

Case Study Analysis

Case Summary

Burt's Bee is the company that produces natural personal care products. John Replogle was the CEO of the company in the year 2006. Roxanne Quimby was the founder of the organization. The products are advertised by using the symbol of Burt's bearded face half shaded with a flaky hippie hat. Burt's Bee was highly committed to the environment and it was reflected in the materials that they used for producing their products. The company uses recycled packing and only those materials that are offered by the Mother Nature. The company takes special care to mark the percentage of natural ingredients that are used in the product. Initially they started producing bee wax lip balms, furniture polish and moisturizing cream. In 1989, Quimby attended the New York City gift show, and he analyzed that there was huge demand for his products and that was the only stall that experienced a huge queue. After that, Burt's Bee grew quickly and attained sales of \$3 million. In 1995 they opened a retail showroom and it was a failure for them. However, later the sales were over \$40 million and in 2003 the shares were sold to AEA New York Private Equity firm. AEA in 2005 selected some qualified workers and then started the growth of the firm tremendously. Dough Hansel the new CFO, mark that there was no specific infrastructure for the company to support the manufacturing and controlling the policies and procedures. The company sells its product in the market at price of \$4.50 at a wholesale price but actually, the retail price of the product must be \$9. This created a sense of feeling in the minds of the consumer that the product does not meet the quality. The company researches show that 15% of the customers sold its product at a discount to consumers and 15% is sold at premium. The

company's main problem is they want to go for mass marketing. Among all the competitors the customer prefers the products that are manufactured by Burt's Bee.

Environmental Analysis

Environmental analysis means identifying and understanding the different aspects within the environment that consists of social, economical, political, global and technological factors that influence the functioning of the company. The environment includes both internal and external. The company is more committed towards the environment. Every enterprise will be affected by the environment directly or indirectly. The environmental analysis is carried out mainly to identify what factors must be considered while operating an organization. *Globalization* has made the organizations to concentrate more on quality products. The increasing number of products and competitors made the market more complex. The social factors include all the rules and regulations of the society and the commitment of the organization towards the society. Before introducing a product into the market, the company should understand the culture, taste and preferences of the consumers. The political factors consist of rules and regulations adopted by the government. In order to diversify the distribution channel, a set of marketing sales force should be facilitated. The company should focus on updating *technology*, because technology plays a significant role in the growth of the organization. The economic factors such as demand and supply of the product must be taken into consideration. The customers' taste and preferences should be identified before introducing a new product in the market. Even though there are many other products, the customers prefer Burt's Bee product more. Environmental analysis is mainly done to identify the risks associated with the functioning of the company and figure out what measures have to be taken

to overcome such risks. By recognizing the environmental factors, the company can grow successfully in the market.

Corporate Strategy and Environment: Any Gap?

CEO of the company once said that all their products are “harvested from nature” (Wathieu & Winig, 2007, p. 7). The real meaning of the above words is that the ingredients of their products are derived from various sources such as plants, fruits and seeds. They do not use any kind of chemicals and fillers in their products. Chemicals and fillers can be things like petroleum, sodium, propylene, etc. The majority of their products are coming out in the market with a label indicating ‘hundred percent natural’ and it describes the ratio of natural ingredients used in the product. The company also produces the goods only with natural fragrances and colors. Apart from that, this company is very much concerned in packing and they use only recycled materials for packing so that it can be reused afterwards. Thus, to certain extent, contamination of the environment can be avoided.

The research team of the company always tests their products and learns the chemical composition of every ingredient before using the goods, to verify whether such ingredients are safe enough and provide better quality for consumers. While making such product, developers are mainly concerned with using unique and effective natural products. Once a product is manufactured, it is tested thoroughly before introducing the product into the market.

The company is very careful in combining natural ingredients to make sure the final mixture will not lose the value. Thus, workers of the company are very careful until the products are packed out. Being environmental sensitive, workers of the company are very much careful and they produce very little waste while making products. There is no doubt, that each of our products is completely harmless for the

environment. Using natural ingredients only increases the market value and consumers' attraction. The company produces a unique carrot lotion. No other company has manufactured carrot lotion till now. People say that carrot has got unique features in repairing and refreshing damaged skin. Another product is tomato soap that is made from tomato. Usage of these products will not do any harm to consumers. In addition, neither of the products will affect the environment, as these goods do not contain any potentially dangerous chemicals. Therefore, the products offered are in full harmony with the environment and with human's body, which means that they can have no negative effect.

