

DIRECT SELLING  
JOURNAL

DSJ

**With the new year right around the corner, direct  
selling leaders offer key insights for moving the  
channel forward, together, in 2022.**

OCTOBER 2021

---

A  PUBLICATION



# jenkon

software



eCommerce



Integrations



Compensation



Virtual Events



BI Reporting



Omni Device



Communications



Security



## From Startup to Enterprise...

*the most Globally Trusted Innovator  
you will NEVER outgrow*

Request your Discovery Session today at [jenkon.com](https://jenkon.com)





12

### **My Voice: Kevin Guest**

USANA Health Science's Chairman and CEO on reinforcing core company values and using the channel's powerful voice to ensure the correct narrative is written about direct sellers.

## **FEATURES**

- 14 Moving Forward Together to Better**  
Transformational outcomes in 2020 and 2021 gave direct selling unexpected momentum. What do leaders need to focus on to drive the channel to even further success in 2022?
- 20 Filling the Gaps in the Global Narrative**  
What companies can do for their fields and the channel to fill in the gaps of knowledge where misinformation and misunderstanding live and breed negativity.
- 28 The Impact of Women Leaders**  
How their innate traits and connection to the field make women leaders necessary in uncertain times and critical for the future of the direct selling channel.
- 52 Poised for Growth: 5 International Companies on What's Ahead**  
Natura, Omnilife, PM-International, SwissJust, and Enagic on how they are faring and what the outlook is for their companies in 2022.

## **HIGHLIGHTS**

- 42 WFDSA Board of Directors: Reimagine, Reinvent, and Redefine Direct Selling**  
Seven direct selling CEOs and WFDSA board members share their thoughts on how to transform the channel to meet the needs of tomorrow and make a greater impact on societies.
- 62 What Can We Expect for the Future of Direct Selling?**  
*by Ibi Montesino, Herbalife Nutrition*  
A key driver of the future of the channel, proactive compliance should be at the forefront of all direct selling companies' initiatives.
- 64 Farewell to a Direct Selling Legend: Remembering Alan Luce, 1945–2021**  
*by Brett Duncan, Strategic Choice Partners*  
A look back at the fifty-year direct selling career of an unforgettable mentor, partner, and DSA Hall of Fame recipient.
- 68 What U.S. Sellers Need to Know about EU IOSS Intermediaries**  
*by Brian Brown and Gail Cole, Avalara*  
How a sweeping VAT reform package that took effect in the European Union in July affects direct selling companies selling to consumers in the EU.
- 84 Direct Selling Distributor Turnover in Europe**  
Four scholars use a data set provided by Seldia, DSA's sister organization in Europe, to create the first-of-its-kind cross-country analysis of direct selling distributors' intentions.



MORE ARTICLES

- 5 Contributors
- 6 Direct Selling Resources
- 7 From the Publisher: The Opportunity of the Commons  
*by Joseph N. Mariano*
- 8 By the Numbers
- 9 What's Going On?
- 34 Hybrid: The New, New Show  
*by Jeffrey Pete Rose Poe, Multi Image Group*
- 36 DSA 2021 Growth & Outlook Forecast
- 70 Health Trends: Key Insights from Dr. Mehmet Oz
- 76 Social Media Minutes ... with Amy Humfleet, Arbonne
- 78 A Robust Compliance Program Is a Must-Have  
*by Linda A. Goldstein and Randal M. Shaheen, BakerHostetler*
- 82 Protecting Our Businesses in a Critical Time  
*by Randall Popelka, Herbalife Nutrition*
- 89 DSA ENGAGE 2021: Moving Forward Together to Better
- 96 Cultivating a Culture of Digital Transformation
- 99 Snapshot: Women's Industry Leadership Retreat
- 100 DSA 25 Largest Reporting Member Companies



70



34



78



89

ADVERTISERS

Greater Ontario California Convention & Visitors Bureau . . . 11	Nexio. . . . .51
Momentum Factor . . . . . 33	Winston & Strawn . . . . .61
Jenkon . . . . .41, 95	Avalara. . . . . 63
	DSEF . . . . . 75



# SAVE THE DATE!

**DSA ANNUAL MEETING**

**JUNE 5-7, 2022 · The Boca Raton**

**BOCA RATON, FLORIDA**



## WELCOME TO A NEW GOLDEN ERA

Plan your 2022-2023 strategies with confidence using insights from a content-rich program offering new ideas for business achievement and channel prosperity.



**The Boca Raton**

SINCE 1926

The Boca Raton is a luxury hotel located 30 minutes south of West Palm Beach and 25 minutes north of Fort Lauderdale. Since opening in 1926, the hotel has redefined South Florida luxury hospitality.



# DIRECT SELLING JOURNAL

A  PUBLICATION

## EDITORIAL

### **Publisher & Editor-in-Chief**

Joseph N. Mariano

### **Executive Editor**

Melissa K. Brunton

## LAYOUT & WEB DESIGN

Jennings Design

## CORPORATE STAFF

### **Meetings Coordinator**

Eleanor Campbell

### **Director, Executive Office & Board Activities**

Marcia L. Davis Rhinehart

### **Director of Industry Insights, DSA & DSEF**

Benjamin L. Gamse

### **Desk Receptionist**

Tom Nutton

## DIRECT SELLING ASSOCIATION

*Established 1910*

### **President & Chief Executive Officer**

Joseph N. Mariano

### **Executive Vice President & Chief Operating Officer**

Adolfo Franco

### **Senior Vice President, Education & Meeting Services**

Melissa K. Brunton

### **Senior Vice President, Government Affairs & Policy**

Brian Bennett

### **Vice President, Membership**

Nancy M. Burke

### **Controller and Vice President, Operations**

Jennifer Dunleavy

### **Senior Legal Counsel for Policy, Advocacy & Compliance**

John W. Webb

## BOARD OF DIRECTORS

### **Chairman**

Kevin Guest, USANA Health Sciences, Inc.

### **Treasurer**

David R. Merriman, ACN, Inc.

### **Immediate Past Chairman**

Ryan Napierski, Nu Skin Enterprises

### **Past Chairman**

John P. Parker, Amway

### **President**

Joseph N. Mariano, Direct Selling Association

### **Secretary**

Adolfo Franco, Direct Selling Association

### **Counsel**

Deborah T. Ashford, Hogan Lovells US LLP

© 2021 Direct Selling Association

All rights reserved. Material may not be reproduced in whole or in part in any form without prior consent from the Direct Selling Association.

*Direct Selling Journal* is published by the Direct Selling Association.



1667 K Street NW, Suite 1100, Washington, DC 20006

202-452-8866 | [editor@dsa.org](mailto:editor@dsa.org)





### **Brian Brown**

Brian Brown is Senior Strategic Partnership Manager at Avalara. He leads the business development, go-to-market, and overall channel strategy for Avalara's presence in direct selling. It's his business to know the latest in software solutions for direct sellers' global challenges, with an obvious emphasis on tax compliance automation.



### **Gail Cole**

Gail Cole is Senior Writer at Avalara. She is on a mission to uncover unusual tax facts and make complex laws and legislation more digestible for accounting and business professionals.



### **Anne Coughlan**

Dr. Anne Coughlan is the Polk Bros. Chair in Retailing and Professor of Marketing, Emerita, Kellogg School of Management, Northwestern University. She is a DSEF Academic Advisory Council member and works on compensation, motivation, governance, and direct selling structure issues.



### **Brett Duncan**

Brett Duncan is Co-founder of Strategic Choice Partners, a consulting firm that has served more than 100 direct sales companies since 2015.



### **Michael Gerke**

Michael Gerke is currently doing his PhD work in Marketing Management at the School of Business and Economics at the University of Münster under the supervision of Dr. Manfred Krafft. His research interests are in the areas of data science, negotiations, and salesperson turnover.



### **Linda Goldstein**

Linda Goldstein is widely recognized as one of the leading advertising lawyers in the country. Co-leader of BakerHostetler's Advertising, Marketing, and Digital Media team, she regularly provides advertising counsel and regulatory advice to leading Fortune 500 and Fortune 100 companies in many different product and service categories.



### **Kevin Guest**

Kevin Guest is CEO and Chairman of the Board for USANA Health Sciences. He also currently serves as Chairman of the Board for the Direct Selling Association.



### **Amy Humfleet**

Amy Humfleet is Chief Marketing Officer for Arbonne, where she is responsible for building and leading the global strategic vision, direction, and management of the Arbonne brand. She has nearly two decades of marketing and product innovation experience, including leadership roles at Aveda, Diamond Products, Dial, and Kao Brands.

**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.



### **Manfred Krafft**

Dr. Manfred Krafft is Chair of Marketing Management and Director of the Institute of Marketing at the School of Business and Economics at the University of Münster in Germany. He also holds an honorary professorship in Marketing at the University of Auckland. Manfred is both a DSEF and European Marketing Academy fellow. His research interests are in channels and retail management, customer management, and sales management.



### **Ibi Montesino**

Ibi Montesino is Senior Vice President and Managing Director, North America, at Herbalife Nutrition. She is responsible for all business, strategic, sales, and marketing functions across the region, which includes the United States, Canada, Jamaica, and the Caribbean.



### **Mehmet Oz, MD**

A cardiothoracic surgeon who performs dozens of heart operations annually, Dr. Oz is also an attending physician at New York Presbyterian/Columbia Medical Center and the honorary police surgeon for New York City. He is the author of eight *New York Times* bestselling books and the award-winning host of *The Doctor Oz Show*. Dr. Oz also co-founded Sharecare.com and is the founder of Healthcorps.



### **Leo Paas**

Dr. Leo Paas is a Professor of Marketing at the University of Auckland Business School. He also fulfills the roles of Head of the Marketing Department and Program Director for the Master of Business Analytics.



### **Jeffrey Pete Rose Poe**

Jeffrey Pete Rose Poe is Creative Director at Multi Image Group, where he specializes in developing inimitable human experiences using technology to engage, entertain, and educate audiences around the world. Working in the events industry for more than twenty years, his strategic expertise and creative talent have enabled him to build dynamic storytelling devices for live events and exhibitions.



### **Randall Popelka**

Randall Popelka is Vice President of Global Government Affairs for Herbalife Nutrition. He has worked on legislative and trade policy for more than twenty-five years in the US Senate, US Department of Commerce, and the private sector. He has extensive experience in both domestic and international political affairs.



### **Randal Shaheen**

Randal Shaheen has more than thirty years of experience as an advertising attorney. A member of BakerHostetler's Advertising, Marketing, and Digital Media team, he represents clients before a variety of regulatory agencies, including the Federal Trade Commission, Consumer Financial Protection Bureau, National Advertising Division, and state attorneys general.



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

Available at [www.dsa.org](http://www.dsa.org)



**DSA ENGAGE 2021**  
October 31–November 2  
Check the DSA website for the agenda and speakers.



**THE DIRECT ENTREPRENEUR**  
DSA's new video podcast series.

Available at [www.dsa-dsj.org](http://www.dsa-dsj.org)



**PRESIDENT'S PAPERS**  
**New paper!** DSA President Joseph Mariano on the future of direct selling in “Modernizing the Direct Selling Channel.”

DSA provides digital, print, and multimedia resources for its member companies at [dsa.org](http://dsa.org).



**DSA On-the-Go Learning**  
Watch videos and podcasts that empower executives “where they are.”

[dsa.org/educational-programs](http://dsa.org/educational-programs)



**Communications Toolbox**  
Access a full range of ethics and regulatory resources.

[dsa.org/comms-toolbox](http://dsa.org/comms-toolbox)



**DSA Advocacy Center**  
Join DSA advocacy efforts or find federal or state officials.

[dsa.org/dsac](http://dsa.org/dsac)



**DSA News**  
Review press releases and back issues of DSA Digest.

[dsa.org/events/news](http://dsa.org/events/news)



**Supplier Marketplace**  
Preview products and services from DSA's premier supplier partners.

[dsa.org/supplier-marketplace](http://dsa.org/supplier-marketplace)



**DSA Speakers Bureau**  
Use the third-party credibility of DSA to share your message.

[dsa.org/speakers-bureau](http://dsa.org/speakers-bureau)



# The Opportunity of the Commons

I'm no economist, but I do remember a few things from my Econ 101 class in college. One was a concept called "the tragedy of the commons." Some of you may be familiar with this concept.

**I**n short, it is a situation whereby a commonly available resource is eventually depleted by individuals acting in their own interest through actions uncoordinated with others.

An example is the commons where sheep grazed in nineteenth-century England. Local sheep ranchers let their flocks graze on public lands; eventually, the grass disappeared, and the land was no longer suitable for anyone to use.

One can see how such a problem could arise and be devastating, even when honorable and well-intentioned individuals are the perpetrators. "I was just lettin' me sheep graze on the common land!" We can conceive of modern examples such as overfishing and dumping.

It may be that businesses can also suffer from a sort of "tragedy of the commons."

Imagine a marketplace with each business acting without regard for the greater good—the sustainment of the very marketplace in which they operate. Without the necessary foresight, the marketplace might eventually be damaged to the point where no company could do business any longer.

That is the reason why thoughtful and visionary business leaders are so important. It is why having a forum for an exchange of ideas among those leaders is so important. It is why having a strong association where those ideas are exchanged and acted upon is important. It is why *Direct Selling Journal* is so important and why DSA is committed to ensuring that an Association publication exists where the exchange of those ideas can take place. Not puffery about the channel. Not self-congratulatory pieces about what companies are doing. Not a news magazine about last week's sales numbers or even what the Association is doing. Instead, we are committed to providing a forum for the exchange of ideas about the future of our "commons"—the marketplace in which direct sellers are working, selling, and competing with other channels.

We don't have to worry about grazing sheep, of course. Or overfishing or other such problems. So what are the common areas direct sellers must protect? What are the potential damages we must address and prevent? And equally, or

more importantly, what are the common opportunities we can maintain and create as we move into the future?

**Imagine a marketplace with each business acting without regard for the greater good—the sustainment of the very marketplace in which they operate.**

We've asked our contributors to think about these issues. Industry leaders and experts, DSA suppliers and consultants, Association Hall of Fame Award recipients, DSEF Fellows, and others will address the issues of the direct selling commons in this and future editions of *Direct Selling Journal*.

I'm confident that this vibrant exchange of ideas will not only help avoid some contemporary "tragedy of the commons," but will also allow us to work together to build on our shared principles of superb customer service, ethical business practices, convenience for consumers, and opportunity for sellers—to create a prosperous and sustainable future for our businesses, our sellers, and our communities.



Joseph N. Mariano  
Publisher & Editor-in-Chief

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

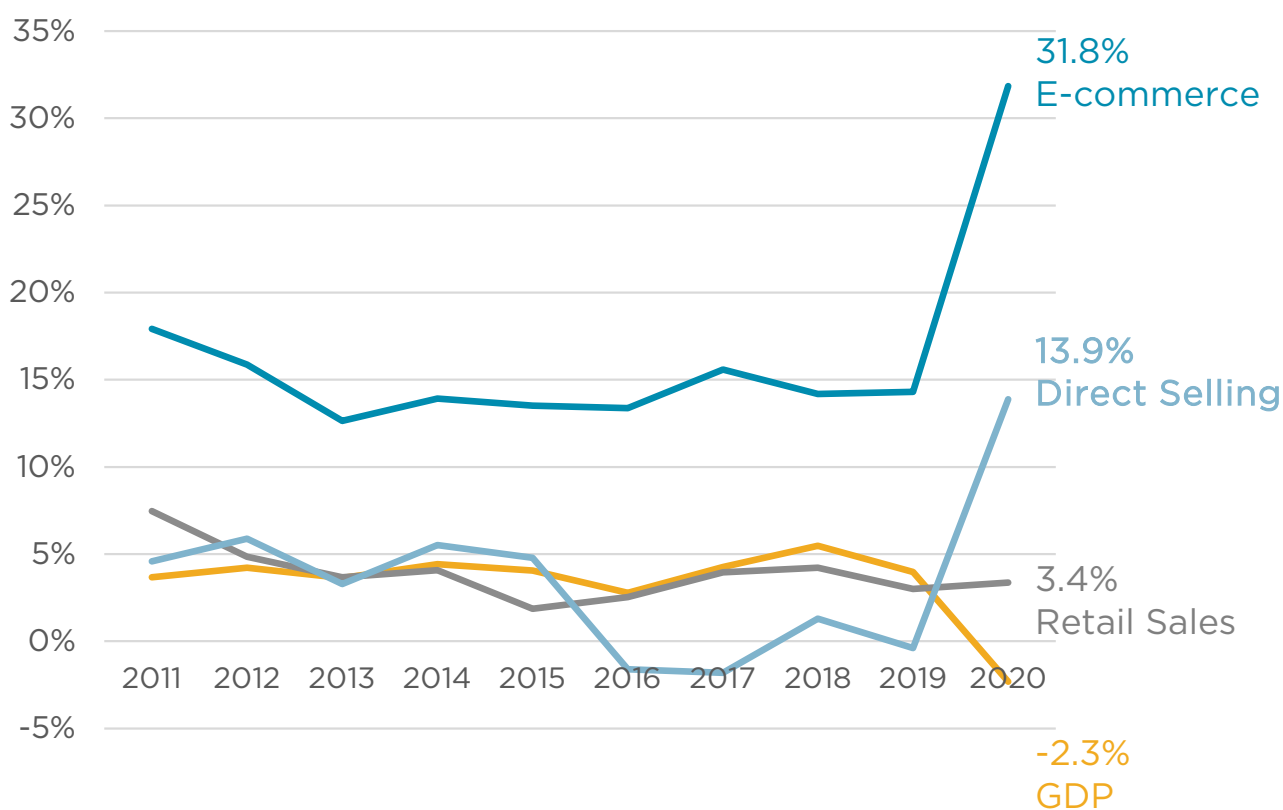


# BY THE NUMBERS

From DSA's 2021 Growth & Outlook Report

## US DIRECT SELLING PERFORMANCE OVERVIEW

Direct selling growth rate outpaced GDP and overall retail but underperformed e-commerce in the US in 2020. This indicates continued room for growth by leveraging e-commerce, mobile commerce, and social selling opportunities/trends.



27

The number of EU member states using the new IOSS scheme to simplify VAT compliance requirements. (See "What U.S. Sellers Need to Know about EU IOSS Intermediaries," p. 68.)

9.7

The percentage of nominal growth in US GDP that the Congressional Budget Office forecasts for 2021. (See "DSA 2021 Growth & Outlook Forecast," p. 36.)

94

In a new study, the percentage of sample direct sellers in both France and Slovakia that are women. (See "Direct Selling Distributor Turnover in Europe," p. 84.)

30

The percentage of year-over-year sales growth in SwissJust's largest market, Mexico, over the last eighteen months. (See "Poised for Growth," p. 52.)

43

The number of US states that have approved language clarifying the independence of independent contractors. (See "Protecting Our Businesses in a Critical Time," p. 82.)





# WHAT'S GOING ON?



## H.R. 2668: Expanding Authority under FTC 13(b) Passes US House

ON JULY 20, THE US HOUSE OF REPRESENTATIVES passed H.R. 2668, which would grant the Federal Trade Commission (FTC) authority to collect monetary penalties from companies under Section 13(b) of the FTC Act. The bill was passed largely along party lines.

No amendments offered by Republican members of the Energy and Commerce Committee—and that were consistent with language advocated for by DSA and the US Chamber of Commerce—were incorporated into the final bill.

Similar legislation now must be passed by the Senate. Language along these lines is being discussed privately by the Senate Commerce Committee, but a bill has not been introduced, and hearings have not been scheduled at this time.

The US Direct Selling Association has discussed its concerns with members of the Committee and has signed a letter with other associations advocating for a bi-partisan solution that includes FTC guardrails.



## Direct Selling Issues Could Be in Reconciliation Package

TALK AROUND WASHINGTON, DC, HAS FOCUSED ON a large reconciliation package that Congress could consider later this year. Reconciliation is a way that Congress could enact legislation with fifty-one votes instead of sixty.

DSA has heard that Senate Democrats may look to include unemployment insurance (UI) reform legislation provisions in the reconciliation bill. Earlier this year, Senator Ron Wyden (D-OR) and Michael Bennet (D-CO) unveiled a sweeping proposal to overhaul the nation's UI system that requires states to use the ABC test to determine whether a worker is considered a UI-eligible employee, among other provisions.

Additionally, DSA has information that Commerce Committee Chair Maria Cantwell (D-WA) is exploring the possibility of including legislation in the package that would grant the Federal Trade Commission (FTC) expanded authority under Section 13(b).

All legislation included in reconciliation must relate to taxes, spending, or the debt limit—the non-partisan Senate Parliamentary rules on what items meet these requirements. DSA has, and will continue to express, concerns about limiting independent contractor status and expanded FTC authority without guardrails in all legislative vehicles to Senate offices.





## Senate Committee Holds Hearing Related to PRO Act

THE SENATE HEALTH, EDUCATION, LABOR, AND PENSIONS COMMITTEE held a hearing entitled “The Right to Organize: Empowering American Workers in a 21<sup>st</sup> Century Economy.” Although it was not a formal legislative hearing on the Protecting the Right to Organize Act, or PRO Act, the provisions of the bill and independent contractor status were discussed significantly.

Democrats framed the ABC test\* implementation under the PRO Act as only limited to the National Labor Relations Act and as not being a significant impact on industries using independent contractors. On the other hand, Republicans on the Committee were defensive of the independent contractor model and its value in protecting it.

DSA sent a letter to the Committee opposing the PRO Act, as written. In addition, DSA had

worked with members of the Committee before the hearing on favorable questions regarding independent contractor status. Although none of these were raised during the hearing, Senator Tim Scott (R-SC) asked a Question for the Record after the hearing that cited his experience as a direct seller as a large part of the reason for his favorability toward independent contractor status.

Overall, the hearing did not have the intended impact to put pressure on creating a narrative that the PRO Act is good for all Americans and select Democrats and any Republican to co-sponsor. DSA remains highly engaged in this legislation and other bills that would undermine the independent contractor status of direct sellers.

\*The ABC test is used to define independent contractors. Unfortunately, it is highly rigid, unworkable, and difficult to be defined as working independently for many, if not all industries.



## Biden Administration, Private Sector Leaders Announce Ambitious Cybersecurity Initiatives

ON AUGUST 25, PRIVATE SECTOR AND EDUCATION LEADERS met with President Biden to discuss cybersecurity threats. Recent high-profile cybersecurity incidents demonstrate that public and private sector entities increasingly face sophisticated malicious cyber activity. These threats and incidents affect businesses of all sizes, small towns and cities, and middle-class families.

During the meeting, several participants announced commitments and initiatives:

- The Biden Administration announced that the National Institute of Standards and Technology (NIST) would collaborate with industry and other partners to develop a new framework to improve the security and integrity of the technology supply chain.
- Apple announced it would establish a new program to drive continuous security improvements throughout the technology supply chain.
- Google announced it would invest \$10 billion over the next five years to expand zero-trust programs, help secure the software supply chain, and enhance open-source security.
- Microsoft announced it would invest \$20 billion over the next five years to accelerate integrating cybersecurity by design and delivering advanced security solutions.
- Amazon announced it would make available to the public at no charge the security awareness training it offers its employees.
- Resilience, a cyber insurance provider, announced it would require policyholders to meet a threshold of cybersecurity best practices as a condition of receiving coverage.
- Coalition, a cyber insurance provider, announced it would make its cybersecurity risk assessment and continuous monitoring platform available for free to any organization.



# the people MAKE THE SPACE



A destination becomes the ultimate experience when people come together in a space surrounded by choice and opportunity. Being in the **heart of sunny Southern California** comes with many benefits, including the ultimate backdrop fit for fun and inspiration. All you need to bring is an adventurous disposition, and we'll take care of the rest.

The Greater Ontario region boasts scenic mountains, deserts, vineyards and metropolitan areas that are both historic and cosmopolitan in character that make it ideal for leisure and business travel. We look forward to welcoming you to the Cities of Ontario and Rancho Cucamonga, California.

## **ONTARIO CONVENTION CENTER OFFERS:**

- 225,000 sq. ft. - 70,000 sq. ft. column free exhibit space
- Over 6,000 hotel rooms - 2,500 within walking distance
- 2 miles from Ontario International Airport - 28 nonstop destinations
- Award winning Culinary team
- Excellent Guest Services

**GOcvb.org/meet**  
**800.455.5755**





# MY VOICE

Kevin Guest, USANA Health Science's CEO and Chairman of the Board—and the Direct Selling Association's Chairman of the Board—reflects on the need to protect the company culture, especially during crises, and explains why modernizing the direct selling channel is necessary to stay relevant with today's entrepreneurs and consumers.



## Kevin Guest on...

### COMPANY CULTURE

- Q:** You have said that a company's reputation comes down to culture, which you define as those actions leaders will allow to happen and those they will not tolerate. What have you done to ensure USANA's culture is clearly defined, from the corporate leaders and employees at the home office to those in the field?
- A:** I've chosen to focus on our core values as a company—health, excellence, integrity, and community. I believe our core values are the framework of our culture. Reinforcing those values helps everyone in the company—both in the home office and the field—better understand how to act and interact with each other. These core values are USANA's north star as we all navigate uncertain times.
- Q:** One of the things that worried you coming out of the pandemic was the ability to maintain the culture USANA had built. The pandemic brought changes in connectivity, which could have created a lapse in culture. What have you done to ensure that culture was not affected?
- A:** We've leveraged technology in a more profound way to make sure we are communicating and connecting with our customers and employees. As this situation played out, I knew we needed to have

as many touchpoints as possible so that we could effectively reinforce the core values that are so important for maintaining USANA's culture. We've done that in a variety of ways, including hosting virtual or socially distanced lunches with our management team and new employees, hosting dynamic online conventions with our associates, working with our markets to support local charities impacted by the pandemic, and even holding a drive-through holiday party for our home office staff. What we've seen is we can still be together, and our culture can continue to resonate, even when we're not physically in the same place.

### THE DIGITAL WORLD

- Q:** Owning your digital space is so critical in these times. One video can quickly gain traction and garner more than a million views in a matter of days. What do you consider the most important action a company can take to ensure it owns its digital space?
- A:** Focus on actively training your employees and distributors to do things the right way instead of simply trying to catch them when they do something wrong. When someone enrolls with USANA, we immediately train them on appropriate business practices, income and product claims, and the importance of compliance. And then we continue to train them regularly on these topics, so they



always understand how to conduct proper business in the digital space.

**Q:** Similarly, the success of a company ultimately rests on owning its message. How can leaders make sure their companies' core values and good works are the messages being shared and that other narratives are not driving their stories?

**A:** In the digital world, numbers matter. The number of people who interact with your stories and content is essential. At USANA, we own our digital space by creating a variety of relevant content for our distributors to share. By doing that, our distributors are becoming the messengers, not the message itself. And if they focus on sharing the messages the company has created, we know they will meet compliance standards, and we know they will represent USANA well, both online and in-person.

**Q:** You have stated that, as it relates to industry reputation, companies must be likable—that social media plays a large part in determining that likability. What key components should leaders have in their social media plans to engender that likability?

**A:** In the world of social media, authenticity is the key to being relevant and likable. And authenticity comes before sales. I think we should focus on developing genuine digital relationships with people instead of immediately trying to push products at them, which often pushes people away. People want to be part of a community with mutual interests and values. We can build those communities if we are authentic and genuine in our actions.

## WORKING WITH THE MEDIA

**Q:** Why is it important to develop relationships with the media? What are some of the opportunities in which companies can involve the media?

**A:** I believe media relationships are critical. Some companies only consider media relationships when there is a crisis and they need to take a defensive stance against it. Having those defensive plans is important, but I also believe it is important to approach the media proactively. Relevant people in the media should know who you are, they should know about your company, and they should know about the good you do. That way, if something does happen and you find yourself on the defensive, you've already built a solid relationship to stand on.

When it comes to looking for opportunities to involve the media, we need to look around and recognize how much good this industry does. So many direct selling companies support or operate charitable foundations or do some service in their communities. Look for these positive stories. If they're newsworthy, there could be an opportunity to get the media involved.

## MODERNIZING THE CHANNEL

**Q:** You have stated that, as DSA chair, your focus will be on modernizing the channel. What will be your first act related to this?

**A:** I personally believe that if this industry works together as a collective group, we will have a voice more powerful than any digital news source. I would like to focus on sharing positive core messages that reflect the good this industry does in the world. In that way, I hope we can greatly improve our relevance and search engine optimization, and that people will see positive messages whenever they look at the direct selling industry as a whole.

**Q:** Why is it important for direct selling companies to band together on this modernization initiative?

**A:** We live in a world in which people are constantly searching online for information and answers. If we band together, this industry will become more relevant. Numbers really do matter when it comes to online interaction. As an industry, we have the potential to generate millions of views and likes. Together, we also can build a community of millions of followers who share positive messages about our industry.

**Q:** The nomenclature used in direct selling has, at times, hurt the channel because it is too complex to comprehend fully. In your view, does the industry need to simplify its language? Also, what can be done to make the language of direct selling more inclusive?

**A:** Some of the acronyms and phrases we use are certainly not inclusive. I think being less inclusive does hurt our industry; we all want to associate with companies that connect with us on a personal level. As we focus more on customers and customer acquisition, we need to speak to people in a way they can relate to and understand.

## THE FUTURE

**Q:** You are a believer that times are going to get more complicated, particularly in four areas: regulatory environment, competition, the digital sphere, and international ability between borders. What are you most concerned about, and what can companies do to prepare?

**A:** It's time for all of us to be more actively engaged in the regulatory process. Laws and regulations—or how particular laws or regulations are interpreted and enforced—change. There are currently a variety of potential legal and regulatory changes that could impact our industry. Engaging in advocacy for our industry is more critical now than it ever was. In addition to advocacy, being knowledgeable about and adapting to regulatory changes that concern our industry is among the most important things we should be doing. **DSJ**





# MOVING FORWARD TOGETHER — TO BETTER —



There was understandable enthusiasm among the US direct selling community at the start of 2021. The channel had shown up on the national stage in a big way the previous year, proving the agility of its business model to quickly pivot on changing consumer preferences, restrictions in the physical marketplace, and new norms in the supply chain. In addition, it was a record-setting year for the channel.

