# JTI takes majority stake in UK’s Flavour Warehouse amid vaping market shifts



Japan Tobacco International (JTI), renowned for brands like Benson & Hedges, has recently acquired a controlling interest in Flavour Warehouse, the largest independent vape company in the UK. This strategic move, which grants JTI over 50% but less than 75% of Flavour Warehouse's shares, aligns with the company's aim to strengthen its foothold in the rapidly evolving vaping market. According to filings with Companies House, JTI's intent with this investment is to expand its portfolio of reduced-risk products, stepping beyond traditional heated tobacco sticks.

Flavour Warehouse, founded in 2013, boasts a sizeable operation, featuring one of Europe’s largest e-liquid production sites spanning 115,000 square feet. The company employs around 100 individuals and is known for its flagship brand, Vampire Vape, alongside a diverse range of white-label products for significant players in the industry. In recent years, Flavour Warehouse has demonstrated robust growth by expanding its European presence through acquisitions, including German-based Trulo GmbH and UK’s Vapouriz in 2021, as well as various vape juice manufacturers. With distribution hubs in England, Ireland, and Germany, the company serves over 80 countries globally, operating both an online presence through Vapestore.co.uk and multiple physical retail outlets.

The decision for JTI to delve deeper into the vaping sector is underscored by the troubling decline in traditional tobacco products. Recent reports indicate a drop of 5.9% in the overall UK cigarette category, driven by a staggering 15.2% decline in volume sales. In contrast, the vape category has been more resilient, although it faced a slight decline of 0.9% in unit sales last year. Major tobacco brands, such as Imperial’s Blu and British American Tobacco’s Vuse, dominate this sector, yet a significant proportion of the market remains occupied by Chinese brands, highlighting the intense competition within the industry.

However, this burgeoning sector is not without its challenges. A report from Material Focus highlights environmental concerns associated with the vaping market, revealing that more than 90% of vape producers and retailers fail to meet essential environmental regulations. Despite legal obligations, few vape and vape juice manufacturers have registered to comply, and the recycling of disposable vapes remains alarmingly inadequate. The increasing popularity of these devices, particularly single-use vapes, poses considerable environmental risks due to poor disposal practices.

Moreover, the vaping industry is facing regulatory scrutiny, with impending legislation aimed at curbing the sale of disposable vapes expected to come into effect by June 2025. Reports indicate that sales of disposable vapes have declined by an alarming 56%, reflecting pre-regulatory shifts in consumer behaviour. Brands like Elfbar and Lost Mary have begun to adapt by introducing reusable products with replaceable pods in anticipation of these changes. Nonetheless, critics express concern that these adaptations may still lead to increased waste due to consumers' perceptions of reusability.

As the landscape continues to evolve, JTI's investment in Flavour Warehouse appears timely. The vaping market presents both opportunities and challenges—while demand grows, so does the pressure to adhere to environmental and regulatory standards. The ongoing shift from traditional tobacco products may define the future of the industry, pushing companies to innovate responsibly amidst evolving consumer preferences.

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5
2. Paragraph 3
3. Paragraph 4
4. Paragraph 5
5. Paragraph 5
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7. Paragraph 5

