



DIRECT SELLING ASSOCIATION



Agenda:

- Welcome
- 2016 DSA Research Findings:
 - Growth & Outlook Report
 - Consumer Trends Impacting Direct Selling
 - Q&A
- FTC Announcement
- Q&A

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2016 Growth & Outlook Survey and Consumer Trends Research Findings



Presenters:



Jeff Kaufman

- Director, Customer and Field Insights, Isagenix International
- Industry Research Committee Chairman



Monica Wood

- VP, Global Consumer and Member Insights, Herbalife
- Industry Research Committee Member



Jeff Kaufman

- Director, Customer and Field Insights, Isagenix International
- Industry Research Committee Chairman



DSA's annual Growth & Outlook Survey:

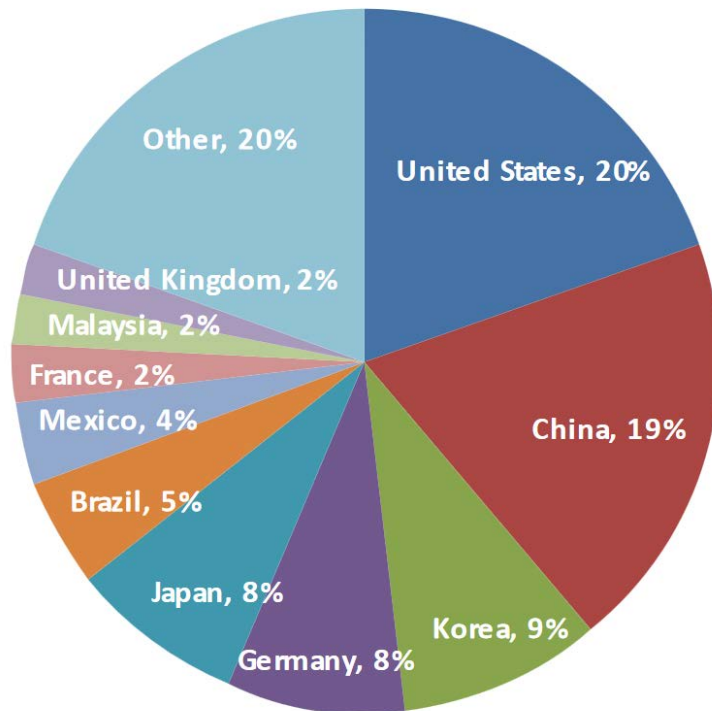
- ***Sizes*** the direct selling market in the U.S.
- ***Determines*** year-over-year ***growth rates***
- ***Presents benchmarks*** for you and your company to measure your performance against the industry
- ***Provides critical data inputs*** for DSEF's upcoming Socio-economic Impact Study





