

DIRECT SELLING
JOURNAL

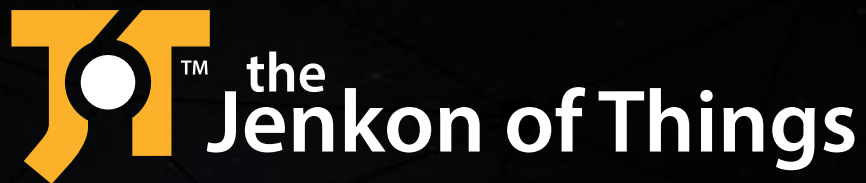
DSJ



New year, new opportunities for direct selling are revealed with the labor force transitioning, a purpose-driven generation leaning into direct selling, and significant shifts converging.

JANUARY 2022 | VOLUME 2 ISSUE 1

A  PUBLICATION



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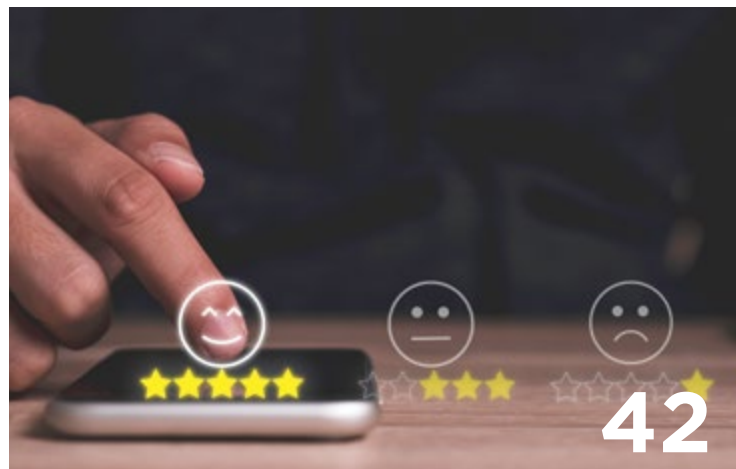
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Marjorie Fine

For twenty-five years, Marjorie Fine served as Executive Vice President and General Counsel to Shaklee Corporation. She is currently a consultant to Shaklee and a member of the Board of Directors, representing the Company on the Boards of the California Employment Law Council, Direct Selling Association, and Direct Selling Education Foundation.



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John T. Fleming is author of *Ultimate Gig: Flexibility, Freedom & Rewards*. He is the principal of Ideas and Design Group, LLC, and recipient of both the DSA Hall of Fame and DSEF Circle of Honor recognitions.



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Marios Iacovou is Partner and CEO of Filuet, an international expansion service provider firm. He has more than twenty years of experience in supporting direct selling companies expand and grow their businesses internationally.



Joni Rogers-Kante

Joni Rogers-Kante is the visionary and driving force behind SeneGence. She currently serves as Chair of the Direct Selling Association's Annual Meeting Committee.



Rick Libby

Rick Libby is CEO of Traveling Vineyard (where his official title is Chief Grape Stomper). He has more than thirty years of leadership experience at consumer-based companies. Traveling Vineyard was the first direct selling company to provide in-home wine tastings and has thousands of independent Wine Guides in forty states.



Michael McQueen

Michael McQueen is a bestselling author of nine books and a commentator on TV and radio. His work has been featured in publications ranging from the UK's *Daily Mail* to *Medium.com* to the *Huffington Post*. He is a familiar face on the international conference circuit, having shared the stage with Bill Gates, Dr. John Maxwell, and Apple Co-founder Steve Wozniak.



McKinley Oswald

McKinley Oswald is President of Direct Sales at Verb. For the past twenty-five years, he has worked with direct sales companies and industry leaders, helping them achieve success.



Robert A. Peterson

Dr. Robert A. Peterson is a professor who holds the Stuart Chair in Business Administration at The University of Texas at Austin. He has been observing and researching direct selling for more than thirty years. In 1991, he received the Circle of Honor Award from the Direct Selling Education Foundation.



Maria Petrescu

Dr. Maria Petrescu is Assistant Professor of Marketing at Embry-Riddle Aeronautical University. Her research interests are related to marketing analytics and artificial intelligence in marketing. She is co-editor of the *Journal of Marketing Analytics*.



Gillian Stapleton

Gillian Stapleton was appointed CEO of Direct Selling Australia in July 2016, becoming the first female appointed to the position in the Association's fifty-four-year history. She has been the CEO of several global multinational organizations and a national charity, and has served on the DSA Board.



Abby Tisdale

Abby Tisdale serves as Digital Experience Specialist for Mary Kay, focusing on delivering memorable and intuitive customer experiences to the company's independent salesforce and consumers through Mary Kay's global digital platforms.

Disclaimer: Articles submitted by contributors and published in *Direct Selling Journal* do not necessarily represent a DSA endorsement, nor do opinions expressed herein necessarily represent those of DSA.

Be sure to check out these resources from DSA!



DSA RESEARCH STORE

Find the latest research on the direct selling channel, its sales-force, the public's attitude toward direct selling, and more.



DSA ENGAGE 2021 RECAP

Check out the photos from DSA ENGAGE 2021 in New Orleans, and purchase your favorite presentations at engage.dsa.org.



2022 DSA GROWTH & OUTLOOK SURVEY

Participate in this year's study and gain free access to essential industry data and analysis. (See page 26.)

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Transformation and Transition Will Continue in 2022

Transformation and transition. I've been speaking with direct selling executives, other non-profit leaders, and business executives from other industries, and those are two words I've been hearing a lot. That's no surprise, as we have been talking about these issues for several years now, even before the changes wrought by the pandemic.

In this edition of *Direct Selling Journal*, we continue to foster the discussion of just what those transitions and transformations might be for direct selling, and what the broader changes in society, and the economy might mean for our channel.

Some of those broad societal changes are still unclear but several issues seem likely to be transformational:

- The apparent diminution of fixed retail
- The great resignation and resultant labor shortages
- The ascendancy of online sales and possible monopolization of that space by several business giants
- Social and political polarization
- Supply chain and manufacturing disruptions locally and globally
- Consumer data acquisition
- An increasing pace of technological innovation in the marketplace
- Interest in entrepreneurship
- Government efforts to address independent contractor issues raised by the gig economy

As we all understand, American companies remain unable to fill open positions as individuals continue to leave jobs at a rate we could not have predicted only two short years ago. More frequently than in the past, people are switching careers or finding new opportunities in entirely new industries.

Recent polling sheds light on these observations. A recent US Chamber poll found that 32 percent of people who lost their job during the pandemic and remain unemployed seek work in a new industry. Similarly, a *Washington Post*-Schar School poll recently found similar results, with one-third of workers under the age of forty considering changing careers or switching industries since the pandemic.

Closer to home, the transitions and developments for direct sellers are a bit more in focus, even as the consequences of those transitions remain uncertain.

- Greater focus on the ultimate consumer by direct selling companies
- Simplification of compensation systems and related nomenclature
- Ongoing and increasing appeal of direct selling for a segment of the population
- The use of social media as a direct selling venue
- Restrictions on direct selling by social media platforms
- Media skepticism about direct selling
- Increasing activities and empowerment of a cadre of industry critics
- Government regulation and/or prohibition of direct selling, especially aimed at "multi-level" companies
- Ongoing focus on ethical and sound business practices

Some of the world's most storied and revered brands rely on the direct selling business model. Like millions of others, I believe in our community's ability to develop the most innovative products across categories.

Direct selling is in the enviable position of having had our brands represented by the most passionate kind of influencer—our salesforces—for more than 130 years.

DSA and *Direct Selling Journal* are committed to being the forum for discussions of these issues. In addition to the hard copy and electronic editions of *DSJ*, DSA has scheduled a series of discussion sessions among direct selling leaders throughout the course of this year, and we hope you will participate fully. In the meantime, please review the thoughtful essays from our contributors to this edition. I trust you will find them helpful as we all pursue the growth and progress of this great business.



Joseph N. Mariano
Publisher & Editor-in-Chief

President's Papers: Access insights from DSA President and CEO Joseph N. Mariano at dsa-dsj.org.

BY THE NUMBERS

2022 ANNIVERSARIES

The following DSA member companies are celebrating milestone anniversaries this year:

1967	Carico International	55th
1967	Dudley Beauty Corp.	55th
1972	Nature's Sunshine	50th
1982	New Earth	40th
1982	Sunrider	40th
1992	USANA Health Sciences	30th
1992	ACN	30th
1997	Team National	25th
2002	Energetix	20th
2002	Isagenix	20th
2002	Lemongrass Spa Products	20th
2002	Orenda	20th
2002	Thirty-One Gifts	20th
2007	Enzacta	15th
2007	Talk Fusion	15th
2012	Modere	10th
2012	Younique	10th
2017	Java Momma	5th



3.95

In millions, the average number of Americans who quit their jobs each month in 2021. (See "America's New Attitude Toward Work," p. 14.)

36

The percentage that social commerce is set to grow by in the coming twelve months. (See "A Perfect Storm of Opportunity for 2022," p. 24.)

44

The percentage of health and wellness companies that comprise the Australian direct selling market. (See "Launching in Australia," p. 60.)

3

The percentage that salary budgets are forecasted to increase on average for 2022. (See "DSA's New 2021 Management Compensation & Benefits Study," p. 74.)

80

The percentage of surveyed direct sellers who said they earn as much or more than they expected to earn when they became distributors. (See "New Book Mainstreams Understanding of the Direct Selling Channel," p. 78.)



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DIRECT SELLING ASSOCIATION

WHAT'S GOING ON?

2021
YEAR IN REVIEW



GOVERNMENT
AFFAIRS

120

Meetings with
Congressional Offices

5

New Members of the
Congressional
Direct Selling Caucus

3

Townhalls & Women's
Entrepreneurship
Roundtables with
Members of Congress

1,038

Letters Sent to United
States Senators on
the PRO Act

4

Meetings with FTC
Commissioners &
Senior Staff

1,906

State Bills Reviewed for
Relevance to Direct Sellers

8

Liaison Meetings
Attended with State
Attorneys General,
Legislators & Partners



Accomplishments

Supported legislation in Alabama that would clearly define pyramid schemes and legitimate direct selling companies.

Worked to remove a provision from the Build Back Better bill that would have imposed the ABC test in federal law.

Worked with the Washington Attorney General's office to prevent introduction of legislation that would negatively impact business in the state.

Opposed a provision included in a discussion draft of an Unemployment Insurance Overhaul bill that would have imposed all states to impose the restrictive ABC test for independent contractors. The language was removed upon introduction of the bill.

Coordinated with Reps. Tim Walberg (R-MI) and Henry Cuellar (D-TX) to introduce the "Preserving Direct Seller Freedom" Act that would clearly classify direct sellers as independent contractors in federal statute.

Amended a bill in West Virginia that would define direct sellers as independent contractors under state law.

Passed legislation in Arkansas that would clearly define direct sellers as independent contractors under state law.

Brian Bennett appointed Vice Chair of the Coalition for Workforce Innovation, a diverse group of industries that seeks to provide clarity for independent contractors and protect flexibility to engage in business.



Activities

Re-launched the Direct Selling Caucus with Co-Chairs Rep. Richard Hudson (R-NC) and Rep. Marc Veasey (D-TX).

Working with allies to add language to the Protecting the Right to Organize (PRO) Act that would protect direct sellers.

Engaging with Members of Congress to ensure appropriate FTC enforcement authority in legislation.

Held meetings with the FTC, including Commissioner's offices to educate them on direct selling business model.

Held a Direct Selling Day in Albany, meeting with members of the New York legislature to discuss independent contractor status.

Signed a letter objecting to a provision in the Build Back Better act that would greatly expand the scope for the FTC to bring first time civil penalty offense authority actions against companies.

Signed letter with other trade associations urging Congress to include guardrails in legislation granting FTC authority under Section 13(b).

Hosted 60 meetings for direct selling distributors and executives from 24 states during our virtual Direct Selling Day on Capitol Hill.

Drafted a Question for the Record asked by Sen. Mike Lee (R-UT) to Federal Trade Commission nominee Alvaro Bedoya on the Business Opportunity Rule.

Drafted a Question for the Record asked by Sen. Tim Scott (R-SC) on protecting independent contractor status for direct sellers.

MY VOICE

SeneGence International's Founder and CEO shares her thoughts on the state of direct selling and its relevance in today's marketplace, the pay-it-forward opportunity of mentorship, and the new opportunity that will allow her company to share its brand, mission, and products with even more women.



Joni Rogers-Kante on ...

Q: How do you feel about the state of direct selling at this moment in time?

A: Optimistic and excited! I genuinely feel we are on the precipice of a new definition of the direct selling industry as a whole. What I mean by that is how we positively impact the overall economy, our ability to create entrepreneurs, and our ability to provide stability and predictability to those choosing to supplement their incomes or those who simply choose to work as representatives of our brands. With the inclusion of person-to-person online selling opportunities, the gig economy, and the need for alternative means to supplement income on one's own terms—as well as the desire for so many not to be locked into traditional corporate jobs—the state of direct selling has never been brighter. The recent pandemic demonstrated that direct selling is one of the first opportunities people turn to in order to find peace of mind and take control of their own earning abilities.

Q: What do you see as direct selling's greatest opportunity?

A: Agility and adaptability. Direct selling, unlike so many other industries, has the ability to adopt and adapt to a changing world quickly and with purpose. Companies rooted in a strong culture and mission truly can be transformative for those who desire to create positive change and seek

opportunity. Nimble direct selling companies are often the first to embrace new technologies, product innovations, and communication strategies that keep them on the cutting edge of opportunity for their independent salesforce members. As well, our companies are historically known for their generous philanthropic support to a wide variety of causes. The more successful representatives and their respective companies, the more “good works” for those in need is possible.

Q: What do you see as direct selling's greatest challenge?

A: The possible public misunderstanding of some for what today's good direct selling companies offer to individuals, both those who might be interested in using a direct selling product and those who may be looking for ways to supplement their income. Validation of excellent products in the marketplace, consumer protection, direct selling representative protection, and the overall reputation of the direct selling channel is uniquely and completely dependent upon individual experiences of each person and is reflected by association from one company into the entire channel. To help combat possible misperceptions, it is vital that we all operate with the highest ethical standards to reduce any misperceptions that may be in the marketplace. Direct selling companies should join the Direct Selling Association (DSA) and follow the DSA Code of

Direct selling, unlike so many other industries, has the ability to adopt and adapt to a changing world quickly and with purpose.



Ethics, which addresses good business practices and ethics. For all direct selling companies to lift the stigma associated with companies that have not taken the responsibility of fostering a positive impression of this time-honored business model seriously, membership is imperative for the good of all. As well, participating in DSA's "Day on the Hill" to aid DSA staff in the effort to lobby for our channel is vital. Having independent distributors—those who have chosen to be part of the legacy of direct selling—tell their stories to our legislative bodies is an important part of ensuring this industry will be here for generations to come.

Q: What does the direct selling channel have to do to stay relevant in today's changing marketplace?

A: Strong commitment to customer acquisition, product innovation, and customer and distributor engagement. Companies must continue to deliver high-quality products that deliver on their claims and remain committed to investing in technologies.

Customer acquisition is the basis for everything a direct selling company needs to be successful and sustainable. A focus on new customer acquisition gives distributors a strong base to earn retail profits on product sales, great leads to offer the opportunity to those who may be interested in starting their own businesses, and the chance to create residual income. Customer and distributor engagement is vital to sustainability that, in turn, results in brand loyalty.

Product innovation and products living up to their claims are the fuel that creates new customer acquisition, and technology enhancements support all of the above. It's a recipe for success and

growth when these elements are all in place and working in harmony.

Q: You are someone who loves to mentor others. Why is mentoring so special to you? Why does the direct selling channel, or the business world, in general, need more mentors?

A: I have so many things to say about this question. Mentorship is the "pay-it-forward" opportunity for any business or true leader. Not everything that creates success can be learned in school. Being a mentor is an opportunity to share your time, talent, and treasure with those who can then take that experience and share the love (in my case). However, above and beyond that, I feel women supporting and mentoring women should be the norm, expected, and valued. Women don't seem to have an abundance of female mentors and so often have to learn what's what through the School of Hard Knocks. Mentoring anyone who desires to succeed and excel is a privilege regardless of gender or age. Any person's success makes us all stronger together and leaves the world a little better place than it was.

Q: You recently hosted the Women's Industry Leadership Retreat. What takeaways from that meeting can you share?

A: What an honor it was to host this event. As I mentioned, women supporting women is a privilege and watching it happen in real-time within a small group of high-level, dynamic women within our channel is an amazing and rare opportunity. The biggest takeaway I had was that we're in this together. The women CEOs who attended the retreat were open, transparent, and vulnerable.

They allowed themselves and those in attendance to be in a safe zone to gather insights and information that they could take back to their companies to grow and continue to develop their companies to the next level, whatever that might be.

Q: SeneGence was the official presenting sponsor of this year's Miss USA and Miss Teen USA. What prompted you to become involved with these organizations?

A: The alignment of our cultures to uplift women was, first and foremost, the main reason we aligned with the pageant. Empowering intelligent, positive, energetic women to be the very best is exactly what SeneGence strives to accomplish for its independent distributors. Under new inspired management, this pageant was not only a great deal of fun and very exciting, but it also allowed SeneGence to partner with an organization that complements our company culture, mission, and vision. It was definitely a match made in heaven (or on the runway!).

Q: Your involvement with the Miss USA and Miss Teen USA organizations has given notice to the wider cosmetic community that SeneGence is a player on the global stage and not just a little direct selling company.

A: We have been defined over the last five years as the overnight success that was over twenty years in the making! We have been on the global stage for more than twenty years, with operations and distributors in the United States and its territories, Canada, Australia, Mexico, New Zealand, and Hong Kong. Plus, we operate with brokers in another six countries. Up until 2019, SeneGence had not sought out any type of publicity, so our growth has been truly organic. Our involvement with the Miss USA and Miss Teen USA organizations was an amazing opportunity to continue to share our brand, mission, and products with more women than ever before.

Mentoring anyone who desires to succeed and excel is a privilege regardless of gender or age. Any person's success makes us all stronger together and leaves the world a little better place than it was.

Q: You are currently the Chair for DSA's Annual Meeting. What will be the focus of DSA ENGAGE 2022, and what are you most excited about with regard to the event?

A: I am honored to Chair the DSA Annual Meeting for 2022. The list of things I look forward to is long, but generally, I am looking forward to a highly interactive event that engages all attendees regardless of the size of their respective companies. From

notable thought-provoking keynote speakers, top-level training, and insightful roundtable topics, I know all attendees will come away from the event inspired, informed, and giving serious thought to what is possible in the future. We—each of us—are responsible for the preservation and success of the channel, and I intend to make this event one that will surely help all who attend do just that.

As well, this is our annual opportunity for networking and relationship building. I want to use the opportunity to build even more meaningful relationships by making this a place where even a spouse or partner will feel at home and enjoy meeting one another. There will be fun activities for our guests while we are in session and a very cool concert to attend to celebrate our collective accomplishments. I, and others within our SeneGence team, value the relationships, partnerships, and friendships we've built over the years. I hope to continue that tradition as we plan for an amazing conference.

Q: You have long been a respected leader, mentor, and champion of women. What brings you the most satisfaction as you reflect back on your association with the direct selling community?

A: First, I have to say the overarching gratification comes deep within from how proud I am to belong to a community that is purely about helping others. Whether it be through our products, our compensation plans, or our philanthropy, ours is a proud community that delivers quality products, support, and opportunity to all. And, to live in a state of "the good part of business"—meaning adopting and strictly following DSA's Code of Ethics, enforcing good business practices through the Direct Selling Self-Regulatory Council (DSSRC), and aiding the Direct Selling Education Foundation (DSEF) to educate the public and teach new generations about the benefits of direct selling as a normal course of business—assures the highest level of integrity and standards within the channel as it applies to business operations, the end-user, and distributor policies and procedures. Without a doubt, our commitment to these programs, along with the other companies that also promote and adapt these programs, is to help elevate public perception of the entire channel and, ultimately, increase our returns.

My personal connection and satisfaction are linked directly back to our distributors. Every time I hear that very first small success story from each, I still feel giddy. Their first sale, their first recognition earned, their first expense covered (large or small), the look on their face when they realize they have control over their own path—those are moments when you know you've been part of creating positive change and that the future is bright and exciting. I love to share these stories with the direct selling community. It's the "firsts" that create the "nexts." And, as I like to say, "I can't wait to see what's next." **DSJ**



AMERICA'S NEW ATTITUDE TOWARD WORK

And Why It Favors Direct Selling

Restless. Burned out. Fed up. Scared. In 2021, a record number of Americans quit their jobs. Younger workers are on the move. Older workers are opting for retirement. Millions more are reassessing how work fits into their lives. What does it all mean for direct selling?

In 2021, 47.4 million Americans quit their jobs. According to the US Bureau of Labor Statistics (BLS), an average of 3.95 million workers quit each month, the highest average on record. For six straight months—July through December—more than four million workers resigned from their jobs.

While many of those who quit have rejoined the workforce, millions of others have left for good. The number of job openings remains at near-record highs—10.9 million in December 2021—and employers are struggling to fill positions. It is estimated that some sectors of the economy, such as the restaurant industry, may never return to their pre-pandemic states.

What's driving this "Great Resignation"? There are myriad reasons why workers have quit, but most lead back to COVID-19. The pandemic has impacted all areas of the labor force, from abrupt closures to remote work to new safety protocols. It has also shaped Americans' attitudes toward work. For many workers, it has redefined what will and will not be tolerated in the workplace; for others, it has given pause to reassess career priorities.

No matter the reason, Americans are looking for new work opportunities. With research showing that millions more Americans plan to quit their jobs in 2022, a huge opportunity opens up for direct selling.

The Implications of COVID

The coronavirus remains a strong deterrent against returning to the workforce for many, especially front-line workers in the hospitality and retail sectors and older workers with health issues. Those workers displaced when the pandemic first took hold in the US have put off returning to work or left the labor force altogether.

"COVID is still part of how people are thinking about their jobs," says Christopher Moessner, Senior Vice President and Head of Ipsos Client Thought Leadership. "It's weighing on people's minds. They're concerned about public health and disease."

Those concerns are strong due to the variant strains of COVID—Delta and Omicron—that have emerged and persisted. In a recent Axios-Ipsos poll, 22 percent of Americans said they feel they have a greater risk of contracting COVID-19 now than they did in April 2020 (6 percent); 51 percent feel the risk is the same.

"We saw a really interesting thing happen at the beginning of April 2021," Moessner says. "People were getting a sense of excitement. They felt like their lives were improving. There were more people feeling like they were thriving than they were just coping with the situation. And then what hit? The Delta variant hit, and COVID came back roaring. People were back into the mindset of what's happening from a coping perspective."

Coping relates not only to worries about contracting the virus but also in dealing with the pandemic's

"COVID is still part of how people are thinking about their jobs. It's weighing on people's minds. They're concerned about public health and disease."
Christopher Moessner, Senior Vice President and Head of Ipsos Client Thought Leadership

aftereffects. Frustration over work-from-home mandates, unsafe working conditions, shortened work hours resulting in less pay, and extended work hours leading to burnout have all led to workers quitting, as seen over the past year.

Those Workers Not Returning

The biggest hit to the US labor force has been baby boomers. According to researchers from Goldman Sachs, nearly 70 percent of the five million people who have left the labor force during the pandemic were older than fifty-five. Still more baby boomers intend to quit their jobs in the coming months.

Some of those who have left were the victims of age discrimination—furloughed when the pandemic first hit and then replaced by younger workers. However, many accelerated their retirement, benefitting from a strong stock market and rising home prices. Others decided they had a large enough nest egg to ease into their golden years.

According to the Pew Research Center, in the third quarter of 2020, nearly 30 million baby boomers retired. By the third quarter of 2021, more than half (50.3%) of the 76 million US adults ages fifty-five and older were permanently out of the workforce. And just this past November, of the 3.6 million more Americans who had left the labor force and said they did not want a job compared with those who said the same in November 2019, baby boomers accounted for 90 percent of the increase.

Those Workers Wanting to Return

Millions of women lost their jobs during the pandemic. Many had to quit to care for children or other family members, and a disproportionate number were pushed out because of business closings in the sectors women traditionally dominate. In 2020, the leisure and hospitality industry, of which 53 percent were women, had the greatest losses—two in five jobs lost. Childcare providers, where women represented 77 percent of employees, recorded 13 percent of the total jobs lost.

According to the Institute for Women's Policy Research, it is expected to take over two years for women to return to pre-pandemic employment levels. And that may be a generous prediction. Women who left the workforce and have been unemployed for

the past two years are finding it significantly difficult to find jobs.

A recent survey by [ResumeBuilder.com](https://www.resumebuilder.com) of 1,250 women who lost their jobs or were forced to quit found that 35 percent are still unemployed. For those who have not returned to work, 33 percent say it is because of concerns about contracting COVID, and 22 percent cite childcare needs. But those women wanting to rejoin to the labor force are finding that the gap in their work history is making it harder not only to get hired, but to even secure interviews. The survey cited that 36 percent of women are actively applying for jobs but unable to find work.

As of November 2021, 29 percent of the women in the survey are unsure whether they will ever return to work again, 10 percent have left the workforce permanently, and 39 percent hope to return to work in the next six months. For those considering a return, 49 percent would come back to work if there were remote work opportunities; 42 percent said they would return if work hours were more flexible.

Research has also found that while most women who lost jobs during the pandemic are planning to return to work, they are reassessing their career choices. According to a MetLife survey of 2,000 US workers conducted in September 2021, 56 percent of women have considered a career change.

Those Workers in Transition

As for America's youngest working generations, millennials and Gen Z, they quit their jobs in record numbers in 2021 but had every intention of returning to the workforce—if they have not already—and then possibly quitting again.

These two cohorts are alike in that they want more flexibility, better pay, better working conditions, as well as company alignment with their values and support for their social and environmental causes. If companies do not meet their needs, these generations will keep quitting, transitioning between jobs until they find a fit.

In December, The Harris Poll conducted a study for CareerArc that revealed 23 percent of Americans plan to quit their jobs in 2022. The top five reasons for quitting were:

- Wanting better working conditions
- Feeling burnt out
- Wanting higher pay
- Wanting to switch careers
- Wanting to start a business

The study showed that younger employees (ages 18–34) are more than twice as likely to say they will

resign than older workers are. And that aligns with what most studies on these two groups have found: that they are driven by passion and purpose, and they will try many jobs until they figure out what is most important to them and what company best fits with their needs and values.

What Does It Mean for Direct Selling?

So, what does all this mean for direct selling? Millions of Americans have quit their jobs or are planning to quit in the coming year. This gives direct selling companies the opportunity to showcase the value of their business opportunities. Direct selling ticks off almost every box workers have identified for what will make them happy and productive in the workplace—and these are not reactionary benefits to meet the times but long-standing elements of the direct selling model.

A new survey by financial firm Jefferies asked young Americans (ages 22 to 35) who had quit their jobs what former bosses could have done to persuade them to stay. Thirty-two percent said they would have stayed if offered a four-day week. The study also showed that 80 percent of respondents support a four-day workweek. While Congressman Mark Takano (D-CA) introduced legislation to amend the Fair Labor Standards Act of 1938 from the current forty-hour model to thirty-two hours, one of direct selling's greatest draws has always been the flexibility in the number of hours entrepreneurs can put into their businesses.

That flexibility translates to a better work-life balance, which both millennials and Gen Z demand. Because entrepreneurs set their own hours, direct selling gives them time to recharge and time to spend with their family and friends. And since direct selling businesses are home-based businesses, workers can choose to work from wherever they want. This ability to work from home also meets two criteria of today's workers: the desire for remote work and one of the most requested changes in light of COVID, better and safer working conditions.

Millennials and Generation Z also want collaboration in the workplace. They were taught to work in teams, and they are looking for opportunities to partner with others. Gen Z is also more open to mentoring opportunities, which they see as supportive of both their personal and professional lives. Both collaboration and mentoring are hallmarks of direct selling's business model, which fosters a relationship between a business owner and newcomer, which then develops into a community-wide support system for team members.

Another want for today's workers is authenticity. They need to feel connected to the company they are working for and the products they are selling. Millennials and Gen Z, in particular, have grown up with the ability to instantly communicate with family and friends through social media. They want to be



FACTS

US Workers Quitting Jobs (2021)

January	3.3 million (3,306,000)
February	3.4 million (3,383,000)
March	3.6 million (3,568,000)
April	4.0 million (3,992,000)
May	3.6 million (3,630,000)
June	3.9 million (3,870,000)
July	4.0 million (4,028,000)
August	4.3 million (4,270,000)
September	4.4 million (4,362,000)
October	4.2 million (4,157,000)
November	4.5 million (4,499,000)
December	4.3 million (4,338,000)

Source: US Bureau of Labor Statistics

Nearly 70% of the five million people who left the labor force during the pandemic are older than fifty-five.

