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# Avon in Africa

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## Avon in Africa

In the earliest years of the 21<sup>st</sup> century, the international development community's imagination was captured by the possibility that encouraging entrepreneurship among women in the developing nations could help to alleviate poverty. Assisting women in starting their own businesses, it was argued, would not only establish a new income stream for poor households, but could also help redress the inequalities between males and females in those countries. Such wisdom was underscored by global information that showed gender inequality contributing measurably to poverty in a number of ways. Of specific interest was the finding that empowering women benefitted the development of human capital. Women with money and the freedom to spend it as they saw fit, statistics showed, were more likely to use any incremental wealth to improve the diet, health care, and education of their children.

An innovation emerging from Bangladesh gave further credibility to the idea. Muhammad Yunus and his Grameen Bank extended small business loans to poor women so they could start their own enterprises and the outcomes were often successful in terms of both business success and repayment rates. In particular, a group of Bangladeshi women engaged to sell phone time, popularly called 'the Grameen phone ladies,' were featured frequently in the press as an example of how the combination of entrepreneurship, microfinance, and technology could relieve poverty. The practice of making small business loans to the poor, especially to women, became known as 'microfinance' or 'microcredit.' However, Grameen's approach was very different from that normally taken by commercial lenders: the managers were incentivized based on the success of their clients, rather than the number and profitability of the loans they made. The women not only gained access to financial capital not previously available to them, but also received advice and support.

Microfinance was heavily publicized and ultimately taken up by many NGOs and some of the world's largest banks. Various foundations and multinationals became involved, as did governments, in providing entrepreneurship training programs in the developing countries. A new form of private business known as 'social entrepreneurship' also began to sprout up around the world. The intent of social entrepreneurship was to harness a private sector model for prosocial purposes, thus promising financial sustainability that charity could not achieve. Many such efforts focused on selling products among the rural poor that, from a rich nation's perspective, had social or environmental benefits such as solar lamps or mosquito nets and often made use of new technologies. Social enterprises nearly always employed women to sell their goods. In the initial stages these companies were often subsidized by foundations or deep-pocketed investors keen on having a positive impact on global poverty. 'Entrepreneurship networks' (essentially groups of independent agents selling the same item or product line) were developed by multinational companies as well. For instance, Unilever introduced a program in India 'Project Shakti' in which poor women were trained to sell a variety of soaps and other toiletries door-to-door. This project, too, gained significant global attention.

By 2010 the picture had darkened substantially. Microfinance had evolved to become little more than a high-priced financial service: loans were made at steep rates—sometimes 50% to 100%—and the 'hands-on' help typical of Grameen's early years disappeared. Poor women without business ideas or training often could not make the payments and became enmeshed in escalating debt as a result. Several suicides related to microcredit were publicized around the

world, leading to a political crisis in regions, such as Andhra Pradesh in India, where microfinance had been particularly active. Once mobile telephony became widespread and affordable in the developing world, the famous Grameen phone ladies could no longer make a living selling phone time thus falling victim to what should have been an utterly predictable pattern in technology economics. Unilever's Project Shakti struggled with the costs of managing the women in its system who were completely new to commerce and formal employment and also weak in literacy and numeracy. Some microfinance networks collapsed.

As the new wisdom came increasingly into question, many turned with curiosity to look at Avon Products Inc., a 125-year-old company that sold personal care products through entrepreneurship networks and was having visible success, even among the poor, in some of the most remote places on the globe. Development experts and social entrepreneurs alike wondered how this company, despite all the odds, managed to thrive in such inhospitable conditions.

## Avon in America: The Culture of Origin

Modern industry arrived in America in 1814, when the first textile factory opened in Lowell, Massachusetts.<sup>1</sup> This factory, like many that would follow, employed young, single females as its major source of labour. Over the coming century an historic shift in the American women's economy occurred - flowing directly from the birth and growth of the modern economy. Not only were women employed in factories, but they later worked in shops where the new goods (mostly garments and other fashion items) were sold, and at magazines where these products were advertised.

Until the opening of the textile factories, working females were employed almost exclusively as domestic servants. They were usually compensated with room and board and by barter. The factories provided these unmarried women with an opportunity to earn cash in formal work for the first time. However, most married women, even among working class and immigrant groups, did not work outside the home. Indeed it was frequent practice until well into the 20<sup>th</sup> century to terminate the employment of women who got married. The new office work that emerged after the invention of the typewriter in the 1880s initially employed both men and women, but was soon concentrated among unmarried females. Thus, the modern economy brought about a significant shift in the working profile of women but it was an urban phenomenon that affected primarily the young and single.

Avon was founded in the United States in 1886. From the beginning the company employed married women to sell products on a person-to-person basis. Many other American companies at the time sold products in this way, some of them employing mostly men and others women. The Avon network, like some of these other direct sales companies, provided an important earning opportunity for married women as well as for those who were in small towns and rural areas or who were otherwise unable to engage in the formal employment offered by factories and offices. Though it was common at the time to dismiss the income-generating activities of

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<sup>1</sup> Information in this section about American history and habits can be pursued in Linda Scott (2005), *Fresh Lipstick: Redressing Fashion and Feminism*, New York: Palgrave. Further information about Avon in this section is drawn either from Laura Klepacki (2005), *Avon: Building the World's Premier Company for Women*, Hoboken: John Wiley or from the Avon Annual Report, 2011.

married females as mere 'pin money,' the historical record suggests that the earnings of the earliest 'Avon Ladies' relieved financial stress in their families and provided a safety net for women whose husbands died or became disabled.

Initially Avon sold only perfumes. By the early 1900s it had broadened into a portfolio that included soaps, toothpaste and food items such as oils and spices. The company has continued to diversify its product line during the past century, so, though Avon is best known for selling cosmetics to women, their offering includes a range of products, from costume jewellery to health care items, targeted at men, women and children. As with any multinational consumer products company, Avon invests a great deal of time, money and effort into building an appealing, up-to-date product line. However, in the eyes of the management, Avon's corporate mission is to provide economic empowerment for women (who continue to make up 99% of the sales force) rather than being tied to the benefits of a product line as is more common among consumer manufacturers.

Avon offered its first lipstick and rouge in 1901 in response to consumer requests, but only after considerable hesitation at the company. Many still adhered to the belief, propagated by the Puritans in America, that painting the face was sinful. Such judgments were the heritage of the Reformation in England. The Puritans were an extreme Protestant sect, some of whom emigrated to America in the first half of the 17<sup>th</sup> century. Over time the Puritans became a dominant cultural influence in the new United States. Even today Americans behave as if the Puritans were their forebears—celebrating Thanksgiving with tiny statuettes of these 'pilgrims' – even though most citizens would more properly trace their bloodlines to other groups.

