

“Impact of Promotional Strategies in Price of brand Amway within Raipur city”

Anjali Swarnkar
Maharaja Agrasen International College
Assistant Professor
Department- Management

Abstract: This paper analyzes the impact of promotional strategies in price of brand AMWAY within Raipur city. As Amway is a 100 % direct marketing company, direct marketing is a structure of marketing that buckle on communicating directly with customers or clients in contemplation to promote merchandise. The modus operandi of communication by the organizer can come in many different formats, like email, social ads, or even direct mail. This article focuses on inculcates scientific and inductive thinking and it promotes the development of logical habits of thinking and organization. The purpose of research is to discover answer to question through the application of scientific procedures. The main aim of research is to find out the hidden truth, which has not been discovered yet. Though each research study has its own specific purpose. An indispensable part of direct marketing is that the quantifiable reverberation from the patron. This paper address issues on that a typically direct marketing firms faces issues of reach and cost. Since the sales depend entirely on the independent distributors the company has to pay huge commission. This results in the increased cost of the product. Hence the products become expensive resulting in lower sales. The researcher made the analysis and research easier by pointing some applicable frame of reference which includes the study of numerous consumers with the help of survey method which is simplified questionnaire and personal interaction the end users of the brand. The study is being conducted with reference to Raipur city, the precede and await result of the exploration and investigation is that 60% people wanted that AMWAY should reduce its price & 40% people felt the pricing of AMWAY is appropriate.

Amway Corporation

Amway India, a wholly owned subsidiary of Amway Corporation, was established in August 1995 after approval by India's Foreign Investment Promotion Board (FIPB). Amway India commenced commercial operations on May 5, 1998 , Amway Corporation is one of the world's largest direct selling companies. Originally founded by Jay Van Andel and Rich DeVos, Amway operates in more than 88 countries and territories in Asia, Africa, Europe and the Americas. Amway products and services are marketed through independent business owners worldwide. Amway India in now a 800 crore company with its operation spanning across India. It has more than 4.5 lakh independent distributors and 117 offices across the country. Considering the nascent stage of Direct Marketing Industry in India, Amway India has been reasonably successful. According to Business Line, the direct marketing Industry in India is estimated to be Rs 3150 crore. The success of Amway products is predominantly driven by the quality of the products. Amway India's products are mostly sourced from manufacturing units from India. It has outsourcing contracts with 5 major units in India. The products are sourced after strict quality checks.

Amway is a 100 % direct marketing company. That means the consumers will not get any Amway products from shops. The products can be bought through ABO's. Hence the sales are driven by the efforts of ABOs. Since the company does not advertise its brands, the only communication channel is through ABOs who visits households and make presentations. There are two tasks of a typical ABO: the first task is to sell Amway products and second task is to appoint new ABOs .Typically direct marketing firms faces issues of reach and cost. Since the sales depend entirely on the independent distributors, the company has to pay huge commission. This results in the increased cost of the product. Hence the products become expensive resulting in lower sales. Amway's also faces this issue. The products of Amway are excellent but very expensive. For example, the Persona brand of soaps cost Rs 30 which is almost double the rate of an ordinary soap. Persona is one of the best soaps in terms of quality but price is definitely a dampener. Another example is the range of cosmetics under the brands Attitude and Artistry. Artistry is targeted at the premium class and Attitude at the

middleclass. But the price of these brands makes the consumer think twice before buying it. Hence the ABOs have a tough time convincing the value proposition.

In a value conscious country like India, the expensive tag of Amway products is the singular reason for the lack of popularity of its products. The company's goals were beyond creating a business opportunity for people. The focus was also on the introduction of new products and services that would be beneficial to both Independent Business Owners and consumers

VISION. - It works to help people live better lives. It achieves its vision by helping people everywhere discover their potential and achieve their goals by offering better products and opportunities for the future and sharing generously with the global community.

PEOPLE - Amway has more than 6000 employees worldwide. In addition, Amway has more than 3.6 million Independent Business Owners (IBOs) around the world. In China, Amway products are sold by Amway sales representatives

PRODUCTS AND SERVICES -Over 450 unique, high-quality products carry the Amway name in the areas of nutrition, wellness, beauty and home, as well as commercial products and a variety of services. In addition, Amway independent business owners in selected markets sell additional brand-name goods through local merchandise catalogues, plus a variety of services and educational products. All products are backed by a customer satisfaction guarantee.

