

The legal and ethical issues marketing essay



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Boots is the leading pharmacy-led beauty and Health Company in the United Kingdom focusing on health, beauty retailing and pharmaceutical products. It has covered a wide area in the international market with branches expanding to main Europe. A complete range of products are offered by the company in beauty parlours and pharmacies while No. 7 being a unique brand which is very popular amongst its customers. Boots has become a leading company due to the good working relationship with its manufactures and pharmacists.

Brief

The aim of this project is to give an overall strategic position of the company by examining Boots. In this report a broad outline of the company's position was done using SWOT analysis (Strength, Weaknesses, Opportunities, Threats), and the company's competitive advantage was analysed by using Porter Five Force model. Also the impact of IT was analysed on the organisations operations and its competitive advantage.

Outcome

The finding of this report was a collection of data from a wide range of sources. It is therefore concluded that, Boots investment in IT/IS have shown significant growth in the company's performance and revenue. Its ability to outsource its IT and Human Recourse Department gave the company the power to focus on what mattered more, its customers.

The key findings of the report are the following.

Boots is a leading beauty, health care, optical provider and pharmaceutical business not only in the United Kingdom.

By outsourcing its IT and Human Resource department, Boots focuses on delivering first class service to all its customers which is the important aspect of its business.

IT/IS has been the driving force behind the success of Boots, the introduction of trainable touch screen tills was a noticeable addition.

Boots has rolled out its Customer Advantage Card, allowing it to manage its customers purchasing habits and keeping track of the goods and services and particular group of customer purchases

Report Structure

Management Summary: Describes the report structure and highlights some key findings.

Introduction: Includes the company's back ground and historic information while giving details of the products they offer and their financial position.

Strategic Evaluation: This is an in-depth SWOT (Strength Weakness Opportunities and Threats) analysis.

Competitive Analysis: This chapter gives details of the company's competitive advantage amongst its rivals using the Ported Five Force model.

Impact of IT/IS: This chapter gives an over view on how IT/IS impacts the overall operation on the company and the competitive advantage it has on its competitors

Briefly summarise the approach taken in the report, and the key findings

Introduction

Being in the field of health care products for more than a century, Boots Company plc is one of the most trusted and leading companies in the UK for health, beauty products and pharmaceuticals. Having a humble beginning as an herbalists store established by Mr. John Boots on Goose Gate in 1849, over the centuries, the company has nourished into a large cooperate both merchandising and manufacturing healthcare products. Having more than 1000 stores in the UK itself boots has globally expanded its merchandising into Europe, Australia, Canada, India and the Far East. Boots products are backed by excellent R&D with sophisticated laboratories, contributing to the technological advancements in the medical domain. In 1985 Boots received Queens Award for Technological achievement for the discovery and development of ibuprofen (Brufen) marking its excellence in research.

Boots' main source of profit is from the front end merchandising sections. Boots occupies more than 1000 retail stores in the UK itself. specialize in retailing Healthcare, Beauty & Cosmetics products. With Boots Opticians Ltd, as a subsidiary boots is also one of the largest optics chains in the UK. Boots also promotes other products in categories such as consumer electronics, camera & photography and toys. Boots retail stores sells these in combination as they have identified these products as being going in line with the customer wants for their main product domain, healthcare and cosmetics. Boots manufactures a wide variety of products, with No 7 - Makeup, Soltan - Sun cream and Almus - Generic Drugs as its famous branded products. After the discovery of ibuprofen by Boots laboratories the company has vastly expanded into research and development of drugs and

mass manufacturing of pharmaceuticals. Boots has its hold on the cosmetics industry as well. With its famous No 7 cosmetics brand launched in 1935 it has a variety of cosmetic products and brands including '17 cosmetics' and 'Botanics Skin care'. It also retails in perfumes, mother and baby products, toiletries as well.

Boots also offers wellbeing services, with a range of services from facials, homeopathy , laser eye surgery to nutritional advice.

The company started venturing in to IT systems to increase the efficiency of management and operations early in the 1990s. In 1992 all Boots stores were installed with EPOS (Electronic Point of Sale) systems to automate sales operations and record all transactions. Boots had noticed that an efficient Information System was essential to the effective management of the group as Boots has already exceeded the size limit where manual procedures for information management are severely ineffective.

Strategic Evaluation

For Strategic evaluation of this company Swot and Pest tools were used to analyse the organisation's current position in the retail field. A brief introduction about SWOT and PEST tools are listed below.

PEST

PEST stands for Political, Economic, Sociological and Technological.

A PEST analysis examines factors under these four headings and how they might affect an organisation.

