

# Body shop in china essay



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Company Description The Body Shop International power-line-carrier (The Body Shop) is founded by Dame Anita Roddick in the United Kingdom in 1976. Nowadays, The Body Shop is skin, body, and hair care cosmetics manufacturer and retailer operating in 61 countries with over 2, 500 stores. What made the Body Shop so prominent? There are a few factors which made TBS so huge . One of the factor is that TBS has always stick to a motto which is ' Know your mind, love your body (source: The Body Shop) .

Besides that, the founder of TBS whom is a very successful businesswoman, entrepreneur nd leader, Dame Anita Riddick (2000) quoted, " In terms of the power and influence, you can forget the church, forget politics.

There is no more powerful institution in society that business I believe it is now more important than ever before for business to assume a moral leadership. The business of business should not be about money, it should be about responsibility. It should be about public good not private greed. The Body Shop takes the safety of the product it sells very seriously and has a responsible approach to the use against criteria of health and safety environment impact and against animal testing policy .

However, in the year 2006 The Body Shop agreed to a 652. 3m takeover by the French cosmetics firm L'Oreal, which ironically is a very prominent brand for animal testing-cruelty for the past 30 years. The body shop offers many cosmetics products such as shaving, face care, hair and body, eau de toilettes and accessories.

This company in Malaysia is located at Level 13A & 15 Uptown 2, No 2, Jalan SS 21/37, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan

Malaysia. It is based in Petaling Jaya and consists over 500 employees and has a strong track record sales growth posting double digit increases from the ast year.

L'Oreal Malaysia is included 4 operating segment: Active cosmetics division Luxury products division Professional products division Consumer products division Situation Analysis The cosmetics and toiletries industry in Malaysia is strongly influenced by the importance of personal appearance, both for women and men. International Trade Administration , 2012) The Malaysia cosmetics and toiletries market value was US \$1. 6 billion, with imports representing 50 percent. In the year 2007, 25 multinational cosmetics companies participated then tested 33 brand name lipsticks and realized hat 1/3 of the samples exceeded the limit of lead allowed in confectionery. The ed brands were L'Orea Table 1 an Christian Dior. Table 2 : Imports and exports of cosmetics products in America.

Table 3: Increasing percentage of colour cosmetics in Hong Kong. Market Growth From these tables, it can be seen that the cosmetic market is growing in an rapid speed. The Body Shop target market is segmented into six major regions: Americas, Europe, Middle East & Africa, I-JK & Republic of Ireland, and Asia Pacific (including Australia and New Zealand) . There is potential market growth in China due to the fact that the population of china s 2 billion and there are huge demands for the Chinese.

005 China cosmetic market sales increase 18. 19%, consumers cosmetic expenditure is USD \$10. 3 billion, increased 11% than 2004, 68% than five years ago. The estimation is that between 2002-2007, the increase rate

should be 7% average each year, most from skin care and color cosmetic, among which skin care products will take 40% at 20% increase rate, till 2010, cosmetic retail sales will reach 17 billion (Chinabgao 2006).

When L'Oreal purchased The Body Shop in March 2006 for IJS\$1 . billion, many critics were sceptical that the ethical skincare retailer could survive under such as lobal personal care giant. The Independent reported three weeks after the acquisition that the company's " satisfaction" rating had dropped by 11 points to 14, on the UK's daily BrandIndex (a monitor of public perception of consumer brands). The sale was criticized mainly due to L'Oreal's practice of carrying out animal testings on a small number of its ingredients, compared to The Body Shop's anti-animal testing stance .

Despite these criticisms, however, the company has performed better than expected under L'Oreal. For the six months ending December 2006, The Body Shop achieved consolidated net sales growth of 9. %, with sales reaching E290 million (IJS\$569m). It achieved particularly strong sales in the I-JK, Norway and Japan .

- Competition There are many competitions in terms of cosmetics products but mainly there are three types of competitors, the beauty cosmetics, the bio cosmetics and professional cosmetics.

According to Clara (2012) , the cosmetics market is a very innovative market due to the fact that females are now focusing more on appearance, consequently increasing the use of makeup and research has shown that students(college, senior high school and university) are more prone to put makeup or events (nightclubs and parties). There are many direct

competitors in the cosmetics market . Many strong competitors such as L'Oreal Paris, Estee Lauder , Clinique and Loccitaine are amongst the multinational companies and huge in its business scale.

According to Du Yuping (2008) , The Body Shop's direct competition is not the ones listed above , but rather the less well-known Japanese or Korean which are Missha and the Face Shop .

These two brands also promote their natural ingredients and target the young customer segment as what the Body Shop is currently focusing on. Comparing to the competitors, the Body Shop has advantage in products but disadvantage in price . On the whole, because there are many strong competitors and the market share distribution is stable, they create a barrier for the Body Shop to have a breakthrough improvement in market share.

Macro environment An analysis of macro-environment is very significant in identifying factors which could affect the organization strategies , which could be analysed by using PEST factors , (political , economic , social and technological factors) According to the regulation of the Consumer Goods Safety Ordinance (Cap. 456) (" the Ordinance"), Cosmetic products are categorized as consumer goods.

The Ordinance have to ensure the cosmetic goods meet a certain safety standards or level before it was released to the market .

Under the Regulation , it governs the safe production of cosmetics, ensures appropriate labeling and provides that claims made about products stay within prescribed guidelines(Mashari 2012). If a particular cosmetic or skin

care product is found to have breached the requirement under the Ordinance, on first conviction, the penalty will be a maximum fine of \$100,000 and an imprisonment for one year, and on subsequent convictions, the penalty is a maximum fine of \$500,000 and an imprisonment for two years (The Ordinance).

Keys to success In Dame Anita Roddick's case, what are the factors that lead for her and her business' success? Success is measured according to sales growth, income, employment trends and satisfaction Solymossy (2000). In order to face success, it is of crucial importance to think of the ways by which the business model will thrive in the marketplace.

Another is to assess the strengths and opportunities of the business. Lastly, it is always important to innovate, as this has always described entrepreneurs (Baghai, Coley, and White, 2000). Innovations are proven to increase the business' performance.

<http://www.thebodyshop.com>.

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