

DIRECT SELLING  
JOURNAL

# DSJ

**In a memorable year marked by a global pandemic, sequestration, racial tensions, and a charged political environment, the direct selling channel thrived and positioned itself as a catalyst for positive change.**

JANUARY 2021

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A  PUBLICATION



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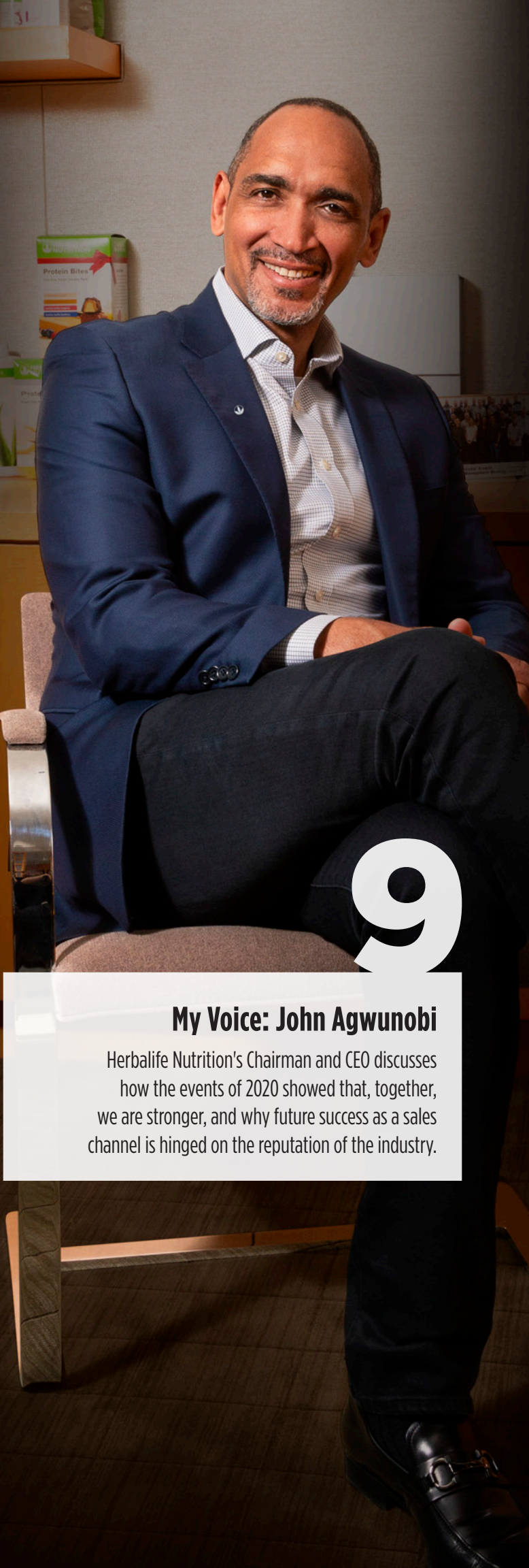
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## SUPPLIER PARTNERS

You were ever-present for DSA's member companies in 2020. You ensured that executives had access to the expert counsel, unparalleled knowledge, and best-in-class resources they needed to navigate 2020's challenges.

DSA extends a heartfelt thank-you for showing that with hard work and determination, the impossible can be achieved.

We look forward to your continued partnership and our mutual success in 2021!



# DIRECT SELLING JOURNAL

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**John Agwunobi**

John Agwunobi is Chairman and CEO of Herbalife Nutrition. He previously served as Co-President and Chief Health and Nutrition Officer for the company. Before joining Herbalife Nutrition, he served as Senior Vice President and President of Health and Wellness for Walmart. In the public sector, he served as Florida's Secretary of Health, and later as the Assistant Secretary of Health for the US Department of Health and Human Services. He also oversaw the Centers for Disease Control, National Institutes of Health, the Food and Drug Administration, the office of the US Surgeon General, and numerous other public health offices and programs.

**Laure Alexandre**

Laure Alexandre joined Seldia as Executive Director on September 1, 2020. A French national, she has been working in European Public Affairs in Brussels for the past fifteen years, specializing in health and consumer policy. She previously worked for the European Advertising Standard Alliance and spiritseUROPE promoting and advancing effective self-regulation and corporate social responsibility.

**Mona Ameli**

A veteran direct selling executive, Mona Ameli runs her own strategic firm, Ameli Global Partnerships. She provides effective, unique, proven, and personalized inclusive diversity and cultural strategic plans, trainings, and advisory services on how to sustainably achieve business turnarounds by putting people, culture, and values at the foundation of growth.

**Roger Barnett**

Roger Barnett is CEO of Shaklee Corporation and serves as Chairman of WFDSA. Barnett has been selected as a Global Leader for Tomorrow by the World Economic Forum (Davos) and has also been selected as a Young Leader Fellow of the National Committee on US-China Relations. Additionally, he serves as a member of the Board of Dean's Advisors of both the Harvard and Yale Schools of Public Health, is a member of the Yale University Council and President's Council on International Activities, and serves on the Boards of two Nobel Peace Laureate foundations.

**Leslie Blye**

Leslie Blye is National Sales Director for LIVE (previously Iacono). She joined the company in 2011 and received her Certified Meeting Planner certification in 2016. As Vice President of Education for Indiana's MPI Chapter, she is an active participant in MPI, DSA's Supplier Advisory Committee, and FICP (Financial & Insurance Conference Planners).

**Robert Cavitt**

Robert Cavitt is Chairman and CEO of Jenkon, a global leader in online and mobile selling solutions for direct selling. He is a thirty-year expert in information systems for global direct selling. He has served on the boards of both the DSA and DSEF.

**Scott Kramer**

Scott Kramer is CEO of Multibrain, a hybrid software and creative agency focused on helping direct selling companies empower their field with social media tools, content, and training. Scott is a media and entertainment veteran whose credits run the gamut of television, film, digital, publishing, and large-scale live events.

**Michael McClellan**

Michael McClellan leads Global Access' business development efforts in the direct sales channel, providing customized solutions for clients that simplify the complexities of cross-border commerce and are easily integrated into direct sellers' unique selling processes and operations. Before joining Global Access, he helped to found ProPay, a payment solutions company.

**Ryan Napierski**

Ryan Napierski is President of Nu Skin Enterprises. Prior to his current appointment, he served as President of Global Sales and Operations, President of Nu Skin's North Asia region, and President of Nu Skin Japan. Ryan holds leadership positions on the Direct Selling Association Board of Directors, Direct Selling Association Executive Committee, Direct Selling Education Foundation, and World Federation of Direct Selling Associations.

**Colt Passey**

Colt Passey serves as Nexio's Senior Vice President of Business Development. Colt has spent most of his career in solution selling and has extensive experience in strategic business partnerships, executing selling strategies, and working with the direct sales channel.

**Kenny Rawlins**

Kenny Rawlins is Chief Information Officer at InfoTrax Systems and a direct selling and commissions software expert. He has worked at InfoTrax Systems for sixteen years, helping customers utilize data and software to maximize the performance of their compensation strategies.

**John Sanders & Katrina Eash**

Winston litigation partners John Sanders and Katrina Eash have developed a specialty practice focused on representing direct sales organizations in a wide range of disputes and consulting matters. They have been recognized as trailblazers in the defense of direct sales organizations and are currently advising several clients in Federal Trade Commission investigations and compliance. They are also currently defending multiple clients in class-action, pyramid scheme litigation, including the defense of alleged co-conspirators and representing many of their clients in matters related to employment counseling, unfair competition, and trade secret violations.

**Sarah Sladek**

Sarah Sladek is a growth strategist and futurist. She is the Founder and CEO of XYZ University LLC, a future-focused consulting firm, and host of the web show, *Save the Associations*. Sarah is the author of five books and in 2018 she was named a Talent Economy Influencer.

**Mark Stastny**

Mark Stastny is Chief Marketing Officer at Scentsy, Inc. He has more than twenty-five years of passion and experience in marketing strategy, communications, promotions and programs, customer segmentation, public relations, digital and social marketing, and building world-class brands.

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## A Look Back, A Look Forward

“My task which I am trying to achieve is, by the power of the written word, to make you hear, to make you feel—it is, before all, to make you see.”

—Joseph Conrad

When DSA's Strategic Planning Committee convened in 2019 to scope out the next five years for the industry and the Association, one of the initiatives proposed was an industry journal—a publication that would bring the best and brightest minds together for an engaging and smart perspective on the past, present, and future of direct selling. It was not intended to be a weekly or monthly news report like publications already out there, nor a synopsis of Association activities, but rather an unbiased and enthusiastically critical look at the issues facing this dynamic business model—a way of *seeing* that did not yet exist.

With that direction, DSA set about to fund and publish such a journal. We looked at similar journals from other industries as well as the direct selling-focused creations of suppliers and others so that we could learn from the best while filling in the gaps with the intellectual resources available from DSA members, DSEF academics, and industry suppliers. We sought out authors and sponsors from across the direct selling world, and they responded enthusiastically. We worked with graphic designers and editors to create a visually appealing, easy-to-read, and deeply insightful publication available in print and online versions: *Direct Selling Journal (DSJ)*.

You are viewing our premier issue of *DSJ*. We thought it important to begin this year with a look back at the events that changed our lives and our channel, and a look forward to trends that will shape our future. We asked some of the best minds in direct selling to share their perspectives on where we were in 2020 and where we are going in 2021. If we have learned anything, it is that change is inevitable, sometimes unpredictable. We have also learned that there is no greater resource than our colleagues and a robust discussion of what we are doing wrong and what we are doing right. *DSJ* intends to provide a forum for that robust discussion.

Rest assured, *DSJ* will grow as this channel grows, and it will bring you not merely the same old voices, but new thinkers from inside and outside of direct selling. You will hear from our global partners, investors, and public policy officials as well as industry luminaries, award winners, and newcomers who are setting the world on fire with their innovation and creativity. We will tackle issues ranging from the nitty gritty of closing a sale to the existential questions of industry reputation, government regulation,

and the future of the channel in a digital, gig, and virus-affected world.

Our primary audience is the direct selling executive. This journal is, after all, a platform for leaders to engage in discussion with their peers. But we believe the ideas and insights shared will be of great interest to others—officials, senior salespeople, investors, competitors, and displaced workers and entrepreneurs looking for a greater understanding of our business model. Thus, as the national trade organization for direct sellers, we will draw upon our 110 years of experience and leverage our relationships in government, industry, and academia to ensure *DSJ* serves your needs while also informing and educating those with an interest in the channel.

We hope you find this first issue of *DSJ* the first step in doing just that. Know that we are committed to addressing the issues you want to discuss, with voices you want to hear, and that future issues will reflect your input and contributions. This truly will be a “living” publication reflecting the heart and soul of direct selling.

Joseph Conrad was a brilliant novelist who knew the power of the written word. With *DSJ*, we hope to bring you the powerful words of direct selling executives, channel specialists, educators, and government officials . . . to help you hear the voices of innovators and trailblazers . . . to make you feel empowered by a strong community founded on hope and built for progress . . . and to make all readers see the truth of an abundant opportunity for all.

We know, as did Conrad, that “the mind of man is capable of anything—because everything is in it, all the past as well as all the future.” *DSJ* will bring together the greatest minds in an exploration of our past, our present, and our future—and in doing so, help us to achieve almost anything.



Joseph N. Mariano  
Publisher & Editor-in-Chief

**President's Papers:** Access insights from DSA President Joseph N. Mariano at [dsa-dsj.org](https://dsa-dsj.org).



# BY THE NUMBERS

## 2020 ANNIVERSARIES

20 DSA member companies celebrated milestone anniversaries in 2020

1855	Southwestern Advantage	165th
1930	SwissJust	90th
1945	Regal Ware, Inc.	75th
1970	Juice Plus+ Company LLC	50th
1980	Arbonne International, LLC	40th
1980	Herbalife Nutrition	40th
1980	Pampered Chef	40th
1985	Melaleuca	35th
1985	Premier Designs	35th
1985	Reliv International, Inc.	35th
1995	Tastefully Simple	25th
1995	WineShop At Home	25th
2000	Jordan Essentials	20th
2000	Vollara	20th
2005	Initials, Inc.	15th
2005	Kyani, Inc.	15th
2005	The Cocoa Exchange	15th
2010	Noonday Collection	10th
2010	Sanki Global LLC	10th
2010	Trades of Hope	10th

## 2021 ANNIVERSARIES

20 DSA member companies celebrating milestone anniversaries in 2021

1886	New Avon	135th
1941	Rena Ware International, Inc.	80th
1946	Saladmaster (Regal Ware, Inc.)	75th
1956	JAFRA Cosmetics International	65th
1956	Shaklee	65th
1981	Medifast	40th
1981	NYR Organic	40th
1986	Vantel Pearls	35th
1996	Immunotec	25th
1996	NewAge Products Inc. (Morinda)	25th
2001	NHT Global, Inc.	20th
2001	Sabika	20th
2001	Traveling Vineyard	20th
2006	Ambit Energy	15th
2006	Become International, Inc.	15th
2006	Initial Outfitters	15th
2006	Touchstone Crystal, Inc.	15th
2006	YOR Health	15th
2011	Damsel in Defense	10th
2011	Neora, LLC	10th

**15**  
trillion

The estimate for business and consumer IoT technology-spend in 2020. (See "The Internet of Things," p. 80.)

**247**

Number of college and university professors participating in the DSEF Fellows program. (See "DSEF Fellows Make the Case for Direct Selling," p. 56.)

**88**

Percentage of millennials interested in entrepreneurial opportunities. (See "Business Intelligence: How Data Can Lead the Way Forward," p. 24.)

**700**

Percent increase in phishing attacks since the beginning of March 2020. (See "Payment Trends and COVID-19: Global Transformation," p. 88)

**2.4**  
billion

Number of new members of the middle class entering the global economy, 90 percent in Asia-Pacific. (See "The International Advantage: Your Salesforce," p. 84)

# MY VOICE

Herbalife Nutrition's Chairman and CEO shares his thoughts on his first ten months at the helm of one of the largest direct selling companies in the world, the entrepreneurial spirit of Herbalife Nutrition's employees and distributors, and his belief that the future success of direct selling as a sales channel is hinged on the reputation of the industry.



## John Agwunobi on . . .

### DIRECT SELLING

**Q:** You have had distinguished careers in both the public and private sectors. What attracted you to Herbalife Nutrition and the direct selling channel?

**A:** When I joined Herbalife Nutrition five years ago as Chief Health and Nutrition Officer, I was impressed by our distributors and their dedication and purpose-driven approach. Since then, I have developed a true appreciation for their entrepreneurial spirit, commitment to community, and ability to adapt to change.

The direct selling business model is the most personal form of selling and, arguably, the most appropriate for the health and wellness industry due to the personal nature of helping a person achieve their healthy lifestyle goals. Our customers purchase Herbalife Nutrition products for two reasons: 1) Our products are quality driven and backed by science and 2) our

distributors deliver results through education and a supportive community.

The competitive advantage of our business model is our distributors. They deliver what our customers are seeking: results. Our distributors apply their expertise down to the individual. It's an amazing sales channel with amazing people!

**Q:** You are just ten months into your role as CEO—and a lot has happened in our country during that time. What is it like to lead a global enterprise in a period of uncertainty?

**A:** I assumed my role as CEO of a company that operates in ninety-four countries right when the pandemic was starting to take hold of the world. I feel extremely fortunate to be surrounded by a strong executive team that has worked together for many years. I also feel fortunate to work for a company that is in the business of healthy nutrition worldwide. There's never been



a greater understanding of the importance of living a healthy, balanced lifestyle, eating well, and exercising. In addition, there has never been a time when more people are interested in pursuing an entrepreneurial opportunity.

Unwilling to let challenges stand in our way, we've met each hurdle with an entrepreneurial spirit. Our distributors found ways to adjust their business methods and prosper in a virtual environment, while complying with federal and state guidance in order to protect themselves and their customers.

**Q:** Earlier this year, you said about the channel: "Together, we are stronger." Can you elaborate on that?

**A:** The direct selling business model brings people together. It's as simple as that. It's as personalized as you can get—people helping other people. We can sell anywhere to anybody. As an industry, we need to continue to educate different constituencies about our business model.

Our future success as a sales channel is hinged on the reputation of the industry. We are at a crossroads in the history of this industry and our reputation should be our priority. I know several of my peers agree with me on this.

**Let's educate everyone on who we are, how the model works, and our positive impact on individuals and, more broadly, on society. As leaders we must model and champion transparency and ethics in business.**

## THE EFFECTS OF 2020

**Q:** What is the most important lesson you learned in 2020?

**A:** It was my responsibility to guide and lead the team through our first-ever global societal lockdown. Because our nutrition products are consumed daily by people around the world, protecting our supply chain, manufacturing, and our distributors' businesses while also keeping our employees safe was truly a balancing act. We had to find a sweet spot.

What I learned is the power and importance of regular, clear, and transparent communication with all our stakeholders. I also experienced firsthand the importance of a collaborative culture and being able to trust and rely on the judgment of your executive team and those field staff and our independent distributors who are closest to the customer. Communication, collaboration, and confidence in the team has been the key to navigating these challenging times.

## CONSUMER PROTECTION AND DSSRC

**Q:** What do you see as the most significant role of the Direct Selling Self-Regulatory Council (DSSRC)? What can we do together as an industry to better protect consumers while empowering our distributors?

**A:** As an industry, let's ask ourselves: "What more can we do to better assure the public and regulators around the world that no one cares more about our distributors and their customers than we do?"

The most important role of the DSSRC is its provision of clear guidance for the direct selling industry about practices that protect consumers—not just for members of the Direct Selling Association but all direct selling companies. It is incumbent upon every direct selling company to protect its customers. The DSSRC provides a necessary layer for consumer protection to work with regulators to ensure that those who are attracted to our products and business opportunity are protected in a transparent manner. The DSSRC's scope includes all direct selling companies. This widespread industry participation will benefit all consumers and the industry as a whole.

As a steward of good practices, we can encourage companies to develop and implement a robust compliance program, which is an important feature of protecting consumers, while empowering distributors with clear guidance on the regulatory rules of the road.

## LOOKING AHEAD

**Q:** How has Herbalife Nutrition used technology to become more customer-centric?

**A:** The last five years at Herbalife Nutrition have been some of the most innovative years in our history. Today, we know more about our supply chain, our distributors, and their customers than ever before. We believe the future for the direct selling industry is transparency and innovation. Using these concepts, direct selling companies will better understand customer behavior and purchasing habits.

We utilize technology that helps our distributors better understand their customers' purchasing habits and forecast their needs, leading to a better customer experience. The technology also helps the distributor be more efficient with their time.

Simply put, understanding our customers through our distributors is our priority. We want to give our distributors the tools to do so as well.

**Q:** Despite the challenges of 2020, many direct selling companies have performed extremely well. What does this say about the power of the direct selling model?

**A:** Our success in 2020 is based on three things: our distributors, our employees, and our products.

We recently announced our financial results for the third quarter with year-over-year net sales growth of 22.3 percent and ten straight quarters of volume growth with an average quarterly growth of 23 percent over the same previous year time period. That performance can be attributed to the business model, our amazing employees, and the entrepreneurial nature of distributors—who are the sales-force—and their ability to adapt their approach at a very localized level to add customer value.

Our distributors are the most entrepreneurial people in the world. It was fascinating to watch our distributors adapt to the chaos created by the pandemic, and to see our employees pivot their focus to support our distributors in new ways. Small independent business owners have the ability to adopt new approaches and our independent business owners adapted in days.

Even before the pandemic, there was a growing demand and focus on nutrition and a demand to have the opportunity for a home-based business. People today are paying more attention to their health and well-being than in the past. As a result, our customer base continues to grow.

**Q:** What can be done to dispel misconceptions about direct selling held by the public and regulators?

**A:** The narrative about the industry is currently being determined by critics who have limited understanding of what we do and the impact we have. Unfortunately, we are on the defensive as an industry and that posture puts us at a decided disadvantage.

Let's become more proactive in identifying constructive ways to engage our critics. Let's listen and have open dialogue with those who are skeptical of our model. If we desire a vibrant, growing industry that is respected, admired, and embraced by all, then, as an industry, we must first self-reflect and be willing to listen to all the voices out there so that we may better represent who we are and what we do.

As an industry, let's work with our independent distributor leaders to consistently look for new ways to nurture and protect consumers. Perpetual improvement is a hallmark of excellence in business. Let's educate everyone on who we are, how the model works, and our positive impact on individuals and, more broadly, on society. As leaders we must model and champion transparency and ethics in business.

I believe the future is bright. I am confident that our industry will continue to evolve, learn, and grow with time. **DSJ**



## DSA 2021 Growth & Outlook Survey

U.S. Direct Selling in 2020

DSA's 2021 Growth and Outlook market-sizing survey is now live! Participating will provide you and your colleagues with actionable data and insights to help you better understand market dynamics and industry trends, make better-informed business decisions, and give you a competitive advantage over those without it.

In addition to helping you and your company grow, the resulting industry data, such as estimated retail sales, the number of direct sellers and customers in the United States, and economic impact broken down at the state level, allows DSA to advocate on behalf of the industry. We share facts from this research to important external audiences: federal and local governments, regulators and legislators, Wall Street, media, the DSEF academic community, and the general public.

Your company's participation in the 2021 Growth & Outlook Survey is vitally important. As a key benefit to participating in the Survey, you and your colleagues will receive the comprehensive results report at no cost, immediately after the report is completed.

To ensure that you receive this essential industry data and analysis, please complete the survey by the **March 5 deadline at: [dsa.org/go21](https://dsa.org/go21)**



# DIRECT SELLING

# 20/21

**I**n some circumstances it might be prudent to, as Lewis Carroll says, not go back to yesterday. There is power—and comfort, perhaps—in solely focusing on the here and now. Of maybe allowing fleeting thoughts toward the future, but certainly not spending time dwelling on the past. It goes beyond Carroll's assertion that we were different people then; that we had changed. In this circumstance, it simply reflects the fact that 2020 was a year most people would like to forget.

It's hard to celebrate what an important year it was for direct selling when considering the pain experienced by so many Americans. Business closings and lost jobs. Social unrest brought on by racial inequality. The loss of the hundreds of thousands of lives to COVID-19. That's not to say that direct selling companies did not struggle in 2020. Many did. But what came of the collective struggle was, in the eyes of many, a much stronger channel. Company executives lifted each other up, offering guidance and encouragement on the transformation needed to stay in business. Corporate leaders helped their fields engage with customers in new ways. And the business model itself proved once again that during tough economic times, it is resilient and enduring.

What changes us ultimately moves us forward. The global pandemic forced the acceleration of new technology that created new online celebrations for

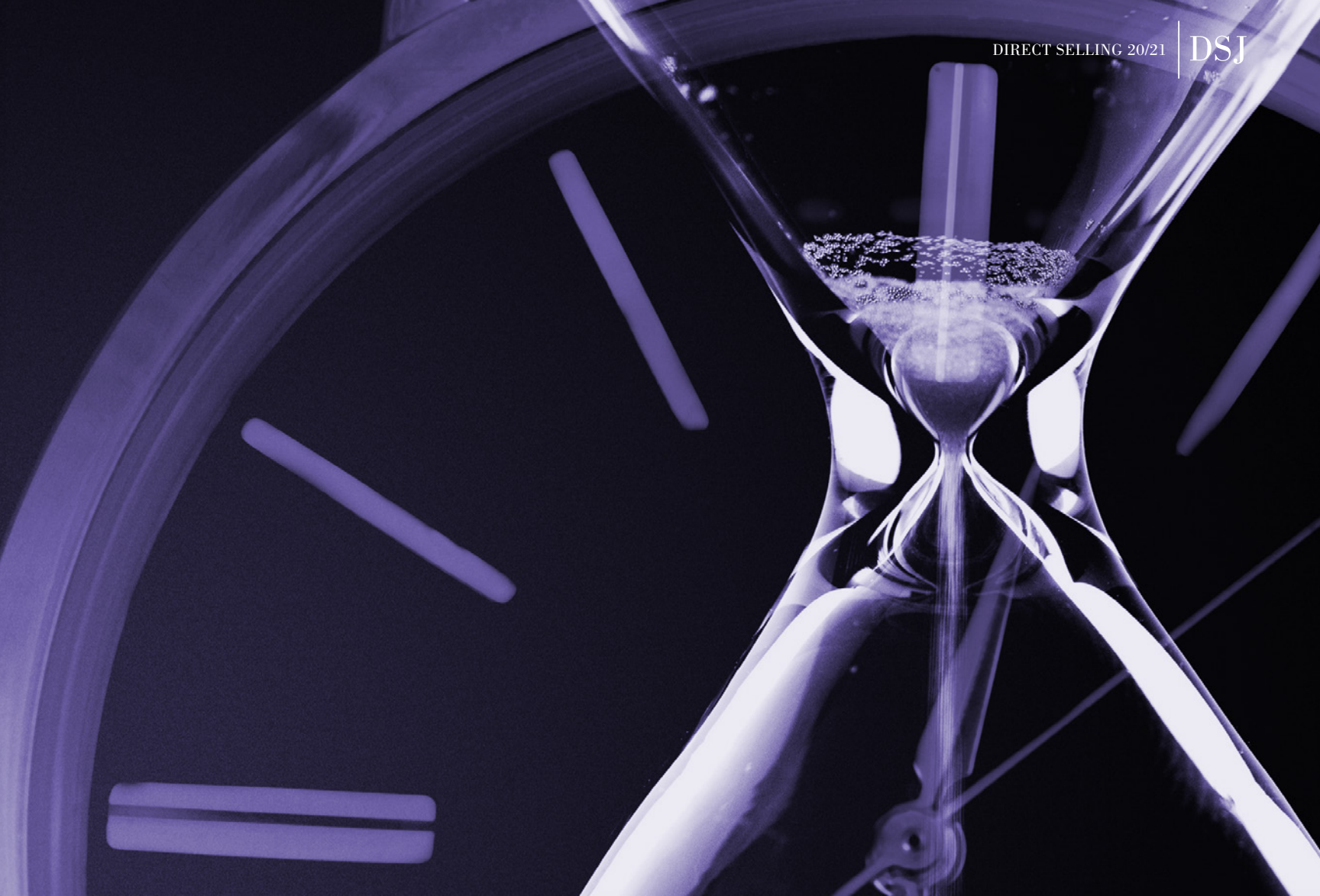
direct sellers and met customers where they were in the new normal. The call for racial equality and social justice was answered by renewed efforts for inclusive diversity in the workplace. And polarization of politics was a stark reminder that to survive, in both business and life, cooperation is key. How direct sellers conduct business, engage with customers, and treat each other moving forward will long have the echoes of 2020.

## **The COVID-19 Pandemic**

In January 2020, the US direct selling channel was coming off a year in which sales had slightly declined—\$35.2 billion from \$35.4 billion in 2018. Leaders were focused on increased competition from the gig economy and online retail technology disrupters.

Just two months later, they were strategizing how to keep their businesses going. The coronavirus was a full-blown pandemic. Hundreds of thousands of people were affected. Hospitals were overwhelmed, schools were closed, and non-essential businesses shut down. In March and April more than 22 million Americans lost their jobs.

John Agwunobi, the former Assistant Secretary of Health for the US Department of Health and Human Services was less than ninety days into his new role as CEO of Herbalife Nutrition when he joined



with other direct selling CEOs to discuss the state of the channel. Reiterating Nu Skin President Ryan Napierski's belief that the channel was stronger together, Agwunobi added, "I think this idea is a driving force behind what makes our channel such a catalyst for positive change. The significant events that surround us today present an opportunity to learn."

Direct selling leaders had multiple opportunities to learn last year—from communicating with remote employees and field leaders, to reimagining conventions and meetings in virtual formats, to investing in the digital transformations of their businesses. Technology and economic experts believe that the future came upon us two to three years earlier than expected, accelerated by the pandemic. But direct selling was ready.

However, the pandemic was not the only crisis the country faced in 2020.

(See pages 16-18 for the effects of 2020 events that will be carried into the new year.)

### **Racial Inequality and Social Unrest**

By May 2020, the first wave of the pandemic had peaked and was slowing, and businesses were settling into the new norm. Then, on May 25, George Floyd, a forty-six-year-old

African-American, was killed by a White police officer during an arrest in Minneapolis. His death—coupled with the earlier deaths of Ahmaud Arbery and Breonna Taylor, both African-Americans—led to nationwide demonstrations and protests of racism and police brutality.

Direct selling companies in the US and abroad issued statements in the days following Floyd's death. On June 3, Amway CEO Milind Pant sent a public message to the extended Amway family in support of Black Lives Matter.

"Events in recent weeks have brought to light deep scars within society and, for many, our society isn't working. We must seek to understand and act to do our part . . . We stand behind the black community and their call for equal justice. . . . There is great power in all of us working together to end racism. We vow to be part of the solution. We will hold ourselves accountable to these words. We will help change the future."

Avon Products Inc. and its parent company, Natura&Co, also released statements calling for equality and justice: "We strongly believe in the value of life, the idea that all are interconnected, and as society we can and should be agents of change. . . . We stand by basic human rights and more than ever all humankind



believing that all forms of racism and discrimination must end.”

The direct selling channel has always been a vehicle for people from all walks of life to be business owners. There are no barriers—not age, religion, race, or ethnicity. All people are welcome. But, considering the social and racial injustice of the past year, are direct selling companies doing enough?

“Forward-looking companies, many of which have diverse executive teams and boards already in place, are thinking about what more they can do to engender true equality within their organizations. The bigger question is: What more can a company do once they’ve successfully seated a diverse table?”

—Asma Ishaq, CEO, Modere

Following the protests, Asma Ishaq, CEO of Modere, made donations to organizations on the Black Lives Matter movement’s front lines. She also created inclusion and equity councils at her company, but believes that, looking toward the future, more is needed.

“Forward-looking companies, many of which have diverse executive teams and boards already in place, are thinking about what more they can do to engender true equality within their organizations,” said Ishaq. “The bigger question is: What more can a company do once they’ve successfully seated a diverse table? I know this type of introspection may feel uncomfortably frank, but what is most important right now is to confront the reality of inequality in our culture so we can take an authentic and honest approach to finding solutions. We must accept and embrace that we are not perfect in order to begin making real progress toward change.”

SeneGence Founder and CEO Joni Rogers-Kante is also the founder of the company’s non-profit, The Make Sense Foundation®. During its twenty-one-year history dedicated to empowering women, SeneGence has continuously worked to make strides to support women of all races, colors, ethnicities, and backgrounds. Moving into 2021, Rogers-Kante has established the SeneGence Leadership Diversity Development Program to evaluate and discover innovative new systems.

“We are doing business in many different countries and our company took a global position. In this time of tremendous need and change, we are ‘all hands on deck’ to identify opportunities to support our distributors and their communities,” explained Rogers-Kante. “I am very hopeful of the human

spirit. It’s times like these when we see the best in others through their helping hands, selflessness, and generosity—putting aside gains for profit for the betterment of their neighbor.”

The Make Sense Foundation offers annual \$10,000 scholarship awards for outstanding female youth who are college-bound. “Supporting the educational goals of deserving young women allows us to give back and support future success,” said Rogers-Kante. Additionally in 2020, MSF provided charitable contributions to three organizations that support the movement focused on making progress to eliminate discrimination and toward equality and inclusion for all people.

USANA CEO Kevin Guest understands “not doing enough.” When he did not release a statement quickly enough, he received messages that he was being complicit. But as a global company, USANA was not only focused on what was happening in the US, but also in the company’s markets around the world. To make a statement or address the social unrest happening in the US, Guest also had to think globally.

“We were pressured by many of our distributors, as well as some activist shareholders, to make a formal statement and put a stake in the ground,” he said. “I was very reluctant to do that because I don’t have the same experiences that others might have in some of the larger cities around the world with racism and other things that are happening. But I decided that I would make a formal public statement on behalf of the company, which I did.”

Guest shot a short video that was sent through USANA’s social media channels, and the company published a written statement to shareholders and to distributors.

“When you say something and make a stand, then that’s not enough right now,” said Guest. “What action are you going to take? For us, we chose to double down on our foundation and to give added resources to help hungry children in these cities where there is unrest. So we are bringing relief and support, but we are doing it within the mission and vision of our company.”

One CEO watching all that was happening from afar was Magnus Brannstrom. The CEO of Oriflame Cosmetics said during a panel discussion with fellow direct selling CEOs that there are so many things leaders can do to make sure everyone feels appreciated and respected.

“The essence of direct selling is that every person, wherever you are, whatever your beliefs are, can make it here [in direct selling], he said. “I think that is something that speaks in favor of our business. But some people mentioned that when we present our people, who do we present? Are we representing only a certain type of people? When

we communicate about certain offers, are we making sure those offers are equally perceived for everybody? Are we making sure that when we have our conferences or meetings that are following the western calendar of events, that we also recognize others' holidays?"

Roger Barnett, CEO of Shaklee Corporation and Chairman of the WFDSA, believes this is the time for leaders to listen, learn, and lead. The listening part is the reason why people were protesting, he says. "I think in the past, there have been other manifestations of it, and I'm not sure all of us have listened. The reality is there is persistent racial discrimination in this country. There is persistent systemic inequality."

Barnett shared facts supporting his belief: eight out of ten Black Americans with a college degree feel that had been discriminated against in the past. They are earning 25 percent less than their White counterparts. They are 75 percent less likely to own their homes. When looking at health inequalities, Black Americans are more than twice as likely to die of COVID-19 than White Americans.

"The question is, what do we do?" asked Barnett. "We have an opportunity in our channel to educate people, to have conversations, to lead. We have spending power. So I asked the people in our company, How much of our spending dollars do we spend every year on Black-owned businesses in the United States? We didn't know that answer. We are going to know that answer."

"There are two ways to lead: one is out of fear, and one is out of what you believe is right."

—Roger Barnett, CEO,  
Shaklee Corporation

Barnett also pointed out the messaging used in company marketing materials. How many Black faces are part of it? How does a company promote Black distributors? And what do leaders do in terms of addressing the fundamental health and income inequalities?

"I think at the end of the day, it's a question of leading," Barnett said. "I believe that leading is not only the right thing to do, but it is good for business at the same time. Right now you see business executives for the first time weighing in on these issues en masse. I am excited about that because I believe business is an incredibly important factor for change."

### A Divided America

By November 2020, the divide in the US was fully evident. As the election neared, diverse groups of American citizens made their presences known;

after the election, the polarization of political parties pulled the country apart even further.

Direct selling is a microcosm of the US; there is a broad and diverse constituency of varying views. The challenge for CEOs is in choosing whether to please the largest number of that constituency, or going down a path that, as a CEO, you feel is in the best interest of the company.

"There are two ways to lead: one is out of fear, and one is out of what you believe is right," said Barnett. "In many instances in the past, it has been more fear of constraint. You don't want to say the wrong thing. You don't want to offend somebody. But I would like to encourage all my peers and the people watching this channel, that I think the world has evolved. If you do not lead from where the place of righteousness is, you're not going to lead many people in the future. I think that people are looking for business leaders to take a stance on certain social issues. And I think equality is one of them."

Barnett believes that Shaklee, which was the first company to offset its carbon emissions, can attribute a billion dollars of incremental revenue over the years to greater loyalty among distributors because its leaders took a values-based stand on the environment. Leaders who are open, transparent, and make progress with a legitimate and authentic path and journey, will find it is good for business. Those who do not will lose future customers and distributors.

"I am incredibly bullish on what our future is as an industry because I think humans crave connection and community," said Barnett. "We are here to try to encourage and inspire others to invest their time and energy with us. I do not see any reason why our channel doesn't thrive during this period. Those who embrace change and just go full forward and reimagine how things can work in a digital and physical way will be the winners."

For Kevin Guest, the future of the channel closely mirrors the future of the country: leaders must come together in a spirit of cooperation for the good of the channel, for the good of the nation.

"I think the future of our channel involves coming up with ways to have cooperative strategic relationships with companies with which we have confidence, and to pool our resources to be stronger in a global marketplace that is going to have strength. Strength will equal survival," Guest said. "Even though we are a billion-dollar company, I think we need to find partner companies to form strategic relationships, leveraging each other's assets and core competencies to be stronger in a more difficult society. The future is not what has been in the past."

We can't go back to yesterday. The world was a different place then.



# 21 Effects of 2020

# We'll Carry into 2021

**1 WORKING REMOTELY.** When COVID-19 first hit, many businesses were forced to close their doors. Millions of employees lost their jobs. For those who could telework, working remotely became the new normal. Employers initially feared that productivity levels would drop, but multiple studies over the following months showed that efficiency was not deterred by the shift. Direct selling companies such as Young Living were among companies that allowed employees to work from home for the remainder of 2020. Global Workplace Analytics predicts that by the end of 2021, approximately 25–30 percent of the workforce will be working from home multiple days a week.

For direct sellers, working from home has always been the norm. While traditional methods of selling—person-to-person and party plan—have been adapted, the shift to online selling has proven to be successful in most cases.

**2 THE WOMEN'S RECESSION.** Women, particularly Black and Latina women, have suffered most in the job market over the last year. According to the US Bureau of Labor Statistics' final job report for 2020, women lost more than 5 million jobs since the start of the pandemic. The unemployment rate for women overall is 6.3 percent; 8.4 percent of Black women are unemployed, and 9.1 percent of Latina women are without jobs.

In December, women lost 156,000 jobs while men gained 16,000; hence, of the 140,000 jobs lost last month, women accounted for 100 percent of the losses. A National Women's Law Center analysis showed that among unemployed women, 40 percent have been out of work for six months or longer. What are the reasons for the recession? One is the low demand for jobs in which women have been, historically, highly represented, such as in restaurants, retail, and hospitality. The other is many women had to drop out of the job market to care for their children.

**3 THE IMPACT OF QUARANTINE.** The idea of working from home was appealing to most people at first. But as the days and weeks dragged on and workers continued to be confined at home, the psychological impact of sequestration started to become evident. Stress, anxiety, depression, and feelings of isolation began to grip many Americans. Direct selling executives realized what was happening to employees and stepped in to help. Research led by Boston University and conducted during lockdowns in March and April

found that nearly 28 percent of respondents reported depression symptoms in comparison to 8.5 percent before the pandemic. Women were more likely to be depressed than men (10.1% to 6.9%). Respondents with lower incomes were 2.4 times more likely to report depression. As employers became aware of COVID-19 stressors, they responded with physical and mental health assistance. Some direct sellers, for instance, held virtual gym classes or provided online resources with homework to help stressed-out moms.

**4 THE POPULARITY OF ZOOM.** Zoom has been in use since 2011, but since the COVID-19 pandemic, it has turned record profits. A staple of business meetings, it is as popular for families unable to get together in-person to meet online. Its free conference calling is a major selling point. According to DSA's 2021 Digital Transformation Report, Zoom is the most popular virtual events platform of direct selling companies. Eighty-two percent of respondents cited it as their business meeting choice. The next closest, at 32 percent, was a group of platforms that included Facebook Live, Bizzabo, and Vimeo.

**5 VIRTUAL CONFERENCES.** When the COVID-19 pandemic forced health officials to limit the number of people for in-person gatherings, many direct selling companies had to quickly pivot to reimagine upcoming conventions, meetings, and other events. What came from the shift to digital was, in some cases, substantial cost savings, even though some companies did send considerable amounts to fully embrace the new digital world. However, the greatest outcome was the dramatic increase in attendance. With so many people working from home, audiences grew, leading to new online celebrations and entertainment. However, while virtual meetings were overwhelmingly successful, they did lack one important factor: human connection. And it is that connection that will create a hybrid of virtual and in-person meetings in the coming year and beyond.

**6 NEW GUIDANCE ON EARNINGS CLAIMS.** In July, the BBB National Programs' Direct Selling Self-Regulatory Council (DSSRC), in partnership with DSA, released new Guidance on Earnings Claims. The new guidance defined and identified earnings claims to ensure all representations made by direct selling companies or members of their salesforce comply with legal and self-regulatory standards. The guidance is the most comprehensive ever released for direct selling companies. The new guidance went into effect on August 1, 2020.

## 7 INCREASED COMPLIANCE MONITORING.

DSA and regulatory authorities have cautioned against claims made related to COVID-19 and earnings potential. Sixteen direct selling companies received warning letters from the FTC for stating products could cure or mitigate the effects of illness. The FTC also flagged claims of unrealistic earnings that could be expected during economic hardship. Companies should continue enhancing their compliance programs to monitor and take swift action to remove exaggerated earnings or product claims.

**8 WELLNESS PRODUCTS.** Although the top-selling category nationally and globally for consecutive years, wellness products became even more popular during the pandemic as Americans focused their attention to healthy living. According to Lane Research, “Direct sellers that we follow will be advantaged by the fact that each company offers wellness products during a global health care crisis and an income opportunity during a period of sharply rising unemployment, all the while in a shifting business environment that is bringing to the forefront into the mainstream economy the work-from-home model, which is right in the sweet spot of direct selling.”

**9 DIRECT SELLING VS. GIG WORK.** Analysis from Lane Research concluded that the emergence of the gig economy was a key driver behind the flattening of direct selling growth rates in the US over the past decade. Lane also concluded the direct selling model has an edge in the new normal business environment.

“The COVID-19 outbreak brought to bear two additional advantages for many of direct sellers vis-a-vis gig players that are unique to the pandemic: 1) its direct-to-consumer business model where products are shipped directly to the end customer without physical social interaction and 2) the fact that many of the larger direct sellers have nutritional product offerings, demand for which have only escalated with the global health care crisis. Meanwhile the larger gig economy players have been hit hard by social distancing guidelines. Ride-share concepts Uber and Lyft announced large COVID-19 related layoffs in May and the property-share concepts Airbnb and Vrbo have been decimated by cancellations and as customers also fume about refund policies. . . . This, in our view, confirms our thesis that direct selling as a business model is an advantaged one in this new COVID normal business environment.”

**10 CUSTOMER CENTRIC FOCUS.** Businesses are rethinking their approaches to doing business, paying as much attention to what customers do not like as what they do like. In designing customer-centric experiences, direct sellers are proactively managing preferred customer programs to retain their most loyal customers and using customer journey mapping to improve the

customer experience. Other best practices include implementing expanded and integrated CRM capabilities to proactively measure and manage the customer experience, and leveraging AI and machine learning to generate personalized recommendations to make customer ordering easier and to accelerate business results.

**11 INCREASE IN RETAIL SALES.** This might be surprising to some, but despite the pandemic, the retail industry saw an increase in sales in 2020. According to the National Retail Federation, retail sales were up 6.6 percent for the first eleven months of the year over the same period in 2019, and the holiday season was tracking to surpass the five-year average growth rate of 3.5 percent. Despite the pandemic, retail sales increased, driven by the growth of e-commerce, the fastest-growing sector.

