

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

**International Baccalaureate**  
**Extended Essay**  
**Business Management**

*“With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of ‘no animal testing’ ”*

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

## Abstract

As "Corporate Social Responsibility" (CSR) is gaining more attention in the media greater links are being drawn in terms of how consumers perceive the importance of this in their purchasing decisions.

The Body Shop (TBS) is a global company, recently taken over by L'Oreal and research shows it has a well established brand reputation of being social responsible.

The cosmetics industry, like most others, is becoming more competitive and companies are looking for growth options. China is considered as a market with possibly huge potential for growth in this industry. However, for TBS to access this market it currently would have to give up one of its main CSR pillars of 'No animal testing' as the Chinese Government stipulated that cosmetic imports has to be animal tested because of safety concerns.

So my research question is "**with the possibility of The Body Shop renegotiating to enter Chinese Market, how important is their social responsibility stance of 'no animal testing' "**".

I have analysed the considered importance of CSR using a case study and statistical approach, focusing on how the Chinese consumer might value CSR using secondary material from both printed and online resources. These resources include journal articles, industry magazines, and annual reports from TBS. As support two emails to the manager (TBS Asia-Pacific) were sent to further identify the current operational status of TBS and the importance of CSR to TBS. This allowed SWOT, PEST, Porter's five forces and some financial analysis to be used.

Even though limitations were identified in the published written findings (i.e sampling, variations in results) and the depth of information obtained it seems clear that if TBS

---

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

does relax their stance it could have a significant negative impact on their overall market performance as CSR does seem to play a major role in consumer choice. Certainly more management research is required.

**Word count: 300**

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

## **Acknowledgements**

I would like to thank Rachel Muraca, the manager of The Body Shop for allowing me to do the interview, and providing the information I requested to complete my Extended Essay.

I would also like to thank Mr. Wilms, my supervisor, for his time and assistance with my research.

## Contents

<b>Abstract</b> .....	1
<b>Chapter 1:</b>	
Introduction.....	6
<b>Chapter 2:</b>	
Methodology.....	9
<b>Chapter 3:</b> Social Responsibility – What is it, and its growing importance.....	11
<b>Chapter 4:</b> Social Responsibility and its link to financial performance.....	14
<b>Chapter 5:</b> Social Responsibility and TBS.....	16
<b>Chapter 6:</b> Growth of the cosmetics industry in China .....	21
<b>Chapter 7:</b> Consumers in China – How important is CSR .....	25
<b>Chapter 8:</b> Evaluation and Recommendations.....	28
<b>Chapter 9:</b> Conclusion .....	32
<b>Appendix I:</b> Email A.....	34
<b>Appendix II:</b> Email B.....	37
<b>Bibliography</b> .....	39

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

## Chapter 1: The introduction

There is increasing evidence to suggest that an organization that shows a commitment to ethical and social responsible operations i.e. a good corporate citizen, will benefit in a range of ways. Even though there appears to be possible conflict between these values and the primary responsibility of market growth and increasing profits<sup>1</sup>, in fact these objectives may not be mutually independent.

The Body Shop International plc (TBS) is a global manufacturer and retailer of naturally inspired, ethically produced beauty and cosmetics products. Founded in the UK in 1976, it has over 2500 stores in 60 countries with a range of over 1200 products.<sup>2</sup> Global sales in 2009 were 1230 million EUR, an increase of 1% (2008).<sup>3</sup>

Its mission statement is to dedicate the business to the pursuit of social and environment change.<sup>4</sup> This operating philosophy on ethical and social responsibility stance has become an extremely important aspect of its operating strength with 97% of TBS's customers surveyed said that these values are either "important" or "very important" to them.<sup>5</sup>

As one of its "5 pillar" values<sup>6</sup>, no animal testing has been carried out by TBS for twenty years. In fact, TBS is the first international cosmetic brand to be recognised under the human cosmetics standard for its "Against Animal Testing".<sup>7</sup> TBS's market performance shows that it is an example of a business who has succeeded financially to become a leader in the industry, possibly largely based on its ethical and socially responsible ideals.

---

<sup>1</sup> Paul Hoang. 2007. 'Business ethics', Business and Management, IBID Press. Melton. Victoria. pg. 784-793

<sup>2</sup> Our company, 2009, The Body Shop International plc, Viewed on 1<sup>st</sup> March 2010, <[http://www.thebodyshop.com/\\_en/\\_ww/services/aboutus\\_company.aspx](http://www.thebodyshop.com/_en/_ww/services/aboutus_company.aspx)>.

<sup>3</sup> See Appendix II

<sup>4</sup> See Appendix II

<sup>5</sup> See Appendix I

<sup>6</sup> Our values, 2009, The Body Shop International plc, Viewed on 1<sup>st</sup> March 2010, <[http://www.thebodyshop.com/\\_en/\\_ww/services/aboutus\\_values.aspx](http://www.thebodyshop.com/_en/_ww/services/aboutus_values.aspx)>

<sup>7</sup> Our values, 2009, The Body Shop International plc

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

TBS was taken over by L'Oreal, a French based global cosmetic company in 2007, as a form of vertical integration. As a business segment of L'Oreal, TBS is seen to add to their range by focusing on more organic and natural health and beauty products, whereas L'Oreal's focus is premium priced international brands.<sup>8</sup>

In 2007, after successfully entering the Indian market, TBS (which still operates under its original brand name because of high customer loyalty)<sup>9</sup> planned to enter the beauty and toiletries industry in China as part of its 100-million-pound global expansion. However, the Chinese government regulated that overseas cosmetic products must be animal tested to ensure safety; TBS chose to keep to its vision statement and cancelled its plan to enter the Chinese Market.<sup>10</sup>

The Chinese make-up market grew by 8.6% in 2008<sup>11</sup> one of the highest industry growth rates globally. China is considered by many one of the last largest untapped markets for Western style products given rapidly increasing standards of living and education, especially with the apparent saturation of some of the more traditional Western cosmetics market.

Consequently, as reported by India's largest professional network – SoliconIndia<sup>12</sup>, TBS is now re-thinking its decision of not to enter Chinese market.

So my research question is **“with the possibility of The Body Shop renegotiating to enter Chinese Market, how important is their social responsibility stance of ‘no animal testing’ ”**.

---

<sup>8</sup> Datamonitor, Make-Up industry profile: China, Nov 2009, pg.17, viewed on 23<sup>rd</sup> Mar 2010, <<http://search.ebscohost.com>>

<sup>9</sup> European Communities, 'Regulation (EC) No 139/2004 Merger Procedure', Brussels, 31<sup>st</sup> May 2006, pg.2

<sup>10</sup> IANS, The Body Shop plans to enter India, *SiliconIndian*, 1<sup>st</sup> May 2007, viewed on 3<sup>rd</sup> March 2010, <[http://www.siliconindia.com/shownews/Body\\_Shop\\_plans\\_to\\_enter\\_India\\_-\\_nid-24005.html](http://www.siliconindia.com/shownews/Body_Shop_plans_to_enter_India_-_nid-24005.html)>

<sup>11</sup> Make-Up industry profile: China, pg.3

<sup>12</sup> IANS 2007

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

The context of this paper also investigates the issue not just from the point of view of the Chinese market but also how any perceived compromise of values may impact on the global name of TBS.

