

The body shop international plc commerce essay



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Successful business ventures go through the path into business over the decades if not centuries to achieve its goals and objectives which The Body Shop International plc (The Body Shop) finds itself in such high regards. The founder of The Body Shop was Dame Anita Roddick from Littlehampton, an English seaside town (Dame Anita Roddick: The Body Shop International plc, 2012). It had its very first outlet launched on 26th March 1976 in Brighton, on the south coast of England (Our History: The Body Shop International plc , 2012).

The Body Shop offers beauty products that are original, natural and ethical beauty brand (Our Company: The Body Shop International plc, 2012). The Body Shop introduces new products into the market with the use of natural materials and ingredients which is fair trade (Support Community Fair Trade: The Body Shop International plc, 2012). The Body Shop emphasises on positive social and environmental through campaigns with five core values of Activate Self Esteem, Protect Our Planet, Against Animal Testing, Support Community Trade and Defend Human Rights (Our Values: The Body Shop International plc, 2012).

According to (About Us: The Body Shop International plc, 2012) its website based indicates the desire for this brand is to make the products with love and care that creates the slogan of ' Beauty with Heart'. The Body Shop offers relatively high quality beauty products in the market to meet consumer's demands.

TASK 1

SWOT ANALYSIS

The specific objective of the business venture is to identify the internal and external factors that are favourable and unfavourable to achieve objectives. (McDonald, Rogers, & Woodburn, 2000, p. 148) suggested that ' A SWOT is an analysis of your strength and weaknesses compared to competitors and of the opportunities and treats by a key account'.

Strength – The Body Shop brand itself holds a strong image in the market which well known for its beauty products (The Body Shop: The Body Shop International plc, 2012). Natural ingredients are use to produces good quality and innovative products. We are the leading key player in the niche market where targeting and satisfying needs of the customers. The Body Shop has a high brand loyalty from consumers due to the product differentiation.

Weaknesses – The Body Shop does not have direct marketing or advertising department where there is no strong physical public awareness. In the United Kingdom (UK) The Body Shop have small number of retail stores in operation. The products are either in the mature or decline stage of the product life cycle due to high and low consumers demand. The franchise system has specific requirement that cause problem to attract new franchisee.

Opportunities – The Body Shop products are produce with natural material and ingredients that increased awareness of organic and eco-friendly (Protect The Planet: The Body Shop International plc, 2012). Today's world with advanced technology of internet, develop an online website to

increased number of online buyers (The Body Shop UK: The Body Shop International plc, 2012). Ageing population has increased in the current market that The Body Shop could target the ageing consumers who are willing to spend on products claiming anti ageing properties.

Treats – The Body Shop faces a huge growing competition within the beauty industry that offers similar products. In the current harmful environment situation that cause climate change and global warming will affect unstable supplies of raw materials. When UK faces financial crisis in the economic downturn, The Body Shop is in the condition of decreased on sales turnover in the overall market.

2. 0 KEY PRODUCT

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The key product of The Body Shop is Tea Tree Oil which mainly for blemished skin. The use of this product will have the effect of soothing, has antibacterial properties and does not dry out skins which can apply directly to all skin type. (Best Sellers: The Body Shop International plc, 2012).

2. 01 ENVIRONMENTAL VARIABLES

An organisation, consumers or in general will conduct a market research that benefits the management to improve economic development. There are six environmental variables which is Political factors, Economic factors, Geographical factors, Cultural factors, Educational-Philosophical factors and Sociological factors use by organisation management to widen the marketing research within a country. (Loudon, 1975, p. 95) Tea Tree Oil considered

looking into three environmental variables of Cultural factors, Economic factors and Political factors.

Cultural factors – In every country have their own culture to learn and influence by tradition that affect different perception towards other culture. Tea Tree Oil is the key product of The Body Shop due to its natural properties where some countries use as an ingredient in medication remedies for healing. Some countries may perceive Tea Tree Oil as a common product where some believe is a valuable product.

