



Consumer experience is paramount. Industry leaders share innovative strategies for the customer journey, unleashing new growth for direct selling.

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There's No Such Thing as Back to Normal— We're Moving Forward, Stronger than Ever

#### **KEYNOTE SPEAKERS**



**KEVIN GUEST** CEO and Chairman of the Board, Surgeon, Best-Selling Author USANA Health Sciences





MARK SCHULMAN Musician and Speaker

Our growth mindset unleashed transformational outcomes in 2020 and 2021. Now we need to do more than celebrate our achievements among ourselves-we must act.

and Television Personality

DSA ENGAGE 2021: Annual Meeting is where we will build on our gains to unlock even greater potential for our customers and salesforce.

Join us as direct selling combines its customer-centric thinking with the strength of our brands to shape an image of the channel that will supercharge the industry's business development initiatives.



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#### Michel Bayan

Michel Bayan is the Co-founder and CEO of DirecTech Labs. He has spent a decade in direct selling innovation, using AI, data, messaging, and automation to focus the field on retention, increasing LTV, repeat ordering, and more. Michel founded Atlas/ Callaborate (acquired by eBay), which built the industry's first mobile CRM. Michel speaks at global conferences and hosts top CEOs and executives on the DirecTech Podcast.

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Jessie Eby is Senior Manager of Marketing at Scentsy. With fifteen years of experience building global marketing and digital strategies for Fortune 50 brands from technology giants to outdoor retailers, she now brings her passion to crafting unique strategies in the direct selling industry.



#### **Emily Evangelista**

Emily Evangelista joined Nu Skin as Vice President Global Digital in September 2020. In this role, she oversees Nu Skin's Global Digital Strategy, partners closely with Nu Skin's CX office to embed customer insights across the organization and leads on key digital partnerships to expand the ecosystem of tools and integrate a digital mindset across the organization.



#### John Fleming

John Fleming is a former executive with Avon Products Inc. and the former Publisher and Editor-in-Chief of Direct Selling News. Currently, he is the principal of Ideas & Design Group LLC. John was inducted into the Direct Selling Association Hall of Fame and the Direct Selling Education Foundation Circle of Honor. He is the author of Ultimate Gig.



#### Amanda Gore

Amanda Gore is CEO of The Joy Project as well as an author, speaker, Huffington Post columnist, and businesswoman. She is one of four Australians inducted into the USA Speaker Hall of Fame. She works with organizations like Google, McDonalds, Wells Fargo, Allstate, as well as not-for-profits, and direct selling associations, hospitals, and schools to help create cultures of joy and engagement.



#### Gordon Hester

Gordon Hester helped build one of the largest sales organizations in the history of the industry with more than \$10 billion in sales. His technology company, ShapeTech Solutions, LLC, works with global direct selling companies. Gordon has been on the DSA Research Committee for the last five years and is also the liaison to the academic community that works with DSEF. Earlier this year, he was also appointed to the DSEF Board.



#### Scott Kramer

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

#### Danny Lee

Danny Lee is President and CEO of 4Life® Research. He previously held the positions of Chief Operations Officer and Chief Marketing Officer for the company. Lee has served on the World Federation of Direct Selling Associations (WFDSA) Ethics Committee, and on the DSA Executive Committee. He has been nominated to serve as Vice Chairman of the DSA Board of Directors.



#### John Parker

John Parker is Amway's Chief Sales Officer and Regional President West, responsible for the company's global sales strategy and operations. He oversees distributor incentives and recognition, field leadership development, and global training and education. He is also responsible for Amway's Russia, Europe, Southern Africa, Australia, and New Zealand markets as well as its North America and Latin America regions.



#### **Colt Passey**

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

#### **Nitin Sharma**

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#### **Michael Solomon**

Dr. Michael Solomon is Professor of Marketing at Saint Joseph's University in Philadelphia and a DSEF Fellow. He advises global clients on marketing strategies to make them more consumer-centric. His newest book, The New Chameleons: Connecting with Consumers Who Defy Categorization, was published globally by Kogan Page in February 2021.

#### **Orville & Heidi Thompson**



community they love. By their calculations, they have spent more time together than the average couple in their early eighties (and they still really like each other).

#### John E. Villafranco & Donnelly L. McDowell



John E. Villafranco and Donnelly L. McDowell are attorneys with Kelley Drye & Warren LLP and provide litigation and counseling services on all aspects of advertising and consumer protection matters. They regularly represent direct selling companies before the Federal Trade Commission

and state attorneys general and provide regulatory and compliance advice related to the advertising, marketing, and compliance practices of direct selling companies. They also helped develop and deliver the inaugural Direct Selling Compliance Professional Certification Program to provide training on key legal and regulatory concepts facing direct selling companies.

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.

## DSJ | DIRECT SELLING **RESOURCES**

#### Be sure to check out these resources from DSA!





DSA 2021 DIGITAL TRANSFORMATION STUDY Video presentation. For DSA members only.



SPECIAL COLLECTION: President's Papers 2019-2020 Insights from DSA President Joseph N. Mariano.

Available at www.dsa-dsj.org



**Direct Selling Timeline** Newly revised online format of major events in direct selling.

DSA provides digital, print, and multimedia resources for its member companies at dsa.org.



# Facts Are Stubborn Things

WE ARE CHALLENGED. We live in a time when opinion masquerades as fact, when fact is obscured by rumor and misinformation, when rush to judgment and mob mentality are magnified by the distorted lens of social media and the proliferation of irresponsible, unaccountable observers.

The traditional filters that once helped the reader measure, balance, and assess information (however imperfectly) have essentially disappeared. Recent events have demonstrated the tragic and catastrophic consequences of this reality.

Direct sellers are not immune. Like the rest of society, we can be both the victims and the vectors of questionable information. A writer decides to link direct sellers with conspiracy theorists. Lazy journalists repeatedly reference a non-existent government study on direct selling. Internet trolls promote anti-direct selling tropes and use their incendiary and dramatic rhetoric to sell T-shirts and mugs. Clever cable personalities weave half-truths and incomplete information with sardonic comedy bits, and the misinformation cycle begins again.

In an earlier era, this misinformation might have been deemed trivial or insignificant. And to be sure, even today, inaccuracies about direct selling might be lost in the continuing flood of misinformation about everything else. Yet, it is also apparent that we can be harmed by misleading, or incomplete or inaccurate information.

Preexisting misperceptions and myths about the model can be perpetuated and heightened. Unscrupulous opportunists further manipulate the situation to bolster their lawsuits or short sale investment positions. Government can be goaded into misguided or unnecessary regulatory action.

There are other risks, as well. We may be lulled into accepting our own myths as reality. We could find ourselves in our own company or industry echo chambers, hearing only those pieces of information we wish to hear, or those that confirm our existing biases. We may come to believe that there is no room for improvement, that there are no real problems to address. Or, awash in a world where fact is indistinguishable from opinion, truth from lies, and opinion from data, we choose to do nothing.

But there is hope. This publication, *Direct Selling Journal (DSJ)*, is one manifestation of that hope. John Adams said, "facts are stubborn things; and whatever may be our wishes, our inclinations, or the dictates of our passion, they cannot alter the state of facts and evidence." The goal of *DSJ* is to examine the facts and evidence about direct selling—that which flatters us and that which might trouble us—through the voices of thought leaders from inside and outside direct selling.

For example, in this issue, Orville and Heidi Thompson share their insights on how to create a sustainable company culture, 4Life CEO Danny Lee addresses global trends in today's customer-centric world, and DSEF Fellow Mike Solomon explains how the consumer revolution has left direct selling companies with a new reality regarding their branding efforts.

It is the Direct Selling Association's role—this community of direct sellers—to advocate on behalf of our businesses through unabashed truth-telling.

It is the Direct Selling Association's role—this community of direct sellers—to advocate on behalf of our businesses through unabashed truth-telling. Our role is to cut through the modern tangle of misinformation, rumor, and deceit as we speak among ourselves and to the broader community; and ensure that the information is accurate, thoughtful, and direct.

*DSJ* will serve as an essential vehicle for that truth-telling as we together rise to meet the challenges facing us.



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Joseph N. Mariano Publisher & Editor-in-Chief

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

# BY THE **NUMBERS**

Coronavirus continues to impact businesses around the globe. The following data is from the May 2021 DSA QuickPulse Survey.

How long do you expect the impact of Coronavirus to last before your business generally returns to normal in the US?



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



# DSA 2021 GROWTH & OUTLOOK REPORT

Direct Selling in the United States: 2020 Industry Overview

Direct selling in the United States achieved record highs in 2020 for retail sales (\$40.1 billion), sellers (7.7 million), and customers (more than 41.5 million) during 2020. By dividing the \$40.1 billion in sales by the 7.7 million direct sellers, direct sellers averaged \$5,208 in retail sales in 2020.



Source: DSA 2021 Growth & Outlook Study; For further information visit www.dsa.org/benefits/research

#### **Definitions**

Direct selling: A business model that provides entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online. Compensation is ultimately based on sales and may be earned based on personal sales and/or the sales of others in their sales team. Direct sellers build a business full-time (30 or more hours/week) or part-time (fewer than 30 hours/week) and sell products/services to consumers and may sponsor people to join their team. Discount buyers are eligible to purchase, sell, & sponsor, but are product lovers, only purchasing products /services they personally enjoy and use at a discount. Preferred customers have signed a preferred customer agreement with a direct selling company where they may be eligible to pay wholesales prices for products/services. They are not eligible to sell products/services to others, and they are not eligible to earn.

Note: Figures above may not sum to 100% due to rounding.

\$28.6

billion

2010

30%

20%

10%

0%

# WHAT'S GOING ON?

#### WOMEN'S ENTREPRENEURSHIP

#### WOMEN HAVE BEEN MOST AFFECTED BY THE

pandemic, with more than five million of their jobs lost since the pandemic began. According to the US Department of Labor, in December 2020 women accounted for 100 percent of the cumulative net job losses. This was a stark change from the December 2019 jobs report when women slightly outnumbered men in the job force.

Introducing the channel to new legislators and keeping existing champions engaged and supportive of direct selling is vital. However, this is made more difficult in our current environment when in-person meetings are few and far between. Although direct sellers are in every state, congressional district, and city, engaging with policymakers requires a key message they can support—and *women's entrepreneurship* can be that message for direct selling. This will no doubt resonate with policymakers. The current Congress has a historic number of women: 144 of the 539 available seats (27%) are held by women.

DSA is organizing an ongoing series of women's entrepreneurship roundtables that will bring together direct selling salesforce members and members of Congress from across the country. DSA is also proudly introducing legislators to the amazing, changemaking women who lead DSA member companies and are shining examples of the spirit of entrepreneurship. Real people, real stories, real impact.

#### **EVENT PLANNING & CORPORATE TRAVEL IN 2021**

#### DSA CONTINUED ITS QUICKPULSE REPORTING IN

MARCH with a special focus on topics requested by members on meeting planning in 2021, corporate travel, and office reopening practices. The following research was conducted to help companies understand what current practices and expectations are regarding these important topics so they can make better-informed decisions.

#### **Event Planning**

- The majority of companies (81%) in the March QuickPulse will not hold an in-person event in the US in the first half of 2021 and 64% do not currently have an event scheduled in 2021.
- Of the companies planning an in-person US event in 2021, 74% expect to keep ticket pricing the same as before the pandemic.
- Of the companies planning an in-person US event in 2021, 84% expect there to be a virtual/ hybrid component.
- Of the companies planning a virtual/hybrid component, 56% are charging for the virtual event, with 44% charging less than \$50.

For more insight into event planning, watch DSA's recent webinar "Meeting Planning in 2021: Maximizing Attendance, Engagement, and Safety."

#### **Corporate Travel**

- Most companies (64%) have not resumed routine domestic corporate travel yet, with 33% resuming limited/essential travel.
- Of those that have not resumed routine domestic business travel, 38% say they will resume it in Q3, but 57% say Q4 at the earliest or not sure.

#### **US Headquarters Status**

• 78% of companies' US headquarters are closed or open on a scaled-back basis (with the smallest companies most likely to be reopening their HQ).

All DSA member companies are invited to participate in monthly QuickPulse surveys and receive the results reports as a benefit of their participation. Reach out to DSA & DSEF Director of Insights Ben Gamse (bgamse@dsa.org) for access to the full report if you don't already receive it.



#### SALESFORCE POLITICAL OPINIONS

#### DURING THE MARCH 24 DSA/DSEF BOARD

MEETING, Jackie Biner (Associate General Counsel, Compliance, Rodan+Fields), Gordon Hester (CEO, ShapeTech), Jane Creed (CEO, WineShop At Home), and Randy Matthews (Vice President, Global Compliance & Service Centers, JuicePlus+) joined DSA President Joseph Mariano and DSA Vice President of Government Affairs & Policy Brian Bennett for a discussion on managing differing political views of salesforce members.

Although companies have policies and procedures prohibiting such things as hate speech and inciting violence, enforcing those policies becomes much more difficult. Does sharing an unpopular political opinion violate those policies? How far is too far? How should companies address it when customers and the downline of a salesforce member complains?

"This isn't about necessarily stifling speech or including a particular group to the exclusion of another," said Mariano. "But you do have an obligation, and certainly a right, to protect your own company's brand, to stand by the philosophy of the company and, more importantly, to make sure that people are not offending each other in a venue where it's not appropriate."

DSA will be continuing this important topic of discussion and offering further information and insights in future webinars.

#### **COVID-19 EDUCATION**

AS A PUBLIC SERVICE TO MEMBER COMPANIES,

their employees, and their fields, the Direct Selling Education Foundation partnered with the University of Tennessee Health Science Center (UTHSC) on a *DSEF Insights* webinar providing information on COVID-related issues. UTHSC is one of the nation's thirteen federally funded biocontainment laboratories, and the university's College of Medicine has been a leader in informing the public about the novel coronavirus and in battling COVID-19.

The webinar, "COVID-19 Treatments—The Road to Immunity," was led Dr. John Jefferies, Acting Medical Officer for Vaccine Development at the Regional Biocontainment Laboratory at UTHSC. During his presentation, Dr. Jefferies covered public health topics that impact direct sellers and said because of the pandemic, healthcare as we have known it has changed forever. You can view the webinar at dsa.org under News & Events/Webinars. You can also share this important webinar with your salesforce. To host this webinar on your company's website, email DSEF's Senior Director of Academic Programs, Kimberly Harris Bliton, at khbliton@dsef.org.

DSA member companies that want to provide a similar public service to their teams regarding COVID-19 or other health-related topics may do so at no cost by contacting the UTHSC Corporate Exchange, which is a collaboration of industry partners that links business executives with the UTHSC to foster integrated collaborative and inclusive education, research, scientific discovery, clinical care, and public service.

Through this program, DSA executives can receive access to leading health professionals for health care guidance. For more information, contact Greg Harris at gharris@uthsc.edu.

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#### **DIVERSITY & INCLUSION**

#### MARCH 8 WAS INTERNATIONAL WOMEN'S DAY.

To recognize the occasion, DSA hosted a webinar with Mona Ameli, CEO of Ameli Global Partnerships, to discuss the achievements of women in the direct selling channel, and to provide insight on finding tangible and actionable ways to achieve wins towards inclusion amid cultures with unconscious bias, implicit bias, and microaggressions.

The conversation was particularly important considering the impact the pandemic has had on women. More than 2.2 million have left the workforce; women of color have been impacted 1.5 times more than white women and men. Hundreds of thousands of high-achieving women are taking leaves of absence to care for their children. Nearly two-thirds of senior-level woman who are mothers are not able to perform optimally because of family obligations. The progress made in woman's advancements over the previous decades are now in jeopardy, and it is imperative that organizations and companies support women in more creative ways.

One way is to ensure inclusive workplaces where all people feel welcomed and valued. While many companies have diversity officers, only 36 percent have been able to create an inclusive diversity culture in their organizations. There are two reasons why: one, bringing in a diversity officer does not make your culture inclusive. This comes from leadership and the participation of every person in the organization. And two, often, chief diversity officers are not necessarily given the resources and the access to be able to fully leverage what is available to be able to be a catalyst for change.

To learn more about what you can do to help women rejoin the workplace and create a more inclusive culture, watch the video presentation on the DSA website, located under News & Events/Webinars.

#### SUPREME COURT DECISION

#### THE UNITED STATES SUPREME COURT RECENTLY

RELEASED its decision in AMG Capital Management v. Federal Trade Commission. DSA filed an amicus brief in the case with the United States Chamber of Commerce and National Retail Federation. Justice Breyer authored the unanimous court decision holding that Section 13(b) of the FTC Act does not authorize the Commission to seek, or a court to award, equitable monetary relief such as restitution or disgorgement. The opinion supports and is consistent with our amicus brief on the issue.

The court cited two main reasons for their ruling. First, the language of Section 13(b) only refers to injunctions. Second, the language and structure of 13(b), taken as a whole, indicates that permanent injunctions have limited purpose that do not extend to grant monetary relief.

The court also said that the statute focuses on relief that is prospective, not retrospective. The opinion interprets the statute as only stopping unfair and deceptive practices while the Commission determines their lawfulness. It also suggests that permanent injunctions only be used related to a previously issued preliminary injunction. The court says that allowing the Commission to dispense with administrative proceedings to obtain monetary relief is going well beyond the provision's subject matter. The opinion states "no one imagined that Section 13(b) of the FTC Act would become an important part of the Commission's consumer protection program." It further states, "By contrast, the Commission's broad reading would allow it to use Section 13(b) as a substitute for Section 5 and Section 19....that could not have been Congress' intent."

The Court does confirm that "[T]he Commission may obtain monetary relief by first invoking its administrative procedures and then Section 19's redress provisions. They may also use Section 13(b) to obtain injunctive relief while administrative proceedings are foreseen or in progress, when it only seeks injunctive relief." They did not weigh in on the FTC's propensity to use Section 13(b) over Section 19, stating "our task here is not to decide whether this substitution of 13(b) for the administrative procedure contained under Section 19 is desirable."

Anticipating this decision, there has been significant action on Capitol Hill to update the statute and provide remedies the Supreme Court has now taken away if the actions were brought under Section 13(b). The decision limits the FTC's traditional enforcement posture and authority in the interim absent Congressional action.

#### INDEPENDENT CONTRACTOR STATUS

DSA STAFF AND COMPANY EXECUTIVES HAVE BEEN ACTIVELY ENGAGING on federal and state legislation regarding independent contractor status. We have met with numerous United States Senate offices regarding S. 420, the Protecting the Right to Organize Act. The legislation would impose the ABC test for purposes of being defined as an independent contractor under the National Labor Relations Act.

The bill passed the House in March and is awaiting consideration in the Senate. Working with the National Association of Realtors, DSA is offering alternative language that would specifically exempt direct sellers and realtors from coverage using the language in 26 USC 3508. Efforts are also underway to engage members and salesforce with key Senator's offices on the legislation.

DSA has also been active on the state level despite travel restrictions, engaging virtually with legislatures. Arkansas and West Virginia recently passed legislation that was signed into law by governors making clear that direct sellers are independent contractors for purposes of all wage and hour laws. That makes forty-three states that now have language in unemployment insurance code or other labor statutes specifically defining direct sellers as independent contractors.

DSA also held a virtual Direct Selling Day in Albany, New York, on April 28. DSA staff and members met with eight legislative offices throughout the day to discuss legislation and issues relating to independent contractor status.

Additionally, DSA spoke with the offices of Senators Ron Wyden (D-OR), Chairman of the Senate Finance Committee, and Senator Michael Bennet (D-CO). The senators released a discussion draft that would have mandated states to implement the "ABC" test for purposes of unemployment compensation. Their offices have been receptive to respecting current state statutes that direct sellers have in forty-three states.

#### LABOR DEPARTMENT WITHDRAWS INDEPENDENT CONTRACTOR RULE

#### ON MAY 5, THE US DEPARTMENT OF LABOR

OFFICIALLY WITHDREW the proposed Independent Contractor Status Under the Fair Labor Standards Act rule. The withdrawal was anticipated as the Department of Labor had delayed the implementation date from March 8 to May 7.

The Department of Labor said they were withdrawing the rule because the standard articulated has never

been used by any court or the Department of Labor, and is not supported by the Act's text or judicial precedent.

DSA, through the Coalition for Workforce Innovation (CWI) commented on the proposed delay and withdrawal. CWI's comments were referenced and discussed eight times in the notice. As expected, the arguments made by business interests were not incorporated into the decision. Before heading off on a three-year mission overseas, Scentsy Co-CEOs Orville and Heidi Thompson share their thoughts on what it takes to create a sustainable company culture, how to plan for earnings dips and hypergrowth, and how to be effective in battling the blind spots.

VOICE

#### Orville and Heidi Thompson on...

#### STATE OF DIRECT SELLING

- **Q:** The pandemic, social injustice, and political polarization have left many people feeling scared and unsafe. In times of crisis, voices of community—voices of unity—have demonstrated the ability to pull groups of people together under a single purpose. How can direct selling companies be bridge-builders and instruments of unity for different groups in today's world?
- A: We are in an increasingly polarized world, but this is nothing new. History tends to repeat itself. The Revolutionary War, Civil War, Great Depression, and WWII were seventy to eighty years apart; 1849, 1929, and 2009 were all years of incredible financial disruption. It isn't exact, but trends come in cycles, and we are in a cycle where political alliances and social institutions are collapsing, and new alliances are being formed. The institutions that will dominate the next eighty-year cycle will be created by those who can bring people together once the crisis has deepened to the point that the pain of keeping our opinions is greater than the pain of finding common ground. So far, for most people, it is more painful to change one's mind than it is to live with the consequences of the deepening crisis. That will change in time. As direct sellers, we have the opportunity to create companies that can be more than a means of connecting consumers to products. We build social networks that become communities full of diverse people who share common goals and learn how to put aside personal agendas in the service of that common goal. We

would caution against becoming part of the choir that seeks ideological victory. We need to be the place where people who disagree on substantive issues can still share common ground and work for common goals.

- **Q:** How can direct selling leaders be effective in battling the blind spots that led to poor decision-making in the past? How can they use their convening power, influence, money, and communities to make important headway in fixing significant social problems?
- A: As direct sellers, we bring value to the world by building communities that allow egalitarian participation in connecting consumers with products. We have developed systems that allow people to change the arc of their family fortune through personal and economic improvement. We give people a seat at the economic development table. Like the Hippocratic Oath doctors live by, direct sellers should adopt a similar position of "first, do no harm." A corollary we use at Scentsy is "contribute more than you take." In essence, we don't have the moral right to extract something from another human being. If we are correct in our relationships with others, we will provide answers, not create problems.

#### **BUILDING A COMPANY CULTURE**

**Q:** One of the things you do at Scentsy is ask the question, "Is it in spite of the fact or because of the fact?" How has that openness to

question what is happening allowing you to think broadly enough in answering challenges that have come your way?

- A: Solving problems for the first time requires curiosity and humility. We like to call the confluence of curiosity and humility childlike wonder. Only with problems you have once successfully overcome can you apply a tried-and-true solution. In entrepreneurship, one is faced with a constant barrage of new problems. A fixed mindset is a recipe for quick failure. Childlike wonder embodies a sense of adventure-nothing is yet defined; everything is simply data. *Childlike* wonder leads to optimism, which is contagious. Contagious optimism draws people in, leading to increased connection, love, and kindness. When we feel part of a connected community, we have *hope* for our future. *Hope* opens us up to the *light*, which is the insight to solve problems. *Light* allows us to maintain *childlike wonder*. This becomes a self-perpetuating problem-solving model as each step leads to the other in an ever-expanding spiral of capacity and understanding. By staying curious and humble, challenges become puzzles, setbacks become comebacks, criticism becomes instruction, and failure becomes useful data; thus, life becomes a series of sprints of improvement separated only by occasional stumbles forward.
- **Q:** There is a Korean saying that half the journey is the start of it. When a company launches, its culture is being defined. What is the tipping point at which the culture is accepted, and the company starts to grow?
- A: When a company launches, it projects aspirations and values. Over time, as people choose to align themselves to these aspirations and values, a characteristic spirit emerges that embodies this group of people. This characteristic spirit is called *ethos*. A company culture is nothing more than what practices, behaviors, and attitudes the group accepts. A company will reach a "tipping point" when, and only when, people resonate with the *ethos* and accept the *culture* enough to share it with others, who also accept it and share it.
- Q: Scentsy's motto is "Contribute more than you take." How does that motto relate to your relationship with DSA, the direct selling channel, and your consultants? How was it realized when the pandemic hit?
- A: Contribute more than you take simply means to never take from someone more than what you have given them. In any healthy relationship, when one party feels a cosmic debt, they feel obligated to reciprocate. The more one tries to even the score, the more contribute more than you take requires additional contribution.

Following this process, greater effort goes to relationships that reciprocate. This creates an upward spiral of mutual improvement. *Contribute more than you take* with everyone primes the pump. This invites everyone with whom you interact to reciprocate. When they do, your energies can be focused on those relationships that build mutual benefit.

We were not wise enough on our own to successfully guide Scentsy on its incredible journey. Decades of refined learning have been distilled into the collective understanding of the members and staff of the Direct Selling Association. Scentsy's success is impossible without the battles fought by member companies long before we were born, let alone started the company. We have always felt a "cosmic debt" to the DSA community and have felt obliged to reciprocate. This is why we have always taken the position that we should share our experience at DSA meetings and with DSA member companies. As we benefit from those who came before us, we want to improve conditions for those who come after us.

By staying curious and humble, challenges become puzzles, setbacks become comebacks, criticism becomes instruction, and failure becomes useful data.

When a crisis hits, like it did in 2020, people look for communities of safety. Because we demonstrated a commitment to *contribute more than you take* long before the crisis came, customers, consultants, and employees felt safe associating with Scentsy because they had confidence we would "do the right thing." All three groups participated in an upward spiral lift as each felt compelled to contribute and invigorated by participating in a significant success story in the midst of a crisis.

#### COMPANY GROWTH

- **Q:** You have said that hype is an irrational view of a future state, and that when companies are going through hyper-growth there becomes an irrational view of what that future is going to be. Were you personally subject to such hype and overinflated expectation that others have experienced?
- A: All social things are subject to hype, and we are not immune. To be clear, hype is not the result of a company doing anything wrong, it is a natural consequence of success in the context of a social experience, and direct selling is very much a social experience. The key is understanding hype, so it doesn't become a perceived reality. We managed Scentsy well when we focused on

achieving real potential, and we failed when we tried to live up to the hype.

We have tried desperately to create a cohesion culture where hearts are knit together, where we value effort, embrace challenge, accept others for who they are, but never accept that where we are is the best we'll ever be.

- Q: During a dip in growth, company culture is typically challenged. During such times, many companies will abandon their practices. You believe that losing the consultants who have irrational exuberance and who are going to cause compliance issues is the best thing for the business. What is your advice for anybody going through the dip?
- A: Dips are healthy if a company uses them to reinforce practices that establish cultural cohesion. A dip is a perfect time to stop doing those things beneath the company's culture. A culture audit is an excellent exercise. List the aspirations, values, and any word traditionally associated with your company. Then give your company a grade—A through F. Then calculate your cultural GPA. C's may get degrees but emerging from the dip requires a 4.0. If you can't get an A, quit doing it.
- Q: You have identified two types of culture in business: the competition culture and the cohesion culture. What is the difference between the two? To which culture does the Scentsy mission align, and why? Can you provide examples of each, and

explain which one has an advantage in times like these to attract people to them?

A: A competition culture is the dominant culture of business and politics. It views the world as an arrangement of individuals in competition with each other in a zero-sum game, where your gain can only come from my loss, where only one of us can be the fittest in a Darwinian struggle for survival. It fails to see the interconnected nature of our existence. Focused on the individual's independent struggle to succeed, a competition culture divides the world into segments, where competitive advantages are identified and exploited. Other people threaten to diminish what is there for the strong to capture, so we are taught how to be strong and to go get ours before someone takes it from us. Winning is valued, and victory is rewarded.

We have tried desperately to create a cohesion culture where hearts are knit together, where we value effort, embrace challenge, accept others for who they are, but never accept that where we are is the best we'll ever be. We cooperate to achieve together instead of competing to determine who is best. We set lofty goals and invite all to work toward them; and invite those who have reached high levels of achievement to reach down and help others match their accomplishments rather than set up systems where the masses simply support the pedestal we use to prop up our winners. A cohesion culture looks like a healthy family where love, support, a shared sense of purpose and destiny, and a spirit of cooperation permeate every interaction. Where we are only as strong as the weakest among us, sure, it is ideal.



