

# ILLICIT CIGARETTES STUDY (ICS) IN MALAYSIA OCT 2020 REPORT

Report Commissioned by CMTM member companies

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# ILLEGAL CIGARETTES CRITERIA FOR VERIFICATION

Packs with at least one (1) of the following features:

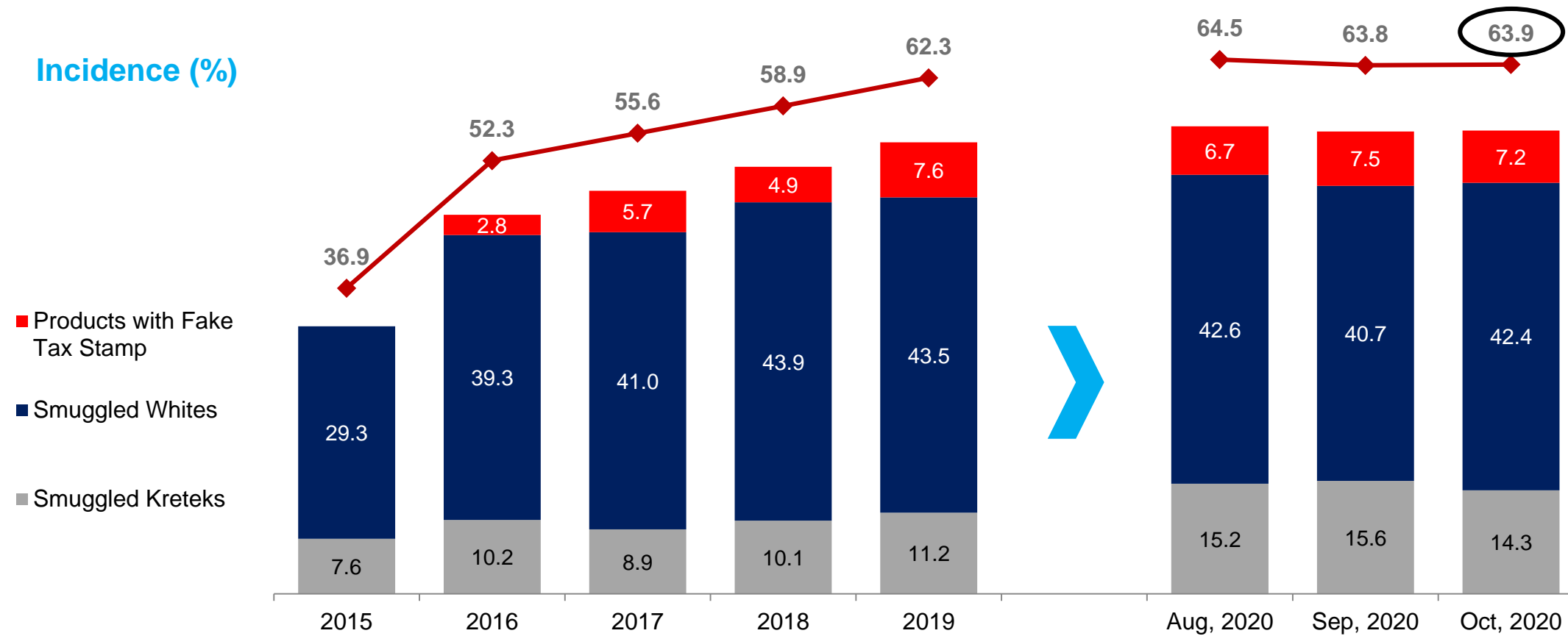
1. Absence of Registered Importers
2. Unregistered Importers\*
3. Absence of Registered Manufacturers
4. Unregistered Manufacturers\*
5. Packs with counterfeit (fake) Malaysian tax stamp\*\*
6. Packs without Malaysian tax stamp
7. Packs with non-Malaysian tax stamp
8. Unregistered Brand\*
9. Non Compliance to Ministry of Health's Control of Tobacco Product Regulations (CTPR) 2004
  - I. Absence or Non Compliance of Pictorial Health Warning Requirements
  - I. Pack Size other than 20 sticks
  - II. Absence or Non Compliance of mandated labeling requirements

\* Not registered with the Royal Malaysian Customs

\*\* Verified by Lembah Sari Sdn Bhd (LSSB) – Government appointed sole vendor for tax stamp

# ILLEGAL CIGARETTES INCIDENCE AT NATIONAL LEVEL:

Overall increased by 0.1 ppt. vs. Sep, 2020



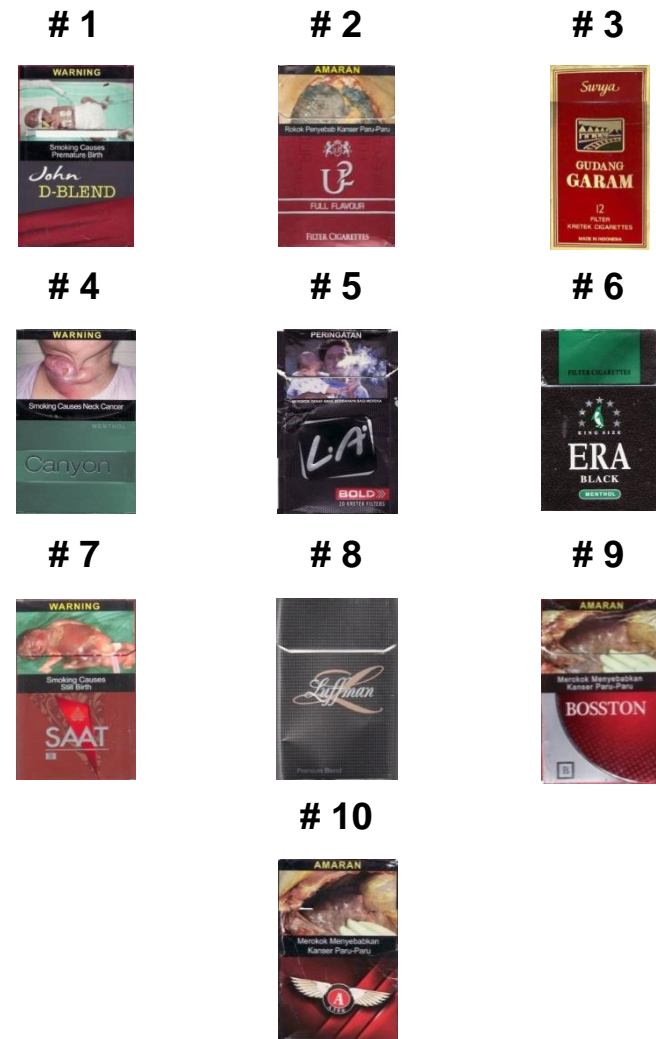
## Volume (Billions sticks)

	2015	2016	2017	2018	2019	Aug, 2020	Sep, 2020	Oct, 2020
Illegal Cigarettes	7.1	10.1	11.1	12.0	12.2	1.0	1.1	1.0
Estimated Total industry	19.2	19.3	20.0	20.4	19.5	1.6	1.7	1.6
<i>Incidence</i>	36.9%	52.3%	55.6%	58.9%	62.3%	64.5%	63.8%	63.9%

# TOP 10 ILLEGAL CIGARETTES BRANDS\*

They account for approximately 83% of illegal cigarettes volume

		Oct, 2020	Sep, 2020	2019
		SOM	SOM	SOM
	Illegal Brand	(%)	(%)	(%)
1.	John	14.1	12.9	14.2
2.	U2	8.3	10.9	5.3
3.	Gudang Garam	7.2	5.8	6.0
4.	Canyon	6.3	4.4	4.5
5.	LA	5.2	6.8	3.6
6.	Era	4.0	3.3	4.4
7.	Saat	3.5	3.1	4.9
8.	Luffman	2.2	1.7	1.3
9.	Bosston*	1.3	1.3	0.8
10.	A380*	1.0	1.0	0.9
<b>Total 10 Total</b>		<b>53.1</b>	<b>51.2</b>	<b>45.9</b>
<i>Other Illegal</i>		<i>10.8</i>	<i>12.6</i>	<i>16.4</i>
<b>Total Illegal %</b>		<b>63.9</b>	<b>63.8</b>	<b>62.3</b>

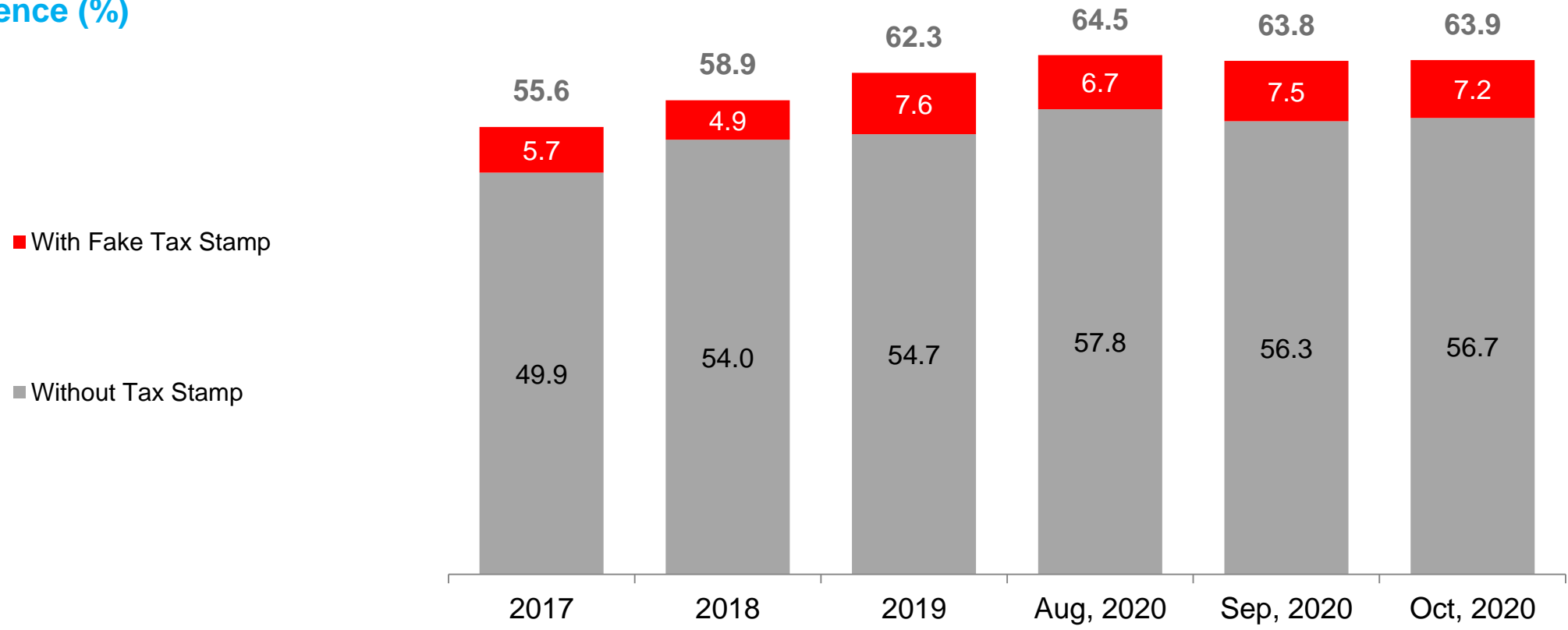


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TAX STAMP BREAKDOWN OF ILLEGAL CIGARETTES:

89% of illegal cigarettes are without tax stamps while remaining 11% are with fake tax stamps

Incidence (%)



# FAKE TAX STAMP BREAKDOWN BY MANUFACTURERS / IMPORTERS:

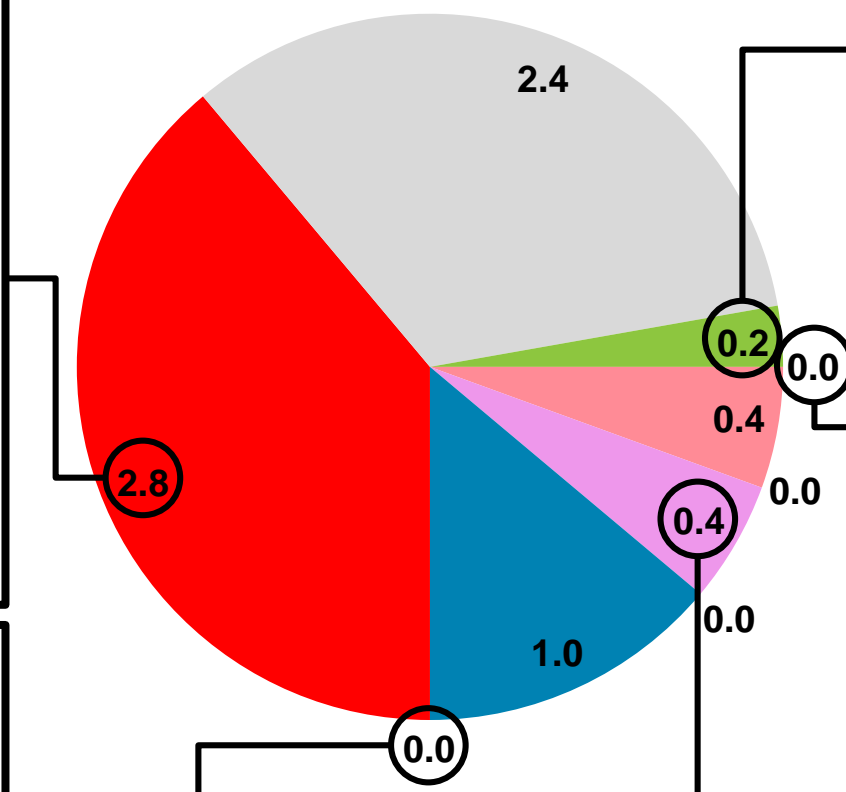
Illegal cigarettes with fake tax stamp for brands imported by Zeno DFSC and Azion Trade have increased in Oct

