



THE ORIGINAL NATURAL FROM NAT SHERMAN

Tobacco Outlet Business

SEPTEMBER/OCTOBER 2011
VOLUME 14 • NUMBER 5

INTERNATIONAL

Faithfully Yours

Building a good customer base—and keeping it loyal—takes commitment, common courtesy, and creativity, often in the form of programs, rewards and special events.

ALSO IN THIS ISSUE

Klafter's Makes the Most of Marketing

Cigar Sense: Debuts From the IPCPR Show

Star Scientific Looks to Break New Ground


FDA WATCH

Cigar Bills Seek Exemption

Bills introduced in the House and Senate would exempt large cigars from regulations.

The International Premium Cigar & Pipe Retailers Association (IPCPR) recently introduced bills in the U.S. House and U.S. Senate to exempt both large and premium cigars from possible Food and Drug Administration tobacco regulations. The bill introduced in the U.S. House is H.R. 1639 and the bill introduced in the U.S. Senate is S. 1461.

"Nothing in this chapter shall be construed to grant the Secretary authority to promulgate regulations on any matter that involves traditional large and premium cigars," state both bills, which define traditional large and premium cigars as any roll of tobacco that is wrapped solely in leaf tobacco, contains no filter, and weighs at least 6 pounds per 1,000 count, and which does not include a cigarette or a little cigar as defined under federal law.

Both bills await further action in committees. The House version of the bill is currently with the House Subcommittee on Health, while the Senate version of the legislation is with the Senate Committee on Health, Education, Labor and Pensions.

Making Myths

Berger & Argenti expands its global reach with Mythical Cigars Europe.

Berger & Argenti has selected Mythical Cigars Europe CV to distribute its entire family of premium cigar brands to cigar retailers in Germany, Holland, Austria and Belgium. Mythical Cigars Europe CV is the second distributor selected by Berger & Argenti on the European continent, with Moscow-based Nijnevoljskaya Tabachaya Kompaniya (NTK) previously chosen to distribute cigars throughout Russia earlier this year.

"We are excited to have another business partner on the European continent whose quality-driven vision and commitment to providing true value and service to consumers and retailers mirror ours," says Albert Argenti, co-founder of

Berger & Argenti Premium Cigars. "Mythical Cigars' dedication to customer service and maintaining price-point integrity and its promotional capabilities were second to none and, in our opinion, a natural choice to grow the Berger & Argenti brand overseas."

Berger & Argenti Premium Cigars is a privately held company headquartered in Miami, Florida, with agricultural and production facilities in Estelí, Nicaragua. The company serves as the exclusive manufacturer, importer and distributor of world-class, super-premium cigar brands, including Entubar, Entubar Quad Maduro, Clasico and Mooch.

HIGHLIGHTS

Arango Appoints Midwest Regional Sales Post

Bob Thurber joins the team at Arango.

Northbrook, Illinois-based Arango Cigar Co. is pleased to announce the addition of Bob Thurber to its family. Thurber was formerly with Davidoff of Geneva for nine years. Michael Gold, Arango's president, said, "Bob's relationships with customers and 15 years of experience in the industry will be a beneficial addition to our coverage of the marketplace." Thurber was an area sales manager for Davidoff. He covered the tri-state area of Illinois, Wisconsin and Minnesota and will have similar responsibilities with Arango.

"I am excited to join the team at Arango Cigar Company," Thurber said. "My association with Arango throughout my years in the industry has always been extremely positive. Arango is moving in a progressive direction with many new lines, including European pipes and pipe tobaccos. I look forward to expanding my product knowledge and enhancing my career with this solid and up-standing company."

FDA Offers Retail Guidance on Graphic Warnings

A webcast provided details on retailer compliance with the new requirements for health warnings.

In July the FDA's Center for Tobacco Products conducted a series of retail training webcasts on the topic of how to comply with the recently issued rule requiring new cigarette graphic health warnings on cigarette packages and on cigarette advertisements. As required by the Family Smoking Prevention and Tobacco Control Act, the FDA recently issued rules requiring nine larger and more noticeable textual warning statements (see box) to appear on cigarette packages and in cigarette advertisements along with color graphic images depicting the negative health consequences of smoking.

"Any person who manufactures, packages, sells, offers for sale, distributes or imports cigarettes for sale or distribution in the United States must ensure the cigarette package bears, in accordance with FCLAA [the Federal Cigarette Labeling and Advertising Act] and Part 1141, one of the required warnings on the front and the rear panels," noted an FDA spokesperson.

The rule defines a cigarette as:

- any roll of tobacco wrapped in paper or in any substance not containing tobacco; and
- any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling, is likely to be offered to, or purchased by, consumers as a cigarette described in paragraph one of this definition.

Issued on June 22, 2011, the final rule will take effect Sept. 22, 2012, upon which date "no person may manufacture for sale or distribution within the United States any cigarette package that does not comply with the rule. Additionally, no manufacturer, importer, distributor, or retailer may advertise cigarettes within the United States if the advertisement does not comply with the rule," stated an FDA spokesperson during the webcast. (For cigarette packages manufactured prior to Sept. 22, 2012, manufacturers may continue to distribute the packages for an additional 30 days after the rule goes into effect.)

In addition to the graphic warnings on cigarette packages, the FDA ruling included restrictions on retail ads as follows:

- If a retailer advertises or causes to be advertised any cigarettes within the U.S., its advertising must bear one of the required warnings and comply with requirements under the new rule and other applicable requirements under the Tobacco Control Act.
- This applies regardless of form, which could include materials such as magazine ads, newspaper ads, pamphlets, leaflets, brochures,

Textual Warning Statements: Cigarette Packaging and Advertising

According to the recent ruling, one of the following warnings must occupy the top 50 percent of the front and rear panels of cigarette packages and the left 50 percent of the front and rear panels of cigarette cartons. One of the warnings must occupy at least 20 percent of the top area of any cigarette advertisement. Each must also be accompanied by corresponding color graphics and a smoking cessation resource reference (1-800-QUIT-NOW):

- WARNING: Cigarettes are addictive.
- WARNING: Tobacco smoke can harm your children.
- WARNING: Cigarettes cause fatal lung disease.
- WARNING: Cigarettes cause cancer.
- WARNING: Cigarettes cause strokes and heart disease.
- WARNING: Smoking during pregnancy can harm your baby.
- WARNING: Smoking can kill you.
- WARNING: Tobacco smoke causes fatal lung disease in nonsmokers.
- WARNING: Quitting smoking now greatly reduces serious risks to your health.

The nine required warnings must be randomly displayed in each 12-month period, in as equal a number of times as is possible on each brand of the product, and be randomly distributed throughout the United States, in accordance with the FDA-approved warning plan.



coupons, catalogs, retail or point-of-sale displays, posters, billboards, direct mailers, and Internet advertising (e.g., Web pages, banner ads).

According to the webcast, "a retailer will not be in violation of the rule for advertising that it displays, in a location open to the public, so long as the advertisement:

- contains a health warning,
- is not created by or on behalf of the retailer (and the retailer is not otherwise responsible for including the required warning), and
- the health warning is not altered by the retailer in a way that is material to the requirements of FCLAA section 4 or the rule (e.g., obscuring the warning, reducing the warning's size, severing the warning in any way)."

"For advertisements not created by or on behalf of the retailer, retailers will not be held in violation of the rule if it publicly posts an advertisement that is not in compliance as long as they meet the exemption criteria for retailers," stated the spokesperson. "For packages that are supplied to the retailer, retailers are exempt from these requirements as long as they meet the exemption criteria for retailers."

For additional information, visit <https://collaboration.fda.gov/ctpre-tailersjuly>.


FDA WATCH

New Cig Company Suit Challenges Warning Labels

The constitutionality of graphic warning labels is questioned.

Five tobacco companies have filed a lawsuit in federal court that challenges the constitutionality of regulations requiring graphic warning labels on cigarettes. Cigarette companies lost a similar complaint last year in the United States District Court Western District of Kentucky, a ruling that is now pending before the U.S. Court of Appeals for the Sixth Circuit.

The new litigation challenges specific regulations that led to the selection of nine graphic warning labels (see related story, previous page), according to lawyers representing the company, who say that the labels and pictures violate the First Amendment protections for commercial speech. The graphic images include disturbing images, such as a corpse and smoke coming out of a tracheostomy hole.

In appealing the decision on the first suit filed against the warning labels, lawyers for the cigarette companies have argued that the Family Smoking Prevention and Tobacco Control Act is so sweeping that it stops companies from making statements that are true.

Participating in the suit are Winston-Salem, North Carolina-based R.J. Reynolds Tobacco Company; Greensboro, North Carolina-based Lorillard Inc.; Louisville, Kentucky-based National Tobacco Company; Benton, Kentucky-based Discount Tobacco City & Lottery Inc.; and Bowling Green, Kentucky-based Commonwealth Brands.

State Update

FDA retail inspections begin in Michigan and Virginia.

FDA contracts were awarded to the Michigan Department of Community Health's Bureau of Substance Abuse and Addiction Services and to the Virginia Department of Alcoholic Beverage Control to conduct FDA-sponsored retail compliance inspections.

A list of the 26 states plus the District of Columbia currently under contract to perform FDA compliance inspections is available at www.fda.gov.

**Our
Lifestyle Collection
is red, hot, and new.**

Men's gifts

Watches

Pens

Leathers

BLU® Butane Lighters

Windproof Lighters

Lighter Fuels

zippo®



Discover all that is new at IPCPR Booth No. 1184

814-368-2700 • Zippo.com



RJR Expands Camel Crush

Camel Crush Bold joins the company's smokeless product line.

R.J. Reynolds Tobacco Co. is expanding its Camel Crush line nationally with Camel Crush Bold. Featuring the same Turkish-domestic tobacco blend as that in Camel Filter cigarettes, Bold cigarettes contain a capsule that releases a small amount of menthol in the filter when squeezed. The result is a cigarette that gives smokers "the opportunity to experience full-flavor non-menthol with 'menthol on demand,'" says the company.

In testing, Camel Crush Bold reportedly had high appeal with smokers of both Camel and competitive brands, and smokers liked being able to decide when

or if they wanted to add the menthol taste.

Launching another menthol product at a time when the FDA is still weighing the future of menthol as a category seems to indicate that the company has faith in menthol's long-term future. The FDA has indicated that it will base its tobacco regulations on sound science, and with thought given to the fact that millions of adult smokers are interested in menthol cigarettes, says a spokesperson for the company, who seemed to suggest that the company feels menthol will remain a viable option.

In a recent earnings call with analysts, Daniel Delen, Reynolds Ameri-

can Inc. CEO, reported that that RJR would "continue to build momentum" with the national expansion, and noted that it marks R.J. Reynolds' first new national cigarette line extension since Camel Crush went national three years ago. "The company expects this new style to drive additional growth and further broaden the appeal of the Camel brand," he said.

Winston-Salem, North-Carolina-based R.J. Reynolds Tobacco Company remains the second-largest tobacco company in the United States, with brands that include Camel, Pall Mall, Winston, Kool, Doral and Salem.

Anti-Counterfeiting Suit Filed

Top Tobacco and Republic Tobacco seek to enforce trademark rights.