Co-founders Orville and Heidi Thompson participate in Scentsy's Give-Back Days at a Habitat for Humanity project (pre-COVID-19).

It is the ideal of Christianity, where Jesus says, "By this shall all men know, ye are my disciples, if you have love one to another!"

We believe that while businesses may do well in a competitive environment, truly great businesses try to rise above the competition and create a cohesion culture. For example, Apple transitioned from "Mac beats PC" to appeal to globally shared emotional aspirations—privacy, lifestyle, creativity, imagination, and innovation. Take, for another example, Coke versus Pepsi. Pepsi seeks to beat Coke. The Pepsi Challenge and Pepsi Generation campaigns are examples of competition culture—a zero-sum play for market share. Meanwhile, "Share a Coke and a Smile" sends clear signals Coke is not content to beat Pepsi—it exists to change the world.

People seek opportunity during times of safety because when it is safe, it is easy to believe "ground floor opportunities are where the money is made!" But the opposite happens, too. People seek safety during times of crisis because it is easy to believe "most new businesses never survive the first five years!" You can win in the short run by gaining market share, but you change the world by creating a cohesion culture.

#### LOOKING AHEAD

- **Q:** The growth Scentsy experienced in 2020 can be partly related to your two main competitors—Bath & Body Works and Yankee Candle shutting down. Are you confident the company will remain stable upon their return, or do you believe the momentum from 2020 will continue a growth pattern?
- A: Our success being attributed to the closure of our competitors was a hypothesis that didn't turn out to be true. When L-brands reported 2020 results, it showed Bath & Body Works had significant growth in 2020 as well. Scentsy's success was more likely part of "a rising tide that lifted all boats," selling products that helped people stuck at home improve their nests. In spite of, or because of, am I right?

Our current assessment is that we experienced a fundamental shift in 2020 that will continue to play itself out over the foreseeable future. We are staying true to our pattern of approaching the future with *childlike wonder* and a commitment to Scentsy Culture. We'll see what the future holds as it unfolds.

- **Q:** As you head off on your three-year mission, do you have a message to share with your industry peers?
- A: When we truly bless the lives of others, without guile and motivated by love, God will help us because we are aligned with His purpose of

blessing His children. Alternatively, we can spend our lives in the pursuit of personal promotion; in this, we are on our own. Nothing is more efficient, and nothing brings more joy than living a life aligned with the purposes of the creator of us all. Our association with friends and mentors in the DSA has been truly joy filled. We have learned to love and appreciate the goodness among direct sellers and have hope that goodness will win the day. Thank you all for years of kindness, support, and friendship. We look forward to the day when we can once again spend time together. Until then, you will be in our prayers, and you can count on Scentsy to be an ally.

**Q:** You have been married for more than thirty years and have been co-owners and co-CEOs of Scentsy since its inception. So many startup party plan direct selling companies started by co-founders have not lasted. How have you made this work and sustainable?

The problem with too many couples and entrepreneurs is they are not very practiced at being motivated by love.

The key to longevity in marriage and business is selflessness. Our motivations can be boiled down to three main categories: fear, greed, and love. Most newlyweds and entrepreneurs' motivations are dominated by first, the fear of failuresetting your future back, disappointing those you love, reinforcing self-doubt and personal demons, or embarrassment—and second, the desire for a better life-nicer things, indulgent experiences, a secure future, more prestige, or personal validation. Of course, we are all motivated, to an extent, by love-to do our duty, to bless others, or to honor God. The problem with too many couples and entrepreneurs is they are not very practiced at being motivated by love. When financial success comes, and the fear that once dominated their thoughts subsides, they are overcome by greed. Greed turns everything into a zero-sum game—your gain is my loss. When there are winners and losers, there is enmity, and enmity breeds contempt. Contempt is the one emotion no partnership can survive. Love must go both ways but, unfortunately, in a partnership one or both can choose to be selfish. No amount of selflessness can overcome the selfishness of a partner. We are fortunate, as a couple, to put each other first. As company founders, we have managed to see ourselves as stewards of a great blessing rather than creators of a money machine. As a result, we are able to keep greed at bay and stay motivated by love, connection, and *kindness*, which fills us with *hope* that brings us *light*. This is how we maintain our sense of *childlike wonder* and our *contagious optimism* that no challenge will arise that can't be overcome. DSJ

# **I T T Internet of Things**

# "

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

-- David Amerland, digital strategist and author

# "

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

-- Bruce Schneier, security technologist and author



# THE CUSTOMER JOURNEY

# MAPPING THE PATH TO BRAND LOYALTY



Remember the Pepsi Challenge? It was most memorable during the height of the Cola Wars in the 1970s and early 1980s. PepsiCo upped the ante in its decades-long battle with the Coca-Cola Company, then the world's most valued brand, by engaging in a head-to-head showdown that had consumers deciding the winner.

The strategy for the Challenge was to create a memorable consumer experience that would result in customer acquisition and long-term brand loyalty. PepsiCo executive John Sculley, the creator of the Challenge, realized that Coke had the greater brand recognition. But if consumers could try the two sodas in a blind taste test, then, perhaps, some could be won over to the Pepsi side. He was right. Millions did choose Pepsi, and within a few years his company was closing the gap on Coca-Cola's market dominance.

That success caught the attention of Apple Co-founder Steve Jobs, who was as focused on "connecting the dots" on customer needs as he was about changing the world through technology. In 1983, Apple was getting ready to release the Macintosh, and Jobs wanted to develop a marketing strategy for it similar to the Pepsi Challenge, one that introduced the Macintosh but sold the experience of Apple. Jobs convinced Sculley to leave PepsiCo and join his company as CEO. Sculley did, and one of the first ads he produced was released eight months later—the dystopian "1984" commercial that challenged consumers to be as uniquely original and bold within a sea of conformity as Apple.

Jobs' total commitment to the consumer journey from the design and functionality of products to marketing, sales, and customer service touchpoints—helped Apple gain a fiercely loyal customer base. It also helped it become the first and, so far, only American company to reach a \$2 trillion market value, and, according to *Forbes*' 2020 World's Most Valuable Brands, earn the mantle of the most valued brand in the world today.

#### **The Customer Experience**

The Direct Selling Association (DSA) recently reported in its annual Growth & Outlook survey that 2020 was a record year for direct selling in the United States. The industry achieved record highs in:

- retail sales-\$40.1 billion,
- number of direct sellers-7.7 million, and,
- number of customers (preferred customers and discount buyers)—41.6 million.

Compared to 2019, direct sellers increased by 13.23 percent, and customers increased by 12.73 percent. Was the increase spurred by the pandemic?

The answer is likely yes. So many workers were displaced in 2020, particularly women—who coincidentally made up 75 percent of the direct selling salesforce last year.

AdvoCare International, which offers wellness and weight management products, saw 4,000 new customers join the company over a threemonth span last summer. It occurred during the company's largest customer acquisition event, Summer of Spark.

"We spent June, July, and August just emphasizing that product," says Christina Helwig, Senior Vice President of Global Marketing at AdvoCare. "We introduced new customers through a sample pack. It was a really fun customer experience."

The event was so successful—with new and existing customers posting about it on social media—that AdvoCare will relaunch it on June 1, 2021. The new event will initially begin with the Summer of Spark focus, but Helwig says it will become a permanent customer acquisition strategy, evolving seasonally with the offer changing.

Another acquisition strategy that helped the Richardson, Texas-based company was being more intentional with non-product information and education. During these events, they did not sell products but rather connected with customers to share what the company had to offer in terms of education around general health and wellness. The information was presented through the company's Five Pillars of Wellness, which focuses on nutrition, and its Workout Wednesdays.

Helwig says the company did see an influx of customers last year through these customer acquisition strategies as well as its digital marketing efforts, which they will be increasing this year. In 2020, they also took advantage of hometown media, with a few segments on *Good Morning Texas*. The TV spots featured friends and partners in the nutrition space, including Dr. Lauren Horton, who leads AdvoCare's internal scientific and development team, and former Dallas Cowboy Jason Witten, who is an advocate for the Spark product.

This year they will add something new to the mix targeting potential customers through Connected TV, which is premium content streaming that allows brands to reach customers on smart TV devices like Roku and Apple TV.

Xyngular, based in Lehi, Utah, had what Senior Vice President of Marketing Wendy Garrison calls "an astonishing year." She says the growth the health company experienced last summer was unprecedented.

"In May and June of 2020 we had an astonishing number of both distributors and customers join," Garrison says. "We had spent several months promoting and reinforcing important foundational messaging for both our distributors and our customers. Just as we started to see it take hold in our field, the pandemic hit."

Garrison says the company looked at all of the economic factors that played into the surge of customers and landed on a simple truth: being in exactly the right place at the right time.

"They were in a position to share amazing stories with people who were, for maybe the first time in their lives, considering having a side business to help as they were worried about the potential loss of jobs or income changing because of the shift and impact of the pandemic in their regions," says Garrison. "We knew a lot of people were preparing for what may come. We were right there with an entry point that made it easy.

"I have to give credit to our amazing distributors," she says. "I have never seen anything like this. I think they are why we have such a unique customer experience. Customers see that welcoming spirit and they feel proud to represent these products because the distributors are just so good."

#### A Connected Journey

Today's customer journey differs from that of just a decade ago. The difference can be attributed to innovations in technology and the preferences of generational cohorts, such as making purchases on smartphones, but it is also the outcome of the pandemic. The shopping experience changed during 2020, with customer demand for alternate payment methods and options for pickup and delivery continuing through today. What customers mostly wanted, however, was a personalized experience from the brand.

In Salesforce's 2020 "State of the Connected Customer" report, 66 percent of consumers surveyed stated that they expect companies to understand their needs and expectations. The report also found:

- 80% of customers said that the experience with a company is as important as its products and services.
- 71% say they have made a purchase decision based on the experience quality
- 91% say they are more likely to make a repeat purchase after a positive experience

Customers also expect the dots to connect during their journey. Another Salesforce report, "Trends in Integrated Customer Experiences," shared that 76 percent of customers expect consistent interaction across departments, and 70 percent say connected experiences such as seamless handoffs between departments are important to winning their business.

Disjointed experiences are less tolerated these days. Almost 49 percent of consumers have no patience for disconnected experiences, and 54 percent say three departments—sales, service, and marketing appear not to share information.

"There are times in every company, in every industry, when the vision for the customer experience just does not happen. But I think we have truly been able to create that—whether it's a product promotion, a sales incentive, or a new product launch."

> –Christina Helwig, Senior Vice President, Global Marketing, AdvoCare

Technology can enable companies to make purchasing products smoother and easier, but the consumer experience really is about personalized engagement, and the majority of the experience for the consumer is the interaction with people in the company—distributors and service representatives directly and, indirectly, the marketing, legal, and other teams tasked with creating the overall experience. In other words, while the purchased can be mechanized or digitized, the experience is human centric.

AdvoCare's relationship with customers is unique. Almost two years ago the company made the decision to transition to a single-level compensation structure. While the revision of its business model caused changes to company operations, it actually allowed AdvoCare to be more successful during the pandemic, because when the transition began in May 2019, the company took time to investigate internal processes and research what its customers really wanted.

"It allowed us to develop the best partnership between sales and marketing than maybe we have ever had," says Helwig. "There are times in every company, in every industry, when the vision for the customer experience just does not happen. But I think we have truly been able to create that whether it's a product promotion, a sales incentive, or a new product launch."

AdvoCare's new customer acquisition numbers have grown since the compensation structure change took effect in July 2019. From August 2020-December 2020, the company experienced a 15 percent increase in new customers compared to the same time period in 2019. And this year, from January 2021-April 2021, it had a 23 percent increase in new customers compared to the previous year.

"We are a distributor success company. We cannot be distributorcentric without also being highly attuned to the success of our customers. Our distributors cannot be successful without customers. So we need to focus efforts on that experience for the customer. It's our job to serve both of those audiences the best way we possibly can."

> —Wendy Garrison, Senior Vice President, Marketing, Xyngular

Another change in the last year relates to the technology supporting the AdvoCare customer experience. Helwig says that the company had been considering a move from its existing IT platform to a fully cloud-based platform, and the events of 2020 helped to confirm that decision to transition.

"Once we saw customers' needs changed across every platform last year, we determined it was the right thing to do," she says. "We'll be launching the e-commerce platform early this fall."

The combination of cloud-based platform and the company's digital experience will allow AdvoCare to provide a more personalized shopping experience, including product recommendations, alternative payment methods, promo codes for targeted customers, saved carts, full customer mapping for even more customization, and an email journey that is more specific than it is today.

"The pandemic pushed us to realize this investment is the best thing we could do, and we are excited for it to come out in the fall," says Helwig.

Xyngular made an investment in marketing intelligence and customer experience—building expertise internally to better understand customers, competitors, and new market opportunities. The efforts around intelligence have yielded a much deeper understanding of purchasing behavior, patterns, and consumer tolerance for change. This helps the company keep up with challenges that are becoming more commonplace, such as handling customers who are dealing with longer than normal shipping times because of supply chain issues.

As for customers, who are often also prospective distributors, the customer journey begins when they buy and continue with an onboarding strategy crafted to simplify their first experiences and help them find quick successes. The company is constantly working to improve both the buying and the onboarding experiences, knowing that its ability to deliver quick wins is essential.

"We have a robust collection of content online that keeps them involved in a community, and that has been a big play for us—to help them join in that community and then share information and ideas with each other," says Garrison.

Since the pandemic the company has altered the way it communicates with customers, which has actually resulted in improvements in connected experiences.

"We have done a great deal of research to improve our ability to reach customers where they are—from how they consume content, to how that content drives their experiences with Xyngular, with each other, and with our products," says Garrison. "We are uniquely invested in the success of those experiences and the relationships that result from them.

"We are a distributor success company. We cannot be distributor-centric without also being highly attuned to the success of our customers. Our distributors cannot be successful without customers. So we need to focus efforts on that experience for the customer. It's our job to serve both of those audiences the best way we possibly can," Garrison says.

#### **Customer Retention Strategies**

The influx of new customers and distributors has been a boon to many direct selling companies, but there is fear that once life returns to some semblance of normality, those who joined because they could not get products elsewhere or needed a Plan B to supplement their income might slip away. Hence, customer retention strategies are now even more important.

AdvoCare has increased its retargeting of ads on digital platforms, expanding beyond the main social selling sites like Pinterest and YouTube. The company also is using the Connected TV platform for retargeting. But the greatest change in its retention strategies is the use of artificial intelligence (AI).

In the past, AdvoCare's retention tactics started when customers were about to leave the system, based on the renewal time period. Over the last nine months, however, the company has implemented more AI to try to pinpoint when customers become less engaged. When they find that moment, they then target the customer with an opportunity that will make it more simple and more fun to stay engaged and active.

"Whether it is someone early in their journey, like ninety days, or someone who has been with us longer but whose activity is tapering off, we try to pinpoint when to target them through AI so we can keep them engaged and hopefully coming back to shop again," says Helwig.

That tactic is working. By using AI, the company is seeing success in its preferred customer renewal rates—an uptick of 6 percent up over the last six months in preferred customers who are up for renewal after their first year. In addition, it has seen a 19.4 percent order rate when targeting customers who otherwise are not likely to place another order.

"This is our biggest win," says Helwig. "We are continuing to learn and continuing to dig into AI to drive retention."

Xyngular also invested heavily in retention programs, adding new communication tools to its messaging arsenal. While it already had a strong email foundation, it added texting to amplify the foundational messaging in the emails and on its landing pages. According to Garrison, the communication strategy has changed dramatically to drive retention.

Garrison says Xyngular has also added additional communication tools designed to drive retention by providing actionable customer insights to distributors. Instead of the company engaging directly with customers with important reminders or notifications, Xyngular provides text-based reminders to distributors so that they better serve their customers—with a much better understanding about what drives and motivates them. The company wants customers to have an affinity for the brand and the products, but it also wants them to have an affinity for the person who introduced the products to them. Xvngular believes this will build trust with between distributors and customers and strengthen customers' confidence in the company as well.

What is also driving changes to Xyngular's retention strategies is an interesting shift that occurred in its audience last year. Historically, the company's core group was the 35–55+ crowd; however, there was an unexpected influx of millennials in the last twelve months. The way they consume and share information has required a shift in how the company communicates and the tools it uses to reach them.

"This addition to our audience has brought new expertise to our teams and helped us bring new strategic insight to our base so that they can better, more effectively communicate with and serve this new audience," says Garrison.

So the company immediately invested time in implementing a tremendous amount of social advertising and social messaging that would appeal to this cohort. The company also buckled down on education for both its products and business opportunity, and on using the data on customers and the field gathered by their customer experience and market intelligence teams to refine retention strategies.

"Retention is one of the most important measurements that we have, and our fear was that people would come in under unusual circumstances and not build the trust with us," says Garrison. "We knew our retention numbers would be a critical measurement of how we truly weathered the pandemic and how well we prepared our field to come out of it strong. It is, and will remain, a key focus of our 2021 sales and marketing strategy as we move into a new normal."

#### Lines of Communication

In the last year, communication with distributors and customers has been critical because of disruptions to normal business operations. The pandemic caused issues in several areas, particularly in supply chain, which impacted the fulfillment of product orders.

In a recent DSA survey, 85 percent of participating direct selling companies indicated global supply chain issues were impacting their businesses. Transportation delays outside the US were the most frequently cited issue (74%), followed by production delays outside (72%) and inside (64%) the US. In



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addition, 28 percent indicated supply chain staffing issues in the US.

"The most important thing our market intelligence team does every day is talk to our customers. We are deeply involved in how they experience what we sell to them. We make sure we know how to talk to them and with them, and not at them. We are students of our customers all the time."

#### —Wendy Garrison, Senior Vice President, Marketing, Xyngular

Helwig says AdvoCare did experience issues with obtaining product ingredients as well as in manufacturing and packaging, but those issues have been overcome. They are still dealing with additional costs that arose as a direct result of the pandemic—a price increase in corrugated materials and surcharges from shipping carriers—that they do not anticipate going away. However, the company is absorbing the costs rather than passing them on to customers.

"We increased all our conversations in this area to be more transparent on both sides in terms of what we needed and what we were seeing," Helwig says. "We met more frequently with manufacturers and started making projections further out that we normally do so we could place purchase orders. Internally, we were transparent with distributors and adjusted our promotions accordingly."

Based upon internal conversations, the company updated out-of-stock dates and, for the first time, implemented "out of stock notifications" so customers could sign up to receive an email when the product they wanted came back in stock.

Xyngular ran into the same issues that AdvoCare and many other direct selling companies faced in that its supply chain was greatly affected by global issues. Products came in much more slowly than normal, and some suppliers could not deliver at all because of packaging troubles.

In the early months of the pandemic, when supplies were unavailable and product shipments delayed, the Xyngular team decided to break open its product systems so people who had recently joined the company would at least receive some product.

"What we found was their confidence in us grew pretty dramatically over the course of those weeks," says Garrison. "We determined it was better to not make them wait. They had paid for the kit. Plus, they were feeling anxious and stressed in other parts of their lives because of the pandemic, so why make it any harder on them by making them wait?"

While sending out the partial orders resulted in a confidence boost with customers, Garrison believes that the greatest difference was the transparency and honesty with which the company communicated with customers. Not only did it help to strengthen the relationship, but it also resulted in increased participation from customers on surveys and questionnaires sent out by the customer experience team.

#### Listen and Learn

The business of acquiring customers, gaining their loyalty, and retaining them as brand ambassadors takes much operational planning and preparation, but each phase has two simple commonalities at which successful companies excel: the ability to talk to customers and, more importantly, the ability to listen to them. These attributes create the basis for a powerful and memorable customer experience.

"The most important thing our market intelligence team does every day is talk to our customers," says Garrison. "We are deeply involved in how they experience what we sell to them. We make sure we know how to talk to them and with them, and not at them. We are students of our customers all the time."

From a strictly operational standpoint, understanding consumer needs and motivations helps to drive business, and thus, profits. If a company does not know its customers, it will never be able to serve them well. It will never understand the importance of the customer journey.

But direct selling companies are unique in that most are mission-driven. While they obviously want to be successful, they also want to make a difference in the lives of others. The research and data they gather on consumers serves them well in bringing the lives of their customers clearer into view. And that clarity can bring hope—hope in the form of a product that meets the customer's needs or allows the distributor to earn supplemental income in the event of a sudden job loss. Hope, for some, can also come in the form of a community of like-minded individuals that offer much-needed emotional support.

"What I saw more than anything else this past year was people finding hope," Garrison says. "When they had a bit of success in getting healthier or building their business, it was incredible to see the confidence grow. The community was there to support them, cheerleading for the smallest wins."

But small wins have always been the stepping-stones to greater success. And for direct selling companies, those wins are markers along the customer journey.



PURCHASE

AWARENESS

# UNDERSTANDING CUSTOMER JOURNEY MAPPING

Customer journey mapping (CJM) has become a popular tool in recent years, but it is often misunderstood and misused. In simple terms, CJM starts the visual depiction of a sequence of events through which customers interact with a company during the purchase process. The map is typically constructed in a group setting in which colleagues from different departments share data.

In CJM, touchpoints are plotted from the moment the consumer is first aware of the brand until they become a customer. Other touchpoints can occur as the brand attempts to retain the customer or make them an ambassador of the brand.

Dr. Monica Hernandez, Marketing Operations and Analytics Department Chair and Associate Professor of Marketing at St. Edwards University in Austin, Texas, says CJM is a tool to help uncover points of pain or friction along the customer journey and bring clarity to business efforts so that duplication is avoided, and efficiencies are increased. It can also be used to test new products and services, allowing companies to gather customer feedback and pass that information along to research and development.

#### **BENEFITS IN USING CJM**

- Better understanding of the customer journey through the customer perspective
- Identification of points of pain or friction for customers
- Identification of duplicate efforts and inefficiency
- Ability to test new products and services
- Ability to envision long-term changes
- Helps the company to move to an enhanced level of customer experience

"The ideal map will help us understand the customer needs; therefore, we should be able to identify current gaps in our procedures and systems that, once resolved, will move the customer experience towards the next level," Hernandez says.

CJM lists all possible organizational touchpoints a customer may encounter during the buying process.

Do customers go through all the touchpoints mapped out? Not necessarily. Companies likely will see customers go through the awareness consideration stage only once. Customers can enter into the buying process at any time through any means, so companies need to keep that in consideration when creating messaging. However, it is a stage that needs to be included in the mapping. Using an empathy map to drill down into what consumers feel about products or the company itself can help the marketing team create messaging to help convince prospects who are considering a purchase.

SERVICE

CHECKOUT

RESEARCH

#### **Data Collection**

DELIVERY

CJM is used to understand what is being done, or not being done, at each customer touchpoint. Are all customer touchpoints equally important? If a company is interested in being a customer-centric company, then the answer is *yes*. A company must understand that, from the customer perspective, all touchpoints matter. This is particularly true if a company has, or attempts to have, an omnichannel presence. Exceptional service is expected on all levels, and if a company fails to meet those expectations, the result will be a lost prospect, a bad review, or an existing customer opting to move on to another company.

What kind of data can be collected at each touchpoint? Typically, customer feedback includes emotional data (about the company and/or products), behavior and actions, and opinions on company systems and procedures. Quantitative or qualitative data can be fed into the map. For quantitative analysis, a company can use metrics available at the time the map is created, but it should be supplemented with the qualitative data gathered from customers.

Record all feedback obtained from customers. For instance, what reactions did they have when presented with new information, what did they say was missing from their experience, or how did they feel when they encountered a problem with the company's system or procedure?

Keep in mind that there can be a tremendous amount of feedback to incorporate. For that reason, multiple maps can be created so there is not an overwhelming amount of information on a single map. "My recommendation is to start small and select the most important touchpoints, and start working from there instead of trying to cover everything all at once," says Dr. Hernandez. "Once you master a series of touchpoints, then you can start moving forward."

#### **Creating a Customer Journey Map**

There are four steps Dr. Hernandez has identified that companies can take in developing a customer journey map. They are: list time periods, list organizational touchpoints, list actions, and identify relevant strategic initiatives.

*List time periods.* The customer journey is typically separated into three time periods:

- Pre-service The period in which several stages occur: first awareness of the brand, consideration of the brand, initial interaction, and, possibly, movement forward with the brand.
- Service The period in which the actual sale is made, or service is provided.
- Post-sale The period in which company actions are determined, based on objectives.

Companies tend to make two critical mistakes in developing their customer journey maps. One, they fail to connect the map with their actual goals; and two, they fail to take into consideration the customer's perspective, which is particularly important when communicating with the customer and, when necessary, educating the customer.

For instance, when the customer realizes the product is resolving his or her needs, what can the brand do to push the interaction forward to a purchase? Typically, direct sellers have relied on product demonstrations or presentations, but nowadays selling efforts can be supplemented with videos—especially influencer videos—that push the consumer forward.

*List all organizational touchpoints.* Touchpoints may differ between companies. For some companies, touchpoints are defined by:

- Events (the time) in which the customer is moving forward, such as pre-sale, service, or post-sale. The need for communication and the need for education of the consumer will vary based on those times.
- Geographic locations (the place) that allows the interaction of the customer, such as the company website or social media platforms.
- Departments, such as connections made by the marketing, customer service, or call center support.
- Marketing promotions, such as the email journey for product launch.

*List actions.* Most customer journey maps depict touchpoints, but they fail to provide specific actions. It is imperative that each touchpoint have a corresponding action. "What am I going to do to increase customer satisfaction? What am I going to do to move the customer experience to the next level?"

*Identify relevant strategic initiatives.* Once a touchpoint and action have been identified, the next step is to identify the initiative that ties in with the company strategy. For instance:

- Period: pre-service
- Touchpoint: social media
- Action: Review social network posts and customer reviews (TripAdvisor, Google)
- Initiative: Ensure posts are positively and/or appropriately addressed

#### **Moving Forward**

When depicting a customer journey map, consider how the customer experience will be enhanced—what is in it for the customer. Dr. Hernandez recommends following these steps:

- **Plan**. Identify both critical and less important touchpoints that can be done at the individual level and a team level. Ideally, involve a large number of people in the organization but once again, start small.
- **Organize**. Develop categories that represent cross-functional strategic initiatives that link business functions at each touchpoint.
- **Conduct research**. Directly ask customers for feedback.

Most direct selling companies currently offer the right communication to the right customer at the right time using the right device. This is an excellent way to start providing a good customer experience. But don't stop there. A customer journey map will identify gaps, giving companies the opportunity to resolve or respond quickly to a problem.

Moving forward, companies can improve the customer experience by anticipating customer needs. Using a customer journey map to uncover those needs and offer recommendations translates to an excellent customer experience. And if a customer feels empowered, they are more likely to stay with the company.

Here's an example: When Apple introduced the iPhone, it changed the customer's power forever. Remember, there are always opportunities to innovate and to go above and beyond what the customer expects. It is simply a matter of understanding where customers are on their journey and meeting them there.

## THE EMPATHY MAP

#### An Emotional Connection to Customers



#### PAIN

What are the frustrations? What obstacles stand in the way? What are the risks? What strategies can help in reaching goals?

#### GAIN

What represents success? What does the customer gain? What do we want to achieve? What strategies can help in reaching goals?

While a customer journey map provides a detailed view of a company's interactions with customers, there are other maps that can be used to dive even deeper into specific aspects of the customer journey. One example is the empathy map, which shows the emotional connection customers have with a brand.

Like the customer journey map, the empathy map is a visualization tool intended for use in a collaborative setting. It is used to show consumer behaviors and attitudes, and that data can then assist the brand in identifying points of friction customers are experiencing, as well as areas of successful engagement for the company.

An empathy map is typically divided into four sections, each one related to a sense:

- Think & Feel The head represents what consumers think about the brand or its products and services.
- See The eye represents the perception of the brand that customers have.
- Hear The ear represents what consumers hear about the brand (how they are being influenced by friends and social media)

• Say & Do – The mouth represents what customers reveal to others about the brand and what their behavior is towards it.

Why use an empathy map? Companies can gain a better understanding of customer needs through the observations gleaned from the map. Those insights can then be used enhance business operations or revamp selling approaches for diverse customer segments.

For instance, if a company is trying to understand the lack of product appeal for a particular age group, say Gen Y, the map can help identify the reason (or reasons). Is it because of what they are hearing from friends? Are there concerns about using the product? Is there a particular pain point associated with the product? Similarly, if a company is looking for feedback on a specific geographic location, such as the Southwest, the map can answer questions as to the preferences of customers in that area of the country. Of course, multiple empathy maps can be created to give a clear and concise view of demographic groups or geographic locations.

