

ECONOMIC AND SOCIAL RESEARCH COUNCIL END OF AWARD REPORT



For awards ending on or after 1 November 2009

This End of Award Report should be completed and submitted using the **grant reference** as the email subject, to **reportsofficer@esrc.ac.uk** on or before the due date.

The final instalment of the grant will not be paid until an End of Award Report is completed in full and accepted by ESRC.

Grant holders whose End of Award Report is overdue or incomplete will not be eligible for further ESRC funding until the Report is accepted. ESRC reserves the right to recover a sum of the expenditure incurred on the grant if the End of Award Report is overdue. (Please see Section 5 of the ESRC Research Funding Guide for details.)

Please refer to the Guidance notes when completing this End of Award Report.

Grant Reference	RES-167-25-0321		
Grant Title	Avon in Africa: Reducing Poverty through Global Exchange		
Grant Start Date	1 st April 2008	Total Amount	£ 133,458.30
Grant End Date	31 June 2010	Expended:	
Grant holding Institution	Said Business School, University of Oxford		
Grant Holder	Linda Scott		
Grant Holder's Contact Details	Address	Email	
	Said Business School Park End Street Oxford OX1 1HP	Linda.scott@sbs.ox.ac.uk	
		Telephone	
Co-Investigators (as per project application):		Institution	
Catherine Dolan		Said Business School	

1. NON-TECHNICAL SUMMARY

Please provide below a project summary written in non-technical language. The summary may be used by ESRC to publicise your work and should explain the aims and findings of the project. *[Max 250 words]*

This project examined the potential for trade of manufactured cosmetics, specifically Avon products, to alleviate poverty and foster empowerment among women in South Africa. Trading partnerships in which consumer goods made by multinational corporations are distributed

through women's informal exchange networks have gained a footing in several developing countries, creating new opportunities to economically empower poor women. Yet while there is a growing interest in engaging the private sector in development, there have been no empirical studies of how these door-to-door distribution networks might contribute to development goals. This study was conducted to determine whether Avon direct sales arrangements produce achievable, sustainable incomes and improved welfare for black South Africa representatives and their families. We assessed the sustainability of the income Avon representatives earned, as well as the level of financial and social risk they had to assume to be in the system. We examined the way this selling system affects the communities into which it is introduced, to determine whether the Avon scheme generates new wealth for impoverished communities or whether it simply redistributes scarce resources among the poor. We also studied the communications between Avon Corporation and its local sales force, attending to issues of race and gender issues as reflected in both product offerings and marketing materials. Finally, we examined the organizational structure to determine whether it could be adapted as a vehicle to realise development goals.

2. PROJECT OVERVIEW

a) Objectives

Please state the aims and objectives of your project as outlined in your proposal to the ESRC. [*Max 200 words*]

This project examines the potential for trade of manufactured cosmetics, specifically Avon products, to alleviate poverty and foster empowerment among women in South Africa. The research objectives are:

1. To determine whether poor women who sell Avon products can achieve a sustainable income at a tolerable level of financial and social risk.
2. To determine whether the Avon programme increases wealth for the community or merely redistributes scarce resources among the poor.
3. To examine the relationship between women's economic participation in Avon networks and the perceived well-being of themselves and their families.
4. To study the role that consumer toiletries have in the lives of poor Africans.
5. To determine how the values and economic practices of Avon are negotiated and/or reconciled locally and the extent to which Avon traders are active participants (rather than clients) in the business.
6. To provide guidelines for assessing, adapting, or creating similar organizational models to facilitate development goals by examining how the organizational form used by Avon might be adapted for broader development initiatives.

b) Project Changes

Please describe any changes made to the original aims and objectives, and confirm that these were agreed with the ESRC. Please also detail any changes to the grant holder's institutional affiliation, project staffing or funding. [Max 200 words]

There was a three month no-cost extension. There were also two changes in project personnel, both of which were agreed with the ESRC. Upon completion of our first survey in 2008, the Community Agency for Social Enquiry (CASE), was forced to withdraw from the project due to their internal budgetary and staffing issues. We replaced them with TNS, an international research and marketing agency with a local office in Johannesburg. This move was fortuitous as TNS proved to be highly competent and contributed substantially to our data collection efforts. In addition, upon the completion of Tayo Fabusuyi's contract, we engaged the Applied Technologies Laboratory for the Arts and Sciences (ATLAS) at the University of Illinois Urbana-Champaign (United States) to assist with survey design and quantitative data analysis. ATLAS greatly facilitated the analysis of our statistical data at a very reasonable cost. There were no cost implications arising from these changes.

c) Methodology

Please describe the methodology that you employed in the project. Please also note any ethical issues that arose during the course of the work, the effects of this and any action taken. [Max. 500 words]

Multiple methods used included:

- 1) **Focus groups:** We conducted three focus groups in different locations; each included ten or more participants and lasted 90 minutes.
- 2) **Semi-structured surveys:** Exploratory research suggested Avon offered a steady income stream, with lower barriers to entry and less financial risk than other direct sales programmes or microlending schemes. We conducted two semi-structured surveys, approximately one year apart, to confirm this hypothesis. The first consisted of a purposive sample of 90 Avon representatives selected from three locations: Ekurhuleni Metropolitan (27), Johannesburg Metropolitan (34) and Polokwane Local Municipality (29). The second survey consisted of 300 representatives randomly selected from Ekurhuleni Metropolitan (150) and Johannesburg Metropolitan (150) locations. These SSIs collected three types of data: socio-economic information; data on kinship ties, informal networks, and institutional memberships; and factors affecting entry into the trade. In the unstructured portion, we investigated economic aspirations, and how women leverage these economic exchanges to buffer against vulnerability and create new possibilities for themselves. We also conducted a semi-structured survey with consumers to identify which products were used, the factors influencing their purchase decisions, the availability of substitutes, price perceptions, and funds sources used for purchases. Consumers were selected via a purposive sample from Ekurhuleni Metropolitan (26), Johannesburg Metropolitan (33) and Polokwane Local Municipality (17).
- 3) **In-depth qualitative interviews:** We conducted interviews with consumers (<25) and sellers (<30). Interviews with consumers aimed at understanding whether and how

products addressed social and economic needs. Interviews with representatives teased out social connections shaped experiences and economic successes, and what role norms of trust, affection and obligation typically embedded in customary exchange played in Avon networks.

- 4) **Key informant interviews:** We conducted approximately 75 in-depth interviews with randomly selected Avon associates (at all organizational levels) and consumers, as well as several open-ended interviews with management at the Johannesburg headquarters.
- 5) **Ethnographic observation:** We observed Avon trainings and selling in several settings.
- 6) **Literature review:** We conducted an extensive literature review on market-based approaches to development (including bottom of the pyramid schemes), gender and entrepreneurship in South Africa, and economic empowerment through direct selling.

The initial proposal included an intention to use social network analysis. However, in the field, this method proved to be impracticable because it required collection of extremely detailed information about social relationships. Respondents were confused and offended by the questioning. We felt we could not continue with this method and maintain positive relationships and that information we collected this way would be unreliable.

Ethical clearance was obtained from the University of Oxford's Research Ethics Committee. The only ethical issue arising pertained to compensation of Avon respondents. As reported previously, it became clear during the first round of data collection that failure to compensate the women who were our main organizers threatened our research. In consultation with the Said School's research director, Avon management, and the research ethics committee at Oxford, we decided to compensate a handful of informants for specific tasks that could be classified as research assistant work.

d) Project Findings

Please summarise the findings of the project, referring where appropriate to outputs recorded on *ESRC Society Today*. Any future research plans should also be identified. [Max 500 words]

Analysis of our data is currently in progress. The following results remain provisional.

Qualitative research: Respondents in qualitative interviews and focus groups consistently assert that Avon has made them more financially independent, raised their social status in the eyes of their community, and given them personal confidence. Interviews with some failed representatives indicate that those who cannot afford to buy small initial inventory stocks experience difficulty persuading buyers to purchase products and, thus, are likely to become discouraged and drop out. It appears that the ability to persevere through the first few months is determinate of success; however, the financial ability to purchase inventory is the main prerequisite, suggesting that selling Avon is a legitimate option only for those who have access to a small amount of capital.

With the exception of a very small registration fee, there are virtually no financial barriers to entering the Avon system. There are, however, other factors that can mediate a woman's ability to achieve success once they are in the system. For example, women need basic literacy and numeracy skills to keep track of orders and accounts. Should they wish to progress in the

system, they must also have the ability to recruit new members into the company and train, manage, and monitor them, necessitating funds for telephone and transport. In essence, once a woman moves beyond selling small amounts toward building a sustainable income through Avon, they need to have or must develop basic administrative and leadership skills, as well as some financial liquidity, which can pose a challenge for women who lack a basic education, social capital and suitable personality traits.

Quantitative research: Analysis of quantitative data is currently underway. Preliminary results mirror the qualitative findings. Women who have been with Avon for longer periods of time (more than six months) show marked increases in all relevant dimensions: income, material living standards, social and personal confidence. Because these data are not longitudinal, but are merely comparisons between groups of greater or lesser longevity in the programme, it may be that those who stay with Avon longer tend to be those who had higher living standards at the start. Yet, though the difference in Avon income between those who have joined recently and those who have been with Avon more than 16 months is significant, the household income does not differ between the two groups. This is suggestive of an impact from the Avon association.

