

Pound's plunge 'biggest shock' of past year, says Avon boss

The boss of global beauty giant [Avon](#) has said the pound's plunge in the wake of the mini-budget market turmoil was the group's biggest shock of the past year as she likened the sterling sell-off to the [Turkish](#) lira crisis.

Angela Cretu, global chief executive of Avon International, told the PA news agency that sterling's dramatic fall has caused challenges for the group, which reports in US dollars.

She said the volatility of the pound would likely be reflected in its figures, although she stressed the group was well hedged against currency fluctuations.

She said: "The pound going down – that was the biggest surprise.

"I thought the UK was the least of our worries," she said, having previously faced currency issues in a raft of its other global markets, including Turkey, which suffered a meltdown of the Turkish lira in 2021.

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"I never would've thought that... I'd be talking about the pound as I would the Turkish lira."

The group – which is owned by [Brazilian](#) beauty group Natura – reports its third quarter figures on November 11 as it gears up for the crucial Christmas season.

Ms Cretu said the group has responded to rampant cost rises by making savings across the group, cutting 100 million US dollars (£90.2 million) in costs by stripping out layers of management and overhauling its systems in a bid to protect prices.

She told PA: "Before passing on the pressures of the costs... we had to put our house in order – we became leaner and focused and removed layers of management."

The group is seeing signs that beauty shoppers across the sector are trading down from high-end brands, with Avon hoping to tap into the demands of more cost-conscious consumers with its affordable alternatives.

Avon, through its five-million strong army of representatives, has seen face-to-face sales begin to recover as global markets emerge from the pandemic.

But it has also experienced a permanent shift towards digital sales and representatives using social media to tap into a new generation of Avon customers.

It's a wealth sharing model and we're proud of it

The group has also recently overhauled its commission system to offer incentives to loyal representatives and its biggest sellers, with commission ranging from 15% to 40%.

"It's a wealth sharing model and we're proud of it," said Ms

Cretu.

She urged other businesses to follow suit and “come together, with governments, to redistribute the wealth”.

Avon is hoping its model, which includes zero start-up costs for representatives, could provide a lifeline for women struggling to make ends meet in the cost-of-living crisis.

“We’re by their side and working out how we can help them earn,” she said.

The group has also been supporting representatives in [Ukraine](#) by restarting operations there after halting immediately after Russia’s invasion.

It has been delivering products to the country through its Polish distribution chain and demand has been so solid that sales in Ukraine are now nearly 80% of those seen before the war.

“Orders are coming in from the front line,” said Ms Cretu. “This is an opportunity for (Ukrainian women) to work.”