Marketing Plan 2009 for The Body Shop in the UK

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Structure of the presentation

• Company Background
• Macro-environmental analysis
• Micro-environmental analysis
• Objectives
• Alternative growth strategies
• Market segmentation
• Marketing mix
• Monitoring and control
Company Background

• Founded by Dame Anita Roddick in 1976 in the UK – 1 shop in Brighton
• Today almost 2 500 stores in 61 countries
• Range of over 1 200 naturally inspired ethically produced beauty and cosmetics products targeted at different female and male age groups of ABC1 grade
• In March 2006, the French cosmetics giant L’Oréal acquired TBS for £652m

SOURCE: Key Note, Mintel, The Body Shop
Mission

- The way we do business, the way we make products, the way we source ingredients, and the way we use our voice; we're different because of our Values:
  - Activate self-esteem
  - Protect our planet
  - Against animal testing
  - Support community trade
  - Defend human rights
Macro-environmental analysis
Political factors

- Unstable political situation in Guatemala from where the cosmetics companies source Aloe Vera

- Unstable political situation in Peru: the country is a source of Brazil nut oil from the Amazon forest in Peru

SOURCE: www.news.bbc.co.uk
Economic factors

• The falling interest rates play in the favour of the company’s franchising policy as growth strategy.

• On the other hand the collapse of banking institutions and economy indicates tougher times ahead for anybody trading on the high street.

• Exchange rate. The fall of pound indicates higher prices for imported ingredients and products.

SOURCE : www.news.bbc.co.uk
Social factors

- Raised awareness regarding fair trade
- Raised awareness regarding natural products/animal testing.
- Raised awareness of men regarding their appearance (according to Mintel's Men's Toiletries, UK, March 2008)
- Increased number of on-line buyers (Key Note 2008: 65% British Households have internet).
- Ageing population (willingness to spend on premium-priced products claiming anti-ageing properties)

SOURCE: Mintel, Key Note, National Statistics
Technological factors

- Use of toxic chemicals (e.g. Kojic acid). According to the Scientific Committee on Consumer Products, the presence of this acid in cosmetics can affect melanin count in skin.

SOURCE: www.cosmeticsandtoiletries
Environmental factors

• Sustainable/green packaging

• Recycling/disposal of by-products

• Concern for deforestation (Supply of palm oil and brazil nut oil from forests in conserved areas)
Legal factors

• New chemical legislation in the EU: from 2008 chemicals imported into Europe in amounts at 1 tonne per year (including mixtures) will need to be registered with a new European Chemical Agency (ECHA) in Helsinki.

• Ban on the sale and marketing of animal-tested cosmetic products throughout the EU from March 2009.

SOURCE: Health and Safety Executive
Micro-environmental Analysis
Porter’s Five Forces

POWER WEIGHTING 1 = LOW, 5 = HIGH

POTENTIAL ENTRANTS
1
High entry barriers
Mature market
Long-established companies

BUYERS
1
Own retail shops
Consultants
No significant group buyer

SUPPLIERS
2
Small suppliers
Community Trade

RIVALRY
3
Mature market
Long-established companies
Niche players

SUBSTITUTES
5
Other non-organic products
Home-made products
Nothing
Internal factors:

Strengths:
• Brand (name, image, ethical, natural ingredients)
• Experience, financial backing and expertise of L'Oreal

Weaknesses:
• Loss of trust from different stakeholders in the supply chain (publications in press)
• Number of stores in the UK
SWOT Analysis

External factors:

Opportunities:
• Increased interest of men in their appearance (The ‘Metrosexual’ factor)

Threats:
• Slower distribution (because of the chemical legislation)
• Unstable supplies of ingredients, materials and products.

Opps/Threats:
• New legislation banning animal tested products and the marketing of such
• Increased awareness of organic and eco friendly products (89% avoid synthetic chemicals in personal care goods)
Financial Objective

- By September 2008 total retail sales increased by 5%
- Key Note 2008 reports modest growth in sales till 2012

OBJECTIVE:
- To achieve the sales growth of 2% in the face of economic recession in the next 12 months
### Ansoff Matrix analysis

<table>
<thead>
<tr>
<th>Existing Products</th>
<th>New Products</th>
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<tbody>
<tr>
<td>* Team up with media channels (e.g., MTV) to promote existing products.</td>
<td>* Introduce a range of ethics cosmetics.</td>
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<tr>
<td>* Improve online channels of distribution.</td>
<td>* Introduce region specific products (Eg. Sunscreens in India)</td>
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<td>* Sell products in smaller packages to attract customers.</td>
<td>No diversifications until this point in time planned / deemed.</td>
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<tr>
<td>* Further explore and develop in new markets of BRIC nation.</td>
<td></td>
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<tr>
<td>* Utilise resources of the host countries to minimise costs.</td>
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Market Segmentation

