

The history of the macro environment marketing essay



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The Company we have chosen is Amway. Amway was founded in 1976 by Rich DeVos and Jay Van Andel. Amway is an abbreviation for American Way. Amway has more than 3 million people already on their path to success. People can register become a distributor or business model with Amway. Their vision of Amway is help people to live better and the mission of Amway is to facilitate best business opportunities and deliver high-quality product to all the customers. EZ1_Amway0311. jpg50373, 07991781 – Copy. jpg

Company background

Amway is one of the world's largest direct selling companies that operate in over 97 countries up-to-date around the world included Malaysia, India, China, and so on. Now Amway offer over 105 products in four categories such as personal care category, home care category, nutrition and wellness category and cosmetics category.

Mission statement of Amway

Through the partnering of Distributors, Employees, and the Founding Families and the support of quality products and service, Amway offer all people the opportunity to achieve their goals through the Amway Sales and Marketing Plan. citation?

Vision of Amway

“ Helping people live better lives.”

Amway work each and every day to help people live better lives. Amway achieve its vision by helping people everywhere discover their potential and achieve their goals by offering better brands and opportunities for the future, and by sharing generously with the global community. To help Amway
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realize its vision, Amway have six enduring values that the business has been built on, p, , , , and e.

Achievement and awards of Amway

There is a non-exhaustive list of awards and recognitions from year 1989 to 2012 received by Amway and affiliated companies. Achievements and awards enhanced the reputation of Amway and public recognition.

Segmentation

Market segmentation involves dividing a market into smaller groups of buyers with different needs, characteristics, or behaviours that might require separate different marketing strategies. There are four segmentation categories which is geographic segmentation, demographic segmentation, psychographic segmentation, and behavioural segmentation. But Amway only uses three combinations of consumer market segmentations which are demographic, psychographic and behavioural segmentation.

The very first segmentation is Demographic segmentation, which includes three factors of Age and Life-Cycle Stage which Amway products are meant for all age of groups. For example the nutritive food supplement that Amway provide is suitable for all neither age group nor matter for the children, adult or the old people also can have the product. Other than that, Gender Segmentation is also applicable because Amway product also can use by both gender, there are many type of product that Amway provide like fashion accessories, equipment, stationary personal item all that can be use by female or male, but some products like cosmetics products only target specific for female customers. Next is Income Segmentation which Amway is

targeting for the high income customer, because the thing that Amway sell are slightly expensive.

The second segmentation is Psychographic segmentation, which includes factor of Social Class, which Amway products are more affordable for the middle or upper social class people. The product that Amway provide like beauty product, nutrition product or home product are slightly expensive if compare with other competitor because of the quality of product, so lower social class may not affordable for the Amway product. The customers enjoy for the benefit of using a high quality product which is available to them at their door steps.

The last segmentation is Behavioural Segmentation which include of Loyalty Status that Amway differentiate its customer with loyal status, for those who always support Amway product, Amway might give some discount or giving bonus point to the customer when they purchasing product from Amway every year. The point that given can use to exchange for the Amway product with term and condition applied citation. Besides, another factor of behavioural segmentation is User Status and Usage Rate, which Amway differentiate its customer user status and usage rate by giving them point base on items they brought, the more point the customer hold, the heavier usage rate of the customer.

Targeting

Amway evaluating each market segment's attractiveness and selecting one or more market segments to enter. Amway uses the differentiated marketing or segmented marketing strategy. Amway products target demographic

segmentation which consists of both gender female and male customer, but Amway is more slightly focused on the female market. Most of the products that Amway sells are more attractive to female, for example the beauty product is all about the skin care, cosmetic and beauty accessories and it also target the housewife, the products that are targeting more for the housewife is the laundry care product and kitchen product. Other than that, Amway products also target psychographic segmentation's social class those who have higher income customer, this is because the products is more expensive especially for customer who wants to make their life better and healthy Amway target them because they are more afford to buy their product for example like the eSpring Water Treatment System, Air Purifier Machine, Home Alarm System and much more.

