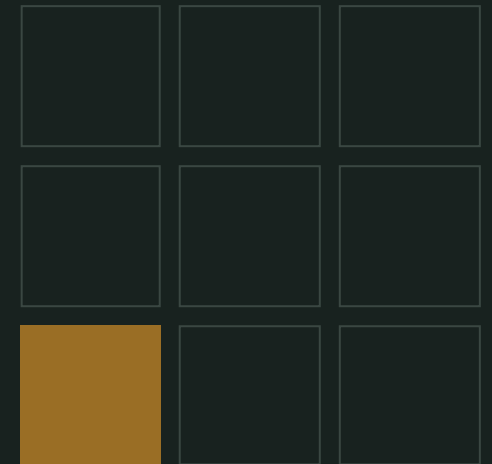


MARKET ENTRY · DESK SCREEN

Vapes *United Kingdom.*

*Can you still win a market the state is
shrinking?*

CAUTION



NINE LENSES · ONE CARRIES THE VERDICT

VAPES · UNITED KINGDOM

*On **1 June 2025**, every disposable vape vanished from UK shelves overnight — a format millions of adults used, legislated out of existence in a single stroke. That is this market: enormous demand, and a regulator willing to bolt the doors.*

CAUTION

A huge, real market the government is deliberately shrinking — disposables banned, a duty coming, flavours next — leaving one narrow door: compliant reusable systems for the displaced adult vaper.

WHAT WE'D DO → Enter only as a compliance-first, reusable, adult-only play for displaced disposable users — never on flavours, disposables, or cheap refills. Otherwise, don't enter.

LOAD-BEARING

CONFIDENCE

DATED

Regulation — the vise **MEDIUM** **2026-06-16**

We're wrong if the Tobacco and Vapes Bill's flavour and retail rules land lighter than signalled, or the duty is

10.4% of adults

More UK adults now vape than smoke — the demand is real and large. Regulation, not demand, is the question.

What the evidence means for an entrant

The decisive call each section reaches for an entrant — each links through to the evidence that argues it.

THE WHOLE CASE, IN FIVE READS

p.5 SO, FOR AN ENTRANT → enter only with capital, a compliance-first reusable product and an adult-only position — for a small, flavour-led or disposable-led entrant this is already a NO-GO.

READ →

DEMAND ISN'T THE QUESTION – THE REGULATOR IS

p.6 SO, FOR AN ENTRANT → Underwrite the regulation, not the demand.

READ →

THE EASY DOORS ARE BOLTING, ONE BY ONE

p.6 SO, FOR AN ENTRANT → Don't build on anything the Bill can ban; build on compliance and product quality.

READ →

BIG TOBACCO OWNS THE COMPLIANT SHELF

p.7 SO, FOR AN ENTRANT → Out-position on a niche they treat as commodity; never out-spend.

READ →

THE DUTY WILL TAX THE MARGIN OUT

p.7 SO, FOR AN ENTRANT → If you enter, enter premium and reusable — never on cheap refill volume.

READ →

TWO GIANTS YOU CAN SIZE, TWO LEADERS YOU CAN'T

p.8 SO, FOR AN ENTRANT → You face the deepest pockets and the most regulatory-fluent operators in consumer goods. Out-position on a specific compliant niche: never out-spend.

READ →

What the evidence means for an entrant

Continued.

p.9

DEMAND IS MASS AND DURABLE – MORE VAPE THAN SMOKE

SO, FOR AN ENTRANT → Build for the existing adult vaper, not for growth — the category is mature and politically watched.

READ →

p.10

THE PRIZE IS REAL BUT UNSIZED – AND SIZE ISN'T THE GATE

SO, FOR AN ENTRANT → Don't wait on a market-size figure to decide; the regulatory trajectory decides.

READ →

p.11

THREE DOORS BOLTING – THE LOAD-BEARING LENS

SO, FOR AN ENTRANT → Treat compliance as the product, not a constraint — and build for the strictest version of the Bill, not today's rules.

READ →

p.12

COMPLIANCE IS THE ENTIRE GAME

SO, FOR AN ENTRANT → Budget compliance, notification and duty into unit economics from day one — and assume the rules tighten, never loosen.

