

Tobacco Transformation Index – Data Primer

Introduction

The Tobacco Transformation Index is accompanied by a comprehensive data set in concert with 2022 [Index Results](#). An updated version of the data set was recently made available.

This article summarizes the data contained in the Excel file. It also identifies the data sets that are likely to be most valuable to specific types of users. You may access the data for free at [Download the Data](#).

Process

Index development relies on extensive engagement with non-industry stakeholders. Through a separate industry engagement process, Index Research Partner, Euromonitor International, approaches tobacco companies to ensure they are informed about the Index program, consider their feedback on preliminary methodology indicators, and invite them to share data to be evaluated by the Index.

Company participation is voluntary. Companies that elect not to engage or share data are scored using publicly available data and estimates. [Industry Engagement](#) reports document the timing, nature, and content of interactions with tobacco companies. The [Company Feedback and Response](#) report consolidates and responds to written questions and comments the Index Research Partner received from Index Companies.

We are frequently asked by stakeholders about the sources of the underlying Index data.

The Index data collection process relies on publicly available information from a wide range of sources. These include company websites, formal financial and nonfinancial reporting, such as annual corporate social responsibility (CSR) and sustainability reports, investor briefings, press releases, codes of conduct, policies, value statements, guidelines, and frequently asked questions (FAQs). Furthermore, a range of noncompany information sources (e.g., industry and financial databases such as Euromonitor International's Passport database and Capital IQ) are consulted to access relevant company data and information.

Where data is not publicly available, estimates are developed by the Index Research Partner based on a range of sources, including trade interviews with industry experts. Trade interviews are used to validate data from secondary sources and address data gaps. Interviews are conducted with trade organizations, former company employees, and relevant stakeholders across the supply chain. However, the Index Companies are not engaged as part of the trade interview process. To ensure the most accurate and comprehensive picture of company activities and performance, each Index Company is given the opportunity to share feedback on the data collected from the public domain as part of the industry engagement process.

Use Cases

The data set available at [Download the Data](#) is likely to be particularly beneficial for the users listed below.

For **investors and analysts**, some of the most relevant data sets are:

- *Published Sales Data.* Compilation of publicly available data related to product sales for the Index Companies over the review period 2019-2021, as referenced through company annual reports, press releases, and other publications.
- *Volume Sales (HRPs vs RRP).* Index Company volume sales over the review period 2019-2021, organized by high-risk products (HRPs) and reduced-risk products (RRPs). Refer to [2022 Index Methodology](#) for definitions.
- *Capital Allocation.* Research and development (R&D) and capital expenditure investments over the review period 2019-2021, organized by HRPs and RRP.
- *M&A.* Overview of merger and acquisition (M&A) activities over the review period 2019-2021, including business activity, geography, and classification as HRPs or RRP.
- *Portfolio & Presence.* Summary of the total number of countries and product categories Index Companies offered in 2021.

For **public health professionals** and **academics**, some of the most relevant data sets are:

- *Country Presence 2021 Detail.* Overview of Index Companies' presence around the world by country in 2021, classified as high-medium income country (HMIC) or low-medium income country (LMIC). Read the related [blog post](#) and [research report](#) for a detailed assessment of what companies are selling in countries where RRP are legally sold.
- *Company Volume Growth (CAGR).* Product sales growth rates for Index Companies for the review period 2019-2021, based on geography and classification (World, HMIC, and LMIC).
- *Price Comparison.* Comparison of average price per stick of heated tobacco versus cigarettes in the countries where both products were legal in 2021.
- *Additional Scoring Elements.* Per stick equivalent computation and [risk spectrum](#) value. Relative risk assessment scores range from 100 (cigarettes) to 0.1 (non-tobacco nicotine pouches). Relative risk score for each RRP category is normalized using the risk spectrum operator. The risk spectrum operator is calculated to invert and normalize relative risk scores for RRP categories to compute the applicable ratio for scoring purposes.

Methodology

The Tobacco Transformation Index evaluates Index Companies' activities and performance against 35 underlying indicators, relevant to tobacco harm reduction. The Index is a relative ranking.

The [Index methodology](#) is grouped into six measurement categories, each covering a distinct area of corporate activity and/or performance related to tobacco harm reduction. Each category is further broken down into subcategories that are measured based on quantifiable indicators.

As depicted in Figure 1, Index methodology is predicated on a system of metrics that are qualitative and quantitative, represent past performance and leading indicators, and constitute absolute, relative, and rate-of-change measures, which are weighted according to materiality, utility, feasibility, and other factors associated with transformation.

Figure 1. Tobacco Transformation Index Design Considerations



If you have questions or feedback, please contact us [here](#).