

AVON

the company for women

THE MARKET

Women have been beautifying themselves since ancient times, and the results from Avon's latest biennial Global Women's Survey indicate that the trend is only getting stronger. An overwhelming 82 per cent of women consider beauty products a necessity, not a luxury.

Not surprising, then, that the world beauty market is worth \$200 billion. In Australia, it is almost \$3 billion.

Avon is one of the largest beauty companies, both in the world and in Australia. There are currently over 3.4 million Avon Representatives selling Avon in countries around the world, and over 40,000 in Australia.

ACHIEVEMENTS

Avon is the world's leading direct selling beauty company, with a unique and powerful reputation for quality of service and product.

As well as being one of the world's biggest beauty houses, Avon is very much driven by its vision statement: "to be the company that best understands and satisfies the product, service, and self-fulfilment needs of women, globally. Our vision is inherent in our every technological advance, in our community involvement and in our continuing efforts to provide a better product and improve our service to Representatives and Customers alike."

It is interesting to note that in today's world of e-commerce and the world wide web, so many organisations are talking about an era of unparalleled customer intimacy. Well, Avon has been conducting h-commerce for over 100 years. 'h' stands for human. Avon has had, all this time, a richness of one-to-one Customer contact that other organisations could never hope to achieve.

The Avon earning opportunity



has stood the test of time in the world's developed countries and has extreme relevance to the less developed countries.

In Australia, selling Avon can provide a great full-time income. It has certainly also proven successful in providing extra money towards such things as a child's education, a family holiday, a kitchen renovation or a second car. It can also bring new levels of social contact, friendship, self-esteem and confidence.

In poorer countries in Asia, Central Europe and Latin America, Avon earnings often put food on the tables, roofs over heads, and generally enables survival.

The spirit of independence and grass roots entrepreneurial skills that Avon has more recently given to

women in countries such as China, Russia and the Ukraine is awe inspiring. In these places Avon is a lot more than just another beauty company coming to town. It changes lives, hopes and dreams along the way.

The significant difference Avon has made around the world comes into perspective when you consider that there are currently over 3.4 million Avon Representatives globally. More women work with Avon than any other company in the world.

Avon's vision is also exemplified in our Crusade against Breast Cancer. Avon is the world's No. 1 corporate fund raiser for the Breast Cancer Cause.

In Australia, \$3 million has been raised since 1996 through the sale of Pink Ribbon products in the Avon Brochure. All profits from these sales are now donated to the Australian New Zealand Breast Cancer Trials Group and are used to fund vital clinical trials.

In more than 30 countries around the world, Avon's Worldwide Fund for Women's Health has generated over \$250 million. In March 2001, Avon committed to increasing that total to \$500 million by the end of 2002.

HISTORY

Avon is a company that values its traditions. Since its establishment in 1886, it has remained true to its founder's vision - "to honour the responsibilities of corporate citizenship by contributing to the well being of the society in which we serve."

Avon was founded by a door-to-door book salesman, David H McConnell. McConnell often gave his clients a small gift of perfume when they purchased a book. This became such a popular aspect of his service that he decided to start a perfume business. In 1886, the company went into production in New York City.

Originally known as The California Perfume Company, the business thrived, largely due to the principles McConnell practised from the onset. He saw the importance of quality -- quality of product, relationships and service. Mr. McConnell also instituted the famous Avon guarantee of satisfaction -- a most unusual policy in 1886.

The first Avon Representative was Mrs P. F. E. Albee. At a time before women had the right to



vote, Mrs Albee was instrumental in establishing the unique sales method that continues to be Avon's hallmark today. Mrs Albee was soon joined by other Representatives who were to become the first of literally thousands of women to represent Avon.

By 1928 the California Perfume Company had begun to sound too regional for a company which was operating throughout the entire United States. The name changed to its present form - Avon - because McConnell felt that the countryside surrounding the company's research, development and manufacturing plant in Suffern, New York, bore a strong resemblance to the lands around the Avon River in England

Avon began operations in Australia in 1963, where it has grown and expanded at a speed unprecedented in the cosmetic world, aided by the most modern processing, picking and warehouse equipment possible. In 1968, the head office moved from Chatswood, in Sydney, to a manufacturing and administration complex at Frenchs Forest. In 1989 the company moved to its present premises in Brookvale.

THE PRODUCT

The Avon name is synonymous the world over for quality beauty products, offering excellent value, backed by its famous 'love it or your money back' unconditional guarantee of satisfaction.

