

Big tobacco embracing e-cigarettes

By Kyle Stock, Bloomberg Businessweek

Apparently, the nicotine business never changes—with smoke or without. Big Tobacco fought government overseers for decades, but eventually traditional cigarettes became heavily regulated products. Now the Food and Drug Administration is working on a package of regulations for e-cigarettes devices, which vaporize liquid nicotine with heat, rather than burning it via tobacco leaves. Among other things, the FDA is considering a ban on online sales of e-cigarettes to cut down on sales to minors, and discussing whether to curtail advertising. A roster of proposed rules is expected in October.

The regulatory chatter comes as the e-cigarette market is finally expected to top \$1 billion this year. Tobacco giant Altria Group is just this month rolling out its e-cigarette, dubbed “MarkTen.” Reynolds American is also rushing to ship its VUSE product. Meanwhile, Lorillard booked \$57 million in e-cigarette revenue in the first three months of the year.

Bloomberg Industries estimates that at their current pace, e-cigarette sales will top that of traditional smokes by 2047. The estimate comes with a big caveat: the assumption that politicians won’t heap a bunch of new taxes on e-cigarettes—levies that have served as a sort of emphysema to the body of the cigarette business.

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