

# ILLICIT USAGE OF CIGARETTES IN CANADA

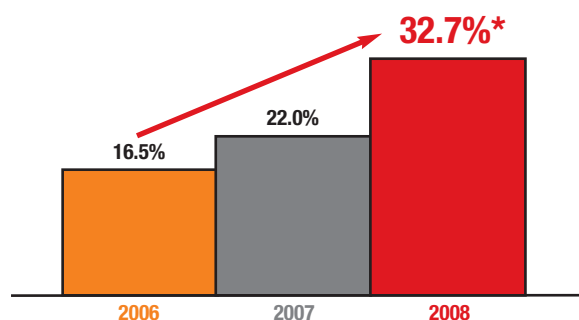
## 2008 STUDY – GfK RESEARCH DYNAMICS SUMMARY OF RESULTS

### KEY RESULTS

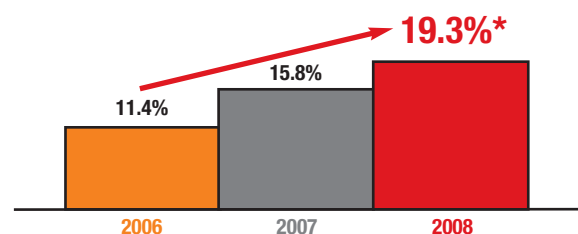
#### Incidence and Share of Purchase Volume

- The **upward trend** continues with incidence of illegal products found in home and share of past seven day purchase volume (% of illegal sticks) significantly up from 2007.
- **One-third** (32.7%) of the cigarettes purchased in the seven days prior to the study in Canada was illegal.
- Illegal cigarettes were found in **one in five** (19.3%) Canadian homes.

Share of Past 7 Day Purchase Volume  
(Sticks) of Illegal Product – Canada



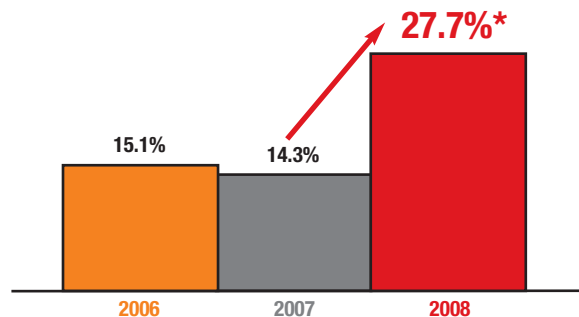
Incidence of Illegal Product  
Found in Home – Canada



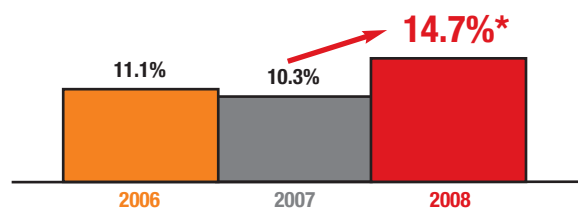
#### Demographics

- Purchasing illegal cigarettes is no longer limited to older Canadians.
- Over the three years, results show a **significant increase** in incidence and share of purchase volume among adult smokers under 30 years of age.