This research is largely based on a review of secondary sources more directly linked with TBS itself and research writings on the whole issue of corporate social responsibility (CSR) and its possible impacts on business performance in general, and linked to an analysis of the Chinese market and culture.



With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

## Chapter 2: Methodology

A range of secondary sources are applied in order to investigate the issue of corporate social responsibility, its possible link to business performance and the specific link to TBS and whether it should enter the Chinese market, even with current government policy.

Sources include the use of many articles and reports from online business journals, newspaper articles, government reports and the TBS website and printed material from textbooks and business magazines.

This provides information about TBS's current operation strategy, market growth and financial performance, about the cosmetic industry and consumer decision making in China specifically and the growing awareness of CSR in Chinese market.

Primary research involving two emails to the manager (TBS Asia-Pacific) was also undertaken to support the secondary sources. This helped to further identify strengths, weakness, threats and opportunities of current operation of TBS, provide greater financial analysis of operations and highlight the importance of social responsibility to a business like TBS as a "USP".

The focus on this essay was to use these secondary sources to analyse some of the statistical research done on the possible link between growth and CSR and provide examples of a number of case studies. This also allowed some critical evaluation of some of the material i.e in the methods of sampling used and variations in findings.

This also allowed analysis through SWOT, PEST analysis and Porter's five forces and the display of some important information using graphs.

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

Some limitations in this analysis is that it is largely based on qualitative data that may have bias, so this needs to be considered. Also it may lack reliability due to the shortage of some quantitative data with privacy constraints.

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

### Chapter 3: Social Responsibility- What is it, and its growing importance.

The European Commission defined "corporation social responsibility (CSR)" as "*a concept whereby companies integrate social and environmental concerns in their business operations*".<sup>13</sup> According to the Prince of Wales Business Leaders Forum it relates to "*open and transparent business practices that are based on ethical values and respect for employees, communities, and the environment.*"<sup>14</sup>

Writings such as "CSRwire" sees increased business focus on being CSR is a result of increasing pressure from stakeholders such as consumers, employees, owners, suppliers, pressure groups, the government, the media and the general community.<sup>15</sup>

Furthermore, being CSR is considered increasingly important in the growing more competitive international markets; seen as a major determinant of financial success, competitive advantage and brand loyalty.<sup>16</sup>

The growing importance of CSR can also be seen with significantly more resources being allocated to these areas. Hanson refers to more companies hiring CSR specialists (TBS being one) and having whole teams of CSR experts and universities even offering specialised degree courses in CSR.<sup>17</sup>

Whether a business has a moral obligation to be CSR is another question.

<sup>13</sup> Commission of the European Communities, 2003, *What is Corporate Social Responsibility (CSR)?* Viewed on 12<sup>th</sup> March 2010, <[http://europa.eu.int/comm/employment\\_social/soc-dial/csr/csr\\_whatiscsr.htm](http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_whatiscsr.htm)>

<sup>14</sup> Aaronson, SA 2003, 'Corporate responsibility in the global village: The British role model and the American laggard', *Business and Society Review*, vol. 108, no. 3, pg. 309-38.

<sup>15</sup> CSRwire, 'What is Corporate Social Responsibility (CSR)?', Viewed on 18<sup>th</sup> May 2010, <<http://www.CSRwire.com>>

<sup>16</sup> Philip H. Mirivis, 'Can you buy CSR?' *California Management Review*, Vol.51,NO 1, Fall 2008 P110, Viewed on 3<sup>rd</sup> April 2010, <<http://search.ebscohost.com>>

<sup>17</sup> Sarah Hanson, 'Make room for CSR', *Director.co.uk*, June 2008, pg.65-67, Viewed on 24<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

So this increasing consumer consciousness seems to be driving this push for business to be more CSR. "A woman not only wants brands that meet her beauty desires but also have authenticity, integrity and stand for something" says Marc Pritchard, president of strategy and growth at Procter & Gamble at the seventh Women's Wear Daily Beauty CEO summit in the global cosmetics industry.<sup>18</sup>

He continues by saying that research showed that over 60% of all beauty consumers felt that social responsibility is an important issue and this is reflecting in spending decisions enormously. It was pointed out that virtually every company attending this conference was giving back to the community in some way.

The example of the Estee Lauder Cos Ltd colour cosmetics brand MAC was used. This brand was only a small niche player of their overall product range 10 years ago but is now the fastest growing colour brand around the world. At the same time it is the 2<sup>nd</sup> largest non-pharmacy funder of HIV AIDS organisations globally – the question is: is this rapid growth coincidence?<sup>19</sup>

Matthews, in her article agrees. She highlights the impact of increased media focus on the environment is having an impact on choice.<sup>20</sup> She too focuses on the cosmetics industry and specifically refers to TBS's commitment to source local products and set up local community groups to help purchase products and using natural products.

Herman talks about the immense power the public has on whatever activities take place in the community, so highlights the importance of this "stakeholder" as reason for the growth in importance of CSR.<sup>21</sup> He gives examples of the Tuskegee Syphilis study beginning in the 1930's and involving mainly poor Afro-Americans; this only

---

<sup>18</sup> Julie Naughton, Stephen Leek, 'Consumer to Industry: What have you done for me lately?', *WWD: Women's Wear Daily*, Vol.195, Issue 115, 30<sup>th</sup> May 2008, pg.18, Viewed on 21<sup>st</sup> Mar 2010, <<http://search.ebscohost.com>>

<sup>19</sup> Julie Naughton, Stephen Leek

<sup>20</sup> Imogen Matthews, 'What do ethical and sustainable mean to today's beauty consumer?', *GCI*, December 2008, P44-45, Viewed on 10<sup>th</sup> April 2010, <<http://search.ebscohost.com>>

<sup>21</sup> Steve Herman, 'Ethics and Personal Care', *GCI*, August 2009, pg.64-66, Viewed on 25<sup>th</sup> April 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

being terminated when after a public outcry. He also referred to the establishment of the Centre for Alternatives to Animal Testing in 1981, again only because of public concern.

Herman's views are supported by Michael Wynne.<sup>22</sup> Wynne says that while operating mistakes can be damaging "ethical" mistakes can be destroying to the business. The chance of being found out is increasingly high – especially with these developments in ICT and public awareness.

Verde Nieto takes a different approach but still comes up with the same conclusion about the importance of being seen as SR.<sup>23</sup> She says that with rapid developments in ICT traditional communications and advertising is no longer enough when trying to connect with consumers. So it is more an "emotional connection" which leads to consumers being more interested in your products and eventually gaining brand loyalty.

