

## **Choosing a marketing plan: traditional or social media?**

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EPC CIGAR COMPANY manufactures and distributes cigars that are hand-rolled in the Dominican Republic from Ecuadorean, Nicaraguan and Dominican tobacco. It has been in business since April, although the family that owns it previously ran a successful cigar company that was sold to Swedish Match in 1999.

**THE CHALLENGE** To develop a cost-effective and efficient marketing strategy to promote the company and its new brand, E. P. Carrillo, while building on the family's legacy.

**THE BACKGROUND** EPC Cigar, based in Miami, is owned and operated by the Perez-Carrillo family, whose Cuban-born patriarch, Ernesto Perez-Carrillo, established El Credito Cigars in 1968; its best-known brand was La Gloria Cubana. After Mr. Perez-Carrillo's death, his son, Ernesto Perez-Carrillo Jr., sold El Credito to Swedish Match in 1999, working there until March 2009. Mr. Perez-Carrillo Jr., 58, remains a big deal in the cigar world.

He was encouraged to start EPC Cigar by his daughter, Lissette, 36, a lawyer based in Miami, and his son, Ernesto Perez-Carrillo III, 28, a management consultant based in New York, both of whom had worked for El Credito while growing up. The three family members run the company, which employs 34 people in Miami and the Dominican Republic.

Its first product was a \$13 limited-edition inaugural cigar released in December; it will be followed this spring by the core E. P. Carrillo line, which will be available in five sizes priced from \$6 to \$8.

Last year, Mr. Perez-Carrillo III, who oversees the company's marketing, hired an advertising agency, DeVito/Verdi, to develop a logo, labels, packaging and a marketing campaign to introduce the new company and its cigars. Mr. Perez-Carrillo III estimates that EPC Cigar will spend \$300,000 on the campaign, which began in April 2009 and will run through December.

**THE OPTIONS** DeVito/Verdi suggested a range of traditional and new-media marketing strategies.

The traditional options included taxi-top advertising in New York City; commercials on cable channels like Comedy Central, Spike and VH1; radio ads in cities like New York, Los Angeles and Chicago; and print ads in publications like The Wall Street Journal, Forbes, Fortune, Yachting, Golf Digest, Wine Spectator and Cigar Aficionado. With the exception of Cigar Aficionado, these promotions would aim at casual cigar smokers and even nonsmokers willing to try the company's cigars.

The social media options included three Web site concepts: one involved a collage on the company Web site of live, online mentions of the company and Ernesto Perez-Carrillo Jr.; a second featured a world map (from Google Maps) on the Web site that showed the origin of real-time Twitter messages about cigars; and a third would use a Facebook page as the company's main online presence. In any case, the digital strategy would involve the use of Twitter, Facebook and Flickr.

**THE DECISION** Ultimately, Mr. Perez-Carrillo III decided to take DeVito/Verdi's advice and emphasize the Internet and social media initiatives. Ellis Verdi, president of the agency, calls social media "a natural place to go when you want to show something real," adding, "If you say it's real, people won't believe you, but the Internet lets you show it."

Mr. Perez-Carrillo III said his primary objection to traditional media outlets was the expense. "For the first go-around," he said, "we put them off the table." The company, according to Mr.

Perez-Carrillo III, will spend \$40,000 on digital-media initiatives between 2009 and 2010, with the remaining \$260,000 of its marketing budget going to trade shows, cigar-enthusiast events, point-of-sale material and some traditional media.

Social media allow the company to communicate directly with cigar buyers, retailers, tobacco growers and others with whom it does business, according to both EPC Cigar and its agency. This is particularly important as the popularity of once-fashionable cigar bars wanes and public smoking bans proliferate. At the agency's recommendation, the Perez-Carrillos chose the Web concept based on Google Maps and Twitter. Thus, on the home page, Twitter messages about cigars — regardless of whether they are about EPC Cigar or raise health concerns about cigar smoking — appear on a world map that rotates to show where the messages originated.

The site's "About Us" section uses another world map to show places where EPC Cigar conducts business or has roots, thus honoring the family's history. The section also offers photographs and videos, including a vintage, black-and-white snapshot of Mr. Perez-Carrillo Jr. as a child in Cuba and modern videos of a Nicaraguan tobacco farm.

The site lists retailers that sell the company's cigars, with Google Maps indicating their locations, and more than 1,000 places to smoke, with recommendations contributed by visitors and by Cigar Places, a Web site for cigar enthusiasts. DeVito/Verdi is in the process of developing an iPhone application that will feature these cigar-friendly places.

The agency has encouraged Mr. Perez-Carrillo Jr. — and not his son — to use Twitter to build and communicate with the company's following. It is Mr. Perez-Carrillo Jr., said Tyler DeAngelo, interactive creative director of DeVito/Verdi, who is "the face of the brand."

While Mr. Perez-Carrillo Jr. posts Twitter messages almost daily, Mr. Perez-Carrillo III maintains the company's Facebook page, where he posts articles and reviews and encourages fans to comment. There are also links on the page to the company's Twitter feed, YouTube videos and Flickr photos. Similarly, there is a box that pops up from the home page of its Web site that lets visitors "follow Ernesto" on all four social media channels.

THE RESULTS So far, only about 250 people are following EPC Cigar through Twitter and about 700 are Facebook fans. These numbers notwithstanding, the Perez-Carrillo family and DeVito/Verdi say they are satisfied with the campaign's impact.

"To have a lot of people talk about the limited-edition cigar after only a few months, in a market that's challenged, in an industry that's not really growing, is very exciting," Mr. Verdi said.

The campaign has "generated a lot of buzz so far," Mr. Perez-Carrillo III said. "When we talk to retailers, to the end consumer, everyone pretty much knows Ernesto's gone on his own. They can't wait for him to come out with the core line."

One unexpected benefit is that Mr. Perez-Carrillo III has been using Google Analytics to track how many people visit the Web site and where they come from. He has discovered that almost one-third of the visitors do not live in the United States. "I'm talking to foreign distributors far more quickly than I expected I would," he said.

The 25,000 limited-edition cigars that EPC Cigar has been releasing monthly since December "are selling extremely quickly," Mr. Perez-Carrillo III said. He projects sales of \$1.5 million this year.

**Fonte: New York Times, New York, Feb. 24<sup>th</sup> 2010, Small Business, online.**