August 15, 1977 is a momentous date. That was the day Bengal Slices was introduced in America.

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Dear Sir:

In your February issue, you ran some comments by me based on an earlier phone conversation with one of your staff. Since then I have been flooded with letters that can’t believe that I decreased my pipes. I believe that deserves comment.

The article stated that I “decreased (my) pipe stock recently.” That is not correct. I did not decrease my pipe stock; I threw it out! Here’s why.

Six years ago, I bought a pipe and tobacco shop that is situated as an arcade through a large office building in downtown Cleveland. I found the sales not what I expected a pipe shop to be. I tried all kinds of promos, gimmicks, sales, and what-nots. I wrote letters here and there for advice, all to no benefit. That was until it dawned on me that I was trying to sell something to someone who wasn’t there, instead of selling to the traffic that was there.

To briefly clarify, since I wasn’t on the street, I see the same hundreds of people every day. I know most by their first names, and they all know me. So, I threw out the pipes that weren’t selling unless they were reduced to less than $5. In their place, I added a Coke machine. Now, suddenly, I make more on a Coke machine than I did on pipes.

I went further; I added a wall of paperback books; I increased my magazine selection; I added racks of greeting cards, and doubled all of my candy, snacks, doughnuts and miscellaneous. I added yogurt, and nylons, and you know what happened? My cigarette sales doubled! My cigar sales doubled! My private brand tobacco increased, and on and on. It took me five years to learn to sell what my customers wanted to buy, instead of what I wanted to sell to them.

Now, I’m ready to expand. I’m ready to reconsider certain quality fast turnover pipes that my everyday customers will buy and buy repeatedly, because I am an individual situation, wherein every article for sale must turn over hundreds or thousands of times per year, or it is useless to me.

I find the Smokeshop magazine to be my greatest asset, because I can always find fresh ideas and trade reports that I can use. Even though we all belong to a group (of tobacco retailers), we each run an individual situation dictated by our own customers. This is our first priority.

Michael E. Policoff
Torma’s Tobacco Shop, Cleveland

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Tobacco shop owner declares war on Califano

GALESBURG, I1: Robert Diehl, owner of Diehl’s Pipe & Tobacco has posted two 12 foot by 24 foot billboards in response to HEW secretary Joseph A. Califano’s “war on smoking.” The billboards read, “I’ve been reading so much about the bad effects of smoking, drinking, overeating and sex, that I’ve finally decided to give up reading.”

Diehl said he feels federal and state efforts against smoking are a bit hypocritical, as government at both levels receive money from taxes on tobacco products. Diehl’s small store pays over $2,000 a month in state taxes alone.

Diehl also said he thinks the campaign against smoking constitutes unnecessary intrusion into people’s personal habits. “I’ve smoked for 50 years and I don’t say it’s not hard on you, but I’m going to do what I want to do,” he said. “Smoking is one of the rights I feel I still have and if people don’t start taking a stand against the government we won’t have one right left.”
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Tobacconists’ Forum

What can smokeshops do to make their luxury business boom in ’78?

Dealers indicate satisfaction with their sales of premium cigars, tobaccos and lighters, but see consumers resisting today’s pipe values

Moderator: Almost every luxury business was up last year, but the premium and luxury business in our trade did not boom. What can we do to make it boom in 1978?

Joel Sherman (Nat Sherman Co.): In Europe, every truck driver and railroad engineer buys a Dupont lighter with the idea that it will last a lifetime, that he’ll pass it along to his children. It’s an heirloom. They don’t buy as much, but they buy good. And I think the American public is now going this way: really searching to buy good. They’re no longer looking for flash. They’re looking for real quality and they’ll pay the price for quality. I think this trend is one the tobacconist must look to when merchandising his store.

We hardly sell a pouch for under $40 on Fifth Avenue. Our plain ordinary pouches range from $40 to $100. It’s amazing what people will pay for quality — and you can get your longer margins if quality is there. What’s needed is the courage to stock this calibre of merchandise. Once we had the nerve to put it out, we were amazed to find how well it sold.

Hy Rosenstein (Associated Imports): Don’t you think we should go back one step and define what we mean by a luxury or premium item?

Many years go, if you sold a $10 pipe, that was considered the sale of a luxury item. Today, a $10 pipe is practically the lowest of the smokable pipes. So we should determine what we are talking about when we refer to a premium or luxury item.

Bill Martin (Washington, DC): In my opinion, a luxury item in a pipe today would be a pipe that you would sell for $75, $100 and up. Ordinary pipes today are in the area of $50 and less.

I don’t know that the $50 basics are selling in the same sense they used to sell. And when I say “used to,” I mean as recently as a year ago. We all get hung up on the idea that pipes selling for more than $30 are premium or luxury pipes. Those are ordinary pipes today. A $50 pipe is nothing unusual.

Ron Sutphin (Beckley, WV): I think the concept of a luxury item will vary from area to area. In a rural market, it is completely different from what it is in a large metropolitan city. We consider ourselves fortunate to sell a pipe over $50. Our average pipe sale last year ran $18.39.

Bill Martin: The craziest place on earth is where Joel Sherman’s shop is. Gosh! Go into a Gucci and see people spend money for things that seem just ridiculous. I can’t believe anybody would spend $200 for a pair of shoes, or $75 for a simple belt, or $150 for a little scarf for the neck. But they swarm in there like there’s no place on the face of the earth like it. I think it is one of the small spots on the face of the earth where this does happen. It doesn’t happen in my town and it doesn’t happen in West Virginia or many, many other places.

Chuck Abraham (Peterson’s Ltd.): I think Bill just used one of the key phrases that we have to address ourselves to here. While recognizing that there are many different price points and different kinds of
The Peterson's Clip Lighter—since its inception, and now more than ever, the most specified pipe lighter in America. Just part of the most fashionable line in the world, including table and pocket lighter collections. Industry leaders in gold, silver, enamel, ranging from hefty classics to new thin-line lightweights in the colors today's smokers are buying. See the Peterson man for lighters, for pipes and cigars, for smoking accessories. Peterson's—the resource for three generations of discriminating retailers. 75 Triangle Boulevard, Carlstadt, New Jersey 07072.
merchandise, let’s speak about pipes for just a minute.

Bill, you said, “I can’t believe that a man would spend $200 for a pair of shoes or $150 for a scarf.” And the words, “I can’t believe,” I think, are the most important words that you can talk about in this particular topic.

All of us have been in the pipe business for a while. We have all been used to seeing brand names or a particular move up in price—from $15 to $17.50 to $22.50 to $25. And somewhere down deep in our soul, we can’t believe that this thing should sell for that price. And, if we can’t believe that it should sell for that price, how the devil are we going to make our customer believe it? And I think that that’s where the whole thing starts. It starts with the belief that that product we’re offering at $50 is a darn good value at $50, and then we can address ourselves to “How do I tell my customer that? In display? In the attention I give to it? In the amount of it I stock in my store? In the way I treat my clerks in relationship to those $50 pipes?”

I think the words, “I can’t believe,” are the key words here in the whole discussion.

**Moderator**: Joel Sherman wants to say something.

**Joel Sherman**: I think a prime mistake is being made right off the top. The question was asked, “How do you define what is high-grade merchandise?” and the first thing that came out of everybody’s mouth was a dollar figure. I say dollars be damned. Define high-grade merchandise as quality, as manufacturer’s style, and don’t worry about dollars. Get your definition of high-grade merchandise. I think you’ll be amazed at how many people, if you offer them the good quality, will be willing to spend the additional money.

