

# Investigate Oriflame's performance in four areas: value creation, sales and marketing, the external environment, and organizational management

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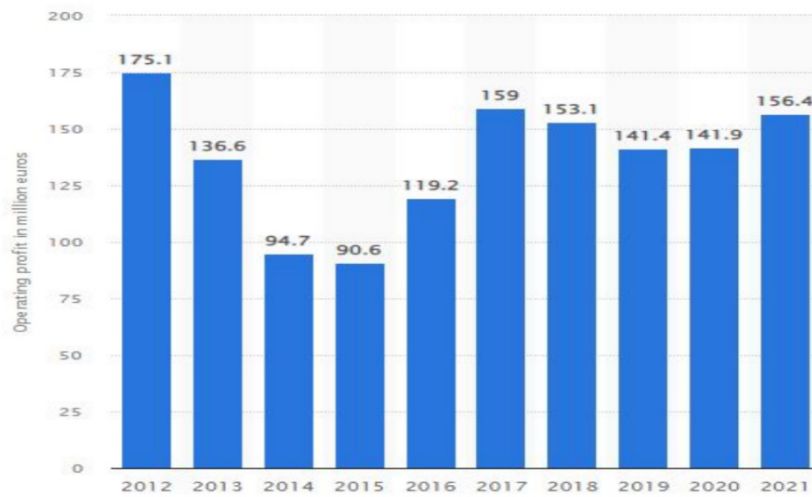
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**Abstract:** The objective of this essay is to investigate Oriflame's performance in four areas: value creation, sales and marketing, the external environment, and organizational management. The current methods used in this paper are SWOT analysis, PESTEL Analysis and market research data obtained from another article. The results showed that Oriflame used a sales model based on social media business and Wechat and performed well in the market.

**Keywords:** Oriflame; Value Creation; Marketing Strategy; Mission

## 1. Introduction:

Figure 1: Operating profit of Oriflame



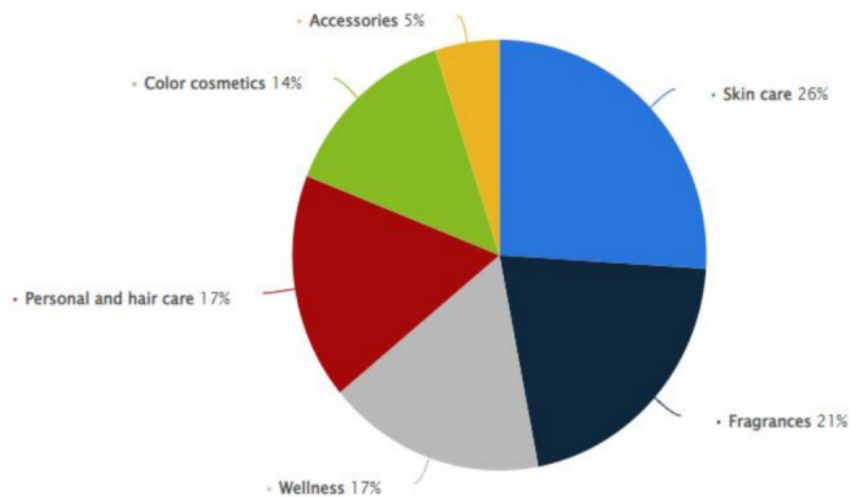
(Top Brand Award, 2020)

Oriflame is an international beauty brand with direct sales in over 60 countries founded in 1967. Additionally, it's sold through about 3 million independent consultants who generate sales of around EUR 1.3 billion per year. Simultaneously, Figure 1 provides the rating data of famous beauty products most requested by Indonesians from 2015 to 2019. During this period, Oriflame's strong demand is easy to see. Nowadays, green consumers pay attention to using products that are safe for the environment sustainability. In reality, Oriflame aims at attracting the attention of consumers by means of promotional strategies.

## 2. Value creation

### 2.1 Successful value creation

Figure 2: Oriflame sales distribution by product category



(Statista, 2021)

We learned from The Personal MBA that the value must come from the form that a business is prepared to pay for, so as to achieve its objectives of delivering value. Especially, products and services division are successful contributors to Oriflame's value development. According to Oriflame's financial statements, new products have generated increasing profits in recent years. Specifically, Figure 2 shows that Oriflame offers a range of tangible products that create what end consumers want, including skin care, cosmetics, fragrances.

### 2.2 Research and evaluation

Digitalization and extensive innovative product line have been successful for the company. Despite the national lockdown, the Oriflame community celebrated digitally with gifts, AR filters, and more generating 6.2 million visits (Samosa, 2021). In fact, digitization allows the company to get closer to its customers. Additionally, all products are conceived at its state-of-the-art skin institute (MBA Skool, 2021), which ensure the quality of the products. Unluckily, the emergence of Covid-19 in 2020 and massive quarantine measures influenced Oriflame's slowing operations worldwide. On top of that, as mentioned by Admin (2022), a multi-level marketing company's achievements are based on how well it can represent customers as their only contact with the company. However, Oriflame doesn't provide its employees with regular training in the areas of product and sales competence, which means that they cannot achieve profits for the company.

