

F R O S T & S U L L I V A N



**2022**  
**COMPETITIVE**  
**STRATEGY**  
**LEADER**

*ASIA-PACIFIC*  
*HOME WATER TREATMENT INDUSTRY*

## 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 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

### *A Market Snapshot*

The increasing incidences and growing consumer awareness of water-related health problems in the rapidly urbanising Asia-Pacific (APAC) region drive the growing demand for safe drinking water. Within this context, home water treatment (HWT) systems, recognised as the most convenient water purification method for residential consumption, enjoy promising growth as optimal solutions to the region’s unreliable drinking water supply.

Despite the robust uptake of HWT systems in certain APAC countries (including Australia, South Korea and Japan), several challenges limit the regional market’s overall development. The availability of other types of filtered water, such as bottled water and water dispensers, remains a critical threat to HWT systems’ mass adoption. For instance, most of the region’s population uses water dispensers as cheaper and more accessible drinking water sources. Moreover, the low entry barriers (owing to the lack of proper regulations and insubstantial health and safety standards) saturate the market with small, local brands offering homogenous and often unreliable water purifier solutions. As a result, customers cannot effectively differentiate authentic products from their questionable counterparts. In addition to these inherent challenges, the evolving market landscape (especially in Southeast Asia) with the continued growth of service-oriented players (that market their offerings as premium water service contracts instead of individual products) increases the competitive pressure on product-based participants.

Frost & Sullivan anticipates market participants that capitalise on innovative competitive strategies to drive product differentiation while addressing changing customer needs will register robust growth in the APAC HWT space. Moreover, product-based companies must continually explore new business models, such as leasing and service contracts, to maintain their edge in the market's changing competitive landscape.

### ***eSpring™: A Leading Home Water Treatment Solution for the APAC Market***

Founded in 1959 and headquartered in Ada, Michigan, the United States, Amway is a global entrepreneur-led health and wellness company committed to “helping people live better, healthier lives.”<sup>1</sup> The company leverages its impressive team of nearly 800 employees who are science experts. Operating in 100+ countries and territories, Amway leverages this comprehensive product suite to address its customers' health and wellness needs uniquely and holistically.

In 2021, Frost & Sullivan recognised Amway for its ingenious growth strategies to enhance its distribution channels, offer premium after-sales services, and promote a distinctive product and brand identity and remains impressed with the company's continuing innovation and sustained leadership.

Entering the relatively nascent APAC HWT space with its flagship eSpring™ water purifier solution in the early 2000s, Amway continues to retain its position at the cutting-edge of clean water technology through its strategic focus on ongoing innovation and customer-led product development. More importantly, as the APAC region's leading HWT systems brand, the company successfully differentiates itself against competing solutions offered by the fragmented market's new and emerging players.

*“Frost & Sullivan believes Amway is uniquely prepared for today's demands and exceptionally positioned for tomorrow's needs. The company's clear strategic vision and execution underpin its partner of choice status and sustainable growth for years to come.”*

***- Janice Wung,  
Program Manager, Energy & Environment***

The eSpring™ solution is an on-demand, point-of-use water purification product that leverages the company's innovative mix of state-of-the-art technologies to deliver clean, safe and better-tasting water in a cost-effective, consistent and eco-friendly manner. The product utilises Amway's patented combination of mechanical filtration, activated carbon filtration and ultraviolet (UV) light inactivation technologies to remove 160+ contaminants (including pesticides, industrial

chemicals, organic and inorganic compounds and particulates up to 0.2 microns) while retaining beneficial minerals and essential nutrients (such as calcium and magnesium). In addition to these benefits, Amway's HWT product is remarkably more cost-effective and eco-friendly than competing solutions. For instance, each eSpring™ filter cartridge treats up to 5,000 liters of water, providing the equivalent of 10,000 water bottles and meeting an average family's yearly drinking water needs.<sup>2</sup> Similarly, these units convert nearly 100% of influent tap water into effluent purified water, resulting in minimal water wastage (compared to almost 80% from popular reverse-osmosis filtration systems).

<sup>1</sup><https://www.amwayglobal.com/>, accessed July 2022.

<sup>2</sup>[https://www.amway.ca/en\\_CA/espring](https://www.amway.ca/en_CA/espring), accessed July 2022.

Available in above and below-counter models, the eSpring™ units consist of the following state-of-the-art components:

- **Activated carbon filter technology:** Amway employs its patented multi-stage carbon-block filter cartridge made from high-quality, coconut shell-based activated carbon to purify tap water efficiently. The technology allows the eSpring™ product to remove harmful contaminants while allowing beneficial minerals to pass through safely.
- **UV light technology:** The eSpring™ unit utilises UV light to effectively destroy more than 99.99% of waterborne pathogenic bacteria and viruses in tap water. To this end, Amway employs highly efficient lamps that emit 40 millijoules per square centimetre doses of UV light.
- **Monitoring technology:** The company's smart-chip technology connects and monitors the eSpring™ unit's water filtration cartridge usage. The system then automatically notifies customers when it is time to replace the cartridge via audio and visual indicators, ensuring a smooth and hassle-free customer experience.
- **Inductive coupling:** Amway's innovative eCoupled wireless inductive coupling technology completely isolates the UV bulb from the power source within eSpring™ units, enabling the company to combine the UV and carbon technologies safely into a single cartridge. As a result, the HWT systems are highly durable, exceptionally energy-efficient, and notably user-friendly.