The customers are there if you will provide the quality. And don’t think of quality merchandise in terms of dollars, but rather in terms of the actual, intrinsic value as a manufactured item or as a finished item. The dollars will come naturally.

**Moderator**: John Herz!

**John D. Herz (Rocky Hill, NJ)**: I think that one of the biggest problems that we’re having is that we were used to buying a $25 pipe of good quality in former years and now that pipe is not only priced at $50, but it doesn’t have the quality it had at half the price. We’re getting $50, $60, $70 pipes with six or seven fills in them. This is ridiculous. If the manufacturer wants to price his pipes up, price them up—but either keep the quality the same on the grade or make a new grade. A fill in a $70 or $80 pipe is ridiculous.

**Moderator**: Yes, Ruben?

**Ruben Ysidron (Savinelli Pipes)**: I’d like to speak to what John has just mentioned. Prices are going up and quality is going down. This is how it is and how it is going to be, regardless of who is manufacturing the pipe.

We don’t like price increases any more than the retailer does, but they’re there and as time goes on you’ll find that briar in general is going to lose the quality that it had five, six or seven years ago. For various reasons. For one, the supply of briar is not as abundant as it was several years ago. You don’t find the so-called “quality” as easily as you could in earlier years. The same suppliers who brought you that cream-of-the-crop before are bringing you what is readily available. When you come right down to it, the negotiation between a briar supplier and a pipe manufacturer is no longer, “Hey, I’m the manufacturer and you need me.” That’s changed. Now it’s, “Hey, I’m a briar supplier and you need me.”

This is exactly how it is going. As far as the quality is concerned, this is the way it is and this is the way it’s going to continue to be.

**Moderator**: The floor is yours, Bill.

**Bill Martin**: I think we’re being on the defensive. What’s our problem? How can we define our needs? What can we do to make our business come up and be regenerated? How can we be reborn again?

**Ruben Ysidron**: Before we get into that, I think we should know the basis for the premise for this whole discussion. Mr. Moderator, you started this discussion by stating that our industry did not have a boom year in 1977. What is this information based on? A survey?

**Moderator**: Not on a formal survey. Many of our TAA people told us that they did not have the tremendous increases in 1977 that they’d had in previous years.

**Ruben Ysidron**: I ask because not everyone I’ve spoken with has said that he had a bad year or that he didn’t do well. Now there are many, many new pipe shops opening throughout the United States and there’s a good possibility that the pie is being divided in smaller pieces.

**Moderator**: Dick DiMeola, was the Lane premium business better in 1977 than in 1976—at the high end?
Tobacconists' Forum

Dick DiMeola (Lane, Ltd.): Well, of course, our high end business is limited by the supply of briar and we find that we can sell just as many very high grade pipes as ever. The demand is there.

Moderator: Ruben, is the same true in your Savinelli line?

Ruben Ysidron: I would have to agree.

Moderator: Lester Garrett, did you have the same experience at Dunhill?

Lester Garrett (Alfred Dunhill): Definitely.

Moderator: You have something to say, John?

John D. Herz: I'd like to know if Dick DiMeola might agree that perhaps the demand for the very high grades could be artificial. You've got all the new retailers coming into the business and they are buying more and more goods. How many long-established tobacconists are buying more and more goods? Are the increases just coming from the new accounts?

Malcolm Fleischer has reported that RTDA signed up 1,000 new retailers in the past three years. A thousand new members can represent a helluva lot of pipes. Would these same amounts of pipes have been sold if there weren't 1,000 new members? Isn't it just possible that the high-grade business is not really growing?

Dick DiMeola: I said sales of the very high grade pipes were limited by supply, and I don’t think it’s growing. But I also think we could sell more of them if we had them to sell.

It’s an interesting phenomenon, incidentally. We didn’t show straight grain pipes at a trade show for three or four years until last year’s TAA trade show in New Orleans. We collected an assortment of straight grain pipes just to show at that place, and we brought back 30 per cent of what we’d brought down. So, if the supply suddenly opens up, it’s questionable that we would be able to sell every straight grain pipe we could produce.

If the supply were there, I think we might have to go out and start selling hard, but it’s difficult to measure what the demand is when the supply isn’t there.

Joel Sherman: You hear very different opinions here of what is quality merchandise. The day when Kid Nichols sold a Barling that didn’t have a single flaw in it is gone. If the retailer wants to hang onto that image of quality and tell his customer that that is what quality is, then he is going to defeat whatever chance he has of selling the merchandise that is available. He cannot sell what no longer is there.

Moderator: Chuck Abraham, you had your hand raised?

Chuck Abraham: Let’s take a look at other product categories. High-grade cigars are selling better than ever. I don’t think anyone here would have dreamed ten years ago that we would sell the number of cigars we sell at the prices we sell them.

Expensive lighters? There never was a better market for expensive lighters. So, what we’re talking about is pipes. I gather from what we are saying here that the higher-priced pipes didn’t sell as well in the last year as they should have in comparison with other product lines that sold at higher prices. Is that substantially correct?

Moderator: I think most tobacconists would agree with that.

Chuck Abraham: Well, then, I’m going to focus in on the problem from two different directions. The first is the quality definition in our own mind, the price points that we’re talking about. Second is a self-examination—at the level of supply and at the level of retail merchandising—of what our own internal input has been in coloring our approach to our customers.

We, as suppliers, for example, have an internal input. We say to ourselves, “Oh my. Where am I going to get that extra briar?” We need to get a certain yield of prices out of the turnings of the bowls, so this one has got to be $25 and this one’s got to be $35. And we don’t like it when we say it’s got to have a fill at such a price category and five fills in a lower price category. And so we, in a sense, are coming from one direction.

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finish, are today seeing goods presented to them which they in turn have to sell to the customer—and they're putting an input into it.

Coming from the other direction, what are your customers saying to you when you're showing them pipes $50 and above? Are they saying, "I can't afford it"—which could be an economic thing which we have to face. Or are they saying, "That doesn't look like a $50 pipe to me." Are they unexcited by the shapes that we're offering, or the finishes that we're offering? What's coming from the consumer? What's he saying to the retailer?

If this discussion has any point at all, then it has the point of the people who are actually selling over the counter telling us some of their problems and us trying to figure out how we can meet their needs in order to expand the business. And letting them understand some of the problems that we have in doing so.

**Moderator: John!**

**John Herz:** Take a product like a lighter—a Dunhill, a Dupont. If that lighter goes up in price, but the lighter is still exactly the same, it hasn't changed one bit. But you take a pipe, any pipe. You pick it out. If it was $25, it's now $35—but the quality has come down. You can't sell it as the same quality. You can't take the man and say, "Look at the quality of it. So, it has gone up $10, but it's still worth $35 in today's market."

You take a pipe with fills. We used to get pipes for $30 and $40 with no fills in them, or only slight fills. Today we get these pipes for $60 with big fills in them—and this you can't show to the customer.

The man who bought that pipe a couple of years ago for $40 might be ready to buy a new one, but he sees that it's $60 and he says, "I can't justify it. It's not the quality I bought at $40." A lighter or a pouch has the same quality: a pipe does not.

**Chuck Abraham:** Is that what the customer is saying to you across the counter? Are you sure?

**John Herz:** Yes. Especially in high grades, because a high grade customer knows a little bit more than a $20 customer or a $15 customer.

If a manufacturer has a quality and it's gone down, he should change the name of it and bring out another quality. If a pipe was $50 and it has to be $100 today, but it's the same quality, it's there and you can still take that man and say, "Here it is. Here's the same quality. If you want to buy a lesser quality, here it is under a different name now."