---

<sup>22</sup> Michael Wynne, 'The ten commandments of Global Business', *GCI*, October 2007, P58-59, Viewed on 21<sup>st</sup> March 2010, <<http://search.ebscohost.com>>

<sup>23</sup> Diana Verde Nieto, 'Corporate Social Responsibility as part of your brand', *Manager*, Autumn 2009, pg.28-29, Viewed on 16<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

## Chapter 4: Social Responsibility and Its Link to Financial Performance

Fox sees being an ethical, socially responsible company can attract investors, customers and top talent – all leading to financial gain – as well as reducing government regulation and environmental and labour activists.<sup>24</sup> According to Panico in the long run this will generate more customer and market share and profit through a positive “corporate image” and customer loyalty. Ethical decision-making is essential to long-term survival. “In its absence, there is no truth... no trust... no loyalty”.<sup>25</sup>

It is clear that most of the focus between being seen as CSR and its impact on market sales is through a link to the level of customer loyalty, trust and brand name of the product / company that develops.

Mirvis sees that a firm’s social credentials can help differentiate its brands, that consumers will switch brand due to CSR issues.<sup>26</sup> More and more companies are also developing CSR as unique selling point in their marketing strategy. Also when a product’s social content matches their consumer’s personal interests, it can be decisive in building brand loyalty<sup>27</sup>

Marian Salzman, a “trend watcher” at ad agency JWT, New York, talked about the “rise of ethical consumer and their consuming behaviour”<sup>28</sup> “Being a consumer can

<sup>24</sup> Adrienne Fox, ‘Corporate social responsibility pays off’, *HR magazine*, August 2007, pg.43-47, Viewed on 19<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

<sup>25</sup> C. Richard Panico, ‘Ten Things Business Leaders Should Know’, *GCI*, April 2003, pg.52, Viewed on 8<sup>th</sup> April 2010, <<http://search.ebscohost.com>>

<sup>26</sup> Philip H. Mirvis, pg.110

<sup>27</sup> C.B. Bhattacharya and S. Sen. “Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives,” *California Management Review*, 47/1 (Fall 2004): 9-24. Viewed on 15<sup>th</sup> May 2010, <<http://search.ebscohost.com>>

<sup>28</sup> Theresa Howard, ‘Big companies buy small brands with big values’, *USA Today*, 22<sup>nd</sup> March 2006, Viewed on 14<sup>th</sup> April 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

make you feel selfish, but buying brands with high social responsibility make you feel selfless.”

Developing this point Kelly in her article states that the cosmetics industry has most to gain here because its main customer, the woman, is also, according to the National Council for Voluntary Organisations, responsible for the largest percent of charitable donations, so would seem to be more aware of socially responsible activities.<sup>29</sup>

Some of the above is undoubtedly based on personal view but even the formal research, of which there has been a lot, tends to back up the link between SR and performance. Using the results of a formal study involving both individual interviews and group discussions looking at the impact of CSR where 618 consumers were asked their views as to the importance of CSR using a questionnaire survey, the conductors of the research (Swaen and Chumpitaz) were able to draw several conclusions.<sup>30</sup> Their findings can be seen in the following diagram that showed a strong link between perceived CSR, quality, customer satisfaction and credibility and integrity of an organisation.

---

<sup>29</sup> Annie Kelly, The rise of the ethical woman, Newstatesman, 31May 2004,pg.26, Viewed on 12<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

<sup>30</sup> Valerie Swaen. Ruben Chumpitaz C. 'Impact of Corporate Social Responsibility on consumer trust', Recherche et Applications en Marketing, Vol.23, No. 4/2008, Viewed on 19<sup>th</sup> May 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

What also comes out is that if customers see that a firm is only engaging in CSR to further its own needs or is not honest about its intentions then this can have a negative impact on profits. So perceived integrity is seen as being very important.

Swaen and Chumpitz extended their findings to conclude that if customers already have a high expectation about the SR of a business there level of trust will be higher, especially if they personally support some of the issues supported by the firm.

Much of this was supported in the findings of Professor's Bhattacharya and Sen.<sup>32</sup> They also found a strong link between companies who engaged in "doing socially good things" and "doing better" in performance and "consumer patronage". In a competitive market people are more likely to switch brands to one associated with a good cause if the price and quality are similar. However they did recognise that people's actual purchasing decisions are not always what they "say" they will do and often the methods of sampling in surveys can bias results.

Docherty and Hibbert narrowed their research down to firms that focused specifically on cause-related projects (like TBS with their no-animal testing stance) and through a series of postal questionnaires using both open and closed questions also identified a link between the cause-related strategy, positive media coverage, brand awareness and in turn customer loyalty and repeat and new sales (see Figure 2).<sup>33</sup> It must be stated however that only 11 out of the 40 companies fully completed all requirements of the survey, thus perhaps reducing its validity.

---

<sup>32</sup> C.B. Bhattacharya and S. Sen.

<sup>33</sup> Sylvie Docherty, Sally Hibbert,



With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

What also comes out is that if customers see that a firm is only engaging in CSR to further its own needs or is not honest about its intentions then this can have a negative impact on profits. So perceived integrity is seen as being very important.

Swaen and Chumpitz extended their findings to conclude that if customers already have a high expectation about the SR of a business there level of trust will be higher, especially if they personally support some of the issues supported by the firm.

Much of this was supported in the findings of Professor's Bhattacharya and Sen.<sup>32</sup> They also found a strong link between companies who engaged in "doing socially good things" and "doing better" in performance and "consumer patronage". In a competitive market people are more likely to switch brands to one associated with a good cause if the price and quality are similar. However they did recognise that people's actual purchasing decisions are not always what they "say" they will do and often the methods of sampling in surveys can bias results.

Docherty and Hibbert narrowed their research down to firms that focused specifically on cause-related projects (like TBS with their no-animal testing stance) and through a series of postal questionnaires using both open and closed questions also identified a link between the cause-related strategy, positive media coverage, brand awareness and in turn customer loyalty and repeat and new sales (see Figure 2).<sup>33</sup> It must be stated however that only 11 out of the 40 companies fully completed all requirements of the survey, thus perhaps reducing its validity.

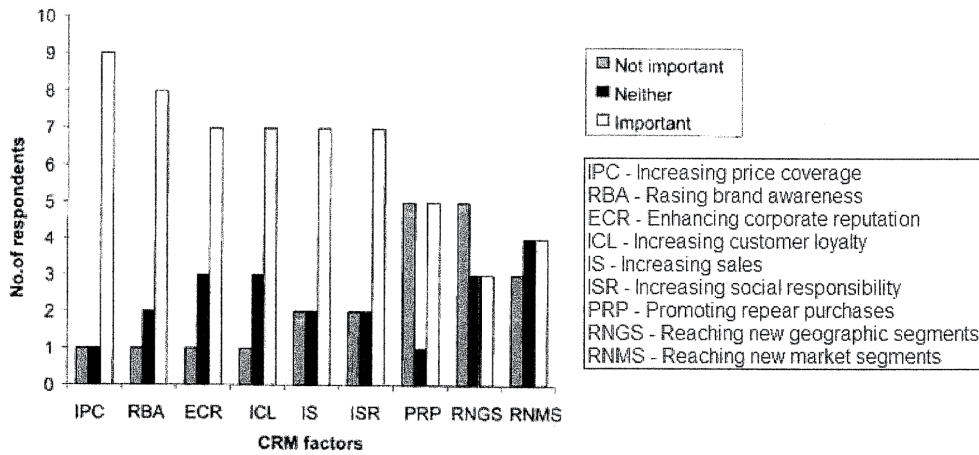
---

<sup>32</sup> C.B. Bhattacharya and S. Sen.