Global Industry: \$183.73 billion; Up 7.7% in Constant 2015 USD

Top 10 Global Markets



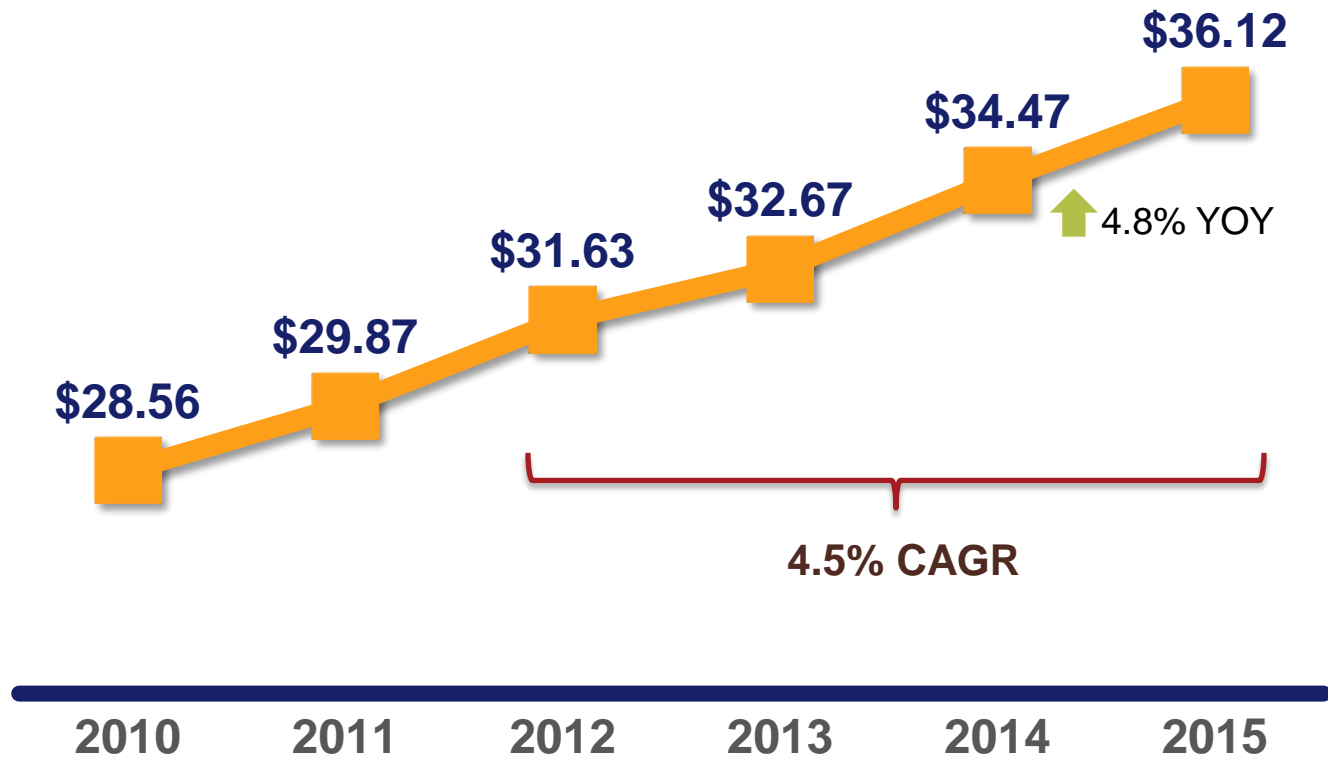
3-Year CAGR of the TOP 5 Markets

#1	US	4.5%
#2	China	22.5%
#3	Korea	7.5%
#4	Germany	5.2%
#5	Japan	-0.7%

Even with industry challenges, 2015 was our best year ever



Estimated Retail Sales (\$U.S. billions)

