

CHARACTERISTICS OF THE INTERNATIONAL MARKETING BUSINESS ENVIRONMENT ON THE EXAMPLE OF AMWAY

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In modern conditions of fierce competition in the field of network marketing, which is the most powerful way of distributing goods and services available today, it is important to analyze the characteristics of this type of marketing using the example of one of the most famous company.

The relevance of the scientific article is determined by the fact that currently there are more and more companies that turn to the help of network marketing, and it is crucial to understand all the features, benefits and disadvantages of this business activity.

First of all, it is essential to say that Amway is one of the largest international networked direct selling companies.

Amway produces household products, as well as products for maintaining beauty and health. All products are divided into three categories – «Beauty», «Health» and «House». The company's product brands are presented in Figure 1 [1, p.19].

Amway products have a worldwide reputation as top quality products. The creation of technologies and production methods for the product manufacturing is based on the company's own innovations, which are worked out in the Amway domestic scientific institutions.

Today, Amway maintains a leading position in sales and the number of people involved among all global direct sales companies. Multi-level marketing is often compared to financial pyramids. In the trial, which lasted from 1975 to 1979, it was found that the Amway sales and marketing plan is not an illegal pyramid scheme [1, p. 21].

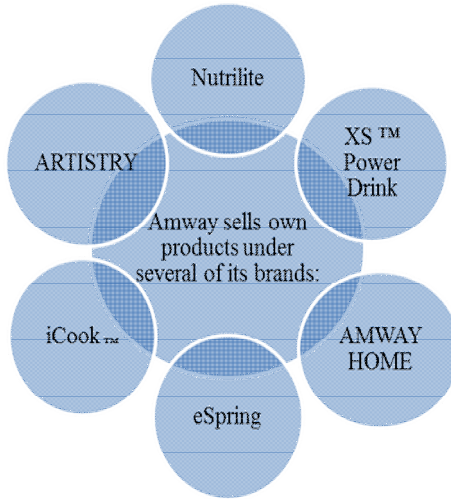


Fig. 1. Amway product brands

As a world leader in direct sales, Amway is the founder and active member of World Federation Direct Selling Association. Over the next 50 years, due to a reliable and time-tested marketing plan, the company grew from a small family business into a world leader in the direct selling industry [2, p.11].

Moreover, Amway is a financially stable company that has paid its distributors on the regular basis (IBO – Independent Business Owners) more rewards and bonuses than any other direct sales campaign in history [2, c.11].

Moving to the complex investigation of the company and its business activity, it is important to systematize the analysis with the help of Amway PEST-analysis techniques presented below.

Political factors: Amway has branches in 92 countries of the world [3, p.37].

The instability of the political and economic situation in the country impacts negatively Amway business.

Negative image of multi-level marketing in other countries complicates the company's trade activity.

Fierce competition from other foreign or domestic firms is quite influential.

Due to the processes of integration and globalization in business market, Amway can expand its product line worldwide.

Amway has relocated its production factories in China to export products in the Asian countries. Moreover, Amway supported China's entry into World Trade Organization because the chairman of Amway is the chairman of the US Chambers of Commerce as well [4, c.76].

Economic factors Amway has high competitiveness of the manufactured goods.

The high turnover rate and the steady demand for products.

The company's success depends on the localization of the employees, business, production and raw material in a particular country. For instance, this company has invested \$ 1.5 million to localize R&D model in China [4, p.79].

Also 53 % of raw material is taken from the Chinese market.

Amway has:

- 15 own factories operating around the world,
- 19000 employees around the world,
- 500 unique and useful products aimed at maintaining beauty and health,
- a global network of more than 3.6 million of IBOs,
- China is now Amway's largest market ensuring about 30 percent of its worldwide sales [4, c.79].
- Technological factors include the following peculiarities: Amway has:
 - 500 research and development projects,

- links with more than 75 universities and 245 technical consultants,
- connection with 85 trade associations,
- 4 organic farms with huge plantations,
- the total area of all plantations is 2590 hectares.
- more than 1,000 own patents,
- more than 700 scientists, engineers and technicians in 65 research laboratories around the world, who are working to create and improve products [3, p.43].

Technical services and standardization services provide technical support for product compatibility with international standards in the field of environmental protection, register products, develop new markets, conduct technical approvals, work with suppliers.

Laboratories for quality control and environmental protection conduct about 400,000 measurements annually [3, p.43].

Engineering quality department monitors processes, helps in the maintenance of computer applications and maintains statistics.

In conclusion, Amway maintains family values as it grew out of a family business. The international brand continues to rise on the economic curve despite a number of challenges. They have shown other corporations how to manage the work force and direct positive force.

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