

Going strong at 50

As it celebrates its golden jubilee, Amway lays the foundation for the future with an accent on connecting with its young customers and building brand awareness.

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For a company, which in the words of its own Chairman, follows an 'obscure' business model, this is one innovation which could greatly enhance its visibility with an important target group, namely, the young generation of today.

Amway's business model is based on the sales pitch of its army of direct selling agents, something that can scarcely compare with the marketing might of a regular retail launch.

However, Amway's comparatively new innovations department, which is just two years old, has tied up with Apple to deliver the convenience of transactions on the iconic iPhone platform in a pilot project that will be run in a few foreign countries.

The strategy is to make the application available to distribution agents and customers who would like to have the convenience of transacting business on their mobile phones. If successful, this project will be replicated across the globe, say Seth Starner and Terry Denczek, Senior Business Innovation Managers at Amway and based at its headquarters at Ada, Michigan.

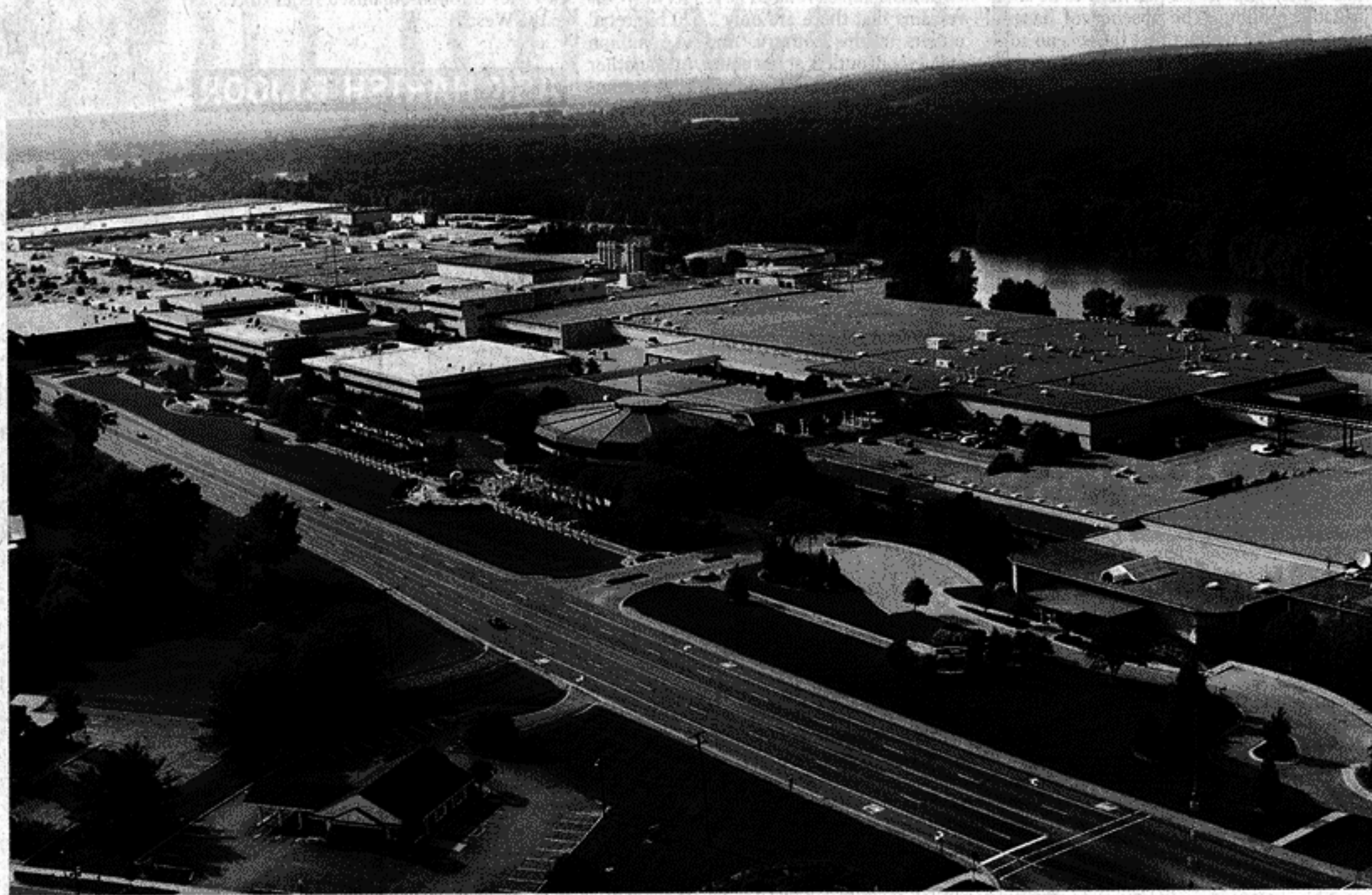
According to Steve Van Andel, Chairman, Amway, "in the future, stores will be important but technology is taking over and we have to be adept to a touch screen world."

