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UNLEASHING THE POWER OF DIRECT SELLING BUSINESS IN INDIA

ANNUAL SURVEY REPORT 2019-20

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2021

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रावसाहेब पाटील दानवे

RAOSAHEB PATIL DANVE

सत्यमेव जयते

उपभोक्ता मामले,
खाद्य एवं सार्वजनिक वितरण
राज्य मंत्री
कृषि भवन, नई दिल्ली–110001

MINISTER OF STATE
FOR CONSUMER AFFAIRS,
FOOD & PUBLIC DISTRIBUTION
KRISHI BHAWAN, NEW DELHI - 110001

MESSAGE

It gives me an immense pleasure to know that Indian Direct Selling Association is releasing the Annual Survey 2019-20 for the Direct Selling industry in India.

The Direct Selling industry in India is on a constant path of growth. The industry is not only contributing towards the economy of the nation but also providing self-employment opportunity to millions of common people of our country.

Indian Direct Selling Association is doing a commendable job for the betterment of the Direct Selling industry in India. The association has been raising important issues concerning the industry before my office on regular basis for my perusal and for necessary action. The Ministry of Consumer Affairs, Food & Public Distribution acknowledges the role played by the association in providing the necessary national and international recognition to the Indian Direct Selling industry.

The Consumer Protection Act 2019 has already come into effect. The provisions of the Act have been designed to address all the challenges that our consumers facing in this area of business innovations. The role of industry association like IDSA gains importance as there is a need to educate consumers about their rights as enshrined in the new Act. I am happy to note that IDSA is organizing webinars, conferences and events around this topic on regular basis and I assure them full support on behalf of my ministry.

I once again congratulate the Executive Committee and all the members of IDSA on the occasion of the release of Annual Survey 2019-20 and wish them for the success of the same.

RAOSAHEB PATIL DANVE

Office : Room No. 173, Krishi Bhawan, New Delhi - 110001 Tel. : 011-23380630/31 Fax : 011-23380632
Residence : C-1/8, Pandara Park, New Delhi Tel. : 011-23782386

Message from Chairperson, IDSA

Ms. Rini Sanyal,
Chairperson, IDSA

At the outset, I wish good health and safety to everyone around. The times are such that it is important for everyone to remain both physically and mentally strong, at the same time being safe & healthy. I am confident this shall pass too.

It is my immense privilege and satisfaction to present to you the Annual Survey Report for 2019-20 fiscal. For more than a decade, the Annual Survey Report on Direct Selling has been one the widely sought data by the Stakeholders. We have been able to invest creative inputs to create a niche out of this unique study, that has attracted the interest of Direct Selling Entities, Consumers, Direct Sellers, Academia, Policy experts and most importantly, policy making bodies in the government.

It has been our endeavor to constantly evolve the Annual Survey Report to be able to present useful insights and dynamics of Direct Selling Industry. In the current edition of the Annual Survey study, we have added new Analysis verticals in the form of Direct Sellers' and Consumer's Survey, respectively. While the Direct Sellers' survey covers the responses from the Salesforce associated with the Industry, it has also established the vital role played by the Direct Selling Industry in creating the ecosystem and the Socio-Economic development of Direct Sellers. The Consumer Survey analysis of the existing customers takes us on a brief journey of their demographic presence, their experience, the products, the benefits reaped out and off course their expectations from the Direct Selling entities. The Consumer Awareness, Consumer analysis, conducted with random consumer sample, has yielded some interesting facts and given enough food for thought for the Direct Selling industry to work upon and bringing more products to satisfy the needs of the modern consumer demands.

The last couple of years have been quite a mixed bag for the Direct Selling industry. In July 2019, the Ministry of Consumer Affairs gazette notified the 'Consumer Protection Act 2019', the Act came into force in July 2020, widening the jurisdiction of the Consumer Rights, hence safeguarding the interest of the consumers. At the same time, the Consumer Protection Act 2019 also paved way for an exhaustive regulatory framework for the Direct Selling industry. The absence of regulatory clarity has hurt the consumers the most and the Direct Selling industry has raised this concern with several government department in the past.

The Consumer Protection Act 2019 has opened new avenues towards clear norms and regulations on Direct Selling and the industry is eagerly looking forward to seeing the light of comprehensive regulatory framework for Direct Selling. We are of the understanding that the Department of Consumer Affairs has formulated Direct Selling 'Rules' and it is only a matter of time that the Rules are implemented formally.