**12 RISE OF E-COMMERCE.** E-commerce sales were so massive in 2020 some experts estimate the amount—projected to be well over \$800 billion—accelerated the shift away from physical stores by three to five years. This shift was brought on, of course, by the COVID-19 pandemic. Expectations are that e-commerce will experience growth of more than 40 percent in 2020. Direct selling companies experienced record-setting quarters because of online sales. For instance, in a November earnings release, Nu Skin Enterprises CEO Ritch Wood noted the success of e-commerce investments: “We are benefitting from the current environment where more individuals are working from home and shopping online. Currently, approximately, 90 percent of Nu Skin revenue is coming from digital transactions,” Wood said.

**13 DIGITAL TRANSFORMATION A TOP PRIORITY.** According to DSA's 2021 Digital Transformation Survey, 43 percent of DSA members considered digital transformation a significant priority and 41 percent deemed it a mission critical priority. In addition, companies generating more than \$250 million in sales annually devoted a significant share—13.2 percent—of their overall budgets to technology development compared to DSA member average spend of 8.0 percent. Of the study respondents, 89 percent have already integrated such tools within their systems or are actively doing so.

**14 PERSONALIZED SHOPPING EXPERIENCES.** A 2020 report from Forrester found that personalized customer service “delivers quantifiable results in terms of decreased costs, more productive human agents, and improved customer experience outcome”—as well as proven impact to top-line revenue. Chatbots, or personalized assistants, have been available for a while now, but there were some growing pains—mostly on the part of consumers—when first introduced. With smarter artificial intelligence now available, chatbots are more popular—and will be key in helping businesses identify the best



customers. Some direct sellers currently use chat-bots; those who do not should seriously consider them to for a hassle-free customer experience.

## 15 CONSUMER DELIVERY EXPECTATIONS.

The creativity of retailers was clearly exhibited when non-essential businesses were forced to close due to the spread of the pandemic. They developed alternate forms of delivering products to consumers, including curbside pickup, and buying online and picking up in-store. In 2021 consumers will expect the same services made available during the pandemic to still be accessible. Those changing consumer expectations should serve notice to direct sellers, too, that expediency in getting products to customers is key.

## 16 THE EVOLUTION OF BRICK-AND-MORTAR.

The past year showed that while mega-malls may be passé, brick-and-mortar stores are here to stay. They offer an experience that cannot be replicated online, as evidenced by the rush to stores after prolonged lockdowns. However, to be successful in the future, they must evolve to meet ongoing safety requirements and the behavior of younger generations. Consumers will expect stores to meet public health needs like social distancing, as well as offer contact-less check-out, to keep them safe when they do venture inside the doors. As for younger consumers, research conducted by the National Retail Federation found that Gen Z likes in-store shopping, but not the stores of older generations. For brick-and-mortar stores to stay relevant with that cohort, they must evolve to a multichannel approach that speaks to Gen Z's love of social activity and desire to shop with their mobile apps.

## 17 DIRECT SELLERS' COVID-19 RESPONSE.

It would require far too many pages to show the outpouring of love and support by direct selling executives, employees, and salesforces toward their communities and nations during the pandemic. From halting their production lines to make hand sanitizer for hospitals and front-line workers, to offering monetary and product donations to organizations, to substantially expanding the support of the philanthropic arms of their companies, direct sellers moved quickly and deliberately when the calls for help went out. US companies with a global footprint made sure to provide support in the countries where they have a presence. Though often unnoticed by the public, the generosity of direct selling companies shone bright through the crisis.

## 18 SUPPORT OF LOCAL BUSINESSES.

During the pandemic, many businesses had to come up with alternative forms of delivery, such as curbside pickup, or be forced to shut down completely. To help save their local shops and restaurants, communities banded together to offer

their support by ordering more take-out, making monetary donations, or calling attention to businesses through social media. By July, a Groupon-commissioned survey conducted by OnePoll found that 75 percent of consumers planned to support local merchants during the pandemic. That included supporting direct sellers.

**19 SUPPLY SHORTAGES.** As concerns about the spread of coronavirus in the US first took hold and stay-at-home orders were issued, Americans began to stock up on items such as cleaning supplies, toilet paper, and paper products, as well as meats, dairy, and other foods. The shortages led to rationing measures at many major retailers and were indicative of the struggles experienced by direct sellers. In a January 2021 DSA QuickPulse survey, 72 percent of respondents indicated global supply chain issues were impacting business. About three-fourths of companies (74%) cited issues with product/component/raw material production delays in the US, 59 percent reported transportation delays in the US to distributors or customers, and 47 percent cited out-of-stock inventory due to high demand caused by the pandemic.

## 20 PRESERVATION OF DIRECT SELLERS' INDEPENDENT CONTRACTOR STATUS.

DSA will continue supporting actions that would clearly define direct sellers as independent contractors. The gig economy's reliance on individuals working as independent contractors has resulted in more conversations around the issue. The Association will work to ensure any efforts to compromise direct sellers' independent contractor status are resolved. With a Democratic administration now in place, in Washington, DC, the Association will build relationships with newly elected and appointed officials to help them understand the importance of direct sellers in this conversation.

**21 CONTINUED RELEVANCY OF DIRECT SELLING.** In its annual Growth & Outlook Report, DSA reported 2019 sales of \$35.2 billion in the US, a slight decline from \$35.4 billion in 2018. There were 6.8 million direct sellers in 2019, a 9.9 percent year-over-year increase. Of those sellers, 87 percent, or 5.9 million, were part-time. Health and wellness products once again led all product categories in terms of size and growth. Person-to-person was the most popular form of engaging with customers.

Globally, 2019 net sales declined 4.3 percent according to the World Federation of Direct Selling Associations (WFDSA). Worldwide sales were \$180.5 billion, with a global salesforce of 119.9 million. However, sales rose 1.4 when excluding China, which was put under a 100-Day Review by the government related to nutritional supplement industry. **DSJ**



## DIRECT SELLING IN THE NEW NORMAL



Connie Tang, Former  
Princess House CEO &  
DSEF Board Member



Dr. Sandy Jap,  
Emory University



Kathy Korman Frey, George  
Washington University  
School of Business

As part of DSA's Change Makers virtual event last November, the Direct Selling Education Foundation held a live-streamed conversation featuring DSEF Fellows Dr. Sandy Jap and Kathy Korman Frey to discuss what success looks like in the "new normal." The session was moderated by Connie Tang, former Princess House CEO and DSEF Board Member.

Dr. Jap is an award-winning marketing professor and holds the Sarah Beth Brown Endowed professorship at Emory University. She is published widely on the development of organizational relationships and go-to-market strategies.

Korman Frey is a professor at the George Washington University School of Business, where she teaches Women's Entrepreneurial Leadership. She is also the founder of the Hot Mommas Project, the world's largest women's case study library providing access to diverse, teachable, scalable role models and mentors.



**Connie Tang:** By and large, the direct selling channel has thrived despite—and, in some cases, because of—the COVID-19 pandemic. What is going to be interesting for us to talk about is what makes direct selling and the companies involved in this channel poised for such success and, more importantly, poised for sustaining that success.

The first question takes into consideration the physical distancing and safety protocols that took place starting back in March. Businesses in and outside of the direct selling space pivoted from an offline business to an online business. Sandy, what three things have you identified that were once important but are now no longer relevant for business success, and how will they affect direct sellers going forward?

**“A personal brand is so critical because it is the anchor point in any kind of prospecting you are doing online through social media.”**

**—Dr. Sandy Jap, Emory University**

**Sandy Jap:** I think that the pivot to online or social media selling is not so much that any skills have become obsolete. It is more that you need to add new skills. For example, I think of direct sellers as being excellent at educating customers, engaging customers in groups, and, in the party plan space, gathering customers together and having important conversations. All those skills are important online as well. What we found is that the best sellers do three things.

### 1) Hunting

The way you gather potential prospects on social platforms is different from face-to-face. With face-to-face, you can rely on more prospects and friends of friends, but with social media, none of that is the case. The most successful sellers start with a practice we call “hunting,” which is scouring the internet. They will follow certain people on Facebook or on Instagram and they will try to relate and become a friend of those individuals. Or they might do hashtags, search on LinkedIn, and look for keywords. The practice of hunting is trying to find people who either have a common problem or are interested in issues that you are interested in as well. It is finding commonalities and trying to merge those networks together.

### 2) Casting

The second important practice is something that we call “casting.” We call it casting because it is like casting a wide net. The idea is that you might put out some engaging videos or you might have some live Facebook events that anybody has access to where you are featuring products. And you might say something like, “Hey, can your lipstick do what this does?” Then

you talk about the product(s). You are really trying to cast the net to pull people in and to have them follow you. More importantly, the goal of this is to get customers to potentially join the closed private Facebook group. It is in those closed private groups that you can do all the things that direct sellers do best—educate, demonstrate, engage, and create gatherings.

### 3) Cultivating Curiosity

The third practice is what we call “cultivating curiosity.” The difference between cultivating curiosity and casting is that in casting, you might feature your products and you might be clear that you are selling something. In cultivating curiosity, it is especially important to not feature products, to not feature brands, and just talk about who you are and what topic you are interested in, such as weight loss or body toning. The goal in cultivating curiosity is to get people to say, “Hey, I’ve been following you for a while, and why is it that your skin glows?” or “What is it that you’re using that is helping with your hair?” You are trying to get people to reach out and to connect with you. At that point, you invite them into your closed group in Facebook.

So those are three key practices that are different from what direct sellers might have done face-to-face or in personal networks in the past. Now, the secret sauce to all this is:

*The most successful sellers online are people who have cultivated a strong personal brand.*

This research, done in collaboration with my co-author, Eileen Fisher, a professor at New York University in Canada, found that a personal brand is so critical because it is the anchor point in any kind of prospecting you are doing online through social media. It is the anchor point in your closed Facebook groups as you are engaging with customers and closing out sales.

What makes a good personal brand? People who are exceptionally good at being authentic. You do not want to be picture perfect. Some of the most successful sellers online are people who might appear with no makeup on. Honesty is also key—revealing who you are over time in an interesting way.

The key to being successful selling online is managing what I call micro interactions. Hunting, casting, and creating curiosity, and funneling customers into that closed Facebook group, where the sales can really happen. The people who are the best at this have amazing personal brands. They can move from direct selling and use those set of skills in other contexts. They are massive social influencers.

We also see a few important practices that organizations can adopt. For example, getting your consultants to share best practices among

themselves. We see a lot of consultants, especially at SeneGence, sharing best practices on how to create great online parties, virtual events, and demos. They have even come up with tools to insert interesting videos. I think SeneGence really stands out from those we have talked to in our research.

Another important best practice is looking to Gen Z and Gen Y for innovation, especially when it comes to social media. One company that stood out in this regard was Southwestern. As you know, Southwestern sells door-to-door, and when COVID-19 hit, they had to pivot to online. They very bravely looked to some of the youngest experts and said, “Find a way”—and they did. It is amazing.

**Connie Tang:** Kathy, you are passionate about working with women and women leaders. All of us in some way, professionally and personally, have been impacted by COVID-19. Most significant has been the financial impact on women, which has been coined, devastatingly so, the “women’s recession.” The DNA of direct sales companies consists of providing equal opportunity to all—men and women, from all walks of life. Prior to COVID-19, almost 75 percent of our country’s independent salesforce were women. I suspect those numbers have increased during these past eight months. What are some ways that companies—and female leaders, in particular—can contribute to the solutions for sustainable growth and play a role in addressing or alleviating, to whatever extent possible, this women’s recession?

**Kathy Korman Frey:** Three primary factors play into the women’s recession:

- childcare
- the environment in which a lot of women are employed (where they must show up more in person, be it retail, restaurant, etc.)
- not enough opportunities to telework in jobs that women hold

I can imagine brains turning out there in the direct selling world saying, “Oh, we’ve pivoted to allow people to work online.” But the two primary words that come to mind for me as action items are *mentorship* and *support*. Our research shows that women who are the most successful in their careers have support in two places—at home and at work.

When you ask women, as we did, “To what do you attribute your success or achievement?” it is not a fancy degree. It is not some amazing skill they just learned or a certificate program they enrolled in during COVID-19. It is the support system in their lives and work. So, if you are supporting somebody at home, think about ways you can continue to do that so you are both successful.

The second thing is support at work. Are we instituting ROWE—Results Oriented Work Environments? Are we having mentorship groups on

a peer level? Are we doing huddles in the morning to help rev up our employees? Are we featuring our superstars in some sort of way, whether it is a quick article or on a webinar? What we have found—and research shows—is that access to mentors and role models increases confidence and increases success. If we can access mentors and role models within our own networks—and that’s where direct selling really has an advantage—we have a built-in network. Ninety percent of women entrepreneurs are solo-preneurs. This is a massive advantage for the direct selling channel because you have a built-in network support system and mentorship. Direct selling companies should continue to focus on that.

“What we have found, and that research shows, is that access to mentors and role models increases confidence and increases success.”

—Kathy Korman Frey, George Washington University School of Business

**Connie Tang:** What do you see in your research and in the encounters you have with businesses in and outside of our channel as some potential trip wires or blind spots we should be aware of, especially in this time when many companies are growing very quickly? What could we be missing because we are so focused on today that it is going to catch us and bite us in the future?

**Kathy Korman Frey:** This is a great time to engender massive loyalty by supporting your consultants. Instituting something like a daily huddle, a weekly huddle, or featuring a star could be really inspiring. Use that network for good.

I do think there could be some hiccups such as accessing product due to import restrictions. I am sure companies are addressing that, but do not just keep it at the senior level. There might be some interesting things you can share to make consultants in the field solve those problems with you. At the very least, make them aware that you are struggling, too, and that you are looking out for them. Constant communication is helpful. We all know people who do not constantly communicate, and that feels very lonely at a time like this.

**Sandy Jap:** The biggest blind spot I see is that so many companies simply try to transfer whatever they are doing offline or in face-to-face situations online. The people who do that are not getting results. They are not highly effective, and it can be a frustrating process. It is important to understand what critical skills matter most in selling online and make sure you can master them. The blind spot is thinking that you do not have to change what you are currently doing to get there. **DSJ**



# THE IMPACT OF 2020 ON GEN Z

by Sarah Sladek, Founder and CEO, XYZ University



**P**andemic. Racial tension. Riots. Fires. Political conflict.

Yes, 2020 was unprecedented, and a defining, historic moment. It's times like this that influence the behaviors, values, and attitudes of younger generations.

No one could have predicted a year like 2020, yet there are clues into what the future will bring based on the events of the past year, as well as the changes of the past several years.

It can easily be argued that Generation Z, ages 11–24, will be influenced by the events of 2020 more than any other generation. Whatever happens in society during childhood and adolescence influences our lifelong values and behaviors. These are the influential years—influential in terms of brain development and values development—and Zs are experiencing and influencing more change during their youth than any other generation.

Paying close attention to what impacts the youth in our society, and how they respond, provides windows into the future. Throughout history, social trends have been introduced by youth, then trickle up and influence the masses. It's the butterfly effect applied to social science.

The butterfly effect is the theory that we're all connected, and small events can have unexpected impacts on a complex system. These impacts are evident in the following trends which everyone should consider when contemplating the future of sales and consumerism.

## **Security**

In 2018, our firm conducted a global research project with Generation Z and discovered young people

were gravely concerned about financial stability. During the Great Recession, this generation watched their parents lose jobs and savings, and they watched the millennial generation become burdened with the largest amount of student and credit card debt in history.

The pandemic has heightened their fears.

Of course, consumers of all ages are anxious, and with good reason. The historic rise in unemployment and a steep decline in GDP foreshadow prolonged financial insecurity and economic uncertainty. McKinsey & Company's 2020 consumer research revealed Americans are now more worried about the economy than about their health and safety.

These developments will fundamentally reshape how all consumers perceive value and seek affordability in a post-COVID-19 world, but for Generation Z it will be especially defining. The days, weeks, and months ahead are just one huge question mark for Gen Z, which is struggling to plan or prepare for college, jobs, internships, and other decisions that will ultimately determine their successful launch into adulthood.

As a result, Gen Z will likely mirror some of the same behaviors of their grandparents and great-grandparents raised during the Great Depression. Feeling secure about their purchases and the return on investment will be infinitely important to Gen Z. They will put a lot of thought into their buying decisions. Value perception—the combination of price, quality, and service—will be critical.

## **Learning**

In spring 2020, more than 1 billion students worldwide were forced to go online when their schools went virtual. Since then, the concept of going to a

physical school has become controversial and unpredictable as schools have opened, closed, reopened, and closed again.

As challenging as this has been, Gen Z has access to other sources for learning. After all, this generation grew up watching more YouTube than television. They watched TEDTalks online, learned from celebrities via MasterClass, and enrolled in Harvard classes online.

A little-known fact about Gen Z: their brains have developed differently than previous generations. They obtain information and memories almost exclusively from videos and photos.

While they prefer in-person learning environments, they will readily seek out opportunities to learn online in the absence of actual classroom learning. This will change the course of education and skills development, and we'll likely see more organizations and businesses producing their own online learning courses, certifications, and skills mastery programs.

This is key insight into the future of consumer marketing, as well. Sales and marketing professionals will need to become increasingly adept at incorporating visuals into pitches and consider the production value of their presentations.

### **Creativity**

Gen Z consumes more content than any other generation and creates more content than any other generation. Because of their exposure to video from the time of infancy, and their personal experiences producing content, they tend to be critics of anything that isn't well-produced or presented.

This means your young audience is getting more information, faster than ever before. Outdated information or information that could easily be duplicated by someone else will be quickly dismissed and criticized as irrelevant. It will be essential for marketers to consider what's proprietary or unique about the information they're delivering.

In addition, this generation places a high value on creativity and using their voices to bring about a positive change. Not surprisingly, Gen Z has evolved into a generation known for their "creative uprising" efforts. The youth have taken to the streets to protest and rally for change, and they've also found creative ways to speak their minds. They create videos on TikTok and find ways to hold companies and leaders accountable.

This activism is an indication of how your audience is shifting. Your audience will demand you create, inform, and present from a place of authenticity, trust, and transparency. Gen Z will expect you to "walk the walk" and not just "talk the talk." They will demand the leaders and companies they work with and buy from be part of an ongoing

conversation, using their influence to lead and influence positive change.

### **Connectivity**

One thing will never change and that is our desire to be together. We all share a constant desire to connect to others, even in difficult times.

Brands, like people, have been forced to contemplate their purpose amid tremendous challenge and change. What we've learned through this process is the importance of relationships.

Marketing has always been important to business growth; now it is crucial to staying present and keeping your audience engaged and informed. Go to your audience and engage them in dialogue. Ask them what they need. Listen, and create something new and relevant and meaningful. The more you can get people involved in your brand, the better.

In the aftermath of the Great Recession, new economies emerged, and an entirely new value system was introduced:

- The sharing economy was firmly rooted in the millennial generation's desire to access products and services without having to purchase or own them. As a result, Uber, Netflix, and Airbnb were born.
- The gig economy arrived, allowing millennials to work multiple jobs while pursuing college degrees, paying off debt, earning certifications, or pursuing new interests.
- The nine-to-five world shifted to one that allowed remote work, flexible work environments, contract work, and consulting opportunities.
- Time became our greatest commodity, happiness became our definition of success, and society began to invest more in travel and experiences and spend more time with family.

As difficult as the Great Recession was, society evolved. We ended up in a better place, redefining work-life balance and reprioritizing what's important.

The outcomes of 2020 won't be fully known for months or even years, but it will have a significant impact.

No matter what happens, just remember: There has never been a crisis—war, terrorism, recession, or pandemic—that has ever been strong enough to silence the voices of youth. Pay close attention to where they are and what they're doing because their actions will influence us all.

Sooner or later, the future makes its presence known. Make sure you're ready for it. **DSJ**

*Contributor-submitted article. See page 5 for more information.*



# BUSINESS INTELLIGENCE

How Data Can Lead the Way Forward

Newly released 2021 Digital Transformation Report helps member companies better understand how they compare to their peers across several key areas of technology.



The Direct Selling Association is the premier resource for data on retail, salesforce, economic, and technology trends and their impact on the channel. The actionable research produced by DSA is designed to provide information that is also used to advocate on behalf of the millions of entrepreneurs who choose the direct selling channel. The unique value DSA provides companies is made possible by building strong relationships with members. Companies trust that DSA confidentially collects data and reports valuable insights in the aggregate.

Data can help to lead the way forward, and Director of Industry Insights at DSA and DSEF Ben Gamse points out that the research generated by DSA's Industry Research Committee gives member companies the ability to strategize for the future by identifying opportunities and helping to overcome risks.

"Following the abrupt jolt from coronavirus to the overall economy, retail landscape, and direct selling channel, DSA significantly increased its industry research efforts to help companies navigate the uncertainty and the business challenges posed by the pandemic," he said. "We now strive to be the go-to-source for the sharing of data and insights within—and outside of—DSA membership so that the direct selling channel and our community can learn from one another and emerge from this pandemic stronger than before."

DSA's Industry Research Committee is made up of business intelligence, insights, and strategy leaders from some of the largest companies in the direct selling channel who help to guide and oversee the research that is generated.

#### How Industry Research Is Managed

DSA staff work with the Industry Research Committee to plan and evaluate research projects that are aligned with DSA's overall strategy. Collaboration with other DSA committees, the

Direct Selling Education Foundation, the World Federation of Direct Selling Associations, and external research firms helps maximize knowledge and understanding.

In 2021, key research topics will include:

What are the main opportunities and threats facing the channel?

- How can the channel innovate for sustained advantage?

What is direct selling today?

- How large is the direct selling channel? What is the global context?
- How is the direct selling channel evolving?
- How are the direct sellers in the channel segmented? What are their motivations?
- How is direct selling perceived?
- What is the role of social media and e-commerce in the industry?

What is the future of direct selling and what are the major trends impacting the channel?

- How can DSA develop and implement strategies for future growth and strength?
- How can DSA attract new companies and individuals to join the channel and its member companies?
- How can companies develop and implement strategies for healthy and sustained growth?

#### Participation in Research

Once a survey is in the field, DSA sends an email invitation to the designated research contact at all member companies. The contact simply needs to complete and submit the survey questionnaire. Confidentiality is always maintained.

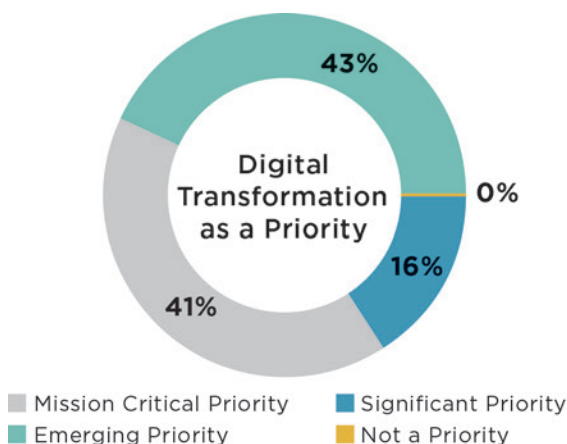
For more information on DSA's research or to inquire about who is currently listed as company research contact, please contact Ben Gamse at [bgamse@dsa.org](mailto:bgamse@dsa.org).

## 2021 Digital Transformation Report

On January 14, DSA's Industry Research Committee reported on its latest study—2021 Digital Transformation Report—during an installment of its [DSA ENGAGE Webinar Series](#). The report shared new data and analysis developed to address key technology challenges cited by DSA members, including how social media can be used to grow salesforces and best practices for developing platforms that allow direct sellers to manage their businesses more productively.

The study was designed to help DSA members better understand how they compare to their peers as well as to innovative retailers outside of direct selling. Regardless of where they are in the digital transformation process, the study will help them improve across several areas, including social selling, successfully running virtual conferences, becoming more customer centric, online training, e-commerce/mobile commerce/apps, payment methods/frequency, and compliance.

Digital transformation was a top priority for DSA companies in 2020 as effects of the pandemic forced many to pivot and reshape business practices. According to the study, 43 percent of DSA members considered digital transformation a significant priority and 41 percent deemed it a mission critical priority.



Source: 2021 Digital Transformation Report

Additionally, larger companies (over \$250 million) devoted significant shares (13.2%) of their overall budgets to technology development on both a proportional and absolute basis. The DSA member average spend was 8.0 percent. Eighty-nine percent of companies are either actively implementing digital tools or have already integrated such tools within their systems.

Two areas of focus in the study were social selling and training. Social media is the No. 1 digital promotional tool used by DSA companies—of much higher importance than SEO, websites, or affiliate marketing, according to respondents. Ninety-three percent of members encourage their direct sellers to focus on building customer relationships on social media in addition to selling and team-building.

Facebook, Instagram, and YouTube are the most used social media platforms, with Facebook and Instagram

rated the most effective. Virtually all companies in the survey encourage their salesforce to build relationships on social media in addition to selling and recruiting, and three proven approaches were shared: (1) engage customers organically, (2) build a personal brand, and (3) join communities of like-minded people.

Key questions related to using social media in attracting new consumer and salesforce members are how do you empower your salesforce to become micro-influencers and use their influence to drive sales, and how can social media be used ethically and effectively to attract more people to join as a consumer or salesforce member?

Turning to training, 44 percent found on-site training to be very effective, however, this form of instruction had challenges over the past year because of the pandemic. The most used training method was online training, either through a website or other platforms. Eighty-five percent of respondents found it somewhat or very effective. Learning management systems were found to be somewhat or very effective by 46 percent of respondent—with 38 percent not using one—and mobile app training had the lowest usage and lowest effectiveness rating.

### Online Salesforce Training Proven Effective

	On-site training program that reps travel to	Online training through your website or other platforms	Training through a learning management system (LMS)	Training through a mobile app
Very effective	44%	40%	18%	7%
Somewhat effective	15%	45%	28%	36%
Not effective	3%	2%	8%	2%
Unknown effectiveness	0%	10%	10%	10%
Do not use	38%	2%	38%	45%

Source: 2021 Digital Transformation Report

### Recommended practices for online training included

- Creating specific learning paths for direct selling audiences;
- Establishing and facilitating online learning communities;
- Using badges, certifications, points, and recognition to “gamify” engagement and performance; and
- Ensuring digital learning content is optimized for online delivery to direct sellers.

Key training challenges for companies will be how to increase distributor engagement in online training and identifying best practices for running online virtual businesses.

## DSA Growth & Outlook Report

DSA's Growth & Outlook Report predicted that, based on strong growth in the first half of 2020 and anticipated sustained growth throughout the year, 2-5 percent growth is anticipated for direct selling in 2020.

According to the report, despite continued risk and uncertainty in the macroeconomic environment, strong indications point to direct selling being on the path to recovery after the initial effects related to the pandemic. Interest in entrepreneurship remains high, and people continue to value direct selling as a source of part-time or supplemental income. Research from member companies showed remarkable resilience, innovation, and digital transformations to aid direct sellers and to meet consumer needs during challenging times. In addition, the channel is diversified across several product and service categories—the wellness category is doing particularly well as consumers focus on their health during the pandemic.

**Interest in entrepreneurship remains high, and people continue to value direct selling as a source of part-time or supplemental income.**

The rationale for the forecast was based on retail sales starting off strong in the first half of 2020, with a 13 percent median increase across the DataTracker sample. Many publicly traded companies reported strong Q1 and Q2 earnings in the US. DSA's QuickPulse tracking survey—created in March 2020 to show the impact of COVID-19 on the channel—showed that 64 percent of participating companies experienced a positive business impact in 2020, with the majority indicating optimism. That was a record high, and it continued a long-term trend of an increasing number of direct selling companies citing a positive impact.

Another reason for the forecast rationale was that the largest direct selling companies experienced growth throughout the past year. The twenty largest direct selling companies in the US account for 56 percent of industry sales, and the top fifty account for 77 percent. Data from DSA's Growth & Outlook Report for 2019 showed the largest company size group (more than \$300 million in annual retail sales) grew 3.2 percent compared to -0.4 percent overall. This trend continued through October 2020 based on DataTracker results, with the largest companies generally experiencing the most growth (13% increase YTD year-over-year).

One explanation for the success of direct selling companies during the pandemic is the increased focus on customer centricity. Companies that are becoming more customer-centric are experiencing growth. Among 38 surveyed companies in QuickPulse research, sales fell on average in 2019 for those companies that said they know their customers “not

at all” or somewhat,” but grew on average for those who responded they know their customers “very well.”

The report also highlighted examples of the resiliency demonstrated by direct selling companies to the challenging pandemic environment. Respondents provided specific examples of how they adapted. One company reported moving their party plan business to virtual platforms and holding weekly Zoom meetings with top field leaders and weekly Zoom training calls with all consultants. Another company did a month of free shipping that was costly but helped their representatives with online sales. Another company gave 10 percent of its sales to people affected by coronavirus, a gesture that resonated with their customers.

Another contributing factor to growth during 2020 was DSA's work in educating regulators on the direct selling business model. DSA continued its educational efforts with the Federal Trade Commission (FTC) and the regulatory and legislative community about the definition of pyramid schemes as well as earnings and product claim standards. DSA continues to work towards its goal of a federal definition of pyramid schemes by statute or regulation.

In addition, DSA is also seeking additional clarity on FTC's enforcement posture through dialogue with the FTC and policymakers. DSA is working to educate new FTC commissioners on the direct selling model through academic research and data that dispels misperceptions about the channel.

Finally, the report noted that some of the positives from the forecast relate to direct selling adding value as a distribution channel for in-demand products. With some sectors of gig work hit hard by the pandemic, direct selling remains a viable means of supplemental income.

### Industry Research Committee Members

Monica Wood, Herbalife Nutrition (Committee Chair)	Julie Cabinaw, Tastefully Simple
Jeff Pocklington, Amway	Jennie Zinchuk, Team Beachbody
Dan Schwarz, Forever Living Products	David Villasenor, The Avon Company
Racquel Martin, Mary Kay Inc.	Brian Matney, Thirty-One Gifts
Chad LaCalamita, Medifast	Mark Menatti, USANA Health Sciences
Neil Poulsen, Nature's Sunshine Products	Gordon Hester, Zurvita
Todd Wakefield, Nu Skin Enterprises	Nancy Burke, DSA
Jesse Stamm, Pampered Chef	Ben Gamse, DSA & DSEF
Greg Marshall, Rollins College (DSEF Fellow)	Joseph N. Mariano, DSA
Kevin Kirkpatrick, Scentsy	Kimberly Harris Bliton, DSEF
	Gary Huggins, DSEF



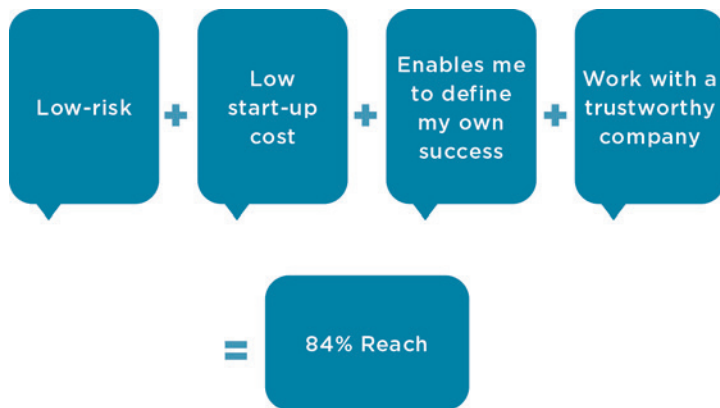
## Consumer Attitudes Study

Research commissioned by DSA and conducted by Ipsos, the third largest research company in the world, provided an optimistic view for the future of entrepreneurship in the US. The DSA-Ipsos 2020 Consumer Attitudes & Entrepreneurship Study provided a roadmap on how to appeal to prospective direct sellers.

“We’ve observed favorable retail and labor conditions for direct selling to thrive, and with this exciting new study we now have data and actionable insights that help us better understand the American consumer and worker to help the industry grow,” said Monica Wood, Vice President of Global Consumer and Member Insights at Herbalife Nutrition and Chair of DSA’s Industry Research Committee. “We appreciate Ipsos and the teamwork they demonstrated to achieve brand new components of this study, including message testing and answering the key question of how to make direct selling the best opportunity to be an entrepreneur.”

For the first time in the US, direct selling conducted message testing to provide actionable insights into what messaging will attract entrepreneurs to direct selling. Results showed that combining four messages can boost marketing efforts and reach 84 percent of direct selling prospects.

The messages are in order of most impactful, starting on the left.



Regardless of which group is targeted, messages about direct selling business opportunities being “low-risk” and having “low start-up costs” will resonate with all Americans.

The message testing also showed interesting differences between generational cohorts. For instance, in appealing to specific generational audiences, there were variations on what was most important. For Gen Z, it was accessibility and having a positive impact on the world; for millennials, it was a sense of purpose; and for baby boomers, it was the ability to set their own schedule and the return on time investment.

As for gender differences, the top reason why direct selling was appealing to men was the fact that the harder they worked, the more they would

earn. For women, it was the flexibility in setting their own schedule.

The DSA-Ipsos study found that 77 percent of Americans are interested in entrepreneurial opportunities. Interest was highest among the younger generations, with 91 percent of Gen Z and 88 percent of millennials—those most affected during the pandemic.

Another takeaway from the study is direct selling’s competitiveness with other entrepreneurial opportunities. Favorability perceptions toward direct selling and gig work are comparable—79 percent for direct selling and 81 percent for gig work, respectively. The biggest misperceptions regarding direct selling relate to risk and startup costs. These two areas were rated low by Americans. In reality, startup costs in direct selling are modest compared to some gig work, such as home rental and ride-sharing. There is obviously a need to educate entrepreneurs on these misconceptions.

Compared to other entrepreneurial opportunities, direct selling seemed to have a strong advantage during the past year over gig workers, who were not only affected by public health restrictions limiting their work opportunities, but also by competition from employees laid off or furloughed because of the pandemic.

“What do we take away from this?” asked Mark Stastny, Chief Marketing Officer at Scentsy and Chair of DSA’s Communications Committee. “That direct selling offers stability in a rapidly changing marketplace, and if you ask direct sellers if they want to trade places with someone doing DoorDash or being a Lyft or Uber driver, most will say, ‘No, thank you. We are doing quite well.’”

Included in the findings was that direct selling has a broad and diverse appeal. Demographics of potential direct sellers generally match the US population and makeup of current direct sellers: 35 percent were millennials, 31 percent were Gen X, and baby boomers and Gen Z represented 17 percent each.

Interestingly, the study showed men were as interested as women in becoming direct sellers—48 percent for men to 52 percent for women—although men currently represent only about 25 percent of current direct sellers.

The DSA-Ipsos study provides credible insight to DSA member companies, regulators, legislators, and the public related to the workforce and consumer environment and their implications for direct selling.

“I’m pleased that we have new data-driven insights to help us better understand the increasing need in our labor market for entrepreneurial opportunities and the unique benefits that direct selling provides to all involved,” said Joseph Mariano, CEO and President of DSA. [DSJ](#)

# Industry Research Data and Insights

NOT AVAILABLE ELSEWHERE

## DataTracker

This quarterly KPI tracking survey reports on net sales, new recruits, order size, and orders processed data; comparisons between direct selling's results and selected US economic indicators such as overall retail and unemployment rates; and the impact COVID-19 is having on sales and recruiting.

NEXT AVAILABLE: February 2021

## QuickPulse

Created in March 2020, with seventeen waves currently available, this tracking survey helps companies better understand the business impacts from COVID-19. It addresses timely questions on a rotating basis and provides examples of tactics and strategies companies are using to successfully navigate the challenges posed by the pandemic.

NEXT AVAILABLE: February 2021

## "DSA Insights" Newsletter

This new email newsletter launched in October 2020. It synthesizes vast amounts of DSA data and analysis to provide members with relevant, easily digestible insights on direct selling, retail, and the broader economy.

NEXT AVAILABLE: Q1 2021

## DSA Growth & Outlook Report

This annual market-sizing report provides insight on the current size and scope of the direct selling industry in the United States, as well as its growth rate from year to year and operating benchmarks to measure marketplace effectiveness.

NEXT AVAILABLE: June 2021

## Consumer Attitudes & Entrepreneurship Study

This study captures the awareness and perceptions of direct selling among the public and direct selling consumers. Research is conducted every three to five years.

[VIEW NOW](#)

## National Salesforce Survey

This study provides information on the demographics, motivations, and experiences of the people involved in direct selling. It assesses the demographic profile of direct selling representatives and describes their current attitudes and opinions toward direct selling. Research is conducted every three to five years.

[VIEW NOW](#)

## Management Compensation & Benefits Survey

This survey provides direct selling companies with employee management compensation benchmarks to enable companies to offer competitive salaries and packages to attract and retain high-quality managers.

2019 SURVEY AVAILABLE NOW

## 2021 Digital Transformation Report

This survey helps DSA member companies better understand how they compare to their peers within direct selling and to innovative retailers outside of direct selling across several key areas of technology. It also shows companies how to improve regardless of where they are in their own digital transformation.

[VIEW NOW](#)

## Socio-economic Impact Survey

This study, done in partnership with DSEF, quantifies the full societal and economic benefits of direct selling in the US. Research is conducted every three to five years.

[VIEW NOW](#)

## FIND DSA RESEARCH ONLINE

DSA Research is available online. Go to [dsa.org/statistics-insights](https://dsa.org/statistics-insights) to browse available DSA research data and insights. If your company has not participated in a survey, you may purchase it through DSA's online store after a six-month embargo period.



# THE STATE OF RETAIL AND CONSUMER TRENDS



The retail industry supports one in four American jobs—or 52 million workers—and has a total GDP impact of \$3.9 trillion\*. According to the National Retail Federation (NRF), in 2020 retail sales were up 6.6 percent for the first eleven months of the year over the same period in 2019, and the holiday season was tracking to surpass the five-year average growth rate of 3.5 percent. Despite the pandemic, retail sales increased, driven by the growth of e-commerce, the fastest-growing sector.

According to Digital Commerce 360, e-commerce will experience growth of more than 40 percent in 2020, going from \$598 billion in 2019 to a projected \$839 billion, a level not expected until 2022. Of that, \$152 billion will be related to COVID-19 buying. Online sales will account for 21 percent of the total retail sales, up from 15.8 percent in 2019. Retail chains will finish the year with nearly 77 percent growth in e-commerce. Not surprisingly, the bulk of e-commerce sales will belong to Amazon; its sales will account for 32 percent of all US e-commerce sales growth in 2020.

While it is encouraging that the retail sector experienced growth in 2020, the pandemic had a devastating effect on many of its businesses, forcing the closing of thousands of stores and putting millions of employees out of work. The reverberations will linger, underscored by the recent Bureau of Labor Statistics report for December that revealed more than 140,000 American jobs were lost last month, an unexpected turn in America's economic recovery, and an outcome not expected by economists.

However, 2020 will also be remembered for the innovation displayed by retailers and the acceleration of new technologies that helped to better serve consumers. "Retailers who have been able to demonstrate agility and have behaved in a nimble way are going to gain share and they are going to continue to lead the way," said NRF President and CEO Matthew Shay.

## The State of Retail

From 2017 to 2019, more than 23,000 stores closed in the US, including 9,800 in 2019 alone. When the pandemic hit, some analysts predicted that the 2019 level would easily be surpassed as consumers opted

for the safety and convenience of online shopping. According to a December 2020 *Forbes* report, 2020 will end with more than 15,500 closings, including stores shuttered after major retailers like Sears, Neiman Marcus, and JC Penney fell into bankruptcy.

But the pandemic was not the death of retail as some expected. In fact, the challenges brought on by COVID-19 accelerated new technologies that showed the innovativeness and creativity of retailers, demonstrating they would do whatever necessary to meet consumers where they were. The need for consumers to have social interaction amid prolonged lockdowns also signaled that brick-and-mortar stores do have a necessary place in the new normal. So while there is still uncertainty because of a recovering economy and the ongoing challenges associated with the pandemic, there is reason for optimism in 2021.

"I think it's going to be fascinating," said Shay. "It's hard to predict what the future might look like—just as it was hard to imagine a year ago we were going to have the year that we had—and yet I think there are some things that we have seen over the last seven to nine months in the US that reflect changed consumer behavior that will probably sustain in the future."

That changed behavior is brought on by new expectations. In 2021, consumers will expect the services made available during the pandemic to still be accessible. That includes the alternative forms of fulfillment—curbside pickup, buying online and picking up in-store—and personalized online shopping experiences.

Consumers will also expect changes at physical store locations. The pandemic clearly showed that people are not content to simply stay at home. They want to be out and about. They want to shop in-store, but they also want to know they are safe when doing so. Stores will be required to meet public health needs like social distancing while also offering contactless checkout and the ability to use mobile apps as part of the in-store shopping experience.

"The world we head into for the future is not the same one we are coming out of, so we will have to reimagine how retail stores are used to engage with



customers,” Shay said. “Brick-and-mortar is unrivaled experience for many customers, and you cannot replicate that in the same way online. They are not going away. They will continue to evolve and transform, and that is a good thing. Consumers will have better options as a result.”

## 2020 Consumer Trends

In December, NRF Chief Economist Jack Kleinhenz forecasted that the 2020 holiday season would grow between 3.6 and 5.2 percent—in dollars, between \$755.3 billion to \$766.7 billion. By comparison, the 2019 holiday season grew 4 percent over 2018, with a total of \$729 billion. The average for the last five years has been about 3.5 percent.

“We saw a major upswing in the third quarter for GDP and consumer spending, and a positive set of numbers for the fourth quarter,” said Kleinhenz. “The economy is recovering, although it will be slow. The near-term concern is the long shadow cast on the economy by the surging virus and expiring government support.”

Throughout the 2020 holiday season, NRF conducted consumer surveys, asking shoppers how much they planned to spend, when they planned to shop, and what they were buying. According to Katherine Cullen, Senior Director of Retail and Consumer Insights at NRF, three trends emerged.

**Consumer spending.** Consumers shared that they were planning to spend roughly \$1,000 on average, down slightly—about \$50—from 2019. Their budgets focused on three categories: gifts, seasonal items (decorations, food, cards, flowers) and splurges (treating themselves or a family member to items not in the gifts category).

“Notably, nearly all that decrease—\$45 of the difference—is coming from splurge category,” said Cullen. “This taps into consumers prioritizing holidays and celebrations throughout the pandemic, and really focusing on gifts for others and on items that capture the spirit of the season. As for treating themselves, they are showing a little bit of caution.”

**Cadence of the season.** NRF noted a move to a longer shopping season, a trend that began before the pandemic started but continued as the year went on. Forty-two percent of shoppers said they started shopping earlier than they typically would, and much of that did appear to occur in the weeks leading up to Thanksgiving.

“Consumers extended their Thanksgiving shopping well before Cyber Monday or Black Friday,” Cullen said. “The total was down slightly from last year—about 2 percent—but 2019 was a very strong year for Thanksgiving weekend, so it is a tough comp to meet. However, it is still very high, about \$20 million higher than we saw in 2016 or 2018.”

**Online and digital channels.** Heading into the holiday season, about 60 percent of consumers said they

planned to shop online, and NRF saw consumer behavior really shift around Thanksgiving weekend. On Black Friday, more than 100 million consumers shopped online, which was the highest amount they had ever seen. There was a 44 percent increase in the number of people who only shopped online during that weekend.

