

# ILLICIT CIGARETTES STUDY (ICS) IN MALAYSIA SEP 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

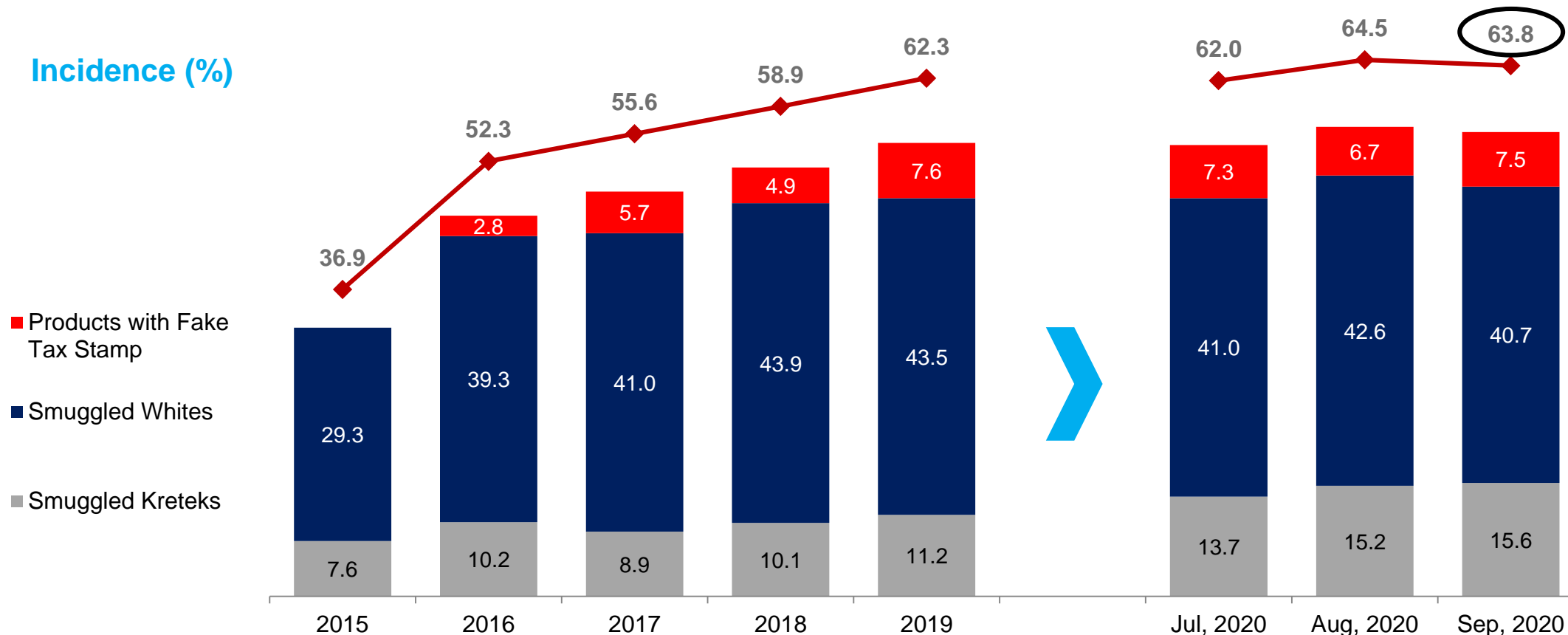
\* Not registered with the Royal Malaysian Customs

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

# ILLEGAL CIGARETTES INCIDENCE AT NATIONAL LEVEL:

Overall decreased by 0.7 ppt. vs. Aug, 2020

## Incidence (%)



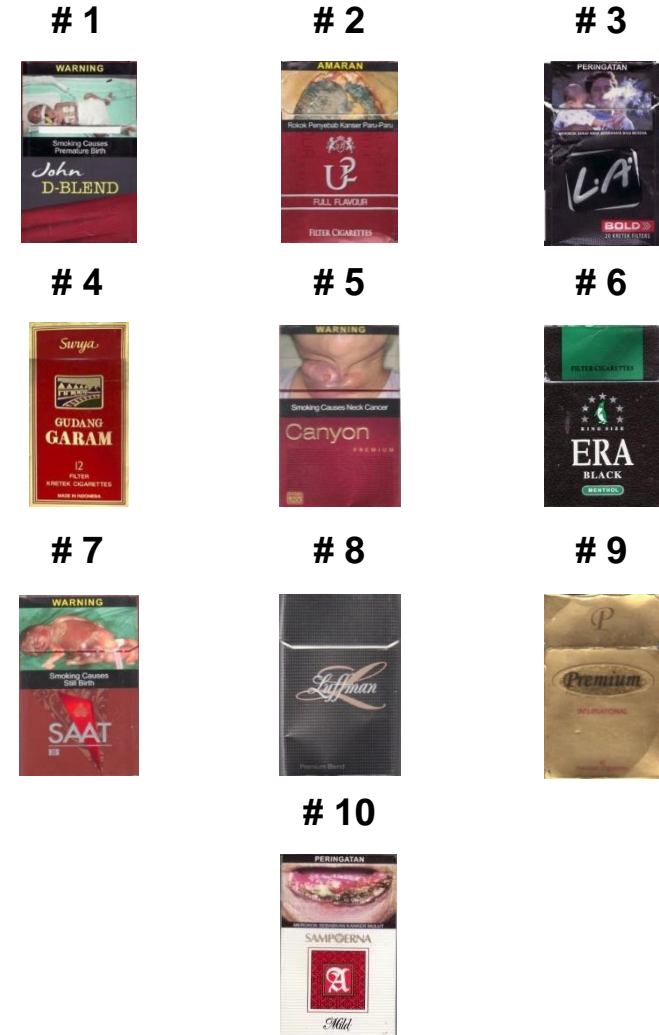
## Volume (Billions sticks)

Illegal Cigarettes	7.1	10.1	11.1	12.0	12.2	1.0	1.0	1.1
Estimated Total industry	19.2	19.3	20.0	20.4	19.5	1.6	1.6	1.7
<i>Incidence</i>	<i>36.9%</i>	<i>52.3%</i>	<i>55.6%</i>	<i>58.9%</i>	<i>62.3%</i>	<i>62.0%</i>	<i>64.5%</i>	<i>63.8%</i>

# TOP 10 ILLEGAL CIGARETTES BRANDS\*

They account for approximately 82% of illegal cigarettes volume;  
 L.A continue to grow vs. 2019 – is now the largest smuggled kretek brand nationally

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	12.9	13.9	14.2
2.	U2	10.9	8.6	5.3
3.	LA	6.8	5.7	3.6
4.	Gudang Garam	5.8	6.0	6.0
5.	Canyon	4.4	4.0	4.5
6.	Era	3.3	4.5	4.4
7.	Saat	3.1	3.4	4.9
8.	Luffman	1.7	1.9	1.3
9.	Premium	1.7	2.2	1.5
10.	Sampoerna	1.5	1.7	0.6
<b>Total 10 Total</b>		<b>52.1</b>	<b>51.9</b>	<b>46.3</b>
Other Illegal		11.7	12.6	16.0
<b>Total Illegal %</b>		<b>63.8</b>	<b>64.5</b>	<b>62.3</b>

