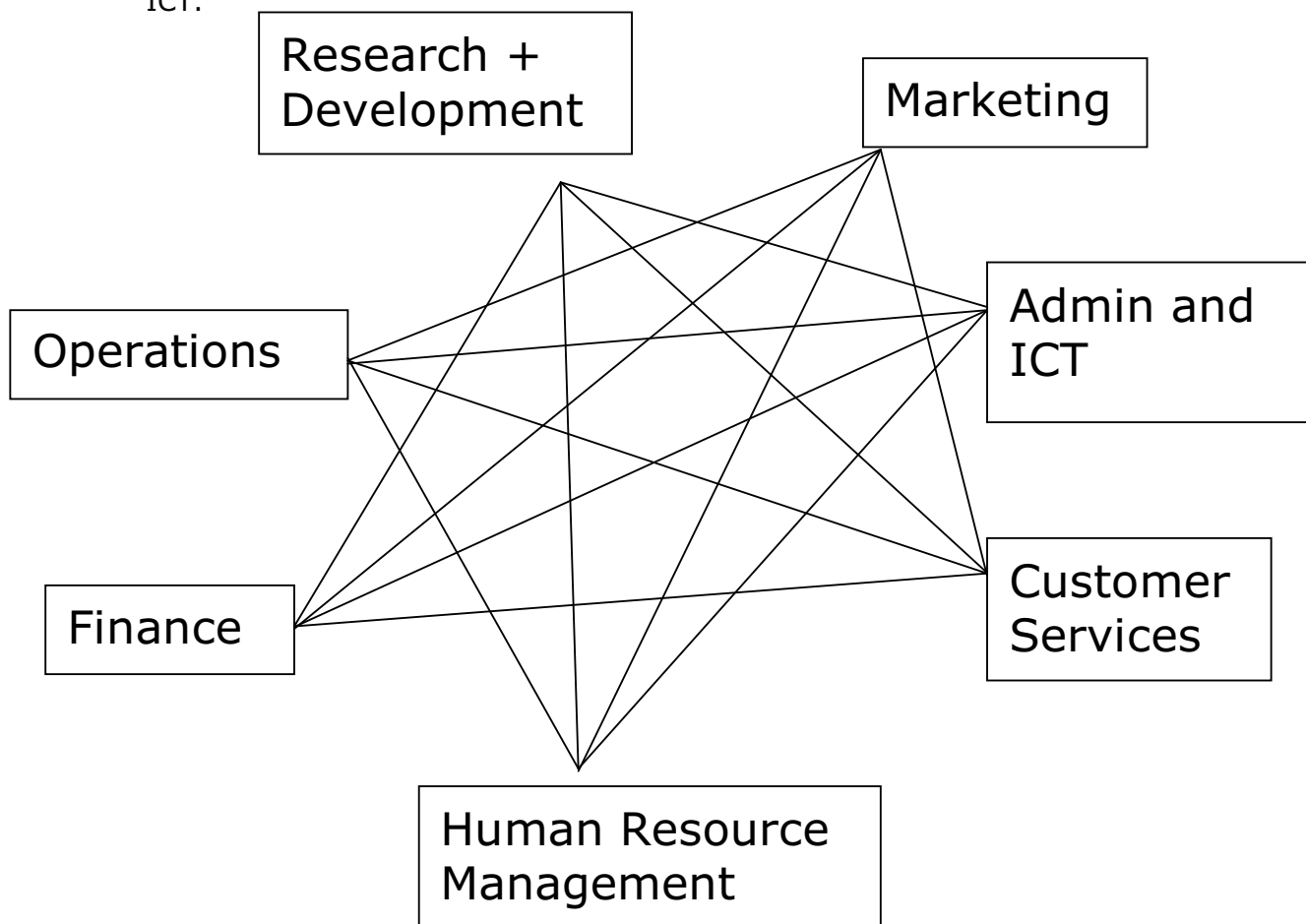




Boots: Functional Areas

Boots plc has lots of different departments. These departments include a place to manage accounts, a place to order the raw materials and a place to manufacture the products. Other departments in the business could be marketing, research and development and Admin and ICT.



If the business were a sole trader, the person who owns the business would have to complete everything in all of the departments. If one person had to do all of the jobs then it would be a problem because it would be hard work and the business owner would have no time to do other things such as enjoying the profit that he makes from his business.

In very large businesses like Boots, specialists are employed to concentrate on different areas. A specialist is a person who is trained to

one particular area. Having specialists help make the business to work better because it provides better customer services. Each specialist belongs to a specific department. In business studies, we call these departments' functions.

Marketing

In summary, the role of the Marketing Department is to make sure that the business sells the right type of products that a wide range of people will buy. If a company is market-orientated then it is looking at who is going to buy your product, for instance age, gender or social class. Boots Plc is a market-orientated company; this is because the business is aimed at certain types of customers and their product is developed around what type of customers Boots gain.

