The Future of Tobacco Business

Why in news?

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Philip Morris International - the global tobacco giant is backing the Foundation for a Smoke Free World by committing $1 billion.

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How is the market presently?

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- Smoking culture is declining globally.
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- China, which accounts for 43% of the world’s cigarette consumption, has seen a particularly big fall.
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- Tobacco industry has also been suffering serious regulatory backlash of late.
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- In the US, the Food Drug Authority - FDA ruled that cigarettes would only be allowed to contain non-addictive levels of nicotine.
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- Newer recreational modes like vaping, e-cigarettes, smoke-free tobacco are getting increasingly getting popular.
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Why such a move?

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- Every disruption causes traditional businesses to either perish or refigure themselves to survive.
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- Anti-smoking campaigns have been a major disruption to the cigarette businesses.
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- This thereby requiring course correction for survival and Philips Morris

seems to have realised this.
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- Big tobacco’s future rests on quickly switching over to alternatives.
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- Hence, there is value in hedging against the fallout of anti-smoking advocacy.
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- Big cigar manufacturers having already lost out on the first-mover’s advantage to much smaller e-cigarette makers.
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- By supporting anti-smoking drive, the hope now is to capitalise from the next major shift in consumption patterns – the movement of chronic smokers towards smokeless alternatives.
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Source: Financial Express

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