Saïd Business School
UNIVERSITY OF OXFORD

Saïd Business School teaching notes

JUNE 2012

Avon in Africa

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This teaching note was developed with support from the Pears Business Schools Partnership. The purpose of the partnership is to inspire future leaders to make a positive difference to society.

www.pearsfoundation.org.uk

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Avon in Africa Teaching Note

This case focuses on a system of enterprise, Avon Products, Inc., that has shown promise in empowering poor women in developing nations. The nature of the product line, particularly in a racially charged setting, makes the suggestion that Avon become a template for economic development offensive to some. Yet, the circumstances of grooming and gender in South Africa are sufficiently complex — and the success of Avon in assisting women to achieve an income sufficiently compelling — that the moral question is less clear-cut than it may seem at first encounter.

Business students commonly have little exposure to the “softer” social sciences, such as anthropology or history. As a consequence, they tend to take their own culture’s preferences as 'natural' and their own morality as 'objectivity' — and while they often see themselves as part of a dynamic environment, they seldom appreciate that their current circumstances are the momentary result of previous forces moving through time. These blind spots can lead them to make dangerous mistakes and to take poor strategic decisions. So, though the case is framed in terms of economic development, the themes are intended to help sensitize business students to the importance of understanding the history and culture of any nation in which they intend to sell products.

This case purposely positions the success of Avon’s transfer into South Africa in a way designed to make tacit cultural assumptions salient. The case questions are also intended to push typical moral prejudices into open discussion.

What features of the Avon system allow it to thrive even in poor countries?

The features are enumerated in the case, though more detail is also available in the *Entrepreneurship, Theory, and Practice* article.[1] The size, stability, and experience of Avon allow it to operate without microfinance and work through some infrastructural difficulties, such as organizing bank services via the post office and retailers, that poor women working as solo entrepreneurs would have little ability to effect. Avon provides training and networking support through the upline/downline system. The company also provides a product line and marketing materials that are constantly being varied and updated in response to consumer demand. In sum, Avon gives a tangible business base to women in circumstances that are often too materially constrained to result in innovation and invention. Yet the system is quite a bit more accessible than other direct sales schemes, many of which are available on the ground in South Africa. The strongly collaborative, women-friendly environment of the Avon network is also more supportive than the single business approach of other entrepreneurship models. We also found that the prizes and rewards given to women through the Avon system had a powerful effect on the self-esteem of these women (many had few previous chances to be recognized for achievement and several had been thoroughly demoralized by tragedy and trauma), which probably also led to improved performance.

[1] 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.

What features of the Avon system seem to work better for poor women in a developing context than previous efforts?

Students should be encouraged to compare this system to a frequent model in social entrepreneurship, in which women are recruited to sell a single item deemed 'good for the poor,' such as solar lamps or mosquito nets. Big ticket items are more expensive to carry from a financial perspective and durable goods are often costly to transport. When such one-time purchases are fully sold into a community, there is nothing more for the women to sell and so their opportunity to earn closes down. So, the very fact that Avon provides a continuing stream of small, light-weight goods with short repeat purchase cycles is a significant strength. 'Technology' goods, like mobile phones and time, are susceptible to major changes in profitability within a very short time and should be balanced by other products in a portfolio, rather than being the sole basis for a livelihood.

The moral standing of Avon products, which can be explored through the next few case questions, can be viewed through comparisons to other social enterprises. It may be useful to explore a few scenarios and comparisons. For instance, some critics have suggested that only 'pro-social' goods and services, like health care and education, should be allowed in selling systems aimed at the poor. Yet, in the developed world, people generally think that essential services of this sort should not be left to the private sector — why would this be different for the poor? Providing health care, in particular, is problematic because it puts the saleswoman in the position of having to refuse neighbours who are sick when they have no money. Turning a profit on health care, in those moments, becomes much more morally problematic that making money from cosmetics.

Finally, it may be useful to discuss what is required, from a macro perspective, for a community to develop a healthy economy. A well-functioning market contains many different types of goods and services. If everyone tried to sell from among a small range of goods approved as 'pro-social' by outsiders, the local economy would not function, and daily provisioning would be a problem. A healthy market has a diverse portfolio.

What role does profit play in this system? Is it appropriate for Avon to be making money off the poor?