The early Puritan colonists were against any kind of bodily care or decoration including even bathing with soap and had detailed laws about maintaining plain dress. Though their antipathy to face painting was often attributed to the Biblical story of Jezebel (who paints her face before being killed in the book of *Kings*), this particular aversion was undoubtedly intensified by the migration experience of the colonists. In America, the Puritans encountered indigenous tribes they judged to be idolatrous, promiscuous savages – and these people nearly all painted their faces and bodies for a variety of social and ritual purposes.

Throughout the American colonies, even among the Puritans, aristocrats were exempt from the restrictive rules of dress that were applied with the force of law to ordinary people. So, from the first settlement, the gentry in pre-Revolutionary America, both male and female, wore fragrances, elaborate makeup, and rich clothing without censure. After the Revolution in the late 18<sup>th</sup> century however the prevailing democratic ideology made aristocratic dress politically untenable. Makeup disappeared among both sexes and did not re-emerge in widespread use until the 20<sup>th</sup> century – and then only among the women. However, the democratic ethic of the post-Revolutionary culture also caused the demise of sumptuary laws and customs that had previously kept ordinary people from wearing the fabrics and fashions of the gentry.<sup>2</sup> As the modern economy emerged people began to express their desire for upward mobility by usurping consumption practices that had formerly been the exclusive purview of the gentry.

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<sup>2</sup> The concept of 'sumptuary laws' is usually foreign to citizens of modern economies. In contemporary economies, adults may usually consume any item for which they can pay, as long as the consumption of that item is legal. However, in earlier societies, it was very common to have laws (called 'sumptuary laws') that held class lines constant by forbidding the lower classes to wear certain fabrics, display certain symbols, affect certain styles, and so on.

These gestures caused anxiety among elites, who responded with charges that the lower classes were becoming materialistic and corrupt.

By 1900 rouge for lips and cheeks was coming back into fashion, as can now be seen in mainstream publications such as the Sears catalogue. During the 1920s wearing lipstick became the distinctive practice among younger, more daring women known as 'flappers,' who also bobbed their hair and wore short skirts. Full-blown face painting, not only lips and cheeks but eyes and skin, reappeared suddenly and dramatically during the 1930s spreading within ten years from a core user group of young working girls until the practice was nearly universal. The popularity of the practice was attributable to the rise of screen actresses in public esteem. These 'movie stars' were not only beautiful and wealthy, but independent and unorthodox. They were widely emulated by many American women. The particular way the screen stars painted their faces was adapted directly from theatrical practice. Their face painting was different from the patterns once seen among the Native Americans as well as from the heavy facial painting used by the pre-Revolutionary aristocrats and it was also distinctive as compared to other theatrical styles, such as Kabuki. Several American companies (Revlon, Max Factor, Maybelline) grew up on this Depression trend toward colourful cosmetics.

The Puritan aversion to soap, in the meantime, had given way to a widespread desire to achieve respectability; part of a quest for upward mobility that characterized the post-Revolutionary era. The English gentry had employed servants to carry and heat their water and had built their own elaborate facilities for bathing. They prided themselves on cleanliness, at least in part because it so clearly distinguished them from the lower classes. Limited access to soap and water made bathing difficult for most people. However, after the emergence of the modern economy, the rapid growth of the cities led to severe recurrent epidemics. By 1900, when the connection between health and cleanliness was better understood, institutions of all sorts pushed to increase the availability and use of water and soap in order to stem the tide of disease.

Eventually bathing frequently with soap and water as well as certain specific habits of grooming regarding nails and hair, became the basic expectations for social acceptability for both sexes and at all class levels in America. It was soon necessary to maintain these standards even to get and hold a job. Bathing with soap, brushing the teeth, and combing the hair thus became so common that they were seen as 'natural' practices, but the use of coloured makeup retained a stigma as something artificial, even though painting with colour had been common in North America long before bathing was a practical possibility or toothpaste was invented.

The new demands on grooming had a profound effect on the most disadvantaged populations. Immigrants and blacks in particular struggled to attain the hygienic practices increasingly deemed 'natural' by the mainstream. Being deemed dirty or smelly became a frequent basis for racial and ethnic slurs.

Most of the African-American population had been brought to North America as slaves. When slavery ended after the Civil War of the mid-19th century this population was sorely challenged to create an economic foundation on which to survive as well as to establish themselves as full persons in the eyes of the white majority. Much resentment lingered among whites leading to a collection of laws and customs called 'Jim Crow' which isolated the black community into a

wholly separate society. Not allowed to shop in the same stores, eat in the same restaurants or use the same public facilities as whites, black Americans, already damaged by the legacy of slavery, were horribly burdened by the Jim Crow practices.

In the isolation of Jim Crow, African-Americans struggled to create their own community: they founded their own press, charities, and businesses. A few of the businesses became very successful particularly those that sold grooming products. One of the most important was the beauty company founded by Sarah Breedlove, a former slave who renamed herself and her business 'Madame C. J. Walker.' The Walker Company was built on a network system very similar to Avon but the agents were all African-American females. Like Avon, the company grew up with a focus on female empowerment through the business of selling grooming products and, like Avon, the formula was extremely successful allowing many women to build substantial incomes. The company benefited from a large base of consumers who purchased grooming products in a bid to meet the prevailing standards of respectability.

Avon, as well as Jergens, Colgate, and other companies, also benefited from these sea changes in American grooming habits growing into business behemoths. Avon's growth in sales was impressive right from the start. A hundred years later half of the households in America bought something from Avon at least once a year and one third of all lipsticks sold were Avon products.

The Avon system operated with a comfortable margin and without debt, largely because the network of agents allowed them to distribute product without the high costs of retail presence and without heavy investments in advertising. Importantly the commission given to the representatives was and is generous: though it ranges by volume, the commission is about 20% of sales. The company invests substantially—about \$83 million in 2010—to improve their value proposition to reps. They have an extensive program of incentives, prizes, and recognitions that further motivate the sales force. Thus reps compete for prizes and trips as well as earning bonuses and commissions. The original Avon concept allowed reps to earn commissions only on their own sales.

In the 1990s a desire to increase the career potential for agents led the company to adopt a 'multilevel' arrangement. The multilevel system allowed each Avon rep to recruit 'downline' agents from whose earnings she would also glean a commission. Each group leader was responsible for training, motivating, monitoring and managing her downlines. By the early 2000s the highest earners in the Avon system were taking in a quarter of a million dollars a year and managing downline teams numbering in the thousands.

