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Sales Recovery Plan for a NRT Brand in the Portuguese Market

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January 2025

BUSINESS
SCHOOL

Department of Marketing, Operations and General Management

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Acknowledgements

I would like to express my deepest gratitude to my supervisor, Professor Doctor Sofia Lopes Portela, for her invaluable guidance, insightful feedback, and support throughout this journey. Her expertise and encouragement have been instrumental in shaping this work.

I am also extremely grateful to the Marketing Department of Perrigo Iberia, specially Luís Gomes and Daniela Batista for their generous contribution of time and knowledge. Their willingness to share insights through interviews and provide constructive feedback has been invaluable to this research.

A special thank you to my classmates for the motivating and enriching academic environment.

My deepest appreciation goes to my family, especially my partner, Diogo, for his unwavering encouragement and ability to support me through moments of stress and workload. To my mother and sister, for their unconditional belief in my capabilities and for always cheering me on.

Lastly, I would be remiss in not mentioning, all my dearest friends for constant emotional support, understanding and being a source of strength throughout this journey.

Abstract

Tobacco consumption and nicotine addiction remain leading public health concerns. In Portugal, while smoking prevalence has declined, the adoption of Nicotine Replacement Therapy (NRT) remains limited compared to other European countries. Recent market shifts, including regulatory changes, competitor exits, and new product introductions, have influenced consumer behavior and competitive dynamics. These factors present both challenges and opportunities for NRT brands operating in the Portuguese market.

During these changes, the NRT brand in scope, has experienced a decline in market share, raising concerns about its long-term competitiveness. Factors such as evolving consumer preferences, new competitive landscape, and gaps in marketing and distribution strategies have contributed to this downward trend. Addressing these challenges is crucial for ensuring the brand remains a viable option for individuals seeking to quit smoking.

This study aims to develop a strategic sales recovery plan by identifying key market trends, understanding consumer motivations, evaluating the competitive landscape, and proposing actionable recommendations to improve the brand's positioning and performance. A mixed-methods approach was adopted, integrating qualitative and quantitative data analysis, including an external situational assessment (PESTE analysis, market evaluation, competitor landscape, and consumer insights) and an internal brand assessment by conducting interviews. A SWOT analysis was conducted to identify key strategic opportunities, forming the basis of the recovery plan.

The study proposes ten key strategic actions, including strengthening pharmacy partnerships, enhancing in-store execution, launching a new communication campaign, and leveraging digital marketing initiatives. These actions aim to increase brand attractiveness, optimize consumer engagement, and ultimately drive sales recovery.

Keywords:

Tobacco, nicotine, nicotine addiction, smoking cessation, NRT

JEL Classification:

I12; M31

Resumo

O consumo de tabaco e a dependência de nicotina continuam a ser preocupações de saúde pública de grande relevância. Em Portugal, apesar da diminuição da prevalência tabágica, a utilização de Terapêuticas de Substituição Nicotínica (TSN) permanece limitada em comparação com outros países europeus. Alterações recentes no mercado, incluindo mudanças regulamentares, a saída de concorrentes e a introdução de novos produtos, influenciaram o comportamento dos consumidores e a dinâmica da categoria, constituindo desafios e oportunidades para as marcas de TSN.

Durante estas mudanças, a marca de TSN em estudo, registou uma redução na sua quota de mercado, levantando preocupações sobre a sua competitividade a longo prazo. A evolução das preferências dos consumidores, a nova realidade concorrencial e lacunas nas estratégias de marketing e distribuição contribuíram este decréscimo. Resolver estes desafios é essencial para que a marca continue a ser uma opção viável para quem procura deixar de fumar.

Este estudo tem como objetivo desenvolver um plano estratégico de recuperação de vendas, identificando tendências-chave do mercado, compreendendo as motivações dos consumidores, avaliando o panorama concorrencial e propondo recomendações práticas para melhorar o posicionamento e o desempenho da marca. Foi adotada uma abordagem de métodos mistos, integrando análise qualitativa e quantitativa de dados, incluindo uma avaliação situacional externa (análise PESTE, avaliação de mercado, análise da concorrência e insights de consumidor) e uma avaliação interna da marca, através de entrevistas. Foi realizada uma análise SWOT para identificar oportunidades estratégicas fundamentais.

O estudo propõe dez ações estratégicas, incluindo o fortalecimento de parcerias com as farmácias, a melhoria de visibilidade no ponto de venda, o lançamento de uma nova campanha de comunicação e a implementação de iniciativas de marketing digital. Estas ações visam aumentar a atratividade da marca, otimizar o envolvimento dos consumidores e, em última instância, impulsionar a recuperação das vendas.

Palavras-Chave:
Tabaco, nicotina, dependência nicotínica, cessação tabágica, Terapia de Substituição Nicotínica

Classificação JEL:
I12; M31

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Glossary

A&P – Advertising and promotion

API - Active pharmaceutical ingredients

ASP – Average selling price

ATL - Above the Line

CH – Consumer Health

COPD – Chronic Obstructive Pulmonary Disease

CSCI - Consumer Self-Care International

DALYs - Disability-Adjusted Life Years

DSR - Designated smoking areas or rooms

EC – Electronic Cigarettes

ENDS - Electronic nicotine delivery systems

ENNDS - Electronic non-nicotine delivery systems

EU – European Union

EU-CEG - European Union Common Entry Gate

FCTC - Framework Convention on Tobacco Control

FY – Full year

GBD – Global Burden of Disease

GDP - Gross Domestic Product

GP – General Practitioner

HCP - Healthcare Professionals

HTP – Heated Tobacco Products

ICE – Individual Consumption Expenditure

MAT - Moving Annual Total

MG – Milligrams

MTSS - Motivation To Stop Scale

NRT – Nicotine Replacement Therapy

NTR - Nutrition

OTC - Over the counter

PAC – Patient Care

PEC – Personal Care

POS – Point of sale

PPS - Purchasing Power Standards

PRIME - Plans-Responses-Impulses-Motives-Evaluations

PY – Previous year

RSP – Retail Sales Price

Rx – Medical Prescription

SEA - Search Engine Advertising

SEO - Search Engine Optimization

SHS - Second-hand tobacco smoke

SI – Sell-in (sales from the company to the point of sale)

SO – Sell-out (sales from the point of sale to the consumer)

SOI – Share of Investment

SOV - Share of Voice

SPP – Portuguese Pulmonology Society

TAPS - Tobacco Advertising, Promotion, and Sponsorship

TPD - Tobacco Products Directive

TSN - Terapêutica de Substituição Nicotínica

TTM - Transtheoretical Model

UK – United Kingdom

US – United States

VBA - Very Brief Advice

WHO - World Health Organization

1. Introduction

Tobacco and nicotine consumption remain among the leading causes of preventable diseases and mortality worldwide. Despite the growing awareness of the associated health risks, many individuals continue to struggle with nicotine addiction, making smoking cessation a significant public health challenge. Portugal, despite having one of the highest rates in European Union of people who have never smoked, and the smoking prevalence has been gradually declining, number of smokers is still a concern, particularly among certain demographics.

There are several methods to help people quit nicotine, including Nicotine Replacement Therapy (NRT) which has been widely recognized as an effective aid for individuals attempting to quit smoking, offering a controlled way to reduce nicotine dependency. However, despite the existence of a supportive regulatory framework in the country and increasing awareness of the benefits of smoking cessation, Portugal is one of the European Union countries with smaller percentage of smokers to mention the use of NRTs or other medication as smoking cessation aid.

The Portuguese Smoking Cessation market has undergone a significant number of transformations in the past few years, including the recall of the market of one main player, the entrance of a new active substance as non-prescription medicine, now with two different brands in the market and some novelty in what regards state reimbursement of these type of medicines.

The primary problem addressed in this study is the decreasing market share of a NRT brand in Portugal. The brand's performance has been negatively affected by factors such as changing consumer preferences, competitive market dynamics, and potential gaps in its marketing and distribution strategy. Evaluate and understand the reasons behind this decline is crucial for formulating a strategic recovery plan that ensures the brand remains a viable and attractive option for smokers looking to quit or reduce nicotine consumption. This study aims, precisely, to develop a comprehensive sales recovery plan for this NRT brand in the Portuguese market. The specific objectives include identifying key market trends affecting the brand’s performance, analysing consumer behaviour and motivations regarding smoking cessation and specifically NRTs, evaluating the competitive landscape, and proposing strategic recommendations to enhance the brand's market positioning and sales performance.

To address these objectives, it was used a mixed-methods approach that integrates both qualitative and quantitative data analysis. This study encompasses an external situational analysis, including a PESTE analysis, market assessment, competitor analysis, and consumer insights, complemented by an internal assessment of the company and its brand positioning, structure with the contribution of internal interviews conducted with managers of the brand. A

SWOT analysis is used to identify strengths, weaknesses, opportunities, and threats, which serve as the foundation for the development of recommendations. Additionally, an action plan is formulated, detailing a series of initiatives to be implemented in short term, to support the brand's recovery.

This thesis is structured into nine chapters. Chapter 1 introduces the study, providing context, defining the research problem, and outlining the objectives and methodology. Chapter 2 presents the literature review, covering topics such as nicotine addiction, smoking cessation methods, consumer behaviour towards change and identifies what is being done in the European Union to reduce the impacts of tobacco. Chapter 3 details the research methodology, explaining the data and analysis employed. Chapter 4 includes the external analysis and chapter 5 the internal analysis of the scope of this work. The Chapter 6 aggregates SWOT analysis and Chapter 7 includes an overview of the main causes for brand performance decline. Chapter 8 focuses on the recovery plan, including strategic recommendations for the brand's sales recovery. Finally, Chapter 9 provides the study's conclusions, summarizing key findings and discussing their implications for future research and practical applications.

2. Literature Review

2.1. Tobacco and Nicotine Use

The significant health and economic impacts of the global tobacco epidemic make tobacco control an urgent and essential public health priority. Reishma et al. (2021) analysed the 2019 Global Burden of Disease (GBD) Study conducted by the Institute for Health Metrics and Evaluation, which included extensive information about smoking prevalence and tobacco attributable disease burden, which indicates that there were more than 1 billion smokers globally. Despite smoking prevalence has decreased around 27% since 1990, the number of smokers increased due to population growth. The prevalence of male smokers aged 15 years and older is considerably higher (32.7%) than females (6.62%) and is decreasing slower (-27.5% vs -37.7%).

The same study places Portugal as a country with higher smoking prevalence in both genders than global average as 33.4% of men and 22.4% of women smoke (decreasing by 18.7% and increasing by 30.6%, respectively, since 1990) (Reitsma et al., 2021).

A more positive scenario is stated by Nunes and Gato (2021), in the analysis of the 2019 National Health Survey that assessed conventional cigarettes and heated tobacco smokers in Portugal, mentioning that 17% of the resident population in Portugal aged 15 or over, were daily or occasional smokers (23.9% men and 10.9% women), decreasing by 3 pp since 2014. According to this study, 1.3 million Portuguese people (14.2%) smoked on a daily basis and 284 thousand (2.8%) did so occasionally (Figure 1).

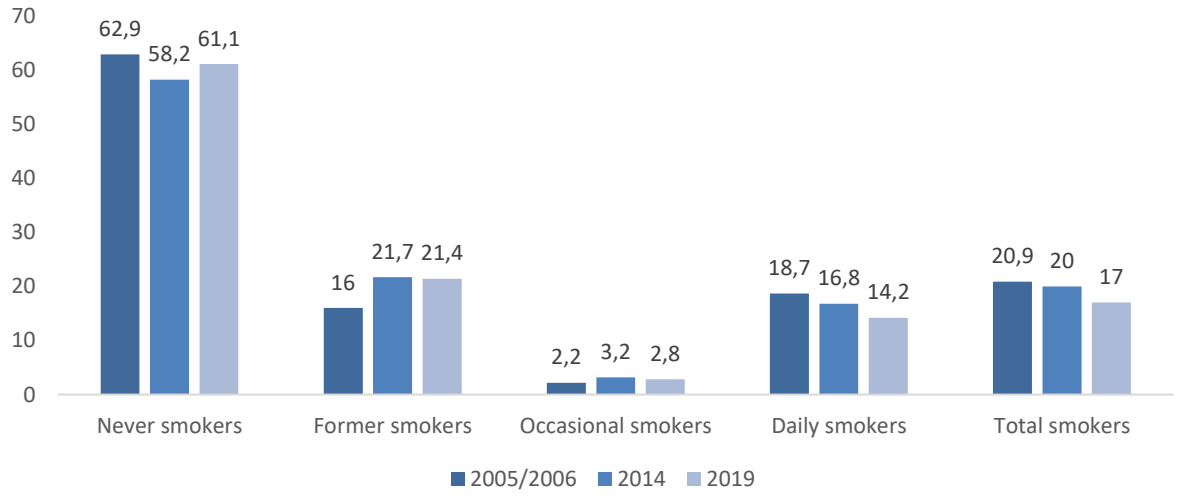


Figure 1 – Tobacco consumption by resident Portuguese population with 15 years and more (2005/2006 – 2019)

Source: Nunes & Gato (2021)

In the latest Eurobarometer 539 (2023), the prevalence of smoking in Portugal remained flat versus previous edition with 21% (smokers of traditional tobacco products), slightly below the European average (27 countries), with 24% (European Commission, 2023b).

2.2. Smokers Profile in Portugal

According to Nunes and Gato (2021), in Portugal, there are more men smoking then women, but there was a reduction in both genders compared with the latest report in 2014 (Figure 2). When analysing smoking prevalence by age group, there was a reduction of consumption in all groups until 64 years old, with more expression in younger groups (Figure 3).

Employment conditions were also analysed, and the conclusion, despite being observed a reduction regardless working conditions, is that there is a higher prevalence of smokers in the unemployed group (Nunes & Gato, 2021) (Figure 4).

As novel nicotine products are becoming a trend within smokers, it is expected that it also happens in Portugal. Indeed, cigarettes are still the most tobacco product used in Portugal, with 24% of total respondents, but e-cigarettes/vaporizers are taking a significant slice of users (Figure 5). Not mentioned in this study, is the dual use of different tobacco products and also heated tobacco products (Statista, 2024).

Portugal has one of the youngest averages of age to start smoking, 16.69 years old versus 17.82 in the European Union (EU) (European Commission, 2023b).

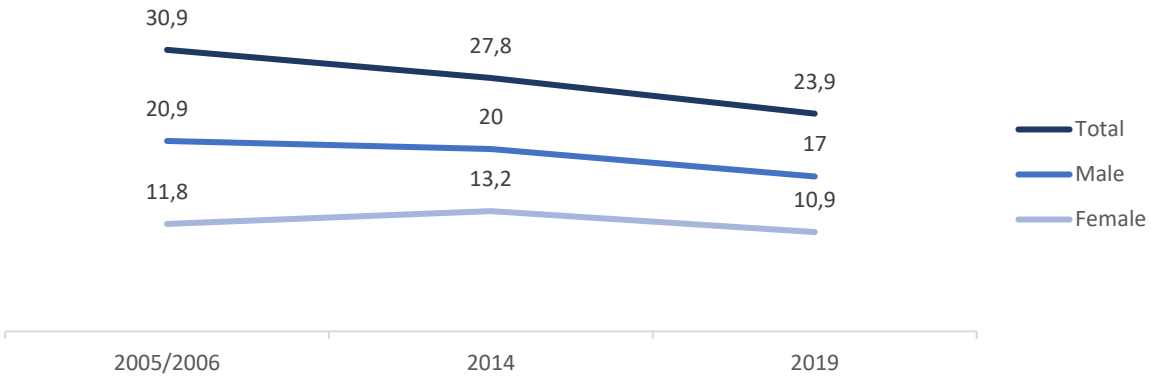


Figure 2 – Prevalence of smokers by gender with 15 years and more in Portugal (2005/2006 – 2019)

Source: Nunes & Gato (2021)

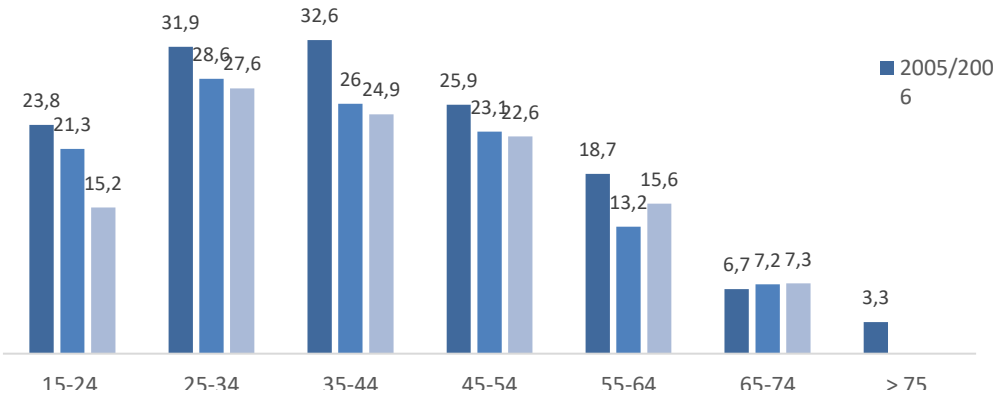


Figure 3 – Prevalence of smokers by age group in Portugal (2005/2006 – 2019)

Source: Nunes & Gato (2021)

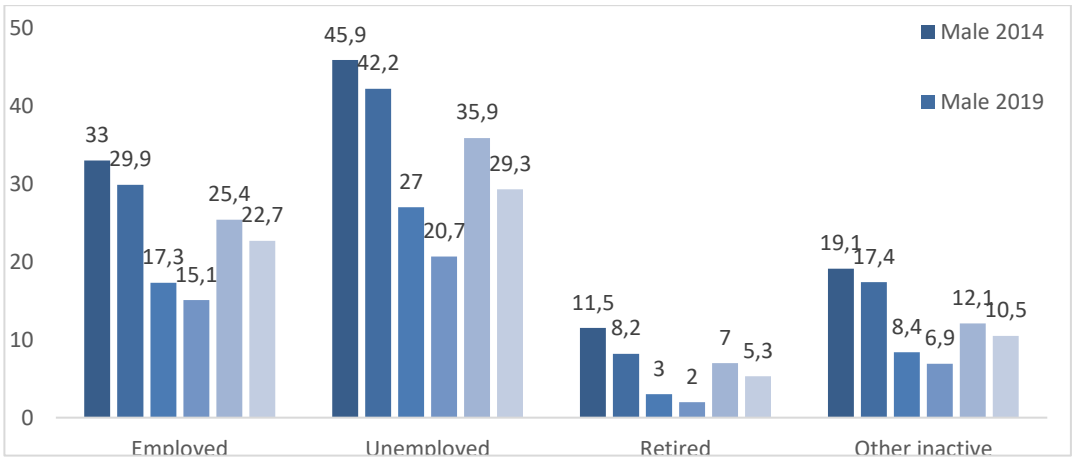


Figure 4 – Prevalence of smokers according with employment status with 15 years and more in Portugal (2005/2006 – 2019)

Source: Nunes & Gato (2021)

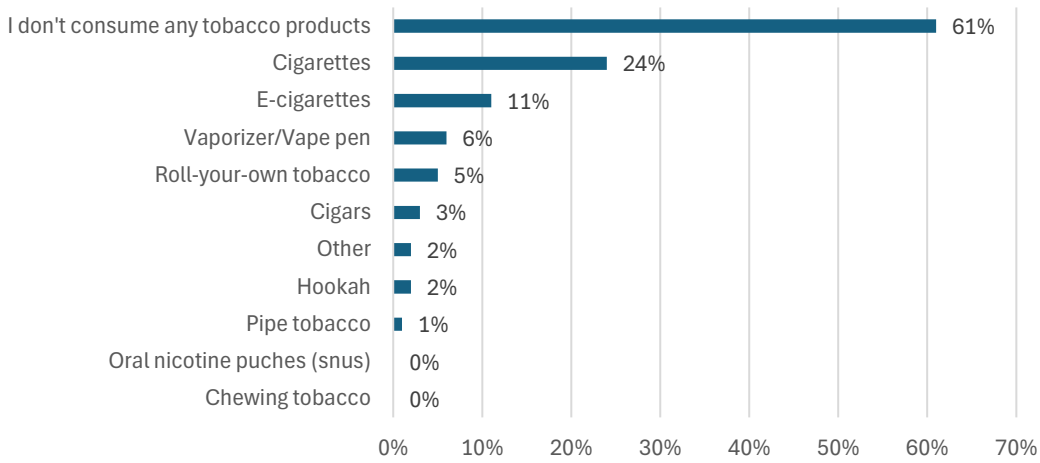


Figure 5 – Most used tobacco product in Portugal as of March 2024 (% of respondents)

Source: Statista (2024)

2.3. Types of Tobacco and Nicotine products

Even though conventional manufactured cigarettes are still the main mode of tobacco consumption (around 75% of total sales volume in the European Union (EU) in 2020), other nicotine products and non-combustible tobacco (which are called “Novel and Emerging Nicotine and Tobacco Products”) are gaining adopters, and it is expected to continue growing in the coming years. Included in the tobacco-based products are heated tobacco products (HTPs) and purely nicotine-based products (tobacco free), like vapour products (electronic cigarettes) and nicotine pouches (Figure 6) (Chen et al., 2024; Lietzmann & Moulac, 2023).

The conventional tobacco products include combustible products (such as cigarettes and cigars, which produce inhaled smoke), and non-combustible products (like chewing or dipping tobacco and snuff, which deliver nicotine without combustion) (Le Foll et al., 2022).

Heated tobacco products were introduced in the EU market in 2014 and are not only the largest group of novel tobacco products (representing 3.5% of total tobacco products sales volume in 2020), but also with the fastest growing usage rate. Also known as “heat-not-burn” products, these devices operate through heating tobacco and producing an emission containing nicotine and other chemicals, without combustion, which is inhaled by users (Chen et al., 2024; Lietzmann & Moulac, 2023). Currently, there is no conclusive evidence showing that HTPs are less harmful than conventional tobacco products. HTPs emissions contain chemicals not found in cigarette smoke, and some of these are carcinogens. While some studies funded by the tobacco industry suggest reduced exposure to harmful chemicals compared to regular cigarettes, this does not mean HTPs are risk-free or reduce the chance of tobacco-related diseases. More independent research is needed to substantiate claims of reduced harm (WHO, 2020).

Vapour products (Electronic Cigarettes (EC)) are also known as Electronic Nicotine Delivery Systems (ENDS) or Electronic Non-nicotine Delivery Systems (ENNDS), and as the name suggest may or may not contain nicotine. These devices heat a liquid solution containing flavouring, additives and nicotine (to the exception of ENNDS) to create aerosols that are inhaled, hence there is no tobacco combustion. Disposable ECs have recently become highly popular, particularly among adolescents and young adults. These devices often contain high concentrations of nicotine, making them highly addictive. As a result, ECs use among young people has surged to epidemic levels in many countries (Chen et al., 2024; Lietzmann & Moulac, 2023).

Nicotine Pouches were introduced in 2016 and are currently used by 0.3% of European adults, mainly concentrated in the Nordic countries and Eastern Europe. These nicotine pouches are primarily used by adolescents and young adults, and their marketing is prohibited

in the EU. For oral use, these consumables are placed under the consumer's upper lip, containing nicotine and other chemicals and flavouring (Chen et al., 2024; Lietzmann & Moulac, 2023).

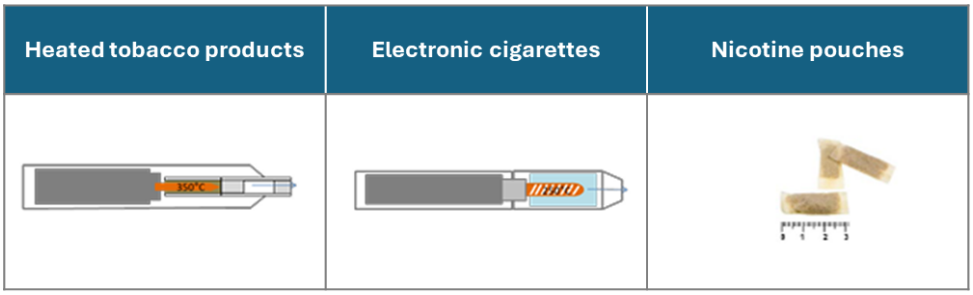


Figure 6 – Novel Tobacco products illustration

Source: Adapted from Lietzmann & Moulac (2023)

2.4. Nicotine Addiction

Nicotine is the addictive substance in tobacco that drives continued use, even when users are aware of the risks and want to quit (Le Foll et al., 2022). The risk of nicotine addiction is influenced by the amount of nicotine delivered and how it is administered. The likelihood of addiction increases with a higher delivery rate, faster absorption, and higher concentrations of nicotine in the body (National Center for Chronic Disease Prevention and Health Promotion US Office on Smoking and Health, 2014).(Appendix A)

Nicotine provides pleasure, reduces stress and anxiety, and helps regulate mood, improving concentration and task performance. This enhanced mood and performance are largely due to relief from withdrawal symptoms. When smokers quit, they often experience irritability, anxiety, depression, restlessness, and anhedonia (loss of pleasure). Nicotine addiction arises from positive reinforcement, including mood enhancement and avoidance of withdrawal. Conditioning, in the context of tobacco addiction, refers to the learned associations between smoking-related cues (e.g., specific situations, moods, or environments) and the rewarding effects of nicotine. It plays a key role in tobacco addiction, as it is a process supported by neural plasticity, where nicotine alters brain cell protein expression and synaptic connections, reinforcing the link between cues and nicotine's effects. These cues trigger cravings and the urge to smoke, even long after withdrawal symptoms have subsided. Over time, activities or sensations associated with smoking (like meals, coffee, or irritability) become powerful triggers for smoking behaviour, making relapse more likely (Benowitz, 2010).

2.5. Health Consequences of Smoking

Smoking is a leading cause of death and disease worldwide, with tobacco use being considered one of the primary contributors to global mortality (Ahmad & Singh, 2022).

In 2019, globally, smoking tobacco caused 7.69 million deaths and 200 million Disability-Adjusted Life Years (DALYs), representing 13.6% of all deaths and 7.89% of all DALYs. Males accounted for 80% (6.18 million) of these deaths, and smoking was the leading risk factor for male mortality, responsible for 20.2% of male deaths among the 87 risk factors analysed in the GBD 2019 study, conducted by the Institute for Health Metrics and Evaluation. Among females, smoking accounted for 1.51 million deaths which represent 5.84% of all female deaths (Reitsma et al., 2021).

It is estimated that in Portugal, in 2019, tobacco was responsible for 10.9% of the total DALYs, with 16.2% in men and 5.4% in women. Compared to other risk factors, using age-standardized rates, tobacco was the leading cause of healthy life years lost for both sexes in the same year, followed by high blood glucose, high body mass index, alcohol use, and hypertension (Nunes & Gato, 2021).

Nicotine affects the body by stimulating nicotinic acetylcholine receptors, which are found in the central nervous system, at the interganglionic junctions of the autonomic nervous system, and on target organs throughout the body as part of the parasympathetic autonomic nervous system. Once these receptors are globally expressed, their stimulation implies broad physiologic effects. There is enough evidence to claim that nicotine can cause acute toxicity at high doses, it activates biological pathways that increase disease risk through smoking and that nicotine exposure during fetal development can have long-lasting adverse effects on brain development, existing a correlation to negative maternal and fetal outcomes, including preterm delivery and stillbirth with nicotine exposure during pregnancy (National Center for Chronic Disease Prevention and Health Promotion US Office on Smoking and Health., 2014).

Other components in tobacco, like flavours and non-nicotine compounds, may enhance its addictive potential. The main health dangers of tobacco come from the many harmful substances in tobacco smoke, such as carcinogens, toxic chemicals, particulate matter, and carbon monoxide. These substances contribute to various health issues, including cancer in almost all organs exposed to tobacco smoke, as well as chronic conditions like eye and periodontal disease, cardiovascular diseases, chronic obstructive pulmonary disease (COPD), stroke, diabetes, and immune-related disorders (Figure 7) (Le Foll et al., 2022).

