

Burts bees: a financial analysis



**ASSIGN
BUSTER**

In the Burt's Bee's case, there is a whole list of opportunities that can be identified. These include being eco-friendly, providing all natural products and sticking to that concept, catering to the niche health conscious customer market, increasing their brand presence in the rising trend of skin and bath products, expanding globally and targeting women who do not usually purchase mainstream personal care products in the various departmental stores. These opportunities are valid and vital for Burt's bees to exploit in order to survive and be able to create a good presence in the market.

Under a brief SWOT Analysis, from the case, it appeared apparent that Burt's Bees has a strong and loyal customer base for the kind of products that they were selling. This was due to the fact that they were all natural and organic. Moreover the owners were also rather proficient when it came to brand image and sales and were trying to expand the business capabilities. These can be evidently seen from the range of products that they had created from just a simple resource.

However they had made use of so many different brandings for their products that it might have dampened their fuelling need for unity to encourage expansion into other markets. This could hinder distribution as customers would not be able to identify with the brand if there were so many subdivisions. This was something which they could look into to improve their competitive advantage and gain further market share

Some threats that were surrounding Burt's bees were the price sensitivity issues. Though they were focused on selling natural products, other competitors who sold synthetic products like body shop and other companies

who priced their merchandise significantly lower could hinder a certain amount of sales as consumers would prefer the less expensive option.

Going forward, we will now critically evaluate the opportunities and deduce the viable ones. As Burt's bee had achieved high customer satisfaction and generate positive word of mouth through their products they had grown to serve a particularly niche market with the loyal customer base. Furthermore they have continued to strive to provide customers with 100% natural products only and no synthetics applied to them. This differentiates them from their competitors and gives them the advantage over them by providing superior customer value. They should continue on this road of being eco-friendly catering to a niche market and ensuring that the health conscious consumers are well looked after.

Expansion plans to gain market share would be to partner with retailers to maximise the recommendations of their products and reduce or withdraw trade terms with mass retailers who just push the product without giving value add for their products. They should even consider partnering with spa chains which may seem like a blue ocean strategy taking into account that they are in the business of manufacturing health care products and not a service oriented industry. The rationale behind doing so would be that consumers would have the first-hand experience of their products and would enhance long term usage of them. Also it increases brand awareness as more people are targeted.

Another way to grow the business would be to establish joint ventures. They could do so with other brands such as Herbal Essence who has a presence in

the market already or Dove who may be their competitors to push the brand and provide more choice and expand the current product range for them with the ingredients.

Apart from those opportunities, catering and rebranding their products to adopt a single brand across all products would be feasible as women tend to purchase these products would then be able to identify with the brand clearly and would boost sales knowing that what they are getting is a quality product. As mentioned earlier, mass marketing might not have worked well with so many various brands as it would only confuse the consumer but with a common brand, there may be an option of mass marketing.

Also Burt's Bees could narrow on segmentation of high profit gearing products and focus more resources on them. Remove those that might impair the value of the brand and focus on their continued innovation to add new profitable products. They have the resources relevant experience, skills and motivation to move forward and thus combining all of the opportunities mentioned above. Burt's bee does have the potential to grow and be large scale.

Likely Challenges that Roxanne would face

The likely challenges that Roxanne's company would face would be reporting requirements, infrastructure, distribution capabilities, manpower and global experience. When expanding a company, especially when going global, the culture and market environment in those areas might not be the same as how she might be experiencing in the home country and thus she has to take note of those differences or the business would fail miserably when it starts

to expand. Some issues such as demographic, psychographic, political, legal, historical data have to be looked into.

Infrastructure

Infrastructure to mass produce the products as well as expanding the current distribution channels may be tough as well as during the period of the 1990s the supply chain would not be so extensive and it would be really costly to transport the goods internationally let alone domestic transport. It would cost a great deal of money to start an extensive supply chain to transport the products and though she has the funds to invest in them, it might be substantial. Also other issues like delivery punctuality and ensuring that goods are properly accounted for would be other problems that are likely to stem from the logistics.

Distribution Capabilities

Distribution capabilities would refer to the mode of distribution whether it is by a complex method using retailers or distributing them directly. Moreover the choice of the channel that is used is important for the brand image as well as the use of middlemen might not always be the best solution as they might not value add the product as much as you want them to do so. They may be cheaper and help to save costs though

Manpower

Manpower is another area to be focused upon. With expansion, there needs to be more people to help with the process and cope with the surge in workload. Running a global enterprise with just a few people would be disastrous and thus correct talent and expertise is necessary in dealing with

international markets. Hiring people of different cultures would be essential so that these employees could assess the situation and give a wholesome insight on the location before everything begins

Political/Legal Requirements

Lastly, in expanding globally, political and legal requirements would be have to be adhered to in the various countries. Some countries may impose embargoes on certain products and Roxanne might not be able to sell certain varieties of the line in those countries due to the regulations set in those regions. This is crucial information to research before the venture of expanding in that region be made as a huge investment is often necessary.