## **Avon Around the World: The Culture of Expansion**

During the 1970s and 1980s Avon faced a number of challenges. The continued trend for American women to enter the formal labour force made it increasingly difficult to recruit reps, and also for Avon reps to find anyone at home when they called to make sales. For a while it appeared that direct sales, once very strong in American business, had come to its historical end. Partly as a consequence of apprehension over the future of direct sales and partly as a result of the prevailing corporate fashion, company management began to diversify through

acquisition. Nearly all of these acquisitions were ultimately seen as mistakes. In the early 1990s the management shifted its focus back to its roots in direct selling of toiletries, divesting it of the acquisitions made in the 1980s. Changes in the organization, including the institution of the multilevel system as well as gender diversification in the management ranks, eventually led to a significant turnaround.<sup>3</sup>

A key component of the turnaround was Avon's expansion into new markets both inside and outside the United States. In 1975, following the Civil Rights Movement that ended many Jim Crow practices, Avon had become one of the first historically 'white' cosmetics manufacturers to produce and market products specifically for African-Americans by introducing skin care, hair care, and makeup lines formulated for blacks. In the 1990s the company also targeted Hispanic Americans designing and producing products especially for these consumers, both male and female.

Avon had branched into Canada, Puerto Rico, Cuba, Venezuela, Brazil, and Mexico in the 1950s as well as into Western European countries including the UK, Germany, and Belgium. Expansion stepped up considerably in the last decades of the 20<sup>th</sup> century, however, to include most of Western and Eastern Europe, Paraguay, Chile, Peru, Honduras, both Australia and New Zealand, Malaysia, Thailand, Hong Kong, Taiwan, the Philippines, and Saudi Arabia. By 1990 more than half of Avon's sales came from outside the United States. By 2000 it was 66%. Today more than 80% of Avon's sales come from outside its country of origin. In fact Brazil alone generates more revenue than the US, and Latin America accounts for 40% of sales (twice that of North America) and 60% of operating profit.

Worldwide expansion has meant a careful balancing between the global and the local. There is a general plan that frames the entry into each country; however, strong awareness within Avon holds that people on the ground must sell products so operations must fit into local expectations.

Avon's main marketing tool – its 'store,' in the language of the corporate culture—is a brochure. More similar to a small fashion magazine than to the typical corporate brochure, this Avon publication acts like a catalogue listing products for sale and featuring special prices and promotions. The reps use the brochure as a calling card but also often 'walk' consumers through it calling attention to new products and making recommendations. A new brochure is distributed every two to four weeks, depending on the country, and the product and price offerings available during the time a brochure is current are called a 'campaign.' For each campaign the brochure is carefully designed using algorithms distilled from past experience to predict where products should appear, at what price, and in what order or arrangements.

Prices are intentionally changed from campaign to campaign. A product may cost half as much in one brochure as it did in the previous one. Price levels are purposely varied within a brochure so that more expensive items are interspersed with cheaper ones. These pricing strategies allow Avon to reach a broad audience without seeming to price anyone out of its market—those on a budget can simply wait until a product 'goes on special.' Each country gets a brochure in its own currency and its own language – and the offerings, as well as the images, are tailored to

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<sup>3</sup> Information about Avon in this section is drawn from Klepacki (2005) and the 2011 Avon Annual Report.

some degree for that market. More than 800 million brochures are printed a year and distributed directly to individual agents.

Regional manufacturing supplies each country with products. Though the company produces and emphasizes global products and brands each country office can supplement the line with locally-made items where deemed necessary. Some markets have required substantial adaptations. For instance, in Japan, hair and skin lines had to be changed because Japanese women prefer oilier hair treatments to give shine and do not like fragrances in their beauty products. They also prefer multi-step skin care regimens and lighter-weight creams and they like to display skin care products rather than shut them away in a cabinet. So, local formulas and packaging had to be produced to meet Japanese preferences.

Some products from other areas of the world have also been adapted into products for North America. For instance, the skin-lightening creams popular throughout Asia were made into a line called 'Luminosity,' which evens skin colouring, especially age spots. In addition marketing appeals have been adapted. A recent head of North American marketing, who had previously worked in the UK, reported that he struggled with the more puritanistic attitudes in his new market. When he wanted to introduce thong underwear into the American catalogue everyone told him it would be too risqué for that market: the thong sold six times more than projected.

Some consumer preferences however seem to be global. For instance, in 2004 Avon conducted a survey of 21,000 women in 24 countries and found that 85% of them used fragrance with most owning four or more scents. Fully 75% of the respondents told researchers they considered fragrance a necessity not a luxury. Such commonalities allow a global platform for Avon programs. For instance, Avon's two key philanthropic activities, against breast cancer and domestic violence, are the same around the world. In 2004 CEO and Chairman Andrea Jung remarked that the new global spokesperson, Salma Hayek, was chosen because of "her own personal commitment to women's issues, and to the domestic violence cause."<sup>4</sup>

The wide variety of circumstances in which Avon sells, as well as the competitiveness of the world cosmetics market, has meant that the company must invest even more heavily in research. In 2005 Avon spent \$100 million on an enormous research facility and now invests \$70 million annually in R&D. Further, the information and logistical requirements to maintain Avon globally represent a significant technical challenge. Algorithms check demand against price points and predict sales based on the position of a product in the brochure and the image adjacent to it. Elaborate statistical programs then track demand in real time. Within a few days of each campaign debut supply chains are being tweaked to adjust to the first sales results as Avon manages its just-in-time inventory production. Product orders are delivered to each rep about 80 million a year worldwide.

Being able to offer low prices is extremely important as Avon is often sold in very poor and remote communities in the developing world. Indeed the company sees itself as having an important role to play in assisting women in poor countries to achieve economic independence. Andrea Jung has remarked: "You have to believe that in emerging markets there will be a sea change of women's readiness to be independent in the next 10 years. Avon can play a big role

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<sup>4</sup> Klepacki 173.

in helping them. . . . We have a unique way, beyond government or other supported initiatives, to help women do that.”<sup>5</sup>

The potential to help women in a developing context became clear to Avon management during the expansion push of the 1990s. In particular, the Avon experience in Russia and Eastern Europe soon after the fall of the Soviet Union showed them how dramatic their influence could be. When Avon opened in Ukraine 14,000 women showed up to their first recruiting event. One senior manager who had been in Eastern Europe during this period tells of leading recognition ceremonies in which grateful women would hug him, soaking his shirt and tie with their tears in the process. The manager of Avon during the start-up in Poland became head of international operations within ten years. He recalled that under Communism the women had to develop networks to share information about how and where to get consumer goods. Avon, he thinks, tapped right into that network. He also remembered that, as the system grew: ‘I found even more powerful forces at work, [notably] that this was helping women feel better about themselves in small ways, including the self-esteem of learning new skills in terms of selling products and training for building a business. It had a cascading effect on their families, their work, and into the community and society that they lived in.’<sup>6</sup> Anecdotes about ‘Avon Ladies’ working in unlikely places—paddling up the Amazon, for instance, or carrying a back-pack across ice, swapping lipsticks for eggs or chickens—began to appear in the international business press by the turn of the 21<sup>st</sup> century.<sup>7</sup> Today Avon is the largest ‘beauty player’ in the developing world.

