

Direct Selling News

Serving the Direct Selling and Network Marketing Executive

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**Quality
and Style**

The Key to Success

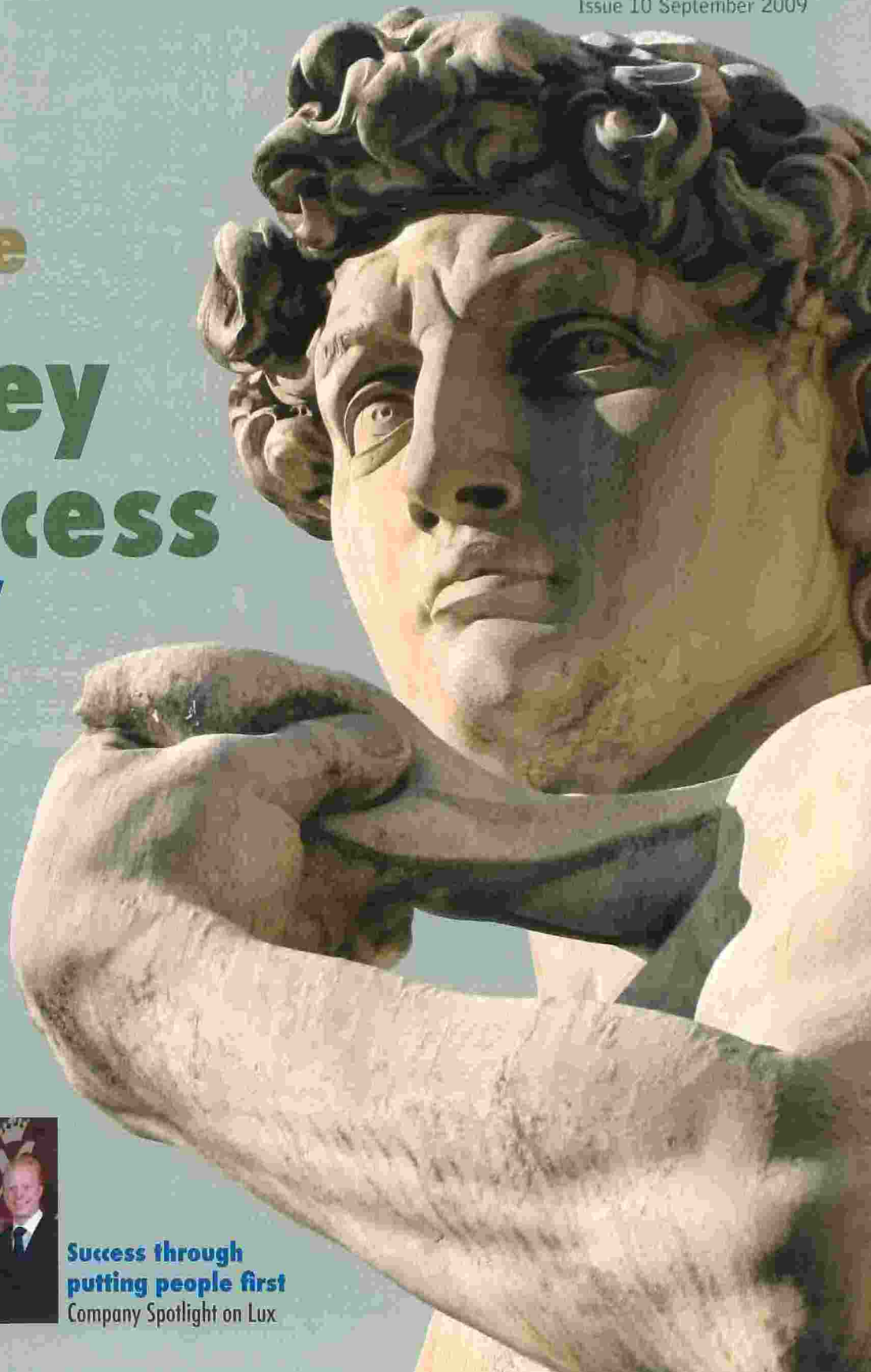
Country Focus on Italy



Special Report
on Avon UK Sales
Leadership Programme



**Success through
putting people first**
Company Spotlight on Lux



Pioneering spirit lives on at



LUX International was the world's first multinational direct selling company and is today active in more than 35 countries. As demand for its quality household appliances continues to grow year after year, *Direct Selling News Europe's* Madeline Clark looks back at the company's roots and finds out more about its amazing success story...

