

The bodyshop international plc essay sample

[Literature](#), [Russian Literature](#)



“ Strategy is not about planning, but about thinking and doing. It is not a technique, but a way of understanding and managing the business according to a strategy perspective or framework. Only with understanding are strategies likely to be matched with complementary environments and structures, no matter how thorough the planning.” (Pearson, 1999, P. 25)

This essay concentrates on strategy and business information study of the British natural cosmetic retailer, the Bodyshop International Plc (the Bodyshop or the company). The Bodyshop was established in 1976 by Anita Roddick and rapidly grew to a mature public company within approximately 20 years. Nowadays The Bodyshop trades through over 1, 900 stores in 50 markets around the world.

This essay is going to analyse the historic and present strategies of the Bodyshop in theoretical framework. It will also involve personal opinions about the recommended future strategy and the evaluation of the Bodyshop’s information using. The main body will be separated into four parts as follows, the historic strategies, the current strategies, the future analysis and suggestion, and the decision-making and the information using. The last part of main body, the evaluation of the company’s information using will critical analyse the approaches in which the company uses information to generate strategic advantage.

1. Survival Period (1976 – 1982)

It is widely thought that the Bodyshop is a typical successful business company which used reasonable strategies. As a young company, the Bodyshop started its career in a competitive market from 1976. At the early

period of its business, the primary purpose to the Bodyshop was to survive in the competition. In terms of the table1, the evolutionary perspective should be compatible with a neonatal company such as the Bodyshop.

“ Coexistence is impossible if organisms make their living in an identical way. Henderson’s (1989) conclusion is that business survival in a competitive environment depends on strategies of differentiation. ” (Whittington, 1993, p. 19)

The Bodyshop did so, it focused on the external environment, the market, and implemented a distinctive strategy. It brought out a new fashion notion to customers that the cosmetic products should be nature, health, green and has no side effects, whilst providing particular new products. At the same time, the Bodyshop also did some other approaches to cut down the costs. For example, they sold the oil and cream in simple plastic bottles and claimed that they can refill these bottles with 15 percent discount for the environmental protection purpose. Because of the specific products and low price, the Bodyshop gradually attracted a lot of loyal customers. It had successfully built its business foundation.

2. Development Period (1982 – 1990’s)

“ The key features of the Classical approach: the attachment to rational analysis, the separation of conception from execution, and the commitment to profit maximization.” (Whittington, 1993, P. 12)

In 1980's and early 1990's, The Bodyshop's goal turned to earning more profit rather than the survival aim. The Bodyshop began to use classical approach to establish its strategy.

The classical approach focus on the internal plan in order to get profit maximization.

The Bodyshop appeared to do rational analysis of their main clients, expandedness and brand building. Because the key clientele are female, the Bodyshop employed 90 percent of female to run the company and stores. Anita thought that thinking in women's angle would be great benefit to improve their products' sale and market investigation. The facts indicated that her decision is absolutely correct. In 1982, the Bodyshop almost opened two stores per month, and entered American market since 1989.

There was an interesting thing that The Body Shop appeared to ignore the advertising for their brand building. " It was a great big experiment," Anita said of the Bodyshop. " I was only ever interested in running a company that could break the rules of how business could be run ... we earned our money from the great products ... "

In fact, the Bodyshop used other approach to build its brand. For example, it ran some business campaigns about the issues of human rights and animal protection. The Bodyshop became more larger and more widespread though its strategy. Its success had brought not only the money but also the positive strategic outputs. The position of the company is to be a natural products

provider. It accords with their previous business icon and the brand has been successfully built.

Current Strategies

“ We do business as unusual.” It is the Bodyshop’s catchword. It publicly claims on its website that their strategy is “ The Body Shop has an ultimate goal of being socially, economically and ecologically sustainable.” In this part, its current strategy will be outlined in three aspects as the organisation, brand building, and the market activities.

In organisational aspect, in order to boost the management efficiency, the Bodyshop attempts to improve the central staffs’ learning and development. It is a positive input of the strategy. The deliberate strategic inputs that “ First of all, to provide managers with a means of understanding their organisation, which becomes more and more important since most organisation get hugely more complex as they mature.” (Pearson, 1999, P. 30)

In order to build the brand, the Bodyshop uses its key impacts to act to protect the environment and human rights throughout the business. As most people known, the Bodyshop do its business as an environmental protector all along. Furthermore, it always advocates its products are natural and no side effect. Now the Bodyshop still maintain their icon just as keep their logo.

In market aspect, the Bodyshop delicates to spread on overseas market. According the Bodyshop’s annual report, by 2003, there are about 50 percent turnover is earned in the American, Europe, Asia and Africa market.