UNDERSTANDING THE ELEMENTS OF PROMOTION

A strategy is a plan of action designed to achieve the goals of the organization.

Promotional mix

It is helpful to define the five main elements of the promotional mix before considering their strengths and limitations.

Advertising

Advertising is any paid form of non-personal communication of ideas or products in the "prime media": i.e. television, newspapers, magazines, billboard posters, radio, cinema etc. Advertising is intended to persuade and to inform.

The two basic aspects of advertising are the message (what you want your communication to say) and the medium (how you get your message across)

Direct marketing

Direct marketing creates a direct relationship between the customer and the business on an individual basis.

Personal Selling

Personal selling refers to oral communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to "close the sale".

Sales Promotion

Sales promotion refers to the provision of incentives to customers or to the distribution channel to stimulate demand for a product.

Public Relation

Public relations is the communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly

Difference between Promotional Mix & Marketing Mix

Marketing mix is-the combination of product, pricing, promotion, and distribution strategies used to market products. Promotional mix is-combination of tools used to promote a product marketing mix is-the combination of product, pricing, promotion, and distribution strategies used to market products.

STRENGTHS OF AMWAY IN INDIA

Distributors:

In India, we have 450,000 active distributors who carry out business in all corners of the country, reaching as many as 2000 towns and cities. And if our growth is any indication - indeed, that of the direct selling industry – India holds tremendous potential.

Products:

Another pillar for the Amway family is the impeccable pedigree of the Amway products, each the result of over 500 dedicated scientists toiling to create world-class products.

Marketing Strategy:

Direct selling is a unique marketing strategy. Though it is not new to India, it has not been able to achieve the status of retail marketing. The credit of popularizing this concept in India goes to Amway. Their marketing concept involving direct selling and multi-level marketing have helped in opening up new avenues of employment and revenue generation in India.

BUSINESS MODEL OF AMWAY

Amway follows a unique business model that requires no vast start-up costs. In the normal course, if one were to set up a business, one would require to invest a decent amount to hire a shop and staff, have a storage space etc. The Amway business does not make any such demand. Instead, it offers the flexibility to prioritize time spent on business as well as personal life. It offers resources to contribute towards causes that are reflective of your values. This business can be carried out part-time, or fulltime, depending on the commitment that one is willing to invest

Amway combines direct selling with multi-level marketing or network marketing. IBOs may both market the products directly to potential customers and also recruit (sponsor) and train other people who become IBOs themselves and in turn have the same opportunity. Each IBO may earn income both from the retail markup on any products they sell personally, plus a performance bonus based on the sales volume they and their down line have generated. People may also register as IBOs to buy products at a discounted rate. The AMWAY business model is based on the AMWAY Business Owner Compensation Plan – a low-risk, low-cost business opportunity that is open to everyone. An AMWAY business rewards you for selling products and for sponsoring others who do the same. As your business grows, so do your rewards. In this business you earn income from Retail profit* on product sales to customers. Monthly performance bonuses ranging from 3% to 25% of business volume, depending on your monthly productivity. Retail profit* on product sales to customers. Monthly performance bonuses ranging from 3% to 25% of business volume, depending on your monthly productivity. Monthly and annual leadership bonuses and other cash awards and business incentives based on group performance. As an international company operating in 80 markets, Amway adapts its business model to the cultural and economic needs and standards of the markets in which it operates; our business model varies slightly from market to market. Become an AMWAY business owner and have a business with unlimited potential of your own! For more information about starting your own AMWAY business, select your region and market within the Amway Family. The list includes all the markets where the AMWAY opportunity is available. Or, if you live in North America, click to find out how to get your Amway Global business started.

***Retail margins on health, beauty, and home care products average about 29% when these products are sold at Suggested Retail price. You have the freedom to determine independently the prices at which you sell products to customers, so you decide your retail margins**

PROMOTIONAL STRATEGIES

CONCEPT OF MLM- Multi Level Marketing

The idea behind multi-level marketing (MLM) is simple. Imagine you have a product to sell. A common MLM product is some sort of panacea, such as a vitamin or mineral supplement. **Multi-level marketing (MLM)**, also known as **Network Marketing**, is a marketing strategy that compensates promoters of direct selling companies not only for product sales they personally generate, but also for the sales of others they introduced to the company. The products and company are usually marketed directly to consumers and potential business partners by means of relationship referrals and word of mouth marketing.

