

Marketing and Promotion of Cigars

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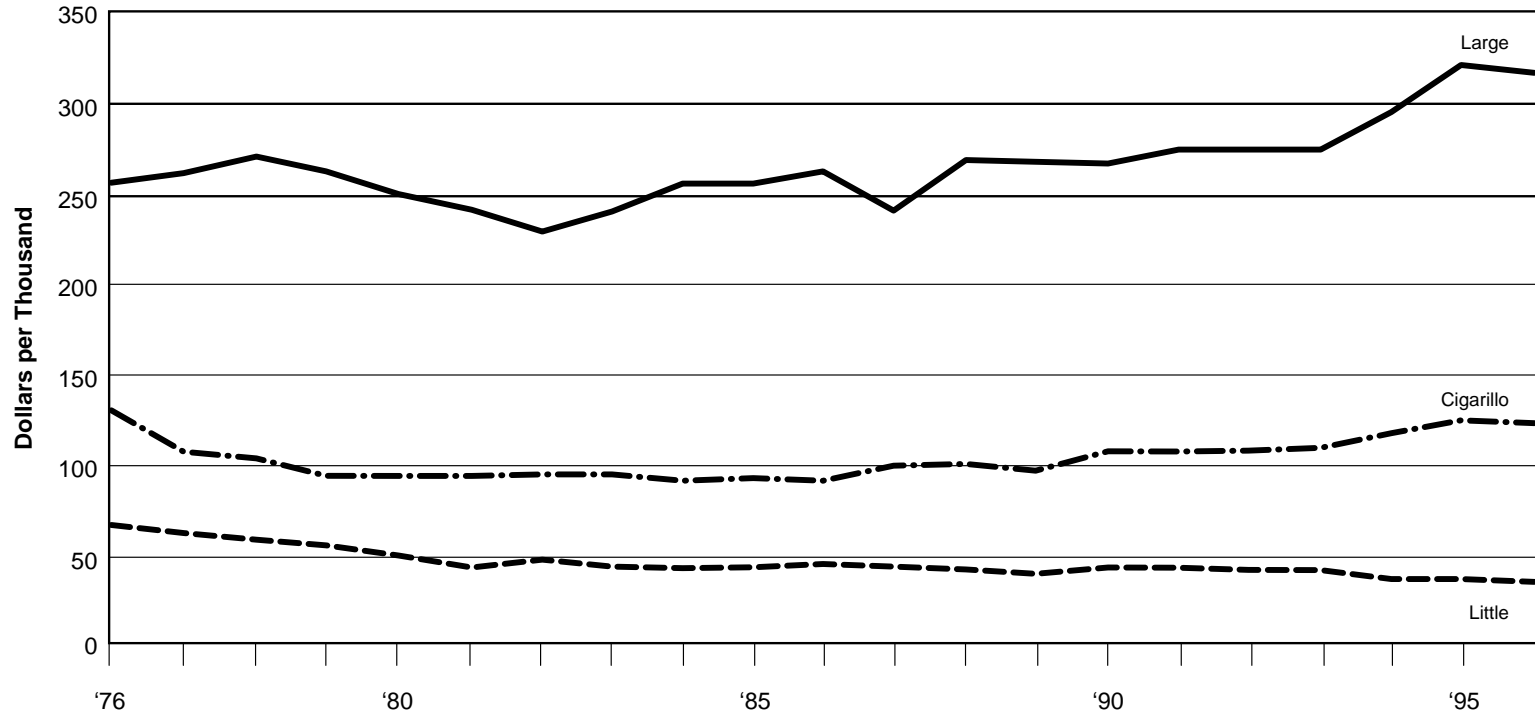
INTRODUCTION This chapter examines the recent commercial history of cigars in the United States. Sales patterns, advertising, and apparent promotional activities are explored. Most of the discussion of marketing activities is descriptive, since few quantitative data are available. There is almost no publicly available information on how the increased visibility that cigars have achieved since about 1992 has been financed. Accordingly, what are described in this chapter as promotional activities are not necessarily the result of activities by commercial interests. They are, though, activities that have probably contributed to the promotion of cigar consumption.

SALES PATTERNS Figure 1 charts the mean retail price of cigars from 1976 through 1996, adjusted for inflation. The inflation adjusted price of small cigars fell steadily over the period, losing 52 percent of their initial average price by 1996. Inflation adjusted prices for cigarillos ended the period about where they had begun despite a prolonged dip during the 1980's. Large cigars showed generally steady overall prices with some year to year fluctuations in the 70's and 80's, but 1994 and 1995 were two consecutive years of substantial increases in mean price, probably reflecting the relative growth of the premium segment.

In a prospectus for the initial public offering of 5.4 million shares of company stock, Consolidated Cigar Holdings Inc. pointed to several factors which it believes have contributed to the increase in cigar sales in recent years.

The Company believes that the growing cigar market and increased demand for cigars continue to offer the Company substantial growth opportunities. Recently, cigar smoking has gained popularity in the United States, resulting in a significant increase in consumption and retail sales of cigars, particularly for premium cigars. Management believes that this increase in cigar consumption and retail sales is the result of a number of factors, including: (i) the increase in the number of adults over the age of 50 (a demographic group believed to smoke more cigars than any other demographic segment) and (ii) the emergence of an expanding base of younger affluent adults who have recently started smoking cigars and who tend to smoke premium cigars. The Company believes the increase in cigar smoking is in large part attributable to a positive and improving image of cigar smoking resulting from increased publicity, including the success of *Cigar Aficionado* magazine, the increased visibility of use by celebrities and the proliferation of "Cigar Smokers" dinners and other special events for cigar smokers. (Consolidated Cigar Holdings Inc., 1996, p. 3)

Figure 1
 Mean retail price of various size cigars, U.S. 1976-1996, corrected for CPI (1982-1984 = 100)



Source: Maxwell, 1997

Similarly, the CEO and the President of Culbro have stated,

The emergence and rise in popularity of cigar dinners, cigar clubs, cigar bars and successful magazines such as *Cigar Aficionado* lend additional credence to the link that now exists between premium cigars and affluent consumers. (Culbro Corporation, 1996, p. 2)

The marketing of cigars has emphasized premium cigars; however, when market shares of different brands are examined, inexpensive brands of machine-made cigars actually dominate the cigar market (Table 1). The leading brand is a machine-made variety of little cigars, Swisher Sweets, which had a 19 percent market share in 1996. In contrast, the heavily advertised premium brand Macanudo has only a 0.8 percent share. (General Cigar is building Macanudo into a major name brand with a coordinated campaign of advertising, sportswear, and ventures such as Club Macanudo (Smoke Signals, 1997; Culbro Corporation, 1996).) Table 2 lists premium brands of the largest U.S. cigar companies.