Avon’s global footprint is now massive. There are Avon operations in 64 countries around the world plus another 41 countries with distributor relationships making the line available in 100 national markets. A global customer base of 300 million buys 4 lipsticks from Avon every second. Two of every five women on the planet have bought something from Avon in the past year. The Avon brochure is the largest publication of any type in the world. There are 6.5 million active reps worldwide, and 99% are female. The company has raised more than \$800 million in philanthropic support of causes to benefit women becoming the largest corporate supporter of breast cancer research in the world and a leader in the fight to end violence against women.<sup>8</sup> Since 1998 Avon has officially called itself ‘the company for women.’

## Avon in Africa: The Culture of Destination

Avon entered South Africa in the last decade of the 20th century through the acquisition of a smaller direct sales company called Justine headquartered in Johannesburg. At that time, South Africa was only a few years from its emergence out of a system of racial separatism, ‘apartheid,’ that was in many ways similar to the Jim Crow system that prevailed in America at the time Avon was founded. However, unlike the United States, blacks are the majority in South Africa,

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<sup>5</sup> Klepacki 143-144

<sup>6</sup> Klepacki p. 144.

<sup>7</sup> For instance, Byrd, V. (1994, October 24), ‘The Avon Lady of the Amazon,’ *Businessweek*, 93. ‘Perfuming the Amazon’ (1994, October 22). *Economist*, p. 74.

<sup>8</sup> These figures and claims are all from the Avon Annual Report for 2011.

making up 80% of the population there. Nowhere else in Avon's system is the majority consumer base black.<sup>9</sup>

South Africa survived its own colonial period with more infrastructure than other sub-Saharan African nations. There are roads, a postal service and prosperous residential areas much like one might find in North America. However, the heritage of apartheid has been poisonous. The violence level is extremely high: the murder rate is ten times that of the United States. The 'races' created as legal categories under apartheid—white, black, Indian, and coloured—continue to be used, even in official statistics. The population is extremely poor, especially the black majority. The white minority are only 9% of the population but 80% of them are in the top income quartile while less than 9% of blacks earn that much. There are large 'informal settlements' (shanty towns inhabited by blacks that are supposedly temporary but seem to be permanent) and refugee camps where runaways from adjacent nations live.

Black women are heavily disadvantaged even as compared to black men. As in other nations of the world, women have less access to education, are paid less, are employed at lower levels and own less property than men. South African black women are disproportionately engaged in the informal economy especially as domestic servants and roadside sellers. Among South Africa's entrepreneurs black females outnumber white males 5 to 1. However, 94% of those women have 'microenterprises' employing four or fewer people. Nearly two-thirds of black women have no bank account. Under the laws of South Africa women have equal property rights to men but black women are also subject to tribal laws which usually forbid them to own property except jointly with men. Yet black women are much less likely to be married than whites: only about half of black female adults are married but 41% of black households are headed by women. There is a special burden of violence: the rates of rape and domestic abuse are among the highest in the world.

The heritage of apartheid is in turn the result of colonization. Like North America the continent of Africa was invaded by several groups of Europeans, was carved up into territories under the control of one or another nation, and was the recipient of waves of immigration from other parts of the world. Unlike the Native Americans, however, the indigenous people survived this onslaught in great numbers in spite of staggering brutality.

The tribes native to southern Africa, like humans everywhere before colonization, painted and decorated themselves in accordance with social standing, ritual and local aesthetics. Historical reports say that the prevalent local practice was to smear fat or grease infused with a red colouring over the skin, partly as a form of cleansing and protection, but also for the beautiful sheen it gave. Both men and women plaited and wove their hair with beads, scarred their faces in patterns, painted their bodies, and adorned themselves with jewellery. People did not bathe with water and soap for much the same reasons as in North America – because soap was new and foreign and water hard to obtain – but also because parasites in many water sources made them unsafe for use.<sup>10</sup>

<sup>9</sup> Thompson, L. (@001), *A History of South Africa*, New Haven, CT: Yale University Press. Statistics are primarily from Statistics South Africa (2008), including the income and expenditure analyses, the community survey, and the general household survey. Pretoria. Another important source was Naidoo, S. and Hilton, A. (2006), *Access to Finance for Women Entrepreneurs in South Africa*, Washington, DC: World Bank.

<sup>10</sup> Information about historical grooming practices in southern Africa is from Timothy Burke (1996), *Lifebuoy Men and Lux Women*, London: Duke University Press. Comments about the Modern Girl are based on Weinbaum, A. E., Thomas, L. M. and Rammurthy, P.

As in North America the adoption of European dress and practices (including bathing with soap and cessation of painting) became the basic requirement for respectability. Here, too, it was necessary to look and smell a certain way to be employed and to be afforded dignity. When big toiletry companies like Lever Brothers (now Unilever) arrived from the UK they benefited from and perpetuated the naturalization of European grooming habits.

The population of African-Americans who built businesses and media in the US also influenced the trajectory in South Africa. The 'flapper' of the American 1920s is just one version of a character appearing simultaneously in the popular culture of nations around world that has come to be known as the 'Modern Girl.' This figure, recognizable by her bobbed hair and lipstick as well as her wide smile and short skirts, appears in the media of countries as distant from each other as France, India, China, Japan, Germany and the US—all within a window of about ten years. The Modern Girl also appears in black magazines aimed at black audiences in the U.S. and then, after a short while, in South Africa. There appears to have been considerable communication between the black elites of southern Africa and those of the United States. Consequently much of the discourse and practice surrounding racial dignity in both countries focuses on appropriate grooming and female beauty. Since racial slurs often included charges of ugliness, proving that black women could be beautiful became a point of racial pride in both places fuelling magazine photospreads and beauty contests. However, the Modern Girl's appearance and behaviour were highly controversial in South Africa, as in many other countries, because she represented a challenge to patriarchal norms. In particular the independence asserted by the Modern Girl in matters of the heart often led, in all these places, to charges of promiscuity. As a result the grooming habits of the Girl especially her lipstick, became symbols of both emancipation and loose morals. It is common in patriarchal societies for women who challenge the dominant order to be labelled licentious.

At the time Avon arrived in South Africa grooming practices on the ground showed vestiges of the past. Facial makeup was much less common among black women than among whites but there was still a great emphasis on skin care, especially through the use of softening products like lotions and Vaseline and even camphor, for the whole body. Many among the poor, especially in rural areas, used laundry soap to wash their skin and some, even men, used shoe polish to give their faces the colourful glow and finish that tradition preferred. One still saw the occasional tribal facial scarring even in the cities. In more rural areas the use of makeup, especially red lipstick, is still often viewed as symptomatic of sin. Makeup is also associated with 'liberated,' modern women and is sometimes worn consciously and aggressively by females who wish to seem 'western.' Water is very scarce in many South African black communities, whether in rural spaces or urban shantytowns but it is still expected in employment that a person seem and smell clean according to European standards.