## 3. Sales and marketing

### 3.1 Market segment and suggestion

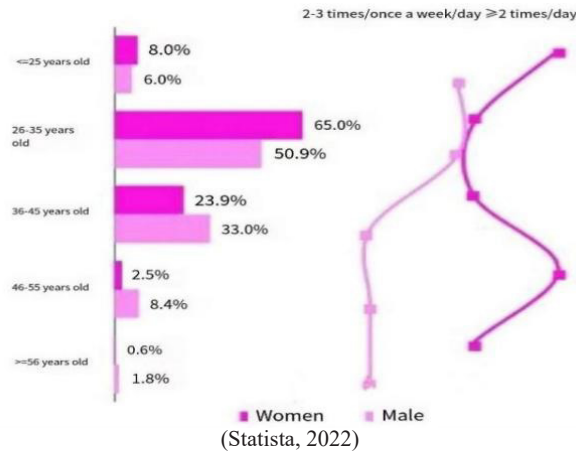
Oriflame's market segments mostly are demographic and geographic. The demographic is Oriflame offers a wide range of cosmetic and holistic products, like perfumes, makeup, skincare, hair care and personal hygiene. (NM Start, 2023). Undeniably, Oriflame's products are suitable for all ages. The geographic is Oriflame operates in more than 60 markets, as well as five geographic markets managed by franchisees (Oriflame, 2022). As a result, it has the ability to develop markets based on people's shopping habits, taking into account the culture of each country.

### 3.2 Existing and other potential customer types

Oriflame targets women and people who are concerned about skin health. A case in point that most respondents reported that Oriflame had all the factors at its command, including price, quality, discounts, availability, etc. (Eswari and Meera, 2015). Particularly, discounts are

very helpful for young women’s buying behavior. And the ingredients used in Oriflame’s products are made up of substances that don’t contain any hazardous chemicals (NM Start, 2023). This is also getting more people who are concerned about their skin health to use the products.

Figure 3: Age and frequency distribution of skincare for Chinese men and women in 2021



Meanwhile, it has lots of potential customers. The survey data in Figure 3 describes the awakening of Chinese men’s awareness of skin care products. It also reflects that the frequency of skin care in men aged 26 to 45 is close to once a day, similar to women at the same age group. Overall, expanding male customers aged 26-45 is a good option to increase the size of the market.

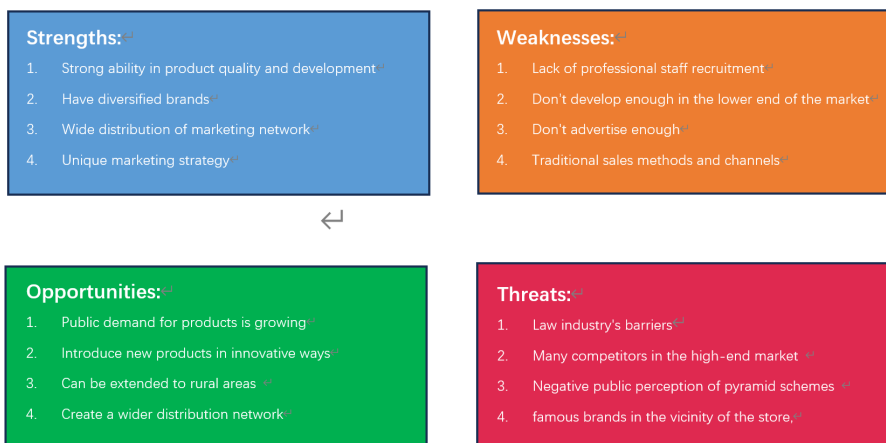
### 3.3 Marketing strategy and effect

According to Oriflame’s annual report (2022), it adopted a multi-level marketing strategy through offline display, experience and training through social media and Wechat business. Specifically, Oriflame’s product strategy is that products are conceptualized in its state-of-the-art skin research institute (MBA Skool, 2021). Additionally, Oriflame pay particular attention to extraction in order to guarantee purity and environmentally friendliness. The pricing strategy is that it carefully builds a standardized pricing system. According to Oriflame’s annual analysis, it sells products at lower prices in India, while the same products are sold at higher prices in Europe.

## 4.External environment

### 4.1 SWOT analysis

#### SWOT



Oriflame’s strength is brands are diversified. Particularly, brands offer a variety of products that are suitable for all groups (Watuna, 2020). Additionally, it has wide distribution of marketing network. As can be seen from Oriflame’s annual report, Oriflame is mainly divided

into department stores, supermarkets and so on. Oriflame's weakness is it didn't develop enough in the lower end of the market, which also made it difficult for Oriflame to market its product through online marketing. The opportunity is that it can introduce new products. According to Ordyan (2023), increasing the product mix will have a positive impact on brand awareness and turnover. The threat is that it uses traditional pyramid selling methods for its marketing, but a great many people have an adverse opinion of pyramid sales (Watuna, 2020).

## 5. Managing the organization

### 5.1 Values, mission and goals of Oriflame

Unity, spirit and passion are Oriflame's values. In particular, unity is a fundamental principle for building vibrant communities. Moreover, helping people around the world to fulfill their dreams is their mission and purpose. They do it by offering a comprehensive range of beauty products to customers, with a focus on skin care and wellness. Like Oriflame's Website says, "we are committed to sustainability and believe that every step taken to reduce greenhouse gas emissions and packaging waste can play a role in reducing the environmental footprint of our business."

### 5.2 Challenge

While a mission-driven approach has many benefits, firms need to overcome some of the difficulties they face in fully maintaining their mission. Komatsu et al. (2020) found that the pursuit of profits may not be compatible with the core missions. Another challenge is adapting to changing market dynamics. It's the reason that mission enterprises have to adopt a strategy of synergy among activities and tasks while adapting to change market needs (Hober, 2023). Therefore, the company needs to take this opportunity to strengthen the mission and develop a stronger force for success.

## 6. Conclusion

However, some data isn't valid because the information can only be obtained through Oriflame's official website in China. To make future research, it's wise to look for Oriflame from other aspects like consumer analysis. Furthermore, future researchers need to take the time to access Oriflame's consultants.

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