Political:

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Boots could be affected by politics in many ways, taxation is one of the major issues with the huge companies because they keep changing time to time this might affect the net profit of the company. Employment laws and consumer protection are also taking major places for the health and beauty product selling companies because all the products should be safe for humans. Government organisations' attitudes also need to be considered for the time being of this company. If the UK government were to put a quota on Boots products imported, only allowing a certain amount of Boots products to be brought into the country each year. Boots could overcome this by situating more factories with more product ranges in the UK.

Economic:

Economic growth overall in this Pharmaceutical Products and healthcare industry sector is really competitive for Boots, because they have to challenge all other retailers, who sell the same category of products by increasing product variations and etc.

Inflation also affects costs and selling prices on the products as it could lead to minimise the expected profit. And there will be exchange rates that may change a lot, and on top of this there is commission to pay exchanging money from one currency to another, making selling and buying products overseas more expensive for Boots.

Social:

Age structure of the population, gender, family size and composition and changing nature of occupations could be affected on Boots sales as they

revealed that they got most female customers than male. As the UK has a wide selection of people from different social backgrounds, Boots need to be aware of things like people's religion, race, culture, education levels, population, gender, age distribution, buying habits and lifestyle. Therefore, I need to promote my product so that it appeals to the different social backgrounds of the UK, as this will maximise my sales and enable my product to fulfil its potential market share.

Technological:

Under technological terms boots need be consider about new discoveries and development, speed of their database and other technologies, changes in hardware materials, maintenance and running cost and also impact of changes in information technology. Those major facts that need to consider under technological terms and also technological advances in things like machinery will have an effect on Boots. Therefore Boots need to be tuned in to new technology, which can speed up production, save energy or cut down labour required. If they weren't aware of new technology in machinery they may ultimately go out of business due to other firms becoming more efficient and gaining more of the market.

SWOT

SWOT Analysis is a technique which aids a company to find out its Strengths and Weaknesses, and for identifying both the opportunities open to you and the threats face. It can help uncover opportunities that the company can exploit, by understanding the weaknesses of the business strategy the company can manage and eliminate threats (SWOT Analysis).

SWOT analysis is a method where by the use of core-competence tree and the current-reality tree the strengths and weaknesses are integrated into core competences and core problems. In order to conserve and influence the organisation's core competence, the core competence and core problems are linked into a plan of action while defending against exposure to core problems. It does a broad internal analysis for the identification of appropriate opportunities and threats by doing a study on organisational capabilities followed by environmental scanning.

Strengths:

Operation since 1849, dominated the UK Pharmaceutical market: This is a very valid point as having this dominance in the market from the inception gave Boots the flexibility of the market until today. By having such dominance Boots was able to make their mark.

Its leading brand: Boots has its leading " No. 7 brand", including " Soltan", and their " almos" brand which is used for its generics medicines.

Leading Pharmaceutical and distributing wholesale: Boots has distribution and wholesale businesses in several countries including its main stores in Europe and in addition boots also distribute through associates in four different other countries. By doing this Boots controls a very large portion of Europe's pharmaceutical distributions business making it a leading edge in front of its competitors.

Customer focus: Boots pride itself on developing experience retail and wholesale teams which manages their respective areas. By doing this, boots

creates an internal management system, managing customers purchasing habits.

Marketing and advertising strategies: Boots boast a very effective and rewarding Marketing and advertising campaign.

Boots operation of its advantage card system has revolutionized the industry, by the introduction of this system, boots have been able to capture customer buyer's habits.

Weakness:

If any case the raw material is not found then it will be a great weakness for them. In this case they have to face many problems.

As they need to set up a well decorated shop the cost will be high and also bringing products from the home country will also be costly. So they must need to have the ability for that.

Again the promotion of the products, advertising, attracting the customers are also costly and for that they also need to have good management for this and cost is also important.

Again choosing the right location is a big matter for them. So they need to select a better place where the customers can have all the facilities they need.

The franchise agreement usually includes restrictions on how you run the business. So the Boots franchisee might not be able to make changes to suit your local market.

The franchisor might go out of business, or change the way they do things in that case they can have serious problem.

Opportunities

One major opportunity that Boots have capitalised on is rapid expansion of its pharmacies making it a rapid growing business; by doing this it allows them to reach a wider customer base allowing them to improve revenue.

The aspect of revenue generation may an opportunity for Boots, as in the winter and fall seasons, Boots have seen increased sales of it cold and flu drugs.

Boots have the opportunity to recruit the best minds in the pharmaceutical as it has one of the most respected pharmaceutical businesses in the county.

