

CIGAR STUDIO

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NEWS

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Team Noodles Wins 4-3-2-1 Pool Tournament

What kind of pool players name their team "Noodles"? AKA Ken Reid and Ian Brown obviously liked the name, played like true champions and claimed first prize in last month's 4-3-2-1 Pool Tournament for Big Brothers held at the Crooked Cue. Many thanks to sponsors Buildon Construction, Ken-Shaw Lexus Toyota, and Swiss Chalet Kipling/Queensway for helping to underwrite direct tournament costs. And thanks to Joe Bondi @ Bondele Cigar, Alexander Keith's, all the staff at the Crooked Cue, James Signs and numerous prize donors for making the night a success. 64 players enjoyed a great night while helping to raise \$2,000 for Big Brothers (see photo below).

2001 Champions: Team Noodles

Cigar Prices Begin To Drop

Industry Update #4

This is a continuation of our reports to you about what is going on in the cigar business these days.

As first written here (see **News** 12/01/99, "Business Is Fine. Thanks For Asking"), the cigar boom of the late 1990's, has been over for over 18 months. Market conditions which result in higher inventories and excess product capacities in the upstream channels should have generated lower wholesale prices last year. But manufacturers and wholesalers held firm in 2000 and in a couple of minor cases, surprisingly raised their prices to retailers. However in 2001 we are finally beginning to see year-over-year price declines on some brands, with hopefully many more to follow.

It was bound to happen. With the exception of manufacturers who have always resisted the urge to over-produce and compromise blend and quality standards – Padron, Opus X, Macanudo, CAO are noteworthy here, - (and by the way, they continued to dominate cigar ratings last year), we are not aware of many manufacturers of premium cigars who sold more units in North America in 2000 than they did in 1999, and yet they all produced more units in 2000 than they did in 1999. In fact many manufacturers saw large sales declines last year. The reasons for the drop in volumes remain as they were when we reported this in December 1999 – the "fad" smoker totally left the market in late 1999, other smokers are consuming fewer cigars, while others are rightfully challenging the prices they feel they should pay for "premium" product. Faced with prices they feel are not justifiable, (especially if they feel "premium" is

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NEW RETAIL ACTIVITY ABOUNDS IN THE KINGSWAY

Best of luck and congratulations to these businesses in the area!

Tony Pistola's Trattoria Marketta

is in the old Gente/Citrus location on Bloor Street.

Tony Pistola's features casual dining on one side, and a market, hot table and food to go on the other. Opening early April.

Bill Miles

Same location on Bloor at Jackson but a brand new store. Bill has just renovated from top to bottom and created a fantastic new store environment. The changes allow Bill and his staff to better serve their customers while showcasing a continuing flow of new and distinctive casual and business attire for men.

Your Home

Our friend (and fellow cigar connoisseur) Frank Verni has opened Your Home, a store specializing in custom audio visual and home theatre. Frank brings over 20 years of experience to this business. Located at 4247 Dundas Street West, right across from Bruno's.

Drop in to see and hear the best in home theatre and audio.

FAQ: So many pipe tobaccos... How do they vary?

Q – I was just given a new pipe but am confused about the types and classes of pipe tobaccos out there. Help!!!

We know how you feel as it can be a little confusing out there, especially when virtually all manufacturers promote their tins or packages as "smokes sweet and cool, is slow burning and delicious". Huh?

Almost all pipe tobacco can be classified into one of three broad categories; natural tobacco, English blends/mixtures, or aromatic blends/mixtures. To add to the confusion, many tobaccos can be enjoyed in their natural state (i.e. straight) or as part of an English or Aromatic blend. So let us try and remove some of the confusion for you with this Pipe Tobacco 101, FAQ.

