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A battle of heated tobacco sales: transfer discount promotions in Japan

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A battle among the three leading heated tobacco product (HTP) brands in Japan is becoming increasingly fierce with a ‘transfer discount promotional campaign’. The intention behind offering extremely low-priced device sales through transfer discounts is to gain HTP market share. As the HTP market expands, although slower than between 2015 and 2018,^{1,2} the device-sales battle is becoming more intense.

In Japan tobacco market, HTPs accounted for 36% of total tobacco sales between October and December 2022,³ and the overall sales trend is shifting from cigarettes to HTPs.^{1,2} Different HTP brands or models for HTP devices and tobacco inserts are incompatible with one another.

In 2019, Philip Morris International (PMI)’s IQOS dominated the HTP market with a 70% share, British American Tobacco’s (BAT) *glo* had a 20% market share and Japan Tobacco’s (JT) *ploom* series had a 10% market share.⁴ Imperial Tobacco *Pulze* was withdrawn from the Japanese market in October 2022 because of lacklustre sales. BAT and JT offer discounted device promotions as transfer discounts, and their advertisements can be seen in online stores as well as in internet banner ads and internet news stories introducing promotions.^{5–8}

Since November 2022, JT has offered a transfer discount of 780 yen (USD6) for a *ploom X* device as a transfer campaign of 60% off the regular price of 1980 yen (USD15) if a *ploom* old-type device or another company’s HTP device is traded (figure 1).⁹ In addition, since December 2022, BAT Japan has run a transfer campaign offering the latest *glo hyper x2* device for free if HTP users exchange an old *glo* device or other companies’ HTP devices (figure 2).¹⁰ Some HTP non-users may return a device given to them by others and still receive a discounted price even if the device is broken or has been unused for a long time.



English translation
Transfer support discount
Ploom X JPY 780
> Purchase with transfer support discounts

Figure 1 *ploom X* transfer campaign advertisement.



English translation
glo™ Transfer campaign
Replace your device to get a new generation glo!
> Log in to get
hyper x2

Figure 2 *glo* transfer campaign advertisement.

The incompatibility of HTP devices and tobacco inserts across brands is similar to that of carrier locks on cellphones. Cellphone carriers solicit customers to transfer by providing free handsets; this business practice inhibits appropriate and flexible service selection, resulting in inequity among users.¹¹ Therefore, the Ministry of Internal Affairs and Communications revised the Act in 2019 to separate telecommunications charges from handset fees to prohibit excessive competition in the market.¹² However, there is no indication that the government will regulate similar practices among HTP competitor brands.

As sales statistics for cigarettes and HTPs are compiled quarterly, and the sales volume for each brand of HTPs is not publicly available,³ there is currently insufficient information to analyse and evaluate the impacts of the HTP transfer discount.

A comprehensive tobacco advertisement ban should be strictly enforced to avoid an excessive device-sales battle. Comprehensive and strictly enforced tobacco advertising, promotion and sponsorship (TAPS) ban and regulations should be implemented, including HTPs and devices, as required by all Parties to the WHO Framework Convention on Tobacco Control.¹³

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