

MLM Company Profile: Avon



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AVON

Avon

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Editor's Note:

Welcome to **MLMLegal.Com Company Profiles** at www.mlmllegal.com. Here you will find brief summaries of pertinent information about hundreds of MLM, Direct Selling, Direct Sales, Network Marketing and Party Plan Companies. As a general matter, the summary information is derived from Company published information, generally posted at Company websites, public information releases or posts at industry trade sites.*

Founding Story

In 1896, David H. McConnell started the California Perfume Company when he was 28 years old. The Company began in New York City as a manufacturing and shipping office in a room that was approximately 20ft by 25ft. McConnell's first General Agent was P.E. Albee who is still remembered as the model for Avon representatives worldwide.

In 1897, McConnell built a 3,000 square foot facility that stretched three stories high that later (1971) expanded to 323,000 square feet. By 1906, Avon had 10,000 representatives and Depot Managers that were selling 117 different articles in 600 different styles and packaging sizes. At this time they began to have advertisements in Good Housekeeping and during this same year the first color brochure was published. In 1914, the Company expanded internationally to Montreal.

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During WWI, millions of products were selling a year in North America alone. As the war came to a close (1928), the Company doubled its annual profits to 2 million a year. At this time, California Perfume Company had 25,000 representatives across the nation, a facility in Manhattan, and began selling products under the name Avon. In 1937, David H. McConnell dies and his son, David Jr. takes his position as president of the Company that has now

relocated to Rockefeller Plaza. Many of the products at this time have a guarantee and a seal of approval from Good Housekeeping.

The company sales were still doubling and in 1939 the (www.mlmlegal.com) Company officially changes its name to Avon Products, Inc. By 1944, the Company's annual sales reach a staggering \$16 million a year despite the war. New facilities are opening across the nation in places like California, New York, and Chicago. J.A. Ewald now replaces David Jr. (after his death) as the president of the Company. In 1946, he introduces mechanized billing and takes the Company public, with shares offered over the counter. In 1954, Avon has expanded to Atlanta, Newark, and Canada. At this time it has 3,700 employees (more than two-thirds of them being women), offers approximately 500 products, and makes about \$55 million annually. A new television advertising campaign launches and for the first time, moves overseas.

In 1956, Avon opens for business in Cuba. In 1963, after expanding worldwide to places like Germany, Venezuela, Brazil, and the UK, the Company reports an increase in profits of 59%, approximately \$33 million dollars. Domestic sales are at \$350 million.

Avon is listed on the New York Stock exchange in 1964. In the 1970s, US sales are at \$750 million and international sales continue to grow at an average of 25%. The Company is now one of Wall Street's favorites. Avon sells roughly 800 products now and the Asian Avon business opens in Japan, and Italy, France, Spain, and Ireland opens up for Avon's business.

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In 1997, Avon reaches \$5 billion dollars in sales and accounts for 2.6 million independent representatives who take home a whopping 2 billion in commissions. They are up to filling 650 million orders in 135 countries.

Impact on the Industry

Avon is the world's largest direct selling company. Avon sells a majority of their products through door-to-door sales and in catalogs, but in places like China, where door-to-door selling is banned; most of their products are sold through retail outlets.

Avon has recently attempted to expand into two new markets. "Mark" is geared toward younger, college age women and "M" is a men's catalogue. The men's catalogue has proved to be the most successful as it has reached an entire new group of male customers between the ages of 18-25.

The media has also taken recognition of the Company's success. In the 1983 film, *Strange Invaders*, an alien appeared as an Avon lady. Avon is also mentioned in Tim Burton's film, *Edward Scissorhands*, as an ongoing parody of the film.

Discussion of Products

Avon sells such famous products as Avon Color, Avon Skincare, Avon Bath & Body, Avon Hair Care, Avon Wellness, Anew and Solutions, Skin-So-Soft, naturals, and more.

Only recently has Avon expanded their products to men and children, whereas before the customer base was mostly women. There is now a full line of men's products and children's products like toys and shampoo.

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Discussion of Opportunity

Avon offers its representatives four different options for commitment; Compensation, Benefits, Professional development, and a unique Working (www.mlmllegal.com) Environment.

Discussion of Distributor Base and Sales Volume in U.S.

Today, Avon sales have reached billions of dollars in products annually. Avon holds millions independent sales representatives worldwide.

Company Website: www.avoncompany.com

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Jeffrey A. Babener, principal attorney in the Portland, Oregon, law firm Babener & Associates, represents many of the leading direct selling companies in the United States and abroad.

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