While there is a plethora of brands, styles, and sizes of cigars, only a few companies sell most of them (Table 3). Just five companies, Swisher International, Havatampa, Consolidated Cigar, Middleton, and Culbro (General Cigar), control 95 percent of the market in the United States. Except for Havatampa, which only sells machine-made cigars, each of the major companies sells both premium and non-premium brands. In addition to the major companies, a welter of small companies manufacture and import premium cigars.

The market for little cigars is even more concentrated, with just three companies, Swisher International, Consolidated Cigar, and Tobacco Exporters International, controlling 86 percent of the market (Table 4). Swisher alone, with its Swisher Sweets little cigars, has a 42 percent share. Table 4 also lists the major brands of little cigar now on the market.

Many companies which manufacture or import cigars are involved in other aspects of the tobacco business. Table 5 lists cigar companies which also sell other tobacco products.

The recent rise in cigar sales has led to increased value of cigar companies as investments. Several have made public share offerings and both popular and trade magazines have offered information about these potential investments (Wall Street Report, 1997; Luz, 1997; Finora, 1997).

There has been a marked increase in the number of smoke shops since 1992 (Flying High, 1997). The number of retail specialty tobacco outlets has increased from 2,358 in 1992 to 4,948 in 1996. A sign that this increase has drawn in many small businessmen who have not previously been involved in the trade is the publication of an extensive article in a trade magazine about the function of sales representatives (Scott, 1997).

Table 1
Market share large cigars and cigarillos, United States, 1996, millions and percent

Brand	Company	Units	Percent
Swisher Sweets	Swisher Int'l	601	19.4
Phillies	Havatampa Inc	462	15.0
Havatampa	Havatampa Inc	258	8.3
White Owl	General Cigar	184	6.0
Dutch Masters	Consolidated	138	4.5
Garcia y Vega	General Cigar	138	4.5
Antonio y Cleopatra	Consolidated	124	4.0
King Edward	Swisher Int'l	105	3.4
Muriel	Consolidated	100	3.2
Backwoods	Consolidated	98	3.2
Robert Burns	General Cigar	87	2.8
El Producto	Consolidated	53	1.7
William Penn	General Cigar	44	1.4
Tijuana Smalls	General Cigar	34	1.1
Macanudo	General Cigar	26	0.8
Universal	Swisher Int'l	24	0.8
La Corona	Consolidated	13	0.4
Bering	Swisher Int'l	10	0.3
Partagas	General Cigar	9	0.3
Roi-Tan	Consolidated	7	0.2
Canaria d'Oro	General Cigar	2	0.1
Other, non-premium		340	11.0
Other, premium		233	7.5
Total		3,090	99.9

Premium brands in bold face.

Note: A premium cigar is hand-made, is comprised entirely of natural, long filler tobacco, and has a retail price of more than \$1.00.

Sources: Data on premium cigars and market share, Maxwell, 1997. Data on total U.S. consumption, USDA, 1997.

ADVERTISING Only a small amount of conventional advertising appears for cigars. Measured media spending increased from \$1.1 million in 1994 to \$4.0 million in the first nine months of 1996 (Table 6). Most advertising for cigars appears in magazines; 39 magazines carried cigar advertising in this 3-year period. As of December 1996, the price for a one time insertion of a full-page, four-color advertisement in *Cigar Aficionado* was \$18,360 while a similar ad in *Smoke* cost \$7,950.

Cigar advertising employs a variety of themes. Cigars are presented as lavish, even outrageous, yet affordable luxuries and indulgences. Other ads depict a rich history and tradition of cigar making or appeal to nostalgia in

Table 2

Premium brands of the major cigar companies

Company	Premium brands
Consolidated Cigar	H. Upmann Montecristo Don Diego Te-Amo Santa Damiana Royal Jamacia Primo Del Rey Montecruz
General Cigar	Macanudo Partagas Punch Hoyo de Monterrey Cohiba Excalibur Ramon Allones Temple Hall El Rey Del Mundo Canaria D'Oro Cifuentes Bolivar Belinda Bances
Swisher Int'l	Bering Pléiades

Table 3

Large cigars and cigarillos, United States, 1996. Market share, company by company, millions and percent

Company	Units	Percent
Swisher Int'l, Inc.	758	24.5
Havatampa	720	23.3
Consolidated Cigar	634	20.5
Culbro (General Cigar)	527	17.1
Middleton	310	10.0
M & N Standard Cigar	47	1.5
House of Windsor	30	1.0
Others	64	2.1
Total	3,090	100.0

Sources: Data on market share, Maxwell, 1997. Data on total U.S. consumption, USDA, 1997.

Table 4
Little cigars, United States, 1996. Market share and leading brands, company by company, millions and percent

Company	Units	Percent
Swisher Int'l Inc. Swisher Sweets Little	632	42.4
Consolidated Dutch Treats	340	22.8
Tobacco Exporters Int'l Winchester	316	21.2
Havatampa, Inc. Omega Between the Acts Madison Hav-a-tampa	139	9.3
Lane Limited Captain Black	76	5.1
House of Windsor Little Nippers	1	0.1
Change in Inventory	(14)	(0.9)
Total	1,490	100.0

Source: Maxwell, 1997.

Table 5
Cigar companies that also manufacture tobacco products that are regulated by the Food and Drug Administration

Company	Regulated Products
Commonwealth Brands	Cigarettes Cigarette tobacco
Consolidated Cigar	Cigarette tobacco
Finck Cigar	Smokeless tobacco
Lane Limited	Cigarette tobacco
Red Lion International	Cigarette tobacco Smokeless tobacco
Nat Sherman	Cigarettes
Pinkerton Group	Smokeless tobacco
Swisher International, Inc.	Smokeless tobacco
UST	Smokeless tobacco

Sources: *Smoke 2(1):40-41, Winter 96/97; Tobacco Reporter, 1996; UST Annual Report.*
Smokeless tobacco includes oral snuff.