As part of a vigilant anti-counterfeiting campaign to protect its "TOP" trademarks, Top Tobacco L.P. and Republic Tobacco L.P. filed suit last month in federal court in Chicago against local wholesale distribution companies Midwestern Cash and Carry, LLC, Midwest Cash and Carry, Midwest Distributors Warehouse, several gas station retail outlets, and various affiliated individuals for trademark infringement, unfair competition and trafficking in counterfeit goods. The lawsuit alleges, among other things, that the defendants have been knowingly selling in the Chicago market counterfeit TOP-brand cigarette rolling papers that were illegally manu-

factured in China with the specific intent of confusing and deceiving the public. Also named in the lawsuit was Tang Qiwen, the alleged manufacturer of the counterfeit goods. Top Tobacco and Republic Tobacco seek to enjoin the defendants from any further counterfeiting, unlawful sales or wrongful use of the "TOP" trademarks and also to recover from them substantial damages, costs and fees.

"TOP Tobacco and its predecessors have been in the cigarette market for more than 100 years and the mark TOP is well known among merchants and customers," said Steve Sandman, vice president of sales and marketing at Re-

public Tobacco. "TOP-brand products are manufactured and sourced exclusively for, and under the direction of, Republic Tobacco, and such products are sold only through Republic Tobacco. Therefore, we maintain a vigilant anti-counterfeiting program to protect against violations of the TOP marks, and this action is a firm reminder that such unlawful conduct will not be tolerated."

The lawsuit is pending before the Honorable Ronald A. Guzman of the United States District Court for the Northern District of Illinois as *Top Tobacco L.P., et al. v. Midwestern Cash and Carry, LLC, et al.*, Case No. 1:11-cv-04460.

New IPCPR CEO

William S. Spann joins the association.

The International Premium Cigar & Pipe Retailers Association, based in Columbus, Georgia, named William S. Spann as its new chief executive officer at its 79th Annual Convention & International Trade Show held July 17-21 in Las Vegas, Nevada.

Spann had served as chief of staff of the Florida Office of Financial Regulation and, before that, as president and chief executive officer of the Associated General Contractors of Greater Florida. He served as part of Gov. Jeb Bush's executive leadership team first as communications director and then as chief of staff at the Florida Department of Children & Families.

He earned the rank of Commander during a 20 year-career with the U.S. Navy. His final duty station was as director of communications for the U.S. Naval Academy in Annapolis, where he also taught Ethics and Moral Decision Making for the Junior Officer.

Spann replaces Joe Rowe, who retired as executive director after 10 years at the helm of the IPCPR. "On behalf of the board of directors of the IPCPR, I want to extend a hearty welcome to Bill Spann who, we are confident, will help continue moving the association forward in behalf of its retail and manufacturing members. At the same time, we wish Joe Rowe a long and happy retirement. He will be missed," said Gary Pesh, president of the IPCPR.

With more than 2,000 members throughout the U.S. and 31 foreign countries, the International Premium Cigar & Pipe Retailers Association is the leading non-profit industry organization representing retailers, manufacturers and distributors of hand-made cigars, pipes and accessories.

JM Tobacco's IPCPR "Strike Gold" Winner Announced



Pennsylvania-based tobacco merchant wins IPCPR blackjack contest.

Mark Tucci, owner of York, Pennsylvania-based Custom Blends, has won JM Tobacco's "Strike Gold" IPCPR blackjack contest, reports JM Tobacco's president, Anto Mahroukian.

Held at JM Tobacco's booth at the IPCPR show, the contest involved attempting to win consecutive hands of blackjack against the "house"—in this case, JM Tobacco.

"There were many multiple-hand winners, but Mark broke all these bridesmaids' hearts with six straight winning hands," says Mahroukian. Tucci's prize was a solid half-ounce gold American Eagle coin (at press time, gold's price was \$1,800 an ounce).

JETLITE™

**Great Style.
Great Price.**

- reliable quality
- metal construction
- adjustable flame
- windproof
- refillable
- great value

Ronson quality fuels and accessories

RONSON

A Zippo Brand

See us at IPCPR at **Booth 1195** or call
Ronson sales at 814-368-2700

Zippos Heralded for Made in the USA Heritage

The company has manufactured more than 475 million lighters in the United States.

In July, Zippo was inducted into the Made in the USA Foundation's Hall of Fame as one of a number of leading companies that "really make a difference." While the induction is a point of pride for the company, it is also celebrating another milestone—at nearly 80 years old, Zippo is about to cross the milestone of producing half a billion lighters, all made in Bradford, Pennsylvania.

The Zippo lighter has long been a classic American icon, notes David Warfel, director of global marketing, who reports that Zippo lighters are sold in more than 160 countries and that the brand is one of the most recognized in the world. Each Zippo lighter continues to be backed by an unparalleled lifetime guarantee, and the company also offers a diverse product line, including lighter accessories, butane candle lighters, watches, and fragrances and lifestyle accessories for men, as well as a robust line of heat and flame products for outdoor enthusiasts.



Bill Doherty Joins Daughters & Ryan, Inc.

A new director of marketing joins the fold at Daughters & Ryan.



Bill Doherty is the new director of market development for Daughters & Ryan, Inc. in Kenly, North Carolina. Doherty brings experience in photography, design and advertising to the Daughters & Ryan organization. His photographs have been featured in *Pipes and Tobaccos* magazine and many other national magazines. He has also been a member of the Triangle

Area Pipe Smokers for five years and is their current Secretary-Treasurer. As a pipe smoker for more than 30 years, and an avid pipe and tamper collector, Bill is looking forward to meeting customers at the many trade shows each year.

"I believe it is imperative to listen to our customers and learn and understand their requirements," he says. "I am very excited to work with Daughters & Ryan because we share the same belief in high quality and customer service."

Some of the projects Bill will be involved with at Daughters & Ryan include expanding the pipes and accessories categories, renovating the D&R websites, creating a new and innovative company catalog, producing effective press releases and promotional material, and developing an in-house product photography studio.

Miami Cigar's Changing of the Guard

A family business regroups after an unexpected tragedy.

Three years ago the Miranda family, owners of Miami Cigar, experienced something for which no family can ever prepare. After a four-year fight with cancer, Mariana and Nestor's son Danny passed away. "This was the most difficult situation I have ever had to deal with," says Nestor. Not only did the tragedy affect their family, but it also had direct implications for their company, as Danny was everything to Miami Cigar.

Faced with this double dilemma, the Mirandas called upon Rene Castaneda for support. Castaneda was the current New York territory representative, and although he enjoyed being on the road, he decided to make the move to Miami and help head Miami Cigar. "When I spoke to Nestor for the first time after Danny passed away, I realized that this was not a decision that I had to think about; I had to be there for him and for this company."

During this transition, Castaneda brought aboard Jason Wood to be his direct counterpart in hopes that one day he would be able to return to New York and leave the company in good hands. That day has arrived, and both Castaneda and Wood couldn't be happier. "Over the last two-and-a-half years, Jason has shown that he not only has the capacity to take over, but I believe he has the talent to take us to the next level," says Castaneda, who will retain his role as executive director for national accounts and still play an active role on the board of directors for Miami Cigar.

Wood started his tenure with Miami Cigar in March 2009 and has worked his way through all sectors of the company, finally culminating with his recent promotion. He will be overseeing all aspects of the company and continue to work closely with the factories to introduce top-of-the-line products into the market.

"I am honored that Nestor and Rene have the supreme confidence in me to continue moving this company in the right direction," says Wood, "and I am excited for what the future has to offer."

Protecting the Right to Advertise

By Thomas Briant, NATO Executive Director



On Friday, June 17, a lawsuit was filed by NATO, R.J. Reynolds Tobacco, Philip Morris USA and Lorillard Tobacco in the United States District Court for the District of Massachusetts, seeking a preliminary and permanent injunction against an ordinance adopted on May 10, 2011 by the Worcester, Massachusetts, city council that would virtually ban outdoor and indoor tobacco advertising. A preliminary injunction hearing in federal court on the matter is scheduled for Sept. 8.

TOTAL AD BAN

The ordinance prohibits any person from “display[ing] any advertising that promotes or encourages the sale or use of cigarettes . . . or other tobacco products in any location where any such advertising can be viewed from any street or park shown on the Official Map of the city or from any property containing a public or private school or property containing an educational institution.”

That is, the ordinance prohibits (1) all outdoor tobacco advertising, and (2) all indoor tobacco advertisements displayed in a retail store that can be viewed from the street (e.g., through a window). It is important to note that this ordinance bans advertisements for *all* tobacco products, not just cigarettes.

While the ordinance was scheduled to take effect on Friday, June 24, the parties to the lawsuit agreed to postpone enforcement of the advertising ban portion of the ordinance until two weeks after the federal district court issues its ruling on a motion for a preliminary injunction. This means that retailers can continue to advertise tobacco products until the court has an opportunity to hear the motion for a preliminary injunction and issue a ruling.

FIRST AMENDMENT ISSUE

The NATO lawsuit seeks an order declaring that the ordinance violates the First Amendment of the United States Constitution, which protects free speech, including commercial speech in the form of product advertising. In 2001, a U.S. Supreme Court decision struck down a Massachusetts state law that prohibited outdoor advertising of tobacco products within 1,000 feet of a school or playground. In this case, titled *Lorillard Tobacco Co. v. Reilly*, the U.S. Supreme Court held that “so long as the sale and use of tobacco is lawful for adults, the tobacco industry has a protected interest in communicating information about its products and adult customers have an interest in receiving that information.”

Eight years after the 2001 *Lorillard* decision, Congress passed

the Family Smoking Prevention and Tobacco Control Act, which authorized the U.S. Food and Drug Administration to regulate cigarettes, roll-your-own tobacco, and smokeless tobacco. Under Section 916 of the FDA tobacco regulatory law, local governments and states were given the authority to adopt “a law, rule, regulation, or other measure relating to or prohibiting the sale, distribution, possession, exposure to, access to, advertising and promotion of, or use of tobacco products by individuals of any age.” This section of the FDA regulatory law was relied on, in part, by the Worcester city council to adopt the tobacco advertising ordinance.

The Worcester ordinance is the most restrictive local tobacco advertising ban in the country and is even more restrictive than the Massachusetts law that prohibited tobacco advertising within 1,000 feet of a school, park or playground.

As a part of the FDA tobacco regulatory law, Congress required the FDA to issue a new rule to regulate outdoor tobacco advertising, but mandated that the final rule must be “appropriate in light of governing First Amendment case law, including the decision...in *Lorillard Tobacco Co. v. Reilly*...” In response to this Congressional mandate, the FDA issued a request in March 2010 seeking public comments on ideas to regulate outdoor tobacco advertising and acknowledged that any advertising regulation must be more narrow than a complete ban in order to be constitutional.

OVERLY RESTRICTIVE

Despite the U.S. Supreme Court’s decision in the *Lorillard* case overturning a Massachusetts statewide advertising ban and the FDA’s acknowledgement that the *Lorillard* type of advertising ban contained in the 1996 agency rule would not pass constitutional rigor, the Worcester city council adopted an ordinance that is even broader in scope than the restrictions struck down in the *Lorillard* case and those in the the original FDA advertising-ban rule.

This overreaching ban on outdoor and in-store advertising passed by the Worcester city council fails to adhere to constitutional First Amendment free speech standards. The right to advertise is of paramount importance to retailers, and the protection of that right by recourse to the judicial system is necessary when an advertising restriction infringes upon and impairs that right. With NATO having retail members with stores located in Worcester, Massachusetts, and the importance of this issue to tobacco retailers nationwide, NATO filed the lawsuit to reaffirm the right to advertise legal tobacco products. **TOB**

CIGAR SENSE



Welcome, New Blood

The IPCPR Show was home to 40 new exhibitors; some from the cigar arena are showcased here.