Source: Goldman Sachs Researchers

In a 2021 survey, the greatest gaps in respondents' perceived value of direct selling over gig work were in the ability to work from home (62% vs. 47%), the ability to diversify income streams (55% vs. 35%) and in receiving recognition for accomplishments (48% vs. 35%).

Source: Goldman Sachs Researchers

In November, there were 3.6 million more Americans who had left the labor force and said they did not want a job compared with November 2019. Older Americans, age fifty-five and up, accounted for 90 percent of that increase.

Source: Aaron Sojourner, University of Minnesota's Carlson School of Management

43% of millennials left their jobs because of burnout.

Source: Ipsos Survey of Americans

In a Jefferies survey, Americans aged 22 to 35 who had quit their jobs were asked what could have been done to persuade them to stay. Their top two responses:

- 43% who would have stayed for more money
- 32% said would have stayed if offered a 4-day week

The study also showed that 80% of respondents support a 4-day workweek.

Source: Jefferies

The first year of the pandemic knocked fifty-four million women around the world out of work. Of the women who lost jobs in 2020, 90 percent exited the labor force completely.

Source: The Washington Post

In an Axios-Ipsos poll conducted this month, 22 percent of Americans feel they have a greater risk of contracting COVID-19 now than they did in April 2020 (6 percent); 51 percent feel the risk is the same.

Source: Axios-Ipsos Poll, January 2022

Globally, women lost \$800 billion in income due to COVID-19.

Source: Oxfam International

- **35% of women** who became unemployed during the pandemic have not returned to the workforce.
- **Minority, low-income, and older women** are most likely to be unemployed.
- **For 33%**, concerns about contracting COVID have stopped them from rejoining the workforce.
- **Half of unemployed women** want better pay and benefits, and the ability to work remotely.

Source: [ResumeBuilder.com](https://www.resumebuilder.com), November 2021 survey of 1,250 women who quit or were let go from their jobs during the pandemic

able to tell authentic stories to the people they know, and they want to share those stories through the mediums and platforms that matter most to them. Once that authenticity is gained, they don't want to lose that trust. Direct selling is not simply about making money; it is about connecting with others on products that will change lives and with companies that are actively trying to help make the world a better place for all.

Direct Selling vs. Gig Work

Of course, direct selling has competition for the millions of workers out there looking for work, the greatest being gig work, where opportunities exist to ride-share, rent homes, deliver food, or offer freelance skills. However, as Moessner points out, there is a distinct difference between direct selling and gig work, and it has to do with time and the types of people seeking work opportunities.

"I would say the gig economy is for those who have a very specific set of things they want to accomplish: 'How do I use my time to do two and three jobs and how do I make the most money in a certain amount of amount of time?'" says Moessner. "Whereas, with direct selling, people are looking at a long-term opportunity, and not just a moment in time. They're looking to create a long-term relationship with the products and with the companies. And that relationship goes back to the idea of authenticity and trust."

Moessner also points out that the cost of entry between the two can be misleading. With gig work, you must have a car if you're on a job, or you must have a house or apartment if you want to join VRBO. Obviously, those are expensive investments, and they require constant upkeep, which can end up being costly.

"There are entry costs into gig work that people don't bake into their minds until they're in it," Moessner says. "I think direct selling is a little bit more honest about what it costs to start a business. There is more authenticity in terms of an opportunity."

As for direct selling comparing to gig work, a 2021 study by Ipsos showed that overall, direct selling measures up very well against gig work in several categories, including the ability to work from home, diversifying income streams, and receiving recognition for accomplishments. (See [page 22](#) for more.) In addition, in an October 2021 study by DSA, direct selling scored higher than gig work in income potential and trustworthiness, and Gen Z (40%) and millennials (41%) have a real excitement toward direct selling as an opportunity to make money in the next twelve months.

Challenges for Direct Selling

When the World Federation of Direct Selling Associations (WFDSA) Advocacy Committee completed its 2021 report on the global direct selling industry's reputation, the findings were consistent

with their expectations: misperceptions about the industry continued to be a barrier to growth and the public's awareness of individual companies remained a challenge.

These two issues pose the greatest barriers to success for direct selling companies in this new era driven by Americans' attitude toward work. While the industry compares well with gig work, the lack of awareness about direct selling companies and the misperceptions about the channel could mean lost opportunities.

Misperceptions: Despite the efforts of WFDSA and the national direct selling associations like the US Direct Selling Association (DSA), misperceptions about business practices continue to plague the industry. Ryan Napierski, President and CEO of Nu Skin Enterprises and Chair of WFDSA's Advocacy Committee, believes the key to the public's perception of direct selling lies not only in strategic messaging, but also in the behaviors and standards that take place at the company level.

Research has found that while most women who lost jobs during the pandemic are planning to return to work, they are reassessing their career choices. According to a MetLife survey of 2,000 US workers conducted in September 2021, 56 percent of women have considered a career change.

"I always come back to the two sides of the same coin," says Napierski. "One side of the coin is our narrative—how we describe ourselves, including the amazing products and services we offer, and the knowledge that these products and services are direct from trusted, authentic brand endorsers through our distributors, representatives, and affiliates.

"The other side of the coin is the behaviors and standards by which companies operate their businesses," he continues. "How do those distributors, representatives, and affiliates behave when they are out there talking about the company and its products—and promoting the company opportunity? Are their claims overreaching or are they realistic? Are they being overly pushy or are they using attraction marketing to pull people in?"

Napierski believes that to resolve the industry's reputational issues, each company must own the responsibility of improving its own reputations through enforcing behaviors and standards, such as those set



by DSA, and then allowing the industry associations to support their work on the national and world stage.

“As we think about that work, how do we get the good news out while weeding out the bad behaviors that have created the historic stigma? And we do have to be focused on the root causes of our reputation,” says Napierski. “Reputation is the sum of one’s actions and, for direct selling, a sum of the industry’s actions over time.”

Napierski believes that focusing the direct selling story on the good that is accomplished by individual companies, and the industry as a whole, will lead to favorable awareness, which will, in turn, grow into purchase intention and empowerment intention.

Awareness: Direct selling has been in the United States for more than 150 years, but direct selling companies have never really lived and thrived in the public awareness. Most Americans can reel off a list of technology companies more easily than they can name any of the more than 1,100 direct selling companies currently estimated to be in operation.

This lack of familiarity can mostly be attributed to the industry’s business model. Direct selling companies have always put their revenue into rewarding its independent business owners rather than investing in traditional advertising. Credibility for, and awareness of, companies has come through the word-of-mouth marketing done by independent business owners.

“People are just not aware of the products we sell to help them look, feel, and live better, or the opportunity we provide for micro-entrepreneurship to a very diverse and inclusive population,” says Napierski.

In addition to the products, the public has little idea of the positive economic impact direct selling has on the economy. In the US in 2020, people from every state and territory participated in direct selling, generating \$40.1 billion in retail sales. California (\$5.3 billion), Texas (\$4.2 billion), and Florida (\$2.3 billion) led the way in direct sales.

On a global scale, the industry provides opportunities to millions of people around the globe, including some of the most impoverished economies of the world. Women who would never have had the means to start their own business in places like Africa now have the ability to create better lives for themselves and their families.

“Direct selling provides opportunities for some of the most underserved segments of our population,” says Napierski. “And that is such a positive thing.”

Telling the story of the positive impact direct selling companies have on all areas of the globe will help bring awareness of the many direct selling companies dedicated to changing lives, and the world, for the better.

Advantage, Direct Selling

There is no doubt that these are exciting times for direct selling. The long-standing traditions of its business model are appealing to workers in a post-pandemic world, encouraging new generations of workers—and those wishing for career changes—to turn their eyes toward its business opportunities.

If the industry can share its positive story to the larger majority of the general public and beat back the misperceptions that exist, the coming years could be very favorable for direct selling. [DSJ](#)

American Attitudes Toward Work

SURVEY

What is the strongest driver for you in terms of staying out of the workforce right now?

- Retirement (43%)
- Personal reasons (20%)
- Other* (17%)
- COVID (14%)

*Other responses included "the job wasn't meeting my needs," "I am tired of working from home," "I need to get out," and "I need to be doing something else."

Source: US Census Household Plus Survey Week 39, September 29–October 11, 2021

What are your primary reasons for leaving your current job?

- I believe I can get a higher salary at another job (34%)
- I feel burned out at my current job (31%)*
- I am looking to change career paths (19%)
- I can have more flexibility for things like working from home at a new job (15%)
- I believe I can have more control over my career at another job (15%)

*43% among millennials

Source: Ipsos survey of 1,023 Americans conducted July 9–11, 2021

Americans looking for work or recently started a new job:

- Gen Z (47%)
- Millennials (33%)
- Gen X (26%)
- Baby Boomers (16%)

Source: Ipsos survey of 1,023 Americans conducted July 9–11, 2021

What work benefits do you enjoy that encourage you to stay in your current job?

- Work-life balance (58%)
- Flexible work hours (56%)
- Paid time off/vacation time (55%)
- Positive work environment/culture (44%)
- Competitive pay (40%)

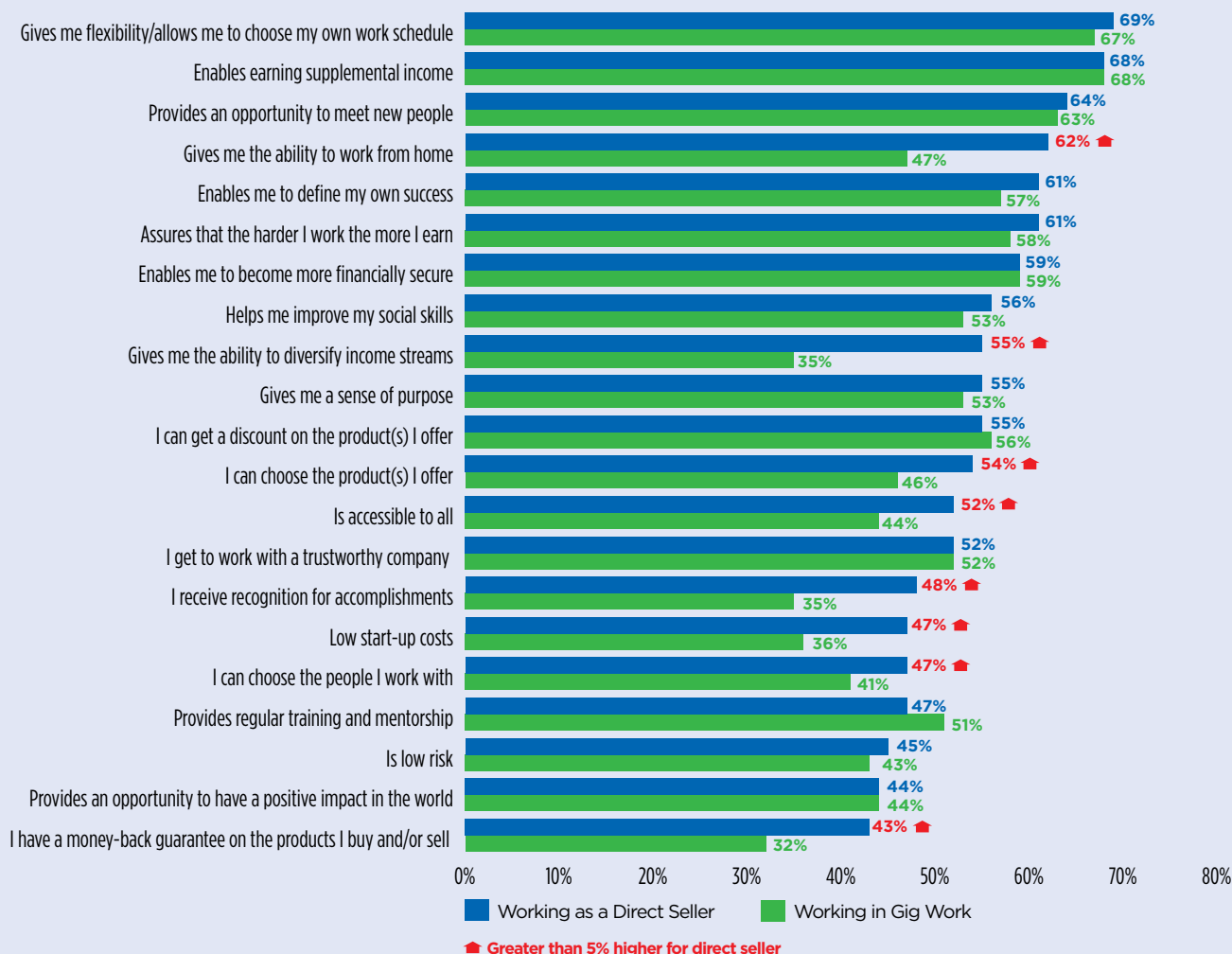
Source: Ipsos poll of American workers, September 2021



SURVEY

American Attitudes Toward Direct Selling and Gig Work

PERCEIVED DELIVERY: DIRECT SELLING VS. GIG WORK



Source: Ipsos, Direct Selling Trends 2021

COMPARING DIRECT SELLING AND GIG WORK

On Direct Selling

7 in 10 (68%) have a positive or neutral opinion of direct selling

2 in 10 (24%) see direct selling as an attractive way to make money in the coming year

- Has the best income potential
Direct selling (31%)
Gig work (29%)

- Seems easiest
Direct selling (30%)
Gig work (32%)

- I've done it before
Direct selling (30%)
Gig work (29%)

On Gig Work

3 in 10 (29%) see gig work as an attractive way to make money in the coming year

- Is most trustworthy
Direct selling (29%)
Gig work (12%)

- Sounds like the most fun
Direct selling (27%)
Gig work (21%)

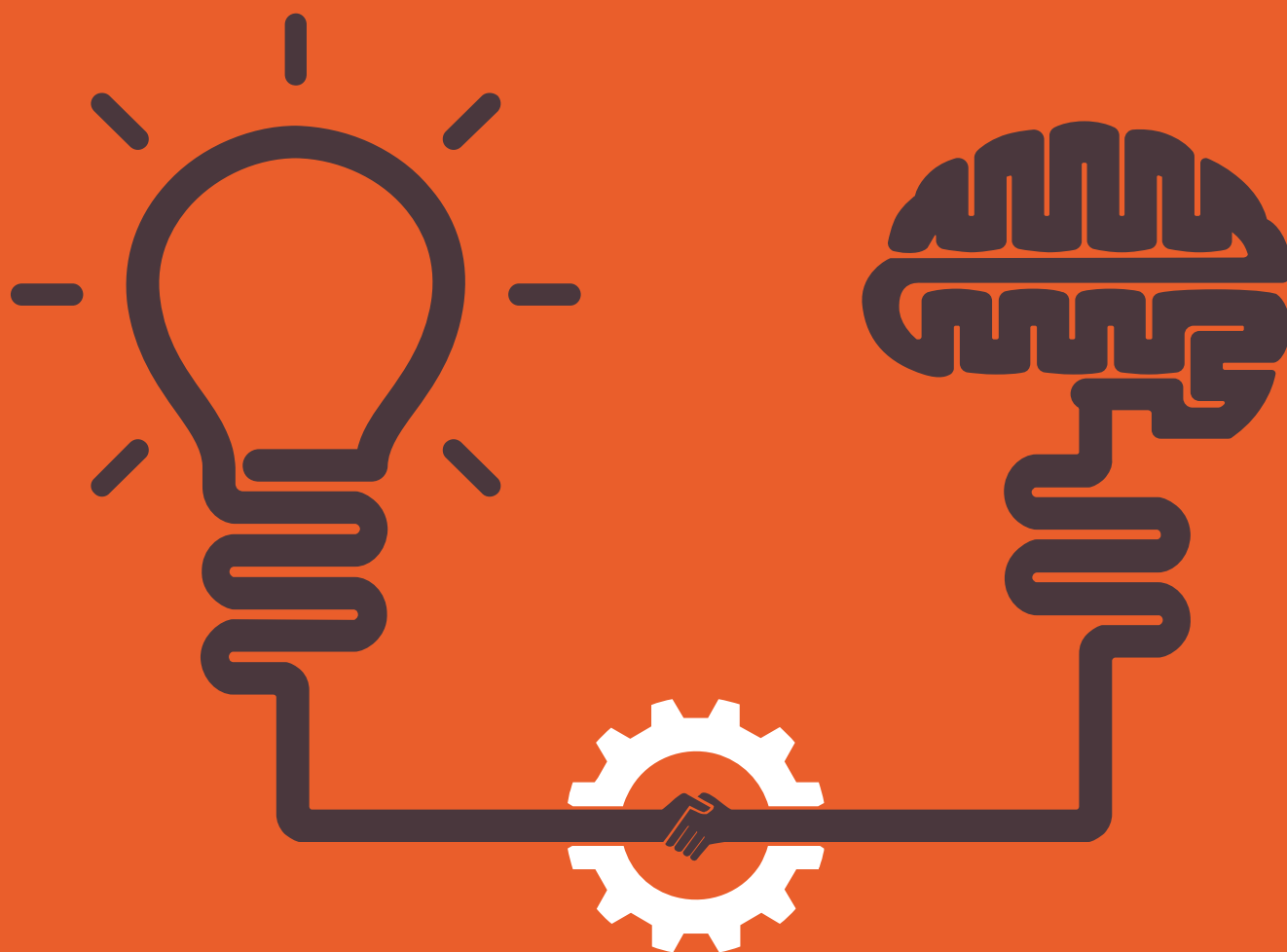
- I know other people who are doing this
Direct selling (26%)
Gig work (23%)

- Can start doing the fastest
Direct selling (17%)
Gig work (32%)

Source: Direct Selling Association Survey, October 2021

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How many times have you Googled “direct selling candidates” only to have hundreds of job boards come up in your search? If you are constantly searching for that one recruitment resource that you can consistently rely on, the DSA Career Center checks all of the boxes. We are a niche association job board created specifically for the direct selling industry. The professional value of our talent pool is unmatched, providing you with a wider range of relevant, high-quality talent.

Put your trust in an industry leader with a proven track record of excellence. Hire your next direct selling professional (without sacrificing your standards) at the DSA Career Center.



DIRECT SELLING ASSOCIATION



A PERFECT STORM OF OPPORTUNITY FOR 2022

And 3 Strategic Mentalities for Capturing It

by Michael McQueen, Trend Forecaster and Best-Selling Author



There's no doubt the last two years have been a tumultuous and challenging time. The COVID-19 pandemic has seen disruption become a tangible concept for all of us. But times of crisis create opportunity. As we look to 2022 and beyond, some industries and sectors are set to boom—and direct selling is one of them.

For prepared organizations and leaders, we are staring down the barrel of what could be one of the most exciting times in the industry's history. As a trend forecaster and business strategist, I've spent the last eighteen months monitoring three significant shifts that are about to converge to create a perfect storm of opportunity.

1. The COVID-Conditioned Consumer

The years 2020 and 2021 saw seismic changes in consumer habits and mentalities. Just over 70 percent of people reported trying new online methods of purchasing products during the pandemic, and two-thirds of these individuals plan to permanently maintain their new habits.

A significant shopping trend that has gathered pace is that of social commerce. In the US, social commerce is set to grow by 36 percent in the coming twelve months—and that's on top of similar growth over the past year. Globally, the social commerce market is currently \$89 billion per year but is forecast to be \$600 billion by 2027, with \$100 billion of that volume expected to come from China alone.

From a direct selling perspective, social commerce is a trend that is too big to ignore and an opportunity that's too big not to embrace. One of the more exciting and fascinating elements of the social commerce revolution is that of livestream e-commerce.

From a direct selling perspective, social commerce is a trend that is too big to ignore and an opportunity that's too big not to embrace.

For those unfamiliar with this term, it describes the growing trend of demonstrating products and brands live on social media platforms and then driving immediate sales in-app. While livestream e-commerce is still a relatively small part of the social commerce marketplace in the US and Europe, a staggering 39 percent of people in China have viewed a livestream e-commerce broadcast in the past twelve months, and it accounts for 9 percent of all digital commerce in mainland China.

As this trend continues to catch on in the West, it is set to be a game-changer.

2. The Reworking of Work

The second exciting trend for direct selling relates to the dramatic changes we have seen in people's working habits and ambitions. The pandemic gave people a taste of what work flexibility could be. As companies now increasingly expect their staff to return to the office, there are countless young professionals—especially women—who will be reconsidering what their work and family priorities will look like moving forward.

This is driving one of the most significant trends facing business leaders right now—something known as the Great Resignation. In North America alone, 4.3 million people left their jobs in August 2021. Similar trends are being seen globally. Many of those departing their roles are going into business for themselves. In countries as diverse as Chile, Turkey, the US, and the UK, the

past twelve months have seen new business startups grow by 24 percent.

This coincides with the massive growth in what's often referred to as the gig economy. Unlike their parents, who wanted a safe, stable, long-term job that could become a career, new generations of workers want to work for themselves and have control over their schedules. As an indication of this fact, the number of workers in the gig economy grew from 14 percent of the workforce in 2014 to 35 percent today. It is expected that by 2023, gig workers will make up half of the labor market.

This is exciting news for the direct selling sector because businesses in this industry offer the ideal opportunity for people who are now looking at alternate ways to drive revenue while maintaining autonomy and flexibility. What's more, joining a direct selling company is a fantastic option for people who want to get into business for themselves without all the risk of starting something from scratch.

3. The Post-Millennial Marketplace

The third trend that presents a significant opportunity for the direct selling industry relates to a new demographic of potential customers or associates. While we have focused on Millennials in recent years, we now need to shift our attention to Gen Z.

This massive group of aspirational, tech-savvy, and purpose-driven young people are drawn to many of the things that make direct selling unique. Because they've grown up in a fast-paced world of instant gratification, the fact that they can see immediate results resonates with them strongly. Direct selling companies that front-load their compensation plan to encourage early wins will be most attractive to this young cohort.

From a consumer perspective, Gen Z represent an enormous opportunity, especially for those in the health and wellness space. According to a recent global study, Gen Z are the biggest spenders on health and beauty, with three in five of them having purchased a beauty product before the age of fourteen. Even more significantly, 70 percent of Gen Zs describe themselves as "beauty enthusiasts" who are "always searching for the next best beauty products and brands."

Best of all, this young group doesn't have any of the baggage about direct selling that previous generations do. In short, they are the future of this industry.

[Gen Z] doesn't have any of the baggage about direct selling that previous generations do. In short, they are the future of this industry.

Bearing these trends in mind, the question then is how to gear up for the opportunities that lie ahead. In my work with some of the most forward-thinking and fastest-growing direct selling businesses on the planet right now, three strategic mentalities are proving to be essential for winning in this new era.

1. Think Progress, Not Precedent

There's a good reason that humans are called creatures of habit. We tend to gravitate toward the safe, the proven, and the familiar. However, if there was one good thing that came from the COVID-19 pandemic, it was that it became a catalyst for us to find new and novel ways of doing business. Necessity is the mother of invention, and the pandemic forced us to get creative and do things we probably never would have.

Despite the natural desire to get back to normal, it's important to avoid the trap of simply snapping back to precedent simply because that's how things have always been done.

The key question we need to ask ourselves is this: What are the things we have to do because of this crisis as opposed to the things we had to do? These might include new ways of engaging our customers, building our businesses, or communicating with our teams.

As you reflect on the last twenty-four months, there are some innovations and creative solutions you struck upon that need to be the foundation you build on for the future. Let's never allow the way we did things yesterday to rob us of the potential in tomorrow.

2. Think Tribe, Not Technology

There are a host of powerful apps and social platforms that are proving to be great tools for building a direct selling business right now. However, let's never forget that all the technology tools in the world are just that: tools. They are a means to an end.

This is, and always will be, an industry that's based on relationships, affinity, and trust. While there is a danger in failing to embrace the high-tech, there is an equally large danger in overlooking the importance of the high-touch.

This is especially important as we look to engage young generations. One of the defining characteristics of Gen Z is their desire to be a part of something that gives them a sense of shared purpose and belonging.

One of the best ways I have seen to build a tribe in this industry is to create what I call "scalable intimacy." This is about being authentic, relatable, and relationship-focused with real people in the real world—but using technology to scale your influence. This can take many shapes but may well mean your field teams gathering a small group of people together in their homes to explore the products and business opportunities, and then livestreaming this discussion to a global audience in real time.

Thinking this way is going to force many of us out of our comfort zones, and it will involve trial and error. But the upside potential is massive. The key point to remember is that as we adapt to and embrace all the possibilities that technology presents, tribe-building is always going to be the secret sauce in building a successful direct selling business.

3. Think Momentum, Not Motivation

The third and final key to winning in a post-COVID world is to think momentum, not just motivation. After such a uniquely disruptive time, there are many in our business who have lost their mojo. Our normal rhythms and patterns of working have been interrupted, and there can be a sense of overwhelm and change fatigue we can't ignore.

While sometimes our instinct is to try to motivate our people back into gear, we'd be far better to help them get a sense of momentum. As the old saying goes, motion precedes emotion. Once people start feeling momentum, the motivation comes.

There is certainly a place right now for getting people excited about big goals, but it is equally important to give them a sense of small wins and progress. Success will breed success, and momentum will start to build. Now is the time to help our people build or rebuild the daily habits and routines that will compound over time.

At the risk of mixing metaphors, while the convergence of the trends facing direct selling is like a perfect storm, it is also like a perfect wave forming at the beach. Any experienced surfer knows that if you're going to catch a wave, you need to keep one eye on the horizon and, when the wave starts to build, you need to paddle out. If you leave too late to get into position, the wave will pass you by or bowl you over. Now is the time to get prepared—to paddle out and position our teams for all that 2022 and beyond have to offer. **DSJ**

DSA 2022 Growth & Outlook Report

U.S. Direct Selling in 2021

Gain access to exclusive direct selling data and insights by confidentially participating in DSA's 2021 Growth & Outlook Survey now! In addition to sizing the US direct selling market in terms of sales volume and number of sellers and customers, this study provides extensive benchmarking data to help you compare your company's performance to your peers and industry averages. It also delivers analysis on macro/retail/workforce/direct selling trends, helps participating members navigate industry challenges, and provides a forecast to help companies better plan for the future.

SUBMISSION DEADLINE. To ensure you receive this essential industry data and analysis, please complete the survey at www.dsa.org/go22 by March 4.

If you have any questions, contact DSA at membership@dsa.org.



GIG WORKERS REPORT HIGH SATISFACTION: IMPLICATIONS FOR DIRECT SELLING

by John T. Fleming & Dr. Robert A. Peterson

As the gig economy continues to expand, direct selling companies have a unique opportunity to tap into the phenomenon that is creating one of the most dynamic entrepreneurial movements in more than a century.

It is important to understand the overall state of the gig economy today. Its growth and impact are well documented. With more than 57 million Americans involved and more than \$1.4 trillion changing hands annually, the gig economy reflects people's desires for more flexible work opportunities and greater freedom as to how, when, and where they work.

The Ultimate Gig Project has been observing the gig economy and its workers in considerable detail for a few years, focusing on exploring the nuances that exist in gig economy work and the similarities and differences among gig workers. Our most recent empirical research, which includes nationwide surveys conducted in July/August 2020 and October 2021, uncovered four trends shaping the gig economy:

- 1) More individuals were engaged in multiple gigs in 2021 than in 2020.
- 2) Gigs were more likely to be conducted through online platforms in 2021 than in 2020.
- 3) The number of individuals calling themselves direct selling distributors in 2021 declined slightly from 2020.
- 4) There was a continuation of realistic earnings expectations among gig workers from 2020 to 2021.

Underpinning these trends is the fact that gig workers are overwhelmingly satisfied with their gig experiences. In our surveys, 88 percent of gig workers in July/August 2020 and 81 percent in October 2021 reported positive satisfaction with their gigs. Ten percent reported being neutral in July/August 2020 survey. The high degree of satisfaction correlates with realistic earnings expectations among gig workers. Eight in ten gig workers in our surveys (80% in July/August 2020 and 85% in October 2021) said they expected to earn less than \$1,000 per month from their gig, and a nearly identical portion of respondents said their actual earnings were less than \$1,000 per month. We believe this indicates that most gig workers have reasonable earnings expectations and that gig-providing companies are delivering upon those expectations.

There is a lot of room within the gig economy for direct selling companies to grow. The pool of micro-entrepreneurs who are choosing to engage in flexible earning opportunities is larger than it's ever been.

As we study the way gig-providing companies market themselves, it becomes easy to see where this high satisfaction begins. The most successful gig economy companies offer strong support to gig workers, making it easy to start working a gig, easy to find and engage potential customers, and easy to get paid. Gig economy digital platforms offer similar benefits. Platforms such as Etsy and Shopify, for example,

have democratized the process of launching an online store, allowing the entrepreneurially minded of all backgrounds and experiences to sell their products alongside global brands. The cost to use these platforms is just a few dollars per month, minimizing the risk of giving entrepreneurship a try.

When customer acquisition is supported by excellent tools that enable repeat purchases, direct sellers can participate in a gig that extends beyond the initial transaction.

Both Etsy and Shopify have been growing fast, attracting new users without making any earnings guarantees. We believe they are a leading indicator of a trend toward micro-enterprise, which highlights the growing interest in flexible work that is owned and controlled by the worker.

