

# MARKETING MANAGEMENT



**Brand:** Mehta Solutions

**Product Code:** case1628

**Weight:** 0.00kg

**Price:** Rs500

## Short Description

## MARKETING MANAGEMENT

case study

## Description

### Case 5: From Direct Selling to Direct Marketing

For years Avon lady was a fixture in American neighbourhoods. Selling door-to-door built Avon into the world's largest manufacturer of beauty products. Avon operates in 135 countries and besides the cosmetics it also sells jewelry, home furnishings, and baby care products. Avon pioneered the idea of hiring housewives for direct selling cosmetics in the neighbourhood. But in 1980s, as millions of women began to work outside the home, the cosmetics maker's pool of customers and sales representatives dwindled, and its sales faltered. By 1985, its profits were half what they had been in 1979.

Consumer research showed that many women thought Avon's make-up was "stodgy," its gifts products overpriced, and its jewelry old-fashioned. So the company created a more contemporary line of jewelry, lowered the prices of its giftware to offer more items under \$15, and expanded its lipstick and nail polish colours.

**On the selling side, recruiting sales people had become problematic, much as it had for other direct sellers like Mary Kay Cosmetics and Premark International's Tupperware division. To attract sales representatives and boost productivity, Avon improved incentive- compensation plans and offered free training programmes for recruits. As a result, Avon's direct-sales business – which accounts for 70 per cent of sales and 85 per cent of operating profits – experienced a dramatic turnaround. Within a year sales rose 17 per cent, to \$2.9 billion, and profits jumped as much as 25 per cent.**

**Today more than 450,000 sales representatives work for Avon and fill out some 50,000 orders daily. Sales exceed \$3.5 billion a year. Nonetheless, Avon estimates that at least ten million women in the US who are interested in buying from Avon are unable because no sales representative is calling. To win back some of the customers and attract new ones, the company has begun mailing catalogues directly to potential customers nationwide. The move represents growing concern at Avon that its core market has matured. The growing number of women joining work force means that fewer of them have time to meet with Avon representatives. Although Avon remains the nation's largest direct seller of beauty products, supermarkets and discount stores are stealing market share. Avon hopes that mail-order catalogues will help to reach "stranded" customers.**

**The plan is to send catalogues to people who have moved or who no longer are active buyers. They can then order directly through the company or through a salesperson. Initial expectations are modest. Avon hopes catalogue sales will reach \$25 million the first year. In the long run, Avon hopes to penetrate major cities and suburbs, the places where much of the female work force is absent at prime selling times. Avon is also increasing the use of toll free numbers in conjunction with this strategy.**

### **Questions:**

- 1. What are the significant issues in the case?**

- 2. Do you think Avon's approach in response for changing conditions is right for products that need personal contact by saleswomen?**
  
- 3. Suggest any other solution than what Avon is planning to do.**

#### **Details**

- 1. Case study solved answers**
  
- 2. pdf/word**
  
- 3. Fully Solved with answers**