<sup>33</sup> Sylvie Docherty, Sally Hibbert,

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

Figure 2: Importance ratings for benefits of cause-related marketing<sup>34</sup>



<sup>34</sup> Docherty, Sylvie & Hibbert, Sally. 2003, 'Examining company experiences of a UK cause-related marketing campaign', International Journal of Nonprofit and Voluntary Sector Marketing, Vol 8, 24th Feb, P378-389

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

## Chapter 5: Importance of Social Responsibility and The Body Shop (TBS)

Certainly the impact of CSR in general can be seen in research done with customer spending and TBS (i.e Pritchard and Matthews).<sup>35</sup>

A survey and report conducted by TBS in 2008 noted that the public perception of a brand as ethical can have a significant impact on that brand's sale.<sup>36</sup> "The social responsibilities of a brand are as important as the price when making purchasing decisions...34% said their purchases of TBS products were based on the ethical reputation of a company."

In her article Olivia Toth uses TBS as one of the main examples of a company who was the first to benefit from a largely "social" belief.<sup>37</sup> According to her this strong ethic has given the brand huge global credibility.

*Table 1: Summary of financial data of The Body Shop, PLC.*

Year	2009	2008	2007	2006	2005	2004
Turnover(€ m)	726.3	756	786	733.4	615.1	562.4
Operating Profit (€ m)	53.8	36.2	63.8	58.3	53.1	44.7
Number of Stores	2550	2550	2426	2085	2045	2007

*(Sales before 2006 have been converted from GBP to EUR)*

<sup>35</sup> Julie Naughton, Stephen Leek.

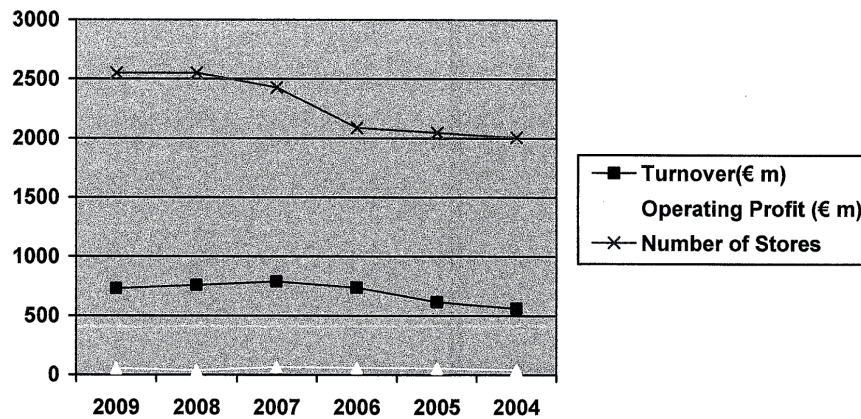
<sup>36</sup> See Appendix I

<sup>37</sup> Olivia Toth, The ethical progression, *Asia's Media & Marketing Newspaper*, 30<sup>th</sup> May 2003, pg.42, Viewed on 23<sup>rd</sup> March 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

Figure 3: The financial summary of The Body Shop, PLC.



Referring to the Table and figure above there has been an upward trend with profits over recent years although there has been some downward movement over the past 2 years. The impact of the global financial crisis must also be accounted for here.

Using aspects of a SWOT analysis helps to identify the current importance of its CSR stance to its performance. A major strength is a strong brand presence and consumer loyalty, being easily recognisable in the market. Its market growth and financial performance has been high and it has a name associated with using natural ingredients, where there is a clear customer demand. TBS is also regularly inked for being a CSR company, highlighted by the amount of written material linking it to this area.<sup>38</sup> It also seems to have a “good name” amongst the public and media. Perhaps weaknesses might include being focused on more of a niche market thus more of a risk and an obvious threat is the growth of new products and business rivals in this industry. However it does appear that there is a strong connection between CSR at TBS and its market growth.

<sup>38</sup> See Appendix I

---

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

It will be interesting to see now how this perception is impacted on through its takeover by L'Oreal especially as this company has faced some negative media and public attention.<sup>39</sup>

---

<sup>39</sup> Our company, 2009, The Body Shop International plc.

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

## Chapter 6: Growth of the Cosmetics Industry in China

The cosmetics industry has grown significantly over the past 15 years especially with increased exposure to the West. After a recent slowdown due to the global crisis it is expected that the industry will experience a significant revival, with increasing interest in natural and organic cosmetic products.<sup>40</sup>

Referring to a recent industry profile completed of the cosmetics industry in China (Table 2 and Fig 4) this highlights the recent high growth rates, averaging almost 10% pa. and well above other Asian countries.

Table 2: China Make-up Market Value: \$ million, 2004-2008<sup>41</sup>

Year	\$ million	RMB yuan million	% Growth
2004	643.4	4,479.5	
2005	710.1	4,943.9	10.40%
2006	780.5	5,434.0	9.90%
2007	857.4	5,969.4	9.90%
2008	931.4	6,484.6	8.60%
<b>CAGR, 2004-2008:</b>			<b>9.7%</b>
Source: Datamonitor			DATAMONITOR

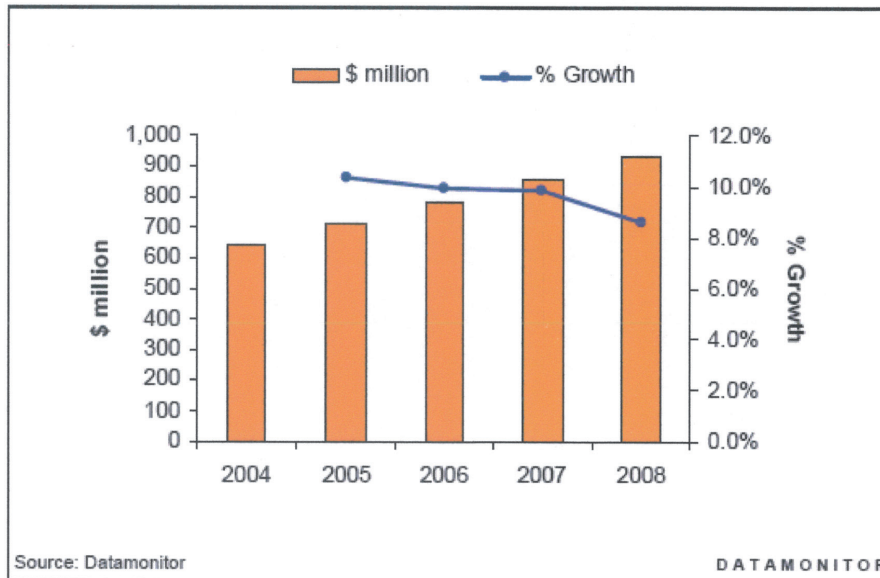
<sup>40</sup> China's home grown cosmetic brands to enjoy revival, *Chemical Business*, December 2009, pg.21, Viewed on 14<sup>th</sup> April 2010. <<http://search.ebscohost.com>>