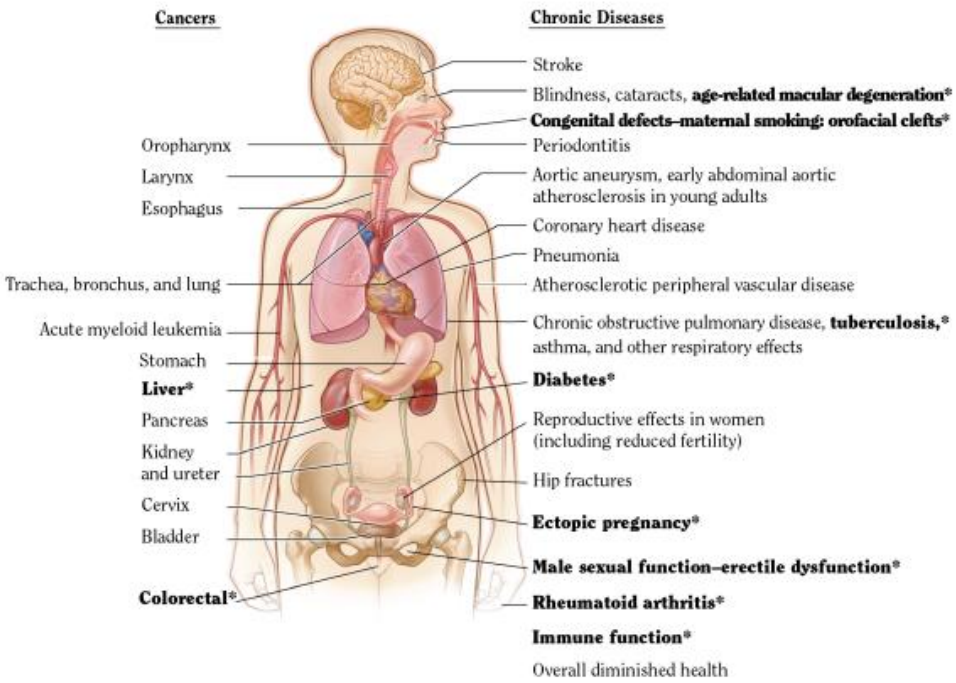


Figure 7 – Health consequences casually linked to smoking.

* Are new diseases that have been casually linked to smoking in the present report

Source: National Center for Chronic Disease Prevention and Health Promotion (US) Office on Smoking and Health (2014)

Second-hand tobacco smoke (SHS), also known as passive or involuntary smoking, remains a significant public health concern for nonsmokers. Around 37% of the global population is still exposed to SHS, with higher exposure rates among women and children, as well as notable racial and economic disparities (Flor et al., 2024).

SHS contains thousands of harmful chemicals, including carcinogens, which, when inhaled, can cause damage to the body, leading to disease and death. It has been classified as a "Group 1" carcinogen, meaning it is a known human carcinogen, by the International Agency for Research on Cancer. It has been shown to cause various adverse health effects in both adults and children, including respiratory issues, acute and chronic cardiovascular effects, and lung cancer (Carreras et al., 2019). The 2019 GBD study estimated that 1,3 million deaths worldwide in 2019 were attributable to SHS. Most of this burden was concentrated in low- and middle-income countries (Flor et al., 2024).

Regarding novel nicotine products, many of them contain high levels of nicotine and other toxic substances, raising concerns about their impact on health, particularly for young users. While marketed as safer alternatives, these products are addictive and may cause health issues such as cardiovascular and lung dysfunction. Studies suggest potential links to diseases like COPD and cancer, but long-term effects are still unclear. Despite reduced emissions in HTPs compared to cigarettes, these products are not risk-free and pose emerging

public health concerns, as they have been associated with elevated heart rate, increased blood pressure, arterial stiffness, vascular endothelial dysfunction, and lung dysfunction (Chen et al., 2024).

Nicotine pouches use, results in much higher nicotine concentrations versus other smokeless tobacco products. Despite its safety is still unclear, some concerns are raised highlighting high nicotine content and potential impact on oral health and the presence of other carcinogenic substances (Chen et al., 2024).

2.6. Key measures to reduce the demand for tobacco

The World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) and the Protocol to Eliminate Illicit Trade in Tobacco Products are evidence-based, legally binding international treaties aimed at combating the global tobacco epidemic. Currently, the WHO FCTC has 183 Parties and the Protocol has 69, creating a unified framework for intergovernmental cooperation to protect public health (FCTC, 2025; United Nations, 2012). Since its adoption in 2005, the WHO FCTC has established core obligations to reduce both the demand and supply of tobacco products, supported by general measures to promote progress in tobacco control at all levels. The Protocol, implemented in 2018, focuses on eliminating illicit trade in tobacco products (World Health Organization, 2023).

The Convention is mentioned by the United Nations, on the Sustainable Development Goals, as one of the means of implementation for the target of Goal 3 – To ensure healthy lives and promote well-being for all at all ages; 3a – Tobacco Control: Strengthen the implementation of the WHO FCTC in all countries, as appropriated (United Nations, 2015).

The technical package designed to help countries implementing the Convention is called MPOWER and provides cost-effective demand-reduction measures to help countries reduce tobacco consumption. MPOWER stands for:

- M - Monitor tobacco use and prevention policies;
- P - Protect people from tobacco smoke;
- O - Offer help to quit tobacco use;
- W - Warn about the dangers of tobacco;
- E - Enforce bans on tobacco advertising, promotion and sponsorship;
- R - Raise taxes on tobacco.

In 2022, more than 5.6 billion people (71% of the worlds' population) were covered by at least one MPOWER measure implemented at the highest level (Figure 8) (World Health Organization, 2023).

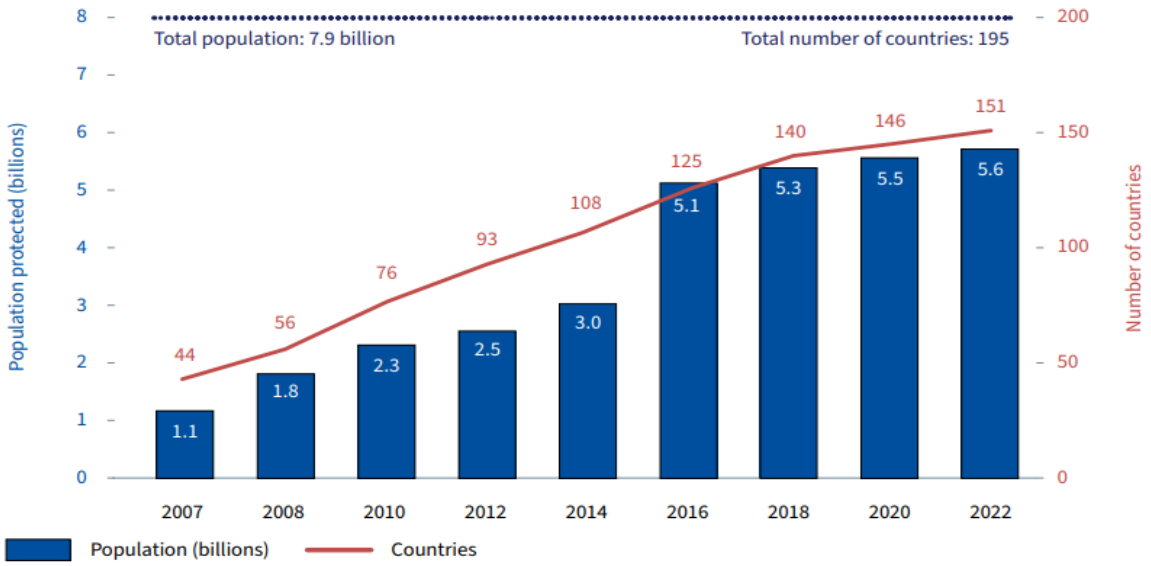


Figure 8 – Implementation of at least one MPOWER measure at highest level of achievement (2007-2022)

Source: World Health Organization (2023)

Monitoring tobacco use and prevention policies:

Monitoring tobacco use, exposure patterns, and trends provides reliable and timely data that are essential for helping countries assess the impact of tobacco control policies and combat the tobacco epidemic. These data offer policymakers the evidence needed to push for stronger tobacco control efforts and secure implementation resources, further supporting the goals of the WHO FCTC. Nearly half of the world's population, or 3.8 billion people in 73 countries, are regularly surveyed about their tobacco use through nationally representative studies involving both adults and adolescents. Most of these countries (41 out of 73) with comprehensive monitoring are high-income nations, while no low-income countries achieved this best-practice level in 2022. Portugal is within the countries with the highest level of achievement (World Health Organization, 2023).

Protect people from tobacco smoke:

Nowadays, almost 40% of countries (representing over one quarter of the world's population) are protected by comprehensive smoke-free legislation, as progress had been made across all indoor venues to adopt smoke-free measures during the past 15 years. Designated smoking areas or rooms (DSRs) should be disallowed under smoke-free legislation, as do not fully protect people in indoor public areas. However, DSRs are present globally, with more than 50% of high-income countries permitting them in certain locations and over 30% of these countries allow DSRs in places like restaurants, bars and cafés (Figure 9) (World Health Organization, 2023).

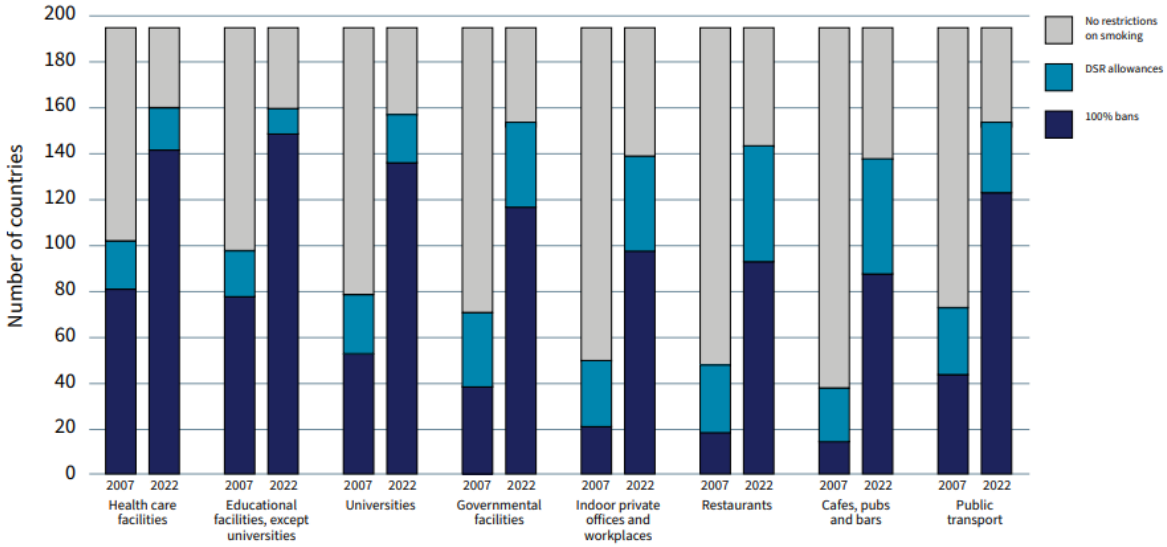


Figure 9 – Comprehensive smoking bans and those with DSRs allowed, by venue, 2022

Source: World Health Organization (2023)

Additionally, to indoor public areas, countries are increasingly extending smoke free laws to other public venues and outdoor spaces, such as cultural facilities, airports and children's outdoor areas. Nearly all countries (170, or 87% of the total) impose fines on patrons, establishments, or both for violating smoking bans. However, fewer than one-third of countries have allocated specific funds for enforcing these regulations (World Health Organization, 2023).

<u>Offer help to quit tobacco smoke:</u>

More than one third of the world's population (35%) are covered by comprehensive cessation services. Established, evidence-based, and cost-effective interventions to help people quit smoking include behavioural and pharmacological interventions, as described below (World Health Organization, 2023):

- Behavioural Interventions
  - Brief advice from health professionals during routine consultations can encourage individuals to consider quitting and provide personalized counselling;
  - Toll-free quit lines offer behavioural counselling and can improve quit success rates by 4%, with proactive follow-up calls improving results further;
  - Mobile phone-based interventions like text messages also increase the quit rate by 4%.
- Pharmacological Interventions

- Nicotine Replacement Therapy (NRT), such as patches and gum, increases quit success by 6%, more than doubling the quit rate;
- Other medications, like Buproprion and Varenicline, reduce cravings and the pleasure of smoking, increasing the chance of quitting by up to 15%;
- Combining NRTs, pharmacotherapies, and behavioural support under professional guidance can further enhance the likelihood of quitting (World Health Organization, 2023).

Warn about the dangers of tobacco:

Graphic health warning labels on tobacco products effectively provide critical information about the dangers of tobacco use, as many tobacco users are unaware of the risks, they impose on themselves and others. Prominent, accurate, and strong warnings on packaging not only increase awareness of the harms associated with tobacco but also encourage users to consider quitting, which can lead to a reduction in tobacco consumption (World Health Organization, 2023).

103 countries have implemented strong graphic health warnings on tobacco packaging, covering 4.5 billion people. Large graphic warnings on cigarette packages have made the most progress among all MPOWER measures, both in terms of the number of countries implementing them and the population covered by best-practice policies. Portugal is included in countries with the highest level of achievement (Figure 10) (World Health Organization, 2023).

Mass media campaigns are another crucial component of comprehensive tobacco control strategies. These anti-tobacco campaigns are highly effective in reaching large populations, reducing tobacco use, increasing quit attempts, lowering youth initiation rates, and reducing exposure to SHS across all countries. Despite its importance, in 2022, less than one-quarter of the global population (1.5 billion people) lived in a country that had aired at least one national best-practice anti-tobacco mass media campaign in the past two years. Another quarter of countries ran shorter campaigns, meeting some but not all best-practice criteria (World Health Organization, 2023).

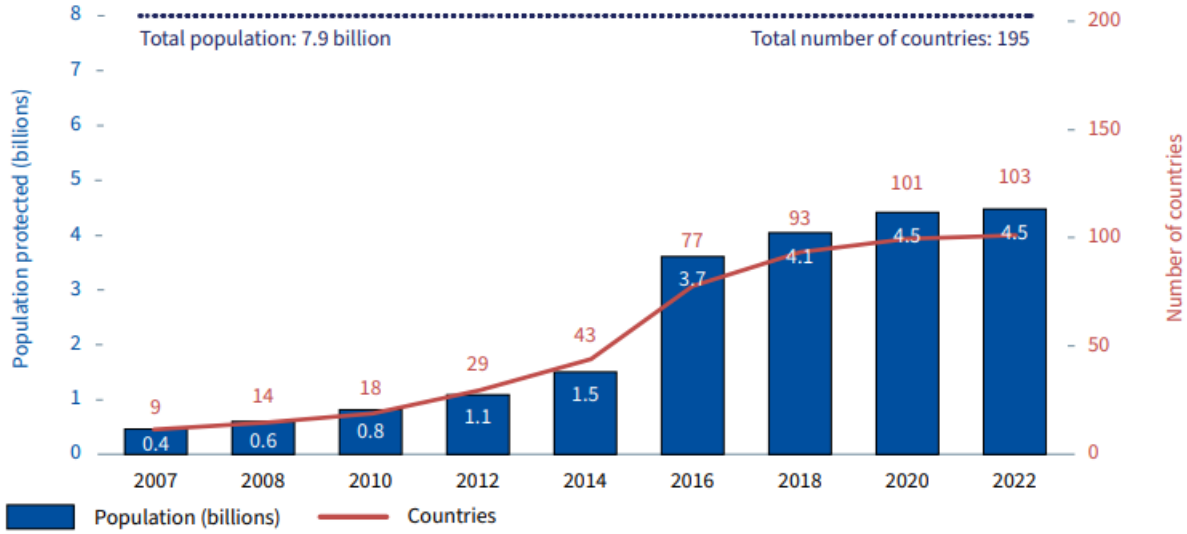


Figure 10 – Progress in health warning labels (2007–2022)

Source: World Health Organization (2023)

Enforce bans on tobacco advertising, promotion and sponsorship (TAPS):

TAPS bans are essential for protecting children from tobacco advertising and marketing tactics. Despite claims by tobacco companies that their advertising only increases market share, there is clear evidence that TAPS activities recruit new users and discourage quitting. Tobacco companies use various techniques, including developing new products like e-cigarettes to bypass regulations, targeting youth and women, especially in low- and middle-income countries, and employing weak voluntary advertising codes and lobbyists to avoid regulation. A complete TAPS ban should cover:

- Direct promotion (TV, radio, print, billboards, etc.);
- Indirect promotion (brand stretching, free distribution, sponsorships, and product placements);
- Point-of-sale displays that normalize tobacco and increase youth susceptibility;
- Financial or in-kind contributions disguised as corporate social responsibility activities.

The number of countries implementing comprehensive TAPS bans continues to rise, with 66 countries now enforcing best-practice bans. Despite progress, 39 countries, representing 1.1 billion people, still have no TAPS bans or only minimal restrictions (World Health Organization, 2023).

Raise taxes on tobacco:

Raising taxes to increase the price of tobacco products is the most effective tobacco control measure. The Task Force on Fiscal Policy for Health report (2019) estimated that a

50% price increase through taxes could prevent 27.2 million premature deaths over 50 years, equivalent to eliminating global cancer deaths for three years (Task Force on Fiscal Policy for Health, 2019). On average, a 10% price hike reduces tobacco consumption by 5–8% in low- and middle-income countries, and by 4% in high-income countries. Governments must regularly increase taxes to offset inflation and income growth, ensuring that tobacco products do not become more affordable, as rising income can undermine the effectiveness of tobacco taxes in reducing consumption. However, in 2022, only 12% of the global population lived in countries with tobacco tax rates at 75% or more of the price of the most popular cigarette brand. Portugal is within highest level of achievement countries (Figure 11) (World Health Organization, 2023).

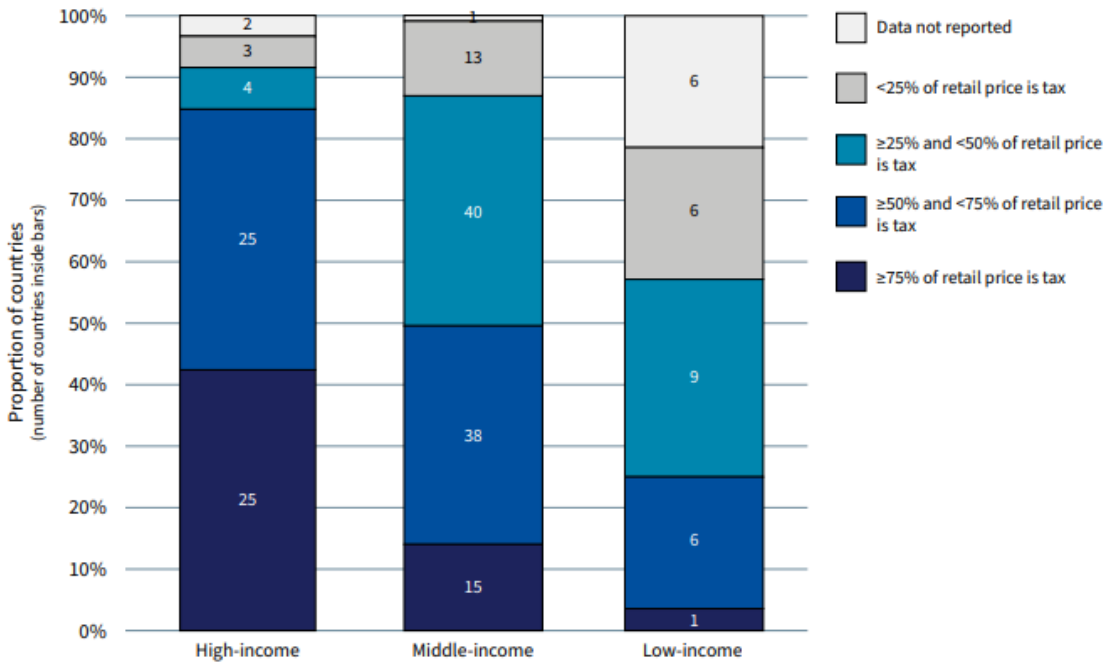


Figure 11 – Total tax on cigarettes, by country-income level, 2022

Source: World Health Organization (2023)

Electronic nicotine delivery systems (ENDS):

The WHO (2023) makes a special mention to ENDS use on the global tobacco epidemic report, as it can undermines tobacco control efforts and may renormalize smoking behaviour, particularly indoors. This could reverse progress made in establishing smoke-free environments. Advocates for ENDS and the tobacco industry have attempted to weaken indoor smoking bans by pushing for exceptions for ENDS. A Philip Morris International Report (2018) mentions that young people using ENDS are more likely to start smoking cigarettes, increasing the risk of addiction. ENDS marketing, often on social media, targets children and young adults with appealing flavours, threatening public health.

Many countries still do not regulate ENDS. Globally, 121 countries have implemented measures to address ENDS: 34 countries have banned their sale, while 87 countries, representing 3.3 billion people, allow sales but regulate ENDS to varying degrees. These regulations may include bans on indoor public use, restrictions on advertising and promotion, health warnings on packaging, age restrictions, and flavour bans. However, 74 countries, home to over 2 billion people, have no regulations for ENDS, lacking any controls on public use, labelling, or advertising. This is a slight improvement from 2020, when 81 countries had no regulations. While 85% of high-income countries regulate or ban ENDS, 40% of middle-income countries and 79% of low-income countries have yet to take any regulatory action (World Health Organization, 2023). Only 42 countries fully ban ENDS in all indoor public spaces, workplaces, and public transportation, up from 36 in 2020.

Health warnings and advertising restrictions should be applied to ENDS. Of the 161 countries allowing ENDS sales, 97 do not require health warnings on packaging, and 105 do not restrict advertising or promotion. Flavour bans, crucial to reducing ENDS appeal to children and adolescents, are rare, with only four countries banning all flavours and nine countries placing selective restrictions. Age restrictions on ENDS sales are also lacking. While 73 countries have adopted age limits, 88 countries have no such restrictions, compared to the 90% of countries that regulate tobacco sales to minors (World Health Organization, 2023).

There is a lack of consistency in taxing ENDS and ENNDS products, with taxes generally being too low. Data collected show that 40% of countries do not impose excise taxes on open-system e-liquids, 43.8% do not tax rechargeable closed systems, and 47.9% do not tax disposable ENDS products. In countries where taxes are applied, the tax rates are usually below 25% of the retail price, indicating a minimal impact on pricing (World Health Organization, 2023).

2.7. The role of Health Care Professionals in Smoking Cessation

Healthcare professionals (HCPs) play a key role in smoking cessation by offering advice, counselling, medications, and ongoing support to prevent relapse. Physicians, dentists, nurses, and other professionals have been involved in smoking cessation efforts worldwide. Guidelines universally emphasize the importance of identifying smokers, offering advice, and providing behavioural and pharmacological support. People who attempt to quit smoking with the help of HCPs have a higher success rate compared to those using NRTs or other methods alone (Muza et al., 2024).

Very Brief Advice (VBA) is an evidence-based intervention from the National Centre for Smoking Cessation Training in the UK, designed to increase quit attempts among smokers,

broadly used by General Practitioners (GPs). It consists of three steps: (i) ask about tobacco use; (ii) advise that the best way to quit is with medication and behavioural support; and (iii) act by assisting with a quit attempt. VBA is based on the COM-B (Capability-Opportunity-Motivation-Behaviour) behaviour change model and is designed to be quick and non-intrusive. The aim is to increase quit attempts, not to counsel smokers who are not yet ready to quit (Papadakis et al., 2020).

Another example is the United States (US) Public Health Service's Clinical Guideline on Tobacco Use and Dependence that recommends the 5 A's strategy for smoking cessation: (i) ask about smoking status; (ii) advise smokers to quit; (iii) assess their willingness; (iv) assist with quitting; and (v) arrange follow-up. While healthcare providers frequently perform the first two steps, adherence to the remaining steps is much lower, with "Assist" and "Arrange" steps being the least followed (Lewis et al., 2021).

Community pharmacists are highly accessible and equipped to contribute significantly to smoking cessation, leading to improved quit rates and help managing the risk of smoking-related diseases. They can, not only offer pharmacological interventions like NRTs without medical prescription, but also advise and help smokers going through cessation process, offering additional behavioural support alongside pharmacotherapy. This combined approach has proven effective in helping individuals successfully quit smoking (Alzahrani et al., 2023; Carson-Chahhoud et al., 2019).

2.8. WHO Guidelines for Tobacco cessation in adults

WHO (2024) launched a standard evidence-based clinical treatment guideline that offers recommendations for helping adults (18 years and older) quit using various tobacco products such as cigarettes, waterpipes, smokeless tobacco, cigars, and heated tobacco products. E-cigarettes are not included in this guideline due to the complex benefits and harms associated with them. The scope of the guideline includes seven categories of intervention, with the following recommendations:

<u>Behavioural support delivered in both clinical and community settings.</u>

1. WHO recommends brief advice (30 seconds to 3 minutes) to tobacco users provided by HCPs in any health-care situations.
2. WHO recommends focused behavioural support to user interesting in quitting (face to face counselling, group face to face counselling and telephone counselling).

<u>Digital tobacco cessation interventions.</u>

3. Digital tobacco cessation tools such as text messaging, smartphone apps, AI-based interventions, or internet-based platforms can be offered to individuals seeking to quit smoking. These tools can either complement other tobacco cessation methods or serve as self-management tools for those who want to quit on their own.

Pharmacological interventions delivered in both clinical and community settings.

4. WHO recommends varenicline, NRT, bupropion, and cytisine as pharmacological treatments for smokers looking to quit. Varenicline, NRT, or bupropion are suggested as first-line options, while combination NRT (a patch plus a short-acting form like gum or lozenges) can also be used for those interested in NRT.
5. Bupropion can be combined with NRT or varenicline for tobacco users seeking to quit if they do not respond adequately to first-line treatments.

Interventions for smokeless tobacco use cessation.

6. Recommendation of behavioural support interventions (same as in topic 2)
7. Use of varenicline or NRT as pharmacological options for smokeless tobacco users interested in quitting.

Combination of behavioural and pharmacological treatments.

8. WHO recommends the combination of pharmacotherapy and behavioural interventions to help tobacco users interested in quitting.

Traditional, complementary, and alternative therapies.

9. There is no sufficient evidence to support a recommendation for or against this type of therapies. If used, ensure a comprehensive approach with behavioural support and/or pharmacotherapy. Same examples are acupuncture, acupressure, laser acupuncture and acupoint catgut embedding.

System-level interventions and policies.

10. WHO recommends that all healthcare facilities record tobacco use status and cessation interventions in their medical records. This practice aims to facilitate provider interaction with patients who use tobacco and increase the implementation and maintenance of evidence-based treatment interventions.
11. All healthcare providers should be trained to deliver evidence-based tobacco cessation interventions. It should be integrated into their routine practices across all healthcare settings, with continuous prompting and feedback.
12. WHO recommends that evidence-based tobacco cessation interventions to be offered at no or reduced cost to all individuals who want to quit smoking, with a strong preference for providing these services at no cost (World Health Organization, 2024).

2.9. Pharmacological Approach to Smoking Cessation

The main pharmacological treatments available for smoking cessation include NRT, varenicline, bupropion, and cytisine. When choosing a treatment, clinicians should consider both the current scientific evidence and the patient's preferences, while being mindful of any contraindications due to specific comorbidities (Giulietti et al., 2020).

Nicotine Replacement Therapy (NRT) involves controlled nicotine administration to reduce withdrawal symptoms and tobacco dependence. It works by providing lower nicotine doses with slower absorption, reducing the rewarding effects of smoking. NRT products, such as patches, gums, and sprays, are equally effective, but combination therapy (patch with oral products) is more effective than using a single product. Patches provide steady relief, while oral forms work faster for immediate cravings. Posology and strength of the chosen product is based on the smoker profile. Treatment usually takes 12 weeks but can take longer in case of heavy smokers. There are no major contraindications for NRT, except for rare allergies. It is considered safer than smoking, even for patients with cardiovascular diseases.

Varenicline is a partial agonist that targets α4β2 nicotinic acetylcholine receptors, linked to dopamine release. It reduces withdrawal symptoms by moderately stimulating these receptors while preventing nicotine from binding, which lessens the rewarding effects of smoking. Studies show varenicline is as effective as combination of NRT and is a first-line treatment, especially for patients with cardiovascular disease. Patients should stop smoking 1-2 weeks after starting varenicline, and treatment can last up to 12 weeks, with a possible extension for those who successfully quit. The drug is progressively titrated to reduce side effects, especially nausea.