Criticisms of gig work tend to focus on gigs not offering access to safety net benefits, such as paid leave and insurance. While they can make a click-worthy headline, these concerns may be exaggerated. Most gig workers in our surveys reported devoting part-time hours to their gigs, with 88 percent working less than four days per week and 71 percent working less than eight hours per week in the July/August 2020 survey. In the US, safety net benefits typically don't kick in until a worker has a consistent schedule of thirty hours per week or more. What's more, we found in our July/August 2020 survey that 90 percent of gig workers had access to health insurance. Therefore, we do not find access to safety net products currently has any impactful influence on gig worker satisfaction.

We also anticipate that insurance companies and other safety net providers will continue to expand the availability and affordability of their products

as the gig economy continues to grow. Micro-entrepreneurs represent an emerging marketplace, and it makes good business sense to tap this potential. As safety net providers step up to the growing need of independent contractors and micro-entrepreneurs, all stakeholders (public policymakers, gig-providing companies, and workers) will reach greater satisfaction and congruence with their objectives.

What Gig Satisfaction Means to Direct Selling Companies

Direct selling models are methods of distribution that are designed to be ideal, flexible earning opportunities where intermediaries connect products and services with customers desiring or needing those products and services. In the formative years of direct selling, the intermediaries were referred to as direct sellers. In later years, this terminology shifted to include such labels as distributors, consultants, or social sellers. Regardless of the label, direct selling opportunities have always been the preferred choice for some gig workers. The US Direct Selling Association's survey work over the years has consistently reported a high satisfaction rate among direct sellers. This is a strength that strategic direct selling companies can leverage as they seek to position joining their independent salesforce as an appealing option to gig seekers.

There is a lot of room within the gig economy for direct selling companies to grow. The pool of micro-entrepreneurs who are choosing to engage in flexible earning opportunities is larger than it's ever been. We anticipate it will soon include more than 70 million people in the United States alone. Yet, in our recent surveys, just a few respondents identified themselves as direct sellers (6% July/August 2020 and 4% in October 2021). This represents an incredible opportunity for forward-thinking direct selling companies to increase their market share.

Gig Work by the Numbers

57.3 million people freelance in the US. It's estimated that by 2027, there will be 86.5 million freelancers. (Upwork)

36% of US workers participate in the gig economy through either their primary or secondary jobs. (Gallup)

For 44% of gig workers, their work in the gig economy is their primary source of income. (Edison Research)

We recommend direct selling executives evaluate their company's position within the gig economy. Does your messaging appeal to those who seek and possibly already enjoy flexibility and freedom in how they work? Flexibility and freedom—not high earning potential—appear to be key. Gig economy participants across all types of gigs report a high degree of satisfaction with gigs that generate earnings of less than \$1,000 per month when the worker can work when and how they desire.

There is a lot of room within the gig economy for direct selling companies to grow. The pool of micro-entrepreneurs who are choosing to engage in flexible earning opportunities is larger than it's ever been.

We also recommend executives leverage the distinct competitive advantage inherent in most direct selling companies today: Direct sellers, unlike many gig workers, benefit when their customers become repeat purchasers of the brand. When customer acquisition is supported by excellent tools that enable repeat purchases, direct sellers can participate in a gig that extends beyond the initial transaction. It is a simple but powerful concept and one that may appeal to a wide audience.

The gig economy and its associated gig workers are here to stay. Gig workers represent a growing labor force that functions as micro-entrepreneurs. The much larger pool of gig workers represents new opportunities for direct selling, which, when executed with a consumer focus, has the potential to be a preferred choice for many individuals. [DSJ](#)

Survey Says

The table below summarizes select survey findings that serve as the basis of the gig economy trends likely to affect direct selling.

Key Findings	July/August 2020	October 2021
Freelance professionals represent the largest segment of gig workers	26%	17%
Transportation gig workers	12%	14%
Direct selling	6%	4%
Multiple gigs are popular	55%	69%
Works less than 8 hours per week	62%	71%
Works less than 4 days per week	80%	84%
Expected to earn less than \$500/month	67%	71%
Expected to earn less than \$1,000/month	80%	85%
Expected to earn over \$2,000/month	10%	9%
Positive satisfaction with experience	88%	81%
Uses online platform alone or in conjunction with offline	64%	70%

Source: Ultimate Gig Project Nationwide Surveys



THE ORIGINAL SOCIAL NETWORK

Technology at the Service of Direct Selling to Generate Positive Socioenvironmental Impact

by João Paulo Ferreira, CEO, Natura &Co Latin America and CEO, Natura

Amid the uncertainties and challenges imposed by the pandemic on nations and businesses over the last two years, one thing has remained unchanged: our understanding that life is a complex chain of relationships—that nothing in the universe exists by itself and that everything is interdependent.

This premise, a fundamental element of Natura's beliefs, guides the Natura &Co group's direct selling model, which we call Relationship Selling. Having faced the threat of a global virus, there can be no doubt that everything, for better or for worse, is inter-related. And it is my conviction that it is up to businesses, especially the direct selling industry, benefiting from its proximity to the consumer, to leverage and shape relationships so that they generate a positive impact for people and for the planet.

I usually say that direct selling is the “original social network.” A look at the United States at the end of the nineteenth century shows how Avon pioneered not only the foundation of direct selling in cosmetics, but also women's struggle for emancipation in a profoundly unequal society. At that time, the opportunity to do business by means of an accessible and flexible commercial model ensured autonomy and development for thousands of women whose basic civil rights, such as the vote, were still denied. Many decades later, in 1974, the Brazilian company Natura followed in Avon's footsteps, exchanging retail for

[I]t is my conviction that it is up to businesses, especially the direct selling industry, benefiting from its proximity to the consumer, to leverage and shape relationships so that they generate a positive impact for people and for the planet.

direct selling, where it found the recipe for success based on generating income for thousands of women.

Since that time, certain things have not changed. Direct selling continues to be an important tool for the financial empowerment and social inclusion of women worldwide, particularly in Latin America. Other things, however, have changed profoundly—and augur the future for this venerable industry. Based on an offline social network, we have established a network whose connections employ multiple platforms, directions, and occasions, supported by digital social networks and other technological tools. We call this social selling, and it has accelerated rapidly during the pandemic.

This model provides digital solutions that adapt to the most varied selling contexts and customer profiles

and facilitates the execution of our consultants' and resellers' routine tasks, such as orders and payments. Among the new possibilities of creating links within the Natura network, training between consultants is one of the most promising. We have identified consultants with a high degree of influence in the digital media and invited them to train others in online engagement to drive sales, paying them for that: a win-win situation for the consultant, the network, the brand, and the consumer, brought closer to our products ever more effectively.

This direct selling digitalization process constitutes the basis of what we call a "platform ecosystem." Natura consultants and Avon representatives start making connections that go beyond product sales. Based on new channels of interaction, they can commercialize other beauty, aesthetics, and well-being services, expanding their network and earning potential based on our cosmetics, but not restricted to them.

The platform ecosystem also enables us to optimize the financial transactions taking place in our network. In 2020, this was the reason we created &Co Pay, our own payment platform, which already numbers more than 350,000 digital accounts. This is not only a question of facilitating and streamlining the circulation of money, but also of promoting financial and social inclusion. Thousands of Natura consultants had access to a bank account for the first time ever. The brand's raw material supplier cooperatives also benefited from access to it.

Technology can facilitate and leverage a series of processes and interactions in our industry. But we must not forget that prosperity and positive impact are generated by people. We adopted the Relationship Selling model because we believe in the power of the individual and relationships as drivers of beauty, pleasure, and sustainability.

Natura's experience with its *Crer Para Ver* product line, launched in 1995, is a notable example of a shared common purpose within our network. This is a line of non-cosmetic products, the earnings from which are invested entirely in projects to support education and are overseen by the Instituto Natura, an arm of the company dedicated to this cause. In 2020, part of the amount raised by the line was used to provide credit for Brazilian consultants and relatives who wished to begin or conclude a course. We have also offered other free courses for the network, from digital education to financial literacy.

Originally, the *Crer Para Ver* funds were employed only in public education initiatives. The decision to also invest in the education of our consultants was taken based on data obtained via an innovative tool: the Consultant HDI. Inspired by the UN Human Development Index, since 2014 we have monitored the living conditions of our consultants in Latin America, encompassing factors such as health, knowledge, and

work. Measuring our impact on people enables us to better understand where and how we can make a difference, based on the actual needs of the network.

This experience showed us that to address global challenges, such as social inequality and climate change, we need to establish new ways of accounting for our actions and impacts, beyond the financial performance of the businesses. In 2016, Natura started measuring its environmental impact by means of an EP&L (Environmental Profit and Loss) methodology. We were the first company in Latin America to account for its businesses' impacts on the environment, expressing these in monetary terms. In 2018, we also started to measure the organization's SP&L (Social Profit and Loss) to calculate our impacts on and contributions to the lives of consultants and supplier communities.

More recently, we launched our IP&L (Integrated Profit and Loss), which accounts for all of our impacts systemically in environmental, human, and social terms. The result of our first IP&L, for 2020, showed that we generated a positive impact of R\$22 billion. This means that for every R\$1 that Natura generates in revenue, R\$2 in benefits are generated for society. In the Amazon region, where the majority of our over 7,000 raw material supplier families are located, this impact is even greater: on average, for every R\$1 we invest, we generate some R\$10 in social value.

The result of all this mathematics is twofold: on one hand, measuring these factors guides our decision making, enabling us to adjust our course and increase our positive impact over time. On the other, it substantiates the message our consultants convey when doing business. In addition to providing details about the quality and the proper use of our cosmetics, the consultants act as powerful messengers for sustainability, explaining the importance of using refills or encouraging consumers to sort packaging for recycling, for example. Based on the trust established between sellers and buyers, we multiply the notion of responsible consumption to thousands of people.


Today, as the Natura &Co group, our eight million consultants and representatives, together with 3,700 stores and franchises (in the retail trade, we operate through the Natura, The Body Shop, and Aesop brands), reach over 200 million consumers in more than 110 countries. This constitutes a direct relationship with the consumer unparalleled in the market. There can be no doubt that the future of the direct selling industry is multichannel, multiplatform, and digital—and that this future has already arrived. But we must not forget that, without pursuing sustainability and the generation of positive impact, our businesses will not be prepared to support humankind in the major challenges of our times that go beyond the pandemic: reducing social inequality and combating climate change. **DSJ**

THE BUSINESS IMPACTS OF COVID-19

Industry research and DSA data show
the continued effects of the coronavirus



Two years after it began, COVID-19 continues to impact businesses around the globe. DSJ looks at three of the major impact points as they relate to direct selling: consumers, company revenue, and supply chain. Jay Walker Smith, one of America's leading analysts on consumer trends, addresses current consumer sentiment and the key imperatives for growth. DSA's Research Committee provides recent and historical data that shows the challenges direct selling leaders face in relation to growing revenue and navigating supply chain issues.

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The Impact on Consumers

by Jay Walker Smith, Analyst, Kantar

At Kantar, our specialties are trends and futures. We have been tracking consumer values and attitudes in the US and globally for several decades. I want to give our perspective on key priorities for unlocking opportunities in the consumer marketplace as we look ahead—not direct selling, per se, but rather an overarching view of the entire market context.

There are several areas ready to boom, but to get there, we're going to need to provide leadership and guidance for consumers. So first, let's take a look at where we stand in the marketplace and where we should look next for growth and success.

Let's start with the bottom line. Consumers have money to spend, and it is well beyond what they have normally. There is unspent savings that they have accumulated during the pandemic to the tune of \$2.5 trillion in the marketplace, but they haven't spent it and that's only partly because of the Delta variant. Most just haven't found the right things to spend it on because we are not connecting with them properly. So the question is this: What are consumers looking for?

Let me share a recent news story about a man in Turkey. He was at a bar with a bunch of friends. When they all left, this man wandered off into the woods. When his friends couldn't find him later that night, they called the police. A search party was organized. Not long after, the man ran across the search party in the middle of the woods and actually joined the search party, not knowing who he was actually searching for. He did not realize they were searching for him until someone called out his name. So he found himself if you will, and all ended well.

I see that story as a metaphor for where consumers are these days. We are all in transition, searching for ourselves, and opportunities will be found in the things we are searching for.

What are these things we have lost? We've lost our cool, we've lost our balance, and we've lost our way. We have lost our peace of mind and our sense of security. We have lost our equilibrium and our sense of well-being. And we have lost our sense of stability and confidence and predictability about the future.

That leads to three key imperatives for growth. The first is accountability: being more open and responsive to more demanding consumers. The second is resilience: being more supportive of consumers on their journey of discovery and their redefinition of their lifestyles. And finally, transformation: recognizing the need for bigger bets in a highly disruptive

We have lost our peace of mind and our sense of security. We have lost our equilibrium and our sense of well-being. And we have lost our sense of stability and confidence and predictability about the future.

future that will require bolder thinking than just the kind of incrementalism that has sufficed in the past.

And those are three key takeaways. Double down on transparency and responsibility, dial up the focus on wellness and experience, and look for more out-of-the-box opportunities.

Let's start with accountability, which is this idea of less forgiving consumers. They are more charged up—to the point of being brittle and unforgiving. Indeed, we've seen all the headlines about people being angry and acting out in public. And in our tracking data, two-to-one consumers are telling us they feel people are behaving worse than they did before the pandemic. These are people who have been there on site when these instances are occurring.

This translates into commercial implications. As the American Consumer Satisfaction Index has found, people's perceptions of brands and service providers are at their lowest level in the past fifteen years. Consumers simply want more. However, we do think that this dissatisfaction in the marketplace and these angry emotions have peaked a little bit. Gallup tracks negative emotions in the marketplace, and what they have found is that they were at their highest levels ever during the pandemic. A year later that has reversed; now they are at their historically lowest levels ever.

What's going on in the marketplace is not whether consumer sentiment is high or low. It is simply this enormous volatility that is going on in the marketplace. You even see this in Gallup data with the percentage of people in recent years who have told us that they are thriving or not thriving. There's been lots of volatility. We see this in our Kantar monitor data as well when we ask about risk aversion and risk interest among consumers. More volatility in these attitudes than ever.

And that's the story of consumers in the marketplace—not up or down, per se, but this volatility in attitudes. Consumers going up and coming down. What they are looking for is something that is more accountable, something that is more of a stabilizing force in

their lifestyles, brands that are committed to the kind of transparency and responsibility that consumers can turn to in order to find some stability in this more volatile environment. In particular, that means de-risking engagement in the marketplace. Consumers want to take some risk out of what it means to engage in the marketplace so they can unlock some of that excess savings they have and engage with brands.

There are several key things that we must do in order to de-risk the marketplace for consumers. One of those is just to lean into our brand equity, or the reassurance of brand heritage. We have seen this before. In our brand Z tracking just released this year, we saw year over year the biggest increase in brand value for the top 100 companies that we have ever measured in our brand Z tracking. It was a 42 percent increase in brand value year over year, which is simply reflective of the fact that consumers, during this time of disruption and just as they have done in the past, are turning to brands that can leverage heritage and equity to provide them with some reassurance to de-risk engagement in the marketplace.

But it is more than just heritage. And heritage, in fact, is not an excuse to do nothing. We must also over-serve and over-deliver to consumers. They are actually looking for new coping skills. They need help. They need solutions. They want self-protection. They need more tools to be self-reliant. They want things that can help them solve problems. They want to avoid risk. They want to feel more resilient in their lifestyles and in the ways in which they are engaged in the marketplace.

They want brands that can help them in this time of disruption. And that translates into certain expectations about the marketplace, both for brands and retailers. They want brands that are going to be available, that are going to make it easy for them to engage, and that are going to make it possible for them to get and deal with anything they need in the marketplace in an easy, convenient, and non-stressful way. This means over-delivering and over-servicing brands and consumers in the marketplace.

De-risking means standing up for the community. That is, showing your commitment to the place where consumers find themselves during this time of disruption. This is true across generational cohorts. Consumers are telling us that they believe companies are doing more to help everyday people right now than the government is. They see companies as the resource they want to turn to. They see companies as the place that they can find the accountability that will de-risk this engagement in the marketplace.

This then takes us to the related element of resilience. And this, of course, arises from the fact that consumers are facing less forgiving challenges in the marketplace. They're not just losing their cool in today's environment; they are losing their balance as well. And what they face is an overwhelming

Consumers are telling us that they believe companies are doing more to help everyday people right now than the government is. They see companies as the resource they want to turn to.

marketplace that is disrupting their balance and their lifestyles.

We have heard all about mental health during this time, but it's a bigger deal than is generally recognized. Center for Disease Control (CDC) data shows the jump in people reporting anxiety disorders from 2019 to 2020. It is over a threefold increase. That's the balance that people have lost. And while this is getting better, we still have a long way to go.

And it's not just mental health. We know that people's work styles are being disrupted as well. There are disruptions coming from hybrid work. And there are other kinds of disruptions going on, too, like the Great Resignation, consumers looking for new skills, employers having to move into different areas. All of this is creating work disruptions that are piled on top of the other kinds of lifestyle challenges and mental health challenges that people are facing as well. And so, what people are looking for is some resource of resilience, something to get them back into balance.

There are a lot of new routines and new households arising from these lifestyle shifts. And so, people want brands that are going to do a better job of responding to the different ways in which they are living these days. But it goes beyond that, because people are also looking for more resources to be able to help themselves and to care for themselves. And this is actually a long-term trend. Google search data is illustrative of the interest people have in things that can enable them to do a better job of taking care of themselves. It was particularly during the pandemic year.

All of this accountability and resilience adds up to fundamental transitions in the marketplace for brands because it is a less-forgiving marketplace than ever before. In particular, it is going to be a marketplace characterized by more volatility and more uncertainty than we have been used to in the past.

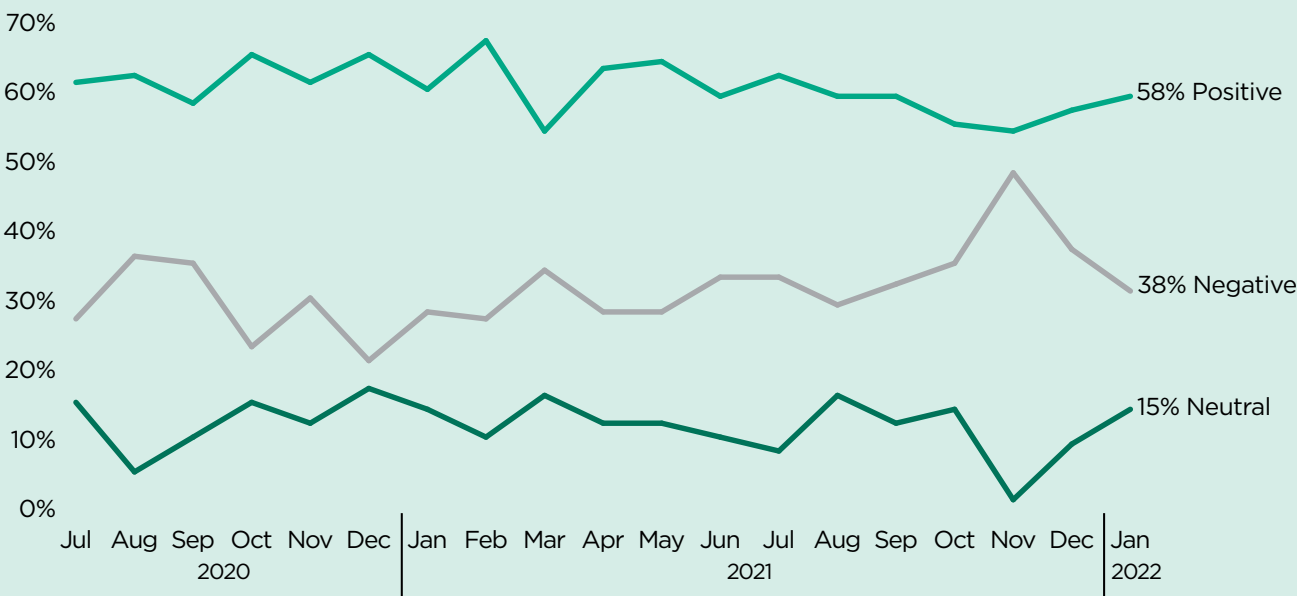
What this says is that we need to make transformative leaps, not just more incrementalism. The pandemic has made this clear, and this is what it's going to take for brands to measure up to this future with consumers who are looking for more accountability and more resilience. It's a marketplace that is going to demand more from us but is going to pay off in bigger rewards when we lean into these kinds of opportunities.

The Impact on Company Revenue

Each month since July 2020, DSA’s Research Committee has released QuickPulse, a tracking survey designed to help understand the impact of the pandemic specific to the direct selling channel. The

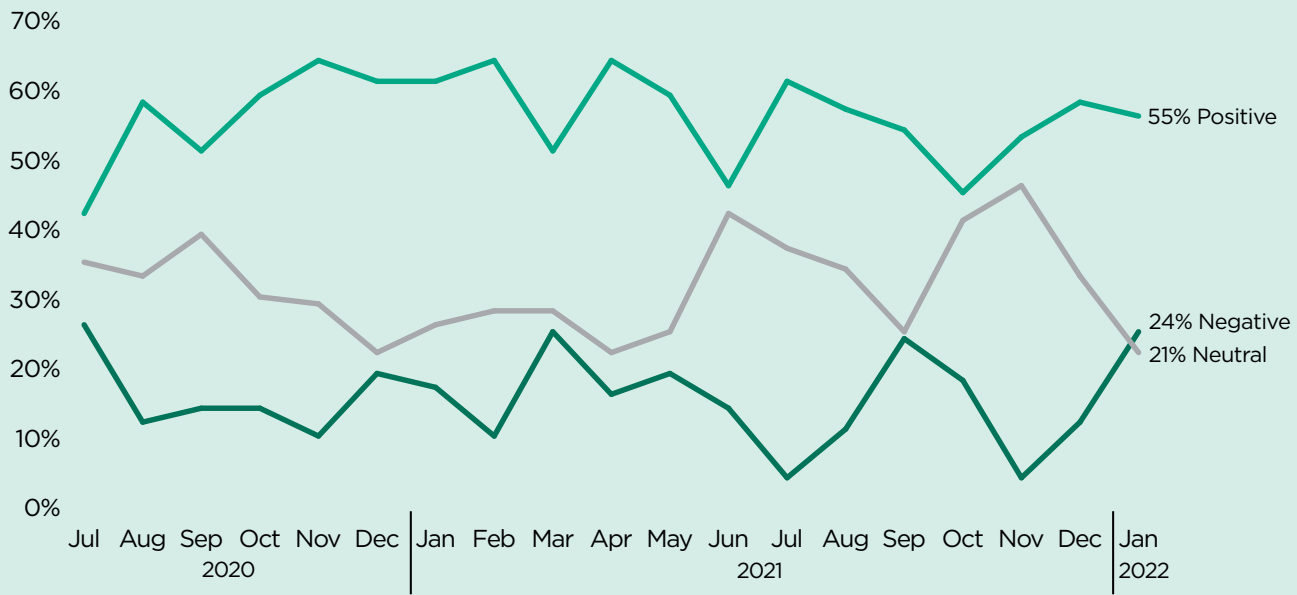
monthly survey is intended to help companies navigate the challenges posed by the pandemic and recovery and to better understand overall business, supply chain, and inflation impacts to the industry.

Has the overall impact from coronavirus on your company revenue in the United States been positive or negative?



Source: DSA QuickPulse - January 2022

Has the overall impact from coronavirus on your company revenue globally been positive or negative?



Source: DSA QuickPulse - January 2022

The Impact on Supply Chain

January 2022

The following data represents results of DSA's January QuickPulse Survey, which was fielded between January 3-9. Of the forty companies participating, 25 percent were companies with more than \$250 million in annual net sales, 15 percent were companies with \$100-\$250 million in annual net sales, 48 percent were companies with \$10 million-\$100 million in annual net sales, and 13 percent were companies under \$10 million in net sales.

- Nineteen in twenty companies (95%) indicate they are experiencing global supply chain issues. Of those experiencing issues, 87% say the issues are having a moderate or significant impact on their business in the United States.
- Compared to three months ago, 51% say supply-chain disruptions are impacting their business about the same, 32% say supply-chain disruptions are impacting their business more, and 16% say supply-chain disruptions are impacting their business less.

- Of respondents, 55% anticipate general supply-chain disruptions will continue for six or more months, 35% anticipate they will continue for 5-6 months, and 10% anticipate they will continue for 3-4 months.

- The top five supply-chain challenges of direct selling companies in January are:

- Higher production or shipping costs (81%)
- Product/component/raw material production delays outside US (73%)
- Transportation delays outside US (70%)
- Product/component/raw material production delays in US (65%)
- Transportation delays in US to company warehouses (62%)

More than 60% cited each as an issue in the January survey.

Supply Chain Issues 2020-2022

GLOBAL SUPPLY CHAIN ISSUE	2020 Nov	2020 Dec	2021 Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2022 Jan	% Pt Chg Nov '20 to Jan '22	% Pt Chg Oct '21 to Jan '22
Higher production or shipping costs	51%	46%	44%	42%	67%	61%	56%	69%	61%	59%	63%	68%	67%	82%	81%	30%	13%
Product/component/raw material production delays outside the US	57%	63%	62%	56%	67%	58%	72%	69%	67%	71%	74%	63%	64%	53%	73%	16%	10%
Transportation delays outside the US	46%	49%	50%	56%	67%	71%	74%	71%	69%	76%	69%	68%	61%	68%	70%	24%	2%
Product/component/raw material production delays in the US	63%	60%	74%	53%	64%	58%	64%	46%	50%	59%	69%	56%	55%	47%	65%	2%	9%
Transportation delays in the US to company warehouses	23%	49%	53%	50%	52%	61%	56%	43%	52%	59%	49%	44%	52%	38%	62%	39%	18%
Supply chain staffing challenges in the US							28%	40%	52%	49%	49%	41%	42%	32%	49%	49%	8%
Transportation delays in the US to distributors or customers	40%	54%	59%	42%	50%	50%	41%	40%	50%	37%	46%	34%	36%	29%	43%	3%	9%
Delays in product development/launch	20%	26%	21%	28%	36%	29%	28%	37%	25%	32%	23%	34%	24%	44%	41%	21%	7%
Needing to spend time finding new vendors/diversifying vendors	31%	37%	35%	31%	38%	34%	38%	29%	31%	32%	29%	29%	39%	38%	35%	4%	6%
Out-of-stocks due to high demand caused by coronavirus pandemic	57%	46%	47%	50%	50%	53%	44%	43%	42%	37%	34%	37%	24%	38%	32%	-25%	-5%
Challenges in managing quality control	17%	9%	18%	8%	14%	5%	15%	11%	17%	12%	11%	15%	12%	21%	11%	-6%	-4%
Suez Canal (Ever Given) related issues							8%										

Source: DSA QuickPulse - January 2022



SUPPLY CHAIN HAS CHANGED FOREVER

by Marios Iacovou, CEO, Filuet

Supply chain was complicated enough even when it was thought to be simple enough.

While supply chain is an expansive field, it traditionally has just seven main functional areas: inventory management, purchasing, warehousing, manufacturing, demand planning, transportation, and customer service. That was the past norm.

Consumer behaviors and expectations are progressing drastically, challenging the traditional supply chain practices of the world's largest industrial enterprises. Supply chains are increasingly encountering significant disruptions, with COVID-19 having a particularly large impact.

In addition, growing social and environmental awareness and activism is encouraging companies to reconsider how they operate. No area of society will be unaffected by these important issues, and supply chains are no different.

While the present supply challenges caused by raw material, containers, and driver shortages are more or less known, at Filuet we take a macro view of the future supply chain without taking into consideration those short-term challenges and traditional areas.

More importantly, in today's world, there are no distinct lines between conventional brick-and-mortar retailers, e-commerce, and direct sellers. As the world emerges from the pandemic, it's becoming obvious that competition will not be within industries as in the past but within the whole consumer goods sector.

The Big Picture

Today, the omnichannel supply chain is essential, and it carries great potential for all organizations. However, most businesses continue to put it through its paces to uncover the best way to create a seamless, integrated customer experience. Therefore, complete overhauls will be required if companies hope to survive. Ultimately, omnichannel will become the new benchmark in retail.

Omnichannel vs. Multichannel Supply Chain

Current multichannel supply chains were developed with the focus on serving one channel. In other words, online sales may have its department, warehouse management system, and transportation system, while brick-and-mortar stores use similar systems. Unfortunately, a disconnect develops between departments, increasing costs, reducing visibility across the supply chain, and more significantly, creating consumer dissatisfaction.

Omnichannel and multichannel supply chains are comparable in terms of serving consumers across various channels. However, omnichannel solutions also provide one-touch integration across all channels, providing a better customer service experience.

Consumer behaviors and expectations are progressing drastically, challenging the traditional supply chain practices of the world's largest industrial enterprises.

Unlike the weaknesses of multichannel sales, omnichannel solutions provide consumers with the flexibility to send items from e-commerce websites to their homes or stores. Moreover, consumers may choose to complete purchases online and in stores simultaneously, as if an item is unavailable in person, it can be ordered from the consumer's smartphone.

