



FALL, 2004

NEWS

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NEWS FROM LAS VEGAS: THE BOOM IS BACK!

Our industry's annual conference took place in Las Vegas July 25 –28 amidst a tremendous amount of enthusiasm and buzz. The cigar industry in North America is booming so far in 2004 with suppliers and tobacco shops experiencing volumes not seen in years. New tobacco shops are opening up again and transaction counts and sales at existing retail shops are all at 5-year highs. Manufacturers of premium brands even expressed concern about meeting production and sales quotas to satisfy the growing demands of consumers, many of whom are re-entering the cigar market.

What differentiates this bull from 5 years ago is that it is very controlled and manageable. There is no frenzy and prices are very stable and in some cases declining as all the tobacco that was being stored and aged during the "bust years" is now coming on stream. The quality of cigars is at all time highs as production can flow from only the best factories using only the best rollers. The economy is very healthy and the consumer is much more educated about what he wants – his appreciation of the pleasure offered by enjoying the occasional cigar, in moderation, is bringing him back into the marketplace.

Ontario tobacco shops, Cigar Studio included, have experienced tremendous activity since the beginning of the year. Granted, much of 2003 pretty well sucked given SARS and the war. But Ontario shops are rocking right now for a number of reasons; 1) the big price decline in Cuba product this spring, along with huge quality improvements, has helped trigger a large resurgence in

Cuban sales; 2) this in turn has put some market pressure on non-Cuban brands, many of which have more "wholesale room" given favorable exchange rates and therefore have also dropped in price – Santa Rosa, Puros Indios, Indian Tabac for example 3) for the first time since 1996, the industry in Ontario has now gone 2 consecutive years without a tax increase. But the biggest contributor to this bull market is 4) the consumer. Especially the consumer who smoked during the boom years of 1995 – 1997 then stopped and helped produce the bust years of 1998 – 2000. This consumer seems to be back in the market in 2004, finding time to relax and enjoy the occasional cigar. He is not smoking 2-4 cigars a week like he used to during the boom but rather 1-3 a month.

This "occasional" smoker is a very large segment of the market, not because of the number of cigars he smokes but because of how many there are of them. This consumer is educated about specialty tobacco given his smoking during the boom years, but now rather than smoking for trendy reasons, his rationale is as follows; "Life can be nuts and stressful sometimes so if I want to relax with my family and friends with a cigar and a beer or two, I am going to do this as I enjoy these small pleasures." In other words, balance and moderation is important to his decision-making.

Las Vegas saw the release of many new cigars and sizes within the industry. Here at Cigar Studio you will soon see new products from Aurora, Padron, Ashton, Indian Tabac, Punch, Santa Damiana and Leon Jimenes. And we are bringing back Davidoff, as more flexible terms, and favorable currency conditions make the time right for the bringing this brand back.

And not only is our industry red-hot right now, but Las Vegas is absolutely booming – crazy busy – as new hotel towers and condos are popping up everywhere. Even the temperature was hot as daytime highs reached 110°.

FAQ'S: WHERE ARE THE CIGAR FRIENDLY SMOKING ROOMS?

The June 1st, 2004 smoking ban in Toronto area bars has resulted in some public shuffling of where you can enjoy a cigar with your favorite beverage.

We have done our best to put a list together using various sources and have called and visited most of them to confirm the do in fact have a legal DSR (designated smoking room). Our most complete list is up to date as of July 15, 2004. You can find it right away at www.cigarstudio.com.

Please note that the list will be up-dated over time – and hopefully get bigger. If you find a DSR on your own, give us a call and we will check it out and add it to the list. We also are aware of several instances where a) the DSR is being installed but we want to make sure it is open before we list it (La Castile - Mississauga) and b) the DSR is open but does not allow cigar smoking (Crooked Cue).

The good news is that two of our favorite DSR's are very close to the store: the Home Smith Lounge at the Old Mill, and The Fan at Jane & Bloor. Not only does the Home Smith Lounge have a DSR, but their outdoor Terrace is another of their secret gems (not too secret as I am finding more Cigar Studio customers there each time we drop by for "cigars under the stars"). FYI, The Fan is the largest DSR in the City of Toronto, it has an unbelievably effective exhaust system, the food is great, they have 10 pool tables and about a million TV's locked onto your favorite sporting events.

MONTECRISTO LAUNCHES NEW SIZE

Following months of anticipation, we received the brand new "Edmundo" from Montecristo on August 5. The cigar is named after Edmundo Dantes, hero of Dumas' novel The Count of Montecristo.

First launched in Spain this spring, the Edmundo is the first new size to be added to Montecristo's standard range since 1971. It is made in Havana's newest factory, H. Upmann (Jose Marti) that opened in 2003, thus continuing the tradition dating from the 1930's when Montecristo was first produced at H. Upmann. The Edmundo is an entirely new vitola not found in any other Habanos brand, sized 52 x 5 1/3". The price is \$31.75 each or \$790 per box.

We received our first shipment of this new size with more to follow in September. It will eventually be a standard size within the Montecristo brand but for now is being released in limited quantity.

DAVIDOFF- WELCOME BACK

We are very pleased to announce the return of the Davidoff line to our premium cigar selection. We met with the Davidoff distributor in Las Vegas and were impressed with their promotional plans and pricing for the Canadian market.