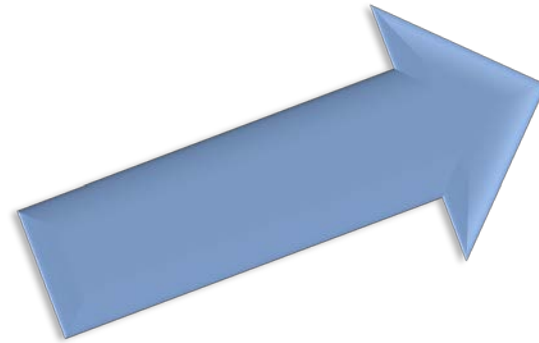


DSA expects continued growth at 3-5% for the next three years

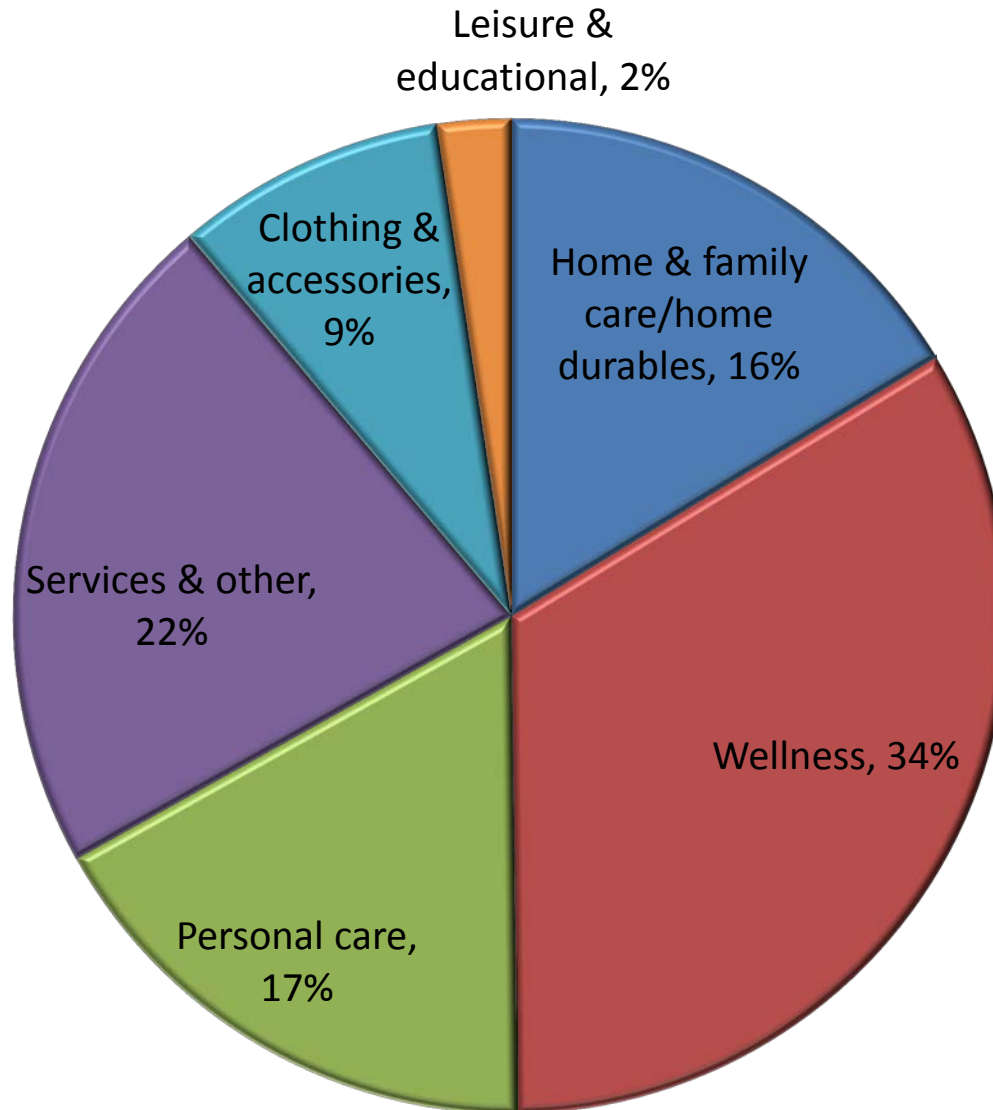
4.8%

growth for **2015**

3-5% growth
expected annually



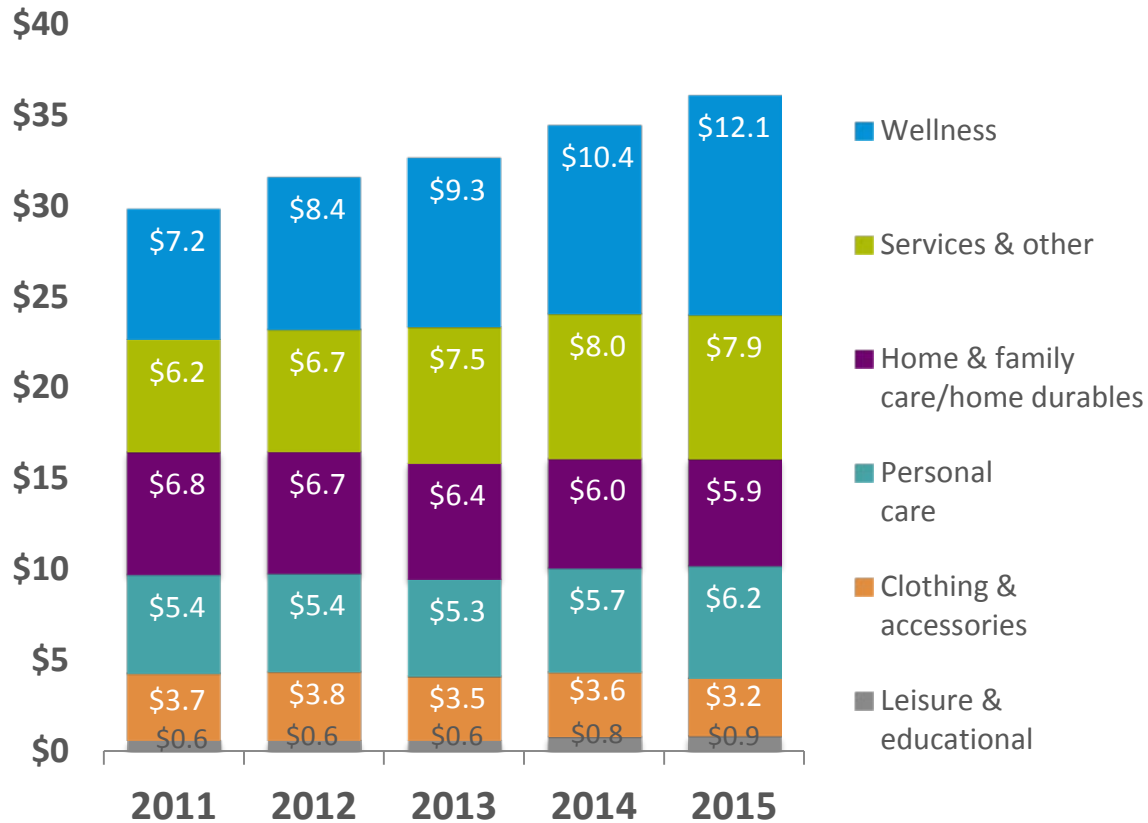
A diverse set of products & services are sold via the direct selling channel, which is evolving to match consumer needs