READ →

p.13

WHERE MARGIN SURVIVES THE DUTY

SO, FOR AN ENTRANT → Enter premium, reusable and direct; never compete on cheap refill volume the duty punishes.

READ →

p.14

THE ONE DOOR: COMPLIANT REUSABLES FOR DISPLACED ADULTS

SO, FOR AN ENTRANT → Win on a better reusable experience and trust, in adult channels — not on flavour novelty.

READ →

TL;DR · THE TOP LINE

The whole case, in five reads

The verdict is CAUTION — bordering NO-GO for a small entrant. A huge market, but the state is actively shrinking it; winnable only as a well-capitalised, compliance-first reusable play.

Demand is real, large and not the problem. 10.4% of adults of British adults vape — more than smoke — a durable mass habit.

The easy market is being legislated away. Disposables were banned outright (1 June 2025); a per-millilitre duty lands (1 October 2026); the Tobacco and Vapes Bill targets flavours, displays and youth.

Big Tobacco owns the compliant shelf. Philip Morris (\$37.88 billion) and Altria (\$24.02 billion) are giants; BAT (Vuse) and Imperial (blu) own the UK reusable shelf and are *not in US-GAAP filings* on free data.

The one opening is displaced disposable demand. Millions of banned-disposable users need a legal reusable — but it's the obvious move, and the incumbents are already there.

SO, FOR AN ENTRANT → enter only with capital, a compliance-first reusable product and an adult-only position — for a small, flavour-led or disposable-led entrant this is already a NO-GO.

THE NUMBERS THAT MATTER

10.4% of adults

adults who vape (more than smoke)

1 June 2025

disposables banned

1 October 2026

per-ml vaping duty lands

\$37.88 billion

Philip Morris – incumbent firepower

\$24.02 billion

Altria (NJOY)

84119

peak monthly e-cig interest

Demand isn't the question — the regulator is

Most market-entry reports open by asking whether the demand is real. Here it plainly is — [10.4% of adults](#) of adults vape, **more than smoke**. The whole question is the second wall: the state. The UK has decided vaping is a youth-harm problem and is actively shrinking the category. So this report is mostly about one thing — can you legally and profitably operate as the doors bolt?

The demand is settled; the gate is everything.

SO, FOR AN ENTRANT → Underwrite the regulation, not the demand.

T2 ASH — adult vaping prevalence, GB

The easy doors are bolting, one by one

Three moves in three years. Disposables — the format that drove the boom — were **banned outright** ([1 June 2025](#)). A **per-millilitre duty** lands ([1 October 2026](#)), taxing every millilitre regardless of nicotine. The **Tobacco and Vapes Bill** targets flavours, displays and youth marketing. Every lever a challenger brand would pull is being closed by law.

The differentiators — flavours, disposability, price — are exactly what's being legislated away.

SO, FOR AN ENTRANT → Don't build on anything the Bill can ban; build on compliance and product quality.

T1 GOV.UK — single-use vapes banned

Big Tobacco owns the compliant shelf

Win past the regulator and you meet the incumbents. The compliant reusable shelf is owned by global tobacco — Philip Morris (\$37.88 billion), Altria (\$24.02 billion), and the UK leaders BAT (Vuse) and Imperial (blu), whose UK vape financials are *not in US-GAAP filings*. These are the deepest pockets and the most compliance-fluent operators in consumer goods.

You'd face the most regulatory-fluent, best-capitalised operators in FMCG — on their compliant home ground.

SO, FOR AN ENTRANT → Out-position on a niche they treat as commodity; never out-spend.

T1 SEC EDGAR — PM / Altria XBRL

The duty will tax the margin out

Past the regulator and the incumbents, the economics tighten. The 1 October 2026 duty taxes every millilitre of e-liquid; the incumbents run 65%–60% gross and can absorb it — a newcomer can't. Cheap, high-volume refills, the obvious entry, are exactly what the duty punishes.

The duty taxes the very volume a price-led entrant would chase.

SO, FOR AN ENTRANT → If you enter, enter premium and reusable — never on cheap refill volume.

