



JM Tobacco's New Nicaraguan Line

Tobacco Business

MARCH/APRIL 2015
VOLUME 18 • NUMBER 2

INTERNATIONAL



Vape vs. E-Cig *Views*

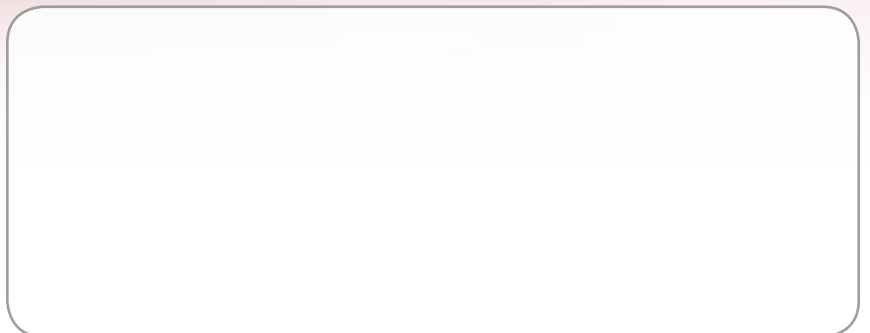
It's not an open-and-shut case for what some refer to as the open- versus closed-device debate. Here are some distinct and varied views on the ever-changing e-landscape.

ALSO IN THIS ISSUE

Highlights From TPC 2015

**Cut Rate Tobacco's
Vape Venture**

**Electric Alley:
Novel Vaping Innovations**





TPC 2015—After the Ball Is Over

"After the Ball," a classic waltz written in $\frac{3}{4}$ time, filled homes and entertainment palaces of the Gay Nineties (1890s) with its sweet sound. Written in 1891 by Charles K. Harris, it became the best-selling sheet music in Tin Pan Alley's history, selling over five million copies.

After our show is through, TPC 2015 attendees and exhibitors tell their story for you.

A total of 433 exhibitors and nearly 1,800 buyers, wholesalers and retailers from 42 countries participated in the show. In surveying a few dozen attendees about their experience at the show, here's what we found out:

- 60 percent said that the show was "excellent;"
- 40 percent said that the show was "very good."
- 87 percent placed orders.
- 100 percent found new suppliers.
- 45 percent came with a primary interest in tobacco;
- 55 percent came with a primary interest in vapor.
- 40 percent said that their businesses sell both tobacco and vapor.
- Asked, "Would you like the show to be three days instead of two?" 80 percent responded "no," and 20 percent responded "yes."

When asked what was best about attending TPC, respondents said:

1. Meeting new suppliers
2. Seeing current vendors
3. Exhibits
4. Networking
5. Time of year

And yes, there were discordant notes. Some respondents asked for food to be available in the hall, a better floor plan with names, lower volume on the music, reduced pricing, more parking, more seating and more sampling.

Somewhere betwixt the tempo of a waltz and the cha-cha exists a balance...maybe the two-step. And somewhere between the mix of traditional tobacco and vapor products our industry will find a balance. Most likely, this will occur over a period of years. Given TPC's "big tent" philosophy, your show is comfortable welcoming all participants from all of the different industry segments—cigarettes, RYO, pipe tobacco, cigars, smokeless tobacco, tobacco accessories and all of the varieties of electronic nicotine delivery items—to ensure you have a broad, inclusive array of quality item options with which to stock your most valuable commodity: your shelf space.

May the sweet melody of prosperity and good health follow you throughout 2015. Thank you for being our guest at TPC 2015. We hope to see you at Vapor Expo International on June 17-18 in Chicago, and back at TPC 2016 next March.

Best to you,

CIGAR SENSE

Cigar Sense: Unforbidden Fruit? 30

With the Cuban mystique on the verge of being demystified, cigar players weigh in on the prospect of freely selling Cuban stogies in the U.S. after 50-plus years.

FEATURES

Cover Story: Vape vs. E-Cig Views 46

It's not an open-and-shut case for what some refer to as the open-versus closed-device debate. Here are some distinct and varied views on the ever-changing e-landscape.

Electric Alley: Fun With Vapor 40

The retail vape business is turning out to be a highly creative business with novelty ideas aplenty.

Highlights From the Tobacco Plus Convenience Expo 2015 54

January's TPC show in Las Vegas was a resounding success, boasting 433 exhibitors and a teeming trade show floor.

JM Tobacco's Nicaraguan Adventure 66

Building on the company's value premium offerings, JM Tobacco has debuted a new Nicaraguan line.

Trench Marketing: Two Sides of the Same Coin 74

Cut Rate Tobacco is straddling both sides of the tobacco/vaping fence by opening both freestanding and store-within-a-store locations.

Publisher's Letter 4

TPC 2015—After the Ball Is Over

News & Trends 12

Fed Tax Hike Possible, Vaping Bans Proposed and More

TMA Report 18

A Roundup of Industry News

Category Manager: Vaping Devices 26

E-Cig Report Sheds Light on Sales Trends

Pipe in Hand 38

Getting Started Smoking a Pipe

Product Profile 82

A Guide to New and Popular Products



Highlights From the TPC Expo 2015, page 54



JM Tobacco's Nicaraguan Adventure, page 66



Trench Marketing: Two Sides of the Same Coin, page 74

E-Cigs Less Addictive Than Nicotine Gum, Study Finds

Study shows nicotine dependence among e-cigarette users is lower than that of smokers who also use e-cigarettes.

A recent study published in the journal *Drug and Alcohol Dependence* explored dependence levels for users of electronic cigarettes, nicotine gums and tobacco cigarettes. While evidence already exists that electronic cigarettes are less addictive than tobacco cigarettes (a theory that this study supports), the study found evidence that nicotine-containing e-cigs are also less addictive than nicotine gum.

Users of electronic cigarettes showed lower dependence on the devices than smokers showed on tobacco cigarettes and than former smokers using nicotine gum showed on the gum. This suggests that electronic cigarettes—even those containing nicotine—just aren't that addictive.

Boston public health professor, tobacco addiction expert and electronic cigarette advocate Michael Siegel provided a more in-depth review of the study's results. Primarily, he said that this study is further evidence that antismoking groups are flat out wrong when they claim that electronic cigarettes, by virtue of containing nicotine, must be as addictive as tobacco cigarettes.

What's more, nicotine dependence among individuals who used both electronic cigarettes and tobacco cigarettes, or "dual users," was lower than in those who were just smokers. This suggests that electronic cigarettes really do help smokers break the hold that smoking-addiction has on them.

Again, this contradicts arguments that electronic cigarettes should be heavily controlled or completely banned by virtue of being an addictive product. If they are less addictive than nicotine gum, then these arguments need to be made about nicotine gum as well—a product that antismoking groups support wholeheartedly.

A similar study comparing dependence on electronic cigarettes among vapers to dependence on coffee among heavy coffee drinkers might further show that nicotine devices are not as addictive as most assume. Many experts now believe that nicotine is far, far less addictive when not consumed through the inhalation of smoke.

California Senator Seeks Statewide Public Vaping Ban

Senator Mark Leno says vaping is harmful.

California State Senator Mark Leno is pressing hard against the electronic cigarette industry, most likely due to all the negative press that vaping is receiving. As part of a push to ban indoor vaping and sales to minors, Leno said that hundreds of thousands would die from e-cig use.

According to an article covering a new bill proposed in California, 121 American cities now ban e-cig and vapor device use in public spaces. However, no place seeking or implementing these bans has provided compelling evidence to substantiate this action. General arguments include protection from secondhand e-cig vapor, preventing smoking initiation through the "gateway" of vaping, and avoiding the loss of gains made in antismoking efforts.

However, studies suggest that there is no harm caused by secondhand va-

por, which dissipates in 20 seconds rather than smoke's 20 minutes. Market evidence also suggests that electronic cigarettes lead to less smoking and may actually prevent would-be smokers from starting. Lastly, it appears that in the absence of a real alternative, reduction of population smoking rates below 20 percent is nearly impossible.

Clearly Senator Leno has been listening to all the naysayers. "Whether you get people hooked on e-cigarettes or regular cigarettes, it's nicotine addiction and it kills," said Leno. "We're going to see hundreds of thousands of family members and friends die from e-cigarette use just like we did from traditional tobacco use."

In reality, the amount of nicotine needed to kill someone is so large that no smoker or electronic cigarette user could consume a lethal dose under

normal circumstances. The liquid in electronic cigarettes has already been found to have toxicity less than that of dish soap.

As for the hundreds of thousands that will die at the hands of those selling electronic cigarettes, the scoreboard currently marks in favor of e-cigs. One expert calculates that between 10,000 and 20,000 individuals have already saved themselves from smoking-related death with the help of e-cigs and vapor products.

Education and information are powerful tools in the debate over electronic cigarettes and vapor products. It appears that Leno is sorely misinformed on this topic.

Note: This article originally appeared on ecigadvanced.com. It is being reprinted with the permission of the author, Klaus Kneale, and the publisher.

Michigan Governor Vetoes E-Cigarette Bills

Measures do not go far enough, says Gov. Rick Snyder.

In January, Governor Rick Snyder vetoed three bills relating to electronic cigarettes, arguing that the regulatory measures they would have provided for would not be sufficient to protect consumers. The bills would have excluded e-cigarettes from the definition of tobacco products and prohibited them from being regulated as tobacco products under Michigan law.

"We need to make sure that e-cigarettes and other nicotine-containing devices are regulated in the best interest of public health," Snyder said. "It's important that these devices be treated like tobacco products and help people become aware of the dangers e-cigarettes pose."

Snyder's letter vetoing the bills stated that the governor believes the best way to ensure that e-cigarettes are regulated in the interest of public health is to revise the existing definition of a tobacco product to make clear that e-cigarettes and other nicotine-containing vapor products are tobacco products subject to any restrictions generally applied to tobacco products under the Youth Tobacco Act, including the minimum age law.

Nat Sherman Names Jeff Hansen National Account Director

As Nat Sherman's new national account director, Jeff Hansen will join Vic Koons, national account director, to provide an increased focus on new business development in the national chain store trade class. Hansen's focus will be on the Western United States, specifically the Rocky Mountains to California. Key accounts falling under his purview will include Chevron, Smoker Friendly, Core-Mark, Circle K (Arizona) and COSTCO Business Centers.

Hansen joined Nat Sherman in 2000 as a regional sales manager for the West Coast region. Presented with the challenge of expanding Nat Sherman's national footprint

to the West Coast, Hansen thrived in a very competitive market and quickly rose through the ranks, be-

coming regional sales director in 2004. "I couldn't be more excited for Jeff, who has consistently demonstrated his passion and love for our company and products," says Larry Sherman, executive vice president of Nat Sherman International. "I know he will be successful in sharing our story with a new audience."



HIGHLIGHTS

Federal Tax Hike Back on the Table

A proposed \$4 trillion budget for fiscal year 2016 calls for a cigarette tax hike from just under \$1.01 per pack to \$1.95 per pack in addition to an increase on taxation of other tobacco products. According to the government, the funds would go to the Children's Health Insurance Program (CHIP) that serves about 8 million children, for which funding technically expires September 30.

RJR and Lorillard Merger Gets Green Light

Shareholders of Reynolds American and Lorillard voted overwhelmingly in favor of the \$27.4 billion merger between the companies during a special meeting in February. More than 98 percent of voting shares reportedly voted in favor of the proposal, a number that represents approximately 80 percent of all outstanding shares.

"I want to thank our shareholders for their continued support of this transaction which will not only deliver significant value to Lorillard shareholders, but will also benefit our customers, consumers and employees," stated Lorillard CEO Murray Kessler.

Under the terms of the merger, Winston-Salem, North Carolina-based Reynolds American will buy Greensboro, North Carolina-based Lorillard and keep the Newport, True and Old Gold brands.