Empathy maps reveal what customers feel about a brand. When used in conjunction with a customer journey map, they can be powerful tools for creating a memorable customer journey. DsJ

# MACRO BLUEPRINT FOR THE CUSTOMER JOURNEY

High-performance cultures typically have these attributes: they are mission-driven, performance-driven, and revenue-focused, and they reward the right people and see opportunity—that is, they create relevancy.

Creating relevancy has never been more important than it is today given the speed of change in the current marketplace. A culture must be able to adjust to an evolving marketplace; it must have a DNA of innovation within it. High-performance cultures tend to adapt more easily than others because they are focused on the customer. They create relevancy in their products and their business opportunity—and as the past year has shown, that understanding of what the customer wants, and will want in the future, is the key to staying in the game.



To create a customer-centric culture, companies should ensure the following organizing principles are inclusive in their business foundation:

- 1) The foundation of all disappointment is unfulfilled expectations.
- Engagement (a behavior formula) = triumph of hope over experience.
- 3) Practice the "wow factor" to map every meaningful customer journey point through all stakeholders who create a customer experience.
  - a. Online and offline
  - b. Control, influence, and no control
- 4) Segmentation of customers and distributors is important since their journeys are different.
- 5) There are four macro stages of the customer journey:
  - a. Pre-purchase
  - b. Gap management
    - i. Character
    - ii. Value
    - iii.Communication
  - c. Needs elevation
  - d. Re-engagement

- 6) It is important to operate with an omni-channel approach so the prospect/customer can find you in the locations where they seek information and communication.
- 7) Measure everything possible to better understand the customer and company success, earning and keeping their business.

#### **Expectations**

Expectations are created from how our brain programs itself. As shown in the following diagram, there are four stages in this process.



- 1) Our brain focuses on something. (Focus)
- 2) Our brain seeks to make conclusions about what it is focused on. In essence, it seeks to give meaning to the information it collects. This is how our belief system is created. Not all beliefs are the same. The power of a belief is elevated through: (**Meaning**)
  - a. Repetition
  - b. Emotion
- 3) All decisions and actions are a result of this programming. (**Programming**)
- 4) At all times, our brain can (1) focus on something different to create a different meaning or, (2) re-frame the meaning of something. In neuroscience, this is called *neuroplasticity*. If we do not get the results we expect from our existing programming, we can identify "limiting beliefs" and begin to reprogram our brain. (**Re-programming**)

#### **KEY STRATEGIES**

- 1) Set realistic expectations.
- Amplify the key beliefs in direct selling (see following section).
- 3) Identify and solve expectation gaps as soon as possible.

#### Engagement

execution

Engagement is the triumph of hope over experience. It is a behavior formula that can be expressed as follows:

#### HOPE

#### *(belief about the future)*

Intentions, attentions,

**EXPERIENCE** Positive, meaningful, creates hope, confirms hope, elevates hope

Hope is our belief system about the future. It is driven by experiences as noted in the "Expectations" section. Hope requires confirmation in the form of future expected experiences. If hope is not confirmed, it often leads to distrust and disengagement.

#### **Wow Factor**

Exceeding customer expectations is the key to brand differentiation and customer loyalty in every kind of business. Every customer arrives with a set of expectations. If that set of expectations is not satisfied, that customer is not going to come back. But that does not mean the opposite is true: Customers who are satisfied might or might not come back. The goal of service should be exceeding customer expectations instead of simply satisfying them.

The concept of the "wow factor" was developed by Disney. It is really a 360-degree map of all stakeholders that impact the customer experience. The ultimate goal is to exceed every expectation at every experience touchpoint.

In direct selling, this starts with understanding the stakeholders who impact the customer experience. The levels of control a company has to manage customer experiences are:

- 1) Having control
- 2) Having influence
- 3) Having no control

The direct selling ecosystem provides a perspective on the various segments in the ecosystem that can influence the customer experience.

The challenge in direct selling is that there is a large part of the ecosystem where direct selling companies do not have control. However, they do often have influence.

One of the more commonly accepted models regarding providing the customer with an exemplary experience was created by Bain and Company. It evolves around five imperative best practices when it comes to differentiating a company by the customer experience and customer journey.

1) Examine the experience from the outside in. The customer's point of view, not the organization's structure and processes, should define the customer experience.



- 2) Meet customer expectations consistently. Earn the right to differentiate by first offering consistent performance and eliminating failure points.
- Differentiate where it matters most. Invest to provide outstanding experiences in the areas that have the greatest impact on customer advocacy.
- 4) Test, fail fast, and learn. Use rapid prototypes to deliver new services to customers—incorporating left-brain and right-brain design principles and cross-functional teams—and use those engagements to better understand what customers want in each interaction.
- 5) Never stop improving. Develop closed-loop feedback processes, continuously refining experiences to match or exceed ever-rising customer expectations.

#### Segmentation

If you think about segmentation in direct selling, there are two basic consumers.

- 1) End-consumers
- 2) Distributors

However, you can further segment the journey of both groups depending on their needs. For example, you might market a group of nutritional products. While there might be similar touchpoints in the journey of a customer, as needs vary, so does the customer journey. You can even create a process journey. An example would be similar to the following example that talks about the journey from a consumer to a business builder and how one moves up a marketing plan of a company.

#### 5 Macro Stages of the Customer Journey

A basic customer journey map has five stages: connection, cultivation, consideration, conversion, and continuation. These stages break down into a few simple macro journeys.

- a. Pre-purchase Steps 1-3
- b. Purchase Step 4
- c. Retention and elevation of the relationship - Step 5
  - i. Gap Management
    - Character
    - Value
    - Communication
  - ii. Needs elevation
- d. Re-engagement this is an often-overlooked area of a business, the re-engagement of customers who have left.

Another example of this is how a buyer's funnel is used in social media and some of the common strategy areas in each section.

- 1) Awareness
  - The moment when the consumer becomes aware of a problem they want to solve in their life and perceives your product ad as a potential solution.
  - Focus on:
    - o Creating visibility and recognition.
    - Getting your product out there, implementing it as part of a broader scope of existing solutions for an issue.
- 2) Interest
  - The moment when the consumer is looking for options that will help solve their problem.
  - At this stage, the consumer has a selection of ideas in mind but will need more information and experience to make a decision.
  - Typical sources to find new information:
    - $\circ$  Reading reviews
    - o Blog articles
    - $\circ$  Social media
    - o Ad product websites

- 3) Consideration
- The moment when the consumer knows about your brand and thinks it might be a good fit for their needs or what they are trying to achieve (your brand is in the mix).
- At this stage, inbound strategies are highly effective.
- 4) Conversion
- The moment when the consumer is ready to buy your product or take action on your site.
- At this stage, the consumer has not yet paid for the product or service, and the role of the marketer is to create a point of contact to drive the conversions. Generally achieved by:
  - Targeting and re-targeting.
  - o Offering promotions.
  - o Creating a sense of urgency.
- 5) Retention
- A key stage for ensuring reoccurring revenue and creating a group of active brand advocates.
- 6) Awareness and Interest
  - Driven by:
    - Discovery when the consumer slowly becomes aware of their problem and the potential solutions.
    - Your content's relationship with the main topic.
  - Ideal situation =
    - Your content is engaging and interesting.
    - o Bring added value to the conversation.
    - Provide solutions to the consumer's problem.
- 7) Consideration and Conversion
  - Stages where the consumer is more focused.
  - At these stages, customers know the available solutions and make their choice by looking for:
    - Additional information
    - Experience
    - Reviews
    - Creating a mind map of the best quality/ price/value ratio

- You need to optimize your content for search engines and invest in paid ads on keywords translation to ensure the Consideration stage is well-integrated in your strategy.
- The more your product or brand is associated with a specific topic and keyword, the stronger the association will be shaped in the consumer's mind.
- 8) Retention
  - Use more personal components to provide a consistent customer experience, reaching out, following up a purchase, and using the correct information to create a sense of intimacy between the customer and the brand.
    - o Email marketing
    - Automation and analytics
  - Examples:
    - A birthday date
    - o Membership start date
    - Favorite topic or product can produce engaging content that triggers an emotional response from the customer.



#### **Omni-Channel Approach**

Today, direct selling companies must be visible to consumers in both traditional and digital marketing areas.

While it is important to consider each media type *independently*, the company must also consider how they can work together—harmoniously—to produce an all-encompassing customer experience and journey. As direct selling moves farther into the

social selling world, learning how to build the business and culture in the digital world has become increasingly important.

#### **Macro Analytics**

The direct selling industry has historically been more intuition-based than data-driven, but there has been a significant increase in the use of analytics not just macro analytics but specific data that help to drive more business decisions. Analytics can either confirm what a company believes it is doing right or identify areas of concern that need to be addressed. Either way, analytics have great value and are essential to any goal of being a customer-centric company.

Creating valued relationships between a brand and its customers requires many marketing touchpoints but knowing the optimal message to send at each point along the customer journey is the trick. Ensuring that marketers develop an optimal approach for engaging customers in the best way possible hinges on measurement.

Measuring customer interactions that matter most is all about understanding the customer journey, and this is second nature to companies that make customer centricity their guiding principle. To help direct selling companies understand the measurable touchpoints along a customer journey, macro-level analytics can be used to drive customer retention and branding. Here are six reasons why.

- Qualitative Data. Qualitative research helps a company unlock the person behind the data. In doing surveys and reaching out and listening to customers, companies can gain a true understanding of the customer experience. Knowing the why behind what is happening along the customer journey is will help drive business decisions and create engagement strategies.
- 2) **Trending Data.** Today, data is either a generalized snapshot or trending. Companies using trending data are faced with understanding the context behind the numbers, and this leads to greater insights into the varying degrees of conditions that drive potential trend lines.
- 3) Customer Lifetime Sales. There is a long-running debate over which is the better result: a consumer making an immediate market basket purchase of \$500 or a consumer purchasing, over time, ten market baskets valued at \$50 each. In the context of the customer journey, most would agree the ten \$50 baskets result is better. Why? Because the difference between the two is that a consumer has chosen to return to the brand ten times—and has a high likelihood of returning several more times. With increased engagement comes the potential for future market baskets of an equivalent or increasing value. All too often companies focus

on dollars spent and miss the value they deliver to customers over time.

- 4) **Customer Density.** Customer density indicates the number of end-consumers per active distributor. This metric helps set your team's expectations for what is an expected or even optimal activity level. Truly customer-centric companies basically have an 8:14:1 ratio of end-consumers and distributors. On the other hand, companies that market the opportunity can go as low as 1:2:1. Clearly, driving customer density has its advantages and is quite important.
- 5) Net Customer Gain/Loss. When it comes to measuring net gain and net loss, these measures consistently correlate to sales. Sales grow when a company retains more customers than it loses. When a company loses more customers than it gains, sales go the other way. Of a company's total customer base, the monthly churn rate of 10 percent or lower is to be expected. When a company experiences a monthly churn rate of 50 percent, that organization is living and dying by new business, making scaling and stability difficult to achieve.
- 6) The Point of Sales. The correlation between what an individual spends and the length of time they remain a loyal customer cannot be understated. Companies with higher-end starter packs are likely to have lower retention rates. Companies likely know the sweet spot of a pointof-sale with a preferred customer, but typically it is in the \$50-\$70 range. If it gets above that, it starts to be more difficult to retain people.

#### A Blueprint for Success

The perception of direct selling is too much driven by the income narrative. This has driven a large part of the industry's reputation challenge and, more importantly, also has taken the attention away from the foundation of direct selling—the distribution channel. Every dollar of revenue and every commission paid occurs from the sale of a product or service, and any slight to the reputation of direct selling hurts the channel's ability to acquire and retain customers.

While recruiting and customer acquisition are undoubtedly important to the success of companies, what ultimately matters is what happens after a customer or distributor engages with a direct selling business culture. The strength of culture is in the relationships within it.

Understanding what business culture exists in your direct selling company and how it impacts the relationship with consumers throughout the customer journey is integral for a company's staying power. **DS**J

(DSA thanks Gordon Hester for his contribution to this article as well as the use of the graphics contained herein.)

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# THE SPIRIT OF ENTREPRENEURSHIP

by John Parker, Amway Chief Sales Officer and Regional President West

For more than six decades, the Amway business has been growing in our hometown of Ada, Michigan, and throughout the 100 countries and territories where we operate around the world. While the business has succeeded across cultures and consumer tastes, we have spent a significant amount of time learning how to do a better job at meeting the distinct needs of our customers. One of the most important parts of this journey has been our continued partnership with Independent Business Owners (IBOs) and our efforts to help them be successful.

#### **Spirit of Entrepreneurship**

The entrepreneurial spirit is alive and well despite so much uncertainty facing the direct selling channel and economies worldwide. Across the channel, we have seen leaders figure out new ways to reach customers, create value, and support their teams. The one element that ties it all together is entrepreneurship.

We are surrounded by entrepreneurs who are gritty, resilient, and able to see past obstacles quickly. They are motivated by being in an environment with like-minded people. These core qualities of entrepreneurs have allowed direct selling companies to move through difficult times—and both the customers and the communities they are supporting have taken notice.

Not only have we seen great ideas come from the entrepreneurs within our channel, but we have

witnessed our own employees come forward with ideas to help within our community. I saw this firsthand last spring when the COVID-19 pandemic first began. Many selfless members of the Amway family wasted no time in thinking of creative solutions to lend a hand. It started with Project Light Speed, where a cross-functional team of approximately forty Ada-based employees worked quickly to respond to our local health care system's urgent need for hand sanitizer. Within one week of the project's kick-off meeting, 145,000 units of hand sanitizer were donated to hospitals, public service organizations, and non-profits. It is truly incredible to have an organization full of people who are thinking about how to always help the community. and to live our vision of helping people live better, healthier lives.

#### Making It Easy

What is so special about the direct selling channel is that it provides opportunities for people to build their own businesses, and it provides an experience that customers cannot get anywhere else. It is a high-touch industry that allows for direct contact and personal relationships. That is one important reason direct selling has a greater advantage over many other industries.

While the channel does have its challenges, creating an opportunity for people to make extra income should not be one of them. It is our goal to solidify Amway as a magnet for the next generation of entrepreneurs, and we are working to make it
ten times easier for IBOs, especially new IBOs, to earn extra income while building communities and following their passions for beauty, fashion, adventure, cooking, or wellness.

#### **Digital Transformation**

One trend we have been paying attention to is the acceleration of digital. According to a McKinsey report, e-commerce saw ten years of growth in three months due to the pandemic. And we are not regressing into the old ways of doing business. The digital divide has truly been crossed by all.

Over the past year, we have seen our IBOs embrace digital and e-commerce like never before. The entire business, including all demographic segments, has completely transformed. We have witnessed this business transform, from how business transactions occur to how sales are being made to customers. We are watching digital play a role in how sponsoring has occurred and how leaders train IBOs. It has even transformed the way we unite our community of customers and sellers together.

We have also seen how platforms play a part in this acceleration. It is not just social platforms, the web, or apps. It is the way they all work together to create a positive and memorable customer experience. It is also the way IBOs think about and take advantage of technology to achieve their goals. Keep in mind, like any business, not everyone has made this transition, but many have. We have worked hard to bring them tools and ideas about how to be more effective in the businesses they build. And we are working alongside our leaders to identify how to take advantage of digital in a way that satisfies customers and helps our newest IBOs be more successful, sooner.

#### **Personal Connection**

As much as direct selling has been transformed by technology, customers are still hungry for a personal connection and the credibility that comes along with it. The genuine interaction created when people embrace advice and recommendations from someone they know creates so much more value than the traditional retail model ever can. For example, when a seller introduces a new product to a friend, they are providing a solution to someone who trusts and respects their opinion and knowledge. Every brand wants trust and credibility, but the personal connection makes direct selling unique from anything a big company can ever do. There is no CRM that could ever compete with the friendship of a direct seller.



In just 24 hours, Amway initiated Project Light Speed—A cross-functional team of more than 40 local employees who developed an immediate action plan to repurpose on-site raw materials and produce approximately 145,000 units of Amway hand sanitizer.

## THE NEW CHAMELEONS

Welcome to the Consumer Revolution

by Dr. Michael Solomon, Saint Joseph's University

Do you remember all those crazy Mentos/Diet Coke videos? At least 800 of them flooded YouTube after people discovered that when you drop the quarter-size candies into bottles of Diet Coke, you get a geyser that shoots twenty feet into the air. Needless to say, the relatively obscure Mentos brand got a gusher of free publicity out of the deal, too.

These homemade science experiments were an early harbinger of what is probably the biggest marketing phenomenon of the last ten years: user-generated content, where everyone can voice their opinions about products, brands, and companies on blogs, podcasts, and social networking sites such as Facebook, Twitter, and TikTok, and even film their own commercials that thousands view on YouTube. This important trend helps to define the era of Web 2.0. It marks the rebirth of the internet from its original roots as a form of one-way transmission from producers to consumers to a social, interactive, powerful—and largely uncontrollable—medium.

It also marks the beginning of a Consumer Revolution. In "the old days," customers were the peasants. They had to settle for whatever cold gruel advertisers chose to serve to them, and they had to consume these messages in real time.

Today, the tables are turned, and the buyers have stormed the castle. They dictate what they will see and hear and when this will happen. And, they have taken a seat at the Royal Table when it comes to creating these messages. Today's consumers increasingly get their information and news through their social interaction with friends and family—they even get a big chunk of their entertainment from one another. Some of it is even Suitable for Office Viewing.

True, buyers (especially so-called opinion leaders) have always had the ability to affect producers' fortunes by "voting with their dollars" or by sharing their evaluations of products (both good and bad) with others. Today, however, this capability is magnified exponentially, as developments such as Web 2.0, the proliferation of print and broadcast options (or more accurately, narrowcast options), and the glut of new products introduced each year provide individuals with the power to express their opinions to thousands or even millions of others at a time. Each of us has the technology at our fingertips to craft unique lifestyle statements by picking and choosing among multitudes of alternatives. For perhaps the first time in history, buyers are in the driver's seat.

In a world where consumers become their own product distributors on eBay or on behalf of direct selling companies, organizations need to understand (if they don't already) that the marketing roadmap has radically changed. It's no longer a one-way street, where products and ideas flow from those who control the broadcasting apparatus down to passive recipients.

Instead, it's very much a two-way highway, where many customers now play the role of co-creator. We also can think of this as a Horizontal Revolution because the flow of communication across end-users is as, or more, impactful than the top-down messages consumers receive from the organizations that make the stuff they buy.

Why is this power shift occurring? Obviously, the power to Google at will is a big factor. But technology is just part of the explanation for the disruption. More fundamentally, for many consumers (especially younger ones), brands have largely replaced social structures such as neighborhood, tribe, or religion as the building blocks of identity. People assign meaning to themselves and to others in large part by the constellations of product icons that surround them. They freely, and even gleefully, borrow imagery and ideas from advertisements, retail environments, and other marketing messages to carve out a symbolic niche for themselves.

When consumers name their children after their favorite products, get brand logos permanently

tattooed on their bodies, or legally change their names to those of characters in video games, we know that we are living in a new, branded world. I refer to these customers as *consumer chameleons*, because like the colorful reptile that changes colors as it adapts to new environments, they frequently change their identities as well.

This fluid self-identity demands a new way of understanding, segmenting, and connecting with today's consumer chameleon. As the renowned "marketing consultant" William Shakespeare wrote, "All the world's a stage . . ." And he wasn't kidding. We each play many parts in our lives (and often more than one in a day). Each part has its own script, props, and costumes. That's where opportunities lurk behind the spotlights for marketers. Those props and costumes must come from somewhere!

As the revolution spreads, we're faced with a daunting reality: Direct selling organizations no longer get to define their identities.

In the 1980s, a woman in a popular commercial for Enjoli perfume sang, "I can bring home the bacon, fry it up in a pan, and never let you forget you're a man." That spot is way too politically incorrect today, but the underlying message still resonates: "I have to be different people all day (and night) long. Each one of my roles requires a different set of brands to make the magic happen."

Now we're constantly splintering into new microcultures—Beyoncé's Beyhive, Red Sox Nation, Shredders, Level 5 Vegans, or thousands of others. Those old-school segmentation strategies that assign individuals to large, homogenous blocs like "young women" or "Asian-Americans" no longer do the trick.

Today we're more likely to encounter small factions of avid consumers who belong to tightly knit digital communities. For example, *fandoms*—the lifeblood of many TV shows, movies, music groups, and sports teams—typically coalesce around a media event (e.g., the television show *The Bachelor*), an activity (e.g., basketball), or a cult brand (e.g., Supreme streetwear).

As the revolution spreads, we're faced with a daunting reality: Direct selling organizations no longer get to define their identities. Consumers share in the process of co-creation, as they put their own spin on the company's messages and, in many cases, literally create the messages themselves regardless of what the company desires. As the Diet Coke brand discovered in the wake of the Mentos viral phenomenon, once Pandora's box opens online, it's just about impossible to shut it again. The reality is that you no longer own your brand. You make it, you distribute it, you promote it, but at the end of the day your end-customers decide what it means.

Welcome to the Consumer Revolution.

Customer engagement is so important that I believe we need to add a new kind of return on investment (ROI) when we look at marketing campaigns. I call this "Return on Involvement."

Here's the irony: No matter what they sell, companies obsess about it. Thus, they find it hard to accept that customers don't give a hoot. But the reality is that many (probably most) products and services fall into the low-involvement category.

Sure, a few select brands like Apple, Nike, and Coca-Cola approach the status of cult worship. What about everyone else? It's easy to sell a cult product that pretty much sells itself, but much more of a creative challenge to sell other things. This is where the "pedal hits the metal" in terms of identifying direct sellers who can really strut their stuff.

Of the many ways to increase involvement, here are a few:

• Mass customization: This describes the personalization of products and services for individual customers at a mass-production price. This strategy applies to a wide range of products and services, from newspaper websites that allow readers to choose which sections of the paper they want to see, to Levi's blue jeans that have a right leg one inch shorter than a left leg to fit an asymmetrical body (this is more common than you think).

- DIY (Do It Yourself): When we have the opportunity to personalize a product, our involvement increases because the item reflects our unique preferences. The DIY market is projected to reach almost \$14 billion in just a few years. One reason for the boom: When we build the product ourselves, the value we attach to it increases because our own labor is involved. Researchers term this the IKEA Effect.
- **Co-creation strategies**: This goes a step further because the company works jointly with customers to create value. For example, Anheuser-Busch invited input from 25,000 beer drinkers when it developed a new lager called Black Crown. You can easily create a panel composed of your best customers whom you can reward for suggesting tweaks to your current product line, or even brand new products. Start small and grow it.
- Gamification: This is a red-hot marketing strategy today; it refers to the application of gaming principles to non-gaming contexts. When companies make buying or using a product or service "fun" or turn it into a competition, customers will immerse themselves in the game.

At the end of the day, it's all about ROI (Return on Involvement).

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



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## BakerHostetler

## MEASURING THE VALUE YOU BRING TO THE CONSUMER

by Michel Bayan, CEO, DirecTech Labs

The direct selling channel now has the data, tools, and technology to transcend the regulatory and consumer scrutiny that has created so much friction for us in the past. We can go beyond policing and government affairs alone and build businesses with strong, undisputable metrics that finally prove that we are the most socio-economically empowering way to bring products and services to market. This is a scientifically valid way to measure the value any company brings to the average consumer who gets involved with their brand. In a word, it's retention.

Retention is a function of how good a company is at creating, meeting, and exceeding a consumer's expectations. We now have access to unprecedented financial and behavioral data that has uncovered some uncomfortable truths we could never have known before. This data begs us to evolve from the business of selling hope (low retention) to the business of selling experience (higher retention).

This is a case for why better retention is a foundational element to solving many of the key problems the direct selling channel faces.

When consumer watchdogs and global regulators look at any business they should be looking at whether the typical consumer is getting fair value in exchange for the time and money they put into a company. For the vast majority of direct selling companies the key performance indicator (KPI) for the value a consumer receives is directly proportional to retention. Let's examine key indicators of strong or weak value to the consumer.

Retention is a function of how good a company is at creating, meeting, and exceeding a consumer's expectations.

Lifetime Value: The lifetime value (LTV) of a customer is commonly measured by the number of times they purchase, and the total spent on products during their entire lifecycle. Data shows that for too many companies, this key metric is painfully poor. Most of the companies in the space offer more than one product to the end-consumer. If a consumer is getting strong value from the products and services, they will, in most cases, remain actively purchasing for some time. Whether it's a nutritional supplement, a service subscription, cosmetics, a skin-care regimen, jewelry, or cookware, the more times a consumer buys from a brand is a strong indicator of whether that brand has earned their trust and is delivering ongoing value beyond the hype of the initial sale. If a typical consumer of a direct selling supplement, for example, purchases more times than consumers of competing supplements acquired through e-commerce or retail, the channel could hold its head high as a champion for consumer value. And since products are purchased mostly by consumers who are the friends, family, and neighbors of distributors, shouldn't direct selling companies be able to claim that this relationship is not only a more powerful acquisition tool, but that it also delivers ongoing value

to consumers that is better than similar products acquired by a different channel? If it were possible to show these hard metrics, it would be difficult to claim that direct selling doesn't deliver enough value to the end-consumer.

Data shows that the direct selling channel's biggest challenge is retention. Most consumers who get involved in direct selling just don't stick around for long. This is hurting companies in the short-term because it makes them overly dependent on recruiting and incentivizing the field to over-hype the products and opportunities to hit big recruiting numbers and keep commissions stable. It hurts in the medium term because LTVs are too low, and too many companies become reliant on promotions and discounts to entice that additional buy, with painful repercussions few realize are happening as they spiral into more dependence on hope, hype, and discounts. And it is most painful in the long-term as markets become saturated with disappointed consumers, hurting brand perception, and making it harder to recruit in legacy markets. Low LTVs are also a considerable drag on company valuations and market caps.

It's up to us to learn and grow. Now that this data is available, companies have a choice in front of them. Can they continue to focus the vast majority of their energy and budgets on acquisition alone while also claiming to offer a compelling opportunity and outstanding products and services?

Let's examine the value a company can capture by improving its retention.

**Stability:** First, low LTVs force most companies to run up an escalator that's going down. After analyzing more than sixty mostly larger direct selling companies' retention, on average, 22–25 percent of every purchaser in a given month will never purchase again. Some companies get as high as 40 percent. This creates an enormous amount of pressure on the sales team to maintain high recruiting numbers just to stay flat. When that monthly churn number goes down just a bit, it reduces pressure on recruiting and builds stability in powerful ways.

- 1) Achieving and maintaining ranks: It becomes easier to hit and maintain ranks.
- 2) Income stability: Commissions become more stable for the vast majority of reps who are not big recruiters.
- 3) Leader creation: Enrollments accelerate because instead of leaving, people stay actively enrolling others longer. This helps create more leaders who maintain their positions more easily.
- 4) When more people have a more valuable lifecycle with the brand, their relationships and reputation in their communities remain strong because their customers get real value from doing business with them. Their team members have a

better experience with the opportunity as well. The brand's image grows and improves over time, and future enrollment of new consumers becomes easier.

5) For finance people, the numbers are also undeniable. For every 1 percent that a company can decrease its monthly churn, annual topline revenue will increase by 4–7 percent. What other sales metric could any company improve so little for such a result? Retention is worth investing in.

Retention is a less mature idea in direct selling, but the e-commerce, direct-to-consumer, and retail worlds have been at it for a long time. Not all their tools work best within a direct selling model because most vendors never had enough direct selling companies interested in their technology to be motivated to serve the space.

When more people have a more valuable lifecycle with the brand, their relationships and reputation in their communities remain strong because their customers get real value from doing business with them.

**Pro Tip:** The metrics that are measured are the metrics that are moved. Here are some key metrics to track:

- Monthly churn rate (# and % of members who are buying for the last time in an average month)
- 2) 90-day churn rate (# and % of members who order for the last time in their first ninety days)
- 3) LTV (total # of purchases and dollars spent by an average member in their lifecycle)
- Repeat ordering (# and % of members by cohort and by month who order for a 2nd-12th+ time)
- 5) Net active (the number of people who have gone inactive this month over the number of first-time orders. Track this over time and adjust for seasonality.)

