

## **Cigar Market - Growth, Trends, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 160 pages | Mordor Intelligence

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### **Report description:**

The cigar market is projected to register a CAGR of 11.54% over the next five years.

Increased consumer inclination toward products complementing opulent lifestyles, along with the rapidly growing premiumization of cigars, has been boosting the cigar market globally. In addition, government regulations related to tobacco and tobacco products influence and remain a key factor in driving the cigar market. For instance, the FDA requires premium cigar manufacturers and distributors to label their products with mandatory warning statements, similar to the wording already required on cigarette and tobacco packaging. These warnings must also be included in advertisements and marketing for premium cigars. However, companies have been offering new packaging designs for cigars to attract consumers and increase their market share. For instance, in February 2021, Oliva Cigars launched three Vitola Serie V in a new packaging design, which is a small box of three cigars that attractively displays these cigars in a smaller environment.

Rising disposable income, growing demand for premium products, and celebrity endorsements have been driving the cigar market in some regions. As cigars are relatively high in price and are especially handmade, they are considered a luxury product and are favored by high-income groups. Innovation and convenience factors are also driving the cigar market. For example, drive-through window chain stores for people who wish to remain in their vehicles while making a purchase. These drive-through windows make it convenient for customers, thus boosting cigar sales significantly.

### **Cigar Market Trends**

#### **Continuous Increase in Smoking Rates and Organized Retail Penetration Driving the Market**

As economic scenarios improve in developed countries like the United States, the appeal of the fine machine-made conventional cigar, a relatively affordable option among tobacco products, is expected to weaken, with many consumers likely to prefer premium cigars. Conventional cigar manufacturers are also conducting R&D activities to develop better tobacco quality and new

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flavors and are investing in improving packaging to enhance the aesthetic appeal. Most of the vendors are adopting online retail strategies to reduce costs and increase their margins, which is expected to benefit the market during the forecast period. Thus, with the growth of e-commerce and many retail stores broadening their offerings by introducing conventional and premium cigars and cigarillos, the market is likely to witness a faster adoption, resulting in healthy growth.

### Asia-Pacific Holds the Largest Market Share

In the Asia-Pacific market, the consumption of conventional cigars is higher compared to premium cigars due to the extremely high tax rates for premium cigars. The government bodies in regions like India do not differentiate between premium cigars, which are more of a luxury product, and other tobacco products, such as cigarettes and loose tobacco, which are addictive and harmful to human health. The ban on e-cigarettes in the developed parts of China, including Beijing, is the major factor responsible for the growth of the cigar market in the country. However, the higher prices discourage the youth from smoking cigars and cigarettes and encourage the current smokers to quit. The high production of tobacco in Asian countries also drives the market for cigars across the region. According to data published by the India Brand Equity Foundation (IBEF) in May 2022, India ranked behind China as the world's second-largest tobacco producer.

Around 0.45 million hectares of land in the nation are used for tobacco farming. In India, tobacco is grown on around 10% of the world's land, and it makes up 9% of the entire world's tobacco production. Around 800 million kg of tobacco crops were produced on average in India in the past five years. Several types of tobacco are produced in the nation, including flue-cured Virginia tobacco, country tobacco, burley tobacco, bidi tobacco, Rustica tobacco, hookah tobacco, cigar-wrapped tobacco, cheroot tobacco, burley tobacco, oriental tobacco, and chewing tobacco. According to the Ministry of Commerce and Industry, India exported USD 923.22 million worth of tobacco in 2021-2022. Such factors, along with the availability of cheaper cigars, are likely to provide a competitive edge to the Asian markets over other regions, thus driving the market.

### Cigar Market Competitor Analysis

The cigar market is highly consolidated and competitive, with the strong presence of regional and global players. Well-established companies with well-known brands have a higher penetration rate across retail shelves, mostly because of business expansion and a higher share of consumer preference across developed and developing markets. Some major players in the market include Swisher International Group, Imperial Brands PLC, Scandinavian Tobacco Group, and Altria Group Inc.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

### Table of Contents:

#### 1 INTRODUCTION

##### 1.1 Study Assumptions and Market Definition

##### 1.2 Scope of the Study

#### 2 RESEARCH METHODOLOGY

#### 3 EXECUTIVE SUMMARY

#### 4 MARKET DYNAMICS

##### 4.1 Market Drivers

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- 4.2 Market Restraints
- 4.3 Industry Attractiveness - Porter's Five Forces Analysis
  - 4.3.1 Threat of New Entrants
  - 4.3.2 Bargaining Power of Buyers/Consumers
  - 4.3.3 Bargaining Power of Suppliers
  - 4.3.4 Threat of Substitute Products
  - 4.3.5 Intensity of Competitive Rivalry

## 5 MARKET SEGMENTATION

- 5.1 Product Type
  - 5.1.1 Conventional Cigar
  - 5.1.2 Premium Cigar
- 5.2 Distribution Channel
  - 5.2.1 Offline Retail Stores
  - 5.2.2 Online Retail Stores
- 5.3 Geography
  - 5.3.1 North America
    - 5.3.1.1 United States
    - 5.3.1.2 Canada
    - 5.3.1.3 Mexico
    - 5.3.1.4 Rest of North America
  - 5.3.2 Europe
    - 5.3.2.1 Germany
    - 5.3.2.2 United Kingdom
    - 5.3.2.3 France
    - 5.3.2.4 Russia
    - 5.3.2.5 Spain
    - 5.3.2.6 Italy
    - 5.3.2.7 Rest of Europe
  - 5.3.3 Asia-Pacific
    - 5.3.3.1 China
    - 5.3.3.2 Japan
    - 5.3.3.3 India
    - 5.3.3.4 Australia
    - 5.3.3.5 Rest of Asia-Pacific
  - 5.3.4 South America
    - 5.3.4.1 Brazil
    - 5.3.4.2 Argentina
    - 5.3.4.3 Rest of South America
  - 5.3.5 Middle-East
    - 5.3.5.1 South Africa
    - 5.3.5.2 Saudi Arabia
    - 5.3.5.3 Rest of Middle-East

## 6 COMPETITIVE LANDSCAPE

- 6.1 Strategies Adopted by Key Players
- 6.2 Market Share Analysis

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- 6.3 Company Profiles
  - 6.3.1 Imperial Brands
  - 6.3.2 Scandinavian Tobacco Group AS
  - 6.3.3 Altria Group Inc.
  - 6.3.4 Habanos SA
  - 6.3.5 Swisher International Inc.
  - 6.3.6 Swedish Match AB
  - 6.3.7 Villiger Sohne AG
  - 6.3.8 Burger Sohne Holding AG (Danneman)
  - 6.3.9 Arnold Andre GmbH & Company KG
  - 6.3.10 Holt's Cigar Company Inc.

## 7 MARKET OPPORTUNITIES AND FUTURE TRENDS

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