

ENGR 6031 - PROJECT

Study of Philip Morris International

Supply Chain Characteristics

Students :
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SUMMARY

- I. - Company Highlights
- II.- Financial Key Points
- III. - Value add Manufacturing
- IV.- Logistics, Warehouses
- V.- Competition
- VI.- Sustainability

Company Highlights

- Founded in 1847
- Leader in tobacco & smoke-free products worldwide
- Traditional Cigarettes : Marlboro, L&M, Chesterfield, Philip Morris



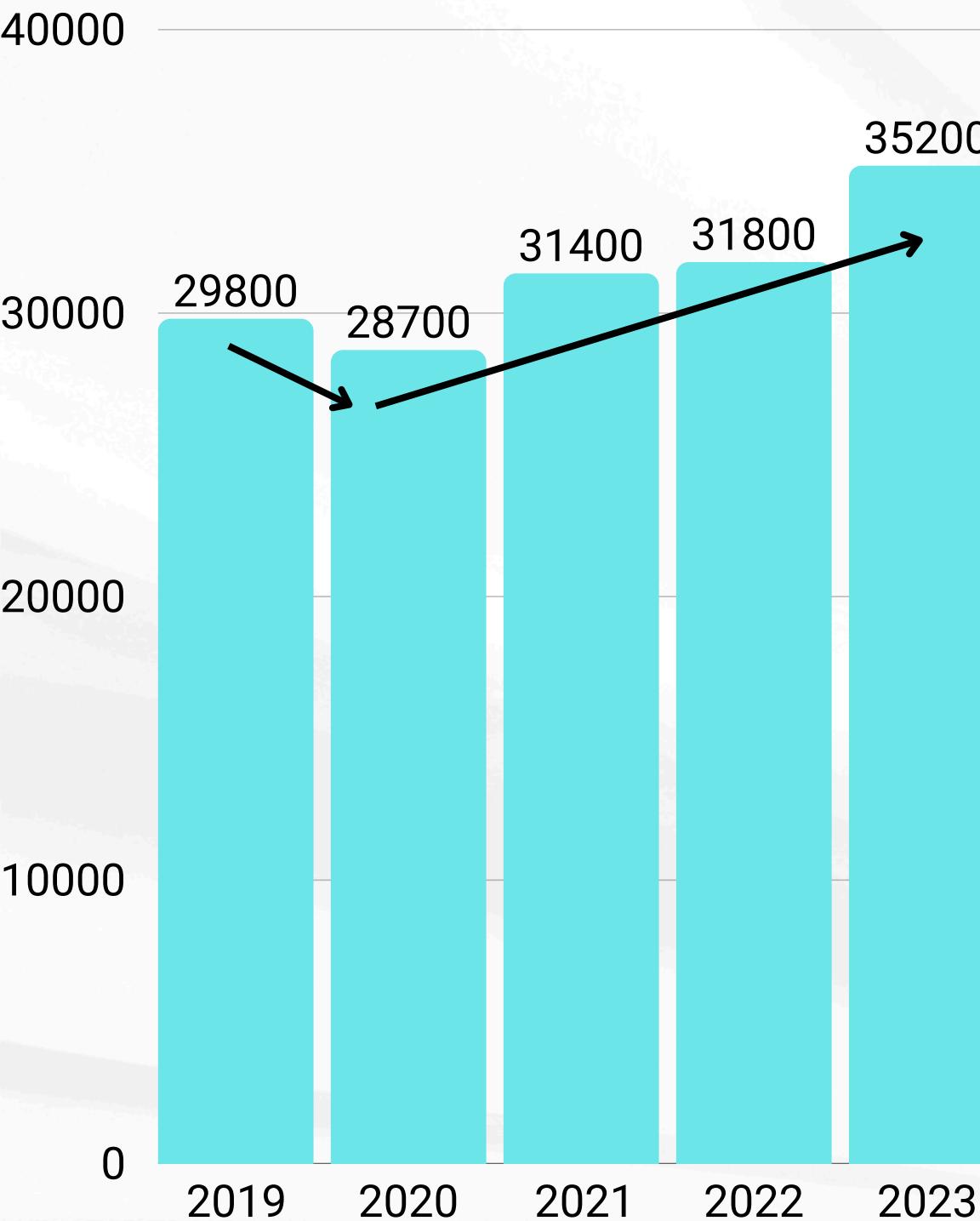
- Transition towards smoke-free Products :
 - > Heated Tobacco Products (iQos)
 - > E-cigarettes (iQos VEEV)
 - > Oral Nicotine Pouches (Zyn)



