

MKT 4001

Contemporary Marketing Strategy

Module Leader: Dr Mark McPherson

Module Tutor: Dr. Olga Mourouti

AVON COSMETICS LTD MARKETING PLAN



NICOLETTA BARTUCCA

M00206148

APRIL 2010

CONTENTS

Marketing Plan phase 1.....	4
Situational analysis	
Executive Summary.....	5
Introduction.....	6
Internal analysis.....	8
Industry analysis.....	9
SWOT.....	11
Competitors analysis.....	12
Market analysis.....	14
Customer analysis.....	16
Conclusions.....	17
Marketing Plan Phase 2	
Executive summary.....	19
Marketing objective1	19
Marketing strategies.....	20
Target and Positioning.....	21
Growth strategy.....	23
Marketing Mix.....	24
Promotions and advertisement.....	26
Place.....	29
Conclusions.....	31

Marketing objective 2.....33

Sales force strategies.....

Distribution channel.....

Conclusions.....

References.....

Appendix.....

MARKETING PLAN

PHASE 1

TITLE: Avon Cosmetics Ltd Marketing Plan

FROM: Nicoletta Bartucca

TO: Avon Cosmetics Ltd, Northampton, NN1 5PA, UK

DATE: 07-03-2010

SITUATIONAL ANALYSIS

EXECUTIVE SUMMARY

Avon cosmetics Ltd (Uk) provides a variety of cosmetics, fragrances and toiletries and it concentrates its business mainly on direct selling off and on line.

The geographical area covered is the United Kingdom.

The first phase of this marketing plan illustrates a detailed analysis of the company strength, weakness, opportunities and threats, an overview of the beauty and cosmetic industry, its market analysis and trends, the current issues and opportunities it encounters and a detailed analysis of the Avon Cosmetics typical consumer.

Avon is successful mainly in the colour cosmetic, skin care and sun care, whereas is weak in the male's grooming sector.

Market trends in UK shows that this is a growing market since the men, nowadays are more self-image conscious.

Given this picture, in the second phase of the marketing plan a marketing strategy will be implemented to increase the market share of the male market by the 3% in a year time.

The second objective focuses more on the Sales Force of Avon, worldwide recognized for its successful direct marketing model and its "Avon ladies".

The Raps represent the competitive advantage for the Company, they are the core and the scope of the business, therefore, maintain, motivate and incentive the Representatives is a strategic option to keep the contended "personnel" and stay competitive in a more and more aggressive environment.

The data have been gathered through a qualitative method and they are of secondary nature, given the negative response received from the Company in order to rely on their own materials.

INTRODUCTION

Avon Cosmetics Ltd is the affiliate of Avon Products Inc., headquartered in New York. The penetration of Avon into the UK, nowadays the company's largest market, date back to 1959.

Avon Cosmetics Ltd provides a variety of cosmetics, fragrances and toiletries. It also diversified its offer on the Web, with the selling of accessories, lingerie and jewellery . The firm during those 50 years of business has expanded the markets all around the world, counting over 140 countries.

The leading sectors of Avon Cosmetics in UK are Colour cosmetics, skin care and sun care prognosticate a CAGRs of 3%, 4% for the first two and a decline of 2% for the third over the 2008-2013 period.

The weaker sector of the company concern the Men's grooming one that is predict to see a CAGR of 5% over the same period mentioned above¹.

M, the men's catalog of 16 pages of men's grooming products and accessories, was inaugurated for its first time on the 2004.

The Men's Catalog, was aimed to meet the desires of a growing market more and more interested in personal care products.

Since then, the Men's brochure, has increased it offers and now includes skin care brands for males, such as:

- PROSport Daily Performance and PROExtreme Maximum Performance: products for all kind of skin.
- Fragrances
- after shave lotions
- hair and body washes
- watches and apparel, gadgets and tools.

In order to attract male consumers, Avon has used celebrity endorsement like baseball star Derek Jeter to create his new men's fragrance Derek Jeter Driven, sold through the Men's Catalog.