You could do what most businesses do: either sell it directly to consumers or find others who will buy your product from you and sell it to other people. MLM schemes require that you recruit people not only to buy and sell your product,

but who will also recruit people who will not only buy and sell your product but also recruit people....*ad infinitum*. Only there never is an *infinitum* to move towards. This may seem unusual to traditional business people. Why, you might wonder would you recruit people to compete with you? For, isn't that what you are doing when you recruit people to sell the same products you are selling? MLM magic will convince you that it is reasonable to recruit competitors because they won't really be competitors since you will get a cut of their profits. This will take your mind off the fact that no matter how big your town or market, it is finite. The well will go dry soon enough. There will always be some distributors who will make money in an MLM scheme. The majority, however, must fail due to the intrinsic nature of all pyramid schemes. Multi-level marketing is system of marketing which puts more emphasis upon the recruiting of distributors than on the selling of products.

Independent, unsalaried salespeople of multi-level marketing, referred to as distributors (or associates, independent business owners, dealers, franchise owners, sales consultants, consultants, independent agents, etc.), represent the parent company and are awarded a commission based upon the volume of product sold through each of their independent businesses (organizations).

Independent distributors develop their organizations by either building an active customer base, who buy direct from the parent company, or by recruiting a *down line* of independent distributors who also build a customer base, thereby expanding the overall organization. Additionally, distributors can also earn a profit by retailing products they purchased from the parent company at wholesale price.

Distributors earn a commission based on the sales efforts of their organization, which includes their independent sale efforts as well as the leveraged sales efforts of their down line. This arrangement is similar to franchise arrangements where royalties are paid from the sales of individual franchise operations to the franchisor as well as to an area or region manager. Commissions are paid to multi-level marketing distributors according to the company's compensation plan. There can be multiple levels of people receiving royalties from one person's sales. As such, it is intrinsically flawed. MLM is very attractive, however, because it sells hope and appears to be outside the mainstream of business as usual. It promises wealth and independence to all. Unfortunately, no matter what the product, MLM is doomed to produce more failures than successes. For every MLM distributor who makes a decent living or even a decent supplemental income, there are at least ten who do little more than buy products and promotional materials, costing them much more than they will ever earn as an MLM agent. Distributors earn a commission based on the sales efforts of their organization, which includes their independent sale efforts as well as the leveraged sales efforts of their down line. This arrangement is similar to franchise arrangements where royalties are paid from the sales of individual franchise operations to the franchisor as well as to an area or region manager. There can be multiple levels of people receiving royalties from one person's sales.

Objectives of the Research:

1. To gain familiarity with a phenomenon or to achieve new insights into its relationship and impact between the variable like price & promotion of the merchandise of brand AMWAY (Exploratory or formulative research studies)
2. To study accurately the characteristics, behavior & loyalty of a particular individual, situation or a group towards brand AMWAY (Descriptive research studies)
3. To determine the frequency with which something occurs or with which it is associated with something else that is to understand the dependency of variable 1 (promotion) on variable 2 (price). (Diagnostic Research Studies)
4. To find out the awareness level of the brand AMWAY among various consumers.

Hypothesis:

Hypothesis 1:

H₀ – Promotion and Price are two dependent variables as promotion has huge impact on price of the products & services of brand AMWAY

H1 - Promotion and Price are two Independent variables as promotion has no impact on price of the products & services of brand AMWAY.

