

# AVON

## Market

The Romanian market for cosmetics, fragrances and toiletries, in which Avon operates, is one of the most dynamic national markets. With more and more people - men and women alike - interested in looking and feeling youthful and healthy for as long as possible, it's easy to see why skincare is a big business. Annual sales have constantly increased during the past five years and the forecast is still optimistic, the main drivers of this market being the standard of living, continuous changes in urban customer preferences and the penetration of cosmetic products in rural areas.

Through understanding this change and the business environment, Avon Romania has achieved remarkable results since its launch in 1997, growing the business year by year.

Pushing the boundaries of a young, but very competitive market, Avon surpassed the competition in 2002 and became the market leader in terms of sales. Avon still holds this position on the Romanian market and continues to be the world's leading direct seller of beauty and related products. The company markets to women around the world through more than five million independent Sales Representatives in over 100 countries.

## Achievements

Present in many countries, Avon has built an enviable global reputation. For 120 years, Avon has been providing women with the opportunity of financial independence and decision-making power. After almost ten years of activity in

Romania, Avon has become the leader of the domestic cosmetics market.

The popularity of the brand has been acknowledged through the many awards won year after year. In 2004, Avon Romania received the European management's Customer Growth Award for successfully increasing the number of its customers, and

the Pathfinder Award for extraordinary results in building organisational performance.

One of the most loved and well known perfumes, promoted by the celebrated actress Salma Hayek, "Today Tomorrow Always", won the FiFi Award in the Private Label category in



2005, being chosen as the Top Women's Fragrance of the Year.

In 2005, Avon Romania won also the Avantaje Beauty Award. The magazine Avantaje named Cellu-Sculpt body sculpting treatment as the winner of the "Avantaje Beauty Award" in the body care category.

Another important prize is the Most Trusted Brand Award within the Cosmetics category, presented to Avon by Reader's Digest in 2006. In 2006, Avon Romania was also presented with the Leadership Edge award from among all the Avon countries.

## History

Avon has been shaping the world of beauty for 120 years, since its founder, David McConnell, a book-seller at that time, discovered that his female clients were more interested in the rose perfumes he offered as gifts than in his books. Sensing the business potential, he founded in 1886 the California Perfume Company, renamed Avon Products Inc. in 1939, after the home of William Shakespeare, Stratford-On-Avon.

Making use of personal contact between the seller and the buyer, his sale method provided women with great independence, initiative and

the possibility of earnings in an era when women didn't yet have the right to vote. The company's first Representative was Mrs. P.F.E. Albee, a lady who was truly ahead of her time. She established the term "Avon Lady" and was the first to prepare the ground for the direct selling system, used nowadays by millions of Representatives. Since day one, the company imposed the 100% guarantee principle, offering a full refund or replacement product in the case of customer dissatisfaction. This principle still stands today.

The year 1914 saw the first international Avon branch established in Montreal, Canada, and the diversification of its portfolio with a new niche products designed for kids. During the 1920s, the company doubled its sales, reaching an astonishing figure of US\$ 2 million. 1955 found Avon ready to launch itself in Europe - in Great Britain and West Germany. Avon became the first foreign company accepted in China in 1982. A few years later, in 2005, when the Chinese government was ready to accept the direct selling system, Avon was the only company invited to test this method in Beijing, Tianjin and Guangdong province.



In 1985, Avon entered Eastern Europe, starting with the Soviet Union.

Avon Romania started its journey in 1997. Avon understood that there couldn't be intercultural communication without the sharing of a common goal. Valuing and understanding the true meaning of interpersonal relations, Avon inspired a cultural model based on respecting the true values and standards of behaviour. The brand's corporate vision is to be the company that best understands and satisfies women's needs in terms of products, services and self-fulfilment, on a global scale. This vision is reflected in the company's permanent concern regarding women of all cultures and ages, and forms the backbone of all the projects designed to help and develop the communities they live and work in. That is why Avon is now sharing the respect



and trust of million of customers and Representatives in more than 100 countries around the world.