Differentiation & positioning

Amway uses product, service and image to differentiate their company to gain competitive advantages. Firstly, Amway's provide products which are better in quality and performance compared to other competitor in market. Secondly, Amway provide warranty to every product for a period of time, and Amway also provides maintenance services to their customer to maintain their home product like water treatment system and air purifier machine. Lastly, Amway uses image differentiation; Amway's logo consists of three linked circles which are Home, Beauty and Nutrition, this three factors are important to our life.

Amway's positioning strategy is " More for more". Amway provides product that are better than other competitors, higher quality of products and better services. Hence, Amway's products result in higher price compared to other
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competitors to cover back its higher costs. Customers who buy Amway's products are willing to pay more for better products and services.

Marketing environment

Micro environment

Micro environment is also known as internal environment. Micro environment has the direct impact to the customer experience. Micro environment is factors and elements close to the company that affect its performance. These factors include the company, suppliers, marketing intermediaries, customers, competitors, and the publics.

The first factor of micro environment is Competitor. There are a lot of similar types of business as competitor with companies we have chosen "AMWAY". Coway and Cosway are the competitors that Amway facing. To compete with Amway's competitors, Amway gain competitive advantages and strategic advantages through providing better value and satisfaction products compared to its competitors. To gain competitive advantages, Amway established the point value system, the more customer buy, the more point value (PV) gained to calculate the rebate percentage.

The second factor is Consumer Markets. Pricing is the most important among other marketing mix; many consumers like to compare the price of product to competitor, But Amway customer are mostly middle to upper social classes customer, price are less compared by middle to upper classes customer, what they concern are products quality and performance and quality services provided suit their lifestyle or requirement or not, they willing to pay more to get more.

Lastly, Publics is also a factor of micro environment. Media Publics is one of the publics. Media public is the way Amway advertise their businesses, products and services through media. Amway publish their promotion on newspaper; broadcast their commercial on TV and radio. The purpose to advertise is to promote their products and services and increase their reputation.

Macro environment

Macro environment is also known as external environment. Macro environment is the larger societal forces that could not be controlled and it affect the micro environment. Macro environment consist factors of demographic, economic, natural, technological, political and cultural forces.

The first factor of macro environment is Demographic environment. It is a study of human populations in terms of size, density, location, age, gender, race, occupation and other statistics. Demographic is one of Amway's market segmentation methods. Demographic factors are the most popular bases for segmenting customer.

The second factor of macro environment is Economic Environment. Economic environment will change in income. Economic crisis will lead to customer frugality. The economic factors will affect customer's purchasing power and spending patterns.

Lastly, Technological Environment is also one of the factors of macro environment. Technological environment is the forces that create new technologies, creating new product and market opportunities. Amway

operates 65 Research and Development laboratories around the world and <https://assignbuster.com/the-history-of-the-macro-environment-marketing-essay/>

employed more than 500 scientists, engineers, and technical professionals to research, create new technologies and create new products. example of developed product

Product

The Amway provide up to 450 unique and high quality products. Among the products, it separate into few categories which are nutrition, beauty, bath and body , home care, home tech , home appliances, tiffany costume jewellery, fashion accessories, home and decor , food and beverages and equipment. There are many products that Amway provide inside each product categories.

In the product mix dimension, Amway main product width is Nutrition, Beauty, Bath and Body and Home product. For the nutrition products, length is food supplement, antioxidants , fortified beverages, weight management, children's supplement, bee treasures, tropical herbs, wellness pack and wellness sales aids. The depth of the nutrition products are different packing of size per bottle like 450g per bottle, 30 stick packs per box.

For beauty products, the length is skin care product skin care creamer, intensive skin care, essentials, skin care time defiance, pure white, cosmetics for eye, lip, face and beauty accessories. The depth of the beauty products are different packaging in the smallest size bottle of 30ml to the largest 150ml and packs from smallest 15grams and to largest 125grams.

