

Tobacco Industry Value \$262.8 Billion, Globally, by 2027 at 6.7% CAGR | Cigarette segment Exceed \$104.7 billion by 2027,

PORTLAND, OREGON, UNITED STATES,

May 26, 2023 /EINPresswire.com/ --

Tobacco is a plant native to the Americas and was historically one of the most important crops grown by American farmers. It is one of the most widely used addictive substances in the world. Tobacco refers to any of the plants in the genus *Nicotiana* (particularly *Nicotiana tabacum*), which are native to tropical America and widely cultivated for their leaves, which are dried and processed primarily for smoking in pipes, cigarettes, and cigars. It is also cut to form chewing tobacco or grind to make snuff or dipping tobacco as well as other less common preparations.



The [tobacco market](#) size is expected to reach \$262.8 billion by 2027 at a CAGR of 6.7% from 2021 to 2027.

The key factors driving the growth of the global tobacco market are rise in smoking rates and stable demand for tobacco products. Despite stringent regulations and restrictions aimed at reducing tobacco consumption in various countries, the tobacco market is expected to grow over the forecast period due to rise in prices.

Tobacco is a significant source of tax revenue for governments across the world. Attributed to tax regulatory environments, developing economies are now supporting the market growth. Cigarettes have been identified as the most popular tobacco product due to a variety of factors such as convenience and cost-effectiveness as compared to other types of tobacco products.

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Key Take Away

Asia-Pacific was the highest revenue contributor, accounting for \$68.1 billion in 2019, and is estimated to reach \$103.0 billion by 2027, with a CAGR of 7.4%.

By type, the burley segment was the highest contributor to the market, with \$64.1 billion in 2019, and is estimated to reach \$100.2 billion by 2027, at a CAGR of 7.9% during the forecast period. On the basis of product, the cigarette segment was the highest contributor to the market, with \$66.4 billion in 2019, and is estimated to reach \$104.7 billion by 2027, at a CAGR of 8.0% during the forecast period.

In Asia-Pacific, China was the highest revenue contributor with \$17.2 billion in 2019, and is estimated to reach \$30.5 billion by 2027, registering a CAGR of 9.5%.

The tobacco market forecast is accomplished by considering fastest growing and largest segments. By type, the burley tobacco segment was the highest revenue contributor in 2019, as it contains some amount of sugar and has better taste as compared to other types of tobacco. By product, the cigarette segment held the largest tobacco market share due to constant product innovation in terms of flavor, size, ingredients, and nicotine level of cigarettes. Depending on the distribution channel, the specialty stores segment led the market, owing to availability of large variety of tobacco in these stores.

Globally, the number of smokers has been increasing. This trend is being accelerated by the introduction of new products such as clove cigarettes and menthol cigars. These factors are expected to drive the market over the next few years.

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Furthermore, with consumers gradually shifting toward smoking alternatives in recent years, the introduction of innovative tobacco products in a variety of flavor options has become critical. As a result, manufacturers have shifted their focus to premium tobacco products made from flue-cured tobacco and fine whole leaf.

The introduction of numerous premium tobacco products by manufacturers, such as flavored, long & skinny, colored, and e-cigarettes, has created a strong outlook for the tobacco market growth. Increased investment in R&D has resulted in the introduction of products with lower levels of toxicants. This has aided in attracting a larger consumer base for tobacco products.

Higher levels of education as well as growing awareness about health concerns related to tobacco consumption, such as various types of cancers, cardiovascular diseases, and pulmonary diseases, has hampered the market growth. In addition, stringent regulations in developed countries further limit the market growth.

The major drivers of the tobacco market are surge in consumer knowledge and increased awareness of products & services through digital media and other sources combined with the advent of social media, which are educating consumers about the benefits of organic products.

As a result, the demand for tobacco products is increasing. Furthermore, companies offering these products are increasing their investments in R&D, marketing, and expanding their distribution channels to maintain their market position.

The increased focus of market players on targeting young consumers through the launch of flavored cigarettes and tobacco products will support the regional market growth. Furthermore, leading tobacco manufacturers have implemented plans to improve retail infrastructure and brand campaign strategies.

There is strong evidence that smoking is linked to negative outcomes and increased COVID-19 severity. Smokers are more likely to contract coronavirus infection than nonsmokers. Smoking may also increase the risk of COVID-19 by increasing the enzymes that allow the virus to enter and damage lung cells. As a result, the consumption of tobacco was reduced during 2020, which had a negative impact on the market growth.

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Product launches, mergers & acquisitions, joint ventures, and geographical expansions are key strategies adopted by players in the tobacco industry. The key players in the global tobacco market include Altria Group, British American Tobacco, Eastern Co. SAE, Imperial Brands, ITC Ltd., Japan Tobacco International, KT&G, PT Gudang Garam Tbk, Scandinavian Tobacco Group, and Swisher.

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
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