Wellness, personal care, and leisure & education categories experienced growth

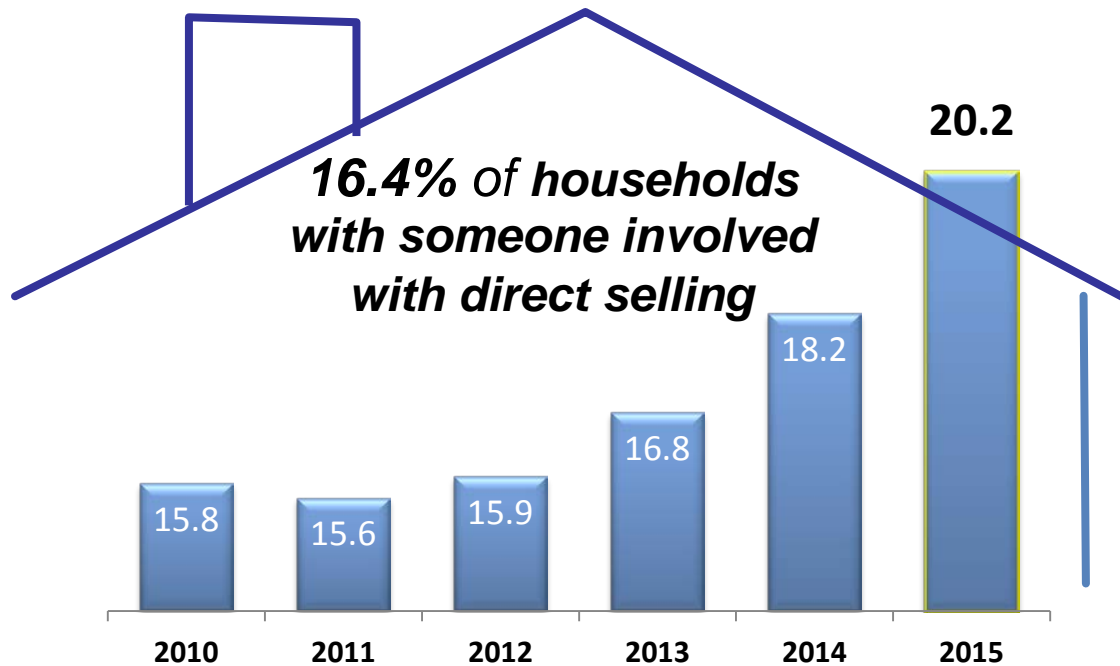


Estimated Retail Sales (\$U.S. billions)



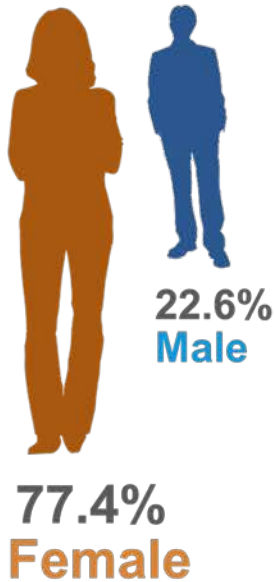
- Electronically connected personal health and wellness products are predicted to top \$8 billion by 2018*
- Consumers interested in lower cost & greener energy alternatives. Direct selling serves as a way to add options and educate consumers in formerly monopolistic energy markets.