T2 Deloitte — UK Vaping Products Duty

Two giants you can size, two leaders you can't

The compliant reusable shelf is owned by global tobacco. Two players file with the SEC and are readable; the two that most own the UK vape shelf — BAT's Vuse and Imperial's blu — file in the UK and are opaque on free data. Whole-company figures, not vape-only.

PLAYER	REVENUE (LATEST FY)	GROSS MARGIN	THE READ
Philip Morris Int'l	<u>\$37.88 billion</u>	65%	Global giant; owns Zyn pouches and IQOS. Smoke-free pivot, vast resources.
Altria Group	<u>\$24.02 billion</u>	60%	US giant; owns NJOY vapes and on! pouches. Total-company figure.
BAT — Vuse	<u><i>not in US-GAAP filings</i></u>	—	A UK reusable shelf leader; files in IFRS/GBP, outside the free SEC XBRL path.
Imperial — blu	<u><i>not SEC-filed</i></u>	—	LSE-listed, no SEC filing — owns the UK shelf, opaque on free data.

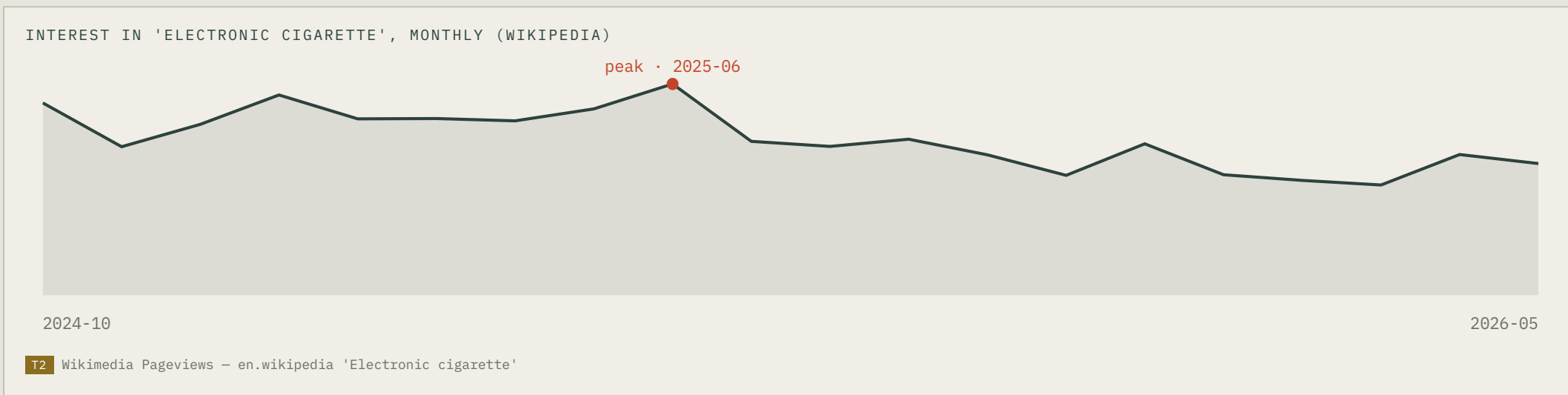
T1 SEC EDGAR — companies' latest 10-K XBRL

SO, FOR AN ENTRANT → You face the deepest pockets and the most regulatory-fluent operators in consumer goods. Out-position on a specific compliant niche; never out-spend.

Demand is mass and durable — more vape than smoke

This is the rare market where demand is not in doubt. 10.4% of adults of adults in Great Britain vape, and the country has passed the point where more adults vape than smoke — a structural, sticky behaviour, not a fad.

English-language interest in e-cigarettes (below) is large and steady. The risk was never that the demand isn't there; it's that the state is deciding who may serve it, and how.



More UK adults vape than smoke — the demand base is real, large and durable.

SO, FOR AN ENTRANT → Build for the existing adult vaper, not for growth — the category is mature and politically watched.

The prize is real but unsized — and size isn't the gate

There is no free, official figure for the UK vape market in pounds — and the duty about to reshape it makes any pre-duty number stale fast. What is solid is demand: 10.4% of adults of British adults vape, a mass base in the millions. But size is the wrong first question here. Whether you can **legally and profitably** serve that base after the ban, the duty and the Bill is the real one — and that's a regulation question, not a market-size one.