Marketing Strategy: Does It Fit the Target Market?

Marketing nature-friendly products always fits the target market. Presently, more people are looking for products which are made from the natural ingredients. Some examples to highlight are products made from tomato and carrot. No other companies have yet tried to manufacture products from carrot and tomato. Trying the things that other companies avoid using is one of the marketing strategies to attract the consumers. Consumers are always attracted to products that are different from other ones.

Another peculiar marketing strategy to attract consumers is not to use any chemicals while manufacturing personal care products. This will reassure the customers that they cannot be possibly harmed by any of the products the company offers. That is, if the products are manufactured by using only the ingredients derived from nature, no harmful effect can occur. This is the type of marketing strategy that is bound to attract the consumers. Even though the products are completely made by using only the ingredients from nature, the price of the product is much less in

comparison with other brands available in the market. This feature also attracts a great number of consumers.

Burt's Bee did not have any marketing team to sell their products. The company did not invest much in marketing. The retailers directly come to the company and take the products for selling purpose. It is through them this company will get the feedback of the consumers.

Another marketing strategy which this company follows is their product pricing. They sell their product at a very low price. An example for this is as follows, if a product can be sold for \$9, this company sells it for \$4. Their marketing strategy is that a customer should be honored. One cannot say all these strategies will fit the target market but they are good to some extent.

Marketing Strategy, Positioning, and Target Market

Marketing is an important concept in today's economy. Marketing is an important branch that consists of various marketing strategies, positioning and target market. In a marketing strategy, the main objective is customer satisfaction. The strategy of an organization is to use its limited resources in an effective manner to attain competitive benefit. Burt's Bee is an organization marketing various products such as beeswax, lip balm, hand salve, moisturizing cream, ointments, etc. The strategy they adopted to sell their product is to fix the product in small attractive bottles. This is adopted to attract more customers to their products. AEA is a company that has obtained a good name with buying smaller companies and then making improvements in their sales, correcting the brands and slogans, and making them available to the strategic buyer. It is the aim of the AEA to spread the Burt's Bee product all over the world in order to turn the company into a \$500-million national brand in the year 2009. From 2006 onwards, the management team tried to

increase the growth of Burt's Bee by introducing newer products. Quimby was the CEO of the company at that time. Tom's of Maine concentrated on oral care rather than other competitive products. *Kiss My Face* is another product launched by Bob MacLeod and by Steve Chiewicz. The main product lines were personal care products. In order to develop their products, the company featured that their products are made of natural ingredients. It is quite a peculiar detail that the company uses recycled material for packing the products. They use wholesale distribution channel for the personal care products. Their strategy of thinking is that price will not promote a brand. Creating image for their products is the main aim of product positioning. Burt's Bee consumers are loyal towards the product. Consumers react better on Burt's Bee products. They are fervent about Burt's Bee. They consider the products of the company as part of their life style. Thus, they are a perfect PR-campaign for the company themselves, advertising the products by expressing the loyalty to the brand. Target market aims at a single product to the entire market. Burt's Bee targets the buyers who are health conscious, as well as youngsters who are conscious about their beauty.

The Rule of Four Ps

Place, product, price and promotion are the main marketing strategies used by any organization. Burt's Bee sells in the places where it has actual buyers. Consumption is aimed by the company. The product is what the organization's main activities are focused on. The company introduced many products such as honey products, hair products, candles, beeswax, lip balm, hand salve, esoteric creams, etc. The new product introduced by the company is yellow honey. It has more buyers as consumers are health conscious. Price of the product is another factor governing marketing. Replegle found that the company lacked the rational scheme in pricing.

Sometimes the product is priced on cost plus basis. They price the product differently in wholesale market and in retail market without considering production costs. Burt's Bee charged same price for all their customers. Burt's Bee is very active in advertising. This has been a criticism on the part of the customers.

Recommendations

It would be a good idea to establish separate marketing department can help the organization in framing separate policies and procedures.

The pricing strategy of the company should be changed; the cost of production should be included in the actual cost of the product.

Direct selling of products can also be done.

Advertisements in televisions and magazines can increase the product sales.

Various sales promotion activities such as gift vouchers and discounts can be offered to increase sales.

In order to improve the mass marketing, the company can implement distribution channels in major cities.

References

Wathieu, L., & Winig L. (2007). *Burt's bees: Leaving the hive*. Harvard: Harvard Business School Publishing.