By Renee M. Covino

Resiliency 2011”—that’s the theme Chris McCalla, legislative director of the International Premium Cigar & Pipe Retailers Association (IPCPR) would give to the association’s show this year, held in July in Las Vegas. Despite what he calls the “800-pound gorilla”—i.e., the grave concerns of the cigar industry regarding the FDA and possible looming legislation—“the vibe on the floor was something we haven’t seen in years,” he tells *Tobacco Outlet Business*. “Attendance was up 20 percent, we had about 40 new exhibitors, and there was a renewed excitement for this intimate artisan industry.”

Part of that excitement was in the new exhibitor group—“a great deal of them were cigar companies—so that says a lot about the industry,” McCalla maintains. “You can’t put all your chips on it, but it’s a modest sign of recovery and rejuvenation. In this tight market, it’s something positive.”

Jeremy Weiner, sales and marketing manager for Smoker Friendly corporate stores, is a fan of the IPCPR show as a way to bring in new cigar products and

also to take advantage of buying deals. Even though the show was almost four days long, “it wasn’t long enough for me,” he says, noting that with more than 1,000 cigar SKUs in his stores, he does business with many different companies. And this year, “I probably came back setting up six new vendors,” he says.

Weiner praises the new products coming out as being “fantastic,” offering, “You would be hard-pressed to find a bad cigar right now.” He attributes this to the shift that took place after the cigar boom. “Serious cigar blenders came over from Cuba, adapted to new countries, and the crops have been incredible,” he says.

What was good about the mid-July timing of this year’s show for Randy Silverman, president of Klaffer’s, was that he could still use it to buy for “the busy cigar season still underway” at the time of the show.

Silverman, like Weiner, came back with fresh blood—new items and new

brands, which he showcases in a special section in his store’s humidors at a special price, “like buy three, get one free,” he says. He also writes up a little newsletter blurb to all his stores, letting them know which items from the show will be forthcoming, so they can gear up space-wise and customer-wise.

While many new items were revealed at the ICPCR show, some of the newest cigar companies and first-time show exhibitors are highlighted on the next page, along with their brief “story” for entering the market:



CIGAR SENSE



BAD DOG CIGAR COMPANY, BASED IN WESTON, FLORIDA

When Nicholas Scarcella and Andreas Demetriou, friends and business partners for 26 years, decided to start a company based on their love of cigars, they “wanted to create a product that was not only good, but one that people wouldn’t forget,” Scarcella tells *TOB*. “We want to stay ahead of the curve and create as much newness surrounding cigars as possible.”

And so Bad Dog Cigar Company was born, tagged with a clever canine theme and image (of a bad-looking bulldog with a patch over one eye and a spiked collar).

Beyond the image, all Bad Dog cigars are distinguishable by their Cuban-traditional pigtail head and modified shaggy foot, the latter of which helps in the lighting of the cigar for a more “even ash,” according to Scarcella. Handmade in the mountainous region of Estelí, Nicaragua, Bad Dog cigars also feature the ring size clearly on the wrappers “to help people” understand the ring gauge system of cigars, Scarcella explains.

They are not just for novices, however; the “64 squared” cigar is one of the more full-bodied smokes offered by Bad Dog that is box-pressed. “We discovered that when you go to a bigger cigar like this, it is more comfortable to hold a box-pressed version than a round version,” says Scarcella. He adds that this could easily be a \$12 to \$15 SRP cigar, “but we kept it under 10 bucks.”

Its Bone line, available in Toro, Torpedo and Robusto styles, sells for \$5 and under.



CROSSFIRE CIGARS, BASED IN LOUISVILLE, KENTUCKY

There’s a definite reason for the striking gothic-like cross in the Crossfire Cigars logo: “We’re a bunch of Christian guys helping to make a difference in the Dominican Republic,” Scott Menefee, president, tells *TOB*. The fire in the logo represents the “age-old tradition of sitting around fires,” smoking and telling stories, he adds.

After traveling to the D.R. for several years, Menefee, along with a friend who made it his career to help the people there and in Haiti, combined their passions to create a company of hand-rolled premium cigars at affordable prices—where the cigars, boxes and labels are all made in the D.R.—to invest in that economy and its people. The company also gives back net proceeds to the G.O. Ministries in Louisville.

“Our biggest challenge in starting this endeavor was to find a master cigar maker who shared our vision to give back to the local community,” explains Menefee. “We found that maestro cigar maker in William Ventura, who worked for Davidoff for over 20 years.”

Menefee classifies Crossfire Cigars as great entry-level blends that are light- to medium-bodied. He says they are geared more toward the novice-to-average cigar guys, but notes, “We feel that’s 70 percent of the market.” Crossfire Cigars have suggested retail prices ranging from \$5.99 to \$8.99.



CIGAR SENSE



URBANO CIGARS, BASED IN TAMPA, FLORIDA

The three current lines of Urbano—the flagship Corojo; Sumatra; and Connecticut—are all rolled in the Dominican Republic and are triple-fermented, wrapper, filler and binder, to remove any starch, sugar and ammonia taste and smell, according to company owner Matt Urbano. “If you are a cigar smoker who smokes socially, one cigar a week or so, the triple-fermentation really rids that cigar taste in the mouth,” he says. “When you flip it three times, that leaves the smoke absent of tar, nicotine and the starch smell.”

Other features of the newbie cigar company’s smokes include a first-generation Cuban-seed grown in the D.R. and tobacco that is aged for three years. The stogies range from mild- to medium- to full-bodied, but again, as is the theme of boutique cigars these days, they are “affordable premiums,” ranging from SRPs of \$5 to \$7.50 a stick.

The company also unveiled its new Naked Bundles, packed in bunches of 25 with five different sizes in five different wrappers. “Since they’re naked, tobacco retailers can put their branding all over them,” relays Urbano. “Most will put their store logo sticker on the front of the bundles, but I have one guy who says he’s putting his own band on each stick. The point is, I’m very flexible with these; they’re great for tobacco outlets.”

HIGHT CIGAR, BASED IN HOUSTON, TEXAS

Said to be nestled among the major Nicaraguan factories that produce a high percentage of the world’s best-loved cigars, the small, family-owned factory that now produces Hight cigars was founded and operated by cigar rollers in 2005. Each cigar is carefully produced and inspected to ensure that the operation is, and will remain, a truly small batch factory. Each roller has worked in the same factory under the supervision of Lorenzo Briones since its inception. The company boasts that its rollers are incredibly content in their work as a result of the “friendly, quality-oriented environment and the higher-than-standard wages paid.” Hight Cigar believes that happy rollers produce the best cigars.

The company unveiled what it calls the first “chef-inspired” premium cigars. Its Benchmark Series comprises 4- and 6-year-old fillers from Estelí and Jalapa, bound in Estelí binders and finished with dark habano wrappers.



BEST BOOTHS

Exhibits at the IPCPR Show were judged on best use of color, space and product display in various booth categories (two small, two medium, one large and one new exhibitor), with four Best in Show awards going to cigar companies:

Kentucky Gentlemen Cigar Company
(small booth category)

Davidoff of Geneva
(large booth category)

Bossner
(small booth category)

Paul Stulac Cigars
(new exhibitor category)

PLAN OF ATTACK AT THE SHOW

Industry shows can be an exciting as well as enterprising excursion for tobacco retailers, so it's best to set forth with a game plan. Gary Kolesaire and his wife, Barbara, owners for 32 years of The Tobacco Shop in Ridgewood, New Jersey, are notorious show-goers, and most recently attended the IPCPR Show in Las Vegas.

"They really know how to work a show from start to finish," praises Chris McCalla, legislative director of the IPCPR. He referred to them as "the quintessential pipe and tobacco retailers" with a very successful shop.

Kolesaire explained to *Tobacco Outlet Business* that he and his wife work the shows in a systematic fashion. Equally important is what they do with the information gathered from the show upon return to their store. Regarding how they tackle cigars from a show perspective, he outlines some steps, in chronological order, that work best for them:

1. Take inventory of your cigars before leaving for the show so you don't overbuy or underbuy. This very important step is often overlooked and can make or break successful buying at a show, according to Kolesaire.
2. At the show (wearing comfortable shoes), first hit all the major importers and catch up on new brands and new lines; order appropriately based on inventory and a knowledge of your local customer base.
3. Next, visit all cigar companies you currently have relationships with; renew friendships and order appropriately.
4. Save time at the end to check out all the newer, smaller companies and get a feel for the boutique innovation; make new friends and order some new items.
5. A week or two after the show, as packages arrive, start to smoke the new cigars with your store staff and take notes.
6. Prepare to "razzle-dazzle" fans, as Kolesaire calls it, on Facebook with brief descriptions of the new cigars; opinion shouldn't be involved here; it's best to stick with manufacturer descriptions of "mild" or "full-bodied," rather than personal critiques.
7. Send an email blast to cigar customers (kept in a database; it can be as simple as collecting names and addresses in a cigar clientele book on the counter, as The Tobacco Shop does), encouraging them to come in and try the new cigars that were brought in from the show, specifically mentioning what the sizes are and what the prices are.
8. Keep track of what is purchased by customers a second time; "Everybody is willing to try something once," says Kolesaire, "so it's 'Do they come back and buy a second time?' that determines whether or not we keep a new cigar in stock."
9. Make note of which show "deals" were successful and which were unsuccessful; "To me, a deal is only a deal if I can turn it in 30 days," according to Kolesaire.
10. Gear up for the next show by gathering information learned from your cigar clientele. Encourage social media and in-store feedback. Vow not to make the same buying mistakes twice.

TPEX 2012

Tobacco Plus Expo
International

February 1 - 2, 2012

It's All About Business



Las Vegas Convention Center

Tobacco Plus Expo is a two-day event where the *Movers and Shakers* of the tobacco industry meet to do business.

- Great Educational Sessions
- Thousands of Tobacco Products
- Opening Night Reception
- Show Specials for Every Buyer
- Premium Cigar Bar & Lounge
- Cigar Blending Demonstrations

The Best Business Decision You Can Make

Tobacco Plus Expo • February 1 - 2, 2012

To Exhibit or Attend Call (888) 737-3976 or email info@reuterexpo.com

For more information visit www.tobaccoplusexpo.com

Las Vegas Convention Center • Las Vegas, Nevada • USA

The Storage Story

Here's how you can safely store pipe tobacco for days, weeks, months—even years.

Serious pipe smokers need good storage space. And the best storage container is not a constant—it varies according to how long it will be before you intend to use the stored pipe tobacco.

But before you choose a container, let's talk about the general storing of tobacco.

General Storage Tips:

- **It is best to keep your tobacco sealed in a cool, dark and dry place.** Heat and sunlight not only dry out tobacco but also cause deterioration of the tobacco, changing the tobacco characteristics and thereby changing the taste. Conversely, too much moisture will cause mold, which causes the tobacco to be unsmokable.

- **Do not put pipe tobacco in the refrigerator or a cigar humidor.** In a refrigerator, the tobacco, no matter how well-sealed it is, will absorb the flavors of the food within, which will change the taste of the tobacco. In a cigar humidor, where there is too much moisture, the tobacco will absorb the flavor of the cigars, possibly develop mold, and also

change the flavor of the humidified cigars.

- **Tobacco that has dried out due to time or dry conditions can be rejuvenated or reconditioned.** Here's how: Lay the tobacco on paper and lightly spray water on it (never anything other than just plain water). Next, mix it together and place it in a sealed container for 24 hours. Despite what you may have heard, never add a slice of apple, orange or any other fruit; this will only change the tobacco flavor. Remember: Use only water!

In choosing the perfect storage container, consider how long you want to store the tobacco.