On the economic stage, direct selling once again demonstrated its impact. The Direct Selling Association (DSA) reported that the channel generated a record-breaking \$40.1 billion in retail sales in 2020, a 13.9 percent increase over 2019.

On the labor front, companies helped millions of Americans who experienced job loss or minimized income through business closures find new opportunities to supplement their income. In 2020, the number of direct sellers increased 13.2 percent over 2019 to 7.7 million.

As for products, many of the offerings from direct selling companies became must-haves for mainstream consumers. Sales of health products, supplements, and weight and fitness programs increased substantially. During lockdowns, companies offering lifestyle choices—such as cooking at home or reading with their children—achieved their best results in years. In all, direct selling customers increased 12.7 percent over 2019, to 41.6 million—about five million new customers in 2020 alone.

As direct selling heads into 2022, leaders looking to build upon the growth mindset that unleashed such transformational outcomes in 2020 and the first half of 2021 will need to focus on the following areas if they hope to keep their momentum going.

### Customer Trends

A focus on customer-centricity will continue to be key in 2022 as changes in the marketplace and consumer preferences continue to evolve. Companies that remain primarily focused on customer acquisition rather than customer loyalty and retention will see the bottom line affected.

- Are you offering preferred customer or loyalty programs?
- Are you implementing salesforce segmentation to identify and better serve customers?
- What retention programs do you have to support the lifetime value of customers?
- Are you looking to leading retailers inside and outside direct selling for preferred/loyalty customer program ideas?

- Are you strengthening your e-commerce capabilities so that you're not left behind with increasing consumer expectations?
- What value-adds are you providing to strengthen the distributor relationship?

### Retail Trends

What is the future of retail and what are the implications for direct selling? New data and insights into consumer trends and changing consumer behavior will help companies navigate rapidly evolving retail environments.

- How are your product categories faring in relation to traditional sales channels?
- Are you experiencing a reversal of pandemic shopping trends as the economy continues to reopen and people are going out more?
- What are the biggest opportunities/retail sectors for growth post-pandemic?







- How do we compete when brick-and-mortar continues to reopen, the unemployment/underemployment rate continues to decline, and overall retail and labor competition intensifies?

### Supply Chain Trends

Supply chain is the backbone that supports most direct sales businesses today. With continued changes in consumer demands and global disruptions, supply chains worldwide have been put to the test. Those that can adapt to change faster will create a sustainable competitive advantage for their direct selling organizations.

- How significant are your company's supply chain issues?
- How are they affecting your business?
- How is US transportation being affected? Overseas transportation?
- When do you think your supply chain issues will be resolved?
- What are you doing to overcome supply chain challenges, especially during the upcoming holiday season?

### Labor Trends

New reports show millions of Americans prefer to quit the workforce rather than give up working from home. This can be partially explained by labor supply constraints related to the pandemic, including workers' health concerns and increased unemployment benefits. What do Americans want out of entrepreneurship and how can direct selling best compete within a

tightening labor market and against growing gig economy alternatives?

- How do we continue to make direct selling the best opportunity to be an entrepreneur?
- How does direct selling compare to the gig economy, and how does it continue to compete?
- How do you ensure your messaging stays on trend to better compete with the gig economy?
- How do companies keep relevant with Gen Z?
- What are you doing to recruit and retain salesforce members?

### Brand Trends

In today's digital marketplace, brand equity is impossible to defend without a retail strategy. A fixed retail price is among the most important factors of direct selling opportunities. If the salesforce doesn't control the best wholesale price, their potential is compromised.

- What is your company doing to protect the field's wholesale opportunity?
- How does your company reinforce a high-water retail mark?
- Does your company allow or prohibit undersellers on Amazon, eBay, and elsewhere?
- How do company and industry brands evolve for mainstream consumption?
- How does direct selling simplify the business model for representatives and consumers?

### Technology Trends

New technologies propelled the channel forward substantially over the last two years.

- How can companies use data to serve and protect the end-customers in a new regulatory environment?
- How does your company achieve the balance of the benefits of a broader reach through virtual with the personal touch of in-person?
- What will be the ideal balance between in-person and digital?
- What new payment methods are you exploring to meet the needs of a younger salesforce?

### Social Media Trends

The way we communicate will continue to evolve and social media will be at the forefront of it all.



It is the most critical channel for direct selling companies and their consultants. How can companies best utilize the various platforms to market, recruit, sell, and build community? How do they stay current with the many changes put in place by the social media companies, such as Facebook's change in how its platform and family of apps are used for business. How will that impact how direct sellers do business?

- What new social media efforts do you plan for 2022?
- How can the field best tell the story of your brand?
- What will be the company's role in consultant personal branding?
- What will the company do to rethink the way it sells and grows the brand?
- What formats will the company allow their salesforces to personalize?
- How will your company approach social commerce?
- Is live streaming a major component of your upcoming social media plans?
- What will you do to ensure consultants follow social media protocols?

### Party Plan Trends

Party plan companies were greatly impacted by restrictions brought about by the pandemic. What is in store for the coming year?

- What's working well now in the party plan space?
- Were there any pivots in the last year that worked out well and will likely continue to work out well in response to coronavirus challenges?
- What will parties look like in the future?
- Will in-person parties be replaced with virtual ones in the long-term?
- Do you see pent-up demand for in-person connection?

### Safeguarding Your Business

Joseph Mariano, President and CEO of the Direct Selling Association (DSA), believes there are five specific actions that direct selling companies can take that will not only help with the growth and sustainability of the channel, but will also increase confidence in it by the public, lessen regulatory skepticism and misunderstanding, and enable direct sellers to grow market share and compete effectively with online sales and gig opportunities. They are:

- 1) Focus on Product Sales** – This seems like common sense for an industry that calls itself “direct selling,” but the reality is that we have always balanced offering our opportunity with product sales. Many observers believe we have shifted too much toward recruitment and building sales organizations in recent years. Whether or not that is true, it *is* true that the key to growth and sustainability is ensuring that our products can compete effectively in the marketplace and that our primary focus is getting products into the homes of ultimate users. Demonstration of and commitment to that focus will better the understanding of the model by the press, investors, and skeptical regulators. A corresponding element of this approach is an implicit lessening—not abandonment—of overt recruitment in our marketing and sales approaches.
- 2) Focus on the End Customer** – As the retail economy has transformed, it has become clear that businesses, including direct selling companies, must have a better understanding of and fuller relationship with their ultimate consumers. Many direct selling organizations have begun the tricky transition of developing that relationship without doing any disservice to the core of our model: the independent seller.







The most successful direct selling companies have proven time and again that realistic product and income claims are the keys to customer and salesperson confidence, as well as to business success.

**3) Simplify Direct Selling Nomenclature** – At a DSA retreat of industry communications executives last year, there was an absolute consensus that the language of direct selling could be arcane, confusing, and even deceptive, albeit unintentionally. The nomenclature of direct selling—a by-product of years of history as a unique business niche—was, these experts agreed, a significant contributor to the myths and misunderstandings surrounding direct selling. In turn, these myths and misunderstandings have made it more challenging to attract people to our channel as customers and sellers, discouraged investors and other financial partners, and caused regulators to believe our language is likely, if not intended, to deceive. The solution seems straightforward: avoid the confusing language and simplify our terms so every audience can more easily understand them.

**4) Simplify Our Compensation Plans** – Similarly, direct selling compensation plans can be

complex and difficult. Like the language that describes them, these plans can be daunting. While designed to be competitive with other plans and encourage the desired behavior, they can also be discouraging and create hurdles to the potential or new individual seller. (Even industry veteran executives have acknowledged to me that they can become confused by the compensation and incentive plans of some companies.) It is little wonder then that such plans are ultimately counterproductive in attracting members of the broader public, even while they may offer short-term appeal to more experienced and savvy salesforce members. Like the language used to describe them, complex compensation plans have also had the effect of inviting regulatory scrutiny and calls for increased regulation to protect potential recruits. Plan simplification will eliminate these concerns.


**5) Give Scrupulous Attention to Income and Product Claims** – The most successful direct selling companies have proven time and again that realistic product and income claims are the keys to customer and salesperson confidence, as well as to business success. Similarly, inaccurate claims have been the key element of legal actions against direct sellers and others. Direct sellers must be scrupulous about ensuring that both companies' and individual sellers' claims are accurate and not misleading. Recent government actions, industry and Association guidance, social media comments, and press and media coverage make clear that inaccurate and misleading claims will be dealt with harshly. These are existential issues for direct sellers.

#### **Develop a Focused Growth Mindset**

Dan Chard, President and CEO of Medifast, says that aligning direct selling organizations is an essential component to delivering long-term sustainable growth. When expansion seems to offer so much opportunity, he says focusing on the core of what you do best is more important than ever.

"Regardless of sector or challenge, there is more that unites rather than separates us all," Chard states. "Growth is a key element to the success of every business, and there is pressure from investors, media, and other stakeholders to continue to expand. For growth to be sustainable, however, it's vital that all businesses maintain focus."

Chard says there's a consistent temptation to expand away from what made companies successful in the first place. Leaders have to understand what it is that the channel does better than anyone else, and find ways to do that better, faster, and more efficiently.

"Diversification has its place, there's no doubt," he says, "but lose sight of your core and you risk creating more problems than solutions." 



thank  
you



A SPECIAL THANK-YOU  
to all our sponsors for their generous  
support of DSA ENGAGE 2021.





F I L L I N G   T H E  
G A P S

*in the* GLOBAL NARRATIVE









Joseph Mariano, President and CEO of the US Direct Selling Association (DSA), will be the first person to tell you that the people in the direct selling channel are good people. However, he will also tell you that it's hard to communicate that fact when there is "misinformation, misrepresentation, and certainly misunderstanding of the direct selling channel and what we are."

All too often, the story of direct selling and its people depends on who is driving the narrative. Critics of the industry are crafting their narrative and distributing it across social media platforms, even organizing into online groups to lend greater credence by way of their collective voice.

Direct selling leaders know they must do a better job of telling their stories and dispelling the myths that exist about the channel. How do they do it? They can begin by creating greater awareness about their brands among mainstream consumers, ensuring their cultures align with and reflect company values, and working together to protect the channel from unwarranted attacks.

### Greater Brand Awareness

It's said that reality has its limits, but imagination is boundless. Imagination can take you anywhere. But if you're talking about it in the context of a company's reputation, imagination can have a debilitating and lasting effect. In the absence of knowledge, people will fill in the gaps. Especially those critical of your business. Therefore, awareness is key. For direct sellers, that means awareness of the brand and the people standing behind it.

Cindy Droog, Vice President of Global Strategic Communications at Amway, says some business leaders don't realize that brand building and brand awareness are tied to a company's reputation. She says that underrepresentation of the brand and the lack of investment in reputation management studies can have a negative, and sometimes costly, effect.

"Put simply, if people don't know you, what evidence do they have that they should trust you?" says Droog. "In general, trust in our business institutions was taking a big hit, year after year, until the pandemic came along and it became evident that we play an important part in the country's ecosystem—in its economic recovery, in saving the environment, and in raising up people through meaningful work."

Making the investment in brand awareness is somewhat new for Amway. When the company started in 1959, founders Rich DeVos and Jay Van Andel put their money into the field instead of into traditional consumer advertising. But current executives realized that even though the company is the largest direct selling organization in the world, they must invest in building that awareness.

Of course, Amway is an \$8.5 billion company and has the money to do so. Is it financially feasible—and even necessary—for smaller companies to invest in awareness campaigns and reputation studies? Droog believes it is. A large investment might be unrealistic, but smaller companies can start small—one city or one region where there is a large concentration of sales representatives is a good starting point because it's likely they'll carry the message farther and faster than the company can.

"You can even start by asking the field a simple question: What barriers do you have in getting customers to buy or people to listen about the business opportunity?" Droog says. "Use their answers as an early warning system to know how people see you. Put teams in place to resolve each pain point. The costliest effect of not knowing what's impacting your reputation is losing people's trust in what is a people business."

A significant aspect of brand awareness lies in the recognition that branding is not just a "marketing thing" because it is not. It's a cultural mindset. Everyone in the organization—from the C-suite to employees to the field—is charged with presenting the company values aligned with the brand. As Mark Stastny, Chief Marketing Officer at Scentsy, points out, branding has to do with every touchpoint that the world outside has with your company.

"We have to trust and rely on the efforts of, in our case, 300,000-plus distributors who are representing our brand on a daily basis," he says. "So that's why we spend so much time focusing on brand and culture alignment."

That focus eventually led to the company's relationship with Disney, one of the most recognizable and loved brands in the world. In Stastny's early days with the Scentsy, executives talked about the pinnacle of licensing from a brand perspective: a product licensing relationship with Disney. Today, Scentsy partners with Disney on limited collections that feature beloved characters like Belle and Cinderella as well as Marvel characters Black Panther and Groot.

"We had studied Disney quite a bit," Stastny says. "We knew their demographic, and even understood that the psychographic of their customer base aligned extremely well with who we were, and who we aspired to be. And there were other aspects of the brand and of the cultures between the companies that we felt was a good fit."

### Company Culture

The gap between what people say about a direct selling organization and what is felt in the hearts of employees and consultants can be wide. That's why company culture plays such an important role in managing the reputation of a company. The culture sets the tone that resonates inside the headquarters and out to the field—and beyond the walls into



the public. If it is not aligned—that is, if not everyone acts in accordance with company values—it can breed negativity, yield distrust and suspicion, and provide fodder to critics. It's critical that the C-suite and other leaders buy into the culture because what people see, people follow.

"We have a culture of compliance at Isagenix," says Justin Powell, Chief Legal Officer & General Counsel, Isagenix. "Our leaders, both corporate and in the field, want to be compliant because we all want the company to succeed over the long term."

**"With the advent of the internet, but particularly with the growth of social media, companies from all industries must understand that they cannot, and do not unilaterally, control or even own their brand."**

**—Mark Stastny, Chief Marketing Officer, Scentsy**

One example of the way the industry has shifted is how it handles income claims and new product claims. The industry itself has done a good job of becoming more conservative and more transparent and more authentic. That is good for consumers. It resonates better with consumers, and it keeps Isagenix safer from a regulatory standpoint.

None of that would happen, Powell says, if it was just the legal team saying the company had to change or had to be more conservative or more transparent. "It has to come from the top down," says Powell. "When people see the leadership behaving in an appropriate way, they buy in and do the same."

Powell, who oversees nine departments all related to protecting the company's reputation in some way—legal, compliance, regulatory, government relations, public relations, human resources, facilities, security, and the ISA Foundation—says everything the company does reflects back to compliance. "We are even seeing more of a push from the top leaders that want to get away from income claims altogether because they bring on more risks, more costs than benefit," he says. "I think you'll see over time claims becoming less frequent and less extravagant across the entire industry."

Creating a culture that strengthens the company brand is all about preferences, says Jason Groves, Executive Vice President, General Counsel, and Corporate Secretary for Medifast, the global company behind one of the fastest-growing health and wellness communities, OPTAVIA. The direct selling model offers many different variations of how to do business. Medifast's model provides very little negative space for its people to play in and operates

in a way that avoids the biggest tension places that regulators tend to hack. Its model looks different from other direct selling companies because it did not start in the direct selling channel. It evolved from a multi-channel approach, beginning in doctors' offices and then moving on to franchises and weight loss centers before finally landing in direct selling.

"We've looked at many business models, inside and outside the industry," Groves says. "We built a platform and name—built a reputation—and then worked on modifying and creating a model. We eliminated all the other models, and we are now OPTAVIA. That is the benefit of all the other models we have tried. Direct sellers should love us because we have established that the direct selling model is fantastic. We tried other models and we ended up here."

While Medifast's journey shows that the direct selling model works, Groves acknowledges there is room for improvement, and that includes addressing the issues that detractors hang their criticism on. He believes all direct selling companies have a duty and obligation to help protect the channel but does acknowledge there is an inherent challenge with that.

"My colleagues whose businesses started years ago, well before mine, have a model for which the government is constantly modifying its concerns," explains Groves. "They must keep up with the concerns, and continually adapt the model, or continue to run their model and avoid the concerns. We had the benefit of entering the direct selling industry later and was therefore able to build a culture that eliminates weaknesses and emphasizes the effective aspects of the direct selling model."

Government modifications and regulatory oversight are not the only challenges related to building brand reputation. In this age of technology and social media, companies are learning they cannot control, or own, their brands as they might once have done. Therefore, it is even more critical that the company culture is equally understood and felt and experienced by consultants—and, as importantly, that their goals align with those of the company.

"With the advent of the internet, but particularly with the growth of social media, companies from all industries must understand that they cannot, and do not unilaterally, control or even own their brand," says Stastny. "Regardless of what your marketing messages are, if they do not align with what people are experiencing or saying about your brand online and in conversations with their friends, a company in today's world will not be able to yell loud enough through traditional communications channels to reshape the sentiment of what the company wants it to be."

At Scentsy, Stastny describes this as the "democratization of the brand." The company co-owns the brand alongside its consultants, their customers, and



Scentsy employees. They look at the brand as more of shared asset of the “brand community” in which they are all participating. However this approach can be unsettling for marketing or C-suite executives who are used to a traditional “command and control” type of marketing or messaging.

“The only way this can work is through alignment on things like mission, values, culture, and brand attributes,” says Stastny. “The community attracts the right people who can advocate for the brand, and when members misrepresent the brand, the community—not just the company—helps correct and bring the behavior back into alignment.”

Stastny notes that when you can get hundreds of thousands of consultants and customers aligned on amplifying a message or advocating for the brand, it can be a very powerful thing. If companies can teach the field how to tell their stories appropriately and authentically, the narrative needle would swing over the positive side for direct selling.

“This industry has powerful stories about real people who have found a connection to direct selling and are using it in ways to benefit their lives,” Stastny says. “These stories have nothing to do with extravagant lifestyles or wealth; they are stories about supplemental income, a love of the product, connection to a community, and improved self-confidence by doing something they didn’t think they could do. These are the stories that need to be told.”

What are best practices for consultants to do a better job of advocating for the company and the industry? Sheryl Adkins-Green, Chief Marketing Officer, Mary Kay Inc, says integrity is a fundamental expectation and requirement of any and all businesses. It is critical, therefore, that companies consistently reinforce that there is a shared responsibility to conduct business ethically and with integrity.

“My advice is to stick to the facts that most accurately represent the products and services—and to truthfully represent the time and effort that they invest in their business,” she says. “Reputations are built on trust and truth, not promises.”

### Foundational Complaints

Negativity or criticism is frequently born in the gap between what is known about a company and what is not. For direct selling, the foundational complaints against companies have not substantially changed over the years. One complaint is that companies push products that are extremely overpriced for their value through a channel that is really interested in selling an opportunity to join their team—that the product sale serves as a façade to hide what is really being “sold”—an opportunity that will not live up to the promises made.

The other major complaint against direct selling companies is that they have complicated compensation

and reward structures, presented in intentionally confusing language, to take advantage of people and get them to join.

For individual direct sellers, complaints are typically against rogue consultants who sway from established company rules. Complaints include:

- **Earnings/Lifestyle Claims:** Direct selling opportunities are often “sold” or “pitched” to prospects in ways that do not accurately reflect the actual experience, both in terms of the level of income that can be obtained or the lifestyle that can be experienced.
- **Product Claims:** Direct sellers make claims about their products that do not accurately represent what the product can do. Health, curative, or weight loss properties are examples.
- **Prospecting:** Direct sellers are aggressive when reaching out to family, friends, and social circles. This dynamic has intensified as social media channels have matured.

Are these issues that direct selling is actively working to change? According to Stastny, the answer is yes. “Earnings claims, lifestyle claims, and product claims have been a strong point of emphasis by DSA to its member companies for some time,” Stastny says. “Simplifying compensation structures and the language used to describe them have been more recent areas of focus and emphasis.”

DSA has implemented its own Code of Ethics and processes for industry self-regulation among companies that belong to the Association. Stastny notes that DSA has also worked with Better Business Bureau (BBB) National Programs in the United States to form the Direct Selling Self-Regulatory Council (DSSRC). “Consumers can register income, earnings, or product claims complaints against direct sellers or the companies they represent whether those companies are members of the DSA or not,” Stastny notes.

While the complaints against the industry have not changed, what has is the dynamic platform that now allows critics to organize and share the negativity—and this is, of course, social media. For direct selling companies, social media attacks can be challenging. Stastny says that defending against them will look different depending on what the nature and scope of the attack is and on which social media channel (or channels) it is occurring.

“Sometimes limiting, or turning off, comments is appropriate and necessary,” Stastny says, “while, in other instances, it is probably not a good idea. Sometimes deleting a post is necessary, although most of the time doing so will send the wrong message. Companies need to clearly think through their response plans in advance and know what their approach will be well before they are called upon to use them.”



Stastny stresses that a company in the middle of an attack or crisis should never develop its strategy in real time. A plan will minimize overreacting or reacting on emotion, which sometimes can be worse than not responding at all.

And what about not responding at all? Is it a good defense against social media attacks—to dam up the floodwaters and hope it all subsides? For Powell, it depends on the source and the credibility of what is being said. Sometimes responding to critics can backfire, creating more problems. You don't want to add fuel to a fire where the fire is really not all that powerful.

"If the criticism is valid, then behaviors need to change and or corrections need to be made and communicated that they have been corrected," he says. "As for the model generally, we all have a responsibility to handle the criticism, and to collaborate with DSA, DSSRC, and the Direct Selling Education Foundation (DSEF) to help the industry improve."

What does a company do when it finds a consultant or representative is not following company protocol and instead adding fuel to the fire? Building and maintaining a great reputation takes time and effort,

and one stance of rogue behavior can have quick and harmful effects. Most leaders agree that when social media rules are violated, swift and strict action by the company is necessary. But the best action a company can take is preemptory, teaching its sales-force what can and cannot be said across social media platforms.

"Mary Kay Inc. consistently provides education regarding how Mary Kay products and the Mary Kay business opportunity should be represented accurately," says Adkins-Green. "We also provide ready-to-use content and copy that can save our Independent Beauty Consultants time, along with easy-to-follow guidelines for those who choose to create content related to their Mary Kay business."

### **Building Reputational Capital**

The biggest gap of all for the direct selling channel could possibly be between what is known and what is done. There is an awareness of inconsistencies delivered in the direct selling narrative. Those instances of misinformation, misrepresentation, and misunderstanding have hurt the channel and mobilized global efforts to turn back the tide of negativity. Only a collective effort on the part of all who partake in the direct selling business model can change what is being written.





Groves believes direct selling companies can work together to ensure the industry is presented in a positive way. “We are all tied together as an industry,” he says. “We are linked, so when one has a problem, other direct selling companies suffer for it. That’s a key distinction.”

Not all industries have that type of relatedness. For instance, if AT&T did something that affected consumers in a negative way, it would not necessarily affect Verizon or Sprint. The obligation Groves speaks of is for direct selling companies to operate the business correctly, ethically, and morally. The duty is to help find ways to turn the negative to positive.

“The direct selling industry is often seen as negative, and it starts with a negative presumption, which is, unfortunately, even worse,” says Groves. “There is a presumption of a problem. We have to rebut that presumption.”

However, there is a challenge to that. Many direct selling companies do not abide by a code of ethics, and that makes it substantially harder to present a positive image of the entire industry. What it does, however, is bring into clearer focus the bad actors.

“People are going to do unethical things; they are going to find a way to get around the rules,” Groves says. “Every time we come up with a new law, people are still trying to break the law. But because there isn’t this forced system, you can see the bad actors more easily because they do not have the pretense.”

When those bad actors make headlines that cause the channel to bear the brunt of criticism, ethical companies are forced into a reputation balancing act, defending their companies during full-out industry attacks.

For Stastny, managing that reputation balance may sound oversimplistic. Scentsy has developed its mission and values, and the products and opportunities that flow from them, in ways they genuinely feel will add value to their consultants, customers, and the direct selling industry.

“We focus on amplifying those messages in many ways and through many channels,” Stastny says. “We recognize that we are members of a broader industry community and that our actions, behaviors, and choices represent not only Scentsy, but the industry. If we shine a positive light on the industry, striking a balance between ‘Scentsy reputation’ and ‘industry reputation’ is not difficult because they are aligned and complementary.”

Yet, Stastny believes it is healthy for companies to realize that some of the negative sentiment about the channel is there for a reason—that it is at least somewhat deserved. Doing so will help avoid a

victim mindset and put a company in a frame of mind where they are looking to improve things they can influence or control.

“I’d encourage companies to work directly and openly with field organizations to help them understand *why* things like inflated lifestyle or earnings claims and product claims can be damaging to them, to the company, and to the industry,” Stastny says. “Teach them proper social etiquette in all the selling motions, but particularly in online communities and within the social media sphere. And lastly, look for and capitalize on ways to get positive stories about the industry out there to counter the negative stories and sentiments that exists.”

Mary Kay Ash founded her beauty company nearly sixty years ago with three goals: develop rewarding opportunities for women, offer irresistible products, and make the world a better place. The company’s messaging strategies are aligned to support those three goals.

“When direct selling companies highlight the positive difference that their organization is making in local communities and beyond, these messages collectively and credibly illustrate the merits of the channel,” say Adkins-Green, who believes the best approach to modernizing the image of direct selling is to focus on the quality of the products, service, and advice that a representative can provide. “Direct selling is about people connecting and establishing trusted relationships,” she says.

Droog believes there are a few things companies can do to advance and protect their own reputations while doing the same for the industry. The first is to focus on teaching the field to align to overall company messaging, which, in Amway’s case, is fed by research and evidence from the company’s own data as well as industry data.

“Many times, negativity comes from a direct experience a critic has had with just one sales representative,” says Droog. “That representative may have been too aggressive or stretched the truth about speed-to-income, or not listened to the prospective customer about their true need and instead jumped into selling what they know best. Putting the focus on company messaging will minimize such incidents.”

It’s critical to remember, Droog says, that every action a company takes adds up, either improving or harming the business reputation. Amway takes great care to teach its representatives how to answer tough questions, including the industry criticisms they often hear. When the responses are clear, concise, and, most importantly, consistent, those who are open to listening, will.

“Small acts of transparency, truth, understandable language, and simplification will add up to improve the industry’s overall reputation,” she says. [DSJ](#)



# Keep on top

of what's happening in advertising and marketing law

Get insights into critical issues and the actionable analysis you need with subscriptions to:

## AD-ttorneys@law newsletter

Subscribe via email to: [BakerHostetler@bakerlaw.com](mailto:BakerHostetler@bakerlaw.com)  
(Subject line: Add me to AD-ttorneys@law newsletter)

## AD-ttorneys Law Blog

Subscribe online at: [www.AddttorneysLawBlog.com](http://www.AddttorneysLawBlog.com)



BakerHostetler





# *the* IMPACT *of* WOMEN LEADERS

**N**ovember 22, 2021, will mark the twentieth anniversary of the passing of Mary Kay Ash. It's impossible not to think of her when considering women leaders who have made lasting impacts in direct selling. Mary Kay, over the course of her nearly forty years in the industry, helped millions of women become business owners; but perhaps her greatest influence came in her mentoring of women to become strong leaders.

There were not many women in key corporate positions back when Mary Kay started her business in 1963. But in the direct selling channel today, you can find inspirational women founders and C-suite executives who have successfully led many of the channel's top companies over the two decades since Mary Kay passed, including several executives at the company she founded, now known as Mary Kay Inc.

"We have always believed in the incredible impact of women in leadership positions, and over the last

sixty years, we have seen great success," says David Holl, Chairman and CEO of Mary Kay Inc. "Our best female leaders, whether at corporate or Mary Kay's independent salesforce, demonstrate a high degree of adaptability and emotional intelligence, resulting in dynamic teams and highly engaged employees and salesforces."

Indeed, Mary Kay Inc. has the numbers to show support of women leaders: 59 percent of directors and above are female, 54 percent of global vice presidents and above are female, and over 50 percent of Mary Kay's global executive team is female.

Since women leadership has been at the forefront during recent discussions on myriad subjects, DSA asked five of direct selling's women leaders to share their thoughts on what it takes to lead, the barriers to success they have experienced, and what they hope for the future of the industry.





(MS)

Melissa Shoop  
CEO & President, Java Momma



(CM)

Cindy Monroe  
Founder, Thirty-One Gifts



(JRK)

Joni Rogers-Kante  
Founder & CEO, SeneGence  
International



(CC)

Carrie Charlick  
CEO, Essential Bodywear



(NB)

Nancy Bogart  
Founder & CEO, Jordan Essentials

## ON WOMEN LEADERS

**Question:** How important is it to have women leaders in the direct selling industry, which has traditionally been led by men?

**MS:** Women are able to bring a new outlook and fresh solutions to problems. We have a balance of empathy, finesse, and business acumen that can't be matched. I would say 95 percent of the customers in direct sales are women. It's a benefit to those customers and those in the field to have a like-minded leader. Women in leadership can close the gender pay gap.

**CM:** Our industry is built on relationships, and I believe that women are amazing at building relationships. Women are strong leaders, and the industry thrives because of the many who have joined our industry. Women are often the ones who are using products that we sell and their testimonies and passion for the product is what makes our word-of-mouth marketing strategy so powerful.

**JRK:** It is important to have women leaders within direct sales because of the many hats that women wear (wife, mother, sister, daughter, teacher, caregiver, income earner). They understand the needs of working women—the need for careers that offer flexibility and the need to match their family's schedules. They also understand, better than men, the core values, attributes, and even activities that drive women—and why and how most women enjoy engaging in certain tasks. This is what drew me personally to direct sales. I was a single mother of a toddler and needed an opportunity to create income to support myself and my son while still being present for him. Having already fallen in “love” with the freedom offered through a career within direct selling, it was a perfect solution. As with other industries, women must keep their fingers on the pulse of their chosen industry now and for the future. Women leaders will help protect the ability for other women to meet the demands of their selected profession, from earning an income to support their families to maintaining a work and family balance.

**CC:** When I came to my first DSA annual conference, it was a sea of men in suits and very few women. We had our first women's DSA conference dinner in Dallas, Texas, back around 2012 and my friend, Tom Sesti, went to the men's dinner that was in a ballroom. We were in a small conference room with maybe fifteen women. I think when women become leaders, they can bring skills, different perspectives, and structural and cultural differences that ultimately drive effective solutions to the companies occupied by men. With different perspectives and a sense of awareness, women can investigate the finer details to see what is really going on underneath.