Table 6
Measured media spending for cigars, United States 1994, 1995, 1996
(first 9 months for '96), \$000's

Company	1994	1995	1996 (9 months)
CULBRO CORP. (General Cigar)			
General Cigar	60	42	n/a
Garcia Y Vega	n/a	n/a	24
Macanudo	234	1,503	1,597
Partagas	375	689	134
DAVIDOFF OF GENEVA, INC.			
Davidoff Cigars	128	249	230
MACANDREWS & FORBES HOLDINGS (Consolidated Cigar)			
Don Diego	n/s	83	406
H Upmann	96	187	366
Te-Amo	193	104	303
RICHEMONT AG			
Dunhill	n/a	30	173
Winchester Little Cigars	107	54	150
SWISHER INTERNATIONAL INC.			
Swisher Sweets Little Cigars	n/a	121	296
THOMPSON CIGAR CO.			
Thompson Cigars	n/a	277	n/a
TRIPLE C ACQUISITION CORP.			
Consolidated Cigars	n/a	111	287
Total	1,193	3,450	3,966

Source: *Leading National Brands, 1997.*

other ways; for instance, by evoking a romantic vision of pre-revolutionary Cuba. Many ads create a personal link with the company owners, founders, or the artisans and the farmers who create the product and its raw material.

Some advertising seeks to expand the market for cigars by legitimizing new users and new settings for use. The former is illustrated by the ads which invite women to smoke cigars. An example of the latter is an ad for a brand sold by U.S. Tobacco International, Don Tomás (U.S. Tobacco International, 1997). The ad shows a man dressed in a terry cloth robe, holding a coffee cup, smoking a cigar. The ad copy reads,

What time of day should you light up a cigar? We know people who wouldn't think of having their first cup of caffe latte without firing up a good cigar. Then there are the traditionalists who wait until the after dinner single malt is served to light up their handmade Don Tomás Presidentes. When you really get down to it, as long as the label says Don Tomás you're in for a treat, day or night.(p.253)

Just by asking the question, U.S. Tobacco International legitimizes an expansion of when cigars are smoked, especially by people who think of themselves as not being bound by tradition. Smoking cigars with morning coffee is not in exchange for consumption later in the day. Like promoting soft drinks as a breakfast beverage, it is a marketing tactic which is aimed at expanding the market.

Sexuality permeates many of the ads (Figure 2), and it can be especially blatant in ads from some of the smaller companies. An ad for a 3.5 inch-long cigarillo shows an attractive couple having a good time, each holding the product. The copy reads, "For the women who say size doesn't matter, and the men who actually believe them" (*Caribbean Cigar*, 1997, p. 33).

Some ads work at a more sophisticated level. An ad for Macanudo, which is part of a "campaign aimed at younger adult smokers" (Culbro Corporation, 1996, p. 5), shows an attractive woman and a handsome older man, both holding cigars and looking directly at the camera. The headline reads, "And they thought you'd have nothing in common." The copy creates suggestions of professional tension and competition between the two, but their cigars create an affirming bond that is "to be shared like wit. To be savored like wisdom" (*Cigar Aficionado*, May/June 1997a, p. 9).

Figure 2
Sexuality in cigar advertisements



PROMOTION By far the most important ways cigars have been presented to the public have been through various promotional activities.

Lifestyle magazines The resurgence of cigar use in the United States has been closely associated with the glossy lifestyle magazine, *Cigar Aficionado*, published by Marvin R. Shanken. Launched in the Fall of 1992, the magazine was targeted for what Shanken asserted was an increasing number of men who enjoy smoking expensive cigars (Shriver, 1992). The publication has grown from 130 pages per issue to more than 400 and has increased its publication frequency from four to six times annually. Its circulation has grown from 40,000 (Conrad, 1996) to 400,119 (*New York Times*, 1997). Each issue promotes cigar use as part of successful, indulgent living through interviews with celebrities, sports stars, and others. Reviews of expensive cigars are offered as well as lavish descriptions of cigar accessories such as lighters and humidors. The editorial context is how to live life to the fullest in a style reminiscent of *Esquire*, *GQ* or *Playboy*. While advertising for cigars and their perquisites are prominent, sellers of upscale clothing, luxury cars, expensive watches, jewelry, premium liquor, casinos, other resorts, and perfume also feature their goods and services in this publication. Each issue has an article about gambling.

Cigar Aficionado has launched a line of clothing and accessories named for the magazine. A *Cigar Aficionado* branded fragrance for men was promoted in time for holiday shopping (*Washington Post Magazine*, 1998) (Figure 3)

Most cover stories feature profiles of prominent people whose cigar use is illustrated on the cover and described in the accompanying article (Table 7) (Figure 4).

Articles romanticize cigar smoking Actor James Woods (Figure 5) told his interviewer, “When you smoke a cigar, time stops. And you can sort out your thoughts. Contemplate. You can just kind of hold it and puff it and just drift down the stream of your thoughts for an hour or so. Thank God for cigars. At least there is one place where I can be quiet for a moment and actually be alone with my thoughts” (*Cigar Aficionado*, 1997b, p.147, 149). There are also frequent defiant comments about cigars in reaction to what are depicted as puritanical or radical emblems in the culture. Woods remarked, “Cigar smoking is the kind of thing a feminist would whine about. . . .And that’s a good thing” (*Cigar Aficionado*, 1997, p.144).