¹ Global Market Information Database, 2009, *Sophistication and evolution in men's grooming products*, Euromonitor International

Company sales force

Avon Cosmetics Ltd in UK, bases its business on its “Avon ladies” method and on the phone and post sales. Its Web site was recognize in 1997 as the first among the beauty companies, to provide a sale service on the Web.

The company, back to 2008, started its re-branding strategy, aimed to take the distance from the traditional association of the Avon brand with an housewife, middle class product. The intent was to connect the brand with values of style and elegance, by introducing its first designer products such as Christian Lacroix Rouge Eau de Parfum and Christian Lacroix Noir Eau de Toilette. By doing so, Avon Cosmetics has rose its advertising budget².

Avon Cosmetic used to manufacture its product in Northampton till 2003, when the operations had been relocated to Poland.

2 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*
[Available on]
<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

INTERNAL ANALYSIS

- With its 5.4 million sales representatives widespread in almost 100 countries, Avon is one of the most successful company using the method of direct selling or, the so called “Avon ladies” method.
- Avon Cosmetics is positioned at the seventh place in the UK cosmetics and toiletries market. The company retain the 3% of the market share³.
- Colour cosmetics, skin care and sun care are the winning sectors of the firm and they are predicted to register CAGRs of 3%, 4% for the first two and a decline of 2% for the third over the 2008-2013 period.
 - Men’s grooming one of the company’s weaker sectors and it is forecast to see a CAGR of 5% over the same period.
 - The company traditionally target the middle and the lower class, although its launch of Christian Lacroix perfume in 2008 marked a move away from this traditional base - not too far, however, as the offerings are priced at £18.00 per 50ml.
 - Avon is typically a follower in terms of its product line, although its method of selling as well as its long- standing high-profile campaigns to raise money for and awareness of woman’s health and social issues is pioneering.
- Avon Cosmetics Ltd saw turnover increase from £262.1m in the year ending 31st December 2007 to £283.8m the following year. Pre-tax profit also increased, from £3.7m in 2005 to £9.9m in the year ending 31st December 2009⁴.
- Western Europe, Middle East and Africa accounted 13.2% of the total revenues in the FY2007.

3 See appendix Table 1

4 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*
[Available on]
<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

INDUSTRY ANALYSIS

PEST ANALYSIS⁵

Political analysis

- The “Global Regulatory Issues for the Cosmetics Industry” control the Cosmetic&Beauty industry's panorama regarding issues that affect the manufacture, packaging, and marketing of cosmetic products across the globe⁶.
- In 2005, the European Union banished more than 1,000 chemicals for use in cosmetics⁷.

ECONOMIC ANALYSIS

- As a consequence of the credit crunch, the consumer's demands slowed substantially in the last 3 years.
- The purchase of cosmetics, toiletries and fragrances is high in Great Britain. As a consequence, economic trends have little effect on sales except that consumers may choose cheap, rather than expensive cosmetics.
- The inflation cut down moderately between 2004 and 2005, after an increase in the prior 2 years, and successively climb again in 2006. In UK the inflation rate was at 2.1% November, under the European one at 3.1%⁸.
- Between November 2007 and February 2008 a modest raising in consumer inclination to buy expensive items by borrowing money, had been occurred.
- The cosmetics and toiletries markets are, nowadays, reaching the saturation point, that is why many company cosmetics company are strategically approaching new segments such as teenagers and men to succeed in those hard times.

SOCIAL ANALYSIS

- UK has an ageing population. That could be a drawback for the industry, since

⁵ Worthington, I., Britton, C., 2006, *The business environment*, Harlow: Prentice hall

⁶ Betton, C., 2007, *Global Regulatory Issues for the Cosmetics Industry, Volume One*

⁷ [Beneath the Skin: Hidden Liabilities, Market Risk and Drivers of Change in the Cosmetics and Personal Care Products Industry](#), 2007, IEHN report

Available on:

<http://www.iehn.org/news.press.whatprice.php> [Accessed on 20-03-2010]

⁸ See Appendix Table 2.

young people are the substantial consumers. However, today's older consumers are more concerned about their appearance and have more purchase opportunities compare to the past⁹.

- In the present climate men, teenagers, young adults, elders and even children are more attentive to their appearance and self-image conscious This is a detail that companies in the sector should not disregard in order to compete¹⁰.