“Women leaders seem to be willing to take a deeper dive into problem-solving to uncover the root of an issue, helping to find more effective solutions to people problems that eventually affect business outcomes.”

—Joni Rogers-Kante, Founder & CEO, SeneGence

**Question:** When comparing male and female leaders, the discussion usually circles back to the head vs. heart comparison. Does it really go back to that, or do you believe women bring other unique skills to leadership roles?

**MS:** Women have a level of confidence that is unmatched. Communication is higher when a female is in a leadership role.

**CM:** Women are often using the products they sell and that translates to being the best at selling or marketing the product. I believe women not only use their heart to lead and connect in relationships, but they are often experts on the unique qualities of a product, and the unique opportunities of joining a company. Other traits women bring to our industry include persistence, permission to dream, hard work, and the desire to train/mentor others.

**JRK:** I think the concept of head vs. heart is somewhat misunderstood—the idea of thinking or making a decision based upon intellect and fact versus feeling and instinct. Many women are smart, resourceful, and pragmatic, just like many great male leaders. However, it does seem that women are able to multitask in a way that most men have not been able to do as well. As far as heart vs. head, women also seem to have more of an ability to balance and meet the needs of all the people demonstrating empathy and understanding when it comes to helping others find balance in their business and daily lives, seemingly because of the very fact they are great at multitasking.

**CC:** I have a male business partner and I don't see heart vs. head. I think sometimes he has more heartfelt decisions than I do. I can be very black and white.

## ON LEADERSHIP STYLES

**Question:** What is the most important attribute a leader needs?

**MS:** Leaders need abundance mentalities. Just because an employee makes \$15 an hour doesn't mean they won't have good input on something they have been working

around. Everyone has a voice, and those ideas can be the best because they are further removed from the daily grind of corporate leadership. Passion and ingenuity can come from anywhere.

**CM:** Leaders need many skills. If I had to pick one, it would be the ability to gain trust and respect from your team.

**JRK:** Integrity, in every way, in all that you do.

**CC:** A good leader needs integrity, accountability, empathy, humility, resilience, vision, influence, and positivity. “Management is about persuading people to do things they do not want to do, while leadership is about inspiring people to do things they never thought they could.”

**Question:** How do women's and men's leadership styles differ? What do you see as the greatest differences between them? How can those different styles complement each other to the benefit of the company and its salesforce?

**MS:** Generally speaking, women lean toward servant leadership and abundance mindsets. Men lead with a stronger, more definitive hand. In a complementary way, these are positive because a female leader may seek out multiple answers to a problem where a male leader would go with his gut right away.

**CM:** I'm not sure I see a lot of difference in leadership between men and women, but I think the sales field will often respond differently based on gender. I think a predominantly female-based salesforce will trust a female leader, yet they may feel more secure or confident in the company's business strategies with a male leader. I think that having both men and women on the executive team and in front of the salesforce is critical.

**JRK:** Women leaders seem to be willing to take a deeper dive into problem-solving to uncover the root of an issue, helping to find more effective solutions to people problems that eventually affect business outcomes. Women seem to have more of an ability to collaborate with others, and they are open to learning, adapting, growing, and embracing the challenges that will eventually lead to success. In my estimation, women multitask, balance, and find ways to leverage resources, materials, and people, combining what they have in hand with the talents of those in hand, aiming for the best results possible. It's been my observation that men usually tend to focus on the end result or function of an end goal or process, and don't always take the time to consider or adapt and mold for others' needs to reach the best



outcome. Because of this, it seems the journey, in many cases, reduces the enjoyment and even the possible learning that may be had along the way, which creates a more centrist, linear workspace. When you blend the two styles together, taking the best approach to create or find solutions to any situation, you have the best of both styles. My husband and I have done this since our first year together and still use this approach at virtually everything we set out to accomplish together.

- CC:** Men typically want to provide direction, tools, and training for the field while women encourage the field to dig deep and find their why and then motivate them with their why. I think together, having men and women lead the field is a win for the field and the company. I also have felt in the past that the field responds better to men. I could say “the sky is blue” and get blank stares from the field. We had Alan Luce come to our leadership training. He said, “the sky is blue” and they thought it was the best training ever. My partner Marcia and I looked at each other and scratched our heads.

## ON BARRIERS TO SUCCESS

**Question:** What has been the most significant barrier you have encountered in reaching an executive level? If you are a founder, did you find barriers to being accepted in the industry or did you feel welcomed from the start?

- NB:** When we began in 2000, many vendors would not speak to me. Banks would not give me the time of day. My husband Ron joined full-time within the year, and it irritated me that they felt he was the “man with the answers.” Fast-forward. I do feel we have made huge strides and I am now more accepted as a woman business owner. I purchased our building with my own personal LLC and built a reputation. Ron does not work at Jordan Essentials any longer other than a Board position. If you ask him about the company, he will say proudly, “Ask Nancy. She’s in charge.”
- MS:** I have been my most significant barrier. I struggle with imposter syndrome, even after four years of sitting in the CEO position. Hitting over \$1 million in sales in 2020 didn’t even help me. It wasn’t until a DSA Zoom training earlier this year that I started to really accept my place in this industry.
- CM:** Inexperience was my most significant barrier. While I would hire amazing executives, it was always a challenge to lead, hire, and fire at the right times. There were a few executives that struggled working for someone young, female, and less experienced. Once executives were able to experience the field response—the trust and respect of me as the founder—it helped our

home office team see the value of the founder role in a direct selling company.

“Men typically want to provide direction, tools, and training for the field while women encourage the field to dig deep and find their why and then motivate them with their why.”

—Cindy Monroe, Founder,  
Thirty-One Gifts

- JRK:** As a founder, the one thing I did right was to always reserve the ability to have the final say in major decisions with counsel from my trusted team. We never accepted financing or took on partners. This allowed me to follow my instincts and craft my company and culture to represent all the best parts of direct selling. That took some maneuvering! In the beginning, when I traveled to attend top-level industry meetings, it was very difficult to gather the real intel I needed to make proper decisions. I kid you not—one time I was one of three women in a room of fifty attendees! If I approached a group of men, simply trying to fit in and listen, the conversation often abruptly ended, and the discomfort abounded. Eventually I asked my husband to start attending meetings and events on my behalf or at least along with me. He became the business voice of our dealings. Somehow, he didn’t seem to have the same problem as I did. Twenty-two years later, I can honestly say I feel at home and grateful to other leaders and members of the DSA staff who have been so generous to me in sharing their knowledge. It has indeed taken a village to help us get here. A little maneuvering here, adjusting there, and oh, yes, pivoting, when needed!

- CC:** The barrier has been with financial institutions—with them asking me what my husband thinks of my business.

## ON WORK-LIFE BALANCE

**Question:** How do you balance the need to be a visionary leader with the need have a life beyond your work?

- NB:** I think this has been a personal challenge for the last twenty-one years. I am dedicated and driven in my career as well as with my family. I balance the drive and try to be fully present in the moment, whether at home or work. I want my kids and husband to know I am available and yet respect what I do as inspiration. My husband is my No. 1 fan, so he is my No. 1 focus. Every Friday I am in town is date night, and nothing stops that short of an emergency. I often think about the work ethic and



personal life boundaries and priorities I am showing my kids.

**MS:** Balance can be really difficult. I have had luck with time-blocking and a strict time to leave the office. After that, I am mobile and able to work on issues, but I do not get on our website or teams. Those who need me know to reach me by my cell phone.

**CM:** Setting the example for work-life balance is as important to your employees as your sales field. Burnout is a real thing with our sales field, and if they don't have the flexibility to spend time with family, they will often leave the extra side gig.

**JRK:** As the CEO and Founder of SeneGence, I have always made it a point to surround myself with an incredible corporate team. Everyone who works in our home office is an expert in their respective position and is an important contributor to the company's overall success. In the beginning, this allowed me the ability to guide the overall policies, procedures, systems, products, marketing, and operations, and then leave the details of all that was desired, discussed, and determined in the hands of their expertise, with global growth the basis of all that was created.

My team enabled me more time to focus on building a salesforce—and sales development was paramount to funding our growth. Today, and for many years now, with a mature salesforce leadership team in place, I have had the ability to concentrate on future strategies and more detailed planning during assigned working hours. I say "assigned working hours" because my workday ends at a certain time each day to spend evenings and weekends with beloved family and friends, and to do activities—a balance in all areas of life.

**CC:** I like to say that I am the CVO—Chief Visionary Officer. I find that I still wear so many hats in my

business, just as many small business owners do. Finding balance is hard. I try to swim each morning for about an hour. That gives me clarity and vision for the day.

**"While every leader has unique contributions, our journey will continue to celebrate and depend upon the diverse talents of our female leaders and executives. Our collective future depends on them."**

—Tyler Whitehead, CEO, Arbonne

## ON THE FUTURE

**Question:** As you look to the future, what is your hope for women leaders in the direct selling industry?

**MS:** My only hope is we all give everyone the best version of ourselves, no matter what hat we are wearing. Female leadership goals are more than just equal pay. They are getting the respect for being in the ring and fighting just as hard.

**CM:** My hope is that we will continue to support women through the ups, downs, and turns of business. I would love to see larger companies hire women into executive positions, and I would love to see founders mentored and respected.

**JRK:** Three things: more women from diverse backgrounds found businesses and offer more opportunity in the space of direct selling, women uplift and support other women and cultivate success among their peers, and women do their part to protect the direct selling industry.

**CC:** I really hope that we become 50/50 so that it is not that sea of men in suits.

## ON WOMEN LEADERS AND THE FUTURE

Like Mary Kay Inc., Arbonne has found success through its mission of empowering people and has been driven largely by the power of female entrepreneurs and executives.

"I have had the privilege of working with the best female leaders in the industry over almost two decades," says Tyler Whitehead, CEO of Arbonne. "I find their contributions essential to success, and when they are not an integral part of solutions and culture, critical gaps can and do quickly emerge."

Whitehead believes women are perfectly positioned for the next decade of leadership where agility,

rapidly changing environments, and disruption are now the norm across any organization. Women, he says, bring highly transformational ideas, are skilled as collaborators, and are valuable mentors to new and emerging talent.

"I admire the truly fearless women leaders who continue to embrace new ways of thinking and who are accepting of greater diversity to solve the challenges of business into the future," Whitehead says. "While every leader has unique contributions, our journey will continue to celebrate and depend upon the diverse talents of our female leaders and executives. Our collective future depends on them." **DSJ**



*"Having a monitoring program in place that is effective at finding claims, follow up and training is going to go a long way with us."*

*- Andrew Smith  
Federal Trade Commission*



# Protect your Castle

**SAFEGUARD EVERYTHING YOU'VE BUILT.  
NOW AND INTO THE FUTURE.**

Direct selling is under siege. Companies can no longer ignore the perils at the gate. With the increased scrutiny of regulators, consumer advocates and industry foes, improper income and product claims are an existential threat to your business.

The FieldWatch™ platform is the answer – powering the compliance management efforts for the world's finest direct selling companies.

**CONTACT US TODAY FOR A DEMO!**



# HYBRID: THE NEW, NEW SHOW

by Jeffrey Pete Rose Poe,  
Multi Image Group



Everyone is thinking about it: what's the next evolution of live events? Some call it hybrid; we call it the future.

Blending a live-stage event with a smaller local audience and a larger, online, remote audience is going to be key to creating your next-level event. But how do you develop this new live experience for attendees in the ballroom *and* at home? We believe it's all about designing and creating a shared human experience with unique engagements and moments that blend both audiences together using technology and crafty storytelling. While many clients miss the live interaction, hybrid events help merge live and virtual audiences into a new category that elevates both audience experiences. This means you can do many things to ensure a positive connection with key messages and each other.

This is an exciting time to be in the direct selling industry. It's a chance to introduce audiences to a new, multilevel experience and strategically amplify a live experience.

So how do you decide whether to go live, virtual, or hybrid? First, ask yourself which one is going to be best for your audience. The decision comes down to the type of connections you need to make. Many events have a combination of key moments ingrained in the design. For example, conferences typically have three main components: award celebrations, announcements of new product launches or service offerings, and training. Virtual is a good solution if you cannot have a live event with your entire audience. It would be best if you considered breaking your event into

laser-focused show segments that can mix live components with prerecorded sections.

A hybrid solution can bring the best of both worlds together. A live event with an exclusive, limited, live audience experience mixed with virtual attendance means you can create a customized event giving you the best of both worlds. Celebrations for top-level achievers, connections to prerecorded content, and roundtable discussions for both audiences and a larger audience reach than your previous live event—all thanks to the addition of virtual attendees. The cost per attendee can drop for the added virtual attendance. Social extensions can be used to tease, engage, and share moments, while the virtual component can be a conduit for the like-minded to access additional information such as on-demand content or a live feed from a general session.

Planning for a hybrid event isn't so different than planning a traditional conference or show. However, this is where having the right partner directly impacts your attendee experience. There are several essential aspects to consider when creating any live event. When you add the virtual audience into the mix, you need to consider how best to create experiences for both audiences to maximize engagement and connection.

The hybrid attendee has a different set of needs and expectations compared to in-person audiences. Attending a live event means you are part of the event. You attend sessions in the ballroom and network with colleagues. The expectation is that you will be part of a group of people who had the chance to participate in the event, gather information, and use it to advance



your team. You should build upon the live event and create an alternate experience that shifts the focus to the virtual attendee for the virtual audience. You don't need to match the experience.

Think of the hybrid event as a live sporting event on television. There are a limited number of seats available at the stadium; to maximize the reach, the event is opened up to those who can watch it from home. And those people watching from home do not expect to catch a ball, smell the wafts of concession food in the air, or contend with fans from the opposing team sitting next to them.

For some people, watching from a distance is more enjoyable. That is the major shift you need to consider going forward—and plan to ensure virtual attendees stay engaged. Maybe one lucky virtual viewer wins a game ball or other prize from the event. Or each virtual attendee receives a gift card for a free burger. Perhaps virtual attendees are shown on the event screen during different segments of the event. Such tactics can be folded into the experience to make solid connections beyond the physical event. In doing so, your planning will need extra consideration—and likely additional budgeting—for this expanded audience. However, your return on investment can be significantly improved when properly building out your event for both audiences.

Aim to create events that give people information *when* and *how* they want it. Start by thinking about the interests of attendees. Then, poll your audience before you put your show together. We've seen success in roundtable group scenarios where a facilitator initiates topics and regulates the conversation, compactly

keeping the content micro-level. Attendees can choose their subjects ahead of time based on topical headlines.

What about the networking aspect? You don't need to rely on platforms to create networking elements. Instead, find correlations between various attendees and group them together. Think of it as shopping on Amazon: go to the website to buy something specific versus only browsing. Both experiences are so in-the-moment and so specific while still being at your own pace.

You can also enhance the experience for presenters and attendees by using augmented elements and virtual environments, creating live experiences that are entertaining and engaging.

Our world-class client, Mary Kay, is the ideal hybrid case study. For their SEMINAR 2021 show, their challenge was how to synergistically engage, reach, and inspire their vast international network of affiliates, sales directors, and fulfillment divisions. It was a feat that seemed daunting at first; however, because we have navigated large-scale experiences before, we were in familiar territory.

The event marketing space is ever-changing, so being ready to activate events is pivotal. We have found that the most valued component of executing truly successful events is togetherness. No one person, team, or entity can execute impressionable events. It takes a team of professionals who care and will do anything to see it through. So be good to yourself and one another. See y'all on the road! **DSJ**

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





# DSA 2021 GROWTH & OUTLOOK FORECAST

## Forging the Future of Direct Selling

Dwight D. Eisenhower said, “Plans are useless, but planning is indispensable.” The same can be said of forecasting. Despite not having a crystal ball or being able to predict the future perfectly, the process of forecasting can be invaluable. It can help us set a roadmap for the industry (using what’s within our control) to overcome challenges posed by the pandemic and recovery and achieve sustained growth post-pandemic.

DSA’s Industry Research Committee went through a rigorous process with several inputs to establish a forecast and detailed rationale. (See full description of forecasting methodology on page 40.)

The following is an excerpt of the industry forecast from the Growth & Outlook Report. To obtain the full report and insights, contact Ben Gamse, Director of Industry Insights, DSA, at [bgamse@dsa.org](mailto:bgamse@dsa.org).

### US Direct Selling Industry Forecast Summary

*DSA forecasts 4-7% direct selling growth in US in 2021*

Direct Retail Sales Forecast (\$ Billions):



The Direct Selling Association projects US direct retail sales in 2021 will grow 4% to 7% to a range between \$41.7 billion and \$42.9 billion. This forecast is consistent with the actual and forecasted sales data direct selling companies have reported in the annual Growth & Outlook Survey, quarterly DataTracker Survey, and monthly QuickPulse Survey.

Direct selling is well-positioned to grow as overall consumer spending continues to rebound from the short but severe recession in 2020 because it offers a diversity of consumer goods and services through online and in-person selling. Moreover, the channel has a history of innovating and adapting to changing tastes in what consumers want and how they want to shop, even during a pandemic. Continued digital transformations and increased customer-centricity make direct selling poised for continued growth. Additionally, American interests in entrepreneurship, flexible work arrangements, and supplemental income continue to attract people to the independent direct selling salesforce. The channel, however, like the rest of the economy, faces downside risks, such as supply chain challenges, inflation, and new COVID variants.

The forecast of 4%–7% sales growth is based on the triangulation of four main data points:

- 2021 G&O Survey participants predict sales to grow 6.7% in 2021.
- Q2 DataTracker expectations among participants indicate a range of 4.2%–6.3% growth in 2021.
- A top 20 US direct selling company forecasts that US direct retail sales will grow in the mid to high single-digit range in 2021.



- For 2021, Euromonitor forecasts real sales growth of 3%, and the Federal Reserve forecasts inflation of 3%. Summing these two figures equals a forecasted sales growth rate of 6%.

The following provides more detailed forecasting rationale.

### DSA Research Points to Sustained Growth

- Growth & Outlook Forecasting:** In the aggregate, 2021 G&O Survey participants predict sales to grow 6.7% in 2021.

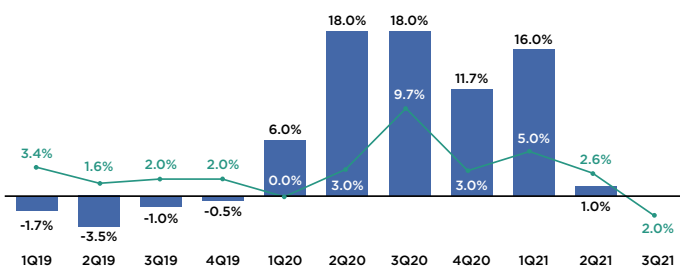
G&O participants were first asked to forecast their company's US sales growth for the year 2019. For 2019, their forecasted growth of 1.9% made in early 2019 was close to the actual growth they experienced of 0.9%. For 2020, however, their forecasted growth of 1.3% made in early 2020 was far below the actual growth they had of 17.0%.

- DataTracker:** The sample for DSA's quarterly DataTracker is not as large or representative as Growth & Outlook, nor is secondary research conducted. With that in mind, the second quarter's DataTracker has insights into how 2021 is looking:

- Sales for DataTracker started strong in Q1 2021, with a 16.0% median year-over-year increase across the sample. There was an increase of 1.0% in Q2.
- Based on the firms reporting in late July/early August, sales are forecasted to decline 2.0% year-over-year in Q3 2021.

#### Net Sales Change Expected Next Quarter

Line = Forecast; Bars = Actual; YOY; Wtd Median



- US direct retail sales grew 22.7% YOY in 1Q21 and 4.6% in 2Q21 per DataTracker.

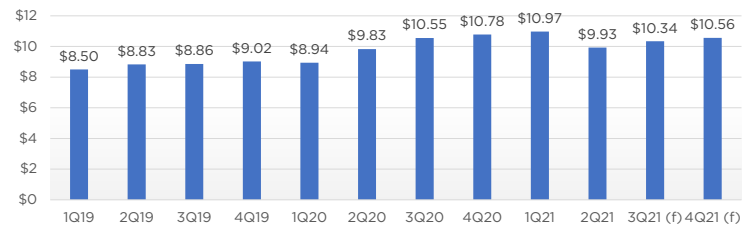
Sales would need to grow this much during 3Q-4Q2021: To have this growth for the year 2021:

-10%	1%
-5%	3%
0%	6%
5%	9%
10%	11%
15%	14%
20%	17%
25%	19%

- The weighted median YOY percent change in US net sales of direct selling companies was 16.0% in 1Q21 and 1.0% in 2Q21 and will be, based on company forecasts by 2Q21 DataTracker participants, -2.0%. Assuming a sales change of -2.0% in 4Q21 as well, sales will grow 4.2% in 2021.

Quarter	U.S. Direct Retail Sales (\$Bil)	% Chg YOY
1Q19	\$8.50	-1.0%
2Q19	\$8.83	-2.4%
3Q19	\$8.86	3.4%
4Q19	\$9.02	-1.3%
1Q20	\$8.94	5.2%
2Q20	\$9.83	11.3%
3Q20	\$10.55	19.1%
4Q20	\$10.78	19.5%
1Q21	\$10.97	16.0%
2Q21	\$9.93	1.0%
3Q21 (f)	\$10.34	-2.0%
4Q21 (f)	\$10.56	-2.0%
2019	\$35.21	-0.4%
2020	\$40.10	13.9%
2021 (f)	\$41.80	4.2%

#### U.S. Direct Retail Sales (\$Bil)



- US direct sales dollars grew 22.7% in 1Q21 and 4.8% in 2Q21 and will grow 0.1% in 3Q21, based on company forecasts by 2Q21 DataTracker participants. Assuming a sales change of 0.1 in 4Q21 as well, sales will grow 6.3% in 2021.

Quarter	U.S. Direct Retail Sales (\$Bil)	% Chg YOY
1Q19	\$8.50	-1.0%
2Q19	\$8.83	-2.4%
3Q19	\$8.86	3.4%
4Q19	\$9.02	-1.3%
1Q20	\$8.94	5.2%
2Q20	\$9.83	11.3%
3Q20	\$10.55	19.1%
4Q20	\$10.78	19.5%
1Q21	\$10.97	16.0%
2Q21	10.30	4.8%
3Q21 (f)	\$10.56	0.1%
4Q21 (f)	\$10.79	0.1%
2019	\$35.21	-0.4%
2020	\$40.10	13.9%
2021 (f)	\$42.62	6.3%

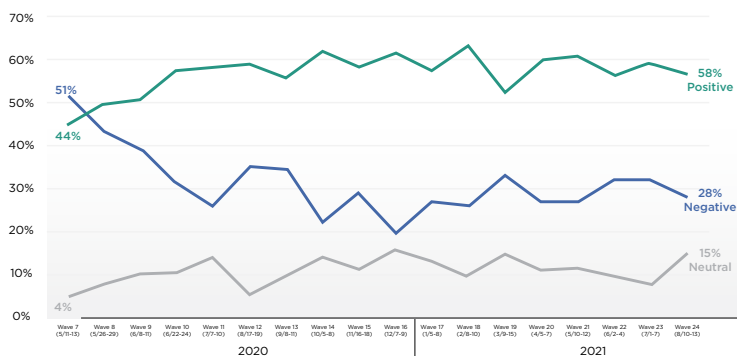


## U.S. Direct Retail Sales (\$Bil)



f) The 3Q21 forecasts by 2Q21 DataTracker participants likely reflect the changed US COVID situation from when companies completed the 1Q21 DataTracker Survey to the 2Q21 Survey. The submission deadlines for the 1Q21 and 2Q21 DataTracker Surveys were Friday, May 7, 2021, and Friday, August 6, 2021, respectively. From the former to the latter week, the total reported a weekly number of new COVID cases increased from 283,083 to 750,475 (Source: CDC). The CDC recommended more masking on July 27, 2021, including “for fully vaccinated people to wear a mask in public indoor settings in areas of substantial or high transmission.”

**3) QuickPulse:** Since May 2020, waves of the QuickPulse Surveys have asked direct selling companies, “Has the overall impact from the coronavirus on your company revenue in the US been positive or negative?”



- 4) Euromonitor, as of February 2021, says US direct retail sales increased 2% in 2020 and forecasts real growth of 3% in 2021. Euromonitor excludes services from its definition of direct sales. The forecasted real growth rate of 3% plus the 2021 forecasted inflation rate of 3% by the Federal Reserve, as of June 2021, equals a nominal forecasted growth rate of 6%.
- 5) A top 20 US direct selling company forecasts that US direct retail sales will grow in the mid to high single-digit range in 2021.

## US Economic Outlook

- 1) The Congressional Budget Office (as of July 2021) forecasts 9.7% nominal growth in US gross domestic product (GDP) in 2021 and 7.2% growth in 2022.

## July 2021 Baseline Forecast—Data Release (Calendar Year):

	Units	2020	2021	2022
Gross Domestic Product (GDP)	Billions of dollars	20937	22974	24638
	Percentage change, annual rate	-2.3	9.7	7.2
Real GDP	Billions of chained (2012) dollars	18426	19658	20639
	Percentage change, annual rate	-3.5	6.7	5.0
Consumer Price Index, All Urban Consumers (CPI-U)	1982-84=100	258.8	267.3	273.9
	Percentage change, annual rate	1.2	3.3	2.5
Unemployment Rate, Civilian, 16 Years of Older	Percent	8.1	5.5	3.8
Labor Force, Civilian, 16 Years or Older	Millions	161	162	165

This file presents data that supplement CBO's July 2021 report *An Update to the Budget and Economic Outlook: 2021 to 2031*. [www.cbo.gov/publication/57218](http://www.cbo.gov/publication/57218)

- 2) The Conference Board (as of May 2021) forecast real GDP will grow 6.4% in 2021.
- 3) Greg Daco, Chief US Economist at Oxford University, presented during the DSA Industry Research Committee (IRC) call on June 9, 2021, regarding the US economic outlook. A summary is below.
- The COVID-19 situation is improving in advanced economies
  - The biggest concerns relate to COVID and inflation
  - There is also an important upside risk

## Return of Inflation (15%)

- Inflation rises amid rising commodity prices and inflation expectations and low labour market participation.
- Higher inflation persists, with central banks avoiding early rate rises.
- Bond yields surge in the near term and equities fall.
- Global growth slows amid the fall-out.

## Limited vaccine effectiveness (10%)

- New virus variants result in a protracted period of restrictions.
- The global economy stagnates, accompanied by market falls.
- Recovery is slow as risk aversion and restrictions persist.
- Long-term economic damage from the pandemic is large.

## Consumer boom (25%)

- Household, business and market sentiment improve as economic certainty increases.
- Consumer spending booms as savings accumulated during the pandemic are rapidly unwound.
- Policy tightening is brought forward but remains gradual.
- Long-term economic damage is limited.

## Consumer hesitancy (10%)

- The return to normal is delayed amid vaccine hesitancy and a sluggish reduction in voluntary social distancing.
- Consumer caution restrains spending in the near term, even as restrictions are removed.
- A solid recovery follows as confidence returns.
- Long-term economic damage is contained.

↑  
MARKET STRESS

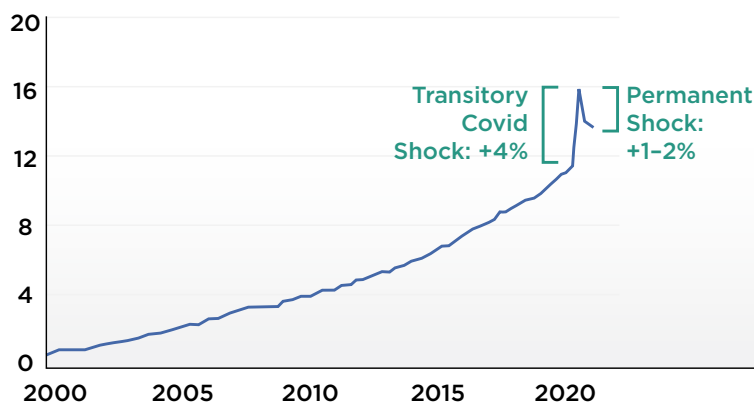
→ PANDEMIC IMPACT



- d) Excess household savings could super-charge the recovery
- e) Oxford Economics' US recovery tracker shows a blooming recovery
- f) Unprecedented fiscal stimulus is lifting income well above its pre-pandemic level
- g) Healthy household finances are supporting spending, led by spending on goods, but rotation towards services
- h) Online sales surged during, and part of the shift is structural

#### US: E-Commerce retail sales

Share of total retail sales (excl food services)



Source: Oxford Economics/Haver Analytics

- i) Stimulus checks were spent, saved, and used to pay down debt
- j) About 15% of the excess savings will help smooth spending (some “dissaving” to smooth spending)
- k) Job growth is expected to accelerate over the summer

- l) Predict strongest US job creation (over 8 million jobs) in history in 2021
- m) Predict strong business formation is a lasting trend
- n) Businesses are gradually responding to strong demand, but supply response is gradual: supply bottlenecks
- o) Supply/demand imbalance leading to higher inflation
- p) Higher inflation than at any point over the past decade
- q) Faster Fed rate liftoff, but not as fast as markets expect
- r) Spring bloom will give way to summer boom
- s) Key theme: a record-breaking year
  - Outlook has brightened—broad based robust growth, with US set to perform especially strongly.
  - Near-term downside risks mainly related to the pandemic and higher inflation.
  - Bigger excess savings could super-charge the recovery further ahead.
  - Industrial activity is likely to lead the recovery with supply gradually adjusting to strong demand and helping alleviate some of the price pressures.
  - Post-pandemic will see more online activity, more remote work, higher productivity and more business dynamism





- 4) The National Retail Federation (NRF) predicted in early June 2021 that, in 2021, US GDP growth would approach 7% and US retail sales would increase 10.5% to 13.5%.

