

SUMMARY: Meeting with JUUL Labs Canada

Subject:

- JUUL's Response to Health Canada's (HC) Notice of Intent (NoI) on Potential Measures to Reduce the Impact of Vaping Products Advertising on Youth and Non-users of Tobacco Products that was published by HC on February 5, 2019;
- Cigarette Decline Rates and JUUL Product Sales;
- New technology and innovations for vaping products.

Date: 2019-03-21

Participants:

Health Canada (HC):

Dana Beaton, Acting Director, Office of Policy and Strategic Planning, Tobacco Control Directorate (TCD) (Chair)

Manager, Regulations Division, Tobacco Products Regulatory Office, TCD

Scientific Regulatory Policy Analyst, Regulations Division, Tobacco Products Regulatory Office, TCD

Manager, Business Intelligence Division, Office of Research and Surveillance, TCD

Senior Research Analyst, Office of Research and Surveillance, TCD

Senior Advisor, Director General's Office, TCD

JUUL Labs Canada (JUUL):

Michael Nederhoff, General Manager, Canada

Nick Kadysh, Director of Government Affairs

Chris Harris, Toxicologist

Roberta Kramchynsky, Strategy Corp

Introduction:

A meeting was held at the request of JUUL to discuss the following issues:

- JUUL Response to HC's NoI
- Cigarette Decline Rates and JUUL Product Sales

- New technology and innovations for Vaping products

The Chair reminded participants that this meeting is subject to disclosure as per HC's [Openness and Transparency policies](#). In the interest of transparency, the Department stated that it would be making a record of the meeting publicly available. The [handling of information and privacy notice](#) was mentioned and acknowledged.

Subjects:

JUUL Response to HC's Notice of Intent (NOI)

JUUL representatives discussed its submission in response to the NOI –JUUL summarized fundamental points in its submission, namely that in its view the NOI runs counter to the goals of the TVPA. Specifically, JUUL expressed concerns about the proposed advertising restrictions at point of sale (PoS). JUUL representatives also suggested that media companies were wary of hosting any vaping related educational material without HC approval. HC indicated that in the future it will be providing clarification of vaping advertising rules and restrictions.

JUUL representatives also detailed the company's point of view related to social media advertising for vaping products and online sales.

JUUL Market/Sales in Canada

JUUL believes it displaced 100 million cigarettes in the Canadian market. They also believe that there is a 4.4% cigarette sales decline measured at convenience stores where their products are available. JUUL is sold in all provinces in Canada. Representatives stated that although Quebec and British Columbia have stricter regulations around e-cig advertising, youth e-cig "try rates" in these provinces are the same as the rest of the country. However, representatives indicated that the sales rates for its products are lower in QC and BC due to limited PoS ads.

Flavoured JUUL pods have been removed from convenience stores in the US. However, compatible or counterfeit pods quickly filled in the void. JUUL is worried that counterfeit pod issues in US are now creeping into Canada and that 'lookalikes' are becoming easily accessible to consumers.

JUUL also launched a "secret shopper" program to curb bulk purchasing and increase age verification at PoS. JUUL indicated that it doesn't believe age verification at PoS is higher in vape shops than in gas and convenience stores, particularly in areas that are less urban. JUUL does not allow online retail sale of its products on sites with no age verification. JUUL stated it does not allow vape stores to sell JUUL products online. JUUL imposes bulk purchase restrictions and limits sales to two devices on each sale transaction on their own site. Vape shops get JUUL products from two main distributors and JUUL stated that it will soon start direct-to-retail distribution.

JUUL stated that it expects more than \$140 M in retail sales for 2019. Revenue comes from 80% gas and convenience stores, 19% Vape stores and 1% online retail. Sales target for the company is to reach 5% of the retail tobacco market (approximately \$750M annually).

New technology and innovations for vaping products

JUUL noted it is working on connected devices that adults can lock using their smartphones to limit youth access. This new product feature will be rolled out in 2 months. The software “coaches” nicotine consumption. The technology would also allow JUUL to collect user information, though JUUL stated all applications would abide by privacy laws. Consumers who choose to opt in would allow data collection. JUUL indicated it may seek a regulatory exemption for devices that have built in features/mechanisms for preventing youth use.

Conclusion:

The meeting was then concluded.

Documents: N/A