

A brief introduction to herbalife



**ASSIGN
BUSTER**

As founded by Mark Reynolds Hughes, 1980, Herbalife is a nutritional company which aids in the lifestyle and weight management of many people. Their main objective has always been focused on changing people's lives by meeting the needs of every individual to provide them with a healthy lifestyle.

Having been in the industry for 30 years, Herbalife has changed the lives of many people, of any age by providing nutritional and energy supplements and also personal care products, using all natural herbs and resources.

Starting from the headquarters of Beverly Hills, California, Herbalife is busily expanding its operation internationally in 73 countries to continuously provide its service to people everyone in the world. With the help of Science on the 5 main focused areas which are research and development, quality assurance, manufacturing, clinical studies and lastly, establishing a Nutrition Advisory Board (NAB).

Aside from the research, Herbalife has not only served the society but our planet Earth well, by their own Corporate Social Responsibility program which upholds a value of, “ We do the right, honest and ethical thing.”

With this value in their heart, Herbalife has also helped in saving Mother Earth in every way that they could. Promoting the 3Rs, they believe in taking personal responsibility and making their decisions by always thinking about the consequences in everything that they do.

Not only caring for our planet, Herbalife has also been concerned for the needy of many children. Mark Hughes created a Herbalife Family Foundation

(HFF) that is dedicated to improve the lives of many children by providing them with the proper healthy nutrition. HFF has also shown continuous support in disaster reliefs over the years.

Lastly, Herbalife has never failed to support their employees with a healthy and active lifestyle. By showering them with complimentary products and lowering their health insurance costs, Herbalife has always been keeping their employees at a pink of health.

Looking Into The Past

Providing and changing the lives of many for 30 years, Herbalife started off with a tragic story Mark Reynolds Hughes, the founder of Herbalife. At just eighteen years of age, Mark's mother, Jo Ann Hughes died of an accidental overdose of prescription diet pills. Jo Ann Hughes was a part time model and actress in Los Angeles, who was obsessed in managing her weight and she spent many years in search for a convenient and effective weight loss method. However, in 1970's there were only a few methods and diet pills were the only alternative she could use. The diet pills had a lot of harmful effects on her such as making it difficult for her to sleep, so Jo Ann took plenty of sleeping pills at that time and unfortunately, she died of an overdose.

The death of his mother had a great impact on Mark R. Hughes and since then, he dedicated his life to help people lose weight and to improve their health in the safest, most effective and healthiest methods possible.

Despite being a school dropout, having no medical and financial background, and no finances to start his business, Mark began to take huge interest in health nutrition especially in Chinese medical herbs. He studied and travelled around China to discover more about the benefits of such herbs on the human body.

With much efforts put into studying, testing and refining, Mark brought his first product of “ Formula 1” into many lives. This meal replacement product helps people lose weight by replacing 2 meals a day while still providing their body with all the nutrition that the cells requires.

In February 1980, the 23-year-old Mark finally launched Herbalife International in Los Angeles. His first customer of his product was his grandmother Mimi, who had lost about 9kg. Word of the mouth, people began taking more interest in his products and seeing the aftermath, his gain more and more customers and has raised the popularity of Herbalife.

Improving, Expanding and Reaching Out In the Years

The first launch of his product was a huge success as the sales for just the first month was US\$23, 000. Continuous perseverance was paid and shown at the end of the year with a roaring sum of US\$2million.

With the tremendous success kept in mind, Mark became even more ambitious and had expanded Herbalife to even more countries. He had also established various programmes and created more products along the way.

Decades of Herbalife Establishment, Contribution, and Success

A. In the First Decade (1980 – 1989)

Herbalife managed to expand their business in about 8 countries such as Canada, Australia, New Zealand, and even in the United Kingdom. Many new products were also launched in the first decade for example the Formula 1 and 2 and some new hair and skin care products.

B. In the Second Decade (1990 – 1999)

With the success of the first decade, Herbalife continue to venture on reaching out to many countries as possible and to its success, Herbalife managed to open in about 40 countries. Hong Kong and Japan were the first Asian countries that had Herbalife.

Again, new products were released and introduced, and it manages to launch their new line of colour cosmetics.

In 1994, Mark Hughes created Herbalife's global charity organization, called the Herbalife Family Foundation (FFF).

C. In the Third Decade (1990 – 1999)

Establishing in another 24 countries, Herbalife never stops growing despite the death of their founder in year 2000.

Herbalife opened in the Singapore in 2003.

The HFF donates generously to the Katrina and tsunami disaster relief programs in 2005. The HFF has also reached out to many countries to help save many lives.

Herbalife has also actively sponsors and contributes in the athletic world.

Other products were also launched and Herbalife is proud to introduce their Formula 1 product for kids.

Today, Herbalife has reached out to a total of 73 countries and has changed over a million lives.

How does Herbalife change the lives of many

Changing lives is difficult because mending the diets and keeping a balanced nutrition is a long and tedious process which requires time, patience, perseverance and a correct mind set.