Commenting on the use of the new media, he says "consumers buy us because they want to. And, if they want to go online, we have to provide them that facility."

He was addressing a group of Indian journalists visiting Amway's global headquarters at Ada, Michigan, at the invitation of the company. The organisation is celebrating its golden jubilee this year.

Despite the fact that Amway's business

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model is not mainstream and its products not the most visible, global turnover stood at \$8.2 billion last year, of which India accounted for \$250 million. This year, turnover from India is expected to top \$300 million.

INDIA, AN IMPORTANT DESTINATION

India is one of the top 10 destinations for Amway and it is an extremely important market for the company, he adds. It is also a relatively young market for the organisation, the Indian arm having recently completed a decade of operations. Given the rather early stage of development, the country also offers

plenty of room for expansion, Van Andel adds.

In this day of the Internet and the virtual world, there is something very reassuring about the brick-and-mortar presence of a company. This becomes all the more important when the company in question does not use the traditional retail model to sell its products.

A tour of Amway's facilities did not just make the company more real in one's eyes; it went a long way in laying to rest doubts surrounding the claims made by the Amway business owner while transacting a sale.

Amway's administrative offices, manufacturing facilities, laboratories and logistics department are spread over a mile-long stretch in a rather quiet and peaceful corner of West Michigan. The interactive welcome centre at the complex gives the newcomer his or her first peek into the diverse range of products manufactured and sold under the Amway brand. It also acquaints the visitor with the corporate values embodied by the company such as its commitment to the community and the environment.

Amway has, in fact, formed a multi-disciplinary team to develop and implement a

Panoramic:
An aerial view of Amway's global headquarters at Ada, Michigan.

long-term strategy of environmental focus. LOC, the liquid soap solution and one of its earliest launches, is bio-degradable. The Legacy of Clean, a line of home care products launched recently in North America, as well as the eSpring II water filtration system, which uses less electricity and plastic than the earlier model, are also examples of its commitment to developing green products.

The automated warehouse at Amway's headquarters is one of three that service the entire US. Inside the cavernous building, inventory piled several stories high is shifted across levels by Turret Trucks with arms that extend to reach packages stacked several feet high. These are specially suited for loading and retrieval in narrow aisles. And one cannot miss the unmanned train of trolleys that make their way around the warehouse independently, guided on their way by magnetic cables embedded in the floor.

Over to the manufacturing facilities for a look at the many automated operations happening along the production line and then some functions carried out by hand. The R&D department has a wealth of scientific talent, with no less than 94 PhDs working in its labs and several patents to its credit.

TOP OF THE LINE RECALL

Having established the infrastructure and facilities required to meet the demand from the 80 countries in which it has a presence, Amway is now keen to shift focus to issues in each of these countries. In this regard, the company is working along with the World Federation of Direct Selling Associations to bring about legislation on the direct selling business in India, where fly-by-night operators have tarnished the image of this particular form of business. Van Andel adds that "this is an issue early in the business and India is no different from other markets that we have entered."

Communicating with its customers and building brand awareness are also on the top of its agenda. In India, the company plans to build brand awareness, especially for its Nutrilite range of food supplements and the Artistry range of super-premium colour cosmetics. Towards this end, the company has drawn up a four-year plan for TV and print advertising.

Amway is making sure it is set for a long run.