

CIGAR STUDIO

FALL, 2001

NEWS

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Update From Tampa

In August we ventured down to Tampa and participated in the annual US Retail Tobacco Show and Conference. (The weather was actually hotter here in Toronto). Besides sampling about a million cigars and pipe tobaccos over 4 days, we caught up on the industry buzz south of the border and shared ideas with lots of US tobacco-nists. Here is our "read" on what we heard.

On the supply side, the big guys keep getting bigger. Through consolidation and acquisitions, the major cigar manufacturers and wholesalers like Consolidated, General, Altadis, and Newman/Fuente along with the boutique success guys like Padron, Ashton, and CAO are taking huge gobs of share away from many of the lesser known wholesalers. Deep predatory and promotional pricing is putting severe financial pressure on many of these lesser-known brands and some of them are closing shop and/or being re-branded (see Honduran cigar article).

On the demand side, the trend at retail is the same on both sides of the border. Distribution points have closed by the thousands – when was the last time you saw a humidor in a convenience store or gas station compared to 18 months ago. This consolidation at retail has been very painful for those stores that have closed shop. But this consolidation has also been a tremendous assist for those specialty tobacco stores who have managed their overheads well, stayed the course of friendly and helpful service while offering broad assortments of competitive priced product. In Tampa we spoke with many owner-operators like ourselves – while fewer in numbers than in previous years – who have had great spring and summer seasons. Unit sales of premium cigars in many STMA stores are up which has helped to offset the fact that average unit prices are down an estimated 12% - 15%. Certainly summer weather of 2001 has helped tremendously – did we lose a weekend to rain at all this summer? - but similar to Cigar Studio these stores also have great customer support and have remained focused on what they do well.

And the really good news coming out of Tampa is that next years show is in Las Vegas!

Honduran Cigars

Did you know that Honduras is second only to the Dominican Republic in terms of cigar exports to the US (in Canada it is third place after Cuba and the DR)?

The Honduran cigar industry was rather sleepy until the arrival of anti-Castro refugees from Cuba in the 1960's and the civil wars of the 1980's set the cigar industry back a little. But the industry took off in Honduras during the boom of the 1990's. Today there are three main "tobacco" regions in the country – the hot coastal plains around San Pedro Sula and the cooler mountains and hills of Santa Rosa de Copan and Danli.

Cigar Studio has always carried a wide selection of cigars from Honduras – Punch, Zino Mouton Cadet, Don Tomas, Santa Rosa, Astral, Flor de Honduras, Indian Tabac and of course our best selling Honduran Maduro Private Label cigars. So in celebration of Canadian Thanksgiving (another stretch we know), Cigar Studio is going to focus on Honduran cigars a little more than usual in October.

First, our Cigar of the Month will be Santa Rosa. This mild cigar has always had a loyal following here and the torpedo is one of our best selling sizes.

Secondly, we are going to bring in a couple of sizes of Bering, a fabulous tasting brand but one that is just not as well known as some of those mentioned above. When we opened in 1996 we sold a lot of Bering but it just got lost in the shuffle of the boom and we stopped carrying it about two years ago. It really is a great tasting cigar. And

(see Honduras on page 2)

PIPE CORNER



Our pipe business really starts to roll at this time of the year. The imagery associated with enjoying a pipe while you walk through Fall leaves, relax on the back deck, or enjoy a pipe by a fireplace or chiminea is not really imagery at all – it happens all the time.

Our regular monthly cigar promotions will now be extended to our pipe business and in October we have a couple of super deals you won't want to miss.

First, we will feature all Peterson Dunmore (\$89) and Erica pipes (\$59) at 35% off those regular prices. These styles are the entry level pipes by Peterson and these prices represent a terrific way to enjoy a pipe from this world famous brand.

