

stronger foothold in emerging markets. Such countries offer opportunities in demographic and economic development as well as a relatively high socio-cultural acceptance of smoking. The fact that taxes on tobacco products are lower in many emerging markets compared to developed markets, and that the consumption of tobacco products is increasing in these markets, are conditions in the external environment influencing the choices PMI makes as it pursues growth and profitability.

Sources: 2009, Altria Group Inc., *Standard & Poor's Stock Report*, <http://standardandpoors.com>, April 25; 2009, Philip Morris International Home Page, <http://www.philipinternational.com>, May 15; Byrnes, N. and Balfour, F. "Philip Morris' global race", *BusinessWeek Online*, <http://www.businessweek.com>, April 23; Helliker, K. (2009) "Smokeless tobacco to get push by venture overseas", *Wall Street Journal Online*,

<http://www.wsj.com>, February 4; Pressman, A. (2009), "Philip Morris unbound", *BusinessWeek*, May 4, 66; Wilson, D. (2009) "Senate votes to allow FDA to regulate tobacco", *Wall Street Journal Online*, <http://www.wsj.com>, June 12.

Questions

- 1 What are the main factors in PMI's general environment that influence its performance?
- 2 Scanning, monitoring and forecasting these factors how do you assess PMI's future?
- 3 To what extent is PMI able to exert influence on its environment?
- 4 How can PMI's strategy be summarized?
- 5 Discuss other industries in which firms have followed similar approaches.

Forecasting events and outcomes accurately is challenging. The current trend for firms to outsource call centre work and logistics activities to specialist companies appeared to accelerate as a result of the recent global crisis. Companies dependent on understanding changes in consumer behaviour, such as Nokia, are forecasting trends in fields such as digital entertainment. Conducting careful analysis, Nokia expects that entertainment will be more "collaborative, democratic, emotional and customized".³³ Building on such forecasts Nokia is developing hardware and software solutions to enable individual users to connect in ways they prefer.

Assessing

The objective of *assessing* is to determine the timing and significance of the effects of environmental changes and trends that have been identified.³⁴ Through scanning, monitoring, and forecasting, analysts are able to understand the general environment. Going a step further, the intent of assessment is to specify the implications of that understanding. Without assessment, the firm is left with data that may be interesting but are of unknown competitive relevance. Even if formal assessment is inadequate, the appropriate interpretation of that information is important: "Research found that how accurate senior executives are about their competitive environments is indeed less important for strategy and corresponding organizational changes than the way in which they interpret information about their environments."³⁵ Thus, although gathering and organizing information is important, appropriately interpreting that intelligence to determine if an identified trend in the external environment is an opportunity or threat is equally important.

Firms with well-known brands have also detected a trend among consumers to receive more "value" when purchasing branded products. Having forecasted that this trend towards "wanting more value" may last beyond the current global recession, many of these firms are taking actions in response to their assessment of the significance of what may be a long-lasting trend towards value purchases. In the Strategic Focus, we describe actions some firms with well-known brands are taking in response to an assessment that this trend may have significant effects on their operations, at least in the short run if not the longer term as well.