

LUSH

FRESH HANDMADE COSMETICS

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Retail Marketing
Strategy
IESEG
Paris
2016
Semester 1

Executive Summary

Lush is a unique store found in Asia, Europe and North America. It's known for its organic, handmade bath items and is distinctive in drawing customers in malls by the scent of their products along with unmatched customer experience and bohemian atmosphere.

Throughout this powerpoint, you'll find out what made Lush stand out amongst its competitors and also some specific details about the store in La Defense.

UK UK	USA USA	Canada Canada (English)
Australia Australia	Austria Österreich	Belgium België
Belgium België	Bosnia Bosna	Brazil Brasil
Bulgaria България	Canada Canada (French)	Chile Chile
Croatia Hrvatska	Czech Republic Česká Republika	Estonia Eesti
Finland Suomi	France France	Germany Deutschland
Hong Kong 香港	Hungary Magyarország	Ireland Éire
Italy Italia	Japan 日本	Lebanon لبنان
Luxembourg Luxembourg	Macedonia Македонија	Mexico México
Netherlands Nederland	New Zealand New Zealand	Norway Norge
Panama Panamá	Portugal Portugal	Russia Россия
Saudi Arabia السعودية	Singapore Singapore	Slovenia Slovenija
South Africa South Africa	South Korea 대한민국	Spain España

Introduction

LUSH Ltd. Is a cosmetics retailer headquartered in Poole, Dorset, United Kingdom. The company was founded by Mark Constantine, a trichologist and Liz Weir, a beauty therapist. They met in a hair and beauty salon in Poole, England. A few years later, they decide to branch out and start their own business selling natural hair and beauty products.

The brand's distinct is a fresh scent that can be smelt long before the store is in sight, modelled as a cosmetics grocer and beauty delicatessen every wall and counter is lined with colorful, alternative and fascinating products made with only the finest natural ingredients. Lush expanded rapidly and become known around the world. Nowadays they have more than 6000 employees, 700 stores and several factories in over 40 countries. Lush still remains as a dynamic, innovative, original and progressive as when it began.



Timeline



- 1997 Constantine and Weir: Mark Constantine and Liz Weir decides to start their own business making hair and beauty products.
- 1984 The Body Shop: Mark and Liz developed product to a store called The Body Shop
- 1990 Cosmetics-To-Go: Mark and Liz opened a new store
- 1995 New Company: Mark, Liz and other workers decided to start a new company
- 1996 LUSH Was Born: Quickly became very popular
- 2003 LUSH Comes to America: LUSH open the first store in America
- 2007 Charity Pot: Launch of a new lotion
- 2008 More Products: LUSH begin to create new products
- 2009 Natural Products: LUSH started to make products you never hear before
- 2011 LUSH Prize: LUSH makes an award called The Lush Prize

Mission and Vision

“We believe

.... In making effective products from fresh organic fruit and vegetables, the finest essential oils and safe synthetics.

.... In buying ingredients only from companies that don't conduct test on animals and in testing our products on humans.

.... In making our own fresh products by hand, printing our own labels and making our own fragrances.

.... In long candlelit baths, sharing showers, massages and filling the world with perfume and the right to make mistakes, lose everything and start again.

.... That our products should be good value, that we should make profit and that the consumer is always right.

.... That the words *FRESH* and *ORGANIC* have an honest meaning beyond marketing.”



Company Objective

LUSH thrives on its niche selling of organics cosmetics and social responsible behavior, which is the core aspect of the company. It uses these elements s a point of difference from its competitors. Lush having a point of difference allows them to command premium prices as it gives consumers more unique choices.

LUSH use anti-animal testing as a brand performance association to differentiate itself, also there are focusing on creating equity through defining its brand using various brand elements. The importance of band identify is that it creates a visual picture that highlights the uniqueness of the brand and creates stronger links of the brand in customer's mind.

