The news in the tobacco category has little to do with cigarettes. After a flirtation with discount brand cigarettes, smokers are back in the branded camps since manufacturers have gotten more competitive with prices. Marlboro, the brand with the muscle behind closing the price gaps, continues to grow in share in the flat cigarette category, according to John Maxwell, publisher of The Maxwell Report, an industry newsletter.

"The 'no brands' are not an issue anymore," said one retailer. "Why should consumers buy those products, when branded cigarettes are not much more expensive?"

Maxwell said there is only about a $3 difference between a carton of discount and branded cigarettes.

Cigars are back
Younger consumers are also enamored of cigars and the aura about them. With the success of the magazine Cigar Aficionado and the frequency with which celebrities such as Jack Nicholson, Linda Evangelista and Christian Slater show up in magazines and on television sporting cigars, cigars are seen as a cool accessory.

"In our market, we are seeing a trend toward private parties where people pay for a steak and potato dinner, drink top-shelf liquor and smoke cigars," said one retailer.

To address that trend, the chain has added upscale $3 and $4 cigars to its mix. "We used to carry only 25 cent cigars; the Swisher Sweets, Phillys and Garcia-Vegas," he said. "We've tried to go upscale and are dabbling with Macanudo and Punch cigars at higher price points."

Mix is key
As with other departments, retailers are finding that hitting the proper mix is key to the category. CVS, for example, devotes 12 feet to its in-line non-cigarette tobacco and tobacco-related products section.

"You don't have to be that competitive on accessories, such as pipe-related merchandise," said one retailer. "It's a convenience category for consumers."

Lighters, a big part of the category, have gotten a bit more expensive since the U.S. Consumer Product Safety Commission required that all lighters on the market in 1996 must meet child-resistant standards. The new lighters retail for about five cents more than older lighters.

Manufacturers have been steadily adding fashion and improvements to the disposable lighter category. Bic, for example, has introduced its first electronic lighter, in 13 fashion colors.

Manufacturers are also packaging lighters in seasonal five-packs and are adding new designs to take advantage of seasonal sales.

New age is old news in the beverage category. Now bottled juices and water are driving the category.

Sales of new age beverages and flavored teas have plummeted since consumers realized they weren't as healthy as they had thought. Private label tea brands remained flat, with dollar and unit sales increases barely reaching a percent.

Label products, a thriving segment of the bottled water business. The Private Label Manufacturers Association estimates that the market share held by private label products increased 4.3 points last year. The products showed a massive increase in dollar sales volume — a whopping 67.3 percent increase to a total of $8.48 million in sales. Unit volume spray, Very Fine and Minute Maid were all strong brands and were given plenty of facings as retailers fine-tuned their mixes to wring the most profit from the category.

Outposting still debated
"Single serves and packaging innovations, such as contoured bottles, have really impacted sales," said Lisa.