

# **2018 Growth & Outlook Survey**

## U.S. Direct Selling in 2017

**Direct Selling Association, January 12, 2018**

<b>Benefits of Participation</b>	<p>The Direct Selling Association's annual <i>Growth &amp; Outlook Survey</i> is the major tracking study for the U.S. As a <b>benefit of your participation</b> you will receive the 2018 Growth &amp; Outlook Report enabling you to benchmark against your peer groups and the industry and help you plan for your company's future.</p> <p>Your response will help us provide credible, current information on the state of the Direct Selling industry to regulators/legislators, media, and other audiences that affect the industry's future. The aggregated data will also be included in the World Federation of Direct Selling Association's annual statistical survey to provide a global picture of the direct selling industry.</p>
<b>2018 Objectives</b>	<p>This Survey is shorter than last year's and is streamlined to achieve the following objectives:</p> <ol style="list-style-type: none"> <li>1. Quantify the size of the direct selling industry</li> <li>2. Quantify and segment the people involved in direct selling</li> <li>3. Announce results at DSA's 2018 Annual Meeting in San Diego, CA (June 17-19)</li> </ol>
<b>Confidentiality</b>	<p><b>All individual company data will be treated confidentially</b>, as specified in a confidentiality agreement between USDSA and Nathan Associates. Survey findings are reported only in the aggregate, with no identification of companies participating in the survey.</p> <p>Nathan Associates Inc. is an economic consulting firm with headquarters in the Washington, DC, metropolitan area. Founded in 1946, the company provides services in the areas of advocacy, business consulting, infrastructure, and international development. Visit <a href="http://www.nathaninc.com">www.nathaninc.com</a> for details. If you have any questions or concerns, please contact Ben Gamse, DSA's Market Research Manager, at (202) 416-6443 or <a href="mailto:bgamse@dsa.org">bgamse@dsa.org</a> to discuss and work through your company needs on confidentiality.</p>
<b>Your Data</b>	<ul style="list-style-type: none"> <li>• If your company cannot respond to all questions, please respond to as many as possible and submit. Best estimates are significantly better than no answer at all.</li> <li>• Upon completion of the online questionnaire, you will be prompted to download and print your responses for your records.</li> <li>• As an additional service, Nathan Associates can deliver custom cross-tabs with your company's info included for easy comparisons to peer groups/industry averages.</li> </ul>
<b>Due Date</b>	<ul style="list-style-type: none"> <li>• Please complete and return by <u>Friday, March 9, 2018 - latest.</u></li> </ul>
<b>How to Respond</b>	<p>DSA members received a unique survey URL that allows you to complete the survey online in more than one sitting while securely saving your progress. Alternatively, you can use the generic online survey link here: <a href="http://www.dsa.org/GO2018">www.dsa.org/GO2018</a>.</p> <p>Or send completed questionnaire to Paul Bourquin of Nathan Associates:</p> <ul style="list-style-type: none"> <li>• by email to <a href="mailto:pbourquin@nathaninc.com">pbourquin@nathaninc.com</a>.</li> <li>• by fax to 703-351-6162.</li> <li>• by mail to 1777 North Kent Street, Suite 1400, Arlington, Virginia 22209.</li> </ul>
<b>Informational Webinar</b>	<ul style="list-style-type: none"> <li>• You will be invited to join a <a href="#">DSALive!</a> webinar on January 24th 2-3pm EST, during which process and objectives of the survey will be outlined and all your questions answered.</li> </ul>
<b>Questions?</b>	<p>Contact Paul Bourquin of Nathan Associates at 703-516-7776 or at <a href="mailto:pbourquin@nathaninc.com">pbourquin@nathaninc.com</a>.</p>

## 2018 Growth & Outlook Survey

### United States Direct Selling in 2017

#### A Guide to Completing This Survey

- The requested information refers to calendar year 2017 (January-December).
- To ensure consistency of definitions, please refer to the *Glossary of Terms* provided on page 10 of the survey.

