

## BODY SHOP – CASE STUDY

---

### Introduction

There is success in body care. Behold the Body Shop, one of the famous international cosmetics brand. It is not just one's ordinary shop for body or hair care. It is extraordinary just as its pioneer. The entrepreneur assessed in this paper is in no way or another connected to me.

**Personal Profile** The name behind the Body Shop, a famous cosmetic line for decades now, is Anita Roddick. On October 23, 1942 in Littlehampton, Sussex, England marks her birth to an immigrant Italian family. After completing her degree at the Newton Park College of education, she worked as a part-time teacher and for the United Nations in Geneva. She traveled to different places like Tahiti, New Hebrides, New Caledonia, Reunion, Madagascar, Mauritius, Australia, and Johannesburg. Her fascination with the women she encountered in these places became an episodic event in her life. It later formulated her tale of success. As stated in Lessem and Palsule (1999), she was mesmerized by the organic products that women in the Polynesian islands use to nurture their bodies. Then, she went back to England and married a Scotsman poet and traveler named Gordon Roddick in 1971. Five years later, the Body Shop was born.

The Body Shop started out in the same area where Roddick grew up. It was just a small shop painted with green. Its products were just placed in little recycled bottles while its labels were just handwritten. All of which was to lessen production costs. Through the years, the body care business developed hand in hand with political causes.

Dame Roddick, as how she is referred to now, has been acclaimed for many things. She has been London's Business Woman of the Year in 1985. She has received an Order of the British Empire in 1988. In 1988, she has been the Communicator of the Year, and Retailer of the Year. She has been the United Nation's "Global 500" Environmental award. On the other hand, the Body Shop brand has been regarded as the second most trusted brand in the UK according to the Consumers Association. As said by the 1997 Interbrand survey criteria, it is known to be the top 28 brand in the world, and ranks second in the retail sector. The International Chief Executives in the Financial Times conducted a survey in 1998 and found Body Shop to be the 27<sup>th</sup> most respected company in the world.

The Body Shop is aged 30 this year, 2006. From a small and simple shop, it has grown into a multinational company, though she prefers Body Shop to be described as "global." It operates in 50 countries with over 1, 900 outlets. Indeed, the Body Shop has gone global, cutting across various cultures. That is how far it has gone.

Recently, the Body Shop entered in an agreement with L'Oreal for its take over. The deal is reported to be worth £652 only. Founder and major stockholders Anita and Gordon Roddick, who still own 18% of its stock, are likely to receive £130M from the said agreement

**Successful Factor** What does it take to become a successful entrepreneur? 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).

The reason why she came back to England while traveling Africa was because she was asked to by the English officials after finding out that that she did not do what a white is supposed to do in a black country. Years later, she made use of her encounter to open a "body shop." Opening a

shop that satisfies the need of nurturing the body out of indigenous science refers to the risk that Dame Roddick has taken. Indeed, it is interesting to note that she risked selling products, inspired by ethnic body rituals, among her fellow Westerners, being the consumers. She risked selling alternative body care products. Nevertheless, she dealt with it with optimism.

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. During Christmas last year, upon launching a new product, i.e. a strong Christmas gift range, and improving customer services, operating profits from the division boosted to 17% to £11.7 million (Geary, 2005). This is a recent event in the innovation strategies of Body Shop.

Schumpeter (1939), as cited in Mintrom, Schneider and Teske (1995), asserts that an entrepreneur functions to innovate, which means devising new production function out of the existing factors of production. In simpler terms, an entrepreneur is one who introduces a new product or a product that deviates from the ordinary. Such is the basic idea or definition of an entrepreneur from which its modern definitions have developed.

Apart from the above, there is something about the packaging of the Body Shop products. Roddick started with small bottles since that was what she was complaining on. According to Kassaye and Verma (1992), lesser materials should be used to produce smaller, thinner and lighter packages. This is one of the ways by which a company can minimize packaging costs, and at the same time, maintaining products to be in line with "green". Supporting the environment is enshrined in the Body Shop from the very beginning. Years later, as the Body Shop grew larger and larger, Roddick combined principles with profit.

Jones' (2005) article entitled "Good Deeds for Business Success" speak for itself. In the case of Roddick, she sells body products through the Body Shop while supporting local community trade in Third World Countries.

Personality has much to say in defining Roddick's success. Taylor (1988) discusses 8 characteristics of women entrepreneurs, but in this case, three of which pertinently describe the subject of study. Introducing naturally made cosmetics speak for her creativity and capacity to innovate. She is confident enough to sell her body products in the market. And, she is driven by autonomy.