Secondly, we are featuring Dunhill "My Mixture 965" pipe tobacco, which we have purchased in 5 lbs bags in bulk, and can re-package in any size of your choice. This incredibly rich flavor will appeal to connoisseurs of full-bodied tobacco. Master blenders from Dunhill start with brown Cavendish, add short Latakia to impart a nutty taste and finish with Macedonia Bright to add a little sweetness to the finish. Priced at 15% our regular price.

("Honduras" continued from page 1)

the good news with Bering is that the Canadian supplier still has some well-aged stock. Named after the Danish navigator Vitus Bering, these cigars use filler from Honduras and Mexico, binder from Honduras, and a wrapper from Ecuador. They have been aging for almost 4 years and the blend of tobaccos provide a medium body smoke.

We have received a great price on Bering, which we are passing on to our customers. The Hispano, 6" x 50, will sell for \$6.90 – 30% less than it did when we carried it last. The Corona Royal – a 5.5 X 42 cigar in a silver tube, will sell for 6.75. And if you buy a box any time in October, we will throw in a Cigar Jar, a \$39 value.

Now there's a way to celebrate Thanksgiving.

Also Steve Wall from Hinds Brothers, who has previously written an article for this corner, sent us a terrific info sheet from Cadogan Pipes in London England. Cadogan make our Comoy, Dr. Plumbs and GBD pipes. The info sheet is reprinted with their permission. Enjoy.

New Cigar Lounge Opens at The Old Mill Inn

On October 1, The Old Mill Inn opened its doors to its brand new Boutique Hotel and Spa. Recognizing a huge opportunity, which could be capitalized on with the addition, the owners of the Inn built a cigar lounge adjacent to their new bar. The lounge will incorporate a magnificent built-in humidor, world class cigars, the best in beverages and spirits and first class service delivered in a separately ventilated, upscale environment.

"We have wanted to include this room since we began plans for the addition" says Michael Kalmar who owns The Old Mill Inn. "There is no place in the west end for discriminating clients to go, relax and enjoy a cigar with their drinks in a very upscale environment. We look forward to serving that niche in a European style atmosphere."

Good luck Mike! We know it will be successful.

Here's What's New

This is the time of year we flip our merchandise from spring/summer into fall/winter and as a result, there are a lot of new items in the store these days.

Specialty Tobacco

- Cigars
- Romeo Y Julieta Cigarillos – small, flavorful and in expensive
 - Macanudo Café #4 – a brand new size from this terrific brand.
 - CAO Extreme – a strong, spicy cigar from this great little company
- Accessories
- Western Digital Hygrometer
 - S.T. Dupont Lighters and Cigar Cases – we thought our market could only support Dunhill or Dupont. We were wrong so we brought Dupont back in.
 - 12 Gauge Cigar Tube – the perfect humidor for the outdoors person requiring storage for a few cigars.
 - Colibri Force V Torch Lighter
- Pipes
- Dr Plumb “Cub” – made by GBD in London, this small bowl pipe is perfect when you only have 10 minutes for that pipe.
- Tobacco
- Golden Dawn by Stokkebey. – Virginia and toasted Burley tobaccos blended with two types of Black Cavendish produce a mild smoke with a soft sweet taste and berry aroma.
 - Dunhill “My Mixture 965” – available in bulk bags or pounds.

Haberdashery and Non Tobacco

- Bey Berk Bulldog Bookends
- Stainless steel Hip Flask (see accompanying article)
- Perma men's manicure set
- Roots PDA and Cell Phone Holder

Cuban Cigars and Single Malts at the Ontario Club

Note - The initial room we had booked for this event proved too small as we sold out very quickly. We have now re-booked the event into the main dining room so we have a lot more seats available. Everything else remains the same.

On Wednesday October 10, in conjunction with The Companions of the Quaich, we will be hosting our 7th Scotch and Cigar Evening at The Ontario Club. We will feature the Cohiba Siglo II, the Romeo Y Julieta Exhibicion No 4 and the Fonseca No 1, which will compliment 3 malts and a fine 3-course dinner. Tickets all-inclusive, are only \$80 and are available at Cigar Studio or through The Companions. The Ontario Club is on the 5th Floor of Commerce Court South (N/E corner of Bay and Wellington) and the evening will begin at 6:30.