**Moderator:** Mr. Kupferberg, you wanted to say something?

**Mannie Kupferberg** (Faber, Coe & Gregg): Everybody here is talking about selling high grade. For the manufacturer's benefit, what is a high grade? What price level?

**Peter Sobelton** (Churchill's of Birmingham): We've had stores where a $25 pipe is called high grade. In other stores, that is considered average and $75 is high grade.

**Hy Rosenstein:** The answer to your question, Mannie,
**Tobacconists’ Forum**

is that there is no actual boundary that you can ever draw. It’s an artificial word to begin with. High grade has absolutely no scientific meaning whatsoever.

**Moderator:** You have the floor, Mr. Greenwald.

**Alex Greenwald (Te-Amo Cigars):** As a supplier of high grade cigars, I can honestly say that our business has doubled in this past year without any increase in price. I think if you would concentrate more on high grade cigars, your sales would have to go up and your profit margins also.

The pipe business is lucrative because you only make that sale a few times a year. But the man who smokes cigars is in every week or every two weeks to buy them. Or maybe every day to buy a few. Marketing quality cigars is one of the ways. I feel, that smokeshops can definitely raise their sales volume and their profit margin.

**Moderator:** If I can speak for the other retailers, I think I can say that our high grade tobacco business has never been better. I think our high grade cigar business has never been better. And I think our expensive accessory business has never been better. But what’s happening to the pipe business?

**Jerry Goodman (Denver):** I’ve been listening very carefully to what’s going on and what I’m hearing is defensiveness. You know the question is, “What can we do to improve?” We have the suppliers on the one side deferring the quality of their pipes and we have the retailers on the other side saying, “We can’t get what we used to get.”

Discussing quality is not going to improve quality. And if a supplier is going to raise his price, we buy his merchandise or we don’t buy his merchandise. We’re either going to sell it, or we’re not going to sell it. So the better question to discuss is, “How can we improve our business? How can we make it better?”

**Bill Martin:** Let’s talk about sales, about ringing the cash register.

**Diana Gits (Chicago):** I’ll tell you how we ring it. When a man comes into our shop, we don’t try to sell him a pipe with the attitude that he might never come back again. We try to make a customer out of him. We encourage him to look at our entire line. We’ll say, “We have some time now. Let’s get this out.” And we move all the way from the low end merchandise all the way up. What happens is that he comes back the next day and buys whatever he has decided looks best in his mouth. We usher him into our mirrored humidor and say, “Look at yourself in the mirror.” He likes what he sees and we’ve made a real customer, not just a one-time buyer.

If a man should come into our store smoking a cigarette and I ask why he isn’t smoking a pipe, he’ll usually say, “I don’t know how.” So, I say, “We give lessons. Sit down and we’ll show you how.” We go through the whole procedure of filling the bowl, lighting, drawing, tamping, etc. Then we let him pack it and do all the rest, and we end up with a sale and a new customer. We’ll put away a $100 pipe if he wants, if he gives us a $5 or $10 deposit.

Of course, a cigarette smoker never stops smoking cigarettes, but you can make him or her a pipe smoker, too, if you offer: (1) a very mild, good-tasting tobacco that smells good to other people: (2) if you sell him a decent pipe, and (3) if you give basic instructions on how to fill and smoke a pipe.

You can sell these people three or four more pipes when they become a pipe smoker. And you can tell them pipes are a good investment. They’re worth a lot of money now.

Some guy’s sending me information about the resale value of old briar pipes. Some of these pipes are going for as much as I’m selling them new at retail. So I show his literature to the pipe buyer and say, “Look what a good investment you have just made.” I really feel guilty if I don’t sell a man a pipe now, because they’re going up so much in value. It is a great investment.

**Moderator:** Is there anyone who is trying to exploit the woman’s pipe smoking field?

**Hy Rosenstein:** Well, we’ve had a number of years’ experience in selling ladies’ pipes and I must say the number and the volume of pipes sold specifically to ladies is surprising. Unfortunately, there come periods of time when we’re unable to get the supply that we should have, but there definitely is a market. It exists. We know it because we sell them. And I know darned well we’re not selling them for the men.

**Moderator:** That’s the way I feel. But we don’t sell
Our new PLC blend is a golden tobacco.

Once you start to sell it you’ll start thinking it’s pure gold.

We’re promising you that our new golden tobacco blend, PLC, will turn to pure gold for you because that’s just what happened when you took on our 1-Q and BCA bulk tobaccos. You all know what happened; how both became runaway best sellers. We’re not making any claims that you have to research at the North Pole.

When we introduced BCA we knew we had the finest black bulk tobacco on the market. And sales proved we were right. Pipe smokers recognized that BCA, made from a pure base of Green River tobacco, was a quality product—at a good price and it became a runaway best seller.

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Many of you told us just that: people come back over and over again to get 1-Q. (And BCA too.) PLC is blended with the most expertly selected, most matured golden Cavendish available. And it has such a great scent—aside from the fact that it smokes cool, and mild that your customers are going to buy it just for that alone. But they’ll come back for the great taste!

Maybe when we introduced BCA you could claim we were boasting; maybe even on 1-Q. But now you know our track record: when we tell you that our new golden tobacco, PLC, is pure gold—you better believe it.

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women’s pipes. We sell pipes, whether to a man or a woman doesn’t make any difference.

Mary Edwards (Saginaw, Mi.): I think Diana had a very important point when she emphasized educating the consumer. When a cigarette smoker comes into one of our stores and says, when he’s buying a pack of cigarettes, ‘‘I shouldn’t be doing this,’’ that’s our cue. We say, ‘‘Have you ever tried a pipe?’’ We will lead him. If he says he tried a pipe but didn’t like having to carry so much junk, we suggest that he smoke in the office and at home at night, and that he continue to enjoy his cigarettes when he’s on the go.

Nine times out of ten, if we can get them started on a pipe, even if it’s only to smoke at night, we can get them tasting good tobacco. We can tell them what they’re tasting and why they’re tasting it, and why they’re getting more enjoyment.

One more thing. You better believe that (1) we women control the money in this country and (2) that every woman worries about her husband’s health. Invariably when a cigarette smoker walks into your store with his wife, she’s on your side from the word ‘‘go.’’ All you’ve got to do is let her smell your tobacco while her husband is there and you’ve got a pipe smoker. Then you say, ‘‘Look, if something’s not right, come back.’’

We regard high-priced merchandise in our marketing area as $50 and up. That man is paying $50 for his shoes, so when he says something to one of our people about $50 being a lot for a pipe, we look at his shoes and say, ‘‘This pipe is going to last you the rest of your life. What did you pay for those shoes?’’

Moderator: Lester Garrett, did you want to say something?

Lester Garrett: I’ve seen many stores where somebody will come in and ask, ‘‘Why is this pipe $120 and that similar one is $25?’’ And I’ve seen the store owner or a clerk say something like, ‘‘You’re right, they do look a lot alike.’’ And that’s all they say.

Three years ago, you could have bought a suit for $150. Today that suit is $275 and no one says anything about it. Just yesterday I was sitting in the restaurant and a model came through wearing a $575 set of pantaloons and a top. No one shuddered at the price. And they shouldn’t shudder at the price of a quality pipe.

