

Amway set to open showrooms

SAMBITSAHA

Ada (Michigan), July 19: Amway is reworking its direct sale strategy in India to get closer to consumers.

The wellness, beauty and homecare products firm, which expects a quantum jump in sales in India, is planning to turn its 54 distribution centres into showrooms to give consumers a first-hand experience.

So far, direct selling agents went to the consumers' homes and sold the Amway products.

As a company that pioneered direct sales, Amway did not have a brick-and-mortar presence.

The company, which had built awareness about its products by word of mouth, also plans to increase its ad spend.

Amway garnered a revenue of \$250 million in India, which is among its top 10 markets. The company earned \$8.2 billion globally last year.

Steve Van Andel, chairman of Amway, said India had potential to be among its top 5 markets.

"India is a major market for us. The shift in strategy that you see in terms of a brick-and-mortar presence (experience centres) and advertisement, are major steps to reach closer to the consumer," Andel told a group of visiting journalists from India at Amway's headquarters in Ada, Michigan.

Andel, whose family along with the DeVos, had set up Amway 50 years back, however, strongly backed the direct sales model despite the opportunity to grow manifold



GROWTH FOCUS

through the conventional retail route.

"We will never change this model which helped so many people to earn a living," he said.

Amway has around 500,000 registered individuals selling its products in India.

Sales from the experience

centres will also be booked in the names of distributors who will get commissions.

In this way, the existing direct sales structure will not be affected. Amway business associates will also earn from the sales in the experience centres in addition to the income from direct selling.

The company also plans to tap salons with its beauty products.

Bill Pinckney, managing director and CEO of Amway India, said such steps could increase sales 10 times over the next 10 years.

"Yes, it's possible. We have seen this in some of the countries. With the population India has, I am quite hopeful that we can achieve that after building the brand for the last 11 years," Pinckney said.

Food supplement Nutralite

is the blockbuster product of Amway in India, and the company is now betting big on the "Artistry" range of beauty products to drive sales.

The company also makes consumer durables for the developed markets and could introduce these in India in the future.

To support increased sales, the capacity of the plant that manufactures Amway products in India at Baddi, Himachal Pradesh, is being doubled.

Amway does not own the plant. It has a contract manufacturing arrangement with a local partner.

However, Pinckney did not rule out the possibility of setting up a plant.

"The new plant could be located in the south," Pinckney said.