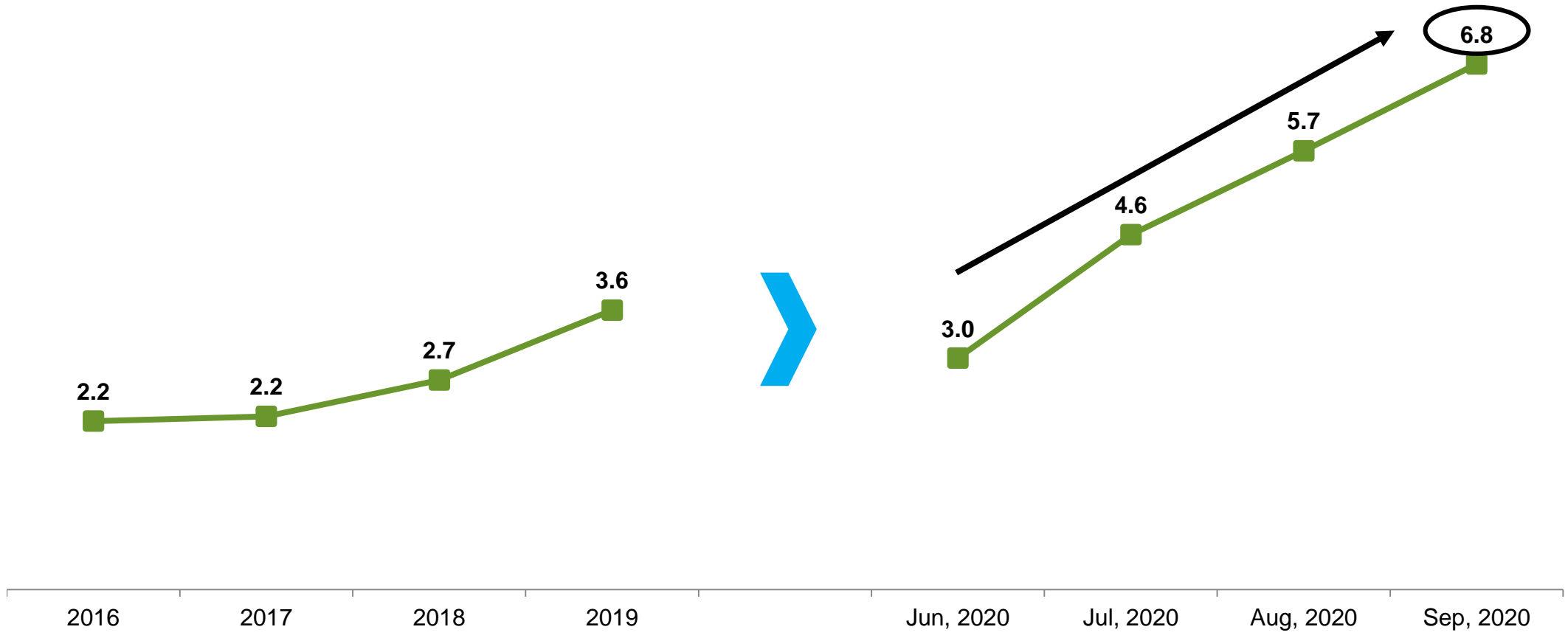


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# ILLEGAL L.A. GROWTH TREND

L.A. has been on steady growth since 2017 – continue on growth trend in 2020

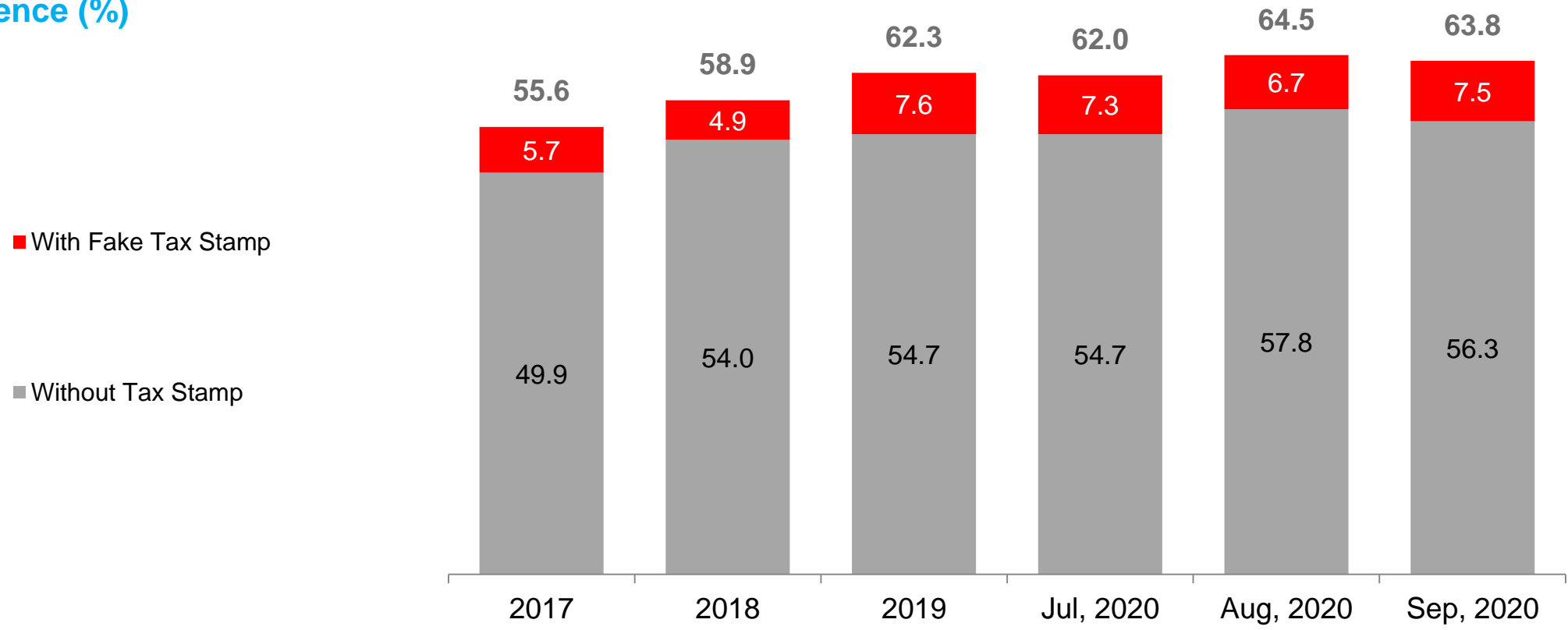
■ LA Illegal Incidence



# TAX STAMP BREAKDOWN OF ILLEGAL CIGARETTES:

88% of illegal cigarettes are without tax stamps while remaining 12% are with fake tax stamps

## Incidence (%)





# FAKE TAX STAMP BREAKDOWN BY MANUFACTURERS / IMPORTERS:

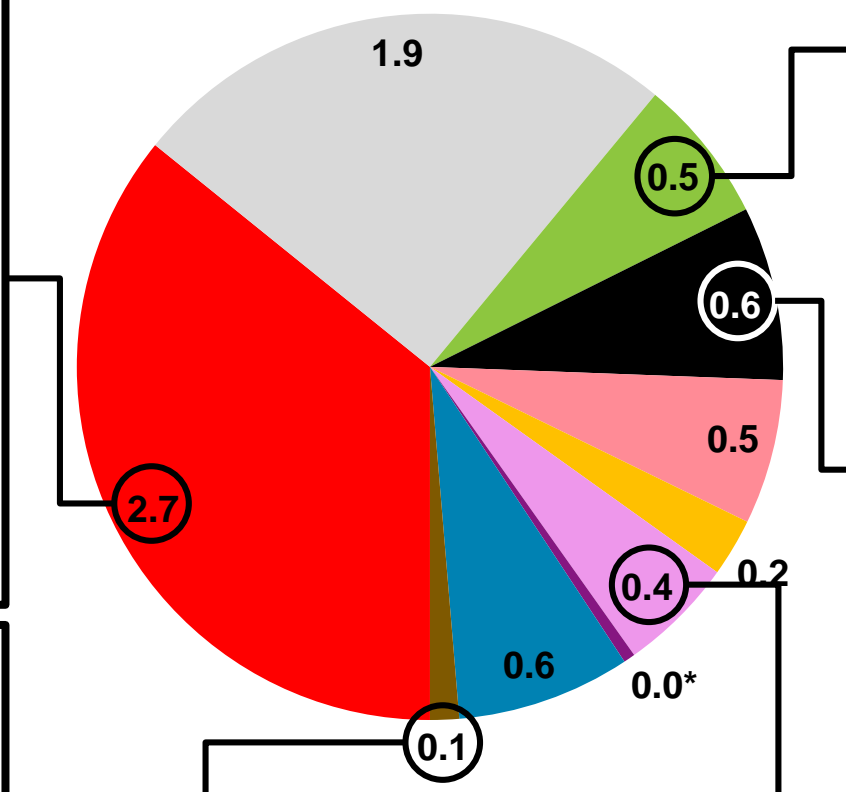
Illegal cigarettes with fake tax stamp for brands imported by Five Sun Trading, Legasi Jutawan, P.U. Gemilang, Zeno DFSC, VTI Marketing and Azion Trade has increased in Sep

**Global Tobacco Manufacturer :**

<b>Incidence (%)</b> 0.3	<b>Incidence (%)</b> 1.0	<b>Incidence (%)</b> 0.4
<b>Incidence (%)</b> 0.1	<b>Incidence (%)</b> 0.8	<b>Incidence (%)</b> 0.1

**LY Ocean Management :**

<b>Incidence (%)</b> 0.1



- 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

**Five Sun Trading :**

<b>Incidence (%)</b> 0.5

**P.U. Gemilang :**

<b>Incidence (%)</b> 0.6

**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 Five Sun Trading, Legasi Jutawan, P.U. Gemilang, Zeno DFSC, VTI Marketing and Azion Trade has increased in Sep

**Zeno DFSC :**

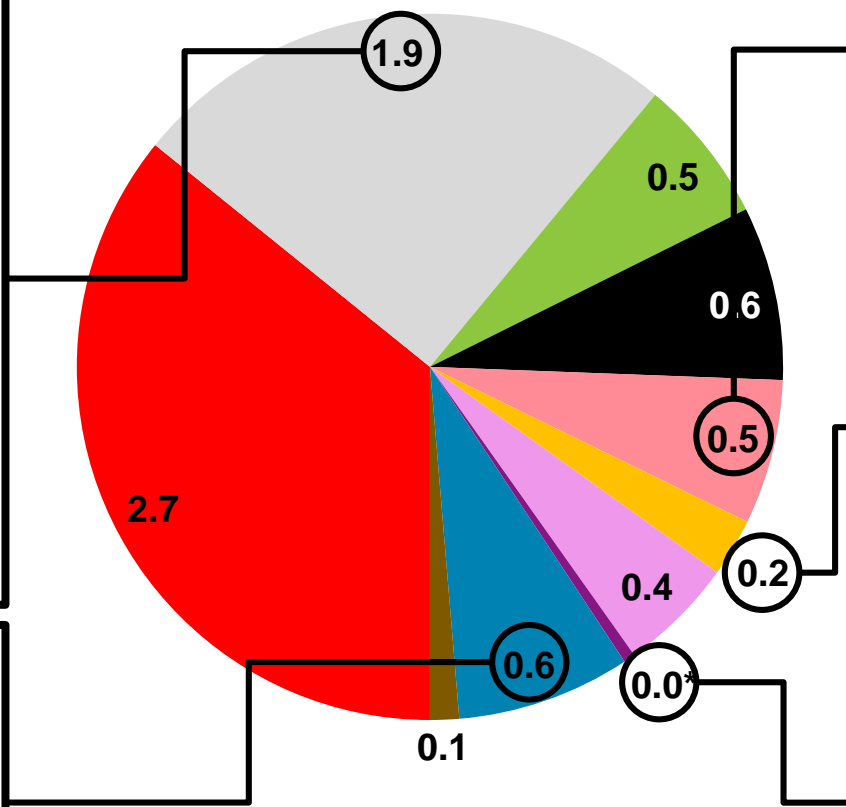
AMARAN	0.0*	1.2	0.3
BOSSTON			
Vison			
Pragon	0.3		
MISTO	0.0*		

*Incidence (%)*

**Azion Trade :**

MISTO	0.6
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*Incidence (%)*



- 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

**VTI Marketing :**

AMARAN	0.5
Manchester	

*Incidence (%)*

**Urus Cepat :**

AMARAN	0.2
MYTHOS	0.0*
CRAVIS	

*Incidence (%)*

**Bintang Ori Mkt :**

AMARAN	0.0*
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*Incidence (%)*

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

# ILLEGAL CIGARETTES INCIDENCE BY STATES:

6 States recording an increase vs. Aug, 2020

	A				B				A minus B				Volume Contribution
	Sep, 2020				Aug, 2020				Variance (Sep'2020 vs. Aug'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	85.4	0.0	78.8	6.6	89.0	0.0	81.7	7.3	-3.6	0.0	-2.9	-0.7	8%
Pahang	76.5	4.5	53.2	18.8	78.0	3.1	53.2	21.7	-1.5	+1.4	0.0	-2.9	9%
Sarawak	76.0	0.0	64.9	11.1	85.0	0.0	73.0	12.0	-9.0	0.0	-8.1	-0.9	2%
Terengganu	73.6	1.7	67.8	4.1	72.5	2.1	65.1	5.3	+1.1	-0.4	+2.7	-1.2	3%
WP KL	68.7	4.6	41.1	23.0	66.5	1.8	40.6	24.1	+2.2	+2.8	+0.5	-1.1	18%
Kelantan	66.7	0.9	61.1	4.7	71.7	3.2	62.4	6.1	-5.0	-2.3	-1.3	-1.4	4%
Selangor	66.6	6.3	36.1	24.2	65.7	4.4	38.7	22.6	+0.9	+1.9	-2.6	+1.6	34%
Kedah	66.2	14.3	41.4	10.5	67.0	14.4	45.7	6.9	-0.8	-0.1	-4.3	+3.6	4%
Perlis	54.9	3.7	38.9	12.3	65.0	4.8	47.2	13.0	-10.1	-1.1	-8.3	-0.7	0%
Melaka	54.8	23.7	25.5	5.6	50.1	23.2	23.2	3.7	+4.7	+0.5	+2.3	+1.9	3%
Penang	49.3	11.2	32.3	5.8	50.8	11.5	32.7	6.6	-1.5	-0.3	-0.4	-0.8	3%
N.Sembilan	47.4	5.9	34.4	7.1	46.9	13.9	21.3	11.7	+0.5	-8.0	+13.1	-4.6	2%
Johor	44.7	12.8	26.4	5.5	45.9	15.1	25.9	4.9	-1.2	-2.3	+0.5	+0.6	8%
Perak	39.3	20.3	17.6	1.4	38.6	16.9	19.9	1.8	+0.7	+3.4	-2.3	-0.4	2%
<b>National Incidence</b>	<b>63.8</b>	<b>7.5</b>	<b>40.7</b>	<b>15.6</b>	<b>64.5</b>	<b>6.7</b>	<b>42.6</b>	<b>15.2</b>	<b>-0.7</b>	<b>+0.8</b>	<b>-1.9</b>	<b>+0.4</b>	<b>100%</b>

