

# Shillong Knowledge Forum

**Wednesday, 30<sup>th</sup> September, 2015**

**Hotel Polo Tower, Shillong**

# Direct Selling

## Flow of Presentation

Characteristics & Definition

Consumer Protection

Statistics, Factoids & Future Growth

# **Direct Selling is.....**

**An Alternate shopping experience**

**Non Store Retail Format**

**Away from fixed retail locations**

**Face to Face Selling**

**At ones own home, home of others, at the work  
place**

**Convenience of Customer – Time & Place**

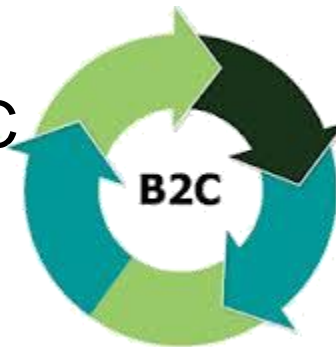
**Personal Demonstration/ Explanation**

# Direct Selling Business Model

- An Alternate Channel of Distribution *for Marketing of*
  - ✓ Products
  - ✓ Services
- Direct Selling Entity to Direct Seller: B2B



- Direct Seller to Consumer: B2C



# Product Distribution Flow- FMCG Vs Direct Selling

Factory

(C&F)

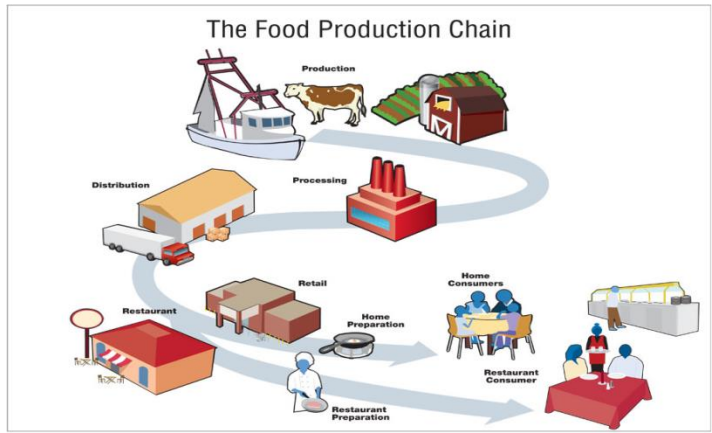
Stockist

Wholesaler

Retail Stockist

Retail Trade

Shoppers & Consumers



DS Entity

Seller

Consumers

# Direct Selling...

“Selling of goods and services to the consumers away from a fixed retail outlet, generally in their homes, etc, through explanation and demonstration of the product by direct sellers”

## **World Federation of Direct Selling Associations (WFDSA)**

“Marketing of consumer products/services directly to the consumers generally in their homes or the homes of others, at their workplace and other places away from permanent retail locations, usually through explanation or demonstration of the products by a direct seller.

## **Indian Direct Selling Associations (IDSA)**

“Marketing and sale of goods or providing services or business opportunity of direct selling entities through direct sellers on a person to person basis otherwise than through shops, to the consumers ...”

**FICCI – National Law School, Bangalore white paper**

# Protection of Consumers

- *Transparency of Transactions*
- *Complaint redressal*
- *Product Accessibility - Touch & feel factor*

**“Products are covered under “Buyback Guarantee”**

# Consumer Rights- Consumer Delight

## Consumer Centric & Customer Focused

- ▶ Right to be informed – demonstration & Explanation
- ▶ Right to Choose - Variety & Access
- ▶ Right to Safety - Product Testimonials
- ▶ Right to be / heard redressed – Buyback & refund, dedicated customer care