Bupropion's precise mechanism for smoking cessation is not fully understood, but it likely works by inhibiting the reuptake of dopamine and norepinephrine, prolonging their effects, and helping reduce cravings and withdrawal symptoms. It also acts on nicotine receptors, reducing the rewarding effects of smoking. Bupropion almost doubles smoking cessation rates compared to placebo and is equally effective in men and women. It also helps prevent weight gain after quitting smoking and may delay relapse, particularly when used for an extended period. The drug should be started before the patient’s quit date, which can be set within the first two weeks of treatment. If necessary, the quit date can be delayed up to the fourth week. The standard dosage is 300 mg per day, but it can be reduced to 150 mg if adverse effects occur.

Cytisine is a natural alkaloid found in certain plants that works similarly to varenicline by acting as a partial agonist for α4β2 nicotinic acetylcholine receptors. This helps reduce nicotine cravings and withdrawal symptoms by preventing nicotine from binding to these receptors.

Cytisine is available in 1.5 mg oral tablets. Clinical data show that cytisine can be as effective, or even more effective, than NRT for smoking cessation, although it may cause more side effects, such as nausea, vomiting, and sleep disorders. The recommended dosage starts with 1 tablet every 2 hours (up to 6 tablets per day) for the first three days, during which the patient should gradually reduce smoking. If the treatment is effective, the dose decreases gradually over a 25-day period. If no improvement is seen, treatment is stopped and can only be retried after 2-3 months (Giulietti et al., 2020).

2.10. Smoking Cessation Process

More than 60% of the 1.25 billion adult tobacco users worldwide want to quit, but around 70% of them lack access to comprehensive tobacco cessation services. This is largely due to challenges faced by health systems, such as insufficient human and financial resources, as well as limited capacities for tobacco cessation services at the national level (World Health Organization, 2024).

Both the level of dependence and the duration of addiction influence the likelihood of experiencing withdrawal symptoms and the risk of relapse after attempting to quit smoking.

To fully understand the process of smoking continuation and cessation, it is important to examine both addiction and human motivation for behaviour change, as motivation drives quit attempts (Buczkowski et al., 2014). Several theories explain behaviour change, such as the Transtheoretical Model (TTM), developed by Prochaska and DiClemente (1983). This model has been successfully adapted to construct interventions to help people quit smoking, emphasizing that smoking cessation is a gradual process, not just a success-or-failure outcome (Ahmad & Singh, 2022; Park & Song, 2024).

This model incorporates concepts like decisional balance (weighing pros and cons), self-efficacy (confidence in quitting), and processes of change, making it essential to tailor cessation programs according to each person's readiness to quit. TTM distinguishes between behaviour change and behaviour maintenance, recognizing that maintaining change is critical, especially for addictive behaviours like smoking. While other models may help achieve initial change, TTM uniquely focuses on sustaining that change over time (Park & Song, 2024).

A stage of change denotes not only a period of time but also a set of tasks that need to be finished to move to the next stage. Although the time each stage takes can vary, the tasks needed to move forward are presumably to be invariant (Prochaska & DiClemente, 2005).

TTM suggests that smokers pass through five stages before successfully quitting (Ahmad & Singh, 2022; Buczkowski et al., 2014; Nunes et al., 2007):

- Precontemplation: The individual is unwilling to quit;

- Contemplation: The individual is willing to quit but is not ready yet;
- Preparation
- Action: The individual has decided to quit;
- Maintenance: The individual is preventively working to avoid a relapse, being smoke free for more than 6 months.

Each stage requires a different level of motivation, and interventions should be tailored to the smoker's specific stage to provide appropriate support (Buczkowski et al., 2014). To progress through the various stages of change, individual should engage in the several processes of change. Consciousness-raising helps individuals become aware of the negative consequences of their behaviour, while dramatic relief engages emotions through significant life events. Environmental re-evaluation considers the impact of individual behaviour on others. Self-re-evaluation encourages individuals to reflect on how their behaviour aligns with their core values. In the preparation stage, individuals plan for change by setting goals. Self-liberation builds autonomy and confidence, and counterconditioning and stimulus control help individuals manage external triggers and prevent relapse during the change process. Preparation for maintenance is as crucial as preparation for action. Successful maintenance builds on previous change processes and involves evaluating situations that may trigger relapse. Individuals need to find ways to cope with challenges without resorting to harmful behaviours (Table 1) (Prochaska & DiClemente, 2005).

After these five stages, two options can follow – relapse or definitive abstinence (Nunes et al., 2007).

Precontemplation	Contemplation	Preparation	Action	Maintenance
Consciousness Raising				
Dramatic Relief				
Environmental Re-evaluation				
	Self-Re-evaluation			
		Self-Liberation		
			Contingency Management	
			Counterconditioning	
			Stimulus Control	

Table 1 - Processes of Change Emphasized at Particular Stages of Change

Source: Adapted from Prochaska & DiClemente (2005)

2.11. Motivation factors to quit or reduce smoking

According to the COM-B (Capability-Opportunity-Motivation-Behaviour) model, initiating smoking cessation requires at least some degree of motivation, being behaviour influenced by the interaction of capability, opportunity, and motivation. Smokers with higher motivation to quit

are more likely to make quit attempts soon. Assessing a smoker's motivation to stop is useful for tailoring interventions to enhance motivation, particularly for those less inclined to quit (Borchardt et al., 2023).

Motivation can also be understood through the PRIME Theory of Motivation (Plans-Responses-Impulses-Motives-Evaluations), that focuses on how evaluative beliefs about smoking influence the decision to quit. Motivation, along with internal impulses and external environmental cues, drives smoking behaviour. While the transtheoretical model explains planned smoking cessation, the PRIME model is more suited to explaining spontaneous quitting. Motivation is a key factor in both models and is crucial for any quit attempt. Understanding a smoker's past and present motivation is essential (Buczkowski et al., 2014).

Motivation can be measured by the Motivation To Stop Scale (MTSS), a single-item measure that assesses a smoker's motivation to quit smoking (Table 2). It is based on the PRIME theory (Borchardt et al., 2023).

'Which of the following describes you?'	Interpretation
1. I don't want to stop smoking	absence of any belief, desire or intention
2. I think I should stop smoking but don't really want to	belief only
3. I want to stop smoking but haven't thought about when	moderate desire but no intention
4. I REALLY want to stop smoking, but I don't know when I will	strong desire but no intention
5. I want to stop smoking and hope soon	moderate desire and intention
6. I REALLY want to stop smoking and intend to in the next 3 months	strong desire and medium-term intention
7. I REALLY want to stop smoking and intend to in the next month	strong desire and short-term intention

Table 2 – The Motivation To Stop Scale

Source: Adapted from Borchardt et al. (2023)

Buczkowski et al. (2014) analysed past and current smoker's motivations toward smoking cessation and describes that despite motivation varied within the participants, all agreed that the right motivation led to their decision to quit. Key reasons included smoking bans at home or work, the high cost of cigarettes, unpleasant smell of tobacco, health concerns, pregnancy, and breastfeeding. For some, a combination of factors from different aspects of life played a role in quitting. Individual motivations depended on personal circumstances, such as financial status, health, or profession (Buczkowski et al., 2014).

Gill et al. (2021) research on the phenomenological insight into the motivation to quit smoking, identifies the following additional and complementary reasons for attempting to quit smoking:

- Children's Health and Role Model: concerns about SHS affecting children and wanting to set a good example.
- Teachable Moments: life events like illness diagnoses, pregnancy, or unusual test results that prompt individuals to quit.
- Social Pressure: pressure to stop smoking during pregnancy or after health warnings.
- Personal Control: a sense of knowing when it is the right time to quit smoking (Gill et al., 2021).

2.12. Relapse

In the smoking cessation process, relapse is a stage that can follow the action or maintenance phase, after which the smoker can restart the cycle of change at any of the previous stages. Each smoker can relapse several times before managing to quit for good.

The concept of lapse should be distinguished from that of relapse, as it is characterised by the fact that the smoker does not leave the action phase, remaining without smoking after an accidental consumption of tobacco (Nunes et al., 2007).

Zhou et al. (2009) study about attempts and relapse on smoking cessation, suggests that different factors predict smoking cessation attempts and relapse. Higher motivation and intent to quit encourage quit attempts but do not necessarily prevent relapse. Smokers who have failed to quit are more likely to try again but are also more prone to relapse. Higher nicotine dependence decreases the likelihood of quitting and increases the risk of relapse, but its impact lessens over time. Smoking cessation aids help reduce relapse rates, while withdrawal symptoms like anxiety increase it. Sustaining abstinence requires ongoing support and attention to withdrawal management (Zhou et al., 2009).

Piñeiro et al. (2016) research focused on motivation to quit as predictor of smoking cessation and abstinence, highlighting that higher motivation levels predict smoking cessation success and abstinence maintenance. Motivation was found to be crucial in quitting attempts, especially in smokers receiving psychological interventions. Relapse prevention requires effective, sustained interventions to maintain motivation. Additionally, younger age and lower nicotine dependence predicted higher abstinence rates. While many smokers relapse, those who fail to quit often report higher motivation afterward, suggesting that continuing support and motivational counselling post-failure, such as Motivational Interviewing, could be beneficial for long-term success (Piñeiro et al., 2016).

3. Methodology

This project was designed to comprehensively analyse the current state and develop a recovery sales strategic plan for a Nicotine Replacement Therapy (NRT) brand in the Portuguese smoking cessation market.

In the Literature Review chapter it was conducted a thorough review of relevant and up-to-date academic literature and publicly available reports from authoritative sources such as the WHO, Eurobarometer surveys and Portuguese Directorate-General of Health (DGS), in order to assess smoking prevalence and health impacts on the population, nicotine addiction, smoking cessation process and consumer psychology, as well as what is being done to minimize tobacco and nicotine addiction patterns.

The study included both external and internal situational analysis, employing a mixed-methods approach, integrating both qualitative and quantitative data to provide a holistic understanding of the NRT market dynamics.

The external analysis included a PESTE Analysis to explore the external context and factors that impact the market, an overview of the Consumer Health market as well as the broader smoke cessation market and in-depth analysis of Over the Counter (OTC) solutions available in the market, including NRT and other medicines. A complete competitor analysis focusing on pricing, distribution, and promotional strategies of leading brands was developed, as well as Porter's Five Forces Analysis to identify the competitiveness in this market. Within consumer analysis, survey reports targeting Portuguese smokers, segmented by gender, age, and smoking habits were analysed to understand the influence of socio-demographic factors on smoking cessation attempts, as well as motivations, barriers, and consumer preferences for NRT products on smoking cessation attempts.

Additional conclusions were taken about segmentation of smokers into target groups based on motivations and barriers to quitting and path-to-purchase analysis for NRT shoppers, identifying critical touchpoints and pain points, throughout internal market research data. The end goal was to access growth trends in the OTC and prescription smoking cessation markets and to identify key drivers and inhibitors of market growth.

In the context of the internal analysis, it was mentioned how the company is present internationally and in which markets and what are its main values and mission. The brand was also extensively detailed, with portfolio analysis, performance status and factors that are contributing to its decline in market share. Interviews with 2 managers of the brand (one Brand Manager and one Category Lead) were conducted to get detailed information about the company, the brand and the main causes of sales decrease.

A SWOT analysis was conducted to identify the strengths, weaknesses, opportunities, and threats facing the brand, used to develop actionable strategies.

Taking all the previous information into consideration, the sales recovery plan for the brand is designed.

4. External Situational Analysis

4.1. PESTE Analysis

4.1.1. Political and Legal Context

Portugal ratified the WHO Framework Convention on Tobacco Control (FCTC) in 2005, and the WHO Illicit Trade Protocol in 2015 (Geneva, 2003; United Nations, 2012). To ensure monitoring and surveillance, Portugal has recent, representative, and periodic data on tobacco use for both adults and adolescents, enabling targeted interventions based on reliable statistics, aligned with the WHO's MPOWER framework (WHO, 2023).

In 2024, the Portuguese government approved a new tobacco law (Law no. 5/2024, of 15 January) which included measures concerning the equating of electronic cigarettes to conventional tobacco in terms of rules regarding sales, advertising, product presentation, and consumption. The sale of heated tobacco products containing flavourings in their components is now prohibited, as well as products or accessories sold separately that alter the odour, flavour, or intensity of the smoke from these products. Additionally, heated tobacco packaging will now display health warnings like those found on conventional tobacco packaging (Law No. 5/2024 of 15 January 2024). However, it is important to mention that the proposed law, called “Newest Tobacco Law”, aiming to integrate a European directive by strengthening tobacco regulations and public health protections against tobacco smoke exposure, included a broader scope than the approved one. Tighter measures, such as expansion of smoke-free zones, restrictions on designated smoking areas, stricter tobacco sales regulations were left out (portugal.gov.pt23, 2023).

The Tobacco Products Directive (TPD) (2014/40/EU) regulates the sale and marketing of tobacco and related products in the EU, aiming to improve the internal market's functioning and ensure a high level of health protection. Effective from May 2016, the TPD requires manufacturers and importers of tobacco products, e-cigarettes, and refill containers to report detailed information - such as ingredients, emissions, and toxicological data - through the European Union Common Entry Gate (EU-CEG) (Carnicer-Pont et al., 2022). This directive specifies, for instance, that packaging must feature graphic health warnings and unique identifiers and security features, nicotine levels in e-liquids are capped at 20 mg/ml characterizing flavours are banned to reduce youth appeal and many other measures and regulations (DIRECTIVE 2014/40/EU, 2014). When in comparison to the EU, concerning smoke-free policies, Portugal lags EU leaders in implementing complete bans in all public spaces, particularly in hospitality settings (WHO, 2023).

In the Portuguese legislation, there is a Code of Excise Duties (Decret-Law no. 73/2010, of 21st June) that establishes the framework for excise taxes, which includes the tax on tobacco

products. These excise duties adhere to the principle of equivalence, aiming to tax contributors proportionally to the costs they generate, particularly in the areas of environmental and public health impact. These taxes are passed on to taxpayers as part of a general rule of tax equality (Decret-Law No. 73/2010, of 21st June, 2010). (Appendix B)

These type of excise duties applied on tobacco products is stated on EU Tobacco Tax Directive, to set harmonised minimum rates across EU countries (Council Directive 2011/64/EU of 21 June 2011, 2011). The EU mandates a minimum overall excise duty of €1.80 per 20-cigarette pack and requires that this duty constitutes at least 60% of the weighted average retail selling price. However, many countries impose higher rates (European Commission, 2025). When comparing to the European average, Portugal is behind on excise rates, and there is even a specific provision that allows Portugal to apply a reduced excise duty rate, up to 50% less than the required EU minimum, for cigarettes consumed in the autonomous regions of the Azores and Madeira (Table 3) (European Commission, 2025; Macumber-Rosin & Hoffer, 2024).

Region	Excise Duty per 20-Pack (€)	Total Tax per 20-Pack (€)	Average Retail Price per 20-Pack (€) in 2023	Tax as a Share of Final Selling Price (%)
Portugal	3.09	4.01	4.93	81.3
EU Average	3.90	4.96	5.98	81.9

Table 3 – PT vs EU Average Tobacco & Cigarette Taxes and Excise duties on cigarettes (2023)

Source: Macumber-Rosin & Hoffer, 2024)

In Portugal there are currently some ongoing measures that aim to contribute to reduce tobacco consumption, such as: the Portuguese Public Healthcare System providing smoke cessation appointments in different regions, however currently there is no available list for consultation in its website, and recently two smoke cessation medicines became reimbursed by the state (INFARMED, 2024a; SNS 24, 2024)

In the 2025 State's Budget, the Portuguese government expected that, in 2025, tax revenue from tobacco will reflect an increase of 63.4 million euros (4%) as a result of the anticipated growth in private consumption. However, there is no reference to additional measures aimed at reducing tobacco consumption, such as tax increases, smoking cessation programs, or estimates of specific healthcare costs related to medicine reimbursement (Ministério das Finanças, 2024).

In what regards NRTs advertising and marketing restrictions, as OTC medicines in Portugal, NRTs are subject to strict advertising regulations, including bans on misleading claims and mandatory health warnings, but direct-to-consumer advertising is permitted (Regulation on Aspects of Medicines Advertising as Provided in Articles 154, 162(2), 164, and 202(1)(j) of Decreet-Law No. 176/2006, of August 30, 2008, 2008). Additionally, to ensure

product safety and compliance, for a medicine (including NRTs) to be placed on the Portuguese market, it is necessary for INFARMED (National Authority of Medicines and Health Products, I.P.) to grant authorization for this purpose, known as the Market Authorization (AIM) and in order to guarantee it remains up-to-date, the medicine undergoes modifications over time, which must also be authorized by INFARMED (INFARMED, 2016).

4.1.2. Economic Context

In 2023, the average monthly income (salaries) in Portugal increased to €1,362.4, marking a rise of €72.9 compared to 2022. Despite this improvement in wages, the unemployment rate stood by the end of year at 6.5%, reflecting a 0.4 percentage point increase from the Previous Year (PY) (Instituto Nacional de Estatística, 2025).

In 2023, Portugal's Gross Domestic Product (GDP) per capita, measured in purchasing power standards (PPS), reached 80.5% of the EU27 average, an increase of 3.1 percentage points compared to 2022. Portugal ranked 15th among the Eurozone countries and 18th in the EU27, showing slight improvement from the previous year. The Individual Consumption Expenditure (ICE) per capita, a measure of household well-being, stood at 85.0% of the EU27 average, slightly lower than in 2022 (down by 0.3 percentage points). Portugal maintained its 15th position in the Eurozone and 18th in the EU27 for this indicator (INE, 2024). For 2025 salaries are expected to increase nominally by 4.6% in 2025 compared to 2024 (projected), reflecting a deceleration from the growth rate in 2024 (projected), the unemployment rate is projected to remain stable at 6.4% in 2025, GDP growth is expected at 2.2% in 2025, indicating steady economic expansion supported by private consumption and investment recovery and Individual Consumption Expenditure is expected to grow modestly, driven by a 3% increase in private consumption in 2024 (projected) and continued positive dynamics into 2025 (Banco de Portugal, 2024).

The 2025 State Budget highlights the allocation of excess tobacco tax revenues toward healthcare infrastructure and public health initiatives, meaning that the revenue generated from the tobacco tax in the portion exceeding €1.466.000.000, will be allocated to the promotion of public health and the sustainability of the National Health Service (Law No 45-A/2024, of 31 December - 2025 State Budget, 2024).

4.1.3. Socio-Cultural Context

The 506 Eurobarometer report indicates that the proportion of young people (aged 15-24) engaging in smoking in Portugal has followed EU trends, showing a declining pattern (European Commission, 2021). But another study, examining the use of alcohol, drugs, and

other addictive behaviours among students aged 13 to 18 in the public education system, characterized youth tobacco consumption, revealing that 38.4% of students had smoked tobacco at least once in their lifetime, 29.4% had smoked in the past year, and 17.6% had smoked in the past month, with smoking prevalence higher among males (19.3%) compared to females (16.0%). Additionally, the use of e-cigarettes among adolescents has risen, though usage rates in Portugal remain below the European average. It is also revealed that the accessibility of conventional cigarettes is not so easy as for alcoholic beverages, but nevertheless 49% of students states that is of easy access (Lavado & Calado, 2020). It is important to mention that tobacco products and e-cigarettes with nicotine cannot be sold, in Portugal, to individuals younger than 18 years of age (WHO, 2023).

The use of e-cigarettes in Portugal is the lowest compared to other EU countries in 2023 but on the contrary, Portugal is the first in the European chart regarding HTPs in 2023, with 5% saying that are currently using it. It is important to mention that some incongruencies are found in this study, as despite non existing ECs users in Portugal, afterwards, detailed information about smoking profiles of EC users is mentioned (European Commission, 2023b).

When analysing smoking prevalence (15+ years) in different country regions, it can be concluded that there is a decrease in smokers in all regions between 2014 and 2019, both in males and females, but with some asymmetries, highest reduction was seen in the Algarve and the lowest in Alentejo in both genders. Taking in consideration, working conditions it is noticeable highest smoking rates in the unemployed group (despite being decreasing in both genders) vs the employed one (29.3% vs 22.7%) and when evaluating education level, it is higher within people with secondary education (23.7%), followed by primary education and then by higher education (Nunes & Gato, 2021).

Regarding smoking cessation, Portugal is among the countries with the lowest rates of former smokers in the EU, with only 11% of respondents in Portugal identified as ex-smokers. Despite a significant percentage of Portuguese smokers have attempted to quit, the use of cessation aids is not as widespread as in some other EU countries (NRT or other medication were only used by 2%) (European Commission, 2023b).

In Portugal, smoking cessation consultations increased by 35% in 2022 compared to the previous year, but they still have not returned to pre-pandemic levels (-21% versus 2019). As there are fewer available places for consultation and the demand remains high, it is leading to waiting lists in some hospitals. To encourage smokers to seek professional help, smoking cessation consultations have been exempted from user fees since 2012 (Lusa, 2024a).

The national public health report 2021-2030, regarding health impact of tobacco consumption, mentions that it is responsible for more than 10% of total deaths in Portugal, based on 2019 data from the GBD study by the Institute for Health Metrics and Evaluation, with the majority of deaths from malignant tumours of the larynx, trachea, bronchi, and lungs

are attributable to smoking (Technical Coordination of the National Health Strategy and Plan, 2019).

In what regards warns about the dangers of tobacco to the population, Portugal's absence of recent mass media campaigns contrasts with EU countries like France or Germany, which have run sustained anti-smoking advertising, as no national mass media campaigns specifically targeting smoking cessation were aired between July 2020 and June 2022. This indicates a gap in public health communication efforts (WHO, 2023).

4.1.4. Technological Context

Currently, there are several smoking cessation apps available to download, and even WHO suggests offering digital tobacco cessation interventions (e.g., text messaging, smartphone apps, AI-based tools, and internet-based programs) to tobacco users as either standalone support or in combination with other cessation tools.

- Text messaging is proven effective, with moderate certainty, when compared to minimal interventions. Added to other cessation tools, text messaging improves long-term tobacco abstinence rates.
- Smartphone Apps show varied effectiveness, depending on functionality and interactivity, however apps with enhanced features perform better, especially when used alongside pharmacotherapy.
- Conversational AI Tools show potential in increasing tobacco abstinence rates, with low certainty due to limited data.

In general, digital tools should be well-designed, interactive, and tailored to user responses for maximum effectiveness. They can serve as an entry point or adjunct to traditional tobacco cessation programs but should not replace comprehensive, evidence-based methods (World Health Organization, 2024).

Accessibility may vary due to differences in digital literacy and access to technology, requiring adaptations for equity in diverse populations (World Health Organization, 2024).

4.1.5. Environmental Context

Tobacco farming and production have several environmental impacts such as, contributing to 5% of global deforestation, clearing approximately 200,000 hectares of land annually and leading to significant biodiversity loss and soil degradation; tobacco production consumes 22 billion tonnes of water annually, with each cigarette requiring 3.7 litters throughout its lifecycle; the tobacco industry generates 80 million tonnes of CO2 annually, equivalent to emissions

from 17 million gasoline-powered cars and 4.5 trillion cigarette butts are discarded yearly, releasing microplastics, heavy metals, and toxins into ecosystems (WHO, 2022)

E-cigarettes, while marketed as a possible harm reduction tool for smokers, have introduced new environmental challenges, causing several types of pollution: plastic waste from single-use cartridges; electronic waste from lithium-ion batteries and circuit boards and hazardous chemical waste from nicotine-contaminated pods and e-liquid (Pourchez et al., 2022).

NRTs are pharmaceutical products and indeed, the Pharmaceutical Manufacturing Industry is transitioning toward sustainable practices, emphasizing waste reduction and resource efficiency through circular economy principles and sustainable innovations like green solvents, solvent recovery, and recyclable packaging are particularly can help improving the environmental footprint of pharmaceutical products (Ang et al., 2021).

4.2. Consumer Health Market

The Consumer Health (CH) market includes all products that can be sold without a prescription. IQVIA divides the market into four key segments:

- Over-the-Counter (OTC): Products used to treat, cure, or prevent diseases.
- Personal Care (PEC): Beauty and hygiene products, including accessories.
- Patient Care (PAC): Tools and materials related to health, which assist patients but are not active treatments.
- Nutrition (NTR): Food-related products that support health.

In Europe CH market is valued on 100.8 billion Euros (Moving annual total (MAT) Q2 2024), growing 1.5%, mainly driven by the PEC market. OTC segment represents the biggest slice of the market with 66%; PEC with 17%, PAC takes 12% of the market and NTR is the smallest segment with 4% (MAT Q2 2024) (Figure 12) (IQVIA, 2024a).

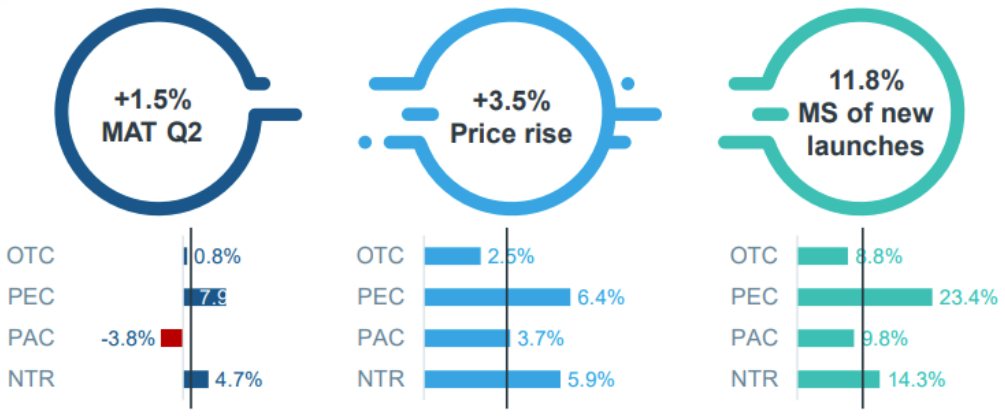


Figure 12 - The Key figures of the European Consumer Health Market (MAT Q2 2024)

Source: IQVIA (2024)

When breaking down CH European Market, Brick & Mortar takes 90% with a 3.8% grow rate and e-pharmacies the remaining slice (10%), with a higher growth rate (+8.7%).

OTC Market evolution is marked by a mild winter season (Cough cold & Other respiratory products decreasing 4.3%), impacting overall market growth, reaching a total of 66.7 billion euros of sales. Top 3 OTC companies in Europe are: Sanofi, Haleon and Bayer (IQVIA, 2024a).

IQVIA estimates that the consumer health market in Portugal will represent around 1,8 billion Euros in pharmacies and parapharmacies by the end of 2024. Between 2024 and 2027, this market is expected to continue growing, with an estimated increase of 6.2% in value and 3.6% in volume. However, the growth will slow down compared to previous years. It is expected that OTC segment in 2024 and the following years will continue to dominate the market, accounting for 55% to 59% of both value and volume. Their growth in value is expected to outpace volume due to rising unit prices. Beauty and cosmetic products will see consistent growth of around 5% in both value and volume. Medical devices may see a slight volume decrease but still grow in value by over 5%. Nutrition products will remain the smallest segment, growing by 8.9% by 2027 (IQVIA, 2024b).

4.2.1. Smoking Cessation Market

Traditional smoking cessation market can be divided in two different groups of medicines:

- Medical Prescription (Rx): Bupropion and varenicline
- Over-the-counter medicines (OTC): NRT and Cytisine

These types of products, commercialized by healthcare companies, can be categorised within “Suppress the need” group, as medicinal solutions to help manage cravings and achieve goal (quit/reduce).

As nowadays, novel tobacco and nicotine products are emerging as new ways to consume nicotine, it’s important to realize that a wider category of products, commercialized by tobacco companies, are being used as “less” harmful solutions than cigarettes delivering similar experience (as dopamine stimulation). These products can be included in the “Stimulate the need”, like vapes, heated tobacco, pouches, etc and, as seen in the previous review, are sometimes used as smoke cessation aid.

For the scope of this work, it is only being assessed the traditional smoking cessation market and the brand in question belongs to the OTC category, as a range of NRT products.

In Europe, NRT category valued in 606 million dollars in 2023 is growing 9% in value and 6% in volume, mainly due to reimbursement and pharma markets, as more liberated markets struggle to bring volume growth (NRT Category, 2024). It is possible to identify some NRT category growth drivers, namely reimbursement acceleration, category price increases and big

packs (+3% Average Selling Price (ASP) vs PY) and increased frequency and spend per shopper (Figure 13).