A feature story on Claudia Schiffer (Figure 6) opens with an indignant blast at dissipation and drug use in the modeling profession:

Figure 3
***Cigar Aficionado* fine fragrance**



Source: *Washington Post Magazine*, 1998

Table 7
Persons featured on covers of *Cigar Aficionado* and *Smoke*, 1993 - Winter 1998

	Year	Persons
<i>Cigar Aficionado</i>	1993	Groucho Marx Winston Churchill
	1994	Rush Limbaugh Fidel Castro Bill Cosby George Burns
	1995	Ron Perelman Jack Nicholson Linda Evangelista Tom Selleck
	1996	Matt Dillon Arnold Schwarzenegger Demi Moore Danny Devito
	1997	Wayne Gretzky Janet Jones James Woods Claudia Schiffer Michael Richards
	1998	Denzel Washington
<i>Smoke</i>	1996	Pierce Brosnan Tom Arnold Red Hot Chili Peppers Mel Gibson
	1997	Elle Macpherson Jeff Goldblum Carmen Electra

Claudia Schiffer is talking tough. There's a problem in the world of fashion these days, she says — the fact that too often models have to look like junkies just to be cool. "I think fashion should be promoting beauty and health," she says. "That doesn't happen if the model looks anorexic, unhealthy, tired, if the photography makes her look as if she's on drugs or been out partying all night. That kind of thing can end up hurting young women or girls who feel they have to imitate the models they see in the magazines. That's not what fashion is about. For me, fashion is about beauty." (Rothstein, 1997, p. 170)

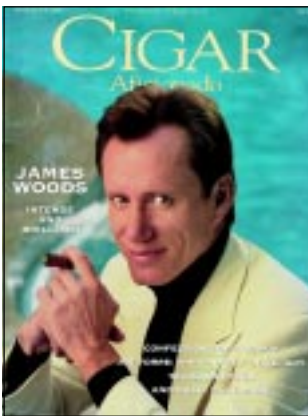
The article and magazine cover include seven large photos of the supermodel cum cigar in alluring poses (Rothstein, 1997). The contrast being drawn between drug use and dissipation on the one hand and cigar use on the other could not be more clear.

Figure 4
Jack Nicholson, Matt Dillon, and Bill Cosby



Source: *Cigar Aficionado*, Summer 1995, Spring 1996, and Autumn 1994.

Figure 5
James Woods



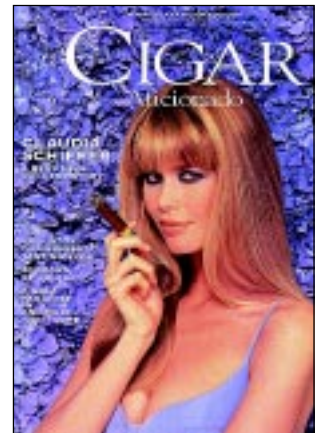
Source: *Cigar Aficionado*, May/June 1997

The magazine has created a following. Readers send in photographs of themselves and their cigar-related activities. Several pages have been devoted to photos of readers showing off cigar-related vanity license plates (*Photo Gallery*, 1997a; *Photo Gallery*, 1997b).

From time to time, the publisher takes on criticisms of cigar use in the editorial he writes for each issue, taking the Environmental Protection Agency (EPA) report on environmental tobacco smoke and the proposed Occupational Safety and Health Administration (OSHA) rule on tobacco smoke in the work place to task (Shanken, 1993; Shanken, 1997c), issuing a call to action

against the “new Prohibition” in another (Shanken, 1994), and expressing sharp disagreement with critics of cigar use as indulging in “scare tactics” in another (Shanken, 1997a). Within days of the announcement from the Centers for Disease Control that surveys show that kids now frequently use cigars (Kaufman et al.,

Figure 6
Claudia Schiffer

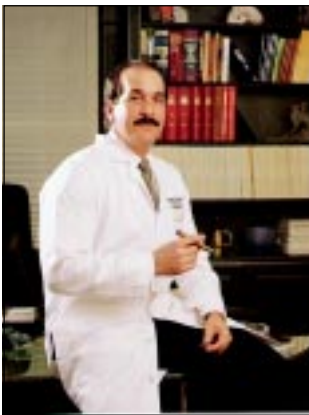


Source: *Cigar Aficionado*, August 1997

1997), posted a column on the magazine's web page proclaiming that cigars are for adults only and not for teenagers (Shanken, 1997b). He has blasted the American Cancer Society for publishing public service ads about cigars and Brooks Brothers for stopping the use of cigars as props for models in its advertising (Shanken, 1997d).

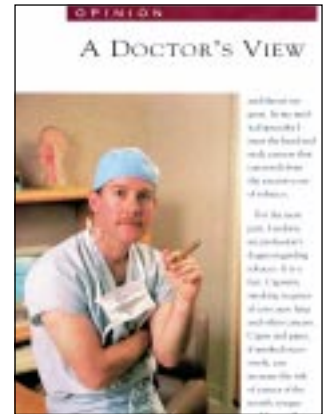
The posture taken is that the occasional, non-inhaled, moderate use of cigars is OK even though potentially serious problems can sometimes arise when cigar use is outside of these parameters. The studied reassurance the magazine offers has been reinforced by a column written by a cigar-loving Ear, Nose, and Throat (ENT) surgeon, who was photographed in surgical scrubs holding a cigar (Pearlman, 1993) (Figure 7). A similar image was evoked in a photograph which illustrated an article on cosmetics and cosmetic surgery for men. A plastic surgeon posed in a white lab coat, holding a cigar (Wolfson, 1997) (Figure 8).

Figure 8
Cosmetic surgeon



Source: *Cigar Aficionado*,
March/April 1997

Figure 7
Ear, nose, and throat
surgeon



Source: *Cigar Aficionado*,
Spring 1993

The periodical has not only been sanctioned by physicians, it has been blessed by a person of the cloth. In its second issue, the magazine published a letter from an anonymous member of the clergy, who praised the new publication and reflected on the importance of a cigar in composing sermons. "In moderation, ten a week or so, cigar smoking, I declare, is not a sin. Gentlemen, you have my blessings. Those who do like the art and transcendental experience of smoking a fine cigar need not worry of divine retribution. I think God understands" (An inspired preacher, 1992).

By 1996, the success of *Cigar Aficionado* spawned imitation from a tobacco trade publisher, Lockwood, in the form of *Smoke*, whose subtitle is "Cigars, pipes and life's other burning desires." It, too, has seen an increase in pages, from 182 in the premier issue to 464 in the Summer 1997 issue. *Smoke*, which seems targeted at a somewhat younger, more hip audience, has a similar mix of cigar features and general lifestyle articles. Its covers also feature celebrities smoking cigars (Table 7) (Figure 9). Another similar magazine, *Cigar Monthly*, has featured various cover stories (Figure 10).