On top of these state-of-the-art features of its market-leading technologies, Amway further differentiates itself in the highly competitive market as the world's first HWT system to meet three internationally recognised water quality standards. Specifically, the eSpring™ unit meets or exceeds the stringent requirements of the National Sanitation Foundation/American National Standards Institute's standards 42 (tests systems for effluents' aesthetic characteristics), 53 (tests systems for ability to remove detrimental contaminants), and 55 (tests UV water treatment systems for the efficacy of microbial control). As a result, this extensive scientific testing and third-party certification ensure Amway's eSpring™ product satisfies the highest standards of safety, performance and structural integrity.

Frost & Sullivan recognises Amway for its unique and innovative eSpring™ product that establishes new and improved standards for other HWT products in the market.

### ***Competitive Edge through Unique Strategies***

Amway strengthens its advanced HWT solution's competitive differentiation and stays ahead of the technology and demand curve by continually adding unique capabilities in response to evolving customer needs. The company leverages its extensive R&D capabilities and innovation agility to drive this customer-driven product development strategy. As a result, Amway responds rapidly and proactively to both new customer demands and its existing eSpring™ units' technical challenges in the field, thereby marinating old systems while developing new product iterations.

To this end, the company innovates to implement the necessary design changes to build fully functional replacement components for obsolete parts and fulfill its commitment to serve its installed base's accumulatively ageing units (for at least the next ten years). In addition, Amway is currently developing the next generation of its water purifier product by incorporating several human-centric and Internet of

Things-based features to make the new systems more intelligent, connected and interactive. The company plans to leverage the enhanced connectivity to solidify its customer relationships, simplify communication and streamline component repurchase/replacement operations. Other key additions include advanced UV light-emitting diode lamps and automated firmware modification capabilities. Amway plans to release this latest iteration of its eSpring™ unit in 2023.

Recently, Amway also started exploring different business models to retain its edge in the evolving APAC landscape. For instance, the company strives to improve its HWT solution's cost-effectiveness by analysing

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**- Sama Suwal,  
Best Practices Research Analyst**

the possibility of leasing or offering long-term bundled services. Amway has already made incremental progress in some markets, such as South Korea and Malaysia, in providing customers with innovative financing options and plans.

Moreover, Amway's extensive industry relationships with its partner and vendors protect it against supply chain volatility, as evidenced by its success in securing its production and delivery operations against pandemic-related disruptions and pricing pressures. The company nurtures these mutually beneficial partnerships to gain early insights into possible supply chain issues, enabling it to implement strategic

decisions, informed purchases and collaborative actions to address them proactively. As a result, the company prevents the prolonged stock-outs of its new systems and replacement components, ensuring optimal customer satisfaction.

Frost & Sullivan believes Amway is uniquely prepared for today's demands and exceptionally positioned for tomorrow's needs. The company's clear strategic vision and execution underpin its partner of choice status and sustainable growth for years to come.

### ***Guaranteed Satisfaction through End-to-end Customer Service***

With its customer-centric corporate philosophy, Amway operates on the central tenet that its success depends on customer satisfaction. This philosophy permeates the company's daily practices. To this end, Amway sells a wide range of health and wellness products through an expansive network of entrepreneurs known as Amway Business Owners (ABOs), completely cutting out third-party distributors, retailers and resellers. These ABOs are Amway product experts who offer personalised service and thoughtful product recommendations while ensuring that customers receive only certified and high-quality products.

Besides, ABOs accommodate customers throughout the purchase, delivery and installation of Amway's eSpring™ units. The company complements this hands-on, end-to-end customer experience with robust after-sales services, incorporating 24/7 customer call centres, local technical support teams and on-site /in-home services to deliver optimal customer experiences. Amway ensures the continuity of exceptional service delivery by equipping its ABO network with the essential tools, platforms and infrastructure required to assuage customer concerns while driving sustainable business growth. For instance, in 2020,

the company introduced its Core Plus+ Discretionary Incentives Program and Growth Incentive Program to incentivise business productivity and enhance the network's product familiarity and selling capabilities. This approach drives the healthy growth of its ABO base.

Additionally, Amway employs its ABO network to maintain a direct line of communication with its customers. This ongoing relationship empowers the company with the necessary customer intelligence to inform its product development and service delivery efforts, aligning its offerings with changing market demands. Amway's foundational approach establishes ongoing trust with customers for long-lasting relationships extending throughout the product life cycle. For instance, the company added a direct purchase option upon observing reluctance among potential buyers who wanted to purchase its products but did not want to communicate with ABOs. This new option allows customers to buy products directly from the company.

As a result of these strategies, Amway registers consistent growth for its HWT solution. For instance, as of 2022, the company has sold 6.5+ million eSpring™ units in 48 countries and territories. Amway continues to maintain a strong market presence, especially in Malaysia, Japan and Korea, and expects to accelerate its growth trajectory with the upcoming launch of its latest product iteration. Frost & Sullivan believes the company is well-positioned to drive the APAC HWT space into its next growth phase, capturing market share and sustaining its leadership in the coming years.

## Conclusion

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Frost & Sullivan believes that innovation and growth opportunities drive future success; many factors contribute, yet having a competitive strategy is critical. Amway understands this core concept and is leading the Asia-Pacific (APAC) home water treatment (HWT) market due to its focused strategy, helping it to outpace competitors. The company continues to differentiate itself in the highly competitive and fragmented APAC HWT space through its superior product lineup, customer-led product development efforts, innovative business models and excellent aftersales services. Overall, Amway develops and implements its strategies with its customers in mind, securing its position as a trusted partner and market leader.

With its strong overall performance, Amway earns Frost & Sullivan's 2022 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 recognises 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 utilises 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 organisation'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