TECHNOLOGICAL ANALYSIS

- Research and development (R&D) is essential in order to to improve refines and to launch new products.

The protection of the ingredients used and the methods of production applied, have to be verified in an industry susceptible to legal action¹¹.

- concern has been arouse among scientists and consumers concerning the industry's use of nano particles, asserting that they damage tissue. The use of nano particles in cosmetics and personal care products is an alarming consequence for investors as some cosmetics companies have already exploit nanotechnology ¹².

9 Cosmetics toiletries in United Kingdom

10 Euromonitor International Report, 2008, *Global skin care market*
[Available on]

URL http://www.euromonitor.com/Cosmetics_And_Toiletries>Cosmetics and toiletries reports in 80 Countries [Accessed on 20-03-2010]

11 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*
[Available on]

<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+> [Access on 19-03-2010]

12 *Beneath the Skin: Hidden Liabilities, Market Risk and Drivers of Change in the Cosmetics and Personal Care Products Industry"*, 2007, IEHN report

Available on:

<http://www.iehn.org/news.press.whatprice.php> [Accessed on 20-03-2010]

AVON COSMETIC'S SWOT ANALYSIS¹³

<p>STRENGTHS</p> <ul style="list-style-type: none"> • Personalized customer service • Reasonable prices • Cost-effective sales strategy (quick and versatile shop on line shipment) • innovation in the Product portfolio, regularly upgraded. 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> • Difficulty to easily access to the products • Poor advertising and promotion • Insufficient promotion of male's product on line • lack of brand loyalty • mass-market brand (a market, currently suffering due to lack of purchase power)
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> • Emerging markets (East Europe and Latin America ready for a Direct sale approach) • Skin care products to appeal to male target, as the demand of those goods is currently. • Teenager target • Anti-ageing product to fulfil the current market trend in UK 	<p>THREATS</p> <ul style="list-style-type: none"> • Purchase decline during the credit crunch • High dependence on the Direct sale and sales force approach • Highly competitive environment in forms of alternate distributions channels such as Supermarkets and Retail Stores.

¹³ Aaker, D.A., McLoughlin, D., 2007, *Strategic market management*, European Edition, Wiley

COMPETITORS ANALYSIS

Strategic groups selected by their distribution system (Web, Personal selling, Retail store)

DIRECT COMPETITORS

- **Personal selling method**
Mary Kay, Yves Rocher, Amway Nu Skin, Herbalife, BeautiControl international ltd
- **Retail store and Web**

Estée Lauder Company Inc.¹⁴

Estée Lauder sells cosmetics, fragrances, and skin care products.

Its brands comprise the classy Estée Lauder and Clinique, Bobbi Brown and the deluxe Tom Ford Collection.

The distribution encompass stores, company stores, special retailers and shop on line.

- **Retail store**

L'Oreal¹⁵

It is the world's largest beauty products company.

It sells makeup, perfume, hair and skin care goods.

Its brands include L'Oréal and Maybelline aimed to reach a mass market, Lancôme (luxury), and Redken and SoftSheen/Carson (retail and salon).

L'Oréal is the owner of The Body Shop International.

Procter&Gamble¹⁶

It's divided into three global subdivisions: health, beauty, and household care.

Brands such as Fusion, Always/Whisper, Braun, Bounty, Charmin, Crest, Downy/Lenor, Gillette, Iams, Olay, Pampers, Pantene, Pringles, Tide, and Wella, of P&G's brands are billion-dollar sellers.

14 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*

[Available on]

<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

15 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*

[Available on]

<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

16 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*

[Available on]

<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

Unilever

Unilever, owns Impulse, the mass-market body spray.

Moet Hennessy Louis Vuitton

Luxurious and worldwide known fragrance.

Indirect Competitors***Retail in health and beauty***

The Boots Company PLC, The Body Shop International PLC, Superdrug Store PLC, Debenhams, Grocery multiples and Supermarkets

DIMENSION OF THE MARKET ANALYSIS

TOILETRIES

'Celebrity' Fragrances

On the 17th October 2007, the Scottish Daily Record revealed that one in five young adults in the UK use a fragrance endorsed by a celebrity. This trend has encouraged the retail sales considerably¹⁷.

