AVON CALLING SOUTH AFRICA

Can Avon provide a model for poverty reduction in Africa?

BY CATHERINE DOLAN AND LINDA SCOTT

Today’s approaches to international development emphasise partnerships between governments, non-governmental organisations, and the private sector, including multinationals. Such partnerships hope to harness globalisation, using trade systems to deliver both profits and social well-being. High profile efforts, such as Grameen Bank’s “phono ladies” and Unilever’s Project Shakti, focus on empowering women, using new technology and business systems to lift participants out of poverty while distributing consumer goods. Trading partnerships between multinationals and local women’s networks have gained a footing in several developing countries, creating new micro-enterprise opportunities that not only deliver soap and shampoo, but financial empowerment for impoverished women.

However, one of the most successful sales organisations in the developing world is one that already has a 120-year history of helping women earn. Avon has been distributing toiletries and cosmetics through informal networks of women – many of them poor and with few earning options – since it was founded as the California Perfume Company in 1886. We are currently conducting an extensive study in South Africa to determine whether this same system, transplanted to a radically different environment and time, can act as a poverty alleviation strategy.

The Company for Women

Avon has long been famous in the West for its door-to-door sales campaigns and slogan, “Ding-dong! Avon calling!” Today, the firm calls itself “The Company for Women” and contributes to women’s causes, such as the fight against breast cancer, as well as conducting surveys into the well-being of women around the world.

Avon sells its products through more than 5.5 million independent sales representatives who are 95 per cent female and its operations now span the globe, with breathtaking growth rates in Latin America, Eastern Europe, and Asia. Avon set up shop in Africa 12 years ago, with headquarters in Johannesburg. In South Africa alone, there are tens of thousands of “Avon ladies” who aspire to improve their welfare and that of their families by selling lipsticks, body spray and moisturisers.

Many women throughout the world find direct sales an appealing way to earn a living. Direct sales offer women, who are often constrained by household responsibilities and childcare the flexibility to work from home and receive direct payment for their labour through discounts on the products they sell. Direct selling enables women to draw on networks of relatives, neighbours, friends, and co-workers as the basis for sales, rather than venturing into the outside world to “cold call,” an activity that is sometimes dangerous or forbidden to women in developing societies.

Avon itself distributes a primarily feminine product line, purchased and used predominantly by women. We are further investigating whether a “women’s sphere” of trade such as this provides a safe haven for women to develop economic autonomy, one that is less threatening to established gender roles but still offers women privacy and control over their earnings.
Theannel benefits of working as an Avon representative go beyond income and financial security to take on less tangible advantages such as empowerment and self-esteem. In South Africa, the company provides skills training in financial management and team building, and recognizes the achievement of individual representatives through awards and prizes. While such efforts aim to motivate and retain the sales force, they also cultivate women's confidence and self-esteem. As one representative explained to us: “I have come out of my shell, full stop. That's how I've grown. I am able to communicate with people at all levels; no one is too high for me and no one is too low for me. And I’ve got Avon to thank for that.”

**HELLO TOMORROW**

The initial data from our study suggest that schemes such as Avon can offer a socially innovative way to make global markets work for poor women. It is clear that the ingredients in this particular partnership—women's ability to build on existing ties, the flexibility of the work, and the immediacy of payment, plus the fact that it is largely outside the control of men—may provide a compelling model for poverty reduction in developing countries.

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**HOT QUESTION**

**WHAT MARKETING OPPORTUNITIES ARE BEING CREATED BY THE CURRENT FINANCIAL CRISIS?**

**BOB GOODSON**

Oxford Graduate, 2004  
CEO AND CO-FOUNDER OF YOUNOODLE.COM

It's worth watching the gaming industry for opportunities. In the current climate, people spend more time at home, there is greater desire to escape reality, and the hourly cost of gaming is low compared to movies and books. The downturn will have an impact on gamers' behaviour, creating opportunities to launch new products and to take advantage of changing behaviour. For example, London-based start-up Playfire has recently launched a social network for gamers to discuss their experiences and make better purchases; and Twin Skies, launching in 2009, offers players around their digital spaces (mobile, social networks, web), each providing a different experience tailored to that particular context.

**GRANT PHILLIPS**

SECTOR CONSULTANT, SAID BUSINESS SCHOOL, FORMER DIRECTOR, BARCLAYS BANK

I suspect the current crash will see a return over time, once public distrust and cynicism reduces, to a more relationship-led approach to banking. It will become far more emotionally and rationally comfortable for a customer to speak with a banker who relates in a more personal way to discuss financial problems. It's all about those old-fashioned but mighty words of credibility, trust and respect. The bank that achieves this at the micro-to-one-to-one level will establish a decisive competitive edge.

**MARIA SENDRA**

PARTNER, BAKER & MCKENZIE

I think one of the most interesting trends to watch, particularly on the back of the credit crunch, is a higher emphasis and focus on predictive analytic technologies and companies. About two years ago the role of predictive analytics and its significance was still unclear and certainly when I recognised it as the “next big thing” it took some convincing. But attention to this space is peaking now as risk mitigation and identifying leads and strategies which show the highest probability of maximising revenue by a company or institution will be the key to surviving the current economic circumstances. 

**THOMAS WHITFIELD**

OXFORD GRADUATE, 2008  
FOUNDER OF MOOMI.COM, WINNER OF THE 2007 IDEA IDOL COMPETITION

Is the credit crunch hitting the consumer market, buyers will change their behaviour. Buyers will be more cautious and the Internet will be used increasingly to compare prices and locate the best offer. Search and affiliate marketing present excellent opportunities to capitalise on this shift of buying patterns. In a downturn, businesses will become more important. The mechanisms for bargains online are relatively primitive, and developing these is one way for businesses to enhance their interactions with their customers.