To accomplish all of the above, Herbalife always encourages a proper, balanced diet with a few nutritional guidelines and the adequate amount of exercise to live a better lifestyle.

Herbalife has come up with some healthy guidelines for maintaining a good and proper nutrition:

Starting the day with a healthy breakfast is important because it helps to provide you with energy that you require throughout the day.

Recommendations: Formula 1 and Personalized Protein Powder would be the all-in-one healthy breakfast choice that includes all the nutrients required.

Do not overeat during the day and unhealthy snacking is not advisable because it is not a good way to lose weight and provide your body with the nutrition. However, snacking in healthy methods such as fruits and vegetables would be good.

Your body must be always hydrated by taking sufficient amount of fluids that it requires. Besides water, each individual should be aware of how much nutrients such as proteins, fats, carbohydrates, minerals and vitamins are needed for themselves. Balancing these nutrients will ensure a healthy diet.

Besides having a good and balanced nutrition, our body needs to stay fit and active. Herbalife encourages many to exercise regularly because exercising can help to increase metabolism rate, lower the risk of illnesses and diseases, builds up muscles and tone up the body.

How does Herbalife business work?

Not just having to be a customer, Herbalife has opened a distributor opportunity to everyone. As a Herbalife distributor, you get to change many lives and yet earn an income too. Millions of satisfied customers have joined Herbalife as a distributor and this has increased the popularity of Herbalife over the years.

The role of a distributor is to promote and gain as many customers as possible with the correct mindset of promoting healthy lifestyle for everyone. A distributor must also provide a good experience for all customers by delivering the products in person, be courteous to potential customers and provide a great follow-up service by calling and ensuring that the customers are getting positive results with the products, and also to introduce them to new products.

To ensure that the customer is satisfied, a distributor must also start by building a strong relationship. Showing a great and genuine interest in meeting the needs of the customers will make them trust them more.

The “ USE, WEAR, TALK” Principle

The “ USE, WEAR, TALK” is a principle which consists of three simple concepts which all distributors must know and follow. This principle helps many distributor s succeed in their Herbalife business.

USE

As a distributor, he or she must use the product every day and show positive results because then, their customers will trust them more. Seeing is believing, therefore the distributor have to take “ Before and After” photos of themselves to show their customers that they did it. This will gain trust from their customers and they will want to follow their footsteps.

WEAR

Wearing refers to the Herbalife buttons and apparel which aids in the promoting and advertising of Herbalife.

Buttons such as “ Lose Weigh Now, Ask Me How!” will gain the attention of many and people will want to ask you about what the button meant. This will help distributors start off conversations much easier.

TALK

When the distributor finally got a customer, he or she needs to use resourceful and the right knowledge about the products, financial success

stories and business opportunity to instruct their customer on how to use the Herbalife product efficiently.

Lastly, by encouraging customers to be a part of Herbalife as a distributor would serve many benefits to both parties. The customer will gain discounts in all products and he or she is open to a business opportunity which in return, he or she can gain his or her own customers. He or she will also have an opportunity to travel with Herbalife around the world for trainings programmes and various Herbalife events.

On the distributor side, if he or she has gain many customers and reached the specific targets, he or she gets even more discounts and profits. With that, he or she can be promoted to higher standards in the Herbalife business and gaining much more benefits.

Swot Analysis of Herbalife

Strength

Weaknesses

Opening to many more countries

Increase Herbalife's entity with the increase of distributors

Frequent road shows to promote Herbalife

Lack of customers and their trust, Herbalife's business will suffer losses

Competitors of similar companies

Products may be banned in some countries due to the different requirements

Opportunities

Threats

Herbalife allowing business opportunities will help many people earn an income

More income and expanding business with health conscious society

Being a health company, Herbalife can face threats like complains of products

By bringing Herbalife to many other countries, the strength of this method could not only expand the business but also change many lives across the globe. With more people joining as distributors, the business will grow faster and more people will know about Herbalife. Lastly, promoting road shows is a strength because with every road show, Herbalife can gain more customers and spread the message across of healthy living to many people.

Herbalife has opened their doors to many people for a business opportunity to earn an income for themselves. This job is done leisurely and thus people would not find it a chore to complete a certain task given to them.

In today's society, many people demands for a good healthcare system. This gives a huge opportunity for Herbalife to sell its nutritious products faster since the demands keeps increasing.

Similarly to many companies, once there is a loss of customers, the company will face a lesser profit at the end of the year. If this persists, the company would face a downfall or even bankruptcy.

Since the demand for good healthcare is increasing, more and more companies will open for the same purpose which is to promote and sell their health products too. With such a competitive market, any company who's laid back and not up to date will definitely be on the losing end.

Due to the different requirements in the different countries, some health products may be banned as the government agrees that it is not suitable to be sold. If the products do not meet the requirements that are proposed by the country, again Herbalife would lose another opportunity to sell their products.