COSMETICS

Demographics

- The UK, with an average population of 39 years old, is one of the ageing country in Europe.

Even if younger women consume more cosmetics compared within the elderly, the latter tend to spend their income on better products that assert to have pharmaceutical characteristics¹⁸.

- In UK, the presence of ethnic minorities grow from year to year. By 2011 it has been forecast that

non-white ethnic groups will constitute 12% of the population.

The characteristic of those minority is the younger population they have.

This factor could represent an advantage for the cosmetic industry that, in the UK market does not do anything to appeal to this emerging target¹⁹.

Organic Cosmetics

As people turn into being more environmentally conscious and pay much more attention in what they purchase, become 'greener' and more sophisticated in their shopping habits, lots of the main retailers are introducing brands of organic cosmetics.

This figure, clearly shows the growing of the organic market and how it can be turned into

17 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*
[Available on]
<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

18 Market line Report, 2010, *Cosmetics&Toiletries in UK*, Euromonitor

19 J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*
[Available on]
<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

an investment for the cosmetic industry²⁰.

As stated by the Organic Monitor (www.cosmeticsdesign-europe.com), the organic and natural global market sales is approximately \$7billion and is supposed to reach \$10billion by the end of the year, with a concentration in the markets of North America and Germany.

Non-Surgical Procedures

In March 2006, botox, (botulinum toxin) was allowed in the UK. It is claimed to be one of the most marketable non-surgical cosmetic method, aimed to evidently minimize wrinkles.

Visible industry expansion

Because of the financial turmoil the world went through, and the following global repercussions on the purchasing power of consumers worldwide, the cosmetic and toiletries industry has negatively felt the effects.

To respond to the crisis, cosmetics companies are paying attention to focus on targeting unexplored market categories such as men and young people²¹.

20 Database Market line Report, 2010, *Cosmetics&Toiletries in UK*, Euromonitor International

21 Database Market line Report, 2010, *Cosmetics&Toiletries in UK*, Euromonitor International

CUSTOMER ANALYSIS

Avon's product portfolio target the middle and the lower class, females customers 35 -53, £45.000 household income, married with kids, usually housewife.

Even though the company tried to rebrand its image with the introduction, in 2008, of Christian Lacroix perfume without any success.

Avon has extended its market to girl teenagers with the launch of its new brand Mark and towards men with the introduction of M, a line of men's grooming products²².

²² [Www.avon.com](http://www.avon.com)

CONCLUSIONS

Avon Cosmetics is a worldwide well known and successful company. It has the opportunities and capabilities to exploit some emerging markets but has to be cautious on the strategies that will be chosen. Indeed, the beauty and cosmetic industry pullulates of many, strong and well positioned competitors that have the competitive advantage to access the customers better than Avon does, because of their presence on line and in retail stores.

TITLE: Avon Cosmetics Ltd Marketing Plan

FROM: Nicoletta Bartucca

TO: Avon Cosmetics Ltd, UK

DATE: 07-03-2010

MARKETING PLAN

PHASE 2 : MARKETING STRATEGIES

EXECUTIVE SUMMARY

Researches have shown that men's grooming market is the most flourishing market in the industry, forecast to be highly profitable in the next future.

The biggest markets are primarily in North America and Western Europe, especially in UK markets, However is has nowadays rich the cycle of stagnation and maturity²³.

With regards to Avon Cosmetics, men's grooming is one of the company's weaker sectors. However is predict to see a CAGR of 5% over 2008-2013²⁴.

According to the industry market analysis, skin care product will maintain growth over the next year, while increase in bath and shower products and hair care will stay steady.

On the basis of this data the follow marketing objective will be implemented over the next pages, through a detailed Marketing Mix Programme.

MARKETING OBJECTIVE 1

“Increasing the sales by 6% over the next year
increasing males market share by 3%”.



