

Crafting Brand Positioning: Case Study of Avon Malaysia

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ABSTRACT: *Brand positioning in Avon Malaysia is crucial to ensure the longevity of this cosmetic brand in Malaysia. However, Avon stood fast in the recent years, despite reduction in revenues. This paper is intended to study several factors that lead to Avon's brand positioning in Malaysia. Among the factors are Avon's representative, the new value curve of Avon, and brand mantra.*

Keywords: *Avon Malaysia, brand positioning, representative, value curve, brand mantra*

I. INTRODUCTION

1.1 Definition of brand positioning

When a positioning is stressed in a particular brand, the first mention of the brand creates a sense of awareness of quality of products and services to the target group. This is what instigates competition among brands, which is to position their brand in the mind of their target market. According to ¹ (Kotler, 2016), positioning is the act of designing a company's offering and image to occupy a distinctive place in the mind of the target market. Brand positioning helps in determining the effort of marketing activity, by addressing different needs of the target market. An excellent brand positioning involves guidance to marketing strategy by justifying the brand's essence, helps consumers to identify the goals they need to achieve, and justifying exceptional methods in doing so. In these recent years, experts state inadequate understanding of customers and markets as the main cause of organizations' failure. Regarding such conditions, it seems that the majority of existing companies, if not all, have to become market-oriented, address customers' needs and demands carefully, and be flexible for future success.² (Porter, 1996) The positioning process helps an organization benefit from opportunities to maximize its chance of success (Martinez-Ruiz, 2009). In fact, capturing a market depends on one's ability in understanding the market, customers, and their needs, as well as establishing appropriate position in their minds ³(Trout, 1997) ⁴(Walker, Boyd, & Mullins, 2008). Positioning allows a company to distinguish itself, and its products and brand, and supply its customers better than its competitors⁵ (Kalafatis, 2000). Positioning is about building up a clear, distinct, and desirable perception of a product in the mind of the customers in the given market with respect to the competitors' products ⁶(Darling, 2007). In another study, positioning is a way into which every product has to step at the onset. It is probably so as today, customers are exposed to the gust of information and advertisements(Fiedler, 1997,⁷Chen, 2008). In an era where millions of dollars are spent on advertisement, customers cannot reassess the product once they want to use it again⁸ (Terry et al., 2009).

Malaysian cosmetics and toiletries market is valued at approximately 3billion Malaysian Ringgits (US\$955m) with an average growth rate in recent years of 13% annually, government statistics show. And the Malaysian sector is diverse, as it is estimated that there are more than 60,000 types of cosmetic products sold in Malaysia. Imported products from Thailand, the US, France, Singapore and Japan dominate. However, even here, the recession bit. Malaysia's exports for cosmetics and cleansing products dropped to US\$625m in 2009 from US\$828m the previous year, according to Euromonitor International. Imports fell to US\$646m in 2009, from US\$858m in 2008.⁹ (Miller, 2012)

1.2 Avon Establishment : Global and Malaysia

Founded in 1886, Avon Products is the world's largest direct seller, with 6 million representatives in more than 100 countries, and the world's fifth-largest beauty company, reporting 2012 revenues of \$10.7 billion. But lately it has been struggling to keep up with the times. Over the last five years, the stock has fallen more than 50% and

¹ Kottler and Keller, 2016

² Porter, M., 1996

³ Trout, 1997

⁴ Walker, 2008

⁵ Kalafatis, 2000

⁶ Darling, 2007

⁷ Chen et al, 2008

⁸ Terry et al, 2009

⁹ Miller, 2012

net income has plunged as well.¹⁰ (Gordreau, 2013). Avon generates 98% of its revenue from cosmetics products. The company markets to women in more than 110 countries with products ranging from instance skincare, fragrances, cosmetics, toiletries and also jewellery, watches, home products candles and toys. Moreover, 98% of the company sales are generated via direct sales. This sales approach had also been successful in the Asian and Latin America market, but not feasible on American market. Avon found their way into Malaysia in the 1970s, and as for 2011, Avon representative had reached a number of 380,000 personnel, and Avon Malaysia has undergoes transformation with a budget of almost RM 1 million for training and development program as well as RM 10 million for incentives and appreciation to their representative in Malaysia.¹¹ (Avon, 2011) Avon takes seriously of their BRIC and South East Asia representative, given that their direct selling approach is becoming a major source of income for the ladies in these particular countries. Under the aspiration of 'Company for Women', Avon had established themselves well in these region, due to the fact that by becoming a representative, women in SEA and BRIC had themselves empowered, by independently generating their own income, via Avon assistance. Avon Malaysia had grasped this strategy in developing brand loyalty to customers throughout the nation. From most of their promotional pamphlet and annual reports, they have addressed their representative as the ambassador of the brand, and thus creating a network based on mutual respect and objectives, with a mantra saying that Avon is the best company for women in Malaysia.