This is a primary example of the omnichannel shopping experience, a constant and seamless flow of products between all sales channels. Consumers who are free to purchase individual products while still making in-store purchases, and vice versa, are much more likely to actually complete their purchases. Similarly, if consumers experience any obstacles in multichannel-exclusive supply chains, they will probably abandon their shopping cart and visit your competition.

Businesses that haven't yet invested in omnichannel supply chains are likely performing with legacy systems used to manage multichannel supply chains. As a result, many organizations are still concentrating on market research rather than an omnichannel strategy, but this is beginning to change.

Vertically integrated enterprises are firmly pushing their direct-to-consumer business through both new physical stores and online avenues. A variety of partners and competitors are complementing their forward-thinking physical stores and e-commerce offerings, with innovative applications and successful social media strategies used to mount a true omnichannel presence.

However, many enterprises still find it difficult to achieve omnichannel success due to the requirements it puts on their supply chains, particularly in terms of speed, efficiency, and complexity. Customers expect to receive their products anytime and anywhere—with a remarkably short time between ordering and receiving and with excellent service and high convenience.

Conventional supply chain networks are usually not designed for same-day delivery with exceptional service. Additionally, e-commerce fulfillment is far more complicated than traditional retail or wholesaler fulfillment. Order sizes are much smaller, and the number of products on offer continually rises. This increase in speed and complexity also expectedly drives up fulfillment expenses.

[If] consumers experience any obstacles in multichannel-exclusive supply chains, they will probably abandon their shopping cart and visit your competition.

Noted in a recent study, an online order's cost per unit could be about five times higher than traditional brick-and-mortar replenishment and ten times higher than wholesale fulfillment, all while consumers demand an efficient and seamless omnichannel journey.

Facilitating a truly end-to-end omnichannel experience requires a new form of supply chain thinking. The supply chain must be reconfigured based on changing market conditions, and businesses should utilize an agile strategy that allows them to adapt quickly to changing trends, opportunities, and customer expectations. These key principles can help determine the most effective approach to building the ecosystem of tomorrow.

Businesses must master supply chain management and effectively integrate ESG into their overall supply chain strategy in order to succeed in any ESG-related efforts.

Social and Governance in the Supply Chain

The focus on Environmental, Social, and Governance (ESG) data continues to rise across all industries and territories. Both public and private organizations are under growing pressure from governments, investors, and civil society to make ambitious public commitments in relation to all aspects of ESG, but especially carbon emissions, which are directly connected to ongoing climate change and its threat of worldwide systemic disruption.

Consequently, corporations are required to show compliance with an ever-expanding range of legislation and regulations while simultaneously demonstrating adherence to targets to dramatically minimize their environmental impact and make positive contributions to diversity and inclusion.

Businesses must master supply chain management and effectively integrate ESG into their overall supply chain strategy in order to succeed in any ESG-related efforts. Consideration and respect should be given to an integrated approach involving technology, ESG strategy, process, and data throughout the supply chain to ensure alignment across the business.

Supply chain teams have to evolve quickly beyond the standard contract and performance management strategies. In addition, there is now an increasing emphasis on monitoring how staff are treated within suppliers' organizations, adding even more complicated but necessary ESG obligations and increasing potential liabilities.

It is vital that organizations apply a comprehensive approach to identifying, assessing, and continuously

monitoring their supply chain. There is a heightened need for supply chain leaders to embed ESG as part of vendor risk assessment and supplier risk management procedures. Considering ESG data alongside cybersecurity, compliance requirements, and data privacy is crucial for the success of modern third-party risk management programs.

Supply Chain Traceability

Organizations across different sectors are under immense pressure to improve visibility into their multi-tier supply chains and to transmit more information to their customers, partners, and stakeholders. This pressure is due to increased investor and consumer expectations, regulatory requirements, and technological advances.

Traceability provides businesses with the ability to track products as they move along the value chain and to gather detailed information about the origin of inputs, supplier sourcing procedures, and conversion techniques. With that data, businesses can make projections, run scenarios, and effectively optimize operations. Leadership teams can better serve customers by identifying unnecessary resource consumption, responding faster to shifts in demand, and fulfilling orders more efficiently. They can also identify strategic value chain opportunities, innovate quicker, minimize the consequence of internal and external disturbances, and permit sustainable processes and products.

In the context of sustainability, traceability provides an opportunity for a business to confidently make and verify and demonstrate claims. While traceability is the key pillar of a sustainable product system, working to verify social and environmental claims (e.g., certified organic, carbon neutral), traceability

on its own doesn't provide this verification. It's crucial that corporations intentionally establish clear sustainability objectives and ensure they incorporate the necessary data capture and validation methods into their process, as well as select the suitable technology to meet their needs.

Volatility, uncertainty, and significant disturbances are forcing businesses to lift and shift their supply chains rapidly.

The two main business objectives for supply chain management throughout the past century have been reliability and efficiency. To contend effectively, businesses now need to make sure their entire value chains are resilient and sustainable. That means looking past the materials supplied by a company's tier-1 suppliers and the first dozen consumers who purchase their products. The broader value chain contains every supplier's supplier and every customer's customer. In addition, they must also meet increasing consumer demand for speed, efficiency, and customization as well as strict new regulations and developing certifications and standards. This proliferation of objectives and expectations is making value chain management especially complicated.

Volatility, uncertainty, and significant disturbances are forcing businesses to lift and shift their supply chains rapidly. The key to success in this evolving marketplace lies in the conversion from linear supply chains into an automated supply chain ecosystem where organizations can quickly predict opportunities and address challenges and dangers before they arise. [DSJ](#)





2021

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UNDERSTANDING CUSTOMER PERCEPTIONS OF SALESPERSON ATTRIBUTES

by Dr. J. Ricky Fergusson, Dr. John Girona, and Dr. Maria Petrescu



While existing research has looked at the attributes of salespeople in a variety of settings, no study to date has examined how customers prioritize salesperson customer orientation attributes or how the perceived attributes vary across differing sales contexts—retail, direct selling, and customer follow-up. The research findings¹ of DSEF Fellows Dr. J. Ricky Ferguson (Indiana State University), Dr. John Gironda (University of North Carolina Wilmington), and Dr. Maria Petrescu (Embry-Riddle Aeronautical University) explored how the salesperson attributes that are important to customers differ by sales context and emphasized the importance of salespeople, accounting for their sales setting, when interacting with customers. Given the relational aspects of direct selling, it is imperative that direct selling firms understand how these perceived attributes vary as compared to their retail counterparts.

1 Ferguson, J.R., Gironda, J.T. and Petrescu, M. (2021), "Salesperson attributes that influence consumer perceptions of sales interactions," *Journal of Consumer Marketing*, Vol. 38 No. 6, pp. 652-663.



The continued importance or necessity of salespeople has been called into question through increased product information availability and the omnichannel presence of many companies. While consumers of the past possessed relatively little knowledge about products, today's business-to-consumer (B2C) customers are accustomed to doing their research and arming themselves with a wealth of information.

As product information becomes more readily available to consumers, pricing becomes more competitive, and omnichannel marketing makes products more accessible, the importance of high-quality interactions with salespeople becomes vital in gaining and maintaining a competitive advantage in both traditional and online environments. The integration of mobile shopping into the brick-and-mortar store experience also blurs the line between online and offline shopping, as mobile devices manage shopping tasks and navigate retail environments. While this increased mobile shopping propensity and increased information availability impacts brick-and-mortar retail locations, it can also critically influence direct selling agents and their customer interactions.

Evolution of the Salesperson-Customer Relationship

Salespeople remain an indispensable force in building customer relationships by serving as a conduit for building rapport, helping customers uncover unfelt or latent needs, and glean customer insights. As brick-and-mortar retailers face increased pressures in the form of online competitors and online reviews, high-quality salespeople now play a new role by differentiating their companies from the competition in this new digital era. The changing role set of salespeople is forcing industry and academia to re-evaluate the various attributes associated with salespeople. How differing salesperson attributes influence customer expectations in this new digitally oriented buying process, and what salesperson customer orientation elements are critical, lead not only to closing the sale but also positive digital word of mouth.

Given the nature of direct selling interactions, salesperson-buyer relationships are typically more robust than in a retail setting. As such, we examine the buyer-seller relationship to explain how critical salesperson customer orientation elements may differ as a function of context (retail, direct selling, and customer follow-up). Additionally, we examine the salesperson-buyer relationship in customer follow-up situations, especially post-purchase, for strain due to service failure and buyer disappointment. Salesperson attributes have the potential to give them an advantage when interacting with the buyer in these differing contexts related to customer expectations. Thus, a better understanding of consumer expectations regarding

salesperson-customer orientation behavior is beneficial to academic researchers and provides strategic implications for retail and direct selling management.

Given the nature of direct-selling interactions, in most situations, there will exist a more robust salesperson-buyer relationship than in a retail setting.

Research Goals

Retail workers represent the most significant employment group, accounting for almost six percent of the total US workforce, according to the US Bureau of Labor Statistics¹. Given these employment numbers, we focus our analysis of salespeople in relatively broad terms, including retail groups (e.g., those working in retail stores, selling products/services, and/or assisting customers) and direct selling salespeople (e.g., selling of products in a non-retail setting like at home, online, or another venue that is not a store). The overarching goal of our research was two-fold:

- 1) Determine the salesperson-customer orientation types and attributes that consumers believe are most important in salesperson-consumer interactions in the retail and direct selling settings, as well as in follow-up.
- 2) Develop an understanding of how these attributes impact satisfaction/dissatisfaction and which attributes are the most negative salesperson characteristics that affect relationship building and digital word-of-mouth following a sales experience.

Exploratory Study: A Qualitative Analysis of Digital Word of Mouth

To achieve these research goals, we followed a mixed-methods approach to integrate findings and draw conclusions from qualitative and quantitative data to fully understand consumer expectations regarding a salesperson's customer orientation and their word-of-mouth behavior. This mixed-method methodology allows the researcher to enhance the validity of quantitative research concepts and inquiries by grounding them in real-life situations. The objective of the analysis is to identify salesperson attributes that are important in a consumer's evaluation of their buying experience and impact consumer propensity to engage in digital word of mouth.

We first downloaded online consumer reviews that include their experience with salespeople in four retail stores in the US that still use salespeople directly involved in the stores' sales and retail process. The data set included 1,900 consumer reviews posted on Google Maps for over 100 retail

¹ U.S. Bureau of Labor Statistics (2017), www.bls.gov.

locations across the US. We used a sophisticated statistical method to create a conceptual map of the review text and discover critical themes and relationships. The second part of the study used content analysis and compared customer expectations in salesperson interactions in retail versus a direct selling setting using social media data. We downloaded consumer comments from Facebook for five retail companies and seven direct selling brands for the second analysis. The posts retained for analysis referred to consumer experiences with a salesperson, representative, agent, associate, consultant, or an independent business owner. We analyzed 2,602 comments for retail experiences and 1,067 posts related to dealing with a direct selling consultant.

We then compared the main keywords and themes discussed by consumers after a retail interaction with those mentioned after the contact with a direct selling representative. Customer experience in a direct selling context reflects that local contact, the personal interaction with the salesperson, and even emotional attributes are essential, emphasizing the importance of the relational side of customer orientation.

Moreover, the product and its quality are mentioned more often in direct selling, which shows consumer interest in the functional side. In contrast, consumers writing about their retail experience talk more about the experiential (relational) side of the purchase, service, care, and other attention they receive. In the context of this type of electronic word of mouth in direct selling, we encountered aspects related to negative experiences and service failure, as emphasized by consumer references to situations in which they returned products, received the wrong information or the incorrect price, and the service took too long. The presence of negative word of mouth is much more significant in social media comments than in the previously analyzed online reviews.

Using role theory and expectancy-disconfirmation theory, our research aimed to evaluate consumer expectations regarding the most important dimensions of customer orientation in the selling process. Additionally, we aimed to assess the differences in expectations as a function of the sales environment and determine the possible distinctions between the sales experience in a retail setting and in a direct selling context.

The purpose of the study was to develop a better understanding of how consumers reflect on their expectations regarding salesperson interactions and which aspects determine expectancy disconfirmation and service failure situations.

Evaluating Customer Expectations

Based on the salesperson attributes revealed in the exploratory qualitative analysis and the conceptual framework, we used a different data collection method and analysis to further examine the critical salesperson orientation dimensions vital for consumers. The main dimensions discovered in the exploratory qualitative analysis and the attributes identified in previous academic literature were used to formulate a list of characteristics for further analysis.

We then performed a three-round Delphi study on a national sample of consumers. The purpose of the study was to develop a better understanding of how consumers reflect on their expectations regarding salesperson interactions and which aspects determine expectancy disconfirmation and service failure situations. We also analyzed which salesperson orientation attributes are a priority in a brick-and-mortar retail environment versus a direct selling setting. The top dimensions that consumers deemed most important in their interaction with a salesperson were ranked based on the total number of points received from respondents (three points if they were ranked first, two points if they were ranked second, and one point if they were selected as the third preference), as well as the percentage of consumers who chose the characteristic.

Key Findings

The qualitative content analysis showed that buyers expect, and appreciate, salespeople trained in functional and relational customer orientation—those who are helpful, knowledgeable, and communicate in a friendly manner with their customers. Our results also show that this generates a higher potential for positive word of mouth in both online reviews and social media comments.

The results of the Delphi study emphasize, with significant agreement from respondents, the importance of sales representatives being knowledgeable and honest, as well as being capable of answering questions. In the context of direct selling, ethical behavior appears to be of significance for consumers. When consumers find themselves in a service failure, follow-up situation, or in need of help, then problem-solving, empathy, and responsiveness become essential characteristics. Ethics and honesty are primary characteristics for salespeople in the direct selling environment, with empathy just as essential for consumers experiencing a negative situation.

These aspects are highly emphasized in cases when negative word of mouth was created, as in the themes revealed by the Facebook comments we analyzed. When it comes to negative aspects that consumers want to avoid, the findings show a consumer focus on the relational customer orientation of salespeople, especially regarding ethics

Salesperson Characteristics - Delphi Analysis Results

Characteristics most important for a salesperson in a retail setting

ITEM	POINTS	FREQUENCY	PERCENT	MEAN	MODE	S.D.
Honest	43	23	51	2.13	3	0.87
Knowledgeable	32	35	78	1.89	1	0.83
Helpful	40	20	44	2.27	2	0.8
Friendly	38	22	50	2.27	2	0.7
Listening	24	11	24	1.82	1	0.87
Answer questions	45	21	47	1.86	1	0.73

Characteristics most important for a salesperson in a direct-selling setting

ITEM	POINTS	FREQUENCY	PERCENT	MEAN	MODE	S.D.
Honest	73	30	67	1.57	1	0.73
Knowledgeable	50	24	53	1.92	1	0.88
Expertise	19	10	22	2.1	2	0.74
Listening	32	20	44	2.4	3	0.88
Ethical	55	27	60	1.96	2	0.65
Answer questions	41	24	53	2.29	3	1.43

Characteristics in a follow-up

ITEM	POINTS	FREQUENCY	PERCENT	MEAN	MODE	S.D.
Honest	25	20	44	2.95	3	1.43
Empathetic	45	26	58	2.27	2	0.78
Helpful	29	23	51	3.09	2	1.62
Listening	47	22	49	2.05	1	1.53
Problem-solver	73	37	82	2.08	2	1.06
Responsive	45	31	69	2.84	3	1.61

Characteristics most disliked in a salesperson

ITEM	POINTS	FREQUENCY	PERCENT	MEAN	MODE	S.D.
Pushy	47	25	56	2.12	2	0.78
Aggressive	36	19	42	2.11	2	0.81
Unethical	54	25	56	1.84	1	0.85
Dismissive	36	17	38	1.88	1	0.93
Arrogant	43	20	44	1.85	1	0.88
Deceptive	42	23	51	2.17	2	0.72

and deception, thus reinforcing the need for trust in establishing long-term relationships.

Since the research shows that consumer perceptions of salesperson attributes differ by sales context, it's important for salespeople to account for their sales setting when interacting with customers. Furthermore, managers may want to customize their training programs depending on the sales context.

For instance, in retail settings, managers should look to hire salespeople that exhibit attributes of honesty, knowledgeability, and friendliness, as well as design training programs to reinforce and strengthen those attributes, as they were deemed to be most relevant to customers for that sales environment. However, in a direct selling setting, while salespeople should still look for honest and knowledgeable individuals to recruit, they should also ensure those individuals are ethical and excel at handling customer questions.

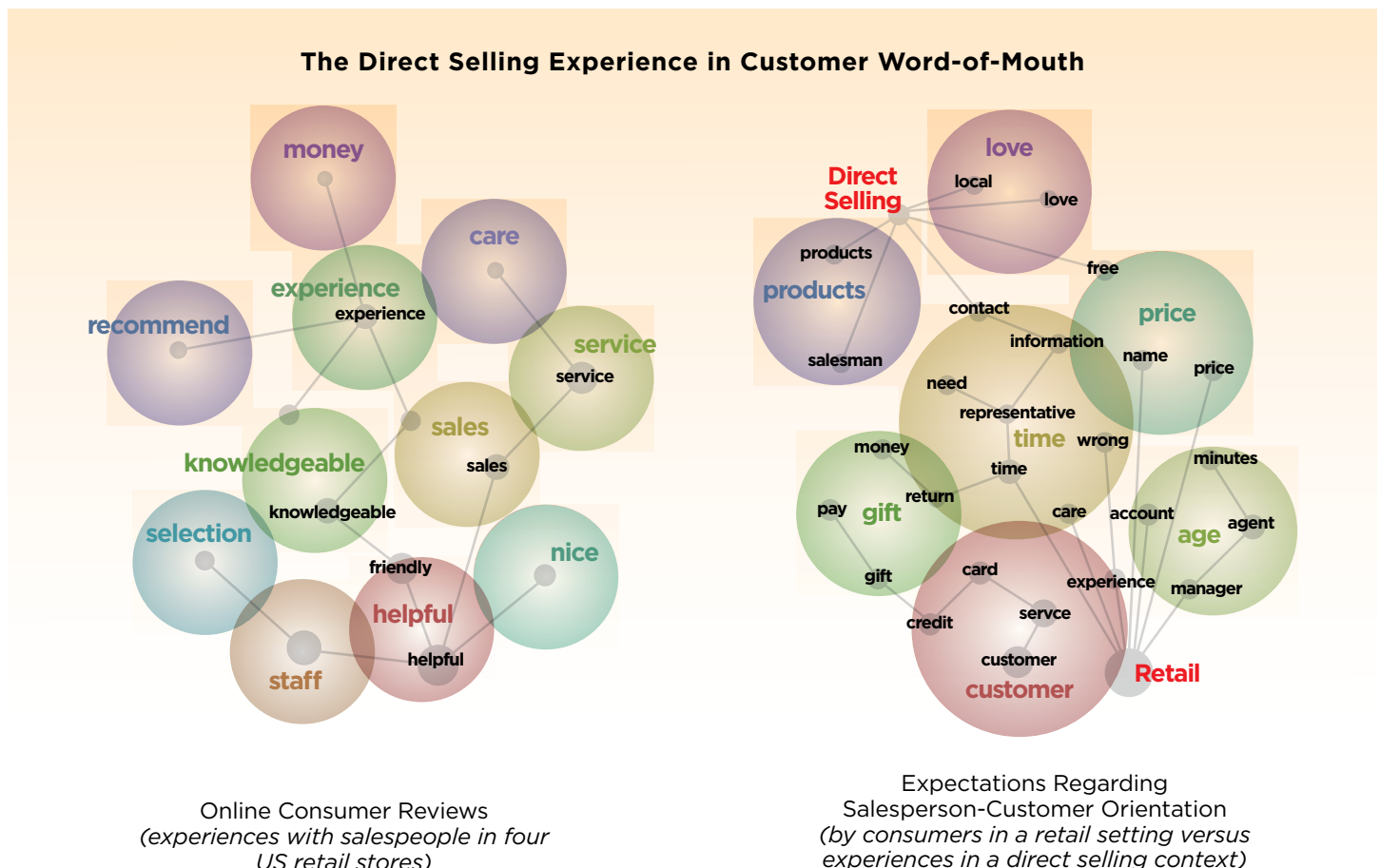
There is also a need to design higher education and training programs to educate salespeople regarding those areas. Moreover, as service failures are bound to occur from time to time, salespeople should recruit individuals who are problem-solvers and who are helpful, responsive, and empathetic. Managers should also implement training programs and procedures that reinforce and strengthen these attributes, as those were the attributes customers ranked as most important for follow-up situations. Additionally, managers should design training to help salespeople avoid recruiting individuals that are deceptive, pushy,

or unethical, as those were deemed as the attributes that customers disliked most.

Ethics and honesty are a primary emphasis in the direct selling environment, while empathy is essential for consumers experiencing a negative situation.

While this study began the process of exploring how customer expectations of salespeople can vary depending on context, future research could look at direct selling companies who also have a retail presence and compare the two contexts within the same company.

Additionally, future research studies could examine the critical salesperson attributes identified here in an international context to see if these findings are globally generalizable. Future research could also examine the impact that specific product characteristics might play in the relationships uncovered here. Furthermore, since salespeople are becoming a more substantial part of the online shopping environment via new tools such as live chat and video conferencing, future research could examine other sales contexts, such as online shopping, to determine what salesperson attributes are most important in that context. **DSJ**



PARTY PLAN MODEL TAPS INTO CUSTOMER NEEDS THROUGH CHANGE AND CHALLENGE

by Rick Libby, CEO, Traveling Vineyard



This year, I'm celebrating twenty years of using the home party selling model at Traveling Vineyard. It's hard to believe how much has changed in those twenty years. Direct sales and marketing are evolving at such a rapid pace that it's hard not to get whiplash. But I'm proud to remain a super supporter and vocal advocate of the party plan model. It has allowed us not only to survive during times of change and challenge but also to thrive. The close customer relationships born from the home party model were so strong that they withstood the test of the pandemic *and* gave us a direct line to customers' needs. That connection allowed us to go beyond the pivot to create new products and meet the needs of customers in a fast-changing world. I'd like to share one of those stories with you.

Traveling Vineyard's corporate office, which we lovingly call "world headquarters," is located in Ipswich, Massachusetts. As some of you might know, Massachusetts is home to the original party plan business, Stanley Home Products of Westfield, Mass. It was there that Norman Squires was hired in the 1930s to develop a new selling method following the Great Depression. Squires invented what was called the Hostess Home Party method—a system not unlike the one many of us still use today—and it was a great success.

I must have been channeling Squires when I suggested that Traveling Vineyard consider this model back in 2001. At the time, the company was known as Geerlings and Wade, a wine retailer selling wine and accessories primarily through a mail-order catalog.

Our goal was to create a new channel for selling wine because the mail-order catalog business was seriously contracting. I happened upon a Pampered Chef party while I was developing new plans for Traveling Vineyard, and I was particularly impressed by the size and scale of the company. I realized that the home party model was ideal for introducing potential customers to wine—if we could figure out the state-by-state regulatory hurdles.

In the early 2000s, people purchased wine based on likable labels, referral, or brand awareness. Other than those influences, purchasing wine was a bit of a head-scratcher for the everyday lay (non-cork-dork) consumer. All of us are guilty of buying based on an attractive label or intriguing name, and just as many of us have a story about a wine that didn't live up to the packaging. Using a party plan model, however, opened up a new way to experience wine and allowed customers to make educated decisions based on personal taste preferences. After all, the try-before-you-buy model was alive and well at winery tasting rooms. We knew we could bring that experience to people at home. We'd bring the wine on a complimentary basis, and the host would invite friends for an afternoon or evening of snacking, sampling, and shopping.

From the moment the first cork was popped, we knew we had a hit on our hands. Customers enjoyed being able to sample multiple wines before they made a wine purchase. But so much more happened! Traveling Vineyard's brand affinity grew because our consultants loved what they were doing. (It was a

blast, and they were making new friends and growing their businesses.) The party plan model also allowed us to retain customers at a high level because of the personal relationships that consultants built with each of their customers.

And that's exactly what makes the party plan model so successful, even today. It's a classic. That doesn't mean it's a dinosaur. It means it has an enduring value. Connecting with a Wine Guide at Traveling Vineyard is a positive and warm experience. Customers then associate doing business with their consultant as warm and positive. The party plan has helped us create an engaged community of wine lovers.

Over the last ten years, the rise of social media has propelled social selling into the spotlight. It's part of every business these days, from SaaS to siding. Social selling is successful because it connects people in a personal way with a brand. With the party plan model, we already had that in spades, and our consultants seamlessly translated its principles to social selling, which has been successful for many of them. During the pandemic, it was easy for us to recreate the feeling of the home party within a Zoom meetup or Facebook group event because we already knew the atmosphere we wanted to create and many of those personal relationships were there to survive the shutdown.

For the most part, we've now been able to return to in-person parties, and we've come back even stronger with a new product line inspired by our consultants and customers. For us, the party plan model is one of the most important feedback loops we have. Most, if not all, of our innovations and product decisions are the result of the feedback we receive from our Wine Guides and their customers. During the pandemic, while we were conducting remote wine tastings and online parties, it became clear that we needed a product pivot. We began developing "small bottles," our internal name for mini-bottle tasting sets.

The conversation around smaller, single-serve wine bottles began a few years ago and grew stronger over the last year and a half. There were brands selling small bottles to showcase their product variety and to provide an option for people who simply wanted to enjoy less than a full bottle. Customers have also been ditching some of the old conventions that kept us in standard corked bottles. Over the last few years, we've seen screw caps, cans, and boxed wines. Even plastic bottles have become more popular.

As consumer tastes changed, we knew we had an opportunity to adapt our product and wow our customers. Our small-bottle project was on our radar, but it was fast-tracked during the pandemic. Historically, our wines have sold well because potential customers could taste them first. And while wine sold very well during the pandemic—sip unseen—it became clear that if "try before you buy" is core to our brand, then we needed to make that happen despite distance or inability to meet in person.

I credit our team for doing a lot—and I mean A LOT—of research into what this product would look like and how it would operate, and even more with listening to our consultants and customers. We ordered a wide variety of products on the market to determine the best fit for us. We sampled glass vials and nip-sized bottles, but eventually, it became clear that a 175-ml bottle (about one glass of wine) was the best fit for us.

We launched our first mini-bottle products in October 2021. Our tasting flights and 12-bottle packs serve as an extension of a wine tasting event or in place of an in-home wine tasting when the event is done over Zoom, for example. Small bottle options have also provided an opportunity for potential Wine Guides to sample Traveling Vineyard's products before they make the decision to join as a Wine Guide.

In the few short weeks since we launched these new products, the numbers and feedback support our decision. We listened to the chatter at our parties and leveraged the personal connections our consultants have made to propel our business forward. For that, I am grateful. We owe it to the party plan model that is focused on the customer experience. As the direct selling landscape continues to adapt to society, I believe personal relationships will remain our greatest opportunity for customer-focused growth.

As we look to the future, we will continue to embrace this model, which has been integral to our success. The home party is a great place to learn more about the customer and the potential Wine Guide. It offers the opportunity to establish and nurture meaningful relationships in a way that is rarely achieved through other channels. You simply can't recreate those relationships on a newsfeed alone.

As an extension of the importance of relationships, we'll remain focused on authentic messaging that connects with our hosts, guests, and consultants. Our brand is reflected through our Wine Guides, who are smart, savvy, fun, and friendly, so we put them front and center when it comes to the Traveling Vineyard brand.

Finally, we're listening and staying flexible, so we can create products that follow trends both in direct selling and in the wine industry. Wine in fresh packaging and convenient serving sizes as well as our drive to source organic and sustainably produced products are just two exciting ways we've grown.

What's top of mind for you in 2022? Whatever goals you're setting, know—and deeply believe—that you have everything you need to modify your business for success. You've got your experienced team of consultants and your trusted customers. Never forget that refusing to adapt is to accept certain death, but embracing change is to welcome growth and maximize potential. **DSJ**

SUITE 13™: A VIRTUAL BEAUTY EXPERIENCE BY MARY KAY

Innovating to Transform the Mary Kay Independent Salesforce Experience

by Abby Tisdale, Digital Experience Specialist, Mary Kay



In April 2020, during a global pandemic, Mary Kay was challenged with finding ways of supporting the independent salesforce in continuing to run their businesses, sell products, and connect with customers when face-to-face interaction was no longer possible. It was our goal to deliver a modern, relevant, and flexible resource for the Independent Beauty Consultants (IBCs) and their customers.

As a solution, we identified virtual reality (VR) as an area of opportunity and developed a VR showroom that independent salesforce members could use to engage with their customers and continue to sell. This new experience supported our corporate strategic goals of modernizing the Mary Kay brand and transforming the independent salesforce experience, giving the salesforce credibility, supporting their business continuity, and elevating the Mary Kay brand.

To address the uncertain business climate, we focused on a strategic approach to achieve three objectives: support IBCs' business growth and continuity, help them connect with their customers virtually, and leverage technology to deliver a business resource that was truly innovative.