23 Global Market Information Database, 2009, *Sophistication and evolution in men's grooming products*, Euromonitor International

24 Database Market line Report, 2010, *Cosmetics&Toiletries in UK*, Euromonitor International

MARKETING STRATEGIES

TARGETING AND POSITIONING

TARGET SEGMENT

Demographic

Disposable Income: £ 24.000 per year, Middle class

Gender: Male

Age: 18-25, (18-25 men are establishing their personality, so that they are not brand loyal)

Education: College

Location: United Kingdom, Urban, living or working in the Metropolitan area, at the forefront of fashion and where all the best shops are.

Family size: single young man

LIFESTYLE AND VALUES

Attention to the look and the details, Self and appearance conscious, style and fashion aware²⁵.

The shopping experience is aimed to create pleasure with other friends and enjoy a mutual involvement into it. The final desire out of the shopping experience is pleasure, relaxation, fun and gratification²⁶.

Furthermore, they tend to purchase skin care and grooming products in general to fulfil their desire of communicate their self image, and to ameliorate their physical look.

POSITIONING

Avon is perceived by its main target (women) as “the company for women”.

To appeal to the male market the message has to be distinctively and separately extended in a way that it will be perceived as male oriented as well.

²⁵ Otnesa, C., McGrath M. A., 2001, *Perceptions and realities of male shopping behavior*, Journal of Retailing 77, 111–137

²⁶ Ibid.

In order to appeal to the mentioned target, utilitarian and hedonistic values will be embedded in the message of the company.

This will be a critical point for the firm, because the main message has not to be forgotten, as the women target is the main one of Avon Cosmetics. It has to be cleverly positioned in a way that the two different messages do not mix with each other creating confusions among the exciting profitable market.

Because the UK market under analysis has reached its maturity stage (reference) in its life cycle(reference), the suitable strategy to implement it will be focused on offering a sustainable brand differentiation, in terms of:

- benefit that is superior from the competitors: lower price
- high quality and attributes differentiation: no use of animals to test the product, natural ingredients used to produce it and attributes of pharmaceuticals.
- creatively and innovatively packaged in a way that it does not seem cheap or an other option to premium products.

GROWTH STRATEGY

PRODUCT-MARKET GROWTH MATRIX²⁷

Market penetration

With regard to achieve the market share and gain competitor's clients, a Market Penetration (reference) strategy will be further developed through the next strategic dimensions.

Moreover, the above strategy will be used to attract the current clients to use more of the Avon's products with the implementations of both push and pull promotion and a particular and innovative choice of the Distribution channel.

Market penetration tries to obtain the objectives that will be extended in details in the following Marketing mix plan.

²⁷Donnelly, P., 2004. *Marketing management: knowledge and skills*, Beijing: McGraw-Hill Education (Asia) Co.

MARKETING MIX

To increase the market share of the current range of skin care products its advisable to follow the combination of the following strategies:

AVON SKIN CARE PRODUCTS

The appearance of the product

In line with the demands of the male market, the product has to be affordable, simple and easy to use. Males do not really pay attention to the aesthetics of the package, but look more on its usability and its comfortability. The language has to be kept as simple as possible, using expressions such as wellness, health and longevity, shown to be successful to appeal to this target.

The function of the product

Men 's skin characteristics are very different from the female's ones.

Their skin is thicker, firmer and denser. That is why an emphasize on the moisturisers effects and benefits of the products must to be underlined.

PRICE AS COMPETITIVE ADVANTAGE

With this strategy, the objective is to become the lowest-cost producer in the industry.

The Competitive pricing²⁸ will be the strategy applied to increase the male target market share.

Because of the massive competition in Skin care product and their wide success among this target, the price will be a bit below the competitor's ones.

Bundling and quantity discounts²⁹.

²⁸ Hess, E., Goetz, C., 2009, *So, You Want to Start a Business?: 8 Steps to Take Before Making the Leap*, Upper Saddle River, N.J. : FT Press

An Other way to attract more male customers are through bundling thought in the following ways:

- Discount of the 20% when the clients buy 4 same items at one time.
- Promotions “pay one get two”

29 Betancourt, R., 2004, *The economics of retailing and distribution*, Cheltenham, UK ; Northampton, MA : Edward Elgar

PROMOTION AND ADVERTISING

Promotion

A pull and push promotional strategies will be used, in order to entirely rich the costumers responding to their needs and preferences.

