

The Boutique Cigar Brand's Push into Asia

By Samuel Spurr

Continued growth and development in Asia, combined with an increased awareness of western consumer habits (exemplified by the emergence of China), has created an aspiring population intent on discovering high-end lifestyle products including premium cigars. This emerging market has accessed Habanos S.A. cigars for some time, but now other multinational and boutique non-Cuban labels are endeavoring to extract their fair market share.

Based in Hong Kong, The Bluebell Group's Laurent de Rougemont is responsible for promoting Davidoff cigars in the region. He states that Asia is "clearly a market driven first and foremost by brands. Asian consumers are very much brand-oriented and status symbols are a key factor for consumers when they purchase bags, cars, wine or cigars."

When asked about the big issues impacting on business, de Rougemont's response does not include the 'usual suspects' of legislation and taxation (although these are underlying issues) but demonstrates more concern for sourcing appropriate retail space in Hong Kong. "The biggest challenge we face is securing attractive retail locations. Our strategy involves positioning ourselves in luxury high-end hotels and shopping districts and then focusing on customer education." Competition for premium locations is fierce however, with rents rising steadily. "It is expensive to open large cigar lounges which are perfect for educating and entertaining clients."

Tabacalera Perdomo is another boutique cigar operation making headway in the region. Its subsidiary 'Perdomo Asia' began in 2003 and exclusive Club Perdomo lounges across Asia are being constructed, with the first to be officially launched in January 2009 in Bangkok's prestigious Sukhumvit area.

Based in Bangkok, Perdomo Asia's Lifestyle Club Manager, Jordan Cheline notes that there are two markets in Asia and both are proving very substantial. The first is

the ex-patriot market, where cigar awareness allows for an easy entry. The second is the local population, which is developing into a leading market. "Previously, due to ignorance, the Asian cigar market was miniscule; cigars were smoked for status, however over the last five years cigars have become more than a mark of social class, they are now a part of the business lifestyle." Cheline's assessment of the local market mirrors that of de Rougemont's: "they know what they like and they buy without condition. Asians are true aficionados of lifestyle products and are quickly becoming the largest high-end consumer market in the world."



Introducing a cigar brand such as Perdomo to a new region involves forging strong relationships and ensuring that service and the product meet exceptional standards.

Perdomo's successful arrival has traded-off the brand's personal operation. "We focus on quality - it is never compromised, thus it has been a challenge only to the point of getting local cigar smokers to try a Perdomo. This challenge has been overcome with a simple strategy: 'try before you buy,'" he outlines. "We give customers a free trial in order for them to see, feel, and taste the difference in quality and consistency. This strategy works well, but to retain customers as regular clients requires more than just selling a top notch smoke." World class customer service, quick delivery times, easy payment options and a 100% product guarantee are a part of retaining customers, but these aspects are not solely what sets Perdomo Asia apart. "When we welcome someone as a member of our cigar clubs, we make them family and treat them as such. We are exclusive and know our customers by name," concludes Cheline.

Davidoff and Perdomo are building strong boutique businesses in Asia. Both are trading on exclusivity, status, image, lifestyle, and personal service – aspects which are sure to entice image-conscious consumers to a new premium product.