It was imperative for us to leverage technology that could have an impact now and maintain relevance after IBCs returned to business as usual.

Our team began evaluating several companies with expertise in VR and selected a fellow woman-founded company, Obsess AR. Using VR as a communication and connection channel, we developed a "phygital" space where independent

salesforce members and their customers could immerse themselves in the Mary Kay brand and discover new skin-care products during an IBC-led virtual skin-care consultation.

This new experience supported our corporate strategic goals of modernizing the Mary Kay brand and transforming the independent salesforce experience, giving the salesforce credibility, supporting their business continuity, and elevating the Mary Kay brand.

Once we established our partnership with Obsess AR, we built a cross-functional team that included partners from our in-house creative agency, IT, and the Marketing & Analytics teams to design the space and user experience, develop marketing support, and partner with the vendor to build a robust analytics dashboard to track results.

We took an iterative approach, focusing on developing an initial concept with speed as our No. 1 goal and skin-care as our first product category. To focus the scope, we reviewed sales data and consulted with internal marketing partners to inform the product assortment, and we relied on social listening tools to determine the most relevant trends to incorporate. With many people now working from home, skin-care demand was on the rise, so starting with

that product category was a natural fit. We also included content on our company founder, Mary Kay Ash, and our company's focus on safety, sustainability, and commitment to inclusion.

We also needed a name for the phygital space that connected with our brand in a meaningful way. Although many cultures view the number 13 as unlucky, Mary Kay Ash never bought into the superstition. For Mary Kay, 13 has always been our company's lucky number. Mary Kay Ash started her Mary Kay business on Friday, September 13, 1963. She later went on to be the 13th inductee into the Direct Selling Association's Hall of Fame, and she also received the 13th Entrepreneur of the Year Award from Southern Methodist University. Even the Mary Kay Building in Dallas touts our favorite lucky number. Her office was on the 13th floor, where you can still see it today. So, we landed on "Suite 13™: A Virtual Experience by Mary Kay."

With dedicated cross-functional collaboration and design, we launched the first iteration of Suite 13™, Mary Kay's first virtual beauty experience concept, in Mexico on December 1, 2020—less than eight months after ideation. After deploying, we evaluated key metrics and direct IBC feedback to refine the experience, expand the product portfolio, and integrate Suite 13™ with complementary digital tools across the organization.

We supported the launch with a robust marketing plan that was developed in tandem with the creation of the experience. We delivered a three-phased approach to create buzz and educate Mexico's IBCs prior to launch, celebrated the grand opening of Suite 13™ at launch, and have continued to re-promote and drive traffic back to the experience post-launch.

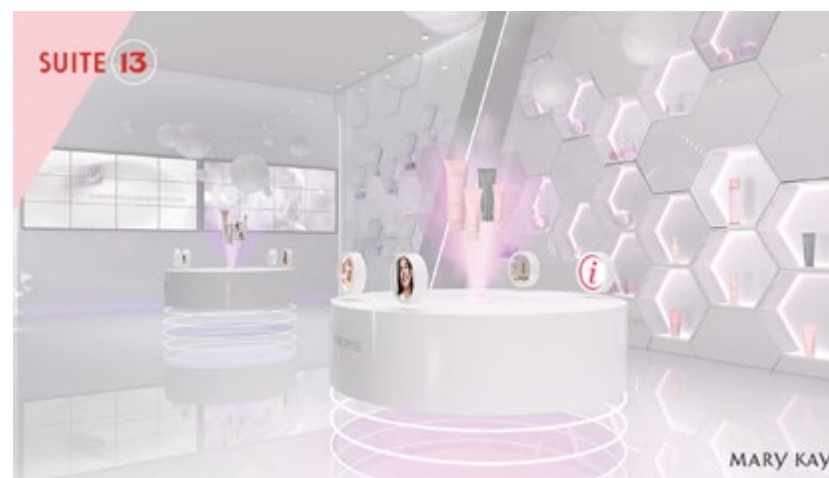
About two months after launch, we evaluated traffic numbers and time spent in the experience, and we collected IBC feedback from detailed surveys to guide us in the development of the next phase. "For me [Suite 13™] is impressive, the site is very beautiful, first-class like everything else from Mary Kay," an IBC survey respondent in Mexico said. "Upon entering this site, I was excited to learn how to use this wonderful tool."

As IBCs began reporting overall positive first experiences, our teams added more products and content for users to interact with, as well as released additional IBC training to increase their confidence in using the tool with customers. Within four months, we also launched Suite 13™ in five additional markets: Argentina, Peru, Brazil, Spain, and Colombia.

Since Suite 13™ was first proposed, it was important that this tool delivered value to IBCs and helped them engage with both new and existing customers. To evaluate the success of this program, the team focused on 13 (of course!) key performance indicators measuring acquisition, behavior, and conversion.

Benchmarks included the number of visits, number of repeat visitors, average time spent in the experience, average bounce rate, and total content clicks.

Following these early positive results, we have now opened Suite 13™ in eight more markets, including the United States, Canada, Russia, United Kingdom, Germany, Netherlands, and Switzerland, with hopes of expanding to the Asia-Pacific region in 2022.



"The site is absolutely amazing," an IBC survey respondent from the United States said. "It was well thought out, and once you go in to learn, the layout is universal and flows from room to room."

Today, we are seeing growing numbers of unique and repeat visitors to Suite 13™ globally, indicating that IBCs and their customers are returning to the site and continuing to engage after their first visit. We've also reported ten average page views per visitor globally (the highest rate Obsess AR had previously recorded was two to three page views). The average time spent per session averages over 4.5 minutes. This average is significant as around 70 percent of visitors globally are mobile users.

Although quantitative metrics have supported the success story of Suite 13™, our mission at Mary Kay is to support Independent Beauty Consultants. Did they feel it helped them make a sale? Did they feel

proud sharing it with their consumers so they could explore it on their own? We have distributed surveys to IBCs in every market post-launch to gather their feedback on their initial experiences in Suite 13™. Below are some key findings:

- 73% of IBCs in Mexico would recommend using Suite 13™ to another IBC.
- 83% of IBCs in Spain said they would use Suite 13™ to promote their businesses.
- 53% of IBCs in Russia said Suite 13™ helped them in closing a sale.
- IBCs in the United States reported having 2-3 customers per consultation, with each customer purchasing at least one product.

Launching this new, innovative tool has not come without challenges. Introducing new technologies will always require a learning period for users. To educate them, we've acted on the feedback we received from the surveys discussed above. For example, we have responded by adding extra navigation support in the lobby when a visitor enters Suite 13™ and by increasing the product assortment, building the Lounge space on the Mezzanine so markets can more prominently display relevant products. We also continue to deliver more IBC education to increase their confidence using the resource.


Since launch, our team has distinguished three lanes of continued work: launch, maintain, and innovate. First, we are continuing to launch Suite 13™ in new

markets around the world, as the relevance and IBC feedback continues to remain positive for the experience as a selling resource. Second, as market priorities shift, fresh marketing content becomes available, and new products are introduced, we continue to maintain Suite 13™ and keep the site fresh to ensure IBCs can book their second, third, and fourth appointments with their customers.

And last, innovation tops our list. We are planning strategically for the future of Suite 13™. According to Gartner, in their article, "Hype Cycle for Digital Commerce, 2021," immersive commerce is just emerging from the "Innovation Trigger" phase, meaning the outlook for this technology still has many years of continued growth and innovation before becoming mainstream. This puts Mary Kay at the forefront of leveraging this technology to support Independent Beauty Consultants as they build their businesses moving forward.

With the dawning metaverse, and as customers search for elevated shopping in a post-COVID world, Suite 13™ is an opportunity for IBCs to dive into the future of direct selling.

We are currently exploring new ways of integrating other Mary Kay digital tools and apps and looking into new capabilities our vendor partner is making available on the platform, such as co-shopping (exciting details to come about this innovative shopping opportunity!).

"[Suite 13™] is a business game-changer, for sure," an IBC from Canada said, "Thank you, Mary Kay!" 





VIRTUAL ONBOARDING MADE EASY

by McKinley Oswald, President of
Direct Sales, Verb

When the world changed in March 2020, nearly every aspect of the direct sales industry had to find a way to adapt—and fast. But while many companies were quick to find digital alternatives to prospecting, marketing, and product sharing, two essential aspects of building a successful business were often overlooked: onboarding and training.

Our industry has long relied on belly-to-belly, face-to-face connections, especially when it comes to onboarding. New distributors are often used to having a direct relationship with the person responsible for training them—they shadow parties, observe presentations, and meet up frequently for one-on-one introductions. And with in-person training at a standstill for most of the country, the onboarding and education experience has fallen on corporate shoulders, and it's never been more crucial for companies to find effective ways to train from a distance.

The solution? An LMS.

An LMS (learning management system) is a platform or feature that allows your company to create and distribute educational and training materials, both internally and externally. In our industry, an LMS is typically a compilation of interactive direct sales training modules that feature a variety of multimedia assets to convey messages about products, processes, or organizations.

Often, these modules conclude with a brief quiz used to assess the user's understanding of the material. An LMS can create an effective sales training and employee onboarding process that

quickly gets your distributors up to speed to start selling and provides a way for them to continue to learn as they are out in the field.

An LMS can do the following:

- 1) Provide product education to customers that increases retention
- 2) Introduce company lifestyle and perks to potential distributors
- 3) Train employees or distributors on internal processes and product benefits
- 4) Provide easily duplicable processes
- 5) Encourage sales

Back in 2017, it was estimated that around 67 percent of all organizations offered some form of a mobile learning platform, and that number has likely only grown since then. To compete in today's market, you need a system of reward-based educational tools that will help you get everyone in your organization—from leadership to the customer—on the same page.

Retention Is Key

When it comes to direct sales, retention is critical. According to the Harvard Business Review, increasing customer retention by 5 percent can increase profits up to 95 percent. Likewise, selling something new to an existing customer is 40 percent more likely than acquiring a new customer.

One of the best ways to increase retention of both your customer base and your distributors is by providing valuable education and in-depth training. Our verbLEARN system is designed to offer the experience to educate and reward your distributors, building confidence and loyalty to encourage them to stick around.

Additionally, it provides them with a vital tool for sharing product information to boost sales—a win-win for everyone involved. One of our clients boasted that they doubled their retention rates in just six months by using our mobile LMS and onboarding system.

Gamify the User Experience for Better Results

One of the most challenging parts of implementing an LMS is getting enough users to make it worth the time investment. Using an LMS that features some prize or award for completing lessons is a surefire way to assist with widespread adoption. This form of gamification has been proven effective in educational settings like learning management systems.

- The majority of target audiences have constant access to a mobile device.
- Our social network-based society makes it easier than ever to share game progress and accomplishments.
- The success of digital games in the marketing industry makes for a natural progression to the internal education sector.

You may have a miraculous product, unmatched compensation, and company culture like none other. Still, unless you have an effective way to teach others about these key components of your company, you're unlikely to attain the level of customer attraction you're looking for.

Gamification is your key to achieving this, as you can utilize it to drive your point home. Focus your gamification efforts on what you want users to know the most—since modern attention spans are shorter than ever—and offer tangible rewards (like promotions and discounts) to encourage progress.

Client Spotlight: How Shaklee Uses verbLEARN

Shaklee produces natural nutrition supplements, weight-management products, beauty products, and household products, making millions of people healthier and the world a better place. Shaklee has seen great success using verbLEARN to streamline its onboarding and training resources. Their four learning paths focus on product training, onboarding and launching your business, customer product education, and sharing app training.

"verbLEARN has changed how our distributors run their businesses," says Jeff Pearson, Chief Sales Officer, Shaklee. "From the moment a new distributor

signs up, they have access to the same comprehensive training resources as their peers, so everyone gets a fair shot at business building. It allows them to fully understand how to start and grow their businesses, how to ensure they're only sharing compliant information, and how to gain and retain customers.

"We've noticed retention increases among our distributors who are using the learning management system appropriately," Pearson adds. "We also love using the communication feature as an easy way to make announcements and communicate with individuals. Additionally, the provided analytics enable us to make data-driven decisions that impact our company for the better. verbLEARN is a must-have for anyone looking for an effective way to boost retention, increase compliance, and effectively train."

One of the best ways to increase retention of both your customer base and your distributors is by providing valuable education and in-depth training.

Is an LMS Right for You?

If your organization is looking for a way to onboard virtually and to enhance your current training efforts, then an LMS is for you.

Many systems are customizable to fit your individual needs, but how do you decide which one is the best fit for you? When you're doing your due diligence, do your best to choose one that has the following features and benefits:

- **Remains Accessible:** You should ensure that your educational modules are straightforward, digestible, and not overly time-consuming. Additionally, the interface should be user-friendly enough to have a big learning curve before users start.
- **Shares Insights:** Without a way to keep track of your users' progress, having an LMS is pointless. You'll want access to a variety of data that can help you analyze what's working and what's not, plan for the future, and continue to adapt to your changing needs.
- **Establishes Communication:** Look for a platform that uses features like push notifications to announce new products, communicate directly to specific customers, and improve your customer connections.
- **Updates Easily:** You're busy running your business, so chances are you don't have time to deal with any hassles. Choose an LMS that makes it easy to add/update content (and provides access to on-the-ball customer support if you are ever having a difficult time). [DSJ](#)

THE DIGITAL TRANSFORMATION JOURNEY

As advances in technology continue to challenge traditional marketing channels, digital transformation remains an ongoing initiative for businesses in all industries. Yet, while digitalization has created dynamic growth for many direct selling companies over the last two years, industry leaders still grapple with how to best integrate the latest technologies into their current business models.

At DSA ENGAGE 2021, four direct selling executives—whose companies are at various stages in the evolution of their digital transformation journey—shared insights on what their companies have done and are preparing to do to take advantage of the new opportunities presented in a digitally evolving world. Robert Cavitt, CEO of Jenkon, hosted the session.

Digital Expertise: A Part of Every Strategy



John Parker is Chief Sales Officer at Amway. The Ada, Michigan-based company offers skin-care, wellness, nutrition, and home care products.

CAVITT: What have you done, or are you now doing, to create a culture of digital transformation in your business?

PARKER: The way I think about the priority areas of our business is that it's like a recipe. We've got to get the right ingredients and the right amount in the right sequence. Digital has become a bigger and bigger part of that recipe over time.

For Amway, as a business, it's commanded such a significant investment in not just changing how we think about customer expectations and distributors needs, but also because it requires us to look long and hard at business processes we have had ingrained in our business for many years. Do we want to carry those processes forward and then adapt digital solutions that make that work in the future—ones that customers and the next generation of distributors expect—or is this an opportunity to simplify those business processes and then create a different, better experience for our customers? How much change can we drive in our business over what period of time, and how do we do that in a way that is centered around marketplace expectations, consumer needs, and ensuring that we maintain our business opportunity in a way that is compelling as well.

As we think about prioritization, I don't think it's digital priorities versus other priorities. Digital expertise is a part of every strategy, something we need in every function and initiative. It's not a separate strategy. It is a part of how we have to do business and meet the marketplace today.

Alongside of that, the other big topic is how do we ensure that we're creating not just the right change in terms of meeting a very fast-changing marketplace, but that we're also bringing the skills and the talent into the organization that, in many cases, has a deeper understanding than the existing senior management does. For us, we must have reverse mentors, and that has created an exciting dynamic in the business. We tend to think about it from the top down, but there's a lot of bottom up in that as well.

CAVITT: Consumerism and the expectations of the customer experience are impacting every aspect of the business in all industries. How is it impacting

your company, and how are you strategizing both from a business standpoint and a digital strategy standpoint?

PARKER: Andrew Schmidt, Managing Director of Amway North America, talks about this being like the yin and yang of our business. It's not something that can be ripped apart. Strategically, we have to prioritize our approach in terms of where we're going to invest to ensure customers of our newest distributors have a great experience. And then, how we are delivering the tools, the training, and the solutions that allow our newest distributors to receive the training and support they need to be able to go out and build a profitable base of customers. Alongside of that, how do we ensure that we're supporting with the type of experience consumers want?

I think we all recognize that the marketplace has changed so quickly and abruptly, not just because of COVID, but because consumer experiences have changed. And so, we are questioning how the digital present and future fit with the core experience a direct seller provides. I feel that, as an industry, we're at a point where we're recognizing that they fit really well together. We have to adapt and do some things differently. And even as we talk about the difficulty in change management, I think we've all proven that part of the strength of our industry is that not only is it filled with entrepreneurs, but our field or salesforce is filled with entrepreneurs as well.

Direct selling's openness to change has been a strength of our industry—our agility as companies to be able to pivot because, strategically, we see an opportunity or because our distributors or our customers are telling us we have to change. The power of our model is our ability to figure out that fit, that we are open to what we're seeing and hearing both in the marketplace and from our field. I think we are positioned well for the future, but it does require us to change and do things differently going forward.

"I think that direct selling's openness to change has been a strength of our industry—our agility as companies to be able to pivot because, strategically, we see an opportunity or because our distributors or our customers are telling us we have to change."

Transformation Is Not about Technology, but Hearts and Minds



Emily Evangelista is Vice President of Digital, Nu Skin Enterprises. The Provo, Utah-based company offers wellness, cosmetics, and personal care products.

CAVITT: You have said that you're looking for your digital team to be the flag

bearer, to be setting the tone for Nu Skin not just internally, but out in the world. How are you creating this culture of innovation and constant transformation?

EVANGELISTA: It is more about change management. It's really about people's hearts and minds. When we do digital transformation, we think it's all about technology, but the technology is probably the easier part of the equation. I didn't say easiest, but it's easier. It's people's hearts and minds that we found is the challenge because they have to be willing to come along on this transformation with you.

We've told our teams that digital needs to be woven through all aspects of our organization. It's not a silo. In fact, if it is a silo, then that's your first challenge. It has to touch all your departments, and all your functions internally and externally. So, my ask to our teams is that we are the stewards to the rest of the business. We should be the ones to lead out, collaborate, seek people out, be proactive, look for new ways to innovate, and look for solutions instead of just calling out problems and challenges.

The No. 1 mantra within our team is that we're bridge builders; we get to create the opportunities and we get to set the tone. We really feel like we're redefining not just who we are as a company—even how people see us as a company—but how amazing our products are, how we go to market with them, and how we give affiliates the tools to support them. We feel like we're innovating all of that right now.

CAVITT: You've talked about not being a digital project company but becoming a digital product company. Explain the importance of that difference and what that means.

EVANGELISTA: There's numerous projects that can come in day in and day out. If you're just prioritizing projects, it's pretty hard to choose between a bunch of great things. But when you get serious and focused about your digital products—what core experiences you want to offer your leaders, your affiliates, your customers—then it changes the dynamic of that prioritization conversation. It

“We've told our teams that digital needs to be woven through all aspects of our organization. It's not a silo. In fact, if it is a silo, then that's your first challenge.”

actually helps you bring that conversation to be more about ROI.

It is also one of the basic premises of digital product organizations. You have a vision and a strategy for not just what you're building today, but also for where you are heading. And then you have product owners or product managers who are anticipating the trends and coaching the business along the way, saying, “This is where we need to go,” and “This is how we're going to get there.”

That has been a significant shift for us internally. We've restructured how technology runs, and we've restructured how we take work in, how we score that work, and whether or not it comes into a product. We've actually gone from 200 apps completely disparate across all markets globally down to four core experiences. Those are four core digital products.

CAVITT: At Nu Skin, where the No. 1 message is get focused on the consumer experience, you have developed a whole program around attract, connect, and nurture. What have you done there?

EVANGELISTA: The strength of our industry is relationships, and when you marry that with digital tools, then our affiliates can scale to new heights and reach broader audiences than they could before.

So one of the principles at Nu Skin that we are doubling down on with our product teams is investing in the consumer's experience while also finding ways to build tighter relationships with their affiliate. This helps our affiliates attract, connect, and nurture their customers on their beauty and wellness journey.

For us, what this will look like is giving them AI-driven experiences that drive personalization, which drive personal recommendations based on their concerns and their lifestyle.

How do you help customers touch and feel and get a sense of a product virtually? Through our beta testing and CX voice of the customer interviews, we've heard that customers and affiliates want things like a selfie timeline, the ability to track changes over time, education on products, and so forth.

Out of Chaos Came Opportunity



Lynn Cote is President & CEO of Princess House. The Taunton, Massachusetts-based company offers kitchenware and home décor, food and beverage, and wellness products.

CAVITT: Can you talk about how you have stepped into digitalization at Princess House?

COTE: I joined Princess House in January 2020—quite the time to step into a new business. We needed to take a holistic approach to how we were looking at our business, and then how we would develop our technology out of it. The back-office wasn't mobile-friendly; the field was 98 percent Hispanic and doing everything on their phones. So we had a situation where the company had not invested the money it needed to invest so that people could actually do their jobs.

I knew I needed to build a new back-office that was mobile-friendly and easy to use because the field wasn't growing. The leaders had to do everything; they were the only ones who actually knew how to use the back-office to input orders for their downlines. So the business had come to a complete screaming halt. As we looked at what we wanted to accomplish over the next three to five years, we came up with different buckets. It became very apparent that every single one of those buckets needed an IT enhancement.

I created a position internally at the vice president level that was the center of a wheel. This person and his two-person team made sure they were representing both the business and the IT

“As we looked at what do we want to accomplish over the next three to five years, we came up with different buckets. It became very apparent that every single one of those buckets needed an IT enhancement.”

department so that, ultimately, the product going out was going to work for the field. In addition to that, we created working committees within the field, and so they became part of the solution.

I did have to do a little bit of restructuring, but I think one of the things that helped Princess House, strangely enough, was the pandemic. Out of chaos came opportunity. That opportunity was really to lay out a three- to five-year plan that we could take to the Board. When you start talking about technology enhancements, people think it's a culture killer, but I think when everyone was able to see this holistic vision, both the Board and all of the employees got on board with it.

More importantly, we gave that same vision to the field. Princess House is fifty-eight years old, and some of our top leaders have been here for almost all fifty-eight years. That change management was really difficult for them. But when the pandemic happened, so did the opportunity to get their heads wrapped around doing virtual cooking demonstrations, getting on Zoom calls, and using social media. Our business has more than doubled since the beginning of the pandemic, and it is because the use of technology has allowed them to get far further down the road than they ever would have believed.

CAVITT: What are the next priorities for your organization? With all this technology rolling out, isn't training just as big a part of the project as anything?

COTE: It is. Training has to evolve because most of our field have a type of personality where if you hand them written training, they're never going to look at it. They are visual people who react much better to something that they can see and that is fun to do.

Therefore, we are launching a learning management system (LMS) that has gamification attached to it. We find that if we can give them training in small, bite-sized interactions, it becomes an experience they hold on to much better. So that's what we're spending a lot of our attention on right now.



Digitalization Helps Peel Back the Layers of the Customer Journey



Dana Fortune is Vice President of Marketing and Sales Initiatives at 4Life Research. The Sandy, Utah-based company offers immune system wellness, skin-care, body care, and energy products.

CAVITT: You've said that there's not a day that goes by that you're not talking to both the CIO and the CTO. Can you talk about how the rubber hits the road in bringing business and the implementers altogether?

FORTUNE: Yes, it's a rare day where I'm not talking to our IT team. The way we homed in on experiencing the digital journey was this: Back in October 2020, we took a large group of corporate employees and enrolled all of us as customers. What that allowed us to do was experience the back-office, have those dashboard ads, get those push notifications, and receive those drip email campaigns in the same real time that the distributors were getting them as well.

And what that allowed us to do was peel back the layers of the customer journey. The corporate members gave feedback on all the touchpoints of digital. We formed a committee—a customer journey digital committee—and we put all those new priorities into a digital priority list. That's where I was able to team up with IT and really focus on those new digital priorities.

Oftentimes, and I think we're all guilty of this, we sit in a room full of corporate members and discuss what we think distributors want. I really appreciated this experiment because it allowed us to put ourselves in the shoes of our distributors. We're not just receiving 4Life products at our door, we're not just enrolling ourselves into our loyalty program, but we're actually seeing all these digital touchpoints. That was probably the best digital experiment of the past year.

CAVITT: Can you talk about your use of attraction marketing?

FORTUNE: The big question for us is how do our affiliates attract more customers? We always say there are two ways businesses try to attract customers: there's the attraction marketing way, and then there's the wrong way to do it, the interruption marketing way.

Attraction marketing is adding value to people's lives so much so that they actually contact you because they want the product you have. That's what we do. What we don't do is interruption

marketing, which is blasting your products or your opportunity nonstop like a constant nagging commercial.

We stress this in our training. We implement it in our teachings to the field. How we do that is when we train, we like to do Facebook and Instagram audits. We teach them that their Facebook profile or their Instagram page is their storefront, so they need to make sure that when people come in to view the content in the shop that it looks good. It's called Facebook for a reason, right? They want to see your face, not a picture of the product.

We also teach them how to create attraction marketing posts using products, and that it is easy to add new people to their list, to prospect in that way. Then we also show them how they can use a referral code to offer a discount after they generate a conversation and get the customer to that point where they are in their direct messages.

So we're trying to prepare the field, to give them examples they can use on an everyday basis to post on their Instagram and Facebook pages. We want to make it easy for them to implement this type of marketing in their everyday lives. And so for us at 4Life, that's how we help our distributors gain customers through attraction marketing. And that's what makes it really powerful.

CAVITT: What new digital learning tools have you implemented at 4Life?

FORTUNE: We've implemented business building and product guides. Facebook Groups has the ability for you to turn on what's called a Social Learning Group. That then activates a guide, which is made up of a few posts. So in every step of the customer journey—if you choose to enter the world of becoming a 4Life affiliate—these groups allow you to go through the onboarding process.

For instance, the first one is Getting Started with 4Life. Other product guides offer a more in-depth jump into everything that you need to know about our products, how to market them, what you can and cannot say about them, and how to be compliant on social media. **DSJ**

“Attraction marketing is adding value to people's lives so much so that they actually contact you because they want the product you have. That's what we do.”

LAUNCHING IN AUSTRALIA

by Gillian Stapleton, CEO,
Direct Selling Australia



Doing business in Australia offers so many opportunities. Australia consistently punches above its weight, which is how a country with a population of 25 million people is currently ranked twenty-fourth in the world for direct selling.

The \$1.4B industry in Australia comprises 44 percent health and wellness, with close to 500,000 independent salespeople (ISPs), 75 percent being female and 450,000 being preferred customers. There is an even split of urban and regional activity.

But the opportunity Australia offers goes far beyond these numbers. Australia boasts a hugely diverse population with large immigrant communities representing many nations, particularly Asian countries; Australia is not only a robust market but also a strong springboard into other Asia-Pacific regions.

Direct Selling Australia (DSA) is the peak industry body in the country, representing direct selling members since 1967. DSA has a strong, agile, multinational team with global direct selling experience and

For companies considering expansion to Australia, DSA offers prelaunch assistance to new entrants that puts them in touch with professionals specializing in direct selling, providing the expertise new entrants require when they need it most.

serves a membership that is collegial and supportive. DSA currently features over fifty members, including global companies as well as home-grown entities.

The DSA team, with nearly sixty years combined channel experience, including running a home-based direct selling business, meets with every company that submits a query or application. This initial conversation provides a roadmap of our processes, expectations of members, and the practicalities of the idiosyncratic differences between doing business in their home country versus Australia.

For companies considering expansion to Australia, DSA offers prelaunch assistance to new entrants that puts them in touch with professionals specializing in direct selling, providing the expertise new entrants require when they need it most. DSA's strategy aims to ensure that the entity successfully enters our market and is ready to navigate the specifics of Australia's consumer law requirements and, of course, show value for continued membership.

"In my opinion, connecting with the Australian DSA early helped tremendously in setting us up for success," says Sinead Pollock, Plexus General Manager



(L-R) DSA Team: Adele Sutton, Lachlan Smith, Gillian Stapleton, Paul Seitz



Convergence Conference 2021: DSA Life Members Jenny Messenger and Imelda Roche

and DSA Board Member. “In our instance, this communication started before I was hired. When I joined Plexus, our team at the head office had already initiated communication to set Plexus up for success. This proved to be invaluable as some of the heavy lifting was already done. Receiving feedback on items like our policies and procedures was extremely helpful. We can review them from a legal perspective, but getting experienced industry eyes on them made sure we were taking the right steps in the right direction. DSA was also a great source of advice and information and could connect us with suppliers, vendors, and consultants that could provide the local support needed.”

For companies considering expansion to Australia, DSA offers prelaunch assistance to new entrants that puts them in touch with professionals specializing in direct selling, providing the expertise new entrants require when they need it most.

The DSA logo is well recognized by consumers as a result of many DSA social media campaigns. More importantly, it is known by key regulators with whom DSA management works closely in its advocacy initiatives. The reputation of the channel in Australia is paramount, which is why we promote our membership with the hashtag, “Proud to Belong.”

The direct selling channel’s reputation is only as good as the compliance efforts of its members. Our Code of Practice requires that companies displaying the DSA logo voluntarily go beyond the regulator’s requirements so as to enhance consumer protection and the experience of both consumers and distributors. All members renew the commitment to comply with the Code each year. While our members determine their own strategy

and business operations, the uniformity of our Code of Practice enables us to hold members accountable, thus maintaining a high level of industry integrity and ethics. This accountability serves us all when promoting direct selling with regulators and government agencies. DSA’s advocacy is targeted to ensure that our members have a seat at all of the appropriate tables.

