

AVON

the company for women

"To be the company that best understands and satisfies the product, service and self-fulfillment needs of women – globally"

Market

Avon is a leading direct selling cosmetic company, which is present all over the world, in five continents, in 150 countries, with 44,000 employees and 5 million sales representatives.

It is on the first place in the field of cosmetics, with "good offers and discounts" and "an excellent selection of decorative cosmetics" (Source: Croatia Customer Strategy Update Study, 2007). Avon customers in Croatia are employed married women of an average age of 34, with a high school diploma, forming 36% of the market. Avon takes the second place in fragrance and make-up segment while lipsticks and lip shiners are its most sold products. In skin-care category it takes the 3rd place with an accent on excellent face-cleaning tonics and face creams, Avon's Beauty Brand image takes the fifth place. During every campaign that lasts for 3 weeks, Avon launches about 30 new products, and 17 brochures are published annually.

Achievements

In 2006 Avon Croatia received the Employer Partner Certificate, the awards Gazela and The First Croatian Kuna.

According to the business weekly Lider, Adriana Giunisa, Country Manager of Croatia, Slovenia and Bosnia, was declared one of the 300 most successful women in Croatia. She started her career in Avon in 1977 and has been building it step by step till today. In a research about the best employers, which was conducted by the company Moj Posao during the period between February and June 2008, Avon has been placed on the top 10 list of small and medium companies.

On the 8th March 2007, at the 150th anniversary of the International Women's Day, the company launched



the international campaign "Hello Tomorrow", celebrating Avon as a company for women which offers women worldwide a better tomorrow – a tomorrow that is filled with possibilities and success.

Avon has been ranked among the leading cosmetic companies in the world with over 80 patents. The company was the first one to launch products for daytime care with antioxidants and protective filters against UVA and UVB rays, products which contain pure vitamin A (retinol), stabilized vitamin C and also the molecule AVC 10 – the molecule of youth. CFT has been removed from sprays, PVC containers have been substituted by the polyethylene ones which are not harmful for the environment, and the company is among the first ones to stop testing their products on animals.

Apart from raising the Fund for fighting cancer, Avon always acts whenever help is needed. That's how the badge Heart for Asia was designed, by selling which, money for the victims of the Tsunami in 2004 was collected. Up to now, Avon has donated \$525 million dollars to 50 countries of the world to raise awareness, as well as for educating women about how to prevent breast cancer, for medical check-ups and diagnosis, to facilitate treatment, for support programmes and scientific research.

In cooperation with the association Europa Donna and the "Institute of Public Health Dr. Andrija Štampar",

Avon Croatia has created the project "My first mammography". It's a tour of a mobile mammography team which, during 8 consecutive weekends in September and October 2008,



provided the first mammography to women of the age group between 40 and 49 in Varaždin, Čakovec, Karlovac, Požega, Koprivnica, Slavonski Brod, Sisak, Nova Gradiška and Krapina.

In 2005, the famous actress and producer, as well as an extraordinary woman, Salma Hayek signed an exclusive contract as the spokeswoman and the Face of Avon, and Maja Blagdan became the Face of Avon Croatia for the Intensive cream with an anti-aging effect

from the exclusive product line Anew. Also in 2007, Avon signed a contract with the world famous actress, Oscar winner, Reese Witherspoon, who represents the first ambassador of Avon and the President of the Avon Foundation, focusing on the fight against breast cancer and domestic violence, and at the same time, she is also the spokeswoman for Avon cosmetics lines.

Avon's quality was also recognized by the most popular Croatian magazine for beauty and health, Vita, whose professional jury, consisting of physicians (among which there is a dermatologist), pharmacists, cosmeticians and hairdressers, declared Avon's SuperFull mascara as the product of the year 2007, being guided by 3 criteria: innovativeness, efficiency and reliability.



History

The history of the company truly looks like a fairy tale. At the end of the 19th century, the book salesman David McConnel came to the brilliant idea of presenting everyone of his buyers with a perfume as well. The success was so great that he decided to dedicate himself completely to the production and direct sales of cosmetic products. He named the company he founded Stratford-upon-AVON-AVON (later Avon Cosmetics) after the name of the birthplace of his favourite writer William Shakespeare and the first sales representative in the history of Avon was Ms P. F. Albee, who became an ideal to all Avon Sales Representatives across the world. McConnel came up with 5



Avon values: trust, respect, belief, humility and integrity.

The Avon vision: "To be the company that best understands and satisfies the product, service and self-fulfillment needs of women – globally".



The principles which represent the guiding line of the company's business activities are to provide individuals an opportunity to earn in support of their well-being and happiness, to provide families throughout the world with high quality products with a guarantee of satisfaction, to render a service outstanding in its helpfulness and courtesy to its customers, rewarding the employees and Sales Representatives who contribute greatly to the development of Avon, sharing rewards and success with others, fulfilment of welfare obligations towards the society and environment in which it functions, to maintain and cherish the friendly spirit of Avon.

Avon is the leading cosmetic company in direct sales founded in America in 1886 which distributes its products through brochure sales, with an effective method of reaching the buyers through personal contact based on trust. The company has been present in Croatia since 1997 and has 37 employees till today, and over 13,000 faithful Avon Ladies.

