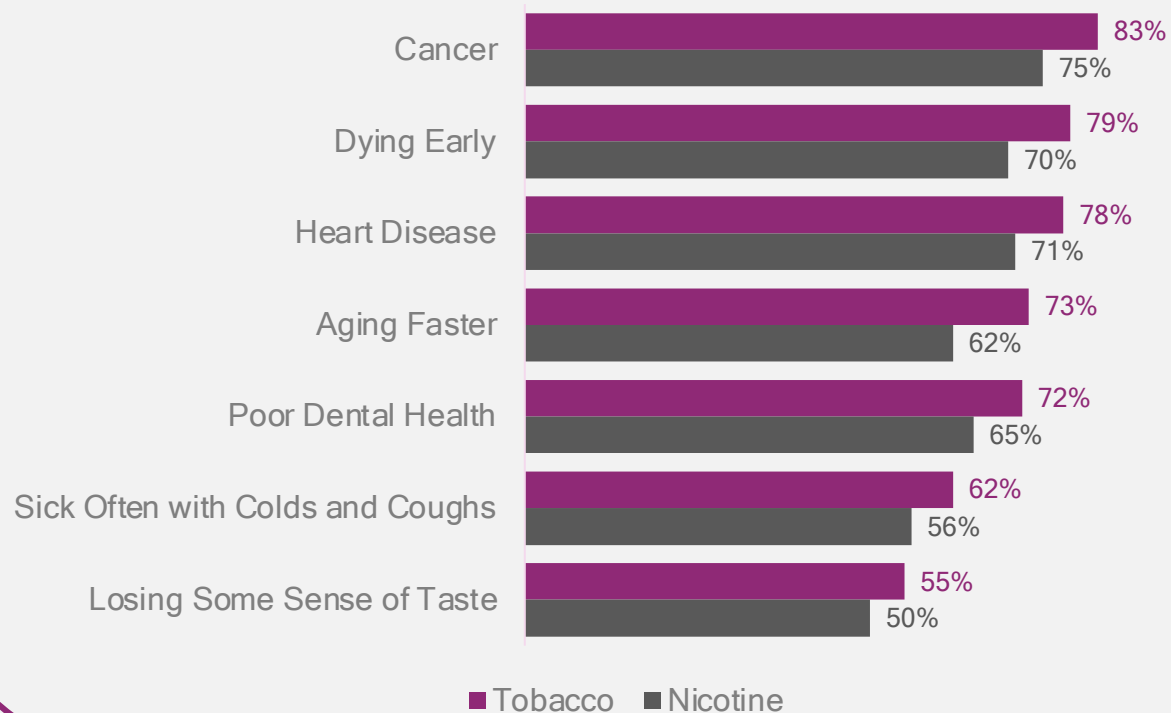
2022 | Washington, D.C.



Surveyed a Representative Sample of 1,000 US Adults 21+
 Question: The next set of questions will cover several screens. On each screen, you will see four of the substances that we've been discussing. Please indicate which substance in each set you believe is the most harmful and which one you believe is the least harmful.

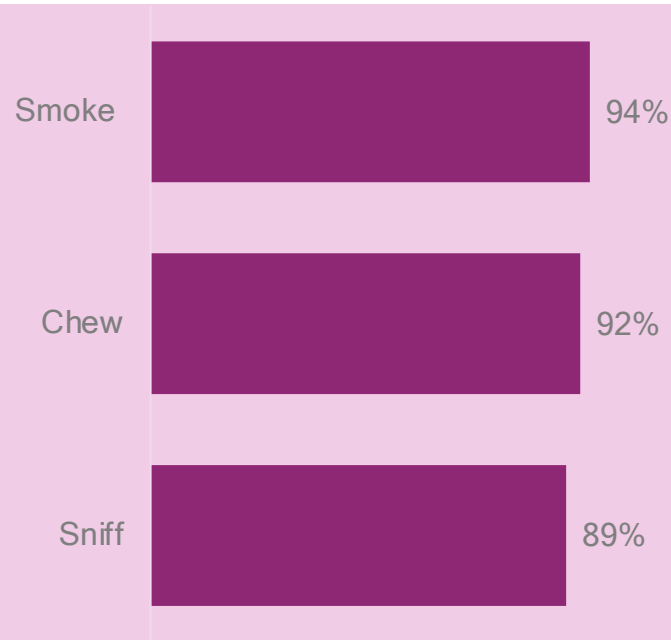
Perceived health risks of consuming tobacco are closely linked to nicotine as well.