“It actually surpassed the number of online shoppers on Cyber Monday,” said Cullen. “Again, it taps into a trend that these days are not just about online versus in-store anymore. Certainly, given the pandemic, people are shifting their behavior.”

## Looking Ahead

So what do these trends mean? The sense is that consumers are more comfortable with digital channels for their everyday needs. The use of online grocery shopping is an example. The percent of people ordering groceries online went from approximately 11 percent in January 2020 to nearly 20 percent in the fall. However, Cullen believes that consumers want options, and while digital channels offer one way to do shopping, people will want to return to stores in 2021.

“I think people have missed it,” she said. “We have been saying in NRF that the key is to give consumers options so that when it is convenient for them, they can order online or pick up. But when they want to browse, when they want to socialize, then the store is there to offer those experiences.”

Kleinhenz agrees that people want to get back into stores. He also believes that consumers’ adaptability and creativity during the pandemic, as well as their desire for value, will continue to reshape the retail landscape.

“I think there’s an opportunity for retailers to understand better, because of COVID-19, what they need to do going forward,” said Kleinhenz. “I think it exemplifies the requirement that retailers need to be multichannel and they have to be able to emphasize value, safety, and convenience. They need to differentiate not only themselves under those factors, but also their products. I’m convinced brick-and-mortar stores are going to be around for a long time, but online will grow, and it should. There is no reason why we shouldn’t take advantage of the technology.”

Historically, the first quarter of any year tends to be slow, especially during a recovery, and the same will likely hold true for 2021. The accelerating number of COVID-19 cases across the country will pump the brakes on the momentum experienced in the final months of 2020. Kleinhenz expects the first quarter of 2021 to be a weak one compared to recent quarters, but not a negative one, and he does foresee a strong second quarter. [DSJ](#)

\*From the Pricewaterhouse Cooper’s report, “The Economic Impact of the US Retail Industry.”

## Reimagine, Reinvent, and Redefine

by Roger Barnett, Chairman, World Federation of Direct Selling Associations  
and Chairman & CEO, Shaklee Corporation



**A**s we reflect on 2020, which was one of the most challenging years in the last century, we have an opportunity to look forward and to reimagine, reinvent, and redefine the global direct selling industry. The world has been suspended for the last

year, as the impact of COVID-19 has spread to virtually every country. Along with the significant health impacts and loss of life, there have also been enormous economic loss and social isolation. Now more than ever, our industry can play a meaningful role in creating a diverse and inclusive income opportunity, along with a sense of human connection and support.

During the last 100 years there have been hundreds of millions of people involved in the direct selling industry. In many ways, direct selling is one of the most time-tested, flexible earnings opportunities in the world. At the foundation of our industry is human connection. What does that mean in a world where we are temporarily unable to physically connect with others?

We need to *reimagine* what direct selling is in a digital age. Today more than one out of every four human beings on our planet is connected through some social media platform. In every country, the percentage of retail sales that are made through e-commerce is growing. There are billions of people who have mobile phones, providing instant access to information right in their hands. The direct selling industry has the opportunity to deploy these digital technologies in a way that significantly enhances and expands the earnings opportunity for our representatives, but we also need to continue to create community and connection in both a digital and physical medium. Reimagining how we create community in a digital world is an important and exciting challenge. Just as companies whose employees are working remotely must solve this issue, it is even more fundamental for our industry to do so. And when we do, we will provide even greater connection and support to millions around the world.

We also need to *reinvent* who a direct seller is and how she is compensated. Entirely new global industries have been created in the last ten years as a result of the technology behind the cell phone and the need for hundreds of millions of people to earn a

flexible part-time income. Called the “gig economy” in the US, marketplaces for buyers and sellers of services have cropped up in virtually every free-market economy in the world. These industries have created clear and simple propositions of associating specific actions with clear and simple compensation. How are Uber or Lyft or Didi different from direct selling companies? How are Apple Store and Google Play different from a direct selling company for app developers? By reinventing who is a direct seller and how she is rewarded, we can expand our industry and include more people in the future.

Finally, we need to *redefine* the image of direct selling by quantifying the impact of our industry on providing a diverse, powerful, inclusive economy for all. In times of economic challenge and social isolation, direct selling has provided—and will continue to provide—a flexible earnings opportunity (complete with training and support) and a community in which people can connect and be inspired and be recognized for helping others live better lives.

One of my mentors is Jim Wolfensohn, who ran the World Bank for ten years. The World Bank seeks to provide health, income, and sustainability on a country level. In many ways, that was the inspiration for me to join the direct selling industry. We do the same, except on the individual level. And as you aggregate all the hundreds of millions of people whose lives our companies have positively impacted, we have helped communities and countries as well.

In the future, our industry should raise our sights, and the bar of our impact, to make sure that we are helping all stakeholders in society beyond just our representatives and our customers. And by doing so we can be seen as a partner to governments, businesses, NGOs, and citizens to help provide an inclusive opportunity for all. **DSJ**

WFDSA represents the global direct selling industry in more than 170 countries. Its members are a diverse, dedicated group of more than sixty national and regional DSAs that share a common vision and voice to pursue the highest ethical conduct.

Contributor-submitted article. See page 5 for more information.





# A NEW YEAR, A NEW PATH FORWARD

by Ryan Napierski, President, Nu Skin Enterprises  
and Chairman, DSA Board of Directors

I have always loved the beginning of a new year. The discovery of reflection as we consider the experiences of the past year combine with the promise of potential to create within us a resolution to do better and drive for excellence.

It is this very spirit of discovery that is the driving force behind our three-tiered strategic industry focus—improving our industry *reputation* by *repositioning* our Association to succeed in a modern world and *rejuvenating* the direct selling environment. These three tenets have been the focus of DSA for more than a year now, but our continued commitment to improvement in each of these will be critical to ensuring our success in a world that continues to change.

## **Becoming Comfortable with Discomfort— A Path to Reputational Excellence**

One key question I hear consistently, both in my role as President of Nu Skin and in my role within the Association is, “What can we do to change the perception of direct selling?” It is an issue that our companies and our industry have wrestled with for decades. But with shifts in the way people interact, how they work, and how they connect with brands and products that matter to them, there has never been a better time to rewrite our narrative and improve our reputation.

I believe there are several reasons for these shifts, but they all seem to roll up into one of two things—shifting consumer perspectives with a new demographic landscape and transformative technological change in how people work and interact. This requires us to rethink everything and become comfortable with discomfort.

Reputation is a complex equation, and the answer is never simple. Fairly or not, our reputation as an industry has been built by the combined impact of everything we, and those who represent us, have done and said for decades, and the brushstrokes we



have allowed industry critics to paint us with for far too long. It can only be rebuilt by each of us learning to think differently, speak differently, and, ultimately, act differently than we have been accustomed to in the past.

### **Building Adaptable Teams to Reposition Our Story**

Key to our reputational efforts is our focus on repositioning the Association and building teams within our companies that can quickly adapt to changing circumstances as macro-economic shifts reshape the world.

Ours is an industry that has traditionally relied heavily on face-to-face, word-of-mouth marketing because of its effectiveness. However, along with virtually every other traditional business model, we have been disrupted by the convergence of social commerce, influencer and affiliate marketing, and the growing gig economy.

This is, of course, not new to anyone reading this article. But most recently, these trends have been accelerated by the global pandemic that pushed both consumers and businesses to double-down on technology to enable migration to remote work, and which has solidified the adoption of online shopping across all industries.

**It is more important than ever for direct sellers to listen and to understand what consumers and potential affiliates need and want.**

At Nu Skin, these seismic shifts in the way people live and work is hastening a transformation that, for us, began three years ago as we evolve to become a digital-first, socially enabled, affiliate opportunity platform. The power of word-of-mouth marketing has always been the backbone of our business, and together with these converging macro-trends, we are seeing a new horizon of growth. From working remotely, to moving our events, field training, and product promotions to digital formats, we are leaning into a new reality and learning to work better and smarter.

### **Rejuvenation by Listening for Evolutionary Opportunities**

Along with facing the economic realities that drove change in our industry in 2020, we learned more than ever that to truly provide what the world needs, we must become better listeners and better at finding the hidden opportunities for evolutionary change in how we do business.

For example, a hidden gem among both millennials and Gen Z is their openness to gigs, side hustles and, yes, direct sales—and to the products and services that can be accessed through these channels. Yet, despite this accessible attitude, our experience at Nu Skin tells us that both consumers

and potential affiliates want to engage with brands differently than in the past. They want to be heard. They want to represent companies and products that not only provide opportunity, but also meaning and connection.

It is more important than ever for direct sellers to listen and to understand what consumers and potential affiliates need and want, and to engage them in a customer journey that ultimately fits each individual. This requires some work from companies to evolve and orient themselves around being customer obsessed.

It also becomes critical that the Association provides an environment for our member companies to be successful. From the smallest startup to the most established industry brands, we each add value that can help one another to succeed. It is critical that our Association represents an environment where new companies are teaching old companies how to operate more effectively while established companies provide help and guidance drawn from their years of experience to mentor up-and-comers.

Our industry has always been collaborative in nature. Crises, like those we faced in 2020, tend to bring people together. Our DSA leadership pivoted from on-site events to regular and frequent check-ins on critical strategic topics. They have provided settings where CEOs could share best practices. Here at Nu Skin, we have found purpose in being able to help great companies find new opportunities throughout the challenges of the past year.

### **Effective Stewardship**

With so much uncertainty facing both our channel and the world—from regulatory scrutiny to health issues to social unrest—we all must be willing to honestly ask ourselves how we collectively and individually can act as effective stewards in developing and maintaining confidence among our consumers and teams.

I love the word stewardship in this instance as it implies a responsibility to care for and nurture the businesses that we lead. As we focus on our stewardship to change the face of direct selling by becoming comfortable with discomfort, building teams that can adapt, and focusing on evolutionary—not revolutionary—plans for incremental change, I am confident that we can overcome any challenge.

The world needs what we have. As we continue to evolve into providers of amazing products and opportunities that people want and need, we can effectively build a positive reputation for direct selling, reposition ourselves for success in a changing world, and rejuvenate a nearly 200-year-old industry to be ready for the next century—and beyond. [DSJ](#)

*Contributor-submitted article. See page 5 for more information.*



# THE CHANGE MAKERS

Direct selling's visionary leaders discuss how their companies' 2020 pivots have shaped their 2021 outlook.

To view the complete videos from The Change Makers event, go to [dsa.org/cm-recordings](https://dsa.org/cm-recordings)

Last November, C-suite leaders and senior executives engaged in a DSA livestream event that focused on shaping the direct selling channel post-COVID-19. Hosted by Thirty-One Gifts Founder Cindy Monroe, the four-hour event shared how these leaders met the challenges of 2020, what they did to change their business approaches, and how they will continue to be agents of change for their companies, teams, distributors, and consumers moving forward.

- 36** Leadership Panel
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- 43** CEO Keynote: Jill Blashack Strahan
- 44** Marketing Panel

There is something wonderful about human nature and an individual's desire to connect as part of a community. Those of us in direct selling know this desire for connection is the driving force that makes this channel so exciting and dynamic. Each one of us is part of this industry because we love to bring people together, to create strength by leaning on each other in good times and in times of uncertainty, to build each other up, to give each other permission to dream, and to recognize the best in each other.



CINDY MONROE  
Founder,  
Thirty-One Gifts

As direct sellers, beyond our desire to seek strength from our community is our passion for innovation. We know that our community is stronger together and that our shared passion has the power to transform individuals, families, and communities. When

direct sellers come together, ideas are sparked, and strategic insights take shape.

It is hard to comprehend all that happened in 2020—the change that took us all by storm. Yet, we can clearly see that direct selling continued to adapt to an evolving market. And we fully understand that the personal relationships we make and the passion for our products are so important to our business model. Whether through traditional one-to-one selling, home parties, or online, those relationships and that passion allow our brands to find success in new ways that others admire.

The visionary leaders featured on the following pages faced their share of change in the past year. They discuss how their companies' 2020 pivots ultimately have shaped their 2021 outlooks, and how they will continue to be change makers for the foreseeable future.



## LEADERSHIP PANEL



**MODERATOR**  
**HEATHER CHASTAIN**  
President, Shaklee US  
and Canada



**NANCY BOGART**  
Chief Executive Officer,  
Jordan Essentials



**JANE EDWARDS CREED**  
President & Chief  
Executive Officer,  
WineShop At Home



**DEBORAH GIBBINS**  
Chief Operating  
Officer, Mary Kay Inc.



**JONI ROGERS-KANTE**  
Founder & Chief  
Executive Officer,  
SeneGence  
International



**Heather Chastain:** Certainly 2020 has challenged executives everywhere. We've all been challenged to rethink our own ways of approaching business, the opportunities we provide, and our ways of viewing technology, customers, our place in the world—and what's even possible for us to achieve as an organization. How are we going to take all of that and shift it into 2021 strategic planning?

Let's start with some of our learnings from 2020. We're in the relationship business. That is what we do. But the very nature of relationships has shifted because of 2020 and the use of technology. Creating that sense of community that is so vital to what we do and how we do it is a new challenge. How is that factoring into what you have done in 2020, and how is that view of creating community and relationships in this new world shaping 2021?

**Joni Rogers-Kante:** We are in seventeen countries, and all our offices were already virtually connected for the corporate team. So it was just a matter of making sure that everyone was connected individually as they worked from their homes instead of the

office. And that, frankly, was a pretty easy transition. Of course, our amazing IT department made sure that was all in order maybe within a week. We didn't miss a single beat. We have meetings set up every hour on the hour, different departments, different countries.

My amazing President, Philippe Guerreau, and I had a discussion and decided that I would certainly keep hands-on communication with our salesforce, and he would run all the countries' corporate office teams. So I had the great pleasure of beginning to reach out and touch and talk to our leaders, every day, from nine to five, on the hour, every hour. And of course, I would address the entire company once a week. Through this communication, it's been fun to exchange ideas. It's also been important to listen to the challenges—leadership challenges, sales challenges, sponsoring challenges—and help to come up with solutions at a much faster speed than we normally would.

**Nancy Bogart:** As a company our size, it is a little bit different. We were not set up to communicate in an online-only world. I was just traveling a lot and making phone calls. When this all hit, our



IT department, which is extremely small, pivoted really well. It was the opportunity to grow past where we were. We were very traditional. Our consultants were still placing orders and delivering those orders and doing home parties. It was almost like this little cord was cut, and once it was, we felt like we were able to elevate so quickly.

I have never spoken to so many of our field in a week. I bet I could not have done in three months what we were able to do in a week. That has enhanced our relationships with our remote employees. We are still tucked in little Nixa, Missouri. We are still open, and I still can go into the office. But it allowed us to come to the consultants and show them how we are going to help them have their meetings and how they are going to communicate with people. For our business, this is going to be such a huge opportunity to take into 2021. We have seen our largest sales volume in twenty years just since May. July was the biggest month we have ever had.

**Jane Creed:** We just came off one of the greatest Septembers we ever had. I would attribute it to that real ability to be very authentic and to really reach out to our people, and to thinking of things to do that we never even thought about. Obviously, we are a wine culture, so very much an entertainment and joyful kind of community. We do not only have to do business things—let's do a cocktail hour. Let's share about our corporate giving programs. Let's do all kinds of things in the evening. And it is so wonderful, and it is so connected.

**"That's the key for 2021—how you embrace technology with that in-person recognition that really touches your heart."**

—Deborah Gibbins, Chief Operating Officer, Mary Kay Inc.

To put it on a family level, I have not seen my daughter since the shutdown happened in March. Right now she's in England. But even her relationship with me, I think, has gotten so close because we are able to look at each other's eyes. We can see each other and really talk. And so I feel like it has been so great to be able to meet with our leaders one-on-one and to be able to break the rules. And I think we really learned that at convention. We had the highest attendance ever and an unbelievably successful sense of togetherness. I think we will never go back to many things, and things will never be the same. And I think that is okay because the things we have learned are unreal.



**Heather Chastain:** There has been a "we're all in this together" kind of spirit. It's been much easier to do that because there is this sense of

camaraderie and shared purpose and shared desire to come together. Can you tell us a little bit about that and then how you're planning on catapulting that into next year?

**Deborah Gibbins:** Our big seminar, our big convention that happens in the summer—every market has set a record around the world for attendance.

What creates community in direct selling is recognition, so how do we marry this, all these people being a part of this in a way that they haven't been before? We cannot go back, cannot expect people to take time off their day jobs and invest money to attend these events. What were we thinking? We want to use this technology and invite more people in. That's the key for 2021—how you embrace technology with that in-person recognition that really touches your heart. That is a little harder. We are ideating right now on how we can blend the best of both.

I don't know what 2021 will look like. I know it won't look like 2019. Hopefully, it won't look like 2020. But we've got to start envisioning what that married virtual and in-person looks like so we can get back to the best of recognition. We're starting to talk about Zoom fatigue, and it is a real thing.

I think what people are hungry for is some consistency. We have used these leveraged plans and accelerated that, and we do not want to go backwards. We have talked a lot about the difference between traditions and values. Our traditions are going to change. They are going to keep changing. We will keep pivoting on traditions, but we are going to be consistent on our values.



**Heather Chastain:** 2020 was a time of radical change. Everything hit us from every direction. But it's an incredible opportunity for us to streamline and simplify our businesses and make

some of those changes we probably wanted to do for a while. So what are some of those things in your business that you have taken advantage of with this opportunity, and as you look at your strategic planning for 2021? Are you thinking about ways to further simplify, further streamline, further refine, to make your business more agile?

**Joni Rogers-Kante:** We are a little behind the curve in that our company did not have a customer program for twenty-two years. We just launched it in October. So it is perfect timing that our distributors are at home online, talking to their customers, and embracing a customer program where they are trusting us to handle their customers in a way we never have before.

It is exciting for all of us on the company level, and, of course, for our distributors as well. It is helping to give them a tool that, I believe, would

not have been accepted in the same way—we are now helping them with their customer load. This is not only important for our company; it is also important for the industry. And our distributors have completely embraced it. So for 2021, we are really focusing on our end-consumer customer programs through our distributors.



**Heather Chastain:** As we look at 2021, do you feel like there are areas where we may have to increase our agility? Whether it is supply chain or technology or recognition, what areas do we need to be preparing our teams to react to more quickly?

**Jane Creed:** Strategically, one of the things we see is a real need to be able to fulfill the customer's desire for customization. You have a much more intimate connection by being able to see somebody in their home and by seeing what their needs are, what their emotional makeup is. Customization is something that the consumer really wants, to meet them wherever they are.

So as we plan, it is not what we want to give them but what they want to have, which requires, of course, a whole different kind of setup with your warehouse, your distribution, your inventory management, all kinds of things. We are really

focused on seeing the individual and fulfilling personal needs first.

**Joni Rogers-Kante:** I agree with Jane 100 percent. We have been working on some objectives for at least a year and a half around a tagline we use often, which is "beauty is in the blend both inside and out." And that has everything to do with the individual needs of the user. So customization is it for us through high tech.

"You know how to process the order, but that is not what the magic is. That is not where the relationships come from. That is not where the change is made in the world, which is what we are all here to do—change the world one person at a time."

—Heather Chastain, President,  
Shaklee US and Canada

**Deborah Gibbins:** Having a more robust supply chain, thinking about backup suppliers for key components, really bolstering segmentation to a segment of one. That customization of identifying each person's own unique need and then enhancing that with technology. We had started a digital journey and we are just accelerating it. And we are doubling down on that even more in 2021 because this is not going away.

**Nancy Bogart:** I have had a saying for the last six months: we want computers to do what computers do so people can do what people do. People's time is very finite. Even though we are at home, we are busier. We have so many moms who are schooling their children. The family is working from home. We want those nuggets of time for our consultants to matter, where they are not doing paperwork. Our focus is not as much the customer experience as the consultant experience. How is she spending her time? In 2021, we're going to have a big shift from the very hands-on, very boutique feel of our program to have it where my time with you is my time with you. It is part of my very, very intentional strategy that our consultants put their faith and their family first, and that they focus on people and not on process.

**Deborah Gibbins:** Time is the ultimate resource more than anything else. The best return on investment we can give people, even more than money, is time back.

**Heather Chastain:** I love that pivot and that focus on the why. You know how to process the order, but that is not really what the magic is. That is not really where the relationships come from. That is not really where the change is made in the world, which is what we are all here to do—change the world one person at a time.



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## CEO KEYNOTE: TRACY BRITT COOL

**Ruth Todd:** Tracy, you were at Berkshire Hathaway, working alongside Warren Buffett. Tell us how you moved into direct sales.

**Tracy Britt Cool:** I spent ten years at Berkshire, five years working at headquarters on the investment side with our businesses across a variety of industries on how to help companies get to the next level. And that was particularly interesting to me and exciting and powerful. That is how I first got involved with Pampered Chef. The business had been in a challenged position. It had been declining for quite some time, and it was just in a tough spot. We had brought back Doris Christopher, the founder, in an interim role as CEO, and I came in to help her reorient the business and get it back to a better place.

At the time, I knew really nothing about direct sales beyond just being a customer at points, but I really felt like there were some interesting aspects of the channel. Specifically, I found it was a great combination of being able to build a brand, but to have something indescribable and amazing, which is the field organization. And that powerful connection between having a brand and having a special channel, that really is a true competitive advantage where you are not trying to sell through retail, you are not trying to sell a line. So as I spent time helping Doris and the business, I thought there was so much potential in this business. And as I met consultants and heard their stories, I thought it was incredibly powerful and impactful—and we were not realizing our full potential at Pampered Chef.

**Ruth Todd:** You mentioned some important words: “potential and power in the channel.” Were those surprises to you, as you started to recognize the specialness of the direct sales channel?

**Tracy Britt Cool:** It surprised me because I think from outside the industry. The view of the industry is sometimes a little sleepy, or a little slow, or it isn't always the best industry. I had a good experience as a customer buying products and I knew about the brands, but it wasn't the same experience. And so I was probably, appropriately so, influenced by what I had seen or read or experienced from friends or otherwise. But I think as I really started to understand the business, I felt two things that were incredibly instrumental for me to understand the power.

The first was the fundamentals of the business, very attractive in terms of what you can do, how you can scale

the businesses, how efficient it is, and how meaningful. But probably more important than the financials or the results is really the power of the consultants themselves. You hear these stories about the power of the business and what it has done for them, their confidence, their income, their families. And then you hear what it has done for their communities and their teams. You hear those stories, and you realize even though it is a good business, it also is a great community partner and a great impact in the world, which I think is incredibly powerful and meaningful.

**Ruth Todd:** What was the surprise that was a head scratcher for you?

**Tracy Britt Cool:** I think the industry was a little slower back then in terms of how big it was and how much opportunity there was. And there are not as many companies that have been strong throughout the history of the industry. Oftentimes companies come and they go, and a lot of the more established ones have failed to innovate at the level that they need to stay relevant for today's consumers.

Also, there was a huge shift happening in terms of technology and consumer behavior prior to me joining. I saw that in the industry, and I felt like there

TRACY BRITT COOL  
Co-Founder, Kanbrick  
Investments



**MODERATOR**  
RUTH TODD  
Senior Vice President,  
Global Public Affairs,  
Nu Skin Enterprises





was so much potential and there was so much opportunity to refocus on today's consumers and how today's consumers want to shop and engage, which was very different than it was historically—specifically, moving from in-person events to moving much more virtually. I think at one time in the industry, the internet was a scary thing and I felt there was this huge opportunity to embrace it. And there absolutely were some companies really embracing it, but it probably wasn't as wide as I would have expected, given the power of the channel. It seemed amazing to see what you could do through digital channels utilizing a field organization. I didn't see it as threatening. I saw it as empowering.

Direct sales tends to do particularly well when there is a challenging environment. I don't think that is anything to be ashamed of. I think the reason is that this business does great things for people and for consultants, and it provides a little bit of happiness and great products for customers in tough times.

**Ruth Todd:** What was the biggest lesson that you learned leading Pampered Chef?

**Tracy Britt Cool:** It is hard running a business. Huge lesson. It is very, very hard. I told Warren when I started at Pampered Chef it would take me one to two years to turn around the business. I knew what we needed to do; I just needed to find the team and to execute. It took me over four years. I think that was incredibly powerful for me to learn that lesson. And having done it, I have much more appreciation for how hard it is to build a business, how hard it is to run one, and how hard it is to turn it around when it flops.

**Ruth Todd:** Now you've pivoted again—you've launched your own investment firm. Tell us what you're focusing on as far as your opportunities in direct sales. You left Pampered Chef, but you didn't leave direct selling totally.

**Tracy Britt Cool:** It was not an initial plan, to say the least. I did not think that we would start off by buying businesses in direct sales. That was not what we set out to do directly. But there was just such an amazing opportunity with Cindy Monroe and with Thirty-One Gifts.

I met Cindy Monroe years ago when I first started at Pampered Chef. I always admired the Thirty-One story and how impactful the business had been for so many different consultants and team members. It was really inspiring. Cindy called me early in 2020, before COVID-19 hit, and said, "I'm thinking about having a partner." I thought it was an interesting opportunity to not only partner with her but to partner with the Thirty-One field, and to help take Thirty-One to the next level.

**Ruth Todd:** This is a great time for direct sales. Tell me what you see as the biggest opportunities for the industry as we move into 2021 and beyond.

**Tracy Britt Cool:** I think there's immense opportunity. Direct sales tend to do particularly well when there is a challenging environment. I don't think that is anything to be ashamed of. I think the reason is that this business does great things for people and for consultants, and it provides a little bit of happiness and great products for customers in tough times. And it provides opportunities for consultants to make a little extra income, to have flexibility. If there ever was a tough time and an uncertain time, 2020 was it. I think there are opportunities to help support customers and consultants and people in our communities, even more so than ever before.

**Ruth Todd:** What type of strategic planning should new companies focus on?

**Tracy Britt Cool:** I think what a new company needs versus a mature company really shifts and evolves. I try to boil things down to the simplest questions that you want to answer: where are we going to play, and how are we going to win?

So where are we going to play? What is our market? What is our product? Who are our customers? I think you want to be clear on that and try to answer the question because it will really help you. I think the best companies, like IKEA, are very focused on their customers. They are not trying to do the high-end customer. It is a very do-it-yourself functional but design aesthetic. Southwest—they are not trying for the bells and whistles. It is efficient. It is the same plane. They are very thoughtful about their strategy. So I think companies should home in on doing that and not try to be all things to all people.

The second aspect is, how are we going to win? What are we going to do better than everyone else? None of us are going to win against Amazon on shipping time or ease or convenience. That is not how direct sales is going to win. We are going to win more on experience, on customer service, on the community, and on the connection.

I think newer, smaller companies and startups can effectively think through those two questions.

And then I think your process should match that. So if it takes you one month to answer that question, great. If it takes you five months, then great. I am a big fan of your executive team helping to shape that process. But you need to have input from other people as well, deeper in your organization—individuals from the home office giving feedback and input from the field organization as well. I think the strategy process can be very daunting and overwhelming. You want to simplify it down to those questions and find a process that works for you and works for your team.

## CEO KEYNOTE: ASMA ISHAQ

One of the reasons Modere is successful today is because it has a clear, well-established mission that is understood and shared by everyone in the company. Companies that are led with this kind of purpose have a unique advantage: we're able to help employees gain a deep sense of personal responsibility for the business, which is not such a common phenomenon, unfortunately. A recent Gallup survey revealed that only 13 percent of workers in the US say they feel emotionally engaged with their employers.

I believe that the founder-led mentality that has contributed to our success over the past four years of my tenure at Modere can also be credited for our continued perseverance and growth through the unprecedented challenges we experienced in 2020. Founders and founder-led companies tend to abhor complexity and bureaucracy. They have a distinct bias toward action and an aversion to anything that gets in the way of a clean execution strategy.

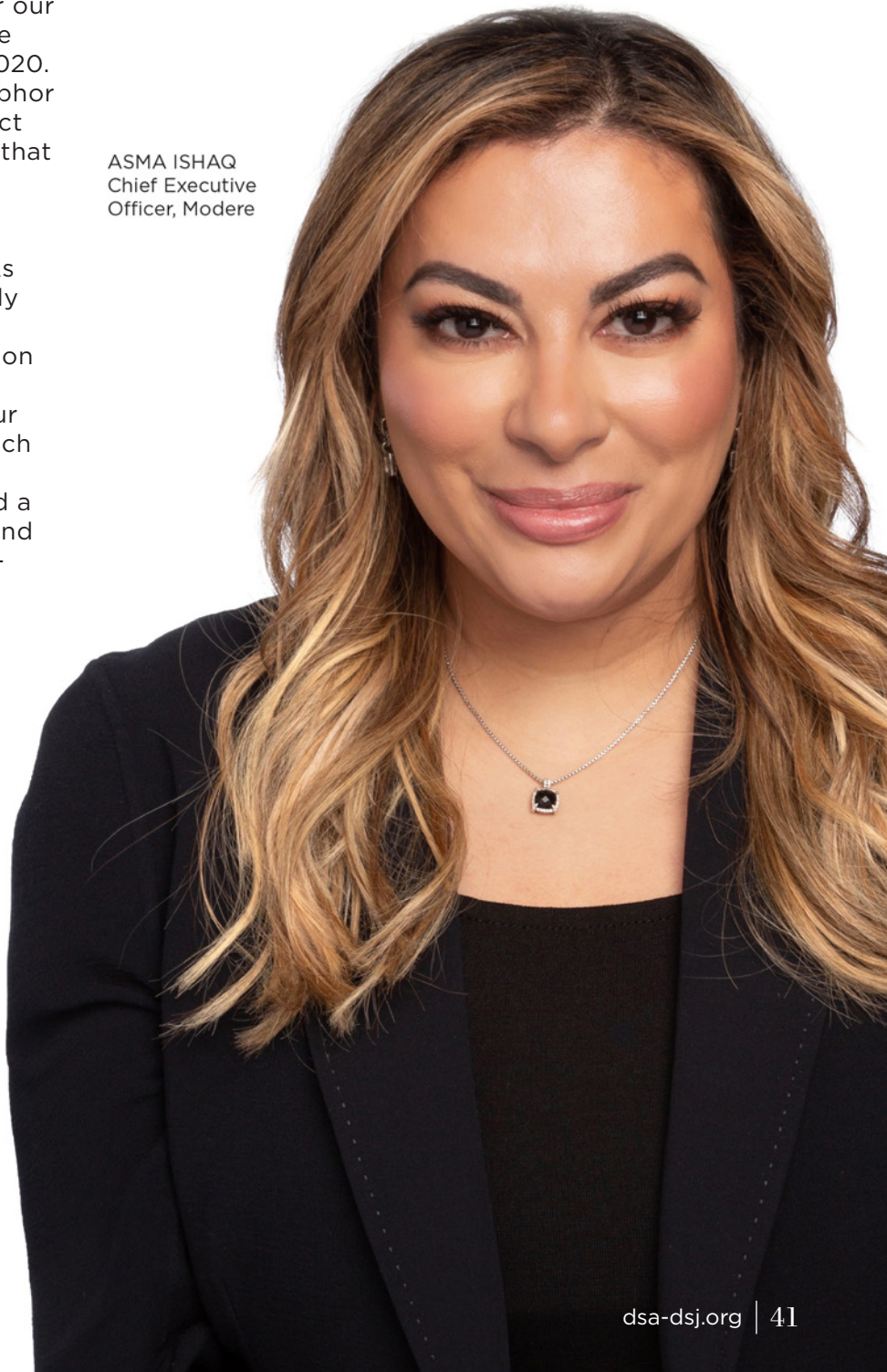
Founders are also obsessed with the details of the business and have a strong focus on cost. As an owner, you are looking at cost very differently than a corporate employee, for example. And, most importantly, you celebrate the employees on the front line who are doing the crucial work of serving the customers. This mentality shapes our ability to respond to challenges and our approach to continuing to build our business as we step into a post-COVID-19 future. It also helps us find a balance between what has worked in the past and what will work in the future, and provides direction on what we'll need to do to succeed in the new normal.

We have been redefining strategic objectives, including those that affect our employees, to help keep our business as fluid as possible. Like many businesses, we have shifted to a work-from-home policy for the foreseeable future, and we've been performing better than ever. We have seen many of our employees and team members not only persevere in this environment, but also step up to the plate, which reflects their sense of ownership and personal responsibility for moving our company forward. Remote working and this shift in lifestyle and work culture have helped Modere to perform optimally.

Moreover, in this new context we have released any expectations that the old ways will return. Instead, we are operating as if we are already in the future.

If this were the future, how would we behave? How would we perform? How would we meet our objectives? We collaborate more. We are more flexible. We approach our discussions and decisions with a new immediacy. We are inclusive and more communicative than ever. Whereas previously we held our company-wide "town hall" meetings on a quarterly basis, over the past year I have been conducting staff meetings via Zoom every week and all-team meetings at least every other week. I am actively engaging with everyone in our company more than ever before, and this has certainly worked to our advantage.

ASMA ISHAQ  
Chief Executive  
Officer, Modere





This brings me to my second point: 2020 brought a sense of urgency, to which Modere was able to respond precisely because of the founder's mentality that we operate under. Thanks to our innate agility, our aversion to bureaucracy, and our constant communication, we have reached key decisions that, in any other context, could have taken several meetings over a period of weeks to make. We are successfully encouraging a culture of a different mentality, a different mind-set altogether.

Modere has moved from a just-in-time to a just-in-case supply chain philosophy. We are redesigning supply chain to optimize resilience and speed. And we are making sure to preemptively plan for alternatives. It is unlike any other challenge we have had to scale to hypergrowth.

The next area in our business that has ascended to top-of-mind, and where we have adopted a new perspective—particularly because we have grown so much this year through it all—is our supply chain. According to a DSA Quick Poll survey, nearly 70 percent of companies are concerned about supply chain in this environment. Modere

has moved from a just-in-time to a just-in-case supply chain philosophy. We are redesigning supply chain to optimize resilience and speed. And we are making sure to preemptively plan for alternatives. It is unlike any other challenge we have had to scale to hypergrowth. I think the businesses in our channel are better positioned to manage and sustain growth than most other companies, because they do not expect the kind of exponential growth that can happen in our industry.

Knowing this, we were probably better prepared than most, especially doing the work that we have been doing over the past few years. But really, COVID-19 has put a different level of pressure on supply chain, not least because so much of what is happening is outside of our control. Modere has offices all over the world. We are shipping all over the world. We've faced some extreme lockdown measures in Europe, and we're very conscious of the need to be agile and responsive, and to figure out how we can continue to thrive and grow in any of these contexts.


The fourth area that has been top-of-mind is the concept of digitization. Our salesforce builds via technology, and 90 percent of their business is done online. In contrast to a typical, in-person meeting business model, our salesforce is not required to have personal contact with the end user, customer, or distributor. However, although we are fortunate that our unique social retail business model reduced our need to pivot, as many companies and businesses have had to do last year, we have been seeking ways to enhance our e-commerce platform by becoming creative in contactless opportunities. I do believe that is the way of the future.

If you live in a big city, you know that the trend is toward contactless transactions, whether it is your method of payment or the way FedEx is dropping packages off at your door. All these practices are changing, and many of them will not be going back to the way they once were. At Modere, we are looking for a variety of creative ways to present these kinds of opportunities in our business. This is the future of transactive communication in the world.


We will always have personal relationships being cultivated in our channel, which will separate us from many of our retail competitors. But there are changes happening in the digital world that can make us so much more competitive, and we are learning from those, being observant and reimagining new ways of doing things.

All these areas are helping us to adapt successfully to what is happening now. And all are grounded in the founder's mentality I mentioned earlier—a focus on costs, removing layers and bureaucracy that hinder agility, acting quickly, being obsessed with the details, and creating value for the consumer.

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## CEO KEYNOTE: JILL BLASHACK STRAHAN

"Interesting" is my word for 2020. Yes, COVID-19 has made for an "interesting" year. Oddly, my second word is "blessed." Eating at home had an astronomical surge. Deciding what to eat, searching for ways to entertain the kids, and finding fun ways to connect with friends is at an all-time high.

Tastefully Simple is blessed because we sell seasonings, sauces, and mixes. These products have been our niche for twenty-five years, since I started the business in a shed with no running water, packing orders on a pool table in Alexandria, Minnesota.

The ride was crazy wild. Our peak sales were in 2008 with \$143 million. Then another kind of crazy began. Sales slid. Every. Single. Year. Since 2009. Eleven years. The last year in which we were profitable was 2012. Yes, you read that right. 2012. We depleted our \$32 million reserves. Yes, you read that right, too.

One of the ways I coped with the intense pressure of being in a financial turnaround was journaling. Here is what I wrote on July 28, 2017:

I cannot stop crying. I could say that I can't handle this roller-coaster ride, but it's not an accurate metaphor. Roller coasters go up.

My mind is about to explode with all I have to do. Do I write my five Party Palooza scripts? Do I contact my investor advisor? Do I call potential investors? Do I follow up on the multitude of Post-it notes that are in my planner?

I recently read an organizational tip: "To reduce stress clear everything off your desk except what you're working on." That has been immensely helpful this week

Yes, my mind is spinning out of control. But why the hysterical crying this morning?

It's a crashing together of gratitude and fear and loss and hope and determination and hopelessness and frustration and love and guilt.

I shared with our HQ team and top leaders that I have committed another \$2 million line of credit in addition to the \$5 million line of credit I've already loaned to Tastefully Simple.

I made this decision because I believe in the future of Tastefully Simple. I was effin' committed. I was all in. I was galvanized. I felt at peace with the decision.

Then I had a call yesterday with a financial advisor. He was brutally candid. "Jill, this is a very risky decision. Will your \$7 million loan be repaid? It's highly unlikely. As a matter of fact, you will probably need to make an additional loan by the end of the year."

I slid all the way back to effin' hell. So, what if he's right? What if this doesn't work?

Will I have to file bankruptcy? What kind of idiot am I? How did I end up in this spot? What am I going to do?"

Journaling was a lifesaver. It helped me get centered and gain more clarity. Ultimately, I chose to "listen to the whisper"—I honored my word with an additional \$2 million line of credit.

By the grace of God, we didn't need it.

It is driven by the three P's: Plan, People, and Processes. We worked our butts off to simplify the business for our consultants, reduce expenses by more than a million, and get laser-focused on returning to the core of the business—sell, sponsor, and lead.

Friends, it is truly a miracle. We. Were. Profitable. In. 2020! The biblical seven-year drought came to an end.

Share our story with you to give you hope. Being a partner and running a business is not for the faint of heart. We can be soaring so flippin' high—and then we crash to the earth, feeling like we are gasping our very last breath. Those times suck. I mean, they really suck. As true entrepreneurs, we persevere, we learn, and we grow stronger.

2020 was an "interesting" year. It was also a very "blessed" year for Tastefully Simple.



JILL BLASHACK STRAHAN  
Chief Executive Officer,  
Tastefully Simple



## MARKETING PANEL



**MODERATOR**  
**LORI BUSH**  
Co-founder  
and Executive  
Chairman, Solvasa



**SHERYL  
ADKINS-GREEN**  
Chief Marketing  
Officer, Mary  
Kay Inc.



**KIRSTEN AGUILAR**  
Executive Vice  
President of  
Global Marketing,  
SeneGence  
International



**JULIE CABINAW**  
Vice President  
of Marketing,  
Tastefully  
Simple



**ASHLEY COLLINS**  
Executive Vice  
President, Marketing,  
PR, Social Media,  
USANA Health  
Sciences



**CANDACE  
MATTHEWS**  
Chief Reputation  
Officer, Amway

The unprecedented circumstances of 2020 drove so much change across every business function of every direct selling company. Business strategies, salesforce communications, marketing initiatives, and technology infrastructures were transformed. The challenge is how to carry this change into 2021.

The following panel of leading Change Makers shoulder the driving of this transformation, proving the impossible to be both achievable and actionable, becoming even more strategically obsessed with the need for customer-centric approaches, and gaining new strengths and preparedness that positions their companies to conquer future disruption.



**Lori Bush:** From your experiences and observations, when is a direct selling model more advantageous than other consumer marketing models and when is it of no competitive advantage, or maybe even a disadvantage?

**Kirsten Aguilar:** A few things came to mind when I was pondering this question, and my thoughts were pretty simple. I asked the question, Does your product need or deserve to be demonstrated? Is leaving it on the shelf or sharing it through a video enough? If not, direct selling could be a more advantageous channel. Also, has the business owner previously had any proven success by word-of-mouth sharing? Have they seen people already creating a buzz or talking about their product in the pre-launch or the early stages of business?

Because that would be, of course, a good indicator. And then how are your profit margins? Can you afford to sell it at discount or wholesale? Because there are a lot of mainstream and retail businesses that do not consider that factor when jumping in. I have had those conversations with people who are surprised at the back-end side of our business. So simply, that would be an advantageous look at things.

I would say a disadvantage would be if the company ownership or the stakeholders do not have any firsthand experience in our industry. That can really open them up to a lot of surprises along the way. And if they have not really pinpointed what is strongly unique about their product, what is going to make it stand out, and what is going to help them go in.

**Julie Cabinaw:** A demonstrable product is gold in any channel, but we have a particular advantage in direct selling when we can show and share. So I think that is a tremendous advantage. I think every product has that opportunity.

From the other perspective, if it is a commodity, if there is not as clear differentiation, if there are a tremendous number of products in the space, it might be harder to enter that space. Or if there is a complicated or complex product that goes beyond just demonstration to where it must have long-term support, I think that is another one that can be challenging in our industry. Not insurmountable but you just really need to put together your thoughts even more carefully on how that relationship between a corporate entity and the direct sales rep would be for long-term support.

"Both digital and social have become as common as the air that we breathe . . . Not engaging is not an option. We all need to know how to engage in the right way."

—Candace Matthews, Chief Reputation Officer, Amway

**Sheryl Adkins-Green:** First and foremost, the entrepreneur needs to determine their "why" and to make a decision that is more than just the product or service, but how they want to serve others. If their vision includes serving others through forming relationships, through forming a community, that to me is when they need to seriously consider how the direct selling model can work for their business.

Obviously, with e-commerce you can provide almost any product or service if all you are looking to do is transact and make some money along the way. But again, if that entrepreneur's vision has a purpose behind it and that purpose is in service to other people, that to me is when they want to consider how to leverage a direct selling model.



**Lori Bush:** Today, all direct selling companies recognize the impact that social media is having on consumer behavior, and consequently, on direct selling. In your experience, what have been the most effective ways to integrate social media into a direct selling business model and into brand marketing for direct selling businesses? What was perhaps working previously but may not be working anymore? What has never worked, and in your opinion, should be avoided? What do you see for the future?

**Julie Cabinaw:** Social media is about connection. I think it is a tremendous brand builder. It has the power to facilitate relationships, and an ability to connect people to solve problems. And so that is

really what is working today. When we keep those things in mind, in the social interaction, we increase the power of our connection.

Some things that were working previously may not be working anymore: I think the misuse of social media is to go directly to the sale, the conversion. We are going right to the bottom of the funnel all the time and trying to get that sale instead of respecting its position as having a different role at each point in awareness, interest, desire, and action. And so that comes into play when we think about the role of groups and overall brand marketing and the marketing of our consultants.