Though Avon had a great deal of experience marketing products to dark-skinned women, as well as employing very disadvantaged females and working in poor economies, the racial circumstances and violence levels in South Africa presented a unique challenge. One marketing executive observed the irony of trying to start up a door-to-door company in a country where everyone was afraid to open their door. Furthermore, Avon was well aware that it could not

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(2009), *The Modern Girl Around the World*, especially Lynn Thomas' chapter on South Africa, as well as relevant material in *Fresh Lipstick*. Current observations were made by the research team during the study described in the next section.

succeed there unless it won the black market. That meant recruiting black women as representatives as well as selling to black women as consumers.

So, in the first few years, there was a good bit of experimentation. An early campaign attempted sensitivity to the local race situation by holding a beauty contest with four winners - one for each of the official races - and featuring them as models in the brochure. One brochure cover that featured a headshot of a young black woman wearing red lipstick shocked rural communities who felt the brochure could not be left out for children to see. Ultimately, the brochure had to be substantially tailored for South Africa. Salma Hayek was not recognized by most black South Africans so she was not particularly persuasive. Features with Reese Witherspoon went unrecognized as well as designs by Christian Lacroix. Instead, eventually, a local soap opera star, the well respected Connie Ferguson, became the face of Avon in South Africa.

Early on the management further realized their colour array did not fit the local preferences well enough—yet it took years before the design team from the regional office in the UK came for a visit. In the meantime local Avon managers scrambled to buy stock from other parts of the Avon system where dark skin was more common than in Europe (such as the Philippines or Brazil) to buy leftover perfumes that were popular locally but discontinued globally and to contract a few things to be made there in South Africa.

The sales system grew but stuttered from time to time. When the South African government cracked down on microlending Avon was unaffected. Since it loaned inventory and did not charge interest it was not considered a microfinance company. Yet reps in the black communities had trouble getting the timely payments that made the Avon system possible. Few among the black population had even the basics to win credit—no formal address, no landline—so Avon had to adjust their rating system to account for the smallest indications of permanence and reliability. Sometimes racial tension erupted between uplines and downlines. Some women had no bank nearby so Avon, which strongly encourages banking, had to organize payment systems with the post office and with major retailers. Violence both inside and outside the home horrified Avon executives transferred from elsewhere in the world but they felt they could do little other than offer sympathy and recommend counselling.

However, there was much about the Avon system that made it more accessible to South African women than other options and the willingness of the women in the network to help each other sometimes smoothed over the gaps. While other direct sales companies are thick on the ground their requirements for startup are often daunting. Avon requires only a minimum startup fee (about US\$12), for instance, compared to other companies that require ten times as much. Some women couldn't even afford that but often the recruiting 'upline' would loan out the start-up fee. If a candidate could not qualify for credit, Avon let her start on a cash basis and build up credit; many reps earned their way into the system by this method.

Thus, Avon in South Africa, despite all these challenges, became profitable within about five years, as is the norm when the company enters a new country. Once the network was founded within the black community the number of representatives grew very quickly pulling recruits even from the townships, the informal settlements and the rural areas. A story about a roadside seller advancing to the upper ranks of Avon's sales force and into middle class status appeared in Oprah Winfrey's magazine in the US resulting in a clamour from all over southern Africa from

women wanting to become 'Avon Ladies.' By 2009 the South African Avon success became a key feature in the company's annual reports posting growth rates in the range of 30% annually due mostly to increases in the sales force on the ground. In the 2011 annual report Avon reported that the South Africa operation had grown 60% over 2010 in constant dollars. This network, despite extreme poverty, violence, and inequality regardless of all the obstacles of logistics and procurement and financing had firmly established itself.

## Assessing Avon

In 2007 an independent research team from the University of Oxford, funded by the Economics and Social Science Research Council and the Department for International Development both agencies of the British government was given access to Avon's system in South Africa by Andrea Jung. The purposes of the research were to assess whether the Avon system had the capability to lift poor black women out of poverty and to begin evaluating the impact of Avon's presence upon the communities from which the women came.

The team was welcomed by the management of Avon in South Africa and given access to personnel in the main office. They were also introduced to the leadership in those parts of the network where there were large teams of black women selling. Once the initial introductions were made and cooperation ensured, Avon management stepped back and for the entirety of the three-year study did not attempt in any way to interfere with the research or influence the reporting of the results.

The team fielded two large surveys among both the reps and their consumers and conducted interviews and focus groups. They attended a variety of meetings and training sessions, as well as accompanying Avon representatives on their rounds and reviewing brochures. They were assisted in the field by two established research companies, CASE and TNS, who provided translation services as well as data collection. Statistical analysis was provided by ATLAS, the social statistics laboratory at the University of Illinois in the United States.

### *Economics and Empowerment among the Representatives*

The Oxford team concluded that the system was indeed capable of helping very poor women to achieve an income stream that they could live on.<sup>11</sup> Even among very disadvantaged groups, including the illiterate and innumerate, women could be successful largely because the cooperative gender-friendly network was highly collaborative. The key contributors to the success of the system were:

- the interest-free working capital
- the careful management of debt exposure
- the wide variety of goods on offer
- the internal and external network produced by the system

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<sup>11</sup> Details of methods, as well as a fuller report of the impact on the representatives, can be read in Scott, Linda, Catherine Dolan, Mary Johnstone-Louis, Kimberly Sugden, and Maryalice Wu (2012), 'Enterprise and Inequality: A Study of Avon in South Africa,' *Entrepreneurship Theory and Practice*, May 2012.

- and the attention to training, recognition, and support.

Just under 90% of the reps felt that they had learned skills that could be parlayed into other employment. Avon reps managed teams ranging from 10 to 817 (the median was 34) in a country where most women entrepreneurs supervise four or fewer employees. The credit established through Avon could also be used to start other enterprises. An impressive number of respondents had reached a level of income, often from a very poor starting point, at which they could buy homes or cars and educate children even through university. In a country where only 38% of black women have access to banking at all, 92% of Avon reps had their own bank accounts. The Avon experience, which stresses forward planning for both business and personal goals, seems to have effected new attitudes about money in which the prevailing hope was to move from using Avon income to meet daily consumption needs toward using it to build capital.

Reps reported in large numbers (96.7%) that they preferred selling Avon products to more traditional objects such as produce or handicrafts. The advantages seen were the quality and affordability of products, the generous margin and the lower level of risk (produce, being perishable must be sold quickly and at a low margin). They also noted that selling Avon did not require a craft skill or a lot of dedicated space, and did not have to be done from the side of the road as was the case with the stalls and blankets used as shops by many women. While reps did not see selling Avon as having the dignity that professional jobs like teaching had, they emphasized the greater prestige over roadside selling.

