

LEARNING PLAN 8



Marketing

The goal of marketing and product development is to find ways to make customers want to buy a company's products.

How Avon is changing the way it reaches and sells to customers illustrates the challenges companies face today as they try to better manage their sales and distribution activities. Customers are fickle buyers. They

constantly search for products that better meets their needs and need to be persuaded to buy and try new products. As a result, companies need to use marketing to find the best ways to promote and place their product to attract the most customers to buy them and increase sales and revenues. In this Learning Plan, we focus on specific aspects of the promotion and

place components of the marketing mix. Specifically, we examine the distribution and sales methods a company uses to place, promote, and dispose of its products. The ways Avon is changing the methods it uses to reach and attract customers illustrates the many challenges involved in managing a company's sales and distribution activities today. Avon is



using new distribution channels, such as the Internet, to attract new and existing customers. It is also changing its sales approach by targeting a new customer group, younger women, and recruiting younger sales reps to distribute and sell to these customers.

AVON MARKETING

Avon has set up two ways to buy its products online, one directly from the company (Avon.com), and one through fairly standardized Web sites for its sales representatives (YourAvon.com).

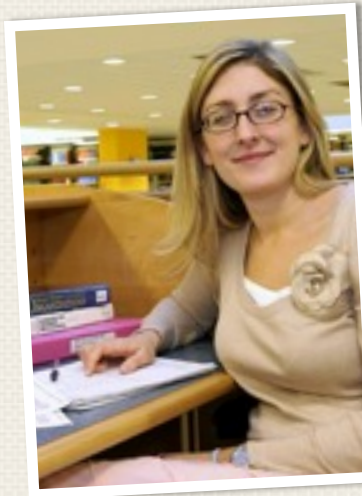
In effect, Avon is competing against its Avon ladies.

The ladies' sites have all the products that are in each Avon catalog to sell, which may include sweaters and bug repellent. But Avon.com still sells the full line of cosmetics, fragrances and toiletries for which the company is known.

Avon.com does allow buyers to cut in a rep for a piece of the action. But it does so at the very end of the sales process, with an optional response offered to buyers. There's not a serious attempt to direct the buyer first to a rep, which is odd for a company that wants its online strategy to be "rep-centric." "They're cannibalizing themselves offering shopping online without offering their reps (to customers) right from the home page," says Geri Spieler, a Web design analyst with Gartner Group, a research firm. "It's their advantage over Revlon or L'Oreal. Avon's making a mistake by having two different sites in Avon.com and YourAvon.com."

FINDING AN E-REP

"There should be a zip code input box right on the Avon.com home page. Instead I had to click through two pages of 'Find an E-Representative'. Then it asked me for my username and password—I didn't have one yet," notes Spieler. "Next, it wanted me to fill out a form. I don't want to give all that info—all I want is to find a rep in my community."



LEARNING ACTIVITIES

1. LEARNING PLAN 8 APPLIES THE INFORMATION COVERED IN CHAPTER 12 & 13.

THE FOLLOWING ACTIVITIES ARE COMPLETED ONLINE AT WWW.MHHE.COM/FERRELLM2E

2. VIEW ONE OF THE FOLLOWING:

-  NARRATED LECTURE
-  AUDIO LECTURE
-  LECTURE SLIDESHOW

3. COMPLETE THE QUIZ. DON'T SUBMIT THE RESULTS TO ME. THIS ACTIVITY IS FOR YOUR SELF-IMPROVEMENT. YOU SHOULD NOT HAVE TO DOWNLOAD THE VIDEO TO WATCH IT.



ASSESSMENT ACTIVITIES

1. PLEASE COMPLETE THE LP8| MARKETING ACTIVITY. WHEN PREPARING YOUR RESPONSES PLEASE TAKE THE TIME TO FULLY DEVELOP YOUR RESPONSES/ THOUGHTS AND PROVIDE SUPPORT MATERIAL WHEN NECESSARY.
2. COMPLETE THE LP8| DB MARKETING DISCUSSION FORUM
3. RESPOND TO YOUR CLASSMATES DISCUSSION POSTS

"It would be easy to solve the difference between Avon.com and YourAvon.com, and make sure this was a rep-centric strategy," explains Bruce Arnstein, Director of Operations at Richard A. Eisner & Co. LLP. "On Avon.com, you'd just ask—first thing—what you rep's name was or (for some) other ID."

But it's not always so easy. Len Edwards, the president of Avon.com, said the intent in early 2000 was to come up with one big integrated site. That proved too hard to tackle; so the company decided to let Avon.com be the outlet for so-called 'channel rejecters'—customers who do not want to buy through representatives.

The rejecters "don't want someone knocking on their door. They don't want to deal with anybody. They want the anonymous experience of going to a store and buying what they want and walking away," Edwards says.

At present, the design of the Avon.com and YourAvon.com sites appears to favor those 'rejecters.'

AVON.COM

In three steps, customers can start looking at products to buy; and only after shopping does Avon.com ask the customer to identify herself.

The Avon.com site tries to give you the feeling of having that beauty adviser looking over your shoulder while you're shopping. But technology and design isn't used to make Avon.com personal. One test we tried was sending a question concerning a color shade from the Avon.com site through the "Email Us" link. After three days, the response suggested contacting a representative to see the color chart—signed "Avon Information Center." Not

signed Ashley, not Jessica. This is a missed opportunity for the site (and Avon) to feel more human, more personal.

If the idea of Avon.com is to not "have someone knocking" on the doors of rejecters, the site should answer all the needs of the "rejecters" online. If there is to be a human link, then link to a live Avon rep on the other end of an instant chat.

YOURAVON.COM

If you want to buy from an Avon sales rep online, you first have to say who you are, and then it will take about a half-dozen steps before you start looking at any products to buy.

That's due in large part to the attempt by YourAvon.com to faithfully replicate the actual pages of the Avon catalog online.

The YourAvon.com site provides shopping via their catalogs. You choose which catalog you want to shop from and then see images of the spread catalog. You can flip through page by page or by the table of contents. The large images are slow to download; the shopping process is tedious.

YourAvon.com is the site that will allow you to shop with a rep ID following you around the site. You can easily ask questions by e-mailing your rep.

Yet many rep bios are empty. That needs to be fixed. By contrast, Avon.com lets a customer browse by product name and shows individual, small product images. Images are much faster to load and navigation leads buyers to products they want, or to see what's new.

"It's silly and very expensive to have so many different Web sites, a bit behind the times. They'll eventually come to that conclusion," said Andrew Rudin, Partner at Richard A. Eisner & Co. LLP. "I think ultimately they want people to go to Avon.com."

WHAT AVON IS DOING RIGHT

"Avon may have worked out a way to have its cake and eat it, too," explained Laird Miller who has worked as a Creative Director at Ogilvy & Mather and Foote, Cone + Belding. "Avon.com is a new opportunity to market directly to the consumer, while YourAvon.com respects the valuable existing Avon/Rep/Customer relationship."

Avon.com is more effective from a selling standpoint than MaryKay.com. On the Mary Kay site you can't get anywhere without choosing a rep. And consumers can't purchase online at MaryKay.com at all—no credit card, no e-commerce. You can only place an order on the rep site and wait for your rep to presumably call you for a credit card number.

"Avon.com opens a new acquisition channel to the customer who either doesn't have an Avon representative or doesn't want one," Miller says.