Review of Literature:

Suci Hermiyenti, Yunia Wardi (2018) – conducted a study on The Influence of Promotion, Price and Brand Image to Purchase Decision (DOI [10.2991/piceeba2-18.2019.34](https://doi.org/10.2991/piceeba2-18.2019.34))

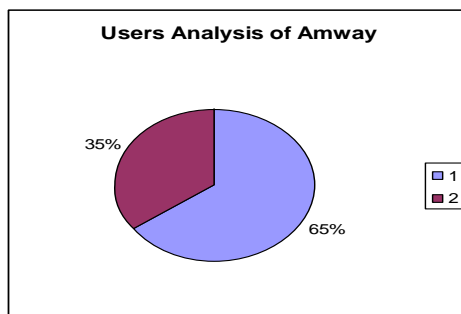
Sara Aguilar-Barrientos¹, Juliana Villegas-Gomez², Alejandro Arias-Salazar, Universidad EAFIT, Medellín (2021) – Colombia - This article intends to carry out a systematic review of the literature on pricing and promotion, as variables that impact profitability in organizations (DOI - <https://doi.org/10.15649/2346030X.2587>)

Bruno Sista University: University of Porto , Co-author(s) Beatriz Casais (University of Porto, Faculty of Economics) / Nuno Moutinho (University of Porto, Faculty of Economics) - conducted a study on The Effects of Price Promotions on Online User Reviews

Research Methodology:

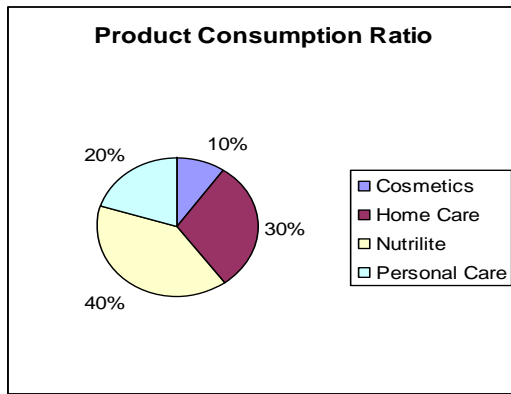
This is an empirical study and analysis based on primary and secondary data attached with some personal observations as the methods used to conduct the research is empirical, in which survey method is adopted where a sample of population is studied to determine its characteristics and it is then inferred that the population has the same characteristics. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior. Research in such a situation is a function of researcher's insight and impressions. Such an approach to research generates results either in non-quantitative form or in the form, which are no subjected to rigorous quantitative analysis. This research follows both the inferential quantitative and qualitative approach. The questionnaires circulated to various consumers for collection of the relevant information, which have been analyzed on the basis of rating given to each question and then, aggregate of the rating of all the questions of a group has been taken to find out the percentage of each response to that group also individual feedback has been taken up through group discussion method to understand the relationship price and promotion.

DATA ANALYSIS AND INTERPRETATION:-



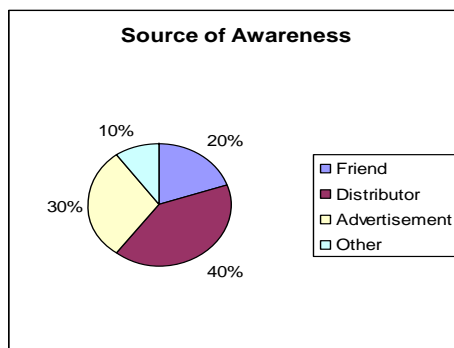
According to the survey made through questionnaire,

- 65% people were found to be the users of AMWAY.
- Remaining 35% denied the use of AMWAY Products.



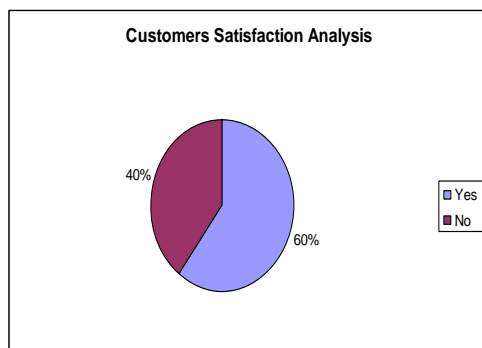
The Research about the Consumption of AMWAY products shows:

- 10% Consumption of Cosmetics Products.
- 30% Consumption of Home Care Products.
- 20% Consumption of Nutrilite Products.
- 40% Consumption of Personal Care Products.