The segments that Boots target are age, gender, culture, income and lifestyle. Segmenting the market makes it easier to identify groups of people with the same consumer needs and wants. Boots. You can divide the population as a whole into many different groups of people or segments that have something in common. Segmenting the market makes it easier to identify groups of people with the same consumer needs and wants. Boots therefore look for categories they can use to divide up the population. The five categories Boots use are age, gender, culture, income and lifestyle. Boots carry out market research because this helps them to find out what their customers want and this helps them gain a wider knowledge about their customers needs.

The primary research that Boots carry out is questionnaires, observation surveys and interviews. Boots carry out secondary research by looking at data that is already existing. Field research is researching outside the office and researching on primary data and desk research is researching inside the office and researching on secondary research.

Some of Boots promotional and marketing material which can be found on the website – www.wellbeing.com - are offers such as buy one get one free, three for the price of two and extra advantage points available on certain products. I have included some screen shots from the website which advertise extra points, 3 for 2 and buy one get one free.

The image displays several promotional offers from Boots:

- Extra Points:** A pink banner with the text "Extra Points" and "We've got loads of Extra points offers, but these are our favourites...".
- 500 extra points:** Two offers: "500 extra points with every 2 purchases of selected Trevor Sorbie" (with an image of a jar) and "500 extra points when you spend £15 on selected No7 products" (with an image of a No7 product).
- 3 for 2:** A red banner with the text "3 for 2" and "We've got loads of 3 for 2 offers, but these are our favourites...". Below it are two offers: "3 for 2 on selected Boots Skin Clear" (with an image of a tube) and "3 for 2 on selected Trevor Sorbie Mg products" (with an image of a jar).
- Buy 1 get 1 free:** A red banner with the text "Buy 1 get 1 free" and "We've got loads of Buy 1 get 1 free offers, but these are our favourites...". Below it are two offers: "Buy 1 get 1 free with Boots mouthwash" (with an image of a bottle) and another "Buy 1 get 1 free" offer (with an image of a spray bottle).

Firstly, these advertisements are targeted at people who have access to the Internet. The advertisements that advertise extra points are for advantage cardholders. The advertisements that advertise three for two offers are targeted at people who want to save money on their purchases or people who want to buy the product advertised, in this case the two products are Boots' own brand of facial care and Trevor Sorbie gel. They are also targeted at people who may want to buy three products. The buy one get one free products are targeted at people who like to save money or want two products. They are also targeted at people who are interested in the products available, in this case Boots mouthwash and Schwarzkopf Pro Styling mousse.

Boots Marketing Department can benefit from the Office of National Statistics (ONS) because they can use the information from the research from the ONS to backup their own research. One thing that they can use is how much women and men earn a year to set their prices for men and women's products. Boots may encourage marketing staff to sell more products by offering an annual bonus if targets are met. They may also offer pay rises or promotions for things if the staff sells a lot of products.

Finance

The role of the Finance Department in Boots is to record accounts i.e. balance sheets, profit and loss accounts and the directors report. They need to set up budgets also. When the business was first set up, the finance department was involved because Boots had to borrow money to set up the business.

The sources of finance available to a business are a loan, overdraft, and sponsorship from companies such as Charles Worthington, which they did and selling shares to people who want to buy them. Boots might raise money to finance expansion plans by either selling more shares, opening a loan, getting extra sponsorship from other companies or getting more sponsorship from those who already sponsor them, they could put out a new marketing campaign.

Boots is a public limited company, which basically means that they are owned by their shareholders and companies that sponsor them. They have to declare their profits and accounts to the public because the public needs to know how good Boots is doing and if they are hitting their targets. Also, if people are looking to buy into the company, they need to know if the company is worth buying into etc. Also it is a legal requirement to display their accounts and profits set by the government.

Displaying their accounts could be a disadvantage because other people in the industry will be looking at the accounts and judging them such as their competitors who may try to mimic what Boots are doing in the financial department.

A cashflow statement looks at the inflow and outflow of the cash in business and highlights any problems that might exist or could possibly arise in the future. A cashflow is a more regular occurrence than profit and loss and the balance sheet.

