

# The global market of non-Cuban cigars

Samuel Spurr

The American premium cigar market, not having to compete with cigars from Cuba for some time, is dominated by cigars from non-Cuban producers. Many non-Cuban brands have global export markets yet face another major international competitor not encountered in the United States; Cuban cigars distributed by Habanos S.A. Exporting roughly 150 million sticks per year, Cuba's cigar industry reaches millions of cigar lovers around the world. These consumers have the ability to buy and enjoy Cuban cigars legally and have a myriad of Habanos S.A. brands to choose from, (27 to be exact), each with their own stable of formats.

Where then does this situation leave the non-Cuban cigar market outside of the U.S.? Does the market dominance enjoyed in the United States extend to other international markets? Or do they suffer from discrimination at the hands of smokers who believe the best cigars are produced only in Cuba?

Leading up to the 75th RTDA Convention & International Trade Show in Houston, an awareness of how non-Cuban cigars compete alongside Cuban cigars around the world is vital.

Alfred Tomacek, Managing Director of Florida based European Tobaccos Inc, distributes Carlos Toraño and Gurkha cigars in Europe. The feedback he receives is that many non-Cuban producers are delivering the same quality as Cuban cigars and notes that the overall perception of non-Cuban cigars is improving. "Many cigar producers are putting greater effort into presentation and packaging that lead to increased sales," says Tomacek. He highlights that competition between non-Cuban brands is fierce in Europe, as distributors and sales representatives compete for trade alongside Cuban cigars. For this reason "they (producers and distributors) must ensure that sales people are well trained and prepared to give detailed answers to inquiries regarding the products they bring onto the market."

"Once smokers experience the high quality of Dominican, Honduran and Nicaraguan products, they are willing to be more adventurous," states Tom Bartley, Swedish Match's Australian Cigar Ambassador. He believes that numerous non-Cuban companies are leaders in terms of product diversity, quality, packaging and marketing. "It is their ability and more importantly, their willingness to change to where they see the market heading. Many carry no baggage from the past and consequently can adapt quickly to new client bases" he says. Identifying and targeting 'new' consumers is a definite strength of the non-Cuban market. Bartley describes these new consumers as "educated, aspirational, and interested in the art of cigar smoking, with a willingness to try something new."

It is not all clear sailing though. Bartley's experiences in Australia show that the major threat to the non-Cuban cigar market is the heavy price discounting of Cubans that sometimes occurs. He is quick to point out though that this could backfire and be detrimental to the 'elite' image that Cuban cigars currently enjoy and use to allure consumers. Bartley's role firmly places

him on the front line of non-Cuban market development. "With the marketing of tobacco products being severely limited due to legislation, one has to be much more creative. Retailer and consumer education consisting of cigar appreciation nights is vitally important to direct the market towards certain products."

Just under 19 million non-Cuban cigars were imported into Germany in 2006, with approximately 14 million of those coming from the Dominican Republic, says Thomas Mohr, Managing Director of Germany's El Mundo Del Tabaco Import. He notes serious impediments to the development of non-Cuban cigar consumption. "Most German distributors have to follow ideas generated predominantly by US based brand owners," Mohr remarks. He adds that brand owners must be "more aware of the local German market" and specific consumer trends if they are to impact on Cuba's level of trade. "Habanos S.A.'s packaging is changing, introducing smaller packs of 3 to 5 cigars. On this point, most of the non-Cuban manufacturers are not flexible enough, mainly offering boxes of 20 to 50 cigars."

The development of the non-Cuban cigar industry is not solely felt domestically in the United States. Globally, brands are improving their profile and visibility. The challenge for non-Cuban manufacturers is to maintain their level of innovation and product development whilst challenging Habanos S.A.'s current market. Enticing cigar lovers towards non-Cuban cigars begins with them.

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## Buffalo Bayou ArtPark

The Buffalo Bayou ArtPark (BBAP), located along Houston's historic waterway, offers a place for Houstonians and visitors to explore public displays of art 365 days a year. The Buffalo Bayou ArtPark is the only organization in Houston devoted solely to the placement of public art in the open areas of the Houston community. For fifteen years the organization has offered exhibition opportunities to local, national, and international artists. More than 250 works created by artists have been exhibited by BBAP.

## Infernal Bridegroom Productions

Infernal Bridegroom Productions (IBP) was formed in 1993 to 'explore the strange, funny, tragic condition faced by human beings living on this planet.' If this sounds a little weird, it's because the company likes it that way. Having presented works in such far-flung locales as an abandoned strip mall and a school bus, the troupe recently found a cavernous home in a former nightclub on the south side of downtown. With a reputation for bold and sometimes shocking theater, IBP may not be for the light-hearted, but few will argue that this rowdy group has successfully filled a void in the Houston performing arts scene.