- **For the short term:** Tobacco pouches come in many different sizes and materials, but the most popular ones are pocket-size leather, cloth and plastic with rubber or plastic linings. Tobacco pouches are to be used for a day or so and then refilled. Tobacco stored in a pouch will get broken up throughout the course of the day, so adding more tobacco will let you smoke all the tobacco. Tobacco pouches are only a temporary storage vessel.

- **For a few months:** Pipe tobacco

humidors are normally four, eight or 16 ounces in size and can be made of wood, metal, glass or ceramic, with cork or non-absorbent material inside. They should come with a humidifier to maintain moisture. Pipe tobacco humidors can store tobacco for months—but again, they must be kept out of the sun and heat.

- **For the long term:** If you are buying tobacco for long-term use, unopened metal tins and sealed resealable plastic bags seem to last the longest, depending on the tobacco. Different types of tobaccos and different manufacturers produce different tobacco-life expectations. If you are using Ziploc bags, squeeze all the air out before storing. The storage location is the most important element in long-term storage; remember to keep the location cool, dark, dry and constant.

All tobacco changes with time—some for the better, some for the worse. English and natural-type tobaccos seem to change for the better over time, whereas aromatic tobaccos don't fare well—they change for the worse. But all tobacco, kept under the above conditions, will remain constant for at least a year.

And that's the storage story. **TOB**

FAITHFULLY YOURS?

*loyalty
common*



commitment

courtesy

Building a good customer base—and keeping it loyal—takes commitment, common courtesy, and creativity, often in the form of programs, rewards and special events.

By Renee Covino



Similar to all important relationships, the one between a tobacco retailer and a good customer requires continual effort. It is not stagnant, but rather a living, ever-changing force that should not be taken for granted. Loyalty today doesn't guarantee loyalty tomorrow. Regarding the retailer/customer connection, you

can't just "set it and forget it."

And especially in these economic times, once-loyal customers are even more likely to stray—mesmerized by the competition's lower price points, closer proximity (thereby saving on gas) and/or the offering of a one-stop shop.

So how does a tobacco outlet keep its customers near and dear? Whether or

not they are classified as such, loyalty programs—in the shape of rewards, incentives, discounts and even special events—are growing in popularity in the channel. Creative tobacco outlets are wisely learning and taking ideas from other industries and channels and reshaping them to the needs of their customer base. Even within the channel,

outlets can learn from the exclusive cigar and pipe shops.

But even before a good program can be put into place, perhaps the best loyalty tactics start with common customer courtesy—taken that extra mile or as far as a retailer can genuinely take it.

SO SPECIAL

Visual merchandising and retail design consultant Linda Cahan, of Cahan & Company, simply calls this strategy “making people feel special by exceeding their expectations.” Conversing and getting to know regular customers by name—learning a little bit about their families and what they like to smoke—are obvious customer-service pleasantries, but Cahan is also talking about going beyond that with add-ons of “something you can give them for free that doesn’t cost you that much”—coffee, mints, WiFi. “You could become their hangout, like Starbucks,” she suggests. “There’s no reason why not.”

Complimenting customers freely and with sincerity is another nice extra that will give people pause. “We don’t get that many compliments during the day—it’s worth its weight in gold,” says Cahan. She cautions that you’re not going to do this with every person who walks into your store every day, and you certainly don’t want to sound phony, but “if you start making it a habit of noticing what’s going on with your people, the compliments will become genuine.” And keep in mind that compliments could also relate to the business at hand, praising customers for how well they picked up a pipe or cigar technique, how well they roll a cigarette, etc.

And speaking of tobacco education—this is another “freebie” that is a well-received extra by tobacco outlet customers but is often overlooked by busy stores. Cahan advises retailers to take notice of the questions people have and print up handouts informing them how to select a cigar, how to roll tobacco, how to load a pipe, etc. It could be as simple as keeping the information ready in the back office computer and printing it out on the spot on an as-needed basis, or as elaborate as having some nice pamphlets printed up and on display in a special information section in the store. “Your customers go home with a learning tool; just don’t forget to include your logo and store information, address and website,” reminds Cahan.

BY DESIGN

From a store-design standpoint, customers are more likely to return to a pleasing environment. Using wood as a design element in-store is a perceived plus, according to Cahan. “Wood adds perceived value and traditional quality, and people respond better to it,” she says. “And actually, the more natural elements you can add, the more people will respond positively to your store surroundings.”

Cahan’s not a fan of white walls, especially in a tobacco shop where “smoke could stain them.” She mentions “terra-cotta” as an “embracing” wall color, green and blue as “relaxing” colors, and red as an “energized” color that “makes people talk and get excited.”

Of course, the first design element customers typically take note of is a store’s entrance and—no matter the proverbial “don’t judge a book by its

YOUR BIG EVENT

Tobacco retailers have all heard about successful cigar events, featuring a popular manufacturer offering deals and freebies. But you don't necessarily have to invite cigar or tobacco manufacturers, or even a cigar lounge, for that matter, to host a special store event for customers. Retail design consultant Linda Cahan, of Cahan & Company, suggests periodically holding educational tutorial events that customers can't necessarily get at any other shop. It is another way to make customers feel special and want to be loyal to the store, which they will come to think of as their home away from home.

Here are her event tips, presented in the order in which they occur:

PLANNING THE EVENT

- Ask your customers what topics they would like to hear more about, keeping in mind you don't necessarily have to limit it to tobacco. Sports, finances, wine appreciation, fitness topics—these and more might fit well with your customer base. That's why getting customers involved in the selection process is imperative; it's an excellent conversation starter and will make them "partners" in the project.
- Once you have a topic, find a speaker. You may find that one of your customers is either an expert or knows one who will speak for free or be willing to barter. The speaker can also be an employee.
- Decide on a date and time, again using customers' feedback for what works best with their schedules.

WEEKS BEFORE THE EVENT

- Print out a flyer to hand out with all purchases.
- Add it to the "Events" section on your website.
- Send an email to your customers about the event, with the first one alerting them to save the date.
- Add it to your Facebook page.

TWO DAYS BEFORE THE EVENT

- Send a reminder email and a tweet, if applicable, two or three days before the event.
- Two days before the event go to a warehouse club such as Costco and buy some "event" food—think small sandwiches, chips and dip, whatever is in your budget.
- Also buy beverages. If you can't serve liquor, think sparkling water, brewed tea, refreshing flavored water you can easily make yourself (with slices of fruit, cucumbers, etc.), soda, lemons and limes.
- Arrange for an LCD projector/screen, if necessary.
- Refresh the event on Facebook.

THE DAY OF THE EVENT

- Remind customers via email and Twitter.
- Refresh it on Facebook.
- Bring in a folding table for the food.
- Clean up the store and make sure it is well stocked.
- Make sure you have ample seating; rent (or borrow) extra chairs.
- If the speaker needs an LCD projector/screen, make sure it's at your place and working properly; conduct a test.
- Open the front door and let in some fresh air.
- Set up the table (paper or cloth tablecloths and a centerpiece are nice touches).
- Welcome your guests and the speaker.

DURING THE EVENT

- Invite people to mingle for half an hour before the speaker talks.
- Introduce the speaker.
- Let him or her talk for 45 minutes maximum, allowing time for Q&A.
- Have more time to mingle afterward.
- Clean up, go home and collapse—but be ready to plan for the next event after hearing customer feedback.

cover” advice—people are going to first assess a store by how it looks on the outside. For this reason, Cahan says, “Never underestimate the power of a window display to give some personality to a store.”

Have a Cigar! Tobacco Shop in Vernon, Connecticut, is one that takes that advice seriously; it has featured a window display with plush dogs sitting around a table playing poker and smoking cigars, à la the famous Dogs Playing Poker prints.

Another effective window display idea that goes beyond typical signage is to utilize cigar box lids and other tobacco memorabilia, according to Cahan.

SMART DEALIN'

Rewarding customers for continually buying at your store is a very effective loyalty strategy in these times when people are looking for, and expect, deals. Formal or informal, loyalty programs have proved effective in every avenue of retail, including grocery stores, card and gift stores, drugstore pharmacies, big-box retailers, restaurants, movie theaters, ice cream shops, home stores, mall stores, off-price clothing stores, smoothie shops, dollar stores, gas stations, warehouse clubs—and yes, tobacco stores too.

Claiming to “smoke the competition” on cigarettes, Discount Smoke Shop stores in Missouri and Illinois created a customer loyalty program “as a way of thanking our customers” and helping them to “save even more money,” according to a company release. To all customers who sign up, the company issues one of two punch cards, depending on whether the customer prefers to buy cigarettes by the pack or by the carton.

The pack punch card rewards a customer with a free pack of cigarettes after purchasing 20 packs. The carton punch card rewards a customer with \$5 off a carton of cigarettes after 20 cartons are purchased.

Because basic rewards like this are growing in popularity in the channel, tobacco outlets that don't do them will be at a disadvantage, especially if others are offering them in their immediate area.

From the cigar side of loyalty programs, Cigar Cigar! in Sugar Land, Texas, promotes a more exclusive reward incentive, given to those customers who become annual members of its Diamond Crown Cigar Lounge. For \$59 per month (the cost of a Crown Cigar Lounge membership), customers get a 10 percent discount on cigar box purchases, access to member events, use of club amenities, and access to a private club area; they are also entered in raffles for free gifts.

For \$99 per month (the cost of a Crown Cigar Platinum membership), Cigar Cigar! customers get the same access as the Lounge members, plus they get a 20 percent discount on cigar box purchases, a 10 percent discount on all cigar accessories, and a 10 percent discount on all stick purchases (once a \$150 purchase occurs within the calendar year); Platinum members also are able to attend the company's Caribbean cigar trips, get a free spousal membership, and are given a private locker for cigar storage.

Before tobacco outlets assume that fees like this would never fly in the channel, they should consider that sometimes customers are willing to pay to feel special—premium cigar customers, in particular.

FEE OVER FREE

Jan Esler-Rowe, owner of Cascade Cigar & Tobacco in Happy Valley, Oregon, made a shocking discovery about not charging a fee to her customers for the cigar lounge in her store: “We had it free for a year and they trashed it,” she tells *Tobacco Outlet Business*. “It’s the reverse logic of what you would think, but once we started charging they were more respectful—now they protect it as something that belongs to them.”

Rowe’s fees for the cigar lounge are nominal, she says: \$50 for a month pass and \$5 for a day pass. “It’s a token fee to cover the cost of the WiFi, cable, getting it cleaned, and free coffee and soda all day long,” she maintains.

Even with the costlier Cigar Cigar! Diamond Crown lounge, “it’s not a money-making venture; we’re lucky to break even,” reveals Kim Blanchard, general manager. “With loyalty programs, you may lose a little on the discounts offered, but it’s like anything in retail—the value is in keeping customers coming back. With our club, we have a good percentage of members who have been with us since we started it five years ago.”

So the moral is to offer smart deals, freebies that aren’t “too free,” as Esler-Rowe discovered. She tries to do a monthly event with cigar sales reps who, in these times, cannot afford to be as generous as they once were, which is not a bad thing in Esler-Rowe’s opinion.

“During the cigar boom, companies were giving away bags of cigars; they ended up hurting themselves and us,”

she says. “It’s much better now with them not giving away as much. Now [the customers] have to buy something to get something free and they’ll take the time to smoke it. When they were given bags of freebies, they didn’t remember what they smoked or what the brand was—they just got free cigars.” Because cigar manufacturers often offer loyalty programs to their retail customers (purchase so many boxes of cigars in a month, get a box free, a free humidor, etc.), cigar retailers have the opportunity to pass loyalty rewards such as these on to their loyal customers, either in the form of a raffle at a cigar event or as a promotion in-store. The idea is to make excitement a continual occurrence at your store, creatively utilizing all avenues of promotion without being over the top.

