



IN THEIR OWN WORDS: WHAT CIGAR COMPANIES, RETAILERS, AND ANALYSTS SAY ABOUT CHEAP AND KID-FRIENDLY PRODUCTS

Making their products cheaper

“It’s the price break; they’re cheaper. We’re even getting a lot of people switching from cigarettes. They’re packed like cigarettes, they have flavors...”

– Andrea Myers, President, Kocolene Marketing, LLC¹

“When it came to [federal] taxation..., manufacturers simply bumped up the sizes of their cigars to make them unaffected large cigars.”

Convenience Store/Petroleum magazine, October 2010²

“People are using them as a cheaper alternative to cigarettes.”

– Nik Modi, senior tobacco analyst, UBS³

“Little cigars are an easy product to suggest to price-sensitive customers. If anybody complains about the cigarette prices all we have to say is, ‘Hey, have you tried these?’ You hold them up; they look like a cigarette pack. You tell them, ‘Yeah, the wrapper is brown, but don’t knock them until you try them.’ We do have quite a lot of people convert to them.”

– Andrea Myers, then-Vice President, Kocolene Marketing, LLC⁴

“Price matters. It makes sense to have a large cigar because it’s a cheaper product. It doesn’t get any more complicated than that.”

– Paul Marquardt, Marketing Director, Prime Time International⁵

“Every time they raise taxes on cigarettes or the price of cigarettes goes up more and more people look at the little cigars.”

– Andrew Kerstein, President & Owner, Smoker’s Haven⁶

“Little cigars are a pretty easy suggestive sell because when people complain about the cigarettes prices increasing you can say, ‘Well, we have this option’ and show them a pack of little cigars that looks very similar to a pack of cigarettes. From that standpoint, it’s pretty easy to get people to switch.”

– Andrea Myers, President, Kocolene Marketing, LLC⁷

“Right now our singles, and our two- and three-pack cigars represent about 81% of the whole cigar volume. People are looking for value in this economy and are more apt to buy individually than buying at a four- or five-pack price.”

– Stephen Monaco, Director of Marketing, Tedeschi’s⁸

Appeal to Kids

“It’s cheaper, so it’s more in the grasp of kids.”

– Nik Modi, senior tobacco analyst, UBS⁹

“While different cigars target a variety of markets, all flavored tobacco products tend to appeal primarily to younger consumers.”

Tobacco Retailer, April 2008¹⁰

“The little stogies appeal to young adults and women who see them as less harmful and more stylish than cigarettes.”

– Brian Mulholland, Georgetown Tobacco¹¹

Adding Flavors

“While different cigars target a variety of markets, all flavored tobacco products tend to appeal primarily to younger consumers.”

Tobacco Retailer, April 2008¹²

“More likely, flavored cigars serve as a bridge to premium cigars for the uninitiated, something to be smoked as an entryway into the world of cigar smoking. For the novice, a simple, sweet and easily identifiable flavor (honey or cherry, for example) is an easier step than moving into a box marked Cuban-seed Corojo.”

Cigar Aficionado, July/August 2005¹³

“The flavors attract customers.”

– Robb Capielo, Owner, The Cigar Store¹⁴

“A lot of people who are cigarette smokers are more inclined to try a flavored cigar because they are generally mild- to medium-bodied cigars, and cigarette smokers have a hard time breaking the inhalation habit.”

– Heather Phillips, President & CEO, Heavenly Cigar Company¹⁵

“While the demand for variety is still out there, four flavors stand as the core performers in the fruity-flavored category: grape, wine, strawberry and peach. According to Nielsen c-store data, this core four drives 84% of flavored cigar sales.”

Convenience Store/Petroleum magazine, October 2011¹⁶

“The demand for flavored cigars has migrated from the larger cigar to the cigarillo-sized, smaller cigar.”

– John Mayer, Product Director, McLane Company¹⁷

Increased accessibility

“First of all, in a number of my stores they [cigars] are self service because you don’t have the marketing restrictions placed on cigarettes. But that’s more for convenience rather than necessity. There is only so much space I can use behind the counter. So if this is an item that I don’t have to have behind the counter the more space I have to promote it.”

– Andrew Kerstein, President & Owner, Smoker’s Haven¹⁸

¹ Reill, H, “Building a Profitable Cigar Business,” *Convenience Store Decisions*, February 25, 2013, <http://www.csdecisions.com/2013/02/25/building-a-profitable-cigar-business/>.

² Zid, LA, “Savor the Flavor,” *Convenience Store/Petroleum* magazine, October 2010, <http://www.cspnet.com/sites/default/files/magazine/article/pdf/F10-savortheflavor.pdf>.

³ Koch, W, “Small Cigars Making Big Gains,” *USA Today*, February 20, 2008.

⁴ Riell, H, “Serving Cigar Smokers,” *Convenience Store Decisions*, November 2012.

⁵ Vonder Haar, M, “Little Cigars, Big Questions,” *Convenience Store/Petroleum* magazine, September 2011, http://www.cspnet.com/sites/default/files/magazine/article/pdf/F11_CSP_0911.pdf.

⁶ Reill, H, "Building a Profitable Cigar Business," *Convenience Store Decisions*, February 25, 2013, <http://www.csdecisions.com/2013/02/25/building-a-profitable-cigar-business/>.

⁷ Reill, H, "Building a Profitable Cigar Business," *Convenience Store Decisions*, February 25, 2013, <http://www.csdecisions.com/2013/02/25/building-a-profitable-cigar-business/>.

⁸ Rigik, E, "FDA Scrutiny Clouds Cigar Outlook," *Convenience Store Decisions*, June 2012.

⁹ Reill, H, "Building a Profitable Cigar Business," *Convenience Store Decisions*, February 25, 2013, <http://www.csdecisions.com/2013/02/25/building-a-profitable-cigar-business/>.

¹⁰ Niksic, M, "Flavored Smokes: Mmmmm...More Profits?" *Tobacco Retailer*, April 2007

¹¹ Koch, W, "Small Cigars Making Big Gains," *USA Today*, February 20, 2008.

¹² Niksic, M, "Flavored Smokes: Mmmmm...More Profits?" *Tobacco Retailer*, April 2007

¹³ Savona, D, "Cigars of a Different Flavor," *Cigar Aficionado*, July/August 2005.

¹⁴ Koch, W, "Small Cigars Making Big Gains," *USA Today*, February 20, 2008.

¹⁵ Niksic, M, "Flavored Smokes: Mmmmm...More Profits?" *Tobacco Retailer*, April 2007

¹⁶ Vonder Haar, M, "The Taste of Success," *Convenience Store/Petroleum* magazine, October 2011, http://www.cspnet.com/sites/default/files/magazine/article/pdf/F8_CSP_1011.pdf.

¹⁷ Vonder Haar, M, "The Taste of Success," *Convenience Store/Petroleum* magazine, October 2011, http://www.cspnet.com/sites/default/files/magazine/article/pdf/F8_CSP_1011.pdf.

¹⁸ Reill, H, "Building a Profitable Cigar Business," *Convenience Store Decisions*, February 25, 2013, <http://www.csdecisions.com/2013/02/25/building-a-profitable-cigar-business/>.