

Abstract

Benetton is a major clothing retailer operating in 120 countries world wide. To promote such brands as the United Colors of Benetton and Sisley, Benetton has practiced a controversial advertising strategy that tries to reach out to the public's social and political opinions. Benetton has tried to harness the environmental forces of its market place and generate publicity by associating political and social attitudes with the act of buying outerwear. Has Benetton successfully tied advertising to social and political activism, or has their controversial campaign simply damaged the image of the company? The social, economic, political and technological forces inherent in the environment that Benetton operates within may have more influence upon Benetton's strategy than their attempt to use the forces for sales synergy.

Benetton Environmental Forces

The Benetton Group is an international clothing, sportswear and sporting goods manufacturer. Benetton operates in 120 countries around the globe. Brands include United Colors of Benetton, Sisley, Playlife, Nordica, Prince, Rollerblade and Killer Loop. Benetton's net sales last year were in excess of 2 billion Euros. In recent years, Benetton has staged controversial advertising campaigns, both an attempt to garner sales and generate political and social activism. Benetton not only reacts to its environment, but tries to influence it through advertising (Vitari, 2000). Some of the social, economic, political and environmental factors affecting Benetton are discussed below (Benetton PEST Analysis, 2001).

The social forces that impact Benetton include their market demographics and the cultures of the countries where Benetton does business. Any existing consumer movements will also affect the success of Benetton. There are issues like income distribution, lifestyle practices, attitudes toward work and leisure and educational level. Benetton must be careful that its advertising does not offend the very customers that are being sought. The customer is ever more sophisticated so Benetton must keep a finger on the pulse of society and adapt to the information being gathered.

Economic forces concern Benetton because they will affect the purchasing power of Benetton customers. Benetton must be aware of economic trends in every country that they are based. The main economic factor linking Benetton to its customer is disposable income. The typical Benetton customer is well educated and has a middle class income or higher. Their product mix is positioned to provide offerings for a range of market segments. Benetton's recent financial reports show growth and increasing revenues, so in general they are handling the economic forces well.

Benetton has an extensive R&D program. Some of the technological forces that impact Benetton include the high pace of technological innovation and the relatively high expenses that Benetton applies to R&D. The internet has enabled Benetton to successfully implement ecommerce applications. Everything from supply chain management to online shopping is now supported by the Benetton computer infrastructure. Improved machinery allows Benetton to manufacture products faster and cheaper. Benetton has tapped mobile business technology in such areas as inventory management.

Since Benetton is an international organization, political forces are significant factors in the company's success. Here, Benetton has more than looked outward and attempted to influence the politics of the world. Benetton has formed relationships not only with governments, but with political officials. The intent is to get timely feedback on the political climate and thus influence it. Laws that affect business are important for Benetton. Obviously, Benetton considers itself a socially responsible company, based upon the contents of its advertising. Benetton has a delicate balancing act to perform in the political arena. The results they desire from their politically oriented ads have the possibility of damaging Benetton's image and hurting revenues.

Benetton continues to charge ahead as an innovative, aggressive retailer. So far, their style of trying to leave their mark on the world with more than just their products has not dampened growth or income. Again, Benetton must use caution since the strategy of linking social responsibility to advertising by fomenting opinion and a certain image is difficult to manage. Benetton must constantly scan their environment and correctly interpret the signals being received. Of course, with high risk comes high return (Credit Comment 2002).

References

All retrieved October 20, 2002:

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