Special software programs can help retailers with loyalty program databases and incentive pricing. The InfoTouch Smoke Shop software, for example, touts that it allows retailers a wide array of sophisticated pricing rules, such as “buy one, get one free,” “20 percent off after 10 items,” etc. It also has the capability of keeping track of all vital customer information, allowing retailers to review customer purchasing trends and professionally market to them, using integrated customer loyalty programs with discounts and incentives. Tobacco outlets can also utilize software such as this to put out an email blast promoting an upcoming cigar event, an in-store promotion, or a special sale, which is especially effective on the slowest day(s) of the week. **TOB**

A Business of Love— and Family

Building on the legacy of legendary cigar blender Pedro Martin, Martin Cigars is the newest incarnation of an old cigar family.

By Jennifer Gelfand

Like her father before her, Maria Martin grew up in the cigar business. “I started as a receptionist,” recalls the founder of the Martin Family of Cigars, recounting her early career at her father’s company, Tropical Tabacalera. Like her father (Cuban-born Pedro Martin began working in tobacco fields at age seven

and started an after school job in the family’s cigar factory at 15) Maria Martin absorbed a great deal of cigar lore—and practical know-how—at an early age.

“In the beginning my father dragged me to the fields,” she says. “Whether I wanted to learn or not, he was teaching me. I learned all about the

manufacturing side, how to choose the right leaf, how to know if a leaf burns right. We all wore many hats at Tropical, so the experience was broad.”

With a tobacco heritage on both sides of her family tree, it was perhaps pre-ordained that Maria Martin would found a cigar company. After all, great-grandfathers on both sides of her family were tobacco farmers. Yet before claiming her own stake in the industry, Martin took a detour into the cigarette industry, working in sales at R.J. Reynolds briefly. But cigars and the cigar industry were her true calling, so Martin soon found herself wanting to come back to Tropical. A mother of young children at the time, she offered to work part-time for free, but her father wanted more of her time.

“My dad said, ‘I need you here,’” she recalls. “So like the good negotiator he taught me to be, I negotiated the title of president—and of course, the position ended up paying about \$1 an hour.” Despite the long hours, Martin found herself enjoying both the business and working so closely with her father. Yet she also recognized that it was time for Pedro Martin to wind down due to his declining health, and together the father-daughter team arranged the sale of Tropical to Casa Fernandez and Maria Martin joined Christian Eiroa’s





In addition to cigars, the company offers a humidification/disinfectant solution that will eliminate any bacteria or moldy substance on the cigar boxes in retailers' humidors.

Each Martin Family of Cigars gift box contains one Churchill cigar of each of the company's gold series.



“We want to build long, exclusive relationships with retailers. So we discourage Internet purchases—we are not looking for a quick buck.”

sales team at Camacho Cigars, where she would become national sales manager.

But while Camacho was a “fantastic experience,” after Martin’s father passed away in March 2010 she found herself yearning to commemorate Pedro Martin and also to create her own cigar legacy. While still working at Camacho—and with the blessing of its president, Christian Eiroa and its parent company, Oettinger Davidoff—Martin began moonlighting to bring back slightly updated versions of some of her father’s cigar blends (see sidebar, “The Martin Family’s Cigars,” p. 48).

“I did it on nights and weekends, so for the last nine months or so I’ve been working seven days a week, 15 hours a

THE MARTIN FAMILY'S CIGARS

In developing cigars that would bear her father's name, Maria Martin had very specific criteria in mind. "I wanted variety—several distinct blends that would be completely different from one another," she says. "I didn't want to do the same thing over and over and I didn't want to do anything Camacho had done."

Martin also wanted flavorful but not overly full-bodied cigars. "In terms of trends, I think we're getting away from the very full cigars and going more for taste than strength," she asserts, adding that quality is more important than ever. "There is no time for mediocrity in the cigar industry today. Competition is fierce."

Working with blends passed down by her father, Martin drew on her own knowledge of today's cigar trends—garnered while serving as national sales manager for Camacho Cigars—to fine-tune each of the Martin Family of Cigars' three lines:

The Pedro Martin Gold. This medium-bodied cigar features a beautifully constructed Ecuadorean-

Connecticut wrapper and a Nicaraguan binder and filler that offers a rich, but smooth smoke. "Connecticut is a very bland wrapper, but if you have a good blend in your Connecticut, you will have an excellent cigar," says Maria Martin. "I wanted a Connecticut I could be proud of—and this is it."

Pedro Martin Ruby. This cigar features a striking maroon corajo wrapper and a binder and filler of medium- to full-bodied premium Nicaraguan corajo leaf with a tinge of spice.

Pedro Martin Corajo. This is a full-flavored, but not overpowering all-corajo (filler, binder and wrapper) cigar. "I didn't want it to be too full," says Maria Martin. "The trend I'm seeing is more medium-full."

Still to come is the **Pedro Martin Fiera**, which features a Nicaraguan maduro wrapper and a criollo and corajo binder and filler. Martin describes it as a "powerhouse" for cigar smokers who



want more taste but without harshness. "Fiera means fierce," she explains, noting that the cigar took seven months to perfect. "This cigar is fuller than the Corona, about 8.5 on a 1-to-10 scale. But while it has lots of flavor, you won't get sick to your stomach enjoying it." Other new blends underway include:

Royal Connecticut, an Ecuadorean-Connecticut wrapper with a natural Nicaraguan maduro leaf and Nicaraguan binder and filler, which Martin describes as "medium to mild, creamy."

M: The "M" stands for maduro, and the cigar features the same blend with a Mexican San Andres wrapper, for a double-maduro. "A medium cigar with a great taste," sums up Maria Martin.

day," says Martin, who began the business in November 2010. She was joined by a colleague from Camacho, Ammer Cabrera. "I said, 'Take some time to think about it because you will be away from home a lot, you will work like you have never worked before, and you will not see a penny for at least a year,' she laughs. "And a month later he said, 'I'm in.'"

"Maria told me, 'The only way we won't get along is if you are not a workaholic like me,'" agrees Cabrera. "But even though we put in a lot of time, it's always enjoyable. It's the kind of job where the hours go by like minutes."

The duo have been working feverishly

ever since, traveling to industry shows and tirelessly promoting their cigars. And their efforts have paid off. Within five months of its launch, the Martin Family of Cigars was in 125 stores, says Martin, who notes that retailers are the company's "bread and butter." "We want to build long, exclusive relationships with retailers," she explains. "So we discourage Internet purchases—we are not looking for a quick buck."

In fact, ultimately, for both Cabrera and Martin, cigars are a labor of love, not money. "This business is about passion—loving what you do," says Martin. "I didn't get into it to become a millionaire." **TOB**

IPCPR Highlights



Photos by Karen Rogers Smith

More than 900 retailers gathered for the 79th International Premium Cigar & Pipe Retailers Association (IPCPR) Show at the Sands Convention Center in Las Vegas from July 17 to 21. Retail attendees were greeted by 250-plus exhibitors who set up store in 1,260 booths, creating a festive bazaar-like display of premium cigars, pipes, lighters, humidors and smoking accessories.

At the opening breakfast, comedian Ron White, the so-called Zino Platinum Ambassador, got the show off to a great start with his humor and entertaining quips.

The opening reception, held in the Bellini Ballroom at the beautiful Venetian Hotel, was standing-room only. Retailers and attendees enjoyed cocktails and fine cigars, as well as a plethora of food stations serving roast beef and chicken, roast pork, fresh breads, Asian delights, vegetables with delicious dipping sauces, and canapés, all topped off by platters of scrumptious desserts.

The show also offered several educational seminars, including “Social Media Marketing: What Is It and Why You Need It,” presented by marketing professional Lee Somerstein; “Cigar Blending,” presented by José Blanco, Master Blender; and “Filling the Glass: Real-World Tactics and Motivation for Increasing Productivity and Job Satisfaction,” presented by Barry Maher.

Many industry veterans remember the days when this show took place at a hotel in Chicago or New York City, and the whole industry would fit inside the one facility. Retailers would visit exhibitors’ suites or rooms where sellers’ wares were laid out—ofttimes on beds and small tables. These were the good old days of the IPCPR (then known as the RTDA) Show. Much has since changed. Exhibitors now command huge

A SHOW TO REMEMBER



IPCPR Highlights

blocks of real estate on the convention floor, with booths ranging in size from 2,000 square feet to more than 4,500 square feet. And yes, there continues to be space for smaller but promising marketers to showcase their wares in footprints of 100 to 200 square feet. But what has not changed is the intimate feel of the show, the many participants who have known and greeted one another for 30 years or more, and the welcome received by newcomers to the industry. The IPCPR is a great show. If you missed it, you missed something special—something you shouldn't miss next year. The 80th IPCPR Show will take place at the Hilton Hotel and Convention Center in Orlando, Florida.

This year, the show bids farewell to Joe Rowe, executive director of the IPCPR. Joe has guided the organization through 10 of the most tumultuous and challenging years in the association's 79-year history. His many friends appreciate and are grateful for his stewardship and for keeping the association on track through the annual changing of the IPCPR guard. We wish him and wife Caroline and family good fortune, good health and happiness in the years to come. Industry buzz has it that Joe will be polishing his golf game. We wish him many happy tee-offs in his newfound downtime. **TOB**



IPCPR Highlights



IPCPR Highlights





A SHOW TO REMEMBER



GUIDING STAR: The Search for Safe Tobacco

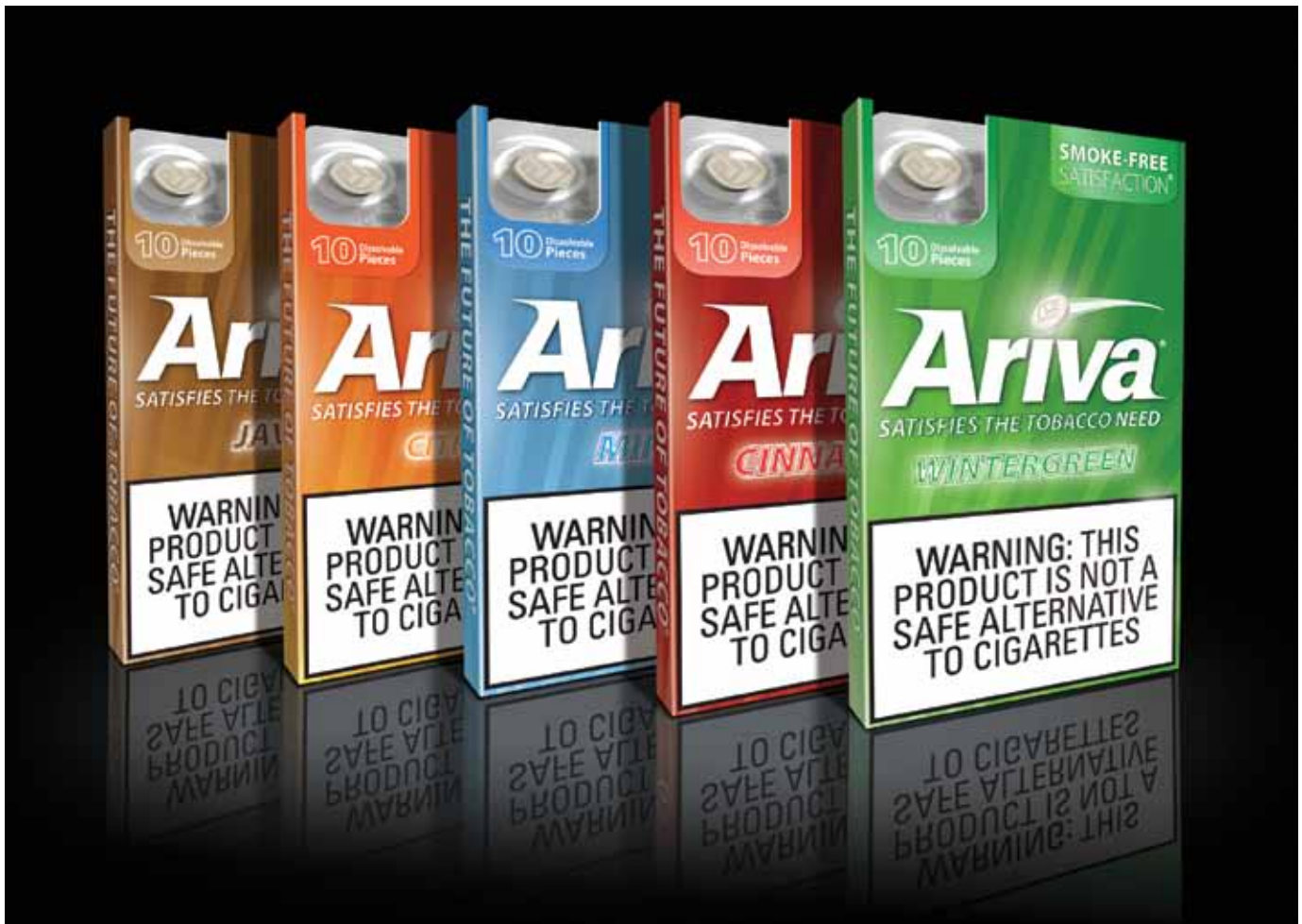
Star Scientific seeks a better solution for smokers.

