



# EXCLUSIVITY AND STYLE

Karelia is continuing to enhance its presence in duty-free and travel-retail markets the world over, reports **David Davies**

**HIGHLY** successful brands such as Karelia Slims and George Karelias and Sons have long made Greek cigarette manufacturer and exporter Karelia a significant player in the international tobacco industry. In recent years, the company has developed an increasingly strong business in duty-free/travel-retail, becoming one of the few independent cigarette manufacturers to establish a truly worldwide presence in the channel.

The importance of duty-free/travel-retail to the company was underlined recently when it opted to introduce its new and exclusive flagship brand, George Karelias and Sons Excellence (more of which later) – together with established favourite Karelia Slims – at Heathrow Airport’s new Terminal 5. The arrangement marked the continuation of a long-running relationship with World Duty Free that has seen Karelia Slims listed in a number of other WDF outlets at both Heathrow and Gatwick airports.

Of course, WDF is by no means the only major travel retailer with which Karelia has established enduring associations. Gebr. Heinemann, Aer Rianta, Sunrise Duty Free, Sky Connection and King Power are just a few of the leading international players to list Karelia products.

Accordingly, Karelia Tobacco Company’s managing

director, Andrew G. Karelias, confirms that this retail channel is a vital part of Karelia’s overall business – and its plans for the future. “It is very important to our overall strategy to develop a worldwide presence in travel-retail, therefore by default it is a crucial part of our business,” he tells Frontier. “In fact, Karelia is most probably one of the few independent cigarette manufacturers to have successfully entered so many duty-free and travel-retail markets.”

The numerous opportunities afforded by the channel in terms of introducing and showcasing new and existing products cannot be underestimated, implies Karelias. “It is a well-known fact that duty-free and travel-retail is still the ‘shop window’ for many cigarette consumers because of the high international exposure and market development potential for brands in general,” he says. “Because of the restrictions in many domestic markets, this is one of the few opportunities where smokers can choose brands that might not yet be available in their own domestic markets, and also where they can experience a brand’s overall presentation in a shopping environment.”



## KARELIA – A SELECTION OF KEY DF/TR LISTINGS

- Europe:

World Duty Free – Heathrow and Gatwick airports

Gebr Heinemann – Sofia and Moscow Sheremetyevo airports, Lot Airlines (Poland)

Kievrianta – Kyiv Boryspil

Lojas Francas de Portugal (Nuance-TAP) – Lisbon International

Aer Rianta – Pristina Airport, Kosovo

- The Middle East:

Karelia is cooperating with duty-free operators in several countries, including Turkey and Egypt, where we enjoy an extensive cooperation with all the major duty-free players.

- The Far East/Asia:

Sunrise Duty Free – Beijing Capital (Terminals 2 & 3), Shanghai Pudong (Terminal 1 & 2)

Sky Connection – Hong Kong International

King Power – Macau International

Alpha – Colombo International Airport, Sri Lanka

Anway – Lo Wu and Lok Ma Chau border shops (the two major border checkpoints between Hong Kong and China.

for display at Cannes.”

Ah yes – Cannes. Karelia has been a fixture of the TFWA World Exhibition for many years, and the company will again be present when the 2008 event gets underway on October 27. Products to be showcased include the aforementioned George Karelias and Sons Excellence, which was created using “only the very best grades of tobacco from around the world”. Possessing a “rich and rounded taste”, the 94mm cigarettes include Virginia leaf from North Carolina, and Zimbabwe flue-cured and Brazilian Santa Catarina tobaccos. The pack-

### Presentation is the priority

Having established a presence in many travel-retail markets (see Box for more), Karelia is now concentrating on the further development of its current brand portfolio and its presentational techniques. One ongoing project entails the creation of more impactful standalone retail units.

“We know that space is limited in duty-free and travel-retail shops, and with this in mind we are developing new standalone units to enhance our brands,” reveals Karelias. “Our brands have proven that they have what it takes to be successful, and so we have developed gondolas and wall units for Karelia Slims and George Karelias and Sons Excellence. The brand new Karelia Slims units will be ready in the coming months, and shall be available

aging is every bit as rigorous, incorporating an embossed gold inner layer protected by a rigid carton for an overwhelmingly luxurious feel.

The company will also be highlighting other items from the George Karelias and Sons, Karelia Slims and Karelia Family brands.

After years of successful appearances at the show, Karelias confirms that the TFWA World Exhibition remains an integral part of the company’s annual calendar. “The show is very important because of the quality and the attendance, and the high calibre of duty-free and travel-retail decision makers from around the world,” he says.

### The future

Looking forward, tobacco category-watchers can expect to see more new launches and brand extensions from Karelia in the near-future – although the company’s managing director is not giving much away right now.

“Brand innovation is an extremely important component in our marketing mix,” says Karelias. “In a highly competitive multi-billion-dollar industry we are a recognised and respected brand innovator of high quality tobacco products, and we are constantly developing new brands as part of our strategy to offer our customers a diversified brand portfolio.”

While the long-term viability of the overall tobacco category remains open to debate, Karelia’s extensive portfolio of brands – catering to a wide variety of cigarette smoking preferences – finds it well-placed to meet head-on whatever challenges the future may bring. And with the performance of George Karelias and Sons Excellence thus far meeting Karelia’s expectations, you can expect travel-retail to remain a theatre for new ideas from this ambitious and creative manufacturer. ■