Lux International was founded more than 100 years ago by Axel Wenner-Gren, the Swedish inventor of the first household vacuum cleaner and a pioneer of direct selling. Today that pioneering spirit remains at the heart of the company's success, with Lux International still very much at the forefront of all the very latest developments that help families and businesses around the world to keep their homes and offices clean and healthy.

With so much emphasis today on healthy living, business is booming for the Swiss company across the globe, with a recent study showing that well

**The groundbreaking
Aeroguard air purifier,
recommended by the DAAB**



over 70 per cent of Lux customers are regular buyers of its products.

Last year Lux launched the groundbreaking Aeroguard, an air purifier recommended by the German Asthma and Allergy Association DAAB, which not only cleans the air in your home but also reduces dust, thereby significantly reducing the time needed for effective household cleaning.

Reto von der Becke, CEO of Lux International and President of the company's Executive Board, explained, "The World Health Organisation considers indoor pollution to be one of the five major health threats for human beings in years to come. The Aeroguard offers a solution which is proven to work successfully and is recommended by the German Asthma Allergy Association, which is Europe's largest association for asthma and allergy patients. The Aeroguard had to undergo very strict tests to get certification from them and this is something we are extremely proud of."

He added, "While the Aeroguard system is beneficial for people suffering from asthma or allergies, it is also the first household appliance that automatically cleans for you by significantly reducing the amount of dust in the home. This is something that is very much appreciated by customers as it means they spend less time cleaning."

This autumn Lux will also launch its revolutionary Lux Intelligence™ vacuum cleaner system. It will be a world innovation in the segment of household cleaning, combining Swiss Design, a new and patented European intelligent operation technology and a new level of healthy filtration system, all manufactured by Lux International exclusively in Europe.



Meanwhile, the company has also responded to an increasing demand for better quality drinking water across Europe by developing a range of water purification systems such as the Aqualux water purifier which provides an attractive alternative to bottled water, straight from the tap in your home.

Today, Lux International is a successful and continuously growing Swiss company with a growth in sales of 5 per cent in 2008. For 2009 the company plans a further expansion of its sales volume in a demanding

market environment. In Europe, Russia, South Africa and South America, Lux International is represented with 12 fully owned subsidiaries and an additional 14 National Agent Partners. Over 2,000 full time Sales Consultants work in these regions, exclusively for and with Lux.

In 2007 Lux International also founded the joint venture company Forbes Lux Group together with Eureka Forbes India, the country's largest direct sales company. Eureka Forbes, also a family owned company, is the undisputed market leader in India in the sale of vacuum cleaners and water purifiers. Under the name Forbes Lux Group, this 50/50 joint venture has helped both companies to further expand their global direct sales activities. Together with Forbes Lux Group, located also in Switzerland, Lux International has established subsidiaries in Indonesia, Thailand, Malaysia, Vietnam and the Philippines. In Asia, a further 1,000 full



Lux Intelligence™ vacuum cleaner system

time Sales Consultants are working for Forbes Lux Group. Lux International is also a founding member of the Lux Partnership Alliance. Together with its partner companies the partnership alliance has realised a turnover of over €500 million in 2008, employing over 10,000 Sales Partners and staff worldwide.

Lux has been at the forefront of most major design innovations that have improved vacuum cleaners throughout the 100 years it has been operating. For several decades during its long history the company was a division of the Swedish company, Electrolux, before being acquired by the von der Becke family in 1999. Reto von der Becke recently took over from his father Reinhard as CEO of the company, with Reinhard continuing in his role as Chairman of the Board of Directors.