Like most entrepreneurial endeavors, Star Scientific was founded on one man's idea and fueled by passion—in this case a passion to provide smokers with a safer way to enjoy tobacco. Recognizing that the tobacco-specific nitrosamines (TSNAs) produced by traditional tobacco curing rather than the tobacco itself were the most toxic element of cigarette tobacco, Jonnie R. Williams, founder and CEO of Glen Allen, Virginia-based Star Scientific, set out to find a curing method that would reduce the formation of TSNAs.

Williams' StarCured technology did just that, and in 2000 the company developed and launched Advance, the first premium low-TSNA tobacco cigarette. Advance cigarettes also featured an activated charcoal filter that reduced toxins. But while

the brand was favorably received, launching a new cigarette product demands extensive investment, and Star Scientific subsequently opted to license its cigarette product and the technology behind it to Brown & Williamson.

Williams, however, remained intrigued by the idea of offering smokers a safer product. In fact, in 1999 his company adopted a mission statement reflecting its "corporate responsibility to continue to expand research and development efforts that result in the manufacture of tobacco products that contain as few toxins as is technologically feasible." But there was a problem, recounts Sara Troy Machir, vice president of Star Scientific. "We had a scientific advisory board made up of researchers from the U.S. and abroad who said, 'You will never be



able to remove the harm from a cigarette because [dangerous compounds] are formed when you burn tobacco,” she explains.

TURNING TO SMOKELESS

The finding pushed the company to focus on smokeless products—particularly smokeless products that would appeal to both male and female smokers. “Smokeless products contain fewer toxins because they aren’t burned,” explains Machir. “Yet traditional smokeless products like chewing tobacco don’t appeal to female smokers because of the need to expectorate.”

The opportunity was clear: Develop a product that would appeal to adult

smokers of both genders—that would, in short, not involve spitting yet would satisfy the craving for nicotine. Such a product would serve a dual purpose: Giving smokers an alternative for times and places where traditional smoking is not permitted or not appropriate, and also serving as a healthier substitute for smokers seeking to switch from traditional cigarettes to a less harmful product.

Enter Ariva and Stonewall. Using its low-TSNA StarCured tobacco, Star Scientific developed a lozenge made of finely milled tobacco powder blended with flavoring and compressed into a solid pellet that would dissolve in the mouth without leaving a residue or

“We have absolutely no interest in generating another generation of smokers; our concern was and continues to be helping current smokers to minimize risk.”



prompting the need to spit.

The first product, Ariva, was launched in November 2001, and Stonewall—a slightly larger version with a higher nicotine level—followed in 2003. “We found that adults smoking one-and-a-half to two packs a day were gravitating to Stonewall,” reports Machir.

MARKETING

But while research has shown that Ariva and Stonewall—and smokeless products in general—are less harmful than traditional cigarettes, marketing restrictions introduced after the Family Smoking Prevention and Tobacco Control Act of 2009 was enacted made it nearly impossible to educate smokers about reduced-harm products, hampering Ariva and Stonewall’s adoption in the market. What’s more, soon after Ariva was introduced to test markets, a group of public health groups

joined forces with a pharmaceutical company to file a citizen’s petition seeking to have the product regulated by the FDA as a food or drug. “Our ability to communicate with adult smokers was hamstrung,” recounts Machir, who notes that the situation was resolved in 2003 after a 20-month struggle. “The FDA sent the petitioners a letter saying, this is a tobacco product and cannot be [regulated as a food or drug],” she reports.

However, because the FDA had yet to rule on marketing guidelines for modified-risk tobacco products, the company still couldn’t seek to educate consumers on the relative risks of smokeless products in general, and Ariva and Stonewall in particular, compared with traditional cigarettes. It was a frustrating situation, says Machir. “We have absolutely no interest in generating another generation of smokers; our

“We wanted smokers to have information about all of the vehicles they might use to avoid lighting a cigarette—including transitioning to reduced-toxin smokeless products.”



concern was and continues to be helping current smokers to minimize risk,” she says. “We wanted smokers to have information about all of the vehicles they might use to avoid lighting a cigarette—including transitioning to reduced-toxin smokeless products—and to do that, they needed to know the science.”

Meanwhile, in January and June, 2010, Star Scientific filed a request with the FDA for approval to market Ariva BDL and Stonewall BDL, new versions of its lozenges with “below detectable levels” of TSNAs, as “modified risk tobacco products” as defined by the 2009 Tobacco Act. In March of this year, the FDA responded with a letter noting that “only cigarettes, cigarette tobacco, smokeless tobacco and roll-your-own tobacco are subject to Chapter IX FDCA Section 901(b). Based upon the information in your submission, [Ariva BDL and Stonewall BDL are] not currently subject to Chapter IX requirements.”

Star Scientific interpreted that letter as clearing the way to begin to educate consumers about its products. “We are pleased to have received a determination from the FDA on Ariva BDL and Stonewall BDL,” said Paul L. Perito, chairman, president and CEO in announcing the development. “It is clear from the notices we received that the [FDA’s] Center for Tobacco Products

THE ARGUMENT FOR SMOKELESS

A series of facts attests to the potential health benefits offered by smokeless tobacco:

- Despite a variety of strategies and programs to eliminate cigarette smoking, roughly 21 percent to 22 percent of U.S. adults are smokers, which translates to roughly 44 million American smokers;
- U.S. gross cigarette revenues range from \$75 billion to \$80 billion, according to *The Wall Street Journal*;
- 75 percent of all smokers say they wish they could stop using cigarettes;
- Approximately 40 percent of all smokers report making at least one attempt to quit each year, but only 2.5 percent succeed in their efforts each year;
- More than 40 percent of smokers say they are looking for an acceptable alternative to cigarettes.

Sources: Star Scientific, *The Wall Street Journal*, *The New York Times*



does not believe these products are subject to regulation under the FD&C Act Chapter IX at this time. We intend to move forward with marketing and distribution of Ariva BDL and Stonewall BDL, and these initiatives will be undertaken consistent with our belief that adult tobacco users should be able to have information about the toxin levels in all tobacco products.”

But despite that stated intent, the future is unclear for Star Scientific and other harm reduction-focused manufacturers. “We were surprised that

the products did not meet the definition of smokeless products under the Act, because from our point of view they do,” notes Machir. “Our anticipation was that we would be able to label the product as having X parts per billion nitrosamines, and that we had virtually removed this toxin from the product. We are now in the process of working through the marketing and distribution of Ariva BDL and we still intend to have warning labels on the packaging, since there’s no way to know what rule-making the FDA will issue going forward.”

Ultimately, however, the harm-reduction category overall represents a great opportunity for both the industry and smokers—and Star Scientific intends to pursue its role in that future. “We take a great deal of pride in the fact that we come at the issue of tobacco use from a very different direction,” says Machir. “We are solely interested in ways to offer smokers alternatives that expose them to less harm. We are really proud of what we have achieved so far and intend to continue on that path.” **TOB**

KLAFTER'S Marketing Moves

Chairman Lee Silverman shares insights gleaned during 50 years in tobacco sales.

When New Castle, Pennsylvania-based Klafter's first got into the retail side of tobacco, life was a lot easier, says Lee Silverman, chairman of the board at the family-owned wholesale tobacco and candy distributor. It was in 1992 that an industry friend, Greg Flaks of Flaks Distributing in Colorado Springs, introduced him to the concept of retail stores specializing in cigarettes. "I was somewhat apprehensive, as a cigarette outlet was a new phenomenon for the area, but with the help of Joe Young, who is now our chain operations manager, we opened our first store," recounts Silverman. "It was not long before we acquired a pretty good customer base. The manufacturer representatives were eager to help us promote and supported us with coupon and dollar buy-down deals that were really attractive to the consumer."

Even so, the move into retail was not without hiccups. While its first store in Youngstown, Ohio, gained a solid customer base fairly quickly, Klafter's had yet to truly understand the importance of location. "We opened our first store in Ohio without any idea of what to look for," recounts Silverman. "During the next few years, we opened and experimented with locations and store types. Many were very good, but others did not succeed because of poor visibility, access or parking." As the retail side

of the business grew, Klafter's became more discerning about location, shifting its target from seeking freestanding buildings of at least 1,000 to 1,200 square feet to larger spaces able to accommodate smoking lounges. "We also want locations with high visibility, lots of parking, and a cross section of consumers financially," says Silverman. That stricter criteria around choice of location has paid off: Klafter's now has 14 stores in western Pennsylvania and eastern Ohio, ranging in size between 1,000 and 2,500 square feet.

A FAMILY AFFAIR

New Castle, Pennsylvania-based Klafter's Inc. is a third- and fourth-generation, family-owned wholesale tobacco and candy distributor. Lee Silverman, who was interviewed for this article, is the son-in-law of Morris Storch, deceased owner and operator of the Sam Klafter Company, which was founded by his great uncle, Sam Klafter, in 1897. The company continues to be run and managed by the Silverman family today, with Randy Silverman (of the fourth generation) serving as president and CEO.



HENCE LESSON NO. 1: LOCATION, LOCATION, LOCATION.

Initially the company's retail operation focused on doing a high volume in cigarette sales, but over the years the focus has shifted, driven both by changes in taxation and by the availability of new products, or a combination of the two. Customer interest in roll-your-own tobacco rose in tandem with cigarette taxes, as smokers sought to avoid onerous taxation. That interest, in turn, fueled a rash of new RYO products. "Today, although cigarettes are basic, premium cigars, moist snuff and RYO tobacco have captured the spotlight," says Silverman, who notes that cigarettes, other tobacco products, premium cigars and extras such as fresh-air sprays, candy, snack items, pipes and cold drinks are the primary categories carried. One store also offers a selection of beer, wine and light spirits. "The key is to get the customers into your store, and once there, they can purchase most anything that catches their eye."