Social entrepreneurship is based on the idea that re-circulating profits to fund the continuation of goods and income makes aid to the poor sustainable. Arguably, thus far, Avon is doing exactly this form of social enterprise, but on a much larger scale than is typical. While profits are going to investors who provide capital, a significant chunk of revenue goes back to the representatives, and an important contribution is being made to charitable causes that benefit both employees and consumers. The questions then become a matter of degree (how much profit can be returned to investors before the enterprise is no longer 'social'?) and intention (do the managers and owners intend to have a pro-social impact or only to make money?).

Which Avon products can be justifiably sold to the poor on the basis that they are natural and necessary? Is Avon just manipulating people into buying things they don't need?

The question of needs should be discussed at some length. It could be useful to take the few specific examples given in the case — lotion, deodorant, fragrance, cosmetics, soap — and discuss their standing in this culture, one at a time. Lotion, for instance, would not be considered a necessity in most rich nations, but soap would be. In South Africa, there is a long tradition of using some kind of oily or fatty substance to clean, as well as soften, the body, and the scarcity of water often makes soap use impractical. So, does lotion become a necessity, as opposed to soap? Similarly, deodorant would be considered necessary by most students, as compared to fragrance or makeup, yet reports from the field suggest this product is new to many respondents. Does that mean that deodorant is an 'invented need,' forced on people by a multi-national? Or does the requirement to smell a certain way to become and remain employed make deodorant a legitimate necessity? Pressing on such questions should make it clear that the concept of 'need' is not clear cut at all. Further, the list of needs varies on the ground because it is linked to social, as much as physical, requirements— thus there is no 'objectivity' when it comes to stipulating needs.

In extending the discussion to items like fragrance and makeup, the boundaries of need become even more problematic. Studies from a range of disciplines suggest that people need sensory stimulation, pleasure, and play in order to maintain cognitive functioning and not to fall into despair. Reducing the list of things people need to include only those items that maintain their physical bodies and then denying them everything that engages the mind or the senses — whether it be fragrance and makeup or even music and books — could be said to be de-humanizing.

Doesn't the Avon enterprise extend American cultural dominance?

The further issue of who gets to decide what the poor should and should not have — and why those people should have that kind of authority — is fraught with cultural power traps. Most business students from 'the West,' especially the English-speaking cultures, view colour cosmetics as unnecessary and unnatural, and will see selling these kinds of products to the poor as immoral, but will view bathing with soap as natural and necessary. These attitudes are the result of their own historical heritage, as alluded to in the case, and, importantly, there is a sectarian foundation for these beliefs. If the classroom is mixed internationally, stimulating contribution from other cultures will help: for instance, *mehndi*, which is common among both Muslim and Hindu cultures, has a strong spiritual subtext, and thus provides a stark contrast to the Puritan Protestant view of body painting as sinful. Should moral judgments rooted in one religion be used as a standard upon which to judge what the poor of the world may or may not have?

Students are likely to see Avon as an example of American popular culture forcing white grooming practices on Africans. Yet they will normally see this issue as problematic only as applied to the colour cosmetics and not to soap or deodorant, even though painting is

indigenous, but soap and deodorant are both relatively new. Conversely, students are also likely to see fragrance as unnecessary, despite the evidence of near universal use around the world and they are likely to dismiss the testimony of women who say perfume is a necessity. At that point, it may be useful to ask whose view should 'count' — a large sample of women from across the globe or students in an MBA classroom? A further complicating factor is the import of beauty products, such as lightening creams, into the American market.

There are also unique issues of dominance in South Africa that are germane to the case. Teachers should encourage students to discuss grooming as a vehicle for achieving racial dignity in both the American and African context. Human beings in every known society groom and decorate themselves, and the ability to do so is normally a pre-requisite for social acceptance. Since social acceptance is necessary for survival, basic grooming items and even the means to be considered 'beautiful', whatever they may be in that particular context, could be said to be necessities.

There is the issue of gender dominance also — something students are likely to overlook. The conditions for black women in South Africa are severe. A company that is attuned to women, with experience working on their behalf in many countries, brings the potential to be an important ally. The fact that this system provides income, as well as improved life chances and a sense of empowerment, to a singularly disadvantaged female group should be foregrounded in discussion as having at least as much importance as racial and national dominance questions.