For bath and body products, the length is hair care, body care, oral care, men skin care, Allano and aloe care, Sudzy and color creation. The depth of

bath and body products is packed in smallest 150ml largest packing of 400ml and packs of 9grams to largest packing of 200grams.

For home care products, the length is laundry care, household product, kitchen care, car care and homecare sales aids. Same with other, depth of home care products are also in smallest size of 500ml to 1litre, packing in smallest 1KG to largest 3KG and 250grams to 500grams.

The products of various lines are not consistency, because the entire product is for different purpose: nutrition, skin care, body care and for home care.

For bath and body category and nutrition category products, it is convenience which customer will buy it frequently with a minimum comparison effort. Besides that, Beauty category and home care products are shopping products, customer are less frequently purchase this type of product, it depends on suitability, quality, price and style.

product line, length, width, depth & consistency

category consumer product – convenience/shopping/specialty/unsought

Price

Amway is using 3 types of price adjustments which are segmented pricing, allowance and promotional pricing.

The first is segmented pricing. In segmented pricing, Amway is using the customer segment pricing. Amway sold the same product but in different price to the customer by differencing the customer rank. The customer rank is determined by point they collect when they purchasing Amway product,

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the more point they collect the higher rank they are. Amway will giving rebate on each rank for example the highest 12, 500 point or above will get the 21% on rebate and the lowest 250point will get 3% rebate on product that purchase. (HR) http://www.amwaywiki.com/How_Amway_Works

Secondly is Allowance. In allowance, Amway includes trade in allowances which the price of the product reduce by turning in an old item when customer buying a new one. For example, Amway given customer a reduced price when buying the e-Spring water treatment by trade in the old water treatment system or other brands of in home filters. (HR)

http://www.amway2u.com/mall_proddet.jsp?prfibr=8041

Lastly, Promotional pricing. In promotional pricing, Amway is using the special event pricing, Amway will having monthly promotion in every month. Within the month, certain products of Amway will reduced in price. For example in this month, customer purchased 1set of time defiance , customer can get 1 skincare enhancer at special price of RM200(worth RM800. 00).

(HR)

http://www.amway2u.com/mall_proddet.jsp?prfibr=8505

Place

Amway is focused on the “ downstream” side of supply chain. Amway produces products that are more towards to end user. collins-fig09_008. jpg

(downstream 10. 0

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customer marketing channel channel

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Diagram 1

Diagram 1 shows the Amway customer channel which Amway is the producer and its product produced are sold directly to consumer.

Promotion

Amway uses 3 promotion mix tools which are advertising and direct marketing to encourage customers to buy more of their product and increase their reputation. include personal selling

Firstly, Advertising is a paid form of non-personal communication transmitted target audience with mass media for example television, radio, magazines, newspaper, direct mail, and the internet. It is used to promote the product that Amway sold, and with the advertising can let more people know about their product by posting the advertisement onto the newspaper, magazines and especially through the internet, nowadays people stay with internet more closer compare with others, it is easier to attract more people.

Secondly, direct marketing is the use of telephone, internet and non-personal media to communicate product and organizational information to customers. Amway uses the strategy of direct marketing to communicate product and organizational information to customer. Amway will post and update the latest event on the official web site. If customer having any problem or question, they can ask or giving comment through the Amway website and Amway will reply once they are received. With the feedback by

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customer, this can help Amway to improve certain problem, or maybe some product trouble help to improve their weakness.

Lastly, Personal Selling is the most effective tool at certain stages of the buying process. Amway also hire sales man as their sales force. The purpose is to make sales and build up customer relationship. The salesman that Amway hired will go through different area to sales their product. Beside from the interaction between salesman and customer, the salesman can directly explain to the customer and let the customer more understand with Amway product, and customer will feels a greater need to listen and respond.

PERSONAL SELLING*****

Proposal