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Product Identification for the Asia Pacific Tobacco Market

多米诺助力亚太烟草
产品识别



A New Era in Tobacco Reclaiming

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Manufacturers can choose between natural and nature-identical flavors



Typically, nature identical flavors are often preferred

TII: Flavoring Asia

TII works with its customers and local agents to determine the specific flavors to meet their requirements

By Henegage Mitchell

With the region's wide array of products and styles, from white sticks of all types, kretek and cigars to shisha and chewing tobacco, Asian and Middle Eastern tobacco product manufacturers present many challenges and opportunities for flavor companies.

This is not a one-size-fits-all market, and local requirements vary significantly from country to country.

To gain a better understanding of the industry's requirements and to learn more about the solutions that are available to address the various concerns and needs of the industry, *Tobacco Asia* spoke with Tobacco Technology Inc.(TII), a leading US based flavoring company that concentrates solely on the global tobacco industry.

White stick segment

In countries that generally produce less flavorful tobacco, such as India and China, or for manufacturers seeking to minimize the use of higher quality/more expensive flavorful tobacco leaf in their blends, next to blending, the right flavoring compounds and technologies can be perhaps the most important tool and the most economical way to reduce reliance on imported tobacco to create the taste profiles required.

Asian and Middle Eastern tobacco product manufacturers use a variety of flavoring application technologies in primary and secondary lines.

Deciding which flavors and processes to incorporate into a product line is a critical part of developing a successful brand.

"It is important to understand the taste profiles and customer preferences of the regions where you operate or where you plan to market your finished products," Ayse Adams, TII director of sales, told us. "TII works with its customers and local agents to determine the specific flavors to meet their requirements. This process may take time in the beginning but it is important to identify the right flavor which will work most effectively with the capabilities of the specific customer. This will provide a better product and save time in the long run."

Low tar and ultra-light

Low tar and ultra-light cigarette manufacturers have an especially challenging set of problems to address when it comes to flavoring their brands.

“Increased ventilation and increasing flavor grade tobacco styles plus incorporating higher levels of flavorings is the main solution for low-tar, ultra-light cigarette manufacturers,” said George Cassels-Smith, TTI c.e.o.

“Recently, TTI worked with Filtrona to develop their *Infused* filter,” Tom Cravotta, TTI president, USA, revealed. “One of the main functions of this product is tar reduction. Our collaboration with Filtrona enabled cigarette manufacturers to take advantage of the strengths of paper, such as up to 40% higher tar retention and lower cost, without needing to compromise on the negative issues associated with it such as a hotter, drier taste and higher phenol levels. This was accomplished through patented technology of infusing the paper with two specially developed additives which counteract these issues and therefore allow manufacturers to maintain the brand taste identity of their products, as well as the levels of phenol removal normally expected from cellulose acetate products. As a result, by using the Infused filter, manufacturers can expect a cost saving of up to 30% when compared to using a standard cellulose acetate filter.”

Super slim

The super slim segment is another area with critical requirements that TTI is well-suited to address.

“The configuration of super slim cigarettes adds several unique “dimensions” to their product development,” Cravotta elaborated. “Super slim construction is dramatically different from traditional full circumference cigarettes. Among these differences are the increased cigarette paper to tobacco ratio and the inherent increased resistance to draw (RTD). These features dramatically reduce the volume of tobacco smoke per puff,” he said.

“This smoke volume reduction requires flavoring systems which effectively enhance smoke body and fullness while effectively reducing the cellulosic taste character caused by the increased cigarette paper to tobacco ratio.”

“The biggest challenge is to provide maximum taste in a very limited cigarette circumference and give the customer a pleasant perception of smoking experience,” Adams pointed out. Accordingly, super slim manufacturers need to source flavorings from a reputable and reliable supplier who is familiar with super slim cigarettes and knows the type of flavors that will perform most effectively.

“Not just for super slims but in all aspects, a manufacturer should look for a flavor supplier who is willing to listen to their needs and continue to make modifications to their flavors to address these requirements,” Adams clarified. “It should also be a flavor company that is keeping up with the new flavor trends in other genres and be able to translate it into flavors for smoking products. The most common and most effective flavoring solutions for super slims use concentrated flavors with strong bottom and top notes so that the smoker will enjoy enhanced smoke volume and body.”

The super slim segment is growing worldwide, especially in Africa, Russia and the Middle East.