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

# ILLEGAL CIGARETTES INCIDENCE BY STATES:

7 States recording an increase vs. 2019

	A				B				A minus B				Volume Contribution
	Sep, 2020				2019				Variance (Sep'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	85.4	0.0	78.8	6.6	81.0	0.0	75.0	6.0	+4.4	0.0	+3.8	+0.6	8%
Pahang	76.5	4.5	53.2	18.8	78.7	3.5	70.5	4.7	-2.2	+1.0	-17.3	14.1	9%
Sarawak	76.0	0.0	64.9	11.1	86.1	0.0	72.2	13.9	-10.1	0.0	-7.3	-2.8	2%
Terengganu	73.6	1.7	67.8	4.1	77.8	5.4	62.7	9.7	-4.2	-3.7	+5.1	-5.6	3%
WP KL	68.7	4.6	41.1	23.0	62.0	4.4	40.3	17.3	+6.7	+0.2	+0.8	+5.7	18%
Kelantan	66.7	0.9	61.1	4.7	76.2	1.7	69.1	5.4	-9.5	-0.8	-8.0	-0.7	4%
Selangor	66.6	6.3	36.1	24.2	63.8	6.5	38.1	19.2	+2.8	-0.2	-2.0	+5.0	34%
Kedah	66.2	14.3	41.4	10.5	59.6	13.0	38.7	7.9	+6.6	+1.3	+2.7	+2.6	4%
Perlis	54.9	3.7	38.9	12.3	42.8	7.1	28.6	7.1	+12.1	-3.4	+10.3	+5.2	0%
Melaka	54.8	23.7	25.5	5.6	41.1	13.6	23.4	4.1	+13.7	+10.1	+2.1	+1.5	3%
Penang	49.3	11.2	32.3	5.8	55.3	15.0	34.9	5.4	-6.0	-3.8	-2.6	+0.4	3%
N.Sembilan	47.4	5.9	34.4	7.1	48.4	14.3	26.9	7.2	-1.0	-8.4	+7.5	-0.1	2%
Johor	44.7	12.8	26.4	5.5	37.6	12.6	23.4	1.6	+7.1	+0.2	+3.0	+3.9	8%
Perak	39.3	20.3	17.6	1.4	50.4	16.0	31.1	3.3	-11.1	+4.3	-13.5	-1.9	2%
<b>National Incidence</b>	<b>63.8</b>	<b>7.5</b>	<b>40.7</b>	<b>15.6</b>	<b>62.3</b>	<b>7.6</b>	<b>43.5</b>	<b>11.2</b>	<b>+1.5</b>	<b>-0.1</b>	<b>-2.8</b>	<b>+4.4</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	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	36.7	41.9	24.8
2.	Gudang Garam	12.2	13.0	7.0
3.	M*	1.8	2.3	0.2
4.	A380*	1.4	1.8	3.6
5.	Canyon	1.1	1.5	0.2
6.	Luffman	0.4	2.7	0.4
7.	Manchester*	0.3	0.5	2.1
8.	Concept*	0.2	0.1	0.7
9.	U2	0.2	0.2	1.3
10.	D&J	0.1	0.1	0.2
<b>Total 10 Total</b>		<b>54.4</b>	<b>64.1</b>	<b>40.5</b>
<i>Other Illegal</i>		<i>0.5</i>	<i>0.9</i>	<i>2.3</i>
<b>Total Illegal %</b>		<b>54.9</b>	<b>65.0</b>	<b>42.8</b>

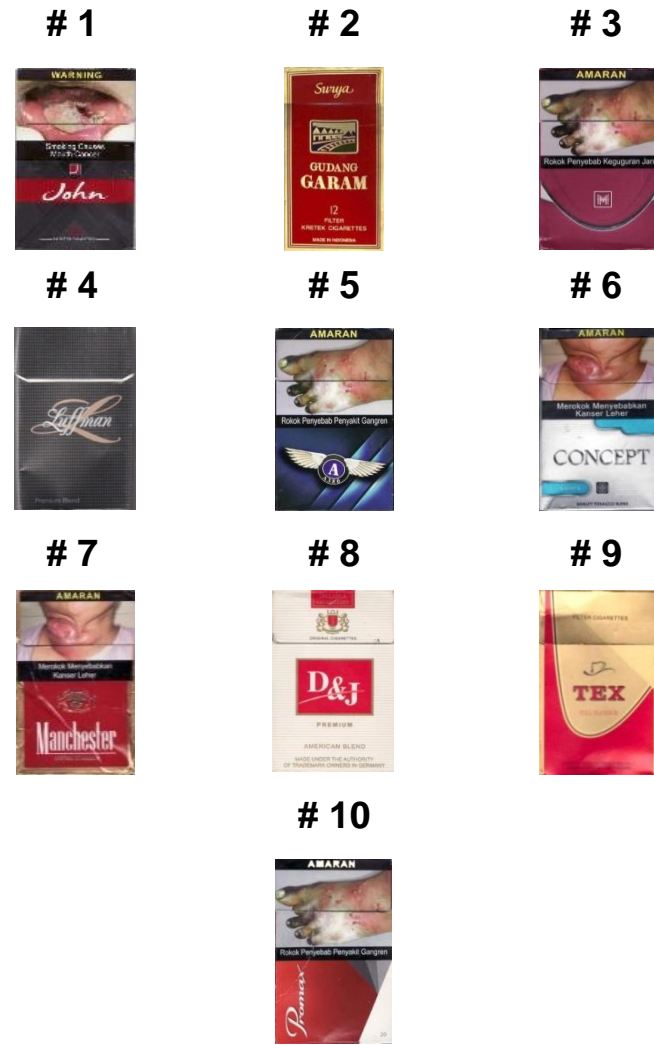


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise  
 0.0%\*\* Incidence is less than 0.1%; figure is too small to feature.

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR KEDAH

Volume contribution to National = 4%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	32.2	39.4	33.1
2.	Gudang Garam	9.8	6.4	7.3
3.	M*	5.2	6.5	1.8
4.	Luffman	3.1	2.1	0.9
5.	A380*	2.8	3.2	2.5
6.	Concept*	2.5	0.6	2.1
7.	Manchester*	1.3	0.9	2.7
8.	D&J	1.1	0.3	0.2
9.	Tex	1.1	1.1	1.8
10.	Promax*	1.0	0.9	0.5
<b>Total 10 Total</b>		<b>60.1</b>	<b>61.4</b>	<b>52.9</b>
Other Illegal		6.1	5.6	6.7
<b>Total Illegal %</b>		<b>66.2</b>	<b>67.0</b>	<b>59.6</b>

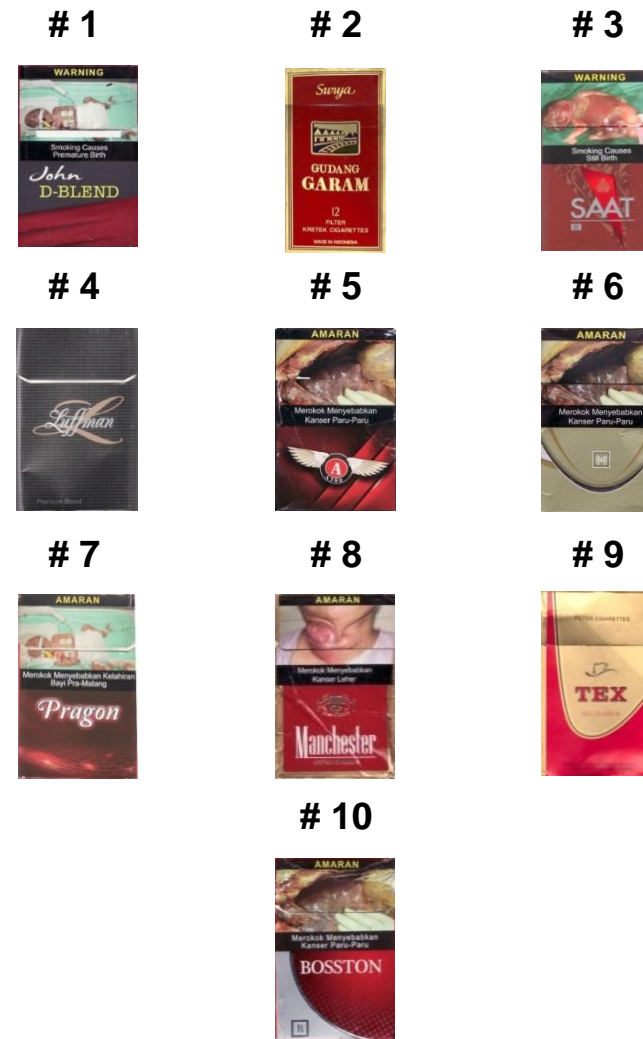


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PENANG

Volume contribution to National = 3%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	21.1	24.0	25.7
2.	Gudang Garam	5.6	5.6	4.6
3.	Saat	3.5	2.1	3.3
4.	Luffman	2.5	1.3	0.7
5.	A380*	2.3	3.5	4.2
6.	M*	2.0	2.2	3.3
7.	Pragon*	1.8	1.2	-
8.	Manchester*	1.6	2.0	2.5
9.	Tex	1.5	1.0	1.7
10.	Bosston*	0.9	1.0	0.5
<b>Total 10 Total</b>		<b>42.8</b>	<b>43.9</b>	<b>46.5</b>
<i>Other Illegal</i>		6.5	6.9	8.8
<b>Total Illegal %</b>		<b>49.3</b>	<b>50.8</b>	<b>55.3</b>



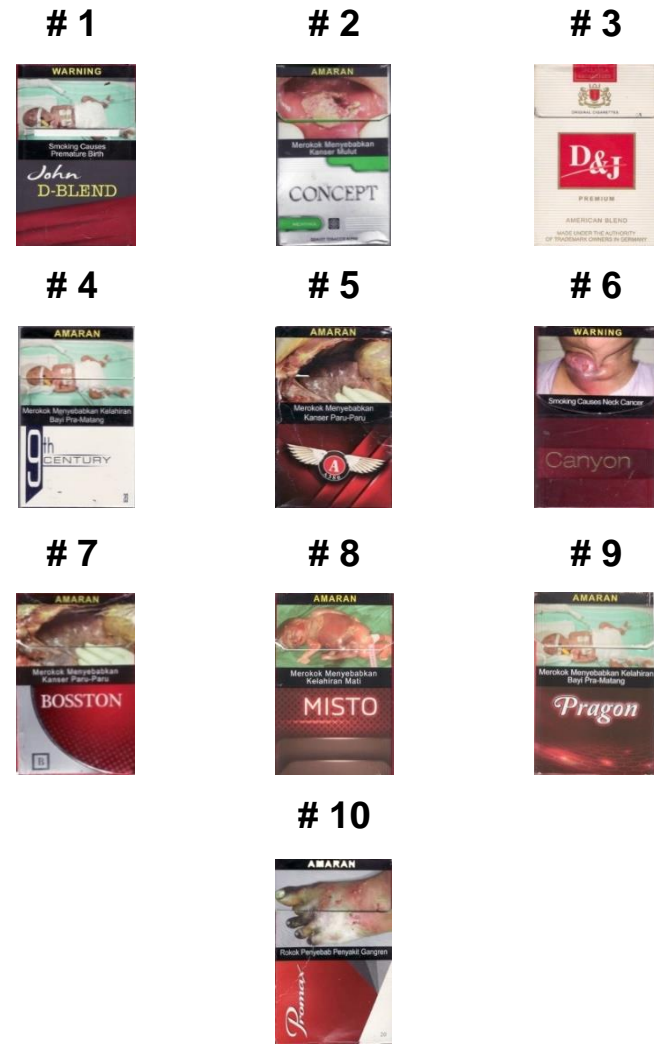
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise



# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PERAK

Volume contribution to National = 2%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	8.2	9.2	10.3
2.	Concept*	5.1	3.8	2.8
3.	D&J	3.4	2.6	3.1
4.	9th Century*	2.8	2.0	1.8
5.	A380*	2.8	2.1	1.6
6.	Canyon	2.3	3.5	3.3
7.	Bosston*	2.1	1.8	0.3
8.	Misto*	2.1	2.2	-
9.	Pragon	1.8	0.2	-
10.	Promax	1.4	1.3	1.2
<b>Total 10 Total</b>		<b>32.0</b>	<b>28.7</b>	<b>24.4</b>
<i>Other Illegal</i>		7.3	9.9	13.2
<b>Total Illegal %</b>		<b>39.3</b>	<b>38.6</b>	<b>37.6</b>



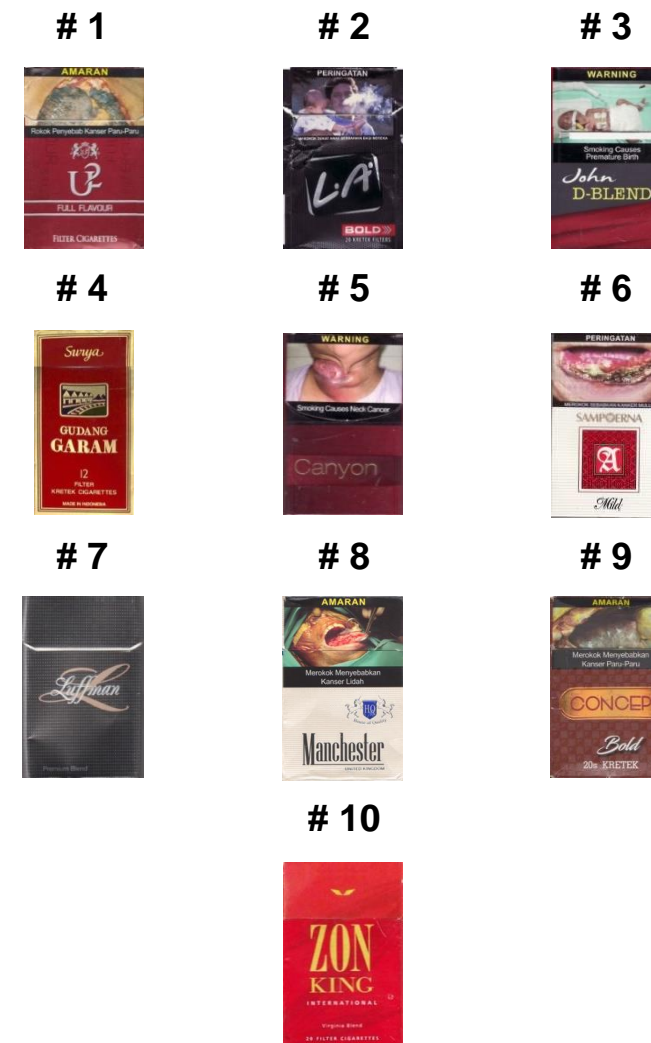
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise



# TOP 10 ILLEGAL CIGARETTES BRANDS FOR SELANGOR

Volume contribution to National = 34%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	U2	15.0	12.1	5.6
2.	L.A.	12.4	10.6	7.0
3.	John	10.9	15.4	14.4
4.	Gudang Garam	7.9	7.7	9.8
5.	Canyon	5.1	3.4	4.8
6.	Sampoerna	3.2	3.4	1.4
7.	Luffman	2.6	3.4	2.7
8.	Manchester*	1.7	0.2	1.1
9.	Concept*	1.1	0.2	0.5
10.	Zon King	0.8	1.2	5.0
<b>Total 10 Total</b>		<b>60.7</b>	<b>57.6</b>	<b>52.3</b>
<i>Other Illegal</i>		5.9	8.1	11.5
<b>Total Illegal %</b>		<b>66.6</b>	<b>65.7</b>	<b>63.8</b>

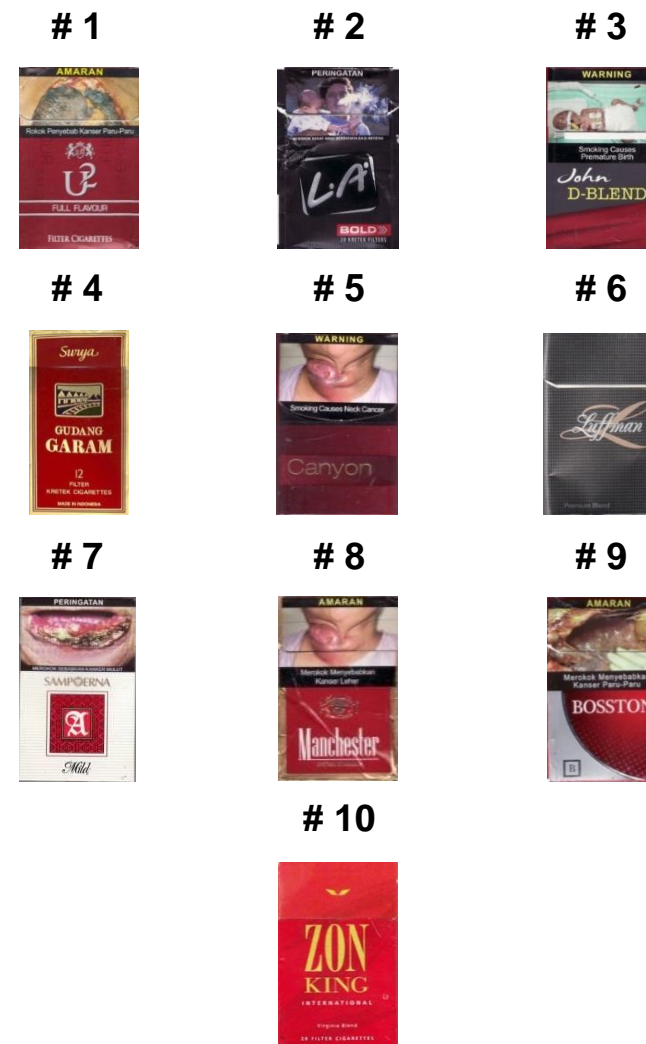


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR WP KL

Volume contribution to National = 18%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	U2	19.0	13.9	5.6
2.	L.A.	13.5	12.5	6.9
3.	John	13.2	14.6	15.5
4.	Gudang Garam	6.3	6.8	8.2
5.	Canyon	3.3	2.4	5.0
6.	Luffman	3.1	4.3	2.8
7.	Sampoerna	2.8	4.1	1.4
8.	Manchester*	1.4	0.1	0.8
9.	Bosston*	1.0	0.3	0.8
10.	Zon King	0.9	1.5	6.0
<b>Total 10 Total</b>		<b>64.5</b>	<b>60.5</b>	<b>53.0</b>
Other Illegal		4.2	6.0	9.0
<b>Total Illegal %</b>		<b>68.7</b>	<b>66.5</b>	<b>62.0</b>

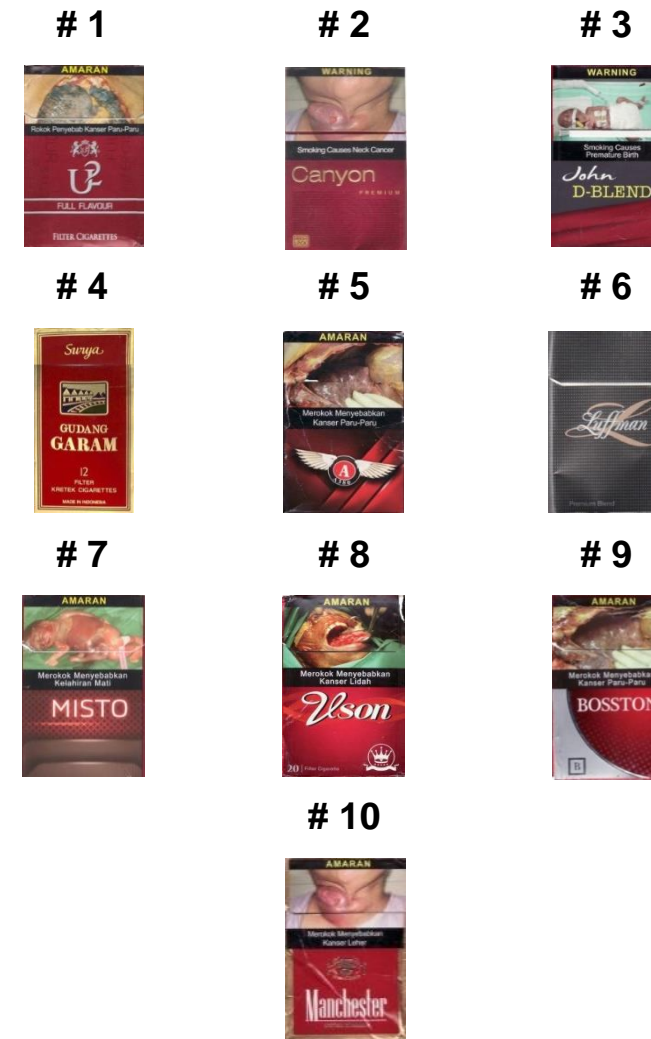


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR N.SEMBILAN

Volume contribution to National = 2%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	U2	11.4	5.6	3.2
2.	Canyon	10.3	5.0	5.6
3.	John	9.5	8.1	8.7
4.	Gudang Garam	6.4	10.7	6.1
5.	A380*	2.1	6.0	2.7
6.	Misto*	1.6	3.4	-
7.	Luffman	1.4	0.9	0.6
8.	Vson*	1.0	1.8	0.3
9.	Bosston*	0.8	0.8	0.2
10.	Manchester	0.5	1.7	0.8
<b>Total 10 Total</b>		<b>45.0</b>	<b>44.0</b>	<b>28.2</b>
<i>Other Illegal</i>		<i>2.4</i>	<i>2.9</i>	<i>20.2</i>
<b>Total Illegal %</b>		<b>47.4</b>	<b>46.9</b>	<b>48.4</b>