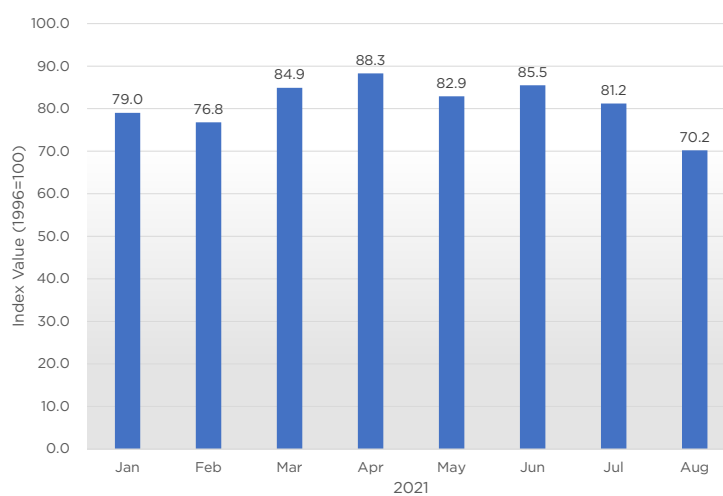
“The economy and consumer spending have proven to be much more resilient than initially forecasted,” said NRF President and CEO Matthew Shay. “The combination of vaccine distribution, fiscal stimulus and private-sector ingenuity has put millions of Americans back to work. While there are downside risks related to worker shortages, an overheating economy, tax increases and over-regulation, overall households are healthier, and consumers are demonstrating their ability and willingness to spend. The pandemic was a reminder of how essential small, mid-size, and large retailers are to the everyday lives of Americans in communities nationwide.”

“We are seeing clear signs of a strong and resilient economy,” NRF Chief Economist Jack Kleinhenz said. “Incoming data suggests that US economic activity continues to expand rapidly, and we have seen impressive growth. Most indicators point toward an energetic expansion over the upcoming months and through the remainder of the year.”

NRF’s calculation of retail sales from Census data excludes automobile dealers, gasoline stations, and restaurants “to focus on core retail.”

- 5) In early June 2021, eMarketer predicted US e-commerce would grow 17.9% and overall US retail will grow 7.9% in 2021.
- 6) According to an August 15, 2021, *Wall Street Journal* article, “The COVID-19 variant is damping demand and raising costs after a spring and summer that seemed to promise a rapid recovery.”
- 7) As of August 16, 2021, consumer sentiment reached its lowest point for 2021 in August. (Source: University of Michigan)

Consumer Sentiment



“We are seeing clear signs of a strong and resilient economy,” NRF Chief Economist Jack Kleinhenz said. “Incoming data suggests that US economic activity continues to expand rapidly, and we have seen impressive growth.”

### Enhanced Forecasting Methodology

The US direct selling industry forecast is developed using several inputs and ultimately established through a group discussion by DSA Industry Research Committee (IRC) members that Nathan Associates moderates. (This type of group industry forecasting is common. The most widely known variation of this approach is the Delphi method). The forecasting process includes the following steps:

- Nathan Associates and the IRC review the most recent industry data and past forecasts against actual growth.
- Nathan Associates presents projected growth rates and other forecasting inputs for the industry from available sources.
- IRC members bring up industry trends they have observed or read for discussion, covering areas such as the US economy, regulatory environment, and the competitive environment that direct selling companies face in attracting distributors and retail customers.
- The discussion then turns to reaching a consensus on a 1-year, which is in the form of a 3-percentage point range.
- A worksheet is prepared with the forecast and a narrative of the information presented and discussed by the group, which provides context and support for the forecast.



# INNOVATE

“ If, at first, the idea is not absurd, then there will be no hope for it.

-- *Einstein*





WFDSA Board of Directors

# REIMAGINE, REINVENT, AND REDEFINE DIRECT SELLING

At the World Federation of Direct Selling Associations (WFDSA) World Congress XVI, held in Bangkok on October 6, 2021, the WFDSA Board of Directors held a CEO panel to discuss the future of the direct selling industry.

Roger Barnett, CEO of Shaklee Corporation and Chairman of the WFDSA, was the moderator for the event that featured WFDSA Board Members Magnus Brännström, President and CEO of Oriflame Cosmetics; Lam Yu, CEO of Infinitus Global; Dora Hoan, Founder, Co-Chairman, and Group CEO of Best World Lifestyle; Ryan Napierski, President and CEO of Nu Skin Enterprises; João Paulo Ferreira, CEO of Natura & Co Latin America; and Milind Pant, CEO of Amway.

Portions of the CEO panel are printed here with the permission of the WFDSA.



ROGER BARNETT

CEO, Shaklee Corporation  
(Chairman, WFDSA)



MAGNUS  
BRÄNNSTRÖM

President & CEO, Oriflame  
Cosmetics (Immediate Past  
Chairman, Vice Chairman,  
WFDSA)



LAM YU

CEO, Infinitus Global  
(Vice Chairman, WFDSA)



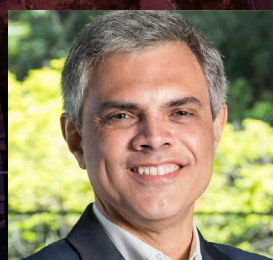
DR. DORA HOAN

Founder, Co-Chairman, and  
Group CEO, Best World  
Lifestyle Pts. Ltd.  
(Secretary, WFDSA)



RYAN NAPIERSKI

President & CEO, Nu Skin  
Enterprises (Advocacy  
Chairman, WFDSA)



JOÃO PAULO  
FERREIRA

CEO, Natura & Co Latin  
America (Ethics Chairman,  
WFDSA)



MILIND PANT

CEO, Amway (Global  
Regulatory Affairs Chairman,  
WFDSA)





## How Do We Reimagine, Reinvent, and Redefine Direct Selling?

- Barnett:** The direct selling industry is more than 100 years old. What is the most important thing we could do to reinvent, reimagine, and redefine our industry for the next 100 years?
- Napierski:** That one thing, in my view, is to truly embrace a customer-obsessed or customer-first approach. I don't just mean the consumer; I also mean our affiliates, our consultants, our distributors—whatever we call them. Becoming a truly customer-obsessed industry will ensure our viability into the future no matter what we need to do strategically to accommodate their needs.
- Hoan:** The single most important thing we could do as an industry is embrace digitalization. In today's world, the business model and people's lives are experiencing constant changes due to the advancement of technology, combined with the new normal brought about by the pandemic. However, plans can never catch up with changes. The core value of direct selling has always remained the same—and that is to provide quality products and an entrepreneurial platform to make people's lives more exciting and better. In the digital age, the direct selling industry could be

redefined as a membership-based e-commerce platform.

- Ferreira:** Our industry has deep roots based on building trustful relationships—relationships between companies and distributors, between consultants and their clients, and, ultimately, between our industry and society. What I think is the opportunity going forward is that we use the power of digitalization, which Dora referred to, to increase our reach and our positive impact on society.

**“In the digital age, the direct selling industry could be redefined as a membership-based e-commerce platform.”**

—Dr. Dora Hoan, Group CEO,  
Best World Lifestyle

- Pant:** At our core, we are an industry of inclusive entrepreneurship. The question is this: How do we make direct selling relevant and make it a magnet for a younger or a new generation? As we pull that off, we will continue to be an industry that continues to modernize, be relevant, and provide opportunity for millions across the world.
- Yu:** We are not satisfied being a small fish in a small pond. We need to be a big fish in a big pond. After 100 years, we are competing way beyond peers among our industry. We're actually competing with other companies and with social media, e-commerce, and gig economies for job seekers. What we did in the past is not correct. What we need to do is to change our perception.
- Barnett:** To recap, the common themes are:
- Embrace the modernity of how people communicate and buy goods today, which is the digital component.
  - Focus on the customer—give the customer choices of where, how, and when to buy and create these amazing products.
  - Embrace the roots of direct selling—what's fundamentally different about us is the community that we create in the connection among our customers. That's a point of distinction in the marketplace as we go forward.





## What Remains Going Forward?

**Barnett:** Many of us have had to change the way we do business over the last eighteen months as a result of COVID and now, the Delta variant. Are there elements of how you've done business differently that you're going to keep going forward as we go into the next phase of this post-pandemic world?

**Hoan:** The impact of COVID has definitely led to many changes, both on the personal and the corporate side. I have to admit that I was never good with technology. However, the pandemic forced me out of my comfort zone, and I knew that I had to embrace technology. As CEO, I have to know how to operate on various technology platforms so I can constantly stay in touch with my management team and the distributor field across the many countries we operate in.

On a corporate level, I knew I had to transport the company to digitalization to keep pace with the changes resulting from COVID. We had to increase our IT staff. We had to beef up our e-commerce platform quickly to ensure our distributors were able to operate smoothly. We digitalized and automated our training. We even set up an online academy to allow our distributors to have a better learning experience.

I believe digitalization is here to stay. All the changes that we make to our business will be a permanent aspect of our business model moving forward. We also have to constantly ensure that our staff has the necessary skills training to stay ahead of the curve. Technology is a tool for us to enhance our business; however, direct selling is still very much based on interpersonal relationships, which cannot be replaced with technology.

**Napierski:** The adoption of digital is one of the key value-adds to the challenges related to COVID. The other one I would add is the increased level of empathy for people around the world. I really hope that as we continue to lean into a digital-first approach to market and a digital-first way of living, we'll also continue to be more empathetic.

**Ferreira:** I was reflecting on what happened to our business during the pandemic. We did extremely well, but that was a consequence of putting our people first in the peak moment of uncertainty. We left business goals aside and decided that people would come first. We donated to health authorities to try to help contain the COVID spread to communities in the rainforest. We created an emergency fund for the most vulnerable consultants and representatives around the world. And of course, we accelerated the digitalization of the business model as well as the education of our network.

In the end, what was really special was the human touch, because that's what mobilized people. There was this empathy. I think that is the most powerful element of our industry. No matter what technology we use, there are always humans in the loop.

**Pant:** One of the things that the pandemic has done—and continues to do in many parts of the world—is shine a light on the strengths of our industry, the strength of our entrepreneurialism, and the strength of our colleagues and employees. There's been such a groundswell of entrepreneurship across the world. Here in the US, new business applications have gone up 24 percent in the midst of the pandemic. There are young people looking for flexibility, looking at following their passion. They love



the sense of community or building new businesses.

There is also a renewed focus on health and wellness. There are many parts of our industry where entrepreneurs build communities and provide health and wellness solutions. That's going to be a big thing for society going forward after we've solved the issues of the pandemic. So, there have been so many aspects of the strength of our industry that have shone brightly during this pandemic, giving us a tailwind going forward across the world.

“One of the things that the pandemic has done—and continues to do in many parts of the world—is shine a light on the strengths of our industry, the strength of our entrepreneurialism, and the strength of our colleagues and employees.”

—Milind Pant, CEO, Amway

**Barnett:** I think people have embraced the idea of working from anywhere as a concept. The idea of this flexibility and being able to fit work into your life and work from anywhere is going to last for a long time. And that's a benefit that we have provided our people for a very long time. I think the only other thing to add is that in addition to the empathy, I think the pandemic showed the need for places and communities where people can have hope and aspiration about the future.

Most of our businesses thrived during this moment in time in part because we could make that transformation to digital. We could provide products and services, particularly around health and well-being, that people cared so much about. It created a sense of optimism when other things were bleak. That's a reminder for us to keep optimism at the forefront of what we do for the years to come.



## How Do We Contribute to the Broader Society?

**Barnett:** We all sell products. We all provide earnings opportunity for people. But is that all we should be focused on? Should there be a broader contribution to the societies in which we operate? How can we grow our impact even more?

**Ferreira:** We all manage a huge network of people. We have such a potential positive impact on society. We can change behaviors. We can change standards and the way people look at companies, at governments, and at each other. We talked about being a 100-year-old company. We now have Avon, which is celebrating 135 years. I was thinking this company was empowering women before women had civil rights. Isn't that amazing? I think this is the sort of impact our industry can have on our societies.

In the case of Natura, we monitor the Human Development Index across our network. We noticed that income was only one component of well-being. There was health, education, digital inclusion, and civil rights. We decided that we would keep shifting and improving our business model, so we started providing health solutions and services, education, and so forth.



Because we have so many people touching so many lives around the world, we have to raise our own bars and understand the value we generate to society. It goes beyond the value to shareholders.

An impact on environmental, social, and governance (ESG) is what society will demand from all companies. The good news is that direct selling is in a privileged position to lead the way. We can be the lighthouses of ESG in the years to come.

**Yu:** In China, direct selling companies have been educating consumers and giving training opportunities so that more people will recognize the importance of health and wellness.

**Pant:** For us, it goes back to the idea that Rich DeVos and Jay Van Andel had when they founded Amway: help people live better, healthier lives. This is before words and phrases like purpose and corporate purpose became mainstream. That's the foundation that has been our north star. And that leads us to one of the biggest contributions—the idea of inclusive entrepreneurship. In Korea, which is a billion-dollar business for us, 90 percent of Amway business owners are women. Our business in India calls its women empowerment program, “Nari Shakti” or literally, “women power.”

Our Amway business owners across the world touch the lives of millions of people. That's the impact made on health and wellness, and the impact made in terms of women empowerment. This is an addition to the work that is done with the pandemic, which we had to respond to in many of the markets across the world. This pandemic has reminded us that at the core of direct selling is a humanity. It's a network of humanity that spreads goodness. Our entrepreneurs are powerful forces of change across the world.

**Barnett:** At Shaklee, we measure our sales and profits like every other business, but we really measure how many people we are impacting. And the human impact is what all of you are talking about. I think it's just great to keep that at the forefront for all of our corporate brothers and sisters out there.



## How Is the Digital Transformation Impacting Business?

**Barnett:** We are entering into a phase in which e-commerce is growing in the United States, and predictions are that in China, in the next year, it will be over 50 percent of total retail sales. There is also the explosion of social networks. What does this digitization mean for the direct selling industry?

**Pant:** There have been two business models that have taken off and flourished in the last decade: one is social and the other is e-commerce. What is happening going forward, in our assessment, is social platforms and e-commerce are fusing together into a business model opportunity—social commerce.

Who is the original social commerce? The direct selling industry. At its core, the direct selling industry is about communities and relationships and social networks. And, of course, it's linked to COVID. We did it. We were the world's best to do it offline, and in-person no one can ever match us. The question for us going forward is how do we now help our entrepreneurs and unleash them in building their communities both in-person and online seamlessly? How do we help them with e-commerce shopping and last-mile delivery in the backend so they can focus on providing



solutions to their customers and to their communities?

“For the past five to ten years, we have been the consumer internet, and now we are becoming the face of the industrial internet.”

—Lam Yu, CEO, Infinitus Global

We’ve had a partnership with WeChat for a number of years. In the middle of the pandemic, we partnered with KakaoTalk in Korea. So we are looking at social platforms. We’re looking at a backend partnership with Jingdong in China and with FedEx on last-mile delivery. We’re investing in technology in our own platforms. The whole idea is to unleash a million entrepreneurs to build communities around their authentic passion for becoming creators. As an industry, we can democratize being a creator and make it available for everyone who wants to be on that journey. I think this is the most exciting thing for direct selling going forward—picking up on trends and then embracing what is happening with this new industry of social commerce. As pioneers, I’m confident we will have millions of entrepreneurs across the world build their communities in-person or online.

**Napierski:** This is, wholeheartedly, where my heart is at. I loved how you described that, Milind—social platforms and e-commerce coming together. That’s precisely how we look at it as well with social commerce. And we look to great companies like Amway who built this offline model and are leading forward, and leaning into, a digital first. I would add to what you said: the authenticity comes through our form of influencer or micro influencer. I believe that’s a superpower that the direct selling channel has over other brands that are now trying to pivot.

In fact, I was reading a report in which some of the leading beauty and wellness companies talked about how they’re shifting 75 percent of their ad spend to influencer marketing. That’s great, but it’s not authentic. Authenticity is what we add. Authentic social commerce is what we do and what we can do better than anyone else if we embrace that digital first-approach.

**Ferreira:** One additional feature we could add to that equation is the idea of augmentation. That is, augmenting the power of our distributors or representatives—how much more they will be able to add in those relationships through our best science, best technology. That’s the one element I can keep adding to this equation as I think about the future.

**Hoan:** The pandemic accelerated digitalization. Direct selling companies, like all traditional retail companies, had no choice but to embrace digital transformation. In the digital world, direct selling can be repositioned as membership-based e-commerce. The e-commerce platform has significantly replaced or surpassed physical retail stock. This situation is happening rapidly during this pandemic period; hence, distributors must adapt in the way they operate and start introducing new members into their company.

**Yu:** For the past five to ten years, we have been the consumer internet, and now we are becoming the face of the industrial internet. It’s a prominent opportunity for the direct selling industry because in the past, direct selling companies took pride in the fact that there were strong, offline people-connection capabilities with mutual trust and warmth. Now online boasts of speeds. If we can combine the offline warmth with online speeds and industrial connection, the new spaces for industrial connection or internet connection will be created. So the transformation of digital industry may seem to be a slightly technological problem, but the echo is human.

**Brännström:** Social commerce is one way where the new world really meets with the old world in the sense that direct selling is now converting into a new way of doing business. In the old days, we met physically. In the new world, we’ll be meeting you not only physically, but also virtually. I think that’s where we’ll find the true success is combining the historical experience of social interaction between people with modern technology to make the business as strong as possible. It will be the advantage for the consultants, brand partners, and distributors around the world.

At the end of the day, though, I think it is important to remember that what this is all about is providing great products from great brands to consumers around the world via great independent distributors.



This is the truth of the past. It is the truth of today, and it's the truth of tomorrow.

**Barnett:**

Our industry is so poised to take advantage of this digital transformation, and it is because of how consumer goods went to market in the past. Originally, goods went through retail stores. That was the way consumers came to market. Then the direct selling industry started, and it took in a small portion of the retail sales. Then consumer goods went into the home—mail-order catalogs and home shopping on TV. A little over twenty years ago, e-commerce came along. We are now in this phase of influencer marketing where brands are shifting their dollars to try to get people to talk about their products rather than use their own advertising to talk about their products.

The challenges are macro influencers—celebrities with big followers. The authenticity doesn't ring true. People know they're being paid to promote these products. The engagement of micro influencers, people with 100 or 200 followers or 1,000 followers, is four times the level of the celebrity ones. But nobody understands how to engage micro influencers at scale except for our industry. I believe that we are really at the forefront of how consumer products go to market.

I also want to talk about the social commerce because what's so striking is that, in the United States ecosystem for example, commerce and social are separate. In other countries they're more integrated. In China, Alibaba and jd.com were the two biggest e-commerce players in the marketplace. And then six years ago a startup called Pinduoduo used social commerce for people to invite their friends to buy together. In the last quarter, it had the highest number of e-commerce shoppers in all of China. It shows the power of social commerce.

So, our channel is at the forefront of how consumers get to market. This idea of the blend of social commerce is the future. We understand how to develop it in an authentic way. And that's why I think for everybody who's a representative in our businesses, it's such an exciting dynamic time, and it's why I'm so optimistic about our future. It's very hard for other business models to convert to social commerce, but that's how we were created. So it's exciting to see all of us evolve in that direction.



## What Is the Future of Direct Selling?

**Barnett:**

To attract new consumers and potential distributors, we may have to change some processes or explain our business in different ways to make it easily understandable. What can we do to tap into a new generation of consumers and a new generation of people looking for alternative ways to earn income? What is going to be most attractive for our future consumers and future distributors?

**Brännström:**

The future of direct selling is always inspiring—and a bit nerve-wracking—because we don't know what we don't know. But I believe good products will always attract good people, and a good earning opportunity will always be attractive. One of the challenges in the digital world will be in closing. Direct sellers and social sellers are different from influencers or bloggers because of their ability to close the deal. At the end of the day, selling products is about making closures.

**Hoan:**

Direct selling companies have to leverage off digitalization to pay into the new generation of consumers, as well as those who are looking for income opportunities. In the digital age, there are two groups of people who deserve our attention and support. The first group includes the members and consumers who have joined



the company as a result of digital marketing. The second group includes the younger generation who are good at digital operation and digital marketing. The driving factor for this younger generation is usually monetary. If we want to retain these people, we must consider rewarding them for selling or sponsoring.

**Barnett:** What are you most excited about the future for our industry?

**Napierski:** The most exciting thing for me is to be part of such a great industry and Association that are in the midst of disrupting commerce. What we've talked about is social commerce coming to market, and we are the central driving force for that. I believe that the model we have as a collective industry is what every brand is looking for. It is how consumers prefer to find the products they love. I'm excited about being part of the disruption.

"I think we're just tapping into what people are looking for in the modern world: to work for themselves, to decide their futures, to be the boss of their lives."

—Magnus Brännström,  
President & CEO,  
Oriflame Cosmetics

**Ferreira:** A few years ago, we were considered an outdated industry. Now we're in the forefront, on the leading edge of the new way of doing commerce. With outstanding companies and outstanding leaders, I am totally confident that this journey will be extremely exciting for years to come.

**Pant:** It is unleashing entrepreneurship with social commerce, where any young person just needs three Ps to be successful: passion, positive attitude, and a mobile phone.

**Brännström:** I think we're just tapping into what people are looking for in the modern world: to work for themselves, to decide their futures, to be the boss of their lives. Through a direct selling commitment, they can live a fulfilling life by being in the business but deciding what

to do with their life and their time, and with whom and where they are working.

I look forward to the future with confidence. I look forward with enthusiasm. I'm eager to see what the future will hold. I think it will be even greater than we think.

**Yu:** I think the most important thing is that after helping someone change, they can have a different life after being in the direct selling industry. It is very exciting for me to tap into the direct seller's life and give them a very different life.

**Hoan:** The future of direct selling is one man or woman, one phone, one world.



## WFDSA Goals & Objectives

**Barnett:** We have an energetic leadership team at WFDSA. As chairs of our Advocacy Committee and Ethics Committee, Ryan and João Paulo are going to share what WFDSA's goals and objectives are for the immediate future.

**Napierski:** We've all been talking about the amazing work that the direct selling industry as a whole does around the world. There are 125 million people currently engaged in some form of entrepreneurial effort within direct selling. In the US, it's 60 million people. The US workforce is 168 million, so if you extrapolate that data, that's



roughly 35 to 40 percent of the US workforce. If you apply that to the global population of 8 billion, the number micro entrepreneurs participating in our industry is in the range of 300 to 350 million.

So we really have to ask the question: Why aren't they yet there? What are the barriers that are causing our industry to not flourish the way we all believe we should? Everything we're all talking about is what the world needs. They need our products; they need our opportunities. So how do we tell our story better? How do we truly advocate for direct selling as an industry? And I think there are two components to that.

The first is our narrative. How do we describe ourselves to the population for the value that we add as an industry? The second part relates to the behaviors and standards that reinforce that narrative. If we say one thing but do another, it completely refutes the intention behind our work.

And so, the work of the Advocacy Committee is to (1) identify the proper narrative that truly enables new opportunity into the future and (2) align our behaviors and standards to reinforce that narrative.

This has required us to look at ourselves, not just as Association members but also as a broader industry. There is a reason why our reputation suffers and struggles in various markets around the world. There are behaviors and standards not suitable in a customer-obsessed approach that caused our reputation to be what it is.

What's important for all of us—as companies within the World Federation—is to truly be self-aware, to truly ask the hard questions about what has driven our narrative negatively in the past. We can then contrast those negatives with the positives. We can lean more into those good things that we do to truly define and refine our narrative. Then we can reinforce that narrative with behaviors and standards so independent business owners, consultants, distributors, or representatives can truly exude the goodness of the mission of their companies. Then I think we can make an impact.

“Our role within the advocacy committee over the next three years is to put that narrative together, to align it globally, and to ensure it is something that truly can be a global message we can carry out and be a force for good.”

—Ryan Napierski, President & CEO, Nu Skin Enterprises

Our role within the advocacy committee over the next three years is to put that narrative together, to align it globally, and to ensure it is something that truly can be a global message we can carry out and be a force for good.

#### Ferreira:

My ambition is to take ethics beyond compliance. Compliance is an obligation, but as an industry we can go beyond it. The Ethics Committee has split its work along two streams.

One is to raise the bar on compliance. We're just finalizing an update of the industry risk assessment, which is once again confirming the well-known risks for the industry that affect the narrative. Fraudulent financial schemes, fake promises to direct sellers or to consumers, and labor regulatory issues that again connect to the regulatory community. On that work stream, we're working on upgrading the standards. We're giving a lot of effort to improve monitoring and enforcement.

The second work stream is to take ethics beyond compliance. We can do a lot of good for the world, so we're finalizing an impact matrix that shows the areas we can, as an industry, make significant impacts around the globe.

#### Barnett:

What is so striking about the work our committees are doing right now is the long-term view of our industry being better and increasing our impact and being completely transparent in it. I admire that because I think that's the way that you evolve from our early founding 100 years ago to where we can truly make the kinds of impact in the societies in which we operate. We have a lot of dedicated professionals who are here to enhance and improve this amazing industry for decades to come. **DSJ**



## Amway's Doug DeVos Receives WFDSA Lifetime Achievement Award

Doug DeVos, Co-Chairman of Amway's Board of Directors, was recently honored with the World Federation of Direct Selling Association (WFDSA) Lifetime Achievement Award. DeVos joins his father Rich and brother Dick as recipients of the organization's highest honor.

"I'm grateful to have the opportunity to work with so many special people who are part of this industry who I deeply respect," says DeVos. "As we look at the marketplace today and all that we've gone through, our industry remains strong. We can keep moving forward, adapting to market forces, be successful, and offer tremendous opportunity to people, together. I have a great appreciation for all that have gone before me, and I'm honored to receive this award."

DeVos' involvement with WFDSA includes WFDSA Vice Chairman (2017-2020), WFDSA Chairman (2014-2017), WFDSA Treasurer (2011-2014), WFDSA Vice Chairman (2008-2011), and WFDSA Advocacy Chair (2005-2008).

Doug is also a US Direct Selling Association (DSA) Hall of Fame Inductee (2012) and Direct Selling Education Foundation (DSEF) Circle of Honor Recipient (2009). He served as DSA Chairman and DSEF Chairman from 2003-2004.



# 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."

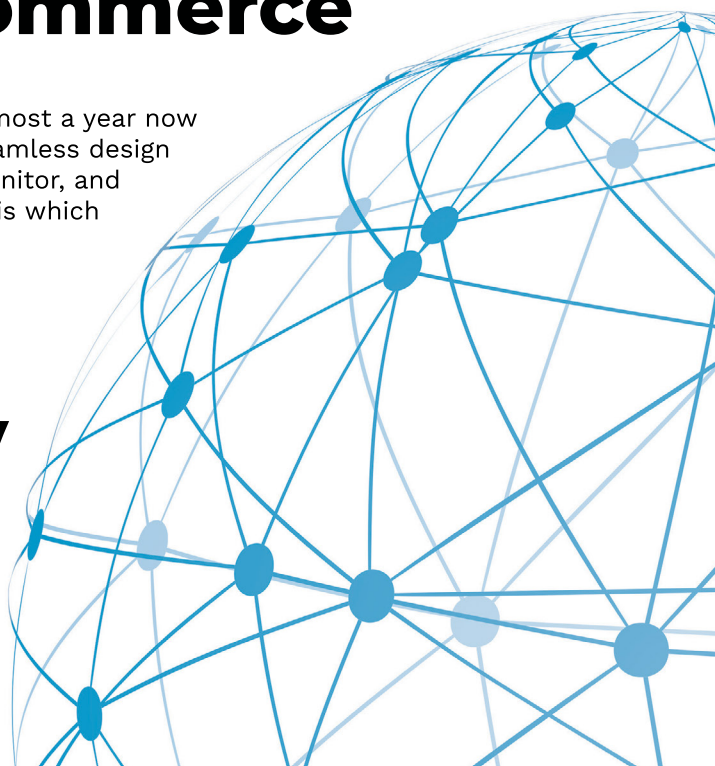
Lisa Sampson - EnvyTV



1(866)80-NEXIO

NexioHub.com

sales@nexiohub.com







# POISED FOR GROWTH

# 5 INTERNATIONAL COMPANIES ON WHAT'S AHEAD

In August, the World Federation of Direct Selling Associations (WFDSA), the leading international organization representing the global direct selling industry, announced worldwide retail sales of \$179.3 billion for the year-ending December 31, 2020. This figure represented an increase of 5.8 percent from 2019.

All regions around the globe experienced increases in sales in 2020 versus 2019. The global salesforce increased 4.3 percent to 125.4 million independent representatives/distributors.

Of course, much of what transpired in 2020, both inspiring and challenging, was the result of the global pandemic. It had an obvious impact on companies in the direct selling industry and was a key driver of the increased numbers seen in both sales and the salesforce.

For five companies around the world—Natura &Co, Omnilife, PM-International, SwissJust, and Enagic—2020 was an unprecedented time in history that brought out the best in leadership, employees, and the salesforce, ushering in a new era of innovation that is setting the stage for future optimism.

## **NATURA: People First, Things Later**

Founded in 1969, Natura is a Brazilian multinational in the cosmetics and personal care segment, a leader in direct sales in Brazil. With 6,900 employees and 2 million consultants in Latin America, Natura has headquarters in São Paulo, Brazil, and operates in ten countries (Argentina, Bolivia, Brazil, Chile, Colombia, France, Malaysia, Mexico, Peru, and the United States).

In 2014, Natura became the first publicly traded company to receive B Corp certification, and its third certification was concluded in 2020. Among Natura's best-selling products in Brazil, its major market, are *Kaiak* deodorant cologne and *Essencial* Deo Parfum. Natura is part of Natura &Co, a global, purpose-driven, multi-channel and multi-brand cosmetics group that includes Avon, The Body Shop, and Aesop. Natura &Co operates in more than 110 countries, with over 3,700 stores, 35,000 employees and 8 million representatives and consultants.

"The main challenge we all faced last year was navigating a series of uncertainties during the pandemic," says João Paulo Ferreira, CEO of Natura &Co Latin America and CEO of Natura Brazil.





OMNILIFE



"Having said that, we moved forward with one resolution in mind: people first, things later. For us, this period was especially challenging if we consider not only the pandemic, but also the integration of Avon into the group. We initiated this in 2020, principally in Latin America, uniting the operations of our four businesses: Avon, Natura, The Body Shop and Aesop.

Natura &Co established three main commitments: care for its people, bar the contagion, and keep the economy running, always prioritizing life and well-being for all. The company acted rapidly to guarantee job security and safety for employees, enabling them to work remotely when possible, and reinforcing sanitary protocols in factories and distribution centers. It also offered virtual medical care to all.