In addition to the economic autonomy offered by the system, Avon appeared to contribute to confidence, a sense of empowerment and improved social skills. Though there were a number of reports of resistance from men, with some women being forced to withdraw or propelled toward divorce by the disapproval of their husbands, most partners accepted Avon and helped the women to succeed. The ethos of the system clearly inspired independence: 95.7% said 'I would never let the man in my life take control of my money.' However, by and large, the women in the system were not in relationships with men at all but lived in households where they or another woman, usually their mother, were the head (53%). A staggering 68.6% lived in households where a woman was the primary breadwinner.

There were occasional complaints from the reps about discontinued products, slow delivery and the difficulty of collecting payments from customers. Learning to work within Avon did require achieving a level of time and financial management to which most respondents were unaccustomed and had to become acclimatized. Working as an Avon rep, as even Andrea Jung has observed, is a difficult and challenging job. However the sales force was generally more positive about Avon than would be expected in employer-employee relationships in developed countries. Nearly 70% of respondents said they had never felt resentment toward anyone above them in the company, a number unlikely to be matched by employee surveys among companies in the US or the UK, for instance. Respondents consistently reported their time in the company as a positive experience:

- 74.6% said Avon had given them financial autonomy
- 80% said that working in teams with other Avon reps had been a positive experience
- 88.8% said working for Avon had given them more self confidence

- 87% said Avon had made them feel recognized
- 73.8% said Avon had helped them improve their social skills
- 67.9% said working for Avon had resulted in more respect from their family and community
- 73.8% agreed that “Because of Avon, I am no longer intimidated by people I thought were higher than me”

In the end the overall findings about the agents were very positive. Indeed the enthusiasm of the sales force was so often expressed in hyperbole that the research team came to call the phenomenon ‘lipstick evangelism.’ It was clear however that the respondents had few, if any, alternatives. Formal employment opportunities were scarce in South Africa even for those with education. There was also a notable preponderance of personal displacement and violence among the respondents’ narratives: many were orphans or refugees or rape victims, for instance, who had reached a level of desperation before joining Avon. Such women spoke with the tone of converts about the company they saw as having ‘saved’ them.

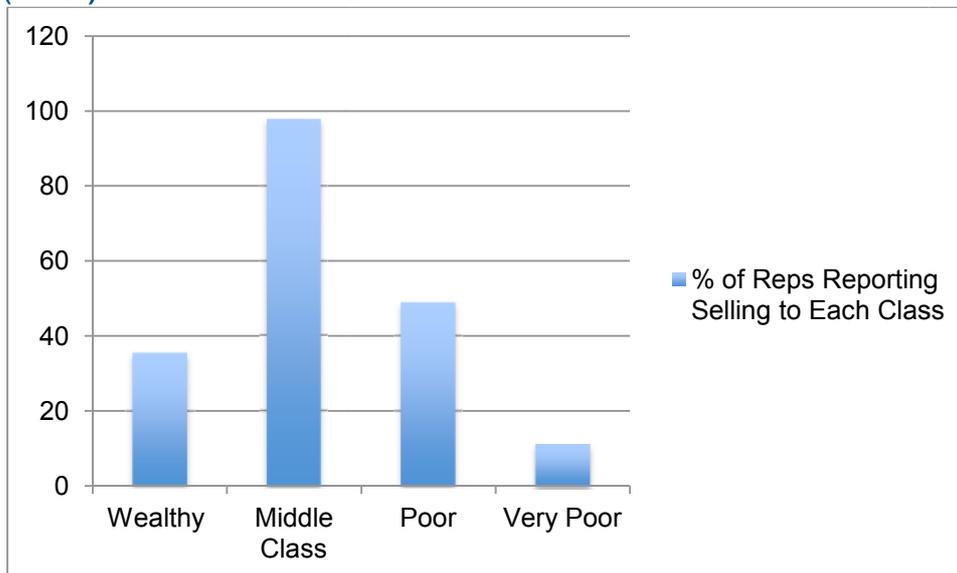
### *Luxury and Necessity among the Consumers*

A consumer survey was conducted and reps were asked to report what products they sold most often and to whom. In addition a small sample of 15 consumers was interviewed, while the current brochure was examined page by page, with questions asked about various issues of concern: race representation, nudity, consistency with local morals, and so on.

The networking advice in the Avon system stresses the importance of selling outside your own community. Thus, even though most reps did sell to their families, friends and neighbours, they also sold in external environments such as offices, shopping malls and the like: about a third reported that they sold to complete strangers, about half said they sold Avon outside their own town, and 14% said they sold to whites (a good number, given how small the white population is).

Discerning the economic class of the recipient consumers proved difficult. While 48% of agents reported that they sold to the ‘poor or very poor,’ all agents reported selling to a mix of classes. About a third said they sold to the wealthy. Most reported selling to the middle class.

### Percentage of Avon Representatives Selling to Different Economic Classes (n=167)



It is common elsewhere in social studies to see a propensity for respondents to perceive themselves as 'middle class,' even among the poor, and for them to track others' economic standing with reference to their own. Further, since the South African black community is substantially skewed toward lower incomes, being in 'the middle' of that group still means being quite poor. Even so, initial concerns that Avon reps were 'preying on the poor' did not seem warranted because the pressure from the company to sell outside one's own network of familiarity appeared to be effective.

Qualitative data did point to a common narrative in which poor women would recruit and sell among their own communities. Those agents remained keenly aware that the products that could be sold to the very poor were limited to those things deemed 'necessary' by those communities, primarily body lotions and deodorants. In some areas however, even those products were new. A group leader remarked: 'Most people in [Giyane and Venda] don't use roll-ons not because they can't afford it but because they don't even know that they need to use it. So, as Avon representatives, we are not only selling these products to people, but we are also educating them on how to take care of themselves.' One woman, who found the schools closed in her area when she earned her teaching qualification had begun selling tomatoes informally before she was recruited by a district manager who loaned her the registration fee. She recalled:

*"Especially because of poverty and lack of work, it was difficult to get people to buy. I mean, at that time, a roll-on was about 5 Rand and when you introduced people to it, they would ask you if they were stinking or something like that. I had to place my own personal order of roll-ons, deodorants, and lotions so that I could walk around with them for people to try. Even at the community project where I would work people would want to try these products that I had and that's how they started buying. With the roll-on, I would tell them that if you use it you stay dry the whole day and fortunately for me it did not disappoint me. It really would do that."*

*So my business was basically roll-ons and lotions, but as time went on, the women that I worked with in the community projects also wanted to start something to bring them money to survive, so they became interested. They were struggling and did not have the money to join even though they were interested in the business because at that time I was starting to flourish and doing well. And remember that my district manager was in Johannesburg at that time, but we were communicating all the time. We were like friends. I even drove to her place to see where she stayed. She would send me brochures via the post office and so I introduced Avon to other women so that they could make some money for themselves. And it was like that and growing until 2001, then I became a district manager.*