Little cigars

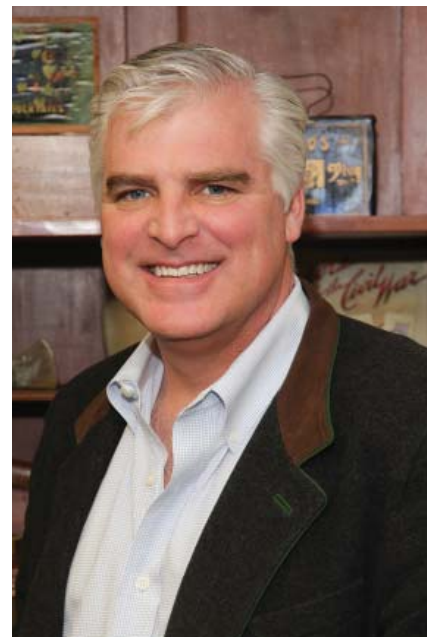
The Dominican Republic, China, India, and Indonesia are seeing growth in flavored machine-made cigars, according to Cassels-Smith. The US is still the largest consumer but all markets are experiencing growth in the market category. Vanilla and coffee are the two most popular flavors with alcoholic beverages and fruit flavors are doing well in particular markets.

“Every market has different regulations and product preferences – experience counts,” he said, noting that when it comes to selecting a flavor supplier, manufacturers are best advised to opt for a company “who knows tobacco and the cigar industry.”

Kretek

Perhaps Asia’s most exotic tobacco product, Indonesia’s vast kretek segment presents a unique set of opportunities for flavor companies.

“The complexity of kretek design is a welcome challenge,” according to Anne Froke, TTI sales manager. “We find our kretek partners appreciate our depth of experience and total focus on developing flavors only for the tobacco industry.”



George Cassels-Smith, TTI c.e.o.

Recently, TTI worked with Filtrona to develop their *Infused* filter



Anne Froke, TTI sales manager

The key is to understand the taste preferences of the market and the legislations pertaining to that market



Ayse Adams, TTI director of sales

Recent trends in Indonesia's kretek segment have highlighted some specific opportunities for TTI. "Expectations are that the Indonesian tobacco market will reach 300 billion sticks this year," said Froke. "This makes Indonesia the second largest market in Asia and the fourth largest market in the world. Light delivery brands are a key factor in those rankings. The current tax structure and resulting explosion of new light brand launches by multitudes of companies provides a flavor house like TTI with amazing growth opportunities. I would venture the biggest challenge is simply keeping up with development assistance demand. Which, frankly, is a nice challenge to face."

TTI works closely with its Indonesian customers to develop the blends and flavor recipes that go into a kretek brand variant.

"As with any product development project, consistent communication and joint evaluation is imperative to creating a successful brand," Froke confided. "Confidentiality Agreements put in place provide us with the opportunity to support our customers completely. Developing a personal and trusting relationship with the R&D departments and key decision makers goes a long-way in expediting the process. Not only has TTI had an agent in Indonesia for over a decade to provide in-country support, but also our leadership and sales team travel as often as necessary to work directly with our customers. Projects are proposed; leaf blends evaluated; flavor systems designed and market tested; products are launched. It is a fairly straightforward process, but again, communication and teamwork on both sides are key factors for success."

While the basic ingredients of kretek – flavorful Indonesian tobacco and cloves – go some way to creating the its aromatic flavor, it is the flavoring – or 'sos' – that gives each brand its unique taste and provides the consistency smokers requires from year to year, "Kretek, by their very nature, are a unique and heavily flavored smoke," Froke pointed out. "However, as with all cigarettes, the blend itself must be consistent. Local Indonesian tobaccos play a large part in the taste characteristics of the kretek and several difficult crop years have found manufacturers facing a challenge in sourcing suitable tobaccos. We have been tasked to assist via a flavoring solution. I wouldn't label this a trend...but it has become a priority for TTI and our customers."

Oral tobacco

India is Asia's most significant (and still growing) oral tobacco user, but China is showing some potential as a market for oral tobacco products.

For oral tobacco manufacturers, understanding product stability and how it affects flavors and "mouth feel" are all critical characteristic challenges.

Cassels-Smith told us. "Some of the most popular flavors are smoke flavors and famous profiles from established brands in the 1800's. There is a huge diversity in new "high tech" style product offerings.