Imperial Shareholders Approve Brand Acquisitions

Another piece of the Reynolds American/Lorillard deal fell into place when shareholders of Imperial Tobacco Group approved acquisition of several U.S. brands from the two merging companies. Imperial Tobacco will pay Reynolds American \$7.1 billion for the Winston, Kool and Salem brands and will also purchase Maverick and blu eCig brands from Lorillard. These purchases will make Imperial the third largest U.S. tobacco company.

New CEO for NJOY

Paul Sturman, former president of Pfizer Consumer Health Care, will take the helm.

E-cigarette company NJOY has named Paul Sturman as its new CEO. Sturman served as global president and general manager of Pfizer Consumer Health Care's business, where he was responsible for the \$3 billion division's global operations, prior to joining NJOY.

"I am confident that Paul Sturman has the ability and commitment to pursue making combustible tobacco obsolete," said Dr. Richard Carmo- na, 17th U.S. Surgeon General and chairman of NJOY's Scientific Advisory Board. "Doing so will reduce preventable tobacco-caused chronic disease, thereby improving the public's health while reducing the cost of health care."

Smuggling on the Rise as Taxes Increase

Illinois is coping with the largest increase in black market activity.

According to the Tax Foundation, the rising cost of cigarettes on every level is pushing the rate of cigarette smuggling higher, with Illinois seeing the largest change. In 2013, 20.9 percent of all cigarettes consumed in Illinois were smuggled in from other states, compared to 1.1 percent in 2012. Increased taxes on tobacco products have created incentives for black market cigarette trafficking between states, which also found that:

- Smuggled cigarettes make up substantial portions of cigarette consumption in many states and greater than 20 percent of consumption in 15 states.
- The highest inbound smuggling rates are in New York (58 percent), Arizona (49.3 percent), Washington (46.4 percent), New Mexico (46.1 percent) and Rhode Island (32 percent).
- The highest outbound smuggling rates are in New Hampshire (28.6 percent), Idaho (24.2 percent), Virginia (22.6 percent), Delaware (22.6 percent) and Wyoming (21 percent).
- Cigarette tax rates increased in 30 states and the District of Columbia between 2006 and 2013.
- Large differentials in cigarette taxes across states creates incentives for black markets to develop.

"High tax rates on cigarettes have led to unreliable revenue and increased criminal activity," sums up Scott Drenkard, economist and manager of state projects for the Tax Foundation. "Policymakers seeking additional revenue would be better off choosing more stable sources that don't incentivize black-market behavior."

Engle Progeny Cases Settled

R.J. Reynolds Tobacco, Philip Morris USA and Lorillard recently negotiated an agreement to resolve virtually all Engle progeny cases pending and not yet tried in the Florida federal courts. These individual smoking and health cases arose out of the so-called Engle class action in Florida. Under the terms of the agreement, R.J. Reynolds will pay \$42.5 million to resolve these federal cases. Philip Morris will pay an equal amount and Lorillard will pay \$15 million.

Swisher Strategizes on E-Vapor

Jacksonville, Florida-based cigar and smokeless tobacco maker Swisher International is entering the e-vapor category. John Miller, CEO of the newly formed sister company E-Alternative Solutions (EAS) and senior vice president of sales and marketing for Swisher, says EAS's advantage in the vapor space is its history, as the market is "very crowded, but it's very crowded by people who don't have the history...heritage, and knowledge of consumers."

BREAKING NEWS FROM THE TMA

The following are excerpts from harm reduction, tobacco regulation and other tobacco-related news.



Farrell Delman,
President, TMA

ON THE FDA...

...Capitol Hill (also known as "The Hill") reports that the FDA's regulatory oversight on e-cigs, cigars and pipe tobacco is among the rules that **Obama administration officials** are trying to finalize before his term runs out.

...Writing in The Hill's Congress Blog, Gregory Conley, president of the American Vaping Association, said that the FDA's proposed deeming regulations, which would **classify e-cigs as tobacco products** and require every product currently on the market to go through a multi-million dollar approval process, threaten to stifle a fast-growing industry. He added that e-cigs are helping smokers transition away from cigarettes, and that the proposed regulations would turn a vapor industry served by thousands of independent and family-owned businesses "over to companies that have long exhibited a lack of regard for public health—Big Tobacco."

...Not enough smokers are switching

to e-cigs despite their "relative safety" due to "news about inaccurate labeling, shoddy counterfeits and poorly made [e-cigs] that emit toxins," along with the lack of an effective regulatory regime to "distinguish the good from the bad," says Sally Satel, a resident scholar at the American Enterprise Institute. Satel called on FDA, which last year proposed deeming regulations on currently unregulated tobacco products including e-cigs but has not issued a final rule, to give smokers confidence in the product by setting "**interim safety guidelines.**" These could include basic good manufacturing practices for e-cigs and e-liquids, requirements that manufacturers make all "batches of chemicals" traceable and all hardware sources known, verification that e-cig batteries can be charged safely and operate safely, childproof packaging, a mechanism for reporting adverse effects, and permission for e-cig companies to tell smokers about the "benefits of switching to vaping products" since the pre-market testing route would be cost-

prohibitive, especially for smaller players.

...On January 26, FDA Center for Tobacco products (CTP) announced Ella Yeargin as the center's new ombudsman.

...FDA said February 5 that Commissioner Margaret Hamburg, who was nominated by President Obama and confirmed by the U.S. Senate in May 2009, shortly before the agency was given regulatory authority over cigarettes and smokeless tobacco under the Family Smoking Prevention and Tobacco Control Act, is stepping down at the end of March. Agency chief scientist Dr. Stephen Ostroff will fill her position until a new commissioner is named. Many FDA observers reportedly believe that Robert Califf, a Duke University cardiologist and researcher who was appointed FDA Deputy Commissioner for Medical Products and Tobacco in January, is Dr. Hamburg's potential successor.

...The office of U.S. Senator Edward Markey (D-Massachusetts) said February 3 that he, along with Democratic Senators Jeff Merkley (Oregon), Barbara Boxer (California), Richard Blumenthal

(Connecticut), Sherrod Brown (Ohio) and Dick Durbin (Illinois), sent a letter to Dr. Hamburg on January 29, urging the agency to finalize plans to **regulate e-cigs by April 25**, a year after deeming regulations on currently unregulated tobacco products including e-cigs were proposed.

...U.S. Representative Bill Posey (R-Florida) on February 2 introduced a bill to amend the Federal Food, Drug, and Cosmetic Act to **"clarify the Food and Drug Administration's jurisdiction over certain tobacco products**, and to protect jobs and small businesses involved in the sale, manufacturing and distribution of traditional and premium cigars." The bill, which has 34 co-sponsors, was referred to the House Energy and Commerce Committee.

ON E-CIGARETTES AND VAPING PRODUCTS...

...A study led by Dr. Saul Shiffman of Pinney Associates and the University of Pittsburgh supported by NJOY and published online in *Nicotine & Tobacco Research* surveyed 216 nonsmoking teens aged 13 to 17 and 432 adult smokers of combustible cigarettes aged 19 to 80 about their interest in a range of potential e-cig flavors, and found that the **teens showed minimal interest in the e-cigs** (average interest level of 0.41 on a scale of 0 to 10). The level of interest did not vary across flavors, suggesting that flavors "just didn't seem to matter to these nonsmoking teens," while among adult smokers, interest in e-cig flavors

was greatest (average 3.19) among recent (past 30 days) e-cig users, followed by past e-cig users (average 1.62), and never users (average 1.08), with recent e-cig users showing interest in flavors like vanilla bean, double espresso and raspberry, none of which appealed to nonsmoking teens.

...Saying that "[w]hile e-cigarettes may reduce smoking rates and attendant adverse health risks, we will not know for sure until these products are researched and regulated," the American Association for Cancer Research (AACR) and the American Society of Clinical Oncology (ASCO) jointly issued a statement that calls for **federal and state regulations for e-cigs** and other electronic nicotine delivery systems (ENDS) to ensure their safety and minimize potential negative consequences. The statement specifically recommends: 1) additional research on ENDS, including assessing their health effects, if any, understanding patterns of use, and determining what role ENDS have in cessation; 2) FDA regulation on ENDS that meets the statutory definition of tobacco products; 3) a requirement that ENDS manufacturers register with FDA and report all ingredients and e-liquid nicotine concentrations; 4) safety labels on packaging and advertising, including a warning about nicotine addiction; 5) a ban on all ENDS advertising and marketing targeted at youth; 6) age and ID verification for all online and mail-order sellers of ENDS at the point of purchase and delivery; 7) childproof caps on all e-liquid containers; 8) a ban on ENDS and e-liquids containing "child-friendly"

flavors; 9) ENDS bans in places where the use of combustible tobacco products is banned until the safety of ENDS vapor is established; and 10) allocation of funds generated through excise taxes on tobacco products and potential taxes on ENDS to be used for research on ENDS and tobacco products.

...Commenting on *The Guardian's* report that e-cigs were the fastest-growing item in terms of UK supermarket sales in 2014, with sales growth of 49.5 percent across the largest grocers "despite clamor from health groups to ban the devices," Professor Michael Siegel said that data from Dr. Robert West's Smoking Toolkit Study in the UK shows that **e-cig use among adults in England** began rising dramatically in 2012 and continued through 2014. Correspondingly, the smoking cessation rate rose from 6.1 percent in 2013 to 7.5 percent in 2014, after declining steadily to 4.6 percent in 2011. Siegel added that the existing evidence suggests that e-cigs are "producing substantial public health benefits but causing very little in the way of public health harms," even though UK policymakers wanted a virtual ban on e-cigs and "antismoking groups are doing everything they can to negate this public health success story."

...Li Baojiang, deputy director of the Economic Research Institute at **China's State Tobacco Monopoly Administration**, said that the STMA is considering expanding its regulatory oversight to include e-cigs to improve product quality and consistency, adding that regulating e-cigs like tobacco

products would subject them to all existing tobacco-related laws, including taxation regulations, which, he noted, would bring in additional revenue for the government.

...Writing in the *National Review*, Gregory Conley, president of the American Vaping Association representing small- and medium-sized vapor businesses, said that **"Big Tobacco" is lobbying state governments** to impose taxes and regulations on its smaller competitors. Reynolds American, the largest player in the cig-alike e-cig market, he writes, has "devised a vapor-product regulatory strategy to protect its cigarettes and cig-alike e-cig products from thousands of smaller PV [premium vapor products] and e-liquid competitors in several states." Reynolds and others are advocating taxation on all vapor products and the imposition of the same regulatory and licensing requirements that apply to cigarettes, while also urging FDA to ban all PVs, e-liquid products and most flavored vapor products, in what Conley describes as "Big Tobacco's war on these innovative technology products" at the cost of new businesses that are providing local jobs, paying taxes and

helping to reduce the toll of smoking.

...GlaxoSmithKline CEO Andrew Witty said that the British drug maker is feeling the pressure from e-cigs, the growth of which is dampening sales of **GSK's nicotine patches and gum**, and even explored the possibility of competing directly by introducing its own e-cigs, but ultimately "decided we're not going to play" because e-cigs are "just too controversial."

...Senator Bill Nelson (D-Florida) re-introduced the **Child Nicotine Poisoning Prevention Act** that would direct the Consumer Product Safety Commission to issue rules requiring child-resistant packaging for liquid nicotine refills.

...Hawaii Senate Health Committee Chairman Josh Green (D-Kona-Kau) is working on a bill that would **ban e-cigs in places where smoking is already prohibited**, impose a 30-percent sales tax on the devices to raise revenue for public health programs, and raise the legal age to buy e-cigs and tobacco products from 18 to 21. Green was expected to introduce the measure during the legislative session that began January 21.

...A new bill named the Public Health (Regulation of Electronic Cigarettes) Bill

2015 introduced by Fianna Fail Senator Averil Power and Independent Senator John Crown in Ireland proposes to subject **e-vapor products** to restrictions similar to what currently apply to tobacco products, require e-liquids to come in childproof containers, ban e-cig advertising and event sponsorships by e-vapor manufacturers and importers, prohibit e-vapor sales to those under 18, and prohibit the use of e-cigs in public places, workplaces, and vehicles carrying anyone under 18.