This is Boots Profit and Loss Account which can be found from their website – www.bootsplc.com

	Notes	Before exceptional items 2002 £m	Exceptional items (note 3) 2002 £m	Total 2002 £m	Restated* Before exceptional items 2001 £m	Restated* Exceptional items (note 3) 2001 £m	Restated* Total 2001 £m
For the year ended 31st March 2002							
Turnover: group and share of joint ventures	1	5,332.2	–	5,332.2	5,226.2	–	5,226.2
Less: share of joint ventures' turnover		(3.9)	–	(3.9)	(5.3)	–	(5.3)
Group turnover		5,328.3	–	5,328.3	5,220.9	–	5,220.9
Group operating profit		646.4	(16.4)	630.0	603.1	(50.5)	552.6
Share of operating loss of joint ventures		(20.9)	–	(20.9)	(23.1)	–	(23.1)
Total operating profit including share of joint ventures	2	625.5	(16.4)	609.1	580.0	(50.5)	529.5
(Loss)/profit on disposal of fixed assets		–	(6.0)	(6.0)	–	3.2	3.2
Loss on disposal of businesses	4	–	(14.9)	(14.9)	–	(41.6)	(41.6)
Share of joint venture loss on closure of business	4	–	(5.6)	(5.6)	–	–	–
Profit on ordinary activities before interest	1	625.5	(42.9)	582.6	580.0	(88.9)	491.1
Net interest receivable and similar items	5	13.2	–	13.2	1.1	–	1.1
Profit on ordinary activities before taxation		638.7	(42.9)	595.8	581.1	(88.9)	492.2
Tax on profit on ordinary activities	6	(198.1)	6.9	(191.2)	(182.5)	13.1	(169.4)
Profit on ordinary activities after taxation		440.6	(36.0)	404.6	398.6	(75.8)	322.8
Equity minority interests		(0.3)	–	(0.3)	(0.2)	–	(0.2)
Profit for the financial year attributable to shareholders		440.3	(36.0)	404.3	398.4	(75.8)	322.6
Dividends paid and proposed	8			(240.6)			(231.6)
Retained profit for the financial year	21			163.7			91.0
Basic earnings per share	9	49.9p	(4.0)p	45.9p	45.4p	(8.7)p	36.7p
Diluted earnings per share	9	49.8p	(4.0)p	45.8p	45.2p	(8.6)p	36.6p

This is Boots' balance sheet that can also be found on their website – www.boots-plc.com

	Notes	Group 2002 £m	Restated* Group 2001 £m	Parent 2002 £m	Restated* Parent 2001 £m
31st March 2002					
Fixed assets					
Intangible assets	10	298.2	304.6	1.0	1.2
Tangible assets	11	1,727.7	1,812.8	573.0	575.7
Investment in joint ventures – share of gross assets		23.0	27.3		
– share of gross liabilities		(5.0)	(6.7)		
	12	18.0	20.6	25.3	48.4
Other investments	12	103.7	120.1	2,087.1	2,017.8
		2,147.6	2,258.1	2,686.4	2,643.1
Current assets					
Stocks	13	648.1	646.7	209.2	195.8
Debtors falling due within one year	14	550.0	465.8	985.3	1,149.4
Debtors falling due after more than one year	14	96.1	41.9	354.6	377.4
Current asset investments and deposits	15	308.7	74.0	280.5	47.0
Cash at bank and in hand		100.4	74.0	78.4	79.7
		1,703.3	1,302.4	1,908.0	1,849.3
Creditors: Amounts falling due within one year	16	(1,174.7)	(1,082.0)	(1,531.9)	(993.4)
Net current assets		528.6	220.4	376.1	855.9
Total assets less current liabilities		2,676.2	2,478.5	3,062.5	3,499.0
Creditors: Amounts falling due after more than one year	17	(480.0)	(451.9)	(827.2)	(1,264.0)
Provisions for liabilities and charges	20	(177.9)	(147.7)	(35.4)	(28.5)
Net assets		2,018.3	1,878.9	2,199.9	2,206.5
Capital and reserves					
Called up share capital	21, 22	223.2	224.9	223.2	224.9
Share premium account	21	253.9	253.3	253.9	253.3
Revaluation reserve	21	254.4	255.8	–	–
Capital redemption reserve	21	42.6	40.8	42.6	40.8
Profit and loss account	21	1,243.5	1,103.4	1,680.2	1,687.5
Equity shareholders' funds		2,017.6	1,878.2	2,199.9	2,206.5
Equity minority interests		0.6	0.6	–	–
Non-equity minority interests		0.1	0.1	–	–
		2,018.3	1,878.9	2,199.9	2,206.5

Boots Plc have to employ an Auditor to check their accounts because he is professionally qualified to make sure that their accounts are all in order, that they are hitting their targets, they have got more money coming in than is going out and that the accounts are generally in a good state.

Boots launched two new TENS (Transcutaneous Electrical Nerve Simulation) Pain Relief machines in September 1998. The marketing support for these new products included a range of elements from the marketing mix including advertising, PR, and in-store activity. The products were advertised with an advertising campaign in women's monthly and weekly magazines. The products were introduced to journalists at a launch event and editorial coverage was gained from this launch. The products also featured as an in-store display as part of the promotional calendar and were explained to customers in a free informational leaflet. The marketing campaign was successful in launching TENS, with market research showing that one in five of the population of the UK is aware of the new product.