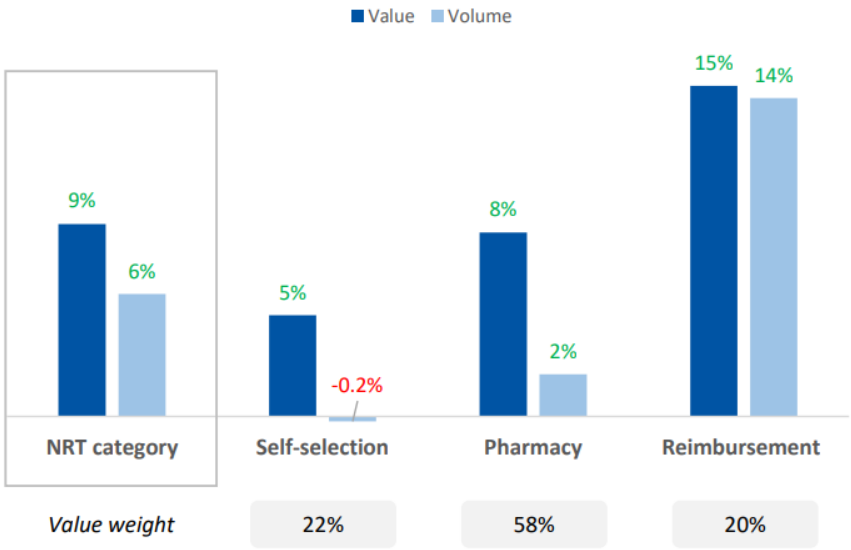


Figure 13 – EU NRT category evolution 2023 vs PY per market dynamic in volume and value.

Source: NRT Category (2024)

Portugal is currently considered a Pharmacy market, as smoke cessation category is only available at pharmacies and some products are also available in parapharmacies. It includes a prescription only segment and OTC products.

Portuguese prescription market Year to Date (YTD) September is showing a consumption increase of 14%, with a bigger increase in sales with prescription rather than without (Figure 14).

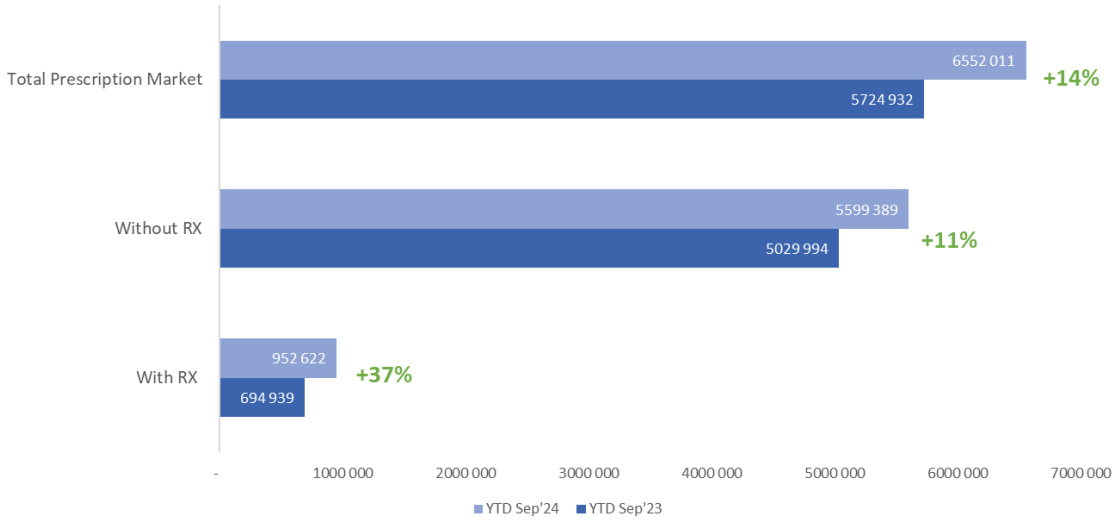


Figure 14 - Smoke Cessation category evolution in Portugal YDT September 2023 and 2024 (Sell-Out (SO)€) – Prescription Market

Source: HMR (2024)

The prescription segment used to include one big player – Champix (Varenicline from Pfizer). In 2019 Champix sales were valued in 3,36 million Euros with more than 64 thousand units sold in Portugal (HMR, 2024b). Champix was then recalled from the market in September 2021 (INFARMED, 2021) and in the same year, the company stated that it will suspend the medicine distribution in Portugal. Indeed, in the last 5 years the consumption of this RX medication for smoking cessation decreased 51.35% in volume. (Lusa, 2024)

OTC Market dynamic changed as consequence of Champix exit, as NRT started playing a bigger role in doctors' recommendation. Nevertheless, there was an empty space for another player to fulfil, and Dextazin launch in the end of 2022 appeared to revolutionize the smoke cessation market in Portugal.

OTC Smoke Cessation category has been growing in latest years in Portugal, with a CAGR (2019-2024) of 17.4%. The market grew 14% in 2023, reaching more than 9.5 million euros and 17% in 2024, surpassing the 11 million Euros in sales (Figure 15).

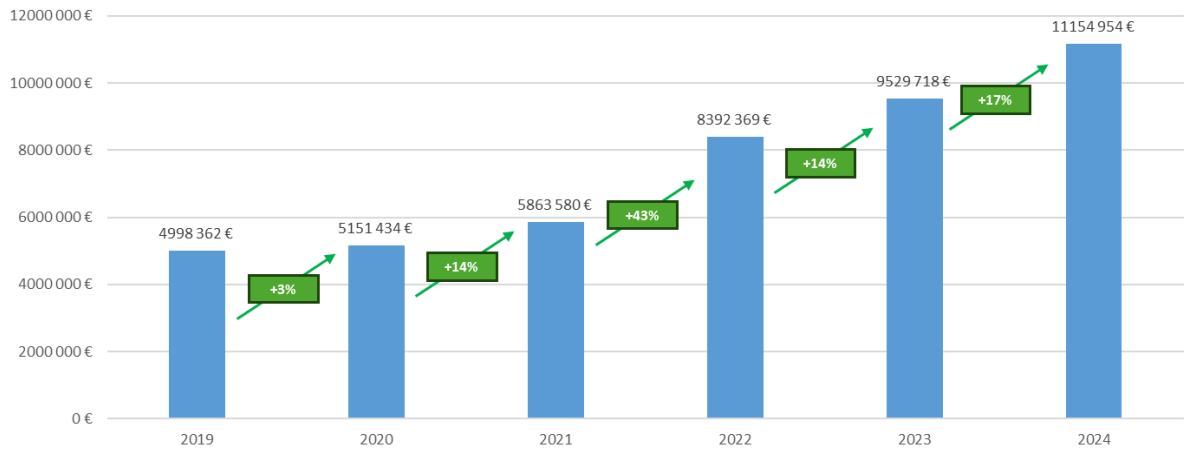


Figure 15 – Smoke Cessation category evolution in Portugal 2019-2024 – OTCs Only

Source: HMR (2024)

In terms of volume, the market grew 7% in 2024, representing 246 thousand unis sold in total. It has been growing in units sold year on year since 2021, as 2020 was severely impacted by COVID-19 pandemic outbreak (-4%).

As this category is highly complex to recommend, and some players are exclusively sold in pharmacies, it is natural that pharmacy channel takes the biggest slice of the market (even without considering RX segment), representing 79% of sales (Figure 16).

Both pharmacy and parapharmacy channels are growing consumption in double digit, but parapharmacy channel is slightly more accelerated (15% vs 13%) (Figure 16).

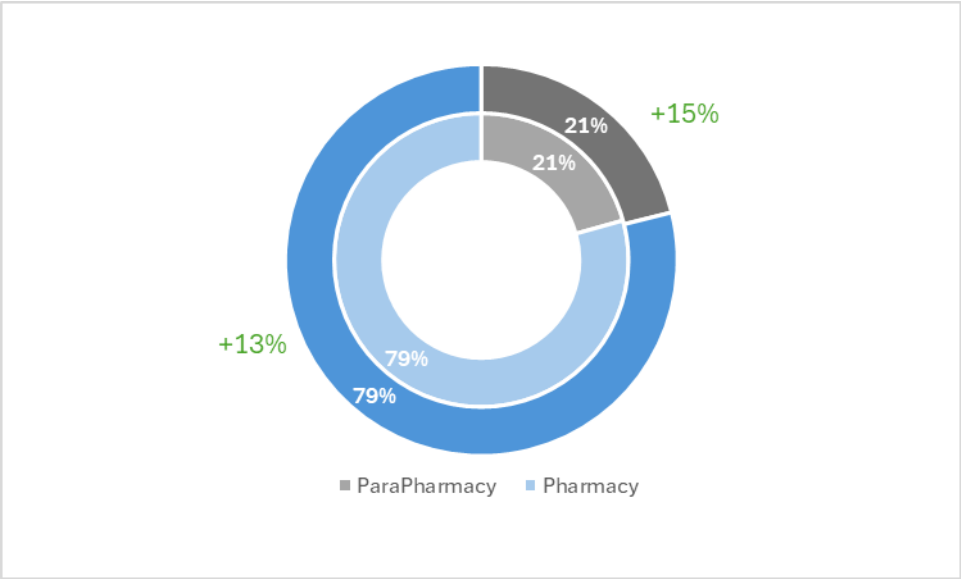


Figure 16 – OTC Smoke Cessation Category by Channel in Portugal (MAT September 2024 vs MAT September 2023)

Source: HMR (2024)

In terms of seasonality, the smoking cessation OTC category, presents stable consumption with sales peak happening generally in January (driven by new year's resolutions that can include quit smoking) and October (driven by specific campaigns such as after holidays/get back to work lifestyle campaigns or other Point of sale (POS) initiatives). (Figure 17)

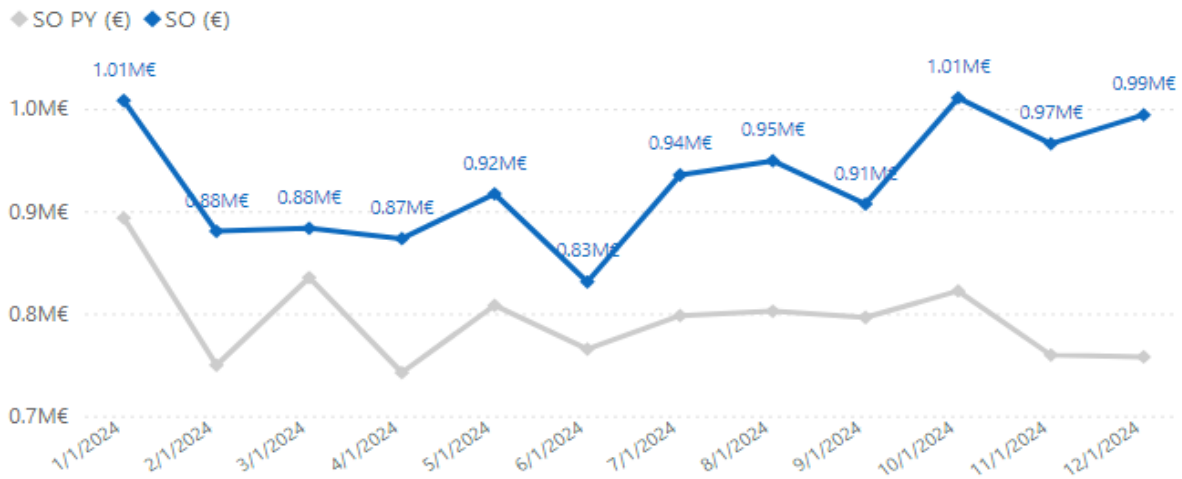


Figure 17 – OTC Smoke Cessation Category by month SO€ in Portugal (2024 vs 2023)

Source: HMR (2024)

4.2.2. Competitor Analysis

4.2.2.1. Players in RX Medicines

Within RX medicines, the medicines approved by the INFARMED and commercialized exclusively in pharmacies are the following: Bupropriom, Varenicline.

Bupropriom

It is available as generic and brand name, with two dosages (150mg and 300mg) of prolonged release tablets. (Table 4) Exclusively sold in pharmacies, these medicines sales depend entirely on medical prescription and for that reason, each pharmaceutical company has medical representatives that promote the products in the medical teams of different specialities, that can recommend these type of products .

Name of the Medicine	Dosage	Generic	Pharmaceutical Company
Bupropiom Generis	150 mg/300 mg	Yes	Generis Farmacêutica, S.A.
Bupropiom Ratiopharm	150 mg	Yes	Ratiopharm - Comércio e Indústria de Produtos Farmacêuticos, Lda.
Zyban	150 mg	No	Glaxo Wellcome Farmacêutica, Lda.
Wellbutrin XR	150 mg/300 mg	No	GlaxoSmithkline Produtos Farmacêuticos, Lda.
Elontril	150 mg/300 mg	No	Bial - Portela & Cª, S.A.
Bupropiom Zentiva	300 mg	Yes	Zentiva Portugal, Lda.

Table 4 – Bupropriom medicines available and commercialized in Portugal

Source: (INFARMED, (2024b)

Varenicline

From the time when Champix was out of the Portuguese market, there were not medicines available with this active substance, but since April 2024, it is being commercialized in Portugal by one Pharmaceutical Company (Teva B. V.), under the brand name Cuitvar. It is available in two dosages (1 mg and 0,5 mg + 1 mg) and it is reimbursed by the state in 37%.

4.2.2.2. Players in OTC Medicines

In Portugal, there are two different categories of smoke cessation medicines without prescription: Cytisine and NRT.

Cytisine Players

Two different Generic OTC medicines with this active substance are available in the Portuguese market for smoke cessation: Dextazin and Xistab (Table 5). Both are only sold exclusively in pharmacies, due to its special status of medicine without prescription-exclusively to be sold in pharmacy, and the great difference between them, is that Xistab, the latest to enter the market in January 2024, is reimbursed by the state in 37%, since September 2024.

Name of the Medicine	Dosage	Generic	Pharmaceutical Company
Dextazin	1,5 mg	Yes	Aflofarm Farmacja Polska Sp. z o.o.
Xistab	1,5 mg	Yes	Laboratório Medinfar - Produtos Farmacêuticos, S.A.

Table 5 – Cytisine medicines available and commercialized in Portugal

Source: INFARMED (2024)

a) **Dextazin**

It is from Aflofarm, a Polish company that started its path in Portugal with the launch of this product, as an innovative treatment for smoke cessation (Figure 18). The brand communicates exclusively for quitters, with the following key claims:

- “Fast treatment for 25 days”.
- “3X more chances of quitting”.
- “Stop smoking after 5 days”.
- “One package, one single treatment”.
- “Without nicotine and sugar” (Aflofarm, 2021).

As promotion activities, Dextazin includes in its plan: TV, Digital, POS communication (in-shelf, counter displays, flyers, etc.) and specialized press insertions directed to pharmacists, as well as pharmacist training. Currently, the company is not actively promoting Dextazin in medical detailing, after pivoting in overall strategy with a more focused consumer approach.



Figure 18 – Dextazin Packshot

Source:Aflofarm (2021)

b) **Xistab**

It is commercialized by Medinfar, a Portuguese Pharmaceutical Company with different business units including Pharma, Generics and Consumer Health (Figure 19).

As key claim, the brand communicates “25 days treatment to fully quit smoking” exclusively for quitters. During the first months in the market, in terms of promotion, Medinfar is betting on medical detailing to GPs and Pneumologists, through its dedicated medical team.



Figure 19– Xistab Packshot

NRT players

There are several brands in the market that compete in NRT segment: Niquitin®, Nicorette, Nicotinell, Nicopatch, and Nicopass (Table 6). The last two brands from Pierre Fabre are not commercialized at the moment in Portugal, with sales becoming irrelevant.

Name of the Medicine	Format	Dosage	Generic	Pharmaceutical Company
Nicorette	Gum	2 mg	No	Johnson & Johnson, Lda.
Nicorette	Gum	4 mg	No	Johnson & Johnson, Lda.
Nicorette	Gum	2 mg	No	Johnson & Johnson, Lda.
Nicorette	Gum	4 mg	No	Johnson & Johnson, Lda.
Nicorette Bucomist	Oral Spray	1 mg/dose	No	Johnson & Johnson, Lda.
Nicorette Bucomist Sabor Fruta Menta	Oral Spray	1 mg/dose	No	Johnson & Johnson, Lda.
Nicorette Invisipatch	Patch	10 mg/16 h	No	JNTL Consumer Health
Nicorette Invisipatch	Patch	15 mg/16 h	No	JNTL Consumer Health
Nicorette Invisipatch	Patch	25 mg/16 h	No	JNTL Consumer Health
Nicotinell 14 mg/24 horas	Patch	14 mg/24 h	No	Haleon Portugal, Lda.
Nicotinell 21 mg/24 horas	Patch	21 mg/24 h	No	Haleon Portugal, Lda.
Nicotinell 7 mg/24 horas	Patch	7 mg/24 h	No	Haleon Portugal, Lda.
Nicotinell Freshmint	Gum	2 mg	No	Haleon Portugal, Lda.
Nicotinell Fruit 2 mg	Gum	2 mg	No	Haleon Portugal, Lda.
Nicotinell Fruit 4 mg	Gum	4 mg	No	Haleon Portugal, Lda.
Nicotinell Mint	Chewing Tablet	1 mg	No	Haleon Portugal, Lda.
Nicotinell Mint	Chewing Tablet	2 mg	No	Haleon Portugal, Lda.
Niquitin® Clear	Patch	7 mg/24 h	No	Perrigo Portugal, Lda.
Niquitin® Clear	Patch	14 mg/24 h	No	Perrigo Portugal, Lda.
Niquitin® Clear	Patch	21 mg/24 h	No	Perrigo Portugal, Lda.
Niquitin® Menta	Chewing Tablet	2 mg	No	Perrigo Portugal, Lda.
Niquitin® Menta	Chewing Tablet	4 mg	No	Perrigo Portugal, Lda.
Niquitin® Mint	Gum	2 mg	Yes	Perrigo Portugal, Lda.

Table 6 - NRT medicines available and commercialized in Portugal

Source: INFARMED (2024)

a) **Nicorette**

The brand belongs to Kenvue Porftolio (formerly the Consumer Healthcare division of Johnson & Johnson) and is focused on Gums, Sprays and Patches. (Figure 20)



Figure 20 – Nicorette Range

Source: JNTL Consumer Health Portugal (2024)

It is the biggest competitor of Niquitin® in NRT and one that is innovating both in products and in claims/communication. It is the only one with a spray format in Portugal (and in other markets this product has a new claim specially dedicated to vapers, for vaping craving relief). In Portugal, the brand uses the following claims:

- "Relieves the urge to smoke in just 30 seconds". (Bucomist Spray)
- "Doubles the chances of quitting smoking for good."
- "Nicorette strengthens your willpower." (JNTL Consumer Health (Portugal), 2024)

Nicorette's products are promoted to the pharmacists with detailing aids to help with brand recommendation, and it is also communicated in point of sale. Additionally, the brand invests in digital and TV.

In the brand's portfolio, it is the gums segment that takes the biggest part of the brand' sell-out with more than 76%, despite being the only brand with a spray format. Patches are the segment with higher growth rate (+24%) (Figure 21).

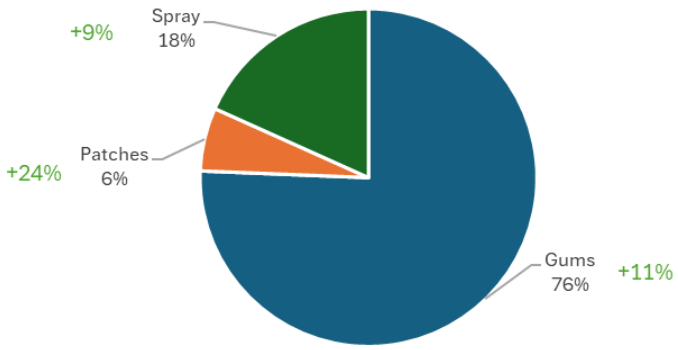


Figure 21 – Nicorette SO split by format (MAT September 2024)

Source: HMR (2024)

b) Nicotinell

The brand belongs to Haleon (spin-off of the consumer business unit of GSK) and has in its range gums, chewing tablets and patches (Figures 22 and 23).

As it is not a category focus for the company, the brand does not invest Above the Line (ATL) and relies only on point of sales visibility sustaining the fourth place in the OTC market.



Figure 22 – Nicotinell Range

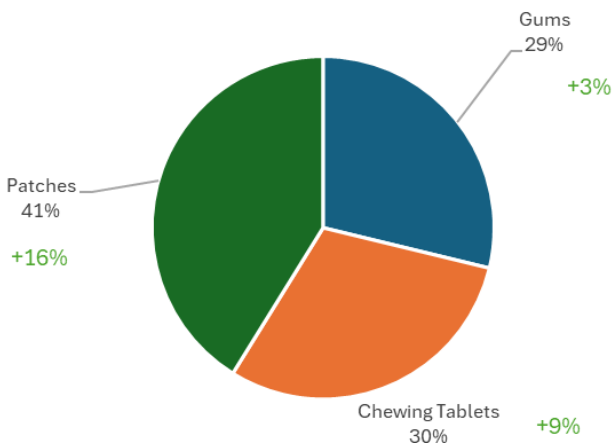


Figure 23 – Nicotinell SO€ split by format (MAT September 2024)

Source: HMR (2024)

Since the beginning of 2023, Dextazin has taken market leadership away from Niquitin® and was able to sustain it ever since (to the exception of one month). The brand ended 2024 with 31% of market share in value, flat versus 2023. Niquitin® is losing share and ends 2024, with 25.3% (-3.4pp), followed by another two NRT brands, Nicorette with 21% of share (-0.8pp) and Nicotinell with 14% (-0,.5pp). The remaining brands have smaller market share, but Xistab has conquered already more than 8 points (MAT December 2024) in less than one year in the market. Indeed, in the last two months of 2024, the brand achieved 19% of market share, mainly conquering share from Dextazin (Figure 24).

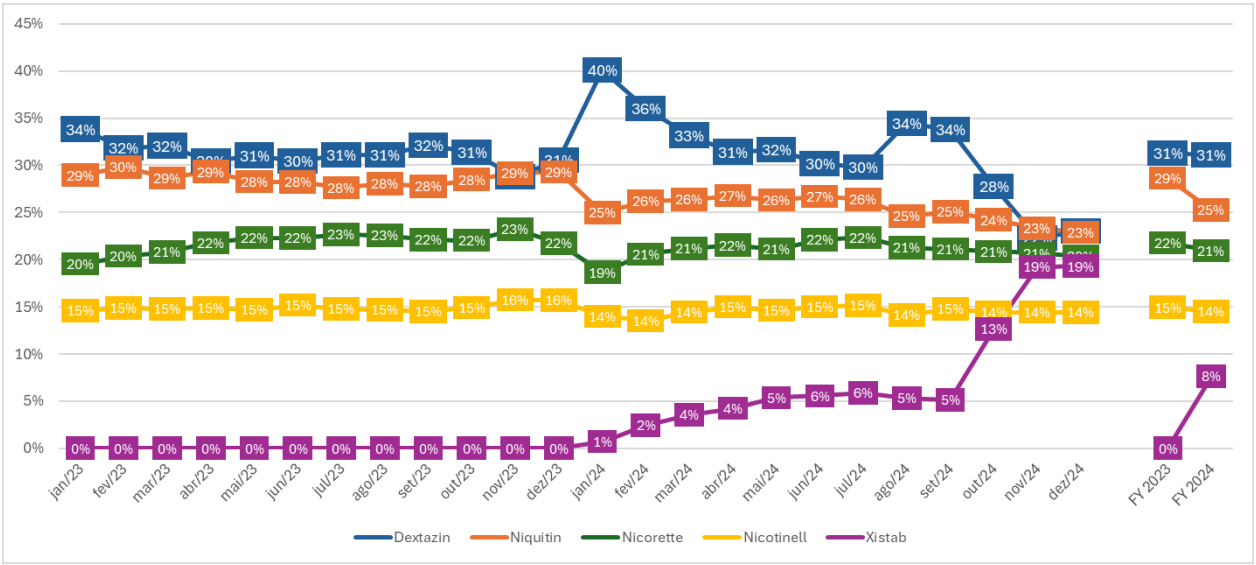


Figure 24 – OTC Smoke Cessation Market Share Evolution in Portugal by brand, between 2023 and 2024

Source: HMR (2024)

With Xistab performance in the last months of the year, it places itself as the only brand gaining share, with the biggest market share loss going to Niquitin® (HMR, 2024a).

To the exception of tablets (Dextazin and Xistab), within NRT players, gums and chewing tablets/lozenges have similar share of total smoke cessation market (around 20%), followed by patches with 17% and spray (Figure 25).

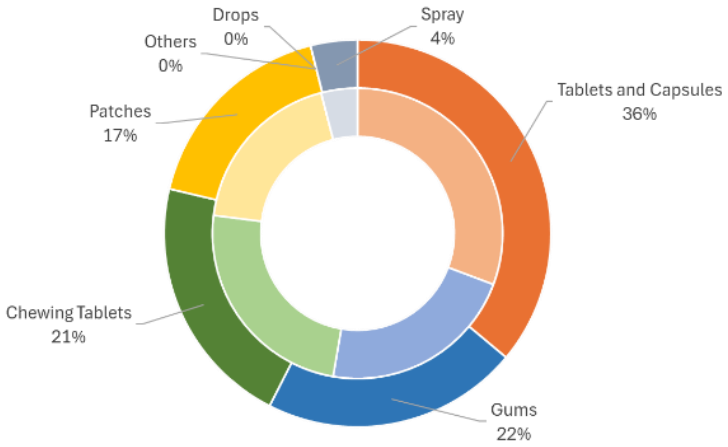


Figure 25 – OTC Smoke Cessation Category by Format, in Portugal (MAT September 2024 vs MAT September 2023)

Source: HMR (2024)

4.2.3. Category Distribution

To evaluate distribution of each OTC smoke cessation brand, it is only possible to consider the pharmacy channel, as there is no available data for the parapharmacies.