<sup>41</sup> Datamonitor, Make-Up Industry Profile: China, November 2009, pg.9, Viewed on 12<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

Figure 4: China Make-up Market Value: \$ million, 2004-2008<sup>42</sup>



L'Oreal, who now own TBS also represents almost one-third of total market value (see Figure 5)

Table 3: China Make-up Market Share: % Share, by value, 2008<sup>43</sup>

Company	% Share
L'Oreal S.A.	31.70%
LVMH Moët Hennessy Louis Vuitton SA	10.40%
Shiseido Company, Limited	10.40%
Other	47.60%
<b>Total</b>	<b>100.0%</b>

Source: Datamonitor

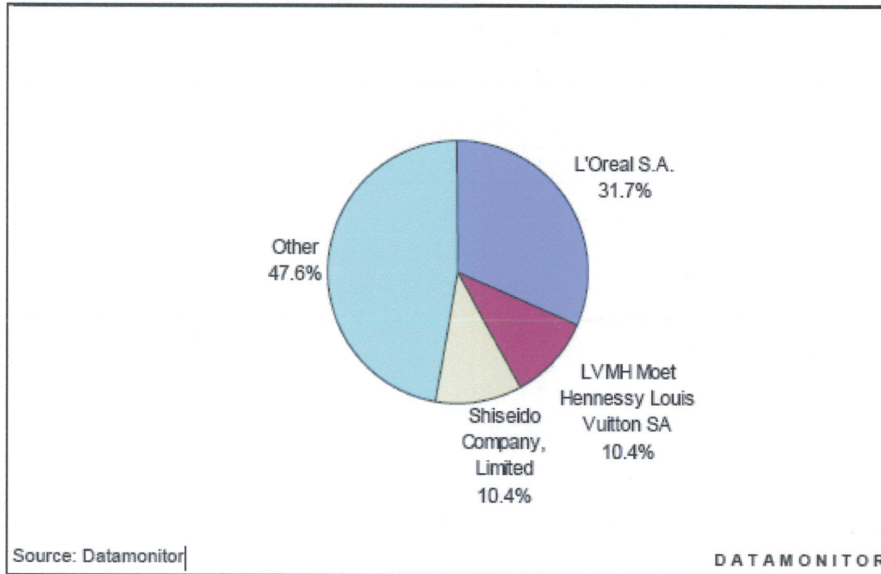
DATAMONITOR

<sup>42</sup> Datamonitor, Make-Up Industry Profile: China, November 2009, pg.9, Viewed on 12<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

<sup>43</sup> Datamonitor, Make-Up Industry Profile: China, November 2009, pg.13, Viewed on 12<sup>th</sup> March 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

Figure 5: China Make-up Market Share: % Share, by value, 2008<sup>44</sup>



So the market itself appears to be there in China for TBS. Conducting a PEST analysis (see Table 3 below) there are many factors that act as “opportunities” such as the rapid rate of economic growth of the economy, consumers having more exposure to Western style goods, increasing disposable incomes, the opening up of trade links

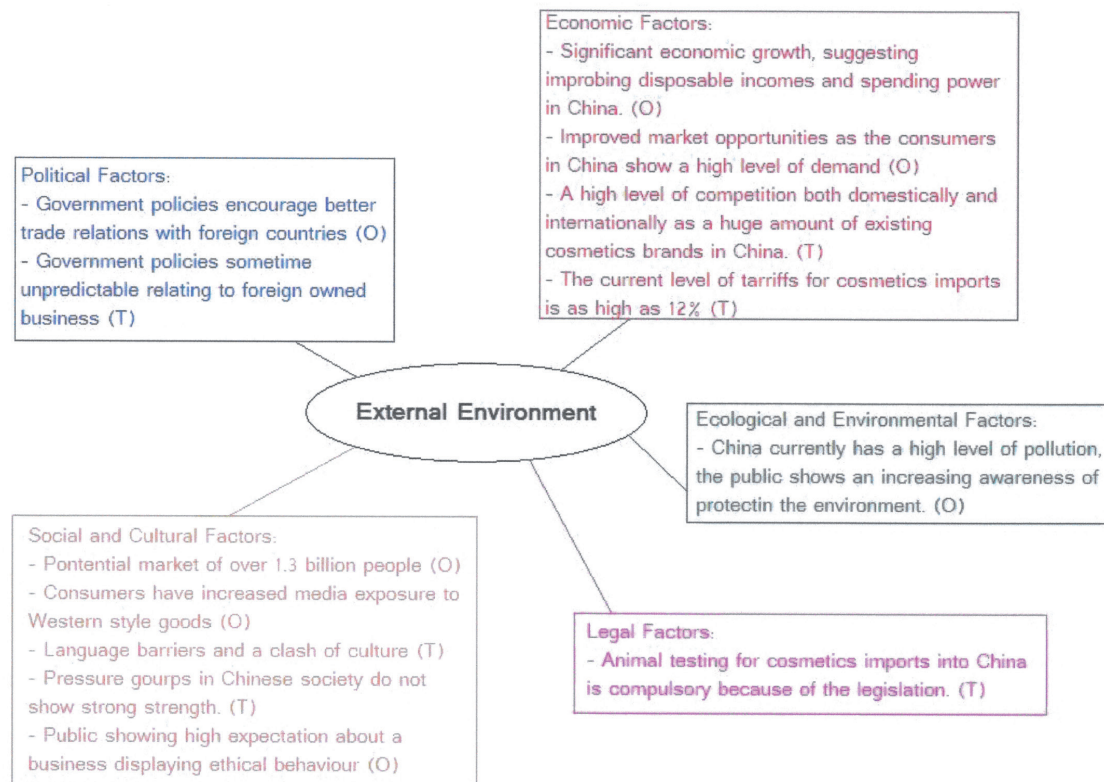
<sup>44</sup> Datamonitor, Make-Up Industry Profile: China, November 2009, pg.13, Viewed on 12<sup>th</sup> March 2010, <<http://search.ebscohost.com>>



With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

Table 3: PEST analysis for The Body Shop to enter Chinese market<sup>45</sup>



<sup>45</sup> Appendix I

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

## Chapter 7: Consumers in China – How Important is CSR

In analysing the potential impact of TBS relaxing their no animal testing stance it is important to also look at the possible importance of CSR on consumer choice. As discussed before, research does show a strong link. However Toth quotes Peter Wilken of a Hong Kong based management consultancy company that specializes in branding when he says that even though some companies like the beauty brand “Oriental Princess” are focusing on an image that products need to benefit both the consumer and the environment he feels that the South-east Asian region is still a long way behind others in their beliefs and in the extent to which ethics influences consumer decisions.<sup>46</sup>

However there is evidence to suggest that regional consumer perceptions of CSR are changing.<sup>47</sup> Research showed ten years ago, price, quality and brand name were the significant factors in consumer decisions. But in last year’s cosmetic report, 40% of consumers in China think a company’s commitment to CSR is “very important”.<sup>48</sup>

However cultural differences do exist. Western businesses count investors and stakeholders among the top-level priority for corporate responsibility, whereas in China, the government and their motives is a key stakeholder.<sup>49</sup> Therefore traditional expectations of CSR behaviour have not applied to the Chinese market.