If they can follow some of the other departmental stores in the cases of promotional activities then they can easily target the segment they want.

They can have the availability of the supplier as they are already well known.

They got enough full time marketing analysis to guide them for the time being.

Threats:

A weak economy can have very catastrophic effect on any business, Boots Alliance been a market leader can be affected by such changes. Case in study, the 2008-2009 Rescission has seen many businesses close and even massive layoffs.

Boots faces on-going threats from rivals such as Tesco's who have been drastically increasing the amount of stores they currently have, which consequently put pressure on boots to up their game as it relates to keeping ahead of the Pharmaceutical and health care business . This has caused Boots to subsequently cut prices with will decrease their profit margin in the long run.

The rising cost of new technologies will always be a challenge for business seeking to expand and to meet the rapid change of technology. Boots faces the threat of rival business employing the same technologies for a cheaper and similar efficient way of operation.

Factors such as economy, affecting inflation and interest rates is an outside threat for Boots, as in 2009 the interest rate drops to an all time low as 0.5%, which affects the spending power of customers.

Their choosing of the location to set up the store may also be a threat for them. If they chose a place where there is not enough purchasing power of the customers then they cannot make profit.

Impact of IS

Boots new IT/IS system

Boots has indeed come a long way as it relates to the implementation of top of the line information systems. The culture of boots also has significantly changed over the years. In the early years boots had its own its structure which basically dealt with all IT needs. Consequently, boots has realised that over the years it can improve on its IT infrastructure, granted that the company boost it pride on consumer satisfaction.

Before the implementation of the outsourcing operation with IBM, Boots was originally spending in excess of £100 million a year for three consecutive years, which when tallied totalled to £350 million. This money was spent in overhauling of the IT infrastructure to improve efficiently and more importantly the give it customer's value for money.

IT Director Rob Fraser was quoted saying " we invest about £100 million a year in the past three years and now want to drop down that to £25 million or £30 million, but this includes building on the foundations we have put in place"

He mentioned that they touched every aspect possible in their IT sector to include the outsourcing of its data centre, in store and network systems.

One of the biggest moves for the company was the conversion from the old central Legacy system to the new (enterprise resource planning) which is the back bone of the IT operational System.

The culture of Boots IT systems has changed dramatically, by doing so Boots was able to install new PC's on all its back offices and overhaul of its networks system and introduced touch screen tills across all its stores across the UK.

" This renewal took our IT infrastructure to industry leading level. Now we need to get it to work for us and derive the value from our systems" Fraser explained.

Management have said that, it was necessary for Boots to restructure their ongoing out sourcing deal with IBM. The company's main aim for the

improvement in its IT sector, is to focus on how it can improve its customer relationship, decreasing its IT operational cost, and improve on its delivery capabilities.

Boots had additional plans when it employed Tata Consulting Services out of India as an additional outsource client. It was of the view that by having more than one client it increases competition and at the same time looked to cut cost and getting value for money for all its customers.

A report written by David Friedlos he pointed out that “ one of the biggest areas of spending in the coming year will be development of IT for healthcare along side the NHS, including E-prescription and a new scheme launched in Scotland”.

Another area where Boots IT sector has been effective on the culture on the organisation is by the implementation of IT/IS software to work alongside the NHS national database. By doing so, Boots is being able to register patients online from the national database. Additionally, it allows patients to be accepted if they have minor ailment which can be dealt with at any Boots pharmacy, thus easing the pressure on local GP offices. This has also seen significant benefits, as the patients at the point of visit will more than likely purchase their drugs from the store. It is a very good way that the IT/IS has impacted the way customers shop at Boots.

Additionally, the implementation of their customer advantage card launched in 1997 which have seen tremendous benefits to include having 10 million registered card customers 2 million more than originally forecasted for.

All this investment was to the tune of £25 million including the database which was used to hold the customers data.

It is quite clear that Boots have radically changed its culture as it relates to IS/IT systems. In implementing their state of the art IT system boots have leap frog in front competition. Such advantages were the implementation of a fraud detection system and the increased benefits from their SAP applications (Systems Applications and Products).

Listing a few cultural changes, these would include

Leading analysis recognise the massive IT improvement that Boots have made.

The integration of their IS with the NHS database giving customers the ease of prescription filling at any Boots pharmacy.

The ability to use CRM (Customer Relation Management) to monitor consumer shopping habits.

Out Sourcing

The out sourcing of Boots payroll and human resources systems to Northgate HR in 2006 in a deal worth £16 million over a seven year period.