Bob Hopkins (Phoenix): In my shop, high-grade pipes are $100 and up. When I get pipes in there at $450 and $500 that are loaded with fills, it’s awful hard to convince the guy he’s buying a quality product. The suit that you were talking about is still the same type of material. The tailoring is just as good as it ever was. The price may be a little higher, but it’s not the same comparison. We can sell the high-grade cigars, the luxury lighters, because even though they’re going up in price, they represent good quality. A $500 pipe with fills does not.

The guys are looking at pipes today. I’m selling more pipes in my store than ever in the 18 years I’ve been in business.

Lester Garrett: In what price range?

Bob Hopkins: They’re in the lower price range today, because the guy is getting a better buy with fills in it for $40 than he is with fills in it at $100. He says, ‘‘If I’m going to pay $100, I want a pipe that’s clean. If I’m going to buy one with fills, I might as well buy it at $40.

Moderator: John?

John Herz: Lester, perhaps you can teach us something. When a customer comes in and I have a Dunhill sandblast for $120 or $130, what can I say? How can I make that pipe stand out? How can I make it beautiful? You can take a Charatan or a Savinelli Autograph where there’s grain and you can really tell the man how beautiful this pipe is. But what can you say about a $120 sandblast pipe in a standard billiard shape?

Moderator: There’s a white dot on it....

Dick DiMeola: That’s an interesting point. It’s got a white dot on it. And it’s got the Dunhill name on it. And the name Dunhill has a certain magic. It might not have this magic in Scottsdale, Arizona, but on Fifth Avenue in New York City, it does. And when a man buys it, it’s because he thinks it has magic. He puts that pipe in his mouth and smokes it and it tastes good to him—because it’s a Dunhill.
SAVINELLI

These are some of the finest autographs in our collection. Ranging from $95 to $1200.

Savinelli Craftsmanship — Savinelli pipes have no peer. Yet there is no secret to their unique quality. Despite our constant growth, none of our pipes are ever mass-produced. Each is a handcrafted combination of the finest briar and experienced, skilled workmanship. The result of this skill is so outstanding that it can always be recognized, and the dry sweet smoking pleasure it provides, can never be forgotten.
Bill Fader (Baltimore): No matter what anyone says, a Dunhill is a Dunhill.

If you want a piece of luggage and its got Gucci written on it, it does make a difference—even though there may be a Pucci or a Tucci that resembles it. The Dunhill name, the same as the Gucci name, means something special to the consumer...and that, basically, is what you are selling.

Lester Garrett: Exactly. Take a Louis Vuitton bag. It is the finest piece of plastic you can buy for $4 a yard, and you’re paying $195 for this bag—because it’s an LV. Adolpho came out with the same bag at a quarter of the price and it didn’t sell. The LV on the bag is what’s selling it.

Chuck Abraham: Lester, I want to thank you because you are setting the standard for the rest of us and if it weren’t for you guys selling pipes at the right price, we wouldn’t be able to get the prices that we have to get.

Number two, I want to say that we can’t avoid the fact that we’re in a worldwide business. We are talking about our problem here in the United States, but there is a worldwide impact on our business problem. There are many nations in the world that are willing to pay more money for that small group of pipes that are created at the highest prices. Those people are out there bidding for the pipes that we want to sell in this country.

We’re not willing to pay the price that Germans are willing to pay. We’re not willing to pay the price the Japanese are willing to pay. As a matter of fact, in most cases, we aren’t willing to pay the price that French are willing to pay.

Jerry Goodman: I heard someone say before that he couldn’t sell the product because of the price. Many years ago when I started in business, the price of Dunhills jumped to the ridiculous price of $27.50—and and I didn’t sell a Dunhill for a year. Herb Langer came in and asked why I wasn’t selling any of his pipes and I told him I couldn’t sell them because of the price. Herb said to me: “When you say that you can’t sell them, you can’t sell them. But other people are selling them and the reason they are selling them is because they know they can sell them. If you have your mind made up that you can’t sell them, I guarantee that you will not sell them.

There’s no way in the world that you can justify to a customer that a pipe is worth any price—$15 or $150—if you don’t feel in your own mind that it’s worth that price. If you’re going to live in the past and worry about what the price was last year, what the quality was last year, you’re not going to do business this year.

I remember when Dunhills were $15. So what?

Mark Skolnick (Clearwater, FL): I think we should take this just a little bit further. I try to display a lot of expensive things. I want people, when they come into my shops, to feel that it’s natural to buy something in the $50 to $100 price range. I don’t want them to feel it is a big deal. I want them to feel that everybody on the block is doing it. And they do feel this way.

If they think the average pipe smoker spends $50 or $75 on a pipe and if they see a large display, they think to themselves, “He’s carrying so many of these pipes, they must be worth it.” We put it in his mind that to plop down a lot of money for a pipe is a normal thing to do.

Moderator: That’s it folks. We’ve run out of time. We hope you found this meeting informative and helpful.
Hand Made Opportunity

Primo del Rey's Redwood Box Selección gives you premium cigar profits 1-2-3.

This handsome redwood chest filled with Primo del Rey Selecciones No.1, No.2 and No.3 is a sure-fire seller. It contains 75 cigars, 25 of each Selección. And they're all best selling shapes. After they're gone, you re-fill the box with additional Primos. Here's the deal:

<table>
<thead>
<tr>
<th>25 Selección #1 @ 80¢ each</th>
<th>$20.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 Selección #2 @ 65¢ each</td>
<td>$16.25</td>
</tr>
<tr>
<td>25 Selección #3 @ 70¢ each</td>
<td>$17.50</td>
</tr>
<tr>
<td>75 Total Cigars</td>
<td>$53.75</td>
</tr>
</tbody>
</table>

Size Length | Ring Gauge
-------------|-----------
6⅜”          | 42        
6⅔”          | 42        
6⅜”          | 36        

plus one special lid holder and suggested price stickers.
Shipping case 10 boxes (750 cigars).

List price $40.30 per box
no up-charge for the redwood display box
Displays available for April 1978 shipping.

PRIMO DEL REY
Moro Cigar Company, 15 Columbus Circle, New York, N.Y. 10023
The family business of H. Simmons, which the Dunhill Group acquired in 1976, was founded in Piccadilly almost a century and a half ago, its records indicating that it was the first hand-making cigarette firm in the country. The original shop, opened in 1832, sold pipes, tobacco and snuff, but Simmons holds one of the earliest known licenses for tobacco manufacture in England—earlier, in fact, than the first records of Customs and Excise.

As was the case with many a London business, important historical records were destroyed during the blitz of the last war, but Simmons still retains a fascinating collection of the earliest cigarette tins and labels, papers and making tools which, together with archive material, should provide a unique picture of the English cigarette making industry in its infancy.

As the material is still being collated, this short article is no more than a summary of the story Simmons has to tell.

The Beginnings

To set the scene we need to recall a little of what is known about the arrival of the cigarette in the U.K. Aboriginal ’smoke tubes’—reeds filled with a tobacco mixture—had been seen by Spanish explorers in the Americas in the sixteenth century. There was, therefore, nothing essentially new about the diminutive, dainty paper-covered cigars, called pepelets, which had spread from Spain to France and to Turkey, Russia and elsewhere during the early eighteenth century. They may have reached England about 1848 when members of the French nobility sought asylum there after the declaration of the French Republic. Charles Dickens, an inveterate cigarette smoker, is said to have found them in Geneva two years earlier.

What is certain is that British officers and troops brought home supplies of cigarettes from the Crimean War (1853-1856) which they had obtained from their Turkish and French allies and which they had taken to largely because cigars had been in short supply and because clay pipes—it was two decades before the advent of briar—did not survive for long in the battlefield. These were probably straight Turkish Yenidje or Latakia cigarettes and the wartime veterans who smoked them so ostentatiously in the streets of London quickly popularized the vogue among clubmen and the more adventurous pipe smokers of the day.