The former exerts the sales force of the company to create consumer desire for the product, whereas the latter is aimed to sell directly to the consumer, maintaining the exciting direct marketing strategy that characterized Avon Cosmetics.

ADVERTISING STRATEGIES

Communication media³⁰

It has been revealed that:

- 82 % of young adults consider watching Television as a leisure time
- 77% of young adults use Internet every day.

Based on the above findings, the media exploited to better reach and appeal to men young adults target will be:

- Print: free newspapers, sports and car magazines.
- World Wide Web: it s advisable for Avon to increase its advertising towards males consumers on line either on its Web page either in other across the Web and make the informations accessible and easy to find.
- Outdoor advertising: Billboards and advertisements on public transportation (buses, taxi and underground stations).

30 Life style and social participation Report, 2008, UK

[Available at]

URL: www.youngpeopleinfocus.org.uk/_assets/php/report.php?file=86

The characteristics of the message

Males tend to³¹:

- see the whole picture instead of notice the details.
- make their life uncomplicated.
- Love competition and being the best.
- do not want give the impression to be attentive about their look, or appear fragile
- They are very interested to their appearance.
- Males do not want to appear weak or to self-involved.
- like easy things.
- More males can not clearly distinguish different colours, that is why they usually do not recognize red and green as two different ones.
- Do identify the sponsor of the adverts.
- Do think advertisements are uninteresting and monotonous, unless they show a good looking and interesting person.

On the basis of the findings, the core message of the advert has to be analytical, linear and focussed; and appeal to rationality rather than emotionality.

Colours

Researches have shown that men³²:

- prefer bright colours
- like simple colours.

31 Tungate, M., 2008, *Branded male: marketing to men*, London ; Philadelphia : Kogan

32 Tungate, M., 2008, *Branded male: marketing to men*, London ; Philadelphia : Kogan

- The majority of the men only know the basic colours like blue, red and green.
- Advertisements with yellow and blue are successful with men even though they prefer orange than yellow.
- Green and Blue are really popular among men.

SALES PROMOTION STRATEGIES

Consumer promotions:

- coupons, discounts and free samples in order to have the opportunity to try and experiencing the product and purchase more.

Trade promotions:

- discounts, extra stock, sale or return in order to require more products

PUBLIC RELATIONS STRATEGIES

- Celebrity endorsement, focusing in particular on athletes and sportsmen, icons of masculinity, success and competition, stimulating “multi-buys” and “trading up”.
- Bill boards and posters in sport exhibitions, in the main shopping streets and on public transports.
- Massive presence on line among social networks and blogs with the central theme of sport discussion.
- Printed media

PLACE: THE DISTRIBUTION

To make skin care line products extensively accessible to the consumers both direct and indirect channels will be used.

Store retailing: THE AVON BOOTH

A store retailing strategy, precisely a booth, that just sells all the Avon products, from beauty and cosmetics to accessories and lingerie, has been selected for the following reasons:

- A research on males preference on buying habits, has shown that males would rather purchase cosmetics products in stores, malls and supermarkets, then on line(only around 1%).

“Over half of all men's grooming products globally are sold through grocery outlets. Super/hypermarkets alone accounted for 42% of all men's grooming sales in 2008³³”.

- Avon Cosmetics is not able to compete into the retail store distribution, within the main successful and well established brands among the male's groomy market such as L'Oréal Men Expert with a global share of 9%³⁴.

Nevertheless, with the model of the booth, Avon products won't be at the same shelves or stores of the competitors, fading away the opportunity for the customers to compare the products and attaching, at the same time, a sense of exclusivity (“just available in the Avon booth”) to the goods itself.

- As the booth is placed in shopping centre, it is this a system that can help to gain new customers as the exclusive Avon store will be accessible to more customers, attracted by the innovative idea of Avon company and now able to try and test the quality of its products.
- As a result, the image of Avon can be reshaped among new customers.