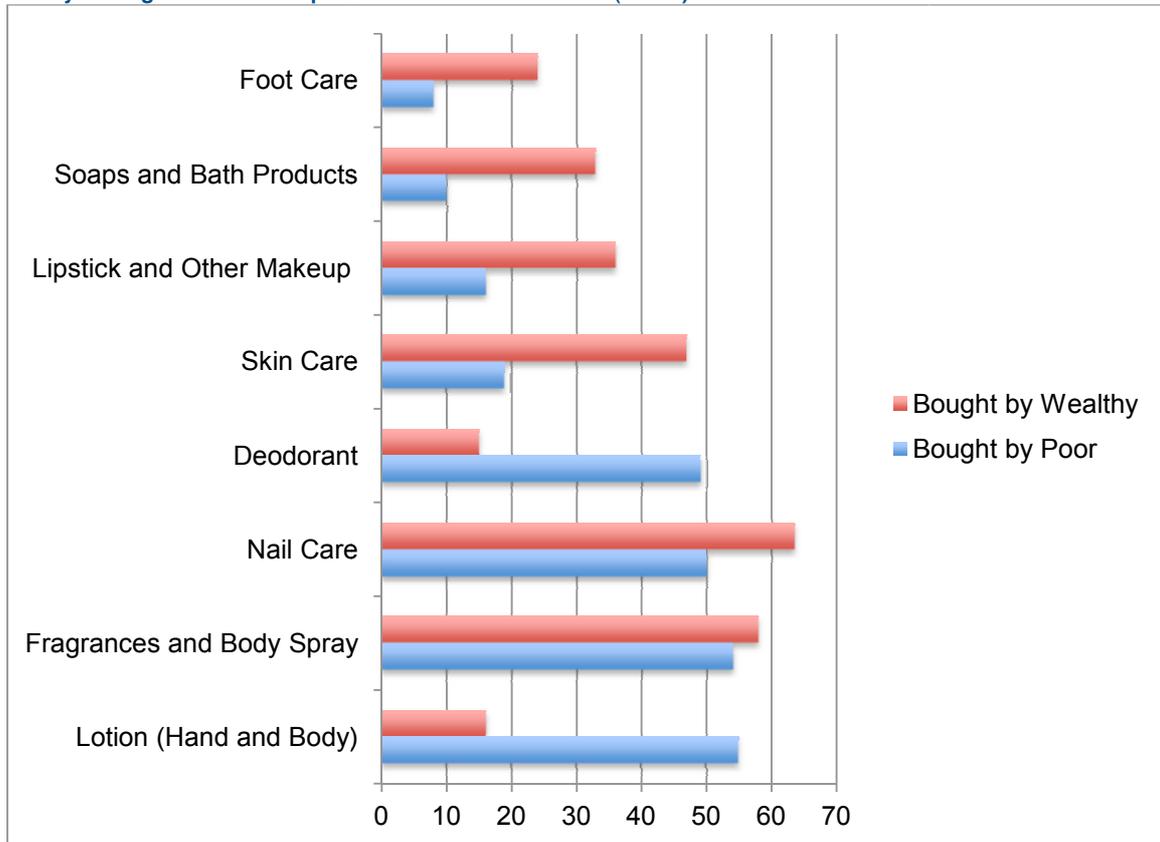
*But on the skin care side, it's just penetrating a bit by bit even with the perfumes. The main business there was the roll-ons and body lotions, so I had to come up with a strategy for selling by motivating the women who would be coming and representing because I was a group sales leader and getting promoted. I told them that one body lotion was equal to a loaf of bread, so if they sold five of them their kids would have bread for the whole week, and if they sold 10 they could even buy sugar."*

Quantitative data were consistent with this story. When asked to rank what products were sold most frequently to poor consumers, representatives placed lotions (body and hand) above all other objects, followed by deodorants. When asked what was sold to the wealthy, the pattern changed substantially: nail care was now at the top, and coloured makeups like lipsticks and eye shadows increased markedly. Scented body sprays and fragrances were together about equal between poor and rich—and purchased frequently by both groups—but expensive fragrances were sold more often to the wealthy and cheaper body sprays consumed by the poor. Products related to bathing with soap and water were considerably more prevalent among the rich, as water scarcity among the poor is a major infrastructural problem. The greater propensity to buy deodorants among the poor was probably related to the difficulty of bathing: 'We are talking about cleansing and some of them don't even have water. . . . And for these people it's difficult because they have to walk for miles to get water and they carry that water.'

## Products Ranked According to Frequency of Purchase by 'Poor' and 'Wealthy' Customers

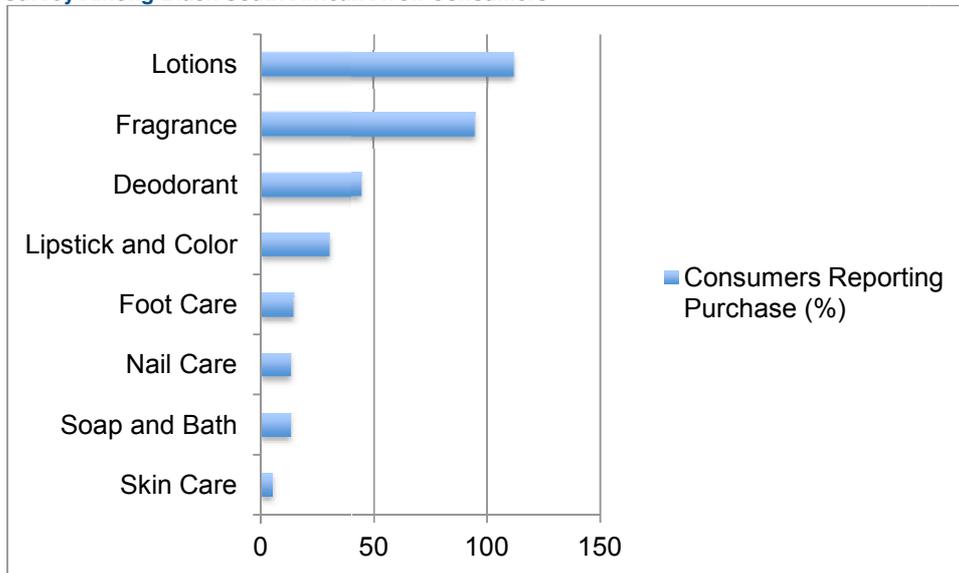
### Customers

Survey Among Black Avon Representatives in South Africa (n=167)



A small sample (n=77) of consumers reported a similar pattern in a survey. Consumers said their most frequently purchased product type was lotions followed by fragrances and then deodorants. Coloured makeup was a much smaller category of purchase, but soap and bath products (shower gels, bubble baths) were even smaller. This apparent preference probably reflected the scarcity of water as opposed an 'irrational' purchase of makeup over hygiene.

### Products Purchased by Avon Consumers Survey Among Black South African Avon Consumers



(n=77) Multiple mentions cause categories to exceed 100%.