The last 15 months and so have been tough on the mankind with Covid-19 wreaking havoc across the globe affecting billions of lives. There has not been much respite from the effects of Covid-19 with most of the Industries feeling the brunt of the global pandemic. While some industries have experienced damages of severity, the losses caused would take years to repair, there have also been industries that have been able to withstand the impact of Covid-19. Direct Selling has been one such industry that have been able to negate the impact of pandemic, thanks to the business model which thrives highly on positive attitude of the people associated with the Industry.

While the Direct Selling industry has managed to keep itself afloat during the ongoing testing hours, at the same time replicating the domino effect across the Direct Selling universe. Direct Selling is known as People business which mushrooms with the essence of hard-work and team-building. This has been the mantra, the core of Direct Selling over the years. And during the times of crisis, the Direct Selling universe has been able to convert the obstacles into opportunities.

What stands out for Direct Selling is the self-employment opportunities generated in urban as well as in rural areas. While a significant portion of people from the urban areas have associated with the Industry, Direct Selling has also been able to make inroads in the rural India, providing people an opportunity to earn while continuing to learn by being in this business. Needless to say, the industry has been able to sensitize its importance to different demographics of the country.

I remain assured that that the findings of the report will bring light on the Direct Selling Industry's potential to make further contributions to the economy and the society alike. It is also my belief that the industry will overcome any hurdles that have surfaced over the recent times and continue to its journey of creating 'entrepreneurs' out of masses in the coming years.

I extend my gratitude towards Ipsos Strategy3 Team consisting of Bhasker Canagaradjou and Jayant Kumar for their dedicated study and sincere efforts in bringing forth this report.

I also take this opportunity to thank all the survey participants who have spared their valuable time, providing necessary information, hence helping us in putting together this Survey Report. A special thanks to all IDSA member companies who have been supporting this endeavor by sharing their company statistics and information required to formulate this report. I would also like to thank Team IDSA and the Secretariat for their sincere efforts and hard work in compiling this study.

As IDSA continues its journey to bring about positive changes in the overall business environment of Direct Selling, I seek collective support from the stakeholders and industry to make the Direct Selling universe bigger and better!

Message from India Head, Ipsos Strategy3

Mr. Bhasker Canagaradjou,
India Head, Ipsos Strategy3

The Direct Selling Industry in India continued to evolve and experienced a high growth during the financial year 2020. The industry has grown on the back of multiple structural, demographic and economic drivers. The growth has been contributed by key multinational and home grown players. The industry has witnessed over 300 companies that has joined the direct selling business which signifies a strong sign of optimism.

The industry has contributed significantly to the self-employment opportunities, women empowerment, skill development, entrepreneurship and SME development. Even during times of unprecedented difficulties like Covid-19, the direct selling industry shared values of community and unity have transformed these challenges into opportunities.

This report includes the Indian Direct Selling Industry performance and key developments over the years. While technology may have disrupted other industries, it has enhanced Direct Selling in unprecedented ways. With the world getting connected digitally, the industry has adapted to the digital era whereby it has improved the reach and access.

The Indian Direct Selling industry was valued at INR 1,67,762 million in 2019-20 as compared to INR 1,30,800 million in 2018-19. India registered the highest year-on-year growth rate of ~28% making it the fastest growing direct selling market amongst the top 20 direct selling countries in the world.

Also, the perspective, the attitude, and the approach of consumers towards direct selling seemed to have changed with time and a personal approach has worked wonders and will continue to do so.

With the growth in consumerism and increase in digital penetration, the future of the Indian Direct Selling industry is bright. The growth of the sector continues to be on an upward trajectory, and is expected to continue with the new normal.

We sincerely thank all the direct selling companies that have participated in our survey.

We would like to take this opportunity and extend our appreciation to IDSA management and its team members for providing us the opportunity to be a knowledge partner to prepare this industry report.

EXECUTIVE SUMMARY

Direct selling is a method of marketing and retailing goods or services directly to consumers, through personal contact away from permanent retail premises. The products or services are sold through direct sellers who act as individual representatives of the direct selling entities. These sellers carry out product demonstration while making such sales.

The global direct selling industry stood at around USD 179.3 bn in 2020 showcasing a marginal degrowth of 0.1% from the industry value of USD 175.3 bn in 2019. However, this degrowth is largely due to downfall of business in China, which has overall resulted in a decrease in global business.