**“Maximizes the Customer  
Value Potential”**



# Direct Selling : What it is not?

**NOT** an offer of employment

**A Direct Seller is independent contractor**

**NOT** a get-rich-quick scheme

**It takes time, work and effort**

**NOT** an investment opportunity

**It is a business opportunity in trade and Commerce**

**NOT** a fraudulent scheme

**A Direct Seller is NOT paid for**

**introduction of business opportunity;**

**A Direct Seller is only paid for the sale of products by one's self and one's**

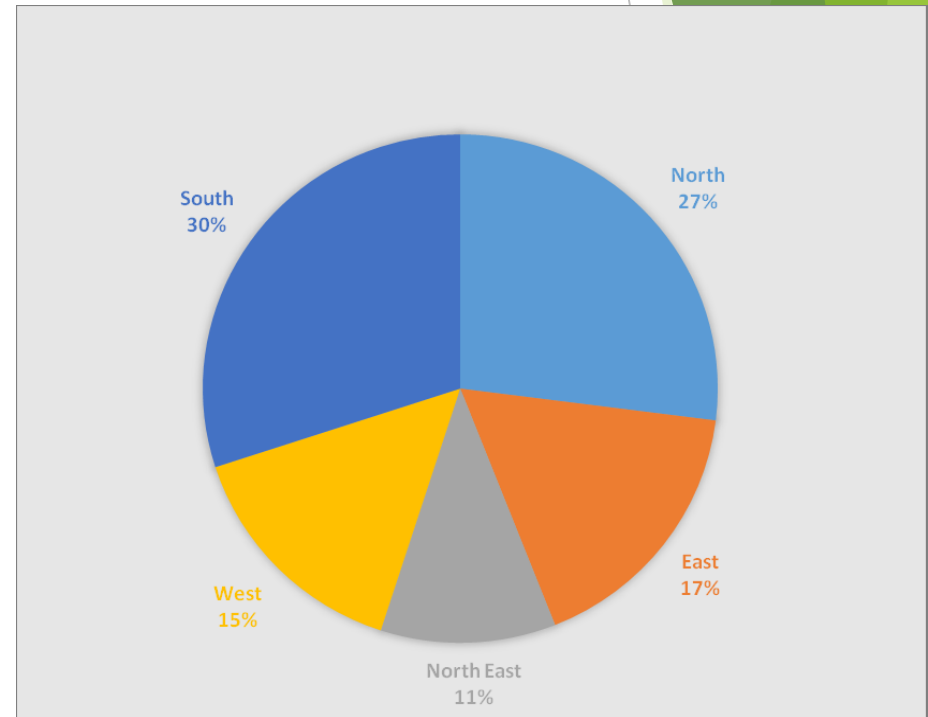
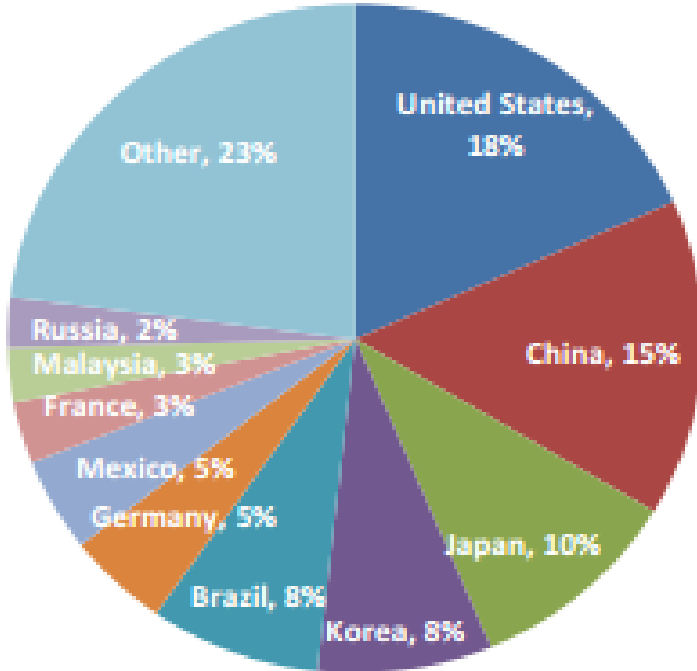
**Downlines**