Non Store Retailing

33 Global Market Information Database, 2009, *Sophistication and evolution in men's grooming products*, Euromonitor International

34 Global Market Information Database, 2009, *Sophistication and evolution in men's grooming products*, Euromonitor International

- In home retailing (maintaining the existing direct selling model)
- Telemarketing
- Internet (through Avon Website and YouAvon.com, the Representative Web site)

CONCLUSIONS

The data gathered showed the success of the Cosmetic&Beauty Industry among the “new” men in UK and his habits, preferences and shopping behaviour.

Avon Cosmetics do not have a presence on line, and it has been shown that the distribution channel used mostly for the purchase of personal care products among the male market are supermarkets and hypermarkets, reporting only 1% of total men's grooming sales. It can be then infer that presumably, among other weaknesses in advertising and promotions, Avon is failing to appeal to this target because of the restrict distribution of the Skin care products line for men, on line.

EXECUTIVE SUMMARY

Direct sellers compete for gaining sales representative, delivering better and competitive income.

As may be expected, sales representatives are obviously “seduced” by those numerous opportunity and incentives that the direct selling industry offer.

Consequently, Avon Cosmetics is subject to significant competition concerning the employment of the Sales Force that represent for the company the main network through which create brand awareness, create sales growth and marketing relationship.

Therefore, is compulsory for the business to motivate and invest on the Representatives in order to increase sales and thus profitability.

Avon has established two different methods to shop on line, through the Website www.avon.uk.com and YourAvon.com. The strategy of the shopping on line of the former send directly the customers from the home page to the Rep, in order to set an appointment.

Whereas, the latter allow the buyers to exclude the Rep from the selling step. This cannibalization is a threat for Avon Cosmetics, as the personnel could feel deceived and loose customers.

METHODOLOGY

The methodology used to gather the informations for the implementation and the design of the second marketing plan objective, is based on secondary data.

Athen's Database such as Keynote and Market line have been scanned through, in order to access to information related to market analysis and trends, company reports, financial and statistical data.

The Avon Cosmetics ltd. Web site and other business related articles and news, have been used for the realization of this marketing plan.

MARKETING OBJECTIVE 2

“Recruit, retain and motivate Sales Representatives constantly trained to advice the target about characteristics and benefits of the company products and their competitive advantage, in order to produce 7% increase in sales in one year and aimed to stay competitive in direct-selling channel”.

The collage features several key elements:

- Top Left:** A grid of small images showing various Avon products like lipsticks, eye makeup, and skincare, alongside the Avon logo and a blue button that says "Click Here! To Enter".
- Top Right:** A large portrait of a smiling woman with blonde hair. To her right is text for "New from Avon Pro-To-Go Lipstick", describing it as a lipstick and moisturizing balm in one, and providing contact information: "Call Your Avon Representative 800-FOR-AVON or visit avon.com".
- Middle Left:** A woman with dark hair in a blue top, with the Avon logo and tagline "the company for women" next to her.
- Middle Right:** Three black lipstick tubes with the text "Slide it open", "Put it on", "Slide it shut", and "Hello Tomorrow".
- Bottom Row:** A grid of smaller images including a woman in a red dress, a modern building, a woman's face, a "lipbalmcoke" product, a woman with pink flowers, a woman's eye, a man smiling, a woman with lipsticks, the "AVON Foundation for Women" logo, a woman on a phone, a woman with a child, and a woman with a child.
- Bottom Right:** A pink square logo for "AVON WALK for BREAST CANCER" with the website "AVONWALK.ORG" and the text "Avon Foundation is a 501(c)(3) public charity".

SALES FORCE STRATEGY

Rep-centred strategy

1) Incentive customers to use the Representative Sales Website by offering Discounts and Promotions on the products purchased if they choose the direct selling model proposed by YourAvon.com.

Objectives:

- maintain and incentive the Sales Force to raise profit and gain more customers.
- meet the desires of customers that are not willing to deal with the Sales Representatives.

2) On the base of a form filled on line with the customers details (age, gender, hobby, location), the “Avon lady” Rep will be chosen from a Rep database, with the characteristics that match the client.

Objectives:

- make the relationship between customer and Representatives more personal.
- create a friendly environment to feel more comfortable with, so that the Rep's job will be more joyful and interesting.