Their main objectives are to create product that we want to use our self, only use organic ingredients to maintain the freshness, involve the customer in everything, in all operation and finally involve employees and customers in decision making.



Situation Analysis

Market Factors

- The premium beauty and personal care market in Western Europe is still growing from 20,343.5 million € in 2013 to 21,909.1 million € in 2015. (using y-o-y exchange rates)
- 2015 market share in western Europe market:
 - 0.4% in premium beauty & personal care
 - 3.9% in bath & shower market
- The cosmetic market doesn't have obvious peak or low season, but have to launch different products in different season or environment.
- The beauty industry is not sensitive to economic condition, while premium brands may be influenced slightly.



Competitive Factors

Barriers to Entry

- Uses fresh ingredients and sells handmade products and provides diverse and natural products to stimulate consumers' interests.
- Use environmental friendly package and refuse animal testing.
- Supported by numerous young generation and also value digital marketing

Lush strategies

- Are always located next to high-end stores which enables Lush to segment their customers and also create a premium image of the brand.
- Value in-store experience and marketing through in-store experience, word of mouth and public relations.



Competitors

- Main competitor Body Shop & Aubrey Organics have a broader target market which focus more on male consumers.
- Rising competitors who advocate the similar mission, such as Kiehl's in Germany.





Environmental Factors

Political

- Lush was accused of supporting the Tibetan separatist and was boycotted by Chinese.

Economical

- The beauty industry is still growing, especially the personal care segment.



Social Change

- Awareness of natural ingredient and eco-friendly are rising in recent years.
- Customers admire companies who focus on social responsibility and charity.

Legal

- The animal testing products are prohibited in Europe and some other areas.
- Lush is unwilling to follow the law in China that cosmetic product should have animal testing before launching.



Retail Marketing Strategy

Target Market

- The main target audience of the company is working woman aged between 18-45 years with a healthy lifestyle outlook.
- But also Lush Cosmetics' target market consists of Generation Y, vegetarians/vegans, and animal rights activists.



Competitive Strategy + Advantages Expected

- LUSH has had so much success because of its practices that set it apart from competitors like The Body Shop and Origins. LUSH's competitive advantage stems from its fierce commitment to remain independent, its environmentally conscious attitude, its unique production of fresh handmade products and limited but creative use of its marketing budget
- Lush Cosmetics' promotional strategy is to highlight their competitive advantage through the use of promotion techniques such as mass communication and especially interpersonal communication. Lush Cosmetics' competitive edge is their high quality skin products which are all vegetarian, some vegan, and mostly organic, as well as completely free of animal testing.

Competitive Strategy + Advantages Expected

- LUSH undertakes a unique way of retailing to entice its customers, LUSH shops are inspired by delicatessens, attracting customers with their highly scented, visually appealing and unpackaged products.

While the Body Shop and Origins keeps the products wrapped up in packaging, which go against their green mission, it keeps the majority of its products naked.



Growth Strategies

- Lush is a cosmetic brand for all of those who want an organic and very distinctive product with an artisanal touch. Therefore, the growth strategies that Lush has been developing are based on the understanding of the dynamics of this target market. And nowadays, this trend towards organic products, among other things, is due to the social media.
- According to what was said recently, Lush has launched a new digital brand strategy across multiple channels. This included a more sophisticated e-commerce platform, the redesign of Lush's print consumer magazine and the creation of "LUSH Kitchen", an exclusive online service. This last point was a completely success for the brand because is another way to dialogue with customers and show them how the products are made. There is also a section where experts answer questions that customers may have.

Growth Strategies

- This omnichannel growth is also accompanied with the opening of new stores strategically located around the world. By the end of 2016, the brand will have up to 956 stores and seven factories worldwide.
- Finally, one of the main aspects about LUSH and its growing strategy is that they keep the focus in developing organic and ethical cosmetics, implementing product development transparency and fighting animal testing. Clearly, this commitment is appreciated by more and more customers which is the basis for a strategy of long-term growth. Besides, they are continually renovating the product range and incorporating original and distinctive options for their customers.