What has never worked or should be avoided: We have all said it a million times but teaching our field representatives to view it as a business tool and not really relying on that inner circle of their personal social connections to get them to where they need to be. How are you connecting beyond that? And how are you separating your brand identity as a businessperson from that of your personal connections?

**Candace Matthews:** We all must realize that both digital and social have become as common as the air that we breathe. And everything revolves around that experience and that social engagement. And so not engaging is not an option. We all need to know how to engage in the right way. I think one of the best things that we could possibly do is use social media to tell our brand stories in a very authentic way—using it to connect our experiences, to connect with communities. That is one of the things that our CEO, Milind Pant, has really grasped very well. He has a very active social media presence and is connected not only with our field but with consumers as well.

I think that what might not be working anymore, especially now, is relying on face-to-face. That is, with where we are right now globally, you cannot rely on the ability to be face-to-face. You must figure out how social plays, but you cannot just use social to blast things. It is got to be authentic and personal and real for the community that you are engaging with.

What has never worked or what should be avoided is exaggerating—using social media to say something that is an exaggerated story or an exaggerated claim because that hurts us all. The younger generation, they are digital natives. Many of us who have been in this industry are digital immigrants, and we are learning something that has been a part of their everyday life. And so we must engage with them in a way that is comfortable and authentic to them. And that is where I think we as an industry really must make sure that we are paying attention and learning and understanding.

**Sheryl Adkins-Green:** Social media really plays to a strength that our independent beauty consultants



bring in terms of being caring and wanting to connect with others in the community. I think that was particularly important in 2020, as we all needed to rely on social media for motivation and inspiration—those messages of care and concern that we saw by so many people. I think that was particularly important in the direct selling industry because so many people saw and appreciated others—in our case, independent beauty consultants—and how they cared. They saw how they were supporting the frontline with donations of hand sanitizer that we were able to make available. They saw how they were caring about their customers and their family, and how they were juggling work from home.

And I think that authenticity truly resonated. I think it is something that distinguishes the direct selling industry, which is the genuine passion of real people, real women out there running their businesses, and at the same time supporting their communities. So for all those reasons, I think social media has been a strength and will continue to be one, because it is a platform for us to tell our story in relevant and authentic ways.

"I would say paid influencers are a dead angle. There is just no value in that anymore. People can see right through it. We are out there looking for the real stories and people who are using and loving and needing our brand."

—Kirsten Aguilar, Executive Vice President of Global Marketing, SeneGence International



**Lori Bush:** Has social media challenged or supported the reputation of direct selling?

**Julie Cabinaw:** I think in so many ways we hear more about the negative. But I think our brands have gotten out there in a much more amplified way because of social media. So I feel like net, it is positive.

**Ashley Collins:** I agree. I do think, overall, the net is positive. It is just keeping that positivity and not getting defensive and going into the negative. Let that go. Focus on yourself, the positive stuff that you bring. Do not let them get you down. That is challenging, but I think overall, it is positive, and it is essential, especially now more than ever.

**Kirsten Aguilar:** Yes, I absolutely echo both Ashley and Julie's comments. We are in a social media-driven world, right? It is everything that we do. At SeneGence, we are in the world of skincare and cosmetics. So what works for us is authenticity,

being real. For both our distributors and people out there who are using our products, we are looking for people who genuinely like the experience of what they are using on their face and body, and we are always on the lookout for unique individuals who are being real and sharing their true selves. It has brought us such an amazing pool of people, who are, most of the time, free to interact with and work and share your brand.

I would say paid influencers are a dead angle. There is just no value in that anymore. People can see right through it. We are out there looking for the real stories and people who are using and loving and needing our brand. A few things that are working: transparency behind the scenes, real content, unfiltered and unedited images, show your flaws. For us, what is really working is to let our distributors and customers do the talking for us, sending out products in advance of launch to create a buzz. First impressions and unboxing, those are relevant right now. Trying not to be too strategic but having a content calendar, where we can look ahead and make sure we are having the right balance of the sales content with the feel good, recognizing holidays, or just giving people a reason to maybe laugh and smile and start the day.

And I would say what used to work and is not working now is counting on social media to do it all for us. People are fatigued. They are online more than ever. They do not want to be sold or convinced anymore. They want a portal for communication or an escape but no controversy. We must leave politics and race and anything that could possibly get in the way of the message out of it. And for us, we even avoid using social media for crisis management now. We used to do that, and now that is a face-to-face conversation or phone call. So it is just a totally new world.



**Lori Bush:** With the retail apocalypse, many brands that have previously seen success in other classes of trade are looking to direct selling. We are seeing more seasoned consumer packaged

goods (CPG) marketers starting or joining direct selling companies in executive roles. What aspects of traditional CPG translate well to direct selling? And where does direct selling diverge from other consumer marketing models? What are some of the mistakes that you see CPG marketers struggle with, and struggle with most, when joining a direct selling company?

**Julie Cabinaw:** I think one of the biggest blessings people from the CPG space bring into a direct selling brand is the word *brand*. I think all our direct selling companies are amazing, but those CPG companies really understand the position of a brand, a brand framework, a brand voice. We are a food brand. So we are competing with off-the-shelf food that you can find in the grocery store. We just

re-launched our website and really took it up to that brand experience level. Those are the kinds of things that I think are amazing additions from the CPG perspective.

I think the biggest divergence is a CPG marketer perhaps not understanding that a consultant is your best customer. She is not a means to an end. She is not just a distributor, like a wholesale distributor or other channel partner that you might have encountered if you have lived in the CPG space, where you are negotiating and you have a very strictly business relationship. It is a momentum business that is built off a relationship between you and that consultant and their team. When you disrupt that by taking an action where you are not appropriately communicating through the field, that is probably one of the biggest challenges that I think can happen, where we take autonomous action as a brand without including the field in the decision making and change management process.

**Candace Matthews:** I think one of the things we have in common is the brand-building. Building brands with a point of difference and understanding that your brand must have a great proposition and products that deliver against that

proposition. So that is where the aspects of traditional CPG translate well. I think the biggest misunderstanding is not understanding the value that the people in this industry bring. So our field, our independent business owners are so critical. It is people who make the difference. When the value is brought to our customers, it is being brought through the people who are part of this industry. They really engage with the people who are their customers. They build these personal relationships and personal communities. And so that is important to understand when you are leaving a CPG company and coming to a direct selling company.

**Sheryl Adkins-Green:** Our independent beauty consultants are the brand and, of course, marketing products are part of what helped them be a successful Mary Kay brand. So it is a different mind-set than my days on Fruity Pebbles, where my product sat nicely on a shelf in a box and I had “control over the messaging.” In this instance, it is really about the culture that helps you in direct selling, that makes sure the people who are representing the brand and the company’s reputation embrace its values, the integrity of that company. I think it is also important that when someone is moving into direct selling that they understand and





respect how important it is that for anything to be successful, it must be embraced by independent beauty consultants, business owners, the distributor network. If the salesforce does not understand the program, or the business objectives, no matter how creative and brilliant that promotion or program is, it will not succeed. So success really does come through helping others be successful. And that is something that certainly we have all learned, those of us who have been in this industry.

"It is the same for millennials as it has been for every other generation. Can you solve a problem that I have? Can I relate to you as a brand? Will you meet me where I am in terms of how I want to work with you?"

—Julie Cabinaw  
Vice President of Marketing, Tastefully Simple Inc.



**Lori Bush:** For the last decade or so we have been talking ad nauseam about millennials. But millennials are no longer kids. Are you seeing their behaviors starting to shift as they are coming into their peak earning years? What are

some of the key considerations in creating compelling business opportunities for millennials?

**Julie Cabinaw:** I think millennials have been the most overhyped generation there ever was. And that is not just because I am not one. I think they had the benefit of growing up when we had wide platforms to talk about them and to understand them and to dissect them that did not exist previously. And what it comes down to for a business opportunity or for a product opportunity, it is the same for millennials as it has been for every other generation. Can you solve a problem that I have? Can I relate to you as a brand? Will you meet me where I am in terms of how I want to work with you? I think maybe the newest contender in that—that is stronger than any other generation—is, Do I identify with your values as a brand? I think we have seen much more of that with millennials than perhaps we have with prior generations because they grew up knowing their voices were going to be heard, and that they have that ability to turn that conversation.

**Ashley Collins:** What I think is so important is they are critical to the future of our business. It is the largest population that is our future. And I think something so important to millennials is truly having that aspect of environmental, social governance. Millennials are passionate about being part of something bigger. To them, it is not always just selling a product making a dollar. They want to feel good about what they are doing, and they will stay with you. I think for our companies, what do we offer outside of just product and compensation? Are we environmentally conscious? Do we care about social issues? What is our culture? That is truly where the opportunity is to draw millennials in and have them stay with you because they will be loyal if they are reaping the benefits and feeling that connection and part of something bigger.

**Kirsten Aguilar:** Something that I like to keep top of mind when considering this particular group of people is they do not know a time when they did not have access to information at their fingertips. You cannot hide anything. And when making choices, they will always be able to find, if they choose to look, the negative, the backstory, the real side of things. So be open to having healthy and ever-shifting discussions. Internally, what I have found is that traditional hierarchy that some of us may be used to, where there are bosses and people under them respect them, and there is a reporting structure, maybe is not as valued, and those kinds of lines are always being challenged. So I would just say, be open to healthy dialogue and conversations all the time.

**Sheryl Adkins-Green:** As I think about that question, I think about the relevancy and the benefits of a direct selling opportunity for all demographics. I mention that because as certainly we

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have all seen underscored over the past several months, there are some fundamental things that people really care about—obviously, being able to provide for their families. And now, more than ever, understanding that requires flexibility, people wanting to make sure that they have some control over their financial future, and not being necessarily 100 percent reliant or dependent on jobs or careers that they, once upon a time, thought for sure would always be there. Whether it is millennials or Gen Z, I think people care about having as much control or more control over how they spend their time and they want more control over their earning opportunity.

**Candace Matthews:** Like many other demographics, millennials have a passion for entrepreneurship, but they look at it a bit as their side gig to start off with. And so how do we, in direct selling, make our businesses relevant to them as they start with it as their side gig? And the things that they are looking for right away are quick and easy earnings, in addition to connecting with that community. So I think we, as an industry, really must understand that and how can we make sure that our business opportunities are such that they will have a passion for them as much as all the generations prior.



**Lori Bush:** We are hearing a lot about hybrid direct selling models. What does hybrid mean? How far afield do you think a company can go and still retain the loyalty and commitment of its salesforce?

**Ashley Collins:** I think all of us right now are looking at our models because of the gig economy, and getting paid faster is what they need. So it is important to evaluate that. How can they make money quicker? What perks can you offer? We just introduced a new program for our customers: when they refer people, they get bonuses on product. So that is somewhat of a different hybrid in that we are accessing another group. Rather than just the business builders, we are rewarding those loyal customers, so that they can refer others and then start seeing the benefits of the business.

**Julie Cabinaw:** Tastefully Simple is in the position of being a little unique in this area. We have been direct selling for twenty-five years. We have been on Amazon for two. We have been selling direct for a number of years as well. We did an experiment with pop-up retail. I think the key to this is we are really exploring each one of these channels and looking at the duality and the channel conflict and





benefits that these things can bring. We are a small brand. By being on Amazon, we are introducing ourselves to new brands that we can then open as direct selling markets. And that is what we are seeing, with our presence both selling direct as well as through Amazon and through other experiments that we have conducted in other channels.

**Candace Matthews:** To me, hybrid is about taking what was relevant in the past and turning it into an opportunity for the future. As has been said before, that human connection is a big part of the past. And so how do we ensure that human connection and our relevancy and that caring carries on into the future? It is going to rely on a new way of leveraging social media to build that human connection. In the past, we really relied on our field or our distributors to share information with their customers. And now information is readily available, so we must ultimately work together to make sure that we are providing that information, both the products and the stories, and making it easily accessible through our distributors—as well as anyplace else that people may search, because it still plays a role.

"We had to find ways to celebrate remotely, and we did. And it has been great because doing things virtually enabled family and friends to be more a part of some of the recognition we have been able to do."

—Sheryl Adkins-Green, Chief Marketing Officer, Mary Kay Inc.



**Lori Bush:** With all business sectors contemplating what return to work looks like in the context of the yet not fully determined new normal, what aspects of direct selling do you see reverting quickly post-pandemic, and what aspects do you think may be forever changed?

**Kirsten Aguilar:** Boy, what has not changed, right? It is interesting, specifically at SeneGence, that we have had quite a few amazing months in 2020. The pandemic brought us some of our busiest months of the year, and we were blessed with regulations at our corporate office locations—we never had to officially close everything down. So in some sense for us, it has been business as usual, as weird as that is to say, and we have led with that message to our field. I thought from day one, "Boy, oh boy, our reps were made for this. Let's roll up our sleeves and get to work." Everybody is home; we've got everybody's attention.

Some things that I do not think have changed—and will always be important—are the connections that our representatives need. I see them as strong as ever. They need each other for praise

and consolation and sharing of ideas and collaboration. And they need to be connected with each other to do this business. That has not changed but the physicality of it has. I think face-to-face meetings and large events quite possibly could be a thing of the past. Our big conventions will forever be changed, and in-home parties and demos are looking very different and could be a thing of the past. So how do we keep what is such an important part of our industry but move forward without the touch and feel element? That is technology, of course. Reliance on technology is lifeblood, and companies better continue to evolve or catch up quickly in that space.

**Ashley Collins:** We have experienced the same. We had record growth in 2020. But I think forever changed is that technology is 100 percent the way to do business. That is not going to go away. And those in-home parties, presentations, where you can read the room and gather people, those are a thing of the past. So we must be very mindful of what is available to us technologically and how we are using that. I also think our associates, a lot of them, are not full-time, they are part-time. They have a full-time job, and they may not be going back to offices. Office spaces are changing, so there is a lot more flexibility. They are not going to go back to the same kind of schedule. And so we are mobile. We are in technology. It is forever changed.

**Sheryl Adkins-Green:** Forever changed is going to be the role of digital as part of the business repertoire. It has been fun and exciting to see the dramatic increase in adoption of digital tools. A lot of our independent salesforce said, "Wow, I never used X, Y, or Z before but hey, I did, and I did not know what I was missing before. It has really helped my business." So that is exciting, and that is forever changed. I know that the salesforce will continue to look forward to digital innovation as it is available. I know one of the things that we all miss are those in-person opportunities to celebrate and recognize the success of the independent salesforce. But I know for a fact, even that is going to be different by necessity. We had to find ways to celebrate remotely, and we did. And it has been great because doing things virtually enabled family and friends to be more a part of some of the recognition we have been able to do. But we do look forward to having more of those in-person moments when we can do so safely.

**Candace Matthews:** I completely agree. There is a study by McKenzie that said, "We experienced ten years of e-commerce growth in three months." It has dramatically changed, and it will be forever changed. I think that what has been missed is that connection and how do we recognize people personally. And so we will figure out ways to do that. But I am not sure there is much that we can revert back to other than the desires that we had in the past. [DSJ](#)



# I T

## Internet of Things

“

Within a short time we will probably stop thinking of it as 'online'. We will simply be connected, all the time, everywhere, and the online world will be notable only by its absence...

-- David Amerland, digital strategist and author

“

The internet is no longer a web that we connect to. Instead, it's a computerized, networked, and interconnected world that we live in. This is the future, and what we're calling the Internet of Things.

-- Bruce Schneier, security technologist and author





# DIRECT SELLING UNDER SCRUTINY

## Academic Task Force Rebuts Misguided Assumptions About Direct Selling

When DSEF Fellow Dr. Robert Peterson, the John T. Stuart Chair in Business Administration at The University of Texas at Austin (UTA), reviewed the white paper “Alchemy of a Pyramid Scheme: Transmutating Business Opportunity into a Negative Wealth Transfer,” he found it deeply flawed. In his view the paper, authored by Andrew Stivers, Douglas Smith, and Ginger Zhe Jin, all current and former Federal Trade Commission (FTC) economists, contained myriad errors in analytic modeling.

“As a professor, I have followed the academic research streams and associated literature on direct selling for more than four decades,” Dr. Peterson said. “So, when the Stivers, Smith, and Jin (SSJ) working paper came to my attention, I thought I would give it a cursory review. Because the paper was not peer-reviewed and was not a published article, I did not expect to devote much time or effort to it.

“After I read the first sentence in the paper, however—‘Multi-level marketing (MLM) is a distribution and incentive mechanism that has seen extensive scrutiny by law enforcement over the last 50 years, but by comparison relatively little in the economics and marketing literature,’—I was, to put it mildly, aghast,” Dr. Peterson continued. “Based on my knowledge of direct selling, the opposite is true. Literally hundreds of economics- and marketing-related articles have been published on direct selling in the past half-century, whereas only a relatively few (but well-publicized) court cases have been reported.”

Consequently, Dr. Peterson sought opinions on the paper from several of his colleagues—all DSEF Fellows—who had extensively published research in prestigious academic journals, were experienced in reviewing research submitted to such journals, and possessed a deep understanding of the direct selling channel.

Ultimately this group, along with Dr. Peterson, formed an independent task force that formally evaluated the SSJ paper: Dr. Patrick Brockett, UTA; Dr. Anne Coughlan, NU; Dr. O.C. Ferrell, AU; Dr. Linda Ferrell, AU; Dr. Linda Golden, UTA; Dr. Charles Ingene, OU; and Dr. Lou Pelton, UNT.

Co-author Dr. Anne Coughlan believes direct selling companies are rightly troubled by the ramifications of the SSJ paper. “What’s concerning here is that this paper exhibits many errors of bad modeling,” she said. “But the fact that it does so is problematic because the paper will have an impact if, and when, it gets published. It will not only have an effect in the academic community, but it will affect the perception of direct selling in the public eye, potentially among policymakers and in the legal and litigation realm.”

SSJ provides insight into the thinking of the FTC when it comes to their understanding of the direct selling business model, and Dr. Coughlan says the task force co-authors set out to evaluate the paper’s assumptions. “Since three of the authors bear the FTC moniker, we wanted to put some special scrutiny on this paper, particularly given its conclusions, to make sure that it is backed up by good analysis.”

In December 2020, the co-authors publicly released their working paper: “Direct Selling Under Scrutiny: Assessing Analytic Direct Selling Models,” on SSRN, a platform for the dissemination of early-stage research. (The working paper was not funded by any entity and the co-authors have no financial conflicts of interest). The paper examines the SSJ model and other research that develops economics-based analytic models that are sometimes used to assess the legitimacy of direct selling companies as well as the business model.

“It is critically important to the direct selling channel that policymakers be able to distinguish legitimate direct selling companies from illegal pyramid schemes,” said Marjorie Fine, Director of Shaklee Corporation. “The formulation of laws, their enforcement by regulators, decisions by judges, and the perception of the public all depend upon understanding this distinction. This paper by leading academics constitutes a significant contribution to that effort. It completely debunks the model proposed in ‘The Alchemy of a Pyramid: Transmutating Business Opportunity into a Negative Wealth Transfer’ by exposing the fallacies upon which the model is constructed and the errors in the authors’ analysis.”

## “Direct Selling Under Scrutiny: Assessing Analytic Direct Selling Models”

### ACADEMIC TASK FORCE MEMBERS

**Patrick L. Brockett** holds the Gus Wortham Memorial Chair in Risk Management and Insurance in the McCombs School of Business at The University of Texas at Austin.

**Anne T. Coughlan** is the Polk Bros. Chair in Retailing and Professor of Marketing, Emerita, in the Kellogg School of Management at Northwestern University.

**Linda Ferrell** is the Roth Family Professor of Marketing and Business Ethics and Associate Director, Center for Organizational Ethical Cultures, at Auburn University.

**O. C. Ferrell** is the James T. Pursell, Sr. Eminent Scholar in Ethics and Director, Center for Organizational Ethical Cultures, in the Harbert College of Business at Auburn University.

**Linda Golden** holds the Joseph H. Blades Professorship in Risk Management and Insurance in the McCombs School of Business at The University of Texas at Austin.

**Charles A. Ingene** is Professor of Marketing and Supply Chain Management in the Price College of Business at University of Oklahoma.

**Lou E. Pelton** is Associate Professor of Marketing in the Ryan College of Business at the University of North Texas.

**Robert A. Peterson** holds the John T. Stuart Chair in the McCombs School of Business at The University of Texas at Austin.

The co-authors found many factual errors and misguided assumptions about how direct selling companies operate in the analytic model used by SSJ, described in their paper’s Executive Summary:

#### **The SSJ Model Omits and/or Misrepresents Substantive Facts Applying to Direct Selling (DS) Firms, Making Its Conclusions Inapplicable to the Question of Whether a Firm Is or Is Not a Pyramid Scheme**


The SSJ model omits or misrepresents many aspects and facts about DS firms’ operations and business models that substantively slant its analysis and conclusions toward a pyramid scheme determination and, therefore, render the model inapplicable to the determination of whether a DS firm does (or does not) operate a pyramid scheme. While not guaranteed to be a complete list, some such omissions and misrepresentations in the paper include:

- Its omission of any income sources to a distributor other than bonuses awarded for mere recruitment without regard to sales (such as retail markup income or the economic benefit of personal consumption at wholesale prices);
- Its misrepresentation of the basis on which a bonus/commission income is awarded by direct selling (DS) firms, by assuming they are only awarded for pure recruitment;
- Its omission of products that have market value to consumers;
- Its omission of consideration of distributor differences on substantive dimensions that matter for the research question at hand;
- Its omission of active choices by distributors concerning what to sell, how hard to work,

how to price products for retail sale, how much to invest in training, whether or not to seek to recruit other distributors, or how much to personally consume;

- Its misrepresentation of the DS firm’s objective as the maximization of one-period profit, with no consideration of the legal implications of the fraud it implies; and
- Its omission of consideration of standard consumer and distributor protections offered by legitimate DS firms.

Matt Dorny, Vice President and General Counsel, Nu Skin Enterprises, believes the co-authors’ in-depth understanding of the direct selling business model and how it operates provides them with an important perspective. “I appreciate the time and effort the authors of this paper spent assessing various economic-based analytical models that could be used to help assess whether a direct selling firm is an illegal pyramid scheme,” Dorny said. “They noted several deficiencies in these analytical models based on the failure to consider important conditions and facts prevalent in the industry. Hopefully, this paper will help others better understand the deficiencies in existing analytical models and develop better analytical models in the future.”

The next steps for the academic co-authors include refining the paper and submitting it for publication in a prominent academic journal, a process that can take time. However, Joseph N. Mariano, President of DSA, underscores the value of the working paper for use with a variety of audiences. “We look forward to policymakers’ reaction to the paper,” he said. 

“Direct Selling Under Scrutiny: Assessing Analytic Direct Selling Models” is available at [SSRN.com](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3743816), the leading platform for online sharing of working academic papers. View at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3743816](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3743816)



# BATTLEGROUND: CHANNEL PERCEPTION

## What's Driving Negative Behaviors Toward Direct Selling?

by Mark Stastny, Chief Marketing Officer, Scentsy, Inc.



As 2020 has taught us, a person's perception of an event or concept is not necessarily based in reality or fact. What it is, however, is that person's version of the truth. What is perceived is owned and defended, and what drives that personal truth to greater acceptance is enough people who think about the topic in a similar way. A movement starts; a mini worldview grows; and the perception starts swaying human behavior and human dynamics.

There has long been a negative perception of the direct selling channel. Scam organizations posing as legitimate direct selling companies have certainly hurt the channel, but there are other more self-imposed drivers that are heavily contributing to this perceptual path to negativity. I believe the top three drivers to be complex compensation plans, unrealistic product claims, and inappropriate social pressure.

### **Complex Comp Plans**

Multi-level comp plans are inherently complicated. Over the years, in our attempt to differentiate our plans from each other, we have added more layers of complexity. The vernacular used in comp plans generally adds to the confusion and creates a level of fuzziness not only for new independent business owners but those outside the channel as well.

The problem with distributors not understanding the comp plan is two-fold. One, they share the business opportunity with the public. They are the voices of the company. Any information they give that is contrary to corporate messaging, particularly as it relates to compensation structure, can obviously impact the perception of the company.

Second, their lack of understanding related to the comp plan often makes them resort to unrealistic earnings and/or lifestyle claims. If the comp plan is too difficult to describe or if they do not fully understand it, they simply cut to the chase: money and what it can bring.

This is an issue that continues to be a major problem in the channel. In fact, this past July the BBB National Programs' Direct Selling Self-Regulatory Council (DSSRC), in partnership with the Direct Selling Association (DSA), released new guidance on earnings claims. It came at a time when DSSRC and the Federal Trade Commission (FTC) saw an increase in questionable earnings claims during the ongoing coronavirus pandemic.

For direct selling companies, ensuring that all representations by their salesforce members comply with legal and self-regulatory standards is undoubtedly one of the greatest challenges. The new guidance will help identify content that could potentially mislead prospects, such as testimonials and success stories.

### **Unrealistic Product Claims**

The second driver of negative perception relates to the way in which a business owner speaks about the company's products. In their effort to succeed, distributors oftentimes resort to unrealistic product claims to get people to buy. While this issue has negatively impacted the perception of industry for many years, it became an even larger problem in 2020.

As the impact of the coronavirus spread, DSSRC had to reach out to several direct selling companies to

address COVID-19 claims and other health-related representations.

As we deal with the on-going pandemic, the DSSRC and DSA urge all direct selling companies and their salesforces to ensure claims made about health-related products are accurate, being especially mindful of expressly claiming or implying that products can cure, treat, or alleviate the symptoms of COVID-19; boost or improve immune function that can prevent COVID-19; and/or eliminate all traces of COVID-19.

### **Inappropriate Social Pressure**

The third driver of negative industry perception involves the inappropriate social pressure—either online or offline—that distributors use to encourage either prospective customers to buy or people within their downlines to perform.

If you spend any time at all on the internet looking at comments from people regarding their experiences with direct sellers, you will find some who have had great experiences, but you will also find a lot of people that express frustration and irritation at direct sellers who inundate them with emails, instant messages, or social posts trying to get them to buy or join.

These tactics, especially when used on public social media channels and platforms, often leave a bad taste for those who are being solicited, as well as others who are observing.

### **The Path to Negativity . . . and Added FTC Risk**

The negative comments about direct selling/network marketing and the growing overall perception of the channel typically takes the following path.

- 1) Either one or more of the drivers mentioned leads to some level of consumer dissatisfaction—be it with a disenchanted distributor or a true consumer or purchaser of the product. This dissatisfaction typically stems from unmet expectations of either the product experience or the opportunity experience—something they felt was promised or that they believed was under-delivered.
- 2) These dissatisfied consumers then express their dissatisfaction and share their experiences through face-to-face encounters, word of mouth, or, increasingly, online platforms or social media. This is where the FTC gets involved.
- 3) The FTC somehow becomes aware of some level of consumer dissatisfaction and starts digging. If they cannot understand the comp plan or business model for the company under review, they assume that the average consumer or prospect probably cannot understand it as well. They then incorrectly assume or conclude that the company is intentionally using complex plans and/or language to mislead and confuse consumers.

- 4) As the FTC continues its investigation, it may uncover some level of unrealistic product claims and/or social pressures being exerted. The combination of a confusing comp plan and unrealistic product claims and/or social pressures gives the appearance of a scam. The FTC decides consumers are likely being harmed and they take the position that they must act. Their actions reinforce the negative consumer perceptions and further arm industry critics. And so the cycle continues.

This is not a new phenomenon; it has been going on for quite some time, but it does seem to be gaining in momentum, likely aided by the prevalence of digital communications and social media.

### **Breaking the Cycle**

So where do we go from here?

We all need to be introspective and look at where we are at and what we are doing. Most importantly, we should not assume that these negativity issues apply to or are caused by other companies and not our own. Technology—particularly, social media—has given everyone the ability to quickly voice their grievances and share it with a wide audience.

To break the cycle of negativity and change the perception of the channel we should be asking the following questions:

- What can we do to significantly simplify our compensation structure?
- What can we do to change and simplify the language we use to describe the opportunity?
- How could we effectively help our distributors accurately represent the opportunity and the products to reduce unmet and unfulfilled consumer expectations?
- What more can we do to help our distributors understand the difference between positive and negative uses of social pressure to drive buying behaviors and team performance?
- What can we do to better understand the onboarding experience of our new distributors and ensure that their needs and expectations are being met?

If we believe these three drivers are among the root causes for the channel's negative perception, we must be committed as an industry to work on them. While the DSA can act on our behalf in addressing critics, handling immediate inquiries, or even engaging in discussions with the FTC, direct selling executives must work together to find solutions for the pressing issues at hand. **DSJ**

*Contributor-submitted article. See page 5 for more information.*



# DSEF FELLOWS MAKE THE CASE FOR DIRECT SELLING

## How the Foundation's Work Is Mainstreaming the Channel

Over the last four years, nearly 170,000 undergraduate and graduate students across the US have been introduced to the direct selling channel by university and community college faculty participating in the Direct Selling Education Foundation (DSEF) Fellows Program.

DSEF Fellows help to expand the knowledge and understanding of the direct selling business model by creating compelling classroom content focused on practices within the channel. Direct selling research has been published in notable peer-reviewed academic journals and is included in widely used Fellows-authored marketing, ethics, business, and entrepreneurship textbooks.

Case studies are just one of the ways Fellows teach students about direct selling. Developed with DSA member companies, case studies typically focus on issues faced by all businesses but are presented through the lens of direct selling. For the participating member company, a case study can have lasting effects: provide greater insight into the practices of the organization; instill a sense of pride in the salesforce; and promote positive brand awareness among academics, students, publishers, and key civic influencers.







**D**r. Larry Chonko, the Thomas McMahon Professor in Business Ethics at the University of Texas at Arlington (UTA) College of Business, worked with DSEF for more than forty years until recently stepping away from commitments outside of his UTA role. Dr. Chonko used DSEF educational materials in his classes, hosted DSEF Campus Events, served as a panelist at DSA conferences, and was inducted into the Foundation's Circle of Honor in 2004.

"DSEF's cases, papers, teaching notes, and other pedagogical materials are always very informative about the industry and its companies," said Dr. Chonko. "For the student, they provide excellent insight into the world of direct selling. They also provide students with opportunities to develop timeless skills like thinking introspectively, engaging in qualitative and quantitative analytics, and making decisions."

Dr. Chonko is just one of the hundreds of professors in universities and community colleges across the United States who have benefitted from—and contributed to—a library of materials that serves to highlight and validate the contributions of direct selling companies and the channel.

**"As a DSEF Fellow, I've had the unique opportunity to network with leaders in the direct selling field and with excellent academic researchers."**

**—Caroline Glackin, Associate Professor of Entrepreneurship, Fayetteville State University**

### **The DSEF Fellows Program—An Engine of Value Creation**

DSEF partners with members of the academic community to support research and education programs that foster an accurate understanding of the channel as a powerful go-to-market strategy, distribution model, and entrepreneurial option.

Fellows are integral in expanding the reach of DSEF's educational content, and thus, the accurate portrayals of the channel and its people. Their work is not only presented in universities and colleges here in the US but in institutions of higher education globally as well. In addition, through the Foundation's partnership with the Global Jesuit Case Series (GJCS), which represents 189 Jesuit institutions throughout the world, DSEF case studies and related videos are available for download through GJCS's online portal.

"As a DSEF Fellow, I've had the unique opportunity to network with leaders in the direct selling field and with excellent academic researchers," said Caroline Glackin, Associate Professor of Entrepreneurship at Fayetteville State University. "I've written and published a teaching case about a direct selling executive, and have included multiple direct selling case studies in the fifth edition of a textbook on

entrepreneurship. Finally, I was fortunate to have a direct selling executive visit my university and engage with our students."

Since 2016, when the Fellows program launched, professors have co-created high-quality teaching content in conjunction with DSA member companies and executives and then incorporated it into their university and community college classrooms, including the areas of business, management, marketing, entrepreneurship, ethics, consumer studies, and other disciplines.

"The Foundation's goal was to recruit 200 Fellows over the first three years," said Nancy Laichas, Chief of Entrepreneurship Initiatives at DSEF. "We felt certain there was an opportunity to grow our partnership with the academic world and make the next generation aware of the economic impact of the channel, as well as the significant opportunities it provides as a path to market."

The interest from professors exceeded expectations. As of December 2020, 247 academics from 152 colleges and universities have been named DSEF Fellows.

### **Plans for 2021**

DSEF has a robust program of work planned for 2021, including producing eight new case studies, six academic research projects, and launching a variety of teaching content, including week-long direct selling modules developed in partnership with the University of North Carolina at Greensboro.

Additionally, in January 2021, the Foundation will continue its series of DSEF Insights webinars as part of DSA Engage that will feature academic partners sharing their expertise, data, and research through interactive discussions with direct selling company leaders and their teams.

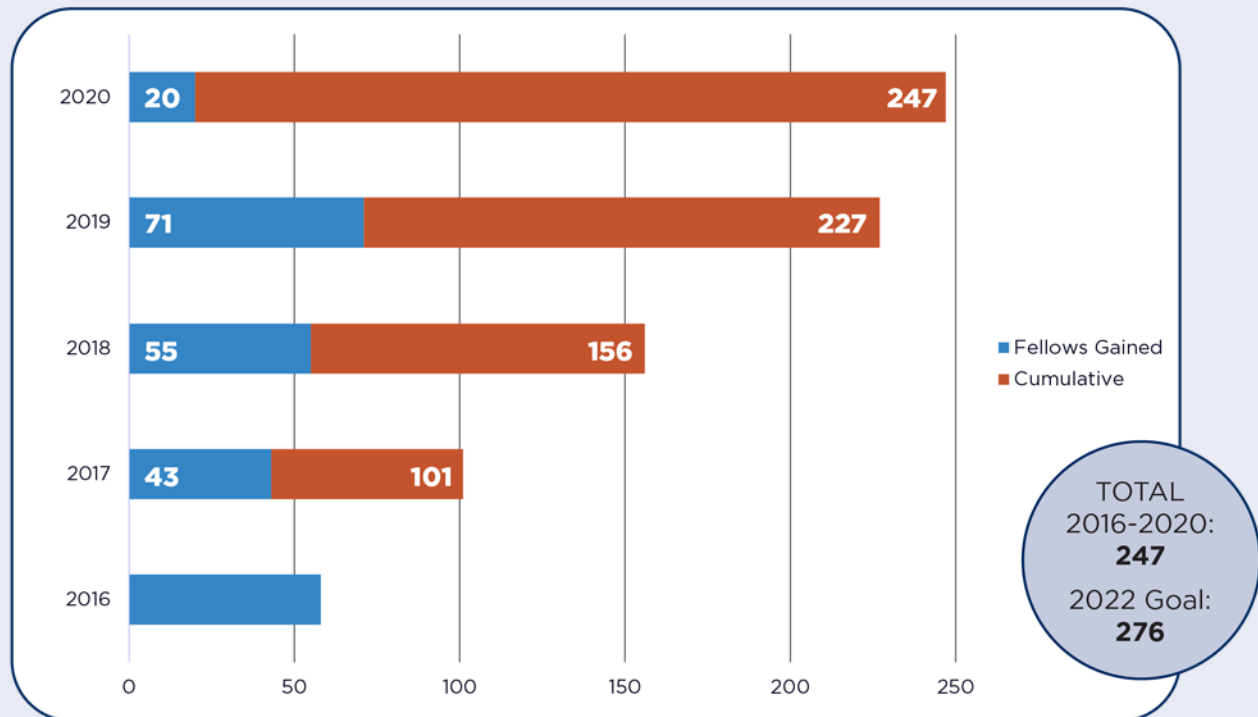
"Increasing Fellows' engagement and collaboration will deepen their knowledge of direct selling and lead to contributions that will achieve DSEF's ultimate goal: mainstreaming the channel," said Gary Huggins, Executive Director at DSEF. "The Foundation's Fellows truly are its engine of value creation—bringing accurate, data-driven insights to the advancement of scholarship and teaching on the channel. As long as misinformation about the channel continues to persist, we need credible, third-party experts to uncover, analyze, and report the truth." **DSJ**

### **Want to Participate in a DSEF Case Study?**

Company case studies are important teaching tools that can also promote positive brand and channel awareness. To inquire about participating in a case study, contact Nancy Laichas, Chief of Entrepreneurship Initiatives, at [nlaichas@dsef.org](mailto:nlaichas@dsef.org), or Kimberly Harris Bliton, Senior Director, Academic Initiatives, at [khbliton@dsef.org](mailto:khbliton@dsef.org).

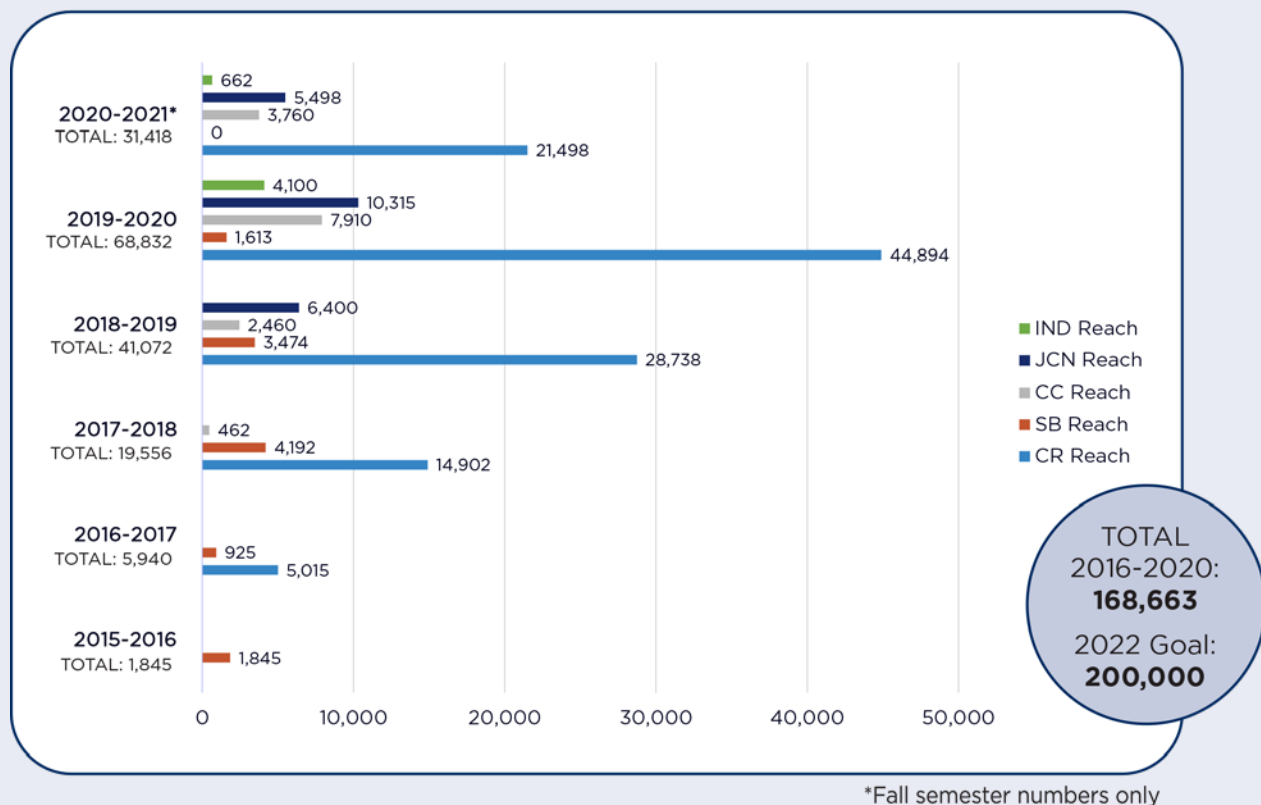
### Fellows Participation

College professors in the areas of business, management, marketing, entrepreneurship, ethics, consumer studies, and other related fields from 152 universities across the United



### Student Outreach

Direct selling educational programs have reached college and university students through DSEF Fellows teaching in the classroom (CR Reach), the DSA Speakers' Bureau Program (SB Reach), DSEF partnership with community colleges (CC Reach), DSEF partnership with the Jesuit Case Network (JCN Reach), and independent Fellows (IND Reach).





*Excerpt from DSEF Case Study*

## Social Entrepreneurship and the Direct Selling Channel: A Case Study on Trades of Hope

by Christine Mollenkopf-Pigsley, PhD, Minnesota State University, Mankato

Trades of Hope LLC is a Florida-based company founded in 2010 by entrepreneurs Chelsie Antos and Elisabeth Huijskens, and their mothers Gretchen Huijskens and Holly Wehde. These women didn't set out to be the direct selling industry's new generation of socially responsible leaders, they saw the struggles of women in their local community and globally and recognized a fundamental need to innovate how to effect social change. Founder Elisabeth Huijskens says "charity is for crises, but not for sustainability" when asked why they simply didn't form a nonprofit organization, roll up their sleeves and get to work.

### **The Concept: Conscious Consumerism**

The idea to sell jewelry, accessories, and other artisan-produced items from women in developing countries and sell them to American consumers was a natural fit with the four women's interest in an emerging trend called conscious consumerism. This concept, described by Žabkar et al, is the "customers' willingness to consider the long-term consequences and the impact of their consumption on society, as well as their consideration for ethical issues when making a consumption decision." The conscious consumer would support a higher price for the product than the mainstream competition as the business shared the stories of the women

artisans with whom they partnered, and in turn, the business could pay the artisans up to six times what they were being paid through traditional wholesale channels in their countries.

The founders' missionary organization connections provided the initial sourcing for the supply chain, and the connection to Three Angels and similar organizations connected them to women artisans and ethical cooperatives who were only selling in their own countries or unable to find an American outlet committed to fair trade. Utilizing the artisans from developing countries was a win-win opportunity because the artisans' cost of production was low. The fair trade pricing allowed the artisans to improve their economic conditions and make their products affordable to Trades of Hope, which could charge premium pricing for a specialty product and return a portion of the profit back into the social mission of the business, in addition to the benefit created for the artisans.

### **Growth & Reach**

The founders were confident in their social entrepreneurship model, including a binary supply chain that connected women entrepreneurs and channeled the product to other women entrepreneurs, but the product





remained the variable in the equation. They found a challenge in establishing a balance between money and the commitment of the makers to supply product that also honored the women artisans' culture.

They also learned from the initial rollout of the product line that the American consumer not only connected with the stories of the makers and their struggles, but there was also a strong connection to the opportunity to change the personal economic situation of the individuals who would sell the products. Women possess a strong desire to help other women and children globally, however, their level of engagement would wane as financial strain increased. This dynamic between finances and altruistic behavior has been documented across the nonprofit sector as a psychological phenomenon, not a constraint of resources (Son & Wilson, 2015) which Trades of Hope saw as an opportunity to fundamentally change through social entrepreneurship. Empower the woman to feel a great sense of economic control and, in return, she will be psychologically motivated to engage more fully in the social mission of the company, sell more product, support more compassionate entrepreneurs, and ultimately increase her own economic stability in a sustainable loop of social value creation.