Clearly it was less expensive to roll one’s own cigarettes than to buy ready-made cigars, and the demand quickly increased. So, when a number of skilled Russian and Polish makers had been brought into the country in the late 1850’s, the making of blended
cigarettes began in earnest. Yet because these early cigarettes were so loosely rolled and fragile, they were wrapped in tin-foil in bundles, tied with a ribbon and packed in handsomely labelled tins and boxes. A fine assortment of these early labels and packaging is in the Simmons collection.

The earliest, all-important record concerning Simmons as cigarette makers is a ledger entry for the year 1851 in the archives of Bacon Brothers of Cambridge, another early cigarette making firm. It refers to an order from a Captain Wimpey “for some of the cigarettes supplied by Mr. Simmons of Piccadilly.” And since Mr. H. Simmons who founded the business had been blending tobacco since 1832, this establishes him as the first known Englishman to produce hand-made cigarettes in the country, probably in his shop in Piccadilly.

Later he opened a factory at 8 Great Pulteney Street, which was moved to 63 Berwick Street where it was destroyed during the London Blitz of 1942. But Simmons continued to produce hand-made cigarettes until the 1950s, their best operators being able to produce about fifteen a minute.

Theatrical and Royalty Associations

Actors were among the firm’s early customers and Mr. Simmons, his son and grandson provided the theatre with considerable patronage. On one occasion they produced for the well known Victorian actor, Sir John Martin Harvey (a protege of Sir Henry Irving) the sum of £4,000—a princely sum of money at the time—so the curtain could go up on a new London production.

More significant in the annals of smoking, however, is the backing they gave to a play, “A Cigarette Maker’s Romance,” in which Sir John took the lead. The play, based on a novel by Marion Crawford, is a typical Victorian melodrama featuring a Russian Count who, having lost his memory, takes a job in a cigarette factory. In sets supervised by Mr. Simmons, his factory was put onto the stage—complete with workers who actually made cigarettes during the performance. These were then distributed to members of the audience during the interval. Nor did Mr. Simmons’ enthusiasm for sales promotion stop here.

This play ran in the Court Theatre in 1901, then at the Apollo, later travelling to New York and Chicago. It was also performed at Sandringham by invitation of King Edward VII who had previously caused something of a sensation by appearing in public with a lighted cigarette—one made by Simmons. Yet the King’s interest in both play and product was but part of the Royal patronage that the firm developed over the years.

A further example is the smallest box of cigars ever produced—at the request of Her Majesty—which is still to be seen in Queen Mary’s Dolls House at Windsor Castle. It repose on the desk in the study of King George V, another enthusiastic smoker of Simmons’ “Army Mixture.” Queen Mary was a smoker of Simmons’ No. 6 Turkish cigarettes and she was reputed to smoke one each evening after dinner. Henry Simmons unfortunately never applied for Royal Appointments as he “did not believe in that sort of advertising.”

Burlington Arcade

Over fifty years ago the Simmons shop was moved from its site in Piccadilly by Albermarle Street into the Burlington Arcade, the well-known precinct for some fifty small shops run by jewelers, haberdashers, bootmakers and tobacconists. The Arcade was opened
150 years ago on private ground by Lord George Cavendish, son of the Duke of Devonshire and later Earl of Burlington. As one of the most charming, intimate and exclusive shopping centers in the world, the Arcade is still redolent of Regency days when the nobility, leaving their carriages in Piccadilly and Bond Street, brought servants to carry their parcels—and when ladies of easy virtue tipped the beadles who opened and shut the gates in order to preserve the topmost rooms for their amorous encounters.

Simmons Today

Since it was taken over by the Dunhill Group some eighteen months ago, the Simmons shop has been remodelled in a style characteristic of its Victorian beginnings. It is one of the most eye-catching and intriguing shops in the whole arcade, several of which have their original fascias.

With a turnover that has almost trebled and with world-wide distribution, Simmons is run as a separate independent subsidiary which exclusively sells Simmons brands of pipes, tobacco, Havana and European-made cigars, snuff and cigarettes. The Victorian silhouette that identifies the latest brand is a symbol of the firm’s long traditions in the cigarette making business. In terms of volume, its pipe sales make it one of the largest retail outlets in the world. And among its many regular customers are stars from stage, screen and radio who continue the shop’s theatrical associations.

Within the past year, a comparable Simmons shop has been opened in the county-town of York—close to the Minster in this medieval walled city which, 250 miles from London, is another of the largest tourist attractions in the country.

In an area where there are few shops of character and intimacy, Simmons’ window display and its old-world atmosphere—as well as its merchandise—have attracted the kind of interest in York that the London business has been accustomed to for so long.

---

LARRAÑAGA is Back!

the legend of
old Havana...
a proven
money-maker
for you!

Yes, Larranaga is bringing back those good old premium cigar profits you’ve been dreaming about for twenty years. Larranaga is more than a legend...its return is a welcome fact. And Larranaga is just as great as you remember it! Hand-made in five traditional sizes and shapes. Order it now. Sell it again soon.

Grandee
Cetros
Cinco Vegas
Nacionales
Petit Cetros

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231 Johnson Avenue, Newark, New Jersey 07108
New Jersey: 201-824-5454 • New York: 212-736-8900
Ralph Groves

You don't operate in a mall shop the same way you do downtown

A mall shop has different hours, different trading needs, different product lines; everything hinges on the mall's location.

The specialty tobacco shop in a regional mall is different from the shop downtown in some real significant ways. It's more of a self-service store than the specialty downtown store, and this feature is forced on the shop because malls are open at least 72 hours a week at least six days a week. And it's becoming seven days a week and more 75 to 80 hours a week.

If you study mall shop sales, you find that more than 50 per cent of sales are done in 15 hours. In a six-week period, that's the two best hours of the evening—8:00 to 8:15 or 6:30 to 8:30 or something in that area—days a week, plus the five best hours on Saturday. Those hours, you do 50 per cent or slightly more than 50 per cent of your business. And in those 15 hours, you cannot possibly wait on customers who want to talk for 45 minutes about buying a pipe or trying a tobacco or something like that. You have to sign a store whose trading-up process is almost nil.

The suggestion selling has to be built into your days, because the bulk of your business is forced on you in about 15 hours.

In a mall store, you don't stock the same merchandise as a downtown specialty shop would. They may carry cigarettes, Prince Albert tobacco, or whatever they call "drugstore" merchandise. But if you're in a regional mall, even if it runs against your beliefs, you must carry these products because the people passing your door are people who did not come to the mall to see you; they came to the mall because it is there. And if they want Prince Albert, I say, "Do you have Prince Albert?" and you say, "No," they'll turn and leave. But if you have it, you have an opportunity to talk to them; to show them your merchandise; to introduce them to your private blends, etc.

In a mall, you have little control over how you run your store. Your hours are fixed for you. Your rent is fixed for you. The common area maintenance charges are fixed for you. Even in some of the older leases, the kind of merchandise that you could carry was fixed for you. Of course, these restrictive leases have been declared illegal by the courts and you can now sell anything you want in a mall tobacco shop. But, if you do, you might not get another lease from that developer. From a practical point of view, you still are restricted in the merchandise you can carry.