## Product

Through more than 120 years of experience in skin, body and hair care, as well as through extensive research, Avon managed to gain a deep understanding of the natural ingredients and processes present in its products. Consequently, Avon's portfolio is one full of innovation and freshness. It boasts cosmetics and perfumes for all ages of women, as well as for men and children. In Romania, the most popular product lines among women include brands like Color Trend, Senses, Avon Color, Skin-So-Soft, Anew, Advance Techniques, Avon Solutions and Planet Spa.

Avon also offers its Romanian customers fashion jewellery and cosmetic accessories designed to improve their appearance and quality of life. The principle of the 100% unconditional guarantee also applies to all products sold in Romania.

## Recent Developments

After Avon opened its office in Romania, the first years were designed to build the foundation of a trusted and respected business, based on the development of strong and meaningful relationships with people and the community. In 2002, all this hard work and a unique inside perspective on domestic customer needs and expectations made Avon the leader of the Romanian cosmetics market. This achievement also brought it the top position in terms of spontaneous awareness on the cosmetic brands classification, and the highest advertising awareness rate among cosmetics.

In a national survey published in 2005 by the prestigious Capital Magazine, Avon Romania was also nominated among the top "Best 50 places to work". In 2006, Avon Romania opened its new Regional

Operations and Distribution Centre, serving five countries: Romania, the Republic of Moldova, Bulgaria, Macedonia and Albania, representing an important investment of over US\$ 12 million. Avon Romania also became the number one division among Avon's global subdivisions in terms of the beauty image index, a complex indicator calculated using criteria that define brand value from a customer perspective.

## Promotion

Avon's primary channel of promotion is the company's brochure, issued thirteen times each year, with several hundred thousands copies of each issue.

Brochures provide a unique opportunity to talk about tips and special offers.

More than 70% of Romanian women have seen at least one Avon brochure during the year 2006. Since 2004, the spokesperson for Avon has been Salma Hayek, the American actress of Mexican origin.

One of the new strategies in promoting Avon's products is the creation of Personal Beauty Advisors, not just Representatives. Their role is to council every customer regarding best use of cosmetic products and accessories to enhance appearance and self-esteem.

In terms of Corporate Social Responsibility, in 1993 Avon founded the "Avon Worldwide Women's Health Fund". The main objective was to care for women's health and raise awareness of specific diseases that affect women.

Avon Romania became involved in the worldwide Avon against breast cancer campaign in 2002, by launching "A simple touch can save your life" campaign. To sustain this project, Avon Romania launched "Kiss Breast Cancer Goodbye" lipstick; a pink branded T-shirt and other dedicated products. Since then, Avon Romania has raised and donated over US\$ 450,000 in medical

equipment for the diagnosis and treatment of breast cancer. 2005 was the first year in which the "Avon Pink March against Breast Cancer" was organised in Romania, in order to raise awareness of breast cancer related issues.

## Brand Values

Avon's original five values of Trust, Respect, Belief, Humility and Integrity have stood the test of time and are a cherished part of Avon's heritage.

Trust stands for open communication between people feeling free to talk, to give their point of view and speak of the truth as they see it. Respect helps us to value differences, to appreciate each person for her or his unique qualities and help bring out the full potential of each person. Belief is the keystone to motivating and empowering employees to assume responsibilities and be the very best they can be. Humility simply means a person is not always right, doesn't have all the answers and is entirely aware of this fact. Moral integrity should be seen as a goal for each Avon employee.



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Call Center: (021)311.85.55

## THINGS YOU DIDN'T KNOW ABOUT

### AVON

- ▶ A national consumer survey indicated that seven out of ten Romanian women between 15 and 69 years old have purchased a direct selling beauty brand in 2006
- ▶ Nine out of ten Romanian women cite Avon's ads on TV as the source of their awareness of the brand
- ▶ Avon is the leading facial skin care and fragrance brand, both in the urban and rural areas of Romania
- ▶ The most popular and best-selling Avon fragrance brand in Romania in 2005 was Pur Blanca
- ▶ 2005 marked the biggest donation ever made by Avon Romania in its Breast Cancer Crusade: US\$ 300,000 for the "Ioan Chiricuța" Oncology Institute, Cluj
- ▶ Behind all the funds donated by Avon Romania in the past five years stand hundreds of thousands of women who bought Avon products
- ▶ In one year, Avon produces 600 million brochures in more than 25 languages all over the world