One of the main tenets underpinning the DSA Code of Practice is compliance with the Australian Consumer Law (ACL) applicable to direct selling companies that operate in Australia. Businesses supplying complementary medicines must comply with therapeutic goods legislation, particularly the Advertising Code, and DSA’s Code reflects this requirement. Obviously, not all direct selling products need to be registered with the Therapeutic Goods Administration (TGA) but for those that do, we have supplier members who can provide information on all aspects of the registration process.

With the onset of the COVID-19 pandemic in early 2020, DSA was quick to provide the entire membership with weekly webinars designed to support the industry as it transitioned to working from home during extensive lockdowns. Key regulators and professionals presented practical advice in relation to government stimulus packages and how to navigate them. The webinars continue to form part of the ongoing service to members, along with DSA’s many other signature face-to-face events.

DSA’s main face-to-face event, our annual conference, is now a hybrid affair that allows members unable to attend in person the ability to consume the content of the show. In May 2022, DSA will host its second hybrid conference, “Tribenology,” in the iconic CBD of Sydney, the main commercial business district of the city.

“The future doesn’t lie exclusively in any of these technological advances but at the crossroads where they intersect with human endeavor,” says Paul Seitz, DSA Marketing and Communications Manager. “We call this nexus of people and machines Tribenology.”



Convergence Conference 2021: Life Member Bill Duncan talks to Northern Territory Convention Bureau in the Expo Area

In May 2022, DSA will host its second hybrid conference, “Tribenology,” in the iconic CBD of Sydney, the main commercial business district of the city.

DSA’s conferences focus on networking and industry content cementing our commitment to add value to the membership at every turn.

“I enjoyed hearing the global perspectives and felt comforted to know how supported we all are in Australia,” says Jen Usher of MONAT.

DSA’s close connection with its members and feedback from the different business units informs the topics covered in our monthly member webinars. Human resources, logistics, duty of care, incentives, inclusion, legal and regulatory, leadership, and, of course, COVID safety were just some of the issues and topics covered over the last twelve months. In addition to these webinars, DSA holds CEO-only monthly meetings during which member GMs and CEOs can discuss issues and topics relevant to the channel in an informal peer-occupied environment featuring lively discussions as well as curated material from sponsors and experts.

“Just wanted to say a big thank you for allowing us this incredible opportunity to have a virtual meeting with the CEOs of DSA,” Joey Templin of Club Med says. “It was priceless, rewarding, and so valuable for all of us. Their questions and insights gave us all a lot of food for thought.”

In addition to our annual conference and webinars, DSA hosts a Speaker Showcase, a Woman in Leadership Seminar, and an end-of-year networking event. Speaker Showcase enables members to experience the latest and greatest talent available, making their conference planning easier. The Woman in Leadership Seminar celebrates the contributions of women inside and outside the channel.

If all of our advocacy, education, and support were to be summarized in one word, it would be “engagement.” Direct Selling Australia’s express purpose is to serve its members. The team brings its experience and active listening to form true partnerships that elevate the membership beyond expectation. Opening in any new market will pose challenges but not every country has a dedicated and experienced team waiting to make your expansion not only successful but also efficient, not to mention a little bit of fun. Oh, and Australia’s main language is English, so there’s that, too! [DSJ](#)

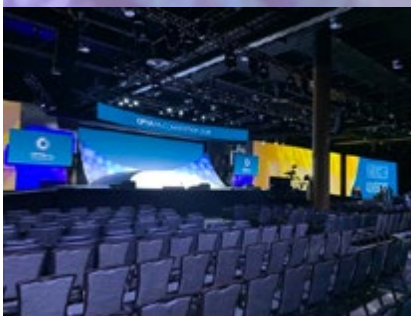


(L-R) Women in Leadership Panel: Paul Seitz (DSA), Marika Hubble-Marriott (Russell Kennedy Lawyers), Paul Jones (SeneGence), Katriina Tahka (a-ha! Agency), Sinead Pollock (Plexus), and Melissa Amavisca (Arbonne)

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IS GEN Z THE FUTURE OF DIRECT SELLING?



Their hedge-your-bet attitude, enterprising spirit, and passion for making the world a better place have Gen Z leaning into direct selling.



Generation Z is turning twenty-five this year. America's youngest workers have only been in the labor force for less than a decade, but they have already made quite an impact on businesses everywhere, from their demands for new workplace norms to their insistence on companies helping them drive positive change in the world.

Gen Z—those born between 1997 and 2012—comprised just 11 percent of America's workforce in 2020, according to the US Bureau of Labor Statistics, but is estimated to make up 30 percent of the US labor force by 2030. This generation has been greatly affected by the COVID-19 pandemic in terms of job loss, the highest unemployment rate in a century, and stress-related mental health issues. However, even with the highest levels of anxiety and depression of any generation, they press on with purpose-driven resolve to create the change they want.

That resolve is most noticeable in the workplace. Gen Z are unlike any previous generations when it comes to sharing their perspectives on work. They openly question authority, dismiss antiquated office habits, demand diversity in the workplace (and especially in leadership), insist on pandemic-proof working environments, and advocate for environmental and social activism. They have also firmly announced their intention to protect their health and family life above all else.

Indeed, Gen Z has brought “a fresh adjustment of behaviors and ideas” into the labor force. They are passionate, pragmatic, at times provocative, and likely progressive on social issues. But are they the future of direct selling?

Suited for Side Hustles

Not only do Gen Zers have the desire for entrepreneurship—a 2020 Nielsen study found that 54 percent of Gen Z stated a desire to start their own businesses—but they also have the technical skills and social media savvy to support their business ventures. As digital natives, they are better suited than previous generations to start their own small businesses, especially now that e-commerce has exploded and immersive technologies with which they are familiar have become more prevalent tools to reach consumers.

The technological and digital advances over the last two decades have contributed to their diverse talents. The Gen Z worker, by comparison, is far removed from the baby boomer, who was typically trained in one specialized field and usually spent his or her entire career within that realm. Gen Zers have lived through an accelerated pace of innovative technology and modes of communication, enabling them to develop expanded skill sets. And as modern technologies emerge, they will have even more tools to adapt to the business landscape.

As Deloitte pointed out in a 2021 examination of Gen Z with the Network of Executive Women (NEW), the world will continue to evolve and change. Gen Z is

About Gen Z

- Born between 1997 and 2012
- 67.06 million in the US
- 20.35 percent of the US population

(Statista, September 2021)

perfectly positioned to be what Deloitte and NEW suggest is needed in the future—a “Renaissance figure” with digital and technology skills, a comfort with analytics and data, business management skills, and design and creative skills.

Already, Gen Zers have embraced side hustles, often running more than one gig business at a time in an effort to hedge their bets against job insecurity in this COVID era. There are myriad stories of these young entrepreneurs taking their first steps into business ownership, including those in direct selling.

What Gen Z Wants

Millennials continue to be the largest group of direct sellers in the United States, followed closely by baby boomers. In 2020, Gen Z comprised just 6 percent of the 7.7 million direct sellers in the US, but that equates to nearly half a million young adults—none older than the age of twenty-three—who had started on the path to business ownership.

More are planning to do the same. And that makes sense because this is a generation of entrepreneurial-minded individuals who crave the flexibility to try different things. And flexibility is key. According to an August 2021 survey conducted by Bankrate and YouGov Plc, 62 percent of Gen Zers stated that flexible work arrangements were the top priority when considering job opportunities.

Of course, flexibility is the bedrock of the direct selling business model. Entrepreneurs have always had the ability to work as much as they want, when they want, and from where they want. But flexibility alone will not help direct selling companies attract more Gen Zers to the industry. Companies hoping to bring Gen Z into their fold should also pay attention to Gen Z's other needs.

A Livable Wage

According to Bureau of Labor Statistics data for 2020, although Gen Z represented just under one-fifth of hourly paid workers in the US, they made up 48 percent of those paid the federal minimum wage or less. It's no wonder Gen Zers were among those who last year advocated for lawmakers to increase the federal minimum wage from \$7.25, where it has stood since 2009.

New workers entering the labor force have historically landed in sectors that are noted for lower wages, such as the hospitality and retail sectors. But while the

minimum wage has not moved in thirteen years, the cost of living has risen, leaving many Gen Zers without the financial means to provide for themselves.

A recent [Realtors.com](https://www.realtors.com) Monthly Rental Report stated that rents rose five times faster in 2021 than 2020, with the cost of rent, on average, 10.1 percent higher in 2021. The national median rent for a one-bedroom in December 2021 was \$1,651, up 19.3 percent from 2020. A quick calculation will show that a forty-hour work week at minimum wage will not come close to securing housing for Gen Z workers making minimum wage.

In addition, labor shortages and supply chain disruptions have caused food prices to go up. Last November, the US Department of Agriculture's food-at-home index rose 6.4 percent year-over-year. The index, which tracks grocery store and supermarket food purchases, showed that the prices for meat, poultry, fish, and eggs increased by 12.8 percent. Expectations are that in 2022, inflation rates will continue to cause prices to rise.

So it is understandable that Gen Zers believe they are not paid fairly—and the reason so many have left their jobs in search of higher paying opportunities. While twenty-six US states will raise the minimum wage this year, Gen Z will continue to seek out opportunities to increase their earning potential. As they reevaluate options, direct selling becomes a viable choice as work that pays a living wage.

A Healthy Work-Life Balance

Like millennials, Gen Z insists on a healthy work-life balance. It makes sense that it should be of such great importance to them. For a generation

encumbered by high levels of stress, having a healthy work-life balance is essential to maintaining good mental health.

The Deloitte Global 2021 Millennial and Gen Z Survey, released in June 2021, shared that Gen Z—along with millennials—are making mental health a priority at work, and companies wanting to help them thrive “need to prioritize mental health and embed a work-place culture where stigma does not exist.”

In the study, millennials and Gen Z employees in senior roles were asked to list top priorities beyond revenue and profit. What was the most important to these two groups was ensuring a good work-life balance and supporting employees' physical and mental health. Unfortunately, the survey also revealed that only 20 percent of millennials and Gen Z believe their employers are enabling that work-life balance, with three in ten respondents saying the employer support is poor.

For companies to achieve success in the coming years, it will be critical to establish a healthy work-life balance to retain Gen Z workers.

Mental Health Resources

Gen Z has elevated levels of stress compared to some of their older generational cohorts. According to the American Psychological Association (APA), more than nine in ten (91%) of Gen Z adults admitted to experiencing “at least one physical or emotional symptom because of stress,” with only half of all Gen Zers believing they successfully manage their stress.

It is not just COVID-19 and its aftereffects such as work-from-home mandates, social distancing, and



Gen Z is the most racially and ethnically diverse generation:

- 52% identify as White
- 25% as Hispanic
- 14% as Black
- 6% as Asian
- 5% as other races or two or more races

The US Census Bureau projects that by 2026, the majority of Gen Z will be non-white.

(Pew Research Center, 2020)

vaccination debates that have caused widespread depression and anxiety among Gen Zers. In 2019, mass shootings topped the list of stress-inducing events for them. Immigration issues and sexual harassment were other sources of major anxiety. That year, in fact, a large majority of Gen Z respondents to a Harvard Business Review study stated that they had left a job for mental health reasons. More than half of the overall respondents to that study cited their company's inadequate attention to mental health care for workers as the impetus for their decision.

And that was before the pandemic.

This past October, the APA released "Stress in America™ 2021: Stress and Decision-Making during the Pandemic," which was conducted by The Harris Poll. In the survey, 37 percent of Gen Z said they struggle to make basic daily decisions, such as what to eat and what to wear.

The survey said that even with the struggles, most adults, including Gen Z, retain a positive outlook and believe once the pandemic ends things will return to normal. Companies offering Gen Z emotional support in the workplace and providing mental health resources will have an advantage over other companies looking to onboard this generation.

A Diverse Work Culture

Gen Z is, according to the Pew Research Center, the most ethnically and racially diverse generation, with 52 percent identifying as White, 25 percent as Hispanic, 14 percent as Black, 6 percent as Asian, and 5 percent as other races or two or more races. The US Census Bureau projects that by 2026, the majority of Gen Z will be non-white.

Growing up with such diversity within their group, Gen Z expects that they will find the same in their

work environment. According to [Monster.com](https://www.monster.com), 83 percent of Gen Z candidates consider a company's commitment to diversity a crucial factor.

Yet, there are differences in what diversity means between generations. Unlike baby boomers and Gen X, who historically considered diversity along age, gender, and racial and ethnic lines—or even millennials, who are driving diversity, equity, and inclusion (DEI) initiatives—Gen Z has an expanded meaning for diversity: their definition includes marginalized people who have been discriminated against based on sexual orientation or gender identity.

According to a study by Tallo, 67 percent of Gen Z workers have witnessed discrimination or bias in the workplace based on not only race or ethnicity but also with sexual orientation or gender identity; 44 percent have personally experienced such discrimination. Gen Z considers gender identity an important part of the diversity discussion, so much so that in the Tallo survey, 88 percent felt it important that recruiters and potential employers ask candidates their preferred gender pronouns.

In the end, businesses should realize that diversity is a strong subject for Gen Z, and the better they represent the spectrum of differences in the office and diversify their talent pipelines, the better off they will be in the competition for Gen Z workers.

A Commitment to Global Citizenry

Fifty-three percent of Gen Zers from around the world said that "society staying the same as it currently is" is scarier than "society changing drastically in the future." That was among the findings in a McCann Worldgroup Truth Central study last year that surveyed Gen Zers in the US, UK, Brazil, Germany, and China.

Gen Z wants to make a difference in the world. This generation believes it has the power to make considerable strides in areas such as diversity, sustainability, and representation through influencing their companies and the brands they use to commit to action.

Many Gen Zers believe this is a pivotal moment in time for the world and that the actions taken today—or those not taken—will reverberate through the coming years and have possible devastating impacts for their children.

For instance, 67 percent of Gen Z believe climate should be the top priority to ensure a sustainable planet for future generations, according to a May 2021 Pew Center Research study. Thirty-seven percent made it their top personal concern, and 32 percent acted in the preceding year to help address climate change, whether by donating money, contacting an elected official, volunteering, or attending a rally. The study found that 69 percent of Gen Zers "felt anxious about the future the most recent time they saw content about addressing climate change."

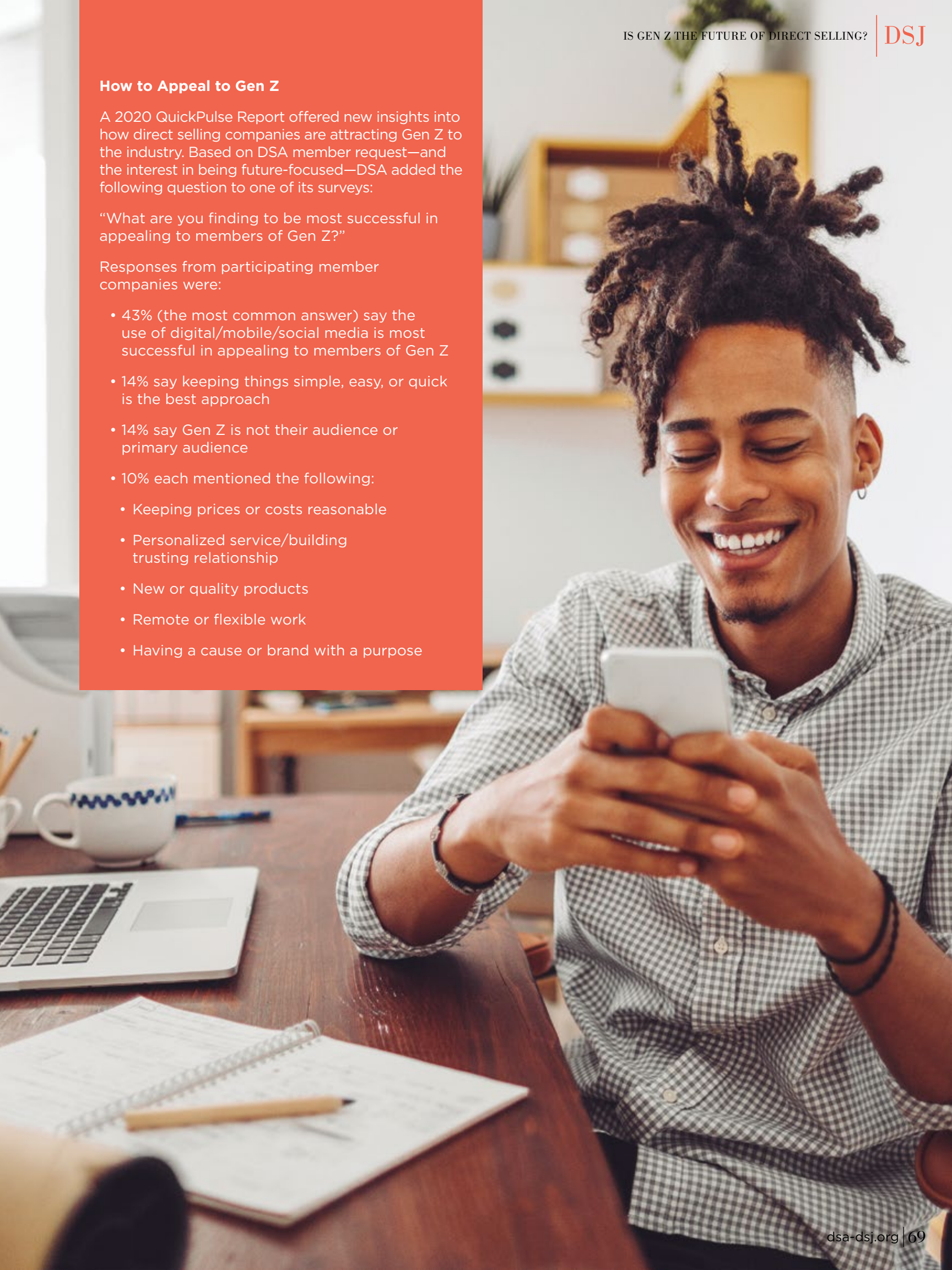
How to Appeal to Gen Z

A 2020 QuickPulse Report offered new insights into how direct selling companies are attracting Gen Z to the industry. Based on DSA member request—and the interest in being future-focused—DSA added the following question to one of its surveys:

“What are you finding to be most successful in appealing to members of Gen Z?”

Responses from participating member companies were:

- 43% (the most common answer) say the use of digital/mobile/social media is most successful in appealing to members of Gen Z
- 14% say keeping things simple, easy, or quick is the best approach
- 14% say Gen Z is not their audience or primary audience
- 10% each mentioned the following:
 - Keeping prices or costs reasonable
 - Personalized service/building trusting relationship
 - New or quality products
 - Remote or flexible work
 - Having a cause or brand with a purpose



For Gen Z, it's okay to fail.

Gen Zers are not afraid to fail. They accept that failure will likely be a part of any process and believe failing helps them to learn and grow.



Businesses understand that Gen Z will comprise the majority of workers in the US labor force in just a few years—as well overtake millennials as the largest group of consumers, giving them purchasing power. To attract and retain Gen Z, companies need to highlight their efforts to be good global citizens and demonstrate their commitment to the social and environmental challenges currently facing the global community and of importance to Gen Z.

Education and Training

According to the Pew Research Center, Gen Z is on track to be the most well-educated generation ever. It has a significantly higher college enrollment rate than previous generations, and Gen Zers are less likely to be high school dropouts. But even as they trend toward college, this generation of Americans is pulled by the thought of entrepreneurship post-graduation.

To build successful companies, Gen Z believes that colleges should teach entrepreneurship and business skills to prepare students for their futures as business owners. In lieu of these educational opportunities now available, Gen Zers in the workforce are looking to companies to provide the training they need. Gen Zers want to learn as many business skills as possible and are not opposed to leaving one job to attain an additional skill at another company.

The advantage here is to direct selling. What draws many people to the industry is the focus on business skills and personal development. A majority of people coming into the channel have little or no sales or leadership experience, and these are areas in which direct selling companies excel. Promoting this training, particularly any involving gamification, will go a long way in attracting Gen Zers.

Additionally, direct selling companies can partner with the Direct Selling Education Foundation (DSEF) to bring entrepreneurial studies to college classrooms. DSEF has a network of professors from colleges and universities in the US and overseas who help students gain a full understanding of the entrepreneurial opportunities found in direct selling.

Access to Mentors

Another 2021 Deloitte study found that 46 percent of Gen Zers “feel stress or anxious most or all of the time.” That could help explain why many seek out mentors in the workplace.

While Gen Z’s perspective of work sees mentorship as a logical part of learning to get work done quickly and efficiently, it also leans into the emotional aspect of connecting with an older co-worker whose life experiences can offer guidance in the workplace.

A recent study by Bloomington, Minn.-based Springtide Research Institute found that Gen Zers generally want to work with a boss or supervisor who relates to them not only on a professional level but also on a personal level. In fact, 73 percent said they are motivated to do a better job when they feel their supervisor cares about them.

But the study also points out that because of their higher stress levels, Gen Zers seek mentors as part of their priority to focus on well-being. Supportive mentors who show concern for the individual and not just the worker can help Gen Zers when they feel overwhelmed by what is happening in today’s world and provide guidance, and guidelines, for stress management.

Mentoring is also an ideal way to build community within a workforce. Direct selling has a distinct advantage in this area because its business model is based on an independent business owner working one-on-one with a newcomer and then welcoming that person into a like-minded community of entrepreneurs.

The Future of Direct Selling

“Every year . . . some new invention, method, or situation compels a fresh adjustment of behaviors and ideas,” wrote historians Will and Ariel Durant. That statement holds true when considering the last three years.

In 2020, COVID brought immediate changes to the global society. New constructs were formed, some that met the moment and others that became the mainstays for a new way of doing business. For millions of people around the globe, the lenses through which they viewed success and happiness were refocused for life in a pandemic.

Last year, Gen Z’s attitudes toward work and their future impact as the largest working cohort showed employers that new norms had to be implemented in the workplace to attract and keep them. Gen Zers

pressed forward on the need for a work-life balance, better wages, and safety in the workplace, and they made it abundantly clear that they will leave their existing jobs without hesitation to embrace new opportunities reflecting their life values.

If there is a key takeaway on Gen Z and its place in the workforce, it is that Gen Z is a generation in search of meaning. It is, according to a WeSpire study, a generation that prioritizes purpose over salary, that reads company mission statements to see if those businesses’ values match their own, that seeks authenticity, and that leaves behind toxic workplace cultures.

When looking at Gen Z’s ideas about work and life, and the impact of COVID, it’s easy to draw a straight line from their needs and their search for meaning to direct selling opportunities. There is a natural alignment of aims and purpose between the two. Moreso than other industries, direct selling meets Gen Z’s demands for the workplace and offers this youngest generation the space and flexibility to grow as entrepreneurs while supporting their efforts to make the world a better place. Direct selling can be the future for Gen Z, and Gen Z, the future of direct selling. **DSJ**



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15 YEARS



A FINER APPRECIATION OF WOMEN

by Marjorie Fine, Shaklee Corporation
DSA Hall of Fame Recipient, 2014

For this article, I was asked to write about the importance of women executives in direct selling, including changes I've witnessed over the years in regard to women in leadership roles. The changes have been dramatic, which my own history helps to illustrate.

My parents didn't raise me to become a lawyer. They were first generation in the US and had Old World ideas about a woman's place in society. Attending college was fine—after all, it was a great place to meet a husband. However, when I told them I was applying to law school, they told me to get married, have children, and stay home to raise them. They thought that was a better life for a woman. True to form, I didn't listen.

At the University of California, Berkeley, School of Law in the early 1970s, only 29 percent of my class were women. In my third year, when interviewing for jobs, I was asked about my plans to have children. There were hints that taking time out for a family would disqualify a woman from partnership consideration.

When I began practicing law, it seemed to me that I had to work harder than my male counterparts to advance my career. Family law, estates, trusts, and, to a lesser extent, corporate law were viewed as "appropriate." However, I chose litigation. I was the first woman litigator and first woman litigation partner in my firm. At one of my early court appearances, the judge asked if I was old enough to be there. Soon after that, I cut my waist-length hair and adopted an "older" look.

When I entered the direct selling industry in 1989, I expected things to be different. After all, this was, and remains, an industry where approximately 85 percent of the sales representatives are women. However, with the exception of Chief Marketing Officer, the C-Suite was comprised entirely of men.

I'd met so many women with no business skills who said they could not stand in front of a room to lead a meeting. Yet, within a relatively short time, these women not only could stand in front of a room, but they also could motivate many others to change their lives.



As Executive Vice President and General Counsel of Shaklee, one of my responsibilities was field compliance. Our field was about 90 percent female at the time. I found a significant difference in the way women and men approached the business. Women nearly always led with product. They were good listeners and usually able to suggest products their customers appreciated. The women collected referrals and built large customer bases. Once a customer had referred enough people to earn the price of her

products, the Shaklee Distributor would suggest she consider becoming a Distributor. The women grew their businesses slowly, but they achieved tremendous customer loyalty. On the other hand, men typically led with the earning opportunity. They were more interested in building a distributor base than a customer base. Their businesses tended to be less stable as a result.

I also noticed the way the earning opportunity changed lives, particularly those of women. I'd met so many women with no business skills who said they could not stand in front of a room to lead a meeting. Yet, within a relatively short time, these women not only could stand in front of a room, but they also could motivate many others to change their lives. As a result, I came to see direct selling as a vehicle to assist with personal development and to create a community, unlike anything I had witnessed previously.

After joining Shaklee, I became active in the Direct Selling Association (DSA) right away. I learned so much about the industry from Neil Offen, Mario Brossi, and Joe Mariano, and by interacting with other direct selling executives. There was never a question they could not, or would not, answer or help answer.

After participating on a number of DSA committees, including chairing the first Ethics & Self-Regulation Committee, I was elected to the DSA Board of Directors. Early in my tenure, I noted there were no women serving on the Executive Committee. Recognizing that women CEOs—such as Doris Christopher, Tami Longaberger, Mary Crowley, and Mary Kay Ash—had chaired the Association's Board in the past, I suggested to Joe that it would be a good time to change the Committee's demographics. At the following meeting, I was nominated for a position on the Executive Committee.

At that time, the Chair-Elect also served as Chair of the Annual Meeting. That gave me the opportunity to chair the 100th Anniversary Annual Meeting. We held the event in San Francisco, near Shaklee's headquarters. The event was a great success, reaching the highest attendance ever for a DSA event.

Following the 100th anniversary celebration, I moved into the role of Chair of the Board of DSA. I had two goals as Chair: increase the participation of women in the DSA Board of Directors and DSA committees and increase DSA's involvement in public policy issues affecting the industry.

We accomplished the latter by starting Direct Selling Day on Capitol Hill. We urged all company executives to participate, and many did. DSA's Government Relations team worked feverishly to schedule meetings with Senate and House offices, and we all descended on Capitol Hill for one day of meetings. Many of the people with whom we met

were not familiar with direct selling or our companies, and the meetings proved to be a great opportunity to introduce ourselves and our industry. In subsequent years, Direct Selling Day on Capitol Hill was expanded to include field representatives. The majority of the participants were women who told their stories—specifically about what direct selling meant in their lives—which increased the impact of the day tremendously.

We all should join in helping federal and state regulators appreciate the importance of independent contractor status to our industry and the importance of our industry in people's lives, particularly those of women.

As for involving more women in DSA, Nancy Burke, currently DSA's Vice President of Membership, and I brainstormed the issue and decided to hold a women's retreat to showcase all that DSA does to enhance the industry. We invited women executives from all member companies to a weekend at the Gaylord Texan Resort in Texas, and many attended. We held work sessions during the day and socialized at a cocktail reception and dinner in the evenings. We viewed the retreat as a success because, following it, many of the women who attended volunteered to join DSA committees and/or submitted their names as possible members for the Board of Directors. The retreat has been continued each year since and has introduced many women executives to DSA.

During my more than thirty-three years of involvement with DSA, the Association has never been more important to our industry than it is at present. Independent contractor status is under attack at both federal and state levels. We all should join in helping federal and state regulators appreciate the importance of independent contractor status to our industry and the importance of our industry in people's lives, particularly those of women. **DSJ**

Marjorie Fine served as Chair of the Annual Meeting for DSA's 100th anniversary celebration.





DSA'S NEW 2021 MANAGEMENT COMPENSATION & BENEFITS STUDY

Insights into Labor Market Trends
and Corporate Direct Selling HR
Benchmarks

In November, the Direct Selling Association (DSA) released its 2021 Management Compensation & Benefits Study to all participating members.

This comprehensive HR study helps members better understand and navigate the rapidly changing labor market in the US and understand its impact on direct selling. It also provides benchmarking data for salaries and benefits of more than thirty corporate roles, including several that are exclusive to direct selling.