Choose at least two of these key metrics and assign them as KPIs to an executive with the budget, incentive, and mandate to improve them. Sometimes this is the marketing team (since they are likely to best understand the technology that can help). Sometimes it is sales. Sometimes it's a collaboration between the two with IT as a trusted collaborator to find and vet good partners.

One day, those of us who choose to evolve will be celebrated as such. Let's get there together. DSJ

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

## WHY YOU SHOULD BE LEVERAGING CJM

CUSTOMER

OURNE

by Nitin Sharma, Founder, Gold Research, Inc.

Today, your customers take different paths to get to your products and services.

Customer journey mapping (CJM) provides the means for businesses to understand customer behavior and the different stages customers go through in doing business with them. Some view these as simply visual representations of their customer engagements. Others view these as process maps representing internal intelligence on business processes.

However, when done with the right level of analytic rigor and quantification, customer journey maps can step way beyond nice-looking info-graphics or process maps and become a practical tool for:

- Driving business results. Organizations that leverage CJM correctly have typically reported:
  - 50-80% improvement in revenues
  - 40-60% reduction in customer/ revenue attrition

- 40-80% improvement in word-of-mouth
- Gaining a qualitative and quantitative understanding of the key steps in the shopping journey and the path to purchase your products/services.
- Identifying the key decision points, inflection points, and purchase drivers across the shopper journey.
- Creating a vision for optimizing the journey from end to end as a guide for product and market strategy decisions.

Examples of customer journey maps are:

- 1) Online shopping journeys
- 2) Retail shopping journeys
- 3) Customer persona-based shopping journeys

When overlaid with customer segments and personas, customer journey maps become even more powerful



PATH-TO-PURCHASE ONLINE JOURNEY

in seeing the moments of truths for specific customers more clearly (as shown in the example above).

There are several things that customer journey mapping uncovers and translates into measurable benefits:

- 1) CJM understands customer pain points.
  - Customers experience pain points in several ways, such as friction in the store, delays during the purchase process, and poor product usage. That leads to dissatisfaction and customer attrition. When you understand customer attrition and view this disconnect with preciseness, you can understand why you lose customers, and how to fix it. If you fix the pain point on a customer's journey, you will see improvement in your retention numbers.
- 2) CJM helps businesses understand moments of truth in the shopping journey that lead customers to choose a product or brand. In a dramatic example, one of our companies found that 72 percent of customers switched from their brand to another based on the product's packaging. Simply modifying the package

design increased conversion rates. It is even easier to analyze this portion of the customer journey in the online space. Proper CJM analyzes searches, shopping cart abandonment, and actual purchases to provide a higher accuracy and benefit estimation.

3) CJM allows businesses to understand the different experiences that satisfied customers versus dissatisfied customers from end to end.

CJM analyzes how customers are referred to the brand, how they find the product or solution, and how it works once they have decided on a purchase. One company found that happy customers spent 55 percent more money than unhappy customers. They redesigned the end-to-end experience for their customers to capture more of the happy people share of wallet. Customers will spend a certain amount of money. The question is where they will spend it. Understanding the big picture and broadening your focus to embrace the whole shopping experience will encourage consumers to spend their money with you. Disj

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

# Consumer Trends THE SHIFT TO DIGITAL WALLETS

by Colt Passey, Senior Vice President of Business Development, Nexio

O ffering customers the ability to use multiple payment options has always made good business sense. Providing more payment choices increases sales by reducing refusals at the point of sale and creates greater brand loyalty. Companies that add more payment options, such as digital wallets, will likely see greater profits when customer preferences are rapidly changing.

COVID-19 has affected our lives in many ways, and that is most evident in shopping habits. Last year e-commerce was the fastest-growing sector; people stayed home and shopped online, accelerating the use of digital payments. Even though vaccines are now available for the general public, personal safety measures will likely remain in place, which means people will want faster ways to pay.

Direct selling companies looking to streamline the customer journey can benefit from using digital wallets to create a smoother, safer, and faster customer experience.

#### The Rise of Digital Wallets

For several years, the payments industry pushed for digital wallets' adoption, finding success in the Asia-Pacific region but little here in the US. Then COVID-19 came along, affecting the lives of everyone and altering consumer behavior. According to a February 2021 report by financial technology leader FIS®, in 2020, digital wallets eclipsed cash globally at the point of sale for the first time, largely because of the COVID-19 pandemic. The FIS study—"The Global Payments Report 2021" noted that cash usage dropped ten percentage points last year, accounting for just one-fifth of all face-to-face payments worldwide. The use of cash fell by half or more in Canada, Australia, France, Norway, Sweden, and the UK. In the US, cash usage was also down, from \$1.4 trillion in 2019 to \$1 trillion in 2020.

Add Card

In its 2020 Multinational BrandedPay<sup>™</sup> report, Blackhawk Network shared that 88 percent of shoppers surveyed in eight markets reported using a digital wallet of some kind. "People have been forced to shift their behavior both from a security and accessibility standpoint, as well as a feeling of safety," said Theresa McEndree, Vice President of Marketing at Blackhawk Network.

However, while 90 percent of Americans in the survey reported having a digital wallet, only one in three used it regularly. There remain barriers to adoption, the greatest being a lack of knowledge about how they work.

#### What Is a Digital Wallet?

A digital wallet, or e-wallet, is software—traditionally downloaded as a smartphone app—that enables consumers to make transactions electronically. The wallet securely stores the user's payment information and the consumer's purchasing habits, benefiting companies wanting consumer data for their marketing needs. Examples of digital wallets include PayPal One Touch<sup>™</sup>, Apple Pay, Google Pay, Venmo, and AliPay. According to Corporate Finance Institute (CFI), there are three types of digital wallets:

- Closed wallet A company can develop a closed wallet for customers in which users can pay with funds stored to make transactions solely with that company.
- Semi-closed wallet Allows users to make transactions at listed merchants and locations.
- Open wallet Banks, or institutions partnered with banks, issue open wallets that are used for transactions.

There are several benefits to companies using digital wallets, including that they are user-friendly—can be used in-store, on apps, and online—and that they are more secure than other payments methods because of the layers of security like tokenization (turning data, such as an account number, into a random string of characters that has no value if breached). In addition, digital wallets are appealing to customers because they can offer cash-back for usage. Apple Pay, for instance, allows users to earn cash-back for select merchants like Walgreen's, Exxon, Nike, and Uber.

#### What It Means for Direct Sellers

Digital wallets offer customers an omnichannel experience that makes it easy to purchase products or services. For direct selling companies wanting to enhance the customer journey, they offer a streamlined, seamless buying experience.

If you are looking to begin offering digital wallets soon, there are options out there, such as Google Pay or PayPal. Even if you are mainly an e-commerce company, adopting an alternative digital payment method will show your customers that you are staying current with trends that will help better serve them.

What might be a barrier initially is some consumers' reluctance to change the way they pay for products. Educating your customers on the workings and benefits of digital wallets will bring assurance. As Ted Iacobuzio, Vice President and Managing Director of Research at Mercator Advisory Group noted in reflecting on the 2020 Multinational BrandedPay report, "Consumers have discovered that mobile wallets are exceptionally safe, convenient, and an instantaneous way to pay, and COVID-19 has given them the shove they needed to move into that territory."

As McEndree noted, it is crucial for companies evaluating their payment strategies to "consider how to take the forced changes in consumer behavior and carry them forward as a great way to adapt and innovate the customer journey." DsJ

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

## PAYMENTS TECHNOLOGY built for global commerce

"We have been working within the Nexio platform for almost a year now and it has been monumental to our growth! With its seamless design and user-friendly functionality, we are able to track, monitor, and review our earnings on a daily, weekly, and monthly basis which is a key component to managing any company."

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# CUSTOMER RETENTION STRATEGIES

## POST-PANDEMIC

The last year has been a pivotal time for direct selling in terms of its progression and resiliency. The channel experienced an influx of new customers in 2020, unleashing new growth amid one of the most tumultuous years on record. That growth has continued into this year. According to recent DSA research, in the first quarter of 2021, US direct sales increased 22.7 percent from a year ago; the number of independent contractors in the US direct selling salesforce increased 5.7 percent year over year.

The COVID-19 virus and its resulting effects certainly impacted the channel's increased sales. In the early days of the pandemic, consumers turned to direct selling companies when empty retail shelves became the norm. When lockdowns were issued and social distancing restrictions enforced, families sought out new at-home activities to pass the time. They found several options available from direct selling organizations, such as free cooking classes, wine tasting parties, and online workouts.

The increased interest in becoming a direct seller is directly attributable to the pandemic. As businesses were forced to close, unemployment and underemployment rates skyrocketed. When the realization sunk in that millions of jobs were permanently lost, interest in the channel became greater. Displaced workers began to look for supplemental earning opportunities, and many chose to become distributors for the direct selling brands they used and trusted.

This great customer influx offers direct selling companies a tremendous opportunity to further grow their businesses. But the key to stability in post-pandemic times will be the ability to retain these new customers as well as existing ones whose expectations have changed as a result of all that has happened in the past year. Now is the time to evaluate the efficacy of their retention strategies.

#### **Embracing Customer Centricity**

When Mannatech executives committed to being a customer-centric company in 2019, department leaders were tasked with looking at each touchpoint in the customer's journey to evaluate how it could be improved to strengthen retention. Patricia Anthe, Vice President of Customer Experience, says that as part of the evaluation process, the Texas-based company known for its nutritional supplements, and skincare and weight management products—formed the Customer Experience Team, which she heads up. The sole goal of the team is to bring in and retain customers.

Al Bala, CEO and President, and Landen Fredrick, Chief Marketing and Sales Officer, know the importance of exceeding customer's expectations and are leading the customer obsession culture, says Anthe.

"They saw the long-term need to become a customerfocused company. Over the last year and a half we have made significant changes in the way we



Mannatech employees and distributors try to live by the values found in its mission and vision, which is the basis for the experience they want their customers to have.

have conducted business, changed our touchpoints, and made things more user-friendly. We believe the growth in our retention is attributable to those changes."

The Customer Experience Team's efforts, started before COVID appeared, ramped up by sending out surveys and setting up feedback channels to obtain insights from customers on their experiences in many areas. The data derived from customer feedback is helping to drive business decisions and move the company forward. An example of this is a new shipping communication process.

"When we drilled down into the customer data we learned that we were receiving many calls about shipping," says Anthe. "We used that as a guideline to change our communication methodology. The new process empowers the purchaser to track their shipping order from the warehouse to their doorstep. The result for us is that we decreased our shippingrelated calls by 31 percent by implementing just a few things and helped to create happier customers."

Partnering with distributors and customers in identifying where they can improve has helped Mannatech executives see the areas they need to focus on. In addition to the shipping communication process, the team identified the need for more personalized automations and messaging and has already developed a system that customizes emails for renewals, auto-shipments, and credit cards expirations. Anthe believes these simple changes have helped improve Mannatech's sales and retention numbers.

The evaluation process has also helped the entire company become more customer-focused. "The way we look at projects, the way we look at our website design, the way we look at how we are interacting internally, the urgencies of projects it has transformed not only our field and retention ability, but our internal culture to become more customer-focused and customer-driven," Anthe says.

#### **Offering Value Enhancements**

Santa Monica, Calif.-based Team Beachbody has had continued success over the years with its nutrition subscriptions like Shakeology<sup>™</sup> and Beachbody On-Demand online platform. But its significant 2020 revenue growth was in part due to the effects of the pandemic. Gyms closed their doors and more people turned to online workout programs like those offered by Team Beachbody to stay active while shuttered in.

Todd Montgomery, Executive Vice President of Customer Support & Engagement at Team Beachbody, points to new moms being a major driver of that recent growth. Women were disproportionately affected by the pandemic. Many had their jobs eliminated and others were not afforded the ability to tele-work. Still others were forced to stay home to care for their children.

"We have pivoted to a new strategy we call 'value enhancement,' which is reinforcing a purchase decision and uncovering functionality to the user."

#### —Todd Montgomery, Executive Vice President of Customer Support & Engagement, Team Beachbody

"We have a lot of new moms—that is a big customer focus of ours," says Montgomery. "Many are at home, need a flexible schedule, want to stay healthy and lose weight, and are thinking about how to make some extra money."

When the pandemic first began, Beachbody created programs for parents and kids to work out together, offering them free on YouTube. It was a way to introduce people to the company and showcase results of the Team Beachbody experience—before and after photos of people who physically transformed their lives. The offering brought in new customers.

While the on-demand platform boasts a 96 percent monthly retention rate, the company's subscription

plan for nutritional products has had cancellations. As Montgomery explains, that is really a result of the overall program's success: Once people have attained their weight goals, they don't necessarily want to continue paying for nutritional supplements every month. In the past, when customers called to cancel, Beachbody would try crossselling. But Montgomery and his team have come up with a new engagement strategy to ensure customers are fully committed to their purchases.

"We have pivoted to a new strategy we call 'value enhancement,' which is reinforcing a purchase decision and uncovering functionality to the user," says Montgomery. "We have a lot of new subscribers each month and it is important that we reinforce their decision to buy and keep using our products or become a coach."

Beachbody's reinforcement plays on the value of the product or business opportunity. For instance, if the customer signed up for the fitness program, the value of his or her subscription is that it also includes access to nutrition, meditation, or yoga programs. If the purchase was for Shakeology products, the value is the variety of flavors that they offer or tasty recipes with the simple addition of fruit or nut butters. What is important, says Montgomery, is that any commitment doubt is replaced by excitement about a new fitness program or nutritional program or the prospect of running a small business helping others achieve their goals while earning supplemental income.

"It feels more customer focused to get the customer to get the full value out of their product," Montgomery says. "It's more of an engagement strategy than a retention strategy because if you use a product regularly, you are going to stick with it; if you are not using it regularly, there is no reason to keep up your subscription. We feel like it is a better strategy, and if people are seeing good results, they will not only want to be lifetime customers but also share it with their friends."

#### **Creating Customer Loyalty**

While companies are developing retention initiatives for their field organizations, more and more companies are investing in their brands in ways that create loyalty among the end-users, who are the ultimate consumers. They are focusing on building strong brands that generate market demand for the products distributors sell.

In fact, the emotions that a brand elicits—those that key into the hallmarks comprising a brand's marketplace differentiation—give consumers an additional reason to stay loyal. Companies that build brands in ways that create consistent interactions



Team Beachbody's On-Demand online platform boasts a 96 percent monthly retention rate. with consumers understand the importance of remaining top-of-mind. Remaining relevant requires constant awareness of a customer's mindset, and this orientation—one that always strives to ensure that customers feel understood, valued, and rewarded across their journey—is central to customer centric thinking.

Organizations that make retaining their products' end-users the top priority do so by examining all levels of their business. They understand the importance of looking beyond the creation of systems that gather, analyze, and manage consumer insights.

Such customer-centric thinking, when used as a consumer retention strategy, requires buy-in and a desire for transformational action from all levels of a business. When companies begin by asking the right questions of the data gathered, they can key in on the insights that matter and take actions that make a difference.

Roxana Epps, Director of Integrated Marketing for Young Living, says that the essentials oils company has worked diligently to understand its customers and the journey they are on. "We have worked hard to understand their 'why," she says. "We try to be agile <image><section-header>

Young Living's marketing and business intelligence teams partnered to develop a model that predicts which first-time customers are unlikely to place a second order.

platform underway, our customers will have more flexibility while shopping. Our business builders will be equipped with more tools to share the Young Living mission. These platform changes will also enrich our marketing retention tactics as it will allow for precision to share the right offer, at the right time, at the exact moment (channel/touchpoint) of a consumer's journey."

> Over the past few months, Young Living has also implemented several preemptive retention tactics. Epps' team partnered with the business intelligence team to develop a model that predicts which first-time customers are unlikely to place a second order. The information allows the company to adjust its incentives, recognition, and awareness to entice those customers to place a second order.

> "We think that the pandemic has driven our customers to become more digitally savvy," Epps says. "At the same time, our customers have realized the business opportunity that Young Living offers is attractive. We believe some of our recent growth can be attributed to these two factors, and we want to make sure that we have systems in place to support and sustain that growth."

## The Company's Role in Customer Retention

It is important for companies to understand that a customer-centric mindset will empower the field for success. Those that assume the field will do all the work in acquiring and retaining customers

in our approach and implement new strategies and tactics quickly and efficiently. We also pay attention to data, which helps us to know what is happening, why it is happening, and predict what may happen in the future. All of this helps us to be in the driver's seat and be of service to our customers."

Epps, who just joined the company last August, says the company's focus on customer retention resulted in the implementation of several new strategies last year, during which they had "phenomenal" yearover-year growth.

"A top initiative over the past year for Young Living has been to sharpen our focus on long-term customer loyalty," says Epps. "We're making it easier to do business with us by enhancing our website, improving our customer programs, and updating our digital tools. With a new state-of-the art digital fail to embrace their responsibility to lead. When companies put the brand and the consumer experience first—and when they provide distributors with the marketing tools and training they need to succeed—retention tends to follow.

There is an evolving movement toward direct selling companies becoming more involved in the customer journey process. Companies are more engaged with customers. They are still working with the field, but they don't have 100 percent dependence on the field to cover all customer touchpoints. The reality is that companies have the resources and the expertise to improve retention that the field doesn't necessarily have.

An important conversation to have at the company level is what type of company you are. Are you really looking to drive the business to the opportunity? Or are you moving in the direction of being more customer-centric? Ultimately, the culture is what people want to be a part of and the opportunity and product live within that; however, depending on which direction your company is going, it changes how customer acquisition and customer retention strategies are approached.

"Through this process over the last year and a half Mannatech has evaluated who we are," says Anthe. "What is our goal? What is our mission? What is our vision? What are our values? In any organization that is the foundation that drives customer obsession. That is the foundation for how we conduct business. We are really trying to live by those values in our mission and vision, as they are the foundational building blocks of the company, our North Star."

Anthe says Mannatech tries to be transparent with its field leaders and this approach is building more cohesiveness with the field. She believes the strategies the company has implemented have made Mannatech a better company—its internal culture as well as its customer base and associates.

"It's important to look at what we are doing in the corporate office to make sure we are projecting the right messaging, the right mission, vision, and right values outwardly," Anthe says. "So while we thought it was only related to the retention of our customers and associates, it does impact the overall company culture and our ability to drive the results that we want."

#### The Role of the Field in Brand Building

It is critical to ensure that the field understands the importance of the company and customer relationship. Sometimes that education is about shifting mindset, especially if the field tends to be heavy on the opportunity side. Educating the field creates continuity in business processes and it creates buy-in, that unity around how the company grows together and how stability is built in the business.

"When it comes to educating the field, it's really important for companies to lead with the importance of the end-consumer—create training, programs, tools, and resources that help build quality relationships and provide those who are sharing our products with others with direction on how to successfully follow up to create long-term customer loyalty," says Epps.

Epps says that while corporate is providing tools to help members be better business builders, they also play a major role in creating the seamless customer experience. When products arrive on time, consumers have a great online shopping experience, where it's easy to check out and easy to enroll or subscribe.

"They have sound understanding of the mission, the product training, and usage information they need," Epps says. All of that enhances and reenforces that end-consumer relationship. It's the win-win relationship for corporate and the field."

When companies articulate the importance of the consumer experience throughout every salesforce education opportunity, the field develops a customer mindset. If customer-centric thinking is a part of salesforce training, distributors develop an instinct for following up and maintaining their business. The field comes to care about the consumer and value the relationships they create.

How can companies train distributors to sell their products or services with a customer-centric mindset? The field must understand the value of growing its consumer base. Doing so will fortify their business and position it for future growth. This attitude is cultural; executives at every level of the organization must embrace the concept. If recruitment is an organization's focus, then brand building to end-consumers can languish.

"When it comes to educating the field, it's really important for companies to lead with the importance of the end-consumer."

#### –Roxana Epps, Director of Integrated Marketing, Young Living

As important, the distributor-customer relationship must be continually strengthened through honest communication between the company and its salesforce. Mannatech has made this a top priority in its customer-centric approach.

"We have an internal 'Open Mic' meeting for top leaders, which we feel has helped in retention and customer satisfaction," says Anthe. "It enables the executive leadership team and Customer Experience Team to hear issues and wins. We're listening to them. We're hearing them. And we're taking all that into action."

#### **Recapturing Inactive Customers**

While the major focus of a retention strategy is to ensure customers remain loyal customers, companies typically have detailed tactical approaches for recapturing lost distributors and customers.

"What is important to realize with a company's inactive audience is that it costs significantly less to re-engage them before they're gone," notes Epps. "So looking at those at-risk groups is key. With the right promotional marketing and nurture campaigns, companies can win those customers back and create new activity and new growth."

One suggestion is for companies to implement a net promoter score for inactive distributors. A qualitative

scale, in its simplest form, has ratings with a sliding scale. Inactive customers are asked to share feedback and insights, and then the net promoter score helps identify those individuals on the higher end of the scale who can be reengaged. By the same token, respondents with the lowest rankings provide companies with the opportunity to see their business in a new light.

Another approach is involving all departments of the company to assistance with recapture efforts. For instance, Mannatech incentivizes its call center representatives to contact inactive customers and get them to reengage.

"We have a successful program—called CARE—that is a cost-neutral program that creates a win for our associates, a win for our call center advocates, and a win for our company," Anthe says. "Our call center advocates actually reach out to past customers with a come-back offer if the customer hasn't ordered in 2-3 months. If a call center rep is able to secure a new order, that rep shares in the commission of that initial order. We also try to gain information as to why the customer stopped ordering so we can evaluate how we can improve and clear the way for future orders. Continuous improvement is the key to our customer obsession strategy."

Offering new products and services has also been a way to entice inactive customers back into the fold, whether it is new additions to an existing product line or, in the case of Beachbody, an acquisition that brings additional benefits to the companycustomer relationship.

This past February, The Beachbody Company announced it intends to acquire Myx Fitness, an at-home connected fitness platform that competes with the likes of Peloton and SoulCycle. The acquisition will help Beachbody capture the increased demand for at-home health and wellness offerings that spiked last year. While the cost for the Myx Fitness bike is \$1,300, the merger unlocks synergy across the Beachbody brands. Montgomery believes it will spur further engagement, including interest among lost customers, and help with retention going forward.

"I personally think that when you make an investment like that, it's a commitment," he says. "Once you have bought a piece of expensive hardware, once you've made a bigger upfront commitment, you are more likely committed for a longer term. You're more likely going to pay the monthly or annual fee for our streaming service, so I think that will help our retention."

#### **Retention and Comp Plans**

For many years, direct selling compensation plans were designed to reward the people getting overrides and not necessarily the people selling the product. That caused a lot of churn in the industry. Statistically, about 80 percent of direct sellers will never build a team. What the industry is seeing in comp plans now is a reallocation of commission so that the part-timers can stay and be properly compensated for the work they put in.

"While creating a memorable brand experience is key, companies cannot forget to provide value to part-time users and earners," Epps says. "What's really important is to look at your lowerlevel builders and see if they feel recognized and rewarded for the time that they put into their business. Customer relationships are important, but the more they see the result of their work, the more they want to put it in."

The question to ask is about the amount of money an individual needs to earn in order to stay. For many, it is not a high-dollar amount. People who have a stable income, keep a customer base, and train a small team of people to do the same are more likely to remain with their direct selling businesses.

Beachbody is testing a new component to its sales plan that includes a retention element. Its subscription-based business offers a Total Solution Pack where a customer can sign up for streaming service as well as nutritional products like Shakeology or Performance Line. However, when their goal is met, the commitment to the program slackens. So the company is trying to provide some incentive for people to stay.

"We are trying to shift people's perspective from a short-term way to achieve a goal to more of a lifestyle commitment," Montgomery says. "Naturally, people want to focus on bringing in new customers, so there is a lot of focus on acquisition. We are trying to ensure there is a balance, with as much focus on engagement and loyalty."

#### Awareness Brings Customer Loyalty

As companies develop their customer retention strategies, it is important to remember that doing so requires much more than just a focus on numbers. It requires a wider awareness of marketplace changes and consumer behaviors, as well as the more diversified field now represented in direct selling.

Companies must understand that retention is impacted by the customer experience, the quality of the engagement and interaction at various touchpoints throughout the journey. Those interactions determine if the engagement is positive and meaningful—and most importantly, if it creates hope for the customer.

To retain customers, companies must deliver on that hope. They must deliver on expectations. That means magnifying a consumer's core beliefs and basing the relationship on value-adds as opposed to trying to control a customer's purchase interaction. Having a truly customer-centric connection will build trust and loyalty—and increase retention. DSJ

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## WHAT TO EXPECT IN THE NEW ADMINISTRATION

by John E. Villafranco and Donnelly L. McDowell, Kelley Drye & Warren LLP

It has been a whirlwind year in many respects. Even in the previous administration that emphasized deregulation, the Federal Trade Commission (FTC) remained active in enforcement—both generally and specifically in connection with the direct selling industry. While we wait to learn more about FTC leadership in the Biden administration, there is consensus that whoever ultimately heads the Commission and the Bureau of Consumer Protection, the new administration will be even more active on the enforcement front.

With the FTC's loss of its ability to obtain monetary redress in the AMG Capital Management Supreme Court decision, we expect the FTC to explore new ways to obtain money, such as enforcement under the COVID-19 Consumer Protection Act, which authorizes civil penalties for deceptive COVID-19 related marketing, or by partnering with state attorneys general or other federal regulators. We also expect the FTC to continue to lobby Congress for legislation addressing the Section 13(b) issue and expressly providing it capacity to obtain monetary redress.

We look back at some of the notable legal and regulatory highlights from the last year and offer thoughts on what to expect in the new administration.

#### **COVID-19 Claims Enforcement**

With the pandemic at the forefront of all our lives, the FTC made any claims related to COVID-19 the highest priority. At the time of this writing, the FTC has issued 399 warning letters related to COVID-19, some of which were directed to direct selling companies. These letters involved either or both allegedly misleading express or implied product claims suggesting that products could cure, treat, mitigate, or prevent the spread of COVID-19, or express or implied earnings and opportunity claims.

Notably, many of the identified claims were not express "disease" claims but instead implied claims found to be misleading based on a reference to the pandemic, or even a reference to "the new norm"<sup>i</sup> or "staying healthy in the next in the 12-18 months."<sup>ii</sup> The takeaway is that the FTC may consider even a substantiated immunity claim to be misleading based on a passing reference to the pandemic or "these times."

While most of the FTC's COVID-19 claims enforcement has been in the form of warning letters, in April 2021, the FTC initiated its first action for civil penalties against Quickwork, LLC under the COVID-19 Consumer Protection Act, which authorizes

i See, e.g., FTC Warning Letter to Revive Colorado (Nov. 3, 2020), https://www.ftc.gov/system/files/warning-letters/covid-19-letter\_to\_revive\_colorado.pdf.

FTC Press Release, As Scammers Leverage Pandemic Fears, FTC and Law Enforcement Partners Crack Down on Deceptive Income Schemes Nationwide (Dec. 14, 2020), https://www.ftc.gov/news-events/press-releases/2020/12/scammers-leverage-pandemic-fears-ftc-law-enforcement-partners.



monetary civil penalties of not more than \$43,792 for each violation.

The FTC also issued other warning letters related to income and business opportunity claims that suggested a solution to rising unemployment from jobs displaced from the pandemic. As with product claims, many of these claims were not aggressive, but were viewed as misleading based on context and likely elevated for enforcement based on an express or implied reference to the pandemic.

#### **Operation Income Illusion**

This leads us to the FTC's broader initiative dubbed "Operation Income Illusion." Announced in December 2020, Operation Income Illusion includes more than fifty law enforcement actions initiated by the FTC along with nineteen federal, state, and local law enforcement partners.<sup>III</sup> The initiative underscores that income and opportunity claims remain a priority for the Commission and other regulators.

The initiative also highlights that income opportunities targeting specific demographic groups, particularly the underserved or vulnerable populations, are likely to receive extra scrutiny. For example, in an action against Moda Latina, the FTC's complaint notes that the company targeted Latina consumers

iii FTC v. Moda Latina BZ Inc., No. 20-cv-10832 (C.D. Cal. Nov. 30, 2020).

iv FTC v. RagingBull.com, LLC, No. 20-cv-03538 (D. Md. Dec. 7, 2020).

v https://www.adlawaccess.com/articles/federal-trade-commission/13-b/.

in Spanish-language ads on TV with false promises of earnings at home.<sup>iv</sup> The complaint cited claims such as "grandes ganancias" ("large profits") and "gana hasta \$500 por semana" ("earn up to \$500 per week") as deceptive because "most consumers who purchase Moda Latina do not make a profit."