HONEST GAP

No free £ market size — and it's the wrong number

No official statistic sizes the UK vape market in pounds, and the 1 October 2026 duty will reset any pre-duty figure. Demand (10.4% of adults) is solid; the £ size must be commissioned — but it isn't what gates the decision.

T2 ASH — prevalence

DEMAND & INCUMBENTS

10.4% of adults

adults who vape

1 June 2025

disposables banned

1 October 2026

duty lands

\$37.88 billion

Philip Morris revenue

\$24.02 billion

Altria revenue

not available

UK market value in £

Demand is not the uncertainty — regulation is. Commission a £ size only once you've cleared the compliance question.

SO, FOR AN ENTRANT → Don't wait on a market-size figure to decide; the regulatory trajectory decides.

REGULATION – THE VISE

Three doors bolting — the load-bearing lens

The UK is deliberately constricting the category to curb youth vaping. Three named moves, ranked by how much each shrinks the entry.

DISPOSABLES – ALREADY BANNED

Single-use vapes were removed from every UK shelf on [1 June 2025](#). The biggest, fastest-growing, most youth-associated format is simply gone — only rechargeable, refillable devices are legal.

A PER-MILLILITRE DUTY INCOMING

A Vaping Products Duty lands on [1 October 2026](#), taxing every millilitre of e-liquid regardless of nicotine — a direct margin and price shock for refills.

THE TOBACCO AND VAPES BILL

Flavour restrictions, plainer packaging, display bans and a generational smoking ban are progressing — the levers a challenger would use (flavours, marketing) are being closed.

PRECEDENT

The disposable ban proves intent

The government didn't tax or limit disposables — it banned them outright, overnight, on [1 June 2025](#). Assume it will act just as hard on whatever you come to rely on.

T1 GOV.UK

SO, FOR AN ENTRANT → Treat compliance as the product, not a constraint — and build for the strictest version of the Bill, not today's rules.

T1 GOV.UK – disposable ban

T2 Deloitte – vaping duty

CLEAR THE GATE

Compliance is the entire game

The regulatory gate, turned into operating steps. In this category, compliance isn't a checklist beside the product — it is the product.

MHRA NOTIFICATION + PRODUCT LIMITS

Every product must be notified to the MHRA before sale and meet the TRPR limits on tank size and nicotine strength. Non-negotiable, pre-launch.

REUSABLE-ONLY BY LAW

Since the disposable ban ([1 June 2025](#)), only rechargeable, refillable devices with replaceable coils are legal — design for reuse from the first sketch.

REGISTER FOR THE DUTY

Register for the per-millilitre Vaping Products Duty before it lands ([1 October 2026](#)) and price it in; it taxes every millilitre regardless of nicotine.

AGE-OF-SALE & MARKETING

Strict age-of-sale enforcement and tight advertising limits today; the Tobacco and Vapes Bill will add display and flavour restrictions — build adult-only, plain and compliant.

SO, FOR AN ENTRANT → Budget compliance, notification and duty into unit economics from day one — and assume the rules tighten, never loosen.

T1 GOV.UK – vaping regulation

Where margin survives the duty

Margin is about to get harder. The **1 October 2026** per-millilitre duty taxes e-liquid directly, and the incumbents — Philip Morris at **65%** gross, Altria at **60%** — have the scale to absorb it; a newcomer doesn't. The surviving margin is in reusable hardware and a premium, compliant adult e-liquid range, sold direct where the retailer's cut is smaller — not in the cheap, high-volume refills the duty will hit hardest.

THE SQUEEZE

Scale absorbs the duty; a newcomer doesn't

Philip Morris runs **65%** and Altria **60%** gross — the cushion to swallow a per-millilitre tax. A small entrant pricing on cheap refills has no such cushion when the duty lands.

T1 SEC EDGAR

THE ECONOMICS

65%

Philip Morris gross margin

60%

Altria gross margin

1 October 2026

per-ml duty lands

\$37.88 billion

PM revenue (scale to absorb it)

\$24.02 billion

Altria revenue

not available

UK retail price ladder

A precise UK price ladder isn't in free data, and the duty will reset it — pull retailer prices and model post-duty before committing.