A second example of a marketing campaign is the relaunch of the company's No.7 Brand of cosmetics. This was the latest in a series of relaunches for a product that was first launched in 1935. In the early 1990s the No.7 brand was a mid-market product, but this market became static, whereas both the teenage budget and premium markets were expanding. The product was perceived to be good quality but drab and old-fashioned.

In 1995 it was decided to relaunch the No.7 brand as a premium product. Recent developments had allowed a substantial range of claims to be made for the products such as "not tested on animals" and "hypoallergenic". Two thirds of the colour range was new and every possible innovation incorporated. There was extensive customer testing against competitors in the new market to ensure that products in the range out-performed their rivals. Finally, the packaging was redesigned to give greater visual appeal, compare favourably in both appearance and usability with other premium products, and have a long-lasting image.

Admin and Information Communication Technology

In a summary, the role of the Administration and ICT Department in an organisation deals with all the time-consuming but essential tasks that have to be carried out to keep the business running smoothly. Traditionally, it would have been mostly involved in writing letters, answering telephone calls and dealing with other paperwork such as filing and record keeping. Although administration function covers a much wider area, owing to the fact that many of these tasks are now more easily carried out by computer applications. The Administration department provides the support to allow people to make the best use of ICT.

Record keeping is likely to be kept in filing systems or inside a Computer on a database. Typing is likely to be fulfilled by a keyboard into a computer rather than an old-fashioned typewriter, which they would have used before keyboards were invented.

This department could help and organise meetings by finding a suitable venue, inviting participants, checking availability, organising any facilities that are needed and organising catering and parking facilities. It also involves keeping a record of the meeting and circulating this in the appropriate format to the meeting members.

There are legal Health and Safety requirements that the Admin department must handle such as the comfort and safety of the workers, for example there is a minimum and maximum temperature at which people are expected to work. The Admin department should monitor and check to make sure that conditions are being met.

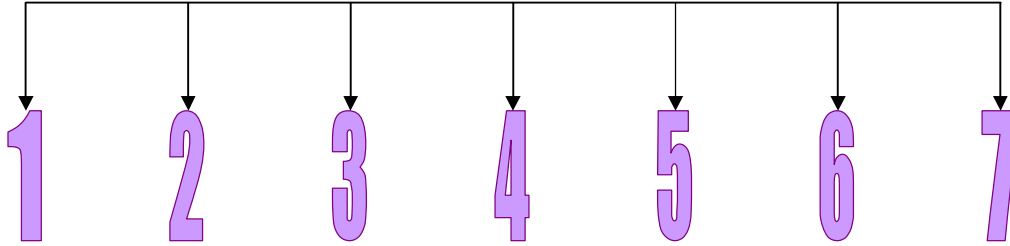
The Admin department is responsible for providing support for ICT programmes such as word-processing, payroll, accounts, databases, e-communications and other e-transactions. This will include technology-based communications systems such as fax machines and video-conferencing, through to the filing and recording systems used by the various departments.

B2

The issues in which the Finance Department and the Marketing Department have to work together in Boots are when the marketing department wants money or wants to know how much funding they have for their department. Another reason why they would be involved with each other is if the finance department feels that the funding is low, they could arrange a marketing campaign to raise funds such as a 3 for 2 offer or extra points.

The issues in which the Finance Department and the Administration and ICT Department work together in Boots is, for example, when the Finance Department wants to find out a certain record then the Admin and ICT would look that up and tell them. Another reason why they might be involved with each other is when the Admin and ICT department need funding for computers, cleaners, security, maintaining the site, health and safety, communications, record keeping. The Admin and ICT will also keep a file of all of the finance actions.

The situations in which the Marketing Department and the Administration and ICT Department in Boots might have to work together are if the Boots website was having an advertisement placed on the company's website. The Administration and ICT department would place the advertisement on the website and the Marketing Department would devise the product and advertisement to go on the website.



1. Research and Development – researching and developing the product.
2. Finance – found out the cost of the production and raw products.
3. HRM (Human Resource Management) – Hires staff to work at Boots Plc.
4. Marketing – putting out market research to see what price the customer is willing to pay and if the customers will actually buy the product.
5. Finance – checking their profits to see what they can afford to charge.
6. Marketing – putting the product in media such as magazines and posters.
7. Distribution – making sure that the product is put out onto the shop shelves.

B3

The objectives of Boots are to cut their growing losses and develop a new business model. They have made progress towards these by cutting their operating losses and successfully trailing a new business model that enables the company to expand internationally at a faster rate with less risk. The main goals of Boots PLC are to continue in making a large profit, continue to beat their competitors, expand their range of products and services and to recognise the needs of their customers.

The Marketing Department helps Boots to achieve these objectives by making sure that the products are at a high standard and that the public eye sees the advertisements.