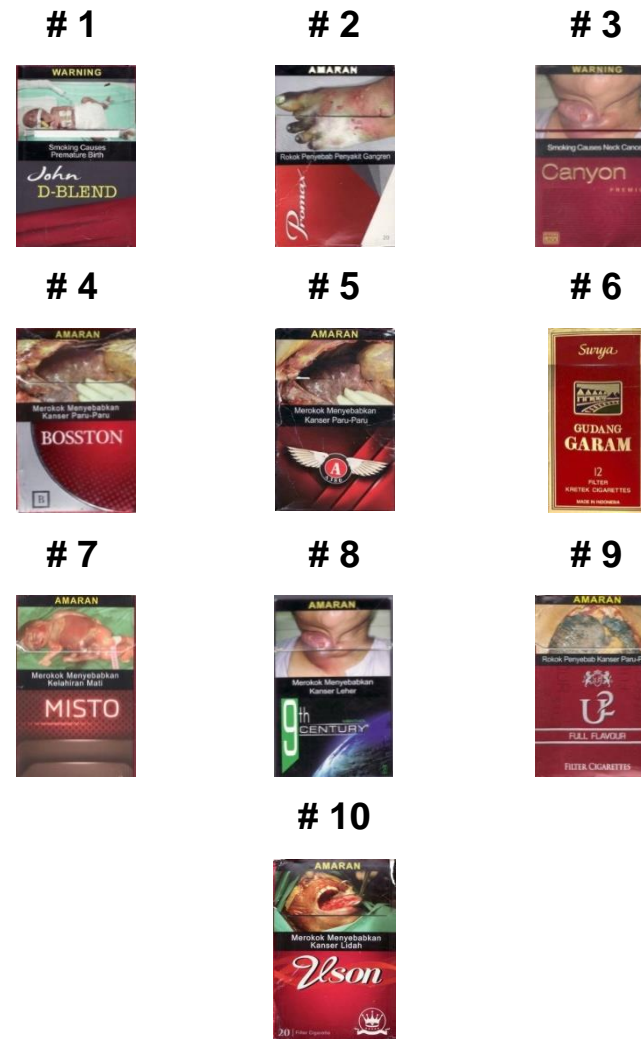


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR MELAKA

Volume contribution to National = 3%

		Sep, 2020	Aug, 2020	2019
		SOM	SOM	SOM
Illegal Brand		(%)	(%)	(%)
1.	John	14.9	13.8	18.1
2.	Promax*	7.7	5.2	2.1
3.	Canyon	7.6	4.5	9.3
4.	Bosston*	5.4	2.9	2.0
5.	A380	4.8	9.9	1.3
6.	Gudang Garam	3.2	2.2	2.1
7.	Misto*	1.2	0.8	-
8.	9th Century*	1.0	1.1	4.8
9.	U2	0.9	0.7	0.7
10.	Vson	0.9	0.6	0.7
<b>Total 10 Total</b>		<b>47.6</b>	<b>41.7</b>	<b>41.1</b>
<i>Other Illegal</i>		7.2	8.4	9.3
<b>Total Illegal %</b>		<b>54.8</b>	<b>50.1</b>	<b>50.4</b>

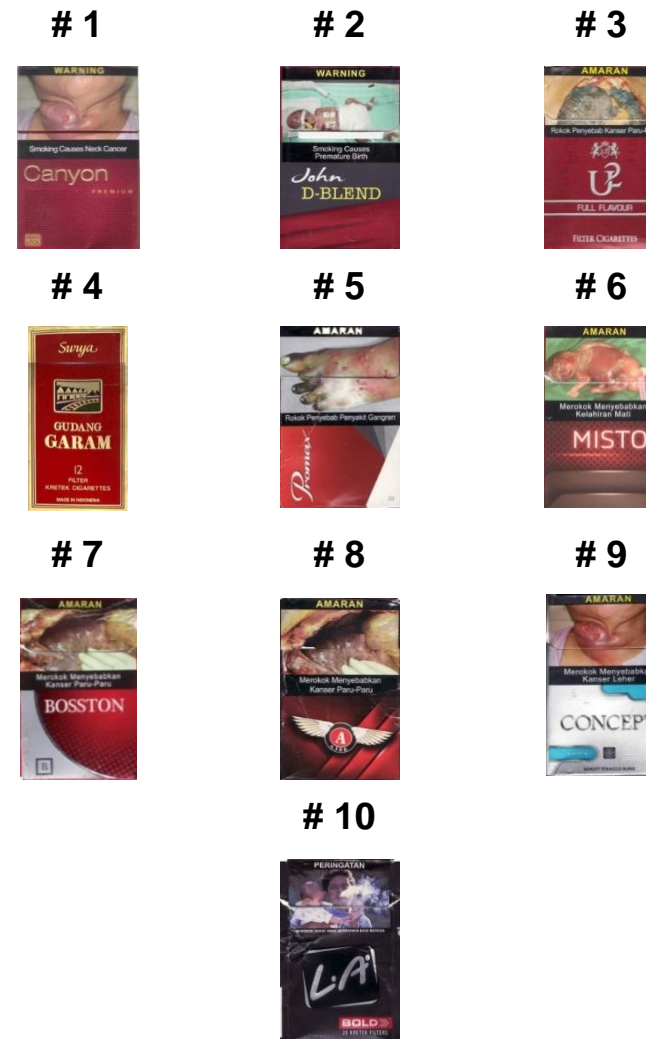


\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

# TOP 10 ILLEGAL CIGARETTES BRANDS FOR JOHOR

Volume contribution to National = 8%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Canyon	9.0	8.2	6.5
2.	John	7.9	7.5	6.8
3.	U2	6.8	7.7	7.2
4.	Gudang Garam	3.4	3.4	3.0
5.	Bosston*	2.9	2.9	2.0
6.	Misto*	2.1	1.0	-
7.	Promax*	2.0	3.4	2.0
8.	A380*	1.7	3.7	2.2
9.	Concept*	1.5	0.7	1.2
10.	L.A.	1.4	0.9	0.6
<b>Total 10 Total</b>		<b>38.7</b>	<b>39.4</b>	<b>31.5</b>
<i>Other Illegal</i>		6.0	6.5	9.6
<b>Total Illegal %</b>		<b>44.7</b>	<b>45.9</b>	<b>41.1</b>



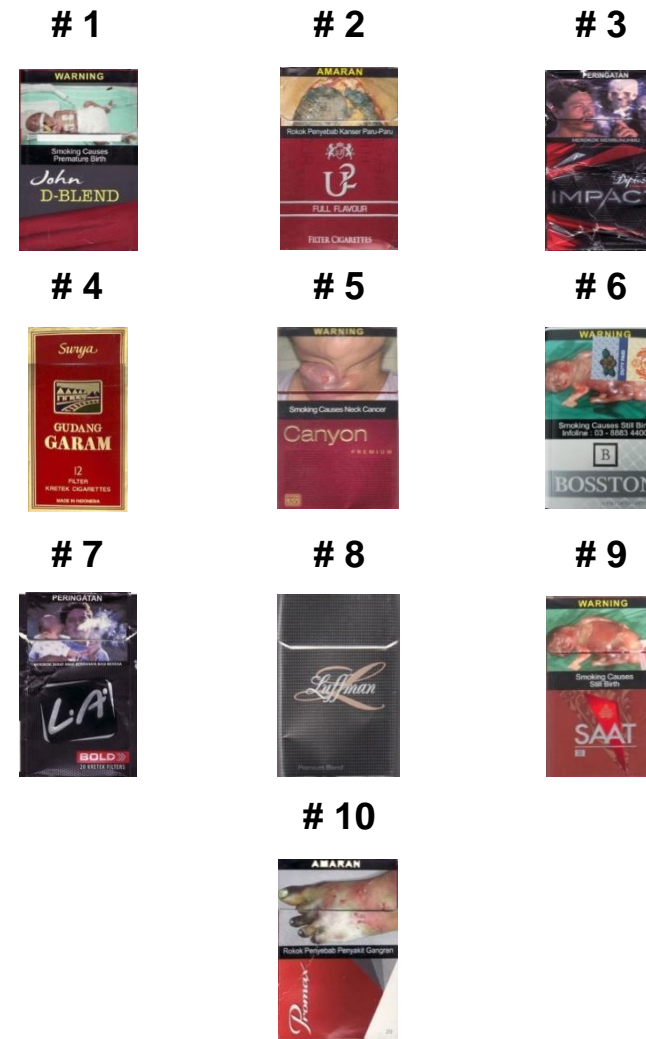
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise



# TOP 10 ILLEGAL CIGARETTES BRANDS FOR PAHANG

Volume contribution to National = 9%

		Sep, 2020	Aug, 2020	2019
		SOM	SOM	SOM
Illegal Brand		(%)	(%)	(%)
1.	John	24.0	17.7	24.2
2.	U2	20.8	19.4	21.2
3.	Diplomat	9.3	7.0	0.1
4.	Gudang Garam	6.6	9.6	3.9
5.	Canyon	5.9	13.9	6.0
6.	Bosston*	1.7	1.4	0.5
7.	L.A.	1.3	1.7	1.0
8.	Luffman	1.0	0.2	0.4
9.	Saat	1.0	1.2	1.4
10.	Promax	0.8	0.4	0.3
<b>Total 10 Total</b>		<b>72.4</b>	<b>72.5</b>	<b>59.0</b>
<i>Other Illegal</i>		<i>4.1</i>	<i>5.5</i>	<i>18.8</i>
<b>Total Illegal %</b>		<b>76.5</b>	<b>78.0</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 = 3%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	John	32.3	29.1	31.7
2.	Saat	26.6	25.6	27.1
3.	U2	6.7	7.1	5.8
4.	Gudang Garam	3.7	4.5	4.0
5.	Canyon	0.7	1.1	1.9
6.	League	0.7	0.5	1.6
7.	A380*	0.6	0.5	1.7
8.	Promax	0.6	0.2	0.4
9.	Premium	0.3	0.6	1.5
10.	Barokah	0.3	0.7	0.3
<b>Total 10 Total</b>		<b>72.5</b>	<b>69.9</b>	<b>76.0</b>
Other Illegal		1.1	2.6	2.7
<b>Total Illegal %</b>		<b>73.6</b>	<b>72.5</b>	<b>78.7</b>



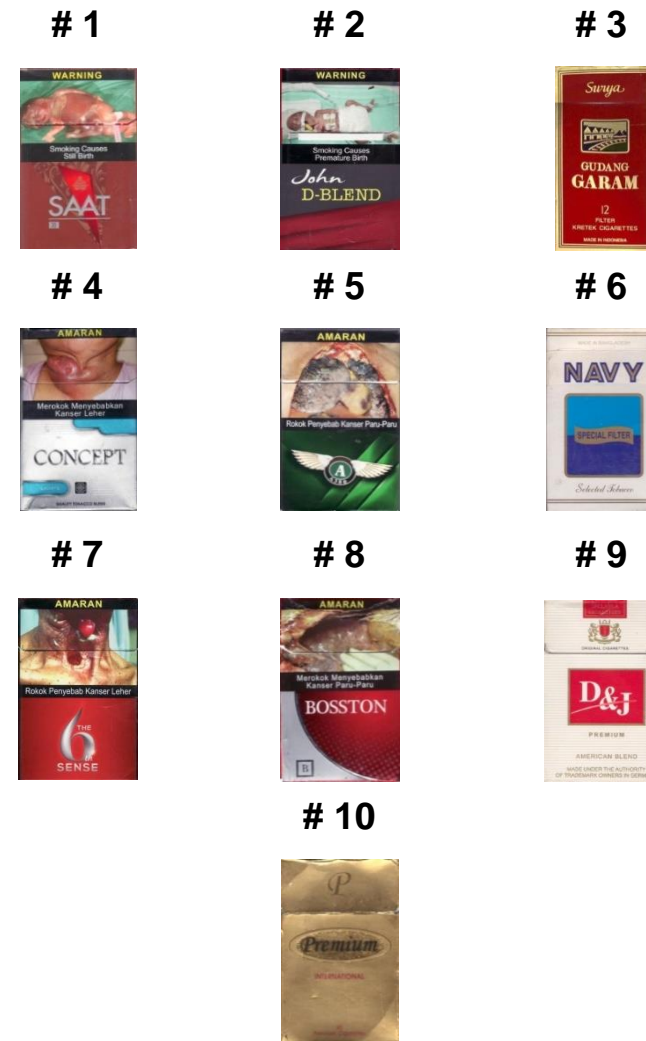
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise



