

BAT eyes vaping growth in Africa with Twisp takeover

British American Tobacco's acquisition of South African e-cigarette maker Twisp won approval from South Africa's Competition Tribunal on Tuesday. The merger got the green light after the multinational cigarette and tobacco manufacturer agreed to a series of conditions.



BAT South Africa (BATSA) and Twisp will not be allowed to "retrench any employees in contemplation of the merger or as a result of the merger for a period of two years from the date on which the transaction is implemented", said the Tribunal in a statement on Tuesday.

The conditions also stipulate that the merging parties must not enter into agreements with retailers, requiring or incentivising them to not to rent retail space to competitors, or not sell the products of competitors, stated a [Fin24 report](#).

Global drive

According to BAT, the world's second-largest tobacco company by sales, the Twisp acquisition gives fresh impetus to the company's global drive to offer "potentially reduced-risk products" to adult consumers around the world. "The Twisp acquisition is the first in the African continent and opens up the way for 70 million adult African smokers to switch to potentially reduced risk products," said BAT Southern Africa CE Soraya Benchikh.

Twisp is a multi-channel distributor of vaping products and flavours in South Africa, with a leadership position on the local vapour market. With close to 70 dedicated stores nationally in prime locations, nationwide retailer distribution and an e-commerce platform, Twisp generates more than 50,000 consumer interactions per month.

“This acquisition gives BAT a leading edge in the development of potentially reduced risk products in South Africa, with access to innovative and superior technology and intellectual property, as well as local production capabilities for e-liquids,” said Benchikh.



BAT to buy SA's biggest vaping company in a move to 'next-generation products'

Dave Chambers 22 Dec 2017



Market potential

Internal research by BAT and Kantar in 2018 showed the potential for potentially reduced-risk products in Africa and in South Africa specifically, with 78% of consumers having used Twisp's closed system for 21 days declaring an intention to purchase the vaping device. These results were far superior to any other potentially reduced-risk products tested, and are supported by the vaping incidence in South Africa being three times higher than any tobacco heating product system.

“South Africa is the most profitable market in value in the African continent, with 10.9 million smokers and a total adult population of 38 million people. The vaping market has grown exponentially in recent years, and it is estimated that 1.5 million South African adults have already interacted with potentially reduced-risk products, mainly in vaping,” said Benchikh.

“With the acquisition now approved, BATSA will be able to leverage its leadership position in the African combustible market to offer instant access to the most advanced vaping technology to African adult consumers, starting today in South Africa with Twisp's superior product range.”



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According to BAT, 9 million consumers globally have switched to its potentially reduced-risk products, and the company is experiencing "strong growth" in Europe, Asia and in the US in new categories.

In the last 24 months, BAT has radically accelerated its pace with strategic acquisitions: VIP in the UK in 2017, Highendsmoke in Germany in 2018, following the integration of Reynolds in the US in 2018, which sells leading brand Vuse in vaping and a portfolio of oral nicotine.

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