...Addressing community stakeholders, faith leaders and public health officials in Richmond, Virginia on January 27 as part of a cross-country listening tour to understand how communities are addressing public health issues in their areas, U.S. Surgeon General Dr. Vivek Murthy said that there is a "desperate need" for **more clarity on e-cigs** to help guide policies. If data supports theories that the devices help cigarette smokers quit smoking, he said, "then I think we should absolutely embrace that and use e-cigarettes in targeted ways." He added that in light of uncertainty voiced by some regarding the health risks of e-cigs and whether they serve as a gateway to traditional smoking, "I think it's

important for us to understand the impact, particularly on youth, before we allow the full-fledged spread of these e-cigarettes and then later have problems that we have to deal with.”

...The **California Department of Public Health** (CDPH) on January 28 released a report saying that e-cigs emit toxic chemicals, get users addicted to nicotine and are a “community health threat” that should be regulated like tobacco products. Professor Michael Siegel of Boston University’s School of Public Health said that the CDPH report is heavily biased and cherry-picks studies that agree with its position while ignoring studies that don’t. He notes that the report’s conclusion that “[t]here is no scientific evidence that e-cigarettes help smokers successfully quit traditional cigarettes or that they reduce their consumption” is based on only one observational study conducted by Dr. Katrina Vickerman, which included many smokers who were not using e-cigs in their attempt to quit and was not even designed to examine the efficacy of e-cigs for smoking cessation. The report did not consider any of the three clinical trials—

two led by Dr. Riccardo Polosa in Italy and one led by Dr. Chris Bullen in New Zealand—that provide the most rigorous scientific information currently available on the efficacy of e-cigs.

...On his personal blog entitled “The Counterfactual,” Clive Bates points out that commentators, including the CDC, Campaign for Tobacco-Free Kids, *The New York Times* and *The Guardian*, are highlighting the **rise in calls to poison control centers in the U.S.** regarding e-cigs and e-liquids over the past several years, from 271 in 2011 to 3,957 in 2014. He says that increase can be explained by the rapid rise in vaping and “the increased fear about these products arising from the negative publicity and fear-mongering in the press and by ‘public health organizations,’” adding that when put into context, e-cigs and e-liquids represent only 0.06 percent of nearly 2.6 million calls to the poison control centers in 2013.

...Commenting on the recent peer-reviewed letter in the *New England Journal of Medicine* by researchers from Portland State University (PSU), which said that formaldehyde was

detected when they ran a vaporizer at a high voltage and concluded that a heavy user of a vaporizer at the high voltage was 5 to 15 times more likely to get cancer than a longtime smoker, *The New York Times’* op-ed columnist Joe Nocera wrote that the study “fits right into [the] dynamic” of “many in the public health community treat[ing] e-cigarettes as every bit as evil” as cigarettes, and of anti-tobacco activists “irrationally embrac[ing]” any news suggesting that vaping is bad for health, resulting in the decline in the percentage of smokers who believe e-cigs to be safer than combustible cigarettes from 84 percent in 2010 to 65 percent in 2013, though the conclusion drawn by PSU researchers is highly misleading given that people do not vape at a high voltage because of the horrible taste caused by overheating the e-liquid.

...The U.S. Federal Aviation Administration is advising airlines to **consider banning e-cigs in checked airline luggage**, noting that e-cigs have started two fires since August 2014. **TBI**

E-Cig Report Sheds Light on Sales Trends

Balvor report puts vaping device—also known as electronic nicotine device—sales performance into perspective.

In December, e-cigarette sales in c-stores were up by 14 percent compared to last year, according to Barrington, Illinois-based Balvor, which analyzed total chain-wide sales across participating retailers. However, that impressive figure understates the growth that many retailers are experiencing, says David Bishop, managing partner of Balvor, who points out that the Balvor Retailer Composite (BRC), which equalizes chain-wide data to an “average per-store week” (APSW), reports that dollar sales are actually up more than 25 percent year-over-year. “[Using the APSW] helps retailers get a more accurate view of how the business is trending as it minimizes the sample bias toward larger store operators and adjusts for changes in the store base that can distort growth rates,” notes Bishop.

Other key findings of Balvor’s recent report on the category include:

- **Demand for systems continues to follow innovation rather rapidly.** Disposables’ sales share has gone from

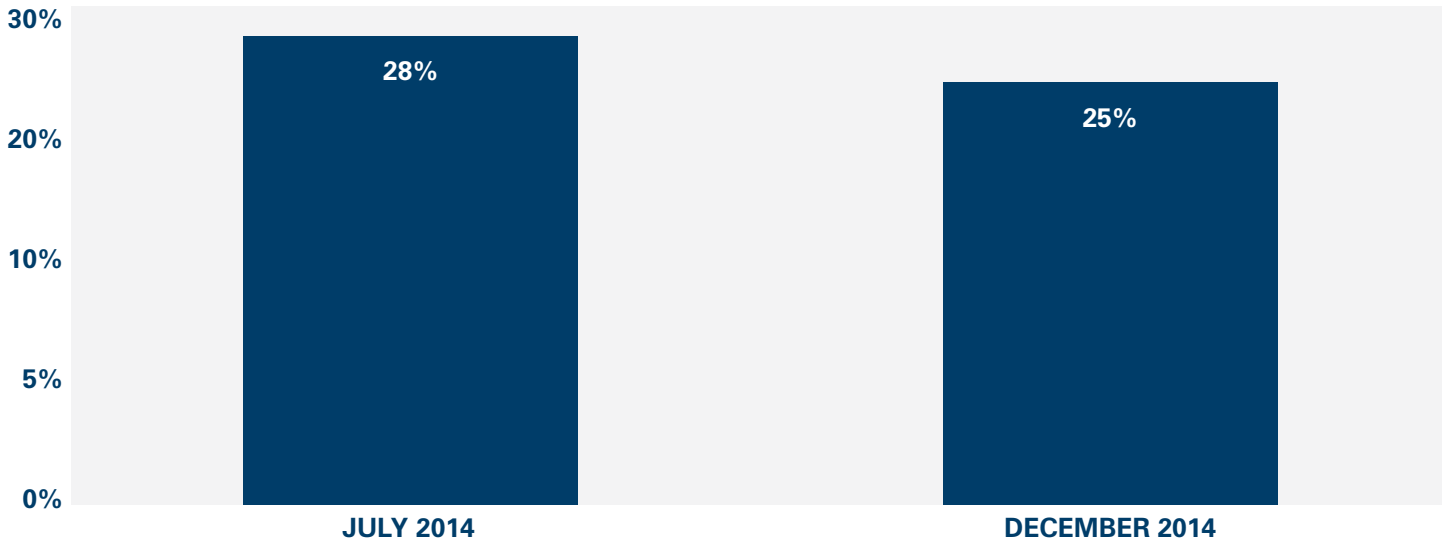
above 60 percent to under 30 percent in just 18 months, according to Balvor data. “Rechargeables are now the dominant system type, while refillables have captured nearly 15 percent of sales after experiencing explosive distribution gains during the last several months,” says Bishop.

- **Category dynamics are pressuring retail growth rates.** Products that have been on the market for more than 12 months are reporting essentially zero price inflation, says Bishop. “However, newer, lower-priced brands are growing significant share of [the] market...and refill cartridges and e-liquids are gaining share that is also creating headwinds for top-line sales growth.”

- **Analytics and insights need to go well beyond the category level.** The role of flavors is showing divergent trends across the types of vaping systems, so it’s vital to understand this at the right level,” says Bishop. “Even though disposables’ share continues to decline, digging deeper into the data reveals there are latent

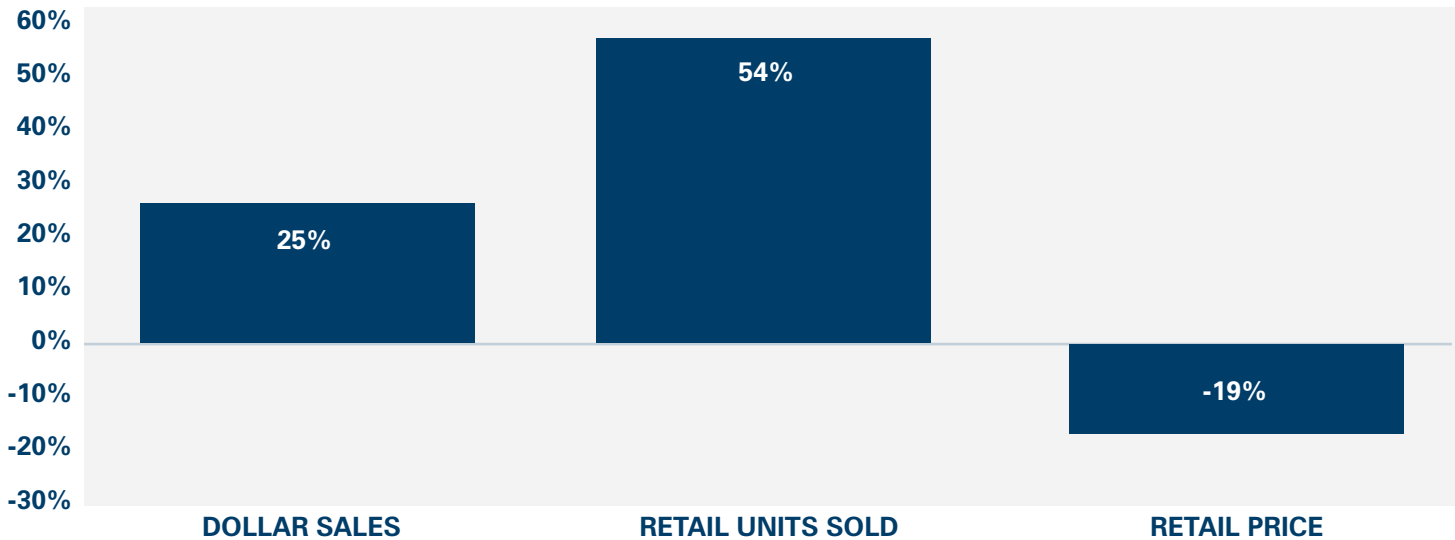
“Rechargeables are now the dominant system type, while refillables have captured nearly 15 percent of sales after experiencing explosive distribution gains during the last several months.”

ELECTRONIC NICOTINE DEVICE (END) DOLLAR SALES VS. ONE YEAR AGO



Retailers are reporting category sales growth in the mid-twenties versus last year. And, while dollar sales are slowing slightly when compared to mid-year growth rates, that's mainly a function of changes in sales mix.

END PERFORMANCE VS. ONE YEAR AGO



This chart illustrates that it's not necessarily weaker unit sales, but rather price deflation that is pressuring top-line dollar sales. The pricing pressure is the result of two factors: existing products holding the line on year-over-year prices and newer products selling at lower price points. These pricing dynamics are common in a growth segment where new entrants are attempting to rapidly grow market share.

Source for all charts: Balvor's Electronic Nicotine Devices: Retail Performance Benchmarks, January 2015

opportunities that retailers may want to consider.

"The electronic nicotine device (END) category continues to evolve with innovations that better satisfy what consumers crave," Bishop asserts. "Having the ability to more quickly identify, understand and respond to changes in the marketplace is key for

retail growth, which ultimately also benefits manufacturers who are truly committed to providing better product alternatives."

Balvor's report is based on item-level sales data from 14 convenience retailers, representing retailers of varying size and location across the U.S. While the report focuses on the four weeks

ending December 28, 2014, it provides comparable benchmarks from July 2014 with prior data for both periods and includes manufacturer performance overall and by system type. Companies interested in learning more about the report or about participating in the ongoing tracking service should contact David Bishop at davidbishop@balvor.com. **TBI**

CIGAR SENSE



Unforbidden Fruit?

With the Cuban mystique on the verge of being demystified, cigar players weigh in on the prospect of freely selling Cuban stogies in the U.S. after 50-plus years.