# TOP 10 ILLEGAL CIGARETTES BRANDS FOR KELANTAN

Volume contribution to National = 4%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Saat	51.1	57.1	61.6
2.	John	9.5	4.0	4.4
3.	Gudang Garam	4.6	5.9	4.7
4.	Concept*	0.5	1.6	0.7
5.	A380*	0.2	0.2	0.6
6.	Navy	0.2	0.7	0.6
7.	6 <sup>th</sup> Sense	0.2	0.2	0.5
8.	Bosston*	0.1	-	-
9.	D&J	0.1	-	0.1
10.	Premium	0.1	-	1.9
<b>Total 10 Total</b>		<b>66.6</b>	<b>69.7</b>	<b>75.1</b>
Other Illegal		0.1	2.0	1.1
<b>Total Illegal %</b>		<b>66.7</b>	<b>71.7</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 = 8%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Era	48.4	49.2	50.6
2.	Premium	27.7	29.2	18.6
3.	Apache	4.3	4.6	1.7
4.	D&J	1.6	1.9	3.1
5.	L.A.	1.1	1.2	3.5
6.	Gudang Garam	0.8	1.2	0.5
7.	Memory	0.5	-	0.0*
8.	Win Mild	0.2	-	-
9.	A Satu Mild	0.2	0.1	0.3
10.	Canyon	0.1	0.2	0.3
<b>Total 10 Total</b>		<b>84.9</b>	<b>87.6</b>	<b>78.6</b>
Other Illegal		0.5	1.4	2.4
<b>Total Illegal %</b>		<b>85.4</b>	<b>89.0</b>	<b>81.0</b>



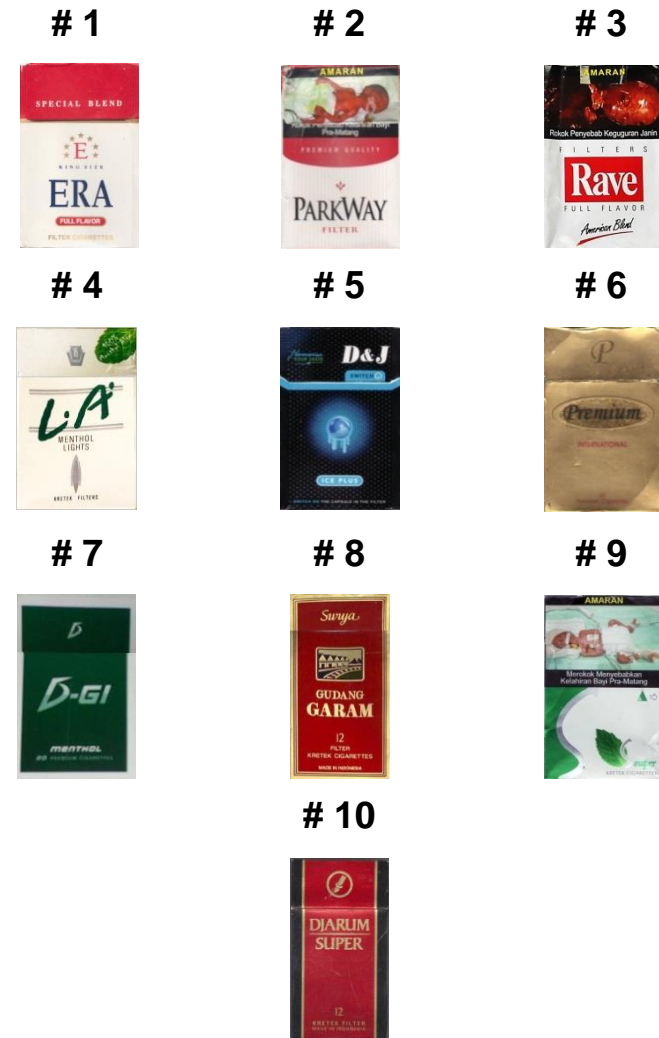
\*relates to incidence of empty packs collected that meet any of illegal cigarettes criteria in page 3, regardless whether they are a legal brand or otherwise

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 = 2%

	Illegal Brand	Sep, 2020	Aug, 2020	2019
		SOM (%)	SOM (%)	SOM (%)
1.	Era	25.1	33.1	28.2
2.	Parkway	16.8	17.7	17.1
3.	Rave	9.1	8.5	7.9
4.	L.A.	6.3	5.9	9.7
5.	D&J	3.5	3.9	3.6
6.	Premium	3.0	2.4	2.4
7.	D-Gi	1.3	2.1	3.0
8.	Gudang Garam	1.2	2.3	1.1
9.	S Super	1.1	1.6	1.5
10.	Djarum	0.7	0.7	0.3
<b>Total 10 Total</b>		<b>68.1</b>	<b>78.2</b>	<b>74.8</b>
Other Illegal		7.9	6.8	11.3
<b>Total Illegal %</b>		<b>76.0</b>	<b>85.0</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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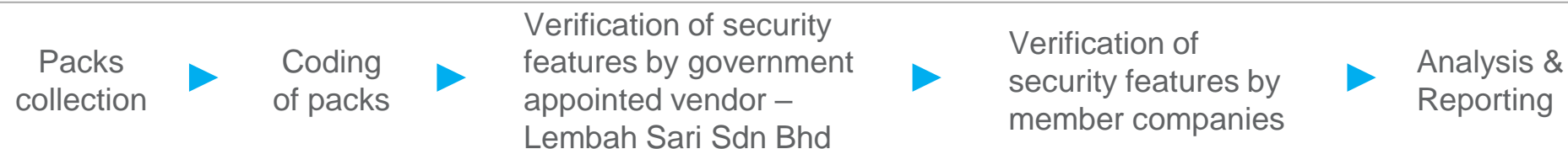
III. Mandated Labeling Requirements (under Control of Tobacco Product Regulations, Trade Description Act, Price Control & Anti Profiteering Act )

# 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



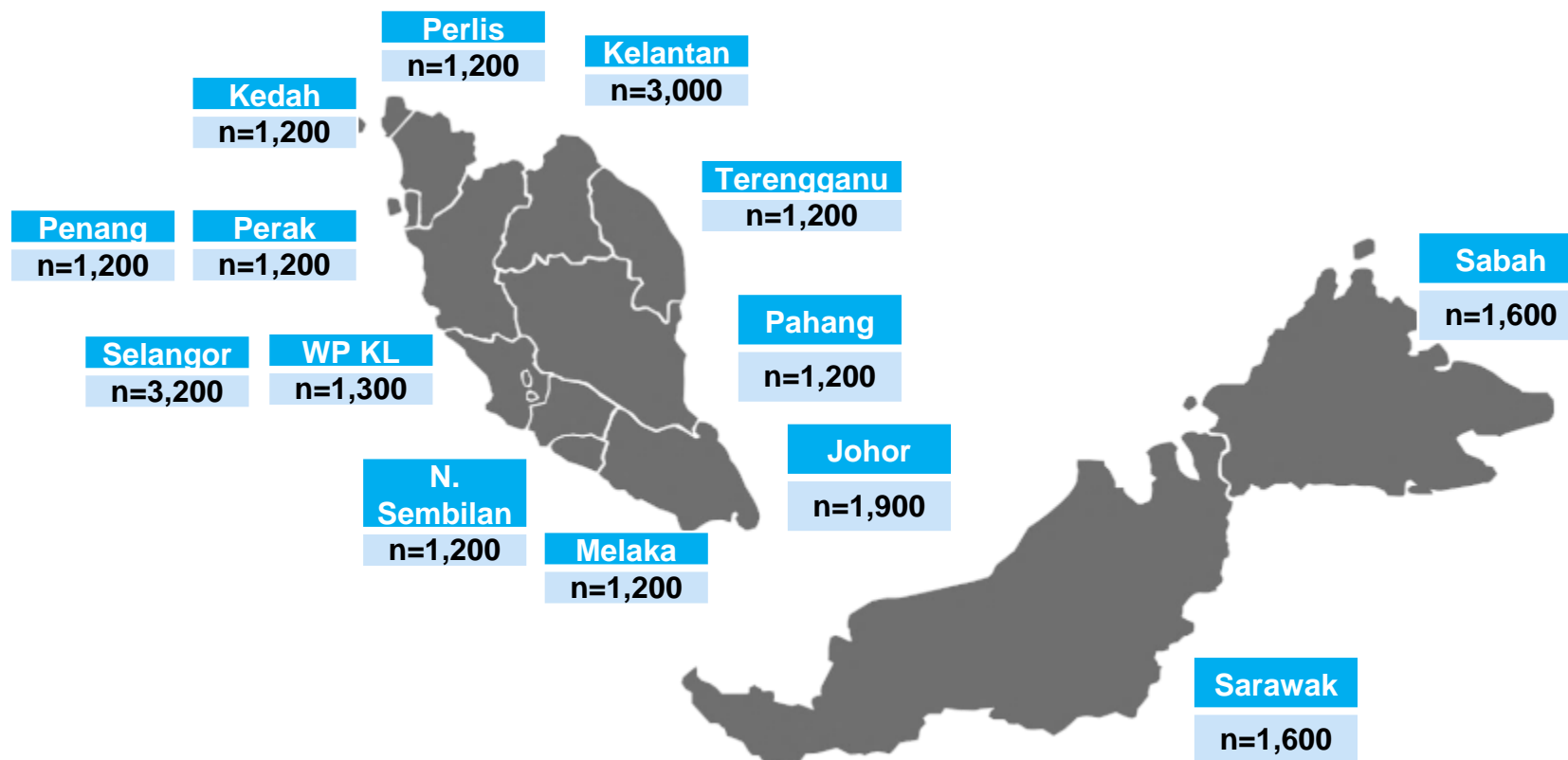
# WHY SAMPLE SIZE OF 51,000 PACKS?