When considering the total universe of pharmacies in the country (n=2909), highest stock distribution of each brand in 2024 will be the following: Dextazin - 66% (1919 pharmacies); Niquitin® – 58% (1687 pharmacies); Nicorette – 49% (1425 pharmacies); Nicotinell – 39% (1134 pharmacies) and Xistab - 32% (930 pharmacies). (Figure 26)

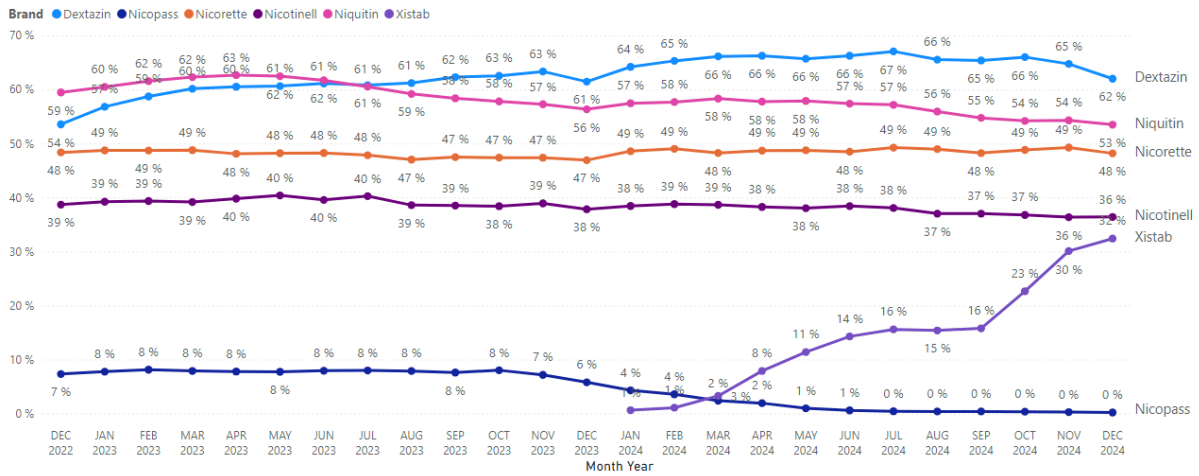


Figure 26 - OTC Smoke Cessation Category Stock Distribution by Brand (2024 and 2023)

Source: HMR (2024)

In what regards numeric distribution (meaning pharmacies with sales of each brand in that month), the brand's ranking distribution is similar, but in the last couple of months Dextazin loses some distribution points, as well as Niquitin® versus 2023, once Xistab gains relevance in the market. (Figure 27)

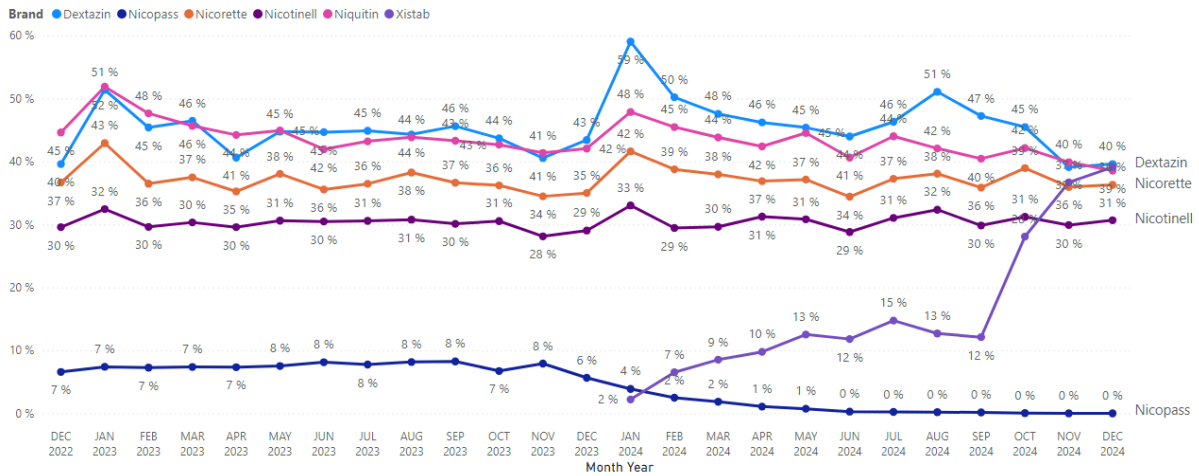


Figure 27 - OTC Smoke Cessation Category Numeric Distribution by Brand (2024 and 2023)

Source: HMR (2024)

As this category requires some counselling from the pharmacist, as well as depend on medical prescription (mostly for RX and/or reimbursed medicines), not all of the pharmacies work these types of products and with that do not have stock/sales of them, so it is natural that the brands present higher weighted distribution versus numeric distribution. Dextazin is the brand with highest weighted distribution in 2024 (84% peak of distribution), followed by Niquitin® (79%), Nicorette (68%) and Nicotinell (57%). It is important to highlight the weighted distribution gain of Xistab since its launch, achieving 68% in December. (Figure 28)

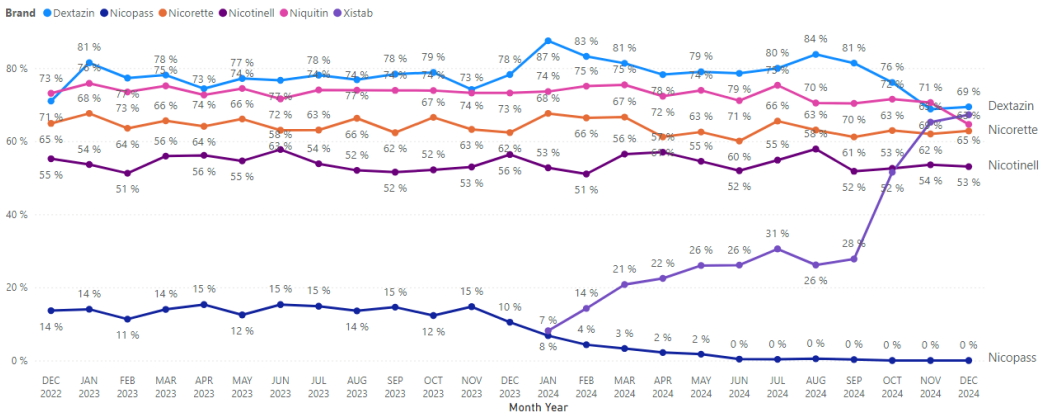


Figure 28 - OTC Smoke Cessation Category Weighted Distribution by Brand (2024 and 2023)

Source: HMR (2024)

4.2.4. Category Pricing Analysis

Prescription medicines have fixed prices, due to legislation in Portugal (Table 7). Considering that each active substance in different dosages, has a different treatment time, total minimum treatment cost can vary for each product.

Name of the Medicine	Dosage	Capacity	Price	Reimbursement	RSP (Price after Reimburse)
Bupropiom Generis	150 mg	30 units	9,97 €	37%	6,28 €
Bupropiom Generis	300 mg	30 units	18,11 €	37%	11,41 €
Bupropiom Ratiopharm	150 mg	30 units	9,93 €	37%	6,26 €
Zyban	150 mg	60 units	73,37 €	0%	73,37 €
Wellbutrin XR	150 mg	30 units	18,81 €	37%	11,85 €
Wellbutrin XR	300 mg	30 units	31,16 €	37%	19,63 €
Elontril	150 mg	30 units	18,81 €	37%	11,85 €
Elontril	300 mg	30 units	31,16 €	37%	19,63 €
Bupropiom Zentiva	300 mg	30 units	16,34 €	37%	10,29 €
Cuitvar	1 mg	28 units	21,78 €	37%	13,72 €
Cuitvar	1 mg	56 units	41,18 €	37%	25,94 €
Cuitvar	0,5 mg + 1 mg	25 units	19,85 €	37%	12,51 €

Table 7 – Prescription smoke cessation medicines Retail Sales Price (RSPs) (consulted in January 2025)

Source: (INFARMED, (2024b)

Taking Cuitvar as an example, the minimum treatment would be its initiation pack (0,5mg+1mg) that ensures the first 2 weeks of treatment, plus 1 pack of 1mg (56 units) for 1 month that in total would cost 102.21€, and the consumer will pay only 64.39€ after reimbursement.

For OTC medicines, the price is exclusively at the retailer description, making it highly variable. When evaluating Pharmacy channel, as it is the only one with all products available to purchase, between NRT players, Niquitin® and Nicotinell have similar average RSP, with Nicorette being the cheapest brand. Dextazin and Xistab have higher facial prices, but one single purchase can cover the entire treatment period. As Xistab is currently reimbursed, price is now fixed in 97.50€ and when having a medical prescription, consumer will only pay 61.43€ per treatment.

All OTC brands increased Average Selling Price (ASP) when compared with last MAT September, except for Dextazin (Table 8). Nicotinell had the highest price increase (+6.7%) and for this brand and Nicorette, price increase was responsible for the biggest slice of growth (on top of volume increase), but for Niquitin®, even with 6% price increase, it was not enough to compensate for the brand's loss of volume (Figure 29).

BY BRAND

Brand	RSP	RSP PY	Evol RSP	Idx RSP Brand
Dextazin	94.17 €	96.29 €	-2.2 %	190
Niquitin	38.29 €	36.13 €	6.0 %	77
Nicorette	30.12 €	28.49 €	5.7 %	61
Nicotinell	38.77 €	36.33 €	6.7 %	78
Xistab	101.85 €		Infinity	205
Total	**49.83 €**	**45.39 €**	**9.8 %**	**100**

Table 8 – Brand Average RSP Evolution and comparison vs market Average RSP (MAT September 2024 vs MAT September 2023)

Source: HMR (2024)

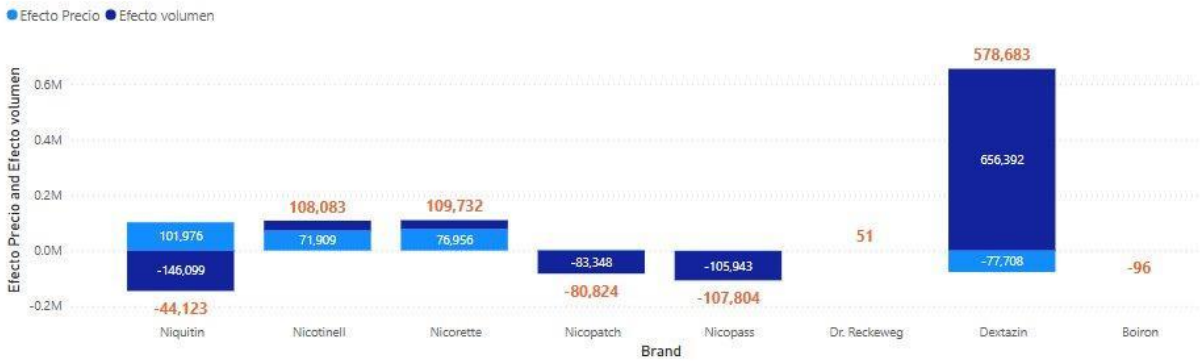


Figure 29 – Price vs Volume Effect by brand (MAT September 2024)

Source: HMR (2024)

4.2.5. OTC Category Media Investments Overview in Portugal

In terms of communication directly to consumers, all OTC brands are allowed to do it in the Portuguese market, including also smoke cessation medicines. In fact, this category usually invests ATL, specially during category peaks, in the beginning of the year (January) and back from summer holidays (September and October). It is important to mention that, due to limitations in digital media investments tracking, at this stage it is only possible to capture display advertising (promotion of brands through visually appealing advertisements that are displayed on digital platforms), being excluded all social media platforms from this analysis.

The category's investment decreased significantly during the pandemic years, but since Dextazin launch, it is increasing every year. In 2022, category media investments represented a 157% increase versus 2021 and in 2023 more than 40%, surpassing 1,5Milion Euros in rate card prices. The exception to this continued growth is 2024, with a decreasing of 51% in media investments (Publicis Group Portugal, 2024). (Figure 30)

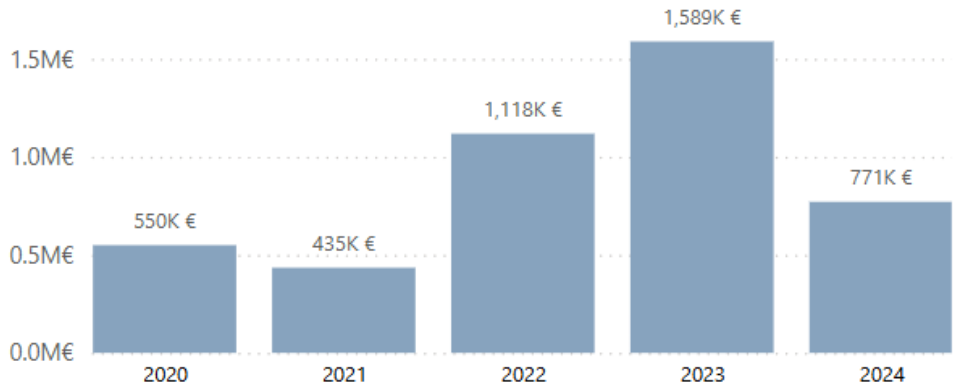


Figure 30 – Smoke Cessation Media Investments 2020- 2024

Source: Adapted from Publicis Group Portugal (2024)

With its ambition to gain and sustain market leadership, Dextazin, is the brand with highest Share of Investment (SOI) in the past few years (always above 60% since its launch). In 2023, Niquitin® tried to fight Dextazin' Investments and market share gain, by increasing SOI from 16,3% in 2022 to 29% in 2023 with TV campaigns (Figure 31).

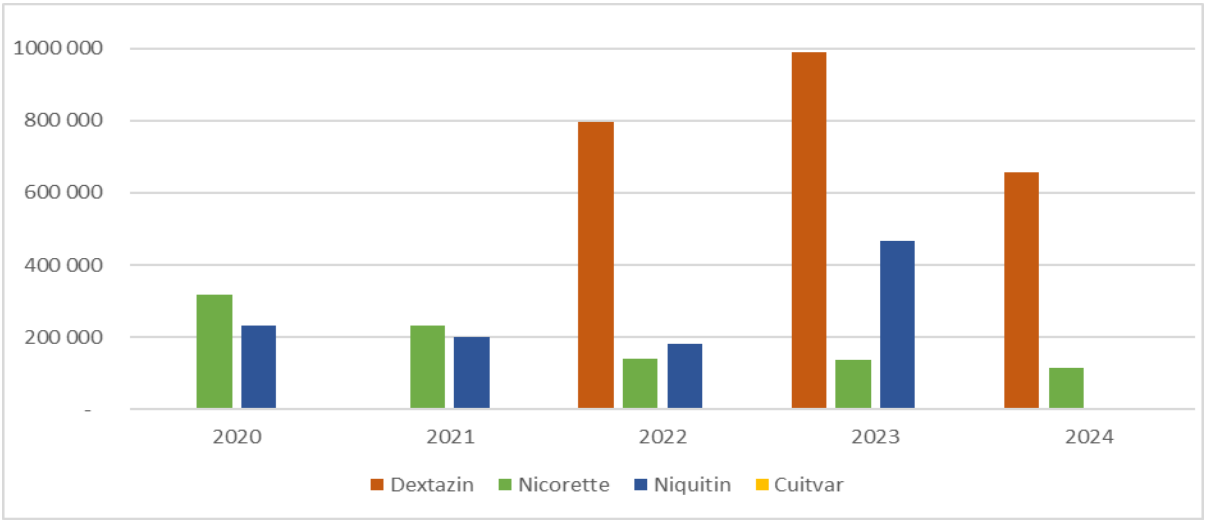


Figure 31 – Smoke Cessation Yearly Media Investments Evolution by brand

Source: Adapted from Publicis Group Portugal (2024)

With another approach, Nicorette' media investments are quite stable around 135 000 Euros per year, exclusively in TV. Nicotinell does not invest ATL. (Figure 32) (Publicis Group Portugal, 2024)

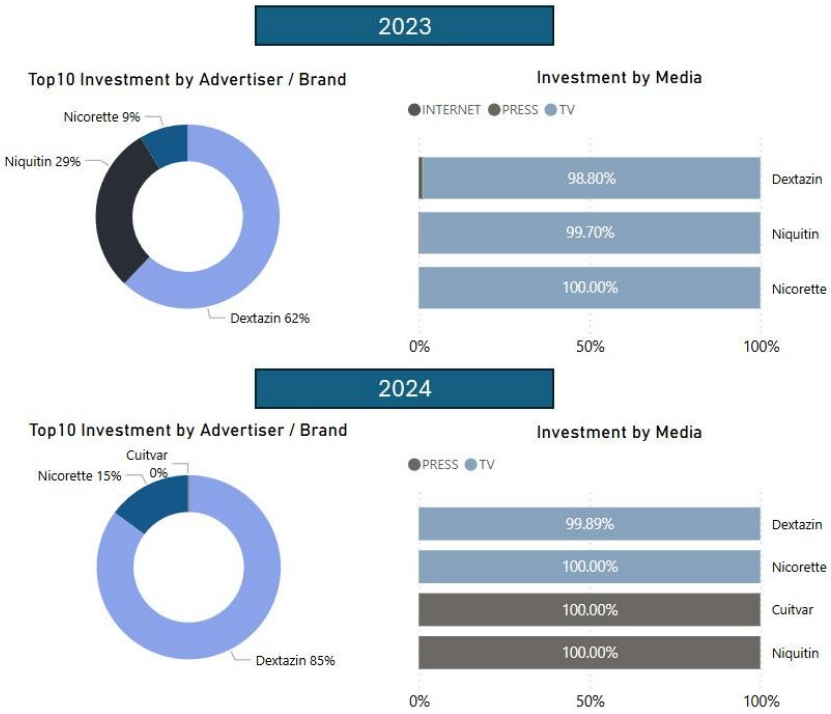


Figure 32 - Smoke Cessation Media Investments by brand and medium 2023 vs 2024

Source: Adapted from Publicis Group Portugal (2024)

4.2.6. OTC Category Communication Campaigns 23/24

TV	Digital	Point of Sale
Dextazin		
	 	
"Are you one of many that believes quitting smoking is a challenge? Now you have Dextazin, Innovative treatment to quit smoking whithout nicotine. Just one fast treatment of 25 days that minimize withdrawal symptoms"	"Innovative treatment to quit smoking" "25 days – Just one treatment" "Not all treatments to quit smoking are the same!" "3x MORE likely to quit smoking"	"Do your patients feel trapped by smoking addiction? - Now here's the key to their freedom!" "25 days – fast and effective treatment - no nicotine" "Minimize withdrawal symptoms". "How much could you save by quitting smoking?"
Nicorette		
	Not available	 
"When you feel like having a cigarette and your willpower needs a little help, you can count on Nicorette Bucomist to ease your craving to smoke in just 30 seconds. Strengthen your willpower and double your chances of quitting smoking with Nicorette."		"1 Week Without Smoking" "Multiply your chances of quitting smoking for good." "Accept the challenge."
Cuitvar		

Not available	Not available	
		"Varenicline is back." "A new medicine, the substance you already know." "Reimbursed medicine at 37%." "New therapeutic option for smoking cessation in adults now available."

Table 9 – Brand Communication examples in different channels/mediums directly for consumers and health professionals (Television, Digital and Point of Sales)

4.2.7. Porter's Five Forces Analysis

Competitive Rivalry

The market is highly competitive, with several well-established brands like Niquitin®, Nicorette, and emerging players such as Dextazin and Xistab, with a lot changing since Champix product recall, that have created opportunities for competitors to gain market share and for new players to enter the market. NRT brands compete on product formats (gum, patches, sprays, tablets) and consumer-focused claims (e.g., treatment time, ease of use, cessation/reduction).

Innovations are limited, leading to price, marketing, and recommendation wars, particularly in pharmacy-dominated markets like Portugal.

Risk level: High.

Threat of New Entrants

Entry barriers are moderate due to regulatory requirements (e.g., INFARMED approval for medicines) and nowadays to achieve competitive pricing, it will most likely need to request approval for state reimbursement. However, companies entering with innovative or reimbursed products (e.g., Xistab) can disrupt the market quickly.

As it is a market category that requires a lot of dedication from the pharmacy team (recommendation takes time and requires complete Q&A with the smoker), gaining relevant

distribution in pharmacies and parapharmacies, along with having medical detailing capabilities and coverage of GPs and medical specialities, pose challenges to new entrants.

Innovation can play a crucial role to gain relevance in the market, as consumers are looking for solutions that mimic the smoking habit in its many available formats nowadays but being able to invest in R&D and receiving approval from competitive entities (e.g., INFARMED) can be a difficult achievement.

Risk level: Medium.

Threat of Substitutes

Substitutes include novel tobacco products (e.g., ECs, HTPs, nicotine pouches), natural cessation methods ("cold turkey") and digital apps. Consumer preferences for "less harmful" alternatives to smoking can divert demand from NRTs. And even consumers that do not believe in quitting, by continue to use nicotine every day, can also find alternative ways to NRT.

Risk level: High.

Bargaining Power of Buyers

Buyers, especially pharmacies and at some extend parapharmacies, wield significant power as they control product availability. Commercial targets and annual negotiations with big pharmaceutical players can impose challenges for other players in the same category.

Consumers' sensitivity to price and possible preference for reimbursed products (like Xistab) heavily influence sales.

Brands investing in consumer education, pharmacist training and medical recommendation can create loyalty and mitigate buyer power.

Risk level: High.

Bargaining Power of Suppliers

The dependence on raw materials like active pharmaceutical ingredients (APIs) for NRTs creates some supplier power.

Suppliers are relatively limited, but long-term contracts and collaborations (e.g., with pharmaceutical companies) reduce supplier leverage.

Risk level: Medium.

4.2.8. Consumer Analysis

4.2.8.1. People Attitudes towards tobacco

In Kantar (2023) survey - Eurobarometer 539 for the European Commission, containing data from 27 European countries, aiming to explore Europeans' attitudes towards tobacco and related products, it is reported that the prevalence of smokers in the EU has slightly decreased

since 2020 (Eurobarometer 506) with 24% current smokers (cigarettes, cigars, cigarillos or pipe), 20% (-1pp) were former smokers, and more than half have never smoked (56%, -2pp). A higher number is currently using heated tobacco 2% and 3 % are users of ECs (European Commission, 2023b). More than half of tobacco smokers (54%) started smoking before turning 19 years old, 39% between 19 and 25 years old and only 4% started being older than 25.

Within current EC users, more than a third (36%) started to stop or reduce tobacco consumption, whereas HTP users started using them as they believe these products were less harmful than smoking tobacco (32%) and 24% to stop or reduce tobacco (European Commission, 2023b).

In the previous Eurobarometer edition, with the Kantar (2020) survey, it was assessed in deepest extension previous attempts of quitting, mentioning that over half of current smokers (53%) have attempted to quit smoking at some point, though most of these attempts occurred more than a year ago (38%). Only a small proportion (15%) have tried to quit within the past year. Nearly half (49%) of current smokers have never tried to stop smoking. Among current tobacco smokers, 51.1% reported having previously tried to stop smoking, and exclusive EC or HTP users, 27.1% reported attempting to quit these products. Dual users are more likely to attempt quitting, with 62% (attempted to stop at some point). Heavy smokers (21 or more cigarettes per day) are the least likely to try (47%) versus those who smoke 5 or less cigarettes per day (47%) (European Commission, 2021).

Considering socio-demographic factors, women are more likely than men to have attempted (56% vs 47%), people aged 25 and older were more likely to have attempted quitting than those aged 15-24. Smokers with higher education were also more likely to have tried quitting compared to those with less education. (El Asmar et al., 2022; European Commission, 2021).

Within those who have quitted or tried to stop smoking in the last 12 months, 15% (-62 pp), did so without assistance, while almost two thirds (64%) said that attempted or gave up smoking without using any of these methods. Only a few smokers used any of the cessation aids available. The most used aid was e-cigarettes (10%; =), followed by NRT or other pharmacotherapy (4%; -8pp), HTPs (4%; +2pp) and medical support (3%; -3pp). (Figure 33)

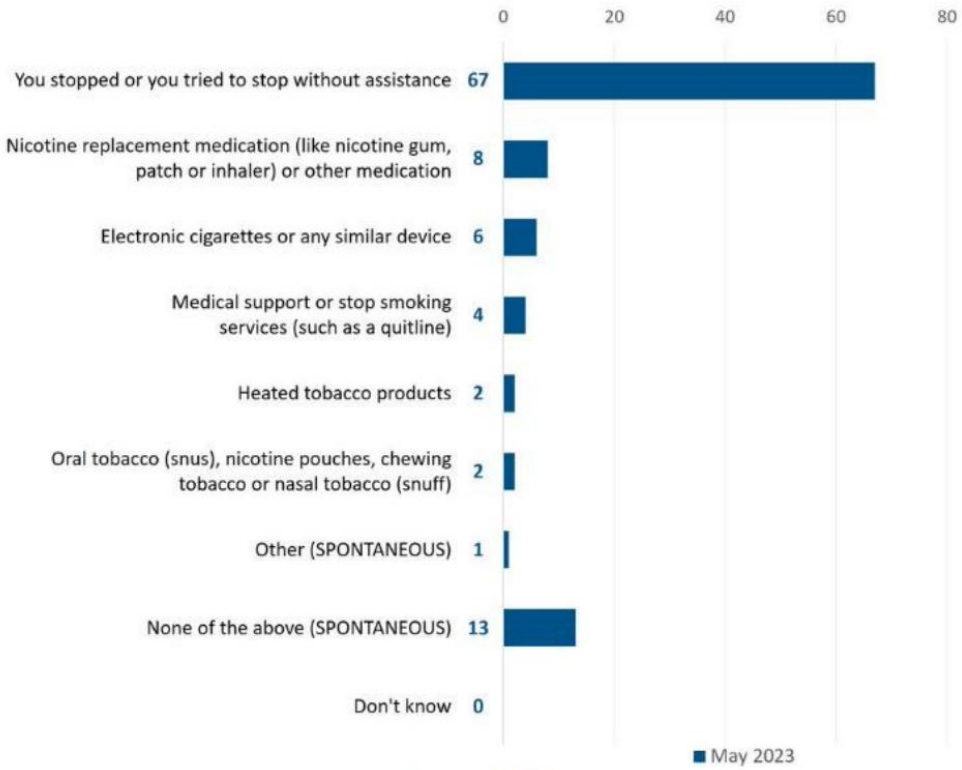


Figure 33 – Aids used to give up smoking tobacco (EU27) in 2023

Source: European Commission (2023)

For those who tried or succeeded in quitting e-cigarettes or HTPs, 80% attempted it without assistance, 8% with NRT or other medication and 6% with e-cigarettes (European Commission, 2023b).

In what regards ECs and HTPs use efficacy on quitting or reducing, a significant number of e-cigarette and heated tobacco product users report that these products did not help reduce their tobacco use. 42% of EC users and 34% of HTPs users said these products were ineffective in lowering their tobacco consumption, with some even stating it worsened. However, about 21% of e-cigarette users and 31% of heated tobacco product users found these products helpful in quitting smoking entirely. Additionally, a quarter of heated tobacco users (24%) said these products helped them cut down on tobacco without fully quitting (European Commission, 2023b).

Sociodemographic factors were not mentioned in the 2023 Eurobarometer edition, where it comes to quitting or/reducing tobacco consumption, but them can be found in the previous one, where it is shown that they can influence the methods used to quit smoking. Older individuals (compared to those aged 15-24) were generally less likely to use ECs, HTPs, or smokeless tobacco to quit smoking, though this pattern did not apply to quitting ECs or HTPs. Men were more likely to use smokeless tobacco to quit all products, but there were no other

significant differences between men and women in quitting methods. People with financial difficulties were more likely to use ECs to quit smoking and HTPs to quit ECs compared to those without financial difficulties. Those with the highest educational levels were the least likely to use ECs or HTPs to quit smoking. Additionally, individuals living in urban areas were more likely than those in rural areas to use NRT or other pharmacotherapy to quit smoking or to use ECs/HTPs. (El Asmar et al., 2022; Kantar, 2021)

When evaluating Portuguese population separately, the biggest percentage of Portuguese smokers have never tried to quit (66%) (European Commission, 2021). (Figure 34)

Indeed, Portugal, in the last Eurobarometer presents one of the lowest proportions of people saying they used to smoke but have now stopped, 11% (-4pp) versus 20% as the EU average (European Commission, 2023b; Magenta, 2022).