The number of direct sales representatives reached a new high in 2015



Salesforce demographics

Gender



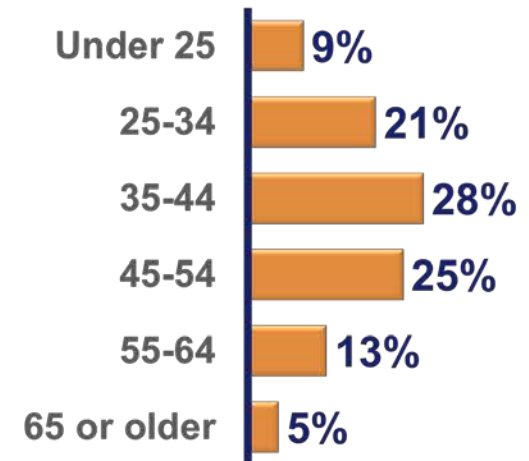
Ethnicity and Race

	Involved in Direct Selling ¹	U.S. Population ²
Hispanic	20%	17%
Non-Hispanic	80%	83%
White/Caucasian	81%	78%
Black/African American	11%	13%
Asian	5%	5%
Amer. Indian or Alaska Native	1%	1%
Native Hawaiian or Pacific Isl.	1%	<1%
Other	2%	3%

¹Source: Estimated based on survey data and extrapolated from secondary sources

²Source: U.S. Census Bureau, "Projections of the Size and Composition of the U.S. Population: 2014 to 2060" (March 2015)

Age



Consumer Trends Research Findings



Monica Wood

- Vice President, Global Consumer and Member Insights, Herbalife
- Industry Research Committee Member

Consumer Trends Research Findings



This study presents key consumer trends and their implications for the direct selling industry including:

- Current and future shopping experience
- Workforce trends & earning opportunities
- Demographic and economic landscape shifts
- Innovation & consumer lifestyle needs
- Communications, interactivity and education

Report Overview | Consumer Trends Impacting the Direct Selling Industry

1. Future of Shopping



Sub trends:

- 1.1 In an instant
- 1.2 Shopping made simple
- 1.3 Anticipated retail
- 1.4 Tech-enabled intimacy

2. Workforce Trends



Sub trends:

- 2.1 Enriched expectations
- 2.2 Seeking separation
- 2.3 Peer-to-peer career

3. Communications



Sub trends:

- 3.1 Micro-engagement
- 3.2 Constant conversations
- 3.3 Emotional influence

4. Innovation



Sub trends:

- 4.1 Lessen my stress
- 4.2 Conscious consumption
- 4.3 Safeguard me
- 4.4 Amplify my experience

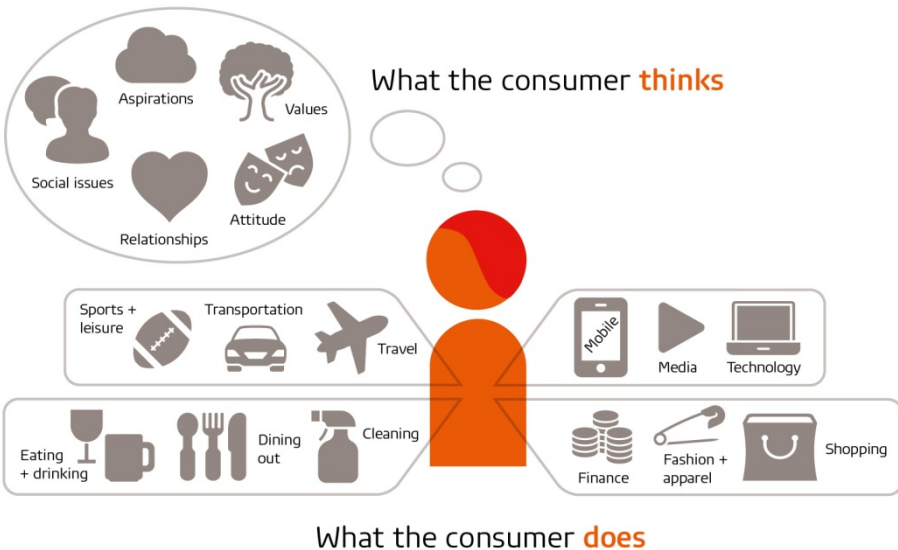
5. Demographic Trends



Sub trends:

- 5.1 Aging population
- 5.2 Urbanization
- 5.3 Multi-culturalism
- 5.4 Changing households
- 5.5 Redefining families