By Renée M. Covino



The way former White House Press Secretary Pierre Salinger used to tell it, about a month before the Bay of Pigs Invasion, President Kennedy summoned him on urgent business: “I need you to get me 1,000 cigars...by tomorrow morning!”

The next morning, after exhausting his retail resources, Salinger was called into the Oval Office once again by the president.

“How’d you do?”

“I was able to get 1,200,” Salinger stated.

“Fantastic,” replied the president, who then, according to Salinger, opened up his desk drawer, pulled out the decree banning all Cuban products from

the U.S. and signed it.

Since that fateful day in 1961, Cuban cigars (along with most Cuban products) have been banned from the U.S. But is a five-decade Cuban embargo about to be lifted? And what will that mean to the U.S. cigar industry?

President Obama has called on Congress to begin work on ending the embargo this year. During his January 2015 State of the Union address, President Obama stated, “In Cuba, we are ending a policy that was long past its expiration date. When what you’re doing doesn’t work for 50 years, it’s time to try something new. Our shift in Cuba policy has the potential to end a legacy of mistrust in our hemisphere...removes a phony

CIGAR SENSE



excuse for restrictions in Cuba, stands up for democratic values and extends the hand of friendship to Cuban people.”

MINI CIGAR BOOM

Of course, it would also provide the American people with access to Cuban cigars. According to Dick DiMeola, former COO of Consolidated Cigar Corporation, this will spur a mini cigar boom—and not just for Cubans, but industry-wide—which he wholeheartedly supports.

“It would increase a more widespread interest in premium cigars again—everybody will be interested in trying them,” he tells *TBI*. “Once Cubans [cigars] become freely available, it will level the playing field from the last 50 years. People will be able to compare them for what they are rather than a

sense of forbidden fruit. The Cuban mystique will come into its rightful position.”

And its position may not be at the top anymore—or maybe it will—but that subjective debate will be behind the renewed overall interest DiMeola speaks of.

There is a loud sentiment on cigar blogs and circulating throughout the industry that perhaps Cuban cigars “ain’t what they used to be.” But it’s not necessarily the Cuban cigar that has changed; more likely, it is the industry surrounding it that has. Non-Cuban premium cigars made in the Dominican Republic, Nicaragua, Honduras and other locations have enjoyed a huge boost in popularity and quality over the last 50-plus years. Cubans have the history and mystique that sets them apart, but they will have to work for

their reputation post-embargo.

The way Marshall Gray, retail manager of Aromas Cigars, Wine & Martini Bar in Jacksonville, Florida, sees it, “I’ve had some phenomenal Cubans and some terrible ones—it’s the same with every other country that is now making cigars. The biggest point is that Cuba, like the rest of the world, is catching up with cigar technology and the quality of tobacco. It’s not that the quality of Cuban cigars has diminished, it’s just [that] their lead in the race has diminished. The rest of the world has caught up.”

Victor Vitale, owner of “super premium” Victor Vitale Premium Cigars, is a tad more cynical. “Although Cuba is the birthplace of premium cigars, in this day and age they don’t produce the best,” he says. “Cuban cigars are great cigars, they are a

“Eventually, it might be good for the industry overall, but I believe that even if they break the embargo, Cuban cigars are still going to be hard to come by for a while because of the taxes and red tape you’ll have to go through to get them.”

wonderful product; however, variety is the spice of life when you’re a cigar smoker now. While there may be some heavy impact in the short term [of the embargo lifting], like anything else, the novelty will wear off and it will be back to regular [mixed] business.”

Vitale is also quick to point out that there are those in this country that have been obtaining Cuban cigars illegally for quite some time, with the knowledge and understanding that they are just one version of a good cigar. “Americans get what they want whenever they want,” and sometimes they want it more if they’re not supposed to have it, according to him. His thinking is that sooner, rather than later, the mystique will wear off if they are freely traded in the U.S.

CAN OF TRADEMARK WORMS

If the embargo is lifted, it is also expected to open up a can of worms regarding brands and trademarks. For every Cuban brand, there is now (since the ’70s) a U.S. trademark and if

Cubans are allowed back in, there will be two companies with the same brand. “So that will be a big fight,” Gray says.

It will be “confusing” with the possibility of brand deals being made, according to DiMeola, who envisions the likelihood of brand names/labels paralleling one another, distinguished only by their country of origin on the label. For instance, there might be a Monte Cristo Dominican Republic and a Monte Cristo Cuba. “It will complicate matters, but it will also stimulate interest,” he maintains. “Of course, Cubans will have to compete on the same level playing field as the rest of the market and the consumer will determine which they like best,” DiMeola reiterates. “Cubans will also have to be priced correctly. People are not going to pay \$20 [per stick].”

From a manufacturer’s perspective, Jose Collado, president of boutique brand Don Rigo Premium Cigarros, is somewhat skeptical of an immediate boom to business. “Eventually, it might be good for the industry overall, but

I believe that even if they break the embargo, Cuban cigars are still going to be hard to come by for a while because of the taxes and red tape you’ll have to go through to get them.”

Positively speaking, Collado sees a long-term prospect for making the market more competitive on the manufacturing side, and more profitable on the retailing side.

While agreeing on principle, Vitale believes the effect of a lifted embargo will be felt much sooner on traditional premium cigar manufacturers, particularly boutique brands such as his. “I expect our business will slow down a bit and attention will sway because of Cuban cigar curiosity,” he offers. “But I don’t think the effects on people like me will be long term. I travel the world searching to find the best presentable tobacco and I am confident in the ingredients in my cigars. After cigar enthusiasts are done sowing their oats with Cubans, they will come back after six to nine months. I don’t



see it lasting even a year.”

Vitale adds, “But for some manufacturers, if they don’t prepare correctly, it could affect them negatively for the long term.”

RETAIL REALITY

On the retail side, Butt Hut of America, based in Toledo, Ohio with six stores, is one tobacco retailer in a state of happy Cuban anticipation, according to Don Stienecker, vice president of operations. “A lifted embargo will make a big difference to the industry and to us,” he tells *TBI*. “With the Cuban name on them—cigars we haven’t been able to get since the ’60s—oh yeah, we’re going to carry them!” And that’s what Butt Hut has been relaying to customers who have been buzzing about them.

“There are discussions being brought up in our stores that if Cubans are allowed freely back in[to] the U.S., are we going to buy into them, and we’re quick to tell them, ‘Absolutely,’” Stienecker relays.

In fact, Butt Hut has already begun imagining how it will reconfigure its stores to accommodate an expected expanded inventory. “All of our stores with humidors will be expanded—we can knock a wall out and grow them larger. It’s just like moving a cubicle—we can expand them depending on the market demand,” he says. “It will start off at a low percentage of our cigar mix and then performance will decide what space they’ll ultimately get. Every inch of our store is for sale; we use our systems to judge and change our product mix quarterly.”

Of course, the Internet will also add a new level of competition for U.S. retailers in the Cuban cigar market should the embargo be lifted. While they may experience an initial rush of consumers knocking on their doors looking for Cubans, retailers may find it to be very short-lived once the Internet opportunities for Cubans expand.

Industry experts advise tobacco retailers to think about establishing themselves as “authentic Cuban cigar purveyors,” with corresponding plaques and certificates posted on their walls as a way to effectively compete and stand out as legitimate. If and when the shipping of Cuban cigars into the U.S. becomes a reality, the corresponding black market is expected to take off like a speedboat.

TBI

Getting Started Smoking a Pipe

Five steps to an enjoyable pipe-smoking experience

By Erik Stokkebye



Many of you may have seen younger adult males coming into your shop wanting to smoke a pipe. When I come across these newly interested young men and ask about their attraction to pipes, they often tell me that their interest was sparked not by their fathers' pipe smoking, but by their *grandfathers'* pipe smoking.

When you, as a retailer, are helping someone get started there are a few things to keep in mind. For example, it's important to have the customer start out with a milder aromatic tobacco that burns easy and gentle. It's also important to educate those new to pipe smoking on the steps involved in making the experience enjoyable. Here are some other key points about the process for you to share:

STEP ONE

Work a pipe cleaner into the stem and shank of your pipe to ensure that the hole has been drilled properly. Make sure the bowl is empty before filling.

STEP TWO

Loosely add tobacco to the bowl with your fingers rather than a tool in order to get a feel for the process. Apply more pressure as you fill the pipe. Take a test draw—you want the air to flow freely and yet still feel a bit of resistance from the tobacco. If you're using a new pipe, only add enough tobacco to fill two-thirds of the bowl for your first three to four bowls smoked.

STEP THREE

Once you've filled the pipe and your test draw is smooth, start lighting the tobacco by using matches or a pipe lighter. After the first light, tamp the ashes with a pipe tool. Then relight and tamp again. With a new pipe you will most likely need to repeat this three or four times.

STEP FOUR

Once the pipe is well lit, puff gently and tamp the ashes as you smoke. You should try to smoke the tobacco all the way down to the bottom of the bowl.

STEP FIVE

When finished, empty the ashes from the bowl, run a pipe cleaner through your pipe and let it rest until next time.

Fun With Vapor

By Renée M. Covino

The retail vape business is turning out to be a highly creative business with novelty ideas aplenty.

They say necessity is the mother of invention. In the vape world, it is also the mother of *fun* invention. Vape retailers seem to be churning out creative ideas by the truckload—literally, in one case.

Based in Long Beach, and often seen parked and doing business in Venice Beach and other areas of Southern California, is a vape shop on wheels.

AMBULANCE CHASER

A revamped ambulance (mostly on the outside) is now the vape business of smoker-turned-vaper Lisa Tercheria, who believes she has created the first-of-its-kind mobile vape shop—aptly named Vapor Express L.A.

In business since last summer, Vapor Express “mobile retail vehicle,” as Tercheria refers to it, sets out to bring a healthy alternative to smoking directly to the consumer, offering an array of

quality devices and e-liquids, according to its mission statement. But that doesn't remotely encompass its awesome vibe.

“Everyone in this business has a traditional brick-and-mortar shop; I wanted people to really take notice of *this*,” Tercheria tells *TBI*. “Plus, brick-and-mortar is really expensive to get started, whereas I started this on a shoestring.”

Actually, she started it in an old ambulance. She considered other vehicles, but the ambulance proved to be the best fit. “I researched an ice cream truck, as well as a prefab food truck, [but] they were all very expensive and they didn't really have anything that fit [my needs]. This ambulance had these great display cases where the drugs were held; it was all very neat and ready to roll; it had everything I needed,” she says.

Tercheria added in her personality (along with a great stereo system) to



attract attention and drum up business. “I made it a great atmosphere—so much so, people want to hang out in there with me. Many even ask if they can drive it,” she relays. “I also have a PA system, and I use it to tease and heckle people I see smoking with ‘Hey, put that thing out!’ It also has sounds on it that I blast; it’s all super fun.”

Like many former smokers in the business, Tercheria wanted to share her positive vape experience with others, so she turned it into her next career. “Vaping started my evolution of quitting and along the way, I realized how fun it was as a business,” she says. “I was in the television business for years and I was tapped out. I knew this is where I wanted to be.”

Currently, Vapor Express L.A. offers three e-juice lines and a wider gamut of hardware because, as Tercheria puts it, “I never know where I’m going to be.

In brick-and-mortar, retailers know what their clients want and they have the same clients repeatedly—I do not. I wanted to have a little bit of everything in hardware to satisfy the multitude of people I sell to in a variety of locations.”

SPOT-ON WITH AN APP

When Liz DePietro decided to move forward with vapor in her three Village Smoke stores in Atlanta, Georgia, she didn’t just put in a few shelves, she put in a section—not just any section, but one called Vape Spot, which she now makes available as a franchise business for other retailers and entrepreneurs. “My angle is, I want people to be able to find the finest quality brands of e-smoking supplies and accessories consistently through Vape Spot,” she explains. “Our product lines are sourced with many years’ worth of relationships in the industry. Vape Spot offers the

most up-to-date e-smoking products and accessories on the market. We pride ourselves on having a large variety to choose from.”