### Global Tobacco Manufacturer :

<b>Incidence (%)</b> 0.5	<b>Incidence (%)</b> 1.0	<b>Incidence (%)</b> 0.4
<b>Incidence (%)</b> 0.1	<b>Incidence (%)</b> 0.5	<b>Incidence (%)</b> 0.3

### LY Ocean Management :

<b>Incidence (%)</b> 0.0**



- Global Tobacco Manufacturers
- Zeno DFSC
- Five Sun Trading
- P.U. Gemilang
- VTI Marketing
- Legasi Jutawan Venture
- Bintang Ori Mkt
- Azion Trade
- LY Ocean Management

### Five Sun Trading :

<b>Incidence (%)</b> 0.2	<b>Incidence (%)</b> 0.0

### P.U. Gemilang :

<b>Incidence (%)</b> 0.0**	<b>Incidence (%)</b> 0.0

### Legasi Jutawan Venture :

<b>Incidence (%)</b> 0.4	<b>Incidence (%)</b> 0.0**

0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# FAKE TAX STAMP BREAKDOWN BY MANUFACTURERS / IMPORTERS:

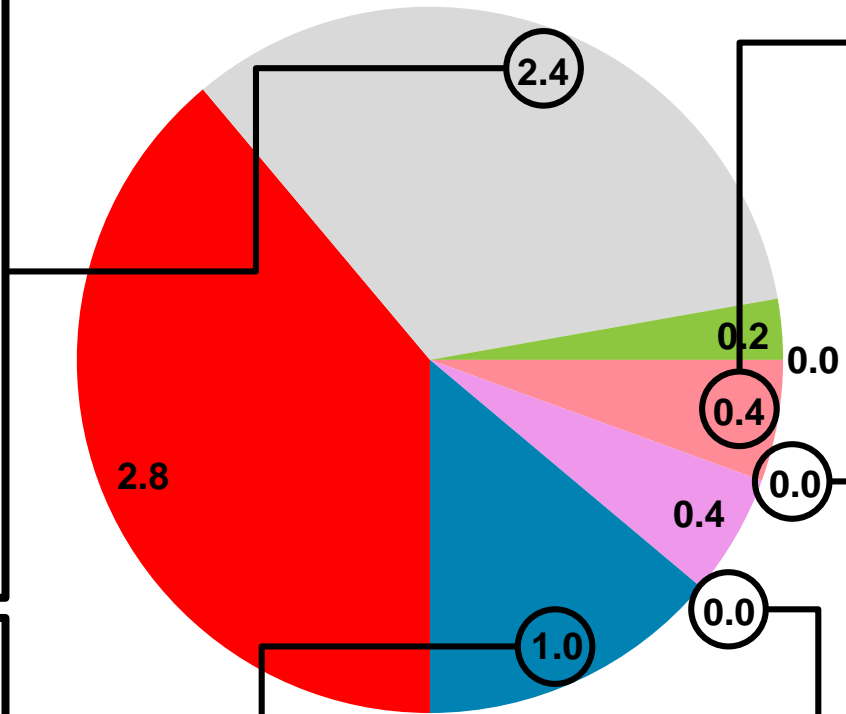
Illegal cigarettes with fake tax stamp for brands imported by Zeno DFSC and Azion Trade have increased in Oct

**Zeno DFSC :**

<b>Incidence (%)</b> 0.0**	<b>1.3</b>	<b>0.4</b>
<b>Incidence (%)</b> 0.6	<b>0.0**</b>	

**Azion Trade :**

<b>Incidence (%)</b> 1.0



**VTI Marketing :**

<b>Incidence (%)</b> 0.4

**Urus Cepat :**

<b>Incidence (%)</b> 0.0**

**Bintang Ori Mkt :**

<b>Incidence (%)</b> 0.0**

- Global Tobacco Manufacturers
- Five Sun Trading
- VTI Marketing
- Legasi Jutawan Venture
- Azion Trade
- Zeno DFSC
- P.U Gemilang
- Urus Cepat
- Bintang Ori Mkt
- LY Ocean Management

0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.



# ILLEGAL CIGARETTES INCIDENCE BY STATES:

10 States recording an increase vs. Sep, 2020

	A				B				A minus B				Volume Contribution
	Oct, 2020				Sep, 2020				Variance (Oct'2020 vs. Sep'2020)				%
	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	
Sabah	85.9	0.0	81.5	4.4	85.4	0.0	78.8	6.6	+0.5	0.0	+2.7	-2.2	7%
Sarawak	82.5	0.0	70.9	11.6	76.0	0.0	64.9	11.1	+6.5	0.0	+6.0	+0.5	3%
Terengganu	76.8	1.4	71.2	4.2	73.6	1.7	67.8	4.1	+3.2	-0.3	+3.4	+0.1	4%
Pahang	75.8	6.3	47.0	22.5	76.5	4.5	53.2	18.8	-0.7	+1.8	-6.2	+3.7	8%
Kelantan	69.5	1.0	66.7	1.8	66.7	0.9	61.1	4.7	+2.8	+0.1	+5.6	-2.9	4%
WP KL	68.1	3.2	42.5	22.4	68.7	4.6	41.1	23.0	-0.6	-1.4	+1.4	-0.6	17%
Kedah	67.9	15.3	42.7	9.9	66.2	14.3	41.4	10.5	+1.7	+1.0	+1.3	-0.6	4%
Selangor	65.0	5.5	38.2	21.3	66.6	6.3	36.1	24.2	-1.6	-0.8	+2.1	-2.9	32%
Perlis	56.2	4.1	40.0	12.1	54.9	3.7	38.9	12.3	+1.3	+0.4	+1.1	-0.2	0%*
Melaka	55.7	18.7	33.9	3.1	54.8	23.7	25.5	5.6	+0.9	-5.0	+8.4	-2.5	3%
Penang	53.0	10.7	35.5	6.8	49.3	11.2	32.3	5.8	+3.7	-0.5	+3.2	+1.0	4%
N.Sembilan	51.4	15.7	28.2	7.5	47.4	5.9	34.4	7.1	+4.0	+9.8	-6.2	+0.4	3%
Johor	45.6	12.5	28.4	4.7	44.7	12.8	26.4	5.5	+0.9	-0.3	+2.0	-0.8	8%
Perak	37.3	18.6	16.4	2.3	39.3	20.3	17.6	1.4	-2.0	-1.7	-1.2	+0.9	2%
<b>National Incidence</b>	<b>63.9</b>	<b>7.2</b>	<b>42.4</b>	<b>14.3</b>	<b>63.8</b>	<b>7.5</b>	<b>40.7</b>	<b>15.6</b>	<b>+0.1</b>	<b>-0.3</b>	<b>+1.7</b>	<b>-1.3</b>	<b>100%</b>

0%\* Incidence is less than 0.5%; figure is too small to feature.

# ILLEGAL CIGARETTES INCIDENCE BY STATES:

8 States recording an increase vs. 2019

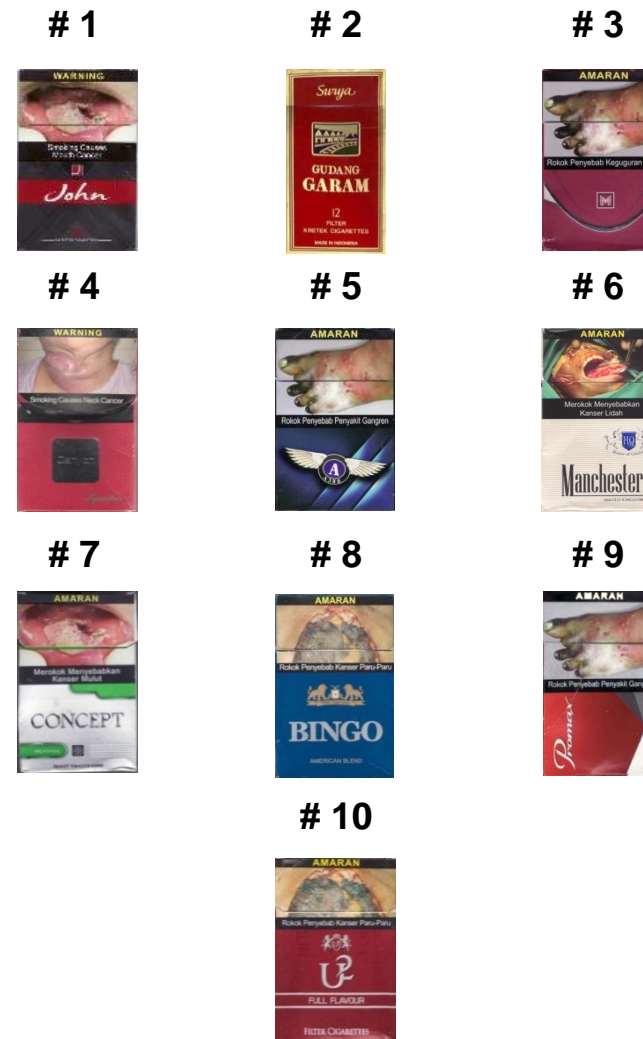
	A				B				A minus B				Volume Contribution
	Oct, 2020				2019				Variance (Oct'2020 vs. 2019)				
	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	Total Illegal	Fake Tax Stamp	Smuggled Whites	Smuggled Kretek	
Sabah	85.9	0.0	81.5	4.4	81.0	0.0	75.0	6.0	+4.9	0.0	+6.5	-1.6	7%
Sarawak	82.5	0.0	70.9	11.6	86.1	0.0	72.2	13.9	-3.6	0.0	-1.3	-2.3	3%
Terengganu	76.8	1.4	71.2	4.2	77.8	5.4	62.7	9.7	-1.0	-4.0	+8.5	-5.5	4%
Pahang	75.8	6.3	47.0	22.5	78.7	3.5	70.5	4.7	-2.9	+2.8	-23.5	+17.8	8%
Kelantan	69.5	1.0	66.7	1.8	76.2	1.7	69.1	5.4	-6.7	-0.7	-2.4	-3.6	4%
WP KL	68.1	3.2	42.5	22.4	62.0	4.4	40.3	17.3	+6.1	-1.2	+2.2	+5.1	17%
Kedah	67.9	15.3	42.7	9.9	59.6	13.0	38.7	7.9	+8.3	+2.3	+4.0	+2.0	4%
Selangor	65.0	5.5	38.2	21.3	63.8	6.5	38.1	19.2	+1.2	-1.0	+0.1	+2.1	32%
Perlis	56.2	4.1	40.0	12.1	42.8	7.1	28.6	7.1	+13.4	-3.0	+11.4	+5.0	0%*
Melaka	55.7	18.7	33.9	3.1	41.1	13.6	23.4	4.1	+14.6	+5.1	+10.5	-1.0	3%
Penang	53.0	10.7	35.5	6.8	55.3	15.0	34.9	5.4	-2.3	-4.3	+0.6	+1.4	4%
N.Sembilan	51.4	15.7	28.2	7.5	48.4	14.3	26.9	7.2	+3.0	+1.4	+1.3	+0.3	3%
Johor	45.6	12.5	28.4	4.7	37.6	12.6	23.4	1.6	+8.0	-0.1	+5.0	+3.1	8%
Perak	37.3	18.6	16.4	2.3	50.4	16.0	31.1	3.3	-13.1	+2.6	-14.7	-1.0	2%
<b>National Incidence</b>	<b>63.9</b>	<b>7.2</b>	<b>42.4</b>	<b>14.3</b>	<b>62.3</b>	<b>7.6</b>	<b>43.5</b>	<b>11.2</b>	<b>+1.6</b>	<b>-0.4</b>	<b>-1.1</b>	<b>+3.1</b>	<b>100%</b>

0%\* Incidence is less than 0.5%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PERLIS

Volume contribution to National = 0%\* (0%\* Incidence is less than 0.5%; figure is too small to feature.)

