

How Is Tobacco Industry Profitable – Explore the Driving Factors

Tobacco Market to Reach \$262.8 Bn, Globally, by 2027 at 6.7% CAGR: Allied Market Research

PORTLAND, PORTLAND, UNITED STATES, February 24, 2022

/EINPresswire.com/ -- Allied Market Research published a report,

titled, "[Tobacco Market](#) by Type (Virginia, Burley, Nicotiana Rustica, Oriental, and Others), Product (Cigar, Cigarette, Kretek, Snuff, and Others), and Distribution Channel

(Hypermarkets & Supermarkets, Convenience Stores, Specialty Stores, and Online Sales Channel): Global Opportunity Analysis and Industry Forecast 2021–2027." According to the report, the global tobacco industry generated \$183.1 billion in 2019, and is expected to generate \$262.8 billion by 2027, witnessing a CAGR of 6.7% from 2021 to 2027.



COVID-19 impact on the tobacco market: -

The outbreak of the COVID-19 pandemic led to implement the global lockdown, which in turn, resulted to temporarily halt all the tobacco production hubs across the world. Also, the pandemic caused disruptions in the global supply chain, which led to several difficulties in supplying the raw materials on time. Lack of skilled labor force in order to maintain the social distancing norms led to delay the production of final products, thereby hampered the growth of the global tobacco market to some extent. Nevertheless, the market is anticipated to recoup soon.

Current market scenario of tobacco industry: -

Prime determinants of growth

Increase in consumption of cigarette, adoption of unique product promotion and marketing strategies, and surge in usage of dry smokeless tobacco drive the growth of the global tobacco market. However, rise in number of nicotine replacement theories and adverse effects on health

hinder the market growth. On the other hand, increase in interest in flavored and innovative smokeless tobacco products present new opportunities in the coming years.

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The burley segment to maintain its leadership position throughout the forecast period

Based on type, the burley segment held the highest share in 2019, accounting for more than one-third of the global tobacco market, and is projected to maintain its leadership position throughout the forecast period. Moreover, this segment is expected to witness the largest CAGR of 7.9% from 2021 to 2027. This is due to its wide consumption in various countries and usage as one of the flavors in American blend cigarettes. The research also analyzes segments including virginia, nicotiana rustica, oriental, and others.

The cigarette segment to maintain its lead position during the forecast period

Based on product, the cigarette segment accounted for the largest market share in 2019, holding more than one-third of the global tobacco market, and is estimated to maintain its lead position during the forecast period. In addition, this segment is estimated to manifest the fastest CAGR of 8.0% from 2021 to 2027. This is attributed to product innovations of cigarette in terms of flavor, size, and ingredients. The report also discusses segments including cigar, kretek, snuff, and others.

Asia-Pacific, followed by Europe and North America, to continue its dominant share by 2027

Based on region, Asia-Pacific, followed by Europe and North America, contributed to the highest share in 2019, accounting for nearly two-fifths of the global tobacco market, and is expected to continue its dominant share in terms of revenue by 2027. Moreover, this region is estimated to register the fastest CAGR of 7.4% during the forecast period. This is due to increase in consumption of cigarette, which is one of the prominent tobacco-based products, and provides the most consistent source of tax revenue for governments.

Moreover, tobacco companies are now focusing on to expand their product portfolio for various product segments, especially e-cigarettes and smokeless tobacco. With this drift on board, the key market players are adopting new strategies such as partnerships, joint ventures, mergers, and acquisitions with an aim to achieve consolidation and enhance their offerings. For example, Imperial Brands acquired the Von Erl, Austrian vaping manufacturer, in 2018 with a goal to offer next generation products such as heated tobacco devices, electronic vapor, and so on.

Furthermore, a significant rise in number of female smokers, increase in popularity of flavored cigarettes, and the strong distribution network are driving the growth of the global tobacco market in more than one way. E-cigarettes, little cigars & cigarillos, large cigars hookah, flavored smokeless tobacco are gaining a significant momentum. Tobacco manufacturers usually get

huge profits as they sell addictive products that cost less to produce and sold at high prices. With this drift on board, the global tobacco market is likely to achieve huge growth prospects in the years to come.

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Leading market players

Altria Group
Eastern Co. SAE
British American Tobacco
ITC Ltd.
Imperial Brands
KT&G
Japan Tobacco International
Scandinavian Tobacco Group
PT Gudang Garam Tbk
Swisher

About Allied Market Research:

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