Product development takes place at the Avon Research and Development Laboratories at Suffern, New York. Here, an international group of specialists work with world-renowned scientific institutions to develop beauty products that are effective, affordable and safe. Many of the team's discoveries and innovations have led the way in the beauty market. For instance, ANEW Perfecting Complex for Face was the first AHA skin care product introduced to the general market. ANEW Luminous



Brightening Complex was internationally recognised as the best new facial skin care product in mass distribution in 2000.

Avon is constantly developing new formulas incorporating ground breaking technology. Anew Retroactive, introduced early in 2001, was the biggest launch in the history of the Australian skincare market. Other recent Anew innovations include: Night Force Vertical Lifting Complex with patent pending AVC¹⁰ technology (1998) and Retinol Recovery PM Complex incorporating patented microsphere technology (1998).

In colour cosmetics, Avon has been first to market with longer-wearing makeup technology. There have also been innovations in makeup with skin treatment properties, such as Beyond Color Lipstick, the Hydra Finish range and Face Lifting Foundations.

In fragrance, Avon has also pioneered new innovations. This has included the therapeutic benefits of Mood Enhancing Complex contained in Perceive Eau de Toilette.

As well as being a major worldwide player in the colour cosmetics market, the skin care market, and the fragrance market, Avon holds a key



position in the bath, hair care and deodorant markets. Avon enhances its beauty portfolio by selling an extensive range of fashionable and classic jewellery and accessories.

The Avon Brochure also contains an innovative and fun array of gift items to provide its Customers with the convenient opportunity to purchase for Christmas, Mother's Day and birthdays.

RECENT DEVELOPMENTS

In an exciting new initiative that joins 'health & beauty in harmony', Avon has teamed with Roche Consumer Health, the world's largest manufacturer of vitamins, to develop the VitAdvance range of nutritional supplements, launched recently in a new catalogue called Avon Well Being.

In addition to the leading edge nutritional supplements, a range of healthy lifestyle products is also available in this new business. They include information products such as books and CDs as well as items to assist relaxation and exercise.

PROMOTION

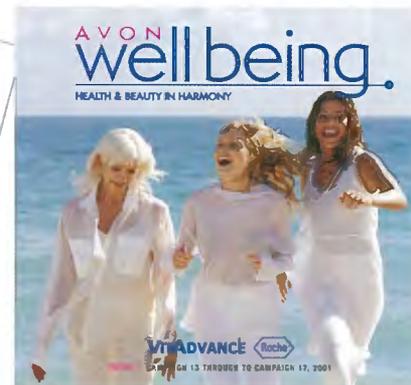
Say "Ding Dong" to any Australian woman, and most will quickly respond with "Avon Calling!"

"Ding Dong - Avon Calling" is probably one of the most powerful advertising slogans ever created, and speaks Avon's unique selling method.

In 2000, Avon began using the words "let's talk" in advertising communication - highlighting Avon's friendly, face-to-face form of personal contact.

"Let's talk" is an upbeat invitation, a friendly call to action, and a simple, concise message that has prompted women all around the world to talk about, and buy, Avon products.

The new TV and print advertising campaigns provide a showcase not only for Avon's leading edge beauty products but the benefits of purchasing them through an Avon Representative.



BRAND VALUES

Avon's approach to beauty is 'class to mass'.

It is the company's philosophy to offer the best products at affordable price points. Whilst the technology of the beauty brands is leading edge, the products are priced to compete in the mass market.

Avon strives to remain true to its vision description as the 'company for women' at all times.

Personal contact has, and always will be, a key feature and success of the Avon brand so it is not surprising that the company vision incorporates an unwavering commitment to deliver an efficient service matched with quality products, backed by a 100% guarantee of satisfaction.

Avon remains true to its heritage and tradition as a caring and responsible company.

THINGS YOU DIDN'T KNOW ABOUT AVON

- Avon is the world's largest direct selling beauty company.
- More beauty products carry the Avon name than any other in the world.
- Avon is the world's No.1 corporate fundraiser for women's health.
- Avon was originally called "The California Perfume Company". Its present name is derived from Shakespeare country through which the river Avon flows, as it particularly reminded Avon's founder David McConnell of the countryside surrounding Avon's headquarters in Suffern, New York.
- Avon's stance against animal testing was recognised in 1993 when Avon was presented with a coveted CAAT (Centre for Alternatives to Animal Testing) Award from the John Hopkins School of Hygiene and Public Health, for its commitment and dedication to developing non-animal alternatives for product safety evaluation.
- In the late 1970s, Avon created a much-needed opportunity for women's long distance running with the Avon International Running Circuit. The races popularised women's running and were widely credited with securing the Women's Marathon as an Olympic event in 1984.