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Covid-19 Boosts Premium Cigars

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Guests mingling at Bertie's Cigar Lounge.
Credit: Cigraal Ltd.

An Upside to Covid-19? Premium Cigar Sales Are Up

By Thomas Schmid

While Covid-19 brought on a host of problems for the tobacco industry, at least one sector enjoys a quite positive "side effect" from the crisis: premium cigars.

Elegant Bertie Cigar Lounge and its sophisticated on-premise retail shop are considered a popular haven among premium cigar aficionados in Hong Kong. Lounge operator Cigraal Ltd. also offers a broad selection of some of the world's finest brands through an online shop partner. According to founder Eric Piras, all of the company's sales channels experienced a rather unexpected double-digit turnover boost since the onset of the Covid-19 pandemic. "We were indeed pleasantly surprised that sales increased both in our Bertie Cigar Lounge as well as online," he told *Tobacco Asia*.

Travel restrictions generate substantial sales

Piras said the phenomenon - at least partly - was down to the virus mayhem, which brought international travel to an almost complete halt. Many cigar lovers previously liked to stock up at airports' duty-free outlets or purchase directly from source during their trips in order to save on the quite hefty tax mark-ups levied by Hong Kong. He disclosed that especially "New World" brands generated substantial sales increases for Bertie Cigar Lounge and Cigraal, specifically mentioning *Arturo Fuente* and *Ashton* (both from the Dominican Republic), *Joya de Nicaragua*, *La Aroma de Caribe* and *Paradiso* (all from Nicaragua), but also *Flor de Selva* and *Villa Zamorano* from Honduras.

Yet, Piras also cautioned that it is misleading to attribute the reason for the overall sales jump to the pandemic alone. "The brands that I just mentioned are still relatively new in Hong Kong, naturally attracting the curiosity of cigar lovers who are interested in discovering cigars from outside of Cuba,"



Eric Piras enjoying a good cigar at his Bertie Cigar Lounge.

he explained. “It’s comparable to what happened in the 1990s, when Bordeaux wines became so exhaustively well-known among connoisseurs that they began looking for something different, exploring products from other territories, including Australia, Chile, and South Africa.”

Additionally, the congenial Frenchman and long-term Hong Kong resident is adamant that



Bertie Cigar Lounge’s elegant, sophisticated ambience attracts a broad range of cigar aficionados.

his company’s marketing efforts played an important role, too. “We are very active on social media, send out monthly newsletters to our regional customers, frequently hold in-shop promotions, and are strong on the educational side with our Cigraal Academy,” Piras elaborated. This, he insisted, helped increase the customer base by reaching novel consumer groups. “One of our aims is to ensure that there is no snobbery around cigar smoking, and as a result we have seen a stronger female and younger crowd taking to it.”

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Buena Vista is another Arnold André premium cigar that enjoyed solid sales increases.

However, Piras still acknowledged that Covid-19, or rather, the travel restrictions and lockdowns tagging along with it, should not be cast aside as a factor for “drastically boosting sales” across all channels. “The pandemic together with our various activities formed some sort of very positive synergy that is going to help us enjoy continued growth this year, though I doubt that it’ll be yet another double-digit increase.”

German company records “superb performance” due to Covid-19

Piras is not standing on lone ground with his observations regarding Covid-19, of course. Companies and distributors from around the globe have reported a similar phenomenon regarding pronounced premium cigar sales surges. Among them is one of Europe’s largest cigar manufacturers and importers, Arnold André GmbH & Co. KG. Headquartered in the northern German town of Bünde, the company also operates a subsidiary in the Dominican Republic, Arnold André Dominicana, which manufactures the firm’s proprietary cigar brands such as *Montosa*, *Carlos André*, and *Buena Vista*. In addition, Arnold André imports and distributes a variety of world-renowned third-party brands like *La Aurora* (Dominican Republic), *JC Newman* (USA), and *Joya de Nicaragua* (Nicaragua), just to name a few.

“We indeed noticed a superb overall performance concerning premium cigar sales throughout 2020. Especially, our latest house brand, *Montosa*, tripled in sales compared to 2019,” confirmed Arnold André’s head of sales for Germany, Avid Koppmeier. He added that the *Montosa*, only launched in 2019, convinced through a creamy



Sales of Arnold André’s Montosa reportedly tripled during the Covid-19 pandemic.

flavor and three Maduro formats that were highly welcomed by consumers. Koppmeier attributed the enormous sales success of this and other brands largely to “the various [Covid-19] lockdowns,” which encouraged consumers to more often purchase their favorite cigars online. “Apart from that, we feel that aficionados, confined to their homes, compensated for missed outdoor activities by lighting up cigars more frequently,” he said. “This would not have been possible without the pandemic.”

Pandemic drives online/distance sales

Koppmeier asserted that “online and distance sales did increase in particular” because the firm’s retail partners across Germany proved extremely innovative when faced with enforced shop closures due to the pandemic. “Literally from day one, a large proportion among them set up ‘click & collect systems’, deployed WhatsApp and even accepted call-in orders even though they never actually had operated a conventional online shop before.” Though primarily responsible for the German market, Koppmeier nevertheless insisted that rather similar sales boosts occurred for Arnold André’s premium cigar portfolio “around the globe and wherever we have a presence.” He also explained that – unlike for many other premium cigar companies – the duty-free channel always




**Avid Koppmeier, head of sales
(Germany) at Arnold André.**

played a negligible role for Arnold André. “Duty-free shop shutdowns, therefore, hardly had any impact on the great performance we enjoyed in our other channels.”

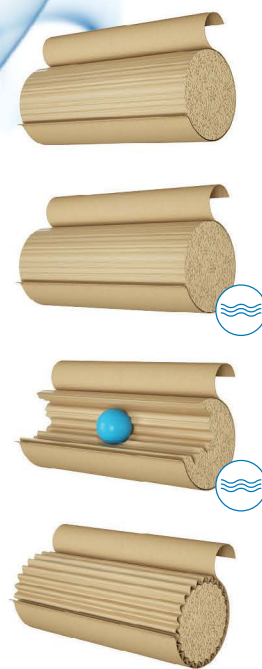
However, Koppmeier also echoed what Eric Piras had pointed out, namely that it would be misleading to credit the pandemic as the sole underlying factor that helped increase sales across the board. Concerted marketing and brand ambassador activities that commenced throughout (and despite) the difficult situation brought on by the virus, were part of the picture, too. “Every cigar brand has its individual USP [unique selling point], and our marketing teams are to be commended for pursuing their promotional activities even under less-than-favorable circumstances,” he said. “We did not at all anticipate that a global pandemic would have such a positive effect on our cigar business, but still, it would be wrong to overlook the contribution of our marketing teams.”

Online sales to level out higher than pre-Covid

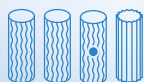
As per post-Covid, Koppmeier predicted that “online sales will probably drop off somewhat but surely level out at a higher share than they had before the pandemic.” Many consumers, he said, had come to appreciate the convenience of ordering online and having a huge assortment

of brands and formats literally at their fingertips. But that wouldn’t erode on-site retail sales to any substantial degree, instead giving store owners an additional promotional tool. “Retailers have learned from the crisis how to effectively promote existing as well as new cigar brands on the internet,” Koppmeier explained. Though some consumers will stick with ordering online, just as many are going to continue visiting their favorite store in person. “Nothing beats the special shopping experience of being able to smell and touch a fine cigar before making a buying decision,” Koppmeier concluded. 

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