Company: \_\_\_\_\_

Name of Person Completing Form: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone: \_\_\_\_\_

#### Section A — Your Company's Direct Sales

**1. What were your company's net sales of consumer products and services in the United States that were generated via direct selling for the following calendar years?** *[Definition: Net Sales = The amount of sales generated by a company after the deduction of returns, allowances for damaged or missing goods and any discounts allowed.]*

**Exclude**

- Returns, allowances for damaged/missing goods, any discounts allowed
- Retail profit or mark-up/retail commission *[Definition: The difference between Distributor Cost Price and Suggested Retail Price]*
- Sales and use taxes

a. **2016** \$ \_\_\_\_\_ b. **2017** \$ \_\_\_\_\_

**1c. If there is a big change between 2016 sales and 2017 sales, please explain here:**

**2. Relative to the net sales figures you provided in answer to question 1 and thinking about the value at which your company's independent sellers sold the products/services to their customers, what are the total estimated retail sales of those products and services?** *[Definition: Estimated Retail Sales = The total aggregated amount paid by the ultimate consumers of the products and services. If your company has no standard formula for estimating retail sales, feel free to use the DSA standard formula:*

*Net Sales/Revenue divided by 0.75 = Estimated Retail Sales*

*Example: \$100 in Net Sales / 0.75 = \$133 in Estimated Retail Sales]*

a. **2016** \$ \_\_\_\_\_ b. **2017** \$ \_\_\_\_\_

**3. Thinking about your company/direct salesforce and what sales method best describes the primary approach to the ultimate retail customer, please provide a percentage breakdown of your company's 2017 net sales, as provided in question 1b.**

- Person-to-person (in-person or online).....a. \_\_\_\_\_ %
- Party plan selling/group selling/classes (in-person or online)..... b. \_\_\_\_\_ %
- Other sales approach.....c. \_\_\_\_\_ %
- **TOTAL SHOULD BE 100%**

**3d. If you entered a percentage for "Other sales" in the preceding question, please describe what "other" sales methods are included:**

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**4. Products/Services: What percentages of your 2017 U.S. net sales dollars (as provided in question 1b) were accounted for by each of the following products/services? If a product or service of your company is not listed, please describe it in "Other" and provide the percentage; we will classify it into a product/service category. *Total of percentages should equal 100%.***

**i. Clothing & Accessories**

Clothing, lingerie, sleepwear,  
shoes..... a. \_\_\_\_\_ %  
Jewelry, fashion accessories..... b. \_\_\_\_\_ %  
**Subtotal Category 1** c. \_\_\_\_\_ %

**ii. Personal Care**

Cosmetics..... a. \_\_\_\_\_ %  
Skin care..... b. \_\_\_\_\_ %  
Fragrances..... c. \_\_\_\_\_ %  
Hair care, nail care..... d. \_\_\_\_\_ %  
Toiletries/dailycare/oralcare..... e. \_\_\_\_\_ %  
**Subtotal Category 2** f. \_\_\_\_\_ %

**iii. Home & Family Care**

Home care/cleaning products,  
auto care products..... a. \_\_\_\_\_ %  
Animal & pet care products..... b. \_\_\_\_\_ %  
Foods & beverages  
(excluding those categorized  
under Wellness Products) ..... c. \_\_\_\_\_ %  
**Subtotal Category 3** d. \_\_\_\_\_ %

**iv. Home Durables**

Cookware..... a. \_\_\_\_\_ %  
Cutlery..... b. \_\_\_\_\_ %  
Crystal/china..... c. \_\_\_\_\_ %  
House/kitchen wares..... d. \_\_\_\_\_ %  
Tableware..... e. \_\_\_\_\_ %  
Candles, gifts, decorative  
accessories, holiday decorations,  
collectibles, art/framing..... f. \_\_\_\_\_ %  
Gardening..... g. \_\_\_\_\_ %  
Furniture/furnishings..... h. \_\_\_\_\_ %  
Home appliances..... i. \_\_\_\_\_ %  
Air filters/air filtration systems.. j. \_\_\_\_\_ %  
Water treatment systems/  
filters..... k. \_\_\_\_\_ %  
Vacuum cleaners..... l. \_\_\_\_\_ %  
Bedding & linens..... m. \_\_\_\_\_ %  
**Subtotal Category 4** n. \_\_\_\_\_ %