Natural Tobaccos – Like the name suggests, these are tobaccos which are aged and cured naturally with no additives or flavor casings added to them. Almost all blends of tobacco invariably have some of these 4 natural tobaccos:

Virginia – notwithstanding its name, the bulk of Virginia tobacco is grown in North and South Carolina, and Georgia. It has a bright yellow color that when smoked naturally has a sweet, woody taste. This makes it very popular for blended tobaccos.

Burley – primarily grown in Kentucky, Ohio and Tennessee. It is also very yellow to yellow-brown and is extremely light tasting. Because its natural flavor is transparent and light, and it can easily absorb any flavors added to it Burley is one of North America's most popular blending tobaccos.

Latakia – grown in Syria, this tobacco is dark brown/black in color. Smoked by itself, Latakia is a very strong tobacco which produces a rich, heavy smoke. This is one of the

few tobaccos in which the stem and leaf ribs are used with the leaves themselves.

Perique – one of the rarest and most unique pipe tobaccos in the world, it is grown only in a small section of land in Louisiana. It too is extremely strong owing to the unique fermentation process it is given. It is rarely smoked by itself so when blended, it produces a very unique, spicy taste.

Cavendish – although Cavendish is not a natural tobacco, it is a term that describes tobacco which to which sugar has been added, then heated and pressed to give it a dark, black color. It produces a heavy but mild smoke, which can be enjoyed on its own but it is usually blended in aromatic tobaccos.

Other "natural" tobacco includes Maryland tobacco which is grown in, you guessed it, Maryland, and Turkish tobacco which is grown in, you guessed it, Greece and the Balkans. These tobaccos are rarely smoked in their natural form but are usually blended into English or Aromatic tobaccos to increase their burning characteristics or add natural flavor and spicy overtones.

English Tobaccos – not really a type of tobacco per se, (as are natural tobaccos), but English blends refer to tobacco categories which are stronger and heavier than most. They get their name from the fact that up until 1986, you could not use additives in tobacco in England. English blends are typically made of unaltered, natural tobaccos with Latakia and other stronger tobacco usually mixed with natural Virginia and Burley tobacco. English blends provide the smoker with rich, heavy flavors, which produce more pungent aromas.

Aromatic Tobaccos – by far, the most popular types of pipe tobacco in the market today. An aromatic to-

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Macanudos and Single Malts at

On Tuesday May 15, in conjunction with The Companions of the Quaich, Cigar Studio will be hosting its fifth Scotch and Cigar Evening at the Ontario Club. For this event guests will receive 3 Macanudo Cigars, 3 single malts, a presentation on the Macanudo brand and a fine dinner prepared by the Ontario Club chefs. Tickets all inclusive, are only \$75 and are available at Cigar Studio or through The Companions. The Ontario Club is on the 5th floor of Commerce Court South and the evening will begin at 6:30. Details in store.

Retail Tobacco Dealers Change Their Name

At the Annual General Meeting of the Retail Tobacco Dealers of Ontario, held March 1, members agreed on a new bylaw to rename ourselves the Specialty Tobacco Merchants Association. The new name better reflects the business that members are in, provides for the expansion of our association nationally, and helps to distance us from the domestic cigarette lobby. Beginning April 1, member stores will be bearing new **STMA** decals. Cigar Studio is a founding member of the RTDO/STMA. We are extremely grateful for your patronage at our store but if and when you do shop elsewhere, please insure it is at an STMA member. The STMA decal is your insurance of quality products, friendly customer service and helpful product knowledge.

Golf Season and Private Label Cigars

Offering guests a cigar at your company tournament is an excellent way to help add value to the tournament while demonstrating customer appreciation to players. But offering one with your company name on it helps take this a little further by expanding the brand goodwill of your company.

We are now taking orders for both labels and cigars for the upcoming golf season. Cigar Studio covers the cost of the label dye while you cover the direct cost of the label printing. We do all the labeling ourselves. All you have to do is get us some artwork and then decide on which of our house cigars you would like to offer to your guests this season. We will even loan you a humidor for your event. Details in store.