However, a greater focus on CSR in China is noticeable. Businesses in China now pay more attention on CSR due to the change of consumer behaviours, possibly because of more “western” contact. Another reason is the increasing importance of having a good brand reputation in the global world, especially with developments in communication technology.<sup>50</sup>

---

<sup>46</sup> Olivia Toth.

<sup>47</sup> Gilbert Tan. Raj Komaran, Perceptions of CSR in Singapore, Asian Business, 2007, Vol.23 Issue 2, pg.1-14, Viewed on 12<sup>th</sup> May 2010, <<http://search.ebscohost.com>>

<sup>48</sup> Pei Hong

<sup>49</sup> CCI

<sup>50</sup> Nobuo Tateisi

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

There was some hesitancy with the Chinese government to fully embrace a more updated idea of CSR in business, possibly because of cost factors.<sup>51</sup> Now new regulations about sustainability issues of foreign companies in China are proposed. Various industries in China have embraced both domestic and international standards related to CSR. However at present they have not relaxed their policy on animal testing.

So with some change in government views some Chinese businesses have changed their views in CSR, especially with the opportunity of entering global markets and the threat of the potential impact not being CSR might have on growth.

Japanese cosmetic brand KOSE entered Chinese market 10 years ago with the mission statement: "Wisdom and beauty for people and the earth."<sup>52</sup> KOSE also formed and publicised its Global Environment Committee. Within 5 years KOSE market share in China increased 7.8% and in a survey conducted by "The Economist" 85% of consumers think KOSE performs "very well" on its social responsibility commitment.<sup>53</sup>

No it only this, the traditional view of being social responsible in China is also changing. "With the development of the concept of CSR, many enterprises consider CSR not only as philanthropy but also responsibility" said Gefei Yin.<sup>54</sup>

---

<sup>51</sup> China CSR, How Far Can Chinese Companies Take Corporate Social Responsibility? <<http://www.chinacsr.com/en/2009/02/23/4572-how-far-can-chinese-companies-take-corporate-social-responsibility/>>

<sup>52</sup> KOSE, Seeking a new radiance, Annual Report 2009, Viewed 23<sup>rd</sup> March 2010, <<http://www.kose.co.jp>>

<sup>53</sup> The Economist, The importance of Corporate Responsibility, Oracle, January 2005, Viewed 21<sup>st</sup> May 2010

<sup>54</sup> Gefei Yin, Fourth International CSR Forum, CSR Europe, 5 June 2009, <[http://www.csreurope.org/news.php?type&action=show\\_news&news\\_id=2368](http://www.csreurope.org/news.php?type&action=show_news&news_id=2368)>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

## Chapter 8: Evaluation

### How important is this SR stance for TBS

Ghosh believed the reasons for TBS gaining and maintaining high customer loyalty and building its brand image were largely due to consumer concerns about animal testing of cosmetic in many countries. By setting up the company value “Against Animal Testing”, TBS has aroused the consumer awareness and so when consumers make purchasing decisions, they consider that TBS as a brand has a deeper connection into their values.<sup>55</sup>

Furthermore according to Andy King, (marketing director of TBS), TBS was deliberately repositioned and changed its products offering by specializing in skin and hair care products made from natural which sourced from the third world countries, so again this focus on being seen as CSR has reaped rewards.<sup>56</sup>

Applying Porter’s generic strategy<sup>57</sup> of “product differentiation” this customer awareness of a CSR focus has allowed TBS to charge a premium price for it. Grossmanx also supports the significance of the brand rather than the price on consumer decisions.<sup>58</sup> The market position map below (figure 6) of TBS recognises that the products of TBS have a medium-high price but a big brand value.

---

<sup>55</sup> What holds ethical consumers to buy a cosmetics brand? , CSR for Cynics Series 1 – Ethical Consumers, Rosa Chun, Manchester Business School

<sup>56</sup> P18 Data Monitor

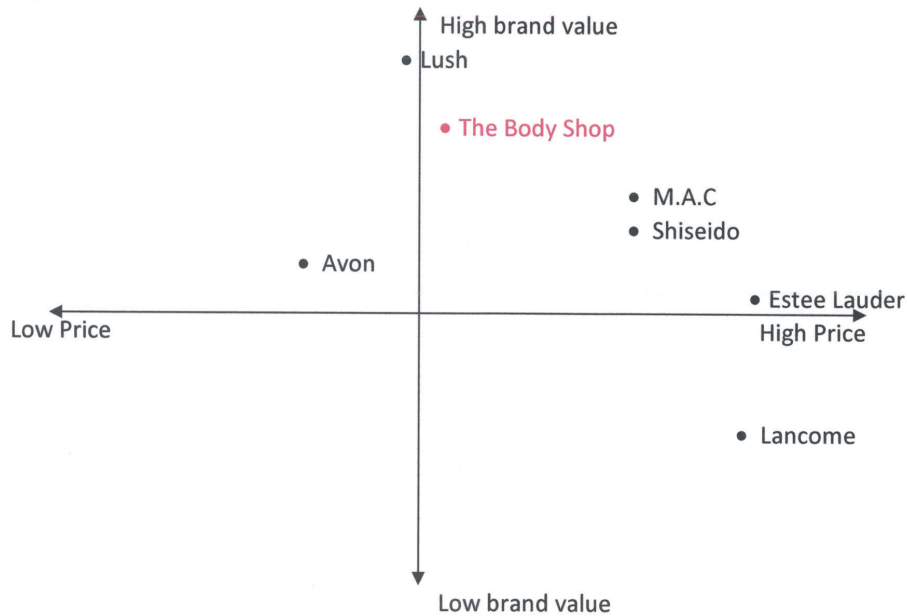
<sup>57</sup> See Appendix Porter’s generic strategy

<sup>58</sup> L. Grossmanx. 2004, ‘Rating corporate social responsibility’, Buinessdata, Aug, Vol.12 Issue 4,pg.5-7. Viewed on 10<sup>th</sup> May 2010, <<http://search.ebscohost.com>>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

Figure 6: Market Position Map<sup>59</sup>



However, as said before, it will be interesting to analyse the longer term impact of L'Oreal and its global takeover of TBS on its brand name because there have been some issues relating to L'Oreal and its activities impacting on the environment which have attracted the attention of worldwide pressure groups.<sup>60</sup>

Previous discussion highlighted the rapid growth of the cosmetics industry in China and also the many opportunities that appear to exist for TBS to grow in this market, especially with its huge population of 1.3 billion people and its significant economic and disposable income growth indicate Chinese cosmetic market has huge spending power. L'Oreal also has a significant market share (almost one-third) and as a huge multi-national seems to have the resources and "name" to be able to successfully

<sup>59</sup> 'Lavera recognized as greenest beauty brand for consecutive year', Lavera Skin Care North America, Inc 2010, Viewed on 21<sup>st</sup> April, < <http://www.lavera.com/greenest-brand> >

<sup>60</sup> Media Centre, 2006, The Body Shop International plc, <[http://www.thebodyshop.com/\\_en/\\_ww/services/aboutus\\_media-centre.aspx](http://www.thebodyshop.com/_en/_ww/services/aboutus_media-centre.aspx)>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

introduce TBS range.<sup>61</sup> Brand loyalty is also considered high in China, especially with designer or name brands<sup>62</sup> so this may also be favourable for TBS to enter the market. Figure 3 previously also highlights that pressure groups don't currently have strong power in the community generally.