SO, FOR AN ENTRANT → Enter premium, reusable and direct; never compete on cheap refill volume the duty punishes.

The one door: compliant reusables for displaced adults

There is one door left open, and the ban created it. The disposable ban ([1 June 2025](#)) stranded millions of adult users overnight; they still want to vape, legally. The contestable wedge is a genuinely good, affordable, refillable pod system plus a tight compliant e-liquid range, positioned for adults switching from disposables — built clean for the Tobacco and Vapes Bill and registered for the duty. It is not flavours, not disposables, not anything youth-adjacent — those doors are bolting. It's the boring, compliant, reusable door the incumbents treat as a commodity.

THE OPENING

The ban stranded millions overnight

When disposables were pulled on [1 June 2025](#), millions of users lost their format overnight. They still want to vape, now legally — that displaced switcher is the contestable wedge.

T1 GOV.UK

THE OPENING

1 June 2025

disposables banned (created the gap)

10.4% of adults

adult vapers to convert

1 October 2026

duty to design around

\$37.88 billion

the incumbents you'd face

\$24.02 billion

Altria

You're not entering 'the vape market' — you're entering the narrow, compliant, reusable corner the regulator is leaving open.

SO, FOR AN ENTRANT → Win on a better reusable experience and trust, in adult channels — not on flavour novelty.

If you enter, here's the move

WEDGE

A genuinely good, affordable refillable pod system + a tight compliant e-liquid range, for adults switching from banned disposables.

CHANNEL

Adult channels the incumbents treat as commodity — specialist vape retail, adult online subscription, harm-reduction/pharmacy adjacencies — not the convenience-shelf price war.

PRICE

Premium reusable hardware + duty-priced refills, sold direct to protect margin; never cheap high-volume refills the duty punishes.

GATE TO CLEAR

MHRA notification and TRPR limits; reusable-only design (post-1 June 2025); register for the 1 October 2026 duty; adult-only, plain marketing built for the Bill.

WATCH-LIST

The Tobacco and Vapes Bill's flavour/display rules; the final vaping-duty rate; any enforcement signal.

PRE-COMMITTED

Three ways this plays out

How the call moves when the catalysts land — decided now, not after.

The Bill lands as signalled

CAUTION (NARROW)

IF Flavour and display restrictions pass roughly as drafted.

The differentiators shrink; only a compliant, adult, reusable play survives — and only with capital.

MOVE Enter narrow: reusable hardware + a small compliant flavour set, adult channels, direct.

WATCH The Bill's flavour schedule and display rules.

Hard flavour ban

NO-GO (VAPES) · CONSIDER POUCHES

IF Flavours are restricted to tobacco/menthol only.

The category's main consumer lever is gone; a founder-scale vape entry loses its edge.

MOVE Stand down on vapes, or pivot to nicotine pouches — a different, lighter regime.

WATCH The flavour list in the final Bill.

Duty softened / Bill slips

CAUTION → TOWARD GO

IF The vaping duty is cut or the Bill is delayed.

A wider, longer window for a compliant reusable entrant while incumbents reposition.

MOVE Move faster on reusables and adult acquisition while the window holds.

WATCH The Budget and the parliamentary timetable.

IF GO OR CAUTION

If you enter: the sequence

Three gates, in order — and in this category, compliance comes before everything.

BEFORE YOU COMMIT

weeks · five figures

- Commission a UK vape market size and brand-share figure — no free source exists.
- Get an MHRA/TRPR compliance and notification review: what is legal to sell after the Bill.

TO VALIDATE

a few weeks

- Willingness-to-pay with displaced disposable users after the 1 October 2026 duty — will they pay reusable prices?
- Distributor and specialist-vape-retail conversations on listing a compliant reusable.

TO LAUNCH

after a GO

- An MHRA-notified, reusable, refillable device + a tight compliant e-liquid range.
- Duty registration and adult-only, plain-pack marketing built for the Bill.
- A channel the big-tobacco brands underserve — specialist and adult-online.

PUT THESE ON A WATCH-LIST

- The Tobacco and Vapes Bill — flavour, display and packaging rules.
- The final vaping-duty rate and start (1 October 2026).
- Enforcement of the disposable ban and any new device restrictions.