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	38.7	36.7	24.8
2.	Gudang Garam	12.1	12.2	7.0
3.	M*	2.5	1.8	0.2
4.	Canyon	1.1	1.1	0.2
5.	A380*	0.7	1.4	3.6
6.	Manchester*	0.5	0.3	2.1
7.	Concept*	0.4	0.2	0.7
8.	Bingo	0.1	0.0*	0.0**
9.	Promax*	0.1	0.0*	0.3
10.	U2	0.0**	0.2	1.3
<b>Total 10 Total</b>		<b>56.2</b>	<b>53.9</b>	<b>40.2</b>
<i>Other Illegal</i>		-	1.0	2.6
<b>Total Illegal %</b>		<b>56.2</b>	<b>54.9</b>	<b>42.8</b>

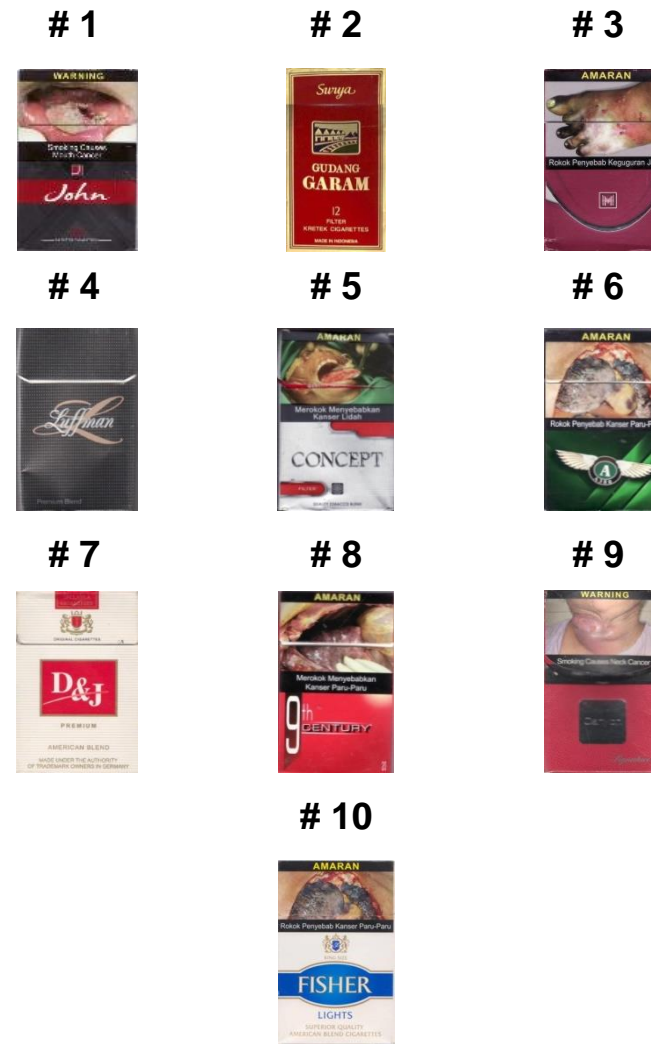


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise  
 0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR KEDAH

Volume contribution to National = 4%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	34.9	32.2	33.1
2.	Gudang Garam	9.3	9.8	7.3
3.	M*	7.1	5.2	1.8
4.	Luffman	2.4	3.1	0.9
5.	Concept*	2.2	2.5	2.1
6.	A380*	2.1	2.8	2.5
7.	D&J	1.4	1.1	0.2
8.	9th Century*	1.2	0.7	0.0**
9.	Canyon	1.0	0.8	0.2
10.	Fisher	0.8	0.3	0.3
<b>Total 10 Total</b>		<b>62.4</b>	<b>58.5</b>	<b>48.4</b>
Other Illegal		5.5	7.7	11.2
<b>Total Illegal %</b>		<b>67.9</b>	<b>66.2</b>	<b>59.6</b>



\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PENANG

Volume contribution to National = 4%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	27.7	21.1	25.7
2.	Gudang Garam	6.1	5.6	4.6
3.	A380*	3.0	2.3	4.2
4.	Saat	2.7	3.5	3.3
5.	Canyon	2.3	0.5	0.6
6.	M*	2.3	2.0	3.3
7.	Manchester*	1.1	1.6	2.5
8.	Bosston*	1.0	0.9	0.5
9.	Concept*	0.7	0.4	1.6
10.	Pragon*	0.7	1.8	-
<b>Total 10 Total</b>		<b>47.6</b>	<b>39.7</b>	<b>46.3</b>
<i>Other Illegal</i>		<i>5.4</i>	<i>9.6</i>	<i>9.0</i>
<b>Total Illegal %</b>		<b>53.0</b>	<b>49.3</b>	<b>55.3</b>

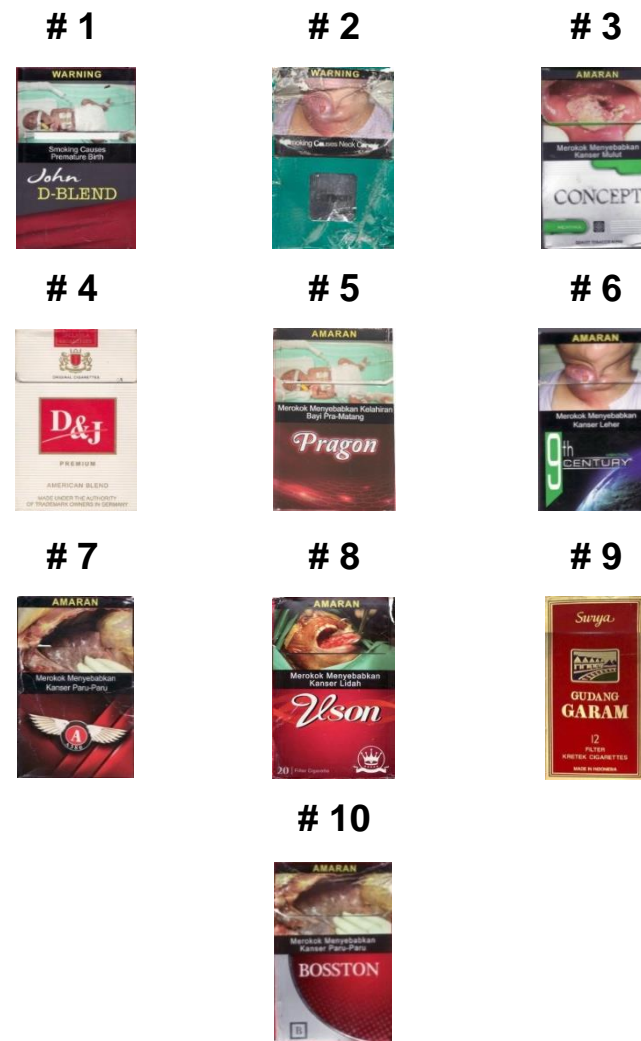


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PERAK

Volume contribution to National = 2%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	7.1	8.2	10.3
2.	Canyon	3.7	2.3	3.3
3.	Concept*	3.4	5.1	2.8
4.	D&J	2.6	3.4	3.1
5.	Pragon*	2.6	1.8	-
6.	9th Century*	2.5	2.8	1.8
7.	A380*	2.5	2.8	1.6
8.	Vson*	2.4	0.7	0.3
9.	Gudang Garam	1.9	1.3	1.4
10.	Bosston*	1.6	2.1	0.3
<b>Total 10 Total</b>		<b>30.3</b>	<b>30.5</b>	<b>24.9</b>
<i>Other Illegal</i>		7.0	8.8	12.7
<b>Total Illegal %</b>		<b>37.3</b>	<b>39.3</b>	<b>37.6</b>

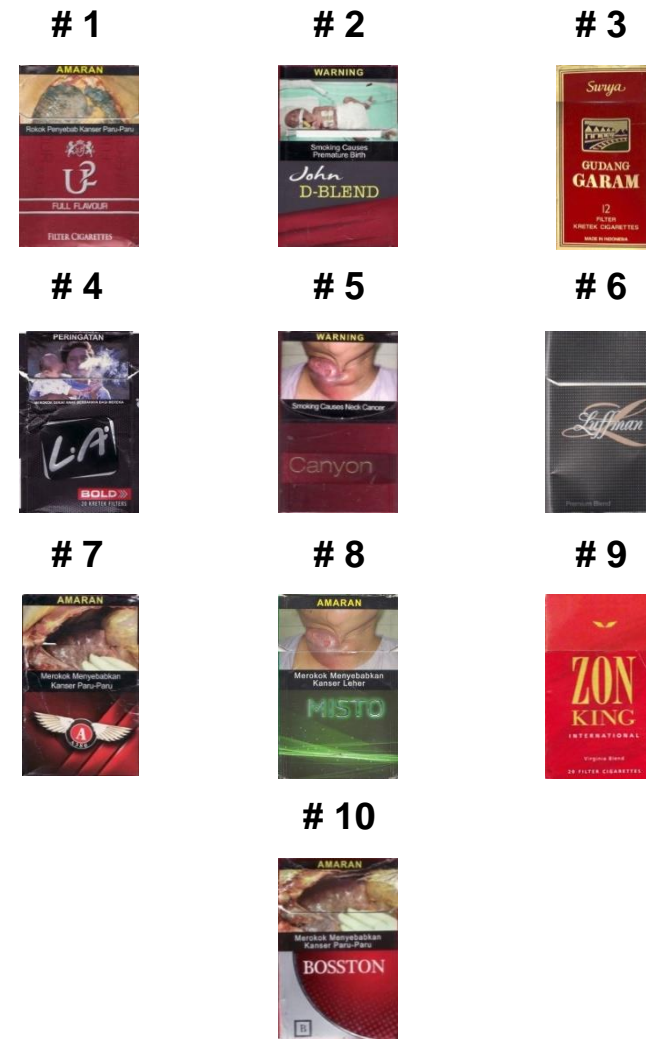


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR SELANGOR

Volume contribution to National = 32%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	U2	11.4	15.0	5.6
2.	John	11.2	10.9	14.4
3.	Gudang Garam	11.0	7.9	9.8
4.	L.A.	9.3	12.4	7.0
5.	Canyon	8.2	5.1	4.8
6.	Luffman	4.2	2.6	2.7
7.	A380*	1.2	0.8	0.8
8.	Misto*	1.0	0.5	-
9.	Zon King	0.9	0.8	5.0
10.	Bosston*	0.8	0.8	1.1
<b>Total 10 Total</b>		<b>59.2</b>	<b>56.8</b>	<b>51.2</b>
<i>Other Illegal</i>		5.8	9.8	12.6
<b>Total Illegal %</b>		<b>65.0</b>	<b>66.6</b>	<b>63.8</b>

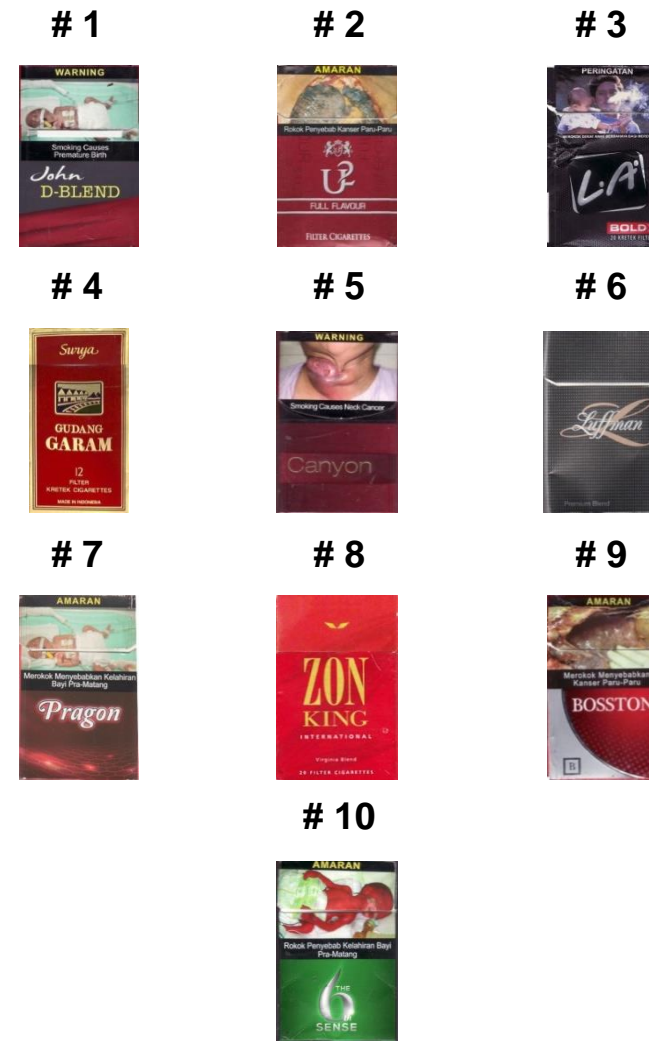


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR WP KL

Volume contribution to National = 17%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	14.1	13.2	15.5
2.	U2	13.9	19.0	5.6
3.	L.A.	11.0	13.5	6.9
4.	Gudang Garam	10.4	6.3	8.2
5.	Canyon	8.4	3.3	5.0
6.	Luffman	3.2	3.1	2.8
7.	Pragon*	1.0	0.2	-
8.	Zon King	0.9	0.9	6.0
9.	Bosston*	0.7	1.0	0.8
10.	6 <sup>th</sup> Sense	0.7	0.3	0.2
<b>Total 10 Total</b>		<b>64.3</b>	<b>60.8</b>	<b>51.0</b>
<i>Other Illegal</i>		3.8	7.9	11.0
<b>Total Illegal %</b>		<b>68.1</b>	<b>68.7</b>	<b>62.0</b>