But her ingenuity with Vape Spot doesn’t stop there. The Vape Spot Mobile App was also recently launched, offering customers information and specials not published anywhere else, as well as directions and locations, chats and a comment wall. Soon, a delivery aspect will be added that will enable e-liquids to be delivered to customers “just like pizza,” according to DePietro.

She says she came up with all of this because as a business consultant, she likes to “fill in the holes. When people have problems, they consult with me, and I network and deliver a solution. It’s what I’m good at and there is a great need for information in this industry.”

LED lights were added to give the space that “wow” factor, according to the spokesperson, who maintains that “customers will feel as though they walked into a sophisticated, sexy members-only lounge.”



DESIGNER DIGS

High design is fast becoming an important aspect of many vape shops that want to stand out in a big way. The use of design elements such as LED lights, acrylic bars and glossy barstools, to name a few, have some shops resembling high-end nightclubs. Vapor Delight in Santa Monica, California is one such vapor retailer that prides itself on its “unique, interactive experience,” as well as a customized bar with high-end designer flair that is meant to be the precursor to a night out on the town.

Vapor Delight refers to its unique retail merchandising as a “vapor bar system.” Upon arrival, customers are given a menu of e-liquid flavors to choose from to sample; they are then instructed to rate them by filling out a sheet of paper giving the e-liquids one to four stars.

According to a company spokesperson, “This method will allow us to get an accurate consensus of what people like and dislike. We will keep a large inventory

of the e-liquids that people favor and eliminate the ones people disapprove of. It is our goal to make sure that our customers’ needs are being met and that we are fully stocked with the product they desire.”

The bar was created using custom-made glass and luxury stainless steel, which acts as the bar’s edging. LED lights were added to give the space that “wow” factor, according to the spokesperson, who maintains that “customers will feel as though they walked into a sophisticated, sexy members-only lounge.” Another added bar feature is the LEM chairs designed by Shin and Tomoko Azumi.

Vapor Delight’s luxury lounge also showcases designer furniture including Barcelona chairs by Mies van de Rohe, tables by Eileen Gray and sofas from le Corbusier.

While the store is currently 1,300 square feet, it will soon be expanded; a second floor is currently under construction and is slated to act as Vapor Delight’s new VIP lounge. **TBI**

Vape *vs.* E-Cig *Views*



By Renée M. Covino

It's not an open-and-shut case for what some refer to as the open- versus closed-device debate. Here are some distinct and varied views on the ever-changing e-landscape.



They say when one door closes, another opens, but in the house of vape devices and e-cigarettes, doors and windows are simultaneously opened and closed. Technically speaking traditional e-cigarettes, also known as stick-alikes or cig-alikes, are closed systems, whereas the more advanced vapors/tanks/mods (VTMs or vape devices) are open systems. The word on the street is that while more doors are opening for vape devices, more doors are closing for e-cigs—and that is true in some aspects, but it is only part of the continually developing story.

ANALYST VIEW

The expected size of the 2015 overall vapor market (encompassing all electronic smoking devices) is \$3.5

billion according to Nielsen C-Store Database and Wells Fargo Securities estimates. However, of that, the larger share of \$2 billion belongs to vapors/tanks/mods/personal vaporizers versus the \$1.5 billion estimation for e-cigarettes/stick-alikes.

Dialing down further, the sales mix continues to shift to VTMs, which are growing at three times the rate of the entire category according to a recent Wells Fargo Tobacco Talk survey of independent vapor manufacturers. While in first quarter 2014, 89.5 percent of respondents believed that vapors/tanks were taking share from e-cigs; this year that number jumped even higher to 95.7 percent.

The way one respondent (independent vapor manufacturer) put it, “I like to compare the vape



“We still have the cig-alikes, but they’re not moving anymore.”

—Elizabeth DePietro,
Village Smoke, Atlanta, Georgia



industry to the cell phone industry of the 1980s: cig-alikes are like Nokia flip phones that just make calls, and VTM products are like the iPhone 6. It’s a night and day gap between consumer experiences.” He went on to say that “the cig-alikes are not a product that holds the customers’ needs for longer than a month.”

Another manufacturer commented, “E-cigs are outdated tech and were brought to market when better tech already existed. They are and have been only an introduction to the VTM. The big players are completely out of touch with the market.”

TOBACCO/VAPE RETAILER VIEWS

Jumping right to the closed-door view, “Stick-alikes are way out...gone!” Liz DePietro, owner of three Village Smoke stores in Atlanta, which all have Vape Spot sections (her franchised vapor store-within-a-store concept), tells *Tobacco Business International*. “We still have the cig-alikes, but they’re not moving anymore. We went from selling six cases a month to now selling one stick of each flavor a month, if that.”

The way DePietro sees it, even initial users in her area are now skipping right over the cig-alikes and going straight to a cheaper form of a vapor product,

such as the vapor pens. She admits she makes “way more money” on the liquid, so it was in her best interest to optimally train her sales force. “There’s a lot more education involved in selling vapor devices but it’s worth it, and I not only train my people, I consult, too, and offer my services to whoever wants to learn this business the right way.”

Gary Tapley, general manager of the 29-store chain Smoke Shop in Dyer, Indiana, is another tobacco/vape retailer that is not seeing much movement on e-cigs as compared to the “liquids,” as he calls them.

“The liquids are the direction I think people are going towards now,” he says. While he has all the “big-name” e-cigs like Vuse, Mark Ten, blu, Zoom and others available on the counter and in the backbar, “blu [has] sat on my counter without much movement lately, even though it probably outsells all the other e-cigs.”

Tapley has identified the vaping trend to be a bit more popular with the younger generation of customers that come through his door, and he is lucky to have a staff that is educated about it all on their own, unlike some tobacco retailers who do not have this education advantage. “I have a group of young ladies that have worked for us a lot of years; they understand vaping

well through their friends and their peers, and they’re up at the counter at all times working it and providing great service to those customers,” he says. “They know that customer base more than I do.”

For the e-cigs that are not moving at all, Tapley is planning to discontinue them immediately and expand the vapor side of the business. “I can do a lot of manipulating with my counter space and under the counter,” he relays. “It’s one of those things that I recognize will be changing a lot and often—and I need to be on top of it if I want to deal in that end of the business.”

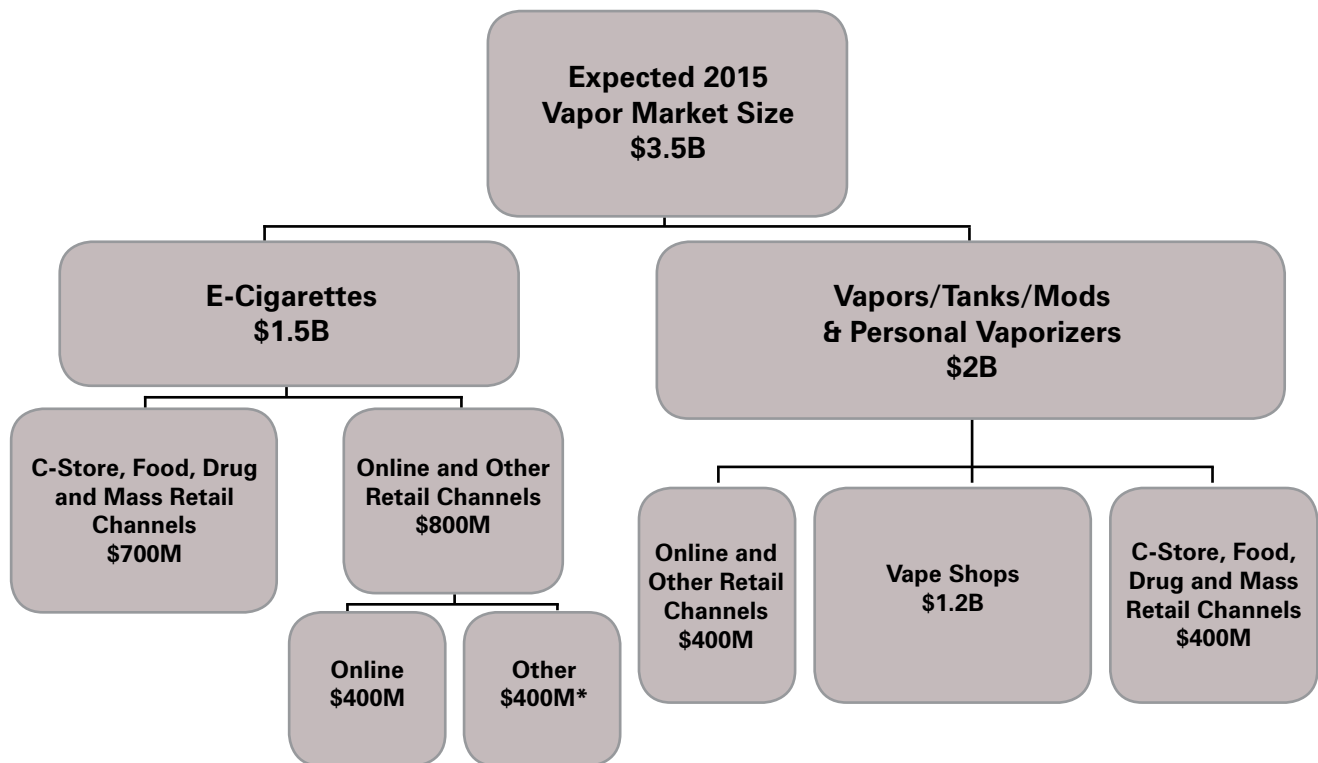
VAPOR DISTRIBUTOR VIEW

Cig-alikes are clearly not where the category’s at, but they’re also not a dead deal according to Joe Van Brocklin, sales manager for Nevada-based vapor wholesale distributor HotVapes, which doesn’t carry much in e-cig lines, but has not eliminated them completely. “With a lot of the old cig-alikes, customers didn’t get a good throat hit off of them, but the newer Joyce eRoll seems to be very popular with an older demographic—people in their 50s and 60s who typically don’t want that big device. We’re doing well with it.”

The way Brocklin sees it, “There’s always going to be a place in the market



BREAKING DOWN THE U.S. VAPOR MARKET



Source: Nielsen C-Store Database, Wells Fargo Securities

*Other non-tracked channels include tobacco-only outlets and other e-cig retail locations.

for e-cigarettes, although it's probably always going to be a very crowded marketplace. We're seeing that there's always going to be people who prefer it, just like we're seeing people who still want the old eagle-style batteries even though at one point it looked like they might be phased out."

EUROPEAN E-CIG MANUFACTURER VIEW

Further evidence that stick-alike devices are not a closed door was discovered at one of the most crowded and high-energy booths at the Tobacco Plus Convenience

Expo in January—that belonging to European e-cigarette manufacturer Cicrazy, based in Luxembourg.

Despite the electronic cigarette now being viewed as favored by an older demographic, Cicrazy is clearly targeted towards a young, hip audience, touted by the company as a "fun," "party" and "nightlife" cigarette with a winking devil emoticon as its logo.

"Everyone has a devil inside their body and we want people to be seduced by this product," offers Julien Vandeveld, export manager for Cicrazy, which he says loosely translates to "very crazy" in

French. The brand apparently has a tremendous following in Europe thanks to its social media blast of youthful European stars using the product at various events and nightlife venues.

"Do we look dead?" he adds. "This is a product in a category that we believe is very much alive."

While the company's fun image and devil emoticon logo is fast becoming a global social media presence, Cicrazy prides itself on its strict standards mandated by the European Commission, according to Vandeveld.



**“AT THE END
OF THE DAY, A
SMOKER WANTS
A CIGARETTE-
LIKE PRODUCT;
THEY DON’T WANT
TO CARRY A BIG
DEVICE.”**

BLU VIEW

One of the leading traditional e-cigarettes, blu, has been in the news lately for not only its parent company blues (Imperial is on target to acquire it), but also for the fact that it has been losing share according to various industry reports and retailer counts. Nonetheless, it is still a strong brand and a recognized force in the industry with all eyes on its next moves.