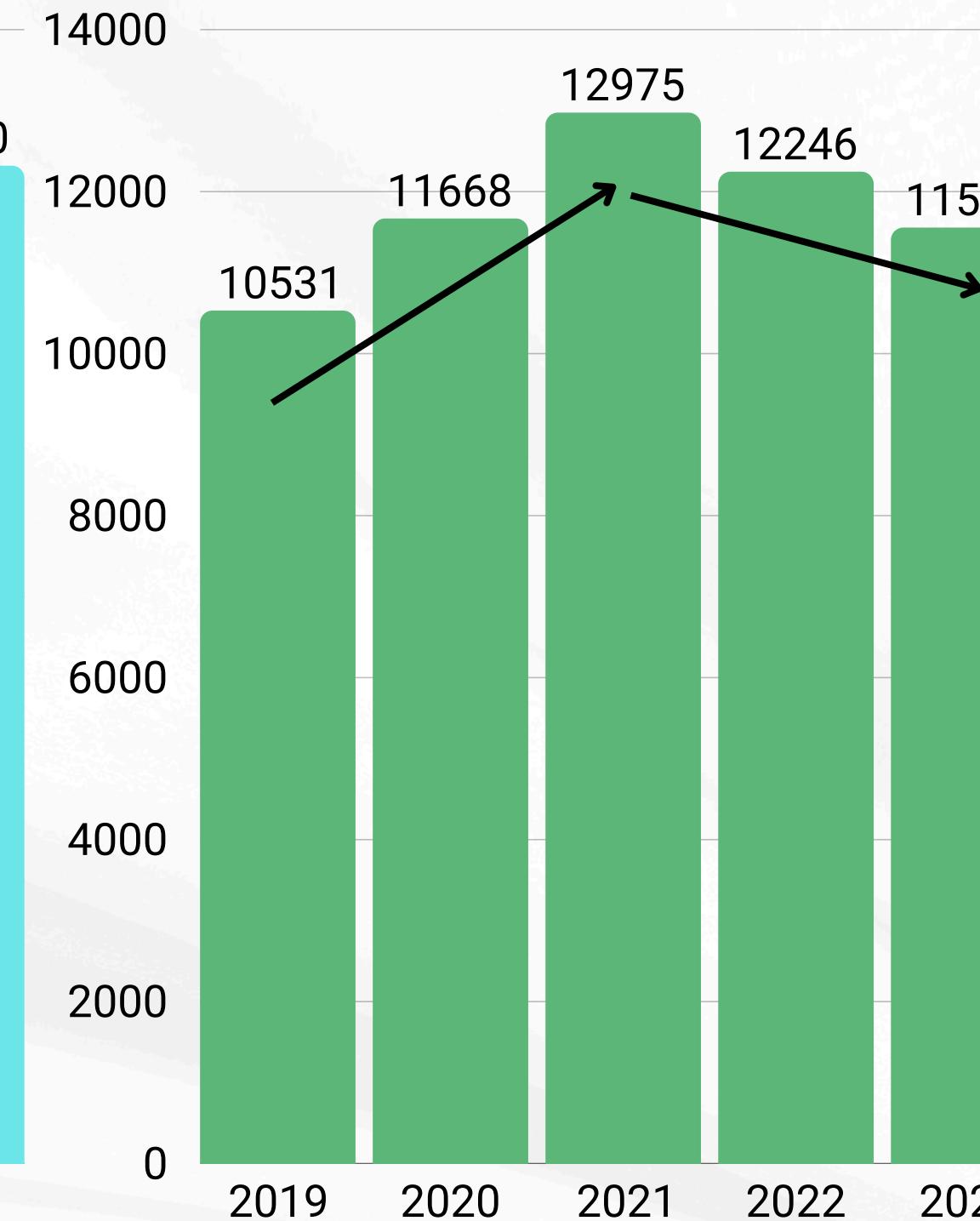
Key products

Financial Key Points

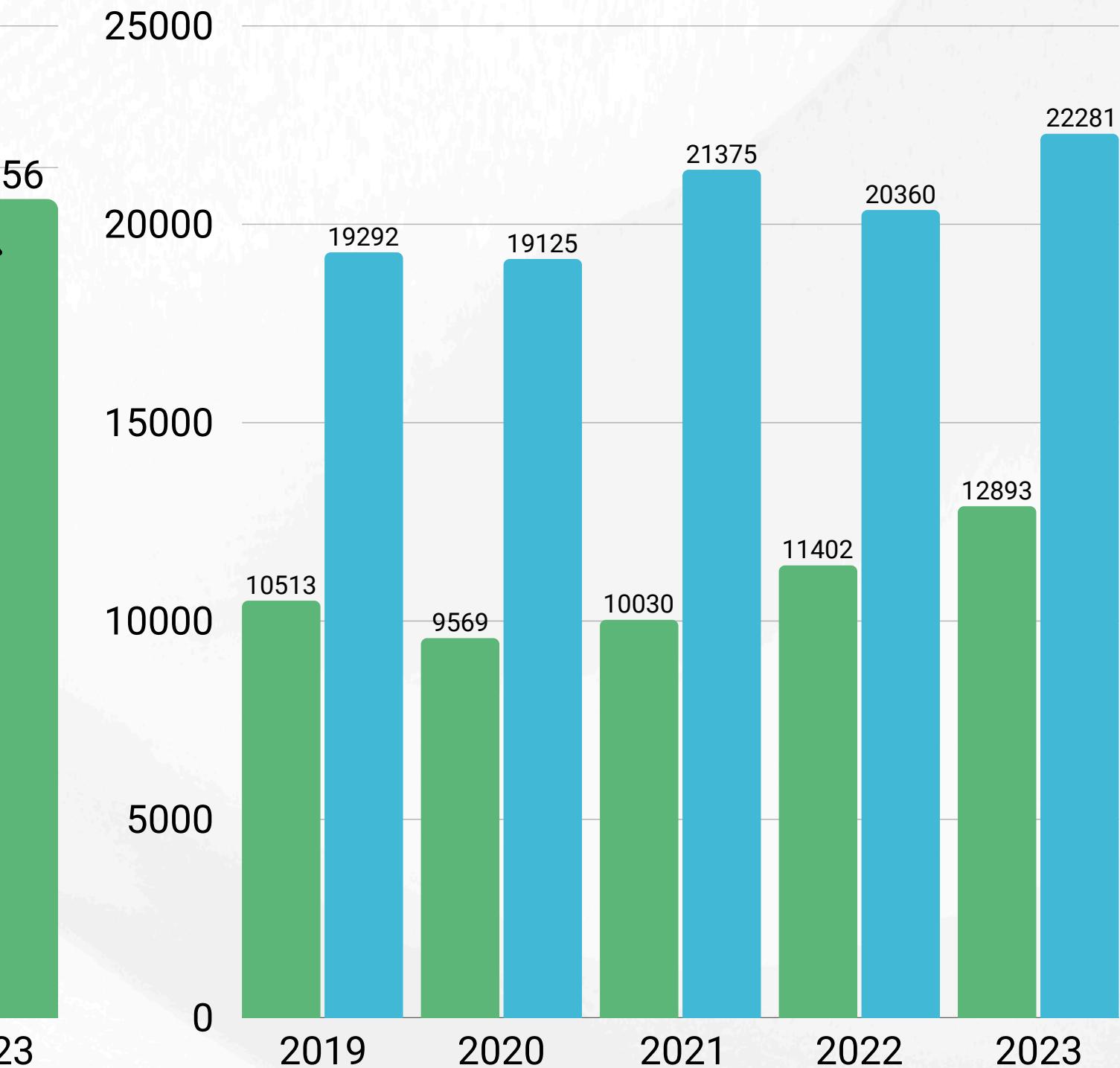
● Total Sales (in Million \$)



● Total Profit Before tax (in Million \$)



● COGS (million \$)



Gross Margin

~\$710M spent on R&D (~2%)

~\$970M spent on Advertising & Marketing (~2.8%)

The remaining goes to :

--> Sales

--> Administrative

--> Other subsidiary costs

--> Overhead Charges

Min and Max Wages : 49920\$ - 72800\$

~82700 employees

~\$140 000 of profit per employee

~\$425 300 of sales per employee

Full-time
Quality Control
Engineer
Aurora, CO

\$86,560 -
\$119,020 a year

30+ days ago

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Full-time
Production Line
Manager
Aurora, CO

\$86,000 -
\$134,000 a year

23 days ago

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Full-time
Executive
Assistant
Stamford, CT

\$84,000 -
\$126,500 a year

30+ days ago

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Part-time
Information
Technology...

