

*Amway Recognized for*

**2021**

**Competitive Strategy Leadership**

Asia-Pacific Home Water Treatment Industry

*Excellence in Best Practices*

**Amway**<sup>TM</sup>

## Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. Amway excels in many of the criteria in the Asia-Pacific home water treatment space.

AWARD CRITERIA	
<i>Strategy Innovation</i>	<i>Customer Impact</i>
Strategy Effectiveness	Price/Performance Value
Strategy Execution	Customer Purchase Experience
Competitive Differentiation	Customer Ownership Experience
Executive Team Alignment	Customer Service Experience
Stakeholder Integration	Brand Equity

### Market Overview

Frost & Sullivan independent research reveals that the home water treatment (HWT) industry in the Asia-Pacific asserts promising growth due to the high demand for filtered water. The scarcity of a constant supply of clean filtered water and towering health concerns accelerate demand for better water quality. The development level in the market varies amongst the countries in the region. For example, Australia, South Korea, and Japan are at the higher progress spectrum, whereas India and China are growing swiftly. As the demand for cleaner water increases, the water purifier market observes growth.

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*- Iqra Azam,  
Best Practices Research Analyst*

A few challenges limit the HWT industry’s regional development, irrespective of its solid growth in some countries. A critical threat is the availability of other types of filtered water, for instance, bottled water and water dispensers. The majority of the region's population uses water dispensers to substitute HWT systems because they consider dispensers more convenient. The market’s entry barriers are easy to pass because of the lack of proper regulations and insubstantial awareness of health and safety standards amongst consumers. Thus, many brands claim to offer clean water, and the market has become

crowded with small, local brands that use unreliable equipment and offer homogenous products. Due to this saturation, customers cannot differentiate between questionable and authentic products. To curb this challenge and become a prominent service provider, HWT market participants need to capitalize on innovative competitive strategies while addressing changing customer needs.

### ***Accelerating Development through Innovative Strategies***

Amway, a leading marketing company in the Asia-Pacific HWT industry, persistently modifies its business strategies to offer an enhanced customer experience. To improve the accessibility of its flagship product, eSpring, the company is offering multiple paths to purchase for customers, including both traditional distributor sales and seamless online shopping. Thus, Amway catered to their needs and introduced a direct purchase option. With this change, the company's market presence has become more robust in Malaysia, Japan, Taiwan, Korea, and Thailand.

In 2020, Amway celebrated eSpring's 20th anniversary and leveraged it to enhance its marketing strategy by emphasizing the legacy of filtered water and improvements offered by this unit. The company also introduced campaigns on social media as an extension of this anniversary. These campaigns heavily promoted eSpring and celebrated Amway's customers' contribution in positively impacting the environment by reducing the use of plastic bottles. Despite the challenges of the COVID-19 pandemic, Amway managed to increase the sales curve of eSpring by 2%. This continued growth is a result of increased sales of the eSpring unit and the replacement filters. The company improved its marketing approach and communication between ABOs and customers during the pandemic. To promote eSpring, owing to declined purchasing power during the pandemic, Amway redesigned its promotion mechanics to be convenient for ABOs to sell and for customers to purchase.

The company focused on pandemic-driven demands for its promotions; for instance, it gave product discounts instead of offering product bundle promotions. Amway adopted a digital approach and used social media for product marketing to comply with social distancing and work from home norms. Furthermore, the company has an excellent procurement and sourcing team that mitigates supply chain and component shortage issues, meeting market demand uninterruptedly. Frost & Sullivan acknowledges Amway for its ability to swiftly modify its business strategy in line with the changes driven by the pandemic.

As the HWT market's entry barriers are low, it is challenging for customers to identify the main differences between brands. Amway sets itself apart in the market with eSpring by capitalizing on its robust brand reputation and 20 years of experience and research and development. It is one of the top-selling brands of home water purification systems in the Asia-Pacific region and the world "with more than 6.2 million units sold in 48 countries and territories"<sup>1</sup>. Amway is anticipating a 3% year-on-year development in the next two years, as it leverages technology and market knowledge to launch its upgraded HWT product.

The eSpring unit's distinctive features make it appealing to customers. Its high-quality filtration system has a 0.2-micron filter that can remove almost 140 contaminants, such as organic and inorganic

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<sup>1</sup> <https://www.amwayglobal.com/newsroom/why-you-should-consider-a-water-purification-system-based-on-20-years-of-making-the-worlds-best-selling-one/>

compounds, pesticides, industrial chemicals, fine particles, and biological hazards. Additionally, it has an ultraviolet (UV) and carbon filtration system that removes more than 99.99 % of waterborne disease-causing bacteria and viruses and ensures that essential minerals and nutrients, namely magnesium and calcium, remain in the filtered water. In conformity with the ‘Restriction of Hazardous Substances Directive 2002/95/EC<sup>2</sup>, Amway limits the use of hazardous substances in its equipment. The company ensures that it does not exceed the maximum allowed concentration values of “lead mercury, cadmium, hexavalent chromium, polybrominated biphenyls, and polybrominated diphenyl ethers”<sup>3</sup> in its eSpring

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unit. Furthermore, eSpring has a patented smart chip installed within that monitors the filtration cartridge’s life. For user-friendliness, this technology alerts customers through audio and visual notifications whenever the cartridge requires replacing. Amway has taken its HWT product to another level by integrating it with the eCoupled wireless power feature that entirely separates the UV lamp from the power source and intelligently empowers the lamp without electrical contact. For customers’ safety, eSpring does not have any electrical connectors outside. Amway incorporates the UV and carbon technologies within one cartridge with this innovative strategy, making eSpring a lasting and cutting-edge HWT system. Frost & Sullivan applauds Amway for this unique and innovative product that establishes new and improved standards for other HWT products in the market.

