INTERVIEWS | INTERVIEW

"Amway to focus on health & beauty stores": Sudeep Shah

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By **Guest** | April 24, 2014



amway-to-focus-on-health-beauty-stores-sudeep-shah

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Amway India Enterprises started its commercial operations in May 1998 and has set a target of Rs 5,000 crore turnover by 2020. Amway India, with over 500 full time employees and providing indirect employment to 2,000 persons at all contract manufacturer locations, has invested over Rs 151 crore and achieved a turnover of Rs 2,188 crore for the calendar year 2012, a 7% growth over its 2011 sales turnover of Rs 2,130 crore. It has established a nation-wide presence of over 152 offices and 69 city warehouses and four regional mother warehouses. The distribution and home delivery network is spread across over 4,000 cities and towns and 11,000 PIN codes.

Last July, it announced an investment of Rs 400 crore to set up a factory in Tamil Nadu. The facility will consist of production lines for nutrition, cosmetics and oral care products. The state of the art LEED certified greenfield manufacturing facility will become operational by early 2015 on a 40 acre plot located at Nilakottai (Dindigul district) in Tamil Nadu and will predominantly manufacture nutrition and beauty products.

In February, Amway India appointed Sundip Shah as its Chief Marketing Officer in place of Naveen Anand, who has been elevated to a global role at Amway Corporations in Michigan. Shah, who has over 23 years of experience in diverse fields, including sales, marketing, advertising and new product development, worked with Heinz India before joining Amway India. In an email interview with NuFFooDS Spectrum he shared his views on trends in the nutrition market and strategies to improve the company’s share in the growing business. Excerpts:

In the last 15 years, Amway has launched a range of Nutrilite products. Of the many products which are bringing more revenue and why?

Nutrilite contributes over 55% to Amway India’s total revenue. Amongst the range of 35 nutrition products, the foundation range such as protein, multi vitamin, omega, calcium, brings in more revenue. Unlike the specialised products, the foundation range is sold more as it is aimed at a larger target group across all segments.

How do you see the market for Nutrilite products in the coming years?

The market for nutrition supplementation is very nascent in India. With growing awareness and consciousness around health and wellness, the market has great potential. Nutrilite is world's No.1 vitamins and dietary supplement brand that has been offering solutions in the space of optimal health for the last 79 years in as many as 108 countries. The credibility of experience, the elaborate research work and a distinctive distribution model gives Nutrilite an advantage and a platform to drive category growth.

Off the different demographic groups where do you see the growth for Nutrilite products in India?

Amway Nutrilite offers preventive healthcare solutions across all demographic groups – basic supplementation meant for all above 12 years of age, Nutrilite Kids Health targeted at supplementation for growing kids, Nutrilite Women's Health for their nutrition needs across all stages, Healthy Ageing products and other specialised products. Considering the lifestyle changes, all segments have increasing and specific nutrition needs. Therefore, have high growth potential provided the segment is sensitized on the need for such supplementation.

For Amway, the foundation range of supplementation that includes protein, vitamins, omega 3, iron and calcium are major growth drivers besides women's health, healthy ageing and kids range.

What are the challenges before Amway in promoting nutrition products?

The major challenge is lack of understanding/self-realisation on need for nutrition across life stages coupled with the perception on supplementation. Supplements are viewed as 'medicines' probably because they come in the form of tablets and people seek endorsement from doctors before using them. The concept of supplementation is gaining popularity in urban areas/metros, but the penetration for the nutrition range is still very low due lack of awareness on need for supplementation.

What are your strategies to improve the revenue for Nutrilite products in the next 5 years?

Over 55% of Amway India's revenue comes from our nutrition and wellness brand 'Nutrilite'. Considering the newness of the category in India, the foundation range of Nutrilite will be a strong growth driver for the brand. Besides expansion of the nutrition portfolio of products, we at Nutrilite have taken a segmentation approach with the objective to address the nutrition requirement of each of the segments i.e., kids, women, healthy aging and specialised products.

Nutrition is a major focus area for the company and we plan to focus on exclusive health and beauty stores besides education, consumer trials and advertising around this category.

There is a lack of understanding on need for living healthy through good diet and exercise besides need for supplementation to fill the nutritional gap. On this backdrop, we plan to take community focused approach where we work with people who believe and practice healthy living and through such communities we plan to reach out to a larger set of people.

What new products you are planning to launch in the coming months in India?

We have many new products in the pipeline catering to the evolving nutrition needs of different segments.

How many business owners are involved in selling Nutrilite products in India?

The total distributor base of the Indian Direct Selling Industry during 2012-13 stands at over 5 million at a growth of 18.9% in 2012-13 over 2011-12 (As per the survey conducted by PHD Chamber in association with IDSA).

Currently, Amway India has an active distributor network of approx. 10 lakh. The distributors are free to retail any of the product categories they choose to, as per their convenience and comfort factor.

What kind of support, Amway is providing to these business owners in promoting and selling the Nutrilite range of products?

We have developed a certification module on health and nutrition for our distributors, which provides information on various nutrients and their role, which is explained by a qualified dietitian. We conduct, as many as 20,000 free training programmes that is given to the distributors to enable better selling skills and product knowledge

- While, direct selling relies heavily on word of mouth publicity, we have started advertising to create awareness on brand, which helps distributors in retailing.

- Like any other FMCG company, we also give product promos for the distributors to create trials and encourage them to retail it further.

- We have set up specialized Nutrilite brand centres/experience zones in key metros, where experts give consultation to distributors and potential customers of our distributors.

- We have developed interactive e-leaning modules to provide convenience and facilitate anytime anywhere learning.

- Besides product launches as per the market trend, we also look into new packaging to sustain excitement and bring freshness into the category.

- We provide lot of support materials – brochures, product education video and handouts.

According to you, what is the current market for nutrition products in India? What percentage the market is witnessing growth in the last couple of years?

The market size for vitamin and dietary supplements in India is approx. Rs 5,300 crore (as on 2013 as per Euromonitor) growing at the CAGR of 13%

What is Amway’s share in the Indian nutrition market and at what percentage

Amway is witnessing growth?

As of 2013, Amway India holds 24% of the market share of country’s vitamin and dietary supplement market and the brand is growing at the CAGR of 15%.

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