Stamford, CT

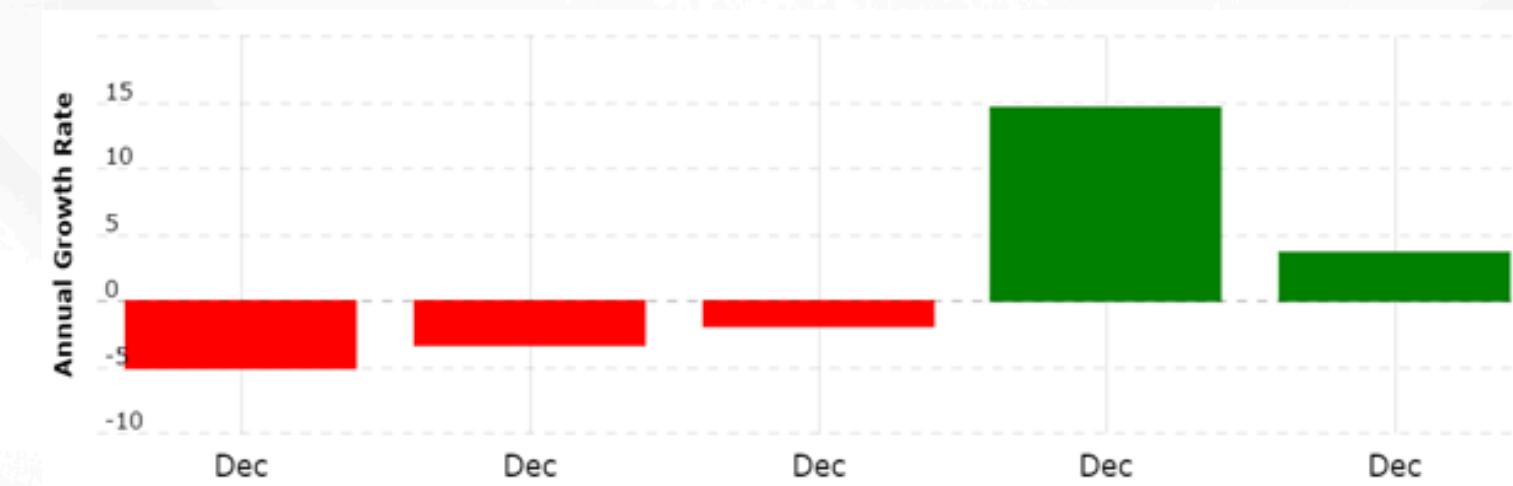
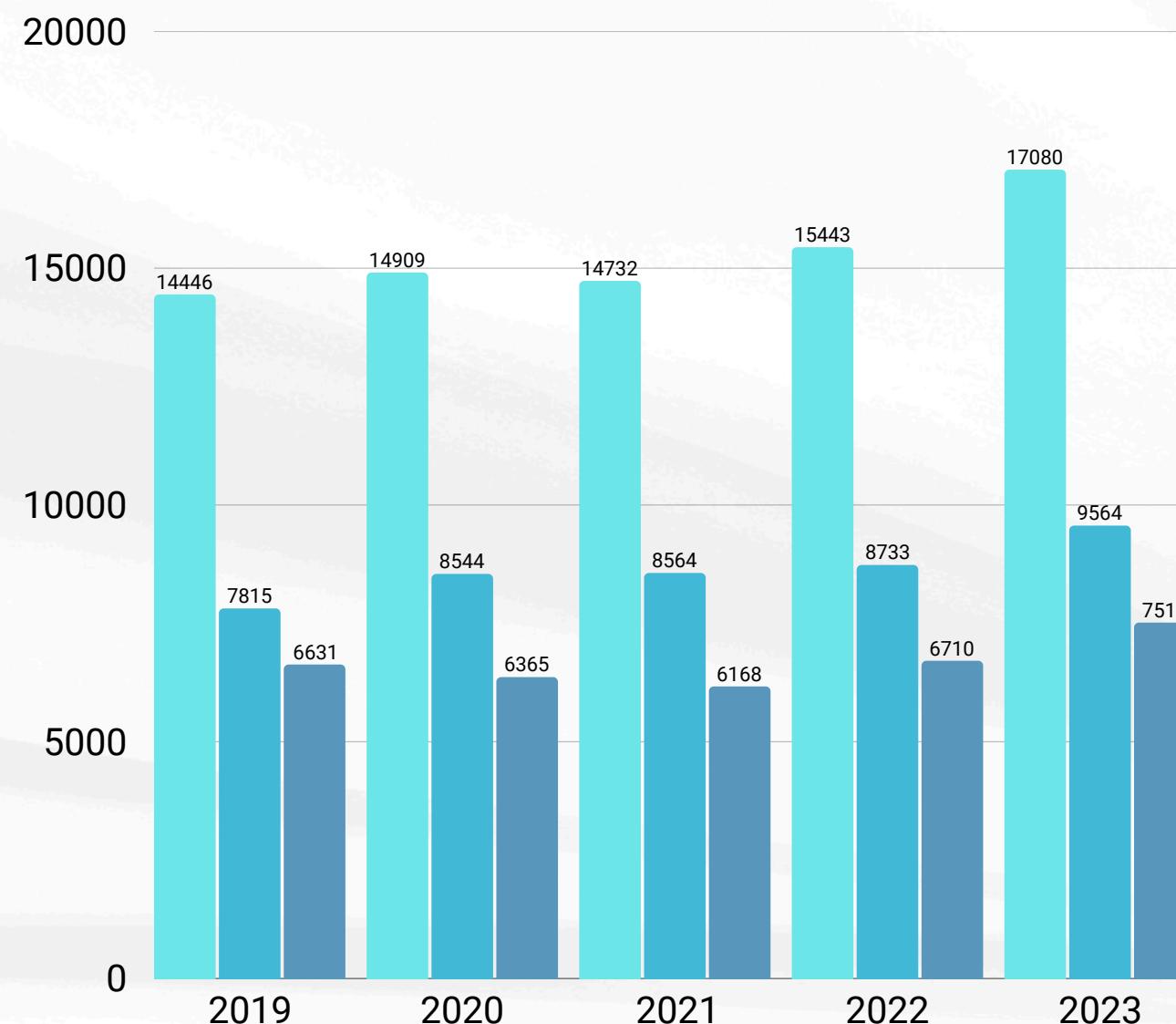
\$25 - \$35 an hour