Share of Past 7 Day Purchase Volume  
Adult Smokers 19 – 29 years old

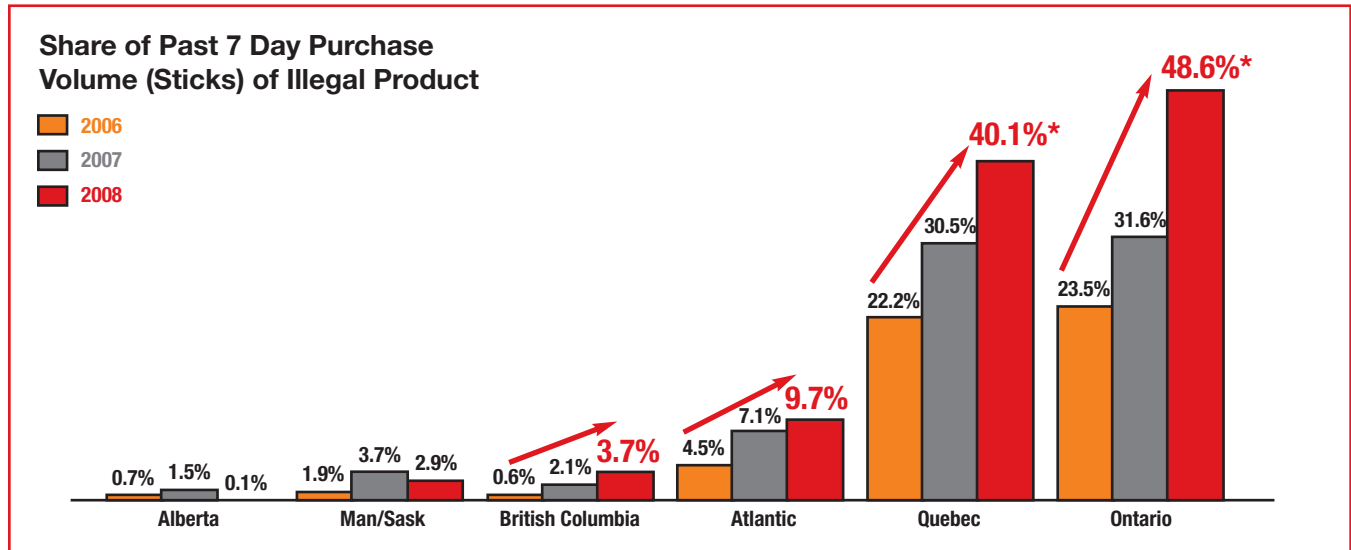


Incidence of Illegal Product  
Adult Smokers 19 – 29 years old



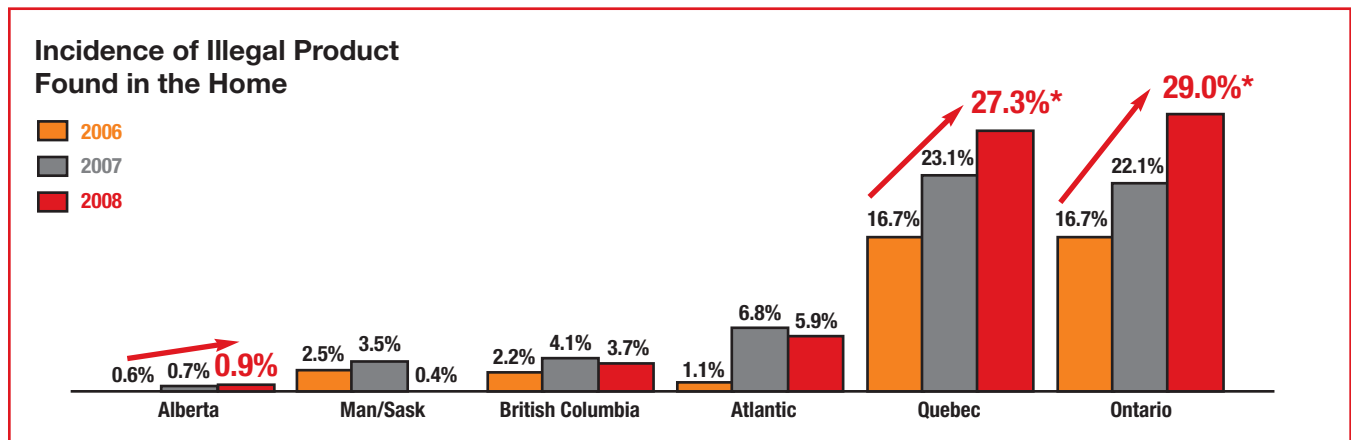
## Regional Breakdown – Share of Past Seven Day Purchase Volume

- Almost **one half** of the cigarettes purchased in the seven days prior to the study in Ontario was illegal.
- The share of purchase volume of illegal cigarettes in Ontario has **increased from 31.6% in 2007 to 48.6% in 2008** and has **more than doubled** since 2006.
- The share of purchase volume of illegal cigarettes in Quebec has **increased from 30.5% in 2007 to 40.1% in 2008** and has **almost doubled** since 2006.



## Regional Breakdown – Incidence of Illegal Cigarettes Found in the Home

- A significant proportion of illegal tobacco continues to come from Quebec and Ontario regions.
- Close to **30 percent of homes in Ontario and Quebec** were found to have illegal tobacco.



## METHODOLOGY

- The Pack Swap methodology is identical to the 2006 and 2007 studies.
- Respondents were recruited by telephone and asked to participate in an in-home interview.
- The sample is representative of age, gender, and household income.
- The recruiting process and home interview were “blind”; interviews included questions about four household categories, one of which was tobacco.
- The sample size for 2008 was 2,046 respondents (adults 19+, smokers of tailor-made cigarettes).
- The margin of error is +/- 2.2% at the national level.
- Interviews took place between May 5 and June 13, 2008.
- Statistical significance tested at the 95% confidence level. The asterisk (\*) denotes a significantly higher result.