**v. Wellness Products**

Weight mgmt products/  
programs (weight mgmt  
supplements, meal replace-  
ment bars & drinks)..... a. \_\_\_\_\_ %  
Nutritional supplements

(vitamins, minerals,  
dietary supplements,  
herbals & specialty)..... b. \_\_\_\_\_ %  
Sports/energy & body-  
building (body-bldg  
supplements, energy bars,  
sports & protein drinks)..... c. \_\_\_\_\_ %  
Health foods & beverages..... d. \_\_\_\_\_ %  
Children's supplements..... e. \_\_\_\_\_ %  
Exercise equipment..... f. \_\_\_\_\_ %  
Health/nutrition/fitness  
instructional materials..... g. \_\_\_\_\_ %  
Essential oils..... h. \_\_\_\_\_ %  
**Subtotal Category 5** i. \_\_\_\_\_ %

**vi. Leisure/Educational Products**

Books, encyclopedias,  
educational publications..... a. \_\_\_\_\_ %  
CDs/cassettes/videos/DVDs..... b. \_\_\_\_\_ %  
Computer software..... c. \_\_\_\_\_ %  
Crafts..... d. \_\_\_\_\_ %  
Toys and games..... e. \_\_\_\_\_ %  
Scrapbooking/photo albums/  
photography ..... f. \_\_\_\_\_ %  
Sporting goods..... g. \_\_\_\_\_ %  
Adult products..... h. \_\_\_\_\_ %  
**Subtotal Category 6** i. \_\_\_\_\_ %

**vii. Services**

Financial services (including  
insurance)..... a. \_\_\_\_\_ %  
Telecom/long-distance svcs..... b. \_\_\_\_\_ %  
Internet services (e.g., ISP,  
Web site design, e-mail  
services) ..... c. \_\_\_\_\_ %  
Energy (gas, electric, etc.)..... d. \_\_\_\_\_ %  
Legal services..... e. \_\_\_\_\_ %  
Group buying clubs/services..... f. \_\_\_\_\_ %  
Travel services..... g. \_\_\_\_\_ %  
**Subtotal Category 7** h. \_\_\_\_\_ %

**viii. Other (please specify)**

..... a. \_\_\_\_\_ %  
..... b. \_\_\_\_\_ %  
..... c. \_\_\_\_\_ %  
..... d. \_\_\_\_\_ %  
**Subtotal Category 8** e. \_\_\_\_\_ %

**Total (2017 net sales dollars)= 100%**

## Section B — Your Company's Direct Salesforce

5. Please provide your best estimates of the number of independent representatives in the U.S. for the following items for calendar 2016 & 2017. Answers to #5d for 2016 and #5a in 2017 should be equal.

*[These are the people traditionally called Direct Sellers. Terms vary and often they are called distributors, associates, representatives, consultants, or other terms. These are ALL the people who have signed an agreement with OR renewed with your company in the past 12 months. They are eligible to pay wholesale prices for products; eligible to keep retail profit on sales to others if they opt to retail; and eligible to sponsor. This group does NOT include preferred or registered customers.]*

	2016	2017
a. <b>Number of independent representatives eligible to submit</b> an order on January 1 .....	_____	_____
b. <b>+ Plus:</b> number recruited/added during the year .....	_____	_____
c. <b>- Less:</b> number dropped during the year .....	_____	_____
d. <b>= Equals:</b> number of independent representatives eligible to order on December 31 .....	_____	_____

- 5e. If there's a big change between independent reps in 2016 and 2017, please explain here:

6. What percentage of your U.S. independent representatives at the end of 2017 fell into the following categories? (Please provide your best estimates.)