### Social Value Creation

Trades of Hope views itself as a social enterprise and its mission and core values reflect this.

- We honor God and others.
- We value scrappy determination.
- We value each other's differences.
- We strive to always get better.
- We value collaboration.
- We believe the best about people and the future.
- We celebrate people.

To quantify the social value created from the model, the company published a 2017 impact report. This report shows global reach including:

People in full-time employment	9,440
People in part-time employment	3,906
People helped in artisans' communities	42,890
People receiving health aid	14,541
Children being educated	16,525

The company further calculated and promoted the multiplier impact from their salesforce as 7:1, meaning seven women are empowered by the work of a single compassionate entrepreneur. In addition to impact reporting, the company also periodically offers its employees and high performing compassionate entrepreneurs the opportunity to participate in vision trips where they travel internationally to meet the artisans, work with them to make the product, and see the impact of social entrepreneurship first hand in the schools, orphanages, and medical clinics. According to Chelsie, "on the vision trip, our compassionate entrepreneurs share with the artisans how the work they are doing is helping women in the US to thrive and that empowers the artisans as well."

Trades of Hope artisans in developing countries are not just helping themselves, they are taking control of their families' futures, keeping their families intact, educating their children, and becoming self-sufficient. The company frequently uses the phrase "women are the heroes of their own stories." The Trades of Hope story and business model, which integrates social entrepreneurship, along with the direct selling channel, is an example worth examination and replication.

### Want to learn more?

Go to DSEF's YouTube channel to view the video that Fellows use in the classroom to complement the Trades of Hope case study: [youtu.be/AiQzLWqAwZc](https://youtu.be/AiQzLWqAwZc)





# DIVERSITY & INCLUSION

## Are You Ensuring the Financial Sustainability of Your Brand and Company?

by Mona Ameli, CEO, Ameli Global Partnerships

The recent anti-racism movement has brought about not only the need but a true urgency for us all, as individuals, leaders, and industry drivers to learn more and embrace the often uncomfortable and tough issues of race and inclusive diversity. In fact, these have a direct impact not only on how we show up as leaders, but also on the strength of our companies' financial bottom lines.

### From Diversity to Inclusion

While many have been using the buzzword of *diversity* as either an added value to their company's mission, as a new HR recruiting approach, or as an additional requirement for their Board member's nomination, for most the crucial distinction between *diversity* and *inclusion* is still missing.

Diversity is focused on creating a wider representation of people and backgrounds. These can be by race, gender, age, education, or sexual orientation—to name a few of the forty-two dimensions of diversity in the workplace.

**DIVERSITY:** Focusing on creating a wider representation of people and backgrounds.

**INCLUSION:** Integrating, including, and leveraging the differences of a diverse workforce to create real added value.

But creating diversity does not imply that you are integrating, including, and leveraging these differences to create real added value. That is inclusion. While the first step towards creating inclusion is to recognize and understand the need to bring in diversity, without inclusion these efforts will not be productive or sustainable.

Creating an environment that allows all stakeholders—employees, the field, customers, and vendors—to feel valued, respected, accepted, and encouraged to fully participate is the only way to have an inclusive culture that can foster the sense of belonging. This then leads to more innovation, trust, teamwork, and higher productivity that, in turn, generates a higher financial performance. So make sure that your organization's end goal is not just diversity but creating an inclusive culture.

### From “Checking a Box” to “Cultural Transformation”

The short-sighted approach of diversity as a “check box” provides to many the immediate “relief” of having accomplished their part. It is true that adding an African-American to your Board of Directors, committing to hire more C-suite women of color, or hiring a Chief Diversity Officer are indeed great first steps. But let's be clear in managing the expectations that one could get from these initial actions: You are broadening the representation in your team, but are you letting them play in the game?

A recent Gartner research study shows that only 36 percent of chief diversity officers have reported that their organization has been effective in building inclusive diversity. Why? Because hiring a Chief Diversity Officer does not change your culture into an inclusive organization.

The same goes for adding more multi-racial people into your C-suite or Board of Directors. These are extremely positive steps but *only* if combined with an intentional, solid commitment of your organization's leadership to create an inclusive culture. This starts with the leaders—CEOs, C-suite, and Board of Directors on the company side and field leadership on the other. An organization's cultural change starts with its leadership's cultural transformation. Remember, organizations do not change, people do.

To become an inclusive leader—with a new type of leadership style capable of fostering, managing, and effectively leveraging diversity—industry leaders must be prepared to learn and/or fine-tune some new and critical skills. The first step is to accept and embrace the vulnerability for many to showcase, without judgment or fear of retaliation, that they do not know what to say or do as they can't relate to or fully understand the racial sensitivities of their diverse teams, employees, and/or field members. Courage is one of the three most important traits of an inclusive leader.

The next step is to start acknowledging and identifying their biases. As human beings, we all have biases. But being biased is not the issue; making important company decisions based on dangerous biases is.

A direct selling industry CEO recently shared that he struggled with knowing what to say and do about diversity with his teams and employees. In fact, he was born and raised in a geographical area within the US that is predominantly white and had no racial diversity around him growing up in his community. When he became a leader within the industry, his network and the people he hired were all like him. So, it was not that he was intentionally biased. But now that he had identified this, he did not know what to do about it. The courage of this CEO to acknowledge his blind spots as well as his desire to identify and learn how to build cognizance is the second most important trait of an inclusive leader.

This is one of the most challenging hurdles for many leaders who have always been the “know-it-all” and “do-it-all” for their organizations. Take a moment here to reflect if you can relate to this CEO's example. Your vulnerability and courage to share with your teams, employees, and field that you might not know, but want to learn, or need others' help to do so, is the first step towards becoming an inclusive leader. Too often the burden of identifying and addressing unconscious bias is on the people who are the recipient of these biases. Making an intentional effort to shift that responsibility is crucial in your leadership success.

### 3 Practical Steps to Create Inclusive Diversity

**1 LEARN:** Strengthen your personal knowledge by reading and getting trained. Also, listen to your employees and your field to find out about gaps, key issues, and important biases through anonymous assessments or surveys, followed by focus groups, community gatherings, and other meetings that are facilitated by expert professionals in this area.

**2 BE:** Acknowledge and own up to your own biases. Show up to the conversations, share with others, and be involved in the process versus asking only others to be. Create weekly or monthly forums for exchanges and stay consistent in your efforts. Embody the value shifts in your daily behaviors as a DEI champion and in your immediate business prioritizations, making this an important strategic initiative for your organization. Start training your executives formally and professionally.

**3 DO:** Develop your own and your team's Cultural Intelligence (CI) through professional experts' trainings and workshops. Establish the link between your business and your D&I strategy by connecting the KPIs and creating accountability across the entire organization. Track and measure your KPIs to make sure you stay on course with your financial and cultural objectives simultaneously. Remember this is a journey, not a sprint.

The third and probably the most important inclusive leadership trait is knowing and effectively operating multi- and cross-cultural interactions in a conscious and mindful way. This is called having Cultural Intelligence (CQ). Over the past decade, as we shifted to prioritizing EQ over IQ, CQ is now the new leadership must-have.

Many organizations invest in various initiatives to create growth within their organizations, but very few see their internal leadership development and their organization's cultural alignment and transformation as areas that drive their business' KPIs. Often one of the most critical missing links is the disconnect between the leadership/cultural diversity KPIs and the financial KPIs. While the first are often in forms of statistics driven by Human Resources, the second are the strategic business drivers that create sustainable growth and are driven by Boards and CEOs. Until you connect these success indicators and approach diversity and inclusion transformation with the same dedication you approach your sales strategy, there will be no real change.

Interestingly enough, a 2020 study conducted by a non-profit think tank showed that while the majority of senior-level leaders (mainly white males) thought that inclusive diversity is a very important topic, a large number of them see it as “extracurricular.” They expressed that since it is not part of their core work



responsibilities or performance reviews and does not align with their goals to achieve the company's financial targets, they cannot prioritize it. If you are committed to inclusive diversity, make sure your strategic, financial, and cultural goals are fully connected and aligned so that everyone within the organization can work together towards the same goals.

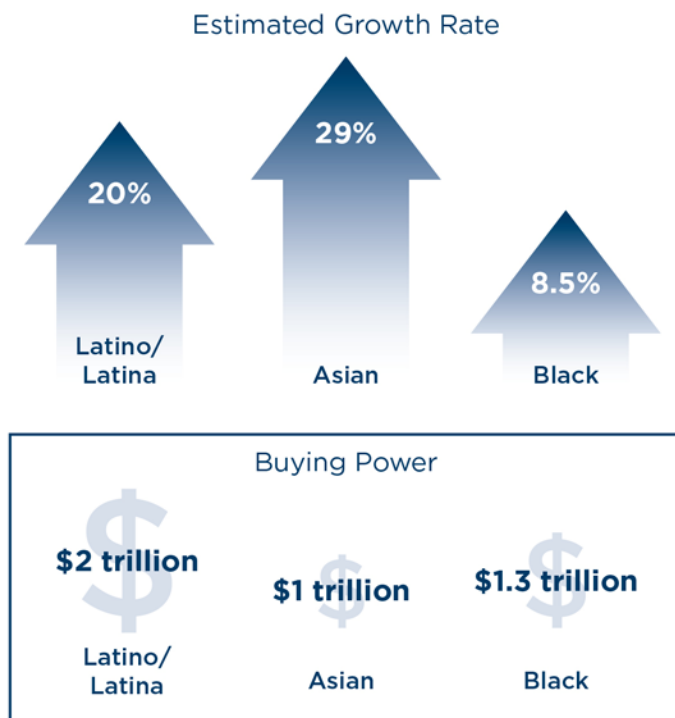
### The Smart Financial Decision to Make Now

Many see diversity and inclusion as more of an HR-related, cultural, social, and sometimes even political issue. In doing so, they are missing the most important aspect of it: its business perspective and financial impact.

To better understand the relevance of inclusive diversity within our companies' and industry's financial growth and future success, it is important to first review a few key numbers.

From a global perspective, by 2025, the world's middle-class population is expected to reach 3.2 billion, with most of the growth coming from Asia, Africa, and Latin America. China and India are predicted to become 50 percent of the global workforce soon.

### Minorities Represent More Than \$4 Trillion of Our National Purchasing Power



In the US, a 2020 study from the University of Georgia shows that minorities (non-white population) represent more than \$4 trillion of our national purchasing power. The largest—and one of the fastest-growing groups—is the Latino/Latina, who represent 50 percent of this number with a 20 percent estimated growth. Asians have the largest projected growth of 29 percent and represent currently \$1 trillion in purchasing power. Blacks have a projected 8.5 percent growth with \$1.3 trillion buying power. Whites,

while still having most of the purchasing power, have a projected single-digit to negative growth.

**A 2020 *Forbes* article points out that companies with inclusive cultures produce a greater proportion of their revenue from innovation (45%) compared to those who do not.**

The most recent census shows that more than 50 percent of Americans under the age of eighteen identify as non-white and are racially ethnic. Generation Z is also shown to be the most racially and ethnically diverse of any other generation. Even more than millennials, who are currently the largest represented generation with 45 percent of them being minorities, Gen Z highly values inclusion. As such, their choice of brands, as a customer, is greatly impacted by whether the company has an inclusive brand and culture.

Also, current employment statistics show that four in ten employees are non-white and that by 2023–2025, non-whites will be the majority of the working class in America. As our nation becomes more racially diverse from “the bottom up” of the age structure, there is an absolute necessity to focus on the needs and opportunities of these highly diverse generations.

Additionally, more and more research and reports show the important positive financial impact of inclusive diversity. A 2020 *Forbes* article points out that companies with inclusive cultures produce a greater proportion of their revenue from innovation (45%) compared to those who do not. This greater innovation-related advantage translates into overall better financial performance. A 2019 McKinsey research study also shows that companies in the top quartile for racial and ethnic diversity were 35 percent more likely to have above-median financial returns.

Whether you operate only within the US or globally, these statistics highlight what the characteristics of the market opportunity from a customer, a consultant, as well as an employee perspective are for us. When you look at your current employee base, your leadership team, your field, and your customers, do they reflect what the US looks like today and within the next few years? If not, what are you currently doing to ensure that your company, your leadership, and your brand will stay relevant and attractive to the next generation? Do you have any strategic initiatives, part of your top priorities today, linked to learning and becoming an inclusive brand and embracing an inclusive leadership and culture?

Everything points to the fact that embracing inclusive diversity is no longer the right thing to do, but the most important strategic decision you need to make and implement today to stay relevant and ensure your organization's financial growth and sustainability. [DSJ](#)

Contributor-submitted article. See page 5 for more information.

# MAINSTREAMING THE CHANNEL

## DSEF Fellows Make a Difference for Direct Selling

Through their direct selling-related research, co-created teaching content, and case studies, nearly 250 DSEF Fellows from universities across the US are changing how direct selling is taught and viewed. Here's what they have to say about their partnership with DSEF.



"It has been a privilege to serve as a DSEF Fellow. I have been able to include multiple direct selling-related case studies in the fifth edition of a textbook on entrepreneurship and to complete multiple innovative academic and industry research projects. Each experience has resulted in growth and opportunity. The results have been clear and measurable."

**DR. CAROLINE GLACKIN**

Associate Professor of Entrepreneurship  
Fayetteville State University



"As a DSEF Fellow, I was able to develop a teaching case that connected my research interest in effectuation and social entrepreneurship with the founders of Trades of Hope. As a bonus, many students were introduced to the direct selling distribution channel as an avenue for social entrepreneurship."

**DR. CHRISTINE MOLLENKOPF-PIGSLEY**

Assistant Professor & Program Director  
in Applied Organizational Studies  
Minnesota State University, Mankato



"As a DSEF Fellow, I have access to a rich variety of teaching materials, including case studies, videos, peer-reviewed research, and teaching notes. These materials inform and complement concepts I discuss in the classroom, and help me keep my content current. By participating in DSEF-hosted functions, I've had the opportunity to network with the leadership of direct selling organizations from around the world, which has led to several top executives visiting our campus as guest speakers."

**DR. ADAM MILLS**

Assistant Professor of Marketing  
Loyola University New Orleans

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## WELCOME TO THE DANCE

### Women Leaders on Diversity & Inclusion

The direct selling channel has always represented an opportunity for all—and is even described as the “democratization of entrepreneurship.” But in today’s world of inclusion and diversity, are companies being good stewards of that heritage value? We asked some of today’s top direct selling leaders to share their thoughts on diversity and inclusion efforts at their companies.

#### **Deborah Gibbins, COO, Mary Kay Inc.**

Our initiatives were out there as part of our overall ten-year goals from a corporate social responsibility (CSR) perspective. But certainly, they have taken on a new sense of urgency and relevance. Each one of the senior executive leaders at Mary Kay has sent a message out to our employees, being clear about the actions we are taking corporately, and then leader by leader and function by function. So certainly in the last year, it has become a huge part of our broader strategy.

We are fortunate in Mary Kay that it is our heritage. It is our roots. We were founded by a woman who wanted to create opportunity for other women. That was the whole reason why Mary Kay Ash started the company. She had been passed over for promotion after promotion after promotion. She got tired of training men to do a job that she was able to do, and she got frustrated by it. And so it is in our DNA and we are fortunate as a company that it has translated over the years. We are going to be very transparent about our own statistics and where we stand in terms of what employment looks like at Mary Kay at all levels—whether male, female, people of color—and having conversations, being open first on where we stand, and then holding each of our leaders accountable for different objectives.

Even if your statistics are great and your diversity numbers reflect your broader community, there are always things you can be doing. We have been working, for example, with the United Nations on several initiatives. One is a women’s entrepreneurship accelerator. Part of that is empowering women entrepreneurs all around the world. One of the tactics is changing your procurement methodology. While my teams have great diversity, equity, and inclusion (DEI) numbers, we can always be better. The functions that I lead have great statistics when we roll them up. One area I could do better in is procurement and how do we bring more women and women-owned businesses and people of color-owned businesses into our procurement landscape. That is just one way we are thinking about it in terms of weaving it into our whole CSR strategy.

#### **Jane Edwards Creed, President & CEO, WineShop At Home**

I think that, in our channel, we have all developed such strong cultures. Each company is a culture unto itself. We live in a nation that is so divided, one side or the other side. What we really found ourselves guided by is a strong desire to be united without judgment of others. We call ourselves One Wine Nation. That’s one of our taglines—Wine Shop At Home, One Wine Nation—No Red, No Blue. Just great wines that unite us in a shared experience. And that message really seems to be resonating, especially in these times. What we have found is that in the past year we have attracted more people of color and more people from diverse backgrounds, which I find absolutely wonderful and fascinating. And it also really behooves all of us to understand the cultures around us—whether it is the MeToo Movement or the Black Lives Matter



Movement—to know that diverse people—race, gender, philosophical—are welcome in our business. It is our job to know what their expectations and aspirations truly are, way beyond politics. We do not ever want to be a political organization, but we want to make sure people's voices are heard. One of the things I wound up doing was bringing together roundtables with our women of color, with our men of color, so they would know that, yes, indeed, our doors are truly open. Our channel has that great opportunity to be a truly equal opportunity employer in times of great turmoil in our country. Our doors are open, and it feels just great.

**Joni Rogers-Kante, Founder & CEO, SeneGence International**

One of the many things I love about having a global company is the diversity of people we get to work with daily. We do not make judgments based on what country someone is from, what religion they practice, or their financial status. As a corporate employer, we identify and recruit smart, hard-working people. That is what matters to us. Our offices look like the United Nations at every level, and that includes our chief officers. However, I have fallen short on keeping up that standard within our salesforce, and I had to do some reflection and soul-searching. Our diverse product line provides variety for all skin colors, but once we processed the analysis, our leadership and salesforce did not represent that. I take complete ownership of that. At the time I stopped working in the field, I wanted to build a much-needed diverse leadership within the field. But there were other pressing issues happening. Moving forward into 2021, I am initiating a Diverse Mentorship Program, where women representing diversity across the country can apply to be guided and mentored personally by me and become leaders within our salesforce.

**Kirsten Aguilar, Executive Vice President of Global Marketing, SeneGence International**

The role of diversity in the sales organization is the responsibility of both company management and the salesforce, but it cannot be forced. I think we need to work every day to turn off our filters and really strive to see every person with the same potential to succeed. But especially as marketers, we must be aware of the perceptions that we are putting out in everything we produce, from products to print collateral to verbiage on your website. Today, we must be more careful than ever before, because the potential to offend or be misinterpreted is greater than ever. And it is a good time to listen more and speak less; but, at the same time, encourage our salesforce to find more effective ways to formulate and share their thoughts so they are heard, especially the negative ones. We need to be open to the criticism, finding that there is always an opportunity to learn and do better. I think every company in our space wants to be open to more diversity, expanding our product lines, seeing people of every age, race, and lifestyle representing our brands.


So figure out little steps every day to get there, whether it is focus groups, discussion panels on

diversity, or just picking up the phone and having those open conversations with somebody that maybe had expressed a negative experience with your brand in the past. I know that we are all reflecting on some of the intense moments that have happened, but it is important, and it is healthy.

**Julie Cabinaw, Vice President of Marketing, Tastefully Simple**

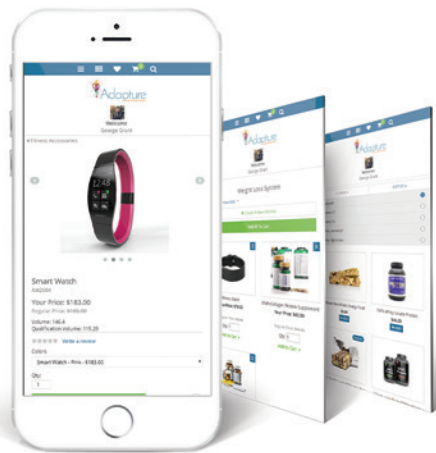
Tastefully Simple is a twenty-five-year-old company in rural Minnesota. Not exactly a hotbed of diversity. We are just a few hours away from Minneapolis, which was such an epicenter for everything that happened in 2020. I think the biggest lesson that we can take away from this is that if a prospective consultant or client cannot see themselves in our brand or our company, it starts with us and extends into the field. All our fields are a makeup of so many different people and experiences and cultures and races. And we can make choices as a company to listen. We can create spaces for conversation. We can choose to make products that have a better appeal from a diversity standpoint.

Tastefully Simple has always offered simple products, two ingredients or less, and some of our choices in flavor palates have come from wanting to be family friendly, but could be spiced up to represent what family means today and what different families' palates expect. Food is an equalizer. If we cannot use




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food to connect, then we have not taken advantage of, perhaps, one of the best ways we can connect.

We can also choose to amplify the voices of diverse experiences to improve the overall impact. And that does not mean artificial amplification. There is nothing more transparent than artificially trying to appear to be something you are not. We must be true to who we are, but also choose to amplify those voices where it is authentic, because then it becomes our truth and our story.

“I read a quote that says, ‘Diversity is being invited to the dance. Inclusion is being asked to dance. And belonging is dancing like no one’s watching.’ We must make sure that everybody in our business is welcome and they feel like they belong and that they can be themselves. And it will take every one of us to make this happen.”

—Candace Mathews, Chief Reputation Officer, Amway

**Ashley Collins, Executive Vice President of Marketing, USANA Health Sciences**

It is changing our mind-set a little bit about wanting to be open and not afraid. We worked with an influencer and during this, she was angry with our company, and sent us a message. We got on the phone with her and talked and just said, “I want to hear you. We do care. Tell me.” And really, it turned her around. She is here for life. She believes more in the company. You must be open to learning. And if you are coming from a place of truly wanting to, you must be willing. I think people can see if you are not. Those unconscious biases—we want to let them go.

USANA is almost thirty years old. We are headquartered in Utah, but we are global. So dealing with cultural differences is part of the business, and it is essential for growth. If you think about our model, too, associates typically talk to people who are like them. That is how it started, bringing people in, but it is now about opening up and trying to ask questions, learn more, and be receptive. It is hard. It is fearful. But instead of being afraid, if we are willing to be open and have harder conversations, learn where people are coming from, I think it could change, and for the good.

**Candace Matthews, Chief Reputation Officer, Amway**

I think there are so many great things that come from having diverse thinking as a part of your organization. The ability to not only bring diversity but to make people feel included is the role of all of us. It is not just the company. It is not just Amway independent business owners. It is all of us. And it is going to take all of us to bring change. I read a quote that says, “Diversity

is being invited to the dance. Inclusion is being asked to dance. And belonging is dancing like no one’s watching.” We must make sure that everybody in our business is welcome, they feel like they belong, and that they can be themselves. It will take every one of us to make this happen.

As for incorporating diversity training into our sales-force development, yes, absolutely. I think it is important for us, and we are doing so in our internal organization. We are also sharing it with our leaders so that they can share it with their organizations as well. I would also go as far as saying that this is something we all as companies must do. I think we, as an industry, need to embrace it and say, “How are we as the DSA going to make sure that we are helping all of our companies and all of the fields in our member organizations?” So it goes beyond our individual distributors. It goes beyond the individual companies. It is our entire industry.

**Sheryl Adkins-Green, Chief Marketing Officer, Mary Kay Inc.**

When Mary Kay Ash started her company in 1963, her goal was clear: create a company that offered opportunity for women who had been denied it in corporate America. Mary Kay Inc. is committed to empowering women, and we are also committed to embracing various forms of diversity, including racial diversity. From day one, Mary Kay Inc. championed equal opportunity for all women, particularly at a time when women of color did not have the kind of career opportunities that their counterparts did. I agree that the tone at the top makes a difference, but it really is about everyone’s efforts. I also believe that everything speaks. Our commitment is not only the words that we say, but the actions we take and the programs we support. It is how we embrace and celebrate all beauty and diversity within our marketing materials. It is having rewards, recognition, and celebrations that speak to a wide variety of preferences. One of my favorite quotes from Mary Kay Ash: “Picture an invisible sign around each person’s neck that says, ‘Make me feel important.’” So yes, regarding inclusiveness, it’s in our DNA. It’s about valuing and respecting the unique gifts that each individual can bring.

In terms of sales support, we are always looking to make sure that we understand the business needs of the Mary Kay independent salesforce, and to meet them where they are. That encompasses providing them with access to a broad range of digital tools and product education materials to support the success of their business. A key element of inclusiveness is anticipating the needs of our customers—independent beauty consultants—and making sure that everyone has what they need to be successful. And when I say everyone, it is not about catering to individual whims, but rather, understanding success factors and making sure that the playing field is not only level, but it is fair, so that everyone does have the opportunity to achieve their business goals. **DSJ**

# HOW DO WE START?

## Questions to Ask When Launching a DEI Initiative



One of the hurdles for creating an inclusive, diverse culture is the presence of unconscious biases that prevent companies from identifying barriers and shortcomings to operating inclusively. The following steps and associated questions can be used as guides for creating a diversity, equity, and inclusion (DEI) program in your organization.

### **STEP 1: Make an Organizational Commitment**

- Q:** What prompts an organization to start a DEI initiative?
- Q:** Who needs to buy in to make the initiative a priority? Who will the executive champion(s) be?
- Q:** How is the initiative communicated to key audiences (members, customers, vendors, industry, staff)?
- Q:** What is the budget and timeline for this initiative?

### **STEP 2: Design a Strategy to Match Business Objectives**

- Q:** Who should be involved in developing the DEI strategy?
- Q:** What internal expertise exists and what education (unconscious bias training, etc.) might be needed?
- Q:** What is the goal of the DEI program? How does the DEI statement align to the mission, vision, and values of the organization?

- Q:** What data is available to inform the creation of strategies? What data might be needed that isn't currently available?

- Q:** What gaps are identified and how will they be addressed? What will success look like?

### **STEP 3: Implement the Initiative**

- Q:** Who else needs to be pulled in to execute the strategy based on the goals that were set?
- Q:** What are typical components of a DEI work plan within trade/professional associations (content/communications, policies, and procedures, etc.)?
- Q:** What is the timeline for completion of items in the work plan (i.e. how long might this effort take)?
- Q:** How will progress be communicated?

### **STEP 4: Evaluate and Continually Audit the Plan**

- Q:** How are tracked metrics improving?
- Q:** What anecdotal evidence shows that the desired culture is being achieved?
- Q:** How are these initiatives integrated into the long-term strategic plan of the association for sustainability?
- Q:** What are the quantifiable KPIs and how are they connected to the business KPIs? **DSJ**



# THE SHIFT TO VIRTUAL ADVOCACY



Yes, 2020 was a year of change, to say the very least. We needed to adapt and do so quickly. Fortunately, we've had the privilege of hosting discussions with the DSA and DSEF Boards as well as CEOs, communications, salesforce development, technology, and marketing professionals to discuss this rapid and profound change. But if we can take one positive from this difficult time in world history, many companies and salesforce members have learned how to utilize available technology more than ever before, and customers and consumers have embraced online engagement. The same can be said for advocacy.

DSA continues to appreciate the member companies that devote the time and resources advocating in state capitols and in Washington, DC, on behalf of their companies and the direct selling business model. For the foreseeable future, our advocacy work will be done virtually—and using technology to tell our story will become even more widely accepted in the future. We are taking this as an opportunity and are excited to create more forums for direct sellers to share their unique experiences.

**"If we don't make ourselves heard, then we can be harmed by decisions that were made without our industry even being taken into consideration."**

**—Noah Bryson, Associate General Counsel, Nu Skin Enterprises**

We are fortunate to have had companies already stepping up their advocacy efforts prior to the pandemic. "Our government is constantly making decisions based on the best information they have

available to them," said Noah Bryson, Associate General Counsel at Nu Skin Enterprises. "Oftentimes, the best intentions have unintended consequences because of a lack of information or understanding. If we don't make ourselves heard, then we can be harmed by decisions that were made without our industry even being taken into consideration. And the more direct selling companies get involved, the more powerful our voice will be."

Alex Kennedy, Associate General Counsel and Executive Director of US Government Relations at USANA Health Sciences believes that US government relations are critical to protect and benefit USANA and its associates, customers, and employees. "Our strategy focuses on advocacy efforts with key members of Congress, state attorneys general in key markets, and certain state and local leaders," Kennedy said. "We strive to build relationships with these government leaders to educate them on our industry and important policy issues, and to increase brand awareness of USANA. Political leaders and decision makers at all levels of government know USANA and our great story. They have become strong voices for us and help lead on issues that are important to our company and industry."

Like our core business, when things start going back to normal there will always be a need for on-the-ground efforts. Your voice is an important one in these conversations and can provide real world perspectives to policymakers. Advocacy isn't just about the ability to effect policy; it also enhances reputation. The more experiences that policymakers hear will help build a firewall against negative stories and perception. Engagement in these important conversations will be needed now more than ever. **DSJ**

# FROM “UNITED IN DIVERSITY” TO “UNITED IN ADVERSITY”

by Laure Alexandre, Executive Director, Seldia



The European Union has, since its creation in 1965, tiptoed on the fine line between joining efforts and maintaining national sovereignty. With the pandemic—and uncertainty being the only certainty—what will be at the forefront of EU’s political agenda for the year ahead and beyond?

Unprecedented times call for unprecedented measures. As a result of the coronavirus crisis, and with the UK having now left the EU, the EU heads of state agreed in July 2020 to take on debt together for the first time. Through taxation the EU will also get new own resources (contributions going directly to the EU as an entity without dependence on Member States’ goodwill). This was something unthinkable only a few months ago.

There is definitely a change of tone in Brussels. During her first state of the European Union speech on September 16, President Ursula von der Leyen did not shy away from addressing issues such as health, migration, taxation, and external relations which are, by treaty, in the realm of Member States. On issues for which the European Commission has legal competence, the work program published on October 19 is unambiguous about the resolve to lead the twin green and digital transition, despite the coronavirus crisis.

The Commission has the backing of the European Parliament to put forward ambitious proposals on most issues. The level of support in the European Council (representing the Member States) is, however, uneven. With Brexit, the balance of power and traditional alliances shifted. The schism core issues, notably on the rule of law with Poland and Hungary, will also sour the negotiations.

In the current context, the NextGenerationEU recovery instrument will channel an unprecedented €672.5 billion of grants and loans in the crucial first years of recovery. Member States are drawing up their own recovery and resilience plans aligned with the EU green and digital policy objectives: with a minimum 37 percent of green transition expenditure, and a minimum 20 percent related to digital. To repay the funds raised under NextGenerationEU, the Commission will put forward unprecedented proposals for own resources starting with a revised Emission Trading System, a Carbon Border Adjustment Mechanism, and a Digital Levy.

## Priority No. 1: Climate

The primary ambition is to make the EU a carbon neutral economy by 2050. By 2030, only nine years from now, the EU-wide net greenhouse gas emissions reduction target is to be of 55 percent compared to 1990 levels. Achieving this objective will have implications on every aspect of society and the economy. Entire value and supply chains will be impacted, direct selling included—from sourcing ingredients and product design to packaging, logistics, delivery, product use, and recycling.

According to the Commission, this will require an additional €82 billion to €147 billion in spending every year, about half a percentage point of the EU’s GDP. On the basis that good investments pay themselves back, the Commission predicts overall impact on GDP will be minimal. This is notwithstanding the economic costs of inaction to climate change: sea level rise alone could be costing Europe €135 billion to €145 billion per year by the 2050s.

The EU also sees climate change as an issue allowing it to play the role of a global power—inviting the US to rejoin the Paris Agreement, making deals with



China, and pressing other countries to also boost their climate pledges.

While the OECD still debates the merits of a global digital tax, the European Commission has decided to come forward with its own “EU digital levy” in an attempt to partially finance the EU recovery fund. Although details are not known yet, it is expected that it could apply to companies with a global annual turnover of above €750 million, hence affecting some direct selling companies.

#### Priority No. 2: Digital

Among the many proposals in this area, two stand out for the direct selling sector.

While the OECD (Organization for Economic Cooperation and Development) still debates the merits of a global digital tax, the European Commission has decided to come forward with its own “EU digital levy” in an attempt to partially finance the EU recovery fund. Although details are not yet known, it is expected that it could apply to companies with a global annual turnover of above €750 million, hence affecting some

direct selling companies. The legislative proposal is expected for the second quarter of 2021.

Many European countries, and the European Commission, have also clearly expressed their wish to offer some level of social security, balanced with an adequate tax collection for “new forms of work.” While there are fundamental differences between platform workers, freelancers, and direct sellers, there are also many similarities. Risk mitigation will be required when the EU legislative proposal is presented in 2021.

#### And Now What?

These are only a few items on the menu. The Commission will now start discussions with the European Parliament and European Council to establish a list of joint priorities on which co-legislators agree to take swift action. This will translate into a number of challenges and opportunities for Seldia and the direct selling sector in Europe.

The EU’s decision-making processes often puzzle observers in other parts of the world. Much of what is painstakingly adopted collectively in Brussels—between the European Commission, the European Parliament representing citizens, and the European Council gathering the (now) twenty-seven Member States—must be then implemented in each of the EU countries. Unsurprisingly, consistency is often lost in legal translations.

Yet regulations are also somewhat the EU’s prime export. When the sails set in a direction at the EU level, ripples and waves reach many other jurisdictions, including the US: just ask the GAFAM (Google, Apple, Facebook, Amazon, and Microsoft).

While the European continent is not a monolith, commonality exists for companies wishing to operate in this part of the world. It is our role at Seldia to interpret what is being discussed in the EU institutions, assess the implications for the direct selling sector, and harness the expertise from our national associations to make the best collective representation. Consider us your point of contact on the “Old Continent.” [DSJ](#)

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Founded in 1968, Seldia represents twenty-eight member associations and fifteen companies at the European level. Its mission is to raise awareness on how direct selling works and ensure the highest standards of ethics and protection for customers, direct sellers, and companies. Seldia engages with EU officials, business organizations, and stakeholders to highlight the diverse benefits the direct selling sector brings to Europe. For more information, visit [www.seldia.eu](https://www.seldia.eu).

# THE POWER OF ASSOCIATION

with Mindy Lin, CEO,  
Damsel in Defense

## Q&A



**T**he Direct Selling Association (DSA) offers a wide array of benefits to member companies, none more powerful than the ability to network with senior executives from other organizations. This unparalleled level of support is of special importance to startups whose leaders may not be familiar with the direct selling business model or for those who may have worked in the channel but not in C-level positions.

In 2011, Mindy Lin's passion for women's safety led to the founding of Damsel in Defense. Five years later, DSA honored the company with its Rising Star Award for making women feel more comfortable about arming themselves with non-lethal products and for giving them the confidence to know they can protect themselves if they ever feel threatened.

This year, Damsel in Defense will celebrate its 10<sup>th</sup> anniversary. DSA spoke to Lin about her direct selling journey—her association with DSA member companies and how the value of that association enabled her party plan company to pivot and continue on a successful path through the COVID-19 pandemic.

### On Joining Direct Selling Industry/DSA

**Q:** When you decided to start a direct selling business, what aspects of the industry did you know you had to research more fully? What surprised you the most? What did you find that you had no knowledge of at all?

**A:** We loved offering personal protection products to women, but within a couple weeks a woman asked if she could sell them as well. I sold Mary Kay when I was younger and instantly knew what that meant—we needed to be a direct sales company! I drove to my business partner's house

and sat at her kitchen table and typed up our first consultant agreement. It was three paragraphs long and had no policies or procedures attached. I quickly realized the oceans between being a consultant and being an owner. I knew there was a lot to be researched and that I needed to step aside and let my CPA husband (and soon-to-be CFO) get to work.

**Q:** When you joined DSA, what were the immediate needs/questions you needed solved?

**A:** Our greatest desire in joining DSA was getting connected to other direct sales executives who had forged the path before us. We were very eager to listen to stories and hear about the pitfalls that we wanted to avoid. We were so excited to get plugged in and so thankful for DSA staff who always reached out to keep us connected to what was coming.

**Q:** What problem did the DSA community help you to solve?

**A:** I remember meeting Michele McDonough, another DSA member, at a conference and she asked me about our compensation plan. When I told her that we had created our own she kindly and very urgently connected us to a comp plan expert named Bob Hipple. Bob quickly became my industry dad and one of the greatest contacts I would make in this industry. His heart for our mission earned us our much-needed and improved compensation plan. I realized that our business needed the help of those with more knowledge, but I also realized that the knowledge of those in this industry is often equally matched to the size of their hearts.



### On Understanding the Industry

**Q:** Did your engagement with the DSA community help you re-chart the course you envisioned for your business?

**A:** In all honesty, we began with a strong mission, but also with little expectation. I do not think any of us envisioned a chart or course, but we very quickly experienced what we later learned was hockey puck growth. We learned so much in those early days by attending annual DSA events. The level of transparency with which executives share is always so refreshing. I remember sitting in Cindy Monroe's breakout where she put her numbers on the screen and walked us through every stage of growth and thinking, "That is where we are and that is what we need to prepare for next." Understanding what that looked like from others in the industry and how to manage through it was so very helpful.

**Q:** What initial approaches to your business were validated as you engaged with your peers from within the DSA community?

**A:** From the very beginning, I had a close connection to our field. The relationships with them and constant contact made us all stronger together. There were times when I questioned how this would be sustainable and was told not to do things for fifty that I couldn't do for 5,000, but I ultimately leaned against that and decided to embrace them and the intimacy while we had it. It was so affirming to hear from other founders like Orville and Heidi Thompson how precious those early days were and to embrace and cherish those practices while they were feasible. There is no question that this industry is built on relationships and it is not just our fields' relationships with each other or their customers. Our early relationships with them are some of the most foundational building blocks in our business.

### On Paying It Forward

**Q:** What do you see as the most important lessons for new companies? In which business areas do you feel you can be a mentor?

**A:** My biggest piece of advice would be to remember who you created your business for. If it was just for you, then you have every right to both take it personally and to make it personal when things do not go your way. But if your business was created for others, then it is not about you, so do not take it personally and do not make it personal.

Like childbirth, building a startup is a personal and emotional, often painful, experience. The child's growth is not about us, so we cannot take the character-building events that get them there personally or stand in the way of them. When our businesses take a financial hit, or our field emotionally reacts, or there is an unfavorable blogger, or our employees leave on bad terms, we cannot make it about us. We must remember not to

personalize it—as if the baby we have birthed was being attacked.

Those are all things I weathered through over the years and had to learn how (as a Meyer's Briggs EF) to stop taking and making things so very personal. There were many beloved founding CEOs active in the DSA like Britney Vickery, Tracy Lynn Burton, Angela Chrysler, and Jill Blashack Strahan who went before me and had shouldered these lessons as well. It is why I love the pay it forward concept. The countless hours of counsel and genuine friendship given makes it easy to pay it forward in DSA. Because until someone says, "I get it, I did it, there's a better way," you don't know.

### On the Impact of 2020

**Q:** As a party plan company, Damsel in Defense was directly impacted during the onset of the pandemic when its consultants could no longer hold in-person demonstrations. How did you pivot? What changes did you make this year that were forced by the new normal?

**A:** Like many, we immediately shepherded our field into the pasture of online events. Incentives focused on meeting us online where they were in environments that were duplicatable so that they could do the same with their friends and then eventually customers.

**Q:** How has your DSA membership—and the relationships you have formed with other executives—helped you to navigate the challenges posed by COVID-19?

**A:** The networking and connections made within DSA have always been the greatest value-adds to our membership, but this year, in our scariest year of business to date, that value truly cashed in. In a moment of vulnerability on a DSA call, I emotionally shared how dire our situation was. The outpouring of support from industry peers from that conversation was overwhelming. There were so many offers to help and assist, even just to listen. But one contact turned into a meeting, which became a collaboration, and then, ultimately, a supply chain miracle for our small company. Because of the generosity and compassion of Ryan Napierski and the incredible team at Nu Skin, Damsel was able to leverage their billions of dollars of buying power to break us into a consumable line that had been a pipe dream for years. Six months later, I am still pinching myself and thanking God for this mission and the provision of a new strategic partnership that we never saw coming. To those in this industry struggling to start up or struggling to stay alive in the hardships of life and business, never allow someone else's opinion of something they know little about discourage you away from something that you feel so much about. Thank you to DSA and to all our friends here that I care so very much about. **DSJ**



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# REDUCING REGULATORY RISK

## Changes You Can Make to Pass the FTC's Scrutiny

by John Sanders & Katrina Eash, Winston & Strawn



2020 brought an unprecedented level of FTC scrutiny to the direct selling channel. With one company subject to a high-profile enforcement action and many others receiving warning letters, it is no surprise that industry leaders want to better understand what the FTC is looking for and find ways to prevent becoming an FTC target. Below we explore the most important areas that the FTC is scrutinizing and provide suggestions on how companies can reduce regulatory risk by implementing certain changes.

### **Improper Business Opportunity Claims Often Trigger Broader FTC Scrutiny**

Business opportunity claims stating or implying that distributors can quit their jobs, earn thousands of dollars a month, or get rich quick are often what prompt the FTC to take a closer look at a company. The FTC's complaint against AdvoCare International L.P. emphasized the company's recruiting videos and published documents as evidence AdvoCare touted financial results for distributors that were allegedly atypical and misleading.<sup>i</sup> And the FTC began investigating Neora almost simultaneously with [TINA.org](https://www.truthinadvertising.org) filing its complaint against Neora, alleging deceptive marketing practices and compiling over 100 alleged examples of improper claims.<sup>ii</sup>

COVID has only heightened the FTC's hyper-focus on improper claims. Over the summer of 2020, the FTC sent letters to multiple direct sellers regarding

alleged improper claims. These letters, coupled with public FTC statements, make clear the agency is closely monitoring the marketplace for those it believes may be capitalizing on the anxiety, fears, and economic uncertainty caused by the coronavirus pandemic.

The FTC has focused its scrutiny on claims that capitalize on the economic crisis by highlighting the ability to replace income or achieve a prosperous lifestyle. The FTC has also emphasized that companies must refrain from making deceptive claims about a product's ability to treat or prevent COVID. The FTC's letters remind companies that it is unlawful "to advertise that a product can prevent, treat, or cure human disease unless you possess competent and reliable scientific evidence . . . substantiating that the claims are true at the time they are made."<sup>iii</sup>

Direct sellers can count on the FTC to remain focused on improper business opportunity and product claims—especially claims concerning COVID. Direct sellers should contact their field immediately and make clear that promotional material, including social media posts, must accurately describe the earning opportunities available to participants, and any such claims must be based on objective evidence, reflecting typical earning results. Direct sellers should provide their field with specific guidance on impermissible business opportunity and

<sup>i</sup> *FTC v. AdvoCare International, L.P.*, Case No. 4:19-cv-00715 (E.D. Tex. Oct. 2, 2019).

<sup>ii</sup> Letter from [TINA.org](https://www.truthinadvertising.org) (dated July 12, 2016), [https://www.truthinadvertising.org/wp-content/uploads/2016/07/7\\_12\\_16-ltr-from-TINA-to-FTC-re-Nerium.pdf](https://www.truthinadvertising.org/wp-content/uploads/2016/07/7_12_16-ltr-from-TINA-to-FTC-re-Nerium.pdf).