II. FACTORS INFLUENCING BRAND POSITIONING OF AVON IN MALAYSIA

2.1 The factors behind Avon brand positioning

2.1.1 Avon's Malaysia representatives

From¹² Roberts (2015) stated that, brand strategy, create a new value curve and communicate effectively are among the strategy needed to ensure affective brand positioning among products derived from different companies. By comparing a few companies, as an example, between Taco Bell and Chipotle, there are different values perceived by the consumer. Taco Bell realized the need for easy and cheap Tex-Mex food, while Chipotle stressed on the usage of high quality food. Chipotle differentiated with great branding. From clever jokes on their soda cups to the hip urban atmosphere the entire experience works to build brand equity. (Roberts, 2015) In the case of Avon Malaysia, the best strategy of brand positioning is on their representative. Avon relies heavily on their representative to carry the message of goodwill and high quality among their products. Hence, as of 380,000 representatives that Avon acquired in Malaysia, there are the pillars of brand positioning in Malaysia. (Avon, 2011) The direct selling method brings these ladies door-to-door, carrying with them all information, as they are indoctrinated to become Avon's brand ambassador. This form of communication as what suggested by Roberts (2015), since it is important to communicate differences to consumers. Branding is the key to successful customer loyalty. To resonate with customer, representatives have to speak their language. If targeting corporate clients, your branding and messaging should align with this persona. Avon's entire brand; the logo, name, print, ads, web, and media should push why Avon is different and thus better than the competition. The representative themselves carries the image of Avon throughout Malaysia, by independently generating income, thus, represent empowerment of women. Avon stronghold in direct selling is the most effective strategy of brand positioning, with the aid of their many representatives in Malaysia.

2.1.2 The new value curve of Avon Malaysia

The new value curve that is suggested by¹³ The Blue Ocean Strategy Canvas (Kim W. C.) placed Avon's method of advertising to the test. The Blue Ocean Strategy Canvas addressed the needs for companies to compete using attributes failed to be utilized by their competitors. From an observation, Avon is still using pamphlets and brochures for advertisement and promotion of new products. Somehow lacking in technological advancement, the pamphlets and brochures gave a greater impact on sales and revenue, as they cater to clients from different walks of age. Pamphlets that arrive in mail excite members, and are easy to be handled compared to using gadgets, and this is easier for customers that have limitations in using gadgets and apps. Internet can be an expensive commodity for some, especially in Malaysia. Likewise, this method of pamphlet distribution has been an ideal strategy to their long loyal clients, which should be in their golden age, and using apps can be a challenge. Their strategy of differentiation has created a niche for Avon in Malaysia. Most products rely on social media as medium of marketing, but for Avon, their method of marketing and advertisement had clear distinctions among other cosmetic products. Other than that, Avon is among the pioneer in Malaysia for a cosmetic company by not only selling cosmetics, but also health supplements, garments, children accessories

¹⁰ Gordreau, J, 2013

¹¹ Prestasi Avon 2011

¹² Roberts, 2015

¹³ Blue Ocean Strategy Canvas

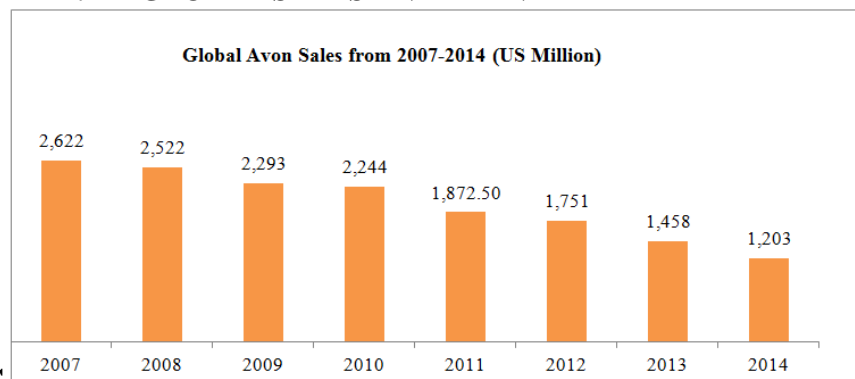
and also plastic wares, as well as kitchen utensils. By becoming an all-rounded company, Avon is still on their track as a ‘women’s company’ as they are promoting products to ease a busy women’s daily chores.

Another new value curve by Avon in Malaysia is their production of quality product at a very competitive price. This is another factor behind Avon’s brand positioning in the market. This brand strategy put them exclusively different from other competitors. Consumer of Avon products will admit that they have more trust and reliability with Avon compared to other products. Some highlights that Avon products are being manufactured overseas and thus are safer and have higher quality, and in Malaysian situation, this is justified. Malaysian have a preconceived idea that a foreign made products from countries that is advance like America and Japan are of higher quality compared to locally- made ones.¹⁴ (Garten, 2002). However, if local products are compared with products from less developed countries, Malaysians perceive local products as being of higher quality. Such perceptions arise from the country’s economy – if the product’s country of origin has a better economy compared to Malaysia, Malaysians presume that those products are better in quality; and vice versa.¹⁵ (Lew, 2014).