Is Avon dictating grooming standards?

It should be clear from the case that the products Avon sells are, in most instances, directed at existing grooming practices. Whether they are 'dictating' such practices depends also on how much emphasis one puts on the extensive 'listening' capability that the Avon system has to respond to consumer demand. One might argue that a major strength is Avon's 'ear to the ground' locally, while social entrepreneurs often take their direction from investors and self-styled experts of richer nations.

Consider also the intransigence of grooming practices evidenced in the case. People in South Africa, consistent with practices from the pre-colonial period, are still showing a preference for lotions over soap and still scarifying their faces. The moral standing of lipstick, though it has been in use in South Africa for 90 years, is still in flux. This is not a set of practices that is as easily affected by foreign marketing as one might believe.

What about the racial representations in Avon's catalogue? What colour should the faces be in a country where 80% of the population is black?

Racial representation in advertising imagery is an easy issue to critique, but a difficult one to address in practice. An example has been given in the case of how Avon tried to show cultural sensitivity by fitting its images to the local racial environment through a beauty contest with four race winners. Cultural tailoring has been considered good practice. Yet, in this case, it meant

that the images were perpetuating a scheme of racial classifications produced under the hated apartheid regime. Is this a culturally positive step?

Yet shifting the imagery to reflect only the racial majority seems equally untenable. The minority races in South Africa are a bigger group, taken together, than racial minorities are in the UK, for instance. Many students would not think it appropriate for all the faces in British advertising to be white. And it may be helpful to remind students that race is a social construct, not a biological one, so having any kind of racial quota system for the images would put Avon in the distasteful position of having to judge and categorize models according to skin shade and facial features — or, worse, by ancestry — before showing them in the catalogue.

The purpose of the discussion should not be to reach an agreed way forward (there is no right answer to this question), but rather merely to highlight the ambiguity of the circumstances and the impossibility of reaching a practice that will be acceptable to those who do not have to make the decisions themselves. Much of the critical discourse on this issue presumes a consumer/reader who is passive, naïve, and therefore inevitably negatively affected. In contrast, the responses in the research seem to indicate that consumers read these images in a fairly flexible and sophisticated way.

Is Avon an American company? Is Avon a technology company? Is Avon a "company for women"?

The last three questions are intended to dislodge common assumptions about the roots, motives, and basis for corporations.

Most will quickly say, for instance, that Avon is an American company. Its origins are in the United States and its headquarters are there today. However, Avon's operations, its sales, its reps, its customers, and its management are all over the world, mostly *outside* the United States, making the easy assertion that it is an American company eminently challengeable.

Even so, there is something to be gained by considering the historical commonalities between the origins of the company in a certain temporal setting in America and the circumstances in South Africa today. There are many comparable conditions, whether one is looking at the practice of bathing, the racial separatism, the presence of direct sales, the limited opportunities for women, or the media communication between blacks in America and Africa. It would have been an important bit of homework for any manager going into Avon's South African operation to have some sense of this overlap, because productive insights could come from it.

Most students will not see Avon as a technology company despite its ongoing investments in R&D and substantial use of management information systems and logistics. They assume that 'technology' means production of digital communications devices or software. In this case, it is important to sensitize students to the fact that there are many bases for 'technology' (including, as in this case, chemical technology). Prevailing technologies change over time, so that what counts as new technology on the ground depends on what is already there. A roll-on in this case is a new technology (and one might profitably consider whether a deodorant is more or less a 'necessity' than a mobile phone, and why). Further, it is important to frame the workability of a

given technology against the infrastructural technologies that may or may not be in place: plumbing in the case of soap, electricity for cell phones. Many rich nation observers assume too much about the availability of post offices or roads or bathtubs or washing machines in the developing world.

Finally, it is very difficult for most Westerners to envision a cosmetics firm as 'a company for women.' Yet this particular corporation has a good claim, manifest on several dimensions, to such a slogan. The public, articulate, pro-woman ideology of Avon, particularly when it enters a traditionally patriarchal society, creates an important umbrella under which its sales representatives can find independence. To the degree that the international policy community wishes to support gender equality, companies that bring a history of conscious effort in this domain may have something important to contribute.