These three publications have been imitated in France (French Toast, 1996). In keeping with the style of its American cousins, the cover of the March 1997 issue of *L'Amateur de Cigare* features General Charles de Gaulle with a cigar.

Figure 9
Mel Gibson, Carmen Electra, Jeff Goldblum, and Elle Macpherson



Source: *Smoke*, Anniversary Issue Winter 1996-1997, 2nd Anniversary Issue Winter 1997, Summer 1997, and Spring 1997

Figure 10
Cigar Monthly cover stories



Source: *Cigar Monthly*, April 1995, November 1995, March 1996, July 1996, 1997

The hedonistic themes these magazines explore are captured in the concluding exchange from an interview published in *Smoke* with actress Kim Cattrall (Cattrall, 1996).

Q. What do you think all the buzz is about cigars?

A. It's a very large phallic symbol that men like to play with — and women like to watch them. I understand the attraction. Just holding one, there's sort of a power related there.

**Cigar-centered
Dining and
Entertainment**

The current era of fancy cigar dinners and other entertainments focused on cigars seems to have begun around 1988 (Luz, 1997).

From its own beginnings four years later, *Cigar Aficionado* sponsored gala affairs and dinner parties at expensive restaurants featuring cigars, wines, and celebrity guests. Similar events, which build word of mouth advertising, have become widespread, and the magazine publicizes restaurants that offer “smoker nights.” In a 1992 issue, there was a list of 32 domestic and 4 foreign restaurants and cigar clubs that offered such events (Smoker Nights, 1992); by Spring 1997, the number of listings had grown to 591 entries in the United States and 70 listings from outside the country (Smoker Nights, 1997). Magazine subscribers receive formal invitations to events sponsored by the magazine, and the magazine regularly features photographs from these events in its pages. The popularity and acceptability of these events is illustrated by the fact that a restaurant at Walt Disney World has hosted cigar dinners (Scott, 1996a).

Sometimes, these events are linked to charitable causes. In New Jersey, cigar nights have provided fund-raising settings for the Women's Center of Monmouth County, the Make-A-Wish Foundation of New Jersey, the Easter Seal Society of New Jersey, and the Cerebral Palsy Association of Middlesex County (Henderson, 1996; Henderson, 1997a; Henderson, 1997b; Robert Kucharski, personal communication, June 5, 1997). An event called “Celebrity Smoke '97,” sponsored by *Smoke*, was produced by Celebrity Fund-raisers, Inc. and benefitted a charity called The Miami Project (Celebrity Smoke '97, 1997). A \$1,000-per-ticket cigar dinner and viewing of the film “Napoleon” (accompanied by a 65 piece orchestra) is to benefit the Culinary Institute of America at Greystone and the North Beach Homeless Project of San Francisco (Coppola and Shanken, 1997).

In October 1994, *Cigar Aficionado* sponsored a dinner in Paris called the “Dinner of the Century” (Nights to Remember, 1994). Formal invitations for the event indicated that a portion of the ticket price would be donated to the United Nations Children's Fund (UNICEF). When the director of UNICEF was informed of this unsolicited and unwanted association, an attorney for UNICEF put the organizers on notice that they were to stop using the name of the children's fund in association with the dinner. Instead, a donation was made to CaP Cure, a charity for prostate cancer research (Ron Davis, personal communication, October 1994).

Adding a charitable dimension to these events may add a sense of mainstream mission, purpose, and respectability to what may simultaneously be regarded as daring, flaunting of convention, and even somewhat underground. Not only is a cigar dinner fun for itself and more so for being a bit of a slap at puritanical attitudes, it can also be for a good cause.

Scott, writing in a trade magazine for retail tobacco shops, has described how to organize a cigar dinner.

Cigar dinners, if planned and executed well, are an excellent way to build your business. They work best as a promotional tool, just like advertising. The nice thing about them, as a business builder, is they can be operated at a break-even level. What other advertising medium do you use that costs you nothing? The dealer who thinks he can make a profit on cigar dinners, however, will probably find his dinners, non-competitively priced, won't yield the results he wants. (Scott, 1996a, p.44)

Ed Kotoch, owner of the Tobacco Road stores in Las Vegas, says, "Instead, think of a cigar event as a way to get to know your customers better, especially the ones who just breeze in and out of your store; or to meet your customers' cigar-smoking friends whom they bring to the dinner; or to say 'thank you' to a few selected and valued customers." (Scott, 1996a, p. 44)

The article offers detailed advice on planning, organizing, and conducting these events. A balanced blend of entertainment, food, wine and cigars is to be sought. Cautioning against seeking venues in restaurants owned by non-smokers, Scott advises making sure that ventilation is adequate and even providing additional air filters because, he notes, "cigars put out a lot of smoke" (Scott, 1996a, p. 46). In selecting cigars for the evening, he suggests a mix of full-bodied and mild cigars. He especially suggests providing a selection of smaller, mild cigars for women so that they can more easily participate in the revelry. For a ticket price of \$75-\$90, Scott suggests a budget of \$20-\$25 for food, \$5 for tips, \$15 for cigars, \$10 for a gift, \$15-\$20 for drinks, \$5 for invitations, and complimentary tickets for the dinner speaker and the people who represent the cigar and beverage distributors.

Entertainments such as these serve to further embed cigar use in the culture, socialize people to the use of cigars, and teach novices how to use them. The luxurious settings foster the high-class image with which the cigar industry seeks to associate itself. In *Augusta*, Georgia, Mike Smith, proprietor of Cigar Affairs, hosts cigar dinners, such as the Spring Big Smoke (Barshafsky, 1997) (Figure 11).

Sanctioned social clubs organized around cigars have appeared on a number of major college campuses (Barry, 1997).

Figure 11
Augusta



Source: *Augusta*,
September 1997

Smoking clubs appeared in many communities in the mid-1990s. Among the most elaborate are cigar bars identified with Macanudo brand cigars, the Club Macanudo in Chicago and in New York (Club Macanudo, 1997). At the New York club, which offers patrons a cigar school for initiates, a large painting of the bar hangs in the dining room. The painting features Culbro executives Edgar M. Cullman, Sr. and his son, Edgar M. Cullman, Jr., as well as Marvin Shanken surrounded by famous people who smoked cigars. Winston Churchill and John F. Kennedy are joined by Madonna, Whoopi Goldberg, Michael Jordan, Julie Andrews, Linda Evangelista, Richard Pryor, Jack Nicholson, Robert deNiro, Orson Wells, and Bruce Willis. Patrons are offered menus for both food and cigars. Culbro products are featured in great variety with prices ranging up to \$40, but there are also a few offerings of lesser quality from other major purveyors. Among the holders of humidors at the Club are a number of New York-based magazines, including *Esquire*, *Vanity Fair*, *Business Week*, *Sports Illustrated*, *U.S. News and World Report*, and *Golf Digest*.