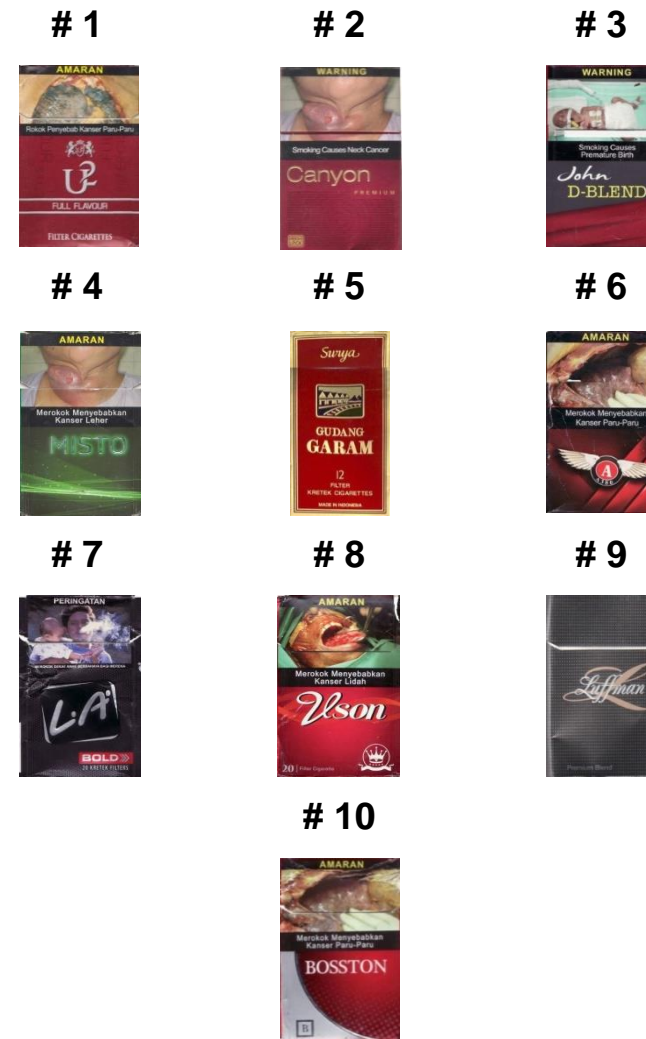
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise



# TOP 10 ILLEGAL CIGARETTES BRANDS FOR N.SEMBILAN

Volume contribution to National = 3%

		Oct, 2020	Sep, 2020	2019
		SOM	SOM	SOM
Illegal Brand	(%)	(%)	(%)	(%)
1.	John	9.8	9.5	8.7
2.	U2	9.3	11.4	3.2
3.	Canyon	6.9	10.3	5.6
4.	Misto*	5.4	1.6	-
5.	Gudang Garam	5.3	6.4	6.1
6.	A380*	4.2	2.1	2.7
7.	L.A.	1.9	0.3	0.0**
8.	Vson*	1.3	1.0	0.3
9.	Luffman	1.3	1.4	0.6
10.	Bosston*	1.1	0.8	0.2
<b>Total 10 Total</b>		<b>46.5</b>	<b>44.8</b>	<b>27.4</b>
<i>Other Illegal</i>		<i>4.9</i>	<i>2.6</i>	<i>21.0</i>
<b>Total Illegal %</b>		<b>51.4</b>	<b>47.4</b>	<b>48.4</b>



\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise  
 0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR MELAKA

Volume contribution to National = 3%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	23.9	14.9	18.1
2.	Canyon	7.2	7.6	9.3
3.	Bosston*	6.1	5.4	2.0
4.	Promax*	3.2	7.7	2.1
5.	Misto*	2.1	1.2	-
6.	Gudang Garam	2.0	3.2	2.1
7.	A380*	2.0	4.8	1.3
8.	Pragon*	1.6	0.8	-
9.	U2	1.0	0.9	0.7
10.	Manchester*	0.8	0.6	0.9
<b>Total 10 Total</b>		<b>49.9</b>	<b>47.1</b>	<b>36.5</b>
<i>Other Illegal</i>		5.8	7.7	13.9
<b>Total Illegal %</b>		<b>55.7</b>	<b>54.8</b>	<b>50.4</b>

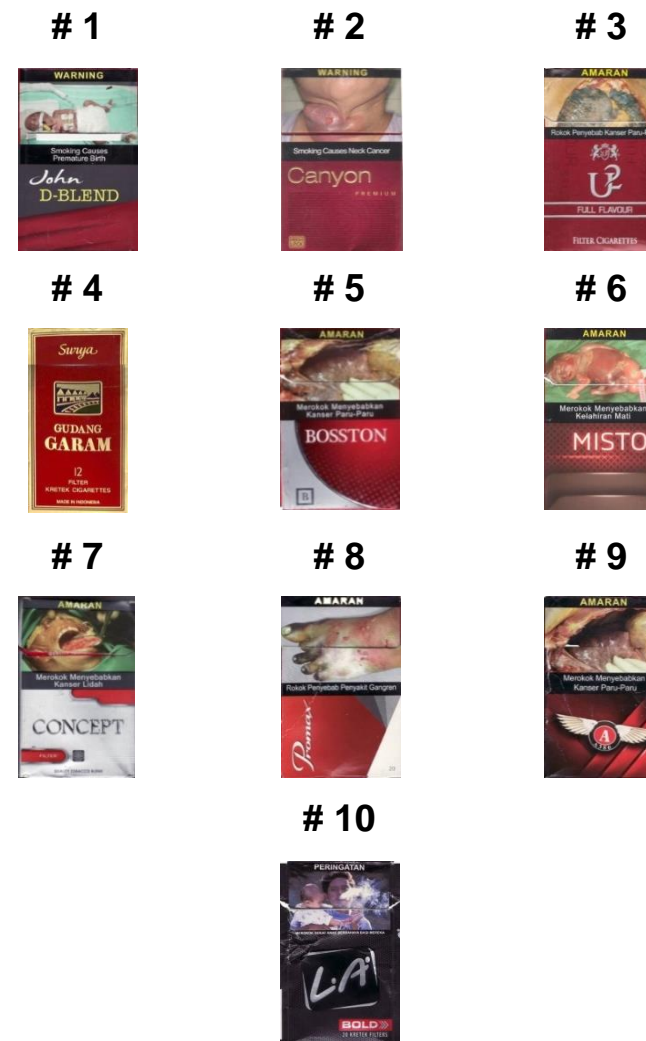


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR JOHOR

Volume contribution to National = 8%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	10.2	7.9	6.8
2.	Canyon	9.0	9.0	6.5
3.	U2	7.4	6.8	7.2
4.	Gudang Garam	3.3	3.4	3.0
5.	Bosston*	2.9	2.9	2.0
6.	Misto*	2.6	2.1	-
7.	Concept*	1.6	1.5	1.2
8.	Promax*	1.4	2.0	2.0
9.	A380*	1.0	1.7	2.2
10.	L.A.	0.7	1.4	0.6
<b>Total 10 Total</b>		<b>40.1</b>	<b>38.7</b>	<b>31.5</b>
<i>Other Illegal</i>		5.5	6.0	9.6
<b>Total Illegal %</b>		<b>45.6</b>	<b>44.7</b>	<b>41.1</b>

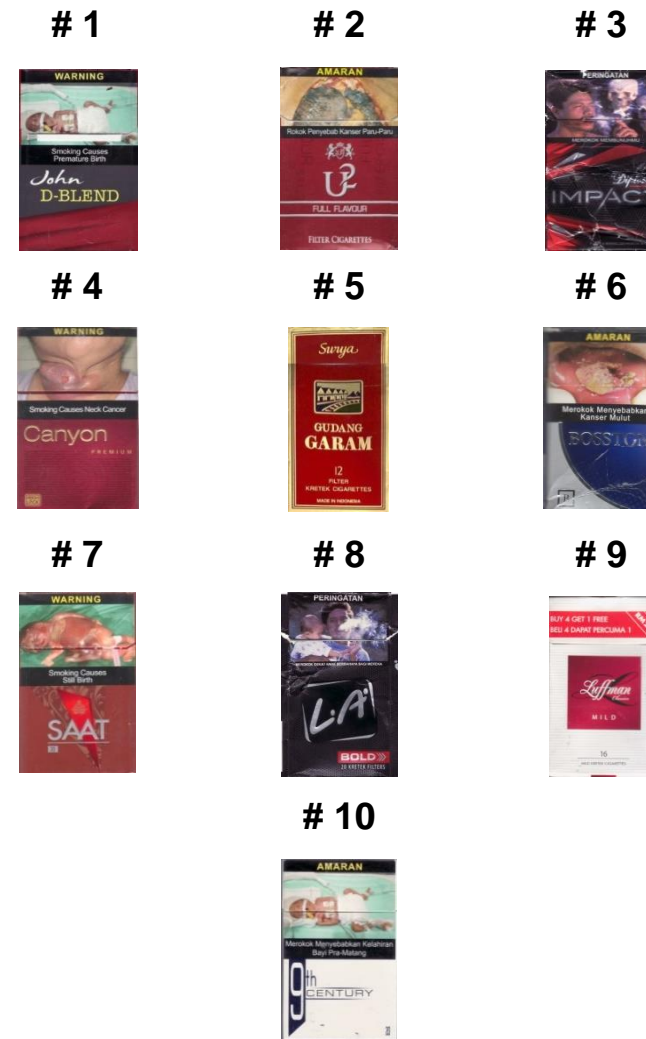


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PAHANG

Volume contribution to National = 8%

		Oct, 2020	Sep, 2020	2019
		SOM	SOM	SOM
Illegal Brand		(%)	(%)	(%)
1.	John	21.0	24.0	24.2
2.	U2	15.4	20.8	21.2
3.	Diplomat	11.0	9.3	0.1
4.	Canyon	7.2	5.9	6.0
5.	Gudang Garam	7.0	6.6	3.9
6.	Bosston*	3.5	1.7	0.5
7.	Saat	2.6	1.0	1.4
8.	L.A.	1.7	1.3	1.0
9.	Luffman	1.5	1.0	0.4
10.	9th Century	0.8	0.7	2.2
<b>Total 10 Total</b>		<b>71.7</b>	<b>72.3</b>	<b>60.9</b>
Other Illegal		4.1	4.2	16.9
<b>Total Illegal %</b>		<b>75.8</b>	<b>76.5</b>	<b>77.8</b>

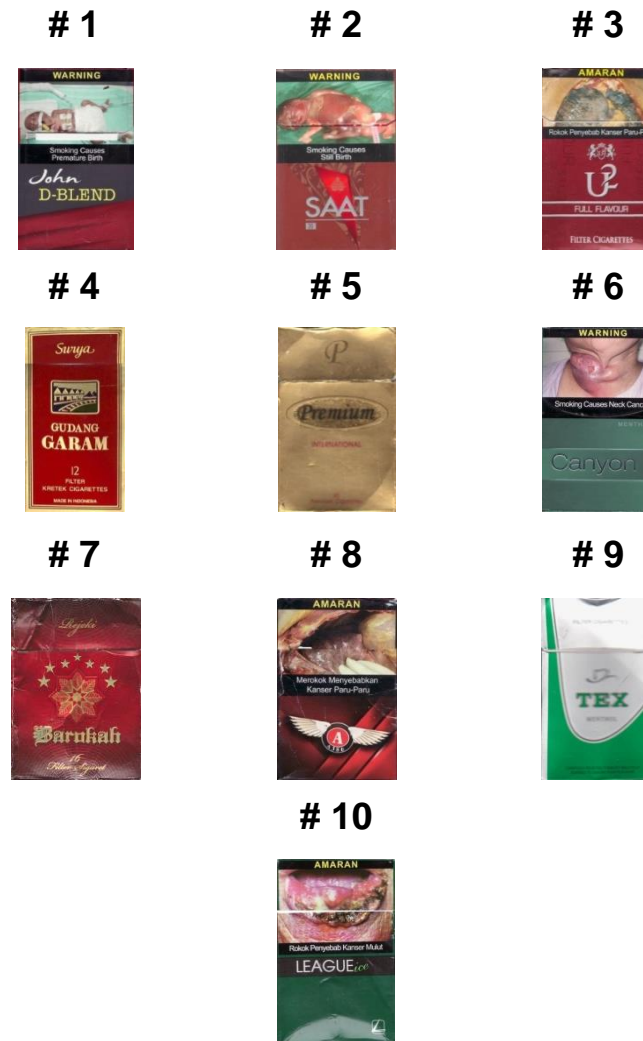


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR TERENGGANU

Volume contribution to National = 4%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	33.6	32.3	31.7
2.	Saat	27.9	26.6	27.1
3.	U2	5.9	6.7	5.8
4.	Gudang Garam	3.5	3.7	4.0
5.	Premium	1.1	0.3	1.5
6.	Canyon	1.0	0.7	1.9
7.	Barokah	0.6	0.3	0.3
8.	A380*	0.6	0.6	1.7
9.	Tex	0.5	-	0.0**
10.	League	0.3	0.7	1.6
<b>Total 10 Total</b>		<b>75.0</b>	<b>71.9</b>	<b>75.6</b>
Other Illegal		1.8	1.7	3.1
<b>Total Illegal %</b>		<b>76.8</b>	<b>73.6</b>	<b>78.7</b>