The United States had a share of 22.4% in global direct selling business with sales value of USD 40,100 mn in 2020. It was closely followed by China with a share of 10.7% with total direct selling sales value of USD 19,183 mn in 2020.

The Indian direct selling industry stood at around INR 1,67,762 mn in 2019-20. The industry has grown at approximately 28% from INR 1,30,800 mn in 2018-19.

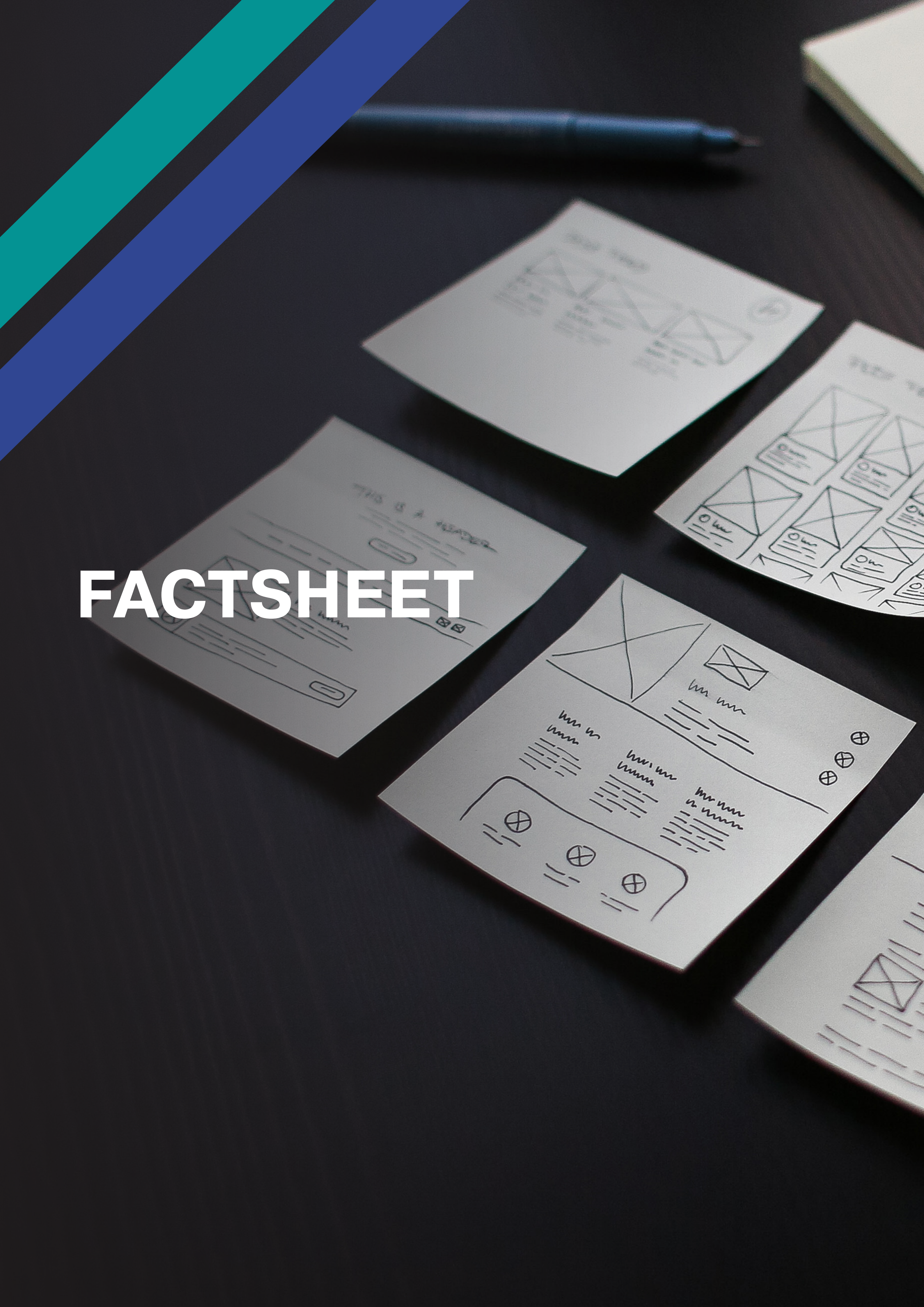
The industry showed a Compounded Annual Growth Rate (CAGR) of approximately 18%, growing from INR 1,03,242 mn in 2016-17 to INR 1,67,762 mn in 2019-20. The share of IDSA members in the total sales of the direct selling industry stood at 50% in 2019-20. Wellness & Nutraceuticals products contributed ~57% of the Indian direct selling sales, followed by cosmetics and personal care which contributed 22% of the sales by Indian direct selling Industry 2019-20.