# Facts & Figures

Global Industry: **US\$178.5 billion**;  
Involving over 90 million individuals

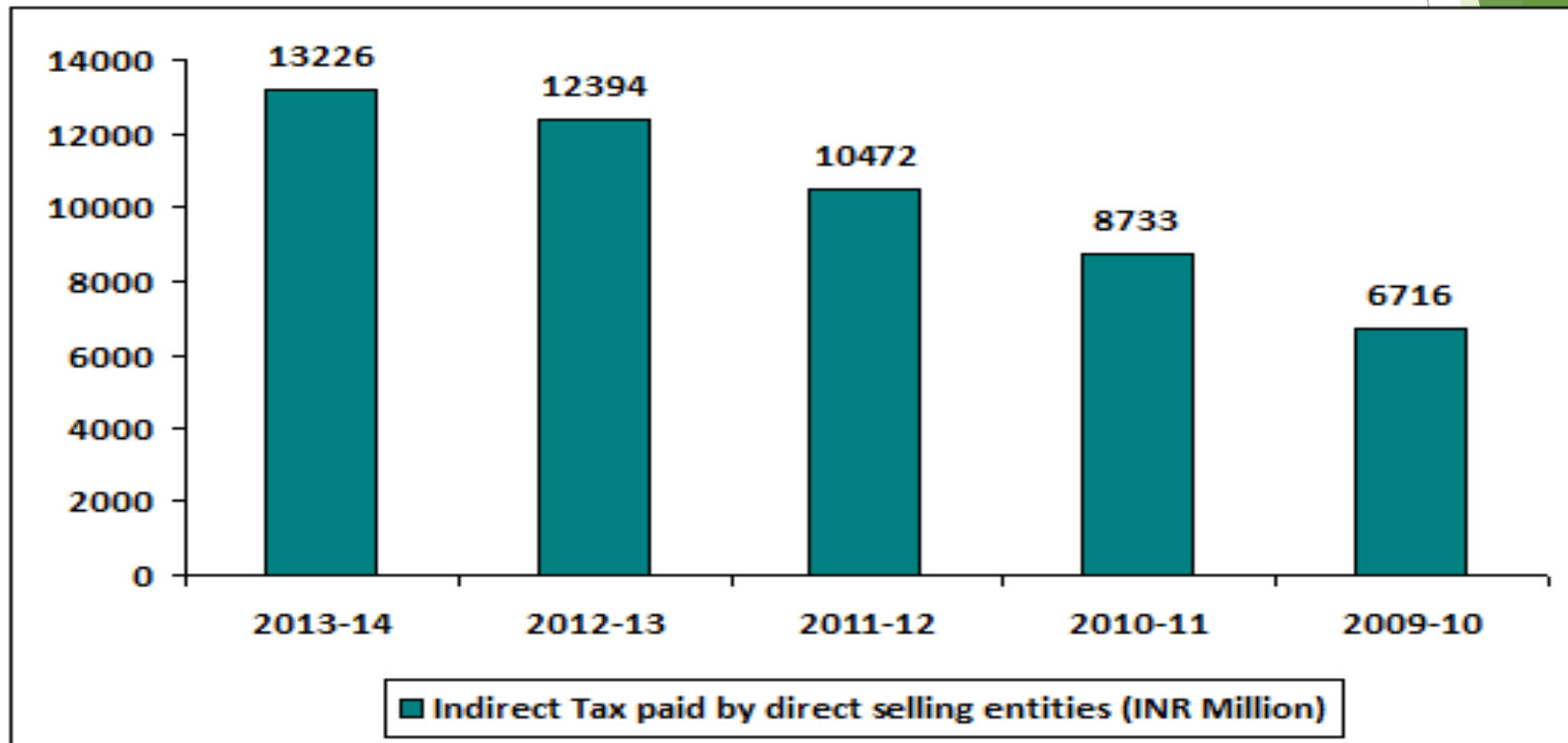
All India Sales Revenue stood at INR  
7,472 crore in the year 2013-14



**Women continue to play a strong role in Direct Selling- 58%**

**Men also finding this as a good business opportunity- 42%**

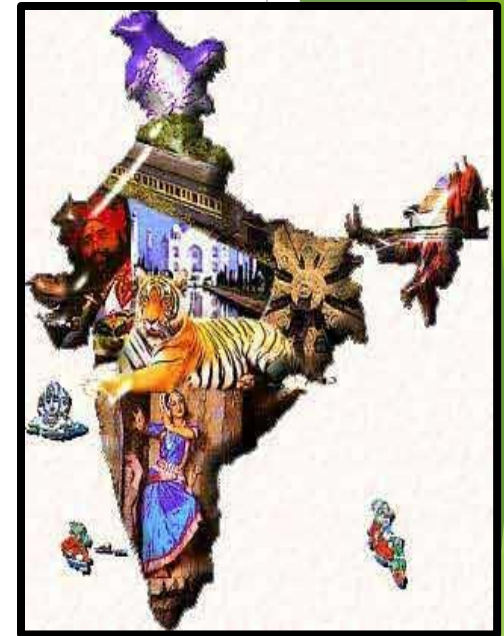
Indirect Taxes paid by Direct Selling Entities in 2013-14: **INR 13,226 million**



# Sector Analysis - India

## Direct Selling started in India in 1995 Growth Accelerating since then

- FY 2008 = INR 2,851 Crore
- FY 2009 = INR 3,300 Crore
- FY 2010 = INR 4,120 Crore
- FY 2011 = INR 6385 Crores
- FY 2012 = INR 7164 Crores
- FY 2013 = INR 7472 Crores



# North Eastern Region

**Meghalaya**

**Assam**

**Arunachal Pradesh**

**Manipur**

**Nagaland**

**Sikkim**

**Tripura**

# North Eastern Region

Region	States/UTs	Key Cities	% share in sales revenue (2013-14)	% share in sales revenue (2012-13)
North East	Meghalaya, Arunachal Pradesh, Assam, Nagaland, Manipur, Sikkim and Tripura	Shillong, Agartala, Dimapur, Gangtok, Guwahati, Imphal, Itanagar, Ziro	12 (13.8%)	11 (27%)

**The North Eastern region has accounted for INR 8,969 million in the FY 2013-14**

# Direct Seller Base

Region	Direct Sellers' base in 2013-14
<b>North East</b>	<b>5,69,853</b>
East	8,32,863
North	10,95,872
West	7,01,358
South	11,83,541
<b>Total Direct Sellers</b>	<b>43,83,487</b>

# State Government- Internal Trade

State government are empowered to issue guidelines, make rules or even enact state specific legislation to regulate any trade sector



**Thank you for your time**