

A comparison between avon and the body shop



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1. 1 Background

Avon

Avon is an American cosmetic brand established by David McConnell in 1886, a twenty-eight year old bookseller (Avon, 2010a). Initially, David sold the superior quality goods to businesspersons directly, which later became California Perfume Company later transformed to Avon cosmetic company in 1939 (Avon, 2010a).

The Body Shop

According to Jobsite (1999), The Body Shop is a skincare cosmetic company established by Anita Roddick in 1976 in England. The homemade skincare product made of natural. With this special feature, The Body Shop became a remarkable skincare shop in cosmetic market, from a tiny shop in Brighton with 25 kinds of handmade products (Jobsite, 1999).

1. 2 Theory

Marketing Mix

Marketing mix is the strategy to meet consumer's needs, including four important elements: product, price, place, and promotion, known as '4Ps' (Hall et al, 2008). Product defined as how the consumers will use this product, the appearance of this product, the product's unique selling point, for example, packaging, functions, and technologies. Price means how much does the customer needs to pay for this product, usually can change by many factors, such as, costs, competitions, and objectives. Place refers to where the customer can get this product. Promotion is the methods to

increase business's sales value, such as, TV, newspapers, and postal advertisements.

Market Segmentation

Market segmentation is a kind of marketing technique which classifies the customers into several groups with similar features, it is useful for the business to develop its product for a specific group of customers (Hall et al, 2008), including geographically, demographically, psychographically and behaviourally.

Product Life Cycle

According to Marketing Teacher (2010), product life cycle (figure 1) including four phases: introduction, growth, maturity, and decline. During the introduction stage, goods will promoted by business and raise customer's awareness. In the growth phase, businesses start to gain profit and uses adverting for promotions, have a stable market share. In the maturity stage, the market becomes saturation, and the sales value is unstable at that time. Decline refers to business needs to work out a strategy for whether this product is worth promotion or quit the market.

Figure 1 Product Life Cycle (Marketing teacher, 2010)

1.3 Aim

The aim for this report is to analyse the marketing mix and market segmentation between Avon and The Body Shop, identify their unique strategies in the Chinese market, and discuss the differences and similarities in marketing mix and market segmentation.

Findings

2. 1 Marketing Mix

2. 1. 1 Avon

In China, Avon has an ideal marketing mix.

Product

Avon's skincare products have four series products in different functions for different kinds of skins, such as, Anew for anti-aging, Solution for daily treatments, and Clearskin for anti-acne (Avon, 2010b). Avon also indicated that they use advanced technologies to manufacture their products.

Price

Avon's products are quite high, from fifty to 600 RMB (Pc Lady, 2010).

Compared with other cosmetic brands in the Chinese market, Avon is standing in a medium level, primarily afforded by primarily office ladies.

Place

Avon has a diverse selling model. For instance, Avon representatives provide the product brochures to members regularly, and order through a representative directly. In addition, ordering products online or from franchise houses also is available in Avon (Avon, 2010c).

Promotion

Avon does not have many promotions in China. As Avon is working for women, it is strongly supporting the research of breast cancer and domestic violence (Avon, 2010b), and set up an organisation to prevent domestic violence and breast cancer.

Product Life Cycle

Avon's products may stand between maturity and decline stage. The Wall Street (2010) indicated that Avon cosmetic company was involved in bribery scandal, the profits was dropped 31% in the first quarter in 2010, expects to be profitable in 2012.

2. 1. 2 The Body Shop

In Chinese cosmetic market, The Body Shop has a special marketing mix.

Product

The Body Shop is famous for its ingredient - natural material, such as vegetable and blooms. Currently, several scandals about the poison ingredient from several famous Chinese cosmetic companies were flare up by public media, then customers were finding organic material to replace those chemicals, and the appearance of The Body Shop gave a huge shock to the skincare market in China, and later became the substitute for most middle class customers. Furthermore, the packaging paper in The Body Shop is made of recycled paper.