Retail establishments devoted to smoking seem in part a reaction to the elimination of smoking from more and more indoor spaces. The fashion brings to mind the early history of smoking in 17th century England where customers would leave their pipes at the local tobacco shop. They would come to the shop not just to purchase tobacco but to smoke as well.

Newspaper stories about cigars

The resurgence in popularity of cigars has been covered, and in part fueled by, articles in newspapers. Among the twenty daily newspapers indexed by the Dialog data base, there were 325 articles over the seven-year period 1990 - 1996 that dealt with news about cigars or feature stories about their increasing popularity in the culture. Coverage of cigars was fairly constant for the first 5 years of the period, and then showed an abrupt upswing (Table 8). Uncritical stories describing this as a social or as a fashion phenomenon have been common in newspapers as well as on television magazine shows. Much of this coverage was stimulated by a public-relations effort by cigar manufactures intended to promote positive stories in the news media linking cigar use to luxury and power (Klein, 1998).

A highly successful race horse named Cigar (Figure 12) appeared on the sports pages beginning in May 1995 with a victory at Pimlico. The horse was featured in 103 stories in these same twenty newspapers in 1995 and in 212 stories the following year.

Women and cigars

Cigar smoking by women has been one of the sub-themes of cigar publicity. Celebrity women and their cigars have frequently been featured in the cigar magazines (Figure 13). Madonna smoked a cigar on the David Letterman show in 1994 (Conrad, 1996). Feature stories in newspapers, popular news magazines, and on television have highlighted this as a new trend (Figure 14). A recent book describes and explains cigar smoking for women (Edmark, 1995), and a retail trade magazine has published an article on how to "capitalize on the marketing differences the gender gap provides" (Ashley, 1997b, p. 162). These phenomena increase the visibility not only of women smoking cigars, but of cigar use itself.

Table 8
**News and features about cigars. Twenty daily newspapers Indexed by Dialog
 1990-1996**

Year	Number of articles
1990	23
1991	19
1992	20
1993	36
1994	24
1995	81
1996	122
Total	325

Source: Dialog

Internet advertising and promotion

Cigars are featured on the world wide web at many sites (Mason, 1996).

There are online catalogs for ordering as well as links that provide background information and ratings. Both cigar lifestyle magazines maintain elaborate sites. One site sponsored "Operation Cigar Lift" for U.S. troops stationed in Bosnia in 1996 (*Smoke Signals*, 1996).

Figure 12
The race horse, Cigar



Source: *Cigar Aficionado*, Winter 1996/1997

Figure 13
Demi Moore



Source: *Cigar Aficionado*, Autumn 1996

Ashley has described the ins and outs of setting up and running a web site for people in the retail cigar business (Ashley, 1997a). He describes how selling on the Internet has transformed the way a number of retailers operate, with some now providing frequent updates of their inventories online. Websites for cigars may receive tens of thousands of visits monthly. The sites operated by manufacturers not only provide information and images about specific brands but also link customers with retailers who carry the products. There are discussion groups and news groups as well on

Figure 14
Jenny McCarthy



Source: *Newsweek*, July 21, 1997

these sites. Sites also can offer search capabilities to people looking for particular products or product characteristics.

Catalogs and cigar-related items

Cigars have long been available by mail order, but the resurgence in popularity of expensive cigars has prompted the introduction of new specialty catalogs for cigar users such as one called *The Cigar Enthusiast*. Accessories for cigars have begun appearing in more established upscale catalogs such as those from Herrington, Frontgate, Huntington Clothiers, and Hammacher Schlemmer.

The cigar craze has nourished the cottage industry that produces cigar accessories such as lighters, cutters, ashtrays, and humidors. Oddities such as devices which provide a place to put a lit cigar on a golf course while the user takes a shot have appeared on the market. A “breath cleanser” for cigar smokers is being sold (Cigar Clear, 1996). New cigar-themed clothing companies, selling silk screened whimsy or classical cigar art (based on cigar box paintings and cigar bands) have appeared: The Five Cent Cigar Co., Smoke Rings, and The Original Cigar Clothing Company. The Nat Sherman Catalog (Figure 15) offers a variety of cigar accessories (Figure 16)

Figure 15
The Nat Sherman Catalog



Source: Nat Sherman Catalog, 1998

Books (Hacker, 1996; Shanken, 1996), videos (Dees, 1996), lithographs (Mazur, 1996), and even compact discs related to cigars (Schmorr, 1996) have appeared on the market. One of these books includes a curiously lighthearted chapter on health effects (titled “But will they stunt your growth?”) which emphasizes the supposed advantage of cigar tobacco having fewer additives and the fact that inhalation is optional with cigars (because nicotine absorption from cigar smoke, unlike that from cigarette smoke, does not depend on inhalation) (Scott, 1996b).

Dunhill has long offered high-end men’s clothing and accessories in association with its core tobacco products business.

Virtually alone among the major cigar companies, General Cigar has borrowed other marketing techniques prominent in the cigarette industry for some of its mass-market cigars as well (Coeytaux, Altman and Slade, 1995; Altman, Levine, Coeytaux, Slade and Jaffe, 1996). General Cigar has run a series of promotions for its White

Figure 16
Cigar accessories –
The Nat Sherman Catalog



Source: Nat Sherman Catalog, 1998

Owl and Garcia y Vega brands which involve returning proofs of purchase for branded t-shirts and other premiums. It has even developed a small catalog for the Garcia y Vega brand. Moreover, General Cigar has launched a line of expensive sportswear geared to its premium brands (Culbro Corporation, 1996). It also plans a branded line of cigar smoking accessories (Smoke Signals, 1997). The president of the parent company, Edgar M. Cullman, Jr., is quoted in the annual report as saying, "General Cigar's brand extensions in new classic sportswear set the stage for our lifestyle-driven company of tomorrow" (Culbro Corporation, 1996, p. 8).

