

# [Philip morris enters turkey](https://assignbuster.com/philip-morris-enters-turkey/)

Despite increasing social and regulatory constraints on smoking, economic liberalization, reduced state barriers and the break-up of state monopolies have created significant new trading potential.

Legislation has focused marketing strategies more on the point of sale, while mega-mergers have consolidated the global industry to an unprecedented degree.

In many developing countries the number of smokers is increasing, and Turkey doesn't represent an exception; nowadays half of the Turkish adult population (more then 15 years old) smokes.

In the last twelve years tobacco consumption has increased almost of 60%, and now there are 25 million smokers in Turkey. Most of them are very young if we consider that a third of the population is less than 35 years old.

1991 was a decisive year for the tobacco market in Turkey. After being a state monopoly for many years, the tobacco market was declared free and open to foreign companies. No more high import tariffs, imposed prices and controlled distribution.

In twelve years the distribution of the market share between tobacco producers is changed significantly. Before 1991, Tekel, the Turkish national tobacco company, held 82% of the market share; in 2000 its share dropped to 68%. The remaining market is split between Philip Morris (24%) and R. J. Reynolds (8%).

One million people every year start to smoke: a recent research has shown that the reason for starting smoking are inclination to imitate (36%), curiosity (13%), tension (20%), rebellion and mental bankruptcy (21%). Between all smokers 18% are heavily addicted and the remaining is mildly or moderate addicted.

Since 1988 Turkey has started to ban smoking cigarettes in enclosed places and advertising cigarettes, but the tobacco market doesn't seem to have been affected from this.

Philip Morris already has gained a large share of the tobacco market in a few years, and this is due to the marketing strategy adopted after the liberalization of tobacco selling. The US company agreed to invest in the country, in a joint venture with a local company (Sabanci Holding Inc); Philip Morris already put 100 million USD in the construction of cigarette factories and it is expected to invest up to 230 million USD.

From the data I reported before, it is clear that tobacco consumption in Turkey represents a desirable market and that Philip Morris has all the interests to increase its share of the market.

Turkish government is planning to sell the state-owned tobacco company and this represents a big opportunity to become the tobacco market leader.

Besides this enormous opportunity to buy, in one shot, 68% of the market, Philip Morris could increase its market share with a more appropriate, new strategy of selling.

This is the reason why it should start doing deeper marketing research.

Of course, from running a growing business in Turkey for ten years, Philip Morris has collected a huge database on the Turkish consumers and their preferences. I assume that they already know what the economic situation of the country is, how much is the GNP per Capita, how big is the potential market and also what is the political situation of Turkey, import/export tariffs and laws, infrastructural problems etc.

Of course they are also aware that tobacco consumption, advertisement, and many other aspects of tobacco production are not yet regulated.

Nevertheless new marketing research could help to find out the new trends of the culture in Turkey, possible present and future competitors, eventual dramatic change in religious behavior and so on.

I think that what can affect the most the tobacco market in Turkey can be a change of socio-cultural behaviors, an increase of the literacy share, or even a stronger international action against smoking.

A marketing research company should provide information on:

1 Religion (How many people are practicing their religion? What would be the impact on the society if smoking will be prohibited - like alcohol consumption? Is this hypothesis real? If so, will it be soon?)

2 Literacy (How much literacy is growing in the country? What is the percentage of smokers between literate and illiterate people? Can a higher rate of literacy affect the market?)

3 Values (What is the trend between young people - that represent the biggest target for tobacco industries- in tobacco consumption? Is smoking considered a fashion? Is smoking considered appealing? Are there any ethic or moral concerns about tobacco consumptions?)

4 Role of the family (What is the impact of smoking in a family? Who in the family can impose not to smoke? Is there any health concerns for smoking at home?)

5 Gender (Why the female percentage of smokers is much lower than the male one? What is the reason why many women don't smoke? How can a cigarette become appealing for them? Are female behaviors controlled or repressed, and eventually how and from who? Is the cigarette a symbol of freedom or of rebellion against the system?)

6 Government (Can the government, in the near future, become more health concerned? What are the actual restrictions to smoking? Are the sanctions against who doesn't respect the restriction effective?)

7 Contraband (What is the quantity of illegal trade of tobacco in Turkey? How much can it affect the market?)

8 Competitor (Who are the competitors? Why do part of the consumers prefer to purchase other brands?)

9 Promotion (What can Philip Morris do to promote its product? How the packaging impact on sales? What are the legal ways of advertising? Can a campaign against smoking at very a young age impact on sales? If so, will the benefits that the company receives, in terms of better image, amortize the loss?)

10 Place (Where is the best place to sell cigarettes?)

11 Product (How can the product match consumer tastes?)

This last point is a source of discussion. Competitors say that Philip Morris adjusted artificially the blend of Marlboro cigarettes sold in Turkey to make their taste closer to the Turkish one.

Philip Morris answered that " Marlboro are consistent as possible worldwide" but some variation results from local regulations that limit constituents like tar or require use of local tobacco. (Hwang, 1998)\*

The answer is quite ambiguous even considering that Turkey at the present doesn't have any regulation for tar or nicotine quantity. This means that Philip Morris could have been selling its Marlboro without changing the usual blend.

I think is not an ethical issue to alter overtly the taste of its cigarettes for profit, unless you don't add any substance detrimental for people's health and if you make clear, while you are selling your most famous product, that it was adjusted to local taste.

Otherwise is not just a problem of unfair competition but it becomes a crime against your customers that are not aware that they are not buying the famous " Marlboro," but a Turkish version of them and, even worse, they are not aware of the more damage your product can cause to them.