Price

The price of The Body Shop's product is moderate, around fifty to 300RMB (The Body Shop, 2010c), which is quite economical for students or the employees who have low salaries.

Place

The Body Shop has no franchises houses in the mainland of China except Hong Kong and Macau. Most of the products selling in the mainland are

smuggled by private businesses, buying from the internet also is available in the Chinese market.

Promotion

The Body Shop does not have many advisements in China. However, the members can receive a promoted email from The Body Shop regularly, which is about the spotlight of this month or some new products.

Mrs Roddick insisted that there are no animal tests in The Body Shop's researches, and professional staff selected the ingredient carefully, which does not harm the ecology, such as no musk and sustainable palm oil (The Body Shop, 2010a). In addition, a proportion of profit from The Body Shop's products will be donated to the violence families, and give them support(The Body Shop, 2010b), which perfect for a significant number of positive public relation help its promoting.

Product Life Cycle

The Body Shop may be standing in the growth part. Due to eco-friendly is the development direction in the future, also the release of cosmetic scandal about mercury. The appearance of The Body Shop gave a good substitute to customers, because the natural ingredient and economical prices. Thus, it is likely to increase its sales value in the future.

2. 2 Market Segmentation

2. 2. 1 Avon

In China, Avon involves in demographic and psychographic segmentation. During the demographic segmentation, gender, ages, and income are the most important elements for Avon. Firstly, most products from Avon are <https://assignbuster.com/a-comparison-between-avon-and-the-body-shop/>

aiming at female customers. Secondly, as the information mention above (see page 4), the prices of Avon's products are in a middle level, which means the customers having stable and medium income are the main source of Avon. Furthermore, in the psychographic segmentation, Avon may direct at the customers whom want contributing to prevent domestic violence and breast cancer problems.

2. 2. 2 The Body Shop

Demographic and psychographic segmentation is the major segmentations of The Body Shop. During the demographic part - income, compare with the import skincare products in the Chinese market, the prices of The Body Shop products are perfect for most income groups in China. In the psychographic part, the recycled bags, paper for wrapping, are novel to most customers in China. In addition, the reason for The Body Shop customers chose its products; because most customers think its products are safe and healthy, which seems most secure than other cosmetic brands.

Discussion

Marketing Mix

The selling model of Avon and The Body Shop is different. Avon suggests purchasing products through a representative or ordering online, which can reduce a part of profit gained by the retailer, in relatively lower prices. However, The Body Shop's product can only purchasing in speciality shops or private cosmetic business, which maximise its price, and it is unfair to customers from different regions.

Avon and The Body Shop has its unique promotion for its product in charity and eco-friendly aspects. For instance, Avon is working for breast cancer researches and domestic violence families, and The Body Shop is devoting in violence families and anti-animal tests and using of sustained ingredient. Consequently, these activities are novel for the Chinese market.

Market Segmentation

Avon and The Body Shop have different segmentation in gender and income aspects. Primarily Avon's customers are women; women skincare merchandise occupies a large proportion in skincare product, with many attractive posters in franchise houses and colourful containers. Nevertheless, The Body Shop has different product for both genders with neutral packaging or containers, which is multifarious, and attract different gender's customers.

Conclusion & Recommendations

To sum up, Avon and The Body Shop have different strategies in the Chinese market; both of them are aiming at different groups of costumers, and have their unique selling points. However, The Body Shop is not as prevalent as Avon, because of the customers are difficult to purchasing their products, the narrow range of Avon's customers.

In order to promote these company's drawbacks in the Chinese market, Avon should attempt to develop its male market, or change the ingredient of its products, such as herbal skincare, which has a huge room for the development in the Chinese market. In addition, the creative design in wrapping and promotion for The Body Shop outshines the local Chinese brands; The Body Shop should employ some representatives in the mainland

of China, because of the strong purchasing ability and huge population in China.