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Multi-level marketing of quality beekeeping products

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Summary

This paper goes through and analyses an example of one Russian beekeeping company which having chosen an unusual way of marketing its quality food products succeeded and now is coming to the European market.

KEYWORDS: Russian company, beekeeping, multi-level marketing

1. Introduction

The Tentorium Apicompany was started as a small agricultural enterprise in 1988. To provide for the family, the company's founder and his wife had acquired a single bee colony to pollinate cucumbers. By 1990 the company turned into a scientific and production enterprise specializing in developing and manufacturing organic apiphytoproducts using beehive supplies. Now it is a dynamically developing holding comprising 7 units, including a number of modern multibranch production facilities and research centres. The headquarter of the company is in Perm, Russia.

Despite its brilliant past, beekeeping in Russia in the 20th century went through a series of major changes, following the October Revolution and World War II. Rich beekeeping traditions were undermined by the lack of stability in the society. The Tentorium apicompany is the first beekeeping company in Russia which started bringing back rich beekeeping traditions in Perm Region in particular and in Russia as a whole.

2. Quality beekeeping products

Tentorium is the major enterprise in the country and the world's only company processing all known hive products. The company encourages training and retraining of specialists in beekeeping, introduces and promotes new beekeeping and breeding technologies in northern climatic conditions, ways to process beehive products, to use bees for pollination. The firm assists beekeeping research activities at institutes of higher education in Perm, at experimental and teaching apiaries. The Tentorium apicompany has its own Apicentre. Apicentre apitherapists use apiphytoproducts and bee venom to treat such disorders as orthopedic injuries, diseases of nervous, cardio-vascular, respiratory, digestive, urogenital systems, skin problems and eye disorders.

Today Tentorium is one of the world's renowned companies manufacturing wellness products based on hive products and herbal extracts. Its products and activities have been presented with honorable Russian and international awards, including a Eurostandard prize, a Gold medal of the Society for Encouraging and Supporting Industry (France), 3 Gold, 1 Silver and 2 Bronze medals of Apimondia, International Apicultural Congress. Tentorium produces over 60 different brand names and use them effectively in apitherapy. Tentorium product range includes wellness dragee, honeys and honey confectionery, balms, skin care, face care, hair care, foot care, hand and nail care, bath care and body care products, which are known as the "Big Health Package". The company introduces new technologies in production processes and test the quality of raw materials and finished goods, thus ensuring unique properties, large-scale application opportunities and total

health safety of the products. One of the key factors which make Tentorium products unique is clean water which it introduces in all production processes. The company uses ecologically purified silver-ionized artesian well water, "Rodnik Prikamya" (Perm Region Spring). The total water mineralization is 260 mg per liter. It uses only clean water to manufacture in order to ensure its products are friendly to the environment on the whole and to clean water use in particular.

Here there are some concrete examples of the brand-new technologies which Tentorium uses to manufacture its products. To produce the high-quality Honeys, it applies cryogenic method of honey treatment, thus ensuring that active properties of honey are preserved. Ultrasonic homogenization contributes to the increased quality of the honey (diastase number not less than 18 units). To avoid oxidation each finished product is sealed with a vacuum membrane.

The Wellness Dragee products consist of pollen covered with a microspheric coating of natural beeswax, which helps reduce unwanted pollen hydrophily (increased moisture absorption). This coating contributes to longer expiry dates and helps to preserve full biological value of the products.

Tentorium introduced a new kind of propolis in form of Product no.1 Balm, liquid extract, pure native propolis concentrate, to manufacture which it uses the leading edge know-how such as maximum reduction of alcohol content, as the main solvent it introduces silver-ionized water instead. Additionally, the firm applies a special technology of apiary propolis purification to avoid mechanical waste.

Another product - ApiHit Balm - is manufactured by means of a method called CO₂ extraction. It is also used to produce Apicream, where this method helps extract maximum useful properties from pollen to ensure DNA-reducing nucleases provide anti-aging effect widely applied in the Cosmeceutic Collection of company.

3. *System of multi-level marketing*

Tentorium distributes its products using an effective marketing plan based on direct sales marketing strategy.

The system of the multi-level marketing (or direct marketing or network marketing) was invented in the USA and it assumes that the products are distributed not through the usual commercial channels but through independent entrepreneurs (or distributors) who have a contract with the company and personally present company and its goods to customers. The explicit rules of relationships between a firm and its distributors and customers vary from company to company and are registered in a main corporate document named a marketing plan.

According to the marketing plan of Tentorium, each person, who wants to lead a healthy lifestyle, to improve own health or to start his own business, could build his cooperation with the company in three possible ways:

- 1) to be an ordinary customer and to buy products at the retail prices for personal use from the company's distributors;
- 2) to become a permanent client by purchasing a particular starting set of goods and making a contract which will allow to buy products with a discount of 40% and to get a corporate premium on reaching and exceeding a particular purchase amount per month (5-10% of the purchase volume);
- 3) to become an active distributor by selling the production of the company and attracting new permanent customers and distributors (in proper terminology, building the own network) that gives an opportunity in addition to 40% of retail prices and the corporate premium for an own purchase amount to get a corporate premium for the development of the network which is a percent of purchase volumes of the attracted people.

The structure of this marketing plan could be presented in the following exhibit.

Table 1. Structure of Tentorium Marketing Plan

	Contract with the company	Discount of 40% from a retail price	Corporate premium of 5-10% for an own purchase amount	Corporate premium of 3-8% for a purchase volume of network
1. Ordinary customer	-	-	-	-
2. Permanent client	Yes	Yes	Yes	-
3. Active distributor	Yes	Yes	Yes	Yes

In such a system each active distributor can increase his personal income without limit by developing his network and so increasing its total purchase volume. On reaching a given purchase amount he could open his own warehouse or office which could be used by other distributors to buy the products and conduct corporate events. Usually the method of the distributor's work supposes the organization of presentations of the company which could be held in the office, at working place of potential clients, at home and etc. The distinctive features of such a business:

- - creativity;
- - independence;
- - unlimited growth of income.

For the Tentorium Apicompany the choice of such a marketing system could be caused by an uniqueness of the products that are required personal approach and explanation. The accuracy of this choice was proved by the successful development and growth of the company and the range of producing products. Currently the enlargement is continuing: the company is constructing a new factory in Russia to meet increasing demand resulting from the fact that Tentorium is coming to the European market.

This year in October the Tentorium Apicompany got the certificates for the production to have a right to sell it in the European countries and since the first of November the company opened an office in Dresden, Germany. In the nearest plans of the firm to launch the work on the multi-level marketing base in Europe as well. But by now the process of legal adjustment with European law agencies is not over. European laws are different from Russian ones and law organizations are strict and suspicious concerning all network marketing companies especially coming not from the USA or Europe itself.

4. References

In this article I used materials from the official sites of the company (www.tentoriumapi.com , www.tentorium.ru) and personal experience of working as a distributor of this company.

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