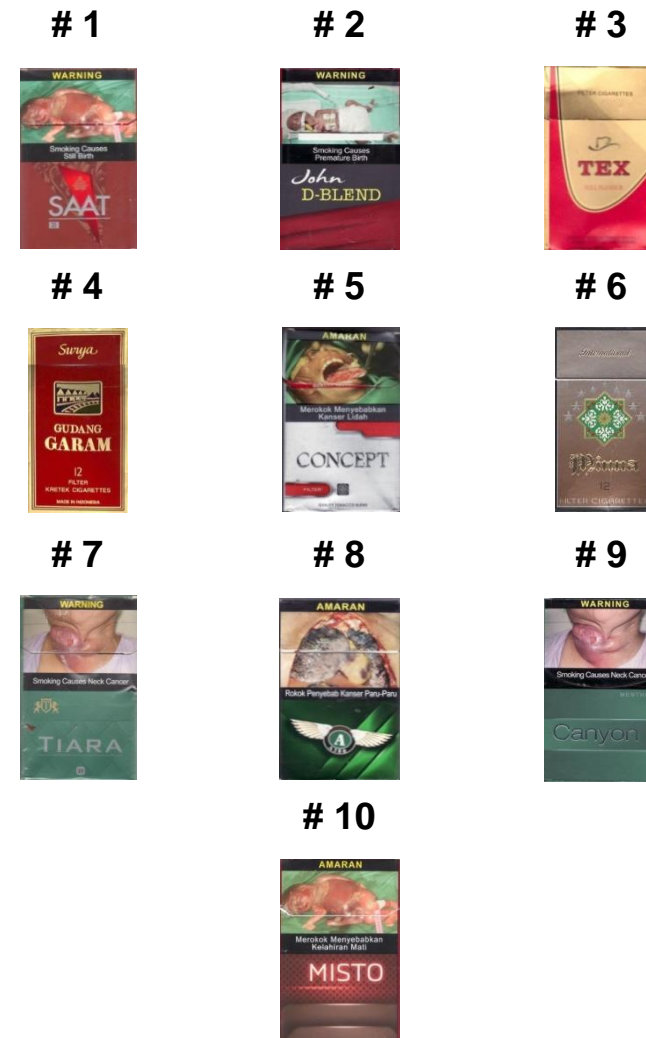


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise  
 0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR KELANTAN

Volume contribution to National = 4%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Saat	52.5	51.1	61.6
2.	John	9.6	9.5	4.4
3.	Tex	4.0	-	0.1
4.	Gudang Garam	1.5	4.6	4.7
5.	Concept*	0.6	0.5	0.7
6.	Minna	0.4	0.6	0.1
7.	Tiara	0.3	0.1	-
8.	A380*	0.2	0.2	0.6
9.	Canyon	0.1	-	0.1
10.	Misto*	0.1	-	-
<b>Total 10 Total</b>		<b>69.3</b>	<b>66.6</b>	<b>72.3</b>
Other Illegal		0.2	0.1	3.9
<b>Total Illegal %</b>		<b>69.5</b>	<b>66.7</b>	<b>76.2</b>

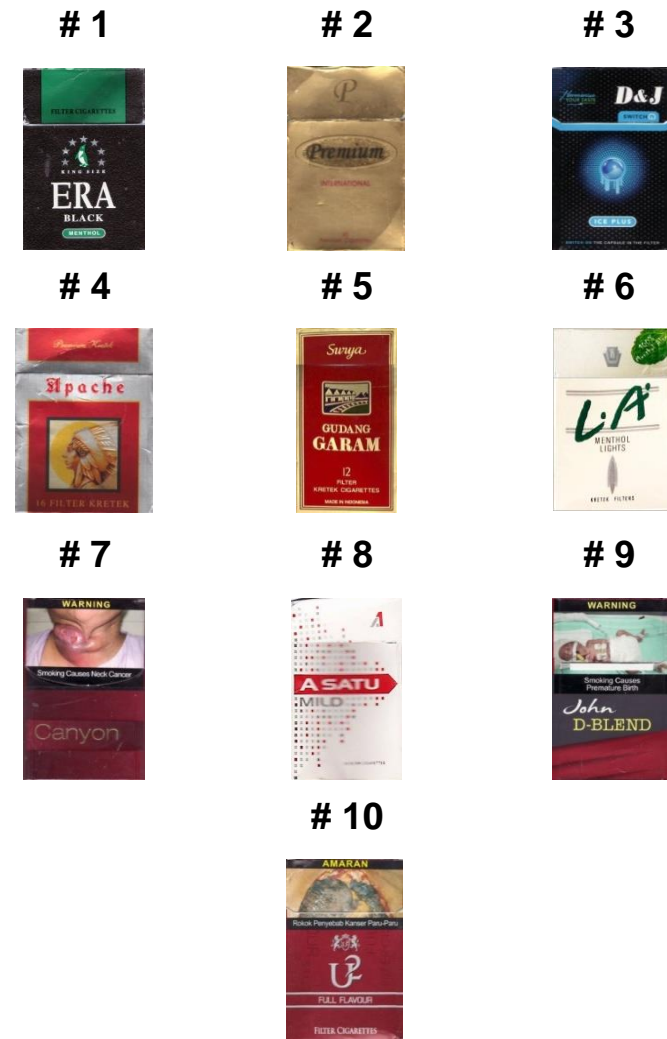


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise  
 0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR SABAH

Volume contribution to National = 7%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Era	60.3	48.4	50.6
2.	Premium	16.6	27.7	18.6
3.	D&J	4.1	1.6	3.1
4.	Apache	2.8	4.3	1.7
5.	Gudang Garam	0.9	0.8	0.5
6.	L.A.	0.6	1.1	3.5
7.	Canyon	0.2	0.1	0.3
8.	A Satu Mild	0.1	0.2	0.3
9.	John	0.1	0.1	0.2
10.	U2	0.1	0.1	0.0**
<b>Total 10 Total</b>		<b>85.8</b>	<b>84.4</b>	<b>78.8</b>
Other Illegal		0.1	1.0	2.2
<b>Total Illegal %</b>		<b>85.9</b>	<b>85.4</b>	<b>81.0</b>



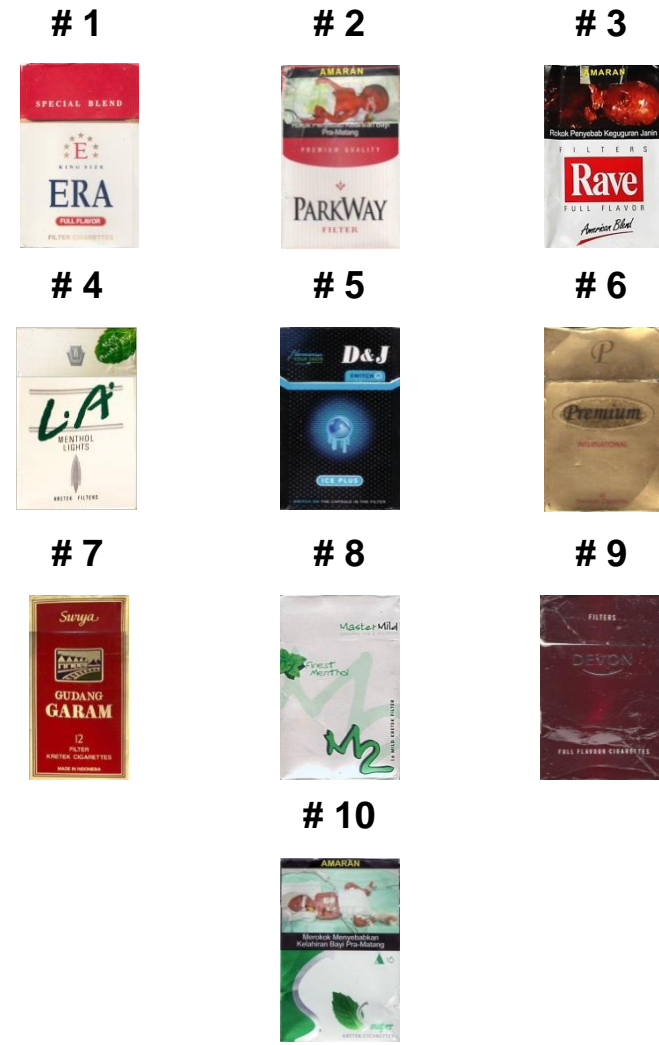
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR SARAWAK

Volume contribution to National = 3%

	Illegal Brand	Oct, 2020	Sep, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Era	30.6	25.1	28.2
2.	Parkway	18.9	16.8	17.1
3.	Rave	9.5	9.1	7.9
4.	L.A.	5.9	6.3	9.7
5.	D&J	3.8	3.5	3.6
6.	Premium	1.9	3.0	2.4
7.	Gudang Garam	1.6	1.2	1.1
8.	Master Mild M2	1.5	0.6	0.7
9.	Devon	1.5	0.3	0.3
10.	S Super	1.4	1.1	1.5
<b>Total 10 Total</b>		<b>76.6</b>	<b>67.0</b>	<b>72.5</b>
<i>Other Illegal</i>		5.9	9.0	13.6
<b>Total Illegal %</b>		<b>82.5</b>	<b>76.0</b>	<b>86.1</b>



\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise



# APPENDIX: NIELSEN'S ICS RESEARCH OBJECTIVE & METHODOLOGY

# RESEARCH OBJECTIVES

**1** Identify the **incidence & trend** of illegal cigarettes in Malaysia & at State Level

**2** Identify the **illegal brands** available in Malaysia and at State Level

**3** Identify the level of **compliance vs. non-compliance** on cigarette packs

I. Security features (Tax Stamps)

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II. Brands of Local Manufacturers and Importers registered with Royal Malaysian Customs

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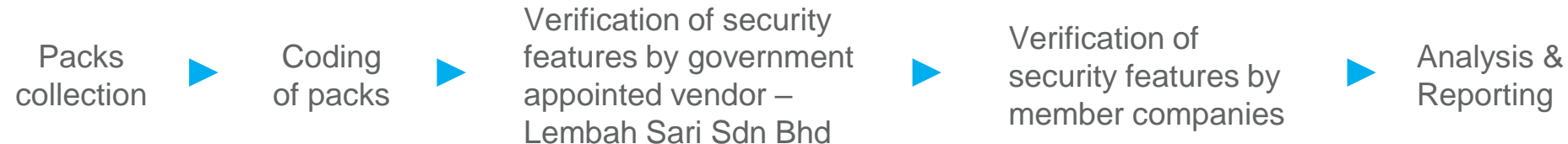
III. Mandated Labeling Requirements (under Control of Tobacco Product Regulations, Trade Description Act, Price Control & Anti Profiteering Act )

# OVERVIEW OF STUDY FRAMEWORK

## METHODOLOGY

- Method: **Litter collection of cigarette packs.**
- Frequency: **7 waves** in a year.
- Geographical coverage: Nationwide (Pen. M'sia and Sabah & Sarawak)
- Sample size: Nationwide **20,400 packs per wave** ( Pen M'sia = A minimum of 1,200 packs per State, Sabah & Sarawak = 1,600 packs each )

## PROCESS



## SAMPLING ERROR

0.6% at national level and minimum 2.8% at state level

## RELIABILITY

Packs  
Collection

Compared with

### Excise figures from:

- British American Tobacco (M) Berhad
- JT International Berhad
- Philip Morris (M) Sdn Bhd

A correlation of **0.99** consecutively since 1993 to 2020 were achieved indicating that the Litter Survey is reliable.