Figure 34 - Share of attempts to give up smoking in Portugal in 2020

Source: Statista, (2021)

In the Eurobarometer 2023, of the Portuguese respondents who attempted to quit or have quitted smoking, 12% did not use any form of support, 4% used ECs and other 4% used HTPs, 2% used NRTs or other medication, 2% sought medical help and 2% oral tobacco/nicotine pouches. There are 75% respondents mentioning that none of the options apply in their attempt or when have quitted smoking (European Commission, 2023b). (Figure 35)

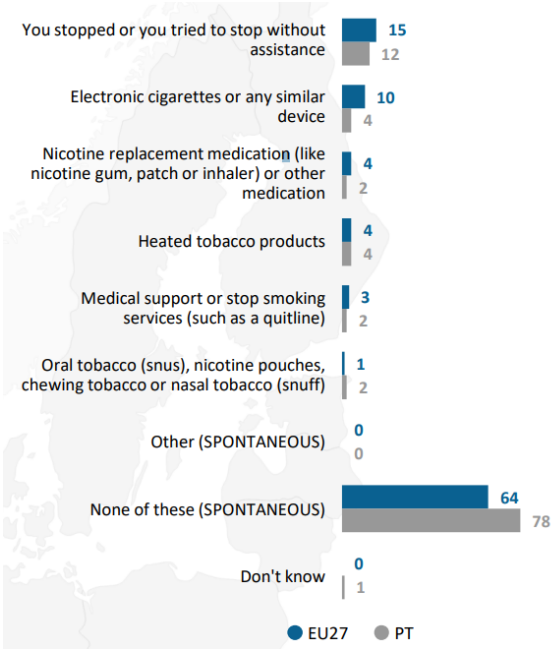


Figure 35 – Aids used to give up smoking tobacco (Portugal vs EU27) in 2023

Source: European Commission (2023)

Within Portuguese people who smoke or used to smoke tobacco, but also used or tried ECs or HTPs, for those mentioning HTPs, 68% said help them to stop smoking, more than the double of the European responders and for ECs users, only 15% stopped smoking tobacco, whereas 76% said it didn't help reducing tobacco consumption. (Figure 36)

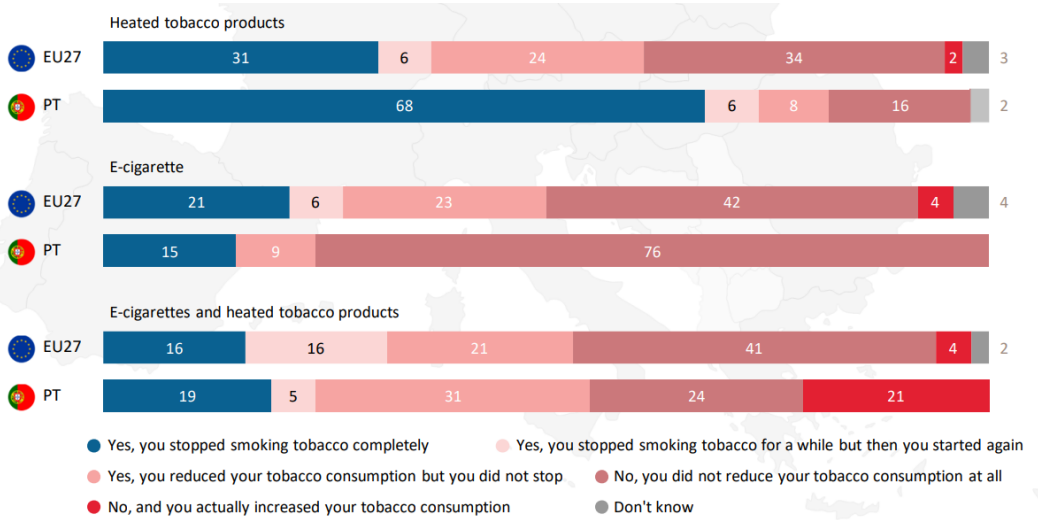


Figure 36 – Efficacy of ECs or HTPs use to help stop or reduce tobacco consumption

Source: European Commission (2023)

Indeed, one of the first reasons for them to start using these products is to help them reduce or stop tobacco consumption, as stated in the Figure 37:

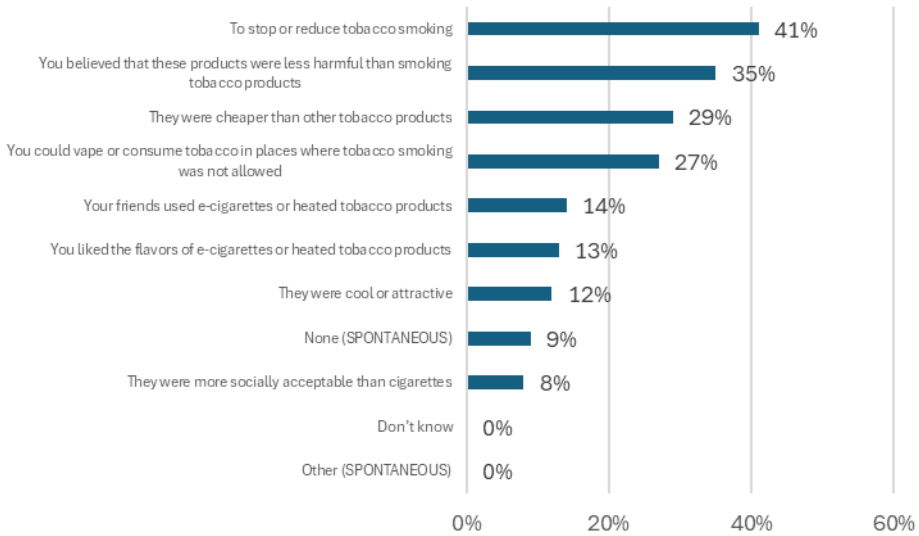


Figure 37 – Decision factors to start using ECs and HTPs

Source: European Commission (2023)

It is not a surprise that Portuguese are starting to use these products as smoking cessation aids, as there is still a significant slice of people that does not perceive them as harmful (13% as not harmful, 11% are unsure) (Nunes & Gato, 2021).

Balsa et al. (2023) National Survey on Psychoactive Substance Use in the General Population, for SICAD – the Addictive Behaviours and Dependencies Intervention Service, revealed that most smokers in Portugal (96.2%) have low motivation to quit, with high motivation being extremely rare (0.4%). Moderate motivation is seen in just 3.4% of smokers. Men and women display similar levels of motivation across all categories.

Among those who successfully quit smoking (approximately 20% of the population), the leading reasons for quitting included increased awareness of health risks (36%), concerns about health consequences (18%), and financial pressures or medical advice (both 9%) (Balsa et al., 2023; European Commission, 2023b)

Regarding socio-demographic factors, Marktest (2023) TGI study with a sample of 5000 Portuguese participants, reveals that 77% of smokers who have quitted belong to C1 and C2 social grades, 62% are actively working vs 38% that are non-active and 66% are childfree vs 34% that have kids in their households. Highest percentage of quitters are aged between 45-64 (43%) (Figure 38) and the split between genders is not relevant, but within those who quit smoking by willpower are more relevant in women.

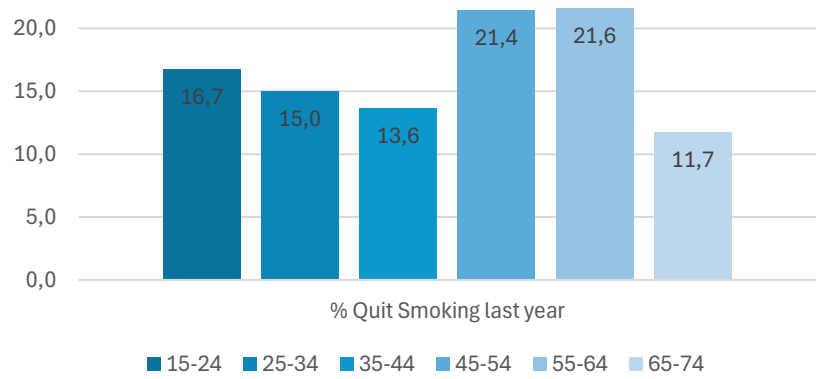


Figure 38 – Prevalence of Quitters by age in Portugal (2023)

Source: Marktest (2023)

The same study groups quitters based on main quitting drivers, those being:

- Fear of getting sick (health conscious) with 18%, more relevant in smokers aged 25-44.
- Want to better oneself but lack willpower (improve lifestyle desire) with 41%, more relevant in smokers aged 25-44.
- Want to show an effort (value other's perceptions) with 27%, more relevant in smokers aged 18-54.
- Want to enter a new healthier chapter (improve lifestyle desire) with 23%, more relevant in smokers aged 18-24 and 45-64. (Figure 39)

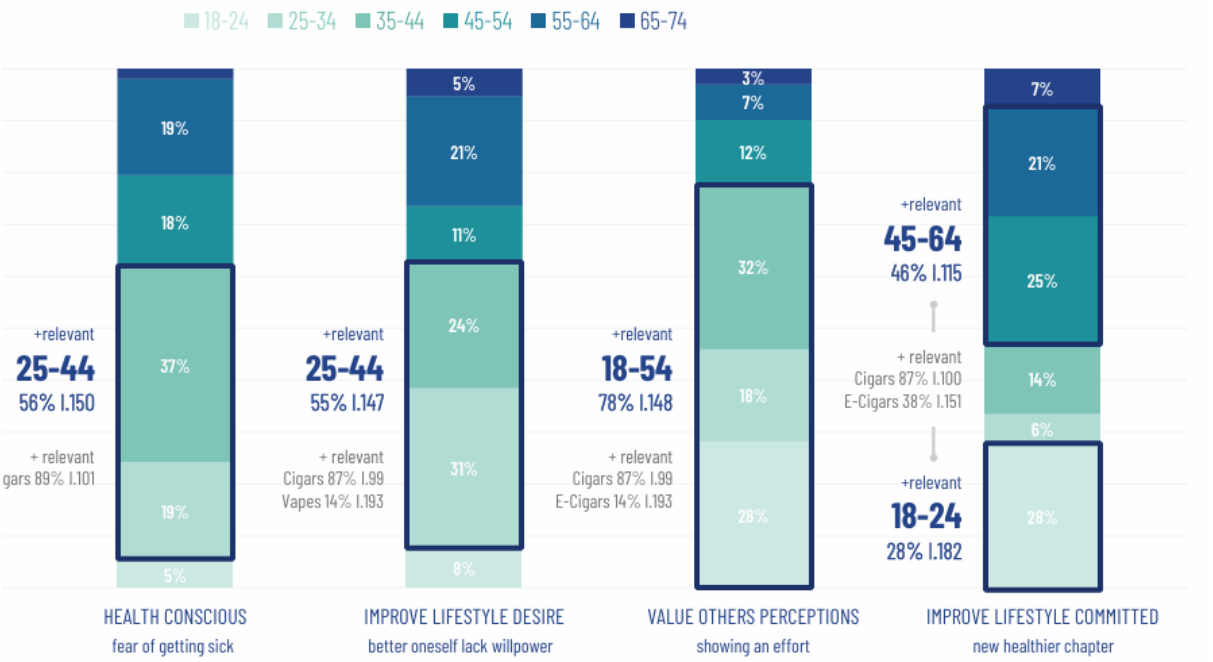


Figure 39 – Main quitting drivers split by age group in Portugal (2023)

Source: Marktest (2023)

4.2.8.2. Consumer Segmentation based on the intention of quitting or reducing

An Opinium (2022) study, conducted in the UK, aimed to segment, and characterize smokers, not only were able to divide people into two groups: whether they intend to reduce or fully quit, but once it also integrated external or internal drives and attitudes towards control and enthusiasm for cessation, resulted in a deeper segmentation.

As one of its first conclusion is that the percentage of smokers wiling to reduce (83%) is considerably higher than those who intend to quit (17%).

The following table presents the main characteristics of each segment (Table 10).

SEGMENTS	CHARACTERIZATION
1. HYPO QUITTERS	Medium-term smoker, particularly vapes. At the point where reduction is on their mind (due to worries fear of long-term illnesses) but no urgency around quitting.
2. COMMITTED QUITTERS	Long-term, older smoker. Strongly committed to idea of quitting to start a new chapter in their lives and need practical support and guidance.
3. COMMITTED REDUCERS	Medium-term smoker, committed to reducing driven by self-improvement but lacking willpower. Need easy NRT options that reduce immediate barriers.
4. EXTERNAL ENGAGERS	Shorter-term smoker, reduction is driven by external judgement, but they are not personally committed – want to demonstrate to others that they are making an effort.
5. HAPPY PUFFERS	Long term, social/habitual smoker. Cutting down is not an immediate priority. Enjoy smoking and need to be persuaded that cessation is the right thing to do.

Table 10 – Segmentation of tobacco/nicotine consumers (includes Regular boxed cigarettes, Hand-rolled cigarettes, Cigars, Pipe Chew tobacco / nicotine pouches / snuff, Nicotine vapes/ E-cigarettes) based on the intention to quit or reduce, integrating external and internal drivers and attitudes towards control

Source: Adapted from Opinium (2022)

Whitin the sample allocated to a segment, Committed Reducers and External Engagers are the largest segments among United Kingdom (UK) quitters/reducers, accounting for 37% and 29%, respectively, followed by Happy Puffers (18%), Hypo-Quitters (10%) and Committer Quitters (6%). Each segment presents different motivations and barriers to cessation, as stated in Table 11 and specifically in what regards NRT products use (Figure 40).

	HYPO QUITTERS	COMMITTED QUITTERS	COMMITTED REDUCERS	EXTERNAL ENGAGERS	HAPPY PUFFERS
What's driving them to quit?	• Fear of serious health issues • Cost of smoking	• Positive: high confidence/will power • 'Now or never' mentality • External health: energy, hygiene, looking better	• Driven by self improvement – positive attitude to quitting • They don't want to be held hostage • Worried about long term health impacts	• Driven by external judgement • Life events – inc. pregnancy or CV19 • Limited health concerns (but fertility important)	• Relatively longer-term smoker not ready to quit • See it as something they may do down the line • Smoking has a strong social element
Existing barriers	• No urgency/immediate pressure to reduce • Nervous/lack confidence	• Falling back into old habit • Reliance on NRTs/just hiding the problem	• Low willpower/ confidence is central barrier • Concerned about NRT dependency/ reliance	• Limited personal investment in reduction • Low awareness of NRT options	• Ultimately enjoy smoking and lack drive to stop • Smoking linked to socialising and drinking

Table 11 - Summary with motivations and barriers to quit by segment

Source: Opinium (2022)

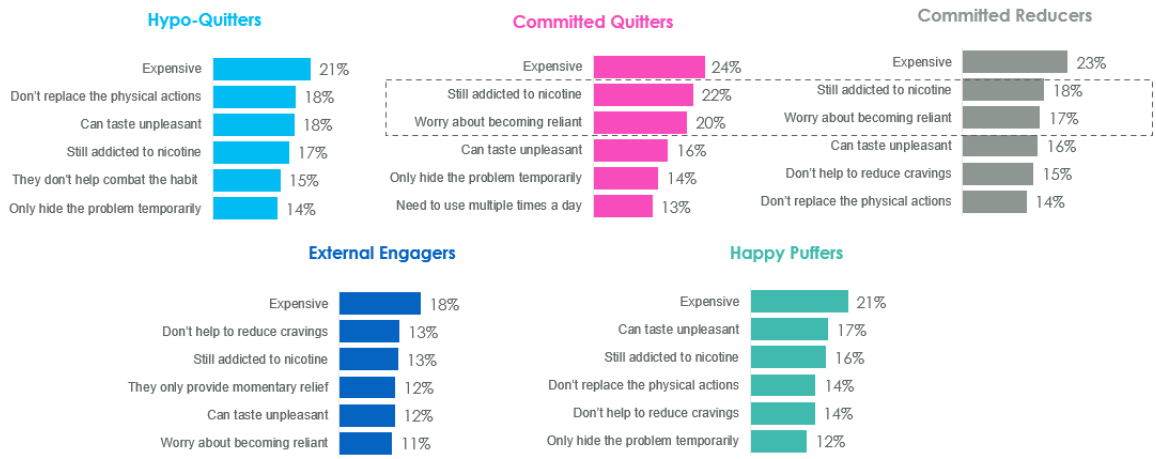


Figure 40 - Barriers to using NRT products

Source: Opinium (2022)

Regarding previous attempts to reduce tobacco consumption, while having the strongest resolve to quit, Committed Quitters are the least likely to have previously cut down. Previous failures to reduce or quit have been down to a lack of willpower to break habits or cope with side effects.

When attempting to quit, most quitters/reducers only turn to NRT on their second attempt, starting by cutting all tobacco/nicotine product and independently of the segment, the key challenge is to persuade people to try a solution, rather than go "cold turkey" (cutting all tobacco/nicotine products). (Table 12).

	Hypo Quitters	Committed Quitters	Committed Reducers	External Engagers	Happy Puffers
Stages for Quitting	**Initially attempt:** • Cold turkey (47%) • NRT (25%) **NRT generally used by 2nd attempt (30%)**	**Initial attempt** • Cold turkey (54%) • NRT (20%) **NRT used by 2nd (28%) or 3rd attempt (25%)**	**Initial attempt** • Cold turkey (48%) • NRT (27%) **NRT generally used by 2nd attempt (34%)**	**Initial attempt** • Cold turkey (35%) • NRT (23%) **NRT used by 2nd (32%) or 3rd attempt (33%)**	**Initial attempt** • Cold turkey (44%) • NRT (23%) **NRT used by 2nd (33%) or 3rd (36%) attempt**
NRT first usage *among those using more than one*	*Low base*	*Low base*	• Patches (54%) • Vapes (44%) • Gum (28%)	• Patches (49%) • Gum (51%) • Vapes (40%)	• Patches (48%) • Gum (38%) • Vapes (45%)

Table 12 – Summary of category entry and touchpoints

Source: Opinium (2022)

When quitting/reducing smoking, the segments most strongly committed to cessation tend to also place most value on HCP advice and official/online information.

4.2.8.3. NRT Shopper Journey

To explore more insights on NRT shopper Journey, UK will be consider benchmark of this analysis as it was the country that have shown in the Eurobarometer 506 of 2020 (the most recent edition did not include UK data), to present highest percentage of smokers who have at some point attempted to quit smoking with 83% and one of the countries with highest percentage of NRT or other medication use as quitting aid (20%, +7pp) . To do it, it is going to be analysed, a Qualitative and Quantitative study conducted by Magenta (2022) in the UK with 1300 NRT buyers, aimed to evaluate how a NRT shopper navigates within its journey, understanding the path to purchase.

The NRT category has low levels of appeal and engagement. Many consumers do not know where to start and lack sufficient support to guide them through their attempt and help them reach their end goal. Additionally, many feel embarrassed to be seen buying or using the products. NRT is mostly relevant to those who are committed to quitting and is not that relevant to reducers.

The NRT path to purchase is highly variable and not linear, often starts with a trial or recommendation from friends and family but can also start with spontaneous purchase or exploration. It can be divided in some stages: Trigger, Exploration, Purchase, Usage and Post purchase. It is not a surprise to find out that, first timers need the most support, being more engaged in exploration stage and recognize that do not know how to best use products or how long to use them for (1 in 3 first timers) (Magenta, 2022).

Stage 1 – Triggers to Reduce or Quit

It is already known that health and cost concerns (4 in 10 highlight cost as a reason for their most recent attempt to quit or reduce) are universal influencers, but like in dieting and fitness, smokers often use pivotal moments to motivate them to make a change. It is at this point that willpower is at its strongest and serious consideration of NRT products is evident.

In the case of Quitters, they are significantly more influenced by advice, particularly from their GP or other Healthcare professional. The Figure 41 highlights main reason/triggers that prompted the most recent attempt.

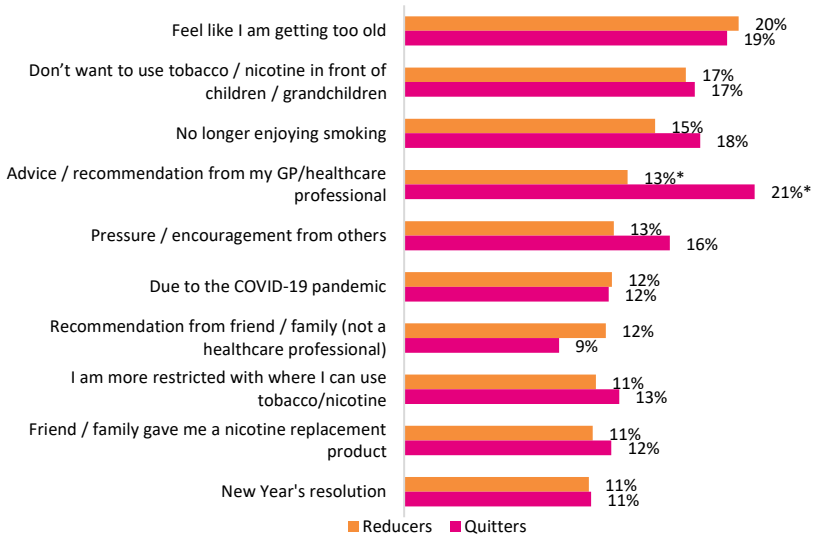


Figure 41 – Top 10 Triggers to quit or reduce (excluding cost and health concern/scare)

Source: Magenta (2022)

Tackling in addiction is daunting and consequently, before the journey even starts, 93% of users identify at least one concern, with Reducers being more concerned about the process and quitters most concerned about withdrawal symptoms. Another point to consider is that 4 in 10 users have no idea which products to buy or are not confident that NRT will work (specially in quitters).

Stage 2 – Exploration

With an idea of what they might buy based on a recommendation, consumers conduct limited research to reassure their purchase (87%), but do not dedicate much time to it. Often it is conducted at the point of purchase (37%) and online (60%).

During the exploration stage, 87% of users identify at least one pain point, being the main ones: struggle to compare formats/brands/strengths and/or do not understand the differences in formats, strengths, or brands. (Figure 42)

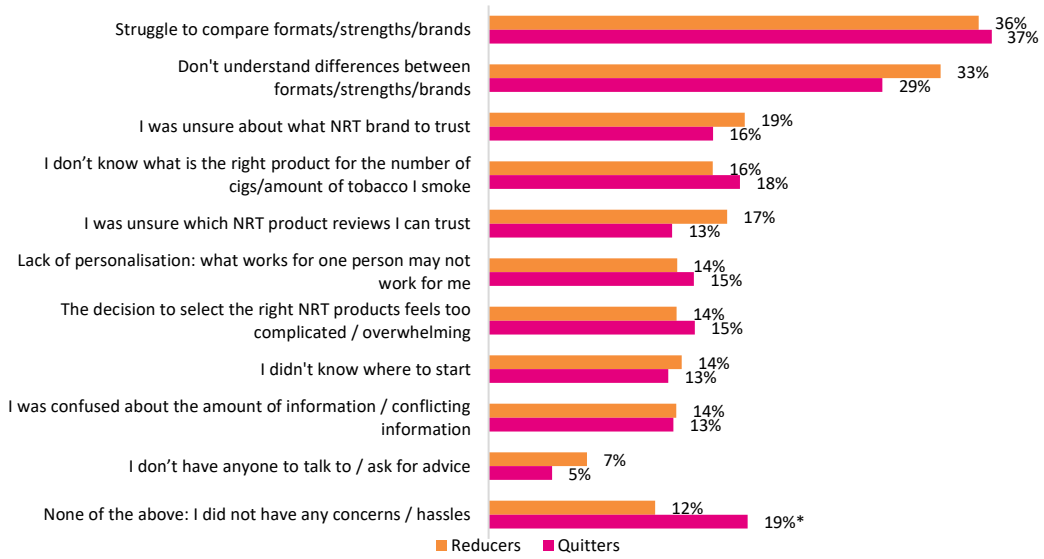


Figure 42 – Pain points exploring NRT

Source: Magenta (2022)

Stage 3 – Purchase

In general, consumers enter the category (meaning start purchasing NRT products) with concerns around the process and are not given reassurance at the point of sale. This leaves them in a position where they may make uninformed purchase decisions resulting in a lack of commitment to their attempt. Most people (85%) plan to purchase NRT.

The wide variety of formats available causes confusion, and most consumers do not feel confident deciding which brand and product to purchase. Unless someone shares a recommendation, most are left confused when comparing products and brands. Nicotine information is no longer available on cigarette boxes, and smokers are unaware how much they typically consume. As a result, they are unable to navigate the category to buy the product that is right for them. Users are aware how difficult it is to give up and are highly fearful of getting it wrong and consuming more nicotine than they are currently (23%), which can lead them to walk away.

The major barriers to purchase are cost and lack of confidence in product choices. Whilst smoking is expensive, users remain price sensitive towards NRT and largely motivated by convenience. If choosing an oral product, shoppers are keen to be able to test and taste products, as texture and flavour are key factors. However, large pack size and cost prohibit this from being easily achievable.

In terms of brand selection, consumers do not know why they should pick one brand over another, as they do not expect there to be any major differences between brands. They often opt for a brand that a friend or family member has recommended. Beyond that, they struggle to even name other NRT brands due to similar names: Nicorette, Niquitin®, Nicotinell.

Stage 4 – Usage

Many do not use products for long enough to encourage a change in habits. They start using NRT without a clear plan on how to achieve their goal, meaning many are ultimately unsuccessful.

Reducers are more likely to worry about consuming increased amounts of nicotine, knowing how long to use a product or how usage can be combined with other products. This is supported by stories from reducers claiming to have limited structure or support during their attempts, making it harder for them to maintain their attempt. Whereas quitters are more likely tempted to revert to smoking cigarettes, ECs or HTPs. Unless a significant health event has stopped them smoking for life, the temptation to restart remains powerful (Figure 43).

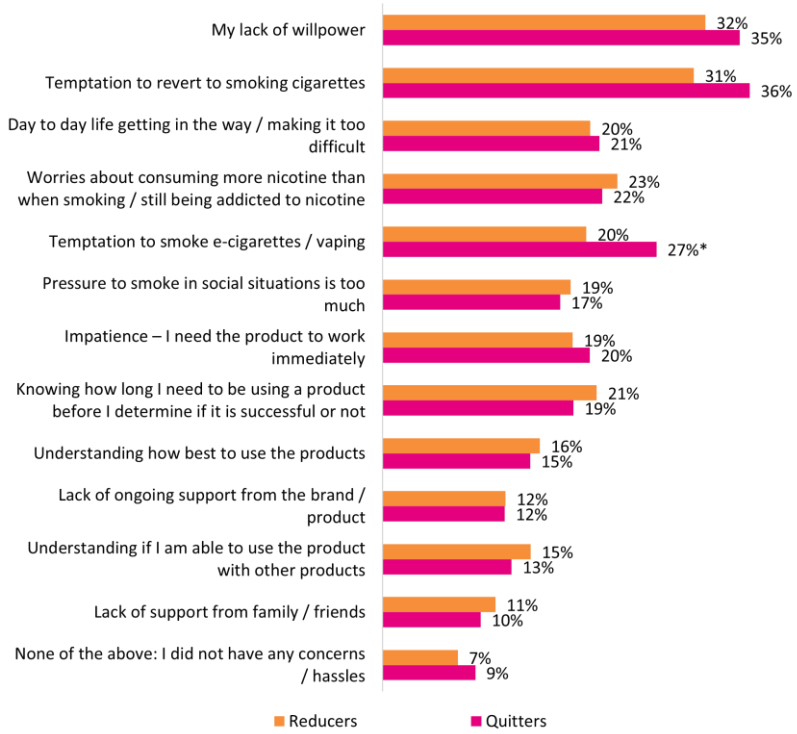


Figure 43 – % Size of Pain points during NRT Usage

Source: (Magenta, (2022)

Stage 5 – Post Usage

With multiple barriers throughout, many do not find a solution following purchase. This can lead them to attempt using different products or reverting to their previous habits, most of them continue the circular journey. Almost 1 in 5 stopped using NRT products entirely and 1 in 3 revert to smoking tobacco or vape. The majority continue to use NRT, and over time many switch to save money and find the right format for them, as only 30% continue to use the exact same products (Figure 44).

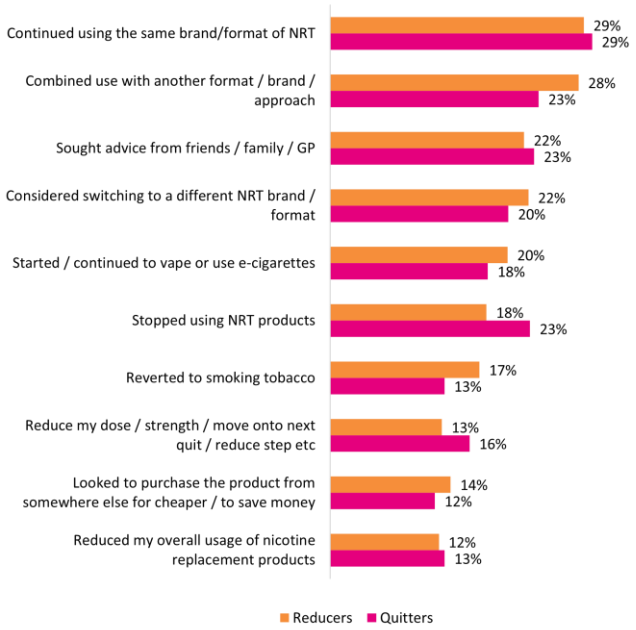


Figure 44 – Top 10 post purchase actions

Source: (Magenta, (2022)

5. Internal Situational Analysis

5.1. Characterization of the company

Perrigo PLC is a leading self-care company with over a century of experience and innovation in the health and wellness industry. As one of the pioneers of the OTC self-care market, Perrigo has established a strong legacy and vast scale in producing high-quality products that consumers can access without a prescription.

The company is focused on delivering consumer-preferred brands, driving category growth, maintaining world-class quality and sustainability in its supply chain, and evolving its operations into a unified model. Perrigo offers a diverse range of branded, value, and store-brand products across various categories, ensuring accessibility for consumers at different price points. Its operations span North America and Europe, divided in two reporting and operating segments: Consumer Self-Care Americas and Consumer Self-Care International (CSCI). In North America (United states and Canada), Perrigo is the leading provider of private-label self-care products in categoripes such as upper respiratory, nutrition, and women's health (Table 13).