Basically, the strategy could be something that an organisation uses to achieve the survival or success. It is difficult to simply judge the strategy is absolutely correct or totally false. According to Rumelt (cited in Mintzberg in 1996, P81), it can , however, be evaluated by these criteria: “ Consistency, Consonance, Advantage, and Feasibility”. In summary, the Bodyshop still maintains its key features and sustainable development. Furthermore, during their development, they did changes to more adapt itself to the external environment. The Bodyshop also keep their differentiation in the market positioning. However, it appears likely in last several years, the extending activities overtaxed their available resources. It occupied the international market share, but whilst losing their domestic market share gradually. This point will analyse in next part.

Future Analysis and Recommendation

1. Main Problems

It appears to me that the Bodyshop faces two problems. Firstly, according to the group last five year’s report (Table 2), the Bodyshop’s developmental trend has become slow since 1999. It seems that the Bodyshop is ‘ stuck in the middle’. “ Many companies which have a clear direction and distinct position are also demonstrably either cost leadership or differentiators, but not both. ” (Pearson, 1999, P. 142) The Bodyshop’s products are in some way differentiated from others. Compared with some other famous cosmetic brands, the Bodyshop sells their products with a little bit lower price, but not the lowest. Although “ there is nothing in the model which suggests that a firm could not successfully combine aspects of both cost leadership and

differentiation. ” (Pearson, 1999, P. 142), basically a ‘ stuck in the middle’ company often has bad performance.

Table 2: Group five year summary (resource from <http://www.thebodyshop.com>)

Secondly, it has been mentioned in above context, that the Bodyshop developed overseas market by using a large amount of capital and human resources. However the developmental activities overtaxed their operation, it caused their focus turn to overseas market instead of domestic market. According to the article ‘ A Makeover of Global Proportions’ published on the journal, namely ‘ Chemical Market Reporter’ (Sauer& Pamela, 12/03/2001, Vol. 260), the Bodyshop obtained the share of global cosmetic market at 1. 3 percent in 2000 as the 12th main sharer. However its domestic market share declined distinctly. Although the overseas’ turnover replaces the domestic’s loss, there still can be a potential problem.

The Bodyshop gained success by using correct strategies before, however the external environment changed. If the company does not use a new strategy to solve the problems, they will not maintain their success and development.

2. Competitive Strategy and Porter’s Five Forces

“ The competitive strategy model was introduced at a time when mature economies were experiencing low, or even negative growth. As a consequence it was focused on how the competitive process divided up the

cake, rather than being concerned with how the cake could be enlarged. ”
(Pearson, 1999, P. 135)

Each company does not exist in an isolated business environment. It is important to analyse the whole industry situation. According to the report, ‘The Market for Cosmetics and Toiletries in the United Kingdom’ (Global Information, Inc., 2003, http://www.the-infoshop.com/study/eo14173_cosmetics.html) In 2002, the UK’s cosmetics market showed the growth of 3%. Moreover, in domestic market, the biggest competition comes from the Boots. In general, the industry has a steady but low growth.

In Porter’s framework (Cited in Pearson, 1999, p . 137-139), the industry’s profitability is determined by the five forces: competitive rivalry; Bargaining power of buyers, the threat of substitutes, threat of new entrants, and Bargaining power of suppliers.

The threat of substitutes and the bargaining power of buyers are quite interrelated. Basically, every female can be their customer if they have enough reason to choose the Bodyshop’s products. Their products are not most expressive or cheapest, and it is easy to find other substitutes. The Bodyshop has a group of loyal client who trust green products, but that is not enough. To the customers, the matter is to choose a natural or a chemical cosmetic. It is the distinctive difference between the Bodyshop and the other brand. However if clients do not mind whether the product is made from natural material, they will not choose the Bodyshop. Therefore, these two forces have distinct effect on strategic decision.

<https://assignbuster.com/the-bodyshop-international-plc-essay-sample/>

The threat of new entrants and the bargaining power of suppliers are not the major forces. One company in the cosmetic industry needs large capital for running and particular technology. Furthermore there are many existing strong competitors. Therefore it is difficult to enter the industry. On the other hand, the company directly dominates 37 suppliers across 23 countries. Although the suppliers are located in many countries, the company has a steady products resource with the solid management system. In summary, these two forces will do not matter if the situation remains.

It is found that there are quite few companies do completely the same business to the Bodyshop. For example, the biggest domestic competitor - Boots sells not only the cosmetics but also some other familiar commodities such as fashion magazines, films, and electronic equipments. Because they do not sell their own brand mainly, Boots looks like a distributor rather than a cosmetic company. The other several famous companies focus on one or few kinds of products, such as L'oreal concentrate on the hair care products and the Lancôme's focus is the skin care products. The Bodyshop sells various kinds of cosmetic products. It can be the company's strength but may be the weakness as well.

3. Suggestion

In terms of the above analysis, it would be advisable to give some suggestions for recent problems. First of all, in order to leave the "stuck in the middle" situation, the company should attempt to achieve the explicit aim that to be the differentiation rather than the cost leader. It is necessary to broadcast the advertisement in worldwide area, especially for the main

products. Furthermore it is a good choice to sell the products in delicate packaging. Although the costs will rise, the company can also raise the price in order to get more profit. It is the way to do business as ‘unusual’ in terms of their catchword.