Operation Income Illusion is also notable in that the FTC brought actions against several companies offering educational products and services that purported to provide the skills for consumers to make money through investments. For example, in an action against Raging Bull, the FTC alleged that the company fraudulently marketed investment-related services that they claimed would enable consumers to make consistent profits and beat the market.<sup>v</sup> The complaint targets ads promoting a "Revolutionary Free Ebook [that] Shows Secret to Options Trading," among other claims. The cases show that all companies that offer business opportunities—whether through resalable products or coaching and educational training—are subject to FTC scrutiny.

## The FTC's Big Loss in *AMG Capital Management* and Its Path Forward

In April, a unanimous Supreme Court issued its longawaited decision in *AMG Capital Management v. FTC.* The Court's conclusion, stated at the outset, is straightforward and unambiguous: "The question presented is whether th[e] statutory language" allowing the FTC to seek injunctive relief "authorizes the Commission to seek, and a court to award, equitable monetary relief such as restitution or disgorgement. We conclude that it does not."

While most close followers of the case predicted this outcome, the decision was a significant setback for the FTC in its vocal quest to continue to obtain big money settlements. Shortly after the Court released its opinion, Acting FTC Chair Rebecca Kelly Slaughter issued a highly critical statement characterizing the decision as "in favor of scam artists and dishonest corporations, leaving average Americans to pay for illegal behavior." Acting Chair Slaughter and others have since actively lobbied Congress to enact legislation that would reverse the outcome of *AMG* and restore its capacity to obtain monetary redress.

Companies should periodically vet their claims and compliance practices to ensure they are robust, and include reasonable training, monitoring, and enforcement activities to identify and prevent deceptive conduct.

H.R. 2668, the Consumer Protection and Recovery Act, authored by Representative Tony Cárdenas (D-CA), would explicitly authorize the FTC to seek permanent injunctions and other equitable relief, including restitution and disgorgement, to redress perceived consumer injury. The Senate is working on a separate legislative framework, so the two versions may need to be reconciled if both move forward.

Even if Congress did act, there are lots of questions around how that fix would work in practice. Would it apply retroactively to already filed cases? The FTC has many pending cases where it is seeking monetary redress. To date, the FTC has taken different approaches in those pending cases—in some cases seeking a stay of litigation based on the speculative hope of congressional action and in others seeking monetary relief under a different existing authority.

Another important question is whether the FTC would be entitled to seek monetary redress in all cases alleging a violation of the FTC Act, or would it be required to meet a higher standard to establish the need for consumer redress? These issues are likely to be hotly debated in the coming months. DSA is active on the Hill and has weighed in on the various legislative proposals regarding FTC authority that are being considered.

We continue to monitor these developments closely and will learn more in the coming months.<sup>vi</sup> In the meantime, we expect the FTC to continue to aggressively investigate and enforce, including under largely dormant statutory authorities that have not been used regularly in years and/or in conjunction with other federal or state regulators that still have authority to obtain monetary redress.

## Not the Only Regulator in Town—LuLaRoe and the Washington AG

In February of this year, DSA non-member LuLaRoe agreed to pay \$4.75 million to the Washington Attorney General to resolve allegations that the company operated an illegal pyramid scheme in violation of the state law enacted with the strong support of DSA in 2006. The Washington AG filed the lawsuit in January 2019, alleging that the company made misleading claims about sustainability, profitability, and inventory refunds. The consent decree prohibits LuLaRoe from basing compensation off a participant's purchases (rather than actual retail sales to end-users) and from paying compensation based on the sale of goods or services by anyone not in the participant's downline, with the exception of certain compensation tied to leadership.

The consent order also imposes a number of retail sales validation requirements similar to those set forth in the FTC's settlement with Herbalife, and it requires the company to offer participants the opportunity to return unused products for a full refund within forty-five days of enrollment. The settlement is a good reminder that while the FTC remains the most likely enforcer, state AGs should not be ignored.

#### What's Next?

President Biden announced his first pick for FTC Commissioner, Lina Khan, but has yet to announce who will lead the agency as chair. Rebecca Kelly Slaughter, who was sworn in as Commissioner in May 2018, currently serves as Acting Chair and is one of a few frontrunners for the permanent post. Khan is known as a staunch progressive for her work in antitrust but has little consumer protection experience. At the same time, Khan will almost certainly support more aggressive enforcement in direct sales and other areas, as will current Acting Chair Slaughter.

With this backdrop, now is a great time to make sure your compliance policies and practices are buttoned up as we prepare for the new FTC administration to take hold. Companies should periodically vet their claims and compliance practices to ensure they are robust, and include reasonable training, monitoring, and enforcement activities to identify and prevent deceptive conduct. While we don't yet know exactly who will be at the helm at the FTC, we do know that President Biden has supported aggressive enforcement in other areas and we fully expect an uptick in the issuance of civil investigative demands (CIDs) and enforcement. Dsj

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

vi https://www.adlawaccess.com/articles/federal-trade-commission/13-b/

Many DSA member companies demonstrate their commitment to consumers and the salesforce by participating in DSA's annual Code Communications Initiative (CCI). The CCI recognizes DSA member companies for their efforts in generating enhanced awareness about the Code and promoting adherence to the Code within their company and their salesforce, as well as with consumers.

DSA member companies can receive additional recognition for coordinated, purposeful efforts in this area with activities such as holding additional ethics training on the Code's requirements among company staff, adding a copy of the Code in sales transactions and promoting the Code in company newsletters. To qualify for CCI recognition, companies must complete at least five of sixteen recommended activities before March of each calendar year. Each company's

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## WEAVING B2B AND B2C MARKETING STRATEGIES

by Jessie Eby, Senior Manager of Marketing, Scentsy, Inc.

A s you look at the many aspects of marketing models and how they come to life across various industries, it is especially intriguing how marketing operates within the direct selling business model. The relationship between a corporate marketing team and independent consultants (or business owners) blurs previously distinct marketing methodologies—B2B (business-to-business) and B2C (business-to-consumer)—into one interconnected, dynamic experience.

The specifics of marketing within direct selling have morphed considerably over the last decade, driven in part by the rise of the digital age, but the end-consumer experience remains foundational to the whole existence of the product, the brand, and the business model. And the customer must continue to be at the core if the business model is to thrive moving forward.

#### Conventional B2B vs. B2C vs. B2B2C Marketing

You could make the argument that there is still a customer in both B2B and B2C marketing. But those customers tend to have different mindsets.

Traditionally, B2B marketing focuses on more logical, process-driven purchasing decisions where relationships are key and detailed messaging related to matter-of-fact business decisions is important. Whitepapers and webinars abound. B2C marketing focuses more on emotions-driven purchasing where brand awareness is critical and the simplicity of hyper-relevant messaging aids in moving customers through a purchase funnel. Catchy storytelling often plays a bigger role when the relationship between the brand and the consumer is comparatively minimal to that of a B2B marketing relationship.

It is also important to understand traditional B2B2C (business-to-business-to-consumer) marketing, which focuses on selling *through distributors* to the end-consumer. In this case, distributors don't buy anything they don't expect to be purchased by an end-consumer. As a result, it is critical that marketing focuses on creating demand in the marketplace for traditional distributors to even want to carry a product.

#### Weaving a Unique Marketing Tapestry

One of the most interesting marketing challenges is to find ways to take learnings and best practices from past experiences and weave together a unique tapestry of strategies to drive business goals in a direct selling business model. This helps to drive the global corporation forward and support small business owners in achieving their goals, however big or small they may be.

The direct selling business model mashes these concepts together, forcing corporate marketing

teams to take an agency-like approach as they build integrated marketing strategies and go-to-market plans that typically include three key elements:

- B2B tactics to support the field in the launch of a product or program, simultaneously creating excitement and instilling confidence through training;
- B2C tactics connecting top-of-funnel brand awareness to reach new audiences with bottom-of-funnel tactics to increase conversions through relevant and triggered touchpoints; and
- 3) B2B2C tactics where corporate marketing teams look to market to customers *on behalf of* independent consultants *and* create tools and assets for consultants to use directly with their customers.

To throw a curveball into the mix, corporate marketing teams must also be aware of marketing strategies and tactics that consultants develop independently to reach their own customers or new audiences and understand how those are juxtaposed with corporate marketing tactics.

This unique mix of marketing strategies is nothing new for direct selling. However, the digital age has certainly

amplified complexities and created new, blurry lines of responsibility between corporate marketing teams and independent consultants. Ease of access to digital marketing and communication channels has increased the need for distinct visibility and coordination between corporate and consultant marketing efforts to ensure a seamless customer experience.

A foundation of easily accessible, business-focused information, paired with a steady stream of marketing best practices, creates an amplification of success across your salesforce to your shared customers.

#### **B2B Marketing Dynamic in Direct Selling**

Independent consultants (or distributors) should be a direct selling company's strongest asset. As a salesforce, it is imperative that they are excited about the direction of the business just as a customer might feel an emotional connection with a brand. It is equally important that they are fully educated about the business model and the products to be successful. This ensures they best represent the product and the opportunity—and your brand.

For example, at Scentsy, one of the corporate marketing initiatives is to support engaged consultants in becoming better marketers. This comes not only by consistently setting a high standard through B2C marketing efforts but also preparing consultants with information ahead of broad market launches, equipping them with compelling marketing tools, and leveraging in-house subject matter experts within the corporate marketing team to share best practices about social selling and influencer marketing tactics through marketing training.

A foundation of easily accessible, business-focused information, paired with a steady stream of marketing best practices, creates an amplification of success across your salesforce to your shared customers. This is one of the most significant ways to get a brand message out. However, with hundreds of thousands of independent consultants comes a certain level of variance and unpredictability in how that brand message lands with customers. That is where a layer of B2C marketing touchpoints can ensure a steady end-customer experience with a brand.

#### **Direct Selling Factors in B2C Marketing**

A corporate marketing team should focus its efforts on things that consultants can't do themselves and core elements to the business. This helps to ensure that what the corporate marketing team does is as coordinated with and complementary to consultant marketing efforts as possible.

Corporate-led efforts consist of top-of-funnel tactics like generating broad-scale press and leveraging paid advertising and partnerships to target new audiences and increase brand awareness. If the corporate marketing team can successfully influence positive brand recognition at scale, it primes the pump and sparks consumer interest. That makes it easier for conversations between consultants and new customers to take place, essentially filling an already-established need.

These tactics also include customer touchpoints lower in the purchase funnel like triggered and transactional emails based on customer behavior or data points that consultants wouldn't have access to such as abandoned cart emails. Providing a strong collection of relevant, branded content at the ready to serve customers' needs as they continue to self-educate through online research is critical in fulfilling interest and intrigue sparked higher up in the funnel.

#### A Unique Blend of B2B2C

Within a direct selling business model there are inevitably customer touchpoints that the company manages on behalf of the consultant. It powers basic elements of an independent consultant's business, such as online merchandising of an e-commerce site or a monthly customer newsletter. But it is important to respect what the consultant can do better than your corporate marketing team. You must provide consultants with customizable elements to add a unique level of personalization, and all these elements Here are questions you can ask as you look at the customer centricity of your marketing:

What is your brand and corporate office uniquely positioned to do better than competing brands? Better than Amazon? Better than Walmart?

What are your independent consultants uniquely positioned to do better than your corporate office?

What customer touchpoints are key to the elemental part of your business, and how can you craft a safety net to ensure consistency for your end-consumer?

should drive customers back to the consultant's personal experience to achieve deeper customer loyalty and consistent customer service over time.

Other corporate-driven tactics like customizable printed mailers or mobile apps with branded stickers that allow consultants to add their personal touch to their marketing are key elements to consider in the marketing mix.

#### **Evolving Customer Centricity in Direct Selling**

The power of the direct selling model and what makes it so unique is often the close, personal relationship that consultants form (or already have) with their customers, providing a connection and personalization at a level at which the Amazons of the world just can't compete. That makes it imperative to protect that consultant-to-customer relationship. It is also critical that corporate marketing teams realize that with a large, diverse salesforce, there will inevitably be variance in those consultant-curated touchpoints. More so, there are things that a global brand can do (or may do better and more efficient) than an independent consultant.

It is for those reasons that having B2C and B2B2C customer-centric touchpoints in place—either as a starting point for consultant personalization or as a safety net to catch a customer who may fall through the cracks—ensures that each customer has a positive brand experience at a minimum and, ideally, an awesome brand experience.

In today's increasingly complex world, with so many interconnected touchpoints between the brand, distributors, and customers, paired with the ease of marketing through digital channels, it is critical to the customer-centric experience that the corporate team and the consultant communicate early and lean into what each does best to coordinate the ultimate customer experience.

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



## Perspective by John Fleming, Hall of Fame Recipient, 2016 THE SHIFT FROM PHYSICAL TO DIGITAL BRINGS NEW OPPORTUNITIES

My perspective on customers is based on my experience as a direct seller and direct selling executive, along with recently conducted study and research to better understand the gig economy phenomena. All point to the importance of channels of distribution that focus on connecting customers with products and services through the influence of independent contractors.

Customers are foundational to the success, growth, and sustainability of all businesses. We have always known this. However, a marketplace competing for consumer loyalty and mindshare has resulted in more consumer choices and raised the bar of consumer expectations. We now shop online. Technology provides consumers with the ability to easily research their potential choices and make price-value comparisons in seconds through their smartphones. Consumers can easily check when the product or service will be delivered, and this information factors into most consumer decisions.

#### A Special Moment in Time for Direct Selling Companies

Direct selling companies have taken notice and, consequently, are creating opportunities unparalleled to anything we have historically experienced. The shift from "physical" to "digital" allows for a more personal approach to marketing products and services. A direct seller who adds a caring personality to the information and education a customer receives provides added value to a digital platform. Direct sellers can activate digital and virtual contact with a customer at any time and there are no geographical constraints. Personalized presentations can be conducted at 10 A.M. or 10 P.M. and include participants joining from different geographies and time zones, all able to place their orders while the presentation is taking place. This was never possible in the physically focused world. However, today it is commonplace.

The digital world is also more cost-effective, increasing profits and reducing expenses for all involved. This makes direct selling, perhaps, more appealing than ever before. The possibility of aggregating and serving customers without any form of constraint has never been greater or more profitable when analyzing potential return on the investment of time. A virtual home party supported by compelling and exciting digital assets can accommodate more guests than any room in the average home, and refreshments are unnecessary.

## What Matters Most When Focusing on Customer Acquisition and Retention?

Legacy systems can stand in the way of creating new strategies and pathways for the future. New direct selling companies are starting with customer focus at the forefront of growth strategies. Legacy and maturing companies may face more challenges. Investments in technology and the data warehouse central repository optimized for analytics—must be at the forefront of corporate growth strategies.

In the new world of opportunity for direct selling companies and direct sellers, customer segmentation is critical. Customer segments are defined by purchase volume, purchase frequency, and types of products purchased. All new customer-focused metrics must also be segmented by independent contractor and their level of performance. The average number of customers served per active independent contractor is the beginning of the process of understanding the effectiveness of a customer acquisition and retention strategy.

#### Digital Platforms Are the Primary Customer Acquisition Tools

When potential customers go to direct selling platforms, they are introduced to a brand, the mission and purpose of the brand, its products and services, and the reasons why these products and services should become preferred choices. Mastery of the digital platform is the new opportunity for all direct selling companies and will lead to more effective customer acquisition techniques. There is power in consistency combined with the personalization and care that can be added by the direct seller. Digital presence must be coordinated across many platforms and all need to be branded to create instant appeal.

From the consumer perspective, coming into a digital platform is like coming into a shopping mall or unique store. If it's easy to get lost in the mall and not find what matters most to us, we easily become disappointed in the experience. Unlike the behavior of going back to our cars and going to another store, we simply "click out" and, in seconds, we go someplace else. Therefore, the digital platform of the direct selling company and direct seller must be visually inviting, help new prospective customers quickly find what matters most to their introductory experience, see what products are recommended for purchase, and understand why the products or service should be purchased. What formerly might take an hour or so of presentation must now be accomplished in seconds.

A consumer-friendly, engaging, and action-focused digital presence is critical to success in the new marketplace. The potential customers that we attract, as well as those we engage, tell us a lot when we have the analytics. Big brands like Amazon incorporate the use of artificial intelligence, which supports the online shopping experience, often making it easier for customers to make decisions and evaluate choices. Direct selling companies must emulate this type of experience to equip their direct sellers with the tools they need to compete effectively. The objective is to make consumers feel important, as quickly as possible, and show them how we can make their lives better. Short video clips of a few seconds support the direct seller in their efforts to attract, engage, and retain customers. Mastery of the customer-focused digital platform experience is the new opportunity for direct selling companies to support their direct sellers.

## The Direct Selling Company Is Now Key to the Customer Acquisition/Retention Strategy

While direct selling companies once left the customer acquisition and retention strategy to the direct seller to decide (party plan selling, group selling, one-on-one), the digital economy now requires that the company control how the brand, products, and services are offered. This leads to the most coordinated marketing effort in the history of the direct selling model and will provide direct sellers with a competitive edge that can be leveraged further by individual personalities.

The digital marketer may not have been on the direct selling corporate organizational chart a few years ago. Today, this may be the most important C-level executive in the development of effective customer acquisition and retention strategies. However, no one person is the solution to tapping into amazing opportunities. A digitally focused team, including communications specialists, are critical players in the mix. The company creates the conversations that influence and shape the behaviors of the culture and community of independent contractors and their customers.

## New Metrics Are Critical to Customer Acquisition Strategies

Measuring the average number of customers per active independent contractor is a starting point. Beyond averages are specific segments that are critical to understand. Customer acquisition and retention effectiveness are dependent upon the collection of data. New metrics will identify those who influence customer acquisition, retention, frequency of purchase, and average order size. For example, the behavior of segments who acquire and retain less than five customers during a measurement period is different from the behaviors of those who influence ten customers, greater than twenty-five customers, fifty customers, or one hundred or more. Incredible technology and digital tools now make the possibility of aggregating the value and benefits associated with influencing the acquisition and retention of customers an exciting attribute of the direct selling model. Carrying personal inventory and making personal deliveries is part of our history in terms of how direct sellers once served customers but is not envisioned to be integral to our future.

The rank achievement recognition, an attribute in the programs offered by direct selling companies, is expected to recognize those who have personally influenced the number of customers active during a specific measurement period. Today, we can accomplish more with less and we can do it faster, more effectively, and more profitably. We can create sustainable benefits that cannot be matched by other similar gig-type income opportunities.

#### Customer Acquisition and Retention Strategies Must Be Relevant to the Customer

Critical to customer acquisition and retention strategies is understanding that labels are not strategies. Using labels such as Preferred Shopper/Customer and enrollment in the company auto-ship program does not mean the company has a strategic focus on customer acquisition and retention in support of its independent contractors. Labels are important; however, it is the education, information, communication, and service direct selling companies provide to those with labels that are more important. Recognizing the motivations behind the labels being used is also important to avoid treating all labels as if they have a common motivation. There is nothing we need to learn other than reducing some of the complexity to simplicity and becoming stronger advocates of a "less can be more" approach to strategic planning and execution.

Elite pricing strategies to support complex compensation plans may become problematic to effective customer acquisition and retention strategies. Elite product pricing is not a reference to "high-ticket" items sold through a direct seller such as home products and appliances. However, elite pricing does activate the necessity to market "quality" as an "exclusive." More important is the following question: When offering lower-ticket consumables, is the market for elite pricing large enough to access a consistent flow of customers and passionate advocates/influencers/direct sellers who desire to share their experience with others? Depending upon product category, elite pricing strategies may be harder to sustain in a consumer-focused marketplace where the consumer can easily compare and make decisions faster than ever before. Communication of the price/value relationship becomes a critically important component of the customer acquisition/retention strategy.

## Combining Historical Strengths with Customer Centricity

Direct selling companies can become the market leaders in how customers are served through independent contractors. One could easily hypothesize it is our destiny. As the customer-centric focus becomes the core of every component within the strategic plan, we will realize our destiny because of our new opportunities. We already know how to make available a unique form of compensation, how to create and offer quality products and services, and how to recognize and inspire others to do what they never thought or believed they could do.

We know enough about compensation planning, quality, incentives, and recognition to be a preferred choice. There is nothing that I observe that we need to learn in these areas other than reducing some of the complexity to simplicity and becoming stronger advocates of a "less can be more" approach to strategic planning and execution. Applying what we've already mastered to a more customer-centric approach in support of the independent contractor never to circumvent the independent contractor but to serve them and their customers with quality, love, and care that is so superb—is the new opportunity. DSJ

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



## **SELLING ON AMAZON**

Fitting Amazon into the Direct Sales Model

by Julie Cabinaw, Vice President of Marketing, Tastefully Simple

In 2018, while many companies had made the move to sell directly to clients on their websites, few were selling on Amazon. Tastefully Simple's leadership team made the bold decision to sell on Amazon and lay the foundation for a modern multichannel brand, offering more ways to meet customers where they are to learn about and purchase Tastefully Simple products.

To launch this channel, Tastefully Simple had to deeply understand how selling on Amazon *really* works and what resources were needed to manage the channel. We also had to proactively prepare our field for the Amazon launch and address fears they had about our commitment to them. Would it truly be possible for a direct sales channel to coexist with an Amazon presence?

Spoiler alert: the answer is yes.

#### The Amazon Machine: How It Works

Selling on Amazon is not a "set it and forget it" proposition. You'll need to determine what success looks like for your business and dedicate both strategic and operational resources to the effort. You'll need to work through your marketing strategy, product offerings and pricing, and decide which Amazon programs are right for your brand. Developing a plan to optimize your marketing presence on Amazon is critical.

On Amazon, your goals are to:

- 1) Own the Buy Box
- 2) Get great reviews
- Be top of the first page for branded search terms

4) Work to get top of the first page for non-branded search terms

The Buy Box: For most items, there will be several buying options. When a buyer selects "Add to Cart," the seller who has the Buy Box wins the sale. Eightythree percent of Amazon sales come from the Buy Box. Even if you are not selling your brand on Amazon, someone likely is, and by owning the Buy Box, you can make it far less appealing for unauthorized sellers to sell your products.

Would it truly be possible for a direct sales channel to coexist with an Amazon presence? Spoiler alert: the answer is *yes*.

*Reviews:* Reviews are essential to the Amazon flywheel. Higher numbers of reviews, and the overall rating of your products, play a huge role in consumer purchase decisions. Persistent and focused efforts toward gaining reviews increase your product's ranking and presence to potential customers.

Organic and Paid Search: Just as you invest in both organic and paid SEO efforts for your website, plan to invest 8-10 percent of your forecasted sales in marketing your brand, and most of that budget will be in paid search. It is easy to own branded searches, such as your product names. It requires focused effort to increase ranking for non-branded search terms. For example, Tastefully Simple developed a campaign to get to the top of the first page for the term "Seasoned Salt." Within a space of about three months, we went from being on the third page of results to being the second result on the first page, second only to a major CPG brand. For a smaller brand like Tastefully Simple, the legitimacy conferred by being positioned next to a top brand results in increased sales of the specific product and additional consumer exploration of other products.

#### Amazon Brand Registry is the first step-up for a basic Amazon seller to build and protect their brand.

*Product Selection and Pricing:* Will all your products be available on Amazon? For Tastefully Simple, we chose to offer a subset of products on Amazon. For pricing, we priced products at a premium compared to the cost to purchase the same item through a consultant. This helped provide an easy message for consultants to share with clients who might mention seeing the brand on Amazon. "You're right! It is on Amazon. It's great you found us there. When you purchase through me, you'll be able to purchase about forty additional products you can't find on Amazon *and* save up to 30 percent, even with Amazon's free shipping!"

Overall, you will find that there is an overwhelming array of potential programs offered to Amazon sellers. Take it slow and understand what will truly provide the return on investment you need. Will you offer coupons? Lightning deals? Free shipping through Prime? Will you fulfill the orders yourself or will you use Fulfilled by Amazon (FBA)? How much effort will it take from your marketing team to support? Will your packaging need to change to fit retail consumer expectations? What opportunities might you have to market your brand on your packaging (within Amazon guidelines) to make them aware of your website and the business opportunity?



#### TOP **TIP**

Select an agency to help you understand the ins and outs of Amazon and avoid pitfalls.

#### Amazon Brand Registry and Brand Gate

You may have heard of Amazon's Brand Registry and Brand Gate programs. It's easy to get these programs confused and think they are interchangeable, but they are not. If managed properly, they can be a tremendous resource in helping to ensure your company is the top seller for your brand, but you must truly understand how the programs work for your specific situation.

Amazon Brand Registry is the first step-up for a basic Amazon seller to build and protect their brand. Benefits include "locking down" product listings to ensure accurate product information, enabling you to take advantage of unique marketing opportunities available only to brand owners, and leveraging both automated and manual reporting tools to remove infringing or inaccurate content. It's free, but you do have to apply and demonstrate brand ownership to Amazon to participate.

Amazon Brand Gating is a second step-up. You must participate in Brand Registry to be eligible for Brand Gating. You must own trademarks for the products or brands you wish to protect, and you will need to prove that sellers have been selling counterfeit or inappropriate versions of your product. Because there is not a lot of detail on Amazon's website about how Brand Gating works, and because they have changed this program a lot over time, it pays to understand the current terms as it applies to your business. Amazon used to charge a fee for this program; it now appears they are no longer doing so. The process will require the support of your legal team to present and defend your brand. Once approved, brand gating restricts third-party sellers. They will have to go through an approval process (through you and Amazon) to be allowed to sell and pay a fee for each product they want to sell (in March 2021, it was \$1,500 in the US).

#### TOP **TIP**



Brand Registry is key to a serious presence on Amazon. It is the best way to expand your presence and protect your product listing content.

For companies seeing an increase in counterfeit offerings, the effort to participate in Brand Gating may be worth it.

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#### **Preparing the Field**

Another key step is a strong change management and communications plan to announce your launch on Amazon. In the absence of clear communication, representatives will fill in the blanks.

Differentiating Amazon from their businesses and how it can *support* them is key. Will you offer just a limited selection of products on Amazon? Will you price them higher? Will you offer a revenue share to top consultants?

An Amazon presence for many businesses is not a zero-sum game where presence on the channel takes considerable revenue away from your direct sales channel.

As with any large change, communicate as plainly as possible why you are doing it, and what the risks and benefits are. Engage your consultant advisory councils early to understand concerns and questions. In addition, you can reinforce how awareness of the brand on Amazon can support their businesses. For Tastefully Simple, many consultants have commented on clients they gained who found the brand on Amazon first and then saw the product locally. We have also seen the benefit of creating awareness in underdeveloped markets for the brand. For instance, we did not have a strong consultant presence in a few states, yet those markets are in the Top Ten for us on Amazon. That enables us to do target marketing to those states to grow sales through consultants.

#### TOP **TIP**



Engage your leaders and advisors early and often. Their understanding and ability to supply answers to their teams to calm fears will be the difference

between success and failure.

In the end, the Amazon decision is unique to each company. An Amazon presence for many businesses is not a zero-sum game where presence on the channel takes considerable revenue away from your direct sales channel. By building your Amazon presence, you may well increase the overall revenue potential for all channels. DSJ

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



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## THINK LIKE A NETWORK EXECUTIVE

by Scott Kramer, CEO, Multibrain

C ocial media has certainly changed the way brands Market their products and services. In fact. marketing on social media is nothing like marketing through normal channels such as television, direct mail, radio, or print, and many will argue it is guite the opposite. It is time for direct selling organizations to rethink how they, and their salesforces, use social media for recruiting, selling, and promoting their brands. So many are using old marketing tricks on social media that are having a negative effect-possibly even hurting the overall brand. Why is this? Social media is about conversations; it is not about selling. To properly sell on social platforms, one needs to first listen and then engage and participate in conversations, at which point you can begin to sell.

Even more important is how direct selling companies and their salesforces think strategically about their content. So many, even at the corporate marketing level, feel like social media is a place to post specials, sales, and links to buy versus doing what should be done: creating conversations. Social media requires a mix of content that is heavily weighted on communicating as opposed to selling.

Think of it in terms of other forms of media. In television, there is a mix of programming and commercials. In radio, there is a DJ playing music or a talk show with a host, and advertisements. In print, pages are filled with editorial content and ads. The programming, music, and articles form the greater portion of each of these mediums, with selling taking a back seat. Why? Because consumers have chosen the specific medium and now have specific expectations—to watch *The Walking Dead*, listen to NPR news, or read the latest issue of *Sports Illustrated*.