2.1.3 Avon Malaysia brand mantra

According to (Kotler, 2016), brand mantras will help on focusing brand positioning and as if transfixed or charm consumer to think about the brand. This is observable in Malaysia, where Avon is the most widely acknowledge when it comes to cosmetics. Their brand mantra, such as “company for women, natural products, no animal testing, au natural, green, sustainable, and promoting empowerment” has hooked many of the female gender to try and discover Avon. Besides, the products are priced competitively compared to other brand. To add to their exquisiteness, Avon never try selling their products to departmental stores. All Avon products are sold only in their boutique or by their sales representative. Avon representative is the medium of designing the brand mantra, which include communication, simplification, and inspiration. (Kotler, 2016) For communication, the representative communicate to clients, current or potential about the uniqueness of their products in Avon, as an example, they had a lot of breakthroughs in experimenting with different lipstick that have moisturizing effect on the lips. The lipstick was well promoted that they stay for years in Avon. Other than that, when addressing simplification, the representative make it clear that Avon sells product for women. There are several products intended for men’s usage, but majority of the products are for the benefit of women. Take the cosmetics and supplements, such as Avon Life Boost, the natural Vitamin E meant for the complexion and skin health. It can be taken by men for sure, but the original intended group is ladies from the age of 25 to 50 years old. Finally, the inspiration brought Avon Malaysia to its higher ground when they self-proclaimed to be the ‘the company for women’. Representatives in Malaysia consist of 380,000 active members since 2011. (Avon, 2011) These individuals had shared various success stories among their fellow members, and how they had survived ordeals in becoming the most celebrated sales representative in Malaysia. Avon takes another step further by rewarding excellent representatives with incentives and even helps them boost their business by providing extra capital. Avon Malaysia had spent almost RM 10 million in in incentives and appreciation .(Avon,2011) This had inspired more women to join Avon, to experience the same inspirations as other members of the company.

III. GLOBAL SALES AND BRAND



POSITIONING

Fig 1: Avon sales from 2007 to 2014 (Adapted from Econsultancy.com)

Based on Figure 1 as shown above, Avon had been experiencing a rapid worldwide decline pertaining to their sales. This can be the effect of emergence of cheap and online method of sales in beauty product, as well

¹⁴ Garten, 2002

¹⁵ Lew, 2014

as the new and fresh ideas that targeted a much younger generation of female consumers. However, holding to their brand positioning strategy, Avon in 2016 shows a fresher Avon that utilize social media as their platform for marketing (Gilliland, 2016). According to Econsultancy.com, Avon stood steadfast in its direct sellers and their representative as their forte in facing their overall global issues regarding sales. This new representative is equipped with the knowledge of social media and internet. Avon, however maintain their conventional method of advertising using various media such as print, radion and digital efforts, but the campaign now often stresses on optimising their social media and mobile effort as well. According to Gilliland (2016), 46% of videos now are being consumed on mobile and gadgets. Videos on promotion had been optimised for further comfort in social media, YouTube and other platform such as Snapchat. Further to the main ad, the campaign also includes promotional videos featuring real-life Avon representatives, including a mother, student and even a couple that has made their living from the brand. In Malaysia, Avon had gone through a rapid changes and dynamics via social media and vloggers where Avon representative now are well equipped with mobile gadgets to cater to their clients. Such effort can be seen in blogs and Facebook page, such as butikavon.blogspot.my, where potential customers are directed and provided with methods of choosing and updates on new products available. Other than that, Avon in Malaysia had now choose to market their product through online shopping site, such as Zalora and Lazada.

IV. CONCLUSION

Although Avon hold dearly to their factors of brand positioning that become their platform in generating revenues in Malaysia and SEA, Avon will have to one day change their brand positioning techniques in Malaysia, given that Malaysian are now aware of the quality of products and also the increment of competition among local cosmetic industrialist, that is now becoming a great threat to Avon. The brand positioning mention in this paper (representative, value curve, brand mantra) in Avon, are now the benchmark for many manufacturers in cosmetic industry. The local cosmetic manufacturers are now producing various products with short life cycle, not competitive but low price, and using various medium of marketing that includes television's advertisement, newspaper advertisement as well as radio stations. Avon will have to change to cater to the need of its customers, as well as the market.

However, it is encouraging to observe that Avon, despite a rapid decline in sales (Fig. 1), continues to persevere and face their adversity with effort and style. Regardless of the more rapid and latest method of marketing among cosmetic and beauty products manufactures, Avon still believe in their method of direct selling and had now empower their representatives throughout the world, equipped with new knowledge of Avon as a company, and Avon's new marketing strategy, which lead to a strong positioning in their brand, in Malaysia and the world.

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