In Roddick's eyes, Body Shop succeeded because of two reasons. Economic survival of her family, especially during its beginnings, was a primary driving factor; and, the passion to establish a shop of her own and to engage in trading was the other (Lessem and Palsule, 1999). She therefore succeeded not because of a capitalist goal, which is profit. What she did was she thought of ways to survive in the market. She did not dream of a big shop. The shop eventually did.

## **Critically Appraisal**

**Business Domain and Products Life Cycle** The Body Shop is known for its cosmetic products that are naturally made and environment-friendly. Struck by the body rituals among the women in the Polynesian islands, Dame Roddick made sure that the kinds of cosmetics that her shop sells are made naturally. Moreover, in this present age, this is what Body Shop offers still

to its customers. Likewise, having roamed the corners of the world, Dame Roddick is able to acquire knowledge on the various natural products that different women across the globe use. If we are to make a careful scrutiny of the products sold at the Body Shop, then we will see the different products with different functions that are composed of ingredients that come from different countries. Examples of which are the following: sesame seed from Nicaragua, shea butter from Ghana, coco milk, mangoes, strawberries, etc. Thus, if I am a shopper who passes by the Body Shop and get to see these products, then, no wonder, I will exactly feel the same fascination that Dame Roddick felt decades ago. All of these natural products are sold in all 50 countries where it exists.

**Target Customers Selected and Why** Body Shop, as the brand implies, deal with the body. However, it is not mainly concerned with making the body merely to be beautiful as what most cosmetics pledge to do. When we think of cosmetics, the immediate implication is that it pertains to beauty products and therefore, for women. On the contrary, is it only for women? In this present time, women and men alike undergo vanity rituals. Caring for the body is not just a female activity. It is an activity that males today look into. It is for individuals, male and female alike across various age brackets and social or cultural groups, who are geared towards nurturing their bodies.

Anita Roddick did not really start the Body Shop with an intense will to have women being her primary target customers. Rather, she created a venture with innovative products driven by the desire to own a shop of her own and the determination to survive.

**Unique Selling Point** Lawson (2002) says that differentiation deals with offering uniqueness. Being different implies being unique. This is not the function of a particular entity in the organization, but the entire organization as a whole. Value is placed either on the product or the service or in both cases. In order to attain competitive advantage, he suggests focusing on the value that customers seek as the operations strategy. This can be done by looking at the quality, reliability, variety, features, services, location, delivery, after sales support, etc.

According to Aldrich and Fiol (1994), as cited in Shepherd (2003), cognitive legitimacy works simply through what is/are being signified in a particular sign or symbols. What makes the Body Shop unique? On the one hand, it deviates from its fellow cosmetics line with regard to its advertisements. It never made use of famous celebrities nor supermodels to endorse its products. Furthermore, the characteristics that its models possess are far from the stereotypical model or from the Western standards. If we are to access the Body Shop International's website, as cited in this paper, we will find out that these models are black. From this we can derive that the pioneer of Body Shop ventures into something that is more than just business. There is politics behind. The cosmetic business is bound by principle.

According to Glancey and McQuaid (2000), two essential factors make Body Shop to be distinct. First, the value of integrity defines its interaction with its customers, staff and suppliers. Second, it is the intense environmentalist philosophy of the business. Body Shop products are known for being naturally-made and environment-friendly. Thus, both the product and service compose Body Shop's competitive advantage.

Mintrom, Schneider, and Teske (1995) define an entrepreneur in relation to two essential aspects. First, entrepreneurs are determined to engage in risky actions in order to come up with new prospects. Second, they have the ability to organize or harmonize the actions of other people or the individuals around them in order to see their goals fulfilled.

Shepherd (2003) has concluded in his study on cognitive legitimacy that customers opt to have knowledge on the products and the culture within and the operation strategies of a newly opened enterprise. He has found this to be essential and beneficial for the company.

This analysis on the Body Shop's unique selling points shows that it actually overlaps with its competitive advantage. Its unique selling points define its competitive advantage.

**Critical Success Factor** The organizational belief that Anita Roddick wants the Body Shop to live by is essential for the business' performance. Body Shop has grown into a multinational company. However, in Roddick's perspective, she preferred her shop to be described as "global." She believes that a global company functions because of values, whereas multinational ones "just trade." Profit is not merely the motive of business. To be a "live, vibrant, and honorable" organization is what she believes as the function of business (Lessem and Palsule, 1999). The Body Shop's organizational beliefs are strong, as they are strongly believed by its pioneers, both Anita and Gordon Roddick. They would even want to work with people or hire employees that share the same principle as theirs.