In addition to the standard benchmarking information mentioned above, this study dives a bit deeper into understanding how HR policies and procedures have evolved in recent months. More specifically, this study reports on office reopening/work-from-home practices, new benefits companies are offering due to the pandemic, diversity and inclusion efforts, and more.

To provide the data and insights from this report, DSA worked with a subcommittee made up of leading direct selling human resources executives and Industry Insights, an independent professional research and consulting firm that specializes in conducting compensation studies and other forms of industry research.

The following is an excerpt of the study with analysis on macroeconomic labor conditions and outlook in the US. To obtain the full report, contact DSA at membership@dsa.org.

The Economy

Before analyzing compensation information for any industry, it is important to understand the performance of the overall economy. This section of the report will examine several indicators that are typically correlated with compensation levels and their corresponding trends. It is important to note that these correlations may not apply to every geographic location or individual company. However, these indicators do provide sound information, and their projections for 2021 will serve as a good gauge for compensation estimates moving forward.

The competition for talent is increasing and has the potential to keep higher-than-normal employee turnover rates and increased compensation levels.

We would be remiss not to preface the results of this study with an acknowledgment of the influence of COVID-19 throughout 2020 and 2021. To provide perspective, the United States announced its first confirmed COVID-19 case on January 21, 2020. As of late April, all fifty US states had some sort of restrictions in place related to COVID-19. On March 19, California was the first state to issue a stay-at-home order, and by April 7, a total of forty-five states had instituted stay-at-home orders. As a result, the second quarter of 2020 was a complete collapse for many industries and regions. Gross domestic product (GDP) contracted over 30 percent, and unemployment peaked at nearly 15 percent. Most of these restrictions remained in place throughout

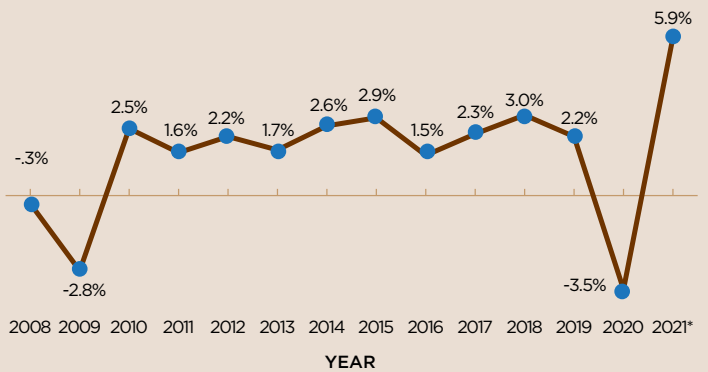
April and into mid-to-late-May 2020. The term “essential business” became critical for some businesses to survive, and sometimes thrive, in the wake of the shutdowns.

Entering the fourth quarter of 2021, more than half of the US population was fully vaccinated, and some of the population had started to receive booster shots to improve protection against COVID-19. As restrictions are dialed back or eliminated in 2021, demand has outpaced supply in most industries and supply chain issues, a tight employment market, and inflationary pressures have become top concerns. The next few years bring a larger list of uncertainties than in most recent years. The Delta variant of COVID-19 had an impact on the performance of the economy in the third quarter of 2021. Other variants yet to be identified could have additional negative impacts as we move through the winter months in most of North America. How these uncertainties play out will determine how soon the economy fully returns to pre-pandemic norms. Industry Insights is cautiously optimistic that the recovery will continue to be robust into 2022.

Steady Economic Growth

During 2019, the US economy continued to show steady economic growth, but it was beginning to slow. The real GDP has been trending positive each of the past ten years, with 2019 seeing a growth of 2.2 percent. Economic confidence and expansion continued, which led to new jobs (and a job surplus), hiring increases, and upward pressure on compensation packages. Real GDP growth for 2020 was originally forecasted to be in the low 2 percent range but reversed course due to the global COVID-19 pandemic. Despite unprecedented government support, GDP fell by 3.5 percent in 2020. The US economy bounced back strongly in 2021 as vaccinations and pent-up consumer demand took hold. Additionally, significant government spending had a considerable impact on the economic growth for 2021, and important spending legislation has the potential to have a strong impact over the next few years.

Gross Domestic Production (GDP) Growth Rate



Source: Bureau of Economic Analysis

*Forecast—Federal Reserve

Salary Budgets Continue Growth Through the Pandemic

Across all industries, salary budget increases in 2020 remained near 3 percent in the US despite a dramatic increase in unemployment. As the economy began to open back up fully in 2021, we again saw increases at around 3 percent. With the employment market tightening, it's no surprise that budget increases on average are forecasted to be slightly over 3 percent for 2022.

Modest Inflation Continues

Continued increases in salary budgets are advantageous for employees. However, to identify the true buying power differential of these increases, inflation must be considered. The chart below shows the year-over-year inflation rate percentage change for 2008-2020 and the forecasted 2021 change.

US inflation, measured by the Consumer Price Index (CPI), has been relatively passive over the past decade due to modest economic growth and lower commodity prices. Additionally, the pandemic put downward pressure on inflation. Inflation increased by only 1.2 percent in 2020. In late August 2020, the Federal Reserve unanimously approved a new

Salary Budget Increases

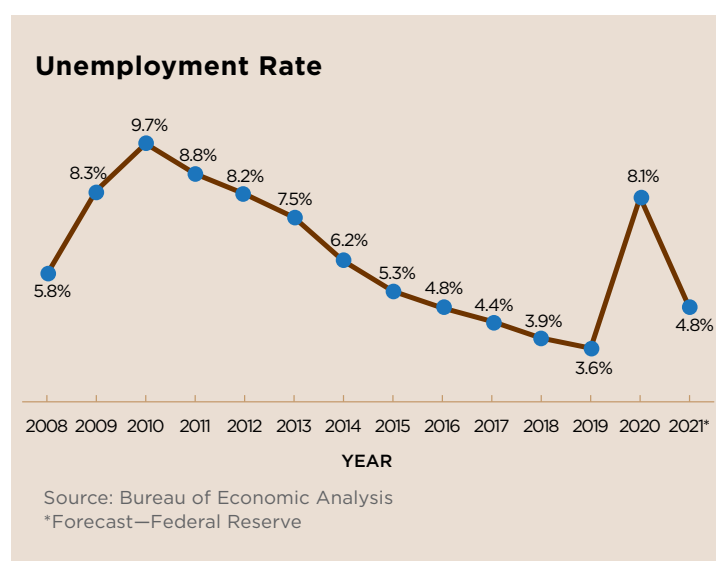
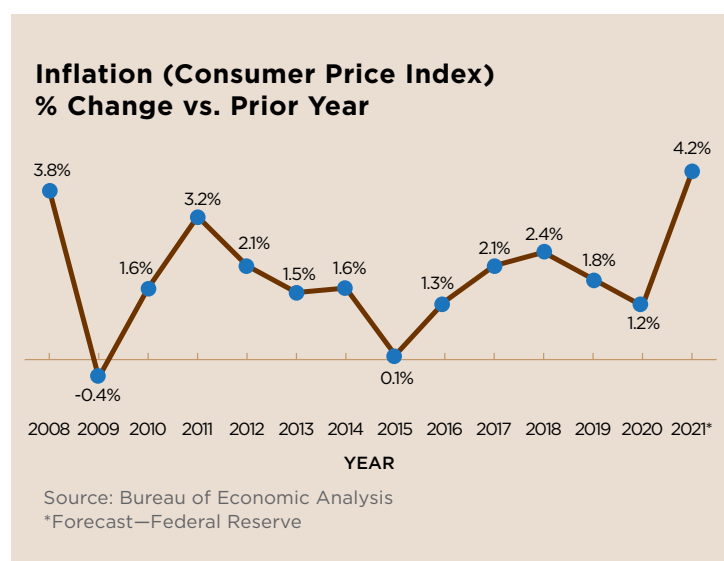
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
Non-exempt hourly non-union	2.8%	2.9%	3.0%	3.0%	3.0%	3.1%	3.1%	2.8%	3.0%	3.3%
Non-exempt salaried	2.9%	3.0%	3.0%	3.1%	3.0%	3.1%	3.1%	2.9%	2.9%	3.2%
Exempt salaried	2.9%	3.0%	3.0%	3.1%	3.0%	3.1%	3.2%	2.9%	3.0%	3.3%
Officers/executives	2.9%	3.0%	3.0%	3.1%	3.0%	3.1%	3.2%	2.9%	2.8%	3.2%

*Projected

Source: WorldatWork 2021-2022 Salary Budget Survey

strategy that will effectively set aside a practice it has followed for more than three decades to preemptively lift interest rates to head off higher inflation. This means that the Fed anticipates a longer-term low interest rate environment. Instead of reacting with interest rate hikes in anticipation of trying to keep inflation at or below 2 percent, it will take a policy of not raising interest rates until inflation is above 2 percent for a period of time similar to how long it has been below 2 percent. They are now targeting an average inflation rate of 2 percent. This was a hot topic throughout 2021 as we started to see inflation rates well over 4 percent since April. For October 2021, the twelve-month inflation rate was reported at 6.2 percent. Over the next few years at a minimum, we expect to see higher inflationary pressures as the Fed attempts to “manage” keeping its long-term average near 2 percent.

A useful employment measure to keep an eye on is the labor force participation rate, which tracks the percentage of the population that is either employed or actively seeking employment. From 2014–2019, labor force participation was between 62–63 percent; it has not been that low since the 1970s. September 2021 reported participation rates of 61.6 percent. The US government provided significant unemployment benefits to many during the pandemic. As the economy has recovered more quickly than anticipated, the unemployment benefits have been so significant that it has created issues for many industries trying to fill open positions. As these unemployment benefits expired, it was anticipated that many would return to work. The current labor market continues to reflect the demand for employees that outpaces supply. As of August 2021, there were about 1 million more job openings than people looking for work.



Unemployment Rate Spikes

The unemployment rate reached historically low levels in 2019 at 3.7 percent. The government shut-down of the economy due to the pandemic caused a dramatic increase in unemployment. The unemployment rate showed positive signs in late 2021.

Unemployment rates can have a substantial impact on compensation levels. As unemployment levels decrease, the talent pool is reduced, and wages tend to rise. Unemployment went from a low of 3.5 percent for September 2019 to a pandemic-induced high of 14.8 percent for April 2020. In mid-2020, the Congressional Budget Office (CBO) was projecting annual unemployment rates of over 10 percent for the next two years, with the unemployment rate falling to 9.5 percent by the end of 2021. The economy surpassed these projections in reaching an unemployment level of 8.1 percent for 2020. Additionally, it continued to improve throughout 2021, dropping to 4.8 percent as of September 2021. It is forecasted to be 4.5 percent for 2021.

Turnover Rates Trending Upward

The economy in 2019 had continued low unemployment rates and a surplus of job openings. This typically heats up the competition for talent resulting in higher employee turnover rates and increased compensation levels; however, the COVID-19 pandemic of 2020 brought record turnover rates as millions of employees were laid off/furloughed. Additionally, quit rates fell to 5-year lows in 2020.

Currently, as the economy continues its robust recovery, we again are beginning to experience both declining unemployment rates and a surplus of job openings. The competition for talent is increasing and has the potential to keep higher-than-normal employee turnover rates and increased compensation levels.

As job surpluses, quit rates, and employee turnover rates continue to rise, so too does the need for employers to retain employees. These factors have led to increases in employee expenses in the form of rising salaries, training and education expenses, and fringe benefits. Given the current labor market in the US, finding and retaining

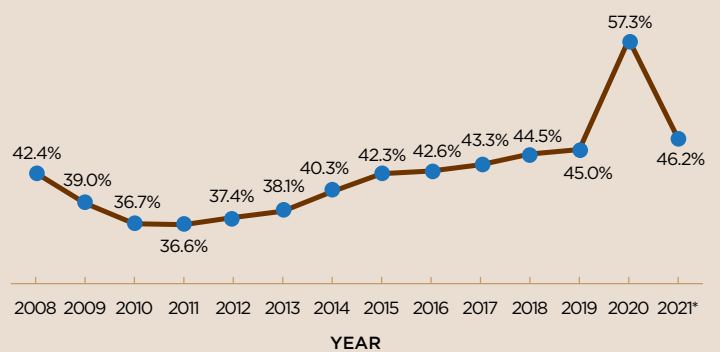
skilled employees is one of the most important issues facing employers as the economy begins to recover.

Summary

After years of sustained growth, several segments of the economy began to see either slowing of growth or declines during 2019. While many economists were predicting a decline in 2020, no one could have forecasted the COVID-19 pandemic and its impact, which will be felt by the US and global economies for the foreseeable future. It has changed, and will continue to change, how businesses operate.

The economy continued its strong recovery through 2021. Though there are headwinds that remain on the horizon—supply chain issues, inflationary pressures, finding and retaining qualified employees, and the potential resurgence of COVID variants—we anticipate continued modest economic growth in 2022. **DSJ**

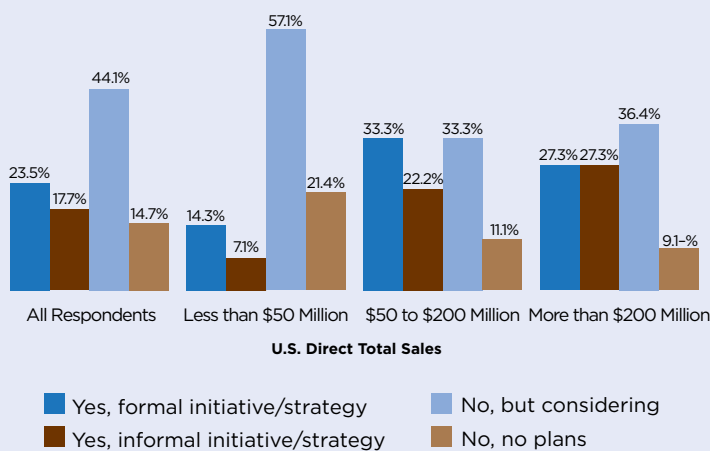
Turnover Rate



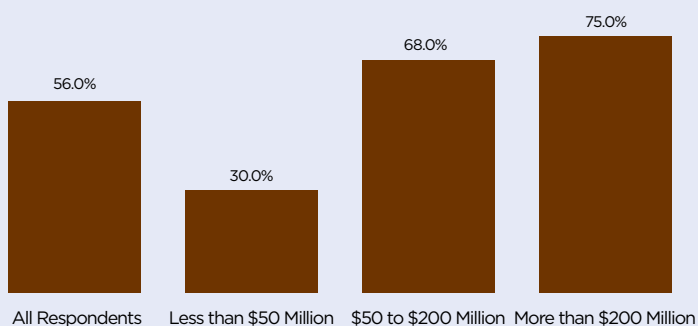
Source: Bureau of Economic Analysis
*Forecast—Federal Reserve

Finally, here's a summary of benchmarking data from the survey on diversity, equity, and inclusion (DEI) efforts, percent of employees working from home, and actions implemented due to the COVID-19 pandemic.

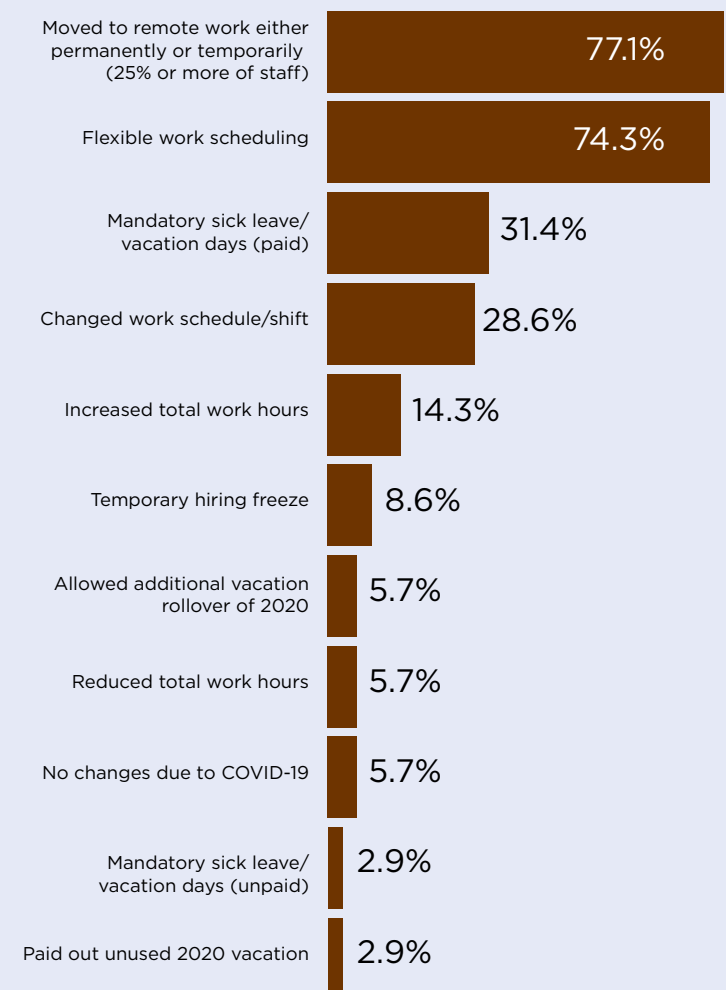
Does company currently have a diversity, equity, and inclusion initiative/strategy in place?

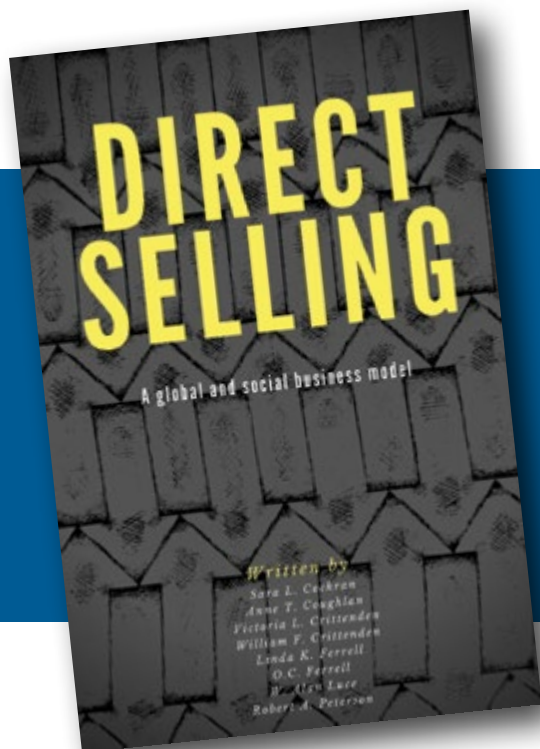


Percent of Employees Working From Home



Actions Implemented Due to the COVID-19 Pandemic





NEW BOOK MAINSTREAMS UNDERSTANDING OF THE DIRECT SELLING CHANNEL

The long-term sustainability of the direct selling business model is one of several topics covered in a newly released book co-authored by seven Direct Selling Education Foundation (DSEF) Fellows. *Direct Selling: A Global and Social Business Model* is a research-driven work that provides a greater understanding of the channel, including its opportunities and challenges.

DSEF Fellows Dr. Sara L. Cochran, Dr. Anne T. Coughlan, Dr. Victoria L. Crittenden, Dr. William F. Crittenden, Dr. Linda K. Ferrell, Dr. O.C. Ferrell, and Dr. Robert A. Peterson offer their insights on direct selling, including its entrepreneurial underpinnings, historical significance, compensation plans, and ethics and compliance as well as its place in today's global marketplace and the economic and social benefits it brings to communities around the world.

W. Alan Luce, Senior Managing Principal of Strategic Choice Partners and a long-time direct selling industry executive, also contributed to the book. Luce passed away in July 2021.

The authors have graciously agreed to provide *Direct Selling Journal* with an overview of each chapter.

CHAPTER 1: Entrepreneurial Underpinnings of Direct Selling by Dr. Sara L. Cochran

Direct selling and entrepreneurship form a natural symbiotic relationship. Direct selling advocates note the benefits of direct selling for achieving entrepreneurial dreams, with some suggesting that direct selling is a key path to entrepreneurship for individuals who want to build their own businesses. The direct selling channel is comprised of entrepreneurs in the form of direct selling company founders, as well as micro-entrepreneurs who desire the financial and social benefits of entrepreneurial work without the demands of business planning and growth.

Entrepreneurs need direct selling to build all types of ventures: survival, lifestyle, managed growth, and even aggressive growth. There are examples such as Mary Kay Ash of Mary Kay Inc. and Traci Lynn Burton of Traci Lynn Jewelry who have built companies using the direct selling channel to distribute their products. These companies that use direct selling as the channel of distribution then create individual sales opportunities for those interested in engaging in the gig economy. From this gig work, with a desire to earn extra money, can arise direct sales entrepreneurs who use direct selling to build their own businesses. These direct sales entrepreneurs are backed by established brands comprised of quality products, marketing tools, business training, and technological resources.

CHAPTER 2: Direct Selling - From Camels to Cyberspace by W. Alan Luce & Dr. Victoria L. Crittenden

Direct selling as a go-to-market strategy, a channel of distribution, and one of the first forms of gig work has evolved over time. It is through historical storytelling that we understand the importance of the past events that have set the stage for what we know as direct selling in the twenty-first century.

Providing this historical perspective, Chapter 2 provides an overview of how early entrepreneurs ("peddlers") traveled the Silk Road trading goods and services, followed in the eighteenth century by the Yankee Peddlers who set the stage for the direct-to-consumer channel of distribution that we now know as direct selling. The path dependence of such actions helps explain how persistence and stability have served to invigorate the direct selling marketplace over time. Direct selling companies have evolved and become what they are today because of the transformations that have occurred over the course of decades, if not centuries.

Chapter 2 lays the groundwork for direct sellers to look forward by casting backward in understanding the direct selling journey—a journey from camels on the Silk Road to virtual sales parties in cyberspace.

CHAPTER 3: Direct Selling Distributor Compensation Plans by Dr. Anne T. Coughlan

The importance of compensation design for the efficient and effective operation of a direct selling firm arises from the crucial role compensation plays in executing on the direct selling firm's distribution channel strategy. The direct selling channel allocates the crucial functions of retail selling and sales recruitment and management solely to the distributor force. Because direct selling distributors are independent contractors, compensation is the major lever available to the direct selling firm to motivate the performance of these activities.

An effective and legitimate direct selling compensation plan is one that is offered equally to all distributors, includes multiple reward components to motivate the various behaviors allocated to distributors, does not include salary, and does not award compensation for recruitment without regard to sales.

Discounts off the direct selling firm's products' list prices and commissions/bonuses on aspects of successful sales management of a distributor downline are a direct selling compensation plan's major elements. Discounts off list price reward distributors' retail sales success and the "preferred customer" member's loyalty to the firm's products. Commissions offer rewards for the achieved sales and performance of a business-builder's downline. An exemplary compensation plan analysis is shown in this chapter, demonstrating that they are all related to product sales.

Given distributors' independent contractor status and the legitimacy of the compensation plan structure, observing that a majority of a direct selling firm's distributors make no commissions, that the average annual commissions paid to those who do earn them are often small, or that a small proportion of distributors earns a large proportion of total commission payments, are not evidence of compensation failures, but rather of the success of the compensation plan in attracting those motivated to carry out the crucial activities of a well-working direct selling channel.

CHAPTER 4: Ethics and Compliance in Direct Selling by Dr. Linda K. Ferrell & Dr. O.C. Ferrell

The direct selling channel faces ethical challenges related to product claims and earnings claims. Implied claims relate to the impression gained through words, images, or phrases. Most advertising laws allow for puffery to a certain degree because it's vague, and no reasonable person would be deceived into believing the claim. Implied claims need substantiation, depending upon the product and regulatory guidelines. Earnings claims relating to income

estimates of independent contractors are being targeted by the legal and regulatory community, particularly the Federal Trade Commission. Therefore, it's important for direct selling companies to have a monitoring system to check for the accuracy of expressed or implied claims.

The Direct Selling Association (DSA) has provided support and resources to avoid these ethical issues. DSA has formalized compliance requirements and a code of ethics for member companies with ongoing monitoring. The direct selling channel has one of the strongest self-regulatory systems of any in the direct-to-consumer industry. Many direct selling companies self-regulate their sales programs as a condition of membership in DSA and adopt ethics and compliance best practices.

In addition to the DSA Code of Ethics and annual code monitoring reviews, DSA has partnered with Better Business Bureaus (BBB) National Programs, which provides impartial third-party monitoring of marketing communications and extended self-regulation. The Direct Selling Self-Regulatory Council (DSSRC), administered by BBB National Programs, monitors the entire direct selling industry with a set of principles. When potential misconduct is detected, firms are notified and provided the opportunity to engage in corrective action. DSA, with BBB National Programs, has developed a process to strengthen the trust between direct sellers and consumers, government, and academics.

CHAPTER 5: Direct Selling in the Global Marketplace by Dr. William F. Crittenden & Dr. Victoria L. Crittenden

Company sales growth is generated through new product offerings and/or geographic expansion. For direct selling companies, entering new geographic markets allows for faster revenue growth as new audiences experience a direct seller's products and services. Global markets open the door for myriad opportunities to increase sales, source new suppliers, learn and develop new capabilities, and further differentiate products for different target markets. This sales growth offers potential for economies of scale in both production and supply chain management. The direct selling business model has a large global footprint, and this global footprint has both social and economic benefits.

With low barriers to entry, direct selling provides a low-risk opportunity for the un(der)employed to engage in entrepreneurial activities. Evidence suggests that these direct selling entrepreneurial activities can enable the move beyond the informal trading that often occurs in developing markets. Researchers have found that the unique nature of the direct selling marketplace provides vast opportunities for women to engage in entrepreneurial activity as a market-based solution to poverty and gender inequality. In addition to discussing the economic and social benefits of direct selling, this

chapter provides a number of strategic frameworks and tools to aid in international expansion decisions.

CHAPTER 6: On the Benefits of Direct Selling by Dr. Robert A. Peterson

This chapter sought answers to three questions regarding direct sellers based on nationwide surveys: Why do people become direct sellers? What do individuals expect to earn when they become direct sellers and what do they actually earn from their direct selling gig? Does a direct selling experience improve an individual's personal life self-efficacy?

The answer to the first question is straightforward. People typically become direct sellers to obtain financial and nonfinancial benefits. Financial benefits include earning the extra money that can be used to pay household bills, improve personal lifestyles, save, invest, or be allocated in numerous other ways. Nonfinancial benefits include purchasing products or services at a discount from a favored company, a desire to share the products or services of the favored company with others, and a desire for social affiliation.

The answer to the second question may be a bit surprising. Direct sellers generally appear to be realistic regarding income expectations. Nearly 71 percent of the direct sellers surveyed expected to earn less than \$500 per month when they became direct sellers, and about 73 percent of the direct sellers actually earn \$500 or less per month. More to the point, 80 percent of the direct sellers surveyed said they actually earn as much or more than they expected to earn when they became distributors.

The answer to the third question is an unqualified "yes." A direct selling experience improves an individual's personal life self-efficacy. A minimum of three-quarters of the direct sellers surveyed indicated that each of thirteen personal life skills studied benefitted from their direct selling experience. Additionally, 84 percent of the direct sellers surveyed who hold a non-direct selling job stated that their direct selling experience enhanced their performance on that (non-direct selling) job.

A prime takeaway from the research reported in the chapter is that direct selling companies should consider emphasizing (and communicating) the existence of nonfinancial benefits such as personal life skill improvements that can result from a direct selling experience as well as improved performance in non-direct selling jobs, regardless of direct selling success. While financial benefits are obviously part of any package used to recruit and reward direct sellers, consideration of nonfinancial benefits might be more productive for improving the performance of both direct sellers and their direct selling company.

CHAPTER 7: Opportunities and Challenges in Direct Selling by Dr. Victoria L. Crittenden & Dr. William F. Crittenden

To reflect systematically on the opportunities and challenges in maintaining the direct selling entrepreneurial spirit and flexibility, this chapter initially uses analytical tools to explore a variety of macro-environmental forces and stakeholder interests that influence the opportunities and challenges in the direct selling marketplace.

The six major macro-environmental forces of political, economic, social, technological, ecological, and legal are examined, and it is suggested that direct selling companies that can take the identified challenges brought by each force should turn those challenges into opportunities. Then, a stakeholder impact analysis examined the expectations of a variety of stakeholders (management, customers, employees, independent distributors, investors and shareholders, supply chain members, government, and societies/communities).