- Percent that are women..... a. \_\_\_\_\_ %
- Percent that are of Hispanic or Latino origin..... b. \_\_\_\_\_ %

7. Please provide the percent of your U.S. independent representatives that are:

- American Indian or Alaska Native..... a. \_\_\_\_\_ %
- Asian..... b. \_\_\_\_\_ %
- Black or African-American..... c. \_\_\_\_\_ %
- White or Caucasian..... d. \_\_\_\_\_ %
- Native Hawaiian or Pacific Islander..... e. \_\_\_\_\_ %
- Not Identified..... g. \_\_\_\_\_ %
- Other (please describe): \_\_\_\_\_ f. \_\_\_\_\_ %

*Note: the total of all 7 lines above in 7 must equal 100% ESTIMATES ARE WELCOMED.*

8. What is the percent breakdown of your U.S. Salesforce at the end of 2017 across the following age categories?

- Under 18.....a. \_\_\_\_\_ %
- 18-24.....b. \_\_\_\_\_ %
- 25-34.....c. \_\_\_\_\_ %
- 35-44.....d. \_\_\_\_\_ %

- 45-54.....e. \_\_\_\_\_ %
- 55-64.....f. \_\_\_\_\_ %
- 65+.....g. \_\_\_\_\_ %

*The total should equal 100%. ESTIMATES ARE WELCOMED.*

**9. Based on the total count of your company's U.S. independent representatives (as entered in #5d) at the end of 2017, please estimate percentage breakdowns, by segment/group listed below:**

*The total should equal 100%. ESTIMATES ARE WELCOMED.*

**a. Business Builders – FULL-time \_\_\_\_\_% of the TOTAL count on December 31, 2017**

*[Defined as:*

- *Those who have signed an independent representative agreement with a direct selling company OR renewed in the past 12 months*
- *Those who are eligible to purchase products/services at wholesale prices; they are eligible to sell products to consumers and keep the retail profit; and eligible to sponsor new people to join their team*
- *Those purchasing at levels beyond consumption for their own personal households as defined by your company*
- *And those WORKING FULL-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is typically an average of 30 or more hours per week*
- *These are likely to be Leaders, Executives, career-minded. They are likely to earn income from direct selling that can substitute for income from their previous employment.]*

**b. Business Builders – PART-time \_\_\_\_\_% of the TOTAL count on December 31, 2017**

*[Defined as:*

- *Those who have signed an independent representative agreement with a direct selling company OR renewed in the past 12 months*
- *Those who are eligible to purchase your company's products/services at wholesale prices; they are eligible to sell products to consumers and keep the retail profit; and eligible to sponsor new people to join their team*
- *Those purchasing at levels beyond consumption for their own personal households as defined by your company*
- *Those WORKING PART-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is typically an average of less than 30 hours per week*
- *These are likely to be considered as small retailers. They may/may not have a job in addition to their direct selling activities and do not earn enough income from direct selling to substitute for income from their main form of employment.]*

**c. Wholesale Buyers \_\_\_\_\_% of the TOTAL count on December 31, 2017**

*[Defined as:*

- *Those purchasing at levels for consumption in their own personal households...as defined by your company*
- *Are eligible to sell and sponsor, but choose not to do so.]*

**d. Unengaged \_\_\_\_\_% of the TOTAL count on December 31, 2017**

*[Defined as:*

*While they are eligible to purchase, sell and sponsor, they choose not to do any of these.]*

10. How many registered customers (who are not also independent representatives) did your company have in the United States as of December 31, 2017? \_\_\_\_\_

11. In this question, we are interested in knowing how many people (*SEPARATE* from independent representatives) have signed a Preferred Customer agreement with your company in the United States in 2017

**Preferred Customers**

[NOTE: THESE ARE NOT TO BE INCLUDED IN THE PERCENTAGE BREAKDOWN FOR THE GROUPS/SEGMENTS ABOVE]. This group/segment is defined as:

- *Those who have signed or renewed a preferred customer agreement with your company in the past 12 months.*
- *They may or may not be eligible to pay wholesale prices for products, depending on your company's program*
- *They are NOT eligible to sell products/services to others*
- *They are not eligible to earn*