### ***Demonstrating Adaptability and Accessibility for Exemplary Customer Experience***

Amway’s ABOs are its primary source of communication with customers. To ensure that ABOs provide an excellent customer experience and generate sustainable growth opportunities, the company provides them with essential tools, platforms, and infrastructure. For instance, the company introduced an enhanced growth and incentive program in 2020 to encourage business productivity by rewarding those ABOs who demonstrate exceptional performance. These programs also focus on solidifying ABOs’ product familiarity and product selling skills to ensure customer satisfaction. Additionally, Amway stimulates continued communication between its management and ABOs utilizing events and other initiatives. Recently, Amway Malaysia organized events, such as Recognition Rallies, National Leadership Conference and Dinner, Platinum Forums, and Diamond Meetings as a part of its Leader Growth Solutions initiative to connect with its ABO base.

Moreover, many Amway ABOs are eSpring product experts, and they accommodate customers throughout the sale, delivery, and unit installation procedures. This approach helps to subdue any ambiguities and concerns customers may have, as ABOs competently address them. The company offers

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32002L0095>

<sup>3</sup> <https://www.wiremasters.net/quality/restrictions-on-hazardous-materials>

extensive premium after-sales services to maintain an outstanding customer purchase experience. If any customer faces technical issues with their eSpring unit, Amway dispatches a technician to check and fix the problem instantly. Furthermore, a global after-sales service team recurrently engages with Amway's regional customer service call centers to discuss ways to enhance customer experience and customer retention. Amway then employs this information to design and offer new and upgraded premium service protocols and solutions; thus, determinedly aligning itself with changing customer needs. The company invested around \$500 million in 2020 to enhance its digital platforms, innovate products, autonomous ABO compensation, and empower ABOs to meet customers' demands better.

The company has recently streamlined its product registration and spare parts ordering procedures, upgraded customer support services, amplified installation services, and accelerated active engagement with customers about its product upgrades to augment customer satisfaction. Every eSpring unit accommodates the equivalent of 10,000 500-milliliter water bottles, decreasing plastic water bottle use on a large scale. Frost & Sullivan recognizes Amway for significantly contributing to the environment through its innovative and comprehensive product.

Amway uses a proprietary quantitative tool to offer an excellent customer service experience. This tool holds all the information gathered from customers' feedback, small group panel tests, and customer service call centers and analyzes it to ensure that all customers remain loyal and satisfied throughout their product's journey with Amway.

## Conclusion

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In the highly saturated Asia-Pacific Home Water Treatment (HWT) market, Amway outshines through its cutting-edge technology integrated eSpring HWT unit. The company employs ingenious growth strategies to enhance its distribution channels, offer premium after-sales services, and promote an exceptional product and brand identity. Therefore, it sustained financial growth despite the COVID-19 pandemic and increased its eSpring sales by 2%. To ensure a seamless customer experience, Amway demonstrates agility through customer-centric, streamlined solutions. The eSpring unit embodies Amway's remarkable ability to offer innovative and sustainable products. The company continues to see growth in sales despite the COVID-19 pandemic; thus, securing a competitive position in the market.

With its strong overall performance, Amway earns Frost & Sullivan's 2021 Asia-Pacific Competitive Strategy Leadership Award in the home water treatment industry.

## What You Need to Know about the Competitive Strategy Leadership Recognition

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Frost & Sullivan's Competitive Strategy Leadership Award recognizes the company with a stand-out approach to achieving top-line growth and a superior customer experience.

### Best Practices Award Analysis

For the Competitive Strategy Leadership Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

#### *Strategy Innovation*

**Strategy Effectiveness:** Effective strategy balances short-term performance needs with long-term aspirations and overall company vision

**Strategy Execution:** Company strategy utilizes Best Practices to support consistent and efficient processes

**Competitive Differentiation:** Solutions or products articulate and display unique competitive advantages

**Executive Team Alignment:** Executive team focuses on staying ahead of key competitors via a unified execution of its organization's mission, vision, and strategy

**Stakeholder Integration:** Company strategy reflects the needs or circumstances of all industry stakeholders, including competitors, customers, investors, and employees

#### *Customer Impact*

**Price/Performance Value:** Products or services provide the best value for the price compared to similar market offerings

**Customer Purchase Experience:** Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

**Customer Ownership Experience:** Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

**Customer Service Experience:** Customer service is accessible, fast, stress-free, and high quality

**Brand Equity:** Customers perceive the brand positively and exhibit high brand loyalty