Economic factors – Economic factors plays an important role for any business industry where customers purchasing power and decision making process is concern. Increase costs on raw materials that affect retail price to increase. Most consumers perceived Tea Tree Oil as a valuable product because it uses natural ingredients. Tea Tree Oil could be marketed to any country due to its natural properties that can be use on any skin type.

Political factors – The Body Shop build relationship with suppliers from different country in order to get finest raw ingredients to produce Tea Tree Oil. Commit local government rules and regulation to import raw materials and ingredients from different country. In the current UK market faces recession that causes The Body Shop to face unstable economic and political environment situation. Tea Tree Oil is a well known product in the world for its natural properties.

2. 02 PHYSIOLOGICAL VARIABLE

In physiological variable can be related to Maslow's hierarchy of needs which include Physiological needs, Safety needs, Social needs, Esteem needs and

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Self-actualisation (Shaw, Dibeehi, & Walden, 2010, pp. 81-87). The needs that influence Tea Tree Oil are Physiological needs, Safety needs and Social needs.

Physiological needs – Physiological needs are the basics of life. Tea Tree Oil is consumer's basic need on daily usage as a beauty product or traditional medicine. Tea Tree Oil has a positive impact on consumers who are beauty conscious. It has its ability to heal wounds naturally because human body has the ability to absorb oil easily.

Safety needs – Safety needs are most important where consumers concern on product safety which Tea Tree Oil is contact with skin. Tea Tree Oil has gone through the production process of using fair trade natural ingredients and tested on human instead of animal before its being marketed. The Body Shop well trained sales assistants and product label provides appropriate information about Tea Tree Oil to keep the retention and loyalty of the consumers towards its product and brand.

Social needs – Social needs where customers and employees build relationship with each other to identify the culture and needs of customers to provide best services and information related to its product. The Body Shop keeps promises of using the raw materials and ingredients to produce good quality and innovative products that will gain good connection with customers. Tea Tree Oil itself has its own ability to build relationship with consumers with the positive responds and natural properties.

3.0 MARKETING MIX

Marketing mix is an essential theory for every product or service provided in the business industry. The Michael Porters 4 P's model entails Product, Price, Place and Promotion which are more appropriate for tangible goods. In today's world marketing mix has extended to 7 P's with an additional of People, Process and Physical Evidence that is used in the servicing industries. (Borden, 1984, pp. 7-12). In The Body Shop business is involved in products which marketing mix of 4 P's is essential.

Product – Tea Tree Oil is a key product which is organically grown beauty product that has natural properties and safe to use in contact with skin. Tea Tree Oil is made from extraction of oil from leaves of the *Melaleuca alternifolia* to form the product which is organic (Wong, 2012). Tea Tree Oil has a short life span due to natural ingredients without preservatives.

Price – The current retail price in store are selling at £7 a bottle of 10ml in the UK (Best Sellers: The Body Shop International plc, 2012). The price of Tea Tree Oil is relatively low compared to other competitors in the market. Tea Tree Oil is in the medium price range among the product in store. The Body Shop Tea Tree Oil is considered as an affordable product with the natural properties.

Place – The Body Shop is a business-to-consumer related organisation that involve in the retail industry. Direct target market of The Body Shop is on consumers. The distribution types that The Body Shop emphasises are the mix of intensive distribution and selective distribution. The Body Shop retail

stores in the market run their businesses on a franchising basis (Franchising: The Body Shop International plc, 2012).

Promotion – The Body Shop are against promotion because there is no direct marketing and advertising department. We own a website for customers to browse for information and purchase products through online. All beauty products in store are organically grown for its natural properties. The Body Shop core values of against animal testing which protect animal, cruelty-free and vegetarian (Against Animal Testing: The Body Shop International plc, 2012).

TASK 2

4. 0 MARKETING OBJECTIVES

Marketing objectives are an organisation desire to achieve its mission and vision to generate more revenue and market share. (Lamb, Hair, Jr., & McDaniel, 2012, p. 39) commented that ' A marketing objectives is a statement of what is to be accomplish through marketing activities'. It is essential of any organisation to have a marketing objective in order to develop a marketing plan activity.

4. 01 SMART ANALYSIS

The Body Shop marketing objectives can be set by using SMART analysis to form a marketing plan to expand its roots to a foreign market (Robinson, Wale, & Dickson, 2010, p. 144).