However if TBS was to enter the market at the expense of their no animal testing stance there is considerable evidence to suggest this may have a negative impact on their brand name and market. It does seem as though consumers in China are putting more importance on the "social and ethical" aspects of business. TBS themselves have research which supports this as mentioned before; as does the findings of "The Economist" and KOSE discussed previously that relate to China. Given that the cosmetics industry in China appears highly competitive (figure 7 below) with more than 3000 cosmetics brands currently existing<sup>63</sup> and also perhaps a push back to more traditional brands then TBS relaxing their stance might harm their chance of success not only in China (especially given they are a new "name") but also globally. Furthermore with the government possible tightening up its CSR stance with business, especially foreign business (Table 3 previous) this could be a threat. This must be taken into consideration even though currently the government policy is that animal testing must be carried out to ensure safety of the product.

---

<sup>61</sup> European Communities, 'Regulation (EC) No 139/2004 Merger Procedure', Brussels, 31<sup>st</sup> May 2006, pg. 2.

<sup>62</sup> 'China's home grown cosmetic brand to enjoy revival', Chemical Business, December 2009, pg. 21, Viewed 12<sup>th</sup> April 2010, <<http://search.ebscohost.com>>

<sup>63</sup> Cosmetic News, Aug 2008 Overseas Issue N0.47

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

Figure 7: Competitive Position in Cosmetics Industry (Porter 5 Forces)<sup>64</sup>



<sup>64</sup> Appendix I

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

## Chapter 9: Conclusion

It seems clear that L'Oreal have the resources and the position in the market to be able to successfully introduce the "Body Shop" brand into this market. But the question is; what are the possible "costs" of this given, even though the Government's views on CSR are changing, currently they still force animal testing.

Information presented (i.e. Bhattacharya, Swaen, Naughton, Matthews) shows that customer's purchasing decisions are related to what they think about the motives and values of businesses. They are often willing to pay a higher price in a competitive market for products from businesses with a social conscience. Businesses that also are involved in cause-related activities (Docherty and Hibbert) appear to have market advantages. Figures reflect this for TBS in their traditional markets. Swaen and Chumpitz also state that being seen as CSR is especially important for a product that is not well known by the market (as may be the case with TBS products in China). Importantly they say research shows that when consumers feel their trust has been broken i.e. a business not acting in a CSR manner when that is part of their stated mission, this is likely to have significant consequences on purchasing decisions.

Even though the evaluation in this essay is limited by words and even more in-depth analysis of research in this area it appears therefore that if TBS was to enter the Chinese market and animal test, even though it might present a significant opportunity, management does need to be very wary of the possible impact on sales, not just in China but also globally. TBS has built its reputation heavily on the "5 pillars" of its social responsibility stance – a movement away from this may significantly disadvantage TBS in its core markets, so may not be seen as a desirable strategic move.

However management does need to undertake more extensive research. The validity of some of the research findings may be questioned especially given the methods of



---

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

sampling used and somewhat limited numbers surveyed. Also there is an indication of significant demographic variations in the relationship between how consumers perceive CSR or cause-related business so management needs to investigate this more. Another limitation of the findings is that even though it is clear that TBS has experienced significant growth it is unclear how much of that is directly relevant to its CSR stance and how much to other factors. What is also unclear is whether the Chinese Government may change their policy on animal testing in the future.

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

## **Appendix I – Email A**

Email interview removed for copyright reasons

---

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

## **Appendix II - Email B**

Email interview removed for copyright reasons

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

## Bibliography

Aaronson. SA 2003, 'Corporate responsibility in the global village: The British role model and the American laggard', *Business and Society Review*, vol. 108, no. 3, pg. 309-38.

'The arguments against CSR', Corporate Watch, 2010, viewed on 21<sup>st</sup> May 2010 <<http://www.corporatewatch.org/?lid=2688>>.

Bhattacharya, C.B. & Sen, S. 2004, 'Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives,' *California Management Review*, 47/1 (Fall 2004): 9-24. Viewed on 15<sup>th</sup> May 2010, <<http://search.ebscohost.com>>.

'China's home grown cosmetic brands to enjoy revival', *Chemical Business*, December 2009, pg.21, Viewed on 14<sup>th</sup> April 2010. <<http://search.ebscohost.com>>.

'China- Asia's second largest beauty cosmetics market', *Cosmetic News*, Issue No 47, August 2008, Viewed on 22<sup>nd</sup> April 2010. <<http://search.ebscohost.com>>

Chun, Rosa 'What holds ethical consumers to buy a cosmetics brand?' Manchester Business School, CSR for Cynics Series 1 – Ethical Consumers, Viewed on 14<sup>th</sup> April 2010 <[www.mbs.ac.uk/research/documents/chun.ppt](http://www.mbs.ac.uk/research/documents/chun.ppt)>

Commission of the European Communities. 2003, 'What is Corporate Social Responsibility (CSR)?', Viewed on 12<sup>th</sup> March 2010, <[Http://europa.eu.int/comm/employment\\_social/soc-dial/csr/csr\\_whatiscsr.htm](http://europa.eu.int/comm/employment_social/soc-dial/csr/csr_whatiscsr.htm)>.

CSRwire 'What is Corporate Social Responsibility (CSR)?', Viewed on 18<sup>th</sup> May 2010, <<http://www.CSRwire.com>>.

Datamonitor. 2009, 'Make-Up industry profile: China', November, pg.17, viewed on 23<sup>rd</sup> Mar 2010, <<http://search.ebscohost.com>>.

Docherty, Sylvie & Hibbert, Sally. 2003, 'Examining company experiences of a UK cause-related marketing campaign', *International Journal of Nonprofit and Voluntary Sector Marketing*, Vol 8, 24<sup>th</sup> Feb, P378-389, Viewed on 24<sup>th</sup> May 2010, <<http://search.ebscohost.com>>.

Economist Intelligence Unit. 2005, 'The importance of Corporate Responsibility', *The Economist*, January, Viewed 21<sup>st</sup> May 2010, <[http://graphics.eiu.com/files/ad\\_pdfs/eiuOracle\\_CorporateResponsibility\\_WP.pdf](http://graphics.eiu.com/files/ad_pdfs/eiuOracle_CorporateResponsibility_WP.pdf)>

European Communities. 2006, 'Regulation (EC) No 139/2004 Merger Procedure', Brussels, 31<sup>st</sup> May, pg.2.

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

IB Extend Essay 2010

---

Fox, Adrienne. 2007, 'Corporate social responsibility pays off', *HR magazine*, August, pg.43-47, Viewed on 19<sup>th</sup> March 2010, <<http://search.ebscohost.com>>.