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.thegrocer.co.uk/news/jti-takes-controlling-stake-in-uks-biggest-independent-vape-company-flavour-warehouse/704402.article> - Please view link - unable to able to access data
2. <https://www.thegrocer.co.uk/news/jti-takes-controlling-stake-in-uks-biggest-independent-vape-company-flavour-warehouse/704402.article> - Japan Tobacco International (JTI), the maker of Benson & Hedges, has acquired a controlling stake in Flavour Warehouse, the UK's largest independent vape company. JTI now holds over 50% but less than 75% of shares in Flavour Warehouse, as per Companies House filings. This investment aligns with JTI's strategy to expand into reduced-risk products beyond heated tobacco sticks. Flavour Warehouse, established in 2013, operates one of Europe's largest e-liquid production sites and employs around 100 people. The company produces its own brands, including Vampire Vape, and offers white-label products for leading industry brands. It has expanded its presence across Europe by acquiring German-based Trulo GmbH and UK-based Vapouriz in 2021, and vape juice manufacturers Total Vapour and Premier Vaping in 2019 and 2020, respectively. Flavour Warehouse operates distribution hubs in England, Ireland, and Germany, with a presence in over 80 countries through franchises, distributors, and resellers. It also runs the online vape retailer Vapestore.co.uk and several physical retail sites. JTI entered the vaping market in 2015 by acquiring US e-cigarette company Logic and launched its first proprietary pod vaping system in 2023, followed by the Logic RDY 900 in Canada in 2024. The acquisition comes amid a 5.9% decline in UK cigarette sales and a 15.2% drop in volumes, while the vaping category experienced a 0.9% decline in unit sales last year. The market is predominantly dominated by Chinese vape brands.
3. <https://www.materialfocus.org.uk/press-releases/over-90-of-vape-producers-and-retailers-in-the-uk-are-still-failing-to-meet-environmental-regulations/> - A report by Material Focus reveals that over 90% of vape producers and retailers in the UK are not complying with environmental regulations. Despite legal obligations since January 2021, only 15 out of 165 significant vape and vape juice producers have registered to meet these requirements. The research also found that only 11% of 764 retailers provided recycling points for vapes, with high street brands offering minimal or no recycling options. Sales of disposable single-use vapes have reached at least 360 million per year, leading to significant environmental concerns due to inadequate recycling practices.
4. <https://www.2firsts.com/news/uk-supreme-reports-h1-2024-vape-sales-drop-13-elfbar--lost-mary-revenue-hits-303m> - UK vape distributor Supreme's half-yearly financial report for the period ending September 30, 2024, shows total revenue increased by 8% to £113 million. However, vape category revenue fell by 13% to £36.6 million, primarily due to the upcoming ban on disposable vapes set for June 2025. Sales of disposable vapes declined by 56% to £4.4 million, while non-disposable product revenue remained steady at £32.2 million. Revenue from ELFBAR and LOST MARY disposable vapes totaled £30.3 million, a 15% increase compared to the previous year. The company emphasized its shift towards the 88Nic brand, focusing on rechargeable pod systems, 10ml e-liquid refills, and nicotine pouches, aligning with expected regulatory changes.
5. <https://www.ourvapeadvocacy.org/vape-market-threats-uk-explained/> - The UK vape industry faces several challenges, including the rise of black market products, increased competition from the tobacco industry, and price wars among vape companies. Black market products, which bypass safety regulations, pose health risks and undermine trust in legitimate products. In 2022, the illicit vape market accounted for nearly 10% of total vape sales in the UK. The tobacco industry's entry into the vape market has intensified competition, with the top three tobacco companies accounting for over 50% of vape sales in 2023. Price wars among vape companies can erode profit margins and strain business operations. Addressing these issues requires strict enforcement of existing regulations, product differentiation, and industry-wide efforts to combat illicit activities.
6. <https://en.wikipedia.org/wiki/Tobacco_and_Vapes_Bill> - The Tobacco and Vapes Bill is a proposed UK parliamentary bill aimed at reducing tobacco use and regulating vaping products. It introduces measures to phase out the sale of tobacco products for individuals born on or after January 1, 2009, and establishes a framework for regulating the sale, display, and advertising of tobacco and vaping products. The bill passed its three readings in the House of Commons between November 2024 and March 2025 and is awaiting approval in the House of Lords. If approved, the age restrictions on tobacco sales will take effect on January 1, 2027.
7. <https://www.theguardian.com/society/article/2024/aug/28/vapes-redesigned-uk-crackdown-waste-reusable> - In response to the UK's impending ban on disposable vapes, brands like Elfbar and Lost Mary have introduced reusable versions featuring replaceable pods and rechargeable batteries. Critics argue that these adaptations may lead to increased pod waste, as consumers might continue to treat them as disposable due to low costs and limited recycling services. Scott Butler, executive director of Material Focus, stated that producers have made these changes to move products outside the scope of the disposable vape definition, potentially circumventing the ban.