#### Social media requires a mix of content that is heavily weighted on communicating as opposed to selling.

You must think like a network executive when using social media. You must offer the programming people want, you must give it to them in appropriate doses, and you must respect what the medium is—a place to have conversations. It is not a place to bombard people with ads.

Let's use a typical sitcom as an example. It will be split like this:

- 22 minutes of programming, in three acts
- 8 minutes of advertising, in two commercial breaks

The mix makes sense, doesn't it? You wouldn't watch a television network that was all commercials. The same is true on social media. Do you think someone wants to see your brand posting nothing but ads or, worse yet, a friend who is a direct selling consultant only posting special offers, sales, and "how to join" content all day long? No. Remember, consumers on social can now easily click to block, remove, unfriend, and even report someone for spam.

#### Take advantage of new programming type features offered by major social media platforms and incorporate them into your social media strategy.

Develop a strategy around programming or editorial content that brings value and may even result in an engagement through a like, a comment, or a share, which is the end-goal on social media. Content needs to engage, entertain, educate, or enlighten. With the proper mix of this type of content, you can then add in some more sales-driven content to find the perfect mix.

Be advised that the leap to thinking like a network executive is not easy. Most marketing departments still try to create campaigns that are more like advertising versus thinking like programmers and developing ways to entertain their audience.

Social media platforms today offer new features that can help with your programming or editorial content. For instance, YouTube behaves more like a network and now competes for viewership of movies, television programs, and more. Facebook now offers WATCH, which is tailored to long-form video to compete with YouTube and other television networks and has made significant investments into original programming. Instagram now offers IGTV. Brands and their consultants can utilize this feature to their advantage by creating engaging IGTV videos that people will value and want to watch, while still relating it to the brand.

For example, if you sell skin-care products, your new social strategy can be to create a series of IGTV shows on the best ways to take care of your skin. You don't even need to market the products in every show, just have the intention of sharing the best skin-care tips and tricks while integrating your products from an editorial perspective, as you want to come off as authentic. Then, use your Instagram stories and posts to promote the products and any special offers. Or vice versa, post a story showcasing how good your skin looks, then have a call-to-action for your followers to watch your latest IGTV for the secret to your clear skin, and then do product marketing during the IGTV episode.

Take advantage of these new programming type features offered by major social media platforms and incorporate them into your social media strategy. Come up with creative ways to publish engaging content. This will build trust and loyalty between a brand and its followers, leading to more conversations and, thus, more sales.

Learn to think like a network executive and program your social media content less like a marketer trying to sell something. You will sell much more in the process. DSJ

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



## FROM DOORBELLS TO THE DIGITAL AGE
# The Modernization of Party Plan



The internet wasn't a thing in 1931; if it were, it's possible that former Fuller Brush Company employees Frank Stanley Beveridge and Catherine O'Brien could have started Stanley Home Products on a platform like Etsy.

What did exist ninety years ago—and what still is "a thing" today—is the front door. Visionaries Beveridge and O'Brien, together with Norman Squires, conceptualized the front door as the basis for building one of twentieth century's most iconic direct selling brands.

During the first few decades of the twentieth century, Fuller Brush, Electrolux, and direct selling brands like Southwestern and Avon relied on door-to-door sales for promoting and selling their products. In the late 1930s, however, salesman Squires' frustration over door-afterdoor negative responses led to the idea of gathering together "customers in a block or neighborhood" for a product demonstration.

Squires presented the idea to Beveridge and, in 1938, Stanley Home Products changed selling forever. People became comfortable with walking through that front door and the "home party," an adaptation of the Squires' concept, gained traction. Product demonstrations could now be done in a home among friends and neighbors of the host. The new sales method proved a success, making millions of dollars for the company and attracting thousands of women to direct selling.

"We felt it was time to reimagine party plan and what it meant to us, what direct sales meant to us, and what our business meant to us."

#### -Britney Vickery, CEO, Initials, Inc.

Three women who joined Stanley Home Products were Brownie Wise, Mary C. Crowley, and Mary Kay Ash, all of whom employed the home party in later direct selling ventures. Wise joined Tupperware and further popularized the model, shaping it into what we know today as party plan. Crowley founded Home Interiors & Gifts in 1957 and by the mid-1980s her company was achieving \$400 million in annual sales, the equivalent of \$1 billion in today's money. And in 1963, Ash founded the eponymous Mary Kay Cosmetics—now Mary Kay Inc.—one of the largest and most successful brands in the world. Since it was first introduced, the party plan model has been a popular sales method, and many of today's most successful brands continue in the "home party" tradition. But modernization is underway to continue its appeal across new generations of direct sellers.

> Today, people look to Etsy as an engine of person-to-person sales, but the pandemic has proven that even virtual sales are better when there is a personal touch—something that Etsy can never provide. Now, with pandemic-induced shifts in consumer behaviors and preferences, direct sellers are embracing new opportunities to empower their salesforces and reach customers in ways that strike a harmonious tone with the front door and the doorbell chimes of yore.

#### A Mantra to Modernize

In its fifteenth year of business, Initials, Inc., a fashion and lifestyle company offering handbags and home organization items for women, underwent a restruc-

turing with "modernization" as its anthem. It was April 2019, and CEO Britney Vickery and her executive team went through all company policies and procedures with the intention of rejuvenating her business by rejecting anything that sounded like it was from the 1980s.

"We felt it was time to reimagine party plan and what it meant to us, what direct sales meant to us, and what our business meant to us," Vickery says. "How do we take the core tenets that are great but modernize in a way that feels right and fresh to us? What do we do that does not feel modern? What are we doing that does not march us into the next chapter of Initials, Inc.?"

The long-standing compensation plan was at the top of the list of items to review. While the changes were internally driven, the executive team did consult with leaders in the field. The end result was a simplified plan that went from nine recognition levels to three that include these titles: representative, senior representative, and executive representative.

For Vickery, modernizing meant simplifying, and simplicity required a plan that could be explained on a piece of paper no larger than a cocktail napkin. Today, 10-15 percent of Initials' field consists of senior representatives, 10 percent are executive representatives, and the remainder are representatives.

"Did we lose some leaders? Yes, we did," says Vickery. "But restructuring landed us in the right



Norman Squires is credited with conceptualizing the party plan model.

place, a place of simplicity, allowing us to show up in the marketplace."

The language of party plan was also in the process of being updated pre-pandemic to reflect a business opportunity for the current times. For instance, some field leaders believe *consultant* ages a party plan company, that it is not fresh and young or appealing to the newest direct sellers. In addition, many companies are no longer using the phrase *hostess program*. Instead, they are using customer referral program, VIP program, or Insiders' Program.

"Last year, we changed Hostess Program to Insider Program," says Brian Matney, Director of Sales Strategy & Analytics at fashion and home accessories company Thirty-One Gifts. "The younger group really enjoys the word *insider*, but some of our lifetime consultants want us to go back to using *hostess*. We are holding course with *insider* as we believe that keeps us relevant and lays the foundation for dabbling with the affiliate program as well."

Other rewording across party plan companies includes changing direct sales to affiliate marketing; recruiting to sponsoring; and party to event. Not even the word *business* is a popular choice.

"I don't know of anyone who says, 'I want a business' any longer," says Vickery. "They want a 'side gig,' a 'side hustle,' or 'vacation money.' They have a nineto-five job; they want something that is going to be fun, easy, and rewarding."

#### The Pandemic Impact

In June 2020, just a few months after the first surge in the US, Jesse Stamm, formerly of Pampered Chef, noted that the year had one common theme adaptation. Party plan companies were having to continually adapt to new circumstances and new challenges coming from both external and internal sources such as consumer demand shifts.

"The reality of what is happening can be described with one word: *unprecedented*," Stamm says. "None of us can say we have ever done this before."

Coming into 2020, about 90 percent of Traveling Vineyard's business took place at in-home tasting events. Founder and Chief Grape Stomper Rick Libby says the impact of the pandemic was immediately felt at his business, which sells wines and wine accessories. His company's consultants, called Wine Guides, had to learn to market online through Zoom, Personal Shopping, Facebook events, and email. "When the pandemic took root, we immediately pivoted the business to make it easier for our consultants to conduct virtual events and operate solely online," says Libby.

The first thing Traveling Vineyard did to help consultants was to offer free shipping on select purchases, which Libby says immediately energized consultants and resulted in a large spike in sales. The company then focused on business tools, creating special training for those who were not natively using platforms like Facebook and Zoom, and developing a set of timely and informative digital marketing assets to help consultants utilize Facebook events for Sip and Shops and texting to customers.

Keeping morale high during the pandemic was a priority, and the company worked to make things easy and provide a positive space. It offered the Digital Success Kit, which included everything needed to launch a Traveling Vineyard business online. The kit came with a lower price (\$59 compared with \$99 and \$179 Success Kits), and all those who started as "digital" consultants were provided a path to upgrade and receive more materials for in-person tastings.



Sisters-in-law Mary C. Crowley, founder of Home Interiors & Gifts, and Mary Kay Ash, founder of Mary Kay Cosmetics, both used the party plan model in their businesses.



"Our business thrives on the connections made at in-person events, whether that is simply nurturing repeat wine customers or growing teams." Libby

says. "In fact, most of our recruiting happens from in-person tasting events. We have steadily grown our consultant base, but we know that the return of in-person events will re-energize recruiting."

Traveling Vineyard is currently implementing a hybrid approach based on each state's regulations and the comfort level of the consultant and their party host. It has communicated suggested safety measures to its field, including a preference for outdoor events with limited capacity and spacing.



Tupperware legend Brownie Wise popularized the home party in the 1950s.

According to Heidi Leist, Founder and CEO of Lemongrass Spa, her company's challenges included supply chain shortages and delays, but the overall impact from the pandemic was positive. Sales consultants who were not doing their businesses virtually when the pandemic hit were able to successfully adapt to online marketing with the help of the corporate office, which offered training to support virtual selling. Currently, the company's sales consultants are mostly

"They are so ready for connection and communication now," Libby says. "They are burned out on Facebook events and are ready to be back in-person sharing wine with the world, and spending time with their teams."

Like Traveling Vineyard, the loss of the in-person connection was initially a challenge for Usborne Books & More. But as Chief Sales & Marketing Officer Heather Cobb explains, the salesforce did not experience the downtime other companies did because the shift to online began prior to COVID-19. The company was prepared for this unprecedented moment because of investments into IT and warehouse infrastructure, which allowed it to meet customer demand and provide the best customer service.

"We have steadily grown our consultant base, but we know that the return of in-person events will re-energize recruiting."

#### -Rick Libby, Founder, Traveling Vineyard

However, while the company made the change to several successful virtual events, Cobb says leaders have realized over the past year how much energy being together brings to the field and to the home office.

"While it is not ideal, nor our first choice for our large events, we have made every effort to make our virtual options exciting and rich in content to doing Facebook, Zoom, or What's App parties, and some texting, with a small number of consultants doing in-home events.

"We provided more digital assets to share with customers, we offered a weekly training call focused on what customers were interested in during the pandemic, and we tied in a giving back initiative to encourage community involvement," says Leist.

#### **Pandemic Surprises**

As sometimes happens in life, when one door closes, another opens. And that was the case for several direct selling companies. In the first few months of the pandemic, when health experts put restrictions on in-person meetings, party plan leaders wondered how their businesses were going to survive if they lost the physical connection with customers. However, the mandate for the public to stay indoors led to more home cooking, and that led to an increased interest in recipes and cookware. Companies such as Pampered Chef and Tastefully Simple benefitted from a surge in families gathering for meals.

Leist says the growth Lemongrass Spa experienced during 2020 because of the shift to an online business has opened up opportunities never expected, allowing the company to impact even more lives by offering a supplemental income stream for families and a way to keep connected to like-minded people.

One change brought on by the pandemic that Libby believes will move Traveling Vineyard forward was forcing the field to become more comfortable with running their businesses online. "It's been exciting because now we can add back into the party plan

continue to provide the vision casting, motivation, encouragement, idea sharing, and recognition that is so valuable," says Cobb. model this new avenue of virtual parties," he says. "So essentially, these past sixteen months has forced us to discover a new avenue that should continue to pay off."

Seeing the good in what has transpired because of—and in spite of—the pandemic is a sentiment shared by Cobb. For her, what it mostly brought was opportunity. The educational children's books the company sells was a market sought after and deemed essential, which provided opportunities for Usborne to meet needs at every turn. In addition, the salesforce grew significantly during the pandemic, both in size and in strength.

"The heightened need for our product has provided an open door for us to share with more and more people—not only our product but our business opportunity as well," Cobb says. "We believe that the literacy mission we support each and every day will be one that will continue beyond the pandemic and we want, and need, even more people to help spread awareness of that through our platform."

"We have an amazing opportunity to meet the customer where they are, provide the insight and information they are seeking about our products, and follow up with them after the purchase to ensure their satisfaction with their items."

# —Heather Cobb, Chief Sales & Marketing Officer, Usborne Books

Vickery believes all that has happened in the last sixteen months has impacted her company for the better. It forced leaders to think creatively, boldly, uniquely, and highly collaboratively about every step taken. They jumped in to help the salesforce, fully supporting representatives with a complete virtual toolbox, a new digital VIP Group Power Plan, and templates to use for getting started online.

In March 2021, Initials' ratio for engaging with customers was 90 percent via Facebook and 10 percent through in-person meetings. While the physical connection was temporarily lost, the enthusiasm is still there. Vickery has seen the energy with Initials' new representatives increase to the point that they are completing their 40-Day Smart Start Program in just fourteen days. So while the pandemic gave rise to new challenges, it has also helped bring about a renewed can-do spirit within the company.

"It has brought overall excitement about trying new things and discovering new ways of working your business," Vickery says. "Oftentimes, unless you are forced to try something new, most will not. This has forced our hand a bit and proven to be wildly successful."

#### The Future of Party Plan

There have been lessons learned and insights gleaned over the last few years that will only serve to move party plan confidently into the future. Simplification of the comp plan and staying more attuned to the desires of younger generations will help keep a strong connection between corporate, the salesforce, and customers. The ability to meet challenges head on and shift, sometimes drastically, has proven the viability of the model for the long term.

Party plan is defined by its personal connection with customers, whether that is in a physical setting or through virtual meetings that can welcome even more people from around the globe. However, that in-person connection will always remain the heart of the model.

"We see a wonderful resurgence as people begin to safely gather in small groups," says Libby. "Our tasting events are known for bringing people together in a fun, engaging atmosphere, and so we believe that our consultants will see a bookings boon as a result of a universal interest in reconnecting with others and getting social."

Leist believes that the party plan model is especially strong now that it involves a hybrid approach, noting that during quarantine people learned ways to adapt quickly by using digital tools and social media to expand their reach and communicate with their customers. She believes many will be excited to go back to presentations in the home, but digital marketing will continue to be a part of an overall winning strategy.

Vickery does not see a return to pre-pandemic days at all. For her, the ratio of virtual to in-person events might never reach 50/50, but she sees that as a positive. "This means that we can reach more people, have more presence, and, hopefully, more impact. That is the goal!" she says.

Even if new sales methods, innovative technologies, or another pandemic occurs, what will always remain unchanged is the continued focus on customer attention and care. Those are, to Cobb, the backbone of party plan. The platforms may change—online versus in-person—but the foundation remains the same.

"We have an amazing opportunity to meet the customer where they are, provide the insight and information they are seeking about our products, and follow up with them after the purchase to ensure their satisfaction with their items," Cobb says. "Other retail outlets may be able to manage one or two of those key factors well, but our party plan focuses its attention on all three. I believe this is key for continued success and the future of the industry." **DS1** 

# GLOBAL PERSPECTIVE

with 4Life President & CEO Danny Lee

Prior to his appointment as President and CEO of 4Life® Research in October 2017, Danny Lee held the positions of Chief **Operations Officer and Chief** Marketing Officer for the company. 4Life has a global presence with offices in twenty-five countries. Because of his international operations experience, Lee was asked to sit on the World Federation of Direct Selling Associations (WFDSA) Ethics Committee. In addition to serving on the DSA Executive Committee, he has been nominated to serve as Vice Chairman of the DSA Board of Directors. DSJ caught up with Lee to get his perspective on global trends, the pandemic, and issues of customer centricity.

- **Q:** What global trends do you see from a CEO perspective as well as from your time as part of WFDSA leadership?
- A: One word: e-commerce. Now, more than ever, our ability to offer a solid online customer-friendly, customer-first approach will determine our ability to compete. In the old days, our primary concerns were those of our sales leaders. Nowadays, corporate must not only understand, meet, and exceed customer expectations, but we must also educate our field leaders on how to do this. Additionally, online platforms need to be simple and seamless, loyalty programs need to be easy and appealing, and branding needs to speak to the modern person.
- **Q:** Let's dig into customer engagement. Unpackage it for us?
- A: Sure. First and foremost, I presume that we each have an excellent product or service to share. Having said this, we once relied heavily on our salesforce to create a customer experience, right? We communicated to our customers *through our* field leaders. Now, social media and mobile apps empower us to engage end-users.

By churning out fresh and creative social media content, we're able to stay relevant and connected. By innovating in the app space and creating simple ways for consumers to share products, we're able to grow. Not only do we want to showcase what we have to offer, we also want customers to showcase what we have to offer. Your customer base is your greatest network and marketing tool.

Moving forward, we must empower our customers to execute everything on our mobile apps—placing orders, executing returns, tracking shipments, accessing and sharing discounts, finding product information, and interacting with customer service representatives.

- **Q:** How did 4Life fare during the pandemic?
- A: Like many friends and colleagues throughout our channel, 4Life contended with myriad supply chain issues. Each hiccup was a "mini-crisis" that required its own resolution. Being "The Immune System Company," our products have been in great demand. Back-orders are disruptive for everyone, especially customers, so the supply chain kept us scrambling. For instance, the pandemic forced a temporary shutdown of our New York-based lid manufacturer. At the same time, we see a spike in sales due to

product demand. The lid in question is a 4Life blue brand Pantone for our top-tier products. To avert a potential disaster, we had to transition to a generic white lid. They're completely off-brand, but they fit! The year 2020 presented us with these kinds of challenges on an ongoing basis.

One thing I feel we did well was our expedient transition to technologies that allowed our employees and field to work from home. We set programs in place that rewarded the field for online sales to customers and put energy into bolstering our own e-commerce platforms. Due to the nature of the pandemic, these efforts were prioritized; however, they will greatly benefit 4Life for years to come.

- **Q:** Can you give us one specific example of an issue of international significance that might not hit your radar here in the US?
- A: Global e-commerce proficiencies. I emphasize global because many parts of the world are still transitioning from cash-and-carry marketplaces. It wasn't long ago that a central part of our international strategy was to provide customer product pickup locations for markets that are still coming online. The pandemic has done a lot to fast-track issues surrounding customer connectivity, but it isn't anything we take for granted like we tend to do here in the US.
- **Q:** What actions do direct selling companies need to take in light of new and changing customer expectations brought on by the global pandemic?
- A: Speed and excellence in service is an expectation that others in the gig economy are prepared to fulfill if we don't. Customer expectations are faster shipping, more affordable deliveries, and streamlined checkouts. Just recently, I traveled to Louisville, Kentucky, with 4Life colleagues for a ribbon-cutting ceremony to commemorate a new 4Life distribution center. The pandemic made it clear that our East Coast ship times couldn't remain competitive without this strategic footprint.

Moving forward, we must empower our customers to execute everything on our mobile apps—placing orders, executing returns, tracking shipments, accessing and sharing discounts, finding product information, and interacting with customer service representatives. All of it needs to be at their fingertips.

Our industry needs to embrace what the current mode of transacting is in the world, which is e-commerce—even if that means abandoning the ways in which we have always done things in the past. We need to latch on to this ever-changing world and adapt. **DSJ** 

# EFFECTIVELY TACKLING UNCONSCIOUS BIAS WITHIN YOUR ORGANIZATION

by Mona Ameli, CEO, Ameli Global Partnerships

We are all biased! All human beings are biased in some way, but some biases can be harmful and can have a significant impact on workplaces. Often perceived as negative actions taken deliberately, unconscious biases are automatic cognitive shortcuts, often based on primitive, mistaken, outdated, inaccurate, or incomplete information deeply rooted in our cultural, environmental, and family upbringing. These pieces of mistaken information affect our attitudes and thoughts without us realizing it.

Before we dive into explaining how to tackle unconscious biases, we must first identify the different types that exist. Identifying these biases can help us become more self-aware of how these are shaping core decisions within the workplace pertaining to hiring, recruiting, compensation, promotions, marketing affiliation, branding, and more.

#### 7 Common Types of Biases

#### Affinity Bias

Also called like-likes-like, this bias refers to our tendency to gravitate toward people who are like us. That might mean hiring or promoting someone who shares the same race, gender, age, or educational background.

#### Attribution Bias

Because some people see certain groups or underrepresented individuals (e.g., women) as less competent than the majority (e.g., men), they may undervalue their accomplishments and overvalue their mistakes.

#### Confirmation Bias

Confirmation bias refers to the tendency to look for or favor information that confirms beliefs we already hold.

#### Conformity Bias

Common in group settings, this type of bias occurs when your views are swayed or influenced by the views of others. This is similar to groupthink.

#### Halo/Horn Effect Bias

The tendency to put someone on a pedestal or think more highly of them after learning something impressive about them, or conversely, perceiving someone negatively after learning something unfavorable about them.

#### Identity/Appearance Bias

When a person is judged based on their physical appearance (weight, beauty, height) and/or identity (gender, nationality, sexual orientation, name).

#### Myopia Bias

The tendency to only focus on the short-term versus the long-term implications of decisions and actions based on the narrow lens of our own experiences, beliefs, and assumptions.

## How and Where Unconscious Bias Shows Up in Direct Selling

The three most common areas in direct selling where unconscious biases occur are:

- 1) Recruiting corporate team/sponsorship field
- 2) Managing a multicultural community
- 3) Positioning of your overall brand

The following are examples of how unconscious bias shows up in these areas at both the corporate and field levels.

#### 1) Recruiting/Sponsorship: Adding Diversity

## Number of generations in the workforce will go from 5 to 6, 7, and as high as 8

#### Corporate Example:

One of the areas most impacted by unconscious bias within an organization is the process of bringing in new talent (Affinity Bias). We frequently encounter job descriptions that include certain wording that limits the scope, outreach, selection, and type of people that are attracted to organizations. Processes at all levels should be objective, structured, individual, and blind to name/age/gender/educational/cultural background. This also applies to the use of recruiters with wider talent pools, committee-driven tools, interviews, guidelines, and all decision-making processes.

#### Field Example:

This often comes into play when independent contractors limit themselves to only their warm circle or immediate connections. This limits the expansion of the field to individuals who "look like" the ones who are already in the field (Affinity Bias), thus not allowing for more diversity. In turn, it potentially creates a plateau in the number of new independent contractors, limits the market penetration of the brand, and, ultimately, leads to the start of a declining business. Creating training and platforms where the field is trained in more inclusive diversity sales techniques and heightened Cultural Intelligence (CQ) can be a catalyst for change.

#### 2) Managing the Multicultural Community: Lack of Inclusion

## 80% of workers indicate inclusion is important when choosing an employer

#### Corporate Example:

One of the most common unconscious biases we encounter in community outreach is a combination of Myopia and Attribution Biases, reflective in the typecasting of ethnically diverse talent only for roles specifically pertaining to multicultural field development, sales, or marketing, and excluding them from other roles despite their innate CQ, experience in direct selling (national and global), skills, and leadership values.

#### Field Example:

Rank advancements and recognition programs should be widely and thoroughly communicated to all in their language of preference and linked to specific and trackable measurements. Sometimes people prefer to forgo a rank or a recognition because the rewards are either not relative to the level of achievement and/or the reward is not seen as appropriate/adequate.

Also, the underrepresented individuals within the field often may not feel comfortable with being on stage and speaking, or they may have difficulty with the timing or nature of the recognition going against their cultural, religious, and/ or community beliefs and customs. Heightened sensitivity and special CQ training and awareness are extremely important for employees who are field-facing. Organizing events to ensure these kinds of mishaps don't undermine the inclusivity of certain members of the field community is critical to success.

#### 3) Positioning of Your Overall Brand: Intentionally Inclusive or Exclusive?

## By 2023, people of color will be a majority of the American working class

One of the most important aspects of a brand is its ability to connect with all its stakeholders: customers, independent contractors, employees, the board of directors, shareholders, and vendors. While the aspect of brand connection is crucial, the alignment of the brand to the values the company not only displays but fully embodies is decisive in making or breaking a brand.

Consider being intentional about what your brand is and does. Is your brand tailored to one specific category of people or is it for everyone? How do you create a brand that includes everyone?

For instance, if your company is boasting its alignment on the values of diversity, it is critical that the brand show up as an inclusive brand that authentically represents, serves, and embodies all the different aspects of that diversity genuinely and consistently. An important question to ask yourself is: Do we have an equitable representation of the people we are serving or trying to attract in our corporate leadership roles?

#### Corporate Example:

If you are an inclusive brand, be mindful of the holidays you are acknowledging and celebrating as an entire organization. If you are not celebrating Martin Luther King Jr. Day but have a large Black American community in both your employee and field bases, it is important to understand where the disconnect is. While it may be impossible to celebrate all holidays, leave some leeway for people to choose or have "free days" to use if their important holidays are not part of your official list. Tap into your diverse employee base and field to educate others about these topics so that the awareness can bring more people together and create higher CQ for the entire organization.

#### Field Example:

In the field, we oftentimes encounter the creation of separate events and separate categories for multicultural groups and languages, often with less allocated resources. This can lead to these groups feeling marginalized and not included, recognized, or valued. In turn, this can then create disengagement and stagnant growth for the organization. If you are an inclusive brand, your corporate and field leadership, systems, training, offering(s), and processes need to also be inclusively diverse.

#### An Effective Approach to Tackle Unconscious Bias

Culture and D&I are at the core of the company's triple bottom-line performance



While we all agree that vision and mission are important components of a company's culture and what makes people feel attracted to the organization, at the core of the company's culture is its ability to create an inclusive environment where people feel they are valued and truly belong. This plays a key role in innovation, creativity, productivity, engagement, and overall organizational performance.

Adding more multi-racial people to your C-suite or board of directors is an extremely positive step but only if combined with an intentional, solid commitment of your organization's leadership to create an inclusive culture. This starts with the leaders—CEOs, C-suite, and the board of directors on the company side and field leadership on the other. An organization's cultural change starts with its leadership's cultural transformation.

Finding alignment and connection through the values that are shared across the organization is what will make everyone feel closer and more united. Commitment to embodying these values through individual/leadership behaviors and further integrating them into organizational processes through decision "filters" can, in turn, create an inclusive environment. If you are not proactive, your culture will define itself.

To maximize and leverage these factors, there is a need for a certain type of leadership—an Inclusive Full Potential Leader™.

#### Key Traits and Values of Inclusive Full Potential Leadership

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

These are the two most important traits of an Inclusive Full Potential Leader:

1) Cognizance

A *cognizant* leader is tuned in to their own biases, aware and mindful of their personal and organizational conscious and unconscious biases to help ensure "fair play."

2) Cultural Intelligence

A leader with *cultural intelligence/competency* is motivated to learn, knowledgeable of other cultures, conscious of cultural awareness, and confidently and effectively operating during cross-cultural interactions.

#### Financial Impact of Addressing Bias

Employees at large companies who perceive bias are nearly three times as likely (20% vs. 7%) to be disengaged at work. The estimated cost of this is \$450 billion to \$550 billion per year (Gallup, 2019).

Those who perceive bias are 2.6 times more likely (34% to 13%) to say that they have withheld ideas and market solutions over the previous six months (Center for Talent Innovation, 2019).

Companies produced a greater proportion of revenue from innovation (45% total) than from companies without (or limited). The 19 percent innovation-related advantage translated into overall better financial performance (*Forbes,* 2020).