# ICS RESEARCH METHODOLOGY AND DESIGN

- i. ICS Universe, Sample Size**
- ii. Sampling Coverage Of ICS and Fieldwork
- iii. Coding Processes
- iv. Data Processing
- v. Weighting The Survey Data

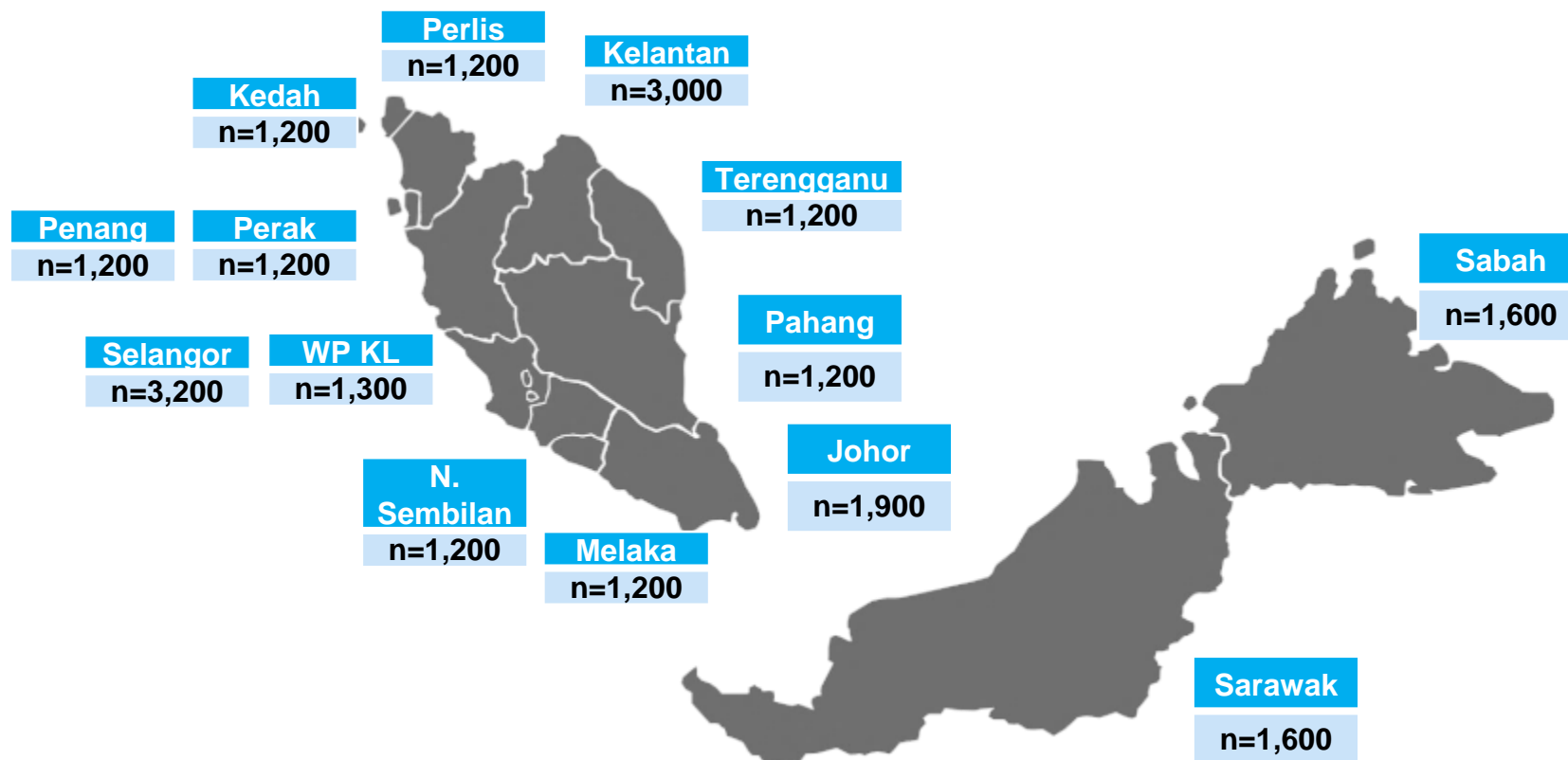
# WHY SAMPLE SIZE OF 51,000 PACKS?

Sample Size (n=)	Sampling Error @ 95% Confidence
n=50	14.9%
n=100	9.9%
n=250	5.9%
n=500	4.1%
n=1,000	2.8%
n=2,000	2.0%
n=3,000	1.6%
n=4,000	1.4%
n=10,000	0.8%
<b>n=20,000</b>	<b>0.6%</b>
n=50,000	0.4%

- The data accuracy for a sample size is dependent on the sample size of a study; **Sampling error declines** as **sample size** for a study is **increased**
- To ensure minimal sampling error at **National level**, **sample size of n=20,000** was chosen
- At State level, a minimum sample size of n=1,200 was chosen to optimize data accuracy without impacting the efficiency of fieldwork turnaround time.

# GEOGRAPHICAL COVERAGE & SAMPLE SIZE FOR EACH STATE

- State in Pen Malaysia, minimum sample size  $n=1,200$
- State in East Malaysia, sample size  $n=1,600$
- **These sample size are robust** taking into consideration geographical landscape, different cigarettes volume pattern and efficient turnaround of fieldwork



# ICS RESEARCH METHODOLOGY AND DESIGN

- i. ICS Universe, Sample Size
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# SAMPLING COVERAGE OF ICS

STATE	DISTRICT COVERED		
Perlis	Kangar		
Kedah	Kuala Muda	Kota Setar	Kulim
	Kubang Pasu	Baling	Pendang
Penang	Timur Laut	Seberang Perai Tengah	Seberang Perai Utara
Perak	Kinta	Larut & Matang	Manjung
	Hilir Perak	Kerian	
Selangor	Petaling	Ulu Langat	Klang
	Gombak	Kuala Langat	
WP KL	Spread across KL		
N. Sembilan	Seremban	Jempol	Port Dickson
	Tampin		
Melaka	Melaka	Alor Gajah	
Johor	Johor Bahru	Batu Pahat	Kluang
	Kulai Jaya	Muar	Kota Tinggi
Pahang	Kuantan	Temerloh	Bentong
	Maran	Rompin	Pekan
Terengganu	Kuala Terengganu	Kemaman	Dungun
	Besut		
Kelantan	Kota Bharu	Pasir Mas	Tumpat
	Bachok	Tanah Merah	
Sabah	Kota Kinabau	Tawau	Sandakan
	Lahad Datu	Keningau	Semporna
	Papar	Penampang	Beluran
	Tuaran	Ranau	Kota Belud
Sarawak	Kuching	Miri	Sibu
	Bintulu	Serian	Samarahan
	Sri Aman	Sarikei	Kapit
	Bau	Limbang	Saratok

- Nationwide
- All 13 states in Peninsular and East Malaysia and KL Federal Territory
- Covers each state's **top 50% most populous** districts
- The sampling approach ensure **both Urban & Rural** coverage reflects data released by Malaysia Department of Statistic (Census 2010)



# FLOW CHART FOR PRE-FIELDWORK AND FIELDWORK

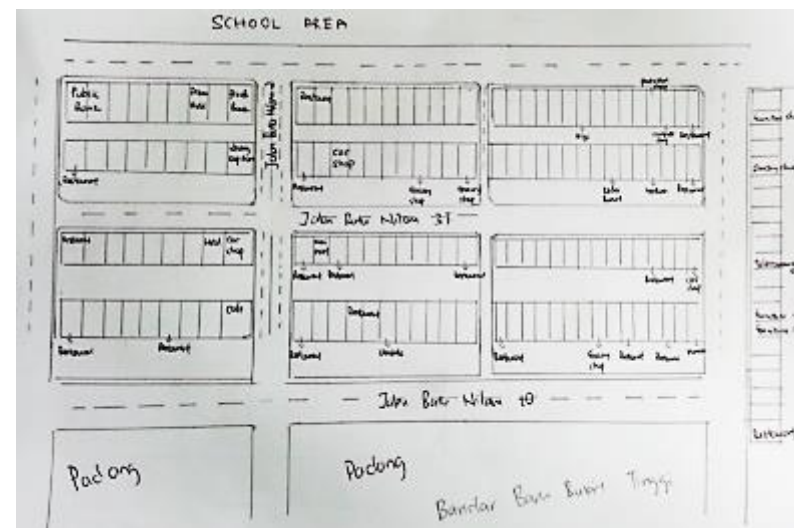
Establish starting point of collection

Collect 25 packs from the street each week

Attach label to bag: Standard label with the following:

- *State*
- *Location collected*
- *Area type*
- *Date of collection*

Packs will then be delivered to Nielsen's Head Office at KL for coding



# GUIDELINES FOR PACK COLLECTION

- All Packs collected from the collection points must be in decent condition. If not Lembah Sari Sdn. Bhd. will not be able to validate the authenticity of a pack if the packs are so badly damaged that certain key elements are missing
- Instruction to collectors is to collect pack in decent condition.
- No instruction on brand restriction is issued (hence, [rejection of packs in poor condition applies to all](#) brands)
- As such, collectors will have no preference on the packs being collected as long as it is in decent condition
- Remuneration for packs collected are standard across all pack type / brand



*Visual Examples of Unacceptable Packs*

# ICS RESEARCH METHODOLOGY AND DESIGN

- i. ICS Universe, Sample Size
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# A ROBUST SOP FOR PACK VERIFICATION & CODING PROCESS

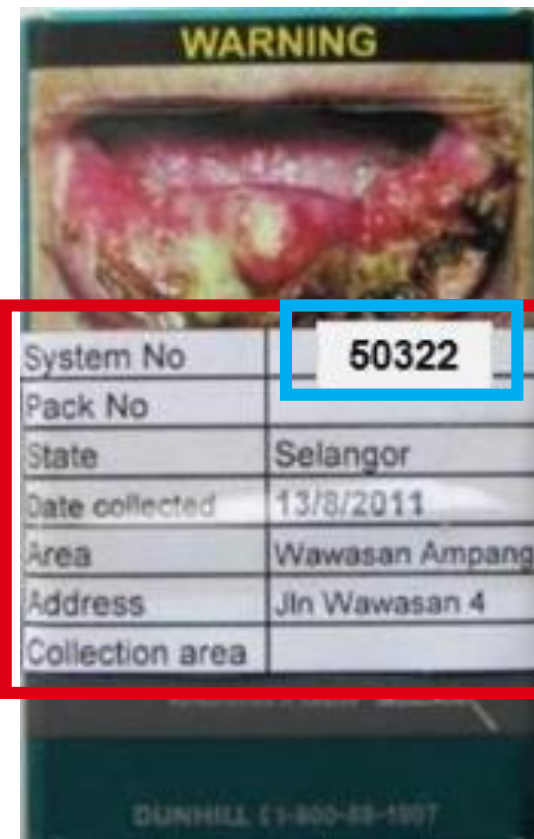
The following diagram illustrates the pack verification & coding process



# CODING AND STORAGE PROCESS AT NIELSEN HQ



1. Packs which arrive at Nielsen HQ are assigned a unique pack ID number

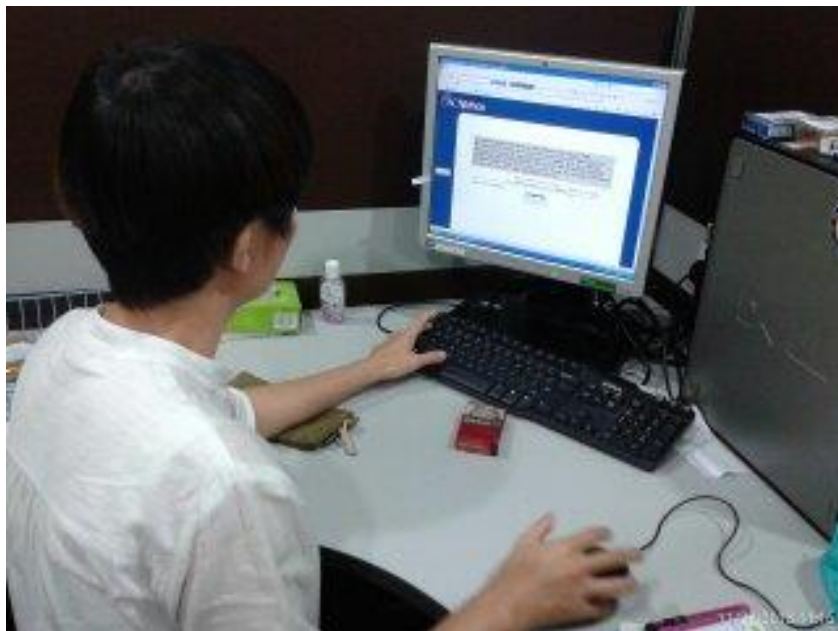


A unique ID is assigned to each pack when it reach Nielsen HQ

Each cigarettes pack which arrive will have a sticker with details on when and where it is collected

*Pack Sample*

# CODING AND STORAGE PROCESS AT NIELSEN HQ



2. Once the pack ID number is assigned, data entry process will begin. All information on the pack will be captured

3. When data entry is completed, the packs are sorted by brands and types



# CODING AND STORAGE PROCESS AT NIELSEN HQ

4. Once the sorting is complete, the cigarettes packs are stored on shelves with labeling for easy retrieval when required



# ILLEGAL CIGARETTES CRITERIA FOR VERIFICATION

Packs with at least one (1) of the following features:

1. Absence of Registered Importers
2. Unregistered Importers\*
3. Absence of Registered Manufacturers
4. Unregistered Manufacturers\*
5. Packs with counterfeit (fake) Malaysian tax stamp\*\*
6. Packs without Malaysian tax stamp
7. Packs with non-Malaysian tax stamp
8. Unregistered Brand\*
9. Non Compliance to Ministry of Health's Control of Tobacco Product Regulations (CTPR) 2004
  - I. Absence or Non Compliance of Pictorial Health Warning Requirements
  - I. Pack Size other than 20 sticks
  - II. Absence or Non Compliance of mandated labeling requirements

\* Not registered with the Royal Malaysian Customs

\*\* Verified by Lembah Sari Sdn Bhd (LSSB) – Government appointed sole vendor for tax stamp