• The Body Shop Men’s Products

• Consumer Segmentation:
  • Demographic
    - Age – 20-35 years old men
    - Income - £ 25 000 – 55 000
  • Psychographic – Lifestyle – urban cosmopolitan men

SOURCE : Mintel, National Statistics
Objectives

• Review and refresh product portfolio to ensure at least 30% of the target demographic indicates likelihood to buy, as measured by focus-group product trials, by the end of 2009.

• Total adult males 20-35 = 6.6 million (ONS)
• Percentage of adult males in AB grade = 28 % (Mintel)
• Therefore Segment size = 1.86 million

• 30% is 558 000
Objectives

• Promote awareness of the Body Shop core brand and specific men’s grooming product offerings through targeted channels such that at least 35% of the target demographic is aware of the products and the unique values of the Body Shop, as measured by market research, by the end of 2009. (35% is 651 000)

• Build loyalty to brand products so that at least 10% of the target demographic becomes repeat buyers, as measured by market research, by the end of 2009. (10% is 186 000)
7 P’s: Product, Price & Place

- **Product** – Shaving, Face care, Hair and Body, Eau de Toilettes and accessories. The research will be made in the first 6 months and this range will be reviewed and refined.

- **Price** – product is heavily differentiated due to the ethical branding and so pricing is relatively high – from £3 (shaving brush) to £20 (perfume) per item. Targeted at A and B grade according to Key Note 2008

- **Place** – The Body Shop stores, The Body Shop At Home scheme and Internet based virtual presence
7 P’s: Promotion

1. Men: - Advertise in GQ and similar periodicals targeted to the same demographic (monthly)
   - Targeted on-line marketing campaign
     • Google Ads (12 months)
     • Promotion on sites used heavily by the target segment (12 months)

2. Women: - In-store – up and cross-sell.
   - Flyers and targeted advertising to existing customer base (12 months).
   - Presents/gifts (4 times a year)
7 P’s: People, Process & Physical Evidence

- **People** - Enhanced and up to date product and service training for shop-assistants’ and consultants

- **Process** – As men are mostly on-line buyers one of the key points is to ensure the Body Shop presence in the internet (Mintel 2008).

- **Physical evidence** – Getting more male staff
  - Adapting in-store ambience to suit the male customers as well
  - Improve and ease on-line shopping experience.
<table>
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<tr>
<th>ACTIVITY</th>
<th>DURATION</th>
<th>EFFICIENCY CRITERIA</th>
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</thead>
<tbody>
<tr>
<td>RESEARCH ON MEN’S PRODUCTS</td>
<td>FIRST 6 MONTHS</td>
<td>FEEDBACK FROM FOCUS-GROUPS</td>
</tr>
<tr>
<td>ADVERTISING IN MAGAZINES</td>
<td>MONTHLY</td>
<td>LEVEL OF AWARENESS (Before and After) NO. OF MINUTES VOLUME OF SALES</td>
</tr>
<tr>
<td>GOOGLE ADS TESTERS IN THE MAGAZINES WITH DISCOUNT COUPONS</td>
<td>12 MONTHS</td>
<td>WEBSITE NO. OF ON PRODUCT VOLUME OF SALES</td>
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<tr>
<td>MAGAZINES WITH DISCOUNT COUPONS</td>
<td>6 TIMES A YEAR</td>
<td>LEVEL OF AWARENESS VOLUME OF SALES</td>
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<tr>
<td>UP &amp; CROSS-SELL TO WOMEN</td>
<td>ALL YEAR</td>
<td>VOLUME OF SALES</td>
</tr>
<tr>
<td>LEAFLETS IN SHOPS FREE TESTERS TO WOMEN</td>
<td>ALL YEAR</td>
<td>NO. OF CONSUMERS VOLUME OF SALES</td>
</tr>
<tr>
<td>LEAFLETS IN SHOPS FREE ACCESSORIES CHRISTMAS AND FATHER’S DAY</td>
<td>4 TIMES A YEAR</td>
<td>VOLUME OF SALES</td>
</tr>
<tr>
<td>TRAINING FOR SHOP-ASSISTANTS AND CONSULTANTS</td>
<td>EVERY 4 MONTHS</td>
<td>FEEDBACK FROM CUSTOMERS INTERNAL FEEDBACK</td>
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Thank you for your attention!