GfK Consumer Life | Report Methodology

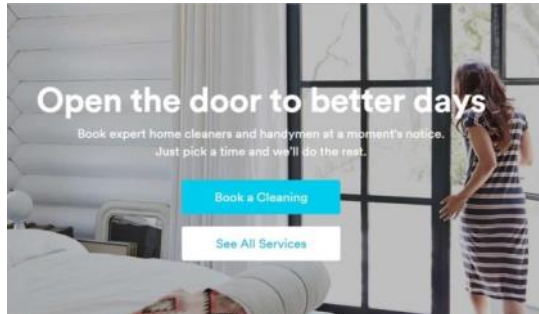


The U.S. Direct Selling Association (DSA) partnered with GfK Consumer Life to identify and explore the most compelling trends that are impacting the direct selling industry.

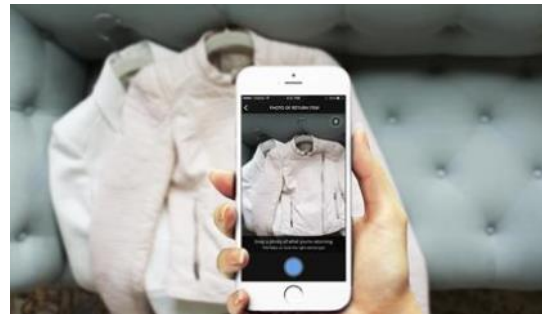
Along with secondary sources, the GfK Consumer Life team leveraged **Roper Reports US**.

- Two Annual Online Waves (4,000 Americans age 18+ each wave)
- Three topical waves (1,000 Americans age 18+ each wave)

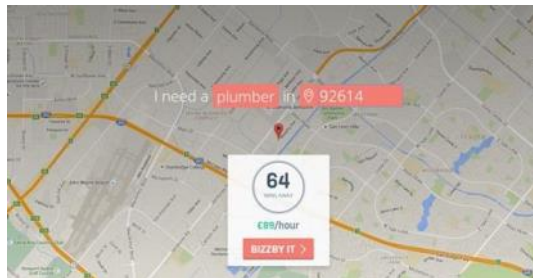
Consumers have come to expect instant, on-demand service



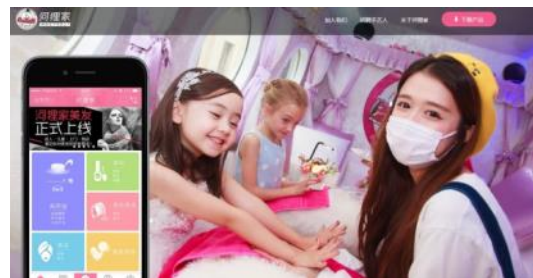
Handy finds its customers self-employed home-help available in the right place and at the right time. (U.S., UK, Canada)



Shyp brings on-demand to postal services in the U.S., offering courier pick-up and packaging at minutes' notice. (U.S.)



Bizzby offers services from gardening to babysitting within an hour or two (U.S., UK, Canada)



Helijia provides on-demand beauty services to Chinese consumers at home (China)

“ A dramatic increase in the number of smartphone connected consumers, simple and secure purchase flows, and location-based services are a few of the market conditions and technological innovations propelling the explosion in on-demand services.

- [Business Insider](#)

Consumers like products that are customized to their needs.



68% of Americans agree
**'I like to buy products that
can be tailored to my needs'
(+1 pt from 2013)**

Ranked #10* or higher among all
generations (led by Gen Z at #5)

Anticipated retail



How can Direct Sellers learn more about customer behaviors to deliver better experiences?



Despite rapidly changing technology, human interaction remains important to consumers



1.4 Tech-Enabled Intimacy

The digital age has created a growing sense of isolation and a rising thirst for real connections and intimacy - even as part of the shopping process.

Close relationships are of top importance to Americans

Stable personal relationships: *Remains one of the core values globally*
#5 most important value on a list of 50 values

Friendship: *#9 most important value globally*

Spending time with family/loved ones
is the #1 thing that makes Americans happy (37%), followed
distantly by spending time with friends (18%)

The direct selling model is perhaps best positioned to enable tech-intimacy



Technology and retail solutions will become more integrated, more intimate and enriching

Tech-enabled intimacy

Tactile experiences

63%

of Americans agree they **“don’t like shopping online because you can’t see, touch or try on what you’re buying before you buy it”**



Virtual reality

40%

of Americans agree **“Virtual interactions with people and places can be as good as being there in person”, +7 pts from 2011**



Future of Shopping *Implications*



There is a dichotomy in the consumer world that direct selling can capitalize on



The need for personal connectivity is higher than ever before in the new digital world



Leverage tech-enabled intimacy

- Connect like-minded consumers

Consumers are looking for fun experiences in everything they do.