<sup>iii</sup> See, e.g. Letter from FTC (dated October 10, 2020), <https://www.fda.gov/inspections-compliance-enforcement-and-criminal-investigations/warning-letters/griffo-botanicals-610434-10072020>





product claims, as well as specific disclaimers that must be used when making permissible claims. Finally, but perhaps most importantly, companies must add “COVID” and related terms to their lists of “trigger” words for compliance monitoring.

Direct sellers will never be able to wholly prevent distributors from making improper claims. Rather, to avoid enforcement actions direct sellers must be laser focused on: (1) educating distributors to avoid making improper claims; (2) promptly identifying and removing such claims; and (3) penalizing distributors who routinely make such claims. Companies must empower their compliance teams to take swift action to remove these claims and discipline the offenders in a consistent manner, regardless of a distributor’s level of success. One effective way to ensure investigations into improper claims do not linger is to suspend the non-compliant distributor’s account until s/he removes the improper claims. Further, to prevent ongoing violations, disciplinary measures must have teeth, such as a “three strikes you are out” policy, with escalating consequences for each violation. And companies must be willing to cut ties with distributors who demonstrate a pattern of non-compliance.

To ensure their efforts are actually working, direct sellers should conduct annual audits of their compliance measures. Audits ensure companies are: (1) identifying the “right” improper claims and handling them efficiently to mitigate the chance that the FTC sees them; and (2) gathering the “right” evidence that demonstrates an effective compliance program—evidence that will vindicate the company if the FTC does come knocking.

### **The FTC Remains Focused on Compensation Plans**

In addition to improper claims, in the last year the FTC made clear it is also looking for compensation plan red flags in deciding what companies to pursue. At DSA’s October 2019 Legal and Regulatory Seminar, Andrew Smith, Director of the FTC’s Bureau of Compliance, explained the two main questions the FTC confronts when evaluating a compensation plan are (1) whether a program overly incentivizes recruitment; and (2) whether the program creates incentives for distributors to purchase more products than actually needed. To answer these questions, the FTC evaluates compensation plans for the following red flags: threshold-based, convex, and duplication rewards.

**To ensure their efforts are actually working, direct sellers should conduct annual audits of their compliance measures.**

#### *Threshold-Based Rewards*

A threshold reward is one that can only be earned upon the achievement of a minimum-purchase requirement within a certain time period. For example, compensation that only kicks in when a distributor purchases a minimum amount of product each month.

If a company’s compensation plan contains threshold rewards, distributors will typically cluster their purchases around the minimum purchase amount. So if, for example, a particular reward is only available to distributors who purchase \$100 per month, an audit of distributor sales is likely to reveal a high number



of distributors who purchased exactly (or just above) \$100 per month. Such clustering, the FTC argues, is evidence that distributor purchases are driven by a desire to be eligible for rewards, rather than genuine demand.

The FTC can easily identify threshold-based rewards from publicly available compensation plans and such rewards will bring FTC scrutiny. Perhaps the easiest way to address the issue is to remove the threshold altogether. But there is nothing inherently unlawful about offering incentives for greater levels of sales productivity; the problem comes when distributors are able to manipulate the system by making purchases not tied to genuine demand. If a company wants to maintain threshold rewards, it should tie such thresholds to end user sales—i.e., sales to non-distributors. Companies should also design a defensible mechanism—e.g., a retail receipts program—to ensure that only product purchases made to satisfy genuine demand count toward eligibility for rewards.

#### *Convex Rewards*

A reward that increases at greater purchasing levels at a disproportionately higher rate than the incremental increase in purchasing volume is known as a convex reward. For example, a commission rate of 5 percent on sales of \$150 per month that jumps to 10 percent for sales of \$200 per month is an example of a convex reward (i.e., a 33 percent increase in sales

entitles the distributor to a 100 percent increase in commission). The FTC argues convex rewards tempt distributors to purchase relatively small amounts of product not tied to genuine demand in the hope of attaining significantly greater rewards.

Convex rewards, like thresholds, are less problematic when decoupled from distributor purchases not motivated by genuine demand; that is, when rewards are based on legitimate sales to end users. A company may also eliminate convex rewards by “flattening” its payout structure so increases in rewards are more proportional to increases in purchases.

#### *Duplication*

Generally speaking, duplication seems to be the FTC’s term for rewards tied to recruitment, where distributors with greater downlines receive greater rewards. The FTC’s concern is that distributors are incentivized to recruit an ever-expanding network of sellers, all competing with each other for an ever-decreasing pool of non-distributor customers, rather than to sell products in response to genuine demand. Companies should eliminate aspects of their compensation plan that merely encourage distributors to recruit new members for the business opportunity. Instead of rewarding distributors for recruiting new distributors, companies should offer incentives for finding new customers and increasing product sales to such customers.

#### *Be Realistic About the Business Impact of These Changes*

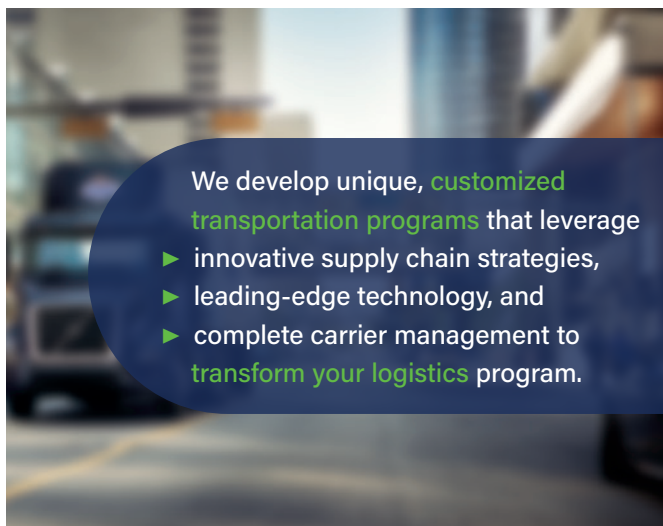
Eliminating problematic features of a compensation plan is daunting because of the impact it could have on the company’s bottom line. It is thus helpful to conduct an economic analysis to model the expected impact of any proposed changes, so that a company can make an informed decision about the expected cost of the changes. Often, the business impact of removing problematic elements is not as great as a company might suppose and approaching leadership with a clear presentation of the expected costs and benefits of removing features that will invite FTC scrutiny goes a long way toward achieving buy-in from decision makers.

#### **The Bottom Line**

Misleading claims and compensation plan red flags are the “low-hanging fruit” that attract FTC scrutiny. At this year’s DSA Legal and Regulatory Seminar, FTC Commissioner Noah Phillips reinforced the Commission’s focus, saying “the FTC is fully engaged in this area and is determined to protect hard-working consumers from losing money to illegal pyramid schemes or other business opportunities that make deceptive earnings claims.”

Wise companies will make changes. Remember, just a little diligence on these matters now goes a long way toward causing the FTC to devote its limited enforcement resources elsewhere. **DSJ**

*Contributor-submitted article. See page 5 for more information.*



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# 2019 Texas Trailblazers

## TEXAS LAWYER

Winston partners **John Sanders** and **Katrina Eash** have developed a specialty practice focused on representing direct sales organizations in a wide range of disputes and consulting matters. They represent numerous direct selling companies and were recently recognized as “Trail Blazers” in the defense of direct sales organizations. They are currently advising several clients in Federal Trade Commission investigations and compliance and are also defending multiple clients in class action, pyramid scheme litigation, including the defense of alleged co-conspirators. They also represent many of their clients in matters related to employment counseling, unfair competition, and trade secret violations. They are a one-stop-shop for direct sellers needing legal counsel.





# IoT

## THE INTERNET OF THINGS

by Robert Cavitt, CEO, Jenkon

“And just like any company that blissfully ignored the Internet at the turn of the century, the ones that dismiss the Internet of Things risk getting left behind.”

—Jared Newman

The Internet of Things (IoT) phenomenon is not about 7.5 billion people using, or being impacted, by the internet every day. The IoT is about nearly every device or “thing” that somehow touches 7.5 billion people every day, constantly communicating across the internet. The IoT is the platform of the world’s next digital transformation. A 2020 *Business Insider Intelligence* report estimates a proliferation of as many as 64 billion IoT devices by 2026. This estimate means there will be nearly eight IoT-connected devices for every person on the planet. In 2020, estimates for business and consumer IoT technology-spend were \$15 trillion—a 23 percent annual increase during a pandemic year. Despite similar market conditions for 2021, IDC projects increases in consumer spending of more than 14 percent.

The fundamental infrastructure of how consumer goods and services are sold, distributed, and used is changing before our eyes. It is essential for direct sellers of all sizes to incorporate the IoT paradigm into their marketing, product, and distribution

strategies now. Otherwise, tech-driven competitors from the expanding gig and sharing economies, and new distribution opportunities in the traditional consumer goods sector, will seize the emerging demand from a new workforce seeking the flexibility of independent contractor status.

But what is the IoT? And what does it mean to your customers and your business? Kevin Ashton, a British technologist, first coined the term “IoT” in the late 1990s as part of his research at the Massachusetts Institute of Technology. Ashton was developing digital communication standards for inventory supply chains. He used “IoT” to describe a connected system of physically disbursed devices, each with sensors, using the internet to communicate with each other. In the two decades since then, consumers have benefited from IoT’s adolescence as personal devices were connected to the internet. FitBit® wearers share health and fitness data with personal trainers, nutritionists, and healthcare professionals. Ring® doorbells allow remote mobile-monitoring and control of home security systems. Xbox and

PlayStation allow thousands of gamers from around the world to compete in real-time.

The IoT phenomenon is being empowered by technology beyond simply connecting personal devices to the internet. Cloud computing, 5G cellular networks, and edge computing technology deliver a new infrastructure upon which the internet will transform. Artificial intelligence (AI), machine learning (ML), and big data analytics are software technologies creating new consumer expectations for the products they purchase, and the businesses to which they align.

The world is expecting and demanding greater wireless connectivity to the internet, and all private networks. The new 5G cellular networks are estimated to support up to 100x more connected devices at 10-20x the speed of existing networks. Similarly, the cloud computing network of servers and software technology, the backbone by which the internet is utilized, improves its efficiency and capacity at mind-boggling rates. Just as important is the emergence of edge computing—"edge" because it refers to the place on the internet where people or devices ("things") initially produce information that will be delivered back into the internet. These edge devices will also consume information from the web to help perform their tasks. Tremendous capability

is being engineered into these edge devices. Their power certainly comes from the ever-shrinking, ever-faster microprocessors, but it also comes from AI and sophisticated analytics software being engineered into these "things" on the internet.

Today's chatbots and virtual assistants (VAs) are early examples of AI devices using the internet to communicate and become "smarter." Apple's Siri, Amazon's Alexa, Google Assistant, and Microsoft's Cortana are VAs using AI and advanced voice-recognition to communicate with consumers. You may have already noticed the more we talk to Siri and Alexa, the better they understand and interact with us. The devices learn, improving their understanding and reasoning as they accumulate more data when conversing with us. As you continue interacting with them, Siri and Alexa strengthen their ability to anticipate your needs, make personal recommendations, and even initiate action. This "machine learning" is a form of AI and happens in real time with the help of constantly updated resources accessed from the internet. Speech recognition, Natural Language Processing (NLP), and voice synthesis technologies are maturing so fast our youngest generation's primary form of interaction with smartphones and personal computing devices is talking. Youth today simply look down on finger tapping, keyboard-entry, and having to divert their eyes' attention.

## IoT (The Internet of Things)

*What?*

**SENSORS**

**CONNECTIVITY**

**PEOPLE & PROCESSES**

*Why?*

**Digitize the Physical World**

Collect Data  
Action Triggers  
Wearables & Mobile Devices  
Medical & Nanotechnology  
Smart Appliances  
Imaging & Cameras

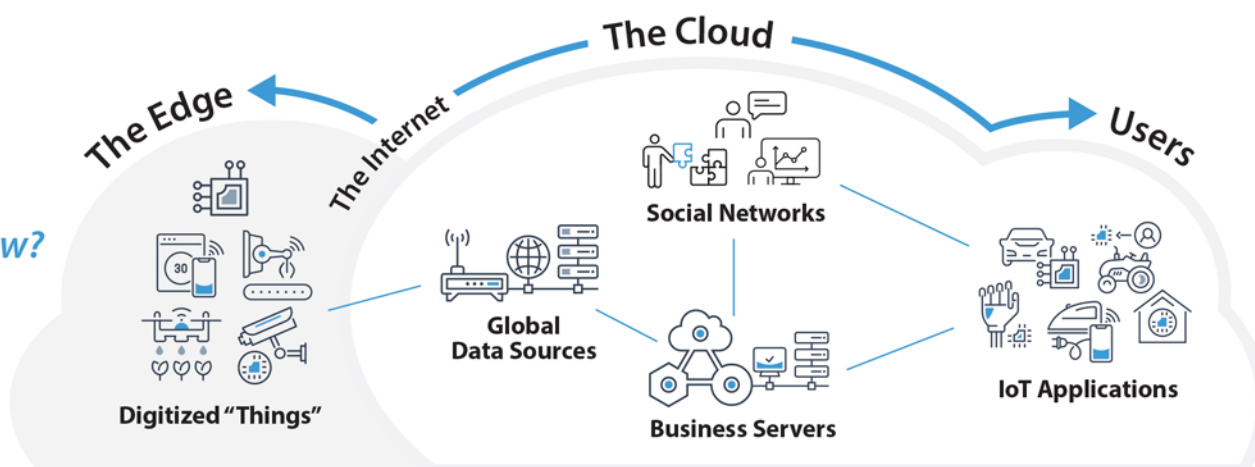
**Communicate**

Constant Info Integration  
Better Decision Making  
Faster Innovation  
Improved Customer Experience  
Greater Profitability  
Enhanced Lifestyles & Careers

**Digitally Transform**

'Conversational Commerce'  
Just-in-time Marketing  
Predictive Services  
Proactive Healthcare  
Self-driving Vehicles  
Smart Homes & Cities

*How?*





Artificial intelligence and machine learning are being rapidly implemented across many other types of devices accessing the internet. Like Alexa or Siri, machine learning will allow them to anticipate how and when you want to use them. Devices will be Wi-Fi- and Bluetooth-enabled for easy internet connectivity, information sharing, and sending automated notifications. Imaging technology is shrinking at such a fast rate that cameras will become a standard part of these IoT devices for sharing information with a product support person, medical technician, personal coach, or family member. Much of this functionality and automation will occur without any human intervention at all.

The consumer expectation for a personalized and efficient experience creates an opportunity for businesses to better understand customer preferences and behavioral insights. IoT technology enables new marketing practices to deliver unparalleled customer experiences when shopping and making purchase decisions. Customer engagement technologies such as digital signage, marketing beacons, inventory management, smart shelves and mirrors, and automated checkouts create faster and more convenient shopping experiences. GPS and radio frequency identification, asset tracking, and drone technologies have transformed order fulfillment and delivery experiences.

The demand for improved lifestyles has driven IoT innovation in personal health and well-being, home automation and security, smart appliances, entertainment, and connected cars. IoT device sensors are frequently combined to make more capable home systems that, for example, detect power outages and boot up a generator to ensure electricity. These home technologies can not only self-start, but they also perform monthly diagnostics, alert homeowners of problems, and automatically schedule field service. Today's smart homes are the consumer's extension and end-point (edge) of tomorrow's smart cities. The value afforded by IoT-enabled retail products, used in everyday life, will continue to skyrocket. But, as importantly, the cost of embedding IoT technology into our ubiquitous and required consumer goods is becoming almost negligible.

The massive amounts of consumer data generated by e-commerce and smart retail technology gave rise to Big Data analytics and AI analysis software. Analytics and AI are critical factors in the ongoing transformation of e-commerce and smart retail. Just as data is the bridge that connects the physical and digital worlds, analytics and intelligence applications create an overlap between businesses and consumers. Businesses can harvest massive amounts of data on consumer behavior via the new smart IoT devices. The real value comes when data from one type of IoT device is merged with other data sets to develop more prescriptive and predictive strategies for marketing, sales, inventory control, and customer support strategies. For consumers, the payback of

those kinds of business analytics is improved retail experiences in the form of better decisions, greater convenience, and faster service. For example, smart mirrors allow consumers to compare cosmetics or outfits side-by-side, place orders with their provider, change light levels in the changing room, view themselves in 360 degrees, and snap photos to share with friends on social media. Riding on the backbone of 5G networks, IoT will be creating useful information at a level exponentially beyond anything in history.

It's true that information security also needs to be addressed. By all measures, information security and proper regulation has historically been a major laggard in the evolution of information processing. That said, data security requirements and legislation will most certainly evolve to become a fundamental part of this ever-changing landscape.

**The consumer expectation for a personalized and efficient experience creates an opportunity for businesses to better understand customer preferences and behavioral insights.**

New opportunities have driven IoT adoption in manufacturing, transportation, healthcare, finance, government services, and other consumer markets. Smart cities represent a quintessential realization of consumer-facing IoT, ultimately impacting all commercial enterprise. Smart city initiatives use the synergy of other "smart" IoT as applications in transportation, signage, buildings, medical and health services, power distribution, communications, water and sewage, agriculture, and more. Recent statistics cite more than 60 percent of US cities are investing in smart city IoT technology. Boulder, CO; Pittsburgh, PA; San Francisco, CA; Columbus, OH; Austin, TX; and New York, NY, are a few of the US cities leading the way. The market value of smart city initiatives incorporating IoT and AI is expected to surpass \$2 trillion by 2025, with the top 600 smart cities accounting for 60 percent of global GDP. The pace of this IoT expansion has driven prominent market competitors like Amazon, Microsoft, Google, Cisco, IBM, Oracle, Verizon, and others to execute acquisition and partnership strategies in building institutional IoT ecosystems. Organizations such as the Internet of Things Consortium (IoTC), the IoT World Alliance, and Eclipse IoT have established business development associations to foster strategic partnerships in support of these new IoT-based infrastructures of society's future.

Globally, consumers are benefiting from the more efficient delivery of citizen-facing government services. The Intelligent Operations Center (IOC) is the IoT-based system that smart cities use to administrate these networked public services. Smart transportation systems integrate travel information with smart cars, trains, buses, e-bikes/scooters, and even pedestrians to sense traffic congestion, control traffic lights,



reroute traffic, recommend parking locations, and provide estimated arrival times. Smart grids integrate with smart buildings to automate energy distribution based on building occupancy, temperature, and time of day. Smart water systems link smart weather, smart grids, and smart meters to control storm watershed systems, manage wastewater operations, and monitor consumer water usage and costs. Smart health systems receive fire hazard and air quality information from smart weather and smart transportation systems to provide public alerts and emergency response plans. Many other smart city infrastructures combined to make up a highly connected mesh of smart systems. The IOC application monitors and controls the various smart systems, empowering city administrators and public leaders to make better and faster decisions regarding consumers' life services, all powered by the IoT.

**Direct selling executives must quickly acknowledge and understand the groundswell impact of IoT on sales representatives and retail customers' expectations.**

Direct selling executives must quickly acknowledge and understand the groundswell impact of IoT on sales representatives and retail customers' expectations. Boards of directors and C-suite management of the world's largest consumer-goods companies are specifically strategizing about IoT's impact on customer relationships, operations, and distribution. The IoT is not an issue simply being tossed over to their IT department. IoT, like the internet, will change every facet of the enterprise from high-impact branding to servicing product warranty. The right planning and investment will do more than allow you to accurately meet evolving expectations of your customers and representatives. The IoT will provide savings in operational costs, faster go-to-market implementations, and more efficient customer service and distribution processes.

Direct sellers should first focus on how to use the IoT to enhance and simplify the journey of independent sales representatives. Like the gig and sharing economy competitors also offering independent contractor opportunities, direct sellers can deliver solutions that

- Provide just-in-time promotion and marketing to new and existing consumers;
- Present ultra-fast, ultra-simple and customized order experiences;
- Identify prospective new customers with automated field notifications and coaching;
- Automate all customer service responsibilities for representatives and customers so they can simply "promote" and "consume"; and
- Profile the best candidates for becoming new sales representatives, trigger the right marketing communications, and link them with ideal sponsors.

The internet was the next evolutionary step in humanity's need to better communicate and share information. The Internet of Things is the progressive connection of devices, machines, computers, and people to develop new insights, improve decision-making, deliver automation, and improve the life experience. Even before the 2020 pandemic, the world was placing a new value on part-time careers, home-based businesses, flexible income opportunities, and working when the individual chooses. In 2021 and beyond, IoT strategy in market development, as well as internal operations, can create a transformative platform for direct selling at an unprecedented time in world history. Proactive IoT planning will help you to not only differentiate your business opportunity, but also seize a share of new workforce culture and consumer markets never before attainable by direct sellers. [DSJ](#)

*Contributor-submitted article. See page 5 for more information.*



# THE INTERNATIONAL ADVANTAGE: YOUR SALESFORCE

by Michael McClellan, Vice President of Direct Sales, Global Access



It is expected that in 2020, Asia's gross domestic product (GDP) will overtake the GDP of the rest of the world combined. By 2030 Asia is expected to account for roughly 60 percent of global growth. Asia-Pacific will be responsible for 90 percent of the 2.4 billion new members of the middle class entering the global economy.

*Source: World Economic Forum, December 2019*

**T**he forces of supply and demand are vastly impacted by the global economy. Make no mistake, whether you like it or not, your business will be impacted by expanding international markets. While you might not have an international plan or strategy, it does not change the fact that you are competing in an ever-expanding global economy.

Not having an international strategy is like playing a football game without a secondary. Being myopically focused on the run may stop the run game, but you will lose when others start throwing the ball.

Direct selling has a tremendous advantage over other industries when it comes to expanding internationally: in the absence of an international plan, the salesforce can—and does—help to innovate and to drive strategy.

## **Advantage Over Traditional Retail**

I have spent time with some of the biggest US brands, working with them on their challenges with

international growth. Once, a large retail company came to me with ten million units of a product they had not been able to sell in the US. A company executive said to me, "We just want to put up a Chinese website and get rid of this product in China." I could not help but smile. They quickly learned that just because there is demand for a product in the US does not mean there is in China.

When expanding internationally, there are some important questions to consider: How will you drive people to your website? What marketplace do you want to use? Who will market and promote your products in that marketplace? Who will review and champion your products?

Non-direct selling clients use tools to analyze their web traffic to see which countries and markets visit their website. They will also study product searches by market, the competition, the size of the market, and the methods and channels to cost-effectively promote and sell their products in each market. Many

times it becomes too cost-prohibitive for a traditional retailer.

Direct sellers, on the other hand, have the answer to these international challenges—an answer traditional retailers highly covet: their salesforces. Direct selling companies can explode internationally, almost overnight, because of their creative salesforces and networks. The direct selling channel has the most talented, aggressive, innovative, trusted, and motivated resource there is, one that can open doors and ease entry into foreign markets.

“When expanding internationally, we believe our distributors—Visionary Business Owners—are our biggest assets because they have the relationships on the ground and can help us better understand local market conditions,” said David Isserman, Chief Operating Officer of Touchstone Essentials, which operates in fifty-eight markets across the globe.

Direct sellers can leverage their salesforces in this way. A salesforce can relate to the consumer in a specific country, market, or community in ways the company can’t, and it can also give personal testimonials for the products in a way that builds trust better than the company can.

And trust is critical to gaining a firm foothold in a new market. Today’s consumers are turning to family, friends, and online reviews to make purchase decisions. According to marketing research company BrightLocal, the average consumer will spend thirteen minutes and forty-five seconds reading a review before making a purchase decision, and 76 percent trust online reviews as much as recommendations from family and friends.

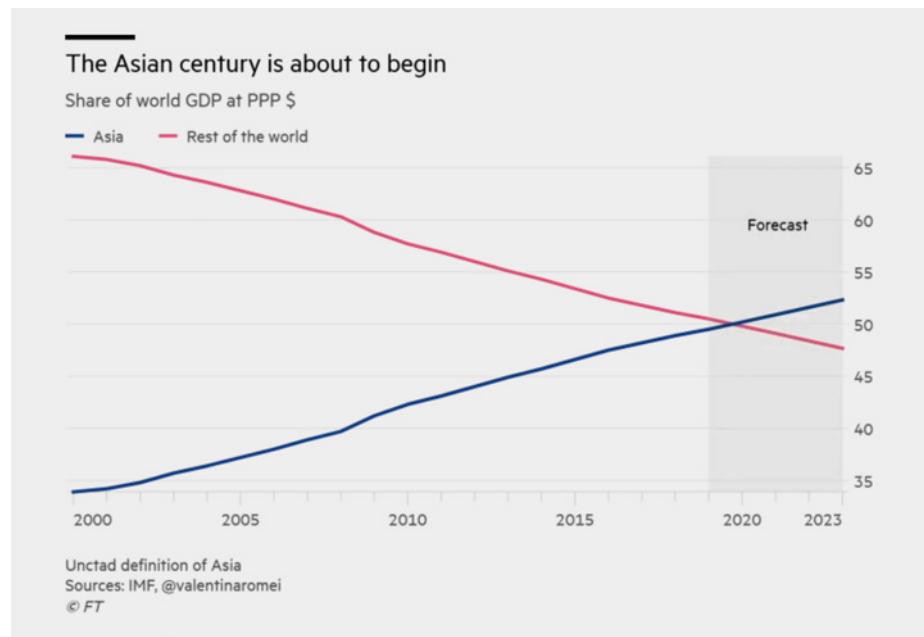
Direct sellers have a built-in network for product reviews and the company experience and, more importantly, consumers in their network trust them.

### What Does International Success Look and Feel Like?

Finding success in an international market is not just changing the language of the seller’s website. International cart abandonment is extremely high, and data tells us that there are two primary reasons for this: one, the shipping cost is too high and two, the customer’s payment preference is not available.

A successful website checkout solution has the following:

1. Local language and currency
2. Shipping method(s) that are reliable and not too expensive



3. Duties and taxes that are included, understood, and detailed in the checkout process (at a minimum they must be shown to the customer if you are not able to ship duties and taxes paid to a given market; failure to communicate this can have a profoundly negative impact on the clients)
4. Popular local payment types during the checkout process, and the ability to authorize the purchaser’s card in the local currency

Also, a successful international sales team must have the key components to recruit and retain a local salesforce:

1. The commission plan must be simple and easy to understand—usually based on the same point value as the US compensation plan.
2. Distributors must be able to receive timely commission payments.
3. The salesforce must have the tools and means to collect payment from their customers using the customers’ payment preference. It is critical to know that cash is becoming less used and much less popular in many international markets.

The COVID-19 economy has changed the way we do business permanently. Companies that enable their salesforce with the necessary tools will realize increased passion brought about by innovation, expansion, opportunity—and ultimately, much greater international success.

### Partners, Tools, and Capabilities

Before asking which countries might be right for expansion initiatives, companies need to look at which partners, tools, and capabilities are needed to be a success internationally. Take the time to develop a comprehensive strategy and to learn from business associates who have had success.



“There are a number of things to consider when deciding which markets to enter and when, so it is important to be strategic,” said Lane Tenney, Operations Manager at SEACRET Direct, which currently sells products in twelve countries.

**Partners.** It is important to have the right partners—experts who know the rules and requirements and who can guide you through the entry process.

For instance, every market has personal consumption rules that allow shipments for personal use. When customers are purchasing from a US entity and the US company complies with the personal import rules, there is no need to register products or to set up an entity in the market, saving substantial time and money.

Countries have unique requirements for certain ingredients, potential permits for certain products, and personal import limits. Examples of personal import limits can be a sixty- or ninety-day supply of a given product, a dollar amount value limit on daily shipments, and even a dollar amount per month or year. A good strategic shipping partner or licensed broker in a specific shipping market can quickly help you review your products per market and advise you.

Some product may only clear customs into markets if it is delivery duties unpaid (DDU). In some countries, consumers are very used to paying duties when the product arrives and in others they are not at all. In many international markets, when products are shipped DDU it is hit and miss on which packages get stopped or not for paying duties and taxes—sometimes more than 80 percent go into the market without customers having to pay. Either way, you will want to inform the customer of the duties and taxes—whether included in the checkout price or expected to pay upon arrival.

Partners can also advise on how to enable international commissions and how to adjust the compensation plan (if necessary). Many current partners will also have other clients that have already completed expansion and are willing to share valuable experience that can help you be successful.

**Tools & Capabilities.** Before choosing a specific country to expand into, understand what tools and capabilities will be needed. Preparing your systems—compensation plans, back office, language support, currency support, international addresses, duty and tax calculations, international shipping support—allows you to take advantage of new opportunities quickly and easily.

You will want a credit card processor that will enable you to authorize in local currency. Generally, you will need an international entity to authorize and settle in an international market, but most processors can allow you to authorize in the local currency and then settle back into USD. A good practice is to start by

authorizing in local currency but settling back to USD; however, you need to make sure you understand not only the interchange fees but the foreign exchange and cross-board fees that will apply to transactions.

Nu Skin has had much experience in this area. The company accepts local payments in fifty countries around the world.

“To be successful internationally you need your payment stack to be customer-focused,” said Dan England, Director of Global Payments for Nu Skin. “That means offering local currency, payment types they’re comfortable and familiar with, and ensuring security and integrity. Covering these bases has enabled Nu Skin’s international sales to steadily grow year after year.”

You will also want a processor that can offer local payment types as credit cards are not popular or common in some international markets. A good payment processor will be able to tell you what international payment types make sense in each market and have the fraud tools to help you mitigate risk. There are even some solutions now for international distributors to directly take in-person and social media payments from customers, leveraging your corporate payment account rates and payment solutions.

Additional tools to calculate duty and taxes, calculate international shipping charges, verify international addresses or formats, and electronically handle international custom clearance can be provided through APIs to your current back-office system or through custom-hosted solutions from a third-party partner that can then feed the information back into your system.

Once your system is in place for a specific country, it can be leveraged across the world to quickly adjust to new markets and opportunities with little investment, risk, and time.

### How Do I Decide Which Countries?

As previously mentioned, Asia is quickly becoming one of the fastest-growing markets, one with a tremendous amount of growth and opportunity, and many direct selling companies are obviously looking for new opportunities there. However, there are other markets around the world that are just as attractive.

According to the World Federation of Direct Selling Associations (WFDSA), 79 percent of global revenue is generated in the top ten countries: China, US, Korea, Germany, Japan, Brazil, Mexico, France, Malaysia, and Taiwan. However, keep in mind that just because a country might be among the top revenue-generating markets, it does not necessarily make that market the best market for your company.

Your product or salesforce may not be the best fit for some of the fastest-growing markets. Thailand,

for example, may be difficult to enter with an NFR (Not for Resale) strategy. Or, you may have certain product types or ingredients that are not allowed in some markets. China's network marketing restrictions may also be a significant challenge for your compensation plan and the costs to set up on the ground in the country, as a network marketing company, are expensive.

Many companies enter English-speaking countries like Canada or Australia as their first international step. Both countries have simple duty and tax structures for NFR shipments, and both have a large consumer base that is used to purchasing from the US. These countries are typically easy and straightforward for a company's back-office to quickly implement.

The most important lesson in expanding your company internationally is to leverage your greatest strength and asset: your salesforce. If you don't have a strong international salesforce, then you should reconsider your expansion plans.

If you do have a strong international salesforce, should you just go into any market that distributors says they can deliver? The answer is no. You must first consider several factors:

- See if the market can be opened with a NFR model—going OTG (On the Ground) will require

a tremendous amount of setup (local entity, bank account, all products must be registered, and local tax implications). Usually it makes sense to stay NFR until you are doing about \$1 million in sales a month.

- Make sure products will clear customs in that market. Customs can be particular on quantities and product ingredients.
- See what the fully landed product cost would be in the market (shipping cost, duties, and taxes) to make sure the economics will work.

### Leverage Your Strengths

Coach Bear Bryant, the legendary coach of the Alabama Crimson Tide, was once asked by a reporter why his team did not work on things in practice that they were not good at. Bryant replied, "You win games with your strengths, not your weaknesses."

Direct selling companies have a tremendous asset when it comes to international growth: its salesforces. Remember that your company is an international company because your salesforce is now part of a global network and economy. Listen to, leverage, empower, and give your salesforce the tools they need and then get out of their way. They are creative and can adapt to the constantly changing global economy. **DSJ**

*Contributor-submitted article. See page 5 for more information.*



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# PAYMENT TRENDS AND COVID-19: GLOBAL TRANSFORMATION

by Colt Passey, Senior Vice President  
of Business Development, Nexio

**C**OVID-19 has significantly changed global payments and has sped up digital payments' transformation. According to McKinsey & Company, global revenues have declined 11-13 percent overall compared to the pre-pandemic projections for 2020. The pandemic caused an immediate reduction in discretionary spending and the use of cash for payments. Overall, the spending dropped by 40 percent, with the greatest impact in entertainment and travel, which was off by 80-90 percent. Debit transactions are more resilient than credit as consumers prioritize everyday needs over wants.

Relatively speaking, e-commerce is booming. To flatten the curve of exposure, consumers are adopting online ordering of groceries, restaurant take-out, health supplies, and other consumer goods. Out of sheer necessity, older generations are embracing e-commerce. Leading global management consulting firm Oliver Wyman notes that consumers want contactless payments in-store and are embracing wallet apps, like Apple Pay and Google Pay, as another common payment method.

The firm also notes that, unfortunately, with the e-commerce surge, fraud is also rising. Security firms are recording huge spikes and a nearly 700 percent increase in phishing attacks since the beginning of March. Transaction fraud is also rising as consumers are globally increasing their online transaction volume. Many companies don't have the defenses in place to identify fraudulent transactions. Some sneakily disguised attacks seem like legitimate information from the World Health Organization (WHO) and the National Institute of Health (NIH) that offer COVID-19 tips, selling face masks and other protection, or asking for charitable donations.

Traditionally in economic downturns, direct sales companies flourish. Shaky economic times have historically seen renewed awareness of the need to make money. As we have seen over several recessions in the US, the direct sales industry is the "king of the side hustle" and has made some of its largest leaps in downed economies. It appears to be the same during this pandemic; it may not be all direct sales companies, but overall we have seen a significant jump in our vertical.

To adapt, companies are shifting to online commerce, contactless transactions, digital wallets, and using fraud prevention measures. Some of these shifts may be short-term, while others will become permanent behavior changes. Companies are also adjusting how they do business and are using new strategies.


## **Changes in Spending**

Businesses and consumers have changed their spending habits. Because of shelter in place orders, forced closures of some business types, and increased unemployment and other financial distress, we see some similar patterns to other times of economic downturns. Debit cards are preferred over credit cards because consumers are putting more value on everyday needs over discretionary income purchases. Adopting online grocery orders, restaurant take-out, medical supplies and prescriptions, and other necessary goods has dramatically increased in all demographic markets.

For direct sales companies, look for ways to ensure your product is valuable to daily needs rather than "fun money." Your distributors will look to the corporate office for ways to market and sell in this changing environment. Focus on those essential product lines that are always relevant. While this list

*Continued on page 90*

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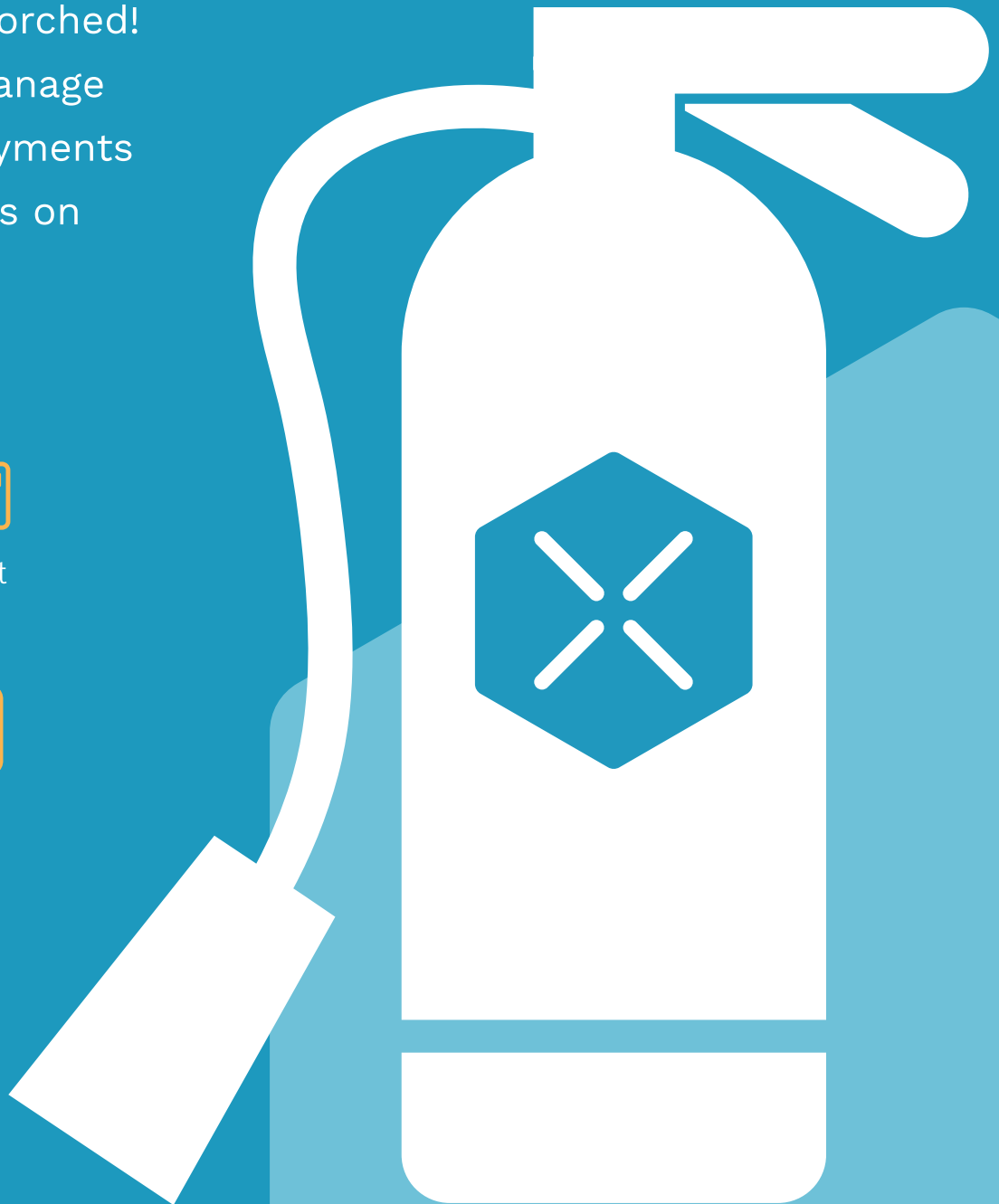


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Continued from page 88

is not all-encompassing, be creative in your approach. Feel-good products are also still valuable, with 53 percent of adults in the United States reporting that their mental health has been negatively impacted by stress over the coronavirus, according to a Kaiser Family Foundation study.

### Accept More Payment Methods

The National Retail Federation reports that since the start of the pandemic, research shows that 19 percent of consumers made a digital payment in a store for the first time. Consumers are demanding contactless in-store payment methods. Visa and Mastercard have raised transaction limits for contactless payments. Apple Pay, Google Pay, and other wallet apps are becoming more popular as well. And the use of cash is decreasing to reduce less in-person purchases. Globally, the US is behind in adoption compared to other countries. That is in part, says the US Chamber of Commerce, because unlike other regions of the world, the US credit card industry is fairly mature and, therefore, has a lot of legacy technology already in place.

Direct sales companies can also pivot by adding more payment options on their websites. Adding wallet apps is one way to assist ordering by adding convenience. Distributors holding online parties can promote this new payment option to their guests. Mobile payment solutions with strong customer authentication and biometric confirmation of payment

offer a safe, yet smooth experience for the attendees. An Accenture report points out that these wallets offer an easier customer experience or peer-to-peer, point-of-sale, and e-commerce payment journeys by removing the need to enter details or PINs. Most also don't have contactless limits due to the two-factor authentication used in fingerprint-enabled apps.

### Actively Prevent Fraud


With fraud attacks on the rise, now is the time for companies to retool their fraud-prevention measures. The UK recorded £1M in fraud losses and a CNBC report noted the US recorded \$145M in scams linked to COVID-19. Scammers are using the pandemic to their monetary advantage and thrive in an environment where everyone is vulnerable. Customers are learning new technologies and payment methods and are asked to trust these systems. Add to that the relaxed parameters for increased contactless transaction limits and the focus on using cash alternatives and you get a market ripe for fraud. Monitoring daily transactions can help merchants get a jump on fraud and use the data to fight chargebacks, spot patterns, and help prevent fraud before it happens.

In the direct selling industry, corporate offices can use AI-driven tools to protect against fraud through the entire customer journey. From account creation (new distributor sign-ups) to payments and disputes, adding fraud prevention tools protects the merchant, as well. Whatever payment platform you use, make sure you have the best fraud prevention tools in place. According to leading fraud protection company Kount, these tools stop criminal and friendly fraud to reduce chargebacks up to 99 percent.

And during this pandemic, with some supply chain challenges, inventory might be low in certain categories. Rethink promotional efforts to manage the demand, but also be wary of those who want to "game" the system.

So, now, what do you do? First, rethink your strategy. With physical locations closed or limited, look into digital platforms to maintain a competitive advantage. The line between commerce and payments is blurry, so look to a solution that allows you to grow and offer your customers the payment methods they prefer. Second, upgrade or replace your fraud detection methods. Use advanced technology to prevent fraud before it happens by reducing the impact of bad players looking to profit from old systems. Third, explore your options. While some merchants may experience bank scrutiny, FinTechs can meet merchant needs and find new pockets of customers using the right offers with the right banks and suitable gateways. At the least, evaluate how these experiences will shift customer behavior and preference and determine what strategies you should revise to maintain relevance in this changing world. **DSJ**

Contributor-submitted article. See page 5 for more information.



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# THE EVOLUTION OF SOCIAL SELLING

by Scott Kramer, CEO, Multibrain



Now that we're in the new year, we cannot help but reflect on 2020 and, specifically, the impact of the COVID-19 pandemic on social selling. For the direct selling channel, the pandemic required many companies to pivot quickly—and they did with new strategies for communicating with their teams and their customers. And while the economy took a downturn and businesses everywhere suffered, many direct selling companies achieved record-breaking sales in 2020, in large part due to the reliance on social selling.

Why this uptick in sales? Simply put, people buy from people. That is the foundation of direct selling, and it is more important than ever because people need to feel a connection with friends, family, and even brands. And it's all happening virtually with social media. The brands that understand this and foster a social selling environment for their salesforce will continue to prosper.

In other words, this digital acceleration is not going to slow down, and neither should you as a brand. In the world of social selling, conversation is the currency and community is the opportunity.