Assuming **daily use** of tobacco or nicotine there is a **perceived high risk** of:

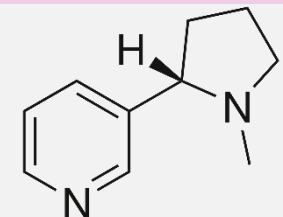
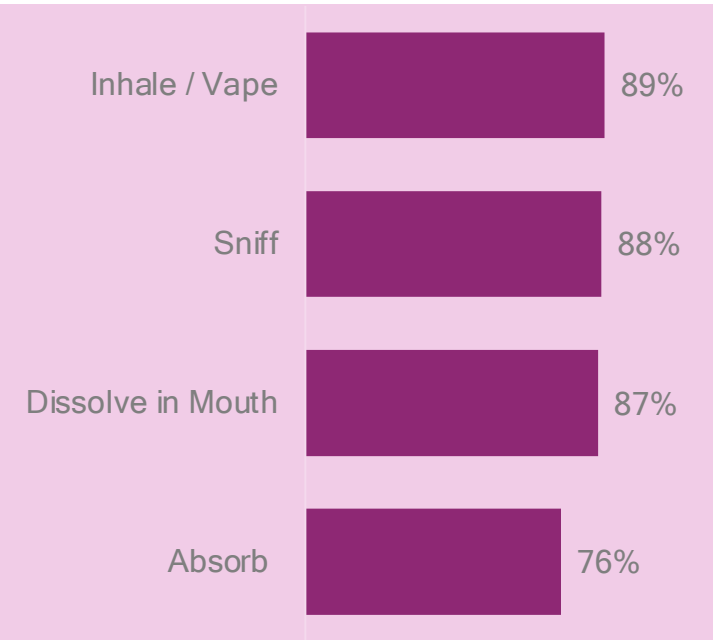


Consuming **tobacco** or **nicotine** is seen as harmful to health, no matter the delivery format.

Perceived Harm of Ways to Consume Tobacco

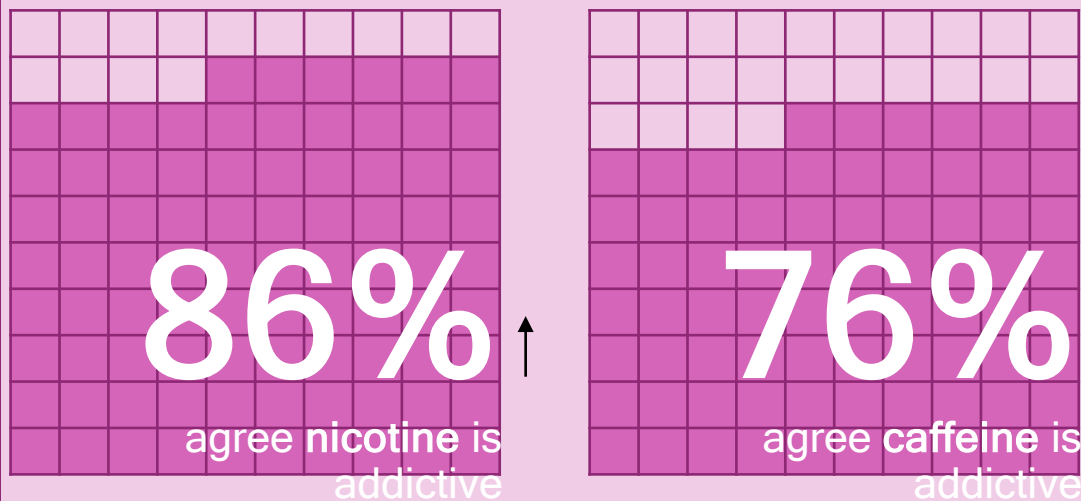


Perceived Harm of Ways to Consume Nicotine

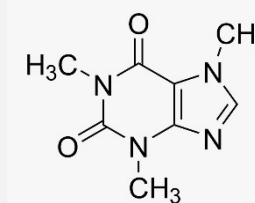
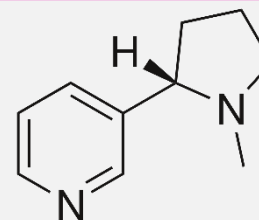
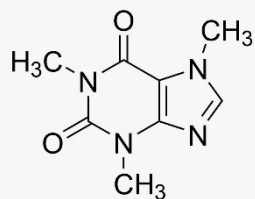
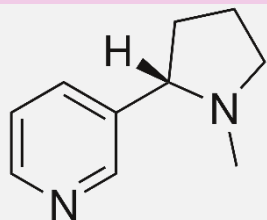
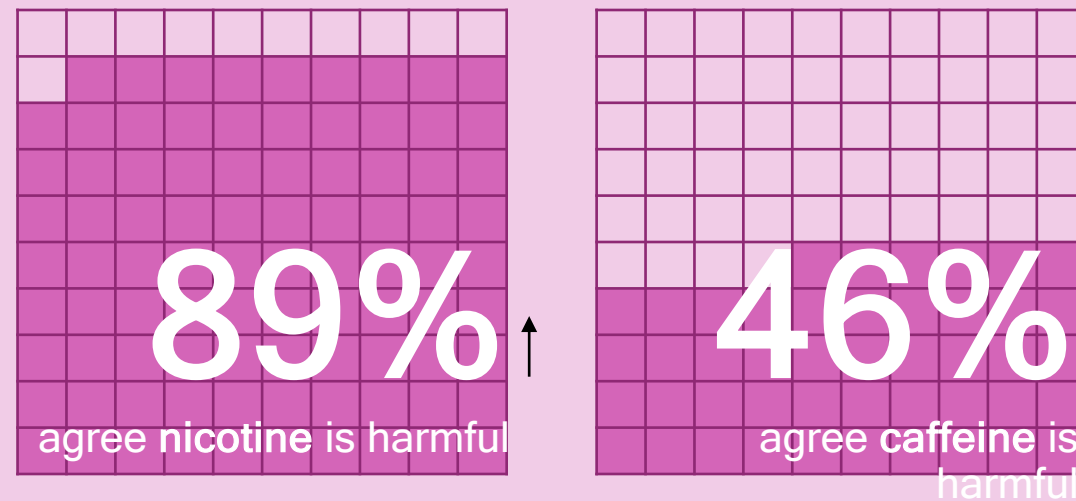