Specific – The Body Shop should specifically define the aims to achieve in future with clear focus on its objectives and develop approaches that can be use to achieve defined objectives to gain significant market share.

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Measurable – The Body Shop should make sure that its objectives can be measured and quantified in the business operation.

Achievable – The Body Shop should use the market segmentation to analyse in order to avoid setting unrealistic and unachievable targets.

Realistic – The Body Shop should focus on its available resources such as funds, time, natural materials and ingredients, machine and employees before setting its realistic target to expand.

Timed – The Body Shop should make sure that its objectives are timed wisely and forecast its sales and profits in the long term period of time.

The objectives been set by The Body Shop are smart and time bound as we can prove that The Body Shop currently still stand strongly in the market. We need to develop the visibility of the brand to create public awareness.

Emphasises against animal testing in the foreign market that shows The Body Shop is cruelty-free and vegetarian. Widen the target market to kid's range that is organic to refresh the image of the brand. Consider to reinforce environmental policies by working only with Community Fair Trade supplier to keep the loyalty of the consumers. Obtain environmental certification to prove to foreign market consumers that The Body Shop is in the business of ethical trading.

5.0 THEORETICAL CONCEPTS OF GLOBALISATION PROCESS

In the globalisation process is base on theoretical concepts which there is no specific definition. According to (Bozyk, 2006, p. 1) the most important part

of the research is ' From the theoretical point of view, globalization means an unlimited access to these markets for all interested business regardless of country of origin and economic regions. Globalisation is a free market to enter into any foreign market to start a business without any barriers.

Another theory identified that globalisation process involves compression. According to (Zajda, 2005, p. 614) the most important part of the research is ' Compression makes the world a single place by virtue of the power of a set of globally diffused ideas that render societal and ethnic identities and traditions irrelevant except within local contexts'. Organisation set objectives that is standardise to suite the local market and foreign market.

The Body Shop have no issues to enter into any foreign market due to its natural materials and ingredients being use to produce products. The Body Shop emphasises the core values that brings positive impact to the foreign market with the organic and eco-friendly policies.

6. 0 BEHAVIOURAL TRENDS AND PATTERNS

Today's world, consumer demands are wide that every organisation is difficult to commit. Consumer buying behaviour relates to the social and culture of the consumer decision making process. The trends and patterns of the consumers are form base on the development behaviour among a large population in the long term.

The Body Shop consumers bargaining power and purchasing power in the current market are strong that demands and expectations are high. The foreign market trends and patterns of the consumers are different from one another due to its social life and culture environment influences. The Body

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Shop looks into the trends and patterns of a foreign market in order to target the right market and achieve objectives. Market segmentation plays an important role to understand the foreign market trends and patterns of the consumers. The Body Shop conduct focused groups that provide valuable information of the products market acceptance.

On the other hand, The Body Shop experience different perception and background of consumers in different country. The trends and patterns of consumers are dynamic which is difficult to commit. Consumer's personal lifestyle will influence a brand in the market if consumers are branding conscious.

6. 01 MACRO ENVIRONMENTAL FACTORS

Macro environmental factors which PESTEL analysis is a useful business strategic tool to measure and understand how The Body Shop market grows or decline, position in the market, potential and direction for its operations (Yeates & Wakefield, 2004, p. 265). In any business strategic decision making process, the employment of PESTEL analysis can be use as a framework.

Political and Legal factors – The Body Shop build relationship with the Community Fair Trade suppliers for raw material and ingredient in different country (Our Values: The Body Shop International plc, 2012). Rules and regulation of the local government in foreign market are different from one another. The Body Shop faces unstable economic and political environment when foreign market is in the recession period.

Economic – In the current market position consumer's demand for good quality beauty products due to climate change and unhealthy meals cause skin problems. The increase cost on raw materials and ingredients that affect the retail price to increase due to high demand. Consumer purchasing power is influenced by the disposable income of individual customers. Customers may perceive The Body Shop as a luxury brand in some foreign market.