The world has changed, and in many ways will require us to rethink the way we sell, create opportunities, and grow our brands. The one common denominator here is social media, and its importance has taken center stage for most industries. For direct selling, social media is the sweet spot for companies to reaffirm their commitment to independent sales consultants and communicate how and why social media has become the primary source for generating customers, selling products, and building their teams.

Today, direct selling companies need to focus more energy on training the field for developing the connection, building the relationship, and understanding the various stages of what we call “the social buyer’s journey.”

That journey starts with **research and discovery**. Social media is now neck and neck with search engines like Google as the initial point of discovery related to products, services, and opportunities for consumers.

Next is **connect and engage**, which is the first contact with a person (hopefully). Direct selling has a tremendous advantage because of the more connected personal experience possible through the representative.

**Inquire and buy** is the next stage. If done correctly, this is an efficient process with a personal touch.

After buying comes **service and satisfaction**, which is the incredible opportunity for direct selling companies to excel beyond other channels.

The final stage in the social buyer’s journey is **advocate and share**. Social media is all about sharing, and people love to share what they like and love, including their connections.

The personal touch will continue to be a major driver of business for direct selling going forward.

However, there is something much larger happening in social selling, and it's in personal development, or better yet, personal branding. Sales consultants are evolving and defining themselves as more than the products they sell as a hobby or side gig. The consultants having the most success are the ones building their own personal brands on social media. New social media networks are pushing more creativity and more personalization, and offering unique ways for sellers to grab the attention of the audience.

So with all this personalization happening at the sales consultant level, how does marketing at the organizational level adapt their social media efforts? It seems like the top-down approach of communication is giving way to empowering the field to tell the story of the brand, allowing the organization to then amplify the stories.

While we know people buy from people, and we agree personal branding is now a crucial component of business building for direct sellers, we must also understand that the new year is going to continue to bring new challenges. We'll continue to evolve, and the way we communicate will continue to accelerate. [DSJ](#)

*Contributor-submitted article. See page 5 for more information.*



# TOP 6 SOCIAL MEDIA TRENDS FOR 2021

Multibrain CEO Scott Kramer shares what he believes will be the top social media trends for 2021.

1

## THE LETTER “C” IN SOCIAL

For years I’ve spoken about the letter “c” in the word social and what it represents—community, collaboration, consistency, and care are among the keywords. Nobody could have predicted what 2020 brought, and now we must consider COVID-19 as we move forward into 2021. Our communication must include the letter “c” as it stands for community, compassion, contactless, and even cleanliness. These words will continue to be part of our communication well into 2021 and should be considered the new normal affecting every trend.

2

## THE CONTENT REMIX

Content remix is the new term for user-generated content (UGC), so get ready to hear this word a lot in the coming year. Made popular by sites like TikTok and Instagram Reels, content remixing is the art of taking templates, ideas, and existing formats and then personalizing or recreating them as a means of self-expression. Moving forward, direct selling brands must develop more templates and other creative formats to allow their salesforces to personalize the content, thus making content creation much easier, while at the same time enabling a deeper connection between the brand and consumer. The biggest challenge is in controlling the brand identity. In 2021, I predict this form of “personalized content” will be king for direct selling brands. The most effective content won’t be created by the brand but facilitated for the salesforce. Consumers will be looking to people, not brands, for inspiration about products and services within their new lifestyles—and isn’t that the core of direct selling?

3

## BRANDING YOU

Now more than ever we’re seeing incredible success when direct selling brands encourage their salesforces to build their own personal brands, versus the old-school strategy of following the brand identity itself with no personalization. Building a personal brand (via each salesforce member) is such a powerful way to build community, humanize the brand in a unique way, connect with more people, and increase sales. Sure, your brand has its products along with benefits, and even unique selling propositions, but when you add personal passion to the mix, the results are undeniable. Nobody wants to be sold on social media; they want a connection, and to be entertained or enlightened. When they can share a passion with someone, the trust is established much more quickly, thus leading to a better relationship and, ultimately, more sales.

4

## SOCIAL COMMERCE

Social commerce is here, and although there may be some hurdles before your salesforce is managing its own shops on their social media channels, the idea of shopping on social has finally come to fruition, even with direct checkout on social networks like Facebook and Instagram. In fact, the entire customer journey is now taking place on social, beginning with discovery. Every day more and more people are doing their research and discovery for products and services on social, versus search. Social selling now offers the entire customer journey—or sales funnel—for building community and generating more sales.

5

## IT’S ALL HAPPENING LIVE

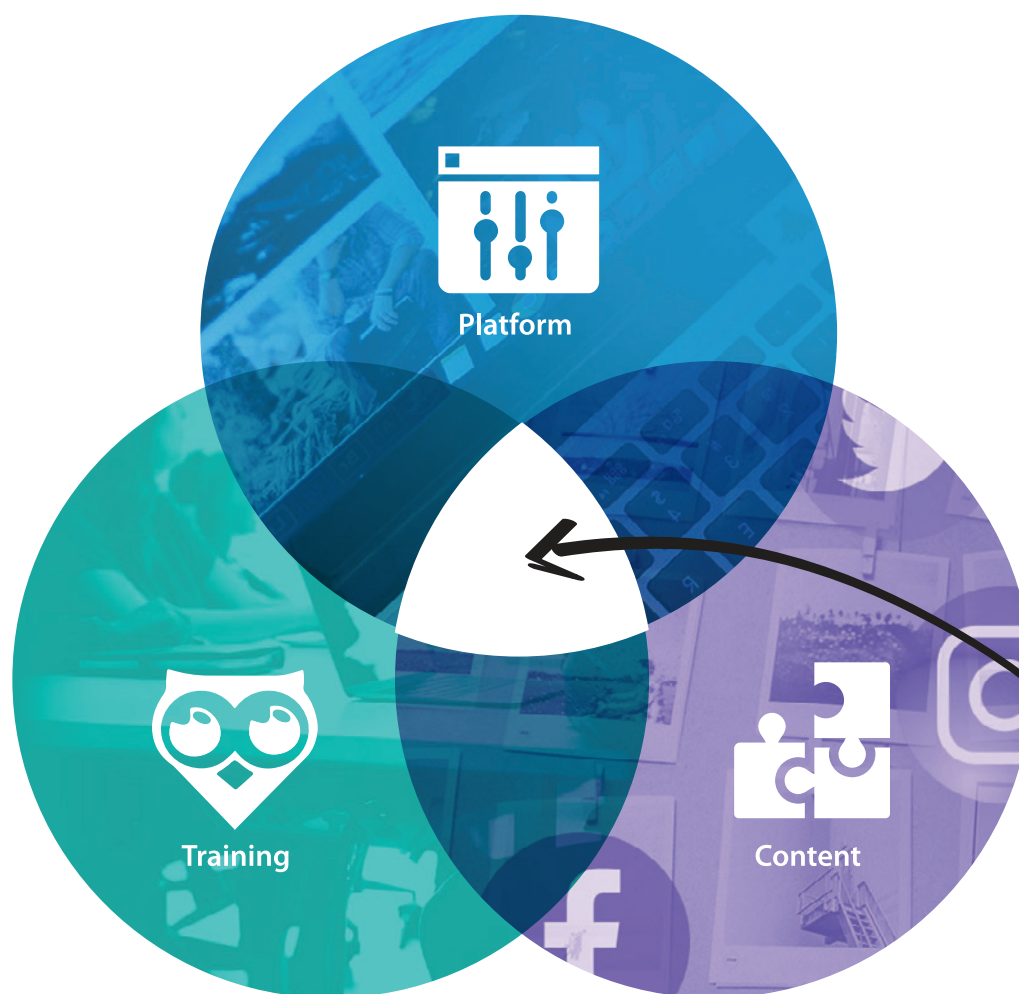
Over the past year, live video has become the most engaging form of content on social media. In fact, one in five Facebook videos are live streams, and every social media network is jumping on the bandwagon. The reason live streaming videos are performing so much better than other content is because of the high level of interaction and engagement. It truly showcases the power of social media with authentic opportunities to participate. With live videos, people feel they can influence or be part of the action, versus passively watching. Another major benefit to going live is that the content is pushed to the front of the line and given priority over other formats. This is one trend that has accelerated because of the global coronavirus crisis and social movements that have dominated 2020. People today are craving more interactions, and this is a phenomenon that will continue into 2021.

6

## HASHTAG YOU’RE IT

We know hashtags are a part of modern culture and used to classify content into topics. Facebook has recently given more weight to hashtags and now even includes hashtag recommendations when posting. While some consider hashtags annoying, their actual purpose is quite beneficial, and they are gaining more importance as we continue to find new ways to organize the content we are bombarded with daily. With Facebook now linking Instagram accounts, the value of hashtags has taken on a new importance. In addition, Facebook is utilizing hashtags in groups to further organize topics within a group and more targeted conversations all organized by . . . yes, hashtags. The benefits of hashtags include making your posts searchable, the ability to monitor trending topics, and encouraging engagement. Brands and their salesforces should only use hashtags relevant to the topic matter of the content, as well as specific branded hashtags to build great awareness for campaigns.

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# SOCIAL MEDIA MINUTES

with Jessie Eby, Senior Manager of Marketing, Scentsy, Inc.

In each issue of *DSJ* we welcome a social media expert from a DSA member company to address issues related to social selling. For this issue, our focus is on the impact of 2020 on the social media experience. Social media was already a complicated animal for direct selling companies when it came to balancing brand management and product marketing compliance. Then the pandemic hit, and the loss of the personal connection with customers forced many companies to step up their social media games. Scentsy Senior Manager of Marketing Jessie Eby shares her insights on Scentsy's social media presence and what her company did to meet the new challenges that arose in 2020.



## **For your corporate social media, who is your main audience and why? Consumer or the salesforce?**

Our corporate social media experience is crafted with a broad audience in mind, encompassing both customers and independent consultants

and, increasingly, new eyes as we push to grow brand awareness. Our social media presence is an incredible representation of who we are at the core as a brand, and is a great way for us to engage with our broader community as well as give our consultant base guiding examples and corporate-generated content to share. We do have corporate-moderated, closed Facebook Groups that are geared specifically to supporting our independent consultants and creating a space for them to connect with each other, in addition to their various team and leader groups.

## **When the pandemic hit, were you already social media savvy enough that you did not have to really pivot, or were you forced to immediately embrace and adopt new social media strategies?**

Fortunately, our team had been focusing the years prior on building a strong foundation of social media strategy, guidelines, and best practices for our corporate social media team, as well as training and best practices for our independent consultant base. But I'd be lying if I said we didn't have to adopt new social strategies amid the pandemic. It's certainly forced us in many ways to look at how we use social media to communicate to our consultants. And we've had to

get creative as a home office marketing team about how we continue to create a compelling and cohesive social media experience for our followers when we're dealing with dynamically changing plans and inventory shortages among the hypergrowth we've seen in 2020. It's a good problem to have!

## **What were the major challenges you faced in your digital strategy during the last year? What tools did you add, if any, and which did the field find most useful (Zoom, Facebook, Instagram)?**

The massive shift to digital and online shopping that we've seen in retail and direct selling has posed a major challenge to ensuring our systems can not only support the unprecedented volume of digital traffic we're seeing but also meet the high expectations of online shoppers for an e-commerce experience. We're up against incredible e-comm experiences from massive players that have been at this far longer than we've been in existence. But it's a fun, challenging David v. Goliath story.

## **As a direct seller you have a wide audience for social: customers, your field, and prospects with whom you want to share your brand. What channels are best for each audience?**

I've said many times that working in marketing within the direct selling industry has been a next-level challenge in a marketing career. It forces you to think creatively about how you weave together strategies to find what is most effective for your direct selling business. As it relates to social media channels, we primarily leverage Facebook Groups for discussion with our independent consultant base. This does not

replace our official internal communication channels but is a great way for us to have an informal, two-way dialogue. Facebook and Instagram have been powerhouses for reaching our broader following. We've spent much more time focusing on Pinterest, YouTube, and various Google offerings to reach new audiences to fuel the funnel for our independent consultants and increase overall brand awareness.

**What is your social media content mostly composed of? Product information? CSR? Salesforce achievements? What drives your decisions in what you share on social media?**

Our branded (or corporate) social media experiences are focused heavily on product, but we've made a deliberate effort over the last few years to focus on sharing content that's relevant to our audience, brand, and the current times—for example, spreading messages to be kind to one another and paying it forward, sharing inspiration from our Co-CEOs Heidi and Orville Thompson, and generally creating a positive and celebratory outlet for our social media following in what can often be a crazy social sphere. Our consultant-focused pages and groups take a different approach by focusing on sales training, awards and recognition, and general inspiration and motivation from our consultant engagement and development teams to optimize the more than 260,000 independent businesses we support.

**In 2020, the FTC focused deeply on social media product claims and earnings claims made by direct sellers. What are you doing to identify improper usage of social media and to correct it? What are you doing to ensure your field is compliant?**

It all starts with great training and communication to ensure that our independent consultants are educated on the do's and don'ts, and, more importantly, the "why" behind these guidelines and how following these can benefit not only their businesses but create a better overall experience for their customers, teams, and general community. Our training, product, and marketing teams have done a great job of pulling together documentation and ongoing training to ensure these guidelines are well understood. Beyond that, our compliance and social media moderation teams actively monitor for misuse and will work with individuals to correct and resolve issues as appropriate.

**There have been several media articles in 2020 about the Facebook fatigue—the pressure that consumers, mainly women, feel from direct sellers who constantly promote their products and their opportunities on social media. How are you addressing that with your salesforce?**

We have leaned into promoting attraction marketing concepts as well as general social media and influencer best practices to our field. It's all about identifying and keeping consistent with your personal brand and what makes you unique, providing real value, and fostering genuine relationships with your

social media following. That will attract the right people to you for the right reasons. It shouldn't be about the sell-sell-sell or the short-term, self-serving "win." But instead, the focus should be on the long game by creating an authentic space that adds value to your network. The sales will follow when you find a way to bridge interests, desires, and needs to solutions. It takes a bit more patience, but that transforms you from an obnoxious, in-your-digital-face seller to an authentic friend or social account who can authentically fill a genuine need.

**How do you find a balance between supporting your field and communicating the products and business opportunity without alienating their audience?**

We have built internal marketing communications processes and guidelines to ensure that we communicate to our consultant base prior to launching products or programs to a broader audience whenever possible. This ensures that as business owners, our consultants can plan and be well-prepared to support their customers. We'll always lean on doing the right thing for our consultants' businesses. That sometimes means that they sell product before our home office marketing team even has a chance to promote it—something that we are perfectly fine with and gladly adjust to because it indicates a high level of engagement from our consultants.

**When the pandemic hit and your salesforce could no longer hold in-person parties, how did you help your salesforce leverage social media to sell virtually?**

Behind every challenge or setback is an opportunity for growth. We were fortunate to have all the necessary building blocks (systems, tools, training) in place when the pandemic hit, and our consultants accelerated their shift or pivot to virtual and digital selling. Beyond that, we have leaned heavily into and enhanced our digital marketing and social media training and best practices. Our consultant development and training teams have done a wonderful job at surfacing up relevant ideas, training, and content to continue to help our consultants develop in an ever-evolving virtual world.

**Now that we have seen successes with virtual sales and social selling versus in-person parties, what are you going to do in 2021 to build on that new foundation? What role do you see virtual selling and social media playing in the future?**

There were some trying times in 2020, but it certainly catapulted us collectively into thinking differently and more firmly embracing digital marketing and virtual selling tactics. Social media will continue to play a huge role in the future as we continue to build a person-to-person connection with the convenience of the digital world. Recent enhancements with social media selling tools like Instagram's improved shopping function present interesting opportunities for us as we sort through how our broad salesforce can begin to capitalize on new digital functionality to meet their customers where they are in a time and place that's relevant to them. [DSJ](#)



# HACKING YOUR COMP STRATEGY

## Five Steps Toward Meeting the Needs of Every Part of Your Customer Base

by Kenny Rawlins, CIO, InfoTrax Systems



**W**hat would it be like if you knew what each part of your customer base needed to be successful? If you understood how to get the right tools where they needed to be at the right time, what kind of growth would that lead to? What special projects or initiatives could you pursue? I wish I had a magic bullet answer to give you here, but, of course, the perfect way to reach distributors and customers will be different for every business. Instead, I'll map out a process you can follow to create your own perfect combination and be more effective in your overall strategy.

### **1) Take Inventory of Your Compensation Plan and Strategy**

The first thing you should do is look at what you're offering your customer base. When you consider your plans to influence behavior, what starts to come to mind? If you're only thinking about things like commissions and business-building incentives, try expanding your view to include everything from promos and sales to contests, limited offers, and autoship loyalty programs. Make sure you don't miss any action you're taking to encourage your customer base.

The goal with this step is to help you understand your compensation and incentive strategy. In my experience, a lot of companies are missing this composite understanding, and the confusion that can come from that creates a lot of unnecessary headaches. So, if you don't have one already, make sure to get your compensation and incentive plan nailed down.

### **2) Get Everyone on the Same Page**

The next thing you need to do is find out which of your departments are contributing to that overall strategy and get them working together. Usually those teams include marketing, business development, customer/field support, commissions, and compliance and legal. Each of these groups are looking to engage your representatives and customers, so all of them need to be aware of each other's plans.

### **3) Know Each Group and What They Need**

While you're getting all these different teams together, it's important to think about your strategy from your field's perspective, too. You'll need to look at each group individually—customers, preferred

customers, and distributors. If the lines between them are a little murky, it's time to clear those up. You must know who they are and the role they play in your field so you can figure out what each group needs to be successful. This is how I think of these groups and the incentives I think are best for each:

**Customers:** Your customers are the most important group to incentivize because they fuel commissions and revenue for your entire business. For the sake of this article, we'll define customers as people who casually engage with your products primarily through your distributor force. They may encounter your products through a friend and try out a few, but aren't looking to sign up for autoships or to purchase regularly.

To help your distributors continue to reach your customers, you can put things in place like great customer service access, email drip campaigns, and product sales. Make sure distributors know, too, that they shouldn't try to turn every customer into a distributor or be pushy while talking about business opportunities. Having a happy customer that purchases product regularly or semi-regularly is a good thing for everyone's continued success.

**Preferred Customers:** Preferred customers are different from customers because they're more enthusiastic about your company. They're generally much more invested in supporting your mission and want to use your products regularly. In the past, preferred customers were enrolled as distributors so they could easily transition to selling products if they decided to do so. In reality, though, preferred customers just want to buy regularly and at a special rate. If they're not building a business, they need to be in their own category.

Preferred customers need special treatment. Many of the same tools you give your field to incentivize customers will apply to preferred customers. However, for preferred customers who are willing to join an autoship or subscription program, a loyalty program is probably the most effective incentive program you can give them.

**Distributors:** This part of your customer base has clearly indicated that they want to work on building a business with your products. They're creating a downline and earning residual income on the work they do to find customers and move product.

Distributors have a unique position in your compensation and incentive strategy. They're most affected by your commission plan, supplemental bonuses, and short-term rewards, but they usually consume your products as well. Remember that incentives targeted toward

customers and preferred customers might interest them, too. Distributors also need training to understand how to build their business and work with customers and preferred customers who only want to be consumers.

#### 4) Connect the Dots

Now that you understand how to define each group and you have a clear idea of their needs, it's time to think about how all your engagement efforts work together. The best way to do this is to continue building communication among your inside teams and show them why it's important to be on the same page. Discuss the plans you already have in place, know each team's priorities and goals, and map out the way all these things will come together.

*If your teams are communicating about things like sales and promotions before they happen, they have a chance to advocate for the needs of their target groups and make sure everything is working together in harmony.*

Here's an example of a situation that should involve good communication: Let's say your sales and marketing team has a great idea for a BOGO free



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## SOLVE FOR EVERY PART OF YOUR CUSTOMER BASE

sale on a hot item. They know it will create a boost in sales and engage customers who've been interested in buying this product in the past. Sales and marketing's main focus is on customer engagement. So, without communicating with your other teams (like the commissions department), they may not realize that a BOGO free sale impacts, say, the distributors in your field. Distributors' income may be high during the sale month but can drop in the following months since their customers have already stocked up on the sale item. If distributors have multi-month rank qualifications they need to meet, one big sale could derail all their hard work and sabotage their opportunity to get to that rank.

See how it all works together? If your teams are communicating about things like sales and promotions before they happen, they have a chance to advocate for the needs of their target groups and make sure everything is working together in harmony.

### 5) Appoint a Chief Compensation Officer

You may have read up to this point thinking, "This sounds great, but it's a lot of work! We've got so much going on already. How would we even begin

to make this happen?" I'm glad you asked, because I have an answer: give the responsibility to a Chief Compensation Officer. With all the moving parts involved in coordinating, facilitating, and planning your compensation and incentive strategy, it's a tough thing to manage if it's not someone's main responsibility. I believe every company needs to have a dedicated C-suite position for someone who can make sure the rewards and programs designed by your teams are all running smoothly all the time.

### The Work Is Worth It

I hope these tips for hacking your comp strategy can help you craft a comprehensive plan and get consistent engagement from your customers, preferred customers, and distributors. If you find yourself struggling through the process, get in touch with experienced consultants that can help you work through scenarios and consider different points of view. Solving these issues for your distributors and customers is a lot of work, and it'll take time to get it right, but having a stronger strategy and a more satisfied customer base will make your effort well worth it. [DSJ](#)

*Contributor-submitted article. See page 5 for more information.*



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# EVENT PLANNING IN 2021

## Hybrid Events May Be the Future of Meetings

by Leslie Blye, National Sales Director, LIVE



While factors driving the return of in-person events may be outside our control, we can work to understand the dynamics of the new meeting environment and prepare for a variety of executable options.

Early days of the pandemic found meeting planners asking, “When will things get back to normal?” After almost a year of the “new normal,” many of us are still asking that same question. With that uncertainty in mind, how do we plan for events in 2021? The answer lies with hybrid events. Through a hybrid approach we can motivate, educate, and recognize our consultants while keeping them safe and comfortable no matter where or how they decide to engage.

Many of us are missing the human connection we used to have in both our work and personal lives. With many organizations moving permanently to virtual work environments (and limited in-person activities continuing to contribute to feelings of increased isolation), people will be searching to fill the gap. More than ever, events will provide opportunities for re-connecting and offer true networking opportunities that are now missing from the traditional office and personal environments.

There’s no doubt that increased confidence in travel safety practices and medical advancements will gradually bring back the opportunity to hold in-person events. A September survey of 1,364 Global Business & Travel Association Companies indicated 70 percent of respondents expected a return to in-person events in the second half of 2021. A Planner Confidence Index Survey by Expo Direct reported that 49 percent of planners had active RFPs in process. Of those planners, 16 percent expected their next face-to-face event before the end of 2020 and 73 percent had future face-to-face events contracted. Yet, as the meeting planning community anticipates this return, there is a realization we won’t be returning to the same “old normal.”

Uncertainty persists. If in-person events are just around the corner, will a virtual meeting component still be necessary? No matter their size or tenure, direct selling and network marketing companies have experienced record-breaking attendance numbers under these

circumstances. Virtual access has expanded consultant reach in attendee type and geography—sometimes even three- or four-fold!

People who could not have attended conferences due to travel costs, work or family schedules, geographical barriers, or even physical limitations are now able to participate in all the same activities as their on-site peers. It’s logical to assume that the barriers that kept a number of these consultants from attending previous events will likely remain—even post-pandemic. It only makes sense to continue offering remote connectivity within events as an alternative solution.

Since 2021 will bring a renewed interest in finding deeper engagements and irreplaceable experiences for on-site and remote attendees, how can we capitalize on this and position ourselves for success? What do we need to know about this new hybrid environment and how do we plan for these new and sometimes fluid challenges?

### Defining a Hybrid Event

A hybrid event is one that has both an in-person, face-to-face component as well as a virtual environment that joins people located remotely with those who are physically present at the event venue.

A good hybrid event focuses on attendee equality. Merely streaming live presentations and activities for remote attendees to view only creates a barrier to learning and engagement. Instead, creating opportunities for two-way communication between speakers and attendees as well as facilitating remote to in-person interaction allows for a more consistent and rewarding experience whether attendees participate locally or virtually.

### Building a Hybrid Environment

So how do you build a hybrid environment?

*Take over the space.* Just as your brand and theme take over the landscape of a hotel or convention center, your virtual platform needs to be shaped as an extension of that same look and feel. Whether entering the

*Continued on page 102*





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## RECONNECT THE HUMAN CONNECTION

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We all have endured a great many changes this year, but at L!VE, we still follow our same core purpose: *Reconnect the Human Connection*. Bringing people together to share inspirational experiences is what we've always been about. Whether it is a dynamic in-person event, a cutting edge virtual meeting or an innovative hybrid meeting, we have the tools to help connect you to your audience. With our years of experience, we produce for our clients a wide range of meeting platforms, in-person, virtual or both. Let's chat about what we can do for you!

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Continued from page 100

doors leading into your general session or clicking on a link that opens your landing page, there should be no doubt your consultants have joined their community. Reflecting the same imagery, colors, font, and language used in your physical signage, a virtual platform should provide a wealth of opportunities to reinforce your message. The upside of all of this is that you stand the opportunity to double the exposure of your passive learning and consultant recognition with a dynamic presence in both digital and physical spaces.

**Be intentional with the agenda.** When it comes to event design and session scheduling in a post-pandemic, hybrid environment, new considerations always arise. Virtual events have taught us that shorter, more interactive content is much better suited to our new digital attention spans. Complementing these needs are increased safety guidelines on traffic flow and social distancing to limit the length and location of concurrent sessions. With on-demand content available post-session, consultants truly don't need to miss a single presentation.

**Allow for a new vision in staging.** In the past, the general session scenic expression and stage has always been one of the key elements in an event. Now, new capacity requirements, seating plans, and broadcast considerations are changing stage designs. Take a step back from the traditionally expansive, panoramic approach this year and consider two audiences—those physically in the space and those viewing through a digital lens. Consider breaking up the scenic design into multiple stages that allows for a variety of camera backdrops and activities. Wow factor can still play a part, but function takes on a much more critical role.

**Prepare for a larger scope of production equipment and crew.** When delivering main stage content in a hybrid environment, all the equipment and technicians of the past remain, but now there is an added virtual production. Two examples to consider are switchers and cameras. Both function quite differently in these two worlds. Cameras that support IMAG capture tight shots to magnify people and content to the back of the room (content). Broadcast camera operators take the point of view or wider shots to show what is happening in the larger space (context). A second switching system may be necessary for each experience.


**Create spaces and times to bring the audiences together.** Consider incorporating a host or emcee focused on the virtual audience. Since remote attendees are not as easily able to connect with speakers or leaders on-site, it's important to deliver a more intimate experience with a small host studio that utilizes a talk show format. This approach not only fosters more engagement, but it also helps to tie show elements together and provide a personal/conversational experience for virtual attendees.

### Translating a Hybrid Plan

Now that you have determined the foundational elements for merging in-person and virtual, translation

ideation will help your team better plan. Every event (virtual and in-person) needs to be translated into a site map or flowchart that outlines all the pieces and parts that will make up your event. Not only is it important to consider the journey attendees will experience, but it's also necessary to create an overall inventory of technology and interactions that will be needed. Below are several questions to contemplate, discuss, and evaluate when strategizing your hybrid event plan.

- **Impact to Logistics** – Has the contract with your venue changed post-pandemic to modify capacity numbers, seating plans, ventilation guidelines, or new F&B policies?
- **Use of Space** – Will you need larger or more numerous meeting spaces to allow for social distancing requirements? Can you capitalize on outdoor seating areas allowing physical attendees to break away to natural light and air without missing a minute of content?
- **Planning Timelines** – How will larger project scopes, changing vendor processes, and increased complexity increase your planning windows?
- **New Partnerships** – Are your current partners prepared to help you make this change or do you need to identify new ones that can collaborate and provide support in this new world?
- **Availability of Internal Resources** – Do you have the right resources with enough time allotted for this larger project?
- **Budget Increases** – Does your event budget include new and increased costs for things like:
  - Sanitization stations, masks, on-site testing, and cleaning supplies;
  - Food & beverage increases to accommodate for packaged food requirements, bottles vs. water coolers, and additional break stations to reduce traffic jams;
  - Added A/V costs for virtual component; and
  - Robust internet with greater bandwidth.

There are many benefits to employing a hybrid approach to your 2021 events. Increased attendance, flexibility, and convenience for your attendees and reduced health risks with greater safety protocols. Just as many companies have reinvented their business models to better align with today's new normal, challenge your events team to go beyond conventional dynamics. Incorporating your immediate needs alongside your long-term strategies can solve logistical issues while improving your ability to connect with a multi-faceted approach. On your mark! Get set! Go plan! 

Contributor-submitted article. See page 5 for more information.

# SEPARATING FACT FROM FICTION

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## Defining the Conditions for Distributor Harm in Direct Selling Opportunities

**D**irect selling is a popular option for millions of Americans because of the work-life flexibility, high-quality products, and supplemental earning potential such companies offer.

In addition to these attractions, some of those new to the direct selling channel also seek short- or long-term earning potential—even though by definition, these entrepreneurial financial rewards are uncertain. That uncertainty has been the springboard for litigation against some direct selling companies on “distributor harm” grounds—lawsuits filed that have argued that companies have misled independent contractors about the business.

Harm to direct selling distributors is sometimes alleged to occur when few distributors earn commissions from the firm or when analysts argue distributors “make a loss” from participation. Harm is similarly inferred when some distributors argue that the outcomes from their distributorships are less than they expected when enrolling. Or, harm may be alleged when observing strong levels of personal consumption of the firm’s products by distributors.

Dr. Anne Coughlan, Emerita Professor of Marketing at the Kellogg School of Management, Northwestern University, has observed several such claims during her more than twenty-five years spent studying direct selling as a distribution channel.

Dr. Coughlan comments, “Even when accurate, these observations don’t imply or prove that the company misleads distributors, acts fraudulently, or runs an illegitimate scheme, because they fail to capture the variety of motivations and values in a direct selling distributor force, as well as the difference between entrepreneurial uncertainty and fraudulent misrepresentation.” She adds that these observations are sometimes combined with an “attack on direct selling as a

suspicious scheme, rather than as yet another perfectly reasonable distribution channel structure and strategy.”

Dr. Coughlan’s research paper “Consumer Harm from Voluntary Business Arrangements: What Conditions Are Necessary?” addresses the nature of harm in entrepreneurial opportunities like direct selling distributorships, showing that the uncertainty and risk inherent in these opportunities are not sufficient to argue true harm to their participants.

### **Voluntary Business Arrangements**

The gig economy is characterized by flexible part-time jobs or temporary positions filled by independent contractors. These jobs and positions, or “gigs,” are what Dr. Coughlan refers to as “voluntary business arrangements,” or VBAs. Examples of VBA participants include Uber or Lyft drivers, Etsy craft artisans, and direct selling distributors.

Dr. Coughlan notes the importance of the voluntary nature of VBA participation. A VBA participant *chooses* to engage in the business arrangement—or, in the case of direct selling, the distributor’s business opportunity. VBA participants are independent contractors, not employees. Therefore, they are entrepreneurs: they get paid when they create their own results. They *choose* their work hours, they *choose* what they are going to sell, and they *choose* how much to invest in improving themselves.

They also *choose* to sign a voluntary contract, which defines the responsibilities, rights, and possible investments of both the provider or platform—eBay, Uber, the direct selling company—and the participant—the eBay reseller, the Uber driver, the direct selling distributor.

“When you attach your signature on an agreement to become a direct selling distributor, you have signed



a business contract,” said Dr. Coughlan. “It is incumbent upon you to read that contract.”

### Inherent Uncertainty

As Dr. Coughlan notes, a VBA participant’s financial outcome is inherently uncertain. She stresses the importance of the word *inherently* because a voluntary business arrangement makes no guarantees about its outcome for any one participant, and because outcomes naturally vary across participants.

Interestingly, the VBA provider also faces uncertainty about the financial benefits it can expect from any given participant. In the case of direct selling, for instance, the company likely does not know the participant’s selling skills or personal network or even if the participant has ever held a sales position. Unlike corporations that hire and employ salespeople, the direct selling company does not know how productive any particular participant will be.

The company is also uncertain about the efforts VBA participants will voluntarily put into their businesses. As independent contractors, participants can choose how many hours a week to work, what proportion of the product line to sell, and how much training to engage in. The participant may not know how much effort they will choose to exert on all those dimensions, and the direct selling company certainly does not either. Therefore, the company really cannot make any guarantee of returns or profit. It is not that they choose not to; it is that they cannot because it is factually impossible.

The benefits of enrolling in a VBA naturally vary across participants in multiple ways that affect any effort to measure distributor “harm.” Direct selling returns can be pecuniary (monetary) or non-pecuniary (non-monetary, e.g., social). Participants can also vary in the economic value each attaches to these various benefits. And, while some benefits (bonuses, commissions, overrides) are awarded directly by the company, others are accrued entirely personally by the distributor herself (flexibility value, social interaction).

“VBA participants may enjoy social interaction, but also value the pecuniary benefit of wholesale discounts on personally consumed products,” said Dr. Coughlan. “People commonly join direct selling companies because they are enthusiastic personal consumers. The savings from personal consumption at wholesale, not retail, prices offers a clear personal pecuniary benefit.”

Beyond personal-consumption savings, participants who buy at wholesale prices and sell at retail prices also earn a markup equal to the difference between wholesale and retail prices. This real economic benefit is not typically tracked by the direct selling company or observed by regulatory groups, which can spur unfounded distributor harm claims. By not tracking retail markup income, one may erroneously conclude that a participant making small or no

commissions from the firm has “lost money,” when in fact her retail sales and the economic value of personal consumption at wholesale prices combine to create a net positive return.

Even if a VBA participant diligently investigates a direct selling opportunity, collecting all available information, they will still not resolve all the uncertainty inherent in a VBA. Direct selling is an entrepreneurial venture. However, it is one of the lowest risk entrepreneurial ventures available and start-up costs are far less than those of starting an Etsy business or owning a franchise.

“From observing such attacks on companies—that they are running pyramid schemes and fraudulently taking away people’s money—I think it is important to remind people that costs are at the discretion of the distributor.”

—Dr. Anne Coughlan, Emerita Professor of Marketing at the Kellogg School of Management, Northwestern University

### Concern About Harm to Participants

The issue of protecting VBA participants against harm—a consumer protection issue—is of business and policy importance. However, *harm* has not always been precisely defined.

- Some might claim harm from an incorrect *ex ante* belief about their skill and productivity, compared to the *ex post* reality after enrolling.
- Some might claim harm due to the incursion of unrecoverable “sunk” costs.
- Some might argue harm from being misled by the provider about the facts of the business opportunity.

“Harm is likely to be identified after the participant has joined the VBA and some outcomes—earnings, bonuses—have been observed,” said Dr. Coughlan. “However, *ex post* disappointing outcomes are not necessarily a sign of true harm inflicted by the VBA company, both because of the uncertainty about how predictive *ex ante* expectations are of *ex post* results, and because the participant *chooses* how hard to train for and work at the VBA and, therefore, influences the outcome.”

Observing *ex post* outcomes is interesting, Dr. Coughlan explains, but it does not fully reveal whether a participant lost money or, if so, due to what causes.

One general concern related to the protection of participants is about the quality of the business opportunity. Policymakers voice concern when

they think that a prospective distributor's pre-enrollment belief is not borne out in the VBA experience, reflected in statements like, "It isn't what I thought it would be. I'm not making any money. I'm not selling anything. I lost money." These policy-makers are worried about the pre- and post-expectation revelation problem, and the possibility of large unrecoverable costs, which complainants will say are "sunk." They are also worried about the possibility of a participant being actively misled either by the company, the provider, or by an upline recruiter.

Such concerns suggest there is value in defining returns and costs or losses as fully as possible so it can be truly determined when, or if, true harm has occurred. There is, after all, a difference between a bad outcome happening and someone being at fault.

### Net Economic Return (NER)

The first part of defining the nature of harm is to define the returns from being a distributor. Dr. Coughlan points out that there are two certainties in doing this: (1) that there cannot be a resolution of all uncertainty, and (2) that if a participant chooses to enroll, she recognizes that the economic value of the opportunity could be either great or small. In short, a voluntary business opportunity offers an expectation, not a certainty.

To define returns, Dr. Coughlan defines a term—*net economic return (NER)*—that is the sum of the expected benefits, minus the expected costs, of being a distributor:

#### Benefits:

- Consumption utility from voluntary personal consumption of the direct selling company's products bought at wholesale prices
- Wholesale-to-retail markup income earned on units sold to non-distributor end-users
- Income earned from and paid by the direct selling company (typically commissions or bonuses)

#### Costs:

- Registration fee (typically charged annually)
- Wholesale prices paid for units bought from the direct selling company (COGS)
- Cost of selling effort

"From observing such attacks on companies—that they are running pyramid schemes and fraudulently taking away people's money—I think it is important to remind people that costs are at the discretion of the distributor," said Dr. Coughlan. "They sign an agreement verifying that they understand that."

### Avoidable Economic Loss (AEL)

In considering distributor harm from income or earnings claims, the question is whether a participant has

been led to misunderstand the distributorship opportunity in a way that could create harm for them. To answer that question, Dr. Coughlan defines harm as an "avoidable economic loss" (AEL) which arises when four conditions all hold together, namely:

- a) Before registering, the prospect is uninformed about some information that would be useful in estimating her *ex ante* NER; and
- b) The relevant information is known by some other member of the channel responsible for communicating to the prospect about the business opportunity (e.g., the direct selling company or the distributor's upline sponsor); and
- c) Had she had access to, and had used, this information, her revised *ex ante* NER would be less than the cost of time from participating, and she would not have enrolled as a distributor; and
- d) If she does not have access to the relevant information and therefore enrolls as a distributor, she accrues an *ex post* NER less than the cost of time from participating.

The reasons for a prospect's lack of relevant information about the direct selling business opportunity—not just the imperfect information itself—are core to the characterization of a company as a legitimate direct selling company versus as a fraudulent one, or a pyramid scheme.

### Economic Model and Results

NER is the expected benefits net of the cost of participating. The opportunity cost of participating is defined as the economic value of the next best thing a participant could have done with her time. For example, if a participant gives up a managerial job or a position as a doctor in a medical practice, the expected earnings from that are the opportunity cost to participating in the VBA instead. If the participant is a stay-at-home mom not otherwise gainfully employed, her opportunity cost of time is lower.

In short, a VBA participant must consider whether the opportunity is worth her time. Some questions this suggests include, "Am I under-informed? And, if so, does somebody else know the information?" If nobody else does, then it is not possible to resolve the uncertainty. It is part of the underlying entrepreneurial uncertainty.

But suppose the participant is informed of some negative aspect of the company, yet does not change her mind about joining. For instance, maybe she finds out that only 10 percent of distributors ever earn a check from the company. If it does not change her initial assessment, which is made in a world of entrepreneurial uncertainty, then there cannot be AEL because her enrollment decision would not have been avoided by sharing the information.



An AEL occurs if all four of the above conditions jointly hold. More importantly, however, simply documenting that some people do not earn commissions or bonuses from the company is insufficient to argue that there is harm. People lose money for reasons that have nothing to do with having had harm inflicted upon them. If harm could be argued to exist simply when a participant does not receive commissions from the company, then we would have to consider guaranteeing compensation to everyone who opens a restaurant, starts an Etsy business, or chooses to be an Uber driver.

Dr. Coughlan comments that the economic model shows “that participants who make money and voluntary personal consumers clearly don’t suffer an AEL. Nor do those who voluntarily take the entrepreneurial risk of a distributorship after receiving available information—even if their net economic return is ultimately negative. Only if some uncertainty could have been resolved, that would deter a participant from a negative NER, is there an avoidable economic loss.”

### Misrepresentation v. Misapprehension

Misrepresentation, in general, involves the purposeful omission of known valuable information or giving purposefully misleading statements. Either of these must affect the assessment of the opportunity the person makes before joining.

Misapprehension, on the other hand, is on the part of the participant. Consider this scenario: A prospect wants to join a direct selling company. She is shown the compensation plan and watches a webinar explaining how it works. She is shown the company’s policies and procedures. She is also shown the company’s income disclosure statement, but she does not pay any attention to it. She is excited to join and just signs the form. Dr. Coughlan notes that “These sorts of behaviors could lead to misapprehension—even when there is no misrepresentation.”

“This behavior is not the fault of the company. That is the individual choosing to sign on the dotted line without reading the contract first,” Dr. Coughlan said. “This is not, by the way, only true of people signing up for direct selling distributorships.”

Misapprehension may be enabled by uncertainty, for example, in those who say, “I don’t know how good I am, and I don’t look at the information, but I make the decision anyway.” Then there is the misapprehension that occurs not because the company did not tell a prospect, but because it could not possibly be knowable. For instance, a prospect who enrolls as a distributor in December 2019 cannot have known that a global COVID-19 pandemic would occur in 2020.

To clarify, misapprehension is not the same as misrepresentation. When there is misrepresentation—omission or commission—then an AEL is possible (though not inevitable). There may be complaints, however, when a bad outcome occurs because a participant does not like taking risk, does not put in the time and effort, and ends up with a negative net economic return. Such misapprehension, accompanied by a negative return, does not imply an AEL, because the participant could have looked at the information but chose not to do so.

### Implications for Policy

In conclusion, there must be a purposeful misrepresentation of the business opportunity for there to be the possibility of avoidable economic harm.

Standard protections offered by direct selling firms—voluntary purchases, registration fees not credited to the upline, refund of initial fees, reasonable period return policy, discouragement of inventory loading, and clawback of upline commissions when returns occur—provide legitimacy to a direct selling company and help to safeguard it against litigation.

“When these protections are in place, and compensation is not awarded for recruitment unrelated to sales, one cannot argue that this company has inflicted distributor harm, or is a pyramid scheme,” said Dr. Coughlan. “Any observed frequency of personal consumption is irrelevant in the presence of protections, because that consumption is voluntary. Non-commission-earning distributors are not indications of a pyramid scheme or of fraudulent misrepresentations by the company.” **DSJ**



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# Congratulations

to the 196 participants of the DSCP-CP inaugural class!

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4Life Research  
ACN, Inc.  
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Ambit Energy  
Ameli Global Partnerships  
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Baker Hostetler  
Beautycounter  
Bemer Group  
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ColorStreet, LLC  
CUTCO/Vector Marketing Corporation  
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DoTerra  
Enagic USA Inc.  
Forever Living Products  
Herbalife Nutrition

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Immunotec Research Inc  
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# INDUSTRY AWARDS PROGRAM

For years, DSA has annually recognized the outstanding achievements of member companies for the products they offer consumers, the entrepreneurial opportunities they offer Americans, and the support they give to their local, national, and global communities.

Past DSA award winners have included Rodan+Fields and Mary Kay for their excellence in business development; Princess House and Ruby Ribbon for their innovative products; and WineShop At Home, 4Life Research, and The Avon Company for their sales and marketing campaigns.

“The DSA Awards showcase the innovation, creativity, excellence, and vision of our industry,” said Marjorie Fine, Director at Shaklee Corporation and Chairwoman of DSA’s Awards Committee. “They reward the efforts of the best among us by celebrating their achievements. Most importantly, they demonstrate that we are an industry that continuously reinvents itself to meet the needs of our constituents and the public.”

