

**4.5C: The 4Ps - Product: Activity**

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**4.5 THE 4Ps - PRODUCT: ACTIVITY C**

Read the case study information below and answer the questions that follow.

**BODY SHOP HELD BACK BY PRODUCT ERRORS**

Mistakes with new products and a failure to control stock properly caused underlying profits drop a fifth last year at Body Shop International. "I take responsibility for the performance of the company," said Louise McKenna, chief executive of the retailer best known for its green and ethical stance. "We have been going through a huge change process, and some of the things we did have not gone so well. We tried to do too many things, too fast. For instance, we changed the packaging on the new hair care range and discontinued some existing lines. The customers didn't like it very much," she admitted.

Mrs McKenna said that improvements are under way, including both reducing not only their product mix, but also and product range within each product line. The strategic direction is now to have fewer overall products that were more tightly focused and aligned with the brand's ethical traditions that customers identified with. He also wants to keep better control of costs, so that new products do not sell at lower profit margins than the goods they were replacing. He expected profit to be higher than last time, but warned that the more intense seasonal sales fluctuations would depress first-half results below last year's £6.8 million.

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### QUESTIONS: 25 MARKS, 45 MINUTES

1. Explain the importance of the following aspects of branding to the Body Shop®:
  - i. Brand awareness
  - ii. Brand loyalty
  - iii. Brand value**[9 marks]**
2. Explain the importance of packaging to the Body Shop® in the marketing of its products.  
**[6 marks]**
3. To what extent should a company like the Body Shop® devote time and resources to brand development?  
**[10 marks]**