Retail Format

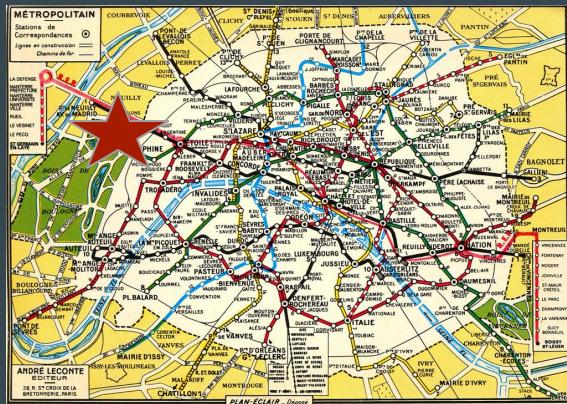
Location Characteristics

Regional analysis

Paris, France



Courbevoie, Nanterre,
Puteaux



La Défense



Location Characteristics

Trade area analysis

Strategic fit with target market

Fits well- high end beauty product store with business people who have money to spend

Economic conditions-level and growth of population and employment

Little population growth, mild employment growth



Competition

Nearby Stores: Brice, GOSport, Never Stop Exploring display, Apple, Micromania, Pylones, Tie Rack

Other Beauty and Well-Being Stores in Les Quatre Temps: L'Occitane, Yves Rocher, Marionnaud

saturated/understored/overstored

Saturated but Lush is located on the 1st floor of the mall, not close to any of its competitors

Buying power of population

Location Characteristics

Trade Area Analysis

- Accessibility

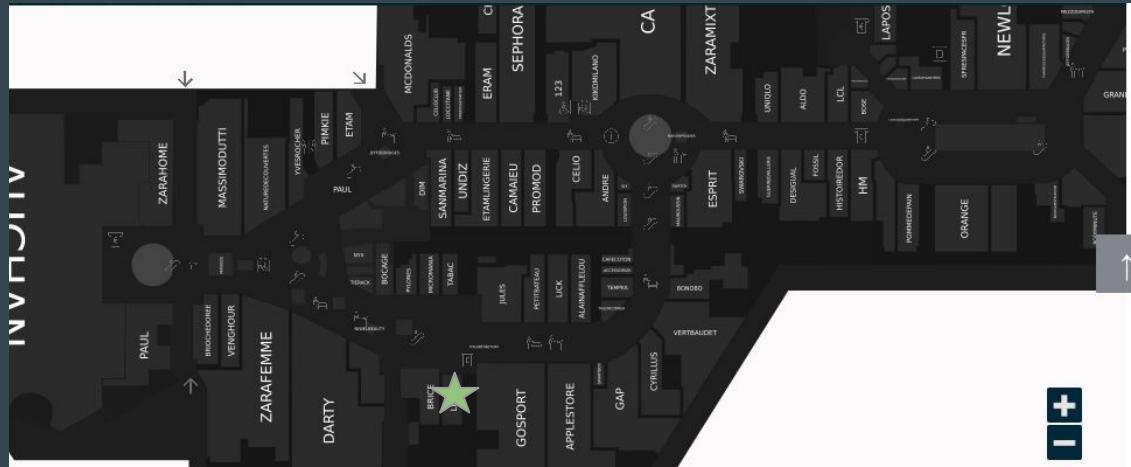
not near an entrance, next to escalator

- Natural & Physical Barriers

River Seine to the East, otherwise completely paved concrete, no hills

- Type of Store

Large entrance, tall windows, displays at eye-level, product descriptions up high, side tables and island, low lamps, circular layout, mirrors in back