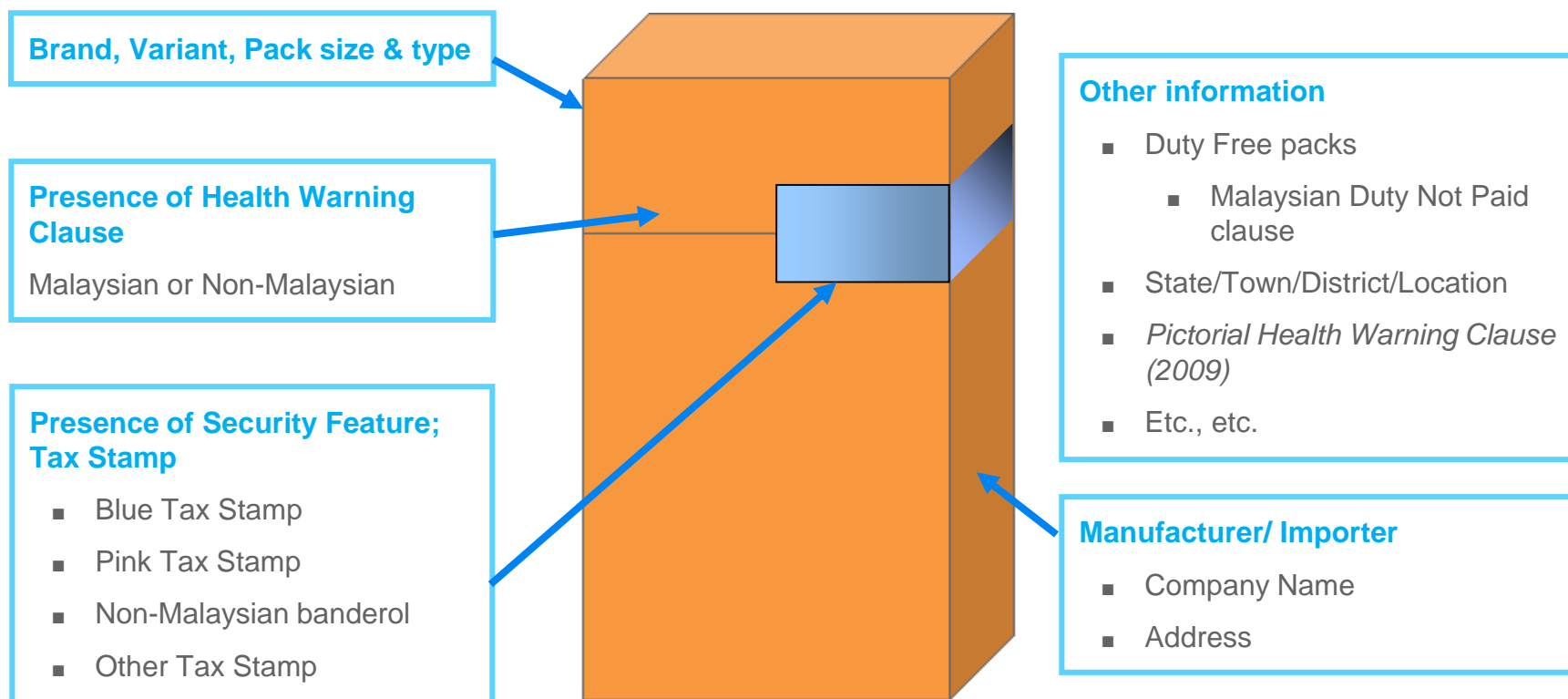


# REGULATIONS SET BY THE MALAYSIA GOVERNMENT

- All locally manufactured cigarettes and imported cigarettes are required to meet the following criteria:
  - **Registered brand** with Customs
  - **Registered manufacturer** with Customs
  - **Registered importer** with Customs (if it is an imported pack)
  - **Malaysian labeling requirements** i.e. pictorial health warning clause, textual health warning clause, “no sales to under 18” clause, manufacturing date, name and address on manufacturer/importer
  - **Pack size** of not less than 20 sticks
- Additional security features for imported / manufactured packs for **domestic** consumption:
  - Blue tax stamp
- Additional security features for imported / manufactured packs for **duty free** consumption:
  - Pink tax stamp

# VISIBLE ELEMENTS CAPTURED IN ICS

The following visible elements is **checked & coded / captured** for *each* of the collected packs by Nielsen Malaysia



*Information on registered brands, registered manufacturers/ Importers is provided by CMTM*

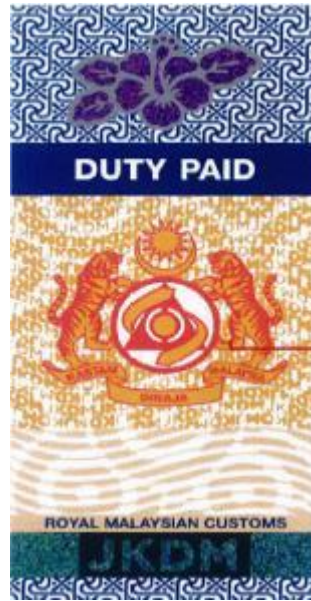
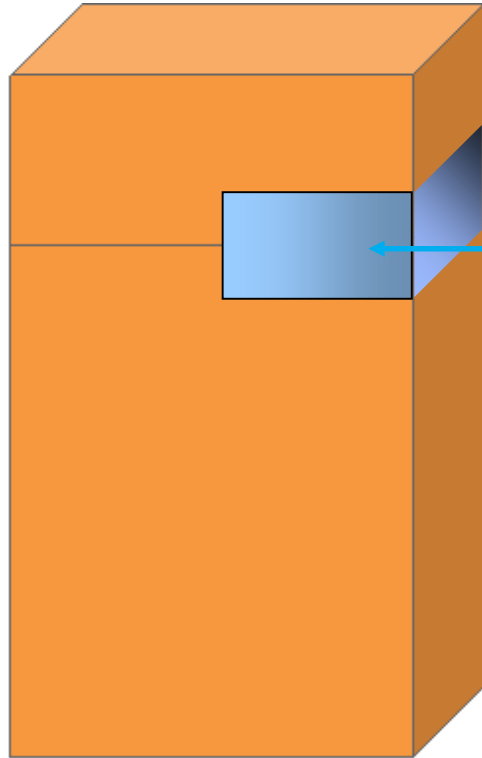
# VERIFICATION OF SECURITY TAX STAMP

- **Tax Stamps** are verified by Lembah Sari using the special reader/tool
- Verification outcome: **sign off by Lembah Sari & Nielsen** as witness

No	Pack ID System	Brand	Pack Size	Security Ink	Remarks (by LSSB)	Other Comments
10	7	30720	John	20	F	
11	8	111197	John	20	F	
12	9	110215	John	20	F	
13	10	101121	John	20	F	
14	11	40085	John	20	F	
15	12	40782	John	20	F	
16	13	121022	John	20	F	
17	14	100613	John	20	F	
18	15	121195	John	20	F	
19	16	110975	John	20	F	
20	17	60734	John	20	F	
21	18	110977	John	20	F	
22	19	41164	John	20	F	
23	20	40784	John	20	F	
24	21	40689	John	20	F	
25	22	40788	John	20	F	
26	23	40711	John	20	F	
27	24	10938	John	20	F	
28	25	41090	John	20	F	
29	26	40662	John	20	F	
30	27	40996	John	20	F	
31	28	4167	John	20	F	
32	29	111168	John	20	F	
33	30	41032	John	20	F	
34	31	40639	John	20	F	
35	32	120799	John	20	F	
36	33	40843	John	20	F	
37	34	40682	John	20	F	



# VERIFICATION OF SECURITY TAX STAMP



**Blue Tax Stamp**  
(Domestic Market)

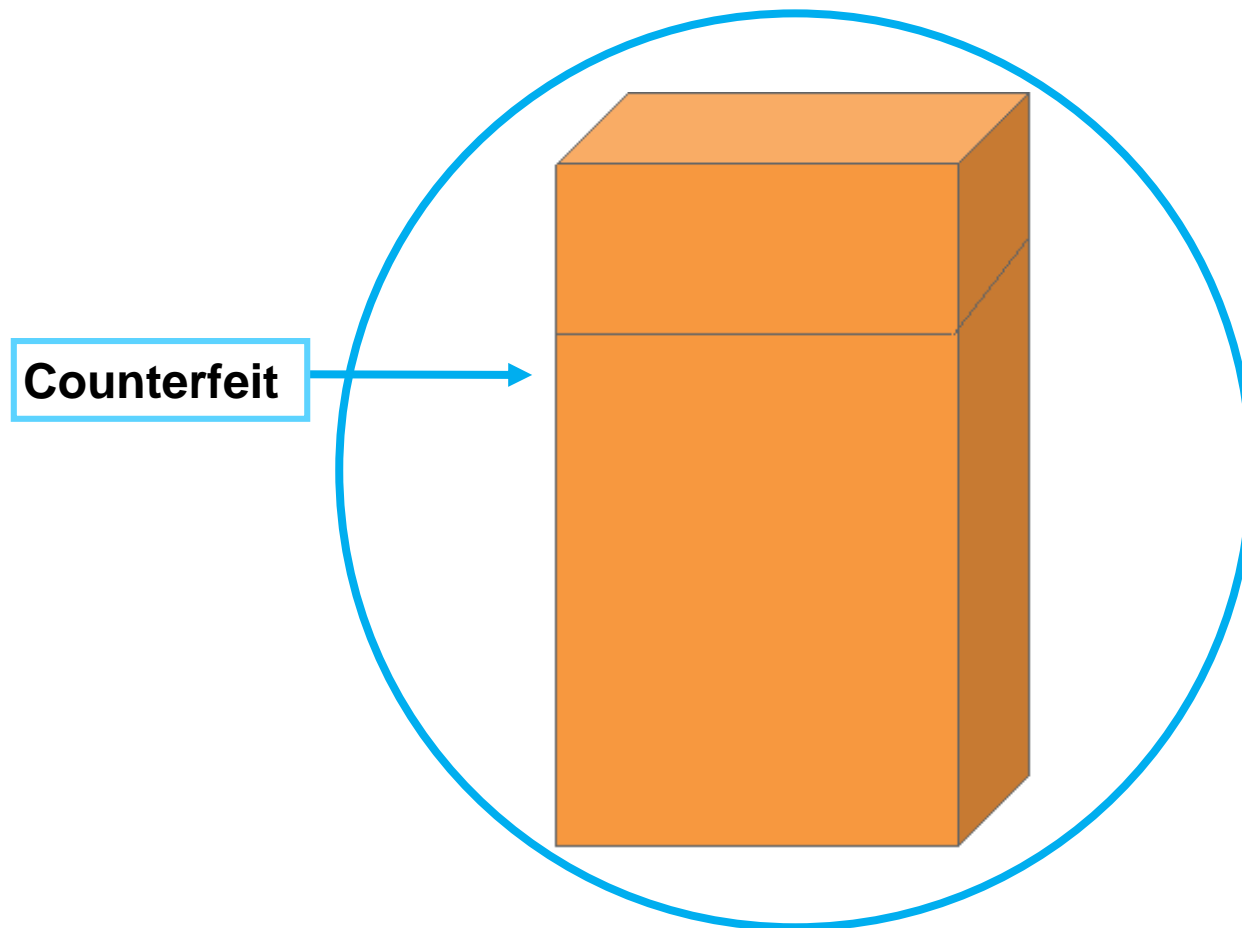
OR



**Pink Tax Stamp**  
(Duty Free Market)

# VERIFICATION OF NON-VISIBLE ELEMENTS

- Only applicable to CMTM members' brands
- **Verification** by the respective member companies' **technical experts**
- Pack **IDs of identified Counterfeit packs** are given to Nielsen Malaysia

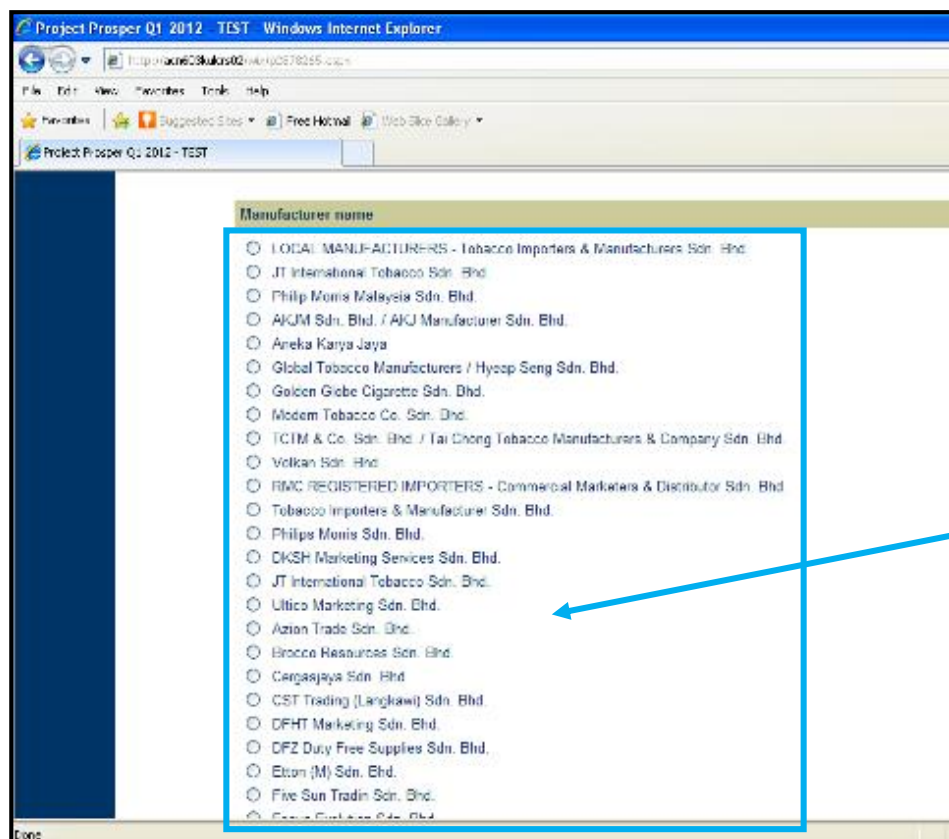


# ICS RESEARCH METHODOLOGY AND DESIGN

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- iv. Data Processing**
- v. Weighting The Survey Data