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

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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

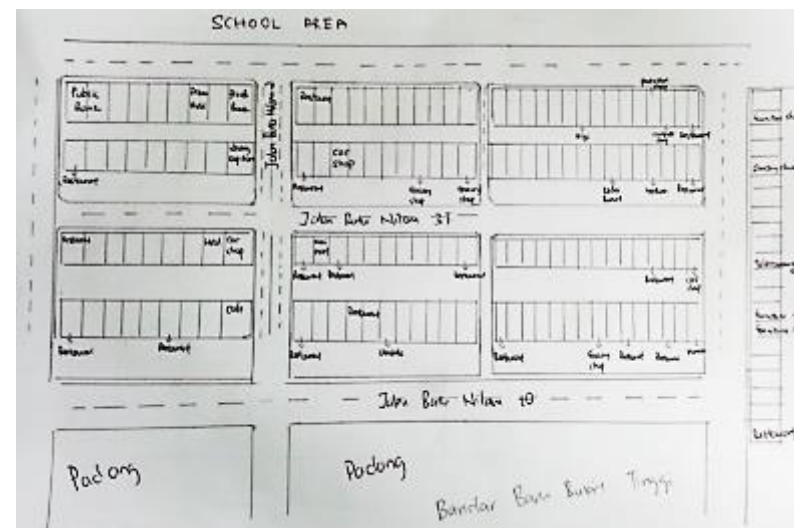
Establish starting point of collection

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

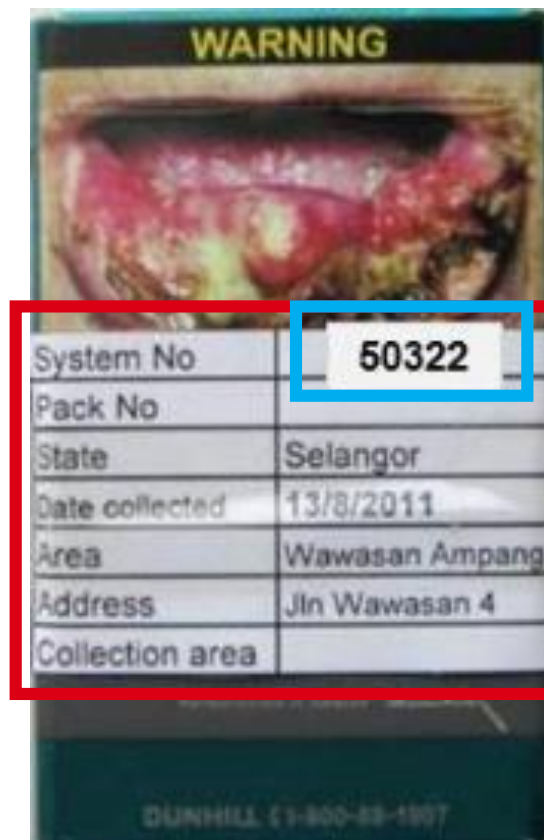
The following diagram illustrates the pack verification & coding process



# CODING AND STORAGE PROCESS AT NIELSEN HQ



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

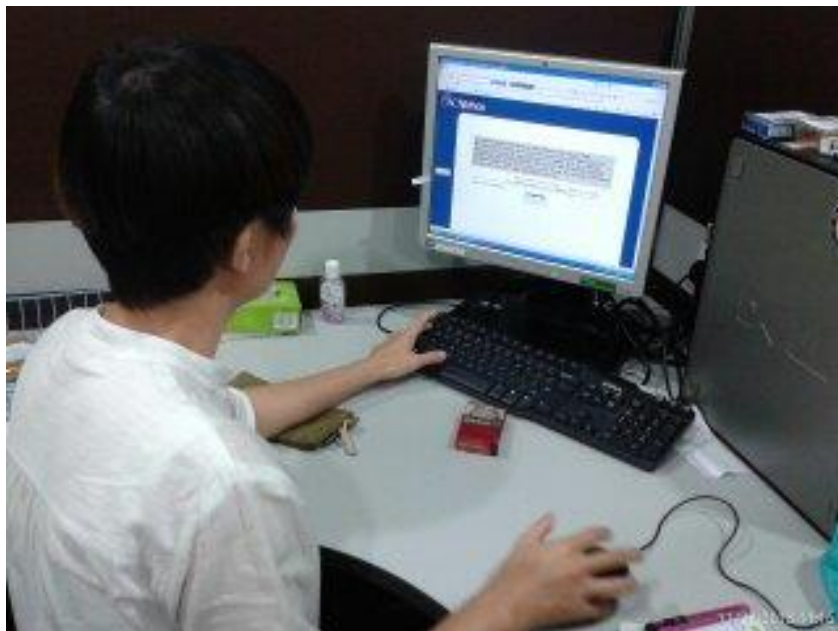


A unique ID is assigned to each pack when it reach Nielsen HQ

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



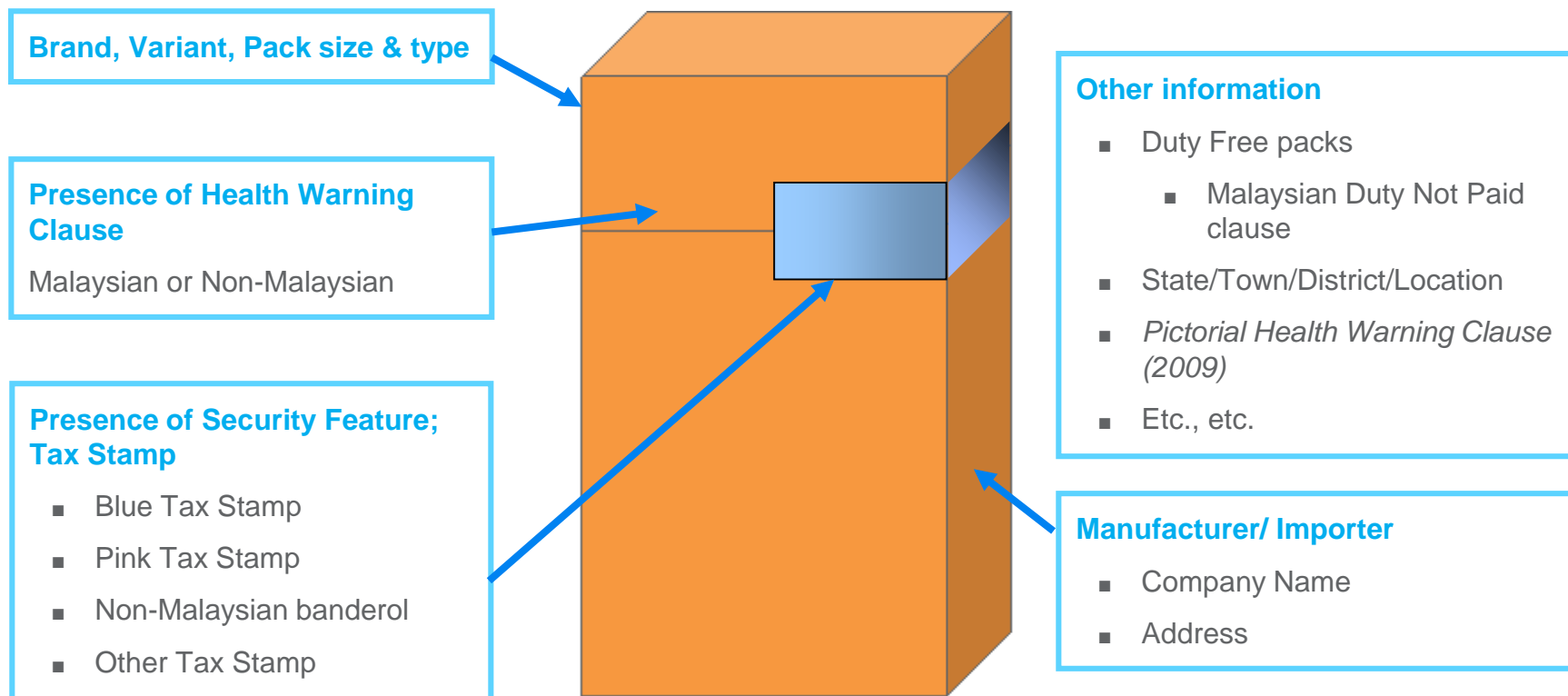
# REGULATIONS SET BY THE MALAYSIA GOVERNMENT

- 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*

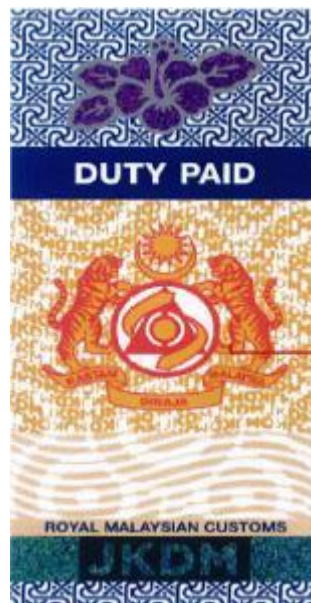
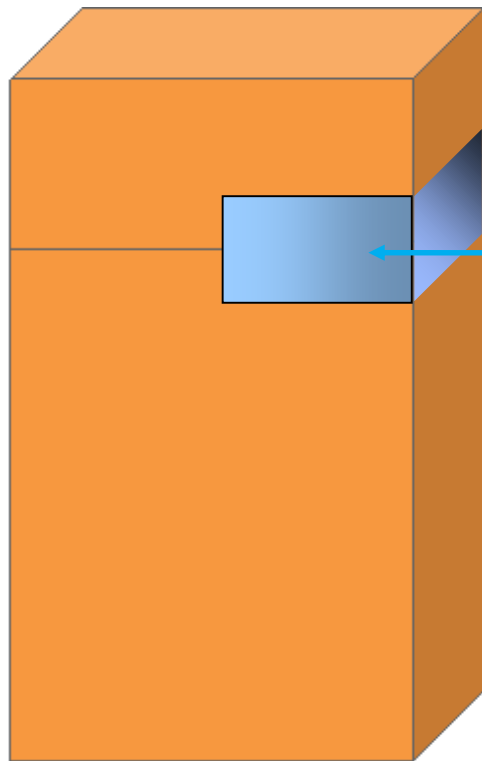
# VERIFICATION OF SECURITY TAX STAMP