Why not come out to this event? It's a great night to get away from the crazy world we live in and relax with friends and business colleagues.

Fall Feature Item

I know this will take some of you by surprise, but we have customers who think we're from outer space when they see some of the stuff we sell. But this item really is under the “you should have one of these” category for Fall 2001.

It's the Hip Flask! We certainly aren't abandoning our drink responsibly belief nor are we suggesting that only alcoholic spirits be allowed into the flask. But how many times have you been playing golf in

the Fall, a little chill drops in and the only nip you can get is from your partners flask and he has just gone triple, double, triple. Or the Argo's are in the Grey Cup and....Ok that's a stretch.

But a flask really is a great item for this time of year and they do make a nice inexpensive gift. So we brought in a wide variety of styles and sizes with matte, leather or high gloss finishes. Check them out next time you are in the store.

And Then There Were Three...

Many of you have met the newest member of the staff. But for those of you who haven't, let me introduce you to Christian Emond. Christian has recently retired from the Canadian Armed Forces and after 20 years of service is training and taking courses in the hospitality industry. He has joined us on a part-time basis and will be working both weekday and weekend hours. As is usual in September, Adam goes back to York and part-time hours at the store as he moves closer to getting his teaching degree.

Now we have to figure out who is Curley, Larry and Moe...

History of S.T. Dupont: The World's Finest Smokers Accessories

In 1872, Simon Tissot Dupont established a luxury leather goods company in Paris. His mission was to create products using design and manufacturing techniques that were different and unique to anything the world had seen. Styled in the rarest and most precious materials, the production of his leather pieces soon incorporated no less than 17 craft techniques and new materials – crystal specialists, silversmiths, goldsmiths and lacquerers. For 75 years he supplied Europe's most discriminating clients with his unique pieces.

By the late 1930's, a shortage of precious materials forced Dupont to look at other products and in 1941, Dupont launched its first lighter – an aluminum petrol lighter. Using material never used for lighters previously and incorporating a design never seen before, the lighter was a huge hit immediately.

Using the cutting edge of research and design, S. T. Dupont patented a gas lighter in 1952, the Legendary Ligne 1. A marvelous example of mechanical precision and perfect finishes, it was composed of no less than 40 different pieces – totally revolutionary at the time. Manufactured in brass, with gold and silver plate or Chinese lacquer, it was decorated with fine, graphical guilloche ornamentation. The world had never seen such a lighter before.

The years since have seen a continuation of this commitment to design and today S. T. Dupont boast a wide range of lighters and smokers accessories. The famous "ping" of the Ligne 2 and Gatsby still cause heads to turn at that unique sounds and people to stare at some of the most unique looking lighters on the market today.

Fall Humidor Maintenance

While your humidor may get opened less as the weather get colder, don't forget that a little maintenance will insure that your cigars stay fresh all Fall and Winter. Re-soak your system with distilled water and wipe down the interior of the humidor with a little distilled water too. If you are not sure about the reading you are getting from your hygrometer, bring it in and we will recalibrate it for you.

Business Hours

Mon – Wed: 10am – 7pm
Thurs – Fri: 10 am – 8pm
Sat: 10am – 6pm; Sun: noon – 5pm

We have just posted an entire article on humidor maintenance. You can find it at www.cigarstudio.com under FAQ's.

Cigar Studio is a registered distributor of the Dupont line. Drop by soon to view some of their masterpieces.

WWW.CIGARSTUDIO.COM

If you have any questions or concerns that are not addressed in this newsletter, surf on over to WWW.CIGARSTUDIO.COM for up to date info on upcoming special events, new products and monthly Promotions.