“We think we’re the best product in cig-alikes, but we’re not where we want to be yet,” a company spokesperson tells *TBI*. “We think we’re about 20 percent away from having the perfect electronic cigarette—we have a ways to go, but we’re planning to get there.”

And it’s pretty clear who the company’s target market is. “We’re after smokers—the 40 million people that are still smoking, and not the niche parts of [the industry]. At the end of the day, a smoker wants a cigarette-like product; they don’t want to carry a big device. Our customers are the folks who’ve smoked their whole lives and they’re used to being inconspicuous about it—that’s their mentality. They don’t like technology and they don’t want to deal with charging. E-cigarettes like blu are great for these folks and they’ll always be great for them,” he adds.

BRIDGE VIEW

On the one hand, there are e-cigarettes and on the other, there are vapor devices. But now there is also a hybrid product that is bridging the gap between the two—aptly named the Mystic Bridge. The “revolutionary”

product uses Mistic’s HAUS technology; it is basically a refillable tank, like the one used in personal vaporizers, which fits onto cig-alike batteries like a cartridge. This means users can vape any of the e-juice flavors available for VTMs, but in the convenient size of an e-cig. And it’s not just a product for Mistic e-cigs. The Bridge also has versions fitting blu and MarkTen. The company touts that “there’s no need to buy a new battery to use with the Bridge—unless you want to use the stylish blue one” that comes in the Bridge Starter Kit.

The company did its homework before unleashing this product. “We conducted focus groups and found that would-be users really like the form factor of a cig-alike; we also found women to be big fans of the smaller form factor,” says Mistic’s CEO John Wiesehan. But cig-alike users and women were not the only focus groups in favor of the Bridge. Surprisingly to Mistic, high-end mod users and vape consumers also gave it high marks as an alternative device at their job or wherever they could not carry their big hunk of a vaporizer. “We thought we would get killed by the big mod guys, but they actually liked it too,” says Wiesehan.

The line lightly launched in November (first exclusively with Walgreens and then with a few c-store chains) and sold out on every piece by December. It is back in stock and ready to hit the market hard with a device that just may change the landscape of e-cigs versus vapes once again. **TBI**

Highlights *From the* Tobacco Plus Convenience Expo

January's TPC show in Las Vegas was a resounding success, boasting 438 exhibitors and a teeming trade show floor.



This year's Tobacco Plus Convenience Expo lured more than 1,700 attendees with the largest-ever exhibit floor showcasing tobacco- and vapor-related products and accessories. The show kicked off with a poolside party at the Westgate Hotel, where attendees enjoyed cocktails, live music and an extensive buffet as the lights of Las Vegas glimmered in the background.

However, the true highlight of the event was the trade show floor, where thousands of products from

manufacturers around the world were showcased. Attendees were dazzled by the array of offerings on display, from traditional tobacco products to innovative vaping devices and liquids. "It's been great," said Jeff Kathman, owner of five Cut Rate Tobacco stores and two Cincy Vapors shops. "We wanted to see new products and make new connections, and we've found some great products and met a lot of people." (For more retailer perspectives, see our show profiles on the

pages to follow.)

The exhibit hall also featured the ever-popular cigar bar/lounge, which gave attendees a comfortable place to recharge and enjoy a complimentary beverage. For the second year running, the show also provided a second lounge area dedicated to the vaping community. The pages to follow offer more highlights from TPC 2015.



TPC 2015

Tobacco Plus
Convenience Expo

BEST IN SHOW

A dozen Las Vegas retailers served as judges for the TPC 2015 Best New Product Awards, which were presented to the following four companies:



Aladin Hookahs' Nils Freesche, Maximilian Held and TBI's Ed O'Connor

BEST NEW TOBACCO ACCESSORY

Aladin Hookahs
Wiesbaden, Germany



Aladin Hookahs' Andreas Thoms, Alaa El Din Kote and Maximilian Held



Rouseco's Franklin Rouse, Jeff Martin, Ed O'Connor, and Rouseco's Terry Hill

BEST NEW TOBACCO PRODUCT

Rouseco
Kingston, North Carolina



O'Connor with a Shenzhen Inshare Technology representative

BEST NEW VAPOR PRODUCT

Shenzhen Inshare Technology Company
Guondong, China



TripleZ Limited's Roshan Mahtani, Ramesh Jhujhnuwala, Avi Stein and Salomon Shuva

BEST NEW NON-TOBACCO PRODUCT

TripleZ Limited
Deer Park, New York



TripleZ Limited's Salomon Shuval, Avi Stein and Ramesh Jhujhnuwala





DEBUTED AT TPC 2015

TPC 2015's New Product Showcase featured a wide range of innovative alternative tobacco products, including S&M Brands' LEX 12 E-sense electronic cigarettes and e-liquids in 16 flavors, Buck Naked's Boost and Elite refillable electronic cigarettes and the Buck Naked Slip Kit, Vapor4Life's e WOW Vapor cigarette line and Lorillard Tobacco's blu Plus+. Other more traditional introductions included Rouseco's Carolina Cigar Company line and Cheyenne International's Klondike and Derringer moist tobacco tubs.



Vaping Voices

TBI spoke with a few of the many vapor retailers who turned out in force for TPC 2015 about their show experiences. Here's what they had to say.



Who:
Jeff & Patty Kathman

Where:
Cincinnati, Ohio

What:
Tobacco outlet retailer (Cut Rate Tobacco, five stores, est. 1996) and vape shop retailer (Cincy Vapors, two stores, 2013)

Why they came:
“We wanted to see new products and make new connections. We found some great new juice lines—they taste like they are supposed to—and a few new tanks. We were also invited to visit with some places in China but we’re a little on the fence because of the language barrier. We’ll see. We are definitely planning to go to the Vapor World Expo in Chicago.”
(For more on the Kathmans, see Trench Marketing, p. 74)



Who:
Robert Poe and Sally Rosen

Where:
Reno, Nevada

What:
Vapor retailer (Reno Vapor Emporium, two locations, est. 2013)

Why they came:
“Our main goal was to find Chinese distributors. It’s really hard to do business with companies overseas when you can’t be face-to-face with someone. Even in person it’s been difficult to communicate.”

What they liked:
“We found a lot of middlemen who can help us source product from China and who seem to have reasonable prices, so that’s been great.”



Who:
Pamela Cube

Where:
Based in Palm Beach Springs, California;
stores in Virginia Beach, Virginia and Munich, Germany

What:
Manufacturer (Eliqcube), distributor and vapor retailer (ECigarette City,
two vapor retail shops, est. 2014)

Why she came:
“I was looking to meet new people to source hardware for our distribution side, to network, and [to] just generally see what is new out there in the industry.”

Take on FDA regulation:
“I am concerned about FDA regulation and also bills being proposed. I am not too worried about the manufacturing regulation because of the self-regulation we’ve done and our clean-room practices and processes.”



Who:
Eric Fritt

What:
Vapor importer and vape shop retailer (Vapor Worldwide, two stores)

Where:
Maryland and Washington, DC

Why he came:
“My partner, who lives in Shanghai, and I came to the show mostly to buy more hardware and line up with more juice companies. We have built relationships with Chinese hardware companies that we met here last year. This year there were more than 50 e-juice exhibitors here. The innovation in the hardware from last year to this year has been amazing! The devices are like little computers now. It’s exciting to see.”

Take on FDA regulation:
“I am actually fairly excited about it—if they do it right. I think it’s a necessity to have some regulation, especially in the e-liquid area. There are people making this stuff in their bathtubs and we shouldn’t be vaping that stuff. Our products are from reputable companies; we vet them by going to see their facilities. All of our liquids are sourced stateside. We only get hardware from overseas.”

D&R: Driving Innovation

Daughters & Ryan debuted a wide range of new offerings at TPC 2015.

When D&R's Mark Ryan decides it's time for change, he doesn't mess around. At January's TPC Expo, the founder and owner of Daughters & Ryan introduced six new tobacco e-liquid blends and six new Perique cigars, plus a more-bang-for-your-buck deal on his line of pipe tobacco.



BOUTIQUE E-LIQUID BLENDS

"I wanted to develop a series of tobacco-flavored e-liquids that actually taste like tobacco," explained Ryan at a press conference at TPC Expo. "So I decided to use our top-selling premium tobacco blends—Cockstrong, Picayune, Ramback, Rowland, Windsail and Wingate Menthol—to make the extracts. The varietal character in those liquids enabled us to really capture the flavor of each blend."

To match the flavor profiles of the popular tobacco brands, D&R worked with Greenville, North Carolina-based Purilum, a facility that specializes in flavor formulation, e-liquid production and tobacco extraction. "The resulting six Prestige Series E-Liquid blends not only actually taste like tobacco, they taste like the blends for which they're named," noted Ryan, who also chose Purilum for its dedication to maintaining high-quality

manufacturing standards. "There are no standards on extraction—that's one of the things I was worried about."

Cockstrong and Rowland are American blends, Windsail is a Virginia blend, Ramback is an Oriental blend, Picayune is a Perique blend and Wingate is a menthol blend. All six blends will be made in the U.S. in four nicotine level options: 3mg, 6mg, 12mg and 18mg.

The e-liquids, which are packaged in 30ml glass bottles with a glass eyedropper screw top, will be individually boxed and packaged six boxes to a case. "We designed very distinct, original box art," added Ryan, who notes that the individual boxes are printed to look like mini tobacco-drying barns with the top folded to create a pitched roof. The design of the e-liquid case boxes, which can serve as a small display box holding six individual boxes, continues the tobacco barn theme. D&R is also offering a custom-built e-liquid retail countertop display.

While many e-liquid manufacturers are targeting the growing number of vape shops around the country, Ryan sees tobacco stores

“I recognize that many of the vape lounge type of folks are making their own stuff in a back room, so to survive and make it in this market I needed an undisputed niche.”

as his niche. “I recognize that many of the vape lounge type of folks are making their own stuff in a back room, so to survive and make it in this market I needed an undisputed niche,” he explained. “I figured if I came up with something that really tastes like a tobacco, I would be able to go to the traditional smoke shops and tobacconists who want to deal with someone who sells tobacco and really knows the industry.”

BRICK BY BRICK

Extending its popular 1881 Perique line of premium cigars, Daughters & Ryan introduced six new cigars from Tabacalera Incorporada, the first and oldest cigar factory in Asia. “We had such great success and interest with Perique tobacco that we added three new shapes—Toro, Lonsdale and Corona—and made our Toro Torpedo and Torpedito cigars available with a Maduro wrapper,” said Ryan. “Customers were asking for the new sizes, and the Maduro adds more complexity and flavor to the line.”

D&R’s 1881 line features the company’s



signature Perique tobacco, which is produced in limited quantities in a small region of Louisiana and highly coveted for its unique spicy flavor.

RYO BONUS

As of February 1, every bag of D&R pipe tobacco will contain two extra ounces of tobacco at no extra charge, Ryan reported. This unexpected boon for retailers and consumers alike is due to, essentially, belated conformity with the rest of the industry. “Back when I started the company 25 years ago, most RYO was in a 7-ounce tin, which was the amount of tobacco that equated to a carton of cigarettes,” Ryan said. “I was doing mail order so I went to 14 ounces, which made two cartons. Then dozens of new companies sprang up after

the MSA passed and naturally started selling an even pound.”

Ryan is finally ready to adapt. The bottom line? “Our tobacco is basically cheaper now because I didn’t want to raise the price at a time when so many people are hurting [financially],” he explained. “So on all orders after February 1, you’ll get two extra ounces for free.”