When we're talking about a mall tobacco shop today, we're really not talking about the kind of specialty shop that we find downtown. We're talking more of the self-service store. And we are talking about customers who are waited on the majority of the time by part-time help—because of the hour structure and because when the ducks are flying, you have to have your help there. As indicated before, the ducks are flying two hours every weekday night and the five best hours of Saturday, and you can't get a full-time person to cover that schedule. It's impossible.

We run our stores with one full-time person, the manager. The rest of the staff are part-timers. This gives us flexibility. If you need people from 7 to 9 at night, that's when you have them. If you need them at lunchtime, that's when you have them. You're not locked into a full-time person.

Now, in general terms, what is a regional mall? I would say it is an enclosed structure that has probably a half-million square feet; two to three main department stores, and anywhere from 50 to 100 specialty shops.

The days of dealing for mall space are gone. Eight to ten years ago, it was easy to get a lease in a mall. The majority of merchants didn't know what a regional mall was and they were scared to death when it came to town. They were scared because they had owned their building or they were used to paying $100 to $150 a month rent and along comes a guy who's going to give them one-quarter the space and charge them four to ten times as much for rent. The merchants backed off.

In those days, agents were practically building the store for you. They were giving you the walls; they were giving you a fixture allowance; they were giving you a lot of incidentals as inducements. Today you get a dirt floor and you have to build the whole thing yourself...if you're lucky enough to get space in the first place.
DON TOMÁS

One of today’s fastest selling imported cigars... most in demand by the man who insists on only the best.

DON TOMÁS... selected sun-drenched tobaccos, slowly cured, blended, and aged... hand-rolled in Honduras where fine cigar making is an art... available in shapes to suit every taste.

DON TOMÁS... a cigar of unparalleled quality.

DON TOMÁS... imported exclusively by HONDURAN CIGAR IMPORTS LTD.

100 West Putnam Avenue, Greenwich, Connecticut 06830

©1978 U.S. Tobacco Company
So the picture has changed completely. For every mall that opens now, there are people waiting to get in. The waiting lists are as long as your arm, and most of the developers worth their salt already have contacts with established tobaccoists.

To build a chain of mall stores today is not impossible, but it is very difficult. There are just too many people already on line for locations.

The whole key to a successful specialty shop in a regional mall comes down to one thing—the location of the mall. You can have the best tobacco shop in the world, the best management, the best selection of merchandise, and you can advertise until you are blue in the face, but if you’re in a lousy mall, you’re going to starve.

The converse is also true. If you have a run-of-the-mill operation, a store that’s dirty and help that’s obnoxious—but you’re in a super mall—you’re going to make money. It’s as simple as that.

How do you pick locations? I’ll tell you how we did it. Because my background was with Sears and I knew the kind of marketing research they did, we tried to locate in malls Sears had chosen. It was a good way to go—except for one minor drawback. Sears had more money than we did and they could wait five years for a mall to make it. It wasn’t that easy for us to wait.

In selecting malls, we also talked to the women in the area, the younger women. Malls depend on them for their success. When we determined from the women that they would patronize the mall, we felt good about the mall’s prospects.

In this day and age, if I were going to give anyone advice about opening a shop in a regional mall, I would strongly recommend that they seek out a reputable developer. There aren’t really that many of them around; that many who build a mall and then stick with it. Most developers put up a mall and then leave it. It’s usually good to avoid them. If they had confidence in the mall’s prospects, would they abandon it?

Once again, the key to a successful mall smoke-shop is the mall’s location. And if you have illusions of grandeur and see yourself as a chain operation, don’t be any less careful in selecting additional mall sites than you were selecting the first. If the second one is a dud, or the third is a dud, or the fourth is a dud, you could be out to lunch on all of them.

Ralph Groves is vice president of Monex, Inc., and president of Peter Kent, Ltd.

---

**Six Packs. By Rogers.**

*Now in blister packs.*

Six of Rogers’ top-sellers are now in easy to display packaging to promote self-service and discourage pilferage.

Stock all six styles: Utility, Roll-up, Air-Lok Daily, Air-Lok Standard, E-Z Lok and Combination. So your customers can choose what’s best for their smoking needs.

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**More good things in store from Allied**

Allied Products, Consolidated Cigar Company, 1 Gulf + Western Plaza, New York 10023
Private Label Specialists

- Lucite Stem Pipes
- Matt Finish
- Naturals
- Many Other Fancy Finishes

Private Label Leather Pouches

- Dane Craft
- Wenhall Freehand

35 Years of Pipe Making Experience
WRITE FOR CATALOG

Wenhall Corporation
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Funny money’s no joke to the smokeshop owner who is victimized by it

There are several ways to detect whether a bill is a counterfeit or a genuine article, and your Uncle Sam’s recommending them all

Because of their fast-moving patronage, smokeshops are likely victims of counterfeit currency.

The counterfeiter’s prime objective, of course, is to produce a bill that is capable of getting past the untrained eye—so he can profit to the extent that he receives genuine currency in exchange.

Counterfeiters fabricate mostly $10 and $20 bills because these denominations are more profitable and denominations above $20 usually must be okayed by the store manager.

Cashiers should be better educated in detecting counterfeit currency. If a bill looks suspect, compare it with a genuine bill.

Look for quality printing. The teeth on the green treasury seal on the right hand side of a note are unbroken, even, clear, and sharp. The teeth on the treasury seal on a counterfeit note are blunt, uneven, and sometimes broken off.

Next, look at the portrait. On the genuine note the portrait appears lifelike and stands out distinctly from the fine screen-like background. The counterfeit will have a lifeless portrait on a background that is usually too dark. The portrait merges into the background. Hairlines are indistinct.

The border on genuine bills has fine lines that are clear, distinct and unbroken. The counterfeit has unclear crisscrossed lines that are not distinct.

Some people believe that if they see red and blue fibers running through the bill, then the bill is genuine.
This may be true, but red and blue fibers have been printed on counterfeits by running the paper through the press to give it the appearance of having these fibers, prior to completion of a counterfeit press run.

Cashiers who doubt the genuineness of a bill should initial and date the suspect bill, and make note of the passer. This includes taking note of descriptive data such as license plate numbers on the car the passer was driving, his height, approximate age, and type of dress.

Suspect bills should be further examined by the store manager, and if the store manager feels that the note is suspect, call the police or secret service. The manager should also initial and date the bill. However, if the bill appears good, the store manager should still initial and date the bill before placing the “suspect” note back into circulation.

The double initialing and dating of suspect notes is for continuity of possible evidence.

To aid retailers in detecting counterfeit currency, three booklets are available either through district offices of the Secret Service, or direct from the Secret Service at the U.S. Treasury Department. The booklets are: “Counterfeiting and Forgery,” “Know Your Money,” and “The Detection of Counterfeit Currency, a law enforcement officer’s guide.”

---

**COUNTERFEIT**

COUNTERFEIT PAPER CURRENCY LOOKS BAD BECAUSE...

IT IS usually a product of inferior workmanship.

IT IS made with equipment designed for other purposes.

IT IS printed from a plate which is made by a photo mechanical process, causing loss of detail.

IT IS printed on paper which does not contain the distinctive red and blue fibers.

IT IS BAD!

---

**Gesty**

The specialists in European cigars offer the *new improved*  

**EXPORT**  
Swiss Stumpen in Five-Packs at special prices  

The Best Quality Ever!!

---

**A NATURAL SELLER**

Now available in all major markets.

**Cauloises Caporal**

Filter  Non Filter

Order from your local distributor or write: FRENCH TOBACCOS, INC.  
25-27 MARGARET STREET  
PLATTSBURGH, NEW YORK 12901
By Robert Lilienfield

Bright prospects for premium cigars don’t extend to Cuban-made Havana hasn’t productive capacity to open U.S. market and, even if it did, duties would make its product prohibitively expensive

Let’s examine the premium cigar business as it exists in this country today.