Yes, it will be a premium priced cigar. However the Canadian dollar is up significantly from where it was when we last carried Davidoff 4 years ago and we have customers here who simply want the best non-Cuban cigar on the market. So we will give it to them.

All series will be represented included the Classic, Mille, Grand Cru, Anniversario and Special Series. In-store, September 1.

UPCOMING CIGAR EVENTS

What would September be like without a couple of cigar events to kick off our Fall season?

Wine Tasting Road Trip - On Sunday, September 19 we are trying something different based on the many suggestions we receive from customers. Cigar Studio and Category 301, in conjunction with EastDell Estates and Thomas & Vaughan Wineries presents “**A Sunday in September**”. This is road trip for couples to the Niagara on the Lake Wine Area, celebrating fine wines, gourmet food, and world-class cigars. The day features:

- Travel in Luxury Coach (non-smoking) from Cigar Studio to Niagara on the Lake.
- Wine tasting and tour of Jackson Triggs Winery
- Guided vineyard tour of EastDell Estates
- Macanudo Cigars in the EastDell Vineyards
- Gourmet Dinner at the EastDell Bistro. Each course accompanied with specially selected wines from EastDell Estates and Thomas & Vaughan Wineries.
- Return Luxury Coach (non-smoking) to Cigar Studio.

We will leave from the Cigar Studio parking lot at Noon and be back by 8PM. Cost: \$199/Couple (or \$125/Person), all inclusive. The complete itinerary is at www.cigarstudio.com or available in store. Reservations at the store only.

Village Trattoria Cigar Dinner – On Tuesday, September 28 we head back to one of our favorite restaurants for dinner and cigars. The dinner menu starts with a warm portabello mushroom and goat cheese salad followed by their classic 14oz Veal Chop with all the fixings. The cigar menu features 3 of the new cigars from Santa Damiana and La Flor Dominicana. Tickets, all inclusive including your first drink, are only \$80 and are available only at the store.

HAVANA, HERE WE COME!

Our annual 4-day jaunt into the cigar capital of the world is leaving **Thursday, October 21** and returning **Sunday, October 24**. This is not a sit by the pool for 4 days (our hotel does not have one); we are up early and in bed late as we visit 3 cigar factories including El Laguita; we will get out into the country to tour the farms and visit our friend Alejandro Robaina and participate in a formal cigar “sommelier” tasting hosted by Habanos SA; we will also attend the show at the Tropicana and visit the top 6 cigar stores in Havana including the VIP lounge at Partagas and enjoy countless mojitos and cigars in some of the most laid back outdoor patios in the world while staying right in the middle of Old Havana.

Budget about \$1,475 CDN with the breakdown as follows; \$995 for return flight and 3 nights/double occupancy (10% more for single), budget \$75/day (\$300) for food/drink/cigars, and \$125 - \$150 for the mini-bus and driver for 4 days. Our travel agent is Wendy Morgan of Carlson Wagonlit Travel at Humbertown Shopping Centre (416-239-8910). The full itinerary is on www.cigarstudio.com.

FINAL CLEARANCE ON SUMMER MERCHANDISE

As we do every year at this time, we are clearing out our seasonal **Category 301** merchandise to make room for all the new items we bought in Las Vegas and at the Toronto Gift Show in August. Through to September 12, the following are 40% off:

- All BBQ sets and cooler bags.
- All Golf themed picture frames
- All (remainders) Roots and Jeep equipment.
- Selected humidors (3 styles)
- All pens (excluding Cross), office and wallets/billfolds.
- All Comoy pipes.

We also sourced more (brand new) copies of Cigar Aficionado from issues released during 1998-2002. \$5 each, or 5 for \$20. See the selection in store.

LOCAL NEWS

The Taste of the Kingsway runs from **5PM Friday, September 10 to 11PM Saturday, September 11**. All local side streets are closed as is Bloor Street from Montgomery to Prince Edward. Bring your appetite, especially on Saturday, as that is the day that restaurants do their best to keep you munching of samples of their best recipes. There is lots to do and see during the day and once again the evening action will center around the beer garden and music on Brentwood Ave.

There have been two new additions to the local streetscape since we last published. **VIBO**, formerly

Villa Bourgesse, has re-opened with Etzio's sons keeping the family traditions alive.

Also opening late July was **White House Meats**, a welcome addition as this specialty meat shop and butcher continues with what has made them so good at St. Lawrence Market.

Here are 3 reasons to take a look at the flyer from **MCR** inserted in this newsletter.

- 1) You are looking for the best cost options for the lap-top computer you need to buy for your kids to use at school;

- 2) Your computer at home is always occupied by your spouse or kids, but you don't want to spend a lot of money on a second computer;

- 3) Your small business is getting bigger and you find that you need additional system capacity from time to time but do not want to invest in an entire new network.

I have purchased 2 computers from MCR and all I will say is that you should have a look at the flyer and visit their Etobicoke location sometime. Ask for Jack.

Business Hours

Mon – Wed: 10am – 7pm
Thu – Fri: 10 am – 8pm
Sat: 10am – 6pm
Sun: Noon – 5pm

WWW.CIGARSTUDIO.COM



Even our website is *smokin'*.