Classes of consumers were constructed from this sample using their reports of material conditions in their households. The top class consisted of those homes with plumbing, electricity, internet, and a car while the lowest class had electricity, but not plumbing nor internet or car. The largest number were in the middle two classes which had plumbing and electricity. The small cell size makes it unwise to generalize from these subsegments (which is why the data are not shown here), but the pattern followed the overall report insofar as the top purchase category was always lotion, followed by fragrance. In the lowest class of household, nearly all purchases were lotion or fragrance with very little bath product consumption and no nail and foot care products.

Fifteen consumer interviews were conducted in Soweto and Polokwane, in which the interviewer paged through brochures with the respondent, asking questions about race and gender that were of particular concern to the research team. The responses revealed several consistent beliefs about the differences between black and white skin—that white skin is softer and weaker, therefore ages more easily, needing generally more protection and beautification than black skin—and confirmed that the reason for low rates of purchase in bath products was water scarcity. Respondents seemed, in the researchers' view, somewhat too willing to believe claims about products promising skin tightening and cellulite reduction, but otherwise exhibited a fairly healthy scepticism: 'All these products are exaggerated; they don't actually do what is said they do,' remarked one respondent. Yet respondents were open about their desires, especially for fragrance. The research team was especially concerned about pages that showed romantic couples advertising fragrance, worried that such ads might be taken as promising sex or might be offensive to local norms. No respondent offered either of those interpretations, but instead insisted that perfume is not for attraction but was used in order to 'feel good' yourself.

These consumers seemed to understand product terminology in the same way consumers in developed nations would do. When asked what 'natural' meant in an advertisement, for

instance, one woman said: "There are products here that are mixed with bananas and oranges and you cannot use bananas and oranges just as they are and mix them because that will be totally impossible, so there should be something used to process it so that I could use it on my hair. 'Natural' just says that natural ingredients were used to make this thing. So that is what I understand by the term natural." When asked what SPF meant, a respondent said: "I think it is supposed to protect you from the sun or something. I heard that it is supposed to protect you from the sun or something like that". Though this woman thought sun protection 'necessary,' she still did not buy the product.

**Interviewer:** So that is not something that you feel is necessary?

**Respondent:** I think it is very necessary because usually we walk around day in and day out in the sun so we might as well protect our skin because this is the only skin that we have anyway in your lifetime.

**I:** But you don't buy it and you don't use sun block.

**R:** (Laughing) No!

Attitudes about lipstick seemed to be undergoing change. When first asked most respondents said that women generally liked to use lipstick ('Most women love wearing lipstick. They really do like wearing lipstick. . . . It's good for them and they look lovely.' 'Lipstick is something beautiful and it is something that every woman should have.'). When pressed, many admitted that a bright red colour still connoted promiscuity. Even so, attitudes appeared to be changing:

**I:** But are there any of those perceptions going in the communities or clans or even certain classes of people?

**R:** No, not in my community. Even older people in my community, like my mom and my aunt, are wearing lipstick.

The 'four races' beauty contest was in place during these interviews and the respondents were asked to identify the races of each face. Though respondents could consistently identify the races without hesitation, they did not generalize product use from the pictures.

**I:** The very, very last question: you see here we have four different pictures. So is it a problem for you if one product, or different products for that matter, advertise product using different models of different race groups?

**R:** No, not at all.

**I:** Is it an issue for you? For instance, this one, what do you think she is?

**R:** Meaning?

**I:** Her race.

**R:** She is white.

**I:** She is white. OK, this one?

**R:** Asian.

**I:** This one?

**R:** She is black.

**I:** This one?

**R:** She is black as well; no, no she is Coloured.

**I:** Okay fine. So is it a problem for you?

**R:** No (talking in Sotho) it is just a face for a product.

**I:** So it is not an issue with you, and you wouldn't have a problem using a product advertised by an Indian like you told me?

**R:** No.

Probes were done throughout the interviews to determine whether the race of the model beside each product was read as indicating which race should use it or whether any offensive racial message was taken from the skin colour of models. Respondents occasionally inferred that hair products were for blacks if a black model was shown. Most of the time, however, the attitude was that whatever race the model was, 'it is just a face for a product' and did not say anything about who should buy. 'What is so different? If she can use it why can't I, if I can use it, why can't she? So for me it is just a layout of the product and the pictures, it really doesn't mean anything to me.' The frequent refrain 'it is just the face of a product' seemed to indicate an ability to read advertising images critically.

Consumers were careful about the prices they paid and the products they selected, often remarking that they might like to use a product if they could afford it and sometimes indicating that they waited for their favourites, especially fragrances, to 'go on special' before buying. The pattern of price fluctuations in the brochures teaches consumers that waiting for the price to drop is likely to be a good strategy, allowing them to buy something they could otherwise not afford. If these price reductions are taken into account, one could see why Avon products were deemed 'affordable' by both consumers and reps, especially because they are delivered to the door. In South Africa, public transportation is poorly developed and expensive so the comparative cost of buying at retail should include the cost of transport.

Several respondents remarked about the good reputation that Avon products had in the community. 'Their products are very good. They are worth the price that one pays them and we always get them when we want them. The reps always deliver on time. The day I work I will be able to buy more products because Avon products are of a good quality and they are safe. I haven't heard anybody saying that a particular Avon product damages their skin.' Once there was an indication of Avon product availability causing people to buy impulsively:

**R:** You know, actually, Avon is noticed. What I have realized is that Avon is noticed in our community and people are actually exposed to these products, and people are buying it and anyone can use them.

**I:** When you say it is 'noticed,' can you just explain that to me, what you mean?

**R:** People are aware. People are aware and they are loving the products, regardless of the prices. You know when you see an Avon product, it is as unique as it is. Where else would you find an eyeliner attached to an eye shadow brush? People would just want to have this, you know.

The research team felt their consumer data should be taken as preliminary. However, they did not feel their study suggested that having an Avon rep in a community placed an undue burden on impoverished residents.

## Case Discussion

The Oxford team's report answered many questions, but several core issues remained, most of them centred on the policy advisability of supporting cosmetic purchases or the ideological resistance to offering a multinational company's model as a development tool. The case questions below are designed to stimulate further discussion.

1. What features of the Avon system allow them to thrive even in poor countries?
2. What features of the Avon system seem to work better for poor women in a developing context than previous efforts?
3. What role does profit play in this system—is it appropriate for Avon to be making money off the poor?
4. Which Avon products can be justifiably sold to the poor on the basis that they are natural and necessary? Is Avon manipulating poor people into buying things they don't need?
5. Doesn't the Avon enterprise extend American cultural dominance?
6. Is Avon dictating grooming standards?
7. What about the racial representations in Avon's catalogue? What colour should the faces shown be in a country where 80% of the population is black?
8. Is Avon an American company?
9. Is Avon a technology company?
10. Is Avon a 'company for women'?