NEW ITEMS IN STORE

The past month has seen the arrival of a bunch of new items into the store. Here are a few of our favorites:

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| Cigars | -Indian Tabac Cameroon Legend Figurado
-Romeo Y Julieta Exhibition No 2 – Edicion Limitada
-Arturo Fuente Brevas |
| Pipes | -Eric Nording Silver Line Pipe
-MacBaren 50 gm Sample Pack |
| Accessories | -Colibri ATL Quantum Torch Golf Lighter |
| Gadgets | -Roots Golf Keychain,
-Roots Sports Timer |
| Desk Top | -Movado Brushed Aluminum Desk Clock
-Beyberk Bookends – “Lining Up The Putt” |
| Valet | -Bugatti Rollup Shaving Kit
-Kiehl/Solingen Personal Manicure
-Kent Combs and Brushes |
| Apparel | -Nylon Jacket (Ok, so it’s not new. But for \$25, it’s a great deal!) |

...Continued from page 1 "Cigar Prices..."

overstating cigar quality), consumers switch to lower priced product especially if they believe they are not giving up quality and performance. Faced with a decline in demand, manufacturers attempt to stimulate consumer activity in one of two ways; either advertise more and promote the "added value" of their premium product or drop prices on their product. And so far as the year 2001 unfolds in our industry, we are seeing more of the latter than the former.

There is a lot of activity at the wholesale level. Hinds Brothers, Don Juan, Dannemann and Winterman have all released 2001 price lists showing 20%-30% declines for the year. Effective April 1, Cigar Studio has been able to negotiate lower prices for our house brands and at time of writing, we know of several Canadian distributors who are working with their manufacturers to negotiate lower prices for 2001. The Ontario Government may re-assess Cuban cigar suggested prices with the result that Cuban cigars could drop 10 – 20% (or more). All manufacturers are reviewing their lines with the goal of narrowing their assortments (do we really need over 10 sizes of any one brand?) while others are emphasizing their lower priced, short fill product.

The end of the boom has also had an impact on retailer activity in the past year. A few high profile tobacconists were not able to work their way through this market correction (Winston & Holmes and Tinder

Box are noteworthy here) while other stores have closed locations which were faced with higher overheads or diminishing sales prospects. Very few convenience stores and virtually no gas stations carry cigars now and you will find fewer humidors in restaurants.

But many specialty tobacconists' business remains strong as they pick up market share from those who have closed or lost their focus. At Cigar Studio, while we have added a few non-tobacco and business to business gift items, we are staying true to our mandate to remain a specialty tobacco retailer and are very committed to growing our business in this area. As has been our goal since 1996, we continue to offer excellent quality specialty tobacco products at the most affordable prices, supported with what we feel is the best service/product knowledge package in our marketplace. As wholesalers drop their prices we pass these saving right on to you. We have an expanded cigar assortment and actually carry more brands than we did last year. Business in our new pipe department is booming and we will always carry a wide assortment of cigar related accessories. You won't see a new face each time you are in the store - sorry - as Adam and I remain at your service.

Spring is unfolding and as the weather improves and with the support of many of you, we are looking forward to another great season.

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bacco is one that usually begins as a blend of natural tobaccos - usually Burley or Cavendish base - to which some form of flavor agents are added to provide a specific taste and aroma. Aromatic tobaccos are known for how they smell as much as how they taste; "that tobacco smells like chocolate..." They are typically much milder than English blends owing to the composition of their base tobaccos.

Summary – We hope we have not added to your confusion with this simple overview. We will expand on this in later **News**. But if you are not sure and want to see/feel some of what we have tried to clear up, drop by and let us take you through some of the over 40 tobaccos we now keep in stock.

Warm Weather = Expanded Hours

Now that the warm weather is upon us and the days are getting longer and you can golf into the early evenings etc., we extend our hours of operation for the rest of the year. Beginning the week of April 16, our new hours are:

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

WWW.CIGARSTUDIO.

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