British American Tobacco is setting up a business to commercialise non-tobacco nicotine products that could help wean smokers off its cigarettes. BAT’s Nicoventures subsidiary aims to build a substantial consumer business whose earnings could compensate for declining tobacco sales.

In a statement to be released on Tuesday BAT says Nicoventures will offer smokers “a range of alternative products, currently unavailable on the market, that offer them the experience they expect to get from a cigarette but without the real and serious health risks of smoking”.

Adrian Marshall, Nicoventures chief executive, said the first products, which are being developed externally, would not be like existing cigarette substitutes, such as electronic cigarettes, nicotine patches and gums. Yet, Mr Marshall would not say how the products worked.

In 2009 Reynolds American, a US company in which BAT has a 42 per cent stake, bought an established Swedish company called Niconovum, which makes products for nicotine replacement therapy including gum, mouth spray and pouches. However, Mr Marshall said: “Nothing on the market meets the sensorial, emotional and physiological needs of smokers ... In the UK there are about 10m smokers – and only 150,000 of them buy nicotine products, so something is not working.”

David O’Reilly, head of research and development at BAT, the world’s second-largest tobacco company, said one reason why existing nicotine replacement products did not work well was that they did not deliver nicotine fast enough or in high enough doses.

“The [UK] Medicine and Healthcare Products Regulatory Agency [MHRA] has pointed out it is the tobacco smoke not the nicotine that produces the diseases and premature deaths associated with smoking,” he said.

The success of Nicoventures will depend on the attitude of regulators such as the MHRA, which will be asked to license its products.