

Cuban Cigar Paying Homage to Local Tastes

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International companies are trying to cater to local tastes by making certain products exclusively for Russia. **Vladimir Filonov**

In addition to pizza with mashed potato topping and caviar-flavored potato chips, Russian consumers will now have a Cuban cigar especially designed for their tastes.

Thanks to 20 percent growth in premium cigar sales, as part of a surging luxury items market, Top Cigars — the official distributor of Cuban stogies in Russia — introduced a new cigar especially selected and only available locally, during its annual partner event in Moscow on Thursday.

When asked about the resemblance of the model to its target market, Javier Terres, vice president of Cuban cigar sales monopoly Habanos, said, "It's big, and it's strong."

The cigar, named the Emperador — Spanish for Emperor — is part of the Bolivar line. Its

flavor and name were determined based on inputs from Top Cigar and its local partners.

This is the 25th regional edition made by the famous cigar maker since it started the concept in 2005, said Oleg Chechilov, editor of Smoke magazine. Terres, who was born at a cigar factory in Spain where his parents lived and worked, said the regional editions are intended to confirm the leading position of Habanos and its distributors in a country.

"[The Emperor] is a homage to Russian consumers. ... They deserve it," Terres said.

Terres said he would consider the program a success if the first shipment of 25,000 cigars sells out in a few months. Such a quantity represents less than 3 percent of total annual sales of Cuban cigars in Russia. Local retailers expect to charge between 700 rubles (\$22) and 1,000 rubles (\$31) for each cigar.

Top Cigars has about 400 partners — up 20 percent from last year — which gives it at least one shop in every city of Russia with a population of more than 1 million people. More partners are being recruited.

The Emperor is not the first cigar designed exclusively for Russia. Costa Rican cigar company Isthmus announced its Imperial cigar, complete with a double-headed eagle on the band, in May 2010, though it is only making first shipments next month, due to excise stamp problems.

"We took inputs on the desired flavor, size and even the name via the web portal of our Russian partner, which allowed us to offer the first regional cigar made especially for the local market. ... We did this as a sign of respect to Russian smokers," Kurt Brandt, founder of Isthmus, told The Moscow Times.

Industry experts estimate that about 70 percent of the total imported cigar market, valued at between \$15 million and \$20 million in 2010, belongs to Habanos.

China, which also has an exclusive Cuban cigar, is another focus market for Habanos. News reports, however, that cash-strapped Cuba is supplying both tobacco and agricultural expertise to help China build up its own cigar industry could not be confirmed by Terres.

Though the Russia business is growing, cigar retailers are resigned to a saturation of outlets, at least in Moscow, and a very specific client base. "Americans smoke to enjoy the smoke, while Russians are still in the show-off stage. ... Buying and smoking is a very social process," said Andrei Ushatov, who started selling cigars at his family-run shop in Volgograd when he and his wife realized that it was the next logical step in addressing the wealthy male segment.

"Before 2008, there were middle-class buyers who just wanted to have a new experience, but after the crises they disappeared," Ushatov said.

Former alcoholics are a unique segment of customers, said Vladimir Sushkov of Moscow retailer Tabachnaya Lyubov. "They use cigars as a substitute for their obsessive tendencies, and their wives are thankful for the healthier habit," he said.

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