Since the beginning of the pandemic, Natura &Co has donated around R\$100 million, including products (such as alcohol and soaps) and funds to help accelerating vaccination initiatives, supporting health authorities, and ensuring food security for vulnerable populations. More than 1.3 million people and 190 organizations have benefited from donations in Brazil and Latin America. The company also supported Natura Beauty Consultants and Avon Beauty Representatives

economically and psychologically by creating an emergency relief fund to help them through the pandemic, focusing on those who became ill or lost their jobs and a significant part of their income.

To minimize the effects of the crisis on consultants and representatives, Natura &Co extended payment terms, and reduced product order requirements. To ensure that its direct seller network could maintain its activities safely, respecting social distancing protocols, it accelerated its digitalization process, already in progress over recent years, creating digital tools in apps and through social media, boosting social selling.

Natura &Co Latin America, which includes Avon, Natura, The Body Shop and Aesop, had a net revenue of R\$20.5 billion in 2020, growing 9.4 percent compared with 2019 (3.7% in constant currency). This result was driven by market share gains for Natura and Avon, leveraged by increased consultant and representative productivity, the acceleration of social selling (through digital apps), and a higher number of Natura consultants.

"Recently, in the second quarter, the Natura &Co group posted another quarter of double-digit revenue





Natura &Co CEO João Paulo Ferreira says recent challenges have been the pandemic and the integration of Avon into the group.

growth globally, again outperforming the global Cosmetics, Fragrance, and Toiletries market,” Ferreira says. “Consolidated net revenue in the second quarter stood at R\$9.5 billion, up 36.2 percent in Brazilian Reais and 31.7 percent in constant currency, driven by double-digit sales growth for all four of the group’s iconic brands and businesses.”

This strong performance was driven by growth across the board and strong sales in digital social selling and e-commerce across all brands, despite continued impacts from COVID-19 in key markets. Digitally enabled sales, which include online sales (e-commerce plus social selling) and relationship selling using the company’s main digital apps, reached 51 percent of total revenue.

In 2020, billions of products and services were traded by direct selling in Brazil, where Natura is headquartered, resulting in R\$ 50 billion in sales, up 10.5 percent compared to 2019. This shows how resilient direct selling has been even during the pandemic. In 2020, the Brazilian direct selling market grew 9.2 percent, while Natura’s direct selling channel rose by 15.4 percent.

According to Euromonitor data, Natura’s direct selling channel grew in other important Latin American markets besides Brazil, where the direct selling industry as a whole declined in 2020. In Mexico, Colombia, and Peru, for example, Natura’s direct selling channel grew despite the decrease in the market. And in Chile, Natura posted an increase of 21.3 percent, outperforming the 8 percent growth in the direct selling market.

The Latin American cosmetics market showed modest growth in 2020. Considering important markets like Chile and Mexico, Natura grew in contrast with a general decrease among competitors in the cosmetics segment. The company advanced in brand preference, brand power, and market share, especially last year. And the share of the Natura brand in many Latin American countries is still below expectations, especially in markets such as Colombia and Mexico, where the company has huge potential.

“With Avon, we are also benefiting from the quick wins we have had from harmonizing commercial practices,” Ferreira says. “Additionally, we now have a more focused selection of products, categories, and leading brands in our portfolio in several countries, and we can use this mix in our favor. We hope to see further improvement considering the transformations we have made in Avon’s commercial model.”

In Latin America, Natura &Co has the biggest market share in the cosmetics segment, with 12.5 percent, primarily related to the Natura and Avon brands. Its overall performance in Latin America, where the company has been successful in consolidating the digitalization of consultants’ and representatives’ activities, has helped them to overcome the effects of the pandemic and maintain their businesses. In addition, Natura has just been elected the most beloved brand in the region by Love Brands 2021, the only company in the cosmetics segment on the list.

Natura &Co has seen solid growth, especially in Mexico. The country became Natura’s largest market



outside Brazil. It is important to consider that the online sales channel in Mexico was launched only in May 2021, initiating the company's omni-channel approach successfully. It is also important to mention that the Natura brand had strong growth across Hispanic America in the second quarter of 2021, supported by all the markets, most notably Argentina, Peru, and Mexico. Productivity per consultant also increased in the region, and the Natura consultant base expanded by 19 percent, reaching 852,000.

There is quite a bit of concern about the growing inequalities and unemployment in Latin American countries, which reached record rates in 2020 and are still at a high level. According to the International Monetary Fund, per capita income in the region will not return to the pre-pandemic level until 2024, which will cause cumulative losses of 30 percent, compared to the pre-pandemic trend. Additionally, inflation is also putting pressure on the purchasing power of a population already weakened by the lack of employment. Additionally, by the end of August, most Latin American countries had not been able to completely vaccinate more than a third of their populations (exceptions are Chile and Uruguay, where immunization progressed rapidly).

Regarding its businesses, in 2020 Natura &Co shifted to a schedule of 100 percent virtual meetings, which challenged its commercial teams to maintain dynamism in its activities while the company was facing restrictions across all countries. In some of them, the restrictions on direct sales, principally for meetings, are still in place.

Faced with lockdowns and closed stores, Natura launched new digital products and services for direct sellers, such as a digital and interactive selling magazine. It also created a tool that allows direct sellers to customize digital advertisements for their social networks.

The company believes that the human touch is at the heart of the Natura &Co business, but it has also learned to be innovative. According to Ferreira, this is an ongoing process, and the company is on track. Currently, digitally enabled sales represent around 50 percent of Natura &Co's revenue, with very positive numbers.

Due to the COVID-19 crisis, Natura &Co has reinforced its commitment to honor contracts, especially with supplier communities in the Amazon forest. This has been important for protecting its network and guaranteeing its production. Even so, it is still facing an imbalance in supply chains in Latin America, but so far it has been able to find appropriate alternatives. The company has had to deal with some shortages in imported materials and rising prices for international freight due to the reduced availability of means of transportation—in particular, air freight. Some examples are resins for

plastics, paper for packaging, and palm oil (used in soap blends).

However, the effect of supply on the consultants' business has been very low for Natura in Latin America. Nevertheless, the company remains vigilant. It is difficult to foresee, but in general terms, the recovery of the aforementioned chains will be closely linked to the progress of vaccination programs around the world.

"We will certainly remain focused on our integration process as a group, extracting more synergies from our brands and their operations worldwide, with particular focus on Latin America," says Ferreira. "Further accelerating our digitalization process will also be a key strategy for 2022. During this unprecedented crisis, we have seen how the intensive use of technology has driven resilience for the direct selling model. We have learned to be innovative in establishing processes that do not depend on physical presence, and we are continuously stimulating the peer-to-peer logic in our network."

Ferreira says the company is optimistic about its business capacity but is still cautious about the situation, considering that in most of the markets in which they operate vaccination is progressing at a slower pace than necessary. Consequently, it is facing a record number of people below the poverty line in Latin America, with economies unable to fully recover from the pandemic.

The company will continue to pursue the goals of its Commitment to Life, Natura &Co's sustainability vision for 2030. Launched in 2020, this commitment set forth bold targets for the next decade, tackling some of the world's most pressing issues: addressing the climate crisis and protecting the Amazon, ensuring equality and inclusion, and shifting the business toward circularity and regeneration.

"The principle behind this vision is to provide business solutions for the main socio-environmental problems the world is facing, generating a positive impact," says Ferreira.

### **OMNILIFE: Seeking to Reinvent and Transcend**

Omnilife was founded in 1992 by Jorge Vergara and Maricruz Zatarian, parents of owner and CEO Amaury Vergara, with a clear and strong vision to be "People Taking Care of People." Offering nutritional supplements, personal care products, and cosmetics sold through more than six million independent distributors in twenty-one countries, the Guadalajara, Mexico-based company is among the top twenty-five companies in the world based on 2020 revenue.

According to Amaury Vergara, the pandemic represented a growth opportunity for the company, not only because of the increase in sales due to the consumption of products contributing to improving





Though the outlook for 2022 remains cautious, Omnilife CEO Amaury Vergara notes experts are pointing toward a business renaissance.

people's health, but also because the Omnilife business model represented a source of employment.

"To give you an example, the unemployment effect caused by the pandemic favored us by increasing the registration of new distributors by 16 percent—almost 450,000 new registered distributors," says Vergara. "In 2020, historical monthly sales records were broken in at least eleven countries where Omnilife operates."

In 2020, the company grew by 15.4 percent compared to 2019. Twelve of its markets sales grow by more than 30 percent: Argentina (147%), Spain (98%), Uruguay (71%), Costa Rica (60%), Chile (42%), Guatemala (41%), Paraguay (41%), Panama (41%), US (35%), Colombia (33%), El Salvador (32%), and Russia (32%).

Comparing sales this year from January to July versus sales from January to July 2020, six countries are growing significantly: Chile (149%), Argentina (55%), El Salvador (43%), Spain (35%), Perú (32%), and the US (20%). Based on data through August 2021, Omnilife estimates sales will increase for the year.

Like other direct selling companies, Omnilife is facing unprecedented times; however, the company is experiencing historically record-breaking sales that can be attributed to the growth in its workforce numbers and the enthusiasm of distributors in promoting and selling the products.

Very high peaks were observed in the sale of immunological products, which, once the fear of the virus subsided, had a downward trend. Other categories, such as supplements that contribute to the strengthening of the circulatory and digestive systems, have had growth above 2020 figures.

Omnilife has helped drive people to seek healthier lifestyle choices. The company faced its share of challenges, such as new ways of purchasing, delivery, and payments to distributors, as well as adapting to virtual events. However, today it is back to holding in-person events and living the new reality.

Vergara says that the pandemic hit the company significantly at first, but a well-developed substitute product plan enabled the company to generate a well-informed campaign with its salesforce to communicate the options. In addition, strong relationships and good negotiations with suppliers allowed the company to be more agile in addressing supply chain issues.

"From our manufacturing plant, we migrated versions between formats to compensate for the high demand in some formats of our production lines," says Vergara. "For 2022, there will still be limited inputs in raw materials for products and packaging materials, so the challenges will continue."

Vergara says that the outlook for 2022 will be cautious, although he notes there are experts who point toward a business renaissance, or boom, similar to a post-war period. However, everything remains very uncertain.

Whatever comes their way, Omnilife will be dedicated to being "People Taking Care of People," and will continue to implement within its distributors the four fundamental pillars of the company—connection, evolution, integration, and transcendence—which will continue to define and guarantee solidity from its core.

"As a company, we constantly seek to reinvent ourselves and transcend people," Vergara says. "We truly believe that our results are stunning and that we are on the right track to continue changing the lives of millions of people around the world."

Omnilife is happy to share its growth and abundance with its distributors. That's why this year it will bring 4,254 of its Independent Distributors who qualified in previous months to Dubai.

#### **PM-INTERNATIONAL: Company, Team Partners Evolve Together**

PM-International has achieved phenomenal growth over the last few years. Founded in 1993, the company was well on its way to becoming one of the top ten direct selling companies in the world before the pandemic hit. The Luxembourg-based company, which develops and markets premium nutritional



supplements and cosmetics through its FitLine® brand, achieved more than 50 percent growth in annual sales in 2020, earning \$1.71 billion.

“We are very thankful for having been able to grow and develop over the past year, and we do not take any of it for granted,” says PM-International CEO Rolf Sorg. “I am very proud of our team partners around the world who have shown a lot of commitment, flexibility, and leadership. We have taken on the challenge and evolved together.”

According to Sorg, when the pandemic started last year, distribution partners were stuck at home during the lockdown of the first wave. The company made it possible for them to still support their customers through its Customer Direct Program. “We reacted extremely fast, creating additional tools and offering free delivery for customer orders from fifty dollars,” says Sorg. “All of this created a real motivational boost throughout our teams, particularly for our many young distributors who are digital natives and already had a lot of experience in working online. That made it easier for us to adapt and go fully online, wherever and whenever it was needed.”

While companies around the globe reported increased supply chain issues because of the pandemic, PM-International fared much better. The company has been focusing on prevention for twenty-eight years, not only in its product range but in all its business areas. Sorg says this includes long-term planning and conservative fiscal management, which helped

enormously when the pandemic started. “Thanks to a great collaboration between our research and development department and our reliable logistics partners, we were able to secure our raw materials for six months in advance with a rolling forecast,” Sorg says.

Expansion has been key to PM-International’s growth over the last few years. The company has offices in Canada, Mexico, and the US. In 2019, it opened Headquarters Americas in Sarasota, Florida, earning the Good Manufacturing Practice (GMP) certification in 2020. The headquarters, which includes a fulfillment center, was a milestone achievement for the company and a key link in its global GMP-compliant supply chain.

“We are developing very quickly here and have major projects ahead of us,” says Sammy El Ghouli, Chief Sales Officer for the Americas. “As we are already running out of space, we are investing into additional manufacturing equipment and facilities.”

In 2021, PM-International expanded its warehouse by about 7,000 square feet and plans a second administration building with an additional 3,500 square feet. In addition, the company’s North Branch offices in Pittsburgh will move into new facilities, and the company will open an additional office for the West region in order to support the expansion throughout the Americas.

PM-International is also expanding into other areas of the world, including the United Kingdom. The



Rolf Sorg, CEO of PM-International, believes that digitalization makes the business opportunity more accessible and user-friendly.





SwissJust Americas CEO Jacques Mizrahi believes success in the direct selling channel is achieved through a delicate alchemy.

company has a positive outlook for this market because WFDSA data shows the UK direct selling industry grew by 45 percent in 2020, generating \$822 million in retail sales. After preparing the operations for the UK market in 2020, PM-International has registered around a 150 percent increase in sales in this market in the last twelve months alone. With wellness and cosmetics products accounting for 80 percent of the retail sales in UK direct sales, Sorg sees a lot of potential for further growth.

In the future, the company plans to expand in all continents: in South America, Bolivia and Peru; in Europe, Hungary and Portugal; in the Asia-Pacific arena, Vietnam and China; and in Africa, Morocco.

Sorg believes that digitalization will make the PM-International business opportunity more accessible, more user-friendly, and more cost-efficient for team partners, but that virtual sales will never fully replace the personal interaction with customers and distributors. Direct sales is and always will be a people's business, he says.

However, to continue the momentum company has experienced over the last few years, Sorg intends to take full advantage of hybrid events and digital retail solutions that, in his eyes, are here to stay.

"Going forward, hybrid events will be the new normal, a permanent feature," he says. "Like major sporting events, PM Team Partners will have the choice of watching an event live on-site or as part of a public viewing event at their local subsidiary, or as online streaming on PM TV from the comfort of their own

home. Some events will just stay online, like our Product Academies, and the same goes also for corporate trainings. Transforming our events setup was really a major step into the online working world."

This year, Sorg is confident the company will reach \$2 billion in sales. All the hard work since the beginning, but especially over the last few years, has paved the way for the company to continue growing. The goal is to create sustainable growth that will provide worldwide opportunities for generations to come.

### **SWISSJUST: Success Is a Delicate Alchemy**

Just is a family-owned business still anchored in the mountains of Walzenhausen, Switzerland. With almost ninety years in the market, it is considered a worldwide pioneer in herbal wellness therapy. Its products are based on wellness recipes that use ancestral practices with medicinal herbs to meet daily needs. At the heart of each formula is the restorative power of plants and herbs from its native Swiss Alps with potent active compounds that provide wellness and beauty properties.

Just products are sold in over thirty-five countries around the world through companies like SwissJust, which markets, sells, and distributes their products in specific geographies. SwissJust is responsible for the whole of the Americas, with operations in the United States, Mexico, Argentina, Perú, Colombia, Costa Rica, Panamá, Uruguay, Chile, and Puerto Rico. Its regional headquarters are located in Buenos Aires, Argentina.

According to Jacques Mizrahi, CEO of SwissJust Americas, all nine SwissJust companies had



double-digit growth in 2020, and the company hit records in sales and in the number of active consultants in every single market. Growth per market varied between 30 percent to over 100 percent.

“Looking at the longer trends, we did about four years of growth in one year,” say Mizrahi. “We had the luck of coming into the pandemic healthy. We had been growing at lower double-digits for several years, and our consultant base was already quite digital and social media savvy. “We had a strong party plan practice—in-person, of course—and we were also doing many virtual training meetings, so Zoom was not such a huge novelty.”

Once the pandemic struck, six of SwissJust’s nine markets went into full lockdown. People were not allowed to leave the house by law. A few of the company’s warehouse facilities closed overnight because they were in lockdown areas. The company was completely closed for an entire month in Perú, Chile, Argentina, and Colombia.

“We first went into communication overdrive with the field to make sure we kept the spirit alive and provided a sense of calm and strategic direction,” Mizrahi says. “Then we jumped into digital transformation with both feet—virtual parties and events, e-commerce, and the use of customer data. We tried to be as agile as possible. In countries where we had full lockdown and no sales, we paid commissions to leaders to help them get through the financial slump.”

Even through the market shutdowns and lockdowns, statistics from the local direct selling associations showed that SwissJust had the highest growth in the industry in Peru for 2020—doubling in size even though the company lost a whole month of sales in April—and was No. 1 in its segment in Costa Rica. In Colombia, SwissJust was among the companies with the highest growth rate for 2020.

In North America, SwissJust’s US business almost doubled in size in 2020, and the Mexico market, which is the company’s largest, grew by 30 percent year-over-year.

Interestingly, although Uruguay exited the year at +50 percent growth, the total yearly growth was 25 percent, which was the lowest of all nine countries. Uruguay was the country least impacted by the pandemic; it never had full lockdowns and reached high levels of vaccination quickly. In summary, the bigger the negative impact of the pandemic, the bigger the positive impact on the business.

“Keeping up with demand from an operational perspective was tough beyond the actual global supply chain restrictions,” Mizrahi says. “We had to outsource pick and pack in several countries, recruit new employees remotely, and integrate them into our culture with no face-to-face interaction.”

Like other direct selling companies, the biggest challenge remains the lack of face-to-face events and incentive travel. Mizrahi says that in most of Latin America, vaccination rates are running around 35 percent, which means that restrictions are huge.

“Success in our channel is achieved through a delicate alchemy where the secret sauce includes ingredients like money, recognition, sense of belonging, and fun travel,” he says. “The latter two have almost disappeared for eighteen months and have no signs of coming back for at least another six months, maybe excluding the US and a few higher-vaccination countries. We are banking on the relationships and motivation built over many years, but at some point the formula needs all its components to stay alive.”

For example, SwissJust runs a regional incentive trip every year to visit the main factory and fields in Switzerland. It has continued running the yearly qualification but has not executed the actual trip. “We promised all earners that they will eventually enjoy their hard-earned reward,” says Mizrahi. “At present, we already have a backlog of 110 earners, plus those who are going to qualify this year to travel next year.”

If the disruptions continue, the company will have to take 150–200 people on the trip. To make matters more complex, every cohort gets to go to a second city on the same trip. So among the estimated 200-plus earners that will go to Switzerland next year, fifty will also go to Barcelona (2019 earners), another fifty to Berlin (2020 earners), and so on. Imagine the logistics.

Logistical problems have also been a challenge for SwissJust in the area of supply chain. Mizrahi says that in the beginning of the pandemic, the disappearance of air travel made it almost impossible to ship finished products to many markets. For a shipment from Buenos Aires, Argentina, to Lima, Peru, the shipment had to go through Rotterdam in The Netherlands.

“The main supply chain restrictions we still have today are the incredible cost of shipping anything, anywhere, in any fashion,” Mizrahi says. “As we all know, providing service is paramount in our business, so we have often had to pay ridiculous fares just to make sure our consultants can deliver.”

Despite the continued challenges ahead, Mizrahi is “very optimistic” about the future. The company believes that the accelerated digitalization of the salesforce is going to allow SwissJust to provide better service to customers. Social selling in the new context, he says, will combine the unique value of the consultant as a “trusted friendly voice” with the value of sophisticated e-tailing and business intelligence on consumer behavior.

“Our optimism can only be tarnished if we continue to see low levels of vaccination in Latin America and this, in turn, jeopardizes our ability to celebrate the culture and values of our people in face-to-face events, travel,



and real heart-to-heart connections,” says Mizrahi. “We all know the future is hybrid, and we need to get over our current ‘virtual-only’ situation to get there!”

#### **ENAGIC: Smooth Transition, Motivated Salesforce**

For Okinawa-based Enagic International, the privately held company founded by Hironari Ohshiro and best known for its water-ionization systems, the last eighteen months have not brought the same level of disruption other international companies have experienced. That is not to say the company, which also sells Ukon (wild turmeric) supplements, tea, and soap, has not had its share of challenges, because it has.

From an operations standpoint, the pandemic was initially concerning because Enagic is global, with offices in more than thirty-five countries, including the United States, India, Europe, Australia, Canada, Japan, Malaysia, and Hong Kong. Like other multinational companies, Enagic was met with the challenge of maintaining consistent business operations while much of its team worked remotely. Staff and distributors had to quickly adapt to the use of Zoom, social media, and messaging apps to fill the void created by the suspension of in-person meetings.

Rules and restrictions put in place because of the pandemic presented—and continue to present—issues in some markets. In the US, for example, work from home was implemented in many states and company travel restricted out of an abundance of caution. And the restrictions that remain can be inconsistent and

confusing from state to state, resulting in some frustration for customers and distributors.

Despite the occasional disruptions and the uncertainty in the overall economy, Enagic operations have been steady. The company was able to smoothly transition to remote working for many months in 2020 and earlier this year, but most staff are back in the office and visitors can return on a limited basis.

According to Enagic USA President Keishi Hirano, the company has a foundation for long-term growth. This confidence comes from the ongoing popularity of the best-selling product, the Leveluk Kangen 8 (K8) water ionizer. Enagic is the leader in manufacturing water-ionization systems that transform regular tap water into pure, electrolytically reduced and hydrogen-rich drinking water. There are hundreds of thousands of Enagic water machines in homes and businesses around the globe.

“Enagic water-ionization systems are installed in the home, so we have a competitive advantage over retail water options, like bottled water,” says Hirano. “Enagic customers can enjoy filtered, healthy water from the comfort and safety of home, any time of the day or night.”

That was an important factor when people did not want to venture out during the pandemic. In 2020, Enagic global sales increased more than 10 percent compared to 2019. In the US, 2020 sales were approximately 20 percent higher year-over-year.

One market that has been a surprise for the company in the last year is India. Sales there have soared, leading it to become the second largest Enagic market. “The subcontinent has so many communities and households in need of filtered, healthy water,” says Hirano. “The K8 and SD501 water ionizers have been popular, and India is full of entrepreneurial, ambitious people from all backgrounds who are attracted to the Enagic opportunity and the patented 8-point compensation plan.”

Hirano says Enagic’s outlook for 2022 is very optimistic. The company manufactures everything at its own factory in Osaka, Japan, and uses tightly controlled production processes and distribution procedures to markets around the world. In addition, the relaxation of pandemic restrictions is energizing the distributor ranks with more in-person meetings, events, trainings, and seminars. And an emerging rivalry between the US and India for bragging rights as the No. 1 Enagic market in the world will likely bring about increased sales.

However, Hirano believes the biggest reason Enagic is poised for continued growth in the coming year is the motivated, passionate salesforce. “There are approximately 1.6 million independent distributors around the world focused on sharing Kangen Water® and the Enagic opportunity,” he says. [DSJ](#)



Okinawa, Japan-based Enagic has been led by Founder and CEO Hironari Ohshiro since 1974.





**JOHN C.C. SANDERS**

PARTNER, DALLAS

[jsanders@winston.com](mailto:jsanders@winston.com)



**KATRINA G. EASH**

PARTNER, DALLAS

[keash@winston.com](mailto:keash@winston.com)

# 2019 Texas Trailblazers

## TEXAS LAWYER

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



# WHAT CAN WE EXPECT FOR THE FUTURE OF DIRECT SELLING?

by Ibi Montesino, Senior Vice President and Managing Director, Herbalife Nutrition, North America



**D**irect selling is an excellent business opportunity for anyone—regardless of background, education, or nationality—to start their own business. Direct selling allows the flexibility to set one's own hours and make supplemental or, in some cases, a full-time income. Many direct selling companies have phenomenal products and services, but the distributor makes the difference.

These benefits have been consistently proven over decades, going back to the early colonial days of our country when salesmen in wagons drawn by animals of burden would provide goods and news to remote homesteads.

Today, the world of direct selling has evolved, but the entrepreneurial spirit remains the same. The excitement about the future of direct selling involves the continual innovation of products that are being developed and the ever-growing opportunities they continue to provide.

This unique business model is attractive because it allows independent salesforce members to lead and mentor a team of others who also want to sell products, providing leaders the opportunity to make supplemental income or more from the sales made by their teams.

We need to strike the proper balance of allowing independent salesforce members to tell their stories confidently while doing so in a compliant manner and setting the right expectations with their audiences.

We all face a challenge: finding ways to grow our respective businesses and inspire others. There is a tendency to want to focus on the top success stories. However, as we know and make clear to potential direct sellers, the top successes are not typical results.

We need to strike the proper balance of allowing independent salesforce members to tell their stories confidently while doing so in a compliant manner and setting the right expectations with their audiences. This means accurately representing the business and the potential opportunities—whether it be potential earnings, lifestyle, or product results—so that potential new independent salesforce members and customers have clear expectations of what they can generally expect to achieve.

By crafting general representations about what prospective salesforce members can earn, this is easy.



Companies can gather and track data about generally expected earnings and represent them within an income disclosure statement. But what about highlighting success stories? Highlighting them is not always easy.

Direct selling companies provide an opportunity to earn supplemental income—some more than others. But there are quite a few independent sales-force members whose results go beyond what is typical, and they want to be able to share their success stories.

The sharing of success stories should be welcomed, provided the results are not extreme or excessive. It's essential that we allow them to share, as long as we train them how to do this compliantly—that is, by setting realistic expectations and ensuring compliance with the DSA Code of Ethics, Direct Selling Self-Regulatory Council (DSSRC) claims guidance, and general consumer protection statutes.

Of course, maintaining a robust monitoring program and adequate enforcement standards are equally essential to ensure compliance.

We've made great strides over the past few decades, the highlight being the creation of DSSRC. The

Council has done a tremendous job of providing critical guidance to the industry, such as through its "Guidance on Earnings Claims for the Direct Selling Industry." In addition, it has been extremely thorough and active in its monitoring and enforcement efforts, which, in effect, raise the standards that all direct selling companies must meet. I am thrilled with their progress and applaud their efforts.

Regarding compliance, the key for all of us is not to be reactive but to be proactive. With many independent salesforce members at Herbalife Nutrition and the millions within the industry, this takes a concerted, dedicated, and committed effort. Therefore, compliance has to be at the forefront of what we do.

We each need to remain vigilant in our training, monitoring, and enforcement efforts. Doing so will help us maintain a solid and positive reputation for the industry, with the added benefit of seeing higher retention rates for those looking to engage in the business opportunities or become repeat customers when their results are in line with their original expectations. I see proactive compliance as critical to the industry's reputation and as a key driver of the future of this amazing industry. [DSJ](#)

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

Sales tax compliance  
is notoriously complex.

Let Avalara put the  
12,000 jurisdictions  
in their place.



[avalara.com](https://avalara.com) > solutions > direct sales

**Avalara**





# FAREWELL TO A DIRECT SELLING LEGEND

Remembering Alan Luce,  
1945–2021

by Brett Duncan, Strategic Choice Partners



To know direct selling is to know Alan Luce. That's how a lot of people feel. A lot! He served in just about every capacity the industry has to offer, and his fingerprints are all over the last fifty years of it. At the news of his passing on July 16, 2021, many people reached out to me with a similar sentiment: "I can't even think of what direct selling will be without Alan." He was a constant.

Alan was also quite the character. He was not someone who could be ignored. If you ever met him, you know exactly what I mean. He was not another face in the crowd. He never sat idly by. He was never just an observer, an "innocent bystander." He made his thoughts and opinions known. This was another common sentiment shared with me; however, such comments always mentioned that Alan figured out how to share opinions and viewpoints passionately and hold to them, yet still make you feel important and heard and valid, even if your opinions and viewpoints were opposite his own.

Alan was known for great sayings, but the one that seemed to stick with people the most was this one: "I am often wrong but never in doubt." And boy, did he live up to that declaration. Alan had a swagger that couldn't be faked or manufactured. It came from deep within. But, at the same time, it was an

approachable swagger. It attracted people to him. It was his secret weapon, I think.

Alan had a swagger that couldn't be faked or manufactured. It came from deep within. But, at the same time, it was an approachable swagger. It attracted people to him. It was his secret weapon, I think.

## A Life of Direct Selling

Alan was born and raised in Pennsylvania, and he seemed to excel at everything he did. His greatest accomplishment was, no doubt, persuading his wife Carolyn to become Mrs. Luce. Alan and Carolyn were a match like no other. To see them together was special, and it always brought out the best in Alan.

After earning his law degree from Vanderbilt University in Nashville, Alan began his career as an Assistant City Attorney in Rochester, New York (1970–1972), where his career took a dramatic turn during one case. As the story goes, Alan went head to head with Neil Offen, then the President of the Direct Selling Association (DSA). Seeing that he had met a very formidable opponent, Offen convinced



Alan to move to Washington, DC, and join DSA as an Associate General Counsel. So Alan did, holding that position from 1972 to 1976.

In 1976, Alan was approached by Tupperware Home Parties to join its staff as General Counsel, with the initial task of creating an internal law department. During his sixteen years at Tupperware, Alan was promoted to Vice President of Administration and General Counsel. As his career continued to grow and transcend law, he attended the Crummer School of Business at Rollins College in Winter Park, Florida, earning his MBA in 1986.

Following his work at Tupperware, Alan served as an executive for other direct selling organizations such as DK Family Learning (Founder and CEO), PartyLite Gifts (Senior Vice President of Sales & Marketing), and Wildtree Herbs (CEO).

Eventually, Alan decided to take a different direction in his career. He founded Luce & Associates, a full-service consulting organization that focused on helping direct selling companies. His firm became the go-to experts within the industry, known especially for working with startups and designing compensation plans for new and existing direct selling companies. Luce & Associates took many forms over the years until shifting into Strategic Choice Partners in 2015. As a consultant, Alan was contracted by more than 100 direct selling companies.