The nine lenses behind the call

Every report runs the market through nine lenses, re-weighted for entry. They are the engine, not the headline — here is how each fed the argument.

LENS	WHAT IT ASKS FOR ENTRY	FEEDS	
01	Definition	What counts as a legal vape — drawn by the regulator	Regulation: three doors bolting
02	Demand durability	Demand gap — is there underserved demand to wedge into?	Demand is mass and durable · The one door
03	Defensibility	Contestability — where are incumbents undefended?	Big Tobacco owns the shelf · Competitor map
04	Margin & incentives	What margin is left after the duty and the retailer?	The duty will tax the margin out · Value pocket
05	Behavioural evidence	Revealed preference — what people actually buy	Demand is mass and durable
06	Narrative & cycle	Entry window — early enough, or being closed?	The easy doors are bolting
07	Fragility	The gate — can you legally operate at all?	Regulation is the vise
08	Price vs value	Pricing position — price to win and still clear the duty?	Where margin survives the duty
09	Disconfirmation & catalyst	The falsifier and the catalyst — mandatory	Three ways this plays out

Every planned source, attempted

A must-attempt list: each source returns a sourced figure or an explicit gap with the reason. **4 of 11** families yielded data.

●	Eurostat · DST · ONS · FAOSTAT · OECD · WB · Comtrade · ASH <small>01,02,05,08</small>	10.4% of adults
○	OpenFoodFacts (product landscape) <small>01,03,08</small>	OpenFoodFacts catalogues food and drink; vapes are not food, so there is no product-landscape source here
○	AHDB · Defra · trade bodies (PFMA/UK Pet Food) <small>02,04,05,08</small>	Agricultural bodies; not applicable to vapes
●	SEC EDGAR · Companies House · CVR <small>04,05,07,08</small>	\$37.88 billion · \$24.55 billion · 65% · \$24.02 billion · \$14.37 billion · 60%
●	legislation.gov.uk · Parliament · EUR-Lex · EFSA <small>01,07,09</small>	1 June 2025 · 1 October 2026
○	GDELT · Guardian · NYT <small>06,07</small>	GDELT request failed/empty; retry (rate limit 1/5s)
○	EUIPO · USPTO trademarks <small>03,09</small>	EUIPO is apply-gated and the UK IPO post-Brexit needs its own search; vape trademark activity is the highest-value unmet competitor signal – wire next
○	Greenhouse · Lever (ATS boards) <small>03,06</small>	No public ATS board found for BAT/Imperial UK vape units
○	Apple App Store RSS · Google Play <small>02,03,05</small>	Vapes are a physical, age-restricted product, not an app category
○	Public pricing / retailer listings <small>02,03,08</small>	Retailer-page pricing scrape deferred; high value for unit economics post-duty – run next
●	Wikimedia Pageviews · Cloudflare Radar · Google Trends <small>05,06</small>	84119

Excluded by policy – LinkedIn · Similarweb · Trustpilot / G2 / Amazon – excluded by policy (ToS / paywall); we never scrape these.

The next step

Commission a UK vape market size-and-share number and an MHRA/TRPR compliance review — the cheapest way to turn this **CAUTION** into a **GO** or a **NO-GO**. Then score your fit: capital for a regulated, low-margin, incumbent-dominated category; compliance capability; and adult-channel access. If you're a small, flavour-led or disposable-led entrant, this is already a **NO-GO**.

WE'RE WRONG IF	The Tobacco and Vapes Bill's flavour and retail restrictions land lighter than signalled, or the vaping duty is softened — either widens the door.
CATALYST	Royal Assent and the detail of the Tobacco and Vapes Bill; the final vaping-duty rate and start.
DATED · CONFIDENCE	2026-06-16 · MEDIUM — Regulation (the gate) and adult prevalence are sourced and live; a UK market size in £, brand share and a price ladder have no free source, and the duty's final rate is in flux — so they are gaps and watch items, not estimates.

SOURCE MIX — 5 official (T1) · 4 corroborating (T2) · 0 estimate (T3). Every figure links to its source; country revenue, a volume series and a price ladder are shown as gaps, not estimates.

We assess whether a market is *winnable* on public data; we do not predict who wins. Not investment advice.