#### Start with Having the Right Mindset

Having the right approach and mindset starts with these elements. It is not just about having good intentions; they are simply not enough. Take steps towards creating impactful actions. Be cognizant of personal unconscious biases that may determine certain decisions. Be mindful and intentional of creating behaviors to help reduce previously formed judgments. Avoid making diversity, equity, and inclusion a "side project." This usually generates a lack of funding, allocated resources, and full organizational commitment. Instead, embark on a journey towards cultural transformation to create a meaningful impact that your company and field can be proud of and benefit from. **D**SJ

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



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

DR. CAROLINE GLACKIN

Associate Professor of Entrepreneurship Fayetteville State University

# DSEF Fellows Make a Difference for Direct Selling

THE CHANNEL

MAINSTREAMING





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

> DR. CHRISTINE MOLLENKOPF-PIGSLEY Assistant Professor & Program Director

in Applied Organizational Studies Minnesota State University, Mankato

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

#### DR. ADAM MILLS

Assistant Professor of Marketing Loyola University New Orleans



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# DSEF ACADEMIC FELLOWS PROVIDE TRAINING BEYOND THE CLASSROOM

O f the hundreds of thousands of entrepreneurs who join direct selling each year, a large percentage come into the industry with little or no sales experience or knowledge of how to run a business. While direct selling companies are widely known for the extensive business and personal development training they offer newcomers, third-party experts can deliver unparalleled teaching experiences to companies' new or existing salesforces. DSEF Fellows bring a new level of expertise and a unique perspective to this important work.

One of the benefits of being a DSA member is the ability to connect with academics through the Direct Selling Education Foundation (DSEF), which currently works with nearly 250 university professors in such areas as business, management, marketing, entrepreneurship, ethics, and consumer studies. DSEF Fellows not only have decades of research and study in their respective fields, but also have a deep understanding of the direct selling business model. A number of individual direct selling companies have partnered with Fellows on internal research projects, participated in case studies that appear in leading marketing and entrepreneurship textbooks, and utilized independent Fellows' research in communications with investors, boards, and key external audiences including media, policymakers, and other influencers.

"When company executives get to know our Fellows at DSA events or through board meeting presentations, webinars, or workshops, they immediately recognize the value these academic experts bring to the table," says DSEF Executive Director Gary Huggins.

Huggins points to USANA Health Science's collaboration with Dr. Stephanie Boyer, Professor of Marketing at Bryant University, as an example of how DSEF Fellows work with direct selling companies to help them meet their business objectives.

#### **Finding an Academic Fellow**

Lori Truman, Vice President of US Sales at USANA, was searching for a solution beyond her company's internal training to help educate new distributors on the fundamentals of sales. Upon meeting Dr. Boyer at DSA's Sales & Marketing Conference, she considered the idea of bringing Dr. Boyer in to speak to the field.

"I was really intrigued by the topics she was speaking to and teaching as a professor, and how she had expanded into the social realm of the fundamentals of selling and how people buy," says Truman. "That was what we were looking for: to educate our associates on how people buy, how to sell, and how to do it in today's world, because it's a little different and the world is becoming more digital and social. Stefanie had done so much work in this area, and we found a lot of benefit in that."

#### **Difference from Internal Training**

USANA has an internal training program, covering sales, marketing, and social media, but with Dr. Boyer the company had an academic specializing in the field of marketing and someone who wrote a book on social media strategies. She coauthored *The Little Black Book of Social Media, Strategies to Ignite Your Business, Influencer, and Professional Brand* with Bryan University colleague and DSEF Fellow Dr. Sharmin Attaran. An award-winning sales educator, Dr. Boyer is also a Co-founder of RNMKRS, a virtual platform used by universities across the country for training and assessing sales talent of students, and Executive Director of the Northeast Intercollegiate Sales Competition, linking organizations with top talent.

#### **Training Process and Assessment**

Truman and her team devoted much time to assessing the needs of the salesforce, identifying areas where more training was essential for the success of the field, particularly topics relevant to newcomers with little sales experience and social selling strategies that were not as familiar to less tech-savvy associates. The USANA team and Dr. Boyer discussed the intended outcome of the partnership and then reviewed Dr. Boyer's areas of expertise, landing on three specific topics that formed the basis of her training.

#### **Benefit of Partnership**

In addition to her academic expertise on the subjects of sales and social selling, Dr. Boyer's experience as a DSEF Fellow helped her understand the unique needs of USANA and its salesforce. Through her Fellowship, Boyer has had the opportunity to attend DSA conferences, get to know direct selling executives, and gain an understanding of the issues facing companies and the industry. She has moderated CEO panels and has led workshops and webinars for industry executives. She brought all of that knowledge to bear in her partnership with USANA.

#### Salesforce Audience

Dr. Boyer delivered her training through three webinar events. USANA opened up the program to its US salesforce as well as its markets in Canada, Mexico, Australia, and New Zealand. In addition, the webinars were open to associates at all levels, not just sales leaders. Truman estimates that Dr. Boyer was able to reach more than 3,000 USANA associates.

Truman could not be more complimentary of Dr. Boyer and her assistance in educating the sales field. "The team loved working with her—the details, the professionalism, her experience, and her expertise. Stefanie is very passionate about what she does on a day-to-day basis," Truman says. "Bringing that passion, experience, and expertise to our industry and helping our associates apply it to what they're doing is invaluable."

According to Huggins, DSEF is eager to facilitate these connections between companies and the Foundation's academic partners. "Tapping into the deep expertise of our Fellows positively impacts companies' bottom lines, the direct selling channel, and industry reputation," he says. DSJ

For more information on partnering with DSEF Fellows, contact Gary Huggins at ghuggins@dsef.org.



DSa 2021 Growth & Outlook Survey

The results of DSA's 2021 Growth and Outlook market-sizing survey are now live! The data gathered from this survey provides you and your colleagues with actionable data and insights to help you better understand market dynamics and industry trends, make betterinformed business decisions, and give you a competitive advantage over those without it.

In addition to helping you and your company grow, the resulting industry data—such as estimated retail sales, the number of direct sellers and customers in the United States, and economic impact broken down at the state level—allows DSA to advocate on behalf of the industry. We share facts from this research to important external audiences: federal and local governments, regulators and legislators, Wall Street, media, the DSEF academic community, and the general public. Take advantage of this invaluable membership resource today by visiting dsa.org/2021results.

View results at: dsa.org/2021results



# **Creating a Customer-Centric Salesforce**

USANA Teams with DSEF Fellow to Educate Field

Becoming more customer-centric requires a multi-pronged approach, which is why direct selling companies are employing tools like segmentation, CRM, and customer journey mapping to help enhance the customer journey. But perhaps the most critical component on the path to customer centricity is your salesforce. What can you do to help your distributors better service their customers—and keep them coming back?

Training is key, of course, and that's why USANA Health Sciences partnered with DSEF Fellow Dr. Stefanie Boyer to offer a series of webinars last October to help their salesforce understand how people buy and how they can sell in today's digital and social world.

Lori Truman, Vice President, US Sales, USANA Health Sciences, first met Dr. Boyer, Professor of Marketing at Bryant University, in 2019 at DSA's Sales & Marketing Conference in Lake Tahoe. "So often, people get involved in our industry and they have no experience with sales," Truman said. "Stefanie talked through sales principles and the fundamentals of selling, and it really intrigued me."

The first step in planning the three webinars was bringing Dr. Boyer together with the USANA team to discuss what the company wanted to achieve. "It was such a great experience working with the USANA team," Dr. Boyer said. "Sometimes when you work with a company, they don't tell you what they want to accomplish. They just say, 'Well, what can you do?' It's so much better when you have an open dialogue."

Assessing the needs of the field and Dr. Boyer's areas of expertise, the group decided upon three topics: the psychology of sales, holiday sales, and social selling. Boyer believes that leveraging self-directed learning philosophies can help organizations like USANA get more out of their training resources, helping sales associates learn more effectively and efficiently and, ultimately, improving overall sales performance. She applied this approach to help USANA meet a challenge many companies shared during the pandemic: nudging their field toward more fully embracing a digital world.

While USANA was well on its way to leveraging technology to support their field even before the pandemic hit, Truman said the fact the company is nearly thirty years old meant that some associates were less comfortable with digital selling. "It was important for us to be able to help individuals who had not necessarily transitioned toward that online selling space and, for those who had transitioned, to enhance what they were currently doing."

"When leadership cares enough to train their teams, it really shows that support throughout the whole organization. Representatives feel like someone actually cares about them and is supporting them."

#### -Dr. Stefanie Boyer, Professor of Marketing, Bryant University

Whether online or off, authenticity and engagement are critical to a successful customer experience, and Truman said that paying attention to customers' needs can sometimes get lost in the digital world. "Sometimes individuals tend to sell just the product," she said. "They don't sell the benefits to the consumer. And that's how we buy—what can I expect from this? What's in it for me? Instead of just putting an image out there with some text, it's more of the storytelling aspect, as well as making sure that you're focusing on the features and benefits of the product.

Social media is the outlet to share that story, Dr. Boyer told webinar attendees. She explained how associates can get more touchpoints and brand impressions by experimenting with content.

"The really great thing about social is that you can test things out," she says. "If you put a question out there and you see what people are struggling with right now, what are their challenges or what are their goals, then you're getting immediate feedback to understand what's on peoples' minds. Then you can shift your posts around what people care about. If you have a post and you think that that's exactly what people want but people aren't engaging, you're getting immediate feedback—without having to reserve a room or buy appetizers for anybody coming over for a visit. You can do this for free and find out customer sentiment in real time."

While getting immediate online feedback helps the salesforce identify customers' needs, it's not enough to close the sale. "Customers need to see about seventeen brand impressions, and it often takes about eight follow-ups from a salesperson to actually sell," Dr. Boyer says. "A lot of people think, 'Oh, I'm just going to post something on social media and see if somebody is going to click through and buy.' Sometimes that happens, but you've got to ask yourself what is their why? What problem are you solving and how are you going to be valuable? Customers are really buying the solution; they're not just buying that product."

Closing a sale is a win for the associate, the customer, and the company, but Truman says the information Dr. Boyer provided on keeping those customers coming back was equally important. "I was so impressed because in our industry we sometimes don't see strong customer retention," she says.

USANA associate feedback on Dr. Boyer's webinars was very positive, with Truman saying the topic of holiday sales was especially beneficial. "We had just launched our holiday gift guide and Stefanie did a training for us on how to maximize the holiday timeframe. It was invaluable, and we saw a nice boost in sales," she says.

Dr. Boyer says that the positive feedback she received from USANA associates during the webinars was a tribute to USANA's commitment to their salesforce.

"When leadership cares enough to train their teams, it really shows that support throughout the whole organization," Dr. Boyer says. "Representatives feel like someone actually cares about them and is supporting them. I could tell by the comments people were making that they were really happy. They felt like they had hit the lottery of companies. I think the action of actually taking the time and doing the training and trying to help them to be successful was definitely appreciated." DSJ

# USING TECHNOLOGY TO BECOME MORE CUSTOMER-CENTRIC

# DSA P I I



Early 2020 served as an inflection point in accelerated e-commerce growth. There was, by some estimates, ten years' worth of growth in only eight weeks. This accelerated growth poses a long-term opportunity for direct selling and was the rationale for conducting a new Digital Transformation Study.

While the direct selling channel demonstrated remarkable resilience over the past year, with many companies making progress toward digital transformations, a DSA member survey showed several key questions, challenges, and opportunities remain for 2021 and beyond. With the help of DSA's Industry Research Subcommittee—comprised of insights and technology leaders from some of DSA's largest member companies, combined with Gold Research's insights into the broader retail landscape, best practices, case studies, and external benchmarks—DSA created this new study to help direct selling leaders continue their digital transformations and thrive within such a challenging, rapidly changing macroeconomic environment.

One of the highest-priority challenges cited by DSA members was "becoming more customer-centric." With the pandemic driving evolving consumer attitudes and behavior, here are key data, insights, and subcommittee quotes from the study to help you better understand customers and provide distributors with tools to help them deliver value to customers at scale.

#### Helping You Better Know Your Customers

1) Capture customer data.

Vast opportunities exist in capturing and managing customer data. Only one-third (34%) of study participants said they have near-real-time purchase data at the customer level that they use for things like messaging/predictive analytics.

# Degree to which you capture and manage information on your customers?



"For companies not collecting customer data, there's a big opportunity to start. For companies already collecting customer data, there's an opportunity to collect more of it at and at a greater frequency," says Jeff Pocklington, Global Strategy and Market Intelligence Lead at Amway. "At Amway, we see an opportunity to develop deeper relationships with our customers by understanding them even better. Segmenting customers is a great place to start."

"If you provide enough meaningful value to the customer, by acting on data, you'll realize customer retention and loyalty. As an external benchmark, Amazon's preferred customer program Prime has customers spending 2x compared to non-Prime customers."

—Jeff Pocklington, Global Strategy and Market Intelligence Lead, Amway

 Segmentation/preferred customer programs can help drive loyalty and growth among the most valuable customers.

Monica Wood, Vice President of Consumer and Member Insights at Herbalife Nutrition and Chair of DSA's Industry Research Committee, says doing segmentation is powerful because it helps you better understand the distributor *and* the end-consumer or customer.

"At Herbalife Nutrition, we have two databases now—one that is specifically for customers and one that is specifically for distributors (i.e., people who are interested in selling)," Wood says. "We have a much clearer representation and understanding of who is who, and what their passions and desires are. Now, at the company level and industry level, we're able to gain better data."

Wood said this approach improves efficiency for the business participants/distributors. They know who their customers are and who their selling members are. This is a great benefit because distributors can communicate to each group and understand the business analytics behind each of those groups. And last, and certainly not least, for the customer it offers a significantly better experience.

"Herbalife Nutrition is doing well in the US," Wood says. "We are growing because we are providing the data to allow our distributors to focus on their customers' needs and their distributors' needs, and segmentation is making a huge impact. Other markets are seeing growth beyond the US and are adopting similar segmentation frameworks globally."

An important component of segmentation is preferred customer programs, though only 44 percent of companies say they have one.

"If you have a preferred customer program, you're able to set up programs and benefits that provide more customer value," says Pocklington. "If you provide enough meaningful value to the customer, by acting on data, you'll realize customer retention and loyalty. As an external benchmark, Amazon's preferred customer program Prime has customers spending 2x compared to non-Prime customers."

• Amazon Prime has >100 million subscribers worldwide (45% of all Amazon customers).



• Prime members spend about 2x vs. non-Prime customers.

"Amazon has a culture that revolves around the customer," Pocklington says. "Their vision and primary focus includes being the most customer-centric company on Earth. Even though they're doing things that have a level of sophistication that maybe we can only dream of and never possibly attain, let's view them as aspirational in the things that they are doing, and how they're doing them."

Amazon's version of a preferred customer program (Prime) has worked extremely well for them, explains Pocklington. Forty-five percent of all Amazon customers are Prime members, and Amazon takes special care of them.

"One takeaway from the preferred customer management piece with Amazon is they have a group of 'preferred' folks, and they are taking care of them like you wouldn't imagine," Pocklington says. "Actually, you probably can imagine it because there's a good chance you're one of their preferred customers. Amazon is always adding benefits to Prime; they're adding value to our lives. You're getting free streaming. You're getting free two-day delivery of products. You're getting all these different things, and they continue to evolve and challenge themselves to get better and add more value to their customers."

 Journey mapping can help gain an end-to-end view of the customer, identify pain points, and improve the overall customer experience.

Pocklington notes that Amazon maps out the customer journey to identify friction points so that they can then alleviate those friction points



and customers can have a better experience. "Amazon can realize its mission and vision around a customer," he says. "They're so focused on that. They have a culture that is focused on the customer. I would challenge Amway—I would challenge each of our member companies—do we have a culture that is so focused on customers and is taking care of them the way that they deserve to be taken care of?"

## CRM Tools Can Help Distributors Provide More Value

Although 68 percent of DSA members provide CRMs for their direct sellers, there is room for improvement in functionality.



According to Pocklington, the primary goal of CRM systems is to allow the field to service their customers better. But, on the corporate side, there are also opportunities to leverage the data in those CRMs to enhance the customer experience. It's one thing to understand the customer order (e.g., 'The last time Y ordered was X date, and this is what they ordered.'). That's great transactional information to know, but how can that be connected with some other customer behavior tied to specific customers? Pocklington says mapping out those customer journeys can help anticipate things like customer churn.

"Let's anticipate things that customers are going to be doing, and then figure out where we should intervene and who should intervene and when," he says.

Pocklington suggests that when it comes to customer relationship management, one of the big takeaways

with Amazon is that they have a holistic view of the customer. "They know us. They know our purchase behavior. They know what we've shared. They know what we've put in our Wish List. They know what we've purchased, and what we've returned. They know us inside and out, upside down. They know so much about us," he says. "Revamping and enhancing our CRM systems can help us better compete."

#### Conclusion

Consumer expectations are continually evolving, and in an increasingly competitive DTC, social selling, e/m-commerce environment (along with the reopening of brick and mortar), direct selling needs to ensure it is meeting customer needs to stay relevant.

As Gordon Hester, Co-founder of ShapeTech Solutions, says, "At the end of the day, our industry is built on selling products and services to consumers, and I continue to believe the more customer-centric we become, the more we're focused on really building and serving customers and especially end-consumers, the more it's going to drive healthy growth and longevity in the business model."

Wood agrees. "At Herbalife Nutrition, we're continuing to empower our distributors to meet customers where they are," she says. "During the pandemic, consumers are increasingly comfortable buying products and services online, and distributors are increasingly comfortable running their business from the palm of their hand, and we do not expect this to change. We continuously do research to better understand customer needs and provide tools to our distributors to provide a personalized, exceptional customer experience at scale."

As with all DSA research, members that participate receive the results reports at no cost once they are compiled. Those who do not participate may purchase the report on DSA's online store after an embargo period.

For more data and insights on DSA's Digital Transformation Study, all members may watch the webinar featuring insights from members of DSA's Industry Research Committee. Non-participants may purchase the report online. For questions or comments, contact Ben Gamse, DSA & DSEF Director of Industry Insights, at bgamse@dsa.org.

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# SOCIAL MEDIA MINUTES

with Emily Evangelista, Vice President of Global Digital, Nu Skin Enterprises

In each issue of *DSJ* we welcome a social media expert from a DSA member company to address issues related to social selling. For this issue, our focus is on targeted efforts for engaging with customers on social media. Nu Skin's Vice President of Global Digital Emily Evangelista shares her insights on Nu Skin's strategies for attracting and retaining customers.



What is Nu Skin's strategy for building customer relationships and expanding the warm market? In a world where social

commerce is really driving both the exploration and experience with brands and products, we have doubled

down on our digital toolsets and work to create digitally enabled customer journeys. Our strategy starts by giving our salesforce digital tools to help them meet customers where they are, which is often on social, and help them nurture and deepen their relationships with those customers by connecting, educating, and following up with them. We have found this is key to helping our salesforce build and retain their customer base.

Nu Skin's strategy is all about personalization, whether that's how we design our products or the digital experiences we give our customers. Our digital tools are built with personalization in mind so that our salesforce can share links to social media channels that reflect their personal brand story and passion for our products. Many of Nu Skin's salesforce currently use social media to sell products, so we ensure that everything we build is seamlessly integrated with the external social media landscape.

Also key to our strategy is the importance of investing in brand awareness so that our salesforce has a solid foundation to build from. From a social and SEO perspective, we optimize content and create digital touchpoints that instill confidence in the products and efficacy of our solutions. That way, when the salesforce approaches someone, they can build on Nu Skin's strong reputation and the great things that we're doing, whether that's media coverage, awards, or our corporate social responsibility (CSR) efforts. We formulated this strategy around pivotal reputation drivers.

# What is the focus of the company's consumer channel? Can you provide examples?

Nu Skin's consumer channels are focused on products and their benefits. Our social content features our award-winning products that are backed by clinical research and our in-house scientists. And in a world where consumers value clean ingredients and transparency around what's in products, we are grateful to have that at the heart of what we do. That's been one of our core drivers since the very beginning—to deliver products with "all the good, and none of the bad."

For us, the strongest asset in our consumer channel is our salesforce. As a result, a lot of what we do is to help consumers connect with affiliates and build those relationships. We have found for more than thirty years, our salesforce is the best way to build consumer loyalty, expand product awareness, and drive revenue. Our mission is to empower them to be more effective in their business.

In fact, we recently participated in a roundtable discussion with beauty executives and the question was posed, "How do you drive such high adoption rates online?" We know that our differentiator and the driver of growth is our salesforce sharing their stories and passion for the products. We are uniquely positioned for growth as a result, whether that's the adoption of new products or developing an online community.

# Did 2020 and the effects of the pandemic force Nu Skin to rethink its digital strategies?

We've been focused on our digital plays for years now, but what 2020 brought was unexpected growth and acceleration to that strategy. We've been watching the social commerce wave for a while and observing how our affiliates were changing their selling patterns. Our salesforce was already moving to a social selling model, which was just accelerated by the pandemic and move to virtual. So it was easy for them to quickly adopt tools and move their conversations almost entirely to social and SMS.

As part of our digital transformation at Nu Skin, we've been working on weaving digital elements across everything we do and building out a robust digital ecosystem of tools. That has helped our teams to be virtual as well as to meet the acceleration of the business. This work is being led by subject matter experts in app development, UX, CX, social media, SEO, data and analytics, and integrated digital. With Bluetooth, IoT, and our apps, we are even marrying our digital strategy with our beauty and wellness product strategy. This cross-functional team touches every aspect of the work happening at Nu Skin. The end-game for us is to create frictionless, connected digital experiences that wow our salesforce, customers, and employees.

## Were you forced to adopt new social in the wake of the pandemic?

We feel fortunate that we had teams and people in place who were already active in this space. Our culture at Nu Skin has always been about creating a community of people who are passionate about beauty and wellness. So social media has always been a strong play for us. As we've worked to better understand our customer for several years, even prior to the pandemic, we recognized how social media was crucial to connecting and engaging with our customers.

A key element of our social strategy is recognizing the needs and patterns of different audiences. We set up different channels for each of our audiences with content that is most relevant and helpful to them. With the pandemic, we could tailor our content and messaging very specifically to help them through some of those challenges.

One aspect of our business that is unique is helping our affiliates who may be considered as micro-influencers to leverage their social networks as effectively as larger influencers. We've found that our digital tools are critical to their success.

## What major challenges did you face in your digital strategy during the last year?

A major challenge we faced was a stronger need for alignment across all departments and channels. Since everyone was working from home, and we couldn't meet in person, we coordinated the alignment through collaboration tools like Microsoft Teams and Zoom calls. One interesting thing was the rate of adoption of collaboration tools and the fact that we could quickly adapt to the new working style.

With affiliates, we've encouraged them to embrace social commerce and utilize social media to enhance their business because they can reach more people and have more consistent and authentic conversations with their customers.

#### As a direct selling company, you have a wide audience for social: customers, your field, and prospective customers with whom you want to share your brand. What channels are best for each audience?

Our salesforce, customers, and prospects cross channels. So it is important for us to have an omnichannel approach. Essentially, since all our audiences don't have boundaries, and digital properties are available to everyone, we tailor content on channels set up specifically for each audience. For example, on Instagram, there is an account set up for customers, and an account for our sales leaders. Each account posts content directed to each audience. Again, it goes back to being customer obsessed and understanding each audience's needs.

"As part of our digital transformation at Nu Skin, we've been working on weaving digital elements across everything we do and building out a robust digital ecosystem of tools."

#### What is your social media content mostly composed of? What drives your decisions in what you share on social media?

Our consumer social media channels focus mostly on product information and awards; however, as our objective is to build Nu Skin's brand, oftentimes other content around sustainability, culture, and CSR topics are shared. It is through this reputation strategy that we build our brand positively online. On our salesforce social media channels, we focus on recognition, promotions, and training. As we talk to our salesforce and understand what topics they find important in building their business, we will create content that helps them.

# What are you doing to identify improper usage of social media and to correct it? What are you doing to ensure your field is compliant?

Nu Skin's Global Compliance team is heavily integrated into our social strategies and this year has been no exception. In addition to proactively monitoring the marketplace for claims and promoting accuracy and honesty in the direct selling industry, they provide ongoing training and education to our employees and sales leaders, they create guidance documents that help clarify what constitutes an appropriate versus an inappropriate claim, and



they work tirelessly to set a standard for marketplace trust. One of the five pillars of any compliance program is enforcement. This means that our Global Compliance team must also, on occasion, work with sales leaders who violate policy and impose disciplinary action when needed. As part of its ongoing self-regulation efforts, our Global Compliance team works very closely with the Direct Selling Self-Regulatory Council, BBB National Programs, and other consumer protection groups in order to continually encourage and support best practices.

#### Some consumers have complained about direct sellers constantly promoting their products and opportunities on social media. How are you addressing that with your salesforce?

Social training happens in sales leader groups with their teams, through our Learning Center, or in our corporate social media accounts set up for our salesforce. These training opportunities help our salesforce engage in the right behaviors on social media. Training sessions may include best practices like using hashtags, filters, or compliance topics; how to create lifestyle content, where products are integrated into their daily life; ways to build relationships to help drive conversion; and pointing out the difference between being persistent and being overbearing, to name a few. Many of these best practices can be found on nuskin.com in our compliance corner.

#### With social commerce evolving much faster than expected, it will not be long before salesforces start managing their own shops on social media channels. What social media trends are you most excited about?

We agree! In fact, the digital tools we have been launching allow an affiliate to launch a personalized shop with the products and bundles they are most passionate about. Longer-term, we are also excited about community, and really more specifically owned community or private community. This will provide a specific way for people with similar interests to engage and, ultimately, help us really bring together people who are passionate about beauty and wellness.

#### Is Nu Skin on board with the entire customer journey taking place within social selling over the next year, or is it moving towards it in the future?

We are fully embracing how our affiliates want to grow their businesses, which increasingly is online and specifically on social. Our digital ecosystem of tools is built with that in mind, but also serves the needs of our more traditional affiliates. We've found ways to bridge the two and help them both be successful.

# What are you doing to enhance the customer journey on social media?

To enhance the customer journey on social media, we've determined four different phases in their journey. We look at specific KPIs in each phase to help us understand if our customers are being provided with the right type of content to enhance their experience. As we track these KPIs we can better understand their needs and figure out how we can best serve them in each phase as they learn about Nu Skin and decide to purchase our products.

#### In 2020, the use of video on social media expanded greatly. Did Nu Skin participate much in live streaming, or does the company have plans to do so in the coming year?

Video is critical for us, whether that's video tutorials on our products, promotional videos driving brand awareness, or giving our affiliates the tools and assets to make their own videos. We see higher consumption rates of video and recognize that it has to be a key component of our content strategy.

Similarly, like most of the world, we had to pivot and change to live stream events in 2020. This included regional meetings and global meetings. We've learned that when done well, a live stream event will reach more than in-person events, and we have seen numbers as high as twenty times more people. We're looking at providing streaming options to future events, as well as a hybrid model to accommodate both in-person and live stream.

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

# I To Things

The internet will disappear. There will be so many IP addresses, so many devices, sensors, things that you are wearing, things that you are interacting with, that you won't even sense it. It will be part of your presence all the time.

> -- Eric Schmidt Executive Chairman of Google

~

# **BUILDING A CULTURE THAT DRIVES ENGAGEMENT IN TIMES OF CHANGE**

by Gordon Hester, Industry Expert and Co-founder of ShapeTech Solutions



A fter more than thirty years in direct selling, there is one absolute truth I have grown to accept about our distribution channel and business model. That truth is that our differentiator is culture.

Our business model is proven. It allows more than 120 million global entrepreneurs in over 170 countries to build their own businesses. Our products and services are utilized by hundreds of millions of consumers. That being said, the success of our industry evolves around building critical mass. In essence, we are in the relationship-building business and culture is what allows our industry to do that effectively. Relationships are the "value add" component that is foundational to the success of the distribution channel and business opportunity. At the end of the day, success is highly correlated to a principle I call "cultural addiction."

For many, *addiction* is a negative word. From a behavioral standpoint, addiction is simply an urge to do something that is hard to control or stop. Another way to look at this principle is from the standpoint that occurs when we fulfill enough of someone's needs, that person stays engaged in the business culture. As one of my mentors taught me, if you can fulfill three or more needs of an individual, you can addict them to anything.

We often talk about engagement in terms of discipline. Discipline is driven by what is important to an individual. That is a behavioral engagement game, so let me expand upon engagement since it is foundational to a successful culture.

Engagement is a simple behavioral principle. It is the triumph of hope over experience. Every day, our lives are filled with experiences. Those experiences program our brain. In the simplest form, our brain focuses on something and asks a question: "What does this mean?" Each conclusion builds another layer in our belief system, and that belief system controls every decision we make in life. Think about the formula in the context of anything you engage in. If the experience is not optimal, then hope is what keeps us in the game.