This includes its 65, 000 employees who work in the health and beauty department

Boots HR head of operations concluded that they have done detail analysis of the HR department and have concluded the best way was to out source

Man power planning and labour scheduling was contracted out to Torex Retail

In 2006, boots announced a £350 million upgrade of its point of sale system which will enable E-learning for its 60, 000 plus staff. The new touch screen will be used for training staff making them more efficient during period of not much activity in stores. The very smart thing about this was that the tills had smart switching software's, which allows cashiers to do training while working. When a customer approaches a touch of a screen switches it back to the checkout system.

“ The training department at Boots realised that these computerized training could not replace person to person training but it compliments it said”

Michael DeSalles.

Training

The influence on IT/IS has caused the culture of the organisation to change, this was evident when boots rolled out their touch screen tills a change from the old regular push buttons tills. By doing so, individual training was more personalised.

Additionally, by outsourcing its IT/IS department, it can be assumed that the company would have had to redistribute its workers to other departments.

Competitive advantage

A competitive edge is what boots wanted and by its sizable financial injection into their IT/IS upgrade. By studying several documents including the case study given, there are several that can be clearly brought to light.

The new IT/IS system has more than given Boots the competitive edge against its competitors. And there are various reasons to support this decision.

K. Laudon in his Publication stated that “ Information systems promote better management of firm’s assets and cash flows that can increase revenues and reduce operational cost, thereby enhancing its competitive position”.

Boots have positioned themselves on the market from the onset where, their investments in IS systems they have proven much dividends in return. Their competitive advantage has been visible in several areas.

Human resource

Boots has been able to improve on its human resource, been able to implement on its tills a training software enabling staff to be trained on the job whilst working at the same time. Because of Boots continuous drive to improve their IS system. Currently they got more than 25 analyses to analyse their card holders purchase history to decide about their future sales plans.

Business process

Boots business process has given them much advantage as it relates to product differentiation, Boots outsourcing deal with IBM has given them more time to concentrate on what matters most to them, their customers. Therefore having done that, they were able to specify exactly what they would love to do.

Identifying Customers' needs

Boots has received favourable response from its customers and have also been able to use IT/IS to monitor customers purchasing patterns.

Please summarise here answering these 2 questions:

- 1. Investigate the impact of the new IT/IS system on the culture and productivity of the organisation**
- 2. Identify evidence that corroborates, or falsifies the claim that the new system has delivered value and provided the organisation competitive advantage that Boot's management were seeking?**

eMarketing Strategy

eBusiness

EBusiness is one of the ways that companies using to increase and improve their business via internet or applying internet technology.

E-business is a collection of business models and processes motivated by internet technology and focusing on improvement of extended enterprise performance (Designing and managing the supply chain: By David Simchi-Levi, Philip Kaminsky, Edith Simchi-Levi)

E-commerce.

E-commerce is the ability to perform major commerce transaction electronically (Designing and managing the supply chain: By David Simchi-Levi, Philip Kaminsky, Edith Simchi-Levi).

E- marketing strategy

eMarketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably

(<http://www.cim.co.uk/>)

E-marketing strategy is the way of providing information about consistence direction for the organisation to adopt e-marketing activities that link with its other marketing activities and help its overall business targets. And it has some similarities to characteristics of traditional marketing strategies. They are listed below

- Give an idea about future guidance of the internet marketing activities of the company.
- Analyse the organisation's capabilities, external environment, internal resources that need develop to information strategy.
- Join the internet marketing objectives and the other marketing objectives that can support.
- The most appropriate marketing strategies to gain the internet marketing objectives and make sustainable differential competitive advantage.
- Use basic marketing strategies such as marketing mix, target market and positioning to develop Boots

Different e-marketing strategies

Differentiated strategy: This is also referred to multi-segment or selective specialization plan. In this way, more than one target market is offered the product and service. The product may be the same or it might be different.

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But the branding, advertising campaign and even promotional message will be different for each target customer group. For example, the boots sells different type of health and beauty care products for different set of customers. The product is different but size could be same or size is different but product could be same.

SOSTAC

In order to promote the company I used several analyse methods to investigate about boots current problems. So first I used the SOSTAC planning system. I used to identifying the most suitable marketing plans that need to adopt for boots and there are some basic elements that every marketing plan should have, SOSTAC cover all of them.

S stands for Situation Analysis - which means where are we now?

O stands for Objectives which means where do we want to go?

S stands for Strategy which summarises how we are going to get there.

T stands for Tactics which are the details of strategy.

A is for Action or implementation - putting the plan to work.