Klafter's also tailors its assortment to the local market, adds Silverman. "Some stores carry only a limited amount of high-priced premium cigars and sundry products," he says. "The mix depends on the area where the store is located and the customer base living or working there. We also try to remain open-minded, because yesterday's dud can be tomorrow's success."

HENCE LESSON NO. 2: ADJUST AND ADAPT THE ASSORTMENT

In the nearly 20 years since Klafter's began its retail business, tobacco stores have proliferated and competition has intensified. As a result, a retail channel that once competed primarily on price has had to evolve, notes Silverman. "The tobacco outlet store has become a basic business, and because so many are available to consumers, it comes back to service," he says, noting that as a longtime member of Smoker Friendly's retail network, Klafter's is devoted to offering a strong customer experience. "As a member of the Smoker Friendly family, we use that name and philosophy for all of our stores."

The ability to compare experiences with peers in the tobacco retail industry proved invaluable for Klafter's, as did the branding power of the Smoker Friendly name and access to Smoker Friendly's SF private-label line. "We have had customers traveling through [the region] come into our stores and tell the sales personnel that they shop in one of our stores in Indiana, North Carolina, or some other part of the country," explains Silverman. "The recognition is very helpful, and it's also gratifying to be familiar to shoppers from out of our geographical area."

Klafter's has also expanded its premium cigar business by adding smoking lounges and offering a wider selection of premium cigars. "Providing smoking lounges has created a relationship where the consumer knows they can come into our



stores and not only purchase product, but also have a relaxing place to enjoy it," he says. "Lounges have become a necessity if you really want to make the most of your premium cigar business opportunity."

HENCE LESSON NO. 3: STRENGTHEN YOUR SERVICE

Having more than 114 years in the tobacco business under its belt gives Klafter's a solid footing in the industry, notes Silverman, who says suppliers have great confidence in the company because of its longevity. The company's 14 locations and Smoker Friendly membership also play into its success, giving it the buying leverage to command good prices and promotional opportunities from manufacturers. But Silverman is careful to maintain the hands-on, personal feel of a small chain. "Having multiple stores gives an opportunity to deal on a larger geographical basis while still being small enough to give individual attention to a manufacturer's product line," he explains. "You need to always have the 'small chain' outlook to have a relationship not only with your customers, but also with employees."

HENCE LESSON NO. 4: NURTURE RELATIONSHIPS

Tobacco retailers are on the front lines of an industry besieged by regulation and are therefore uniquely positioned to urge consumers to speak out about legislative developments. So it's increasingly critical that retailers stay up to speed on legislative developments and help bring their customers' voices to local, state and federal debates. Silverman attends trade conferences, reads trade journals, and networks with peers to stay informed and shares his concerns with the company's customers.

"There is no doubt in my mind that the legislative issues are the ongoing challenge for both our company and the industry overall," he says. "We continue to try to get our customers to take part in programs that let the legislator know that smokers, not products, pay taxes.

"Customers need to contact their representatives and let them know their displeasure," he asserts. "We try to make it easier for that to happen by providing the information for them to make the contact. Some representatives get tired of hearing the message, but that is what makes the effort worthwhile, because that same consumer is who votes for or against a representative."

"Fifty years has gone by fairly quickly, but even so, I try to stay involved with the company," says Lee Silverman. "Times and technology have changed many things, and even though I am somewhat limited in what I can do in the day-to-day operations, I know that I am still involved, especially when I wake up in the middle of the night with concerns about some issue of the company.

BUILDING LOYALTY

Fifty years in the tobacco business—19 of them in tobacco retail—have left Lee Silverman convinced that companies must invest dollars in marketing their stores and the products that are carried. “Manufacturers make dollars available to those businesses willing to share some of the advertising overhead, but solid products not only improve sales, they also build customer relationships,” he says. “Our company has been extremely fortunate in that my son Randy’s wife, Renee, has taken on the responsibility of handling the promotion events and coordinates all of our advertising for these events.”

The following are marketing insights from Renee Silverman and her team:

Events: “We have an ongoing program of cigar events, and manufacturers are more than willing to provide product and help in putting them on. Often, well-known company owners or personalities take part in these events.”

Customer reward programs: “Customers have been bombarded with so many general merchandise reward programs that you really need to try to have something special to attract them to your store. We use giveaways like golf balls, lighters and humidors. We also have a cigar club where

membership offers special programs to members.”

Store appearance: “We try to make our stores first-class in appearance. The newer stores are more upscale as we have learned what appeals to customers over the years. Sometimes it takes only a minimum investment to add a special or unique touch to a store.” Joe Young, our operations manager, has the ability to lay out a store and use display signage and available older display furniture and pieces to give a store its own character. He purchased clothing store dummies and created sales displays that are really different and interesting. Customers really seem to like that, as it is not the cookie-cutter look that you see with many locations.”

Email or other electronic media: “We use our website, particularly with our Cigar Express business. It gives us the opportunity to show the extensive product available in our stores.”

Point of sale: “We use video point-of-sale displays at our registers and in our humidors. Manufacturers will take advantage of this form of advertising to not only introduce products, but also reinforce their positions and products in the humidor.”

Promotions: “We have done some really fun ones. We ran a promotion with Zippo

offering a cash discount to anyone bringing in their current lighter that was really fun. We had everything from books of matches to one customer wanting to bring in his old gas stove. We also have across-the-board promotions for much merchandise, including, at times, Lottery promotions. The Pennsylvania Lottery has been very supportive to programs that we have by making free tickets available with regular lottery purchases.”

Employee training: “Our employees go through a training period. The company has a policy manual available to all employees. New employees must review and sign off that they have read and understand their benefits and responsibilities when they accept a job with our company. They also go through on-the-job training and are sometimes moved between locations in an effort to round out their experience in dealing with different customers and their understanding of the need to be “Smoker Friendly” to all of our customers. We are especially strong in “We Card” and FDA regulation training. This is a must in today’s tobacco environment. Employees must understand their responsibilities and potential penalties when it comes to the sale of tobacco products.”

Will we survive as an industry? I guess we will in some manner, as long as federal and state governments need the tax revenue. Because of regulations, our freedoms are slipping away, and it will take consumers and sellers alike to stand up for their rights to enjoy and sell what is still a legal product in this country.”

HENCE LESSON NO. 5: FIGHT FOR YOUR BUSINESS

Ultimately, Silverman notes, successful retail demands evolution, continually adapting to the changing landscape and emerging opportunities of the marketplace. “With about 20 percent of our population using tobacco products in one form or another, our philosophy has always been that we need to stay aware of not only what our customers want, but also new products that come out,” he says. “Who would have thought we would see an electronic delivery system of nicotine available in the shape of a cigarette? We are not sure what the future holds, but we need to keep an open eye and mind in relation to new products for our stores.” **TOB**

TONY DICARLO: 70 YEARS AT KLAFTER’S



You read that right—Tony DiCarlo brings new meaning to the phrase “longtime employee.” Now 88, DiCarlo has been with the company for a whopping 70 years, since he was hired after high school by Sam Klaffer, the company’s founder. “I started as a stock boy at the Mill Street store,” he recounts. “We stamped cigarettes by hand back then; you would wet them and slide them onto the packs. The cigarettes would come down from the sidewalk on a chute and I’d sit downstairs with the radio on and stamp them as we needed them.”

While not working at Klaffer’s, DiCarlo played the drums and sang, performing at weddings and local venues in town. He’s given up performing, but still puts in a few days a week at Klaffer’s, visiting local retail customers and delivering orders by hand. “They’ve always treated me well and they still do,” he says. “And I enjoy it—maybe I’ll retire one day, but for now, I’ll stick around as long as they let me stay.”

Hola, Rio!

Rio Pipe Tobaccos feature bilingual packaging, allowing retailers to display an English language facing and/or a Spanish-language facing, depending upon consumer preference. Value-priced Rio Pipe Tobaccos are available in three popular flavors: Original/Clásico; Smooth/Suave; and Menthol/Menta Fresca, all offered in large and medium sizes in colorful, re-sealable bags in which to maintain freshness. SX Brands, 888-875-5510, www.sxbrands.com.



Seizing the Moment

Bossner Cigars, which debuted its Caesar cigar at IPCPR, also offers the Alexander I (89mm and 19mm), the Alexander I Claro (featuring a Connecticut-shade wrapper), and the Alexander I Maduro (featuring a Connecticut maduro broadleaf wrapper). With manufacturing facilities in the Dominican Republic and Nicaragua, Bossner Cigars prides itself on strict selection of tobacco leaves, with the quality of tobacco leaves inspected both for the taste and for the integrity of leaves. Bossner Cigars, www.bossner-cigars.de.



Entubar's CRV Debut

Berger & Argenti Premium Cigars introduced the Entubar CRV (Connecticut River Valley) at the 79th Annual IPCPR Convention and International Trade Show in Las Vegas, Nevada. A medium- to full-flavored super-premium extension of the Entubar cigar brand, Entubar CRV cigars are blended with flavorful, deeply aged Nicaraguan and Dominican tobaccos encased in a U.S. Connecticut No. 1-grade shade-grown wrapper. The cigars are packaged in rustic Spanish cedar boxes of 20 cigars and come in five vitolas: Corona Macho (4-5/8x48); Robusto (5-3/8x54); Double Corona (7-5/8x54); Torpedo (6-7/8x56) and Gran Toro (6-5/8x54).

Entubar CRV is the latest Entubar brand extension to pay tribute to the time-honored Cuban cigar-making technique known as "entubado," while also establishing a revolutionary new process of manufacturing premium cigars. Each deeply aged Nicaraguan filler leaf that comprises all Entubar cigars is carefully rolled to create delicate scrolls of rich, flavorful tobacco. This age-old method ensures open chambers of air flow from the foot to the head of the cigar. The ligero tobaccos, which lend the cigar its unique full body, are bunched independently and then placed into the center of the remaining entubado-rolled filler blend. This channel of ligero tobacco ranges the full length of the cigar and extends beyond the finished trimmed foot, ensuring a superior draw, flawless conical burn with a long white ash, and a myriad of complex flavors channeled directly onto the palate.

Berger & Argenti Premium Cigars, Miami, Florida, 800-815-1155, www.bergerargenti.com.



OMG, OHM!

Inter-Continental Trading USA Inc. recently introduced its new OHM Filtered Cigars to the market. OHM Filtered Cigars are made in five different flavors: Red, Blue, Menthol, Cherry and Vanilla. Featuring colorful attractive packaging and quality second to none, OHM Filtered Cigars are packaged in hard flip-top boxes and made in the USA. Inter-Continental Trading, 800-595-0796.



Deluxe from Daughters

Smoking Deluxe Tubes, made by Miquel Y Costas & Miquel, S.A., are now available from Daughters and Ryan, Inc. Deluxe Tubes are a full-flavor standard king-size filter tube made by one of the world's leaders in cigarette papers. Smoking Deluxe will ship by the case or by the pallet, 50 boxes per case, 200 tubes per box. Daughters and Ryan, Inc., Kenly, North Carolina, 919-284-2058, Gloria@daughtersandryan.com.



Timely Tins

For a limited time GIZEH’s most popular double booklets will be available in collector tobacco tins. The six different designer tins each contain three double booklets, 100 papers per booklet of Silver Tip Extra Fine, GIZEH Hanf, and GIZEH Sphinx papers. Each tin has an MSRP of \$3.99. Displays are packed with 12 tins, two of each design, and each tin is cellophane-wrapped and labeled. GIZEH of North America, Ltd., 888-989-4662; East Coast Master Distributor: Daughters and Ryan Tobacco, Inc., 866-942-7364.