Nicotine is perceived to be significantly more addictive and harmful than caffeine.

Addictive



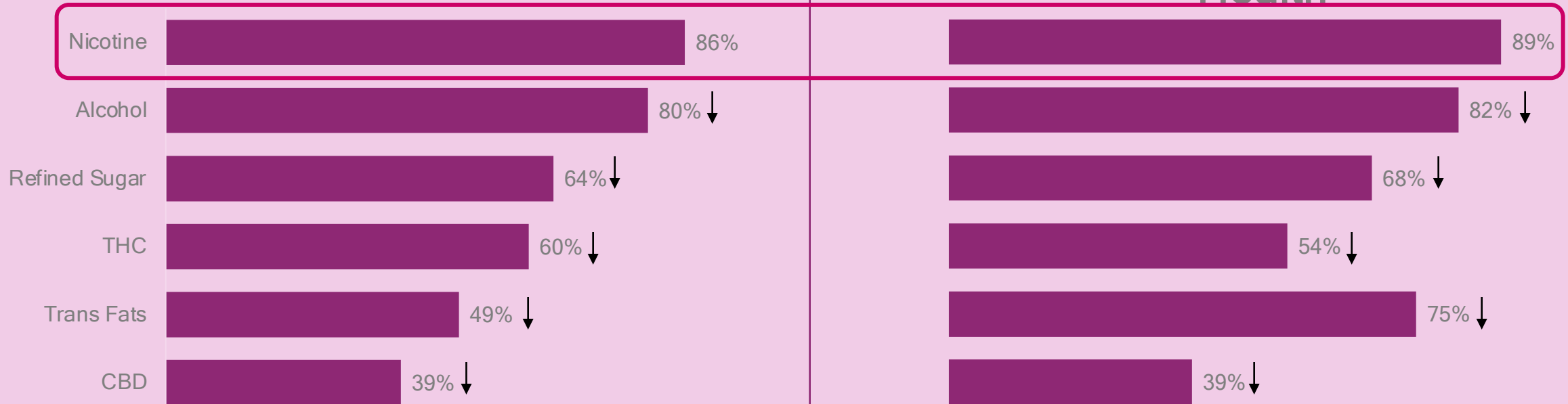
Harmful to Health



Nicotine is seen as significantly more addictive and harmful than other substances, including THC and CBD.

Addictive

Harmful to Health



Despite Confusion About Nicotine's Harm, Use of Smoking Alternatives are Widely Used

Show Adult Nicotine Consumers % that Combustible Only vs. % Using Smokeless and HNB



Poly Usage is the New Norm as Consumers Use Reduced Harm Products

Show Adult Nicotine Consumers % that Combustible Only vs. %
Using Combustible and Other Alternatives



Exclusive Smokers Skew Older and Less Educated

Profile of Exclusive Smokers



Nicotine Pouch Consumers Skew Wealthier and More Educated

Profile of Nicotine Pouch Users



Vapors...

Profile of Vapors



Occasions of Use: Smoking

Occasions of Use for Smoking



Occasions of Use: Nicotine Pouches

Occasions of Use for NP



Nicotine Pouch Category Still Maturing

Show % of people using NP for varying years and pouches per day growth



Occasions of Use: Vaping

Occasions of Use for Vaping



Concerns about Vaping Exist



Data on consumer perception...



Room for Innovation

Occasions not fully served.



In Summary

- Nicotine/Tobacco Category has evolved dramatically...and continues to evolve
- Nicotine Buyers want variety to serve varying occasions and needs
- Reduction of harm is a motivator, but not what's (solely) driving adoption of new products
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Thank You!

Brad Seipel | Executive Vice President

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