Given that there is no pyrolysis in oral tobacco use, a wide use of flavoring ingredients and compounds based on food flavoring standards ought logically to be available, but interestingly, this is not typically the case.

"Most [oral tobaccos] have the same flavor restrictions as cigarettes. But common sense questions how the same ingredients are acceptable for food products, yet restricted for oral tobacco."

E-cigarettes

The e-cigarette segment is one that TTI recognizes as having a very large growth potential for flavoring companies.

"Among the challenges involved in supplying flavorings for e-cigarettes is ensuring that we are working with established companies that utilize appropriate quality controls to have high quality respected products," Cassels-Smith said. "We are also experimenting with nicotine extractions due to frequent requests from our e-cigarette customers," he added

Shisha

The shisha industry is enjoying growth in all markets including North America, Europe, Russia and the Middle East. Newly emerging markets are South America and Africa. "The next growth areas are going to be Asia Pacific countries, especially Malaysia, Indonesia, Vietnam and the Philippines," Adams told us.



Tom Cravotta: TTI president, USA

**TTI is fortunate
to enjoy close
cooperation with
its customers**

Shisha smokers are proving to be keen to try new flavor experiences. Double apple remains the best selling flavor across the world but it is continuing to lose market share as new fusion flavors enter the market and the demographic of smokers change. Grape, mint, watermelon and blueberry are increasing their market share. However, the biggest increase is seen in the rise of the fusion flavors.

“All the markets are looking for distinctive and heavily flavored products that are smooth and refreshing and will last a long time,” Adams revealed. The US market is looking for fusion-style flavors that are mix of multiple flavors. The US is also the most innovative market. Trends in the Middle East are also slowly changing from the traditional flavors of double apple and strawberry to cherry, blueberry and grape. Europe is a mixture of traditional and fusion flavors depending on the country and the smoker profile.”

Most manufacturers still use labor intensive methods for processing shisha tobacco. While packaging is becoming more automated within larger manufacturing companies, most small manufacturers of shisha tobacco still process and pack manually.

Shisha manufacturers prefer to work with a flavor company that understands and has worked specifically on shisha tobacco.

“They are looking for an innovative flavor company that is going to continually develop new flavors and experiment with different flavor combinations,” Adams said. “Legislative and regulatory issues differ from country to country so a manufacturer should first do his research on the market that he wants to export into and find a reputable distributor.”

Natural or nature identical?

Manufacturers can choose between natural and nature-identical flavors; typically, nature identical flavors are often preferred.

“TTI primarily works with nature-identical flavors and most markets prefer nature identical flavors as they are not as affected by natural conditions and provide for better consistency in the product,” Adams told us. “It also helps with the pricing as prices are considerably higher for natural products and may change dramatically from year to year.” However, there are some instances where natural extracts are required.

“In China, natural tobacco extract is used to improve the weakness of Chinese low tar flue-cured type cigarettes,” said Dr. Jimmy Wu, TTI president, Asia Pacific.

Export considerations

For manufacturers seeking to export to Western markets such as EU, US, and Canada, TTI has some specific advice to offer with regards to selecting flavoring.

“A manufacturer should research the regulatory requirements for each country they target for sales,” recommends Roxanne Blackburn, TTI administrative operations manager. “In the EU it depends on the country you are exporting to as there are country-specific regulations and/or to the World Health Organization’s Framework Convention on Tobacco Control (FCTC) requirements to conform to. In the US, if it is a new product, it will have to go through the FDA approval process which includes disclosure of ingredients. Fruit, candy and clove flavors are banned, and the flavoring must be non-characterizing, with the exception of menthol. In Canada the banning of additives that have flavoring properties or enhance flavor has unfortunately created a road block with regards to selecting flavoring other than the additives excluded from this ban, which is a short list of 21 but includes menthol.”

“The key is to understand the taste preferences of the market and the legislations pertaining to that market,” Adams pointed out. “For example, the US market looks for more innovative flavors while European markets are more traditional.”

“There is no true safety net, but working openly with an experienced global tobacco flavoring company like TTI is always going to be your best bet when it comes to developing appropriate brands for export,” Cassels-Smith told us.

“The manufacturer will need to extensively research the appropriate regulations pertaining to flavor ingredients with the assistance of TTI when developing a product,” added Blackburn. “The manufacturer should also relay the intended countries for sale so that TTI can develop an appropriate and compliant flavor system.”