Successful strategies differ between those who sell Avon products as their primary source of income and those who sell Avon for incremental income over other employment. In particular, those who have other jobs are able to sell Avon in those environments, while those who do not must identify other venues for finding customers. Thus, in addition to providing more income, formal employment also provides an additional market environment for the Avon representative. Demographically, these two groups are also quite different, with those who use Avon as a primary source of income being significantly less advantaged from the start.

e) Contributions to wider ESRC initiatives (eg Research Programmes or Networks)

If your project was part of a wider ESRC initiative, please describe your contributions to the initiative's objectives and activities and note any effect on your project resulting from participation. *[Max. 200 words]*

N / A

3. EARLY AND ANTICIPATED IMPACTS

a) Summary of Impacts to date

Please summarise any impacts of the project to date, referring where appropriate to associated outputs recorded on *ESRC Society Today*. This should include both scientific impacts (relevant to the academic community) and economic and societal impacts (relevant to broader society). The impact can be relevant to any organisation, community or individual. [Max. 400 words]

The research has generated considerable interest among corporates and NGOs keen to identify ways to bring the poor in developing countries into global markets. In particular, consumer goods companies seeking financially viable models to reduce poverty and aid agencies wishing to leverage private sector resources seek to understand the workings of the Avon model in their efforts to reach the 'bottom of the pyramid.'. The research has facilitated cross sectoral knowledge sharing through presentations at forums on entrepreneurship and innovation, including high profile events such as the Skoll Forum and the Oxford Centre for Entrepreneurship and Innovation (OXCEI) conference, as well as through corporate presentations to Omnicom (NY) and Procter & Gamble (Geneva). The research has been widely discussed within the Said School's MBA programme, where challenges and opportunities posed by the model have been brought into courses on social innovation and global marketing. The research has also been presented at four business schools (in the UK, the US, France, and Italy) where the impact may extend to teaching, research, and future practice.

As we envisioned, the project has allowed us to build expertise in the general arena of informal sales networks among women in the developing world. We have been building a testbed for an NGO-led rural sales network in Bangladesh, where a different set of products is exchanged through a framework nearly identical to Avon's. We work with CARE International, but the system includes multinationals' products, such as Danone, Unilever and Bata Shoes. The system has become so successful that an independent social enterprise has emerged from the effort which is now being supported by Danone and CARE Bangladesh. Finally, we have had several conversations with Procter & Gamble on how they might engage similar networks to distribute their sanitary care products in regions where there are no existing retail outlets. In April 2010, Scott travelled to East Africa with Procter & Gamble to examine potential systems such as BRAC/Living Goods in Uganda.

We have also disseminated the research through conventional academic outlets:

Presentations: Research findings were presented at 4 international conferences (USA, France, Italy, Canada), 3 UK conferences and 4 Oxford University conferences.

Media: The research has been featured in a range of media outlets including magazines, newspapers and blogs.

Publications: We have published one article in *Gender and Development* and one in an in-house magazine (*Business at Oxford*), which has a wide circulation among corporate and business leaders.

b) Anticipated/Potential Future Impacts

Please outline any anticipated or potential impacts (scientific or economic and societal) that you believe your project might have in future. [Max. 200 words]

Two academic articles have been drafted. One is currently under review at *Focaal: Journal of Global and Historical Anthropology* and the second will shortly be submitted to *Consumption, Markets and Culture*. Both papers draw on the qualitative research to examine the relationship between participation in Avon networks and women's empowerment. We also plan to publish the results of the quantitative data in a third academic journal in 2011.

We are particularly eager to bring the findings of the project to a range of non-academic practitioners. This includes social entrepreneurs and corporates experimenting with new models of product innovation and distribution in developing countries that can provide income earning opportunities for the poor. We plan to reach out to these stakeholders through Said School alumni and corporate networks, seminars and conferences focused on social innovation and entrepreneurship, and relevant social media forums. We also plan to disseminate findings in a short policy piece that will be distributed among development practitioners and aid agencies seeking ways to bring business in as partners in development solutions.

You will be asked to complete an ESRC Impact Report 12 months after the end date of your award. The Impact Report will ask for details of any impacts that have arisen since the completion of the End of Award Report.

4. DECLARATIONS

Please ensure that sections A, B and C below are completed and signed by the appropriate individuals. The End of Award Report will not be accepted unless all sections are signed.

Please note hard copies are NOT required; electronic signatures are accepted and should be used.

A: To be completed by Grant Holder

Please read the following statements. Tick ONE statement under ii) and iii), then sign with an electronic signature at the end of the section.

i) The Project

This Report is an accurate overview of the project, its findings and impacts. All co-investigators named in the proposal to ESRC or appointed subsequently have seen and approved the Report.	<input checked="" type="checkbox"/>
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ii) Submissions to *ESRC Society Today*

Output and impact information has been submitted to <i>ESRC Society Today</i> . Details of any future outputs and impacts will be submitted as soon as they become available.	<input checked="" type="checkbox"/>
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OR

This grant has not yet produced any outputs or impacts. Details of any future outputs and impacts will be submitted to <i>ESRC Society Today</i> as soon as they become available.	<input type="checkbox"/>
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OR

This grant is not listed on <i>ESRC Society Today</i> .	<input type="checkbox"/>
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iii) Submission of Datasets

Datasets arising from this grant have been offered for deposit with the Economic and Social Data Service.	<input type="checkbox"/>
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OR

Datasets that were anticipated in the grant proposal have not been produced and the Economic and Social Data Service has been notified.	<input type="checkbox"/>
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OR

No datasets were proposed or produced from this grant.	<input checked="" type="checkbox"/>
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