

Strategic analysis for philip morris

[Business](#), [Marketing](#)



Mehmet Burkay 251311001 STRATEGIC ANALYSIS FOR PHILIP MORRIS *PEST ANALYSIS - Political and Legal Forces • The laws regulated by the governments against the cigarette companies and cigarette advertisements, since early 90s. • Increasing tax rates on cigarettes especially in U. S. and Western Europe • The barriers against outside producers in china, korea, taiwan, japan - Economic Forces • Increasing buying power of the consumers in developing countries • Incremental costs of alternative marketing strategies • Compensation expenditures • Shrinking old markets in developed countries Growing new markets in developing countries - Social Forces • Developing social awareness against harm of cigarette • Campaigns against cigarette - Technological Forces • Researches on cure for cancer • Decreasing costs due to the developments of new Technologies • Comprising new advertisement methods through internet * SWOT ANALYSIS - Strengths • Company's strong financial budget • Well known brands in cigarette market • Prestigious image of Marlboro • Successful partners in foreign markets • Strong distribution channels • Essential corporate culture- Weaknesses • Inadequate communication with public Opportunities • Growing new markets in developing countries • Chance to use brands in different sectors • Merging or forming strategic alliances with local corporations in foreign markets - Threats • Aggressive marketing campaigns of competitors • Social campaigns against cigarette • Legal barriers against cigarette consumption and advertisements • Increasing prices in agricultural products • Deaths due to cigarette • Probable compensations * Industry and Competitor Analysis • Potential Entrants: low First investment costs are quite high and markets are quite dominated by existing firms Bargaining Power of Suppliers: medium In

many countries state is the supplier of tobacco and prices are defined by states • Bargaining Power of Buyers: low Cigarette consumers have no chance to bargain on prices • Other Stakeholders' Power: high Governments have very strong power to apply sanction on cigarette firms and cigarette market. • Threats of Substitute Products: low Cigarette is easy to reach and use. There is also no serious product that can substitute cigarette • Competition in Industry: high There are many firms activating in industry