Perhaps more than anyone in the industry, Alan served—and succeeded in—just about every facet of direct selling. As a result, he also received virtually every award the direct selling industry has to give. For example, Alan served many years on the Board of Directors for both DSA and the Direct Selling Education Foundation (DSEF). He also completed terms as Chairman for each organization. In 2002, he was recognized for his vision and leadership of DSEF when he was selected to receive the Circle of Honor award. In 2005, Alan was acknowledged for his career achievements and leadership within the direct selling industry and his impact on the channel when he was inducted into the DSA Hall of Fame.

When Alan passed, I received so many comments from our direct selling friends. Here are just a few:

“Alan was singular, and we shall not see his like again.”

“I will never forget the day I was at a direct sales national conference and approached Alan Luce. He was watching woman after woman walk across the stage in recognition of their achievements—some for the first time in their lives. He turned to me with tears in his eyes and said, ‘This is why I do this.’”

“Alan was, and always will be, THE shining example of a wise, natural giver and helper.”



## **DSA, DSEF Remember W. Alan Luce**

W. Alan Luce began his career in direct selling as Associate General Counsel for the Direct Selling Association (DSA). He was also a frequent industry spokesman and expert lecturer at college and university business schools on behalf of the Direct Selling Education Foundation (DSEF).

During his career, Alan served as Chairman of the Board of DSA and Chairman of the Board of DSEF. In 2002 he was inducted into the DSEF's Circle of Honor. Three years later, his leadership and service to the direct selling channel was recognized as he was inducted into DSA's Hall of Fame.

Joseph N. Mariano, current President and CEO of DSA, reached out to former DSA President Neil Offen upon hearing Alan's passing. It was Offen who had recruited Alan into DSA in 1973.

“I brought Alan to DSA from his position as Assistant City Attorney for Rochester, New York, after fighting him over an anti-direct selling ordinance proposal he had drafted for the city (we compromised),” says Offen. “This was the best hire I ever made and, as they say, the rest is history. When introducing Alan to people, I stated that WAL (as I referred to him) was almost as smart as he thought he was. Before he died, I admitted to him that he actually was that smart and, perhaps, even smarter. Alan was one in a million and it was a joy for my wife Carolyn and me to be friends with Alan and his wife Carolyn all these many years.”

Alan will long be remembered by everyone at DSA, DSEF, and the countless professionals and entrepreneurs whose lives he touched.





In 2015, Alan Luce and Brett Duncan started Strategic Choice Partners.

“A role model for all, a great ambassador for our industry, he will leave his mark on how we think, how we act, and what we take forward to always be the best we can be.”

“He was the consummate simplifier who quickly got to what mattered and really helped me and so many others understand how this amazing channel works.”

### A Mentor and Partner

For me, Alan was a legend, a mentor, a business partner, and a dear friend. I will dearly miss him. He poured positivity into me, he radiated wisdom, and he never let a crowd or big occasion get in the way of simply sharing something just for me.

Alan and I began pontificating together in 2011, and we became business partners in 2015 as owners of Strategic Choice Partners. One of God’s greatest blessings is the time given to me to work so closely with Alan.

Alan battled pancreatic cancer for the last two and a half years and he worked so courageously through it. We thought he had whipped it, and we celebrated in his hometown of Asheville in October 2019 while my wife and I were visiting. Alan and his wife Carolyn treated us to one of the most memorable dining experiences I will ever have. The conversation was the most satisfying course, in both tone and topic.

Two months later, we were together again at the DSA event in Lake Tahoe. I’m sure many of you were there, too. With COVID just around the corner, who could have guessed that this would be the last time many of us would see Alan in person? Oh, the things I would’ve done if I had known. Sure, I spent hours with Alan over Zoom for the next eighteen months. His mind was as sharp as ever, and his schedule was as full as ever with major projects. He was being sought out for consulting by companies, large and small, as much as ever—if not more.

At the same time, Alan’s patience and diplomacy were at an all-time low. I guess that comes with the turf considering what he was going through. There was more than one occasion when I would delicately address that, and suggest that, perhaps, we shouldn’t talk to clients like that. He would always agree, but then he would also remind me that he was too old to care. (He used different words, of course.) I’d chuckle and come to grips with the fact that none of that behavior would change and, if I were honest with myself, I would have been disappointed if it had.

### A Farewell to a True Legend

Alan, your impact is undeniable. Your legacy is immeasurable. Your importance in my life is never-ending. I will miss you. This great industry will miss you. It was a privilege for all of us to know you and what a difference you made with your life. **DSJ**

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





# CONGRATULATIONS

*to Orville and Heidi Thompson!*

2021 DSA HALL OF FAME INDUCTEES

---

Since 2004, Orville and Heidi Thompson have dedicated their efforts to making Scentsy a global leader in home fragrance while championing the direct selling model of distribution. They have also found time to support industry colleagues by consistently sharing best practices and lessons learned as business leaders.

DSA salutes these incredible partners in life and business for the profound impact they have had on Scentsy business owners and the direct selling community and their long-standing support of and service to DSA.



## ABOUT THE DSA HALL OF FAME AWARD

DSA's Hall of Fame Award honors those who have made substantial contributions over a significant number of years to the direct selling channel and the Association. The award is a testament to personal integrity, selflessness, achievement, the highest standard of professional commitment, and unwavering faith in the power of direct selling.





# WHAT U.S. SELLERS NEED TO KNOW ABOUT EU IOSS INTERMEDIARIES

by Brian Brown and Gail Cole, Avalara

A sweeping value-added tax (VAT) reform package took effect in the European Union (EU) on July 1, 2021. Affecting many direct selling companies that sell to consumers in the EU, these reforms will impact EU and non-EU businesses differently. This information is geared toward US businesses that sell across borders and focuses on the new Import One-Stop Shop, or IOSS.

## Why Now?

The goal of the IOSS scheme is twofold:

- 1) Make it easier to sell online and support the growth of the digital economy in Europe
- 2) Fight fraud and ensure all sellers are collecting and remitting VAT as required

## What Is the IOSS?

The Import One-Stop Shop is a new electronic portal designed to simplify VAT compliance requirements for non-EU e-commerce merchants selling low-value goods into the EU. All twenty-seven EU member states are participating in the IOSS scheme.

Starting July 1, 2021, VAT must be collected on commercial imports with a total shipment value under €150. The IOSS facilitates the collection, declaration, and payment of the VAT due on these low-value imports by creating a fast track, or “green channel,” for quick and easy customs clearance. However, the IOSS cannot be used

to collect, declare, or pay the VAT due on shipments valued at or above €150.

There’s a trade-off for the expedited clearance offered by the IOSS: sellers using the IOSS must collect VAT at the point of sale, not upon import into the EU.

For businesses, the most significant advantage of the IOSS scheme is that it provides companies access to all twenty-seven member states of the biggest trading bloc in the world with one single registration.

Use of the IOSS is voluntary, not mandatory. However, the benefits of the IOSS will make it an attractive option for many direct selling companies and their customers.

Note: For shipments valued at or above €150, import VAT will continue to be due upon import into the EU. See the European Commission Taxation and Customs Union for more details.

## Benefits to Using the IOSS

For businesses, the most significant advantage of the IOSS scheme is that it provides companies access to all twenty-seven member states of the biggest trading bloc in the world with one single registration. That point can’t be overemphasized.



Additional benefits to businesses and their EU customers include:

- **Expedited customs clearance.** The IOSS system will help prevent delays at customs because VAT is collected at the point of sale. Low-value imports (shipments valued under €150) should sail through a green channel at customs.
- **Increased transparency for consumers.** Because consumers are charged the total cost of goods up-front, including import VAT, at checkout they should encounter fewer surprise costs when a package arrives at customs.
- **Simplified compliance for merchants.** Direct sellers can use a single IOSS registration to report and pay VAT on all low-value shipments (under €150) into the twenty-seven EU member states, reducing cash flow issues created by the standard method.
- **Streamlined logistics.** Goods listed in the IOSS with proper Harmonized System codes (HS codes) can move freely within the EU. Thus, they can be imported into any member state and subsequently transported to their final destination. On the other hand, goods imported without the IOSS regime must arrive and clear customs in the member state where the goods will be delivered to the end-user (i.e., the destination country).

### How to Register for the IOSS

Though the IOSS will greatly simplify VAT collection, declaration, and payment for e-commerce merchants and marketplaces, there's one tricky bit: non-EU businesses cannot register directly for the IOSS unless they're established in a country that has a VAT mutual assistance agreement with the EU. Unfortunately, as of this writing, the only country with such an agreement is Norway.

Therefore, non-EU businesses will need to appoint an approved EU-established intermediary to represent them and fulfill their VAT obligations under IOSS. Non-EU companies are required to register in the intermediary's member state. For example, a non-EU company working with an intermediary based in France must be registered in France (i.e., France must be the member state of identification).

### What You Need to Know about IOSS Intermediaries

To emphasize the point, companies based outside the EU cannot register for the IOSS themselves. Non-EU companies must hire an IOSS intermediary to complete the IOSS registration on their behalf.

Residency requirements for IOSS intermediaries:

- An IOSS intermediary must reside in an EU member state and register with tax authorities of that country.

Registration requirements for IOSS intermediaries and their clients:

- Upon registering with the tax authorities, an IOSS intermediary will receive an identification number that's unique to them. This number is needed during the customs clearance process.
- It's the job of an IOSS intermediary to register the name of all the businesses they represent with the IOSS intermediary's home tax office. Once registration is complete, the IOSS intermediary will receive an IOSS VAT identification number for each seller.

### What You Need to Do to Use the IOSS

Direct sellers should do the following:

- Display the amount of VAT paid by the buyer when the order is finalized.
- Collect VAT from the buyer at checkout.
- Classify their catalog of products to HS codes (known as TARIC codes in the EU) and include codes on the shipping label and commercial invoice provided to the carrier.
- Make sure shipments do not exceed the €150 threshold (value is based on the total value of a shipment).
- State the price paid by the buyer on the invoice in euros.
- Provide the information required for customs clearance in the EU, including the IOSS VAT identification number, to the person declaring goods at the EU border.
- Submit a monthly VAT return electronically via the IOSS portal of the member state where you're registered for the IOSS.
- Make a monthly payment of the VAT declared in the VAT return to the member state where you're registered for the IOSS.
- Maintain records of all eligible IOSS sales and facilitated sales for ten years.

### What If I Don't Want to Use the IOSS?

The IOSS isn't compulsory. Non-EU businesses can instead elect to have the customs declarant collect import VAT from the final consumer when shipments enter the EU. The customs declarant—usually the postal operator, courier firm, or a customs agent—must then submit the VAT monthly.

Consumers will likely find this option less appealing. Their packages could be held up at customs, and they could be surprised when they're required to pay the VAT due, especially if the package contains a gift. [DSJ](#)



# HEALTH TRENDS

## Key Insights from Dr. Mehmet Oz

Like so many Americans, the direct selling community has been affected by the coronavirus. Many have contracted COVID-19, and many more have experienced mental health difficulties brought on by the stress and anxiety over the state of our world.

These COVID-related health issues, coupled with ongoing care management for chronic diseases, have accelerated changes in how our healthcare system responds to the needs of so many, with the most evident change seen in the increased use of telemedicine.

*Direct Selling Journal* (DSJ) caught up with Dr. Mehmet Oz, who will be a featured speaker at the upcoming DSA ENGAGE 2021 in New Orleans, to get his perspective on telemedicine as well as other topics, including digital health trends, healthy living, and work-life balance.

### TELEMEDICINE

**DSJ:** Telemedicine has been an important option for many people during the pandemic. Do you believe it will become standard practice for care management in the future?

**Dr. Oz:** Before the pandemic, telemedicine was already on its way to becoming an important part of the healthcare system. But COVID-19 obviously accelerated the trend and the need for virtual visits with doctors. In fact, one study published in September 2020 in the *Journal of Medical Internet Research* found that in New York, telemedicine visits increased 8,729 percent during the height of the pandemic compared to the previous year. But now that we are all (hopefully) getting vaccinated, will telemedicine stay as popular? I think it will.

The same study reviewed more than 38,000 patient satisfaction surveys and concluded that patients like virtual doctor's visits and do not see them as barriers "toward a paradigm shift away from traditional in-person clinic visits."

That's good news for physicians, who, like myself, have been embracing the opportunity to avoid dragging patients back into our

offices for unnecessary encounters or, as they say, to share information that "could have been an email."

Sure, I like to meet new patients in person to get to know them and perform necessary exams. But many consultations, especially for existing patients, do not require a trip back to the office; reviewing lab work or following up on a course of care are two examples of consultations easily done via telemedicine. Plus, patients who have a hard time moving around or traveling due to age, infirmity, or distance are finding that telemedicine helps make doctors more accessible.

The ability to practice medicine remotely has improved tenfold now that many homes in the US are connected to the internet; being able to monitor patients remotely offers an extra level of protection. This way, doctors can get continuous, real-time data on patients, providing timely feedback and help in averting a crisis or trip to the ER.

For example, a heart patient can benefit greatly from using telemedicine, especially when it comes to monitoring health factors such as weight fluctuations and swelling. Suddenly, by using a simple body-weight scale, a blood pressure cuff, and a heart





“The biggest benefit of  
telemedicine may be  
when it comes to mental  
health care services.”

—Dr. Mehmet Oz





rate monitor, your home becomes a mobile health-monitoring unit.

**DSJ:** The pandemic brought much stress and anxiety. How can telehealth providers expand their resources to support the increased need for mental health services?

**Dr. Oz:** The biggest benefit of telemedicine may be when it comes to mental health care services. As we know, mental health experts are not distributed equally across our country. Telemedicine makes talk therapy more accessible, affordable, and logistically feasible for all Americans, especially those who live in rural parts of our country, like so many veterans with PTSD and other mental health issues.

**DSJ:** Will telehealth strengthen or weaken the doctor-patient relationship?

**Dr. Oz:** While I don't believe telemedicine will completely replace visiting your doctor in person (sorry!), I believe doctors should embrace new technology when it's available, and telemedicine is definitely here to stay. Meeting the patient where they are living will strengthen the doctor-patient relationship.

When it is difficult for patients to travel due to age, infirmity, or distance, telemedicine democratizes care—but only if we can collect accurate data on the patient outside the office.

COVID accelerated an already powerful trend toward avoiding dragging patients into doctors' offices for inefficient encounters. I like to meet a new patient in my office to get to know them and their body. But many of our consultations for already existing patients do not require repeated, detailed physical exams. Rather, we review objective lab data or images and follow up on the course of care. When it is difficult for patients to travel due to age, infirmity, or distance, telemedicine democratizes care—but only if we can collect accurate data on the patient outside the office.

## HEALTH DEVICES

**DSJ:** There already exist wearable health devices that can track patient data such as glucose levels, blood pressure, and heart rate. What future devices do you foresee that will



enable even more data exchange for better care management?

**Dr. Oz:** Remote patient monitoring adds an extra level of protection and has improved so rapidly with the “internet-everywhere” ability in most homes that we can get continuous, real-world data on patients, allowing timely feedback prior to a crisis-mandated office or ER visit.

For example, the major driver of survival and readmission for our most expensive diagnosis-related group (DRG), heart failure, is the patient’s changing weight, reflective of increased swelling. Getting on a scale twice daily will reveal whether the kielbasa from lunch might land you in the hospital. When combined with a blood pressure and heart rate monitor, your home becomes a mobile monitoring unit.

**DSJ:** Is there one device you feel should be at the top of the must-have list?

**Dr. Oz:** Newer remote monitoring devices will offer sodium, potassium, cholesterol, and water levels in our blood; however, the most powerful will be blood sugar because we can support patients with desires ranging from better diabetes management to weight loss.

Insurance companies appreciate the cost and quality benefits and are beginning to reimburse remote patient monitoring.

**DSJ:** Although artificial intelligence (AI) and new technology will help in diagnosing conditions that lead to disease, data privacy and data security will remain concerns for many patients. What should patients know when communicating with their doctors or hospitals online?

**Dr. Oz:** AI and machine learning will benefit from additional high-quality data and will return the benefit by helping doctors and patients better manage chronic conditions. Privacy will remain a concern, but the vast majority of Americans will share their personal data if a meaningful benefit is received in return.

## MEDICAL APPS

**DSJ:** There are several medical apps now available. Do you have any concerns about such apps? What should people know when using them?

**Dr. Oz:** I founded Sharecare, one of the leading health apps in the country, so I am witnessing firsthand the beneficial impact these tools have on Americans. Sharecare is a health and well-being digital hub that unifies all the elements of individual and community health

so everyone can live better, longer lives. We provide an interoperable platform that integrates fragmented point solutions and disparate stakeholders to foster a frictionless, user-friendly experience that engages people across the dynamic continuum of their healthcare needs.

**DSJ:** A Society for Human Resource Management (SHRM) report said 48 percent of US employees would have more confidence in digital health tools if employers offered them; 26 percent said if such tools were available they would be more inclined to stay with the company. What advice can you give employers on offering such apps?

**Dr. Oz:** We’re altogether better when we unify the entire ecosystem—health plans, employers, providers, life sciences—into one connected system. We also benefit from turning point solutions into an integrated platform in the palm of a person’s hand and turning individual progress into community transformation.

I believe and endorse the SHRM data that indicates all these approaches are improved when employers support implementation, which is why Sharecare takes this approach with large employers, including governments, and insurance companies.

**DSJ:** A few years ago, cannabidiol (CBD) was very popular. In fact, many direct selling businesses began to offer CBD products. However, nowadays, the thrill seems to be gone. Is there a reason for the decline in CBD popularity, or did it just take a back seat to all that was going on with the pandemic?

**Dr. Oz:** CBD has been hurt by counterfeit products in the market and by the lack of high-quality research reinforcing the benefits.

## LIVING A HEALTHY LIFE

**DSJ:** The US has typically had one of the largest obesity rates in the world. Why is it so hard for Americans to live a healthy lifestyle?

**Dr. Oz:** We Americans find it hard to make the right moves, so we slip into bad habits. Many people do not realize the importance and power of basic lifestyle decisions.

Choosing the right diet is one lifestyle decision. The Mediterranean diet, for instance, has five health benefits: it improves your cardiovascular health, it is associated with a lower risk of developing a chronic disease, it is associated with brain health, it strengthens your bones, and it promotes weight loss.



My System Oz Program, inspired by the Mediterranean diet, is an intermittent fasting plan for whole-body wellness. You can find more details about it, including food plans, recipes, and shopping lists, at [doctoroz.com](http://doctoroz.com).

**DSJ:** How do we tear down the barriers to weight loss? What situational barriers and social barriers must be overcome?

**Dr. Oz:** Automate your life so the right foods are at your fingertips. I prefer nuts since they are logistically easy to cart around and, according to the journal *Nutrients*, can be a great source for losing weight.

Also, remember that dieting can be lonely, so pick a program that allows you to socialize with friends.

**DSJ:** How do factors such as race, ethnicity, age, or sex affect weight gain and weight loss?

**Dr. Oz:** We are genetically predisposed to weight gain, which is why our ancestors were able to survive famines. Women lose muscle mass earlier due to testosterone loss, so they don't have a metabolic furnace to burn off fat as easily and will gain weight faster. Lifting your body weight (or any weight) can really help maintain muscle and avoid the belly pouch.

**DSJ:** What are the three key things we all should do to maintain health?

**Dr. Oz:** Eat real food, break a sweat sixty minutes per week, and sleep at least seven hours a night. Also, invest some time to strengthen your relationships with your family your friends, and your faith.

**DSJ:** In these days when mental health is of increasing importance, what one daily activity do you recommend for challenging your mind?

**Dr. Oz:** I like competing with friends in any event—tennis, dancing, backgammon, chess, or charades. Do an activity that takes you out of your comfort zone.

## WORK-LIFE BALANCE

**DSJ:** Is the idea of a work-life balance a myth, or is it truly attainable?

**Dr. Oz:** It is a myth as this is not really a balance but a sharp tip. We want to be the same (in community with others) and different (better than others) at the same time. You are struggling to stay on a sharp point, so give yourself a break and realize that you are always going to be on one side of the balance beam—and that's okay.

**DSJ:** What is the best way to get close to a work-life balance?

**Dr. Oz:** Love what you do and the people in your life. If you give to others, you paradoxically grow, and you have more room in your push for balance.

**DSJ:** What is the most important element in maintaining a balance?

**Dr. Oz:** Perspective. Give yourself a break. No one is truly balanced. We are just aiming for this utopian experience. [DSJ](#)

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

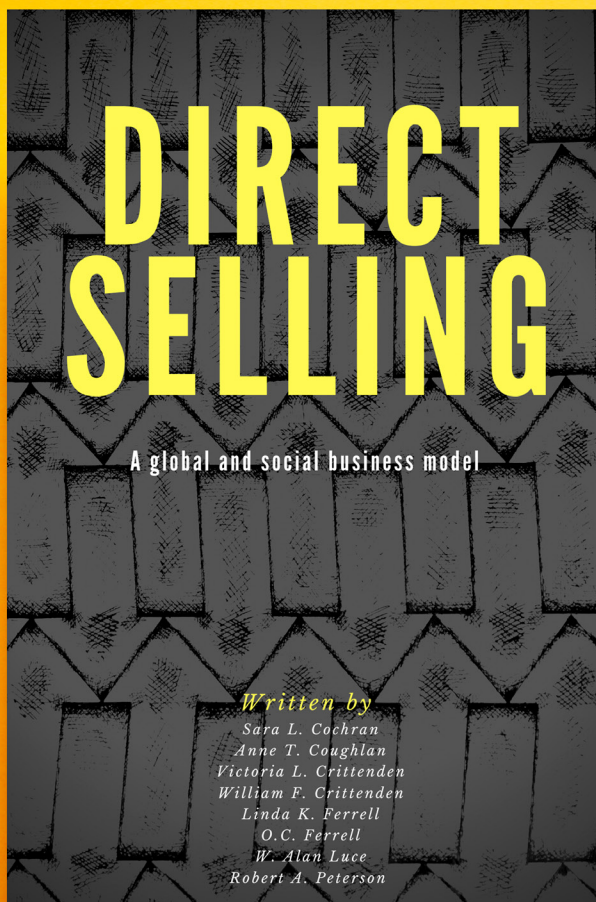




# Now Available

## Direct Selling: A Global and Social Business Model

A timely and influential work produced by leading academics and field experts to mainstream understanding of the direct selling channel and its benefits to society.



Hard copies and ebooks can  
be purchased by visiting:

**DSEF.ORG/PURCHASE**

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

**DSEF** DIRECT SELLING  
EDUCATION FOUNDATION



# SOCIAL MEDIA MINUTES

with Amy Humfleet,  
Chief Marketing Officer,  
Arbonne

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, we asked Arbonne Chief Marketing Officer Amy Humfleet to share what her company has done over the last year related to its social media strategies and what trends and new technologies it is most excited about for the future.



## **Did 2020 force you to rethink your social media strategies?**

The most significant impact on our overarching social media strategies was adjusting our content focus to reflect the current world we were living in. Priorities shifted, and our images and captions needed to reflect that.

## **Which social media tools does the company find most useful? Why?**

We love tools that help us schedule and organize our content and provide key performance indicators (KPIs) as to how our assets perform so we can further optimize our strategies moving forward and give our followers more of what they are engaging with.

## **What is Arbonne doing to enhance the customer journey on social media?**

In May of this year, Arbonne went through an exciting digital transformation with the launch of our new website, which provides an elevated user journey. Now more than ever, it is critical that we align our social media focus with our website messaging to ensure a streamlined digital experience between the two platforms. What you see on our Instagram should align with what you see on our homepage and vice versa. We make sure to keep social media shops on Facebook and Instagram updated, and we tag products on posts so people can easily go to the website to learn more and shop seamlessly. In addition, we have

found great value through captions and content, educating our customers about our products.

## **What drives your decisions on what to share on social media?**

We always want to keep our products at the forefront. We take great pride in our product development, sourcing, and ingredients, and we love to highlight that on our channels. It's important for us to highlight the growing Arbonne community we have built over the last forty-plus years. Ultimately, our goal is to keep our content relatable, engaging, and worth sharing.

## **What are you doing to identify improper usage of social media among the field?**

We have standard operating procedures set in place to maintain a healthy social platform. Our community manager scans posts and content daily and handles reports coming in from users on social media who find potential issues in the field. The community manager and the BEST (Business Ethics and Sustainability Team) team partner to investigate these cases and take appropriate action when needed.

## **Some people believe the entire customer journey will take place within social selling over the next few years. Do you agree with that and, if so, is Arbonne moving toward making that a reality anytime soon?**

Arbonne continues to innovate the way our customers and consultants interact with the brand. Our new website launch features a mobile-first design with best-in-class shopping features. In addition, the online system offers personalized product recommendations, creating a more



cohesive user journey. Our goals in the advancement of our technology will evolve as new trends emerge.

**The use of video on social media has expanded greatly. Did Arbonne participate much in live streaming in the past year, or does the company plan to do so in the coming year?**

In June of this year, Arbonne hosted our first-ever Instagram Live series. Arbonne's Director of Field Training and some of our top consultants answered commonly asked questions about our best-selling set, 30 Days to Healthy Living. This was well-received by our community, and we plan to incorporate more live streaming on our platforms. In April, we successfully transitioned our global training conference from an in-person experience to a virtual platform via live stream for the second consecutive year. We continue to grow and evolve from each new digital experience and use those findings to improve the next event.

**What is your social media content mainly composed of? Product information? CSR? Salesforce achievements?**

First and foremost, product—always. Educating our audience on new and core SKUs and showing them new ways of incorporating Arbonne products into their everyday lives is a vital part of our business. We also use our social channels to communicate all the good we are doing for the world,

from our contributions to achieving and maintaining our B Corp status to our commitments to the Flourish Arbonne Foundation to how we ensure our products and promotions support our sustainability initiatives. Our social channels also provide a space for recognition and highlight our field for their amazing work.

**What role do you see virtual selling and social media playing in the future?**

Social selling is the evolution of e-commerce, and with our consultants and consumers having a strong online presence, we want to amplify our role online as much as possible. The goal is for our consultants to reach further into their networks on social media to sell virtually. Our consultants can meet the customer where they are and then provide them with tools like our Recommended Cart and Personal Shopper through social media.

**What social media trends are you most excited about?**

We are excited to explore trends and developments around video content that will allow us to display products, like Reels. We can easily demonstrate the power of our skin-care and the ease of our nutrition products through this medium. We engage our audience in a way they respond positively to and easily share. **DSJ**

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





# A ROBUST COMPLIANCE PROGRAM IS A MUST-HAVE

by Linda A. Goldstein and Randal M. Shaheen, BakerHostetler



**I**t is more important than ever for direct selling companies to have a robust and functional compliance program in today's regulatory environment. The direct selling industry is under constant scrutiny by the Federal Trade Commission (FTC) and State Attorneys General, and recent changes at the FTC suggest that this level of scrutiny is likely to intensify. While no advertiser—no matter how well-intentioned or vigilant—is likely to get it right 100 percent of the time when it comes to avoiding misleading or deceptive advertising claims, a well-designed, implemented, and enforced compliance program can help prevent infractions from occurring in the first place, and help the company detect infractions that do occur, swiftly correct the mistakes, and take steps to ensure they do not happen again. Moreover, in the unfortunate event that a regulatory investigation or enforcement action does occur, the existence of a strong compliance program can go a long way toward mitigating the remedies that a regulator may seek. On the other hand, a company that lacks a robust compliance program—or has a compliance program in name only, not actively implemented or enforced—presents a greater risk of repeated and uncorrected violations and is a far more tempting target for regulatory enforcement actions.

What does a robust compliance program look like? We often like to analogize an effective compliance program to a three-legged stool. One leg, of course, is a thorough understanding of what is required to make sure all product, earnings, and lifestyle claims are truthful and accurate, not misleading. And because direct selling companies are responsible for the claims they make and for the product and earnings claims made by their salesforce members, they must invest significant time and resources toward training their members to ensure they understand what claims they can and cannot make. Moreover, that training should be mandatory and updated periodically to account for changes in the law or regulatory environment.

The second leg of the compliance program is having a system in place to monitor and audit the claims being made by salesforce members about the product benefits and business opportunities to ensure claims are truthful, accurate, and properly substantiated—and that unsupported claims are quickly removed.

The third and essential leg to any compliance program is developing appropriate enforcement mechanisms and ensuring that those mechanisms



are applied fairly and consistently to deter future violations. Having a compliance program that looks great on paper but is ignored might be worse than having no compliance program.

Feeling overwhelmed? A great place to learn more about the legal requirements and best practices for an effective compliance program is the compliance training and certification program that DSA offers at least twice a year. Attendees are provided with the necessary tools to succeed in developing an effective compliance program, including hearing from outside counsel, industry experts, and respected peers about the legal requirements for making and substantiating product, earnings, and lifestyle claims, as well as best practices for compliance training, monitoring, auditing, and enforcement. In addition, attendees who pass the online evaluation after the program will receive a certification, good for two years, showing they have successfully completed the training.

Here are a few detailed highlights for each of the three legs to get you started with your compliance program.

#### **Ensuring Claims Are Truthful, Accurate, and Not Misleading**

It's great that consumers seem to love your products and write glowing reviews. Still, direct selling companies must have objective support for the claims they and their salesforce members are making, something we lawyers like to call a "reasonable basis." What constitutes a reasonable basis varies depending upon the nature of the claim. However, higher-risk claims such as those involving health or safety usually require what is known as "competent and reliable scientific evidence," which in turn often means you should have at least one, if not two, well-conducted human clinical studies that support the claim. In some cases, it may be possible to rely on third-party studies, but that depends on the claims being made and requires that the third-party studies have been conducted on a substantially similar product containing the same ingredients, in the same quantities, and using the same method of delivery. In addition, companies cannot cherry-pick the studies they choose to rely on—that is, there should not be a significant number of other studies that suggest the claim is unsupported. In addition, the substantiation must match the claim. For example, a claim that a product relieves pain instantly requires testing showing that the product effectively relieves pain and that the relief occurs immediately.