Being a health company, Herbalife can face threats like complaints of products. People who would have complained might have suffered some conditions or find the products inefficient and not working on them. This again will lead to a loss in business.

Marketing Mix of Herbalife

Product

The main purpose of Herbalife's product is to help their customers lead a healthy lifestyle with the appropriate and sufficient nutrients needed for themselves. Not only just selling their nutritious products, Herbalife has also skin and hair care products too.

Price

Herbalife has a special pricelist for their distributors. As mentioned in the earlier part, when a distributor performs well and reaches the certain target,

he or she is entitled to more discounts based on the category they are standing on.

For example, Herbalife's main product would be the Formula 1 nutritional milkshake. A customer will purchase this at \$77. 22. However, if a distributor purchases the same product, he or she is entitled to a 25% discount and the cost of it would be \$59. 35. The percentage of discount will increase when the distributor is promoted to a higher level.

Place

Herbalife's Worldwide Corporate Headquarters is located in Los Angeles, USA. In Singapore, Herbalife International Singapore PTE. Ltd was located at Orchard Road. They moved earlier this year (2010) to TripleOne Somerset Road.

Promotion

Herbalife has always been keen to go public. Distributors are giving free body evaluations almost every day and free health talks once a month.

As a normal customer, they can also stand a chance in having a higher percentage discounts when they buy in bulk. Herbalife has come up with a wholesale price scheme which allows their customers to have more discounts when they buy in large amounts.

Comparing Herbalife and a Competitor, Cambridge Diet

Cambridge Diet

The Cambridge Diet is a diet plan developed by Dr. Alan Howard, a research scientist of Cambridge University in 1970.

Dr. Alan together with Dr. McLean-Baird researched and created a weight plan that helps people lose weight by consuming their formulated products which contains all the nutrients required.

The Cambridge Diet was a success as results proved that it was effective in helping many people to lose weight quickly.

Herbalife

The Cambridge Diet

Serves the purpose of helping people lose and gain weight healthily

Main purpose of helping people lose weight effectively only

As of today, Herbalife has already been established in 73 countries, worldwide in just 30 years

As of today, The Cambridge Diet Plan is sold in 31 countries worldwide in 40 years only.

Does not only sells health products but other products like skin and hair care products, cosmetics

Only sells health products like meal supplements such as porridges, healthy bars and shakes with a plan to follow for effective results

Herbalife products cater for all age groups, from toddlers and kids to adults and elderly.

The Cambridge Diet is suitable for people over the age of 16

Involves in many events and helps the world in various ways such as providing funds and help for disaster reliefs; for example establishing of the Herbalife Family Foundation

Does not have a charitable organization, is focused mainly on helping people lose weight and live a healthy lifestyle.

Why do I compare Herbalife with the Cambridge Diet?

Both companies, Herbalife and The Cambridge Diet are similar healthcare companies that provide helps and ways to help people improve their weight problems with nutritional products.

However, referring to the table above, both companies are quite different in various ways.

The goal for the company may be quite similar however, Herbalife helps both people who are underweight to gain weight and overweight to lose weight. Unlike The Cambridge Diet which only helps people lose weight.

Herbalife is more successful in selling their products and expanding their business over the world. This can be seen in the number of countries where their availability is found.

Herbalife does not only focus on a certain age group and thus, it is well-rounded in providing for everyone needs.

Lastly, Herbalife thinks for the society and is responsible and helpful in doing their part for Mother Earth. Opening a charitable organisation would already benefit and save many lives.

To sum it up, Herbalife can be seen to be more successful and has achieved many goals over the years. It is more established and has thoughtful in providing the needs for people of all ages.

The Final Climb to Success

After the tragic death of Herbalife's founder, Mark Hughes, the company faced many struggles that caused damages to the company's reputation.

Lawsuits after lawsuits were filed on Herbalife that caused the company's sales to decrease from \$1, 085. 5 million in 2000, to \$1, 020. 1 million in 2001. The decision was then made to sell the company.

Herbalife was invested by private firms Whitney & Co. and Golden Gate Capital in 2002. Michael O. Johnson, who was also the President of The Walt Disney Company for 17 years, became the CEO of Herbalife. Under the direction of Michael O. Johnson, Herbalife's sales began climbing steadily from \$1, 309. 7 million in 2004, to \$2, 324. 6 million in 2009. In 2007, Michael O. Johnson became the Chairman of Herbalife.

With such a talented leader for Herbalife and the never dying spirit of Herbalife, the sales have grown to \$2. 7 billion today. Only with the help of Michael O. Johnson, Herbalife was able to get in the road of success once again.

Conclusion

Over 30 years, Herbalife has proved that failure is never a dead end and only with the countless number of tries, Herbalife is proud to be where it is now.

Today, Herbalife has continuously been improving, researching and expanding their business worldwide. With the strong beliefs, values and missions, I believe Herbalife will prosper even further.