On the other hand, the ‘group five year summary’ report (Table 2) shows that the net current assets became small during the last several years. It appears that the investment costs the company significant amount of assets. Despite this overseas investment shows an increasing trend, the loss of the domestic share could be a big problem. Therefore the Bodyshop should slower the steps of the overseas investment.

In addition, the company should do local analysis when they decide to invest in overseas markets. The analysis includes local culture, religion and consumptive level. That will make the investment be more efficient.

Decision Making and Information Using

Decision-making generally can be summarised as a choosing process by using the various relevant information. It involves not only the capturing but also the choosing about the information. The information does not determine the result of the decision-making but it usually is the evidence or supporting point of the final decision generating. The way to use the information depends on many aspects such as the type of the organisation, the organisational hierarchy, the kind of the decision and the context.

The environment and the size of the organisation usually influence the strategy, a specific kind of decision. “ Strategic decisions are not made in a

vacuum; they are contingent upon a range of other factors – particularly the environment but also the extent to which the senior managers within the organisation wish to accept risk.” (Lee, Newman & Price, 1999, P. 163)

The Bodyshop used the information by different approaches in its different periods. At the earlier period of the Bodyshop’s business, as a small size company, the hierarchy was very simple. The decision-making basically was individual behavior. Anita sold the products and observed the customers’ reaction instead of the formal feedback. The reaction, for example, could be the customers’ complaining of the bottle’s size or their suggestion of the service. Anita got the information from the informal channels and made the decision only by her self’s judgment and sense. It is called Constricted decision processes:

“ Constricted decision process is narrowly channelled. There is a need for more source of information, but is usually technical and there is less effort needed to acquire it, as it is readily available.” Fulop, Linstead, Lilley & Clarke (Cited in Keele MBA course material, 2003, P37)

Because there is not large amount information even very narrowly channelled, this approach is mostly determined by the decision maker’s personal experience and knowledge. Furthermore, the decision was also efficient and can be changed very quickly if the decision maker does not satisfy the result. Therefore, if the decision maker does not have the enough capacity, it may cause the decision go a wrong direction.

This part will mainly evaluate the information using to the current strategy generating as following paragraphs.

Nowadays the Bodyshop has been a more larger and complicated organisation. The decision is not made by simple approaches and the strategy decision is a group behavior rather than an individual activity. The CEO of the Bodyshop, Peter Saunders claims on the company's website: " in our strategic decision-making, our actions, and our behavior towards stakeholders".

In Fulop, Linstead, Lilley & Clarke's book, the authors summarised some main kinds of decision-making model such as the rational model, the bureaucratic model, the garbage can model and the political model. The Bodyshop's information comes from the various channels. The resource includes different groups such as the employees, the customers, the investors, the franchisees and the suppliers. Basically it seems that each group has different goals. Consider the organisation context, it is difficult to satisfy all the stakeholders. Therefore the Bodyshop uses the Political model of the strategic decision-making. " The view that recognizes the role of conflict and conflict resolution in the decision-making process is the political model." Fulop, Linstead, Lilley & Clarke (Cited in Keele MBA course material, 2003, P. 48)

The political model uses the wide range information to make decisions. Normally, the decision maker has the enough data, clear criteria and relevant options to choose. This model also concentrates on reconciling the different stakeholders' aim and the internal and external restrictions. For

example, in 2002 the company restructured the organisation. In order to do business to satisfy the investors, Anita and Gordon Roddick stood down as Co-Chairs and became Non-Executive Directors, although they still occupy most of the stock. By contrast the rational model, the political model is a good approach to lighten the conflict from different coalitions. Furthermore the political model pay attention of the organisation context . It will not cause the problem inside the organisation. This model should be reasonable and logical when a large company such as the Bodyshop international plc applies it.

All the good effect are based on that all of the participants have enough knowledge, experience and information to analyse the decision which should be made. On the other hand, this model may ignore the idea from other coalitions. Although the information is the same, the understanding of the information still depends on the different decision maker. Different coalitions may formulate different viewpoints because of the variant understanding. The dominant coalition has the possibility to misunderstand the information gathered and do an incorrect decision.

In summary, not a single decision making model uses the information in a perfect way. All the approaches just aim to perfect the decision making process but not absolutely. The Bodyshop uses accurate data, various information and scientific solution but it does not mean it will always do the decision successfully.

Conclusion

My essay referred to the different period strategies had been used by the Bodyshop International Plc and gave the suggestion of the future strategies. At the last part of main body it also evaluated the information using methods and the decision-making. In my opinion, it is logical to use the Porter's theory to analyse the industry and employ some strategic frameworks to think about the strategy. Also, it is easy to find out the advantages and disadvantages of the information using method if classify the decision making to different models. Although there are many arguments for this subject, all the analysis is based on my understanding of the course, 'Strategy and Business Information'.