The CSCI segment of Perrigo includes consumer self-care products sold outside the U.S. and Canada, focusing on branded products in Europe and Australia, as well as store brand products in the UK, parts of Europe, and Asia. These products are developed, manufactured,

marketed, and distributed by Perrigo, utilizing its extensive regulatory, sales, and distribution infrastructure to grow market share, innovate new products, expand product lines, and distribute third-party brands. The CSCI segment's products are sold through a well-established pharmacy sales force to a broad network of pharmacies, wholesalers, retailers, e-commerce platforms, and para-pharmacies in over 29 countries, mainly in Europe. The segment employs broadcast, digital advertising, and point-of-sale promotions to strengthen brand recognition and equity. In Europe, its portfolio includes well-known brands like Compeed, EllaOne, Solpadeine, and ACO (PERRIGO COMPANY PLC, 2024).

Product Category	Description
Upper Respiratory	Products that relieve upper respiratory symptoms, including cough suppressants, expectorants, sinus and allergy relief
Digestive Health	Products such as antacids, anti-diarrheal, and anti-heartburn that relieve symptoms associated with digestive issues.
Pain and Sleep-Aids	Products comprised of pain relievers, fever reducers and sleep-aids.
Oral Care	Products used for oral care, including toothbrushes, toothbrush replacement heads, floss, flossers, whitening products and toothbrush covers.
Healthy Lifestyle	Products that help consumers live a healthy lifestyle such as smoking cessation, and well-being products.
Skin Care	Products for the face and body such as dermatological care, scar management, lice treatment, and other products for various skin conditions.
Women's Health	Women's health products, including feminine hygiene and contraceptives.
Vitamins, Mineral and Supplements (VMS)	Vitamins, minerals, and supplements.

Table 13 – Product categories of Perrigo's Portfolio in Europe

Source: Adapted from (PERRIGO COMPANY PLC, (2024)

Present in Portugal since 2014, following acquisition of Omega Pharma N.V., Perrigo is a leading player in the pharmaceutical market, currently ranking in the top five companies in the self-care sector. In the Portuguese market, its extensive portfolio includes medicines, medical devices, food supplements and cosmetics across several categories (HMR, 2024c; Perrigo Company plc, 2020).

5.1.1. Mission, vision, purpose and values

Mission – Making Lives Better

Vision – One Perrigo Vision: To Provide the Best Self-Care for Everyone

Purpose – One Perrigo Purpose: Make Lives Better Through Trusted Health and Wellness Solutions, Accessible to All

Values – Perrigo's Core values guide interactions with stakeholders and help ensure the company maintains a positive reputation, being:

- Respect: "We are inclusive and thrive on diverse ideas"
- Integrity: "We do what's right for all of our stakeholders"
- Responsibility: "We hold ourselves accountable for our actions and our promises
- Curiosity: "We strive to always learn and innovate"

5.2. Characterization of the brand

Niquitin® is a brand included in Perrigo's Healthy Lifestyle Portfolio, as Nicotine Replacement Therapy, with a diverse range of products including patches, lozenges, and gums in different strengths, which aim to help consumers quit their smoking addiction.

Brand Purpose

To champion everyone on their journey to quit nicotine, one day at a time.

Brand Positioning

- To all quitters & reducers on their way to overcome nicotine dependency. Niquitin® is the brand that understands you and supports you every step of the way, to manage your nicotine cravings and prevent withdrawal symptoms.
- It offers fast acting relief products in distinctive and convenient format and long-lasting craving relief patch format through unique 24h of controlled technology.
- For more than 30 years the brand has developed pioneer and unbeatable medicinal solutions starting with the first ever patch format & helped millions of people to live nicotine-free life.

- Product attributes: Unique 24h controlled patch technology and convenient portable lozenges solutions with several nicotine dosage alternatives.

- Product benefits: Provides a gradual nicotine reduction option with oral formats for cravings, also providing solutions to fully quit smoking with nicotine patches and combined therapy.
- Consumer benefits: Niquitin® effectively helps you to gradually reduce your nicotine consumption down to quitting.
- Emotional benefit: Confident and proud about taking back your life control, even if it's just one cigarette at a time.

Brand Context, Portfolio and Channel Strategy

Niquitin® is a global brand, distributed around several countries such as Belgium, France, Spain, Italy, Poland, Portugal, United Kingdom and Netherlands. In general, it is divided between 100% Pharmacy Only countries with limitations on promo, pricing and placement and Self-selection markets (UK and Netherlands) with very few limitations on distribution, visibility, and promotion execution. Figure 45 presents the product range.



Figure 45 – Niquitin® Range

Niquitin® offers a chance for the body to adapt to the physical effects of quitting smoking by providing a controlled dose of nicotine, via patches for 24 hours control and Minis and Gums for sudden craving relief (Table 14).

Currently the brand portfolio in Portugal allows two types of NRT:

- Monotherapy: using a single nicotine release format during the smoking cessation process. Studies indicate that using nicotine replacement products doubles the chances of successfully quitting smoking compared to relying solely on willpower.
- Combined therapy: This approach combines a topical form (such as a transdermal patch) with an oral format (e.g., lozenges or chewing gum) for greater effectiveness in quitting smoking. Studies show that this method is twice as effective as monotherapy.

Topical Formats		
	Main benefits/claims	Strengths available
Patches	• Unique Smart Control™ Technology – rapid initial release followed by controlled and continuous delivery. • Can be worn for 24 hours to help protect against morning cravings. • Quick and easy to use (discreet and flexible). • 3 step approach to quitting – 21mg, 14mg, 7mg – to help the body adjust to nicotine withdrawal.	21mg, 14mg, 7mg (14 units)
Oral Formats		
	Main benefits/claims	Strengths available
Minis (Lozenges)	• Convenient and discreet - ideal for on the go craving relief. • Fully dissolves in approximately 10 minutes. • Can help relieve cravings within 3 minutes. • Unique container shaped like a lighter.	4mg e 2mg (20 and 60 units)
Gums	• Flexibility to use throughout the day. • Effectively relieves the urge to smoke with a refreshing and long-lasting fresh mint flavour. • Blister packs like conventional chewing gum, discreet and easy to carry in a pocket or purse. • Advise patients to chew the gum slowly until the taste becomes strong – then stop and rest.	4mg e 2mg (30 and 100 units)

Table 14 – Niquitin® Portfolio Overview

The brand is marketed in Portugal for many years and reached OTC market leadership during some time. Nowadays is placed as number two in the category, after the establishment of Dextazin in the end of 2021. In the last couple of years, the brand is losing market share, despite same consumption increase (Figure 46).

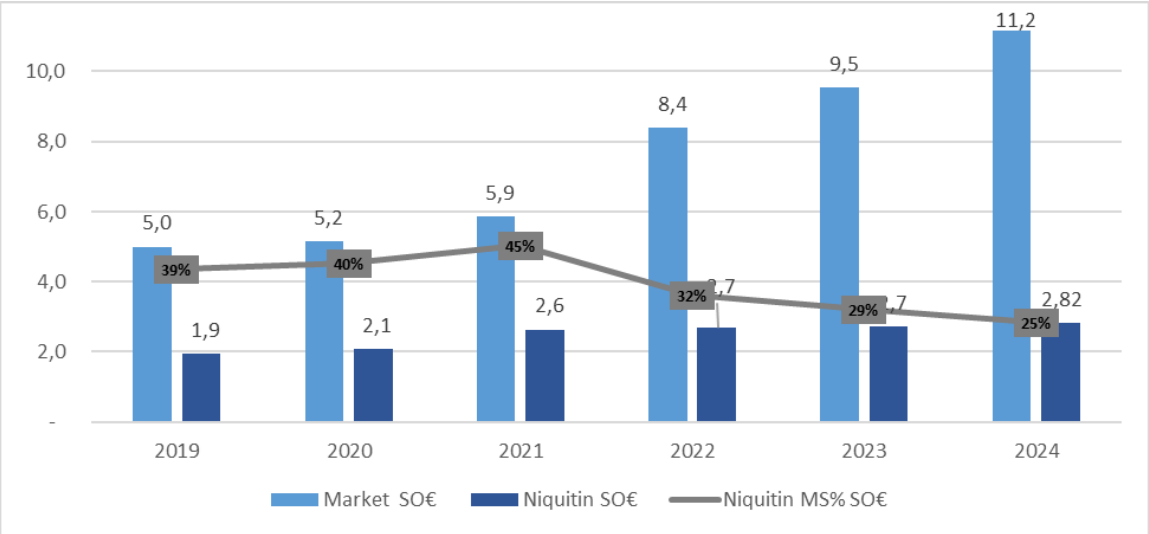


Figure 46 – Niquitin® Sell-out and share evolution vs the market (data in Million Euros)

Source: HMR (2024)

In 2024, the brand continues to grow consumption, both in volume (2%) and value (3%), but as it is still behind market trend, is losing market share (-3,4pp) reaching 25% (Full year (FY) 2024).

The brand is available, as OTC medicine in both pharmacy and parapharmacy channel, with a split in SO value of 65/35%, respectively (Figure 47).

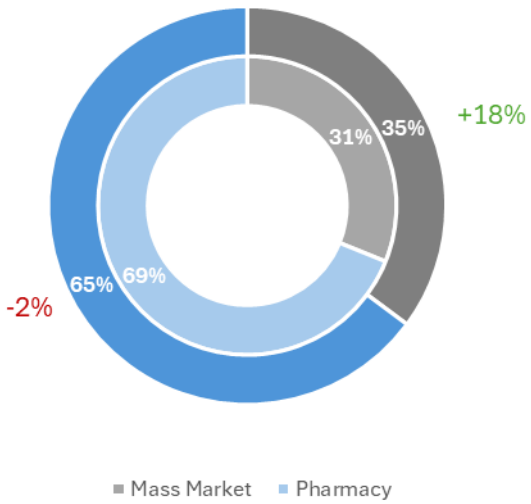


Figure 47 – Niquitin® Sell-out split by channel (MAT September 2024)

Source: HMR (2024)

Once Dextazin is sold exclusively in pharmacies, Niquitin® is the category leader in the Parapharmacy channel. The brand performance in this channel is contributing to the overall brand growth, ending 2024 with an increase in consumption of 14% (SO€), but losing 0.5 points of share. Whereas in the pharmacy channel, the brand ends the year losing 5% (SO€) in sell-out and 2.7 points in share.

Overall, in the pharmacy channel the brand has the second-best distribution of all brands, but it is not only decreasing it, but faces an additional challenge as each one of its products is listed in a different number of pharmacies, which can difficult the pharmacist's recommendation. The best distributed product is Niquitin® patch 21 mg 14 units. In the Figure 48 are included top best distributed products of the brand, all the remaining have a stock distribution lower than 10%. (Figure 48)

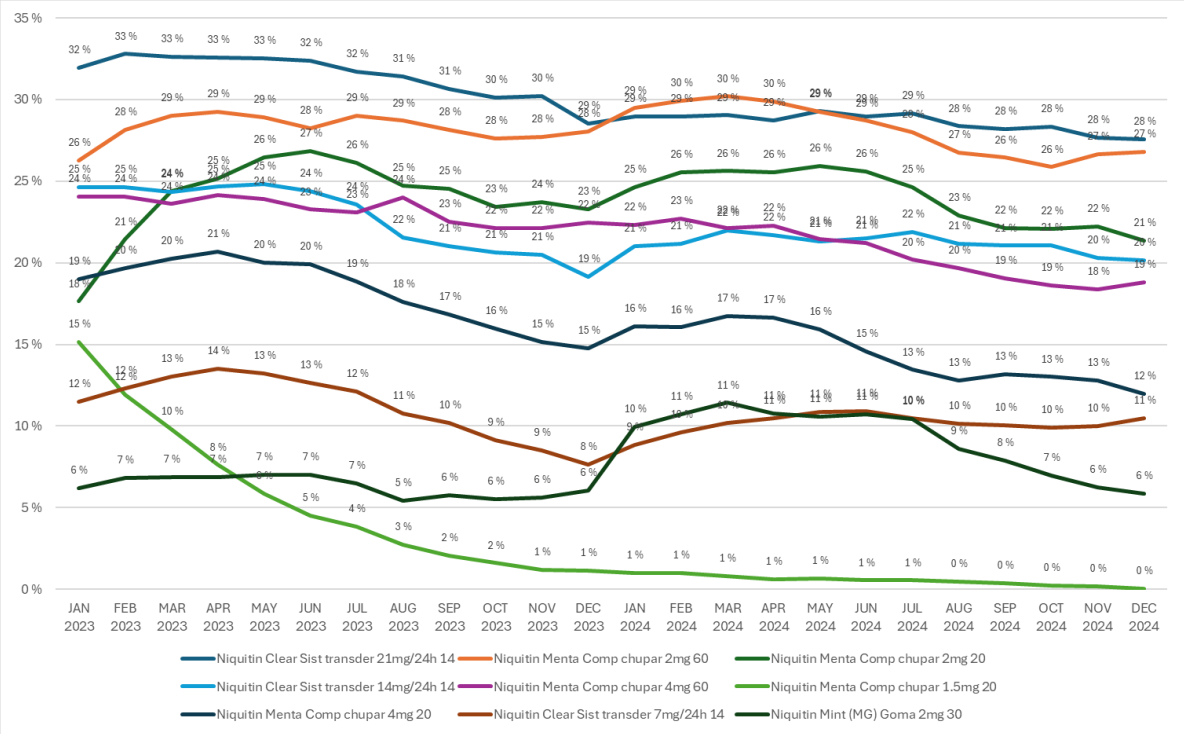


Figure 48 – Niquitin® Top Distributed Products – Stock Distribution Evolution (2023 and 2024)

Source: HMR (2024)

Minis (chewing Tablets/Lozenges) is the biggest segment of the brand with more than 60% of total brand sell-out, followed by patches with 35%. Niquitin® is the brand leader in both of these segments. Nevertheless, the segment with higher growth rate is gums, growing 51% and recent bet of the brand, as focus segment (Figure 49).

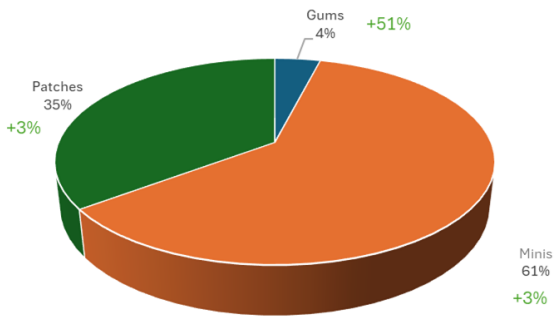


Figure 49 – Niquitin® Sell-out split by segment (MAT September 2024)

Source: HMR (2024)

Regarding price, as seen in external analysis, Niquitin® has a premium price positioning versus main competitor in NRT – Nicorette. A single treatment cost is difficult to assess, since it highly depends on product choice and dosage, but considering minimum treatment with patches for 8 weeks (6+2 weeks) it can cost 115.15€ and with minis, with a minimum 5-6 tabs a day during 6 weeks costing 136.92€.

Brand Activation

Niquitin® aims to be the preferred partner for the Portuguese pharmacies in smoke cessation, and for that provides support for the pharmacist teams to have the tools for a detailed client's monitorization throughout their journey. This includes pharmacist trainings with consumer and category information and how to recommend Niquitin® based on the smoker's profile, consumer detailing information to boost treatment compliance and materials to help communicate this kind of pharmacy initiatives.

In fact, Niquitin® helped category development in the OTC segment, driving not only pharmacist knowledge, but also category construction via visibility and communication instore. The brand currently invests in POS activation with primary visibility and materials and secondary placement when in season, for example with counter displays.

As mentioned in the Competitors Analysis chapter, Niquitin® usually invests in TV during season peaks and communications in digital channels, mainly social media and in META (google search). However, the brand is not on air, since 2023.

To build brand reputation within the medical community, Niquitin® is present in some events or congresses for general practitioners and does sporadically medical detailing in smoke cessation medical teams.

5.3. Main Internal causes driving market share loss

To assess why the brand is losing market share in the last couple of years, detailed interviews were conducted internally with the marketing managers of the brand in Portugal.

The market share loss of Niquitin® is not only due to the novelty momentum of the smoking cessation market, detailed in the external analysis, but also driven by some internal factors, such as:

- Some SKUs were affected by Out of stock, impacting distribution, stock level and shelf space loss and enabling competitors' uplift;
- Reduced Advertising and Promotion (A&P) budget to protect and drive bottom line, reducing Share of Voice (SOV);
- No meaningful innovation or renovation;

- Lack of claim reinvention and communication evolution, since claims are still heavily focused on quitters, brand is using same testimonials creatives for many years now and the available reducers creative had a different look & feel and no budget to support. This factor in combination with the previous one, makes the brand core formats point of differentiation under attack;
- Changes in the medical department priorities unable capacity to have medical detailing in GPs and even in smoking cessation consultations it is still far from previous coverage and visit frequency levels:
- Continuous price increases across the brand are enlarging the price gap between Niquitin® and Nicorette, making the brand not price competitive.
- Recent bet in gums format, despite its increase was not enough to compensate the other formats performance.

6. SWOT Analysis

To effectively address the challenges and opportunities facing Niquitin® in the Portuguese market, a comprehensive SWOT analysis was conducted. This strategic framework evaluates the brand's internal strengths and weaknesses while identifying external opportunities and threats. By examining these four dimensions, the analysis provides a holistic understanding of the brand's current market position and the factors influencing its performance.

To help prioritizing key takeouts from this analysis, each topic will be rated on a scale of 1-5 in its Potential Impact, meaning the degree to which the factor may influence business outcomes and performance and its Ability to Influence equating to the degree to which the factor can be affected by actions the company could take as a business.

Strenghts

- Market leader within NRT medicines and number one brand in patches and minis segment.
  (Potential Impact: 5; Ability to influence: 3)
- Established market presence, as a recognized brand with distribution in both channels (pharmacy and parapharmacy).
  (Potential Impact: 5; Ability to influence: 5)
- Global brand, with presence in several countries.
  (Potential Impact: 4; Ability to influence: 4)
- Integrated in a Self-care company & committed to support consumers through their journey.
  (Potential Impact: 5; Ability to influence: 5)
- Presents a complete portfolio of NRT formats: patches, minis and gums.
  (Potential Impact: 5; Ability to influence: 3)
- Recent shift to a broader target audience to include quitters and not only reducers.
  (Potential Impact: 5; Ability to influence: 5)

Weaknesses

- Low claims competitiveness and point of difference vs our competitors.
  (Potential Impact: 5; Ability to influence: 3)
- Limited innovation pipeline.
  (Potential Impact: 4; Ability to influence: 3)
- Internal draining factors (Out of Stock and A&P disinvestment).
  (Potential Impact: 5; Ability to influence: 4)
- Brand distribution and stock decrease and share of shelf loss.
  (Potential Impact: 5; Ability to influence: 5)
- Lack of trade initiatives competitiveness (like discounts, investments) vs competitor

(Potential Impact: 5; Ability to influence: 5)

- Not being price competitive, specially versus reimbursed options (recent changes in the regulatory landscape within smoking cessation category).
  (Potential Impact: 5; Ability to influence: 3)
- Unable to have medical detailing to GPs and smoking cessation consultation, as in the past.
  (Potential Impact: 4; Ability to influence: 2)

Opportunities

- Market driven by innovation, with new formats, flavours, strengths and OTC switches (same already arrived in Portugal, others only in some European countries)
  (Potential Impact: 5; Ability to influence: 3)
- Consumer segmented in quitters and reducers, may improve smoking cessation outcomes, since research indicates there are more people willing to reduce.
  (Potential Impact: 5; Ability to influence: 4)
- Digital acceleration, with rising acceptance of apps, text-based interventions in aiding cessation efforts.
  (Potential Impact: 4; Ability to influence: 4)
- Direct-to-consumer advertising of NRT is permitted in Portugal (with some regulatory constraints, as other OTCs)
  (Potential Impact: 5; Ability to influence: 3)
- People who attempt to quit smoking combining the help of HCPs and NRTs use have a higher success rate.
  (Potential Impact: 5; Ability to influence: 4)
- NRTs purchase is mainly planned.
  (Potential Impact: 5; Ability to influence: 4)
- Heated tobacco products containing flavourings in their components is now prohibited in Portugal.
  (Potential Impact: 4; Ability to influence: 2)

Threats

- Less cigarette smokers (and below European average).
  (Potential Impact: 5; Ability to influence: 2)
- Portugal is behind Europe in excise rates in what regards tobacco products.
  (Potential Impact: 4; Ability to influence: 1)
- The biggest percentage of Portuguese smokers have never tried to quit (66%).
  (Potential Impact: 5; Ability to influence: 4)
- Most smokers in Portugal have low motivation to quit.
  (Potential Impact: 5; Ability to influence: 4)

- The use of cessation aids in Portugal is not as widespread as in some other EU countries, especially the use of NRTs.
  (Potential Impact: 5; Ability to influence: 4)
- Portugal's absence of recent mass media campaigns contrasts with EU countries
  (Potential Impact: 5; Ability to influence: 4)
- NRT category has low levels of appeal and engagement. Consumers do not know where to start and are unable to navigate the category to buy the product that is right for them.
  (Potential Impact: 5; Ability to influence: 5)
- Currently NRT is mostly relevant to those who are committed to quitting and is not that relevant to reducers.
  (Potential Impact: 5; Ability to influence: 5)
- Traditional NRT consumers are aging.
  (Potential Impact: 4; Ability to influence: 4)
- Increasing competition (big tobacco companies with novel nicotine products, NRT, RXs)
  (Potential Impact: 5; Ability to influence: 2)
- Within ECs and HTPs users, a significant slice of people does not perceive them as harmful.
  (Potential Impact: 5; Ability to influence:2)
- Despite prescription market sales increasing, it is mainly driven by reimbursed players.
  (Potential Impact: 4; Ability to influence: 3)

7. Overview of main challenges of Niquitin®

Building on the findings from the external and internal situational analyses, as well as the SWOT analysis, this chapter focuses on diagnosing and addressing the key challenges currently faced by Niquitin® brand in the Portuguese market, detailed in table 15.

Challenge	Underlying Causes
Shifting consumer preferences	- Less smokers, but increased use of novel nicotine and tobacco products.
	- Acceptability to digital tools for smoking cessation is increasing.
Difficult navigation within NRT category	- Consumers do not know how to start and feel lost when choosing a product.
Evolving competitive landscape	- New smoking cessation medicines available in the market.
	- ECs and HTPs are used also as smoking cessation aids, as they are at same extent perceived as less harmful.
Low levels of smokers willing to quit	- Portugal has a low % of smokers who have tried quitting
	- Absence of recent mass media campaigns from health authorities.
Gaps in in-store execution and pharmacy engagement	- Distribution and stock levels loss.
	- Inconsistent product placement (different distribution levels within the range) and visibility across pharmacies.
	- Limited engagement and training of pharmacy staff to recommend the brand effectively.
Decreasing focus on HCPs Recommendation	- Not able to sustain medical detailing priority with the brand in medical specialties, as done in the past.
	- Currently relying almost exclusively in pharmacist recommendation, but with the same approach as other players.
Limited visibility and engagement of communication campaigns	- Recent quitters/reducers campaign not able to reach sufficient SOV, due to A&P divesture.
	- Campaigns lack clear differentiation from competitors.
Pricing sensitivity in the category	- Consumer are price sensitive regarding NRTs and Niquitin® has a premium price positioning
	- New reimbursement policies, enables two new players to be reimbursed by the state.
No product innovation	- No recent launches to bring novelty to the brand
	- As it is an OTC brand, bringing new products to the market, takes a long period of time.

Table 15 – Overview of current challenges faced by Niquitin

8. Recovery Plan

8.1. Objectives

The proposed plan is focused on short term actions to help the brand back to gaining share, as corporate's category team is planning on a medium/long plan that will shape Niquitin®'s future as a next generation brand, with superior in-pack claims, new products and unified strategies between countries. The main objectives of this plan are, as following:

- Main Objective 1 (MO1): Sales Uplift (Sell-in and sell-out)
- Main Objective 2 (MO2): Improve the brand accessibility
- Main Objective 3 (MO3): Position pharmacies as the preferred destination for consumers seeking smoking cessation support
- Main Objective 4 (MO4): Revitalize the product portfolio with innovation
- Main Objective 5 (MO5): Expand brand's consumer reach and awareness
- Main Objective 6 (MO6): Address barriers to cessation
- Main Objective 7 (MO7): Improve consumer engagement with Niqutin®

Not included in the proposed plan is medical detailing strategy, as due to current organization of client-faced team, there is no possibility to stretch current medical specialties to include new ones relevant to Niquitin® target. It was also excluded, price changes to the portfolio, considering recent reimbursement of products and that Niquitin® have already a high price point. In what regards product innovation, it will only be included in the plan, forecasted product launches for 2025, as medium-term innovation is still unclear and will not impact the brand on short term.

8.2. Overview of challenges, underlying causes, objectives and proposed actions

The following table links the challenges that the brand is facing and underlying causes, to each main objective of the plan the plan aims to achieve, by the implementation of the following proposed actions. The table 16, outlines this correlation.

Challenge	Underlying Causes	Main Objectives	Proposed Actions
Shifting consumer preferences	(C1) Less smokers, but increased use of novel nicotine and tobacco products.	MO1 : Sales Uplift (Sell-in and sell-out) MO4: Revitalize the product portfolio with innovation MO5: Expand brand's consumer reach and awareness	(A6) Accelerate Minis segment via flavour extension (A7) Implement a new communication campaign "Niquitin®, don't quit trying" (A10) Stoptober Awareness Campaign: "See your future without Nicotine"
	(C2) Acceptability to digital tools is increasing.	MO1 : Sales Uplift (Sell-in and sell-out) MO7: Improve consumer engagement with Niqutin®	(A8) Niquitin® Navigator App Development (A9) Strengthen the Digital Niquitin® Platform with SEA and SEO
Difficult navigation within NRT category	(C3) Consumers do not know how to start and feel lost when choosing a product.	MO1 : Sales Uplift (Sell-in and sell-out) MO2: Improve the brand accessibility MO7: Improve consumer engagement with Niqutin®	(A5) Implement a unified In-store Strategy (A8) Niquitin® Navigator App Development (A9) Strengthen the Digital Niquitin® Platform with SEA and SEO
Evolving competitive landscape	(C4) New smoking cessation medicines available in the market.	Not applicable	Not applicable
	(C5) ECs and HTPs are used also as smoking cessation aids, as they are at same extent perceived as less harmful.	MO1 : Sales Uplift (Sell-in and sell-out) MO5: Expand brand's consumer reach and awareness MO6: Address barriers to cessation	(A4) Partnership with a health entity for a tobacco awareness campaign (A7) Implement a new communication campaign "Niquitin®, don't quit trying" (A10) Stoptober Awareness Campaign: "See your future without Nicotine"
Low levels of smokers willing to quit	(C6) Portugal has a low % of smoker who have tried quitting	MO1 : Sales Uplift (Sell-in and sell-out) MO5: Expand brand's consumer reach and awareness MO6: Address barriers to cessation MO7: Improve consumer engagement with Niqutin®	(A4) Partnership with a health entity for a tobacco awareness campaign (A7) Implement a new communication campaign "Niquitin®, don't quit trying" (A10) Stoptober Awareness Campaign: "See your future without Nicotine"
	(C7) Absence of recent mass media campaigns from health authorities.		
Gaps in in-store execution and pharmacy engagement	(C8) Distribution and stock levels loss.	MO1 : Sales Uplift (Sell-in and sell-out) MO2: Improve the brand accessibility	(A1) Top potential pharmacies assessment
	(C9) Inconsistent product placement (different distribution levels within the range) and visibility across pharmacies.		(A5) Implement a unified In-store Strategy
	(C10) Limited engagement and training of pharmacy staff to recommend the brand effectively.	MO1 : Sales Uplift (Sell-in and sell-out) MO3 : Position pharmacies as the preferred destination for consumers seeking smoking cessation support	(A2) Organization of 2 main events with the Pharmacists (A3) Support smoking cessation services in pharmacies
Decreasing focus on HCPs Recommendation	(C11) Not able to sustain medical detailing priority with the brand in medical specialties, as done in the past.	Not applicable	Not applicable
	(C12) Currently relying almost exclusively in pharmacist recommendation, but with the same approach as other players.	MO1 : Sales Uplift (Sell-in and sell-out) MO3 : Position pharmacies as the preferred destination for consumers seeking smoking cessation support	(A2) Organization of 2 main events with the Pharmacists (A3) Support smoking cessation services in pharmacies
Limited visibility and engagement of communication campaigns	(C13) Recent quitters/reducers campaign not able to reach sufficient SOV, due to A&P divesture.	MO1 : Sales Uplift (Sell-in and sell-out) MO6: Address barriers to cessation MO7: Improve consumer engagement with Niqutin®	(A7) Implement a new ATL communication campaign "Niquitin®, don't quit trying" (A10) Stoptober Awareness Campaign: "See your future without Nicotine"
	(C14) Campaigns lack clear differentiation from competitors.		
Pricing sensitivity in the category	(C15) Consumer are price sensitive regarding NRTs and Niquitin® has a premium price positioning	Not applicable	Not applicable
	(C16) New reimbursement policies, enables two new players to be reimbursed by the state.		
No product innovation	(C17) No recent launches to bring novelty to the brand	MO1 : Sales Uplift (Sell-in and sell-out) MO4: Revitalize the product portfolio with innovation	(A6) Accelerate Minis segment via flavour extension
	(C18) As it is an OTC brand, bringing new products to the market, takes a long period of time.		