Site location analysis

Traffic flow and accessibility

Number and types of vehicles

No vehicles, only police cars occasionally

Number and types of pedestrians

Many pedestrians including students, families, and workers

Access to major roads

Highway runs around mall, parking underground

Availability of mass transit

Steps away from station which includes: Metro, RER, Tram, Bus, Suburban trains

Quality of streets within the area

Streets are paved but the area mostly includes pedestrian walkways



Retail structure

□ Number of competitors

3 in mall, none in surrounding area

□ Similarity with other stores

No other store in the mall is American owned or emphasizes organic products

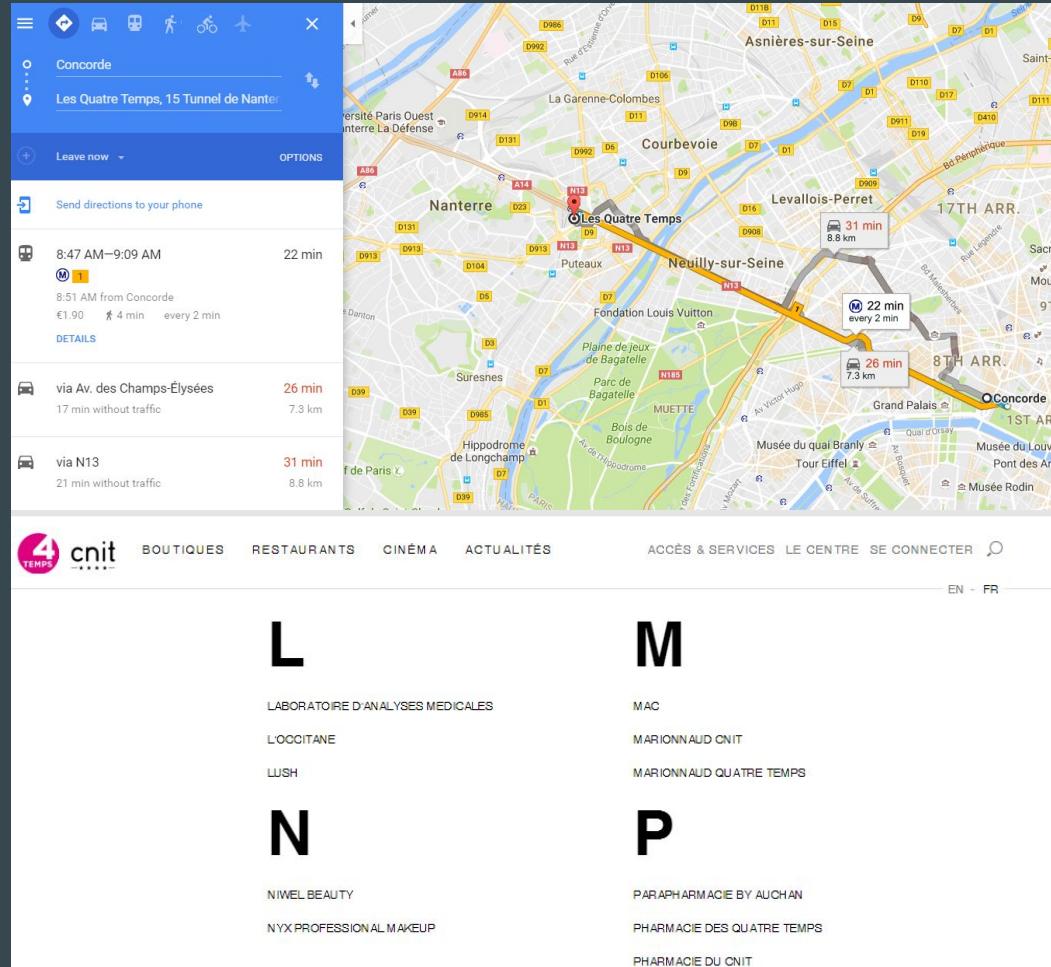
□ Proximity with city center

Approximately 15-30 minutes from center of Paris via RER or metro line 1

□ Principle of compatibility or cumulative attractiveness

Compatible with high end retail stores around it on the first floor

Attractive contrast between black and white decor and colorful products



Site Characteristics

Type of location: Planned shopping center

Available number of car parking spaces:

3 Parking lots (Le Parking CNIT, Parking Wilson, Les Parkin

Distance of store to car park:

store is on first floor, closest parking is on -2 floor

Details on Les Quatre Temps:

Modern feel

big building

multi-purpose(food, movies, shops)

4 floors

climate controlled

higher to lower range of stores and food



Merchandise and Assortment

Shampoo
Conditioner
Bar Soap
Jelly Soap
Makeup
Bath Bombs
Lotion
Face Masks
Bath Scrubs
Skin Cream



Merchandise and Assortment

Specialties:

Private labels-LUSH is store and brand name

Stacked gift boxes near door

little signs and samples to differentiate products

Piece of product available to pick up and smell (smaller chunk than complete soap)

Holiday merchandise

Testers

Harvest merchandise

Snapchat/Online engagement

Sinks on sides of store



Store Layout

- Most lush stores are freeflow layout, separated by sections.
- The store in the La Defense Quatre Temps had the following sections: soaps, bath bombs, makeup, hair care, gifts, skincare, perfumes and then the general cash area - most of the areas are colorful due to the products



Design

- Due to the bright colors of the products, many lush stores have black as its central color and are rather minimalist in design to make the products stand out, sometimes with black chalk walls
- Most have wood, concrete or tile floors.
- Strands are wooden to further illustrate that down to earth image it projects



Atmosphere

- The first thing you notice about the store is the smell, which can often be smelled in the halls of the mall the store is located in- strong and often fruity tho varies with the products they carry
- Generally a really calm store, unless they are running demonstrations, then the pace changes and there's a sense of wonder and excitement
- Upbeat music, relaxing, similar to how you'd want to feel in a really luxurious bubble bath



Consumer Service Policy

- Premium price range, so their sale staff really focuses on selling them and explaining the benefits of each product- very customer first focused
- In North America, they're very attentive, almost aggressive at times, being asked by multiple people if you need any help at multiple times during a visit
- Excellent service- received free samples during my visit and was greeted, offered aid and told goodbye



Store Loyalty Management

- **Sampling tests:** A tactic that Lush is always carrying on, is that when customers visit the store, they'll probably go out with sampling tests. By this way, LUSH is showing it's product range and also creating a satisfactory customer journey through the store.
- **Recruitment Strategy:** Also, there is another distinctive detail that creates an atmosphere of closeness between the brand and the customers, and that is the employees. Lush has been developing a recruitment strategy which concentrates it's efforts in contracting nice and polite people.



Store Loyalty Management

Product Demonstration: In the web-page, they announced when they're going to realize one. This is an opportunity for the most loyal customers but also to develop a strong brand building for those who are not so committed to LUSH.

Seasonalities: LUSH showed the understanding of the seasonalities by creating different campaigns in the shop according the time of the year, such as Christmas or Halloween.

Packaging: Finally, another important matter is the presentation of the products, which involves the way that they are shown in the stores and also the packaging. About the way the products are shown, it's in a very artisanal way. And with regard the packaging, all the products are sold in the same style with a paper bag.



Conclusion

Overtime, Lush has solidified its spot in the niche bath market. It has a devoted customer base and a unique and successful business plan. The plan works well with Millennials. We truly believe that the business will continue to grow and overcome its existing controversies.

Hopefully in the future, there will be more socially focused businesses like Lush.



References

<http://les4temps.com/stores?&strCategoryItemId=3895953d-1ecc-4031-ad68-b79772314f52&storetype=Boutiques&datasource={3E07BF0A-8E92-4F5C-88AA-E61C59B91289}>

<http://les4temps.com/access#mall-map>