**Does your company have a Preferred Customer Program?**

a. Yes \_\_\_\_\_

b. No \_\_\_\_\_

c. If yes, tell us the NUMBER who have signed or renewed a Preferred Customer agreement or registered as customers with your company in the United States as of December 31, 2017:

\_\_\_\_\_

## Section C — Your Company's Socio-Economic Impact

*This section will help DSA demonstrate the full social and economic impacts that direct selling has on the US economy and will allow us to educate key audiences including the media, government, financial community, and general public.*

12. In what year did your company first start direct selling in the United States?

a. Year: \_\_\_\_\_

b. Month (only if company started direct selling business operations in 2016 or 2017): \_\_\_\_\_

13. How many U.S.-based employees (NOT independent salesforce representatives) did your company have as December 31, 2016 and December 31, 2017?

a. Employee Count as of 12/31/2016: \_\_\_\_\_ b. Employee count as of 12/31/2017: \_\_\_\_\_

**State Level Impact**

**14. Please provide a percentage breakdown by state of your:**

**a. 2017 U.S. net sales derived from direct selling, as provided in question 1b**

**b. U.S. independent salesforce representatives as of December 31, 2017, as provided in question 5d**

State	Net Sales	Ind. Representatives
Alabama	%	%
Alaska	%	%
Arizona	%	%
Arkansas	%	%
California	%	%
Colorado	%	%
Connecticut	%	%
Delaware	%	%
Florida	%	%
Georgia	%	%
Hawaii	%	%
Idaho	%	%
Illinois	%	%
Indiana	%	%
Iowa	%	%
Kansas	%	%
Kentucky	%	%
Louisiana	%	%
Maine	%	%
Maryland	%	%
Massachusetts	%	%
Michigan	%	%
Minnesota	%	%
Mississippi	%	%
Missouri	%	%
Montana	%	%
Nebraska	%	%
Nevada	%	%
New Hampshire	%	%
New Jersey	%	%
New Mexico	%	%
New York	%	%
North Carolina	%	%
North Dakota	%	%
Ohio	%	%
Oklahoma	%	%
Oregon	%	%
Pennsylvania	%	%
Rhode Island	%	%
South Carolina	%	%
South Dakota	%	%
Tennessee	%	%
Texas	%	%
Utah	%	%
Vermont	%	%
Virginia	%	%
Washington	%	%
West Virginia	%	%
Wisconsin	%	%
Wyoming	%	%
District of Columbia	%	%
Guam	%	%
Puerto Rico	%	%
U.S. Virgin Islands	%	%
N. Mariana Islands	%	%
American Samoa	%	%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**TOTALS ABOVE SHOULD BE 100%**



15. What was the USD value of all U.S. exports for your company in 2017?

\$ \_\_\_\_\_

16. What was the USD value of all U.S. imports for your company in 2017?

\$ \_\_\_\_\_

17. Besides your headquarters, does your company have any other facilities located in the U.S.?

- a. Yes
- b. No

18. If yes, please list the types (e.g. office, lab, manufacturing, distribution/warehouse, retail shops) and locations of up to five of the largest facilities:

<i>Type of U.S. Based Facility</i>	<i>City and State</i>
1.	
2.	
3.	
4.	
5.	

## Survey Complete!

Please complete and return by **Friday, March 9, 2018.**

You may complete this questionnaire online at: [www.dsa.org/GO2018](http://www.dsa.org/GO2018)  
or send your completed questionnaire to: Paul Bourquin of Nathan Associates

- by email: pbourquin@nathaninc.com
- by fax: 703-351-6162
- by mail: 1777 North Kent Street, Suite 1400, Arlington, Virginia 22209.

***Thank you for participating!***

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## Glossary of Terms

Below are updated definitions for terms as we are using them in the *2018 Growth & Outlook Survey*. Terms appear roughly in the same order as they appear in the survey.