Table 16 – Overview of challenges, underlying causes, objectives and proposed actions

8.3. Action 1 (A1) – Top Potential Pharmacies Assessment

Description: Aiming to increase distribution in the pharmacy channel and considering that not all pharmacies actively work the category, an extensive analysis will be conducted to identify the highest potential point of sales where Niquitin® is not listed or have low Sell-out, due to insufficient assortment or stock levels.

Objective of this action: To optimize accessibility of the brand, thru distribution increase of Niquitin® in the pharmacy channel, addressing gaps in assortment and stock levels, and fostering strategic partnerships with pharmacies that ultimately will drive category growth, enhance sell-out performance, and increase market share.

Main objective of this plan: MO1 and MO2

Initiative Mechanics: Implement a partnership with a market research company, hMR-Health Market Research, to identify all high potential pharmacies within smoking cessation category. Together with sales department, cross-check gathered data with internal Sell-in information, and as a result fill a list with all pharmacies to recruit. Set a specific commercial package to present to these potential clients with different levels of assortment mix and respective commercial condition (due to confidential matters, no example will be given). Together with a special discount, to ensure Niquitin® is the right partner for the pharmacy to drive even further smoking cessation category, a 360º service is also offered, including pharmacist training to boost recommendation, trade visibility and point of sale initiatives throughout the year.

Preparation timing: 3 months

Estimated Budget: 8.000€

KPI's: Stock, Weighed and Sell-Out Distribution uplift; Sell-in and Sell-out increase and Market Share gain.

Problems to solve:

- (C8) Distribution and stock levels loss.
- (C9) Inconsistent product placement (different distribution levels within the range) and visibility across pharmacies.

8.4. Action 2 (A2) – Organization of 2 main events with the Pharmacists

Description: Knowing how to recommend NRTs or other smoking cessation medicines can be a challenge for the pharmacy teams and considering that smokers often feel overwhelmed with the diversity of choices and this category is placed behind the counter, pharmacist recommendation plays a key role on medication compliance and smoker's commitment to their journey.

Objective of this action: Equip pharmacists with practical skills, enhance their understanding of smoking and nicotine impacts, and empower them as the preferred public health destination to help consumers quit or reduce nicotine addiction.

Main objective of this plan: MO1 and MO3

Initiative Mechanics: Select a panel of pharmacies, not only the ones recruited with the action explained previously, but also current clients and invite them to assist a training that will be delivered during a Niquitin® event. The event will take place in or close to two main cities Lisbon and Oporto and will be not only informative but also innovative. The Lisbon location suggestion, as an example, is the News Museum in Sintra, that allows modern and original events due to advanced and interactive entertainment platforms. The creative idea would rely under the concept "Quit Together: The Pharmacist's Role in Smoking Cessation", and would include an interactive Workshop: "A smoker's body transformation", with a Virtual Reality station that allows participants to "enter the body" and witness the harmful effects of smoking; an interactive training segment, with a recorded session that mimics real-life scenarios, practicing counselling techniques and learning about NRT products and also a panel discussion: "Your Role as a Public Health Advocate".

The training will be credited by the Pharmacist Order, which is highly appreciated and attractive to the pharmacist.

The educational content created for this event will then also be capitalized for online trainings available all year in Perrigo digital training platform.

Preparation timing: 2 months

Estimated Budget: 15.000€

KPI's: Number of attendees; Sell-in and Sell-out increase and Market Share gain.

Problems to solve:

- (C10) Limited engagement and training of pharmacy staff to recommend the brand effectively.
- (C12) Currently relying almost exclusively in pharmacist recommendation, but with the same approach as other players.

8.5. Action 3 (A3) – Support Smoking Cessation service in the Pharmacies

Description: Once, there are not enough public smoke cessation consultations, pharmacies must be equipped to provide accessible and professional hubs for smoking cessation support. This initiative aims to support the improvement of smoking cessation services in Portuguese pharmacies by empowering pharmacists with the skills and tools needed to conduct effective consultations. As a partner in this effort, the focus will be on enhancing the pharmacist's ability to provide unbiased, evidence-based guidance to consumers seeking support in their smoking cessation journey.

Objective of this action: To enhance smoking cessation services in Portuguese pharmacies, positioning them as place of choice for people willing to quit smoking.

Main objective of this plan: MO1 and MO3

Initiative Mechanics: Set an online pharmacist training program in Perrigo digital training platform, to provide education on the basics of smoking cessation, including understanding nicotine dependency, motivational interviewing techniques, and counselling strategies. Develop not only, consumer-facing materials explaining the health benefits of quitting smoking, tips for managing cravings, and general information on available smoking cessation methods, but also pharmacist guides to the smoke cessation consult, like questionnaires and share Niquitin®' Decision Tree to help the pharmacist navigate the brand.

It is important to mention that as part of the pharmaceutical Industry, Niquitin® cannot endorse a health professional to recommend its products, but it is possible to give tools that the pharmacist can chose to use. All materials and overall dynamic must be reviewed and approved by the regulatory department.

This initiative will be aligned with others included in the plan, to drive traffic to the pharmacies that offer this type of services (including awareness campaigns).

Preparation timing: 3 months (develop the training and produce the materials)

Estimated Budget: 10.000€

KPI's: Number of pharmacists trained; Sales uplift to the pharmacies trained.

Problems to solve:

- (C10) Limited engagement and training of pharmacy staff to recommend the brand effectively.
- (C12) Currently relying almost exclusively in pharmacist recommendation, but with the same approach as other players.

8.6. Action 4 (A4) - Partnership with Health Entity for Tobacco Awareness Campaign

Description: Smoking Health awareness campaigns are not happening in Portugal for some time now, trying to motivate smokers to quit or reduce. Develop a collaborative, non-promotional awareness campaign with the Portuguese Pulmonology Society (SPP) to educate the public on the health risks of tobacco and the benefits of quitting/reducing. The campaign will use mass media to emphasize that quitting cigarettes or other tobacco products is a difficult journey, but through explaining the importance of quitting smoking and promoting that there are smoking aids available for individuals seeking help, without referencing specific products or brands (something like "Once you are ready to start talk to your doctor or pharmacist").

Objective of this action: To raise public awareness about the harmful impacts of tobacco on health and incentive smoking cessation through a collaborative and educative mass media campaign with SPP, positioning Niquitin® or Perrigo as socially responsible key partner in smoking cessation efforts while contributing to a healthier society.

Main objective of this plan: M01, MO5 M06

Initiative Mechanics: In close collaboration with SPP, content and of the campaign will be aligned with scientific evidence and public health priorities. After that, there are going to be developed mass media materials, like television and radio ads with engaging and educational content and social media content, with visual storytelling, testimonials, and interactive posts.

The decision to include Perrigo or Niquitin®, as collaboration partner needs to be clarified what is possible due to legislation in place, together with regulatory department.

Make sure that partner pharmacies are aware of the campaign and its goals and distribute campaign materials.

Ensure all content is neutral and non-promotional, focusing solely on education and public health awareness, in alignment with advertising regulations.

This campaign will be aligned with the celebration of the World No Tobacco Day on May 31st.

Preparation timing: 6 months

Estimated Budget: 50.000€ Including content and materials creation, but media buying is mainly under responsibility of SPP, ideally it will also associate with a Portuguese media group like Impresa Group to beneficiate with free advertising spaces.

KPI's: campaign reach, engagement on social media platforms

Problems to solve:

- (C6) Portugal has a low % of smoker who have tried quitting
- (C7) Absence of recent mass media campaigns from health authorities.

8.7. Action 5 (A5) – Implement a unified In-store Strategy

Description: Develop and deploy a national in-store execution strategy aimed at standardizing communication and enhancing visibility for Niquitin®. This initiative will focus on creating consistent and impactful POS materials and communication tools, tailored to the consumer journey, and aligned with key activation moments like Stoptober and World No Tobacco Day.

Objective of this action: To enhance category visibility in-store by implementing best-in-class visibility materials, synchronized with the new ATL communication platform, to drive shopper engagement and sales.

Main objective of this plan: MO1 and MO2

Initiative Mechanics: Following the most recent and unified set of corporate's guidelines for in-store communication to ensure consistency with other markets, develop shelf navigation trays, counter displays, and pharmacy posters to increase visibility and shopper engagement. Provide educational materials, such as consumer specific leaflets, highlighting next steps in the consumer journey, including information on nicotine dependency, cessation tips, and guidance to seek professional advice.

Preparation timing: 4 months

Estimated Budget: 20.000€ (adaptation and production, implementation is made via internal sell-out team)

KPI's: Sales uplift and market share increase in visited pharmacies.

Problems to solve:

- (C3) Consumers do not know how to start and feel lost when choosing a product.
- (C9) Inconsistent product placement (different distribution levels within the range) and visibility across pharmacies.

8.8. Action 6 (A6) – Accelerate Minis Segment via flavour extension

Description: The launch of Niquitin® Mini Citrus introduces a differentiated product into the NRT category, designed to appeal to consumers seeking fruity flavours (preferred choice in what regards novel nicotine products use) and convenient on-the-go formats. This flavour extension will enhance the brand's visibility and preference while addressing market trends. Minis are an exclusive format of Niquitin® range that have a clear positioning – On-the-go cravings relief.

Objective of this action: To revitalize brand portfolio and expand the NRT category by introducing a new Mini Citrus flavour that addresses consumer demand for variety, strengthens the Minis range, and drives incremental growth. It brings novelty to brand, while other innovations are being planned and requested approval to health authorities. Additionally, it increases brand attractiveness to HTP and vapers users, due to flavour choice.

Main objective of this plan: MO1 and MO4

Initiative Mechanics: Prepare the launch, based on the following information:

Pack Size: 60 units

Dosages: 2mg and 4mg

Claims: aligned with current mini range, differentiation through citrus flavour (fruit flavour is top choice when it comes to E-cigarettes in European users)

Commercial conditions: Include in current range commercial assortment.

Internal presentation: To be launched during April commercial meeting to the sales force team.

Promotion: Include in brand instore activation, highlighting the new flavour as well as in ATL campaigns

Preparation timing: 9 months (from signalling Portugal as country to roll-out the product, until stock on ground, as dossier is already approved)

Estimated Budget: 5.000€

KPI's: Incremental sales, Sell-out uplift and market share gain

Problems to solve:

- (C1) Less smokers, but increased use of novel nicotine and tobacco products.
- (C17) No recent launches to bring novelty to the brand
- (C18) As it is an OTC brand, bringing new products to the market, takes a long period of time.

8.9. Action 7 (A7) – Implement a new communication campaign "Niquitin®, don't quit trying"

Description: The campaign, entitled **"Niquitin®, don't quit trying",** developed by corporate smoking cessation team aims to connect with a wider audience by addressing the needs of both individuals looking to quit nicotine entirely and those seeking to gradually reduce their dependency. This shift to communication that Niquitin® help you to quite nicotine addiction vs only quit smoking, helps strengthen Niquitin® portfolio to wider nicotine users.

The campaign's inclusive messaging will highlight the flexibility and support offered by the Niquitin® to empower consumers in their journey, championing everyone in their way to quit, the recently aligned brand position for Niquitin ® as global brand. As well, as distances itself from other smoking cessation medicines communication that only mention the end goal.

Objective of this action: To continuously expand the NRT category by launching a broader, inclusive communication campaign that supports both nicotine reducers and quitters, empowering them to choose their own pace on the journey to a nicotine-free life and enables communication to all nicotine users and not only tobacco smokers, making a difference versus other smoke cessation brands.

Main objective of this plan: MO1, MO5, M06, MO7

Initiative Mechanics: Start by adapting corporate's new Key Visual, after alignment and message approval with local regulatory team and then, adapt other material such as TVC, shorter videos and social media content.

Together with media agency, work on a media plan to disseminate this new message, ensuring proper reach and frequency and that the right channels are chosen based on our target audience – all adults nicotine users.

This campaign will be launched during one of the critical times for the category – New Year's resolutions.

Preparation timing: 4 months (adaptation of corporate communication toolkit)

Estimated Budget: 15.000€ for content adaptation, 120.000€ for media buying (TV, OLV and social media).

KPI's: Campaign reach (TV, social media), Social media engagement metrics (shares, comments, and clicks), Visits to digital navigation app, as well as SO uplift and market share gain.

Problems to solve:

- (C1) Less smokers, but increased use of novel nicotine and tobacco products.
- (C6) Portugal has a low % of smoker who have tried quitting.
- (C13) Recent quitters/reducers campaign not able to reach sufficient SOV, due to A&P divesture.
- (C14) Campaigns lack clear differentiation from competitors.

8.10. Action 8 (A8) – Niquitin® Navigator App Development

Description: To enhance consumer engagement and support smoking cessation efforts, a mobile app will be developed to guide users through the Niquitin® product range. By completing a personalized questionnaire about their smoking habits, users will receive tailored recommendations on which Niquitin® product(s) to start with, as well as usage guidance and progress tracking tools.

Objective of this action: To empower consumers in their smoking cessation journey by providing personalized product recommendations and guidance through an innovative app, enhancing user engagement, driving product awareness, and increasing sales of the Niquitin® range.

Main objective of this plan: MO1, MO6 and MO7

Initiative Mechanics: Collaborate with a mobile app development agency to design a user-friendly, intuitive app, that include the following features:

- Personalized Questionnaire: Assess smoking habits (e.g., cigarettes per day, nicotine dependency, smoking associations, and craving triggers, quit goals, and past cessation attempts).
- Product Recommendation Engine: Suggest the most suitable Niquitin® product or combination based on questionnaire results.
- Educational Content: Provide information on the benefits of smoking cessation, how NRT works, and tips to quit.
- Progress Tracker: Allow users to log their journey and celebrate milestones.
- Pharmacy Locator: Help users find the nearest point of sale that sell Niquitin® products.

Promotion: The app will be communicated to potential consumers as frequent as possible, included in the multi-channel campaign developed for the brand via social media, in-store material, awareness campaigns, as well as to pharmacists during trainings and trade visits.

Preparation timing: 6 months

Estimated Budget: 20.000€

KPI's: App downloads and active user, feedback and satisfaction scores from users and incremental sales and market share growth attributable to app use (this one is more difficult to assess but can be estimated when no other initiatives are taking place).

Problems to solve:

- (C2) Acceptability of digital tools is increasing.
- (C3) Consumers do not know how to start and feel lost when choosing a product.

8.11. Action 9 (A9) – Strengthen the Digital Niquitin® Platform with SEA and SEO

Description: NRT purchase is planned, and consumers search online before buying a product, so it is essential to enhance the visibility of the new Niquitin® website that offers a modern platform to support consumers in their smoking cessation journey. To maximize its impact, a digital strategy will be implemented, combining Search Engine Advertising (SEA) and Search Engine Optimization (SEO) to ensure that consumers can easily discover the platform, access resources, and engage with Niquitin's offerings, making the brand website the number one place for nicotine users.

Objective of this action: To enhance the visibility and reach of the newly launched Niquitin website by leveraging a comprehensive digital strategy, including Search Engine Advertising

(SEA) and Search Engine Optimization (SEO), to drive consumer engagement and support smoking cessation efforts.

Main objective of this plan: MO1, MO6 and MO7

Initiative Mechanics:

SEA: Launch a paid search campaign targeting high-intent keywords like “how to quit smoking,” “nicotine replacement therapy,” and “stop smoking support.”

Focus on ad groups tailored to consumer needs, including quitters and reducers.

Implement dynamic ads linking to relevant pages on the website, such as the consumer guide, product information, and pharmacist resources.

SEO: Optimize website content with high-ranking keywords, meta tags, and descriptions to improve organic search rankings.

Create educational blog posts and FAQs about smoking cessation, highlighting the benefits of nicotine replacement therapy and general tips for quitting.

Leverage internal linking to guide users through the website, increasing engagement with key pages.

Preparation timing: 6 months

Estimated Budget: 50.000€

KPI’s: Increase in website traffic from both organic and paid search, improved ranking for targeted keywords (top 3 positions), conversion rates from website visits to app downloads; reduction in bounce rates; sales uplift

Problems to solve:

(C2) Acceptability to digital tools is increasing.

(C3) Consumers do not know how to start and feel lost when choosing a product.

8.12. Action 10 (A10) – Stoptober Awareness Campaign: “See your future without Nicotine”

Description: Leverage the Stoptober movement to launch an awareness campaign featuring an engaging street activation, attractive to a wider audience (young adults and adults). Participants will be invited to share details about their nicotine dependency (e.g., cigarettes smoked per day, smoking duration). Using these inputs, an interactive experience will demonstrate the current and projected health impacts on their body over 2, 5, and 10 years,

with or without tobacco use. The activation will also introduce the navigation app as a resource for individuals to explore tailored solutions and encourage them to seek professional guidance from pharmacists. This Stoptober campaign creates a powerful, memorable experience by combining education and technology to inspire participants.

Objective of this action: To raise public awareness about the health impacts of tobacco and novel nicotine products through an interactive and educative Stoptober campaign, encouraging individuals to seek professional advice and be in touch with Niquitin® products offer to help take the first step toward a healthier, smoke-free future.

Main objective of this plan: MO1, MO5, MO6 and MO7

Initiative Mechanics: Host a large-scale, interactive activation in a high-traffic area, for example Saldanha, Marquês de Pombal or other, and with the help of trained staff, participants input their smoking habits (e.g., number of cigarettes per day, years of smoking, use of novel nicotine products). With that information, an interactive visual display shows their current health status and projections of their health over 2, 5, and 10 years if they continue smoking versus if they quit.

Provide additional resources, namely Niquitin® Navigation App and Website, and inform participants about the importance of seeking professional advice from pharmacists for tailored cessation plans, to encourage them to start their journey,

Guarantee digital and social media amplification, with the creation of #Seeyourfuturewithoutnicotine hashtag and invite participants to share their experiences and reflections from the activation.

Implementation timing: 3 months

Estimated Budget: 20.000€

KPI's: Number of participants at the activation site; App downloads during and after the activation; Social media engagement using the campaign hashtag, incremental sales and market share growth (this one is more difficult to assess, since other initiatives will be taking place at the same time).

Problems to solve:

(C1) Less smokers, but increased use of novel nicotine and tobacco products.

(C5) ECs and HTPs are used also as smoking cessation aids, as they are at same extent perceived as less harmful.

(C6) Portugal has a low % of smoker who have tried quitting.

(C14) Campaigns lack clear differentiation from competitors.

8.13. Implementation

8.13.1. Schedule

The following table, indicates action timings, including preparation, kick-off moments and monitorization and results evaluation. This sequence ensures a structured approach, addressing foundational needs first, followed by targeted activations and product launches, maximizing impact and efficiency. (Table 17)

Preparation activities started in 2024, to ensure that we could use all civil year of 2025 to implement the desired plan.

Actions	2024				2025											
	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
Action 1	Preparation				Kick-Off	Ongoing Activity					Evaluate Results					
Action 2			Preparation		Kick-off							Implementation		2nd Wave		
Action 3		Preparation			Kick-off	Ongoing Activity										
Action 4			Preparation						Kick-off	Evaluate results						
Action 5		Preparation			Kick-off	Ongoing Activity										
Action 6					Preparation									Product Launch	Monitorization	
Action 7	Preparation				Kick-off	Monitorization								Second Wave		
Action 8			Preparation						Kick-off	Ongoing Activity						
Action 9			SEA Structure Definition		Kick-off	Ongoing Activity										
			SEO Implementation					Ongoing Activity								
Action 10											Preparation			Kick-off	Evaluate results	

Table 17 – Plan Calendarization of Activities (2024/2025)

8.13.2. Budget

The following table, presents estimated budget per action, being the total budget of this recovery plan with 1 year as scope of 333.000€. (Table 18)

Actions	Estimated Budget
Action 1 - Top Potential Pharmacies Assessment	8 000 €
Action 2 – Organization of 2 main events with the Pharmacists	15 000 €
Action 3 - Support smoking cessation service in the Pharmacies	10 000 €
Action 4 – Partnership with Health Entity for Tobacco Awareness Campaign	50 000 €
Action 5 - In-store Execution Strategy	20 000 €
Action 6 – Accelerate Minis Segment via flavour extension	5 000 €
Action 7 – Implement a new communication campaign “Niquitin®, don’t quit trying”	135 000 €
Action 8 – Niquitin® Navigator App Development	20 000 €
Action 9 – Strengthen the Digital Niquitin® Platform with SEA and SEO	50 000 €
Action 10 - Stoptober Awareness Campaign: "See Your Future Without Nicotine"	20 000 €
Total	**333 000 €**

Table 18 – Plan Estimated Budget per Action

8.14. Estimated Results

Based on the proposed actions, a net sales uplift of €529,700 and a sell-out increase of €593,800 are anticipated. While it is common to observe a larger gap between sell-in and sell-out values, the launch of Mini Citrus in October will result in a higher impact on internal sales. This is due to the need to secure distribution and build trade stock ahead of the launch, which will only contribute to sell-out in the subsequent months.

Additionally, it is worth highlighting that the brand currently works with a low A&P investment as a percentage of sales. With the planned increase in A&P expenditure, this will rise to represent 15% of net sales.

9. Conclusions

Tobacco and nicotine consumption remains a significant public health challenge worldwide, with nicotine addiction posing a major barrier to smoking cessation. In Portugal, while smoking prevalence has declined over the years, it remains a concern among certain demographic groups. Various smoking cessation methods are available, including NRTs, which has been proven effective in reducing nicotine dependence. However, the use of NRT in Portugal remains relatively low compared to other European countries. Recent shifts in the smoking cessation market, including regulatory changes, the withdrawal of a key competitor, and the introduction of new active substances, have created both challenges and opportunities for market players.

Amid these changes, the NRT brand in scope of this study, has experienced a decline in market share, raising concerns about its competitiveness and long-term sustainability in the Portuguese market. Several factors have contributed to this decline, including shifting consumer behaviours, an evolving competitive landscape, and gaps in marketing and distribution strategies. Addressing these issues is critical to ensuring the brand remains relevant and accessible to smokers seeking to quit or reduce nicotine consumption.

This study aimed to develop a comprehensive sales recovery plan for the NRT brand in Portugal by identifying key market trends, understanding consumer behaviours and motivations, evaluating the competitive landscape, and proposing strategic recommendations to enhance market positioning and performance.

To achieve these objectives, the research employed a mixed-methods approach, integrating both qualitative and quantitative data analysis. The study included an external situational analysis—comprising a PESTE analysis, competitive assessment, and consumer insights—along with an internal analysis of the company and brand positioning. A SWOT analysis was conducted to identify key strengths, weaknesses, opportunities, and threats. Based on these findings, a strategic action plan was formulated, incorporating targeted initiatives to enhance brand performance on the short term.

The main results of the study highlighted critical market dynamics affecting the brand's performance, such as increasing consumer interest in using novel tobacco products as smoking cessation methods, pricing sensitivity within the OTC category, due to reimbursement of certain medicines, and the growing role of pharmacies in smoking cessation support. The proposed recovery plan consists of ten strategic actions, including strengthening pharmacy partnerships, improving in-store execution, launching a new communication campaign and partner with a health organization for an additional health awareness campaign, expanding product offerings, and leveraging digital marketing strategies such as SEO and SEA

optimization. A dedicated budget was allocated for each initiative, ensuring feasibility and effectiveness. KPIs were established to measure success, including sales growth, market share evolution and consumer engagement metrics.

Despite the comprehensive approach taken in this study, certain limitations should be acknowledged. The research relied on secondary market data and industry reports, which may have inherent biases or gaps in coverage. Additionally, while consumer insights were incorporated, direct primary data collection through surveys or interviews could have provided deeper behavioural insights. Furthermore, the rapidly evolving regulatory landscape presents an external challenge that may require continuous adaptation of the proposed strategies.

Future research could explore additional factors influencing smoking cessation behaviours in Portugal, such as the role of digital health tools and mobile applications in supporting quit attempts. Additionally, further studies could explore consumer perceptions of alternative nicotine reduction methods, including heated tobacco products and vaping, and what should drive innovation in NRT or other medications for smoking cessation. A more detailed analysis of pharmacy-level interventions and their effectiveness in driving NRT adoption could also provide valuable insights for future strategic planning. However, it is important to mention that these studies should be conducted by external parties, to avoid any biased information shared, due to commercial relations in place.

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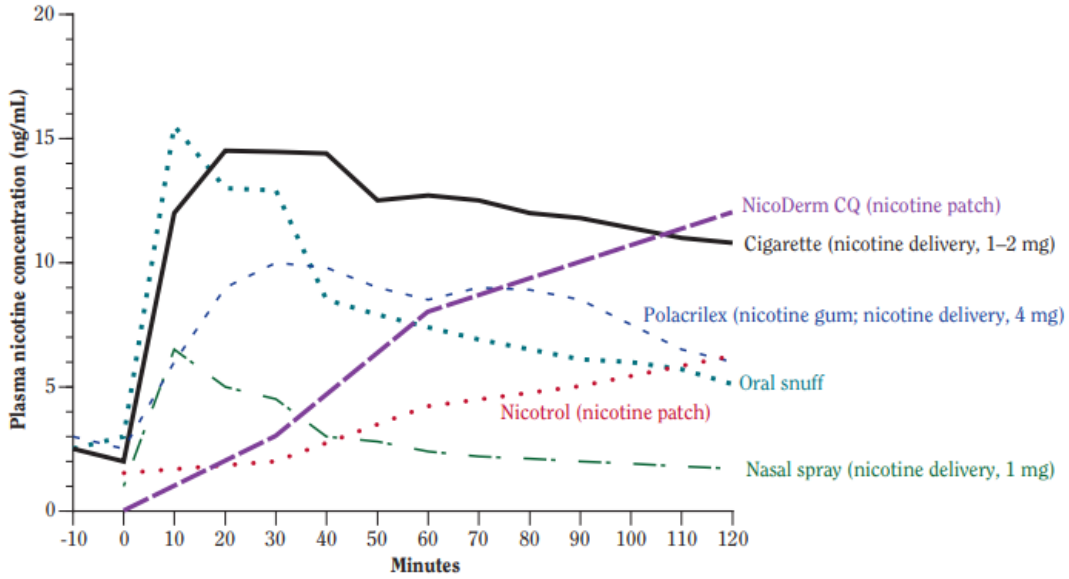
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Appendices

Appendix A – Venous blood concentrations of nicotine over time for various nicotine delivery systems.



Source: (National Center for Chronic Disease Prevention and Health Promotion (US) Office on Smoking and Health., (2014)

Appendix B – Taxes on tobacco products in Portugal (2025)

Product Designation	Taxable Unit	Taxes	
		Specific Element	Ad Valorem Element (percentage of RSP):
Cigarettes	Per 1,000 cigarettes without RSP	€ 151,8800	1,0%
Cigarillos	Without/RSP		25,0%
Cigars			25,0%
Waterpipe (Hookah) Tobacco			75,0%
Liquid Containing Nicotine for E-Cigarettes	Per milliliter	€ 0,3510	
Liquid Without Nicotine for E-Cigarettes		€ 0,1750	
Fine-Cut Tobacco for Roll-Your-Own Cigarettes	Per gram without RSP	€ 0,0910	15,0%
Tobacco Leaves for Sale to the Public		€ 0,0910	15,0%
Snuff		€ 0,0910	15,0%
Chewing Tobacco		€ 0,0910	15,0%
Heated Tobacco		€ 0,0935	15,0%
Other Smoking Tobacco		€ 0,0910	15,0%

Source: Adapted from Autoridade Tributária e Aduaneira (2025)