There have been other sporadic, small efforts at promoting mass-market cigars, but generally, the makers of these products have not devoted large amounts of money to their promotion in recent years. Swisher International briefly supported a NASCAR race team for Swisher Sweets, and the makers of the little cigar Winchester published booklets of football and baseball statistics and schedules in 1995 that were distributed through some retail outlets.

Sportswear for Macanudo does not imitate the understated elegance of Dunhill. Instead, Culbro features the Macanudo name prominently on each article of clothing, so the caps, sports shirts, jackets, and sweatshirts are themselves advertisements for the brand in much the same manner that cigarette companies promote their brands through promotional items.

Among the ways General Cigar seeks to promote Macanudo is through furniture. The William Allen Company of High Point, North Carolina offers two stuffed armchairs retailing for about \$2,500 each which feature the Macanudo crest design on the upholstery. A leather chair has the crest on a kidney pillow and the seat deck, while a mohair chair has it on the seat cushion (William Allen, 1997). On introducing these products to a furniture store, the Allen salesman passes out cigars and offers a \$700 Macanudo smoking jacket for sale as well.

Borrowed glory Cigars have become a common prop, on magazine covers (Mott, 1992) (Figure 17), in fashion photography, for men's accessories such as ties, and among popular musicians, movie stars and other celebrities. A popular history recounts many of the famous names, past and present, associated with cigars (Conrad, 1996).

Figure 17

The New Yorker



Source: *The New Yorker*,
September 23, 1996

The cigar may be intended to be provocative or to project "power, authority and self-confidence" (Mott, 1992, p. 46). When the Chicago Bulls won the NBA championship in 1996, Michael Jordan and Dennis Rodman celebrated with cigars, and their smoking was widely seen on television. George Dessart of the American Cancer Society criticized these sports stars, saying, "By displaying these cigars at the moment they were the most visible athletes in the world, Michael Jordan and the Chicago Bulls served as the worst type of role model for millions of children worldwide. After all, if Michael Jordan and the Chicago Bulls smoke, it must be cool and it can't be that bad for you" (Campaign for Tobacco-Free Kids, 1996).

At least some of the gratuitous public cigar display so evident in recent years may be because of commercial sponsorship. In the 50's and 60's, celebrities such as Ernie Kovacs, Danny Thomas, and Sid Caesar did commercials for Dutch Masters,¹ and Edie Adams cooed "Pick me up and smoke me sometime" for Muriel (Kiersh, 1997, p. 105). George Burns smoked another machine-made brand from Consolidated Cigar, El Producto Queens, exclusively for many years. Each month, he received 300 of the stogies from the manufacturer for free. While it is not known if he also received an honorarium or a sponsorship fee in addition to the free cigars, he repeatedly refused to even try any other brand (Kiersh, 1997). Consolidated Cigar is trying to capitalize on this long-standing association by creating a special series of El Producto cigars it is calling the "George Burns Collection" (Kiersh, 1997). It is not known if this venture involves the payment of a licensing fee to the Burns estate, but such considerations are common for other products.

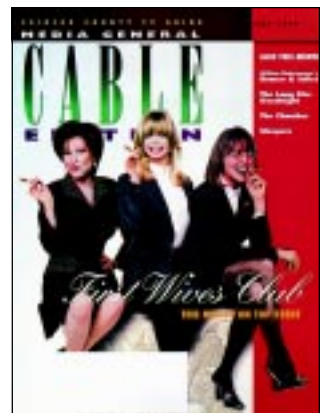
Cigars and the Movies Cigars have become a common prop in movies (*Independence Day*, 1996; *Batman and Robin*, 1997). In at least one case, though, the cigars featured in advertising were not apparent in the movie itself. Ads for the 1996 movie *The First Wives Club* (Paramount) showed Goldie Hawn, Diane Keaton and Bette Midler with stogies (Figure 18) while in both the movie itself and the book on which the movie was based, these characters never used cigars (Thomas, 1996). When the HBO movie *Weapons of Mass Distraction* was advertised in *Cigar Aficionado*, the characters held cigars (*Cigar Aficionado*, 1997c) (Figure 19). When the same movie was advertised in *The New Yorker*, the characters' hands were empty (*New Yorker*, May 19, 1997) (Figure 20). Cigar manufacturers paid Hollywood brokers to feature their products in movies including *Independence Day* (Klein, 1998).

Figure 19
Weapons of Mass Distraction—with cigars



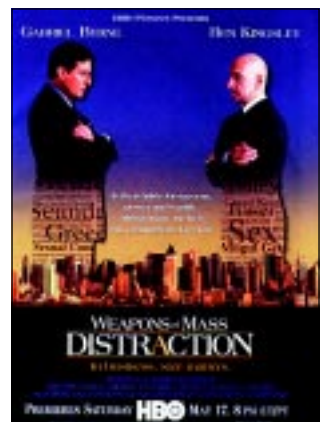
Source: *Cigar Aficionado*, May/June 1997