Avon is "The Company for Women" which, in 1955, founded its own fund with the aim of improving life for women. Today this mission is implemented in two ways: the fight against breast cancer and empowering women. The Avon fund for the prevention of breast cancer has collected over 525 million American dollars since 1992. In 2003 Avon Croatia also joined actively this altruistic fight and till today has collected 1,012,356.82 kunas by selling non-cosmetic products with the pink ribbon.

"In Avon, we measure our success in terms of two factors – business success, and the commitment to helping others. Avon has continually proved its unique capability to identify people's needs, to help them and to inspire them and improve the quality of their life."

Andrea Jung,
Chairman and Chief Executive Officer.

Product

In Avon's product range one can find all the high quality product lines of top-notch technology: products for skin care, make-up, fragrances, toilet products, hair care products, as well as products for men and children, and non-cosmetic products which are sold through brochures. Avon follows the trends on the market by continually creating new products, understands the needs of its consumers and constantly offers them novelties of improved formulas.

In 2006 a cooperation was started with the famous make-up artist and stylist Jillian Dempsey, the wife of the star from the TV serial "Grey's Anatomy" Patrick Dempsey, who became Avon's Creative Make-up Manager in 2008 and who came up with Avon's quality make-up. Avon continued its cooperation with the Dempsey family, and thanks to the actor's authenticity, charisma and style, (which enabled him achieve a big world success), Avon has chosen Patrick as the new face for a men's fragrance which has been announced to be launched in the year 2009. In 2007, in a sequence of cooperation with fashion designers, Cynthia Rowley, the world famous American fashion designer, especially for



Avon, designed a limited collection of beautiful feminine products in packing

decorated with floral motives. Also, in 2007, as a result of the cooperation with the world famous French fashion designer Christian Lacroix, the women's fragrance Rouge and the men's fragrance Noir were developed, while in 2008 under the title fragrances "Ungaro For Her" and "Ungaro For Him" were developed, which were designed by the world famous Italian designer Emanuel Ungaro. In 2009, Avon will launch a make-up line which will be developed in the cooperation with the Finnish fashion designer Marimekko, inspired by the philosophy that inspiration lies in the beauty of everyday life.



Recent Developments

Avon invests considerable funds in research and development of products, and in this area the most advanced anti-aging technology can be singled out that uses exclusive Avon patents in the 100 million dollars worth Global Centre for research in Suffern, New York.

Keeping step with the technological development, today it is possible to order Avon's products through the Internet and mobile phone.

Promotion

Every year over a million Croatian Avon brochures are printed, which are mostly the main promotional media. Besides that, Avon uses above the line (classical advertising), with emphasis on TV, printed and Internet advertising, and below the line (direct marketing) advertising, out of which the most popular ones are e-mailing, sending notifications by sms, various promotional activities and sponsorships.

There are also various motivational programmes with discounts and gifts with purchase, and there are also promotional activities open for general public, out of which the contest in putting on make-up held in 2007 in eight Croatian towns can be singled out, in which Avon awarded the

winner with a two-weeks' make-up course in London. Both on TV and in printed advertisements the company uses the faces of its current spokeswomen, like Salma Hayek and Reese Witherspoon, and Avon proves its social responsibility through donations to help financing the operations of ill children.

Brand Values

Avon is globally recognized as the company that advocates improvement of women's life, acceptance of differences, ecological responsibility and business ethic, and in accordance with its values, principles and vision it creates top-notch quality products meant for children,

youth, women and men, paying attention to the visual identity of its product lines. The safety of the buyers is in the first place, and so the company is dedicated to sales of only safe products, using safe ingredients in cosmetic products and working in conformity with the laws and regulations of every country in which the products are sold. Avon offers 100% satisfaction guarantee on its products. Avon believes that every woman can be beautiful and in accordance with that claim it represents beauty, trend and innovative technology.

www.avon.hr

THINGS YOU DIDN'T KNOW ABOUT...

Avon

- Avon earned its first million dollars in 1920.
- The Avon foundation for helping women was founded in 1995.
- Avon, as the first cosmetic company, stopped performing tests on animals in 1989.
- Since 1999 Andrea Jung has been the Chairman of the company, the first woman in the history of Avon.
- In 2000 the campaign "Let's talk" focused on connecting women throughout the world was initiated, and the spokeswomen were Serena and Venus Williams.
- In 2005 Salma Hayek became the spokeswoman of the Avon brands Avon Color and the prestigious fragrance collection TTA (winner of the FIFI award – the Oscar in the fragrance industry).
- In 2005 Avon opened the 100 million dollars worth Global Centre for Research and Development with nearly 21000 square metres of an area, in the original spot of the old centre, in Suffern New York.
- Avon's sales in the world exceed 8 billion dollars.
- In Croatia, Avon has been present since 1997.
- Avon Croatia has implemented Internet ordering in September of 2008, which is in accordance with its ecological awareness.
- In 2008 Avon Croatia, in co-operations with Europe Donna Association and Institute of the Public Health Dr. Andrija Štampar, in 9 cities has organised the mobile mammography tour "My first mammography".
- In 2006 and 2007 Avon Croatia received Employer Partner Certificate.
- In 2008, Avon Croatia, in the category of small and medium-sized companies, is among first 10 listed companies in which are the best work conditions.
- Avon Croatia is a founder member of The Croatian Direct Selling Association, established in May 2006.