# DATA PROCESSING (DATA CLEANING & MERGING)

- Software program to ensure data accuracy
- Logic checks on brand and manufacturers
- Security feature verification results merged into data file



## Control of Response List by Researchers

- Data entry can only input data as per the response list provided
- Any new information to be added to the response list is **subject to Research Team approval**
- Research Team will **review and validate the new details** before adding in any new response into the system

# DATA PROCESSING (QUALITY CONTROL)

	A1	responseid										
	A	B	E	F	G	H	I	J	K	L	M	
1	responseid	respid	Q5, Wave	Q6, Month	Q8, State	Q10, Loca	Q0, Strear	Q13, Spec	Q10	Q26, Regi	Q20, Bran	
2	1	24003	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Dunhill Re				
3	2	3	Wave 3, Week 33: 03/10/20	Oct-12	Perlis	Perlis - Ko,Urban	Perlis, Kor Jalan Ara, North [Per	Peter Stuy				
4	3	36003	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Dunhill Re				
5	4	10	Wave 3, Week 33: 03/10/20	Oct-12	Perlis	Perlis - Ko,Urban	Perlis, Kor Jalan Ara, North [Per	Dunhill Re				
6	5	36038	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Dunhill Re				
7	6	36004	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Winston R				
8	7	24004	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Dunhill Re				
9	8	24005	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Dunhill Re				
10	9	36005	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Dunhill Me				
11	10	24006	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Dunhill Re				
12	11	36040	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Dunhill Me				
13	12	36006	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Gudang G				
14	13	36007	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Gudang G				
15	14	30070	Wave 3, Week 33: 03/10/20	Oct-12	Kedah	Kedah - A,Urban	Jalan Peg, Jalan Peg North [Per	Marlboro				
16	15	36041	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Dunhill Me				
17	16	24007	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Winston R				
18	17	24008	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Winston R				
19	18	36042	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Premium 8				
20	19	36008	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Gudang G				
21	20	36009	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Gudang G				
22	21	4	Wave 3, Week 33: 03/10/20	Oct-12	Perlis	Perlis - Ko,Urban	Perlis, Kor Jalan Ara, North [Per	Salem Me				
23	22	30079	Wave 3, Week 33: 03/10/20	Oct-12	Kedah	Kedah - A,Urban	Jalan Peg, Jalan Peg North [Per	Marlboro				
24	23	36010	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Marlboro				
25	24	36043	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Premium 8				
26	25	36011	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - Tor East Mala	Ero Premi				
27	26	36044	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Premium 8				
28	27	24009	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Winston R				
29	28	30080	Wave 3, Week 33: 03/10/20	Oct-12	Kedah	Kedah - A,Urban	Jalan Peg, Jalan Peg North [Per	Marlboro				
30	29	5	Wave 3, Week 33: 03/10/20	Oct-12	Perlis	Perlis - Ko,Urban	Perlis, Kor Jalan Ara, North [Per	Marlboro				
31	30	24010	Wave 3, Week 33: 03/10/20	Oct-12	Johor	Johor - Ba,Urban	Johor, Bar Taman Bc South [Joh	Winston R				
32	31	36045	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas East Mala	Premium 8				
33	32	30081	Wave 3, Week 33: 03/10/20	Oct-12	Kedah	Kedah - A,Urban	Jalan Peg, Jalan Peg North [Per	Marlboro				

10% of data entered into the database will be cross-check by a QC personnel to ensure data accuracy and coders are capturing the data correctly

QC personnel will randomly select 10% of packs which has been keyed into the system, cross-compare to ensure pack features is similar to what has been recorded in the system and rectify the data

Besides completing a 10% physical QC check, the database is reviewed to check for data discrepancy against known facts

- E.g. Dunhill belongs to BAT M'sia ,
- Legal packs comes only in pack size of 20s

If any data discrepancies are detected, the affected pack will be extracted and a physical validation process will be undergone



# ICS RESEARCH METHODOLOGY AND DESIGN

- i. ICS Universe, Sample Size
- ii. Sampling Coverage Of ICS and Fieldwork
- iii. Coding Processes
- iv. Data Processing
- v. **Weighting The Survey Data**

## Why apply Weighting to Survey Data?

- A weighting process is used to determine the total estimated cigarettes volume pattern of an individual state
- If weighting is not done, then:
  - **All states** in Peninsular are assumed to have **equal volumes** of total cigarettes volume
    - Perlis with a smaller population will be **over represented** and Selangor, with a bigger population will be **under represented**
    - Sabah and Sarawak, combined would represent about 16% ( 8,000 of 51,000 packs) of total cigarettes volume in Malaysia, which in reality is less than 10%.

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 1: Establish the Estimated Legal Industry Volume

- The **estimated legal industry volume** is established based on the following information:
  - In-market sales** as provided independently by British American Tobacco Malaysia (BATM), Philip Morris Malaysia (PMM) and Japan Tobacco International (JTI)
  - Local manufacturers' **volume** from **Nielsen's Retail Audit**
  - Malaysian Duty Free** volume from Illicit Cigarettes Study (**ICS**)

	Oct, 2020	
	('000 sticks)	
CMTM Member Companies (BATM, PMM, JTI)	55,300	Derive from actual in-market sales as provided by CMTM member companies
Other Local manufacturers	22	
Malaysian Duty Free	16,743	ICS volume estimation is used as substitute since actual data is not available
<b>Total Legal Cigarettes Sales</b>	<b>576,065</b>	

Unit of measurement : thousand sticks

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 2: Establish the Legal Industry Volume contribution by State

- Using Nielsen Retail Audit as a guideline, **establish each states' legal volume contribution** towards the national volume of 576,065,000 sticks

	NIELSEN RETAIL AUDIT	STATE'S LEGAL VOLUME CONTRIBUTION
PERLIS	1,596	0.4%
KEDAH	16,137	3.6%
PENANG	27,344	6.1%
PERAK	26,549	5.9%
SELANGOR	137,596	30.7%
WP KL	62,782	14.0%
N.SEMBILAN	19,352	4.3%
MELAKA	21,823	4.9%
JOHOR	77,461	17.3%
PAHANG	20,307	4.5%
TERENGGANU	8,534	1.9%
KELANTAN	14,890	3.3%
SABAH	9,580	2.1%
SARAWAK	4,921	1.1%
NATIONAL	448,872	

### Step 2a. (Using Retail Audit)

State Legal Volume Contribution =  $\frac{\text{State's Retail Audit Volume}}{\text{National Volume}}$   
 (e.g.  $137,596 / 448,872 = 30.7\%$ )

	NIELSEN RETAIL AUDIT	STATE'S LEGAL VOLUME CONTRIBUTION	PROJECTED/ ESTIMATED STATE LEGAL VOLUME
SELANGOR	137,596	30.7%	176,585
NATIONAL	448,872		576,065

### Step 2b.

Projected States Legal Volume = State Legal Volume Contribution X National Legal Volume  
 (derived from Retail Audit) (obtained from Step 1)  
 (e.g.  $30.7\% \times 576,065 = 176,585$ )

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 2: Key Output

	NIELSEN RETAIL AUDIT	STATE'S LEGAL VOLUME CONTRIBUTION	PROJECTED/ ESTIMATED STATE LEGAL VOLUME
PERLIS	1,596	0.4%	2,048
KEDAH	16,137	3.6%	20,710
PENANG	27,344	6.1%	35,092
PERAK	26,549	5.9%	34,071
<b>SELANGOR</b>	<b>137,596</b>	<b>30.7%</b>	<b>176,585</b>
WP KL	62,782	14.0%	80,572
N.SEMBILAN	19,352	4.3%	24,836
MELAKA	21,823	4.9%	28,007
JOHOR	77,461	17.3%	99,411
PAHANG	20,307	4.5%	26,062
TERENGGANU	8,534	1.9%	10,952
KELANTAN	14,890	3.3%	19,109
SABAH	9,580	2.1%	12,294
SARAWAK	4,921	1.1%	6,316
<b>NATIONAL</b>	<b>448,872</b>		<b>576,065</b>

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 3: Establish the Incidence for Legal / Illegal Cigarettes

- Convert the data from “**packs collected** “ to “**sticks**” (based on pack size)
- The **study’s unit of measurement** is based on consumption in **sticks**
  - Though CTPR prohibits the sales of cigarettes below the pack sizes of 20 sticks, **illegal cigarettes** (primarily for illegal kretek) could still be found **in pack sizes below 20 sticks**
  - The **calculation based on number of packs collected** will **create a false inflation** on illegal volume due to the presence of packs sizes below 20 sticks

State	Total packs collected (Oct'20)	Number of legal packs collected	(Unweighted) Volume of legal packs collected	Number of illegal packs collected	(Unweighted) Volume of illegal packs collected	Total volume (Legal + Illegal)	Incidence of legal cigarettes	Incidence of illegal cigarettes
			A		B	C = A + B	D = A / C	E = B / C
SELANGOR	3,200	1,052	21,040	2,148	39,160	60,200	35.0%	65.0%

### Step 3a.

Sum up the number of sticks per pack for all legal packs collected to establish the estimated legal volume in sticks

### Step 3b.

Repeat Step 3a to establish the estimated illegal volume in sticks

### Step 3c.

Sum up the total consumption for both legal and illegal to establish The estimated total cigarette volume at state level

### Step 3d.

Calculate the ratio of estimated legal vs. illegal volume

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 3: Incidence for Legal / Illegal Cigarettes Key Output

- Establish the level of legal vs. illegal cigarettes ratio in each respective state

State	Total packs collected (Oct'20)	Number of legal packs collected	(Unweighted) Volume of legal packs collected	Number of illegal packs collected	(Unweighted) Volume of illegal packs collected	Total volume (Legal + Illegal)	Incidence of legal cigarettes	Incidence of illegal cigarettes
			A		B	C = A + B	D = A / C	E = B / C
PERLIS	1,200	488	9,760	712	12,460	22,220	43.8%	56.2%
KEDAH	1,200	362	7,240	838	15,320	22,560	32.1%	67.9%
PENANG	1,200	540	10,800	660	12,215	23,015	47.0%	53.0%
PERAK	1,200	742	14,840	458	8,841	23,681	62.7%	37.3%
SELANGOR	3,200	1,052	21,040	2,148	39,160	60,200	35.0%	65.0%
WP KL	1,300	391	7,820	909	16,692	24,512	31.9%	68.1%
N.SEMBILAN	1,200	564	11,280	636	11,937	23,217	48.6%	51.4%
MELAKA	1,200	526	10,520	674	13,249	23,769	44.3%	55.7%
JOHOR	1,900	1,019	20,380	881	17,109	37,489	54.4%	45.6%
PAHANG	1,200	269	5,380	931	16,848	22,228	24.2%	75.8%
T'GANU	1,200	272	5,440	928	18,003	23,443	23.2%	76.8%
KELANTAN	1,200	361	7,220	839	16,487	23,707	30.5%	69.5%
SABAH	1,600	222	4,440	1,378	27,144	31,584	14.1%	85.9%
SARAWAK	1,600	273	5,460	1,327	25,716	31,176	17.5%	82.5%

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 4: Project Total Market Volume

- Once each states' estimated legal volume and legal incidence have been established, the numbers will be used to project total industry volume for each state

	STATE <b>LEGAL</b> VOLUME	LEGAL INCIDENCE	TOTAL MARKET VOLUME	STATE <b>ILLEGAL</b> VOLUME
	A	B	$C = A / B$	$D = C - A$
SELANGOR	176,585	35.0%	505,247	328,663

### Step 4a.

Based on the incidence for legal cigarettes of 42.1% in Selangor, project the total volume for the state  
(e.g. 176,585 divide by 35.0% = 505,247)

### Step 4b.

Illegal volume is established by subtracting the projected total state's volume with the legal volume  
(e.g. 505,247 – 176,585 = 328,663)



# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 4: Key Output - Illegal Cigarettes Incidence @ National level

- Repeat the same process in Step 4 for all States

	STATE LEGAL VOLUME	LEGAL INCIDENCE	TOTAL MARKET VOLUME	STATE ILLEGAL VOLUME
PERLIS	2,048	43.8%	4,671	2,623
KEDAH	20,710	32.1%	64,532	43,823
PENANG	35,092	47.0%	74,709	39,617
PERAK	34,071	62.7%	54,370	20,298
SELANGOR	176,585	35.0%	505,247	328,663
WP KL	80,572	31.9%	252,555	171,983
N.SEMBILAN	24,836	48.6%	51,119	26,283
MELAKA	28,007	44.3%	63,279	35,272
JOHOR	99,411	54.4%	182,866	83,455
PAHANG	26,062	24.2%	107,676	81,614
TERENGGANU	10,952	23.2%	47,198	36,245
KELANTAN	19,109	30.5%	62,746	43,636
SABAH	12,294	14.1%	87,455	75,161
SARAWAK	6,316	17.5%	36,063	29,747
<b>NATIONAL</b>	<b>576,065</b>		<b>1,594,484</b>	<b>1,018,419</b>

Divide **National Illegal Volume 1,018,419** with **National Total Market Volume 1,594,484** **63.9%**

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