We categorize cigars by the countries in which they are manufactured and sometimes this can be confusing. In the days when cigars were being brought into the United States from Cuba, they were referred to as Havana cigars. This meant that all the tobaccos in those cigars were grown in Cuba.

At the same time, the Tampa factories were also producing cigars made only from Cuban tobacco. These cigars weren’t called Tampa cigars; they were called clear Havana cigars made in Tampa. So, the geographical definition referred to the origins of the tobaccos used in the cigars and not to their place of manufacture. Today, this is not always the case.

For example, when one refers to Canary Island cigars, it is wrong to think of these cigars as being made from tobaccos grown in the Canary Islands. They are not. Tobacco is not grown there. These fine cigars made in the Canary Islands are produced from tobaccos grown in other parts of the world. By the same token, the cigars we manufacture in Jamaica are a blend of tobaccos grown in three or four different countries. It is not just Jamaican tobacco that is used.

Some countries, such as Mexico, produce cigars from tobacco grown in the same country where the cigars are made. But, as we have said, this is not always the case. Please bear in mind then, that when we talk about the countries of origin on the ac-

---

**The mover.**

Designed for the tobacconist who wants to increase his repeat sales without sacrificing humidor space, the TopStone T-6 refillable counter display is a compact (14" x 13") unit that fits virtually anywhere. Shipped fully-assembled, stocked and ready for action, the sturdy unit contains 290 all-natural Connecticut cigars selling for $1.00 or less per pack.

*Your cost — $43.25 . . . your profit 43%!* 
Put it on the counter — *TopStone moves!*

**TopStone**
Since 1903

The T-6 assortment contains:

<table>
<thead>
<tr>
<th>Grands</th>
<th>25c 5⅛ - 46 ring 10/4 pk's</th>
<th>Bouquet Regale</th>
<th>20c 5½ - 46 ring 10/5 pk's</th>
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</thead>
<tbody>
<tr>
<td>Extra Opaque</td>
<td>25c 5½ - 46 ring 10/4 pk's</td>
<td>Bouquet Dark</td>
<td>20c 5½ - 46 ring 10/5 pk's</td>
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<tr>
<td>Panatela</td>
<td>20c 6½ - 39 ring 12/5 pk's</td>
<td>Bouquet Shade</td>
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<td>Bouquet Regular</td>
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<td>Bouquet Epicure</td>
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<td>20c 5½ - 46 ring 10/5 pk's</td>
</tr>
</tbody>
</table>

| Bouquet Epicure | 25c 5½ - 46 ring 10/4 pk's | Bouquet Epicure | 20c 5½ - 46 ring 10/5 pk's |

TopStone Cigar Company
256 Middle Street
Bridgeport, Connecticut 06604

Gentlemen:

Send me ____ T-6 Mover(s) @ $43.25 each

Name
Address ZIP
Store Name
Number of Stores Phone
City State

New accounts please send references or, to speed delivery, enclose check.
### Chart I
**Origin of Premium Imports**

<table>
<thead>
<tr>
<th>Country</th>
<th>1977 Units</th>
<th>1976 Units</th>
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<tr>
<td>Canary Islands, Spain</td>
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<td>Dominican Republic</td>
<td>5.4</td>
<td>4.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>69.9 Million</td>
<td>57.9 Million</td>
</tr>
</tbody>
</table>

### Chart II
**Dollar Value of Premium Imports**

<table>
<thead>
<tr>
<th>Country</th>
<th>1977 Units</th>
<th>1976 Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canary Islands, Spain</td>
<td>$7.8 Million</td>
<td>$5.5 Million</td>
</tr>
<tr>
<td>Jamaica</td>
<td>5.8</td>
<td>4.7</td>
</tr>
<tr>
<td>Honduras</td>
<td>3.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>3.2</td>
<td>3.0</td>
</tr>
<tr>
<td>Mexico</td>
<td>2.4</td>
<td>2.1</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1.8</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$24.6 Million</td>
<td>$19.3 Million</td>
</tr>
</tbody>
</table>

Companying charts, we're referring to where the cigars were produced—and not necessarily to where the tobacco in those cigars was grown.

**Major sources**

The source for these figures in Chart I is the U.S. Bureau of the Census. It reports on cigars being imported from nineteen different countries. The six countries shown on this chart, however, account for practically all of the imported premium cigars that retail for 40 cents and above.

Chart II shows the approximate dollar value of the premium cigars removed for consumption during the

---

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**Premium Cigar Prospects**

period of January through November 1977 as compared to the same period of 1976. The dollar value shown is our estimate of the **full landed costs in this country.**

The 24.6 million dollars worth of premium cigars reported as removed for consumption during the first eleven months of 1977 had an approximate retail value of $48 million. For the same period of 1976, the retail value amounted to approximately $38 million.

Higher priced cigars are selling very well. Chart III shows the retail sales of premium cigars over 60 cents broken down by various price categories. The source of these figures is the Cigar Association of America which conducted a survey of the manufacturers and importers who account for approximately 95 per cent of all taxable cigars removed for consumption.

The survey covering 1977 removals will be available sometime in May. We estimate that these figures will show that approximately 46 million cigars retailing at over 60 cents will have been removed for consumption during 1977—a 15 per cent gain over 1976.

**The future for premium cigars**

Now that we have reviewed the premium cigar market as it exists today in our country, let's take a look at what the future might have in store for the premium cigar business. One can't possibly talk about the future without taking a look at the Cuban situation. Everyone is entitled to his own crystal ball on the subject and I have my own ideas about what effect a resumption of trade with Cuba would have on this market.

First of all, let me say that an immediate lifting of the embargo is most unlikely. Bear in mind the recent dispute between our two nations over the presence of Cuban troops in Angola. Another serious problem is the $1.8 billion in claims for expropriated assets in Cuba, largely in the public services and the sugar, oil, and food processing industries.

Cuba, which paid off companies in other foreign
countries when their governments recognized the Castro government, says it won’t talk about U.S. claims until the embargo is lifted. On the other hand, our government has said it won’t lift the embargo until the claims are settled. A joint corporate committee on Cuban claims, made up of 50 American companies, is lobbying against any trade or diplomatic relations before these claims are settled. In view of all the problems that remain to be solved before we can be expected to resume trade with Cuba, I can’t see it happening for at least several years. I think we all agree, however, that sooner or later the embargo will be lifted. So let’s look further down the road and speculate as to what effect this act will have on the premium cigar business.

Because of the memory of what Cuban cigars were, I expect a big demand for the product when Cuban cigars again become available. Once the initial excitement and curiosity buying is over, however, I personally don’t feel the sale of these cigars will remain as great as some people anticipate. And I certainly don’t feel the return of Cuban cigars will signal the demise of the many fine imported brands now being sold successfully in this country. I say this for the following reasons:

One, a limiting factor on future sales of Cuban cigars in this country will be production. The last year before the embargo, approximately 25 million Cuban cigars were imported in this country. Since losing the United States as a customer, the Cuban government has found other parts of the world to take the production no longer needed for this country. As a result, even if the demand called for it, there is no way Cuba could increase production of its finest handmade cigars to the point that it could open the United States market and, at the same time, continue to supply its present customers.

