

Purchasing Patterns and Demographics of Online Premium Cigar Customers

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Study Design

- Data from five of the largest online premium cigar companies: Best Cigar Prices, Cigars International, Famous Smoke Shop, JR Cigar, and Thompson Cigar
 - Four retailers provided data from 2014 – 2016
 - All retailers provided data from 2017
 - Two retailers provided partial data from 2018
- In total data represented:
 - Over 12 million orders
 - Over 2.3 million customers
 - Over 70,000 SKUs

Study Design

- Premium cigars were defined using criteria established by Catherine Corey in *US Adult Cigar Smoking Patterns, Purchasing Behaviors, and Reasons for Use According to Cigar Type: Findings from the Population Assessment of Tobacco and Health (PATH) study 2013 – 2014*.
- Approximately 389 million premium cigars were purchased, with almost 70,000 SKUs and \$1.1 billion in sales.
- While there is no precise way to measure premium cigar market share, using tax and tariff data an approximate measure can be given.
 - In 2017, 351 million cigars (upper bound estimate) in the highest HTS categories were imported into the US (which includes many non-premium cigars); Retailers in this study sold 125 million premium cigars in 2017, or nearly 36 percent of the market.

Study Design

- The sales data includes purchaser age and zip code (in most cases 9–digit zip code).
- Although demographic information other than age and zip code are not included in the data, each sales was matched to a small geography census area (census tract) providing information on community demographics:
 - Income
 - Education level

Demographics: Age

- Average age of premium cigar purchaser is 55 and median is 57.
 - Average age of flavored premium cigar purchaser is 52 and median age is 53.
- This age analysis was performed based on data provided by the retailers.
 - All the retailers in the study use independent third-party age verification software to perform age verification for all orders placed on the websites ensuring there are no underage sales.

Demographics: Income and Education Levels

- Premium cigar purchasers reside in areas with higher levels of education and incomes.
 - Over 15% of customers live in census tracts with a median household income over \$100,000, whereas 10% of households nationally are in that bracket.
 - Over 20% of customers live in census tracts where over 50% of the population has a bachelor degree, compared to 15% of the general population.

Purchasing Patterns

- Premium cigar purchasers are infrequent buyers.
 - 44% of customers purchased only once.
 - 86% ordered ten or fewer times.
 - Only 17% of customers placed on average more than two orders per year.
- Premium cigar purchasers spike at certain times of the year rather than being spread evenly.
 - Increase through Father's Day and peak in the summer, then decline, with an uptick at the holidays.
- Incredible diversity in products with an average of approximately 10,000 SKUs per retailer.
 - 25% of orders included one "sampler" SKU.
 - More than 90% of orders consisted of boxes.

Overall Conclusions

- Premium cigar purchasers are older, live in communities that have higher median incomes, and have higher levels of education compared to the national population.
- Premium cigar purchasers are not purchasing premium cigars on a regular and consistent basis.

Study Limitations

- Limited to large, online retailers.
- Customer demographics are based on census tract data, not actual customer demographics.
- Limitations on ensuring unique customers across retailers.



Thank You



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