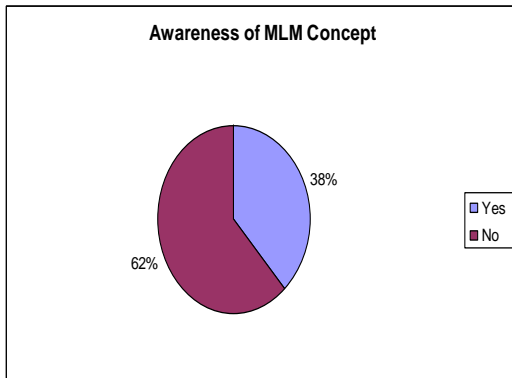
The survey about the source through which the sample came to know about the products of Amway showed the following data:

- 20% people came to know about AMWAY through Friends.
- 40% people came to know about AMWAY through the Distributors.
- 30% people came to know about AMWAY through Advertisement.
- Only 10% people came to know about AMWAY through other.



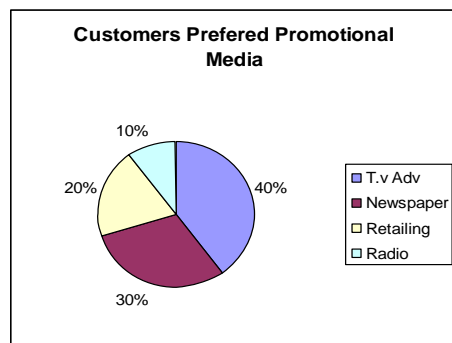
The Questionnaire Analysis about the satisfaction through the services provided by AMWAY shows:

- 60% people were satisfied with AMWAY products.
- 40% people not satisfied with AMWAY products.



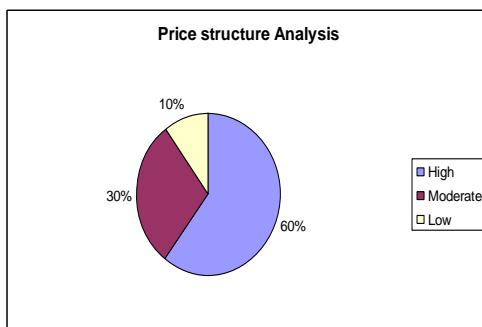
The Research showed the following data about the awareness about the MLM Concept:

- **38% people were aware of MLM Concept**
- **62% people were unaware of MLM Concept**



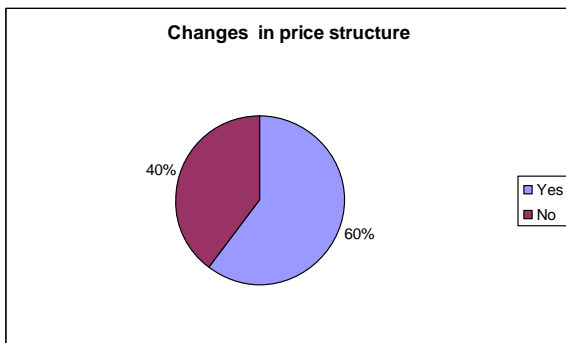
The Media of Promotions for AMWAY producers preferred by the respondents were:

- 40% preferred TV Advertisement
- 30% preferred Newspaper as a media for promotion
- 20% preferred Retailing.
- 10% preferred TV Radio



The Research showed the following data about the Price structure of AMWAY:

- 60% people found the prices to be very high.
- 30% people found the prices of the products quite moderate.
- 10% people found the price of the product low.
-



The Research showed the following data about the changes in the Price structure of AMWAY:

- 60% people wanted that AMWAY should reduce its price.
- 40% people felt the pricing of AMWAY is appropriate.

Report Preparation and Presentation - The entire project should be documented in a written report which addresses the specific research questions identified, describes the approach, the research design, data collection, and data analysis procedures adopted, and present the results and the major findings. The findings should be presented in a comprehensible format so that they can be readily used in the decision making process Limitations of the Study:-

- The study and analysis is restricted to a particular city (Raipur) different city may have different responses and decisions regarding the opinion of brand AMWAY.
- The outcome of the research may not accurately authentic as the opinion given will be manipulated or biased one.
- The examination has been conducted to fundamental level and has may cover all the necessary aspect of the research.

BIBLIOGRAPHY

- www.amway-in.com
- en.wikipedia.org/wiki/Amway
- <https://www.researchandmarkets.com>
- www.megaessays.com
- thefactsabouttheamwayopportunity.blogspot.com