C is for Control which means measurement, monitoring, reviewing, updating and modifying.

Situation Analysis

Objectives

Strategy

Tactics

Marketing Mix -

Neil H. Borden first coined the concept of the marketing mix as a means of describing combination of marketing techniques, ingredients and policies which should to adopted while formulating a marketing plan(Ross).

(Elements of the marketing mix are often referred to as the “ Four P’s” introduced by E. Jerome McCarthy in 1960. They are Product, Price, Place and Promotion).

As a one of the main key element of marketing mix, promotion is necessary to consider when developing the integrated marketing communication plan. So the Boots need to consider about all the communication options that currently available to target the customers. And when we consider about the Boots it has many ways to promote their ecommerce web site for their loyalty customers. And in stage the Boots should give priority to low cost promotional methods other than high cost methods.

Product

Price

Place

Promotions

This represents all of the communications that a may use to promote its products in order to increase its sales. Boots can offer special discounts to new loyalty customers or when they buy something for the first time over a specific price they could get more loyalty points. This really helps in attracting customer. They can also advertise about the loyalty card benefits in the newspapers, internet and Television.

You should identify here the key element of a marketing mix and advise how other elements would support it.

Word of mouth

Word of mouth is a god technique of publishing to web site of the Boots Company. But it has both negative and positive sides. Mostly people use to give publicity if it does not provide proper service. So when using the word of mouth technique to advertise about the Boots loyalty card, the company has to make sure that the customers are satisfied about their products, quality and the service in order to prevent the disadvantage of this technique.

Actions or Implementation

These are the things to do in order to implement tactics and to achieve the strategic goals. Once the tactic has been put in place, evaluation of the company's resources needs to be done by assigning the goals to the

resources and see if it measures up. The elements of marketing mix can be used to achieve some of the marketing strategies.

You have to offer here some specific actions, answering the questions – HOW? WHO? WHEN?

Control

These are things to do in checking whether the goals were achieved. For example whether Boots loyalty card is successful and its analysis methods are practically useful for the future of the company and so on. Milestone should be set to ensure that the plans are carried out accordingly. Suggest other ways of control as well i. e. analytics etc...

ONLINE/OFFLINE METHODS

In order to promote the boots loyalty card, the management should balance their online and offline promotional methods. This means giving publicity to their web site in offline methods and online methods promoting non web customers to visit their stores.

Offline promotion refers to using different communications tools such as advertising and PR delivered by traditional media such as TV, Radio and Print in order to direct visitors to an online presence.

Print materials

Print materials such as leaflets, business cards, letterheads, brochures, postcards, bookmarks and so on. All above materials can be used publish the new card and the name of the Boots company. Same time people are getting

happy image about the Boots because they are giving some benefits to their customers.

Legal and ethical issues

Use of internet information, gatherings, processing and distribution are legal and ethical issues that need to be considered. Company's business online is a direct reflection of how good ethical standards are applied to the online world because ethics have an immense effect on the business. It affects the brand image of the company while affecting the company's profitability for the long haul (pwebs, 2006) by affecting how sales, marketing, and advertising principles are applied. To prevent the affects to the brand image and online sales the Boots website and search engine optimization must not perform any kind of unethical searches. The major legal and ethical is with intellectual property issues. Trade Secret Protection is a method which protects the ownership of an idea and keeping those ideas secret. Usage of copyrighted material, I have been very careful so as to not to use any copyrighted material on the website. (tekxam, 2005) . In ecommerce websites there are many legal and web site regulatory issues such as Electronic copyright, e-commerce, credit/cash policies, international trade, tariffs, privacy, digital media offers, and security and many more (pwebs, 2006). Unethical spyware and adware should not be found in the website. Handling of customer's personal details should be done very carefully by Boots as the company will be in trouble if any violation is done. The company must also take into consideration that the email of the customers should not be sold to others and to avoid spam by unnecessary mails sent regularly.

Once noted that the customer has unsubscribed the email address must be removed instantly from the database.

Any specific facts about Boots? Any specific advices/recommendations to Boots?

Conclusion

In the United Kingdom Boots is certainly the leading company in pharmaceutical, health care, beauty and optical service.

This report indicates the position of the company in the form of a swot analysis and the other in Porters FIVE force.

A broad and detailed study of Alliance Boots gave the following details:

Boots have the ability to expand to a broad customer base and market share because of its merge with different business such as Unichem from a single entity.

Out sourcing of Boots IT department to IBM was a bright idea as it is a well reputed company.

Alliance Boots gives priority to customer satisfaction by inspecting ways to make sure the best products, the best prices, and the best se