Grossmax, L. 2004, 'Rating corporate Social Responsibility', *Businessdate*, August, Vol.12 Issue 4, pg.5-7, Viewed 9<sup>th</sup> May 2010, <<http://search.ebscohost.com>>

Hanson, Sarah. 2008, 'Make room for CSR', *Director.co.uk*, June, pg.65-67, Viewed on 24<sup>th</sup> March 2010, <<http://search.ebscohost.com>>.

Herman, Steve. 2009, 'Ethics and Personal Care', *GCI*, August, pg.64-66, Viewed on 25<sup>th</sup> April 2010, <<http://search.ebscohost.com>>.

Hoang, Paul 'Business ethics', 2007, *Business and Management*, IBID Press. Melton. Victoria. pg. 784-793

Hong, Pei. 2009, 'Present status and development trends of the cosmetics market', *China Chemical Reporter*, 6<sup>th</sup> January, Viewed on 7<sup>th</sup> May 2010, <<http://search.ebscohost.com>>.

Howard, Theresa. 2006, 'Big companies buy small brands with big values', *USA Today*, 22<sup>nd</sup> March, Viewed on 14<sup>th</sup> April 2010, <<http://search.ebscohost.com>>.

Ians. 2007, 'The Body Shop plans to enter India', *SiliconIndian*, 1<sup>st</sup> May, viewed on 3<sup>rd</sup> March 2010, <[http://www.siliconindia.com/shownews/Body\\_Shop\\_plans\\_to\\_enter\\_India\\_\\_\\_-nid-24005.html](http://www.siliconindia.com/shownews/Body_Shop_plans_to_enter_India___-nid-24005.html)>.

Kelly, Annie. 2004, 'The rise of the ethical woman', *Newstatesman*, 31<sup>st</sup> May, pg.26, Viewed on 12<sup>th</sup> March 2010, <<http://search.ebscohost.com>>.

KOSE, Seeking a new radiance, Annual Report 2009, Viewed 23<sup>rd</sup> March 2010, <<http://www.kose.co.jp>>

'Lavera recognized as greenest beauty brand for consecutive year', *Lavera Skin Care North America, Inc* 2010, Viewed on 21<sup>st</sup> April, <<http://www.lavera.com/greenest-brand>>

Matthews, Imogen. 2008, 'What do ethical and sustainable mean to today's beauty consumer?', *GCI*, December, pg.44-45, Viewed on 10<sup>th</sup> April 2010, <<http://search.ebscohost.com>>.

Maanavilja, Laura. 'CSR in China-building responsible competitiveness in global supply chains', *CSR Europe*, 28<sup>th</sup> May, Viewed on 12<sup>th</sup> April 2010, <[http://www.csreurope.org/news.php?type&action=show\\_news&news\\_id=2368](http://www.csreurope.org/news.php?type&action=show_news&news_id=2368)>

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

Media Centre, 2006, The Body Shop International plc,  
<[http://www.thebodyshop.com/\\_en/\\_ww/services/aboutus\\_media-centre.aspx](http://www.thebodyshop.com/_en/_ww/services/aboutus_media-centre.aspx)>

Mirivis, Philip H. 2008, 'Can you buy CSR?' *California Management Review*,  
Vol.51,NO 1, Fall 2008 pg.110, Viewed on 3<sup>rd</sup> April 2010,  
<<http://search.ebscohost.com>>.

'More business in China embracing Corporate Social responsibility(CSR)', CCI,  
Compliance search group, 23<sup>rd</sup> February, Viewed on 27<sup>th</sup> April 2010,  
<<http://www.corporatecomplianceinsights.com/2009/corporate-social-responsibility-china.html>>.

Naughton, Julie & Leek, Stephen. 2008, 'Consumer to Industry: What have you done  
for me lately?', *WWD: Women's Wear Daily*, Vol.195, Issue 115, 30<sup>th</sup> May, pg.18,  
Viewed on 21<sup>st</sup> Mar 2010, <<http://search.ebscohost.com>>.

Nieto, Diana Verde. 2009, 'Corporate Social Responsibility as part of your brand',  
*Manager*, Autumn, pg.28-29, Viewed on 16<sup>th</sup> March 2010,  
<<http://search.ebscohost.com>>.

Our company, 2009, The Body Shop International plc, Viewed on 1<sup>st</sup> March 2010,  
<[http://www.thebodyshop.com/\\_en/\\_ww/services/aboutus\\_company.aspx](http://www.thebodyshop.com/_en/_ww/services/aboutus_company.aspx)>.

Our values, 2009, The Body Shop International plc, Viewed on 11<sup>th</sup> March 2010,  
<[http://www.thebodyshop.com/\\_en/\\_ww/services/aboutus\\_values.aspx](http://www.thebodyshop.com/_en/_ww/services/aboutus_values.aspx)>.

Panico, C. Richard. 2003, 'Ten Things Business Leaders Should Know', *GCI*, April, pg.52,  
Viewed on 8<sup>th</sup> April 2010, <<http://search.ebscohost.com>>.

Swaen, Valerie & Chumpitaz, C Ruben. 2008, 'Impact of Corporate Social  
Responsibility on consumer trust', *Recherche et Applications en Marketing*, Vol.23,  
No. 4/2008, Viewed on 19<sup>th</sup> May 2010, <<http://search.ebscohost.com>>.

Tan, Gilbert & Komaran, Raj. 2007, 'Perceptions of CSR in Singapore', *Asian Business*,  
Vol.23 Issue 2, pg.1-14, Viewed on 12<sup>th</sup> May 2010, <<http://search.ebscohost.com>>.

Tateisi, Nobuo 'Current state of Corporate Social Responsibility in China and  
challenges faced by Japanese corporations', Council for better corporate citizenship,  
pg.1, Viewed on 5<sup>th</sup> May 2010.  
<[www.keidanren.or.jp/CBCC/english/report/200612observations.pdf](http://www.keidanren.or.jp/CBCC/english/report/200612observations.pdf) >

Toth, Olivia. 2003, 'The ethical progression', *Asia's Media & Marketing Newspaper*,  
30<sup>th</sup> May, pg.42, Viewed on 23<sup>rd</sup> March 2010, <<http://search.ebscohost.com>>.

---

With the possibility of The Body Shop renegotiating to enter Chinese market, how important is their social responsibility stance of 'no animal testing'?

---

IB Extend Essay 2010

---

The US-China Business Council. 2006, 'Best practices: Corporate social responsibility in China', October, Viewed on 27<sup>th</sup> April 2010, <<http://www.uschina.org/info/chops/2006/csr-best-practices.html>>.

Wynne, Michael. 2007, 'The ten commandments of Global Business', *GCI*, October, pg.58-59, Viewed on 21<sup>st</sup> March 2010, <<http://search.ebscohost.com>>.

Yin, Gefei. 2009, 'Fourth International CSR Forum', *CSR Europe*, 5 June, <[http://www.csreurope.org/news.php?type&action=show\\_news&news\\_id=2368](http://www.csreurope.org/news.php?type&action=show_news&news_id=2368) >