Through interviews with four members of the direct selling community, the opportunities and challenges story unfolded with a focus on three of the six macro-environmental forces: social, technological, and legal. To sum it up: (1) it's the people (social—from customers to employees to distributors as stakeholders) providing the cultural backbone of our direct selling companies, (2) we have the tools (technological) that enable us to operate efficiently and effectively in a virtual world, and (3) self-regulation protects the business model (legal) via the active vetting of member companies by DSA and the oversight offered by the DSSRC. Approaching these three external forces positively should position direct selling companies to seize opportunities as they arise. [DSJ](#)

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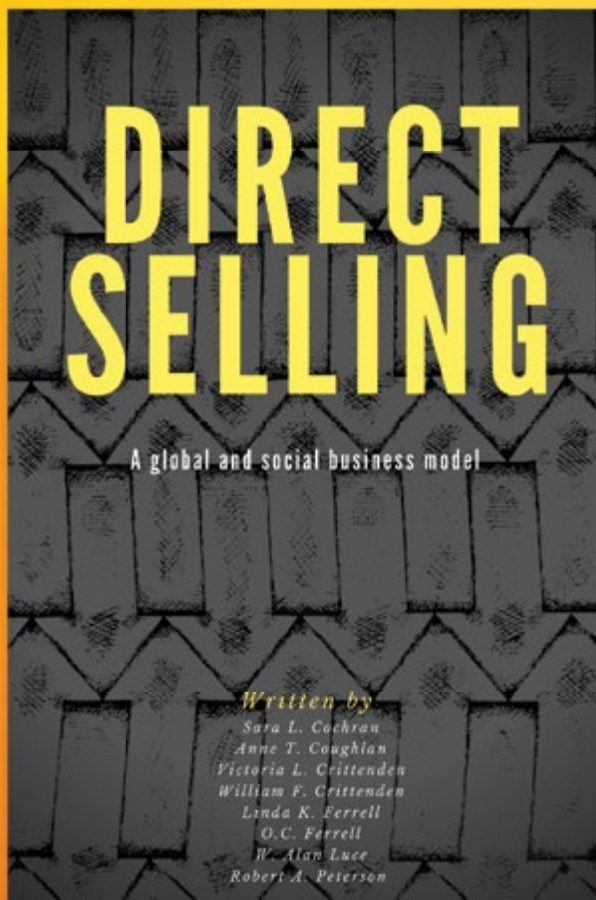
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DSEF would like to thank the authors for donating the proceeds from all sales of the book to support the mission of the Foundation.

DSEF DIRECT SELLING
EDUCATION FOUNDATION



DSA 2021 INDUSTRY AWARDS PROGRAM

Each year, DSA recognizes the outstanding achievements of its member companies for the innovative products and services and entrepreneurial opportunities they offer to people around the globe.

In 2021, DSA member companies could submit entries in six categories:

- **TECHNOLOGY INNOVATION** – Spotlights 2020 initiatives that demonstrated excellence in the innovative use of technology.
- **PRODUCT INNOVATION** – Showcases a new product or service introduced to the marketplace in 2020 that created a new standard of excellence and innovation.
- **EXCELLENCE IN BUSINESS** – Spotlights 2020 initiatives that relied upon a specific program or tool to enhance training, allowing a salesforce to succeed.
- **MARKETING/SALES CAMPAIGNS** – Showcases 2020 initiatives that demonstrated excellence, creativity, and innovation in effective outreach to key audiences.
- **VISION FOR TOMORROW** – Illustrates how a specific 2020 project or program made an impact beyond the bottom line.
- **PARTNERSHIP AWARD** – Recognizes a supplier company that provided a product or service that had a measurable impact on the growth or development of a direct selling member company or increased the profitability of a member company.

Voting was done online in October 2021, and winners were announced during the Awards Gala at the DSA ENGAGE 2021 held in New Orleans on November 2.

The nominees and winners for each category are noted on the following pages.

2021 Industry Awards: TECHNOLOGY INNOVATION

Amway – Amway Design System

The Amway Design System has revolutionized how our design teams function by creating a technology and design platform to provide UI/UX designers a consistent, reusable component library. It provides development teams a single source of truth to rely upon, ensuring their final product meets the Amway standard for user interface and accessibility implementations. The system is composed of several core artifacts: the global core component library contains all the atomic UI elements needed to create an experience, web components are filled with responsive UI elements that have code analogs built into our CMS and JavaScript libraries, and the mobile component library provides all the pieces needed for a designer and development team to create native iOS or Android experiences. In combination, these libraries host a trove of colors, fonts, icons, buttons, checkboxes, filters, modals, headers, footers, testimonials, video/image galleries, drawers, and gestures. Since implementation, production of our digital products went from about three to six months to less than thirty days with quality improvements across the board. The libraries also provide a place for our global design teams to share and reuse elements. As a result, resourcing needs have dropped by more than half.



Saladmaster – Saladmaster VX

As Saladmaster was navigating through the new world with the global pandemic in 2020, we needed to find a way to bring our traditional in-person cooking shows to life in a virtual manner. Our virtual cooking shows were brand new to our salesforce, and we were hearing challenges that it was hard for consumers to see our cookware products come to life in their own kitchens through virtual meetings. There was a gap in bringing a realistic experience for consumers to understand the size, features, and benefits of our cookware that they typically received during our in-person cooking shows. Saladmaster developed a twist on augmented reality that allows consumers to see our most-loved products in real life from the comfort of their homes. Saladmaster VX, aka Virtual Experience, was developed by leveraging 3D imagery and an existing vendor's virtual technology, along with QR coding. The QR code takes you to our virtual reality page where you can place our Saladmaster cookware in your own environment—be it your kitchen, your table, or wherever you are to show and impress your guests. Saladmaster's VX tool allows you to experience the cookware piece first-hand before making any type of investment.



Scentsy – Queuing and Presale

Once we secured Scentsy as an essential business in 2020 and began overcoming the swift and steady challenges that came with stay-at-home mandates, travel embargoes, shipping delays, and more, we were met with our greatest challenge yet: hypergrowth during a global pandemic. Almost overnight, our entire Scentsy consultant community stopped in-person parties and sales and directed almost all of their business online. Because of the increased demand for Scentsy products around the world and dozens of new limited-time offers, we began experiencing extremely quick sellouts—often within minutes!—which left us with exhausted consultants, disappointed customers, and near-empty shelves. Our teams developed and implemented two innovative solutions: queuing and presale. Working in tandem, our new queuing and presale experiences increased consultant and customer satisfaction and helped enable our best sales hour, month, and year ever in 2020. In just 12 months, we queued 184 events, including 4,314,060 users. Products sold through presale in 2020 resulted in more than \$13.6 million in revenue.

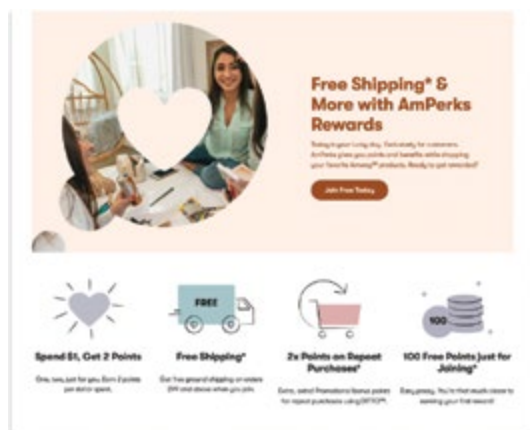


2021 Industry Awards: PRODUCT INNOVATION



4Life Research – 4Life Gold Factor

4Life Research recently launched a product backed by in vitro and clinical research with more than a decade of scientific study to support its safety and efficacy claims. The product launch included traditional broadcast and print media, as well as social chatter and digital assets. 4Life Gold Factor contains a delicate suspension of 792 billion intricately shaped gold particles per milliliter of ultra-pure water. Each gold crystal can orchestrate 4,600 electrons per second while activating several million reactions on its own; this translates into trillions of catalytic cellular reactions per ounce of Gold Factor over thousands of energetic cycles. Gold Factor boosts cellular vitality and contributes to longevity by protecting cellular DNA. 4Life's proprietary electrochemical process creates precious, pure, and powerful gold crystals. Manufacturing begins in ultrapure water reservoirs (or troughs); 99.9 % pure gold electrodes (10 times purer than 24 karat) are then submerged. An electrical current is applied to the electrodes; billions of gold crystals take shape within the reservoir. This 4Life product innovation includes a wealth of third-party scientific research, news coverage, sales launch numbers, and analysis.



Amway – AmPerks Customer Rewards Program

In November 2020, Amway North America launched the AmPerks™ Customer Rewards Program, our first-ever comprehensive, customer-focused rewards program. This new program is points-based and follows cross-industry best practices with the business objective of incentivizing and rewarding repeat customer purchases of Amway products. To identify the specific benefits of the program, extensive research was conducted of Amway customers to help prioritize the areas that AmPerks should focus on. Of the five generally accepted benefits that any rewards program falls into (financial, experiential, functional, personalized, and affective), we used real customer data to develop extremely targeted personas. A rewards program was then built from scratch around our identified persona—call it a custom build for our ideal customer. Since its launch just ten months ago, it has already

demonstrated a significant impact on customer sales. The annualized order size of customers enrolled in AmPerks versus those not enrolled is more than 90%, and of the active buyers in Amway, more than 70% are enrolled in AmPerks.



Mary Kay – eStart

How is it possible that 2020 ended up a better year than 2019? And 2019 was a really good year? Historically, the start of an independent beauty consultant's selling business began with the purchase of a Mary Kay Starter Kit. This box contained a plethora of support tools, educational materials, and full-sized retail product for sampling by customers in person. As the nation went into lockdown in March 2020, this was the only option available for a new independent beauty consultant to begin her selling business. As the selling situation quickly changed to virtual, we had to adjust the startup options to include an appropriate solution quickly. The company was able to create and implement a brand-new solution for those who wanted to start their own Mary Kay businesses quickly, with a focus on virtual setup and selling. The Mary Kay eStart was launched on April 20, 2020, and provided new independent beauty consultants (IBCs) with online support tools and educational resources, a one-year subscription to a personal website, and access to the payment solution provider, ProPay. This was extremely well-received by the inde-

pendent salesforce and resulted in 2020 ending with 66% of all new IBCs choosing the eStart option to start their businesses over the traditional starter kit. The eStart option also made starting a Mary Kay business more accessible at its \$30 price point, which resulted in overall growth in the number of new Mary Kay businesses.



Nu Skin Enterprises – Beauty Focus Collagen+

Beauty Focus Collagen+ is the latest in Nu Skin's product innovation. The skin-care super supplement is clinically proven to help support multiple important areas of skin health. It helps reduce the appearance of fine lines and wrinkles, supports hydration and moisture levels, and boosts collagen and elastin production in the skin. What truly adds the “plus” to Collagen+ is that our powerful formula does more than common collagen products with its proprietary ingredient blend. Our bioactive collagen peptides have a special peptide “fingerprint” that allows them to bind more effectively to collagen receptors and enhance your beauty. Lutein adds important radiance benefits and antioxidant protection, helping protect against oxidative stressors like blue light. And then there are our phytoceramides, which help skin stay moisturized. All these unique additions mean Beauty Focus Collagen+ outshines the competition for results that exceed expectations.



Plexus – MegaKids Microbiome

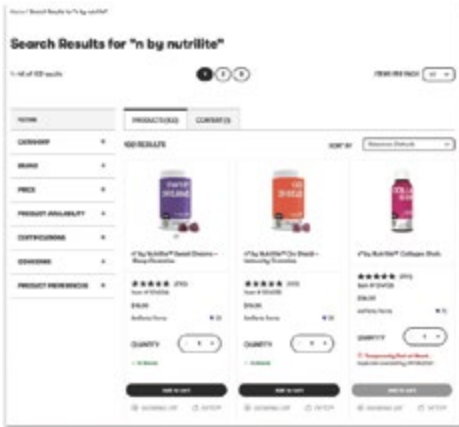
MegaKids Microbiome is the convenient, nutritious, and enjoyable way to ensure kids receive beneficial nutrients to help them feel their best. With support for healthy brains, eyes, and cognitive development, MegaKids Microbiome is the delicious addition to your kid's daily routine to support their Health and Happiness.



USANA – Mood & Relaxation Products

These products take a holistic approach to the problems of modern life. Products are formulated to support your mental and emotional well-being. Products in the Mood & Relaxation line include Stress Relief, designed to nurture a healthy emotional response and resilience while supporting the GABA receptors in the brain that help regulate your mood. This supplement helps the body adapt to feelings of mild and occasional stress and nervousness. Calm Response is a balm made to create an aromatic, calming environment to provide a sense of well-being. It uniquely blends essential oils known to support a calm, collected, and resilient emotional state. Mineral Calm, a warm, effervescent beverage mix, combines the calming flavors of ginger and lemon for a delicious, soothing addition to a nighttime routine. It helps ease your body and mind for a peaceful night's rest while providing magnesium to address muscle tension and calm nerves during rest and recovery. Pure Rest, a fast-acting, ultra-pure supplement, is both effective and non-habit forming as it uses melatonin to regulate your sleep and wake cycles naturally.

2021 Industry Awards: EXCELLENCE IN BUSINESS



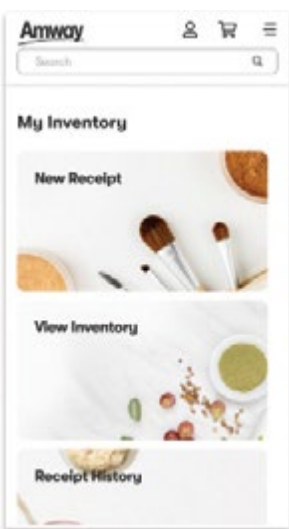
Amway - Amway Customer Shopping Transformation

The objective of this program was to fuel the growth of our independent business owners through improved customer-centric shopping experiences. This shifted their time from shopping for customers to building relationships with them. Our program shifted the expectation for Amway's e-commerce experience, from addressing distributor needs to offering a personalized experience that customers love. Through extensive research, we learned there were assumptions we made about distributors that didn't apply to customers and were impeding their ideal shopping experiences. The results speak for themselves, headlined by a 94% increase in direct customer order revenue and additional conversion improvements in the sales funnel.

Amway - Amway Mobile App

The Amway mobile app was designed to give Amway distributors on-the-go access to manage their business and purchase products. The overall objective of the program was to launch a world-class mobile app experience that our distributors love. Specific objectives include awareness (getting our brand and products known; measured through app downloads, sessions, page views); productivity (providing commerce and business management tools in one app; measured through the number of active users, number of sessions, session length); commerce (sales; measured through the number of purchases, purchase size, total sales, average order size, percentage of digital sales); and onboarding (supporting new distributors beginning their business journey through onboarding tools that focus them on customer sales and training). The Amway mobile app receives regular updates, both

in content and functionality. We use agile methods to deliver value to our IBOs regularly and use feedback from IBOs to guide our backlog of updates. We have also implemented the use of AWS cloud technology for app configuration that can be managed by business or IT teams internally.



Jeunesse - JeunesseEvents.com

The year 2020 was one no one could have imagined as COVID-19 upended the way the world did business. Jeunesse was no exception. As a global company with a presence in more than 145 markets, events are integral to keeping the global family of Jeunesse distributors and corporate leaders united and moving forward in success. Jeunesse holds more than 300 global events annually. With the pandemic putting a halt to in-person events, the company had to quickly reimagine this critical aspect of its business. The result was [JeunesseEvents.com](https://jeunesseevents.com), a proprietary, global virtual events platform designed to connect people from all over the world in real-time. Constructed within just 30 days, the platform offers five established Jeunesse event brands in a virtual environment with simultaneous translations in up to twenty-one languages and high-quality 1080p resolution broadcasts through a proprietary gated viewing platform. Events include eye-catching, branded motion graphics, professional MCs, DJs, top-rate entertainment, interactive games, live Q&As, and polls—all to engage the at-home audience. Since the launch on April 1, 2020, Jeunesse has hosted more than 290 events, reaching more than 2.7 million people, and the platform has forever changed the way the company does business.



Mary Kay – Suite 13: A Virtual Beauty Experience by Mary Kay

In April of 2020, during a global pandemic, Mary Kay was challenged with supporting their independent beauty consultants (IBCs) in continuing to run their businesses, sell products, and connect with customers when face-to-face interaction was no longer possible. We evaluated technology that could have an impact now and maintain relevance after our IBCs returned to business as usual. We identified virtual reality as an area of opportunity to double as a communication and connection channel and developed a space where salesforce members and their customers could immerse themselves in the Mary Kay brand and discover new skin products as the IBC conducts a skin-care consultation. Suite 13 supported our strategic goal of “Transforming the Salesforce Experience” by supporting IBCs’ business growth and continuity, helping them connect with customers virtually, and leveraging technology that helps build their credibility. We took an iterative development approach with speed as our No. 1 goal to support the IBCs as quickly as possible. After developing an MVP with one of Mary Kay’s top markets, Mexico, we evaluated key metrics and direct IBC feedback to refine the experience, expand the product portfolio, and integrate Suite 13 with complementary digital tools across the organization.



Saladmaster – Saladmaster Digital Demo

In 2020, when the world abruptly stopped, Saladmaster was forced to find a solution to help our salesforce cook and sell virtually. Our global cooking coaches were accustomed to selling our products in homes during live cooking demonstrations, so finding a solution to cook virtually was crucial for the company. Saladmaster needed to find a way to bring in the appeal to customers’ five senses, understand the versatility of our cookware, and virtually see the unlimited possibilities of dishes they could cook. Saladmaster developed an interactive, digital demonstration to showcase our products and opportunity using the latest technology. Saladmaster’s Digital Demo takes the best parts of our classic flipchart and incorporates it into a digital interactive experience. Our Digital Demo is always up to date with the most recent information, product changes, compliance guidelines, and fresh designs to help showcase what Saladmaster can do for each home around the world. Digital Demo also supports detailed product animations that bring life to Saladmaster’s cookware, highlighting various features and benefits in engaging short videos that help showcase specific elements of the cookware. Our cooking coaches can download the Digital Demo on multiple platforms any time of the day or night.



Scentsy – Quick Pivots

When Scentsy consultants launched the Monthly Movement, an engagement campaign designed to keep Scentsy strong and growing during the global pandemic and ensuing stay-at-home mandates of 2020, our entire staff rallied to meet the challenge and enable consultant success. Consultant leaders sparked powerful momentum, and we responded with quick agility thanks to the strength of our company culture and the capability of our workforce. We had four major objectives to support the goals consultants set with the Monthly Movement: 1) secure Scentsy as an essential business, 2) overcome stay-at-home challenges with virtual resources and a remote workforce, 3) increase the size and capacity of Scentsy operations to meet the increased demand, and 4) bolster consultant recruiting efforts with a join promotion in May. Thanks to our joint efforts, 2020 revenue increased 87% over our 2019 revenue, we had a record-breaking recruiting month with 39,328 consultant enrollments, and we doubled the size of the home office team—even with major challenges that impacted everything from manufacturing and shipping to our consultants’ ability to sell products from their homes.



2021 Industry Awards: MARKETING & SALES CAMPAIGNS



Amway - n* by Nutrilite™

We believe in our products, and we wanted a new generation to embrace them in the same way that many have. n* by Nutrilite™ launched to provide an easy entry point for distributors and their customers with products focusing on the key needs for U35 consumers: stress, focus, sleep immunity, mood, vision, beauty, and general health. We collaborated with a council of young distributor leaders during product development to strengthen our professional partnership. Our team had open conversations with every

diamond leader in the US before the launch of the first phase. This feedback allowed us to understand what concepts would resonate the most with our distributors and their customers. Our quick collaboration allowed us to hit upon hot trends and fill gaps within our portfolio, recognize the value of having a simple product story to share, and refine pricing strategies and customer-focused marketing campaigns. As a result, we were 132% against internal projections and had a 15% increase in new customer buyers. There has been a 20% incremental revenue impact after only the first year of sales. We are ecstatic with where n* by Nutrilite™ took us this year and look forward to how it continues to help us in the future.



Immunotec - New Branding

At Immunotec, we have always relied on scientific research to support everything we do. In 2020, after four years of using the slogan “The Science of Living Better,” we decided to revolutionize the brand and focus on connecting with people and spreading our true purpose. We evolved, and our slogan, “Living

Better” was brought to life. This slogan connects because the message is clear, trustworthy, and genuine. Our goal is to change more lives and share the opportunity that Immunotec has in terms of wellness, community, and prosperity. We like to focus on having a clear purpose to create a culture rooted in happiness, celebration, family, integrity, and science. We created a fresh, new identity, and we shared it with our customers, consultants, and prospects. We produced new marketing materials and sales tools, and as a result, a strong sense of belonging and brand loyalty was born. As a result, our numbers grew exponentially compared to 2020. The sales grew 26% versus the previous year, and we were able to position ourselves within the top fifty direct selling companies for a second consecutive year.



pawTree - Food Free for All

This campaign was designed around product pet owners having recurring needs for dog and cat food. We have found once a pet owner decides on a pet food they truly believe in and trust, such as pawTree, they stay with that product to not disrupt their pet's diet and digestive system. With that in mind, we introduced a campaign to help our existing salesforce benefit from that brand loyalty to increase their sponsoring and new consultant engagement results. The goal of this program was to increase petPro retention by giving existing petPros a strong sponsoring incentive that encouraged new petPros to join and immediately become and stay engaged. The ability to earn a product they already need on a recurring basis is a great motivation. The program has been running since January 2020, and we have found this campaign increases petPro retention and engagement with a strong motivation to get started with the business immediately, so they don't lose the benefit of free food for up to a year. Specifically, this campaign increased retention dramatically by increasing the percentage of each new cohort who meets the minimum sales requirements by nearly 300%.



Scentsy – Bring Back My Buddy

We first launched the Scentsy Buddy in September 2010, and it was an instant hit. This fun and fragrant product was designed especially for kids of all ages to delight the senses with kid-safe fragrance, vibrant colors, and varied textures. What originally began as a seasonal catalog product ultimately morphed into a highly successful limited-time-offer program due to their natural collectability. But because each Scentsy Buddy is only available while supplies last, not every customer is able to get the ones they want most. In 2020, to celebrate a decade of these fragrant friends, we invited Scentsy consultants and customers to vote on which three Buddies they'd like to bring back as 10th Anniversary Editions, available once more for a limited time only. From voting to purchasing, Bring Back My Buddy had successful engagement and results. A total of 532,317 votes were cast by Scentsy Buddy fans during the three-day window in February 2020 and our \$1 million goal for new revenue was dramatically achieved: 10th Anniversary Edition Scentsy Buddies brought in more than \$3.5 million in new revenue globally.



“We celebrate DSA members for their ongoing efforts and success in serving customers while offering independent contractor direct sellers the opportunity to sell and share the products and services they love.”

– Joseph N. Mariano,
President & CEO, Direct Selling Association

2021 Industry Awards: VISION FOR TOMORROW



Amway – Amway Customer Service Platform Innovation

Amway has embarked on a customer service transformation journey, taking multiple steps toward ensuring our customers and distributors are served in a manner that substantially reduces the need to speak to a human for the most common cases. Our journey begins with laying a new technology foundation that both ensures the stability and performance of the capabilities provided therein. Our new platform simplifies the configuration of workflows and views so that trained call center staff are empowered to create and modify what they need without relying on IT staff. A new technical foundation is not a silver bullet to customer service transformation. Alongside that investment, we needed to discover why people reach out to the call center in the first place, and, through a reverse engineering process, determine which of those challenges can be resolved effectively and efficiently through automated interactions from within multiple channels. The third major factor in customer service transformation is to cast a new lens on our core digital properties to improve processes, experiences, and solutions to provide actions and answers effectively. Customer service transformation requires an effective platform, innovative approaches, and solutions that deliver.



Jeunesse – Jeunesse Kids Foundation

Jeunesse Kids™ is giving kids a hand up on six continents. Jeunesse Kids was founded in 2012 with a mission to empower communities to give children a brighter future, and a goal to reach children on each of the six continents where Jeunesse operates. Since then, Jeunesse Kids has raised more than \$12.8 million to make a meaningful difference in the lives of children in need around the world by funding programs that provide sustainability and create long-term impact. While 2020 was a year that presented unique challenges no one could have imagined, with the help of Jeunesse distributors across the globe, Jeunesse Kids provided grants totaling \$2,420,230 to thirteen charities, funding fourteen projects on six continents. Projects funded supported education; life-saving medical treatments; basic living needs such as food security, shelter, and clean water; aid to communities facing natural disasters; social justice programs; and global COVID-19 aid. A highlight of the year was raising \$1,040,700 to fund the WE College School of Entrepreneurship in Kenya. The inaugural class of twenty-two students will begin their fully accredited three-year degree program in January 2022 on a full scholarship basis.



Mary Kay – Spread Love Campaign

Mary Kay independent beauty consultants are historically known for their experiential in-person selling situations. When the pandemic struck and the world went into lockdown, immediate action was required to help the millions of consultants around the world in almost forty countries navigate a new virtual world, maintain their businesses, and nurture their customer relationships. We began a positivity campaign to provide messages of hope and support during the first few weeks into lockdown. This included creating new and curating existing content into themed campaigns and education on running the business virtually with hashtags such as #InThisTogether, #MKSpreadlove, #Power13 campaigns around the world to activate our global markets and consultants. From a global perspective, we had to be mindful that markets were experiencing varying levels of lockdowns and adjusted messaging to be flexible enough to be localized and relevant around the globe.



Kyäni - Rise Together

One plane crash. Nine killed. Four generations died together. Two of Kyäni's three founders (including the CEO) were gone in an instant. On Thanksgiving weekend 2019, the unfathomable happened, and the Hansen families and Kyäni were changed forever. With nine beautiful souls laid to rest, a new year dawned. With 2020, a renewed hope arose: continue the mission, the shared dream, the commitment we'd made to our founders and to each other to bring hope—the promise of a better life—through wellness and opportunity to others. That commitment for wellness and opportunity became even more crucial for our employees, the very heartbeat of our business. Their mental health (and soon-to-be physical health with an impending pandemic) would be crucial as we locked arms to climb a mountain that critics claimed would no longer be reachable without the Hansens. At Kyäni, we lived our mission every day. We rise up to face challenges. With a dream as big as ours, it wasn't just a mountain that had to be climbed. It was a fight that had to be won. We would rise together—for each other, with our business partners, and for our communities around the globe. And we did.



USANA - USANA Kids Eat

USANA Kids Eat is a local, Salt Lake City-based program with a mission to eliminate hunger in Utah schools by providing backpacks filled with non-perishable, easily prepared food to ensure kids have enough to eat outside of school hours. Since combining forces, both Kids Eat and the USANA Foundation have shared space in the USANA corporate office. Each week, USANA Kids Eat delivers over 5,600 meals to local, at-risk youth in Utah. USANA and its employees work year-round to provide financial support and the proper resources to the Foundation and to USANA Kids Eat. Whether that is donating a portion of their paychecks each month to the Foundation for support or going over to the facility and packing bags. During the COVID-19 outbreak, families needed food more than ever, so USANA Kids Eat stepped up to the challenge. USANA Kids Eat supported a total of sixty-eight schools, community programs, and neighborhood clubs to help 6,193 kids in 2020.

2021 Industry Awards: **PARTNERSHIP AWARD****Filuet Group**

Since 1992, Filuet has been helping foreign companies penetrate the Russian market with confidence, offering professional contract logistics and BPO solutions. Over the years, we've expanded our footprint in pursuit of organic growth across Russia's surrounding CIS nations, and today, we proudly deliver a broad range of international expansion solutions in the e-commerce, retail, and direct sales realms. We are passionate about supporting our clients when expanding their global empires, helping them enter foreign markets with confidence. Our team is ready to partner with yours to sharpen your competitive edge through our investment in technological innovation, professional services, and sophisticated fulfillment centers. With our assistance, you'll feel empowered to confidently enter your chosen markets and strengthen your urban and international product distribution capacity.

**WINNER****PayQuicker**

PayQuicker, an innovative fintech company, launched its revolutionary payout platform in 2007, allowing businesses of any size to offer secure and compliant instant global payouts in local currency via secured bank accounts with prepaid debit cards, virtual cards, and mobile wallets, all through a single point of integration. Our platform offers a low-cost, fully customizable, client-branded portal and experience with advanced technology that becomes the client's competitive advantage. For clients who have their own portal, PayQuicker offers the same advanced global payment gateway that can be white-labeled and integrated directly with our client's portal, powering it with all the PayQuicker best-in-class features and benefits. Our benefits power clients to make payouts to distributors, consultants, affiliates, vendors, gig workers, contractors, and others across the globe and become a competitive advantage. Faster payouts to distributors means they grow their businesses—and yours—faster. The PayQuicker mission is to provide our clients with the most advanced global payout solution that results in happy payees who, in turn, drive our clients' business growth with every login, payout, purchase, or swipe. Our platform delivers on all mission-critical requirements to deliver choice, speed, and security. Our clients can offer their payees a choice of instant payment types (virtual, instant issue, prepaid debit cards) and instant spend (online, POS, ATM) through one easy integration. Nothing's faster.

**ServiceQuest**

Every company has a purpose. Because the purpose of direct sales is to create a customer, there are two basic functions—marketing and innovation—that attract and develop productive distributors who find and support customers. At ServiceQuest, we guide our clients through the direct-to-consumer journey to ensure happy customers and productive, successful distributors. We are known for our emphasis on the experience: why they join, why they stay, and why they leave. And we translate decades of serving hundreds of clients into practices and training to launch new companies, revitalize stuck companies, and serve the unique needs and projects of global direct sales giants. From customer service training and scripts, tech implementation, compliance, and unique problem-solving to strategies and accelerators that create new seasons of growth, we specialize in helping our clients win with direct sales.

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