Figure 18
First Wife's Club



Source: *Fairfax County TV Guide*

Figure 20
Weapons of Mass Distraction—without cigars



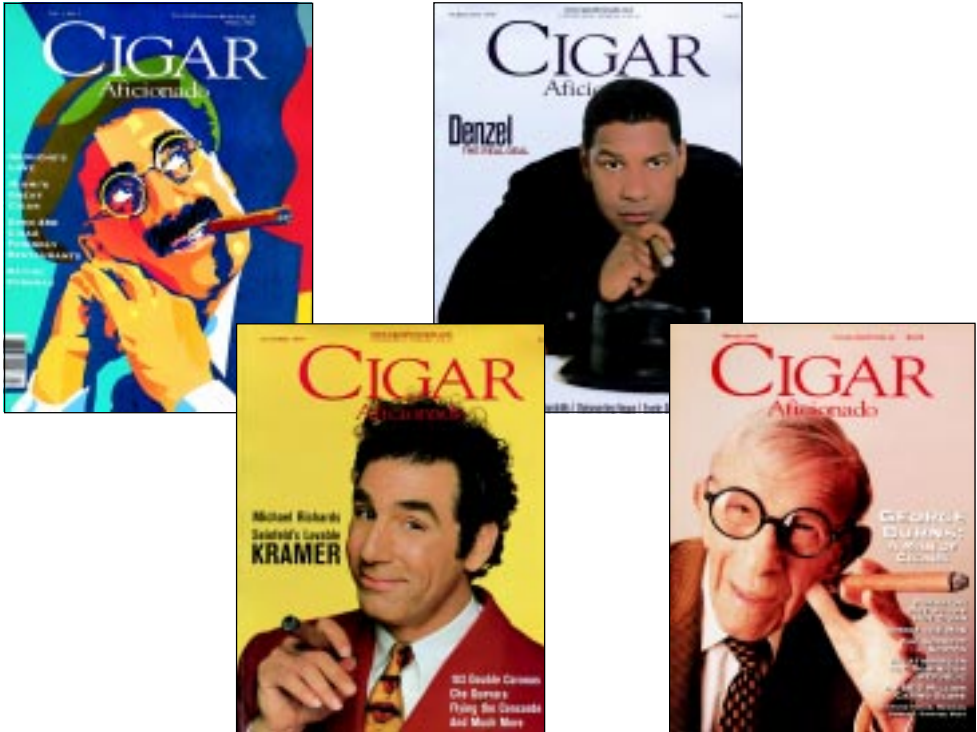
Source: *The New Yorker*, May 1997

¹ This brand evokes memories of Rembrandt's contemporaries even though tobacco was mainly consumed in pipes throughout the low countries at that time.

AVAILABILITY Inexpensive cigars are mostly sold as self-service items in grocery stores, convenience stores and pharmacies. The growth of the premium cigar trade has been accompanied by an increase in outlets for expensive cigars beyond tobacconists and other specialized retailers. Major manufacturers are seeking to expand traditional outlets for premium cigars to include hotel shops, wine shops, restaurants, and upscale specialty and department stores (Smoke Signals, 1997). Vending machines for premium cigars are commercially available and have begun to appear in some locations (Trendwatch, 1997).

DISCUSSION Cigar use began to increase after promotional activities for cigars stepped up beginning in 1992. The cigar market was stagnant (Chapter 2) before *Cigar Aficionado* was launched, even though Marvin Shanken has said he launched the magazine in response to an increase in use of premium cigars. In a prospectus, Consolidated Cigar Holdings attributes the increase in cigar consumption largely to the magazine, to the use of cigars by celebrities (Figure 21), and to the proliferation of social events that feature cigars (Consolidated Cigar Holdings, 1996). These efforts have increased the visibility of cigar consumption, have normalized cigar use, and have

Figure 21
Groucho Marx, Denzel Washington, Michael Richards, and George Burns



Source: *Cigar Aficionado*, Spring 1993, February 1998, October 1997, Winter 1994

broken down barriers for cigars. Among the barriers that seem to have been broken has been use by kids (Kaufman et al., 1997). These efforts have a familiar ring. Public relations techniques to normalize and popularize cigarette use in general and among women in particular were used by cigarette makers earlier in the century (Kluger, 1996).

While nearly all promotional energy for cigars has been focused on premium versions, fully 83 percent of the unit growth in the consumption of large cigars and cigarillos has been for inexpensive, non-premium, machine-made brands. Advertising for specific premium brands, which is directed at expanding the market serves the dual role of promoting both cigars and a particular brand (Montego y Cia. 1997; U.S. Tobacco International, 1997). Moreover, despite disclaimers to the contrary (Shanken, 1997b), an inevitable effect of fostering a somewhat outrageous fashion among adults is that its appeal to kids will grow.

Measured marketing expenditures for cigars was only \$4 million for the first 9 months of 1996, yet the industry had more than \$1.2 billion in sales.

To the extent that they exist at all, the unmeasured marketing expenditures may be devoted to activities such as planting feature stories about cigars in newspapers and television, securing celebrity endorsements of cigar smoking, promoting cigar dinners, financing the expansion of retail tobacco shops, and of restaurants, clubs and bars that encourage cigar smoking, achieving placements in popular entertainment and in fashion magazines, and facilitating the development of communications channels, such as magazines, books and web sites.

It may be that individual cigar companies are working by themselves or in concert to facilitate at least some of these public relations activities, because the bulk of the industry is concentrated in only a few companies (Table 3). Efforts to boost cigar use in general will mainly benefit those companies that are already well positioned.

The more sophisticated companies, especially Culbro (General Cigar) and Consolidated Cigar, seem to be taking integrated marketing approaches to building franchises for their major brands. Although the use of sex and celebrity to sell cigarettes has been forbidden by the cigarette industry's voluntary code since 1965, these appeals are regular features of cigar marketing.

Additional information is needed to better characterize marketing efforts for cigars. Specifically, there should be:

- Continued efforts to describe advertising and promotional efforts for cigars as well as to understand the dynamics of the market and the companies involved in it,
- Compilation of marketing expenditures for cigars as the Federal Trade Commission already does for cigarettes and smokeless tobacco products,

- A survey of prominent people who have been publicly associated with cigar use to learn about the extent to which they have received sponsorship fees or any other consideration from commercial cigar interests,
- Research to learn how different segments of the public understand cigars, especially in relationship to cigarettes. One possibility is that since cigars are often experienced as being more acutely noxious than cigarettes, the increased acceptability of their use may undermine public perceptions of the harmfulness of cigarettes. The public may also have misconceptions about the role of nicotine in cigar use. In other words, apart from the direct toxicity of cigars, does the cigar craze undermine public health efforts to control the cigarette epidemic?
- Research to learn which brands of cigar are popular with the young and how marketing, price, and availability affect brand choice for this group, and
- Research to learn the extent to which advertising and promotion for cigars, including things as commonplace as cigar bands, reaches and affects kids.

CONCLUSIONS

1. Cigar use began to increase in the United States after promotional activities for cigars increased beginning in 1992.
2. Promotional activities for cigars have increased the visibility of cigar consumption, normalized cigar use, and broken down barriers to cigar use.
3. Although the use of sex and celebrity to sell cigarettes has been forbidden by the cigarette industry's voluntary code since 1965, these appeals are a regular feature of cigar marketing.

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