The formula has two variables. The first is hope and the second is experience. This brings in an important question: What is more important, hope or experience? Our industry is masterful at what I refer to as "hope marketing." We inspire people to engage, and that drives so much of our ability to attract people to our industry. I would never devalue the power of hope, but we need to take a deeper dive into the engagement formula to understand how hope can both engage and disengage those who are part of our culture.

I have often asked the question above to both company and field leaders. Unsurprisingly, most



believe hope is the more important variable. Hope is our belief system about the future. It is created from experiences. This is critical to understand when it comes to cultural addiction because the success of that is really driven by experiences. So let's dive into the experience game.

The mastery of the experience game is driven by the following organizing principles. From an experience standpoint, these are the keys that drive engagement:

- 1) Be positive
- 2) Enhance positive emotions
- 3) Enhance connection
- 4) Create hope
- 5) Confirm hope
- 6) Magnify hope

Positive experiences are important for many reasons. In my own experience building and managing cultures, there a few key lessons that have allowed me to do this effectively.

**Principle #1** – What you enable, you invite. If your business culture is experiencing a high level of

entitlement, drama, and division, you will struggle to build healthy and positive relationships. These are the "culture cancers" that make relationship-building a challenge. We must always model the behavior we want to define our culture. That enhances our ability to fulfill the mission and vision of our company culture.

**Principle #2** - The mastery of experiences is correlated to how closely we pay attention to the little details. Disney is a great example. They look to create a "wow" experience for their customers. They map out every possible touchpoint that a customer has with their culture. Their belief is that one bad experience in that map can destroy all the positive experiences prior to it.

**Principle #3** – You cannot master the experience game from the mountaintop. You must get into the trenches. As Airbnb Founder Brian Chesky said, "To scale up, you have to scale down." In the early days of Airbnb, the company was affiliated with Y Combinator, a well-known business accelerator program. Two years into its journey, Airbnb was struggling to survive. Brian was asked an important question by one of the leaders at the firm: "Why are you in Los Angeles if all your clients are in New York?" That question prompted Brian to move to New York, where he could get in the trenches with his customers. This is what built the blueprint for Airbnb to be the company we know today. The bottom line is that if you want a great culture, get in the trenches. Given that our industry has a foundation in the connection of people, we are a great example of how success is correlated to the ability to build relationships in the trenches.

#### The Impact of Expectations and Emotions

In its simplest form, people enter relationships because they expect to gain something from them. They leave relationships when those expectations are not fulfilled. Any leader understands that the experience game is influenced by expectations and emotions. Hope creates expectations where emotions amplify experiences. Let's look at each of them separately.

The adage "hope is a beggar" implies experiences are needed to prove that hope is warranted and not just an empty promise. When we create hope, we create expectations. One of the lessons I have learned in life is that all disappointment has its roots in unfulfilled expectations. While I understand the power of hope marketing to attract people to a culture, I also understand how doing this the wrong way hurts culture.

It is important to remember that there is a big difference between what is possible and what is probable. Over the years, I have learned the value of practicing a key concept: under-promise and over-deliver. I have found this to be key to enhancing my ability to create relationships. There is an easy way to measure this concept by looking at how many new recruits or new customers turn into relationships. There is no path to building critical mass without focusing on building long-term relationships.

Expectations are often tied to trust. Over-promising and under-delivering tends to fuel distrust. Setting up unrealistic hope fuels distrust. The perfect example of this in our industry is setting expectations around financial freedom and big income. While these are possible, they are not probable. I believe so much of our industry's reputation challenges were created from the strategy of emphasizing recruitment.

Trust is one of the three components of connection. The other two are care and help. During my career, I have understood the value of long-term relationships. In my opinion, long-term relationships create longterm success. In building relationships, focusing on a connection amplifies the depth of the relationship.

Most people understand the concept of caring. In my experience, caring can both enhance and hurt culture. One of my mentors taught me that you can pretend to care, but you cannot pretend to show up. Failing to show up can lead people to question our authenticity and commitment to fulfilling their needs.

If you don't show up when people are in a negative emotional cycle, it often leads to someone concluding that you really don't care and that your objective was just a way to get them to do something. I could share so many stories about how a relationship grew because I showed up when someone genuinely needed a leader or a friend. The opportunities that followed after I engaged at a critical time



in someone's journey benefited both me and the individual in profound ways.

Help is really about the commitment to understand and fulfill someone's needs. If we fail here, this often leads to someone in our culture leaving to find a culture that can fulfill their needs. There are various models to understand needs. Regardless of which model you follow, it is critical to understand the priority of someone's needs, how to measure the fulfillment of them, and where those needs are being met.

Emotions play a key role in engagement. Over my decades in business, I have grown to understand the importance of managing my emotions and the emotions of others. Emotions amplify the power of an experience. In the context of the engagement formula, emotions—both positive and negative—have a profound impact on the power of hope to keep someone engaged in our business cultures.

There is another key lesson I have learned from emotions: emotions work like a virus. In other words, the emotions are contagious. Positive emotions inspire people. They fuel productivity and strengthen both commitment and relationships. Equally, negative emotions fuel negative emotions in others.

Technology and data will play an increasing role in the future of our industry, but the principles and fundamentals that are foundational to direct selling will remain constant.

Hope is a confirmation and magnification game. When experiences confirm hope, we create "relationship capital." This capital is critical when someone encounters a negative experience within a business culture. If we focus on confirming hope, hope can evolve into faith. The difference between hope and faith is that faith cannot be destroyed by bad experiences. The most powerful way to create hope is to tie someone's identity to a business culture. Identity is the strongest force that lives within us. We will protect it at all costs. Nothing impacts emotions more than an experience that is misaligned with our identity.

Today, our industry is facing a new cultural challenge. The COVID-19 pandemic forced us to evolve quickly to the virtual world. The new term that is used to discuss this is *phygital*. Phygital marries both the online and offline environments by taking the best aspects from each space to create a much more complete and satisfying customer experience. Our industry is built on connection and much of that has been "belly to belly." That has been a key part of how companies in our industry create culture. Today, with social selling and the growth of the digital landscape, we are forced to figure out how that world can amplify how we build culture. It is driven by a multichannel focus to enhance the experience people have in the digital world.

The phygital phenomenon is forcing us to focus on three key areas. The first is *immediacy*. We live in a digital world where immediacy defines one's experience. We must ensure things happen at the exact moment in time the customer expects. The second is the customer is demanding to be part of the online experience. We must focus on *immersion* and getting those in the digital world to engage with us. The viral nature is critical to both engagement and growth. The third is *interaction*. Communication is foundational to creating engagement, so we must learn to effectively communicate in a digital world to be relevant as a distribution channel, business opportunity, and industry that attracts the talent that enhances its value.

In the game of building culture, we create three types of relationships. The one we want to strive to create is having passionate *brand ambassadors*. These relationships are those that will have the most positive impact on our businesses. The second are more *brand neutral relationships*. Often, I find these people drift in and out of our businesses. It is important to stay connected with this group so that when they decide to re-engage, you are visible to them. The third are *brand terrorists*. It is important to avoid this group because they are motivated to share their negative experiences with others. You can actually use a simple net promotor score and system to identify and learn from each group.

I will leave you with a final thought. There is a mythical bird known as the Sankofa that is expressed, both visually and symbolically, as flying forward while looking backward, with an egg (symbolizing the future) in its mouth. This ties with a common business motto: "In order to understand our present and ensure our future, we must know our past." The world is changing faster than at any time in history. This will not change the reality that culture is our differentiator, so we must continue to find ways to drive more engagement. It will require us to evolve as an industry.

To ensure a better future, we must always stay true to the founding principles that define direct selling. We must continue to practice the key fundamentals that create a healthy business culture. Technology and data will play an increasing role in the future of our industry, but the principles and fundamentals that are foundational to direct selling will remain constant. Our industry is positioned to be more impactful as a distribution channel, business opportunity and job creator than it has ever been in the past. If we continue to enhance culture and the relationship-building game, our future will be bright. This will require us to master the engagement game as the marketplace changes. DSJ

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



# the MEANING SEEKERS





When considering brands, today's consumers are looking at more than just products and prices.They are looking at a brand's passion and its commitment to making the world a better place.



A January 2021 *Forbes* article shared that corporate social responsibility (CSR) trends pre-COVID-19 likely focused on topics such as transparency and authenticity, achieving carbon neutrality, and involving employees in company decisions. The trends for 2021, however, have a decidedly different emphasis, reflecting of the events of the past year.

The effects of the pandemic have put the focus on global giving, virtual volunteering, support of small businesses, and United Nations Sustainable Development Goals. Diversity, equity, and inclusion (DEI) initiatives are also trending, showing that organizations are taking a harder look at their company cultures.

These new trends lean into consumer expectations for their brands to be socially responsible. That includes millennials—who place a premium on CSR efforts—and whose purchasing power is estimated to be \$1.4 trillion—and Gen Z, who currently make up 40 percent of consumers. For several years now, these younger generations have made it known that they pay close attention to brands' efforts related to social and environmental issues. And in the last year their expectations have increased.

According to a recent Euromonitor International trends report, in 2021 consumers expect brands to have purpose-driven initiatives that support the "triple bottom line"—people, planet, and profits. Euromonitor found that 30 percent of consumers actively engage in political or social issues, and more than a third of consumers state they will "boycott brands that don't align with their values and switch to brands that engage in social and political issues." For consumers, saying you support an issue is simply not enough. They must see that you are truly backing it up, that you are walking the walk, talking the talk, and actively participating in helping to solve issues affecting people and planet.

The Euromonitor report also found that 70 percent of professionals expect consumers will be more concerned about sustainability (people, planet, profits) post-pandemic than they were pre-pandemic, and that 50 percent of consumers believe climate change will impact their lives even more in 2025. That suggests now is not the time to take a back seat; it is a time for action.

The bottom line is that 2020 exacerbated anxiety and stress among the population and increased concern over the future of the planet. In 2021, brands demonstrating a strong sense of economic, social, and environmental responsibility will receive greater attention from consumers.

#### **Direct Selling and CSR**

Making the planet a better, safer place to live and supporting diverse peoples and communities around the globe are foundational to the missions of direct selling companies. Most are built on pillars of service to their local and global communities, their CSR efforts often rooted in the values of the company founder.

Individually, companies donate generously to national and global organizations of their choice; offer ongoing support to local communities and organizations; provide much-needed grants for medical research; and offer funding for economic development, education, environmental protection and conservation, and other initiatives.

#### In 2021 consumers expect brands to have purpose-driven initiatives that support the "triple bottom line" people, planet, and profits.

Collectively, direct selling companies can make a tremendous impact on communities hit by natural disasters like devastating hurricanes and wildfires. Their ability to mobilize employees, distributors, and customers is unmatched by any other industry. In 2020, during the height of the pandemic, many of these companies answered the call for help, turning their manufacturing facilities into production lines for hand sanitizer and organizing relief packages for frontline and hospital workers.

According to the 2020 Global Philanthropy Report of the Direct Selling Industry by the World Federation of Direct Selling Associations (WFDSA):

- 9 in 10 direct selling companies sponsor or support philanthropy efforts
- 1 in 4 direct selling companies has had philanthropy activities since their founding
- 9 in 10 direct selling companies with philanthropy activities sponsor or partner with charities or non-governmental organizations (NGOs)
- 1 in 2 companies want to work with other DSA members or organizations on philanthropy activities

Whether their contributions are made through cash donations, product donations, cause-related marketing, volunteer time given to employees, in-kind donations, sponsorships, or environmental or social efforts, direct selling companies are consistently demonstrating the strong sense of social and environmental responsibility consumers are seeking.

The following examples shine a light on a few key areas where the CSR efforts of DSA member companies are helping to make the world a better place.

# Shaklee Protecting the Environment

When to comes to walking the walk for environmental responsibility, the Shaklee Corporation is a portrait of success. Dr. Forrest Shaklee founded Shaklee Corporation in 1956 with the goal of living in harmony with nature. To this day, everything the company does is rooted in nature, from how it sources ingredients to how the company is run.

Shaklee has quietly led the way in environmental stewardship for more than sixty years. In the 1960s, it introduced one of the first nontoxic, biodegradable cleaners; in the 1970s, one of the first biodegradable laundry detergents; and, in the 1990s, launched the first-ever Earth Day product.

Over the years, the company has teamed with The Wild Dolphin Project, providing cleaning products for its research vessel, *Stenella*; provided financial support and products for the first recorded dog sled expedition to the North Pole; been selected by Jacque Cousteau to provide environmentally friendly products to the research vessels *Calypso* and *Alcyone*; and partnered with the American Himalayan Foundation, chaired by Sir Edmund

Hillary, to build schools and health clinics and plant more than one million trees throughout Asia.

In 2000, Shaklee was the first company in the world to be certified Climate Neutral<sup>™</sup> for totally offsetting its CO2 emissions. In ongoing efforts to minimize negative impacts and maximize positive results, Shaklee purchases 100 percent renewable energy, renewable energy credits, and greenhouse gas emissions offsets for its worldwide activities.

On Earth Day 2006, Shaklee began a treeplanting campaign across the US and Canada, encouraging the company's 750,000 members and distributors to organize tree-planting events at the grassroots level. The campaign was done in partnership with the late Dr. Wangari Maathai, the 2004 Nobel Peace Prize laureate and founder of the Green Belt Movement. The one-millionth tree was planted at Shaklee world headquarters in Pleasanton, California, on Earth Day 2009, in a ceremony attended by Shaklee CEO Roger Barnett, Dr. Maathai, and then-California Governor Arnold Schwarzenegger.

To read more about Shaklee's initiatives, visit us.shaklee.com.



### Empowering Girls and Women

Cindy Monroe was not alone in her predicament. She was working full-time to help support her family but was still struggling to make ends meet. She knew millions of other women were having the same struggles, and that shared experience sparked an idea: create a business that would allow women the opportunity to earn extra income to support their families and give busy moms the opportunity to shop outside traditional retail hours.

That business idea evolved into Thirty-One Gifts, which began selling homemade gifts, jewelry, and accessories in 2003. Monroe chose "Thirty-One" for Chapter 31 of Proverbs—The Wife of Noble Character—a passage that speaks to the ability of a godly woman to find fulfillment in her home, career, and community, which is the focus of the company's charitable program, Thirty-One Gives.

Thirty-One Gives is based on the premise that "confident girls become strong women who lead healthy families and build thriving communities." It empowers girls and women to find the self-esteem and confidence they need to live purposeful lives. Since 2012, Thirty-One Gives has donated more than \$100 million in products and cash to charitable organizations that inspire and help to lift up women.

One such organization is Girls on the Run<sup>®</sup>, Thirty-One Gives' partner in giving. Through physical activity and life skills learning, Girls on the Run helps girls in 3rd through 8th grades build confidence and recognize their inner strength.

"Giving is part of who we are, and our partnership with Girls on the Run is born from our common goal of empowering girls," says Cindy Monroe, founder of Thirty-One Gifts. "We believe that by working together, we can provide more access to programs that will inspire girls to activate their limitless potential and boldly pursue their dreams."

To read more about Thirty-One Gives, visit mythirtyone.com.



## Battling Sex Trafficking

After traveling overseas in 2013, Damsel in Defense Founder and CEO Mindy Lin felt drawn to use her company platform to bring greater awareness to an issue about which she is deeply passionate: sex trafficking.

"When you look into the eyes of a small child who reminds you of your own and then watch her parents sell her to another man on the side of the road, you never forget that, ever," says Lin. "If her own parents won't fight for her, then who will? We will, these children have to be rescued, empowered, and loved."

Damsel in Defense's Damsel House Project is a long-term initiative to fund homes around the world where the company's partner organization, Destiny Rescue, is currently working to rescue children trapped in sex trafficking and exploitation. The project began in 2015 with the acquisition of two homes, one in Cambodia and one in India, where rescued girls now have a safe place to stay and get reacclimated to society.

The ultimate goal of the Damsel Houses is to aid in the healing from the violent sexual trauma children have endured, and to teach them skills and a sustainable trade so when they are released back to healthy environments, they can succeed without being re-victimized by traffickers or their own families.

To date, Damsel in Defense has donated more than \$300,000 towards the two homes and the rescues of children in Cambodia and India.

To read more about the Damsel House Project, visit damselindefense.net.

# NU SKIN FORCE FOR GOOD FOUNDATION

### Improving the Lives of Children

Since Co-founder Blake Roney stated that Nu Skin would be a "force for good" in the world, more than fifty countries have benefitted from his company's humanitarian projects, from Argentina to China. Nowhere has that global outreach been more impactful than in Malawi, one of the poorest nations in Africa, where giving people knowledge and skills has helped to lift them out of poverty.

Nu Skin, through both its nonprofit and for-profit efforts, has been supporting projects in Malawi for more than a decade. Through its for-profit Nourish the Children initiative, the company has helped feed millions of children. The initiative works by selling VitaMeal, a nutritious food product, to Nu Skin's family of customers and Brand Affiliates and then facilitating the donation of these VitaMeal purchases to those in need. But it is with the help of the Nu Skin Force for Good Foundation that the School of Agriculture for Family Independence (SAFI) has allowed Malawians—particularly children to be more self-reliant and helped alleviate the cycle of poverty that has pervaded the land. Starting in 2009, SAFI has educated more than 400 families—8,764 families by the SAFI Extension—with combined crop yields that have increased, on average, by 400 percent. In addition, more than 111 water wells have been dug with funds from the Nu Skin Force for Good Foundation, and since 2007, more than 650,000 fruit trees have been purchased through the Seeds of Hope program, giving pawpaw, avocado, and other fruits to Malawi's communities.

In addition, 1,125 scholarships have been awarded through the Educate the Children (ETC) program, and the graduation rate of ETC scholarship recipients is 94 percent.

"What is so significant about this program is that it's not about giving handouts," says Steve Lund, Nu Skin co-founder and member of the Nu Skin Force for Good Foundation's executive committee. "It's about giving people knowledge, skills, and hope. It's a real opportunity to become self-reliant and help others to do the same."

To read more about the Foundation's initiatives, visit forceforgood.org.

### monday collection Supporting Adoption and Family Preservation

Like Thirty-One Gifts, Noonday Collection takes its name from a biblical reference. In this case, it is Isaiah 58:10: "If you spend yourselves in behalf of the hungry and satisfy the needs of the oppressed, then your light will rise in the darkness, and your night will become like the noonday."

Founder and Co-CEO Jessica Honegger and Noonday's Artisan Partners have been the light for many families that would have had to make the devastating decision to give up a child. Sadly, children are orphaned or abandoned in many places around the world because their parents cannot afford to provide for them. In communities where families are most vulnerable, Noonday Collection partners with local artisans to help parents earn incomes that allow them to keep their families together. "If my experiences with people living in poverty have taught me anything," says Honegger, "it's that at the end of the day, we all want the same things—to be seen, to be accepted, to be known, to be loved."

Noonday Collection also supports adoptive families. In 2010, Honegger and her husband, Joe, decided to grow their family through adoption after visiting an orphanage in Uganda. When she returned to the US, Honegger hosted the company's first Adoption Trunk Show at her home as a fundraiser to help her family bring their son Jack home from Rwanda.

To this day, Noonday gives 10 percent of sales at Adoption Trunk Shows to help adoptive families bring their children home.

To read more about Noonday Collection, visit noondaycollection.com.

#### THE MARY KAY FOUNDATION... Preventing Domestic Violence

Mary Kay Ash originally established The Mary Kay Ash Charitable Foundation (now The Mary Kay Foundation) to help find cures for cancers affecting women. However, knowing that domestic violence was a common occurrence in many families, including those in her salesforce, she added a second initiative to the Foundation's mission: to prevent violence against women.

Since 1999, The Mary Kay Foundation has been committed to bringing an end to domestic violence. In the last twenty years, it has granted nearly \$47 million to 2,600 women's domestic shelters across the US and has supported more than six million women and girls seeking shelter and services.

In 2020, when the COVID-19 pandemic increased violence against women around the world, the Foundation and Mary Kay Inc. partnered with CARE USA and the United Nations Trust Fund

to expand the scope of its fight to protect women and girls.

"Mary Kay has a decades-long commitment to ending violence against women and girls everywhere; it's part of who we are," says Melinda Foster Sellers, Chief People Officer of Mary Kay Inc. "Our work with the UN Trust Fund and CARE—two remarkable stewards of women's rights who have made extraordinary achievements through social impact on the ground, gender data collection, and relentless advocacy work—are central elements in our work to achieve a world free of violence against women."

As part of its Domestic Violence Shelter Grant Program, the Foundation annually awards a grant to at least one domestic violence shelter in every US state. Recipients are announced in October during National Domestic Violence Awareness Month.

To read more about the Foundation's initiatives, visit marykayfoundation.org.

**EDITOR'S NOTE:** The companies mentioned in this article are a few of the direct selling companies with foundations or charitable initiatives supporting local, national, and global causes. Look for more direct selling CSR programs in upcoming *DSJ* issues.

# Direct Selling PHILANTHROPIC EFFORTS

#### ARIZONA

#### **Isagenix International**

(Gilbert, AZ) Donated nearly \$2 million in product to people impacted by COVID-19

#### CALIFORNIA

#### Arbonne International

#### (Irvine, CA)

Gave \$393,000 in funding to youth organizations, including Covenant House of California, StandUp for Kids Orange County, StandUp for Kids Atlanta, StandUp for Kids Kitsap, Waymakers

#### **Herbalife Nutrition**

(Los Angeles, CA)

\$333,000 of the \$1 million pledged to World Food Program USA's Emergency Response Fund will aid coronavirus pandemic relief efforts

#### **Team Beachbody**

(Santa Monica, CA)

With schools out and no formal recess or P.E., Beachbody is offering a free selection of Beachbody Kids Workouts to make family fitness fun and a part of families' daily routine

#### FLORIDA

#### **Team National**

(Davie, FL)

Contributions to Boys and Girls Club of Broward County, Feeding South Florida, Samaritan's Purse, and Human Society of Broward County

#### ILLINOIS

#### Pampered Chef

#### (Addison, IL)

Contributing \$1 for every Mix 'N Chop product sold, and 30% of revenue from virtual party fundraisers to support the American Cancer Society's Hope Lodges that have been repurposed to accommodate essential medical workers

#### MARYLAND

#### Medifast

#### (Baltimore, MD)

Contribution with field matching funds through "No Kid Hungry"—helps with lunches for underprivileged kids who are out of school The COVID-19 pandemic has had a significant impact on the lives of all Americans. Since April 2020, direct selling companies have worked to mitigate the impacts of the virus by providing tens of millions of dollars' worth of contributions and products to help needy families and frontline workers across the United States. The following are reporting DSA member companies.

#### MASSACHUSETTS

#### **Vantel Pearls**

(Mansfield, MA) Pearls for a Purpose donated \$2 of every purchase to medical heroes

#### MISSOURI

#### **jBloom Designs**

(Saint Peters, MO) Selected three charities offered by designers to receive an additional \$500 gift

#### **Jordan Essentials**

(Nixa, MO) Donated 43,000 meals to Feeding America

#### NEW YORK

#### The Avon Company

(New York, NY) Gave \$2 million in contributions and \$40 million of product to Feed the Children

#### OKLAHOMA

#### SeneGence International

(Foothill Ranch, CA) Manufacturing switched over to provide thousands of bottles of hand sanitizers to local hospitals, police and fire departments, funeral homes, and nursing homes

#### **Usborne Books & More**

#### (Tulsa, OK)

"Teach Your Monster to Read" helps children graduate from making letter sounds to reading full sentences, and Usborne offered it for free during school hiatuses

#### RHODE ISLAND

#### Pure Haven

#### (Johnston, RI)

Donated hand soap and personal care products to aid homeless families via Crossroads Rhode Island

#### SOUTH CAROLINA

#### Aloette Cosmetics, Inc.

(Greenville, SC)

Donated 10% of proceeds from April 15-May 15 to the American and Canadian Association for Critical Care Nurses

#### TEXAS

#### AdvoCare International

(Richardson, TX) Donated 130,000 food items to Richardson, Texas, Independent School District (RISD) families

#### Mary Kay Inc.

(Dallas, TX) Shifted global supply chain to produce hand sanitizer for Baylor, Scott & White, a non-profit healthcare system

#### **Noonday Collection**

(Austin, TX) "Gather for Good" trunk show where 10% of the trunk show proceeds given to a cause, individual, or business affected by COVID-19

#### Zurvita

#### (Houston, TX) Donated over 1,000 canisters of Zeal, a nutritional functional food to hospitals and police and fire stations

#### UTAH

#### **4Life Research**

(Sandy, UT)

For every bag of Fortify meal replacement purchased, the company donated one bag to organizations to help feed children

#### Modere

#### (Springville, UT) Donating more than \$1 million of nutritional supplements to those on the front line

#### **USANA Health Sciences, Inc.**

#### (Salt Lake City, UT)

Produced hand sanitizer for local law enforcement. Kids Eat program provides 850 meals to children a week

#### WISCONSIN

#### L'BRI PURE n' NATURAL

(Mukwonago, WI) Every day in April—donated three Pamper a Health Care Worker packs of spa products valued at \$60

# Forget B2B and B2C IT'S H2H THAT MATTERS MOST

by Amanda Gore, Motivational Speaker and Author

Ralph Waldo Emerson once said, "Don't say things. What you are stands over you the while, and thunders so that I cannot hear what you say to the contrary."

To simplify that: "Who you are shouts so loudly I can't hear what you say."

You have no doubt encountered people who, within five minutes or less of meeting them, give off a vibe—a bad vibe or a good vibe. What exactly is a vibe? Technically speaking (according to quantum physics, which I have studied for more than forty years), it is the frequency of the "field" you emanate. A culture is a combined field. A family is a combined field. A field is influenced by us and we are influenced by it.

Research from The Institute of Heartmath proves that the human body is one giant bio-electric current. Each organ in our body generates an electric current and, as a consequence, a magnetic field. The heart generates an electric current sixty times more powerful than any other organ in the body and that, in turn, creates a magnetic field that extends six feet from our bodies. The institute also shows that what is in your field influences the brain waves of anyone within that six feet sphere around you. If someone has an angry heart, or carries anger, they can disturb the EEG readings of anyone in that field. When you have an open and caring heart, or you genuinely care about another person, they know it. That is because you are emanating that feeling in your field.

Think about body language. Nowadays everyone accepts that crossed arms and legs mean the person exhibiting such body language is closed off to you and that it is wrong. That may be the case, but body language is just a tiny part of nonverbal communication. Much more nonverbal communication happens through voice tones, vocal variety, micro-muscle and color changes in our faces, and our breathing. All these are linked directly to our thinking, or the stories we are telling about both ourselves and the other person.

Consider the implications of this practically and personally. Think of a person you don't like at work. What do you say to yourself about them when you see them or know you have a meeting with them? Inevitably, it is not positive. And inevitably, that determines how you look, sound, and feel around them. Because you cannot not emanate that in your field, they know, no matter how much you think you are faking it or are nice to them.

Reverse the situation. Have you ever met someone and then walked away thinking they seemed nice, but something was not quite right? That is because your unconscious picked up an incongruence between what they were saying and what they were thinking or more accurately, what they were thinking about you or themself.

So why is this relevant?

Because all business, all leadership, all parenting, all sales, and all marketing, when boiled down to the core, is about how others feel. How they feel about themselves around you. How they feel about you. How they feel about your product, your company, your values, your integrity, and so forth. Everything is about feelings. But we tend to ignore this unless we specifically talk about Emotional Intelligence—the core tenets of knowing yourself, managing yourself, and managing relationships. That pretty much sums up the purpose of life.

So knowing who you are matters. A lot.

Being truly authentic to the astonishing, awesome, *real* you and not the imposter syndrome persona you that rules so many of us transforms, literally, your interactions with *everyone*. One method to discover if you are being truly authentic is to answer the question: "Am I being the person I want to be in this moment?" If you are not, having the skills to discover what is stopping you can change your life. Hint: Those skills all revolve around being conscious of your thinking (which epigenetics tells us we are only 1-5 percent of the time) and challenging the stories you tell yourself—the fears you hold around your worth, your safety, and your belonging.

#### All business, all leadership, all parenting, all sales, all marketing, when boiled down to the core, is about how others feel.

Life and business post-COVID has forced us to learn, unlearn, and relearn. Everything. And mostly about ourselves. How we are managing ourselves is one of the biggest contributors to the mental health issues that are rapidly escalating in most countries. Teaching ourselves and our children the skills of emotional regulation and emotional connection is the best way we can learn or re-learn.

Discovering who you really are changes everything. It helps bring much more joy into your life in every area.

This year, 2021, could be your year of joyful discovery. DSJ

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





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