3 days ago

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● Capital (in Million \$) ● Depreciation

● Difference



3 Manufacturing plants in the US, ~80 worldwide ?

- New plant to be opened in 2025 (Aurora, CO) dedicated to Zyn production. 7j/7 24h/24
- Accurate estimation of victory probability of a hand with variable conditions.

Company distributes the products through distribution centers (nb unknown) and then products sold through retailers

- Sold in shops, gas stations, smoke shops.

Inventories

in millions of \$

	Leaf Tobacco	Other Raw Mtls	Finished Products	Total	~Days of COGS
2023	1942	2293	6539	10774	305
2022	1674	2028	6184	9886	316
2021	1642	1652	5426	8720	317
2020	2063	1712	5816	9591	365
2019	2052	1596	5587	9235	320

--> **Make-to-stock**

Biggest competitors :

--> **British American Tobacco (Lucky Strike, Dunhill, Pall Mall)**) **Cigarettes**

--> **Japan Tobacco International (Camel, Winston)**

--> **British American Tobacco (glo)**

--> **Japan Tobacco International (Ploom)**) **Heated Tobacco Products**

--> **JUUL Labs (Juul)**

--> **British American Tobacco (Vuse)**

--> **Japan Tobacco International (Logic)**

) **E-cigarettes**

--> **Altria (on!)**

--> **British American Tobacco (Velo)**

--> **Japan Tobacco International (Nordic Spirit)**

) **Oral Nicotine Pouches**

Competition comes down to :

--> **Most durable, technological and ergonomic product**

Sustainability goals



--> **Phasing out cigarettes through promotion of smoke-free alternatives**

- Minimize post-consumer waste**
- More sustainable packaging**
- Cut greenhouse emissions**
- Preserve ecosystems**

Are we able to set up a resilient supply chain model given the information ?



Very little information about value adding (how are the products made ? what is needed to make them ? how many do we need ? how many plants and production lines are needed?)

Very little information about materials (who are the farmers ? where do they come from ? what are their prices ?)

Very little information about logistics (where should the supplies be delivered ? how should it be delivered ? how many DCs ?)



Weak supply chain model with available information