Last but not least, D&R also introduced a new budget-priced RYO brand. “Our premium line is Two Daughters, our value line is VPT, which stands for value-priced tobacco, and our budget line is Better Smoke, which is available in two flavors: full and light,” reported Ryan. “I dragged my feet on that one, but distributors wanted a lower-priced product.” **TBI**

JM Tobacco's Nicaraguan Venture

By Jennifer Gelfand

Building on the company value premium offering, JM Tobacco has debuted a new Nicaraguan line.



Never one to rest on his laurels, JM Tobacco's Anto Mahroukian moved quickly when he spotted swelling interest in Nicaraguan cigars. "The crop of tobacco coming out of the country was really good and, as a result, Nicaraguan tobacco was getting really popular," he says, explaining the birth of his new JM's Nicaraguan line. "The tobacco is stronger and sweeter, so it's a cigar more geared toward veteran smokers, versus the milder JM's Dominican."

Debuted at the 2014 IPCPR trade show, the line was an instant hit, with both

versions—a Sumatra and a Maduro wrapper—quickly embraced by cigar smokers. JM's Nicaraguans sport the same vibrant packaging as its sister cigar, JM's Dominican, but with a trim in the same blue used in the Nicaraguan flag. Like the company's flagship product, the cigars come in eight sizes, are packaged 50 to a box and retail for between \$4 and \$5, placing them in the value premium category.

Because the cigars have a different taste profile, Mahroukian wasn't concerned that the new product would take market share from JM's



NEW THREE-PACK DEBUTED AT TPC 2015

At the recent Tobacco Plus Convenience Expo 2015, JM's Tobacco unveiled a new three-pack pouch perfect for stores that don't have in-store humidifiers. "I took my best-selling Churchill and put three [of them] in a resealable pouch that keeps them fresh for up to a year," he explains. "We have them in JM's Dominican and in JM's Nicaraguan, in both Sumatra and Maduro. It was a huge hit at the show, particularly with c-stores. The main comment that I got was, 'You should have done this years ago!'" The pouches retail for approximately \$10 and come ten pouches to a display box.

“The product has really extended our reach and added a new line for retailers.”

Dominican and, indeed, that proved to not be the case. "It's really reaching the Nicaraguan fans—customers who know our name and trust our product quality but who are looking for Nicaraguan tobacco," he explains. "JM Dominican smokers might buy them as well, but that's in addition to their usual cigars, not in place of them. The product has really extended our reach and added a new line for retailers."

Continuing to model his newest cigar on the success of the company's popular JM's Dominican line, Mahroukian plans to introduce a new Corajo Nicaraguan at the IPCPR show this summer. "With



“With JM’s Dominican, we started with a Sumatra and Maduro and then added a Corojo and a Connecticut. That’s the path we’re thinking about following with JM’s Nicaraguan.”

JM’s Dominican, we started with a Sumatra and Maduro and then added a Corojo and a Connecticut. That’s the path we’re thinking about following with JM’s Nicaraguan. Business has been great and we’re really excited about the future.” **TBI**

Two Sides of the Same Coin

Cut Rate Tobacco is straddling both sides of the tobacco/vaping fence by opening both freestanding and store-within-a-store locations.

It's no secret that the majority of today's growing army of vapers were once tobacco users. Some of the converted moved away from tobacco purely as a means to take advantage of lower cost for a similar experience. But many more have done so to pursue perceived health benefits—and this latter group's passion for vaping has been hardened by its antipathy for tobacco products and its disdain for the people who sell them. This has put Jeffrey Kathman, owner of Cheap Tobacco, in an awkward position because he sells both traditional tobacco products and e-cigarettes.

Kathman got his start in the tobacco business in Cincinnati, Ohio back in the mid-1990s working part-time for an

entrepreneur who owned a successful chain of drive-thru stores that sold beer, wine and lottery tickets. "I started running those stores for him at the time that he was just starting to branch out into tobacco stores," he recalls. Those new stores, called Cheap Tobacco, operated the store-within-a-store concept. "We sold tobacco, lottery and alcohol, but there was a special section that was cordoned off to sell cartons of cigarettes exclusively," he says.

He got into the tobacco business full-time in 1996 when his delivery route rights for the city's newspaper, *The Cincinnati Enquirer*, were revoked. "My boss at Cheap Tobacco knew I had the capital and experience, so he came to me with an offer to buy a franchise and I jumped





at the opportunity," relays Kathman, who later renamed the stores in his franchise operation Cut Rate Tobacco. He rapidly opened six stores, but ill-timed tobacco taxation took his legs out from under him just as he was settling in. "First the MSA hit, then Ohio started taxing cartons, and that had a bad effect because Cincinnati is right on the border of northern Kentucky. My customers started driving across the river for the lower cigarette taxes. We lost almost 50 percent of our business overnight."

In the aftermath, Kathman was forced to cut his number of stores down to four. "We had been surviving, not growing," he says. Kathman looked for other ways to spur growth, and thought he had found the answer in roll-your-own machines. "I invested heavily in

RYO machines," he says. "We had one in every Cut Rate Tobacco store and one standalone building with multiple machines dedicated exclusively to RYO." Everything was rolling along perfectly, he tells, until Congress passed legislation in 2012 that essentially put RYO stores around the country out of business.

But as luck would have it, Kathman stumbled upon a number of vaping stores while on vacation in Florida and found himself returning to one in particular over and over again to talk with the owner about the business. "That owner wanted me to buy one of his franchises, but I did a lot of thinking while driving home from Florida," he recalls. "I thought to myself, 'Why invest in someone else's concept when I already know how to do this?'" Since his standalone RYO-only store was

still under lease but was no longer open, he made a decision: "I put those big pizza tables into climate-controlled storage," he says, referring to the now-defunct RYO machines. "They were the perfect height for my staff to eat pizza off of, but nothing else." And in place of the "pizza tables?" Kathman and his wife opened the first of five Cincy Vapors stores.

VAPING MARGINS: THE SKY IS THE LIMIT

Today, the Kathmans own and operate four Cut Rate Tobacco stores and five Cincy Vapors stores in Cincinnati, and the stores are much more closely integrated than anyone would initially think. "After we opened the first Cincy Vapors store, we clearly saw that our tobacco sales weren't growing and we weren't gaining

“I know what’s happening with new products, I hear what the complaints and gripes are, but this conflict, as people see it, is huge, and when I say *huge*, that’s an understatement.”

new customers, so we incorporated vaping into our tobacco stores,” Kathman explains.

All four of his Cut Rate Tobacco stores now sell wicks, starter kits and juice brands using the store-within-a-store concept he learned from his mentor. “We call it Cincy Vapors Express,” he says. “In our Cincy Vapors stores, we tell customers we’ve got other stores around town, and our business card has ‘Cincy Vapors’ on the front and ‘Cincy Vapors Express’ on the back. Some customers don’t know [the Express stores are] actually inside tobacco stores; they never put two and two together.”

However, many customers do make the connection, and some are offended by the idea of going into a tobacco store to buy vaping products, says Kathman. “We have customers who will only come into our Cincy Vapors stores because they’ve kicked the habit and don’t want to be reintroduced to tobacco,” he explains. “Stopping smoking and moving to vaping might have been a hard transition for them,” he adds, “and they don’t want to be tempted. I get it, and I try to smooth it out with those customers. But vaping is the future...that’s why I’m doing this. I’ve seen people—my Cut Rate Tobacco customers—use pills, patches, gum, fake cigarettes and step-down cigarettes, and every one of them comes back to tobacco,” he says. “Vaping and e-cigs give people the hand-to-mouth experience that resembles cigarette smoking, and it works for people who have cessation goals in mind.

“Vaping is like the cell-phone business of tobacco because you can sell accessories,” he reveals. “In my tobacco stores I sell plenty [of] packs of Marlboros, but the customer doesn’t want much more except maybe a lighter every three weeks, or a cigar when they have a baby—there aren’t add-on sales there. In our Cincy Vapors stores, you get upgrading, you get extra sales and there are just more potential reasons to sell products to customers. The bottom line is profit margins. With cigarettes that’s 8 to 10 percent, but with vaping the sky is the limit.”

Some customers understand, he says, but others think it’s wrong, so Kathman religiously works behind the counter in his Cincy Vapors stores everyday to check the pulse of what’s going on. “I know what’s happening with new products, I hear what the complaints and gripes are, but this conflict, as people see it, is huge, and when I say *huge*, that’s an understatement.” Kathman unabashedly acknowledges that he wants to capitalize on the sales opportunity that vaping represents to him as a retailer, but he also wants to do the right thing for customers who are confused by his dual interests. “The business side of me says, ‘Grab anything you can.’ So that means with some people I have to appeal to their heart with another part of the truth,” he says. “Having the Cincy Vapors Express stores inside Cut Rate Tobacco stores is a way for me to sell more product, and that means my people keep having jobs,” he opines.

“I believe social media has been a big part of our success. It has made us grow, has made us rethink a lot of strategies, [and has] given us better ideas about what products to have.”

His Cut Rate Tobacco stores are more or less operating on autopilot in the sense that his customer base is well-established, and the stores have performed well year-to-year by traditionally keeping prices low on the products he carries (a diversified list of big name and off-brand cigarettes plus dip, chew, some premium cigars, and accessories like candles, incense, lighters and snacks) to encourage high volume. Kathman doesn't do any advertising whatsoever for those stores because the same customers keep coming back to them.

Like Cut Rate Tobacco, Kathman wants the Cincy Vapors stores to carry something for everyone—from the vapor novice to experienced vapers. He carries a wide array of e-cigs, eGo style batteries, unregulated (mechanical) mods, and juices in each store. “I try to appeal to everyone—from the guy who asks, ‘What the hell is this?’ to the guy who actually educates *me*,” he says. “But I do not make my own juice. Obviously I'm envious of those stores that make their own juice because the

margins are [incredible],” he states, “but that's not my expertise, so I only resell other manufacturers' juices. I'm in retail, not manufacturing or chemical facilities. Also, I think when regulations hit—and they most definitely *will* hit—that's what's going to get hit first.”

SOCIAL MEDIA EDGE

What has helped make the Cincy Vapors and Cincy Vapors Express stores so successful is active management of the chain's brand core values on its website, as well as through its presence on Facebook, Twitter and Instagram. Kathman is also an active participant in vaping forums and regularly responds to customer email inquiries himself. “I still don't understand all of the technology,” he says, admitting that he had to ask his 20-something daughters to explain it all to him one day while sitting around the kitchen table. “Facebook friends and all that... it's not for my generation, but what I do know is [that] it's very important to the generation that is supporting vaping; it's a major part of their lifestyle.

“I believe social media has been a big

part of our success,” he says. “It has made us grow, has made us rethink a lot of strategies, [and has] given us better ideas about what products to have. It makes our stores and the experience we offer personal, and that's good for customers.” But above all, he says, the most important thing he and his employees do happens in the store. “I emphasize concentrating on listening to customers,” he explains. “You can gather a lot of information by listening to customers talk to each other. I eavesdrop, then weasel into their conversation and ask them what they like about this [particular product]. Then I go home and research what I hear them talk about.”

And staying ahead of the curve with vaping is what Kathman believes will keep his head above water as tobacco consumption continues to decline. “In Ohio they're planning to add more taxes to cigarettes, and the federal government is too, so we have the potential to see a \$20 increase per carton,” he says. “That means there's no potential for cigarette sales, but lots of people will be driven to vaping.” And when they do, Kathman will be there, ready and waiting. **TBI**



BIC's Super Super Bowl Edition

BIC Consumer Products, USA has announced its Special Edition® Super Bowl XLIX Champion Series Lighters that celebrates the winning team. The six designs in the series feature textured, holographic foil and the logo of this year's Super Bowl champions: the New England Patriots. Production began at the Milford, Connecticut-based BIC Lighter facility immediately following the big game.

"To be a part of one of America's biggest sporting events in such an innovative way is truly an honor for us," says Keith Last, brand manager, lighters for BIC Consumer Products, USA.

