

REMARKS OF JOSEPH N. MARIANO
Coalition to Promote Independent Entrepreneurs Capitol Hill Briefing

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Good afternoon, and thanks for allowing me to share some observations with you today.

I represent The Direct Selling Association, which is the national trade association for companies that sell products and services directly to consumers through an independent, entrepreneurial salesforce. Our members range from big multinational brands that everyone knows to companies that are literally just starting out and optimistic about their potential for growth. The entrepreneurial spirit that built America is alive and well in direct selling, as each year, a dozen -- or two dozen -- or more -- new companies that develop great products and services look to DSA for membership.

Businesses are attracted to direct selling for a number of reasons. First, there are certain types of products and services -- you can think about beauty or wellness products for one -- that simply lend themselves better to the face-to-face demonstration or explanation, which only direct selling provides on a consistent basis. Second, in a world that continues to be disrupted by technology almost daily, being a single product or brand among dozens or even hundreds in a traditional retail sales outlet may not be as attractive to some companies in 2016 as it used to be. With the internet and mobile technologies come increasingly sophisticated marketing approaches that allow direct sellers the ability to crowd-source a base of potential customers in a way that old-guard retail advertising and marketing could not.

It's interesting that direct selling is the oldest method for getting great products and services into the hands of consumers; yet at the same time, our well-established approach to retail is, like so many other things, being reinvented and reinvigorated by new technologies and works better for many companies in 2016 than other approaches. This

re-imagination of direct selling ultimately means even more opportunity for more entrepreneurial-minded people around the country and the world.

Direct selling could not be possible without great people: people who earn the trust of their customers because they invest in personal relationships, and people who benefit from the ability to pursue meaningful independent work. More than 18 million Americans are involved in direct selling in every state, congressional district and community in the United States. Direct sellers are often family members, neighbors and friends. Most (75%) are women, but men are increasingly entering the business as well. The motivations for becoming involved in direct selling are as diverse as sellers themselves. Lots of people join because they love a particular company's products or services and want to use them or share them with family and friends. For others, direct selling is a part-time pursuit motivated by the prospects of flexibility, work-life balance and supplemental income. For some who put in the most effort, direct selling can become a low-cost avenue to full-time, entrepreneurial work.

Our National Salesforce Study shows high rates of satisfaction among the people involved in direct selling. For example, nearly 8 in 10 respondents say their business has exceeded or met their expectations, while 78% are likely to recommend that a friend or family member consider becoming a sales representative.

In 2014, direct selling generated more than \$34 billion in estimated retail sales in the United States, and we expect growth of between 3 to 5 percent for the immediate, foreseeable future. It's important to remember that this is just our community's contribution to the millions of Americans involved and to the broader economy. When you begin to consider other industries like the others who have joined us here today, where

independent contractors are vital to success, you begin to see what a critical component of the overall economy they are.

For those of us in direct selling, the independent contractor model works because our business is an overwhelmingly a part-time pursuit that doesn't follow a traditional 9 to 5 routine. But it's also a great match for those who build more substantial businesses, because those who become involved have the freedom and flexibility to be their own boss. It isn't an exaggeration: the world would be a much different place without the important contributions of independent contractors like direct sellers to our economy.

If ever there came a time when direct sellers could not work independently, millions of Americans would stand to lose. It's also important for policymakers to appreciate that when traditional employment has fallen during times of recession, direct selling has acted as a hedge against unemployment, providing those who lost traditional jobs or could not find work with a way of providing for themselves and their families.

Now --- thanks to dozens of new companies being driven by technology that rely on independent workers, there's been a lot of talk about employment and whether independent workers affiliated with these companies should be considered independent contractors, employees or something entirely different. As direct sellers, we aren't, nor should we be, in the business of mandating the best way for Uber or Instacart to run their businesses, but I will suggest that policymakers should exercise caution before implementing approaches that could damage the very substantial economy for independent work in the United States.

Thank you very much.