Secondly, there is the matter of prices. If the embargo were to be lifted, the retail prices of Cuban cigars would have to be substantially higher than other imported cigars. This is because the six countries supplying practically all the premium cigars sold in this country all enjoy “favored nations status.” The duty on products imported from these countries is the lowest the law allows. On the other hand, no Communist-dominated country has ever enjoyed “favored nations status.” So, even if the embargo were lifted, the duty rates on Cuban products would be the highest the law requires.

Third, the people who were the leaders of the Cuban cigar industry are no longer on the island. Many of them have established manufacturing facilities in other parts of the world. Most of the knowledgeable tobacco people I know report that Cuban tobacco has
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declined in quality because of neglect. They say the tobacco fields are not being properly fertilized and the workers who cultivate and handle the tobacco don’t take the same pride in their work as they did when working under the private enterprise system.

Fourth is the recent court decision pertaining to ownership of brand names. Many of the brands that were the most famous in Cuba have recently been reintroduced in this country by the former owners of the factories in Cuba. Legislation established their rights to these trademarks in the United States and as a result, these brands may not be marketed here by the Cuban companies.

And, finally, my prediction on the future sales of Cuban cigars in this country is based on conversations I have had with smokers who have recently had the opportunity to smoke Cuban cigars. These people had this experience while traveling in Canada and Europe and, more often than not, have been disappointed. They report the cigars do not run uniform, are very expensive, and, generally speaking, are not up to the quality standards they associated with Cuban cigars before the embargo.

Now that I’ve given you my views regarding Cuba, let me close by giving you three reasons why I’m so optimistic about the future of the premium cigar business in the United States.

1. There are more and more people today who appreciate fine quality merchandise—be it luxury cars, expensive stereo equipment, fine wine, or fine cigars. They are looking to enjoy what they consider to be the better things in life, and they are willing to pay the price for products that give them this satisfaction.

2. In today’s inflationary world, fine handmade cigars are a great value. Generally speaking, the better premium cigars on the market today sell at retail between 75 cents and $1.50. Think about this in comparison to the many things we buy everyday without ever considering price. At the airport the other day, a dish of ice cream cost me 70 cents. The shoe shine and tip cost me $1. A bottle of beer today costs anywhere from $1 to $1.50 in most places and most men don’t feel they are indulging in a luxury if they stop off for a beer or two on the way home from work.

What I’m saying is that in today’s economy the price of premium cigars is not out of line. In fact, in my opinion they represent a great value.

3. The third and most important reason I feel optimistic about our future is because I know we can count on the continued support of fine tobacconists.

Robert Lilenfield is an assistant vice president of General Cigar & Tobacco Co. in the premium cigar division.
World Tabac plans Louisville symposium

LOUISVILLE: World Tabac Ltd. has scheduled a 1978 tobacco symposium to be held at the Sheridan Hotel, this city, May 9-12. The symposium will be attended by selected retailers from across the country.

The purpose of the symposium is to increase the awareness of the industry concerning the growing, curing, processing, blending and packing of smoking tobacco.

A series of seminars will be presented featuring guest speakers from here and abroad.

World Tabac Ltd. will also conduct a tour through their primary processing plant so that the symposium attendants may see the various stages of manufacturing required to produce a quality smoking tobacco product.

State Express reaches Los Angeles

"A Privileged View," a photographic exhibition by Patrick, 5th Earl of Lichfield and cousin of Queen Elizabeth II, was opened in Los Angeles at a reception hosted by British American Tobacco. Here, Martin Cantor, (right), manager of The Smoker's Den in Glendale, learns more about State Express, a British cigarette being introduced in the U.S., from Dick Howe, of British American Tobacco, and one of the exhibition hostesses.

Smokeshop opens with a pipe smoking contest

CRYSTAL CITY, MO: The Pipe Rac, a new smokeshop located in the Twin City Mall, here, staged a pipe smoking contest as the centerpiece of its late-February grand opening.

The winner, who kept his pipe lighted for 46 minutes and 58 seconds, was presented with a Savinelli non-pareil pipe. The second place winner received a $22 walnut pipe rack, and the third place winner received a $19 box of Don Tomas cigars.

Refreshments of punch, meats and cheeses and crackers were served to the participants and observers after the contest.

Mike and Kathy Oberle, the owners of the shop, were so pleased with the reaction to the contest and to their hospitality that they plan to make the affair an annual event.
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It will be the most opportune time this year for you to be selective before you make those all-important purchases.

By very popular demand, this year's show will be held in New York's prestigious Waldorf-Astoria Hotel. Our new, exciting format will feature open booth exhibits that will make it easier for you to see everything that should be seen. We urge you to attend.

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1978 R.T.D.A. National Trade Show
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Decatur Marketing
Humistat

FOREST HILLS, NY: Decatur Industries, Inc., is marketing the Humistat Co.'s cigar and tobacco humidifying devices under the Deco label, it is reported by Martin Berliner, president of the manufacturing company.

The Humistat is an adjustable and automatic moistening instrument that is placed in tobacco jars, humidors or pouches. The refillable see-through plastic vial has a rotating sleeve which permits the smoker to regulate the amount of moisture to be released.

The Deco Humistat is packaged 12 to a molded plastic tray that can be used for either a counter or wall display.

International Brands moves to new offices

International Brands is moving into new executive offices and West Coast warehouse at 100 Albright Way, Los Gatos, Ca., the last week in April. The 25,000 square feet of office and warehouse space should be adequate to handle company growth over the next several years, according to president Lee Danna. International Brands also has a warehouse in Ohio. The toll free number in Los Gatos is (800) 538-9356.

Burton introduces E-Z Wider Roller

New York: Robert Burton Associates has introduced a cigarette rolling machine for use with rolling papers of all sizes. The E-Z Wider machine features grooved edges for sturdy gripping and a forward leaning design for comfortable hand fit.

As an introductory offer rolling machine buyers get a free pack of E-Z Wider 1 ¼ size papers.
The Smokeshop Study

The First Annual Smokeshop Industry Study, published last month in this magazine, drew generally favorable reviews as a first effort from those tobacconists who submitted opinions prior to the deadline for this issue.

As you probably detected, there was an inconsistency between one chart and the text accompanying it. The chart was correct on the basis of the supplied data. It showed 23.6 percent of the smokeshop respondents do $100,000 or less in annual sales volume; 53.5 percent do between $101,000 and $150,000, and 22.9 percent do over $150,000.

The following are representative observations and suggestions received so far from the trade, and they will be given careful evaluation for future efforts of this type. Please, if you have any thoughts for improving subsequent industry studies—or if you want to endorse or contest what the following readers have recommended—let us know. The more input we get, the more valuable the future reports will be.

Reader Observations

Washington’s Bill Martin recommends binding future reports in the center of the magazine so that they might be removed for filing.

He also suggests that Smokeshop list in one column such items as customer count, gross sales, average sale, sales percentage per products, gross margin percentage per product, etc.—as done in the initial report—plus sales per square foot, return on investment for each product, etc. Then, that Smokeshop provide a second column in which the tobacconist could fill in his own individual figures for comparison purposes.

Bill Fader, of Baltimore, writes: “I find only one primary fault with the study. You lumped all the information together to arrive at results, whereas I think that it must be broken down further. You start off breaking operations down into the type of location and I think that this breakdown should have been continued throughout the rest of the study. (Example: Square footage in a free-standing individual store is going to be considerably larger than in a mall location.)

A third reader believes that, for comparison purposes, it would be most helpful if Smokeshop published separate figures for shops doing under $100,000 per annum, those doing between $100,000 and $150,000, and those doing over $150,000.

What do you think?

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