### Direct Selling:

- **Direct selling** is a business model that offers entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online. Compensation is ultimately based on sales and may be earned based on personal sales and/or the sales of others in their sales organizations.
- **Independent representatives:** To avoid any confusion with the traditionally used term, “direct seller,” (because of those who are not actively selling), we now refer to these people collectively as “independent representatives.” These people may also be called distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use. For purposes of this survey, independent representatives are independent contractors. These independent representatives are:
  - Those who have signed an independent representative agreement with a company OR renewed in the past 12 months
  - Those who are eligible to purchase a company’s products/service at wholesale prices; they are eligible to sell products to consumers and eligible to sponsor new people to join their team

**Net Sales:** The amount of sales generated by a company after the deduction of returns, allowances for damaged or missing goods and any discounts allowed. [Source: [www.investopedia.com](http://www.investopedia.com) on 1/25/2012]

**Estimated Retail Sales:** The total aggregated amount paid by ultimate consumers of the products and services.

**Please, note that:** Estimated Retail Sales is NOT the same as Net Sales / Revenue / Wholesale Price / Distributor Price. For your information: For DSA research purposes, retail sales are estimated from net sales using the following formula: estimated retail sales = net sales ÷ 0.75

**Sales Method or Approach:** The means by which an independent representative approaches his/her customer, the ultimate consumer. This may be through:

- **Person to Person Sales (in-person or online):** The one-to-one sale of a product or service between the independent representative and a single customer/consumer. This can be done in-person or online via distributor websites, mobile, etc...
- **Party Plan / Group Selling / classes (in-person or online):** The sale of a product or service by an independent salesforce member in a small group, class or party setting, often in the home of a hostess. These selling activities may be in-person or online.

**Recruited:** Any activity conducted for the purpose of offering a person the opportunity to become an independent representative. For purposes of this survey, “recruited” refers to all those direct sales people ADDED to a company’s rolls during the year.

**Dropped:** Those direct sales people that have removed out or been purged from a company’s roll.

#### **THE 4 SEGMENTS OF INDEPENDENT REPRESENTATIVES:**

(See the definition of “independent representative” above.)

##### **Business Builder – Full-Time:**

- Those who have signed an independent representative agreement with a direct selling company OR renewed in the past 12 months
- Those who are eligible to purchase products/services at wholesale prices; they are eligible to sell products to consumers and keep the retail profit; and eligible to sponsor new people to join their team
- Those purchasing at levels beyond consumption for their own personal households as defined by your company
- And those WORKING FULL-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is typically an average of 30 or more hours per week
- These are likely to be Leaders, Executives, career-minded. They are likely to earn income from direct selling that can substitute for income from their previous employment.

##### **Business Builder – Part-Time:**

- Those who have signed an independent representative agreement with a direct selling company OR renewed in the past 12 months
- Those who are eligible to purchase your company’s products/services at wholesale prices; they are eligible to sell products to consumers and keep the retail profit; and eligible to sponsor new people to join their team
- Those purchasing at levels beyond consumption for their own personal households as defined by your company
- Those WORKING PART-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is typically an average of less than 30 hours per week
- These are likely to be considered as small retailers. They may/may not have a job in addition to their direct selling activities and do not earn enough income from direct selling to substitute for income from their main form of employment.

##### **Wholesale Buyer:**

- Those purchasing at levels for consumption in their own personal households...as defined by your company
- Are eligible to sell and sponsor, but choose not to do so.

##### **Unengaged:**

- While they are eligible to purchase, sell and sponsor, they choose not to do any of these.

\* \* \* \* \*

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**Preferred Customer:**

- Those who have signed or renewed as a preferred customer with your company in the past 12 months.
- They can purchase company products / services and may or may not be eligible to pay wholesale prices, depending on each company's program.
- They are NOT eligible to sell products/services to others.
- They are NOT eligible to earn.

**Customer:** Those who purchase the products or services offered by a direct selling company. They can be either inside the network of independent representatives, or outside. They can be either registered or unregistered with the company.