It's also important to note that you must substantiate not only the express claims being made but also claims that may be implied by the overall context of the advertising or even the images that are used. This is referred to as the "net impression" of the advertising. For example, even if the ad does not directly state that a dietary supplement will cause substantial

### COMPLIANCE TRAINING FOR THE NON-LAWYER

We are cognizant that executives outside legal and compliance do not have twelve hours to dedicate to a compliance certification. Please join us in New Orleans for a 45-minute crash course on these principles. In less than an hour, attorneys from BakerHostetler and Kelley Drye will give non-legal and compliance professionals the knowledge to spot high-level issues in sales and marketing campaigns.

**SUNDAY, OCTOBER 31, NOON-12:45 P.M.**

weight loss, if the ad features before and after photos of an individual and the individual appears to have lost a substantial amount of weight, a substantial weight loss claim is implied. There is, however, one important but narrow exception to the duty to substantiate claims—something called "puffery." A "puff" is a claim that is subjective and not the sort of claim that can be objectively proven or for which consumers would expect substantiation. For example, claiming that a product is the "ultimate" skin-care treatment is likely to be considered puffery because the word *ultimate* is vague. As a practical matter, however, most product, earnings and lifestyle claims are not considered puffery.

There are substantial resources available to help you better understand how to make many common claims in a truthful and non-misleading manner. For example, there are "red flag" weight-loss claims that should be avoided, such as that you can lose weight without diet and exercise or that you can lose a substantial amount of weight rapidly. Dietary supplements can claim to support the structure or function of some aspect of the body, such as "supports healthy joints," but they can't claim to "treat, prevent, or cure" any disease such as arthritis. Similarly, cosmetics can claim to alter the appearance of the skin but can't claim to alter the skin's structure or function. Deviating from this guidance might mean that you are making unapproved drug claims. Testimonials from satisfied customers can be an effective marketing tool, but they must be truthful, and they must represent the typical results customers will get from the use of your product. If the testimonial results are not representative or typical of the actual consumer experience, it is no longer sufficient to state "results may vary." Instead, you must disclose what the typical results are, and you must be able to substantiate those results. There is also guidance regarding so-called "green claims," including avoiding unqualified claims that suggest your product is "earth friendly." Additional guidance warns against unqualified claims that your product is "Made in USA," stating that such claims should only be made if "all or virtually all" of your manufacturing costs are of domestic origin.





Often, direct selling companies and their salesforce members make express or implied claims about how much money current members have earned or how much a consumer can expect to earn as a new member. Such claims are subject to rigorous scrutiny and must be carefully substantiated. In general, such claims must be supported with accurate records documenting the typical earnings of salesforce members. If the advertising represents atypical earnings results, then there must be a clear and conspicuous disclosure indicating what the typical earnings are, and the claim must likewise be supported by accurate records. Earnings claims may also include lifestyle claims in which the advertising expressly or impliedly represents salesforce members living a lavish lifestyle or quitting their jobs, such as by having pictures of salesforce members with expensive automobiles or other luxury items such as boats. While not expressly required by the FTC or the DSA Code of Ethics, it is a best practice for direct selling companies making earnings or lifestyle claims to maintain an Income Disclosure Statement that includes typical earnings for members and other information that would be important to prospective members.

#### **Training and Monitoring**

Direct selling companies are responsible for the claims made by their salesforce members. Every direct selling company should have written policies and procedures in place that detail how salesforce members can purchase and resell products, what they can and cannot say about the company's products, and how to talk about the business opportunity and earnings potential. While all salesforce members should be required to acknowledge and agree to these written policies and procedures, that is not enough. There should be mandatory training for all distributors on key legal and regulatory issues, and that training should be updated and refreshed periodically as necessary.

Direct selling companies must also have a reasonable monitoring program designed to routinely and regularly monitor claims made by their salesforce members to ensure they are complying with the company's policies and procedures. There are various software tools available that can help companies, particularly those with large salesforces, efficiently monitor claims being made in the marketplace, including social media. While regulators understand that it is impossible for any company to monitor every ad being placed by its distributors, the key is to develop a program that demonstrates that the company is using best efforts to actively monitor its salesforce members and take appropriate remedial action. And, as noted above, it is better to have a program that the company can comply with than one that looks good on paper but is too ambitious.

#### **Enforcement and Remediation**

Uncovering claims that are potentially misleading is only the beginning. If a company discovers claims that are not fully substantiated, it should immediately



require that the material containing the problematic claims be modified or withdrawn. Companies should also provide supplemental training to the individual responsible to ensure they understand why the claim was potentially misleading and how it might be rectified. Finally, while we all deserve a second chance, we may not deserve a third or fourth. There should be well-defined consequences for violations of company policies regarding product, service, or earnings claims, and these policies must be enforced. This could include termination if the violations are flagrant and ongoing. While no one wants to cross swords with

particularly successful salesforce members, companies should not look the other way if one of them engages in misleading advertising.

In short, a great compliance program can't guarantee that your company or its salesforce members won't disseminate potentially misleading advertising or run afoul of regulatory authorities, but it can provide substantial protection against such eventualities and, if violations do occur, ensure any ill effects are mild. **DSJ**

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

## What People Are Saying about the DSCP-CP

The Direct Selling Compliance Professional-Certification Program (DSCP-CP) is designed to sharpen understanding of key concepts related to a direct selling company's compliance program. For more information on the program, go to [www.dsa.org](http://www.dsa.org).



“Comprehensive. Enlightening. Current. The speakers and organizers were highly knowledgeable on not only the compliance essentials, but also on upcoming legislation, trends, and other news that will affect the direct selling industry in the near future. Working in marketing, I gained actionable insights from the program materials and from the live questions that were raised by other participants. What I learned will help me reframe my design and promotional work in the future—whether that be social content or training materials for our sales field organization. I would recommend the certification program for any company looking for a better understanding of key compliance concepts or as a refresher course to better understand the latest best practices.”

—Lauren Howes, Director of Marketing, WineShop At Home

“I found this program to be very worthwhile as part of my continuous efforts to stay up to speed on all applicable guidelines and best practices in direct selling. The presenters were very knowledgeable, and the discussions were on point. I would definitely recommend the program to any legal or compliance professional in the industry.”

—Michael LaClare, Associate General Counsel, Isagenix International

“DSA's compliance certification program is a must for any company committed to establishing a world-class compliance program, period. It provides the most comprehensive overview I have ever seen in my eighteen-plus years in compliance of the crucial topics for each organization to get right for protecting your company and the industry. USANA has already begun filling gaps in the department and developing future strategies based on the content directly from the program. The course handbook alone is invaluable and one of my most-used resources when we are facing questions or challenges. I can't say enough about the value-add of the program in that it is solution focused, providing practical takeaways for a company of any size.”

—Dan Whitney, Vice President of Ethics and Market Expansion, USANA Health Sciences

“The compliance certification program was a great resource for our entire compliance team to learn from a variety of industry leaders. Even though our team has a wide range of knowledge and experience (ranging from three months to more than ten years), each of us came away with a wonderful bank of new information as well as reinforcement of what we already knew. It also gave us a push to go back as a team and assess our current policies and processes to see if there were any areas in which we could make improvements or reinforce what we were currently doing. We all look forward to attending the next certification program.”

—Jean Keltner, Paralegal and Compliance Team Leader, Medifast

“As a professional in regulatory compliance for twenty-five years, I would recommend the certification program to *anyone* looking to add to their credentials and expand their knowledge on the central aspects we all deal with in the direct sales space—specifically, income and product claims. With a constantly evolving legal environment, companies need to stay abreast of changes, and this program is specifically geared to accomplish that goal. Having taken the course, I found it informative, dynamic, and resourceful for setting compliance (and sales/marketing) teams up for success. Whether a seasoned professional or a novice, you will find the program's offered subject matter organized, dynamic, and relevant.”

—Andrea Wyland, Senior Director of Compliance, Color Street

“The compliance certification program is exactly what I would expect from a training: rich content and in-depth materials by industry experts. I highly recommend this program for every direct selling professional, including those outside of compliance, as the training provides foundational learnings applicable to many aspects of our business.”

—Jacintha Parker, Senior Director of Compliance, Arbonne



# PROTECTING OUR BUSINESSES IN A CRITICAL TIME

by Randall Popelka, Vice President, Global Government Affairs, Herbalife Nutrition



In 2019, the California State Legislature approved Assembly Bill 5 (AB 5), a bill that applied a test—known as the ABC test—to determine whether independent contractors should be reclassified as employees. According to supporters of the initiative, although the intent was focused only on rideshare companies like Uber, Lyft, and other delivery services that had experienced massive growth in only a few years, the legislation had the potential to impact all independent contractors, including direct sellers.

Under the ABC test, a worker is considered an employee and not an independent contractor unless the hiring entity satisfies all three of the following conditions:

- 1) The worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance for the work and in fact.
- 2) The worker performs work that is outside the usual course of the hiring entity's business.
- 3) The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

The ambiguity of this test should be of concern to all independent contractors and businesses that depend on the entrepreneurial spirit of independent contractors.

As part of California's legislative process, independent contractors from several sectors of the economy, including the direct selling industry, successfully advocated to ensure they would not be subject to the ABC test, but rather continue to be regulated under the prior and more precise definition of independent contractors in California. In many cases, these

exempted industries made lawmakers aware of their choice to be an independent contractor—to be an entrepreneur—to create their own business and work at their own pace.

The ambiguity of [the ABC test] should be of concern to all independent contractors and businesses that depend on the entrepreneurial spirit of independent contractors.

California's AB 5 experience reinforces independent contracting as a choice made by a growing number of US workers and entrepreneurs and not a mandate by employers on workers. Following consideration of the ABC test in California, several states, including New York, Illinois, and Oregon, are considering legislation that could potentially reclassify independent contractors as employees.

## Current Legislative Efforts

As a result of the actions in California and the consolidated Democratic majorities in the US Congress and the White House, there have been considerable actions in Washington, DC, regarding this issue as well. The current administration has made it clear that the reclassification of independent contractors to employees is in the best interest of workers. This sentiment is shared by the Department of Labor's senior leadership as well as many in Congress. For example, earlier this year, the Department of Labor rescinded regulations issued under the last administration that would have supported independent contractors.

There is also the pursuit of the ABC test in legislative vehicles. S.420, Protecting the Right to Organize (PRO) Act 2021, is currently pending consideration in the US Senate. The US House of Representatives approved it in March 2021. A provision of the bill would bring more





individuals under the definition of “employee,” under the National Labor Relations Act (NLRA), by inserting the ABC test into statute to determine whether an individual is an employee or an independent contractor. For most sectors using independent contractors, the presumption is difficult to overcome because the test is vague and dependent on interpretation by various courts and government entities.

While no unions are mandated or automatically formed if the PRO Act passes, the National Labor Relations Board (NLRB) would still need to determine whether direct sellers are employees or independent contractors under the NLRA and, if so, whether they would be eligible to form a union. However, with the implementation of the PRO Act and the insertion of the ABC test into federal statute, there is a much higher likelihood that current independent contractors would be certified as eligible employees.

The legislation would also allow a private right of action for claims under the NLRA. Individuals could sue companies directly for alleged violations under the statute. Currently, individuals first need to file an action with the NLRB. There have been similar actions taken as a result of the approval of California’s AB 5.

The precedential impact of inserting the ABC test into federal statute would be worrisome and cut to the core the independent contractor status for direct sellers in other federal statutes such as the Fair Labor Standards Act. This could compromise our independent contractor status with salespeople and could result in massive losses to part-time supplemental earning opportunities.

The ABC test can also be found in draft language intended to expand the unemployment insurance program and extend benefits. While this legislation has been framed only as a discussion draft, it has the potential to be included in other legislation.

The bill would in essence require all states to adopt the ABC test under their state statutes or risk certain benefits from the federal government. Thus, it has the potential to preempt the voice of the people in forty-three states that have approved language clarifying the independence of independent contractors.

These are only the two most prominent examples. There are discussions of including the ABC test in other legislative vehicles as well. Our advocacy efforts on Capitol Hill have been productive, not only for identifying elected officials who are not supportive of the ABC test but also for discouraging a majority of US Senators from endorsing the PRO Act.

### **Severe Impact on Our Business Structure**

Many supporters of the ABC test would say the target of this legislation is not direct sellers or the direct selling business. And that may be accurate. However, the approval of the ABC test in California, even with the exemptions, has led to class-action suits against direct selling companies on behalf of distributors who believe they should be classified as employees.

The principles of the ABC test are described as vague and subject to varied interpretation. Thus, the application of the test is as subject to politics as it is by the rule of law. The question is not whether a judicial body would decide in favor of a company. While we are confident they would, there is no guaranteed outcome with such vague laws in place.

Any erosion of status should be of concern to all direct selling companies. The flexibility afforded by the direct selling business model is proven to be one of the most attractive factors for individuals to start and continue engaging in the business. Their businesses would become less desirable and more burdensome. This is not an outcome we, or the millions of salesforce members around the country, want. **DSJ**

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






# DIRECT SELLING DISTRIBUTOR TURNOVER IN EUROPE

by Dr. Manfred Krafft, Dr. Anne Coughlan, Michael Gerke, and Dr. Leo Paas





To date, no study has considered a cross-country analysis of direct selling distributors' intentions to continue or terminate their roles as direct selling distributors. A unique data set provided by Seldia, the US Direct Selling Association's sister organization in Europe, is being used by four scholars to attack this question. Self-reported responses from almost 27,000 distributors from eleven countries (see page 87) were analyzed by Manfred Krafft and Michael Gerke (both of the University of Muenster/Germany), Anne Coughlan (Northwestern University), and Leo Paas (University of Auckland/New Zealand). Their research findings<sup>i</sup> serve as the basis of this *Direct Selling Journal* article. Survey data collected by Ipsos on many aspects of direct selling has allowed the team of scholars to investigate major determinants of distributors' intention to leave, since turnover represents a substantial challenge for direct selling firms.

<sup>i</sup> Krafft, Coughlan, Gerke, & Paas (2021), Turnover Intentions of Direct Selling Distributors in Europe, Working Paper, University of Muenster.



For direct selling companies, the European market represents a business opportunity comparable to North America's, with a population of 700 million, about \$40 billion in direct selling revenue, and a direct selling growth rate of 1.9 percent in 2020.

However, Europe is not only exciting, but also complex. Across its forty-nine countries, an even larger number of languages are spoken, cultural differences exist, and tax and legal systems are quite distinct. Gross domestic product (GDP) per capita is highest in western Europe (about €50,000), but much lower in eastern and southeastern Europe (about €30,000). At the same time, unemployment rates vary from about 3 percent (Netherlands) to 15 percent (Spain) (OECD 2021<sup>i</sup>). All these conditions imply that a "one-size-fits-all" approach to designing the direct selling distribution channel may not suffice; in fact, it may even harm rather than help.

### Turnover Intentions in Europe and Demographic Breakdowns

As expected, the propensity of distributors to terminate their direct selling activity differs substantially across countries, with extremely low intentions of 2.5 percent to 4 percent in the Czech Republic, Slovakia, and Lithuania, and the highest propensities in the Netherlands (6.4%) and UK (9.2%). Across all eleven countries, the propensity to quit in the coming year was 5.7 percent. These differences suggest that there is a link between general economic well-being and above-average turnover intentions.

The Seldia sample also identifies differences across countries in direct selling distributor populations:

- **Gender:** 85% of direct sellers are women across the whole sample; France and Slovakia have almost 94% women, while Italy has just 73% women.
- **Age:** All countries show a broad distribution of direct selling distributor ages, but Poland is the "youngest" country, while in the Netherlands and Sweden, age distributions are older.
- **Education:** 27% of distributors across Europe have at least a college degree, ranging from 5.4% in the Netherlands to almost 60% in Lithuania.

In a nutshell, the authors observe many differences across countries regarding propensities to quit, demographic variables, and other individual factors of direct selling distributors. The authors are also aware of the specifics of culture, language, and economic conditions that differ across countries. The question of interest is what factors—individual or country-specific—drive the decision to stay or terminate as a distributor?

### Surprisingly, Country-Specific Effects Do Not Exist

While the intention to leave might be higher or lower in specific countries, direct selling firms active in Europe are interested in whether different or similar determinants drive a distributor's propensity to quit. In their first analysis, the authors found that a small set of factors is sufficient to comprehensively explain why distributors are inclined to discontinue their activities as distributors:

- **Relational factors** (referral/willingness to recommend direct selling; satisfaction with the overall direct selling experience; tenure as a distributor),
- **General motives or impediments** (becoming financially independent; enthusiastic about the products; (not) being an ambitious entrepreneur; undue pressure to sell more),
- **Financial aspects** (absolute income; income gain; income loss), and
- **Effort, met expectations, and support** (working hours; working part- or full-time outside direct selling; were expectations before starting in direct selling met; perceived support by sponsors and direct selling organization).

The authors applied two very sophisticated statistical methods to identify any country-specific effects. They found strong evidence that there are no differences across countries regarding the determinants of why distributors are more or less likely to quit. Further, the strength and direction of the effects of these determinants are statistically similar across the eleven countries. This finding is notable in light of established management concepts and previous academic findings of country-specific effects. The results also imply that direct selling firms should not be overly reluctant in entering additional European countries, as direct sellers behave much more similarly than one might expect.

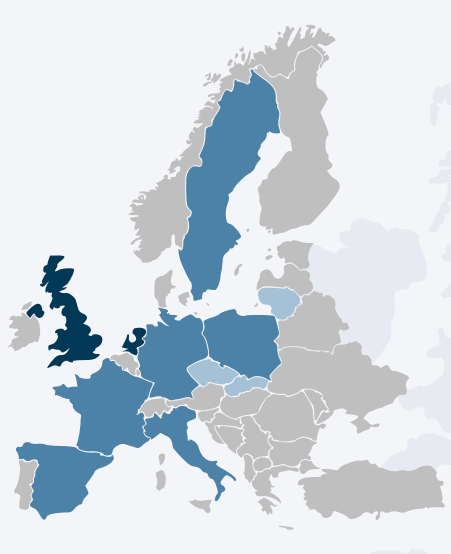
### Willingness to Refer Matters Most, Followed by Satisfaction and Tenure

Among the factors that identify distributors with high or low propensities to continue with direct selling, one clearly stands out: the likelihood of recommending the direct selling opportunity to a colleague or friend. This is the single question that sponsors, or direct selling managers, should definitely ask to better estimate whether a distributor is very likely to stay or leave. This result suggests that sponsors and managers may detect high versus low propensities to stay or leave by observing the growth rate of a distributor's downline or pronounced activities to recommend direct selling as an option to earn supplementary income. Relatedly, our finding emphasizes that a distributor's willingness to recommend direct selling as a business opportunity is not only a

<sup>i</sup> OECD (2021a), "Level of GDP per capita and productivity," and OECD (2021b), "Short-Term Labour Market Statistics," (<https://stats.oecd.org/Index.aspx>, accessed September 20, 2021).



## DIRECT SELLERS' TURNOVER INTENTION



COUNTRY	# OF RESPONDENTS	% OF RESPONDENTS INTENDING TO QUIT	
Czech Republic	1,056	2.46%	<4% of turnover intent
Lithuania	1,275	3.84%	
Slovakia	1,582	3.98%	
Germany	2,766	4.63%	4–6% of turnover intent
Poland	3,206	5.46%	
Sweden	1,015	5.62%	
Italy	7,332	5.84%	
Spain	1,915	5.90%	
France	2,993	5.98%	
Netherlands	814	6.39%	>6% of turnover intent
UK	3,008	9.24%	
TOTAL	26,962	5.74%	

means to grow the number of customers or distributors but can also serve as an indicator of the likelihood of that direct seller to stay or leave.

Distributors who perceive direct selling to be an activity only for ambitious entrepreneurs state a higher likelihood to terminate their direct selling distributorships.

Respondents with high satisfaction levels or many years of being a distributor (tenure) are also less inclined to quit. Satisfaction was measured as the distributor's overall experience of direct selling, and direct selling firms are advised to positively contribute to this overall attitude toward direct selling. The positive effect of tenure on a distributor's propensity to stay active is not as obvious as it seems at first sight: direct sellers with very long tenure will at some point in time think of retiring, and there is also a small propensity on each single day to reconsider the activity as a distributor, even for long-term direct sellers. However, across Europe, direct selling firms can expect very low intentions to quit among long-term direct sellers.

#### Motives and Impediments in the Stay-Leave Decision

Four motives stand out as drivers of direct selling turnover. First, when a distributor feels pressure from

their sponsor to sell more products, they exhibit a higher propensity to leave. Similarly, distributors who perceive direct selling to be an activity only for ambitious entrepreneurs state a higher likelihood to terminate their direct selling distributorships. The results suggest that managers and sponsors should discourage undue sales pressure and clearly communicate the reasonable opportunities that direct selling offers to participants of varying entrepreneurial intentions.

On the positive side, distributors who responded that direct selling represents an opportunity for financial independence or that their direct selling company's products were the main reason for them to get involved in direct selling were less likely to show any intention to leave direct selling. These findings on motives could be useful for sponsors in building their downline: they could emphasize the benefits of direct selling both with regard to additional income and the ability to purchase products at a discount.

#### Income: Losing Income Matters, but Total Income Is Not an Issue

While income *changes* affect European distributors' intentions to quit, distributors' *absolute* income levels do not show any effect on the likelihood to resign. In other words, distributors with no, low, moderate, or high total direct selling income reveal similar likelihoods to stay or leave. However, income changes are associated with distributor turnover intentions.



In accordance with Kahneman & Tversky's Prospect Theory, the effects of income losses are much stronger than the impact of income gains (see graphic below). Interestingly, it is a well-established practice in direct selling to celebrate extraordinary achievements at annual conventions. In contrast, the finding by Krafft and his colleagues implies that particular attention should be paid to distributors who experience a loss in income. For example, direct selling firms and direct sponsors could offer additional training or supporting sales material to direct sellers with income losses.



### Effort, Met Expectations, and Support

Distributors with few working hours devoted to direct selling tend to reveal higher turnover intentions than distributors who spend eight hours or more per week on direct selling. Notably, while a full-time job outside direct selling does not affect the likelihood to stay or leave, distributors who work in a part-time job outside of direct selling show a significantly higher turnover intention. This implies that an alternative part-time activity represents a

greater threat for direct selling distributorships than full-time jobs that seem to serve as a safeguard and protection against the volatility of part-time jobs or supplementary direct selling income. Additionally, part-time jobs can be viewed as true alternatives to direct selling.

**Distributors with few working hours devoted to direct selling tend to reveal higher turnover intentions than distributors who spend eight hours or more per week on direct selling.**

European distributors who reported that their expectations before they started direct selling were at least met or even overfulfilled were significantly less inclined to utter an intention to quit. Direct selling managers and potential sponsors can draw at least two implications from this: on the one hand, it is important not to set expectations too high. On the other hand, achievements should be highlighted and communicated quite clearly to successful distributors.

Finally, the authors detected unexpected effects of the quality of training and support provided by the direct selling company or the sponsor/upline. Usually, they would anticipate that sponsor support would be associated with lower turnover, but the authors failed to find this effect—whether because such support never matters or because it is generally ineffective in building organizational commitment. Meanwhile, the quality of training and support by the direct selling firm reduced turnover intentions of direct sellers significantly. This observation implies that direct selling firms can themselves positively affect the willingness of distributors to stay active. [DSJ](#)

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

## The Value of the Krafft, Coughlan, Gerke, and Paas Research

“‘United in Diversity,’ the European Union motto, echoes the study’s outcome: In all its language, cultural, and legal diversity, results show there are no differences across Europe regarding the determinants of why distributors are more or less likely to quit. Such valuable and actionable insights demonstrate the exceptional value of academic collaborations.

—Laure Alexandre, Executive Director, SELDIA

“DSEF Fellows Dr. Manfred Krafft and Dr. Anne Coughlan highlight the immense value and global importance of the Direct Selling Education Foundation’s work. By building partnerships with leading academics and field experts from around the world, the Foundation is bringing invaluable insights and industry validation at the most opportune time in history.”

—Robert Cavitt, CEO, Jenkon



# MOVING FORWARD TOGETHER TO BETTER

---

**OCTOBER 31 - NOVEMBER 2**  
Hyatt Regency New Orleans  
New Orleans, Louisiana



**Turn  
the page  
to learn  
more!**



**D**SA ENGAGE 2021 general sessions will be held Monday, November 1 from 8:30 A.M. to 5:00 P.M., and Tuesday, November 2 from 8:45 A.M. to 4:00 P.M.

### General Session I – The New Frontier

These sessions set the focus forward—a new frontier of direct selling that allows companies to continue to build on the momentum of the last two years while preparing for any future challenges that may come. Sessions will address what companies can do, collectively, to move the channel forward and what they need to do strategically, tactically, and presumptively to protect their businesses.

General Session I includes:

- Foresight and Agility
- Safeguard Your Business

### General Session II – Broadening Horizons

These sessions offer insights into the shift from the old to the new—the opportunities to expand and evolve your business to remain relevant in the marketplace and to attract the next generations of entrepreneurs who think and act and work differently from established norms. Sessions will compare and contrast other distribution platforms, discuss changes to the direct selling business model, and explain the role direct selling plays in the gig economy.

General Session II includes:

- The New Micro-Entrepreneurs
- Cultivate the New Micro-Entrepreneurs (Panel Discussion)



### General Session III – The New Direct Selling

These sessions reposition and reimagine the direct selling business model in relation to the operational changes that have occurred over the last two years and the unexpected growth driven by empowered entrepreneurs. Discussions will include evolving company and industry brands for mainstream consumption, simplifying the compensation plan, and using data to serve and protect the end-customers in a new regulatory environment.

General Session III includes:

- Lessons from Direct-to-Consumer Success
- Develop a Focused Growth Mindset
- Digitalization & the New Direct Selling

### General Session IV – The Fundamentals

These sessions focus on customer centricity. Discussions include what new strategies companies are employing to retain customers, build new loyalty programs, and create new ways to reach out to customers through social platforms.

General Session IV includes:

- Retention Rules and Building Programs to Support Lifetime Value of Customers
- Vision 2022
- What's New in the World of Social
- Get Social with Your Customers (Panel Discussion)

### General Session V – Winning Strategies

These sessions look at the recent successes and challenges experienced by direct seller and the strategies to face them head on. Discussions include human resource's role in keeping employees safe, maintaining core values during crises, and finding real-time solutions to supply chain and transportation issues.





General Session V includes:

- Protect Your Culture
- What's Working from Party Plan Leaders
- Overcoming Supply Chain Challenges

#### General Session VI – Modernization

These sessions focus on the perception of direct selling in the general public and within the halls of government agencies. Discussions include ways to simplify the business model too make it more accessible to more people, and how to respond to online communities that seek to malign the channel.

General Session VI includes:

- What's Working from Person-to-Person Leaders
- Modernizing Our Image (Panel Discussion)

#### Closing General Session

This closing session focuses on how the direct selling channel can attract the financial community to support entrepreneurial initiatives.

- How the Financial Community Can Better Understand the Value of Direct Selling



#### Luncheon Sessions

DSA ENGAGE will feature two luncheon sessions:

- Monday: Reset and Reconnect: Facilitate Healthy Living with Dr. Mehmet Oz
- Tuesday: The Future of Retail and Work, and Implications for Direct Selling

*Note: Sessions are subject to change without prior notice.*

## DSA ENGAGE 2021 Presenters

**KEVIN GUEST**  
CEO and Chairman of the Board,  
USANA Health Sciences

The current DSA Chairman of the Board explains why he is so passionate about core values, company culture, and modernizing direct selling to ensure the channel's companies remain relevant in the marketplace and its narrative correctly reflects its people.



**DR. MEHMET OZ**  
Surgeon, Author, and  
Television Personality

The renowned heart surgeon who has brought complementary medicine into the mainstream as a television personality, radio host, and author shares key insights on digital health trends and expanded mental health care services available to employees and the sales field.



**MARK SCHULMAN**  
Musician

The drummer for P!NK unlocks the Rockstar Attitude by incorporating his powerful business philosophy and innovative content with engaging multimedia and drum performances. He'll share his experiences with P!NK, Cher, Billy Idol, Foreigner, and other music legends.





# HALLOWEEN Spooktacular Opening Reception



**Sunday, October 31**  
**6:30 P.M. – 10:00 P.M.**

Welcome to New Orleans! We're spending our first night in the Big Easy in the company of ghosts, witches, zombies, and vampires—all to be found at our Halloween Spooktacular! Stop by for a spell and reconnect with your peers.





**Monday, November 1**

**5:30 P.M. – 7:00 P.M.**

Bring your masks! Bring your beads! It's Mardi Gras in November, and we're letting the good times roll during our social networking event.

**LAISSEZ LES  
BON  
TEMPS  
ROULER  
SOCIAL**







# DSA AWARDS GALA

**JAZZ SUPPER CLUB**



**Tuesday, November 2**

**6:30 P.M. – 9:00 P.M.**

The annual DSA Awards will be presented during the Jazz Supper Club. See which of the following finalists will take home the Association's top honors.

#### **EXCELLENCE IN BUSINESS**

- Amway – Amway Customer Shopping Transformation
- Amway – Amway Mobile App
- Jeunesse – JeunesseEvents.com
- Mary Kay – Suite 13: A Virtual Beauty Experience by Mary Kay
- Saladmaster – Saladmaster Digital Demo
- Scentsy – Quick Pivots

#### **MARKETING/SALES CAMPAIGN**

- Amway – n\* by Nutrilite™
- Immunotec – New Branding
- pawTree – Food Free for All
- Scentsy – Bring Back My Buddy

#### **PRODUCT INNOVATION:**

- 4Life – 4Life Gold Factor
- Amway – AmPerks Customer Rewards Program
- Mary Kay – eStart
- Nu Skin Enterprises – Beauty Focus Collagen+
- Plexus – MegaKids Microbiome
- USANA Health Sciences – Mood & Relaxation Products

#### **TECHNOLOGY INNOVATION**

- Amway – Amway Design System
- Saladmaster – Saladmaster VX
- Scentsy – Queuing and Presale

#### **VISION FOR TOMORROW**

- Amway – Amway Customer Platform Innovation
- Jeunesse – Jeunesse Kids Foundation
- Kyani – Rise Together
- Mary Kay – Spread Love Campaign
- USANA Health Sciences – USANA Kids Eat

#### **PARTNERSHIP AWARD**

- Filuet Group
- PayQuicker
- ServiceQuest



# INNOVATE

“ It’s not the strongest that survive,  
nor the most intelligent, it’s the most  
adaptable to change.