Lux International Board of Directors (from left to right) Suresh Goklaney, Rudiger Giebel, Reinhard von der Becke and Reto von der Becke

Reto believes the secret of the company's success lies with its philosophy of putting people first. "For the last 100 years this has been the number one force of our success," he pointed out. "In the end it is our Sales Partners that make our success come true on a daily, weekly and yearly basis. In common with other direct selling companies, we offer opportunities to reach for the skies and make dreams come true. It is wonderful to see people joining the company, maybe with very little, and then two years later you are looking at a successful Sales Manager.

"If you look at my father, Reinhard von der Becke, he is a real example of this," Reto continued. "He started as a vacuum cleaner salesman and for over 25 years he developed AMC, as its CEO, into one of the biggest direct selling companies in the world. Today he is one of the most respected industry leaders in Switzerland and the owner of a proud company like Lux International, operating in well over 30 markets. This is one of many examples of how Lux and working in direct sales can have an impact on people's lives. Our products also address a very important part of everybody's life which is the well-being and health of the family."

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Reto von der Becke

Reto believes that the company's continuing success hinges also on its emphasis on focusing on the core business of direct sales of quality, healthy, home products. "This has been an important strength of our company since we took it over from Electrolux in 1999," Reto pointed out. "We very much live a culture where we work ourselves as managers and owners at the forefront of our business. Our family has a history of more than 40 years in direct sales and in the last 10 years we have not only continued this philosophy but strengthened it."

Reto believes customers continue to buy Lux appliances, not just because of the high quality of the products, but also because of the high quality of the customer service Lux offers. "For example, you have to make sure your customer can reach you if there is a repair needed and I think service and product quality always will be an important way for us to continue operating successfully," said Reto. "We also



The world's first domestic vacuum cleaner

offer five year guarantees on products which is much longer than is legally required in Europe and this is something the European customer appreciates. We certainly wouldn't still be operating after more than 100 years in a demanding market place like Europe if we didn't offer such a high quality customer service."

Though Lux has much in common with other direct selling companies, one thing that sets it apart is that it is family owned. "Because we are a family owned business, there is a lot of personal commitment to the company and its Sales Partners," explained Reto. "I think this is something our Partners appreciate. It is particularly important because 95 per cent of our Sales Partners work for us full time, so it is their main source of income. The uniqueness of our products also sets us apart from other direct selling companies in that we design, develop and produce all our own products. This creates a high point of entry for new competitors."

Reto believes Europe is one of the most challenging markets to operate in and, that to be successful, it is crucial to keep up with the times. "This means constant innovation of products and constant innovation of sales and remuneration systems," he pointed out. "The European customer is very aware of what other offers are available so it is important

to offer top quality products. Meanwhile, to be competitive within the labour market you also have to offer attractive income opportunities. The Europe of today is not the Europe it was 10 years ago and remuneration systems have to be up to date. However, it is also important that we do not try to reinvent the wheel all the time. There are many traditional ingredients of direct sales which are more important today than ever before, and the Lux philosophy, to put people first, is as relevant today as it was 100 years ago.

Throughout its long history, Lux International has established itself as one of the world's most highly-respected direct selling companies. "One reason why we have been successful for so long is that we have always adhered to Europe's strict direct selling regulations," explained Reto. "European Sales Partners also value training concepts such as our Lux Business School, the Lux Management School and the Lux Academy. It is important to continuously train your people in order for them to be successful in a challenging but exciting European market.

"One vital key to success in direct selling is retaining Sales Associates," Reto explained. "The Lux slogan, 'Pride, Earning, Learning and Fun,' sums up the company's values which play a huge role in the retention of the Sales Force. If you are looking to retain independent partners, it not just about offering quality products but also about giving recognition to the partners and making work fun by offering

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motivational incentives, fantastic conferences, trips around the world and attractive, high earning opportunities. For example, every year Lux holds its International World Trophy Conference where our Sales Associates from all over the world are awarded for outstanding performance. The event takes place in a different country each year and was this year held in Iceland."

Reto is confident Lux will still be expanding and operating successfully in another 100 years and will continue its global expansion independent of the current market environment. "Innovative new products are already in the pipeline for 2010 and we will continue to invest in new products in order to build a platform for the success we want to enjoy in the years to come," enthused Reto. "As a family owned company we will never lose our personal touch which gives a lot of confidence to our partners as well as our customers."



The Lux International World Trophy Conference