Available in February 2015 in limited supply and for a limited time only, the BIC Special Edition® Super Bowl XLIX Champion Series Lighters have a suggested retail price of \$2.99 per lighter. BIC USA, 800-546-1111 ext. 2461



Carved-Log E-Cigs

YQD has coupled old-fashioned woodworking with innovative technology to create beautifully crafted carved-log e-cigarettes. The line features a wide range of styles that reflect cultures and iconic images from around the world, including the Statues of Liberty and Venus. The Original Electronic Technology Company, szyqd.com, e-cig@szyqd.com, 86-755-2308-9845

Picking the Pope

Drew Estate's new Pope of Greenwich Village Cigar will be released in Spring 2015 and will be available through Smoke Inn's South Florida-based retail stores and website.

The Pope of Greenwich Village will be offered in a 6x40 panatela vitola and sold in soft pack 10s at an MSRP of \$85 and \$8.50 for a single cigar. The blend features a Mexican San Andres wrapper with Connecticut Stalk Cut Habano binder and Brazilian Mata Fina and Nicaraguan fillers. The cigar was blended by Willy Herrera, Drew Estate's master blender, who had this to say about the blend: "This cigar will appeal to fans of our other maduro blends, including Undercrown, Nica Rustica, MUWAT and Liga Privada. Anyone who has smoked cigars that I've blended knows that I like spice, but I didn't go overboard here. The blend is balanced, bold, and just really good. The small ring gauge definitely amplifies the flavor."





E-Liquid Blends

Daughters & Ryan has developed Prestige Series E-Liquids, a line of six e-liquid blends that all come in four nicotine levels: 3mg, 6mg, 12mg and 18mg. Each of the e-liquids was formulated to match the flavor profile of one of the company’s popular tobaccos—Cockstrong and Rowland, American blends; Windsail, a Virginia blend; Ramback, an Oriental blend; Picayune, a Perique blend and Wingate, a menthol blend. All six will be made in the U.S. by Greenville, North Carolina-based Purilum, a facility that specializes in flavor formulation, e-liquid production and tobacco extraction.

Presented in 30ml glass bottles with a glass eyedropper screw top, the e-liquids will be individually boxed and packaged six boxes to a case. D&R is also offering a custom-built e-liquid retail countertop display.



1881 Perique Cigars

D&R is extending its popular 1881 Perique line of premium cigars with the addition of six new cigars from Tabacalera Incorporada, the first and oldest cigar factory in Asia. The company is adding three new cigar shapes—Toro, Lonsdale and Corona—as well as making its Toro Torpedo and Torpedito cigars available with a Maduro wrapper.

D&R’s 1881 line features the company’s signature Perique tobacco, which is produced in limited quantities in a small region of Louisiana and highly coveted for its unique spicy flavor.



RYO Intro

D&R has also introduced a new budget-priced RYO brand—Better Smoke—that supplements its Two Daughters premium line and VPT value line. The new brand is available in two flavors: full and light. Daughters & Ryan, 919-284-2058, Gloria@daughtersandryan.com, dglover@daughtersandryan.com

A Royal Introduction

Swisher International has introduced the new King Edward VII Cigarillos. Named for the extremely popular and fun-loving ruler of early 1900s Great Britain, these cigarillos are hand-rolled in a natural Connecticut shade wrapper and have a rich, royal taste.

Available in a choice of two enticing blends—vanilla and natural—the cigarillos are offered as buy two, get three and packed in resealable foil pouches to ensure freshness. Swisher International, 800-874-9720



Pause for Effect

Recognizing that today’s hectic lifestyle leaves little time to enjoy the finer things, Davidoff has assembled a refined selection of shorter format cigars. The handmade cigars that make up the assortment have a diverse taste profile and can be enjoyed within 35 minutes.

“Davidoff’s ‘Pause’ is ideal for aficionados who lead a life filled with commitments but who would love to put aside a little time in their day to savor a delicious cigar,” says Charles Awad, senior vice president of marketing and innovation at Oettinger Davidoff AG. The assortment of five cigars is composed of the smooth “Entreacto” and “Millenium Blend Short Robusto,” the richer, more intense “Nicaragua Short Corona,” the new spicy “Nicaragua Primeros” and the most intense “Puro d’Oro Sublimes.”

“Thanks to the different cigar formats and taste profiles, the aficionado can choose from smooth to full body, savor aromatic to bittersweet palate stimulation, and find the appropriate short cigar to be enjoyed when he/she has a short moment in his/her hectic day,” says Awad.

The assortment also includes the new handmade “Primeros by Davidoff Nicaragua,” ideal for short smokes of 15 minutes or less. These small cigars offer the same taste experience as the regular Davidoff “Nicaragua” line: peppery and creamy with a bittersweet aftertaste, deep flavors and a medium strength.

The suggested retail price per assortment is \$46.60. Davidoff, oettingerdavidoff.com

Davidoff Entreacto

Wrapper: Ecuador
 Binder & Filler: Dominican Republic
 Aroma: unconventional and harmonious

Davidoff MB Short Robusto

Wrapper: Ecuador
 Binder & Filler: Dominican Republic
 Aroma: refined and intense

Davidoff Nicaragua Short Corona

Wrapper: Nicaragua
 Binder & Filler: Nicaragua
 Aroma: spicy and adventurous

Davidoff Puro d’Oro Sublimes

Wrapper: Dominican Republic
 Binder & Filler: Dominican Republic
 Aroma: pure and rich

Primeros by Davidoff Nicaragua

Wrapper: Nicaragua
 Binder: Ecuador
 Filler: Dominican Republic and Nicaragua
 Aroma: spicy and adventurous





Derringer Debut

CN Smokeless Company has introduced a no-mess, pre-packed smokeless tub. The Derringer Premium Moist Tobacco 6-Shooter Tub, available in Long Cut Wintergreen, offers six pre-packed cans of fresh, high-quality smokeless tobacco all in one convenient tub. CN Smokeless, cnsmokeless.com



Stars 'n' Bars From DjEEP

Kretek International has debuted the new DjEEP Stars 'n' Bars collection, a patriotic series of lighters featuring national symbols of the U.S. Inspired by Old Glory, the new lighter series is part of DjEEP's upscale collectors' look. The new lighters are available on DjEEP 36-count, three-tier displays, as well as on DjEEP's new 24-lighter counter-tray unit. "As a Navy veteran I'm particularly pleased that DjEEP is bringing these designs to the American market," says DjEEP Product Manager John Geoghegan. All DjEEP lighters are insured and have proper DOT and HAZMAT certification. Kretek, 800-358-8100, salesinfo@krektek.com



Swisher's Un-Sweet Cigarillos

Swisher International has introduced new Swisher Diamonds Cigarillos, the un-sweet Swisher. These cigarillos offer a smooth, rich—but not sweet—taste created by Swisher's master tobacco blenders.

Swisher Diamonds Cigarillos are available in a two-count resealable pouch at three popular price points: 99 cents, \$1.49 and non-priced save-on-two. Released to limited markets in January, Swisher Diamonds will be available for shipment to stores nationwide beginning February 1, 2015. Swisher International, 800-874-9720



Moist With Muscle

CN Smokeless Company has introduced Klondike Premium Moist Tobacco 6-Pack Tubs, a product that looks to eliminate the mess and hassle of traditional tubs with the convenience of six pre-packed, always-fresh cans. Klondike tubs are available in Long Cut Wintergreen. CN Smokeless, cnsmokeless.com

Davidoff Honors Winston Churchill

Launched in December, the new Davidoff Winston Churchill cigar honors the world's most iconic cigar aficionado: Sir Winston Churchill. "The aim was to craft this new range of exceptional cigars as uniquely diverse as the man who inspired them," explains a spokesperson for the company.

This exclusive cigar range from Davidoff is composed of a new characterful blend. It is crafted with tobaccos coming from four different countries. It took time, patience and perseverance to create these fine cigars, and to deliver these exceptional blends with the complex character and refined sophistication that aficionados expect from Davidoff. The blend maintains the expected refinement and elegance of a Davidoff cigar, while pushing particular palate stimulations and flavors further. Strength of the blend is medium-to-full with a wide palette of exciting flavors and aromas. The cigars are adorned with a beautiful shiny and oily wrapper with a slight reddish touch. Due to the different Seco tobaccos, the cigars deliver an excellent, even burn and a firm white ash.



Limited Edition Sweets

Swisher Sweets has introduced its first limited-edition cigarillos of 2015, the Swisher Sweets Dulce de Leche. Featuring a smooth, sweet, creamy taste, Dulce de Leche Swisher Sweets come in resealable two-count foil pouches with the "sealed fresh" guarantee and are available in two-for-99-cents and save-on-two options. Swisher, 800-874-9720

Petit Corona (4x41)

The Winston Churchill Petit Corona is the shortest cigar in the range. Due to the smaller ring gauge and size, this cigar feels stronger and delivers less pronounced flavor nuances in the body. Beautiful pepper flavors together with dark coffee and toasty notes dominate. Available in boxes of 20 Petit Corona cigars.

Robusto (5x52)

The strength is slightly decreased and the flavors are more overt. The complexity of this cigar is more amplified and the flavors more pronounced. Leather and dark coffee flavors take a front role with a creamy aftertaste. Available in boxes of 20 Robusto cigars.

Churchill (6.875x47)

In this majestic format, the aromas are more pronounced, the flavors are multiple and the nuances of the different tobaccos are more independent. The body of the cigar is very present, and the mouthfeel of the smoke delivers beautiful flavors of chili pepper and cedar wood in the beginning, leather and roasted flavors in the second third, and finishes off with creamy and nutty notes. Available in boxes of 20 Churchill cigars.

Toro (6x54)

Carrying the largest ring gauge in the Winston Churchill range, this is a grand cigar from the first spicy, leathery, woody notes through the creamy, sweet influences of the Mexican binder to the final triumphant mix of flavors, courtesy of the Nicaraguan filler tobaccos from Esteli and Condegas. Available in boxes of 20 Toro cigars.

Davidoff, Davidoff.com



CloudV With a Chance of Innovation

CloudV, known for its wax pens, recently released a sleek and discreet e-liquid vaporizer. The CloudV Liquid features an ultra-slim design with a strong, no-leak tank that provides users with huge clouds of vapor. The 510 threads make it simple for users to swap tanks universally based on personal preference for look and feel. Available in black, white, chrome and black chrome, the CloudV Liquid gives users options to truly have a personalized vaporizer.

“This industry moves so fast,” says CloudV CEO Vahan Eksouzian, “that you have to provide users with something high quality and personal—or someone else will.” This is the company’s first e-liquid vaporizer and third portable vaporizer. The company plans to introduce new products to the market over the coming months as they stake their claim as one of the top brands in the industry. CloudV Enterprises, 800-707-4206, cloudvapes.com

A.J. Fernandez’s Brand New World

A.J. Fernandez Cigars recently unveiled New World, a value brand puro created by A.J. Fernandez and his father, Ismael Fernandez, who recently joined the company after retiring from 17 years with the Plasencia family. The cigar’s name pays homage to the discovery of the “mystical smoking leaf” by Europeans when their ships landed in what was then called the “New World,” explains A.J. Fernandez. “The team at A.J. Fernandez Cigars is grateful for the amazing support we have received from the consumer[s] and therefore will offer the New World Cigar at a value price as we invite everyone to join us on our New World journey.”

The New World blend is an elegant box-press cigar adorned with a cigar band that depicts the Europeans landing on the shores of the New World. As with every A.J. Fernandez cigar brand, New World is a carefully handcrafted cigar blended under strict supervision of the company in its Estelí, Nicaragua factory.

A medium- to full-bodied cigar, the New World is composed of a Jalapa Valley binder and a filler blend of Viso Ometepe, Condega Ligero and Esteli-Finca Soledad Ligero. At a suggested retail price of \$6, New World Cigars are packaged in a 21-count box and come in four sizes: Navegante (5.5x5 Robusto), Almirante (5.5x55 Belicoso), Gobernador (6.5x55 Toro) and Virrey (6x58 Gordo). A.J. Fernandez, ajfernandezcigars.com