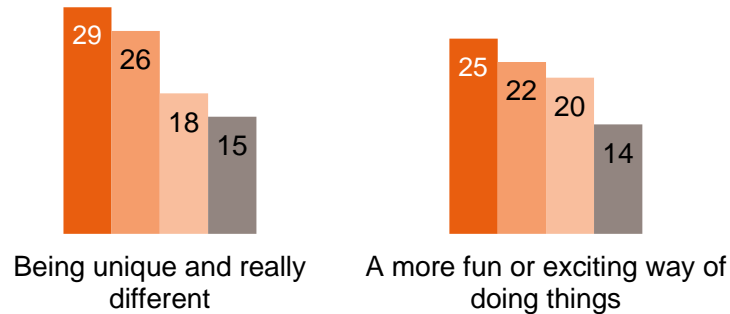
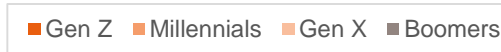


4.4 Amplify my experience

Consumers expectations are evolving for novel, engaging, personalized experiences, driven by ever better technology

What does innovation mean to you?

% who associate innovation with...



56% of Americans and **67%** of Millennials agree
“I always look for fun and novelty in everyday purchases”

Technology promises to revolutionize both brick-and-mortar and online/virtual shopping

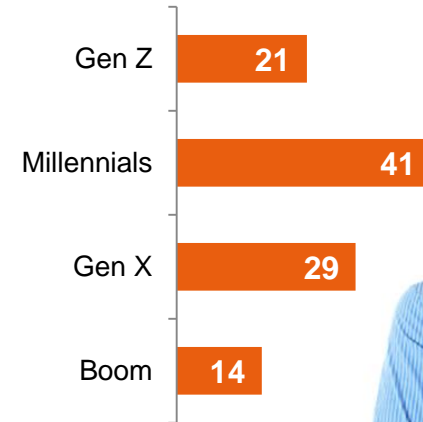


Lowe's wants to give customers something they can't get online

"You can go **out shopping and look at the things** you want without really leaving your house."



"I am almost always among the first to try new ways of shopping or new shopping experiences (%)"



Innovation Implications



Amplify the experiences of your consumers and salesforce

- Rethink your category experience
- Leverage technology to stimulate and educate your sales force in new ways



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DSA members will
receive **20% off**
Roper Reports®
U.S. subscriptions!
Contact us by
August 31, 2016

Questions? Contact us!
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For over 40 years, companies have turned to GfK Consumer Life (Roper Reports®) to dive deep into today's market and where it's heading, to develop strategic opportunities.

With Roper Reports® you can start with the broader context of change to understand how social and cultural shifts impact everyday lives.

- To understand how these changes impact engagement with products and services.
- Having a visibility into disruptive forces, and how consumers may embrace or reject them.
- Capture emerging opportunities by monitoring change across all aspects of your consumers' lives.

Any questions?



Learn more with additional resources at:

www.DSA.org/CEOupdate



The screenshot shows the DSA website interface. At the top left is the DSA logo and name. To the right are social media icons and a search bar. Below is a navigation menu with options: About Us, Benefits, Consumer Protection, Events & Awards (highlighted), Advocacy, News, and Contact. The breadcrumb trail reads: Home > Events & Awards > DSA Special CEO Update Materials - July 21, 2016. The main heading is 'DSA Special CEO Update Materials - July 21, 2016'. On the left is a sidebar with links: Featured Events, Calendar, Opportunities, Past Annual Meetings, Awards Program, and My Meetings. The main content area features a video player for 'Joe Mariano Presidential Address from Direct Selling Association'. The video player shows a man in a suit on a stage with a large DSA logo in the background. Below the video player is a list of resources:

- Avoiding Pitfalls and Landmines Presentation
- FTC Complaint
- FTC Stipulation
- Communication Re. July 15, 2016 FTC Press Conference
- Statement of DSA President Joseph N. Mariano



More Questions? Contact Us

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