DISTRIBUTION CHANNEL STRATEGY

As it has been reported in the distribution channel strategy of the first objective implemented into the current marketing plan (see p. 24), the model of the booth will help Avon to compete into an aggressive competitive environment and, plus, to motivate and incentive the Sales representatives as follow:

- the innovative booth model represent the physical extension of the direct selling approach because the “Avon ladies” will be manage the stall, generating loyalty to the Company.
- The stall will be a useful point where to gather data about the costumers and their preferences in a determine area.
- Incentives will be given to the Reps based on a commission scale build on the quantity of products sell and on the amount of Store and Loyalty cards compiled by the clients.

CONCLUSIONS

Through a strong and detailed Web strategy to both pleased customers and Representatives, and an innovative distribution channel plan, focused around the concept of “Avon booth”, as an exclusive retail shop, incentives to motivate, recruit and maintain Sales Representatives will be realized.

Consequently, the Personnel Selling, by recruiting new customers and maintaining the existing ones through the Avon stall, will generate increase in sales.

By protecting the core of its business, Avon will defend its position into the direct-selling channel and, at the same time, enter the retail distribution one.

REFERENCES

Aaker, D.A., McLoughlin, D., 2007, *Strategic market management*, European Edition, Wiley

Betancourt, R., 2004, *The economics of retailing and distribution*, Cheltenham, UK ; Northampton, MA : Edward Elgar

Betton, C., 2007, *Global Regulatory Issues for the Cosmetics Industry, Volume One*

Beneath the Skin: Hidden Liabilities, Market Risk and Drivers of Change in the Cosmetics and Personal Care Products Industry , 2007, IEHN

Available on:

<http://www.iehn.org/news.press.whatprice.php> [Accessed on 20-03-2010]

Database Market line Report, 2010, *Cosmetics&Toiletries in UK*, Euromonitor International

Donnelly, P., 2004. *Marketing management: knowledge and skills*, Beijing: McGraw-Hill Education (Asia) Co.

Global Market Information Database, 2009, *Sophistication and evolution in men's grooming products*, Euromonitor International

Hess, E., Goetz, C., 2009, *So, You Want to Start a Business?: 8 Steps to Take Before Making the Leap*, Upper Saddle River, N.J. : FT Press

J., Manley, Key note Report, 2008, *Cosmetic and Fragrances, 21st Ed*

[Available on]

<https://www.keynote.co.uk/market-intelligence/search/quick?query=avon+>

Life style and social participation Report, 2008, UK

[Available at]

URL: www.youngpeopleinfocus.org.uk/assets/php/report.php?file=86

Otnesa, C., McGrathb M. A., 2001, *Perceptions and realities of male shopping behavior*, Journal of Retailing 77, 111–137

Tungate, M., 2008, *Branded male: marketing to men*, London ; Philadelphia : Kogan

APPENDIX

Table 1: <http://www.portal.euromonitor.com/Athens/ResultsList.aspx>,

MARKET SHARE

Beauty and Personal Care	2001	2002	2003	2004	2005	2006	2007	2008	2009
(% value)									
Ireland	-	-	-	0.40	0.35	0.35	0.35	0.37	0.41
United Kingdom	3.23	3.31	3.36	3.64	3.29	3.11	3.00	2.96	2.97

Table 2:

UK Rate of Inflation (%), 2002-2006

	2002	2003	2004	2005	2006
Inflation (%)	1.6	2.9	3.0	2.8	3.2
Percentage point change year-on-year	-	1.3	0.1	-0.2	0.4

Note: inflation is at retail price index (RPI).

Source: Monthly Digest of Statistics, November 2007, National Statistics website © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's Printer for Scotland)

Table ? : Total UK Market for Cosmetics and Fragrances by Sector by Value at Current Prices (£m at rsp), 2003-2007

	2003	2004	2005	2006	2007
Cosmetics	787.0	822.0	910.0	940.5	1,030.5
Fragrances	760.0	775.0	794.0	850.0	872.5
Total	1,547.0	1,597.0	1,704.0	1,790.5	1,903.0
% change year-on-year	-	3.2	6.7	5.1	6.3

rsp — retail selling prices Source: Key Note