In 2020, voters could select winners in seven categories, including Vision for Tomorrow, Technology Innovation, Marketing & Sales Campaigns, Excellence in Business, Product Innovation, and Partnership. New to the awards program this year was a special category—2020 CSR Vision for Tomorrow, which DSA added to showcase how organizations responded to the COVID-19 pandemic.

Also new this year was the voting procedure for the awards. Voting was done online by employees of DSA member companies and not, as in previous years, by a panel of judges. From November 5 to November 19, 2020, more than 6,200 votes from more than 1,800 employees were cast. Winners were announced during a livestream event held on December 15.

Submissions from the finalists and winners for each category are noted on the following pages.

## Excellence in Business

WINNER!

### **Nu Skin Enterprises—***Velocity by Nu Skin Sales Performance Plan*

Velocity by Nu Skin is a sales performance program that enables Brand Affiliates to work toward their goals by choosing their own path and pace. Velocity provides the opportunity to earn compensation selling products by offering flexible options to fit different lifestyles, giving fast rewards that keep Brand Affiliates motivated, and empowering them to build a fulfilling future in their own way. Nu Skin's Velocity team worked in close collaboration with company leaders around the world to develop the plan. There was frequent communication and feedback about different elements of the plan at every stage of development, including implementing the plan into pilot markets that allowed Velocity to evolve into something that was a good fit for Brand Representatives globally.

**VELOCITY**  
SHARE BUILD LEAD

### **Saladmaster—***Saladmaster University*

As Saladmaster continues to grow year over year, so did the need for a scalable training platform that would blend corporate-sponsored training with informal communications from all over the world. For the first time, Saladmaster Dealers can upload and manage their unique training elements within one central hub alongside foundational training produced by the Saladmaster University Training team.



**Saladmaster University**

## Marketing & Sales Campaigns



### **Scentsy, Inc.—***Anniversary Join Promotion*

In 2019, Scentsy celebrated our 15th anniversary. Building on the Scentsy Mission, we set out to create an easy path for anyone to start their own Scentsy business for just \$15, invigorating Consultants. The promotion ran twice and enrolled more Consultants than ever before, shattering records for new Consultant enrollments with 32,180 in May and 30,597 in September. These promotions led to a record-breaking year for new enrollments and 5 percent year-over-year growth in overall sales revenue.

### **Scentsy, Inc.—***Scentsy Club*

In 2015, we launched the Scentsy VIP Program to reward loyal customers with exclusive benefits for placing recurring orders. The program resulted in lackluster adoption, so we set out to develop something better. Scentsy Club makes it easier than ever for Consultants to serve their best customers. Average monthly revenue from 2019 Scentsy Club orders was 1,545 percent higher than Scentsy VIP orders in 2018.

WINNER!





## Product Innovation

### Neora—Age IQ Invisi-Bloc Sunscreen Gel

Neora's Age IQ Invisi-Bloc Sunscreen Gel, launched in April 2019, introduced the world to intelligent suncare. With this product introduction, Neora unveiled an era of advanced suncare with a daily sunscreen that users actually want to wear. Invisi-Bloc's clear and practically weightless watergel formula features microcapsules of UV filters that absorb easily to provide powerful protection that won't clog your pores or show on your skin. This multifunctional SPF also includes Neora's proprietary Eco-Veil blend, which forms a transparent, breathable barrier against digital blue light and environmental pollutants—plus an enriching antioxidant complex that works to help neutralize skin-damaging free radicals. Invisi-Bloc is applied as the last step in your skincare routine, before makeup if you wear it, to help stop the damage before it begins.



### Isagenix International—BĒA Sparkling Energy Drink

In 2019, Isagenix International identified an opportunity to create something new in the energy drink space, a growing sector in the well-being world. Millions of people go to the store every day and grab an energy drink without thinking about what's in it. We wondered, "What if the energy drink could be improved? Even better, what if, for the very first time, an energy drink could provide people with naturally sourced vitamins from organic fruits and vegetables with nothing synthetic?" We knew we were just the company to create such an innovative product and set to work, relying on the expertise and experience of our talented research and development team. The result? BĒA™ Sparkling Energy Drink. One 12-ounce can is packed with vitamins, adaptogens, and everything our consumers want—and skips the stuff they don't. The beverage launched in October 2019 and has become the No. 7 seller for Isagenix in

the United States. We've sold nearly five million cans worldwide, making BĒA the most successful launch in company history. BĒA comes in three sparkling, fruity flavors that provide a refreshing boost of energy: Berry Bellini, Citrus Sunrise, and Mango Mimosa Flavor. We're excited to see BĒA continue to generate excitement for many years to come.

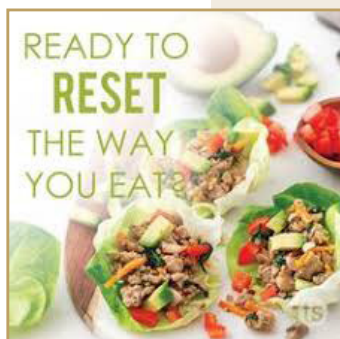
### Scentsy, Inc.—Licensed Products

Scentsy Consultants often join because they love Scentsy products and want to share them with others. One way we continually improve their business opportunity is by partnering with other brands their customers love, and then design new Scentsy products that capture their unique branding, characters, logos and more—but in our authentic Scentsy style. Through licensed products, we get to offer Consultants something new and exciting to share! But our partnerships also give us the unique chance to broaden our global audience and customer base to include new fans. After successful partnerships with many organizations, we set out to hook our biggest (licensed) fish yet in 2018: a partnership with Disney, one of the most well-known and beloved brands of all time. In 2019, we set out to expand our partnership and offer Consultants even more opportunities to share the magic and grow their businesses. That expansion resulted in our biggest sales hour and day in company history on September 1, 2019, and our fastest-selling product in company history, with more than 94,000 Jack Skellington: Pumpkin King—Scentsy Warmers sold in twenty-four hours, and significant year-over-year growth for the entire Scentsy brand.



### Scentsy, Inc.—Whiff Box

In 2018, most Scentsy customers knew and loved our flagship Simple System—Scentsy Warmers + Scentsy Wax Bars—or collected Scentsy Buddies for their kids. But so many had yet to try some of their favorite fragrances in our newer product categories like Body, Clean, and Laundry. We knew getting Scentsy products like Body Wash or Laundry Liquid into the hands of customers who loved our fragrances would encourage brand conversion for many must-have, consumable products and increase their order frequency in support of Scentsy Consultants. We developed a curated monthly kit of new and trending products, the Scentsy Whiff Box, to get new products into the hands of existing customers and create the opportunity for recurring revenue. Global Whiff Box sales increased steadily in 2019, from roughly 10,000 units per month to about 30,000!



### Tastefully Simple Inc.—14 Day Reset

Tastefully Simple set out to build a real food offering that can help people create a healthy life they love—the 14-Day Reset program. It might be a bit of a shock to see us throw our hat in the ring for Product Innovation, but we believe we've achieved something that is worth noting—real food, driving real results. Unlike supplements, shakes, diet aids, or other external tools, the 14-Day Reset helps you improve your health by starting at the foundation—the food you eat every day. By creating great-for-you, easy-to-prepare recipes, Tastefully Simple delivers a fourteen-day program of delicious and nutritious meal plans and the products you need to follow the program, right to your front door. Designed to empower you to make healthier choices and develop better habits, this easy-to-follow program will help you eliminate empty calories and enjoy healthy portion sizes. How?

Through lower carb, lower sugar, protein-packed and veggie-rich recipes. The plan is grain- and dairy-free and balanced by a registered dietitian. Warning: You may experience side effects such as a healthy glow, peaceful sleep, and looser-fitting pants!

### USANA Health Sciences—USANA Oral Care

USANA Oral Care is a two-product system, a Whitening Toothpaste Featuring ADP-1 and an Oral Probiotic. USANA Oral Care products are like nothing available on the market today. They provide gentle, effective support for the health of your mouth, teeth, and gums. These products are made to support your long-term oral health. The fluoride-free Whitening Toothpaste and Oral Probiotic combine the power of naturally derived and scientifically advanced ingredients for a clean, fresh mouth and whiter, brighter smile. Adding a toothpaste with a postbiotic, like ADP-1, attracts the impurities in your mouth so they can be brushed away. This postbiotic helps support the cleansing process by targeting and clearing away unwanted compounds that can dull your teeth or cause bad breath. After your evening flossing and brushing, use USANA Oral Probiotic to protect your healthy-looking smile. When the tablet hits your tongue, powerful probiotic strains replenish good bacteria known as microflora.



### SeneGence International—Digital Age Defense Serum

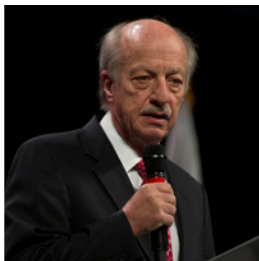
SeneGence's new Digital Age Defense Serum features the latest advances in skin care to help protect against visible signs of aging related to blue light exposure from digital devices. The serum offers a cool, refreshing feeling while helping to reduce the appearance of redness and blotchiness, and energizes and hydrates fatigued, sleep-deprived, and jet-lagged skin. It has no added fragrance and is non-comedogenic.



## Partnership

### PayQuicker

For the past two decades, PayQuicker has revolutionized mass payouts for hundreds of direct selling businesses ranging from startups to global enterprises. The PayQuicker platform, launched in 2007, empowers direct selling businesses of any size to offer secure and compliant instant global payouts to their distributors in local currency via secured bank accounts with prepaid debit cards, virtual cards, and mobile wallets—through a single point of integration. PayQuicker offers a low-cost, fully customizable, client-branded portal and experience with advanced technology that becomes our client’s competitive advantage. The PayQuicker mission is to provide clients with the most advanced global payout solution that results in happy distributors who, in turn, drive clients’ business growth with every login, payout, purchase, or swipe. PayQuicker solutions deliver on all mission-critical requirements to provide choice, speed, and security. Through one easy integration, clients can offer their distributor field flexible purchasing power with instant payments and instant spend. Nothing’s faster.



### OneSource Tax Management LLC

In 1991, as a CPA, I discovered through a client I had at the time that his downline distributors were having serious problems with IRS auditors. I soon learned the problem was companywide. There was little training going on for distributors, and the IRS was not treating them fairly. I went on a mission to correct both of those problems. My training efforts included teaching thousands at direct selling training events and conventions over the years. I authored the booklet “IBO Bookkeeping 101” that has been read by thousands. My efforts at DSA as a member have been directed at taking my approach to all member companies of DSA. I have made several presentations at DSA’s Fall Regulatory Conferences urging members to do the same we have done in terms of training their field’s distributors and watching out for them in this area. Those efforts resulted in getting the IRS to publish its “Direct Seller Audit Technique Guide,” setting out rules to be allowed by IRS auditors when making hobby loss determinations. It was a monumental step for leveling the playing field for distributors who were audited. Complying with the hobby rule tenets as laid out in the “Direct Seller Audit Technique Guide” is complicated. I created 1sourcetax.com, a simple subscription-based website that helps distributors to stay in compliance.

### Multibrain

In 2012, Multibrain Chief Brain and CEO Scott Kramer met a table full of legends in direct selling during a DSA luncheon. From there, the entertainment and media pioneer dedicated his company to building the tools and training needed to take the direct selling channel to the next level in technology; and developed a mission of defining social selling in the digital arena. Over the next six years, the team at Multibrain gave total focus to training, supporting, and providing the tools for direct selling consultants to build their business via social media and establishing their own communities/networks. Multibrain has evolved in step with technology and developed a business focused on four pillars for enterprise corporate success, termed “controlled empowerment,” with an approach of “bottom up,” beginning at the field level. To date, the Multibrain platform has been successfully implemented by a handful of top direct selling companies and more than 180,000 individual consultants who have generated over six million new prospects (connections) in a funnel approach to generating new sales and recruits. Multibrain thrives in its ability to “find new people to talk to” for its users, and a platform that’s as easy to use as a single click.

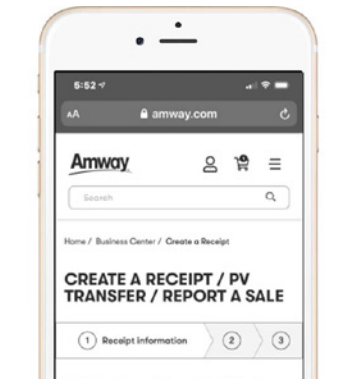
WINNER!



## Technology Innovation

### Amway—AmCart

AmCart is an Amway exclusive (patented!) feature on product packaging making it simple to sample, sell, and track products—all while giving Amway's Independent Business Owners (IBOs) credit. AmCart leverages either QR code or RFID technology to enable purchasing through phone scans of the AmCart logo on bottles, boxes, or cans. Amway products using AmCart technology are assigned a unique identity. The identity is then baked into a URL—taking the customer to the correct country's website and product page and giving credit to the IBO with one scan. It also provides dual experiences for customers and IBOs—when recognized as an IBO, they are directed to a mobile point-of-sale system for selling, tracking their sales, ensuring they receive credit for future sales, and potentially providing simplified payment options. AmCart solves Amway challenges, including answering the customer question of "How do I get more?"; making it easy for customer orders while giving the correct IBO credit; leading to the proper Amway order page, as opposed to web searching and ending up on Amazon or eBay; tracking and incentivizing product sales-from-inventory so Amway and IBOs have records of transactions for every sale, including returns; and presenting a viable sampling strategy with strong lead to purchase.



### Scentsy, Inc.—Host Enrollment: Earn a Kit

Most Scentsy Consultants join because they fall in love with our products, but they don't always become a Consultant right away. Many start out as Scentsy fans and customers, eventually hosting a Scentsy event to get more products. From there, once they've experienced the ease and excitement of hosting, they see what it means to be a Consultant and want to join. The move from customer to Host is an easy conversion to promote—after all, Scentsy Hosts can get their must-have products half-price or free! But we needed an option to help facilitate the jump from Host to Consultant, one that would provide current Consultants with a new, compelling reason to share the Scentsy opportunity. We created a clear, convenient, and enticing path for Hosts to become Consultants by adding incentives to enrollment and upgrading our system to make it easy for Hosts to earn their Starter Kit and enroll. Now, not only do we have more Hosts becoming Consultants and an overall increase in recruiting and retention, but our existing Consultants love it!

### Damsel in Defense—Protected Pepper with Shield Technology

Damsel in Defense products are designed to give users multiple layers of protection—from pepper sprays and personal alarms that work at a distance, to stun devices and striking tools that multiply our natural defenses up close. We realized that in the moments when individuals might be in the fight of their life, they have no way of calling for backup. So, we fought to create an additional layer of protection by harnessing multiple technologies, allowing us to send alert messages discreetly and instantaneously on behalf of users in the moments when they need us most. This resulted in the advent of Shield Technology, our exclusive safety system that allows users to send immediate alerts to a list of their trusted contacts during an emergency. No matter the data around statistics, our greatest fear is that we would be alone when we need help the most. If our customers should ever be in the fight for their lives, our Shield innovation deploys help to them while they deploy the use of their defense. This is simply the most holistic approach to safety there is.

WINNER!





## CSR Vision for Tomorrow

### Isagenix International—*Making a Difference: Isagenix International COVID-19 Response*

Through product donations and grants, Isagenix International and our 501(c)(3) nonprofit, the ISA Foundation, have put tremendous resources into helping ensure the well-being of communities worldwide during the COVID-19 pandemic. While our global well-being company donates products to food banks and foundation partners year-round, we increased donations to assist those affected by the pandemic, including children out of school, homebound seniors, front-line emergency workers, and Navajo Nation residents. So far in 2020, Isagenix has donated more than \$5.3 million worth of products to nonprofits in the United States, Australia, Canada, Mexico, New Zealand, South Korea, and the United Kingdom. The donations represent more than 1.25 million snacks and meal replacements, including 378,924 servings of IsaKids® Super Smoothie and 767,323 drinks. We've also donated 8,095 IsaBlender® blenders and shaker cups to help nonprofits make shakes and smoothies. In addition, the ISA Foundation has provided COVID-19 relief through twelve grants totaling \$525,000 to US-based nonprofits, paving the way for critical nutrition and resources to reach people around the world.



### Princess House—*Strengthening My Wings*

This project was developed during the COVID-19 pandemic because of the rapid, significant growth that our Hispanic, Spanish-speaking Leaders were experiencing in their businesses. This type of growth has never been seen in Princess House's history.

While this made the Leaders happy at first, the challenges of managing a larger business coupled with the COVID-19 situation made our Leaders feel overwhelmed, stressed, and anxious to such a high degree that they were literally crying for help. In response to those cries, Princess House developed and launched the program Strengthening My Wings to emotionally support the Leader's personal development and to help them overcome challenges by providing them with knowledge and practical tools on self-awareness and happiness. The result of this program went beyond its initial expectations. Leaders started sharing how this program was changing their lives. The program went beyond personal development and contributed to them seeing and reacting differently to their circumstances and the world itself. Beyond the inspiring testimonials and the program's great reviews, Leaders are more aware of their emotions and how to manage them.



### Amway—Project Light Speed

From building healthy farms and playgrounds for kids, to community gardens and natural disaster relief to fighting childhood malnutrition, to global sustainability initiatives, Amway is working hard to build a healthier, safer world, one community at a time. So when the COVID-19 global pandemic reached a critical point and a need arose in our hometown of Ada, Michigan, we stepped up. The Center for Disease Control and Prevention (CDC) identifies healthy hand hygiene as a key strategy for preventing illness and the spread of germs. When soap and water aren't readily available, hand sanitizer is second best, yet it became increasingly difficult for manufacturers to meet overwhelming health care and consumer demand. Scarcity was imminent. A few weeks into the pandemic, Spectrum Health System reached out to us in need of hand sanitizer. Combining our passion for corporate responsibility and community stewardship with our core competencies in manufacturing naturally safe, high-performing cleaning products at our Amway World Headquarters campus, we were able to help meet their needs. With nearly 40,000 employees across its dozens of hospitals, treatment centers, emergency care facilities, and physician offices, the non-profit health care system is the largest employer in West Michigan and the region's epicenter for COVID-19 care. As COVID-19 numbers continued to spike in March 2020, so did Spectrum Health System's need for hand sanitizer to protect the tens of thousands of first responders and health care workers as they served the growing population of affected patients. That's where Project Light Speed came in.

WINNER!

### Noonday Collection—Gather for Good

Noonday Collection's corporate response to COVID-19 had both a national and international effect. To support the sales of our Ambassadors and to provide economic relief to our Ambassadors' local communities, Noonday launched the Gather for Good campaign. When a Hostess partnered with an Ambassador to host a Gather for Good Trunk Show (virtually for safety purposes), we donated 10 percent of the sales to a local business, charitable organization, or individual of the Hostess' choice. From March 19 to May 31, more than \$120,000 was raised through Gather for Good Trunk Shows and was donated to 1,009 recipients facing economic challenges due to the pandemic. Of that amount, \$20,883 included a donation to No Kid Hungry. Additionally, more than \$35,000 was raised and donated to our Global Artisan Business Partner's via Gather for Global Good Trunk Shows.

**GATHER  
FOR GOOD**

(VIRTUALLY)

Host a virtual Trunk Show, and Noonday will donate 10% of the proceeds to an individual, local business, or cause affected by COVID-19.



## Vision for Tomorrow

### **Jeunesse Global—Jeunesse Kids \$1 Million Grant to the Kids Beating Cancer Cellular Therapy Lab**


Jeunesse Founders Randy Ray and Wendy Lewis created Jeunesse Kids™ in 2012 with a mission to empower communities to give children a brighter future, and a vision to reach children in need on each of the six continents in which Jeunesse operates. Since then, Jeunesse Kids has raised more than \$12 million and has been making a meaningful difference in the lives of children in need around the world through local and global programs that provide sustainability and create long-term impact. In 2019, Jeunesse Kids made the largest single donation in the organization's seven-year history with a \$1 million grant to fund the Kids Beating Cancer Cellular Therapy Lab in the company's hometown of Orlando, Florida. This initiative was fully funded by contributions by Jeunesse Distributors from around the world. The funding of the Kids Beating Cancer Cellular Therapy Lab fulfilled a twenty-seven-year dream of Founder Margaret Guedes who established the organization after losing her son John to cancer in 1992. In the twenty-eight years since, Kids Beating Cancer has raised more than \$22 million and has provided access to programs and services for 9,500 children. For decades to come, the Kids Beating Cancer Cellular Therapy lab will help to save the lives of countless more children battling cancer and will help to advance research to find a cure to childhood cancer.

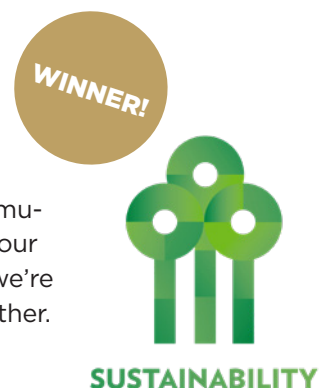


### **USANA Health Sciences, Inc.—USANA Foundation**

The USANA Foundation is a non-profit organization that provides the most critical human necessities—nutrition, clothing, shelter, medical assistance, and health education—to those who are suffering or in need, around the globe. The USANA Foundation provides immediate and long-term global food relief for those in severe need. We lead a network of community-driven partnerships to nourish, equip, and eliminate hunger throughout the world. From disaster relief to curbing food insecurity in Utah, the USANA Foundation is dedicated to making the world a better place. Through programs like USANA Kids Eat, the Foundation and volunteers of USANA employees, their families, and the Utah community can pack bags of non-perishable and easy-to-prepare food to help feed children in Utah who rely on school lunch and breakfast programs for nutritious meals. These children often go hungry on weekends and holidays when school is out. The backpacks are then distributed monthly to several schools in the area by USANA employee volunteers. This service has been made even more vital due to the COVID-19 pandemic and the closings of in-person schooling.

### **Nu Skin Enterprises—Nu Skin's Sustainability Commitments**

At Nu Skin, we are a force for good through caring for our planet, improving the lives of children, nourishing future generations, and investing in our global community. Sustainability is so much more than just a buzzword to Nu Skin. We are committed to keeping our global communities clean, safe, and protected for the future. It's a daunting task, but we're proud to make it our mission to embrace sustainable practices today to enhance a resource-rich tomorrow. Today, we're taking active, engaged strides to ensure the future is bright for both the planet and for each other. That is why, in 2019, we were proud to announce our global sustainability commitments. Our efforts rest firmly on three critical pillars: PEOPLE, PLANET, and PRODUCT. 





# I T

## Internet of Things

The internet will disappear. There will be so many IP addresses, so many devices, sensors, things that you are wearing, things that you are interacting with, that you won't even sense it. It will be part of your presence all the time.

-- Eric Schmidt  
Executive Chairman of Google





# DSA 25 LARGEST REPORTING COMPANIES

Each year DSA recognizes its largest member companies, celebrating their accomplishments and sharing their achievements. While inclusion on the DSA Largest 25 list is based on the previous year's US net sales, this recognition also acknowledges the companies for the products and opportunities they offer millions of Americans and the significant contributions they make to the US economy.

In December 2020, DSA announced the 25 largest reporting companies for 2019. Since each of these companies had successful years in 2019, we were curious to know the impact of 2020 on their businesses. Had the pandemic and other events stalled the momentum of 2019 or had company sales exceeded expectations? What would they consider their greatest achievement for the year considering the challenges faced, and what are their major objectives heading into 2021? Responses from top executives were both insightful and inspiring.

The DSA 25 Largest Reporting Companies are listed here in alphabetical order.



## **Ambit Energy**

While 2020 required our consultants to shift from operating their businesses from in-person to virtual, they did so quickly and with little interruption. Our consultants were able to foster new and creative ways to do what they do best: reaching out to help others and maintaining the lines of communication with their teams and customers. On the corporate side, we committed to maintaining "normal" even through "abnormal" times. Even though our annual event was virtual, it allowed us to increase our reach to those who normally wouldn't be able to travel, and we even added more virtual events to increase our reach throughout the year. Through the combined efforts of our consultants and corporate staff, 2020 was nothing short of a success. For 2021, I am confident we will be able to work with our field leaders to adopt the lessons we learned this past year and turn them into improved opportunities for growth.

—Darrell Starkweather, Vice President of Field Development & Support,  
Ambit Energy



## **Amway**

Well 2020 was, of course, a difficult year for everyone, personally and professionally. Because of the resilience and agility of Amway business owners and Amway employees, we did see our sales growth accelerate even further because of the strength of our health and wellness category. As we look back on 2020, we recognize that it's the spirit of entrepreneurship that really brings out the best in people during the toughest of times. And that's why I am so proud to be a part of this Amway company, this business, this family, and certainly excited to be a part of this great industry.

—John Parker, President, Amway



## **Arbonne International, LLC**

Like many other companies, Arbonne had to adapt to the challenges of 2020 and come up with creative ways to protect business momentum by generating excitement around new product launches, sales promotions, and other initiatives to invigorate the field during these unprecedented times. We are thankful to our essential workers for being at the forefront while enduring strict safety protocols and unprecedented sales volume to ensure our business is thriving and moving forward. Thanks to our essential workers, Arbonne ended the year with amazing results and great confidence entering 2021.

—Jean-David Schwartz, CEO, Arbonne



### **CUTCO/Vector Marketing Corporation**

While this pandemic challenged our organization on so many fronts, our people—from the employees in manufacturing, shipping, and service to our entire direct sales organization—have responded with an energy and a passion to succeed. Our business has transformed to a virtual world and yet we remain a people business. And because of our people, we have succeeded, and the future holds so much promise. We are excited to see what can be done in 2021 with the ability to build on so much that was learned in 2020.

—John Whelpley, President & COO, Vector Marketing Group



### **Herbalife Nutrition**

Our success in 2020 is based on three things: our distributors, our employees, and our products. Since the early 1980s, when our founder, Mark Hughes, started selling Herbalife Nutrition meal replacement shakes, we've been proud of our nutrition products and our persistent efforts to constantly innovate to meet consumer demands. We recently announced our financial results for the third quarter with year-over-year net sales growth of 22.3 percent and ten straight quarters of volume growth with an average quarterly growth of 23 percent over the same previous period. That performance can be attributed to the business model, the entrepreneurial nature of distributors—who are the salesforce—and their ability to adapt their approach at a very localized level to add customer value. The company's business is backed by favorable consumer trends in an environment that has never been more responsive to what the company brings to the table. Our distributors are the most entrepreneurial people in the world. It was fascinating to watch our distributors adapt to the chaos created by the pandemic, and to see our employees pivot their focus to support our distributors in new ways. Small independent business owners can adopt new approaches and our independent business owners adapted in days. We know there's a growing demand and focus on nutrition. People today are paying more attention to their health and well-being than in the past. As a result, our customer base continues to grow.

—John Agwunobi, CEO, Herbalife Nutrition



### **Hy Cite Enterprises, LLC**

The Hy Cite team started 2020 with high expectations for another double-digit growth year. Results were strong for the first two months and then COVID-19 hit us hard. In April, revenue declined more than 40 percent. Paralysis was not an option, and as One Team One Hy Cite we immediately implemented new tools for the field, aligned with the virtual environment, while further improving distributors' earning opportunity. Our priorities were to protect the jobs of our 1,100 employees and give Distributors a way and a reason to continue to work. Everything combined took us to finish the year on budget, with growth of 14 percent and five months of record sales since May. This year, 2021, will be a year of continuing to invest in our management team along with our field leaders to deliver above-average sales growth for all Hy Cite Enterprises stakeholders.

—Erik Johnson, CEO, Hy Cite



### **Isagenix International**

This year we learned that we could work together effectively—while nearly all our workforce was remote—and achieve great things. One of our biggest achievements was our Zija International acquisition, which allowed us to expand into twelve new markets around the world, and welcome Zija customers and independent distributors to the Isagenix community. We also launched a brand evolution that will continue to be a major focus in 2021 as we address core initiatives like product innovation; enhancing the company's marketing, messaging, and branding; and upgrading the user experience throughout the entire customer journey. We're incredibly excited about 2021 as we work to help people enjoy healthy, joyful, and abundant lives.

—Sharron Walsh, CEO, Isagenix





#### LifeVantage

We have tremendous admiration for all organizations in this industry, both the legacy companies that have paved the way, as well as the up-and-comers that are bringing change and innovation, and we are humbled to be recognized as a leader among their ranks. Despite the disruptions of a global pandemic, the dedication and drive of our distributor base allowed us to continue to launch new products, open an international market, expand into China with an e-commerce solution, and introduce new digital tools and technology that has unified our sales efforts across all markets. These efforts not only allowed us to grow during this unprecedented time but have positioned us for accelerated growth in the immediate and distant future.

—Steve Fife, Interim CEO, LifeVantage

## MARY KAY

#### Mary Kay Inc.

While Mary Kay was not spared from the many challenges that businesses, communities, and families faced in 2020, I'm extremely proud of the way our employees and the Mary Kay independent salesforce responded. Across the world, a large portion of our employee base continues to work remotely, and, for a time, we ceased all global manufacturing to focus on production and donation of hand sanitizers and other essential items for those on the front line of the pandemic, resulting in the largest give-back initiative in our company's fifty-seven-year history. Though COVID-19 won't last forever, its impact likely will. Thankfully, Mary Kay was built on the foundation of overcoming "business as usual," and our unrivaled independent salesforce has responded to the constrictions of 2020 with creativity, a little bit of elbow grease, and, as always, enthusiasm. It's because of their efforts that our business remains on track and is positioned well for success in 2021 and beyond.

—David Holl, CEO, Mary Kay Inc.



#### Medifast

At a time when health and wellness is a priority for many consumers, our comprehensive approach to healthy habit creation is resonating with people. We pivoted and innovated around several key initiatives in 2020, including our annual convention, transforming an in-person event to a live virtual broadcast that generated more than 140,000 social media views. We have a unique business model and, even amid a pandemic, have seen great success. On our Q3 2020 earnings call we reported more than 40,000 active earning OPTAVIA coaches, a new record for the company. This means we're helping even more people transform their lives, achieving our mission of offering the world Lifelong Transformation, One Healthy Habit at a Time. Heading into 2021, we'll continue to make investments to enhance our coach and client experience. We believe we are well positioned to capitalize on the ever-increasing focus on health and wellness across the United States and around the world.

—Dan Chard, CEO, Medifast



#### Melaleuca, Inc.

In these pandemic times, Melaleuca is forging ahead. We purchased the Harley-Davidson 508,000-square-foot warehouse in Kansas City, Missouri, as a distribution center. Melaleuca is growing like crazy and has added 130,000 preferred members in North America this year. Management hasn't missed a beat in preparing for our future. Our employees have been relentless and putting in 60–80 hour work weeks focused on providing the safest health and wellness products on the market. November 2020 was the company's best month ever.

—Frank VanderSloot, CEO, Melaleuca

## MÖDERE™

### Modere

Although 2020 began with many challenges, as it did for most businesses, it transformed into a year that exceeded our expectations. As an industry steward, employer, and global social enterprise, our first response to the crisis brought on by the pandemic was to leverage our unique means and resources to provide essential products for healthcare and frontline workers. To date, we have donated more than \$1 million in essentials to those heroes. At the same time, the uniquely digitized business model we had in place allowed our salesforce to adjust quite easily to the sequestration that caused such disruption for other businesses that had to adapt abruptly to remote working environments. Considering the year's challenges, our greatest achievement was to adapt quickly and smoothly to new and heightened levels of demand for our products. We locked arms with our stakeholders and consciously enhanced many areas of our operation on a granular level—from implementing a globally unified technology platform to increased production capacity. We've embraced a creative and innovative lens through which we look for solutions, engaging our team members at all levels. Our objectives for 2021 are to maintain our growth trajectory and execute strategic plans that include helping our industry emerge stronger than before.

—Asma Ishaq, CEO, Modere

“As we begin 2021, among the many lessons learned are that the flexibility and indeed ‘portability’ of direct selling makes it uniquely positioned to take advantage of the ‘new normal.’ From innovative online parties to virtual recruitment, direct sellers’ ingenuity and adaptability have once again proven to be unmatched.”

—Adolfo Franco, Executive Vice President & COO, Direct Selling Association

## AVON

### The Avon Company

While the past year has brought many challenges to businesses, The Avon Company has been able to keep the momentum going strong with emerging product demands and digitizing the Avon representative direct selling model. We launched the Avon Defense Collection with products such as hand soap, face masks, and gloves as well as our Daily Essentials home products, which include various household cleaning items and more. In April, we were proud to unveil our interactive and mobile-first digital catalog with features designed to support our representatives' online businesses and increase their customer engagement. As we enter Avon's 135<sup>th</sup> year, we plan to continue to grow and support our representative base while expanding our product portfolio with cutting-edge new products to meet consumer needs.

—Paul Yi, CEO, The Avon Company

## NU SKIN®

### Nu Skin Enterprises

While this past year has impacted businesses of all kinds, including direct selling, at Nu Skin we have continued to execute on our strategy of becoming a digital-first, socially enabled, affiliate opportunity platform. This has been driven by the convergence of social commerce, influencer and affiliate marketing, and the growing gig economy. Most recently, the migration to remote work and online shopping has further increased our focus on this digital transformation. Going forward, we will continue to lean into our transformation with significant strategic investments in our digital platform, our innovative product portfolio, and our empowerment programs to help our affiliates grow their businesses online at an accelerated pace.

—Ryan Napierski, President, Nu Skin Enterprises





### **Pampered Chef**

In 2020, as people began spending more time at home and cooking more regularly, there was an increased demand for the cooking tools and mealtime solutions we offer. And, because we provide our consultants with tools and technology that enables them to run their businesses from their phones, they were able to quickly shift their businesses to accommodate that increased virtual demand. More than 50 percent of our business came from virtual parties in 2019, and that grew to nearly 100 percent beginning March 2020. Because of the relevant mealtime solutions and innovative products we provide, in combination with our ability to operate almost entirely virtually to meet the growing demand, we were able to achieve, and exceed, our goals for 2020.

Everything we do at Pampered Chef is about enriching the lives of others through our mealtime solutions and the flexible business opportunity we offer. I'm incredibly proud of our independent consultants and our team of coworkers at the home office who navigated 2020 with determination, integrity, and a passion for helping others and giving back to our communities. For example, this year we increased contributions to our long-term partners at Feeding America to help provide even more meals for those facing food insecurity because of the pandemic. During this campaign year alone (September 1, 2019–August 31, 2020), our consultants and customers raised more than \$2.4 million through the sale of special products and fundraiser cooking parties. We also expanded to France, our third market in Europe, with Germany (2000) and Austria (2019). Our focus on making a difference through our mealtime solutions and business opportunity will continue in 2021 as we innovate new products and solutions, invest in digital channel growth, and continue opening our doors to new markets globally.

—Andrew Treanor, CEO, Pampered Chef



### **Princess House, Inc.**

When I stepped into the CEO role at Princess House in January 2020, the coronavirus was just a blip on the radar screen. By March, we were scrambling to pull together promotional offers and digital training, adapting on the fly to support our sellers within the chaos of the pandemic that was unfolding around us. This team really pulled together. We exceeded every possible expectation by leveraging our focus on healthier living while displaying amazing agility, both in the office and in the field, to pivot from in-person to online success. Coming together as ONE TEAM with our staff, leaders, and consultants to overcome the incredible obstacles of 2020 is our greatest accomplishment, and one which will continue to serve us well in the year ahead as we focus on improving our ability to service this exciting level of growth.

—Lynne Cote, CEO, Princess House



### **Rexair LLC**

Like so many other businesses that hinge on human interaction, our business has been greatly affected. However, I'm heartened and amazed by the daily resilience, positivity, and resourcefulness of our distributors and their readiness to overcome such unprecedented adversity. In fact, we saw closing rates rise to levels we haven't seen in many years and watched and cheered as several distributors and dealers had their best-month-in-business this past year. Seeing our distributors react to this once-in-a-lifetime crisis has shown me exactly why our business has endured and prospered through so many generations. I've seen our indomitable spirit, and the love, respect, and care we hold for each other. And I know that we will emerge from this stronger and more determined than ever. Our major objective for 2021 will be recruiting. The Rainbow business continues to attract new people who are excited about the product and business.

—Momir Popovic, President & CEO, Rexair

## SCENTSY

**Scentsy, Inc.**

With all its challenges, 2020 was a remarkable year and one that we at Scentsy will never forget. What started as a year where it was uncertain if we would be allowed to continue operations, ended in a year where we set all-time records for both revenue growth and consultant growth. Our consultants and our home office employees rallied against every challenge and every hurdle and turned 2020 from one of potential tragedy to one of unprecedented triumph. One thing that will always stand out as we reflect on 2020 will be the efforts of our field organization. When faced with complete uncertainty during the early days of the pandemic, instead of allowing the situation to paralyze or defeat them they rallied and organized engagement programs and campaigns among their teams that completely changed the trajectory of the company for the year. That effort, combined with our operations team's ability to continue to safely manufacture and ship product, and the incredible effort by all home office staff to deliver on this record year, are likely the things that will stand out the most as we reflect on 2020.

—Dan Orchard, President, Scentsy

**SeneGence International**

2020 was full of surprises for sure. The silver lining has become the knowledge and peace of mind that no matter what is thrown at us, together we will figure out what's needed to improve and help, evaluate our capabilities (both professionally and personally), and design action plans that will help ensure the best outcome for all. I believe for many there is a new confidence that each of us individually and as a team can—and will—stay the course, raising and teaching our children at home, completing our workday by shifting habits and learning new tools, and getting even better at what we do and how we do it as new lessons unfold. Consumers want their purchases to contribute to the benefit of society or advance a cause that is important to them. Products must be globally responsible, environmentally safe, and contain naturally occurring raw materials. The very soul of the company must be for a higher purpose: to help men and women support and care for their families, fulfill dreams without limitation, and offer flexible hours that allow one to fully enjoy family, travel, and life.

—Joni Rogers-Kante, Founder & CEO, SeneGence International

**Shaklee Corporation**

We were fortunate to have completed a three-year digital transformation of our business in the beginning of 2020, which allowed us to accelerate our growth this year. I am so proud of all the members of our Shaklee family for embracing a work-from-home environment while bringing a sense of hopeful optimism and human connection to so many during these challenging times.

—Roger Barnett, CEO, Shaklee Corporation

**The Juice Plus+ Company, LLC**

It goes without saying that 2020 was challenging for us all. In the short span of two to three weeks in mid-March, all ten of our offices around the globe were transformed to a work-from-home environment; our distribution centers adapted pandemic procedures for continued shipping; and our partners in the field were challenged to share our Juice Plus+ products without the ability to sit down at a café and engage in personal conversations. But I am proud to say that our company's culture, the product of a close and trusting relationship with our field partners, prevailed and we not only survived but thrived in 2020. We are excited about 2021 and beyond as we look forward to an enhanced digital presence, hybrid (live and online) events, new country openings, and more. Finally, the crisis brought a renewed sense of purpose and connection to our mission of Inspiring Healthy Living Around the World.

—Paulo Teixeira, Global Chief Executive Officer, The Juice Plus+ Company





### Thirty-One Gifts

Like so many companies, 2020 was a year of accelerated learning for Thirty-One Gifts. Despite pre-pandemic virtual parties being a significant portion of our business, there was still a heavy reliance on in-person interaction for the follow-up. The abrupt shift that took place in March was difficult for our consultants and, as a result, paralyzed many. Our marketing and sales team took on the challenge to reimagine ways to support our consultants with their online businesses, and the field responded with great enthusiasm. In both Q3 and Q4, we experienced higher productivity per active seller than we have in years. Our focus going into 2021 is to apply agile methodology to key areas of our business so we are both prepared to handle what the world may throw at us and position ourselves to always be one step ahead.

—Elizabeth Thibaudeau, CEO, Thirty-One Gifts

“Direct selling continues to be a proven market strategy that provides real value to consumers, entrepreneurs, and corporations. We are excited to bring 2020 to a close with a positive announcement by recognizing these companies for their determination, innovation, and modest supplemental income opportunities they offer millions of Americans.”

—Joseph N. Mariano, President and CEO, Direct Selling Association



### USANA Health Sciences, Inc.

2020 brought continued growth to USANA while we had to accelerate many aspects of our strategic growth plans. Our greatest achievement during 2020 was our ability to reach considerably more of our independent business owners globally on a more frequent basis through a digital transformation that has been in the works for several years. We plan to continue to increase our customers' experience with USANA during 2021 by simplifying their digital experience.

—Kevin Guest, CEO, USANA Health Sciences



### Young Living

2020 has been a year of challenges and transformation for Young Living. On top of the challenges surrounding the pandemic, we have faced challenges that come from several years of rapid growth. Through it all we have been able to continue our growth. One of our greatest achievements this year is a foundational change we made and will continue refining in 2021 that will help position Young Living for future growth. One visible foundational change is our multi-year investment in a new e-commerce platform launched at the end of the year.

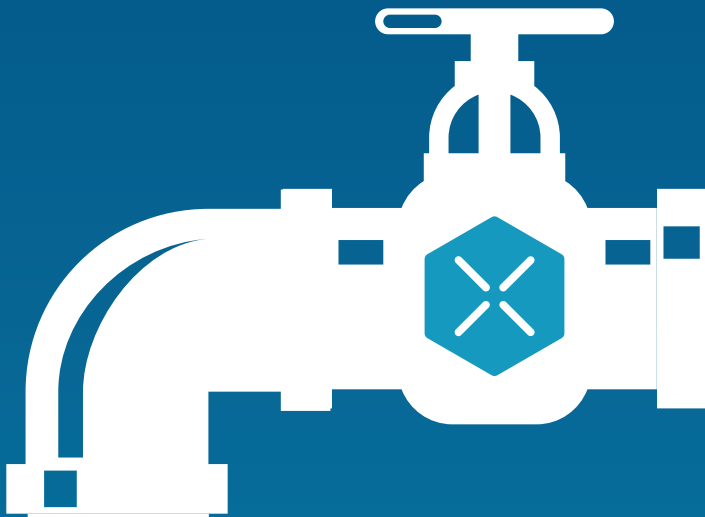
—Mary Young, Co-Founder & CEO, Young Living



### Younique, LLC

2020 was unprecedented in almost every way imaginable. As we transitioned our corporate staff to a work-from-home structure, enacted procedures to keep our distribution running safely, and conducted our first-ever “at-home” version of our catalog, we managed through a lot of change. Despite so much uncertainty, our presenters joined together to involve themselves in our virtual events, sell and promote new products, and sponsor an increasing number of individuals looking for supplemental income. As of now, we are projected to sponsor a total of 320,000 new presenters in 2020—a 92 percent increase over 2019. We see Younique as a compelling way to earn supplemental income and sell exciting products. As we move into 2021, we are laser-focused on continuing to market the Younique brand and provide our presenters with the right tools and products to help them achieve success.

—Kristi Hubbard, CEO, Younique



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