-- *Darwin*







# CULTIVATING A CULTURE OF DIGITAL TRANSFORMATION

**EDITOR'S NOTE:** The following article was developed from an October 2021 WFDSA panel discussion, facilitated by Robert Cavitt, CEO of Jenkon, with Kevin Guest, Chairman of the Board and CEO, USANA Health Sciences, Inc.; Sheryl Adkins-Green, Chief Marketing Officer, Mary Kay Inc.; and Dana Fortune, Director of Sales and Marketing Initiatives, 4Life.

**F**or direct selling, there has perhaps never been a greater moment in time. The core values of independent entrepreneurship that the industry has long espoused are now being recognized throughout the world. The largest consumer goods and technology companies are embracing—and launching versions of—the fundamental components of our business model.

New technologies in digital commerce, coupled with our industry's in-person capabilities, build upon our established system of distribution, putting direct selling at the forefront of a new world culture of home-based opportunity, social influencing, micro-entrepreneurship, gig economy work, and end-consumer focus.

For direct selling companies, digital transformation is no longer a temporary initiative or a one-time project. It must be part of the ongoing way of life. It needs to be a permanent feature, even part of the fiber, of any successful business today.

## Corporate Culture

To ensure that digitalization and, even more importantly, innovation become a part of the corporate culture, transformation must start at the board level and run all the way through to performance reviews of staff and even administrative personnel.

Kevin Guest, Chairman of the Board and CEO of USANA Health Sciences, Inc., says that digital updates are part of every USANA Board meeting. It's important for Board members to understand the direction and progress the company is taking to incorporate the digital tools necessary for success in the field.

"They need to understand the business model and business justification as to why we are doing what we are doing, so it's important that we constantly keep them updated and help them understand the return on the investment," says Guest.

That means every quarter bringing in team members that normally wouldn't have time in front of the Board of Directors to talk about progress on the digital front. Guest says that many of these team members are young because they are the ones that best understand the digital world.

"We've incorporated the Board at a more micro level than we normally would on topics because if we look at our SGA spend and growth over the last few years, the largest spend we've asked Board members to approve is in technology and digital," he says.

While his Chairman role requires oversight of the company, ensuring that all is functioning at the very highest level of governance, Guest's role as CEO involves day-to-day working and management. At the top of the list is strategically looking at where USANA is headed and that, in this digital age, includes technology. Guest admits that for years he felt his company was always playing catch-up—that they had "technical debt," as he calls it. He wondered how to get the company out of it. "I think, for the first time in several years," Guest says, "we are on top of it and able to respond on a global basis much, much more effectively and quickly than we have in the past."

Now that the company is in a better place technology-wise, Guest is firmly focused on managing the innovation, particularly among the C-suite. He wants to ensure that digitalization initiatives are not thought of as being the sole responsibility of the CIO or CTO and that it is being "baked into" strategic planning across all areas of the business.

For Guest, there is no silo when it comes to digitalization. Everyone has certain areas or responsibilities that relate to digital technology because it is, in essence, becoming the overall business. Therefore, it is owned by several. While IT might be the hands-on,



get-er-done team, Guest is looking at the digital marketing group and marketing and creative teams to determine how that digitalization looks and feels. “Our C-suite of officers is really helping direct the strategy, and then the other groups are executing on that strategy,” Guest explains.

And because USANA is in many markets around the world, digitalization efforts look differently, feel differently, and function differently because of the many cultures involved. For instance, the team in China handles all its own digital marketing tools, sets their strategies, and has programmers and a completely different staff from other markets.

“USANA is based in the United States, but we have to be careful not to look at everything through US glasses,” says Guest. “We must have a global view.”

### **Sales & Marketing**

In direct selling, a vision of digital innovation must start with sales and marketing. That ownership means the Board of Directors will be looking to this team for realizing the value and return on investment of any initiative. Therefore, the pressure is on when planning a digital transformation that could possibly affect the organizational structure.

Sheryl Adkins-Green, Chief Marketing Officer at Mary Kay Inc., says that one of the most important steps in a digital transformation is to immediately establish to the Board and the rest of the company that the opportunity is really about enhancing connections. All too often people equate digital or technology efforts to IT. “They are not thinking about the human side, the connections, and the opportunities to enhance those connections,” she says.

For Adkins-Green, those connections always start with the customer. And in Mary Kay’s case, that is its independent salesforce.

“That is really how we bring the organization together,” Adkins-Green says. “It’s not about an app or what platform we’re using; it’s about how are we helping our customers be more successful. How are we enhancing their experience with us as a company and how we help them enhance the experience they provide their customers.”

From a sales and marketing standpoint, one of the things that Adkins-Green and her team have also done is to make sure that no matter where someone is in terms of their knowledge and comfort with technology, they spend the time orienting other team members. That means providing training and skills classes so that, together, the organization can feel confident in collaborating with one another.

“You can’t achieve results if you have one group over here speaking a language that another group cannot understand,” she says. “So we’ve really taken the approach that we are the team that is supporting our

customers—helping our customers leverage new tools and new technologies.”

One of the greatest fundamental assets of technology is the ability to make a connection; however, a classic dilemma for a company’s digital transformation is the separation of sales and marketing from IT. This situation is a common cause of failure with innovation initiatives. In fact, an IT culture will often try to have sales and marketing “go away” after a project launches. So, bringing together sales and marketing and IT to work together with a shared vision is critical to success.

To accomplish that, Adkins-Green says that Mary Kay leverages the fact that they are all there to support the success of their customers. She also stresses that the great thing about digital transformation is they now have more data, making it possible to measure their effectiveness—measure the effectiveness of marketing, measure the effectiveness of sales programs, and actually measure the ROI of technology.

“So now, collectively, when we’re at the table in the C-suite talking to the CEO and the CFO, we now can take advantage of numbers and insights coming out of that data to understand how we can all be more effective,” Adkins-Green says.

And that’s really important for Adkins-Green because previously people weren’t always sure how well marketing was working. “When marketing works, the sales team thinks it’s the Sales Program that worked,” she says. “Now we’re all together, and we have a common basis of understanding of how we can each be more effective. And it’s really that common denominator, that common accountability, that is facilitating and accelerating teamwork.”

As part of their digital transformation, Mary Kay has established a culture of constantly evaluating and evolving their digital solutions. Adkins-Green says that has enabled the company, particularly over the last eighteen months, to be even more impactful supporting its independent salesforce, focusing in on the user experience and on the experience the salesforce can provide their customers.

“What we have been able to do is take some of the existing technology and enhance it,” she says. “We’ve really been focused on how we take the best aspects and bring them into a more integrated experience. When you talk about curation, it’s really from a mindset of striving to make sure that the technology is intuitive, that it’s effortless, and that it’s easy to use.”

### **In the Field**

It is all about ease of use and simplicity when it comes to field solutions. For the field and their customers, these are the biggest opportunities of digital transformation.

Over the last few years, 4Life has been successful in rolling out new technology, not only delivering



innovation at the corporate level but also executing a digital transformation within the field and the marketplace.

“We always think of the field first, but if I were a 4Life Distributor and I was seeing these nano and macro influencers promoting my product, I would almost feel like they’re . . . giving us more validation about not only our products but our opportunity.”

—Dana Fortune, Director of Sales and Marketing Initiatives at 4Life

Dana Fortune, Director of Sales and Marketing Initiatives at 4Life, has been responsible for putting an emphasis on the company’s digital marketing. In the past year, for example, Fortune and a large group of corporate members—ranging from IT and Marketing to Quality Assurance and Customer Care—enrolled as distributors so they could experience the customer journey through multiple touchpoints.

“We were not just receiving packages at our front door; we were also getting push notifications, seeing the email drip campaigns, and seeing what went out on Facebook in our back office,” said Fortune.

Seeing the digital transformation in real time allowed Fortune and her team to peel back the layers and identify what aspects needed the most love, what needed tweaks, and what wasn’t working in a specific market. That then turned into a digital priority list. The team took all the suggestions and, with the effort of transparency, put them into a large group chat so everyone could put their heads together and work on it.

“That transparency allows everyone in the company to see what we’ve been working on—whether it be programming, development, apps, or the website—and then, when we present it to everyone, they can take it and run with it,” says Fortune.

### Influencer Marketing

One aspect of digital marketing that direct selling companies are focusing on is influencer marketing. In fact, 4Life recently decided to test the waters by hiring an Influencer and Marketing Strategist. “We’re going to give our product to her and have her endorse the 4Life product for collagen because her followers consider her to be an expert in beauty and skin-care,” says Fortune.

However, for some companies, dealing with influencers presents new challenges. Typically, influencers are not interested in business-building; they are solely

interested in making commissions on what comes through their feeds. For a direct selling company, there is the issue of how that commission is paid. Does the person who enrolled the influencer make money and become part of the commission pool or is it completely separate? That can be tricky, especially in a multilevel marketing company where you always want to be cognizant of poking the distributor bear.


Fortune has run into such roadblocks. The influencers 4Life reached out to did not want product; they just wanted to be paid. They also didn’t want to necessarily work with a direct selling company. That being the case, 4Life implemented software that allows them to vet specific thought leaders on social media platforms. They can now pull from a Rolodex of influencers to find those willing to do so.

As for payment, 4Life has a program called My Shop. It works one of two ways for an influencer: they can either take advantage of 4Life’s referral program that allows them to have a preferred customer My Shop, or they can be paid right away through 4Life’s Influencer Marketing Software Platform.

“We do give them the option of being paid right away or having a referral code through our My Shop Program,” says Fortune. “Is this going to poke the Distributor bear? We always think of the field first, but if I were a 4Life Distributor and I was seeing these nano and macro influencers promoting my product, I would almost feel like they’re opening that door and giving us more validation about not only our products but our opportunity.”

Even with the challenges they present, there’s no doubt that influencers have significant success in reaching two generational cohorts coveted by direct sellers: Millennials and Generation Z, who have an entirely new level of expectation with regard to technology and digital commerce. Does that mean Millennials and Gen Z drive a lot of the prioritization in digital innovation strategies?

For 4Life, the answer is yes and no, says Fortune. The company likes to meet customers and their distributors where they’re at, but if the Millennials and Gen Z prefer a certain platform, that does not mean the company is going to suddenly change all its marketing communications to that platform.

“We want to make sure we are tailoring our communication to the demographic of our sales team,” Fortune says. “However, allowing them to have those customers in the funnel, allowing them to have the tools to make that conversion, is really important to us. Because the younger generation is used to having discount codes and promo codes, we’re trying to make it as easy as possible. We want them to allow the customers to have a positive experience with our products first and then maybe down the line, after building that relationship, they can talk about the opportunity that comes with 4Life.” 





On October 7, SeneGence International Founder and CEO Joni Rogers-Kante welcomed some of direct selling's women leaders to her home for a day of discussion on industry trends, the economy, and ways to personalize and maintain close relationships between corporate and distributorship.

**dsa Women's Industry Leadership Retreat**





# DSA 25 LARGEST REPORTING MEMBER COMPANIES

Each year, DSA recognizes its largest member companies based on the previous year's US net sales. Inclusion on the DSA 25 Largest Reporting Member Companies list not only recognizes sales achievement, but also shines a light on the significant impact these companies have on the US economy through the varied business opportunities they offer to millions of Americans.

DSA's twenty-five largest reporting member companies, based on net sales for 2020, are listed here in alphabetical order.



## 4Life

"2021 has given us great product launches coupled with science and publication, numerous philanthropic projects both here and abroad, and a sense of togetherness despite the ongoing challenges we face around the world today. At 4Life, *people* are key—our affiliates in the field, colleagues at corporate, and the new and generational customers that 4Life enjoys. 2022? I trust the upcoming year will accompany new challenges that all of us here at 4Life will, by working together, turn into opportunities for others."

—Danny Lee, CEO, 4Life



## Ambit Energy

"The biggest question we asked ourselves throughout 2020 was, 'How do we keep our field engaged and focused on building their businesses during these difficult times?' What we found to be successful was this: more equals more. We ramped up our social engagement by having our leaders conduct regular training blasts that teams could share with each other. We implemented virtual Power Rallies where we could celebrate the accomplishments of our consultants as well as provide them the latest updates on the business and the direction of the company. And, most importantly, we listened. We conducted regular check-ins with the field to learn what was working, what was not, and what we could do to help them remove any roadblocks and connect with others. All of this culminated in our yearly annual event in August, where we were able to put together a hybrid experience for both live attendees as well as a virtual audience. This enabled us to reach far more people than in the past as attendees could receive the same amount of training, recognition, and corporate feedback from the safety of their own homes. This increased focus on the field led to growth. But even through all these efforts, we also learned that nothing takes the place of being able to sit down face to face with someone, whether you are hosting a training event or introducing someone to the opportunity. We will continue to utilize the virtual tools that we have developed during the past few years, but we also look forward to continuing to increase our field presence."

—Eric Johnstone, Vice President of Marketing & Field Services, Ambit Energy





### Amway

"Like 2020, 2021 is shaping up to be unpredictable due to the pandemic. But we are seeing signs of hope and optimism out in the marketplace. Our Amway employees and independent business owners continue to demonstrate that they are resilient and ready to adapt to change—and that the digital acceleration we discussed last year is not slowing down anytime soon. Our customers are increasingly seeking us out for our health and wellness products and we're meeting them where they are at through our wellness creators who share their healthy lifestyles online. We are looking forward to 2022, and will continue to focus on our vision of helping people around the world live better, healthier lives."

—John Parker, President, Amway



### Arbonne International, LLC

"Arbonne has continued to focus heavily during 2021 on supporting recent growth with new technology and infrastructure investments. We believe these investments will assure we meet the demands that will surely continue to come in a rapidly changing and dynamic environment. We look forward to 2022 and beyond and finding balance between enhanced virtual events and connections for scaling and leveraging technology, as well as cultivating more in-person experiences in what we know is a competitive advantage in a very human-powered business. Arbonne is looking to building new frontiers for the future—digital, new demographics, and new geographies to power our growth."

—Tyler Whitehead, CEO, Arbonne



### CUTCO/Vector Marketing Corporation

"What is amazing about our business is how it has transformed because of technology. We have sales representatives who have never touched the product, selling to customers who have never touched the product. We have had a virtual interview, a virtual demo, and a virtual office, but our virtual operations never caught on until it had to in 2020. It was great that we had the programs we were able to take off the shelf and expand them as needed. Technology has caused us not to have boundaries—our sales reps are selling to more customers, and our Vector leadership team is more readily available in terms of jumping into meetings and attending virtual conferences across the USA."

—Albert DiLeonardo, Vector East President, Vector Marketing Group



### Herbalife Nutrition

"Healthy nutrition has never been in more demand. Our product categories and brands are more relevant than ever. Advances in science are fueling innovation and demand for our products. And at the center of it all is our Distributors' entrepreneurial spirit, creativity, and engagement, which enables them to nourish the potential in everyone to create a healthier future."

—John Agwunobi, CEO, Herbalife Nutrition



### Isagenix International

"Isagenix has always been on a mission to help people enjoy a better quality of life. In addition to product launches, we've been hard at work evolving our marketing, messaging, and brand to reflect the ethos of our company. We're in the process of enhancing the look and feel of our brand to be simple, sophisticated, and empowering—expect for it to be unveiled in 2022. We're also enhancing our customer experience. One major improvement we made this year was the rollout of our new e-commerce platform, which makes it easier and quicker for customers to discover and purchase our products. Come 2022, we'll continue with our digital transformation by adding guided selling experiences, personalized product recommendations, and powerful social selling capabilities. We'll also unveil our new product packaging as well as a few more innovative products."

—Sharron Walsh, CEO, Isagenix





### LifeVantage

"It is an honor to once again be recognized as one of this year's DSA 25 Largest Reporting Member Companies. Looking back over the past year, it is easy to get caught up in the challenges we have all encountered with the pandemic. Despite those challenges, we were still able to bring over a dozen new products to market, including an immune support product, a CBD-enhanced Nrf2-based personal care line, an improved probiotic supplement, and new flavor extensions to our smart energy drink. We are excited to get back to in-person events and meetings—and to leverage the power of those events with the social skills our distributors have developed—and the technology that we are rolling out to support this new hybrid environment."

—Steve Fife, President, CEO, and CFO, LifeVantage

## MARY KAY

### Mary Kay Inc.

"Our guiding light at Mary Kay—for nearly sixty years now—has always been our mission to enrich women's lives. Put simply, if an initiative or business decision does not meaningfully impact or improve the standing of women across the world, we won't do it. That's not a traditional way of doing business, but it's the Mary Kay way. To that end, I consider our ongoing response in the face of a global pandemic our greatest success of 2021. In 2020, when COVID-19 first began to spread, we immediately shifted our global operations to produce hand sanitizers and care packages for the hospitals, first responders, and communities we live and work in around the world. In 2021, we continued that same great work while also empowering and enabling the millions of independent beauty consultants across our footprint to maintain their businesses. I'm proud of the work Mary Kay Inc. has accomplished throughout this unprecedented time."

—David Holl, CEO, Mary Kay Inc.



### Medifast

"Our key differentiator has always been, and will continue to be, our independent OPTAVIA coaches and the support they provide to clients along their health and wellness journeys. It has been incredibly rewarding to see our OPTAVIA coach community grow and, in turn, impact more lives. In order to effectively support our coaches, our team is focused on creating a seamless coach and client experience. We continue to invest in technology, including the development of a comprehensive ecosystem of digital products designed to help OPTAVIA coaches leverage their time to efficiently serve clients, starting with the release of our OPTAVIA app. The team based in our new office in Utah, which houses experts in digital analytics, engineering, user experience, and more, has also been instrumental in advancing our development of technology, using agile processes to quickly build, modify, and improve digital products that drive growth and efficiency. In 2022, I'm most looking forward to continuing to impact lives, one healthy habit at a time. Our mission and focus remains on growing the number of people experiencing optimal health and well-being around the world."

—Dan Chard, CEO, Medifast



### Melaleuca, Inc.

"Melaleuca has a really bright future because of our product line. Our growth has been significant over the past several years. We have no debt, and we can weather the toughest of times. People are joining Melaleuca now more than ever because we offer exceptional products at reasonable prices. We promise to always provide the best wellness products and help our customers with their goals of achieving more vibrant lives."

—Frank VanderSloot, CEO, Melaleuca



## MÖDERE™

### Modere

“As a clean lifestyle brand, Modere has always championed pure nutrition and a clean environment as the foundation of optimal health and wellness. In the past decade, the subject of clean health and wellness has been gaining prominence in public consciousness, but the global health crisis over the last year and a half has incentivized consumers to be even more proactive in safeguarding their health. People are not only focusing on healthier habits like exercise, better sleep, and stress reduction; they are also investing in clean-label, sustainable, and natural personal care, beauty, and household products. Modere’s consistent performance through the challenges of this past year is a testament to the longstanding trust we’ve earned from customers who recognize the value that our leading-edge health and wellness products provide them and their families. What’s more, among consumers who felt increasingly uncomfortable with in-store shopping over the last year, Modere found itself perfectly positioned as an established direct-to-consumer and e-commerce business to seamlessly meet their needs. To remain relevant in today’s market, businesses need to be more proactive than ever in meeting consumers where they are. This is why our omnichannel, mobile-first strategy has proven so successful. In 2022, Modere will launch new programs and training designed to continue building toward and refining our personalized service, with the goal of further enhancing each customer’s individual experience.”

—Asma Ishaq, CEO, Modere



### Nu Skin Enterprises

“Amid the ongoing disruptions from the pandemic, we made significant progress in accelerating our vision of becoming the world’s leading beauty and wellness company, powered by our dynamic affiliate opportunity platform. Most notably, we were again named the world’s #1 beauty device system brand for the fourth consecutive year. We have also advanced our digital initiatives, including the rollout of our Tencent-powered social commerce toolset in Mainland China. Looking ahead, the introduction of connected device systems will further personalize our product offerings, build connected communities, and deepen our relationships with our more than 1.4 million registered customers.”

—Ryan Napierski, President, Nu Skin Enterprises



### Pampered Chef

“In both good times and challenging times, we’ve found that there’s always a demand for the cooking inspiration and flexible income opportunity we offer. Our forty-one-year legacy of enriching lives through this business is at the heart of our longtime charitable partnerships with Feeding America® and the American Cancer Society. As both these organizations faced greater need as a result of the pandemic, we increased our support in 2020 and have continued to do so into 2021. We doubled fundraiser donations to Feeding America® after the winter storms hit Texas, and again to support disaster relief efforts after Hurricane Ida. We also donated 20,000 Quick Cookers to the American Cancer Society and its Hope Lodge® program to help make mealtime easier for patients when they return home after treatment. And our consultants continue to make a meaningful impact in their communities by giving back through their businesses. As we look ahead to 2022, I’m really excited to build on the advancements we’ve made to elevate the overall party experience. Earlier this year we launched shared rewards, which creates an opportunity for guests to share in product discounts as party sales increase. In September we launched Table, our exclusive new party site that helps our consultants create an even better and more engaging experience for their customers. We’ll continue to stay focused on creating solutions and experiences that help bring more mealtime wins to our consultants and customers around the world.”

—Andrew Treanor, CEO, Pampered Chef





#### **Princess House, Inc.**

"How have we kept the momentum going? In one word: partnership. We approach each issue and every new challenge with our field at the forefront of our decision-making. We partner with them to evaluate what is working, what is not working, and what might be coming our way next, so that *together* we can adapt to any new disruption and make the most of every new opportunity that comes along. Our greatest success in 2021 was continuing to support the evolution of our selling model, which had become all digital due to COVID-related challenges, as the world began to open up again and in-person selling activities returned. We are now a truly hybrid opportunity, with a broad spectrum of business approaches among our leaders. Some jumped at the chance to get back to face-to-face tactics; others are still wary. But our team has been able to develop the programs and training and provide the support they need to continue to evolve in this 'new normal.' In 2022, we are excited to face whatever comes next, even though it is hard to say right now exactly what 'next' will look like. With our field as our No. 1 priority, we are confident that the resilience and agility we learned and exercised in 2020 and 2021 have us fully prepared to reach new heights in 2022, no matter what comes our way. The new normal is so far not normal at all, but we know we have what it takes to navigate our way through any new crisis, overcome chaos, and make the most of every new opportunity."

—Lynne Cote, CEO, Princess House



#### **Scentsy, Inc.**

"Like many companies worldwide, Scentsy continues to navigate the ongoing global pandemic, responding to unique challenges as they arise. We have always prided ourselves on the ability to be agile and adjust to changing business climates, but in the past year and a half, it's been imperative that we stay nimble enough to respond to the new normal—whatever that may be. We know we will continue to face challenges in inflation, employment, customers' buying behaviors, and manufacturing and shipping logistics. And we'll take these challenges head on as we learn, grow, and prepare for the future. Scentsy experienced a fundamental shift in 2020 that will continue to play itself out over the foreseeable future. By staying true to our pattern of approaching the future with childlike wonder and a commitment to Scentsy culture, we have some exciting plans in the coming years, releasing even more ways to fill your life with fragrance. Stay tuned!"

—Dan Orchard, President, Scentsy



#### **SeneGence International**

"I attribute our success to a fierce and consistent level of commitment from our corporate team to support our distributors and customers in every way possible. We believe in getting in front of our field, making ourselves available to support them and keeping the communication for a global organization on a consistent flow. It takes regular work on these relationships to keep them going, especially considering what we have all experienced during the last eighteen-plus months. Building onto and keeping up our community is so essential, and, despite recent challenges, we never wavered from our mission to empower women around the globe with careers and innovative beauty products that really work. I look forward to finding more ways to give back through our non-profit Make Sense Foundation. This is really the joy of life, to help others and make a difference in lives that need it most. We have time, products, and talent to share, and we will do just that! I also look forward to leveraging technology in new ways, including launching all-new web platforms through our digital transformation project. I also can't wait for more hugs from those I love and face-to-face meetings with people I am inspired by."

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





### Shaklee Corporation

“The last eighteen months have been an opportunity for our industry to rise and shine and to provide health and hope to so many. We are grateful that our three-year digital transformation allowed us to seamlessly offer a digital opportunity in health and wellness, and we see that continuing to accelerate and expand our impact.”

—Roger Barnett, CEO, Shaklee Corporation



### The Avon Company

“2021 has been a great celebration of our 135-year anniversary. We were thrilled to be able to reflect on our rich history whilst welcoming thousands of new Avon representatives and customers. In 2021, we focused on continuing to support our representatives with new tools such as the award-winning Digital Catalog (bringing our iconic brochure to life) and the launch of Avon LIVEs (where we are supporting our representatives’ customers with fun, interactive, live selling). We also launched a product and training facility, Studio 1886, in Los Angeles earlier this year and, as always, brought many new products and brand introductions to the market, all of which support the representative earnings opportunity. As we close the year out, we are launching our new upgraded websites. We are currently planning another great year in 2022, focused on product innovations as we continue to provide even more opportunities for our representatives.”

—Daniel Park, CEO, The Avon Company



### The Juice Plus+ Company, LLC

“2021 has been a solid year for the Juice Plus+ Company and our amazing partners in a challenging and turbulent time. While we are proud of our ability to have successful digital events, we are most excited about the opportunity for hybrid events in the fall of 2021. We have also continued rollout of our new JuicePlus.com website in 2021. It’s live throughout North America and will begin rolling out in Europe toward the end of the year. We have also introduced new innovations in the partner journey—and these changes are just the beginning. As for new countries, we introduced Juice Plus+ into Mexico in late 2020 and are about to launch Juice Plus+ in other new markets, so stay tuned for that. We had a terrific anniversary event recently in Mexico and could not be prouder of their first-year energy, especially in such a challenging environment. Like everyone, we are hopeful for a return to more normal circumstances in 2022 and are prepared to grow and prosper. We will continue to focus on creating the best experience for our partners, from digital innovation and business building technology to hybrid events, to new content, and to many other exciting changes we look forward to sharing next year.”

—Stuart Kronauge, Global Chief Executive Officer, The Juice Plus+ Company



### Thirty-One Gifts

“2021 was a year of stabilization and the beginning of our three-year strategic transformation plan. I am so grateful for the team’s passion and commitment. One of the areas I am most proud of is the meaningful enhancements we made to our compensation plan that has ensured the Thirty-One opportunity is more compelling and rewarding. In addition, our new Learning Management System makes it easier and seamless to launch a business successfully. In 2022, we will continue to evolve our brand and product proposition to help women organize their lives at home and on the go, so they can make time for what matters most.”

—Elizabeth Thibaudeau, CEO, Thirty-One Gifts





### **USANA Health Sciences, Inc.**

"2021 has been a significant year for improvements with our customer experience, especially in the digital realm. Improving our digital customer experience was already at the top of our priority list, but the pandemic made the need for digital connection even more vital. In the past year, we created tools like share links, which associates can use to recommend specific products to their customers and direct them to a customized shop page. We have also created a recommendation quiz that helps customers find the right products for their lifestyle and goals. Lastly, we have made small but significant updates to our shopping cart to improve the buyer's experience from consideration through checkout. Our greatest success of 2021 has to be our ability to maintain our company culture and employee engagement through the pandemic. There's so much to look forward to in 2022, from improved shopping experiences to new product launches, but I would be remiss if I didn't mention our thirtieth anniversary. Next year will be such a great celebration of where USANA has been and where we are going."

—Kevin Guest, CEO, USANA Health Sciences



### **Xyngular**

"2021 was a year of extremes, from incredible highs to challenging lows in business. As with many of our peers, Xyngular's greatest success this year was keeping a restless and, at times, frustrated distribution field happy and engaged despite the uncertainty in the world."

—Russell Fletcher, CEO, Xyngular



### **Young Living**

"Young Living experienced fantastic growth over the last three years, which has been both challenging and exciting. To position the company for the future, we have made strategic, foundational changes to improve operations that are largely complete. These changes range from organizational structure to the way our members order product and adjustments in sourcing, supply chain, and distribution. Our most significant achievement has been in developing an industry-leading supply chain and distribution team to oversee the restructuring and expansion of our systems to not only improve efficiency but expand our capacity for future growth. We've also launched a new shopping platform that makes it easier for our members and allows anyone to buy our products without becoming a Young Living distributor. In 2022, we look forward to continued growth, expanding operational capacity and efficiency, and greater focus of the brand and marketing on our vision and company core mission of fostering wellness, purpose, and abundance through essential oils."

—Mary Young, Co-Founder & CEO, Young Living



### **Younique, LLC**

"Younique spent the year focusing on improving our presenter experience. Our continued business reinvestments have had significant impacts in 2021. With a completely revamped onboarding and user experience for people starting their Younique business, they are better armed with the training, tools, communication, and support needed to achieve their business goals. We launched both a new back-office website and an accompanying application. The launch of these experiences gives our sales field the ability to fully manage their businesses entirely from their phones a reality. As women looked for new makeup options, they began looking for makeup with skin-care benefits. We recently launched a new foundation to answer this need. Our focus on innovation also led to the launch of our magnetic lashes, suite of brow products, and line of products that includes tanning drops and body cream in 2021. These core product lines help to make Younique an industry leader in the beauty, makeup, and skin-care space. With even more innovative and premium products slated to launch in 2022, Younique is excited to improve our current beauty and cosmetic product portfolio and expand our offerings into the wellness space."

—Kristi Hubbard, CEO, Younique



# <sup>TM</sup> the Jenkon of Things

*Celebrating an unparalleled 5th decade of innovation...*

## **Jenkon proudly announces JoT<sup>TM</sup>**

A software platform harnessing the power of connectivity  
in a radically changing world.

JoT<sup>TM</sup> connects you, your sales force, your customers,  
to any data, application, or device – anywhere at any time...

Contact us today for your Discovery Session

[www.jenkon.com](http://www.jenkon.com)

**jenkon**  
software



# PAYMENTS

technology built for global commerce

“ I have used several systems and platforms in the past and none have come close to the Nexio system in terms of ease of use, detailed information and trend monitoring ... **the Nexio dashboard and reporting system gives me all I need.** If you are looking for a great company to partner with, then you should take a close look at Nexio to fit your needs. We highly recommend them and appreciate the service they are providing us here at GPS. ”

**Tony Jackson - COO at Global Prosperity Solutions**



📞 1(866)80-NEXIO

🌐 NexioHub.com

✉️ sales@nexiohub.com