Djarum IPCPR Debut

Kretek International recently launched Djarum natural-leaf wood-tipped cigars in five-packs and 25-count upright units at the 2011 IPCPR. The new cigars are offered in four new clove blends, including Classic, Vanilla, Cherry and Rum. Each blend carries a unique clove signature, smoothed by the imported natural-leaf wrapper and blend of mild tobaccos. Each wood-tipped cigar is double-sealed and protected in its own individual holder.

The new natural-leaf wood-tipped cigars join the existing line of Djarum filtered clove cigars on the market. “During consumer research, we found that the imported natural-leaf wrapper balanced the clove aroma and taste,” says Kretek CEO Mark Cassar. “Cigar smokers who used to smoke cloves will be intrigued.”

The cigars are sized and priced to compete with current tipped brands in smoke shops and convenience stores. The wood tip and imported natural-leaf wrapper represent better quality to smokers of popularly priced cigars. “Current cigar smokers told us over and over how smooth and true the Djarum taste was,” Cassar notes. “We knew in advance that some flavors mix great with clove, and others have more of a softening effect. We think we’ve achieved both. Cigar smokers like to change up every so often. This will offer them a unique new set of choices.”

Djarum natural-leaf cigars are available through Phillips & King and are being rolled out nationally to Kretek distributors, with a full program of merchandising and promotional support. Moorpark, California-based Kretek is a leading distributor of specialty tobacco and general merchandise products to tobacconists, convenience stores and other retail channels in the United States and Canada. Phillips & King, 800-532-4427 (800-53-cigar); Kretek, 800-358-8100.

Go for the Grotto

Ocean State Cigars introduced its J. Grotto Series Reserve boutique premium cigar line at the recent IPCPR show. “For the first inch, J. Grotto Reserve gives the impression of a mild-to-medium smoke,” says Paul Joyal, founder and president of Ocean State Cigars Inc. “But then the powerful, flavor-loaded nature of the cigar announces itself.” The complexity comes from J. Grotto Reserve’s five-leaf recipe, which includes three years of aging the tobacco as well as resting the finished cigars for three to four more months to allow the tobaccos to meld and mellow.



The J. Grotto Reserve features a Nicaragua-grown Criollo 99 wrapper and Criollo 98 binder, plus a filler of Honduras-grown ligero and Jalapa leaves. It is available in four sizes: the Gran Corona (5-5/8”x 46); the Gran Robusto (5x52); the Gran Toro (6x52); and a new shape, the 6x60. The Reserve’s MSRP settles at \$8.50 to \$9.50. Ocean State Cigars, West Warwick, Rhode Island, 401-822-0536.



A New Perdomo Exhibit

Tabacalera Perdomo introduced the new and highly anticipated Perdomo Exhibición at the 2011 IPCPR trade show in Las Vegas. The Perdomo Exhibición blends include a mild- to medium-bodied Exhibit Connecticut offering a creamy smoke with a velvety finish; a medium- to full-flavored Exhibit Sun Grown with a core of earthy flavors and subtle hints of spice; and a full-bodied Exhibit Maduro layered with rich, decadent flavors of dark cocoa and roasted coffee.

Each Perdomo Exhibición is meticulously blended with factory-aged Cuban-seed Nicaraguan fillers, including four-year-aged seco leaves from the renowned Condega region, five-year-aged viso leaves from the famous Jalapa Valley, and six-year-aged ligero leaves from the powerhouse valley of Estelí. These Cuban-seed tobaccos have been carefully aged to perfection using time-honored methods passed down through the Perdomo family from generation to generation.

Perdomo Exhibición wrappers are carefully hand-selected and aged for six years prior to qualifying for Perdomo's bourbon-barrel aging process. The Connecticut wrappers are barrel-aged for an additional six months, the Sun Grown wrappers for an additional 10 months, and the Maduro wrappers for an additional 14 months.

Perdomo Exhibición cigars are packaged in elegant 20-count boxes in the following sizes: Double Robusto (5x54), Toro Grande (6x54), Churchill (7x54) and Torpedo (7x54). The manufacturer's suggested retail prices are \$6.50 to \$8 per cigar (excluding local and state taxes), reflecting the company's dedication to delivering value. "We will completely absorb the SCHIP tax on Perdomo Exhibición as we do on all of our other brands," says Nick Perdomo Jr. "We are committed to providing the very best cigars at great price points for both retailers and consumers as we continue experiencing these tough economic times." Tabacalera Perdomo, Miami Lakes, Florida, 305-627-6700, www.perdomocigars.com.



We have all your tubes at D&R

Luxury Premium and Value

The time is NOW to purchase the best quality MYO tubes on the market.

Our premium tubes cost less than the mass market alternatives. Ensure customer loyalty and benefit from fast product turnover.

D&R Tobacco has the finest customer service in the industry.

CALL OUR EXPERIENCED SPECIALISTS!
Find out the best assortment of our premium tubes for your store.

Daughters & Ryan, Inc.
CUSTOMER SERVICE • LUXURY LOOK • MYO VALUE

CALL TOLL FREE 866-942-7364
ORDER TODAY!

AVAILABLE NOW! CALL TODAY!

East Coast Master Distributor, GIZEH of North America, Ltd.



Powerful Pride

The 809 line offers a broad choice of shapes, wrapper shades, and blends. Ares (AH-res) Contreras, founder and president of Pride Cigars, created the 809 line as both a handmade long-filler cigar (Black band), and a hand-rolled, medium-filler cigar (Red band). Four 809 wrappers are available in both the Black and Red labels: A mild and silky Connecticut-seed leaf, which is “shade-grown” under Ecuador’s prevailing high, thin overcast skies; a mild-to-medium Sumatran; a medium-to-full red-hued corajo; and a naturally fermented full-power-but-mellow maduro. Suggested retail price for the long-filler Black band tops out at \$2.50, while the medium-filler Red band retails for up to \$1.60. 809 Black is offered in Robusto (5x50), Corona (5-1/2x43), Churchill (7x48), Torpedo (6x52), Toro (6x52), Corona Gorda (5-1/4x52), and Grand Toro (6x60), which Contreras describes as “suited perfectly to large-cigar fanciers looking for a lot of cigar for not a lot of money.” 809 Red includes all shapes except the 6x60 Grand Toro. All Pride cigars are made in the Dominican Republic, in the Pride Cigars-owned factory. So what’s the significance of the numeric name? “Simple: It’s the telephone country code for the Dominican Republic,” says Contreras. Pride Cigars, Tampa, Florida, 813-381-5050.

Urbano Sumatra

Urbano Cigars has introduced its second boutique premium cigar, the Urbano Sumatra. “It has a sweet, earthy flavor that settles into a creamy, ‘chocolatey’ smoke,” says company founder and owner Matt Urbano. “It has a light, leathery finish and a luxurious white ash. Sumatra’s medium body complements our first introduction at IPCPR, the Urbano Corajo. Sumatra is perfectly suited to mid-morning or early-afternoon relaxation.”

The Urbano Sumatra has a sleek, satiny Sumatran wrapper, with an Indonesian binder and Dominican filler blend that is triple-fermented, without scalding or other artificial means. This process yields a refined smoke, significantly reducing the tobacco’s nicotine and natural starches and sugars. Sumatra comes in four classic Cuban shapes—Robusto, Torpedo, Churchill, and a 6x60 unnamed shape—each cellophane-tubed for freshness and protection, in luxurious cedar boxes of 20. MSRPs for the cigars range from \$5.00 (Robusto) to \$5.50 (6x60). The entire Sumatra line, like the Corajo, is now available from Urbano Cigars. Urbano Cigars, LLC, Tampa, Florida, 813-967-7826.



Red Man Winners Announced

Moist snuff maker announces newest Always Fresh Sweepstakes winners.

Steven Young of Tully, New York, recently won the Red Man Moist Snuff’s Always Fresh Sweepstakes, taking home a prize package that included a Polaris Sportsman 550 Indy-red ATV with helmet and accessories.

Age-verified participants vote in the monthly Always Fresh Sweepstakes for the prize of their choice. The prize that garners the most votes is awarded. Themes vary from “Lake Living” to “The Great Outdoors” to “On the Hunt,” with a prize list that includes an Alaskan salmon fishing trip for two, a whitewater rafting trip, a Coleman Destiny Series camp trailer, and an \$8,000 shopping spree for camping gear.

“Keeping the contest always fresh, always exciting, is our goal,” says Tracy Vernon, associate brand manager for Red Man Moist Snuff. “The Always Fresh Sweepstakes is one of the key components of our strategy to drive awareness of the freshness platform for Red Man Moist Snuff.” The contest, which builds off the emphasis on freshness the company demonstrated with the Red Man Moist Snuff FlavorFresh Lid it introduced earlier this year, gives adult consumers over 21 years old a chance to win by entering each day at www.redman.com. The contest ends Sept. 29.



A Loyal Showing

Toraño Family Cigar Company unveiled the family’s newest brand, Loyal, at the 2011 IPCPR Show in Las Vegas. “Our new brand, Loyal, is dedicated to my father’s longstanding commitment to provide exceptional quality cigars without breaking the bank,” says Charlie Toraño, who notes that Carlos Toraño Sr. always maintained that anyone who enjoys a cigar deserves to smoke a great Toraño blend at an affordable price. “To him, cigars were never a far-reaching luxury, but one of life’s simple pleasures.”

Loyal will be available in a 5x56 Robusto, a 6-1/8x52 Torpedo, a 7x47 Churchill, and a 6x60 BFC, all with an MSRP of between \$4.95 and \$5.50. Displayed in attractive 21-count boxes, the Loyal blend features fillers from Nicaragua and the Dominican Republic, combined with a Nicaraguan binder and dressed in an oily Ecuadorean Sumatra seed wrapper. Loyal is a solid, medium-bodied smoke that intrigues the palate with a spicy, peppery start and then transitions to a variety of rich flavors with notes of coffee and brown sugar.

The announcement of Loyal’s debut came on the heels of the Toraño Family Cigar Company’s recent distribution agreements with Graycliff and the Sam Leccia Cigar Company, added Charlie Toraño. Toraño Family Cigar Company, Miami, Florida, www.torano.com.



Daughters & Ryan, Inc.

Do you *MISS OUT* and *ONLY* sell 4th tier OTP? D&R Tobacco is your 1st tier *OPPORTUNITY* for OTP sales.

BUILD CUSTOMER LOYALTY!

Once they trade up to D&R there’s *NO GOING BACK* to lower quality tobacco.

CALL TOLL FREE
866-942-7364
ORDER TODAY!

Call our experienced tobacco specialists toll free to find out the best selection for your store.

Premium Pipe Tobacco

Available in
40 gr. tins,
3.5 oz. cups,
14 oz. bags
and
5lb bags
(for PACKAGING ON DEMAND).

Enjoy our excellent variety of

10 STYLES

and

29 BLENDS

TPEX 2012

Tobacco Plus Expo
International

February 1 - 2, 2012

It's All About Business



Las Vegas Convention Center

Tobacco Plus Expo is a two-day event where the *Movers and Shakers* of the tobacco industry meet to do business.

- Great Educational Sessions
- Thousands of Tobacco Products
- Opening Night Reception
- Show Specials for Every Buyer
- Premium Cigar Bar & Lounge
- Cigar Blending Demonstrations

The Best Business Decision You Can Make

Tobacco Plus Expo • February 1 - 2, 2012

To Exhibit or Attend Call (888) 737-3976 or email info@reuterexpo.com

For more information visit www.tobaccoplusexpo.com

Las Vegas Convention Center • Las Vegas, Nevada • USA