**Strategy Taken and Market Share** It is very clear in the beginning which path will Body Shop traverse. The identity that it possesses is that its products are made for a cause, i.e. social and environmental justice, while of course, keeping that its products are marked with quality and excellence.

According to the Body Shop Retail Sales report, the total sales worldwide boosted by 7% to £772 million With the growing market capacities of the Far East Asian region, international brands like Body Shop will definitely create big. It is reported that Body Shop stores in the Asia Pacific region, particularly in Southeast Asia, Hong Kong and Taiwan, increase its sales by 12% while operating profits to £19.7 million (Geary, 2005).

American-born Peter Saunders, who is responsible for Body Shop's operations in the United States of America, has devised a way to sell Body Shop products. In 2002, shoppers do not just go to its chains just to buy its products, because the Body Shop products themselves are the ones that go to the American homes. Surprisingly, the results are promising. Saunders has predicted a 35% profit in operations. He comments,

"You simply cannot underestimate the significance of being able to spend two hours with customers in their own homes... It doesn't cannibalize sore sales, in fact it bring in a lot of people who were not formerly customers. It's all about brand awareness (cited in Lyons, 2005: 8)."

This only shows the variety of strategies that has to be taken by a multinational company in order to survive. If products fail in shops, then let the products be sold at home.

**Analysis of the Business in the next five years** The organizational strengths of the Body Shop have to do with its organizational culture. The uniqueness of the products in terms of its packaging as well as its ingredients stands for the beliefs and/or values that the organization dwells in. The end that a consumer arrives into from using the Body Shop's quality products is neither just beauty nor skincare, but also a sense of an ideal being in this unjust world. Its ethical and environmental principles that the great Dame Roddick propagates define the strength of the Body Shop. This is the identity of Body Shop that enables it to stand among the rest of its cosmetic rivals.

Let us now deal with the deemed weaknesses of the Body Shop. According to Entine (1997), as cited in Giampetro-Meyer (1998), the very problem that troubles the Body Shop for ages is that

its image does not parallel reality. The Body Shop boasts its natural products, and yet its products are not always fresh. Worst, its product formulas loaded with petrochemicals are actually outmoded. The Body Shop claims that it is against the use of animals to test its products, but its products' ingredients are actually tested on animals. The Body Shop asserts that it promotes development among Third World Countries by supporting local trade. However, does it really do so? The reality is that its Trade Not Aid program are said to provide only token relief to the indigenous group that it supports.

Could the aforementioned be true? Or could it be just propaganda? This is no time to search for truth. A counter attack to such damaging propaganda is a simple label of propaganda by rival companies. What matters is to maintain the economic survival of the business. Body Shop has chosen a business path that goes along with social justice. The perception that its products are for a cause is all that matters for the consumers.

Running for 3 decades now, the Body Shop has proven that every aspect of it has acquired high performances. Of utmost concern at the moment is that L'Oreal's takeover could be a threat to a certain extent. The agreement that both parties entered into is something new. It took place just a couple of months ago.

Agreements today can become disagreements in the future. Body Shop's autonomy may change through time. L'Oreal could be a threat to the Body Shop's performance in years to come.

L'Oreal has made a smart move on Body Shop, being its rival. In terms of profit, the success of the latter is likewise the success of the former. Moreover, the former is at an advantage stance, for it competes with the latter while at the same time gaining from it. Most likely in the near future, both of which will be the giants in the arena of cosmetic business.

Women and men alike will most likely purchase products that pertain to the body. Women will always spend on cosmetic products. As mentioned in the aforementioned paragraphs, Body Shop's products stand among the rest of the cosmetic products. In relation to this, its suppliers come from the ethnic or cultural groups in different Third World countries that it supports.

Body Shop may stand among the rest but for how long? Other body products are likewise improving its weaknesses. There is indeed a variety of alternative body care products in the market. However, things will also depend on the strategies that L'Oreal will take.

**Recommendation** Dame Anita Roddick and the Body Shop have gone a long way in the cosmetics business. It is interesting to note the irony behind. A capitalist who is not greedy is one who actually survives and succeeds the most in the world. It is then recommended that studies in business should consider principles or ideals and not just the art of profit making.

## **Conclusion**

Dame Anita Roddick deserves the praises for her exemplary performance as an entrepreneur. She has become successful because of the clear goals that she wants her Body Shop to have and attain. In her case, risk undertaking, creativity and being innovative, and beliefs, are the factors that made her a successful entrepreneur. The first step is not to succeed in the marketplace, but to enter the marketplace with a strong identity. The Body Shop is just somebody's body shop. Now, it is everybody else's "body shop."