- **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	4088	John	20	F	



# VERIFICATION OF SECURITY TAX STAMP



**Blue Tax Stamp**  
(Domestic Market)

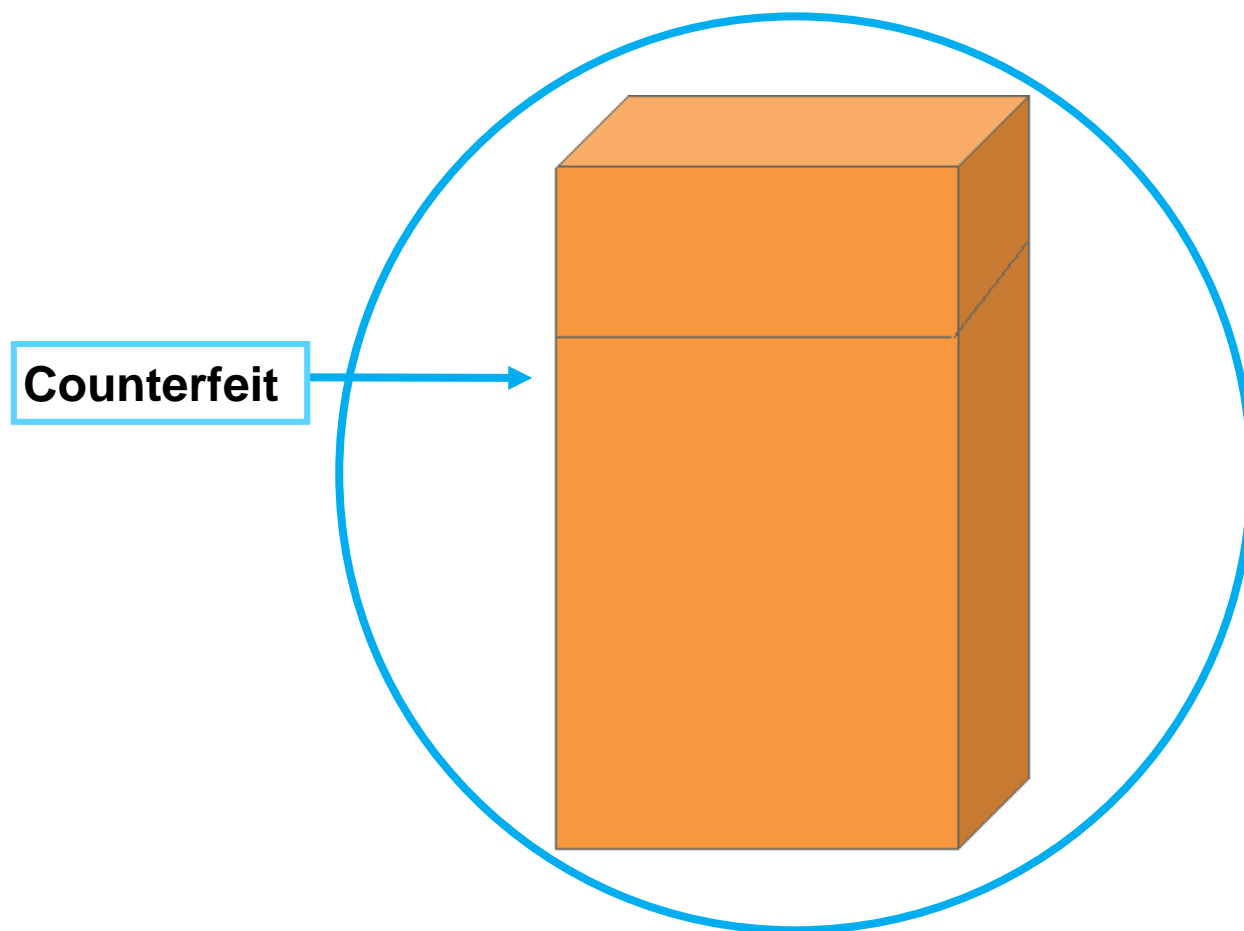
OR



**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

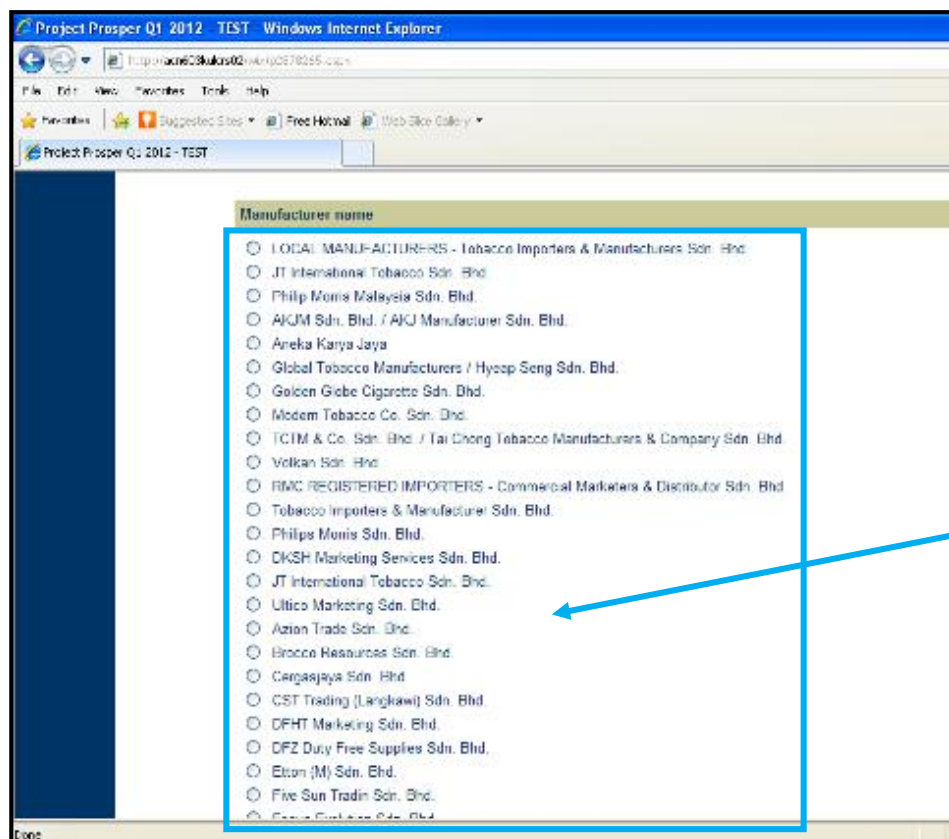


# ICS RESEARCH METHODOLOGY AND DESIGN

- i. ICS Universe, Sample Size
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# 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	0	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 - To	East Mela	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 Mela	Dunhill Re			
7	6	36004	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - To	East Mela	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 - To	East Mela	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 Mela	Dunhill Me			
13	12	36006	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - To	East Mela	Gudang G			
14	13	36007	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - To	East Mela	Gudang G			
15	14	0070	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 Mela	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 Mela	Premium 8			
20	19	36008	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - To	East Mela	Gudang G			
21	20	36009	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - To	East Mela	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	3079	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 - To	East Mela	Marlboro			
25	24	36043	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas	East Mela	Premium 8			
26	25	36011	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Sabah, Ko Likas - To	East Mela	Ero Premi			
27	26	36044	Wave 3, Week 33: 03/10/20	Oct-12	Sabah	Sabah - K,Urban	Jln Paser, Jalan Pas	East Mela	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	3080	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 Mela	Premium 8			
33	32	3081	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**)

	Aug, 2020	
	('000 sticks)	
CMTM Member Companies (BATM, PMM, JTI)	574,100	Derive from actual in-market sales as provided by CMTM member companies
Other Local manufacturers	0	
Malaysian Duty Free	28,348	ICS volume estimation is used as substitute since actual data is not available
<b>Total Legal Cigarettes Sales</b>	<b>602,448</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 602,448,000 sticks

	NIELSEN RETAIL AUDIT	STATE'S LEGAL VOLUME CONTRIBUTION
PERLIS	1,459	0.3%
KEDAH	14,750	3.4%
PENANG	26,709	6.1%
PERAK	26,485	6.1%
SELANGOR	131,793	30.2%
WP KL	61,784	14.2%
N.SEMBILAN	18,986	4.4%
MELAKA	21,409	4.9%
JOHOR	74,005	17.0%
PAHANG	20,357	4.7%
TERENGGANU	8,531	2.0%
KELANTAN	14,519	3.3%
SABAH	10,069	2.3%
SARAWAK	5,403	1.2%
NATIONAL	436,259	

Step 2a. (Using Retail Audit)

State Legal Volume Contribution =  $\frac{\text{State's Retail Audit Volume}}{\text{National Volume}}$   
 (e.g.  $131,793 / 436,259 = 30.2\%$ )

	NIELSEN RETAIL AUDIT	STATE'S LEGAL VOLUME CONTRIBUTION	PROJECTED/ ESTIMATED STATE LEGAL VOLUME
SELANGOR	131,793	30.2%	181,998
NATIONAL	436,259		602,448

Step 2b.

Projected States Legal Volume = State Legal Volume Contribution X National Legal Volume  
 (derived from Retail Audit) (obtained from Step 1)  
 (e.g.  $30.2\% \times 602,448 = 181,998$ )

# HOW DOES NIELSEN WEIGHT THE DATA?

## Step 2: Key Output

	NIELSEN RETAIL AUDIT	STATE'S LEGAL VOLUME CONTRIBUTION	PROJECTED/ ESTIMATED STATE LEGAL VOLUME
PERLIS	1,459	0.3%	2,014
KEDAH	14,750	3.4%	20,369
PENANG	26,709	6.1%	36,883
PERAK	26,485	6.1%	36,575
<b>SELANGOR</b>	<b>131,793</b>	<b>30.2%</b>	<b>181,998</b>
WP KL	61,784	14.2%	85,321
N.SEMBILAN	18,986	4.4%	26,218
MELAKA	21,409	4.9%	29,565
JOHOR	74,005	17.0%	102,196
PAHANG	20,357	4.7%	28,112
TERENGGANU	8,531	2.0%	11,781
KELANTAN	14,519	3.3%	20,050
SABAH	10,069	2.3%	13,905
SARAWAK	5,403	1.2%	7,461
<b>NATIONAL</b>	<b>436,259</b>		<b>602,448</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 (Sep'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	1,017	20,340	2,183	40,472	60,812	33.4%	66.6%

### 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 (Sep'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	501	10,020	699	12,188	22,208	45.1%	54.9%
KEDAH	1,200	381	7,620	819	14,919	22,539	33.8%	66.2%
PENANG	1,200	587	11,740	613	11,429	23,169	50.7%	49.3%
PERAK	1,200	722	14,440	478	9,365	23,805	60.7%	39.3%
SELANGOR	3,200	1,017	20,340	2,183	40,472	60,812	33.4%	66.6%
WP KL	1,300	390	7,800	910	17,109	24,909	31.3%	68.7%
N.SEMBILAN	1,200	609	12,180	591	10,990	23,170	52.6%	47.4%
MELAKA	1,200	532	10,640	668	12,908	23,548	45.2%	54.8%
JOHOR	1,900	1,034	20,680	866	16,743	37,423	55.3%	44.7%
PAHANG	1,200	264	5,280	936	17,195	22,475	23.5%	76.5%
T'GANU	1,200	309	6,180	891	17,238	23,418	26.4%	73.6%
KELANTAN	1,200	389	7,780	811	15,553	23,333	33.3%	66.7%
SABAH	1,600	229	4,580	1,371	26,884	31,464	14.6%	85.4%
SARAWAK	1,600	374	7,480	1,226	23,652	31,132	24.0%	76.0%

# 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	181,998	33.4%	544,904	362,906

### Step 4a.

Based on the incidence for legal cigarettes of 42.1% in Selangor, project the total volume for the state  
(e.g. 181,998 divide by 33.4%  
= 544,904)

### Step 4b.

Illegal volume is established by subtracting the projected total state's volume with the legal volume  
(e.g. 544,904 – 181,998 =  
362,906)

# 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	2,014	45.1%	4,467	2,452
KEDAH	20,369	33.8%	60,262	39,894
PENANG	36,883	50.7%	72,748	35,865
PERAK	36,575	60.7%	60,255	23,680
SELANGOR	181,998	33.4%	544,904	362,906
WP KL	85,321	31.3%	272,589	187,269
N.SEMBILAN	26,218	52.6%	49,844	23,626
MELAKA	29,565	45.2%	65,410	35,844
JOHOR	102,196	55.3%	184,803	82,607
PAHANG	28,112	23.5%	119,624	91,512
TERENGGANU	11,781	26.4%	44,626	32,844
KELANTAN	20,050	33.3%	60,209	40,160
SABAH	13,905	14.6%	95,241	81,336
SARAWAK	7,461	24.0%	31,086	23,625
<b>NATIONAL</b>	<b>602,448</b>		<b>1,666,069</b>	<b>1,063,622</b>

Divide **National Illegal Volume 1,063,622** with **National Total Market Volume 1,666,069** **63.8%**

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