Socio-Cultural – The Body Shop consumers may shift to other beauty brand which also offers organic and eco-friendly products. The Body Shop failed to wider the target market to baby and kids range that is organic and natural ingredients for delicate skin. Social media marketing such as Facebook and Twitter is developed to provide information and updates on products to customers.

Technology – The Body Shop uses social media marketing to promote brand globally and create awareness. The use of natural materials and ingredients that form natural properties creates innovative products. Launching ' Love Your Body™ ' card to create consumers retention with the membership privileges when use in store (OUR LOVE YOUR BODY™ CARD: The Body Shop International plc, 2012).

Environmental – Climate change and global warming will affect unstable supplies of raw materials and ingredients. Emphasises on the eco-friendly policy in order to save the mother earth (Protect The Planet: The Body Shop International plc, 2012).

7.0 INTERNATIONAL BUSINESS MANAGEMENT PROCESS

The process of internationalisation business management can be explained that international business intends to enter the global market in its earliest stage to increase the sales and profitability. Certain circumstance do cause for changes, such as the environment do take place which will affect the internationalisation process. In firms which are successful in their internationalisation process will survive through the previous experience being gained. (Vahlne & Nordstrom, 1993, p. 531). There is different industry characteristic affecting the process of internationalisation which is economies of scale, research and development intensity, product differentiation, governmental policies and transportation costs (Vahlne & Nordstrom, 1993, p. 532).

The Body Shop invests in the foreign market need to think global and act locally in the market to satisfy the consumer's demands. The Body Shop needs to implement international business management process in order to expand its roots to a foreign market successfully.

7.01 INTERNATIONAL HUMAN RESOURCE MANAGEMENT

International human resource management is important in the international business operation. (Briscoe, Schuler, & Tarique, 2012) commented that 'Broadly defined, the field of international human resource management (IHRM) is the study and application of all human resource management activities as they impact the process of managing human resource in enterprise in the global environment'. The human resource policies and

practices need to implement to support the global strategy in any international company.

The Body Shop needs to learn the culture of the foreign market in order to have an appropriate human resource management department. Learning and understanding the foreign market local culture that brings positive impact to work and communicate with foreigners

7. 02 INTERNATIONAL MARKETING

International marketing can be explained that local company takes the opportunity to invest in the foreign market to gain significant profits and market share. There is no specific definition to international marketing where most definitions of marketing are acceptable. According to (Vasudeva, 2006, p. 5) commented that 'marketing activities carried out by a marketer in more than one nation across national boundaries may be termed as international marketing'. Understanding of what marketing is and how it operates in an international context will complete the study of international marketing.

The Body Shop goes to international market will benefit to the consumers who concern on beauty and organic products. The Body Shop invest in the international market will generate more revenue to the company that increase sales turnover. Furthermore, gaining experience from foreign market in order to improve company objectives and strategies.

7. 03 INTERNATIONAL LOGISTICS

International logistics definition is divided to international and logistic which it gives a different meaning. (Wood, Barone, Murphy, & Wardlow, 2001, p. 1)

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commented that ‘ International means that it will deal with transactions involving individuals or firms in more than one nation’. (Wood, Barone, Murphy, & Wardlow, 2001, p. 1) also commented that ‘ Logistics means the organized movement of goods, services and sometimes people’. The combination of international logistics can be defined as local company invest in the international market and export goods across the border. International logistics involves the buyers, the sellers, the carries, the intermediaries or middlemen and sometimes the government.

The Body Shop involves in the international logistics where the intention to expand its roots to the foreign market that exporting goods and experience people to start up the business. As a result international logistics are costly due to export duties, taxes and other expenses incurred when exporting.

8. 0 CONCLUSION

The Body Shop is a successful company in the beauty industry where people, animal and planet are concern. Natural materials and ingredients being use to produce products to save the mother earth with guaranteed good quality and safety product. Through its good business model that satisfied the consumer’s demand which keep consumers retention and loyalty. The Body Shop objectives to achieve with the participation from employees will lead to good reputation that shows the achievement being met. The Body Shop objectives that have achieved will maximise the revenue and employees efficiency of work performance.

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