The number of active direct sellers in the country stood at around 7.4 mn registering a growth of ~30% from 5.7 mn in 2018-19. The industry comprised of almost equal number of male and female direct sellers in 2019-20.

North region contributed to around 28% of the direct selling sales in the country in 2019-20. This was followed by the East with approximately 26% of the direct selling sales.

Maharashtra had the highest share of sales across the country with 12% of the gross sales in 2019-20, closely followed by West Bengal contributing at 11% of the direct selling sales in the country.

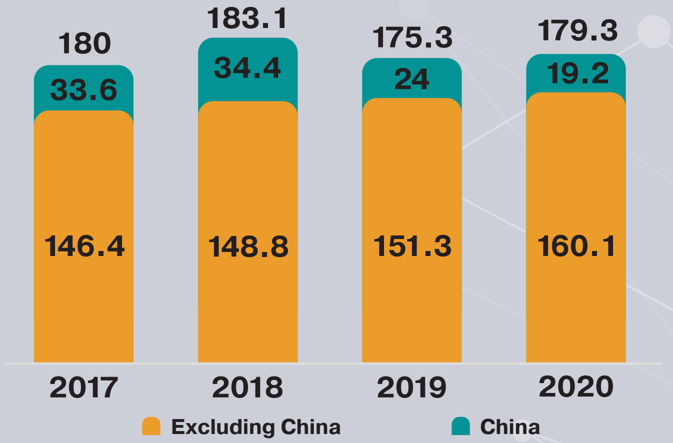
FACTSHEET



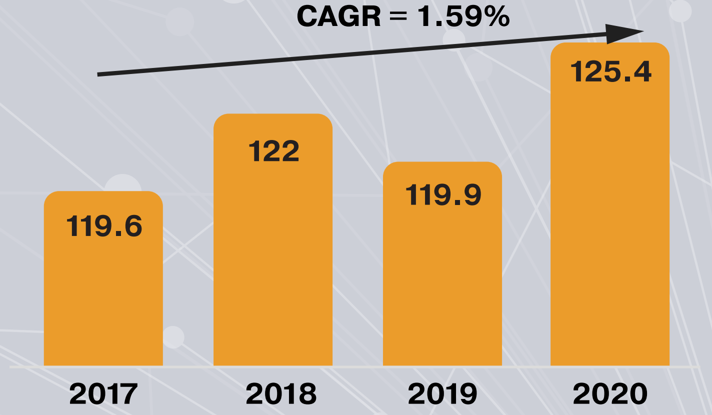
GLOBAL DIRECT SELLING INDUSTRY 2020

The World Federation of Direct Selling Associations represents more than 60 Direct Selling Associations and their member companies around the world. In 2020 the global sales force of 125.4 mn generated estimated retail sales of USD 179.3 bn.

Direct Retail Sales Growth 2017-20 (USD bn)



Number of Direct Sellers Globally 2017-20 (mn)



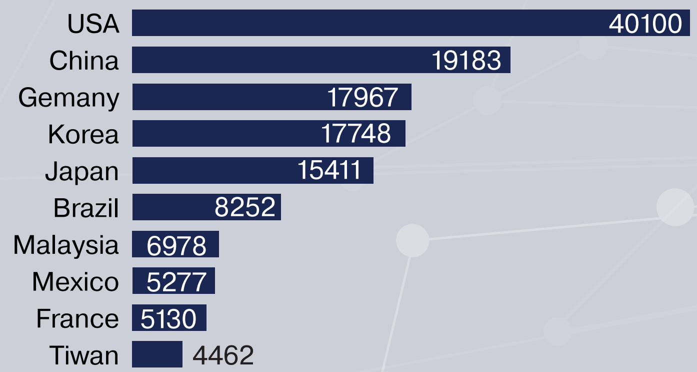
Excluding China, the industry continued growth with a 3-year CAGR of 3% for 2017-2020. (CAGR including China was -0.1%)

Global sales were generated by 125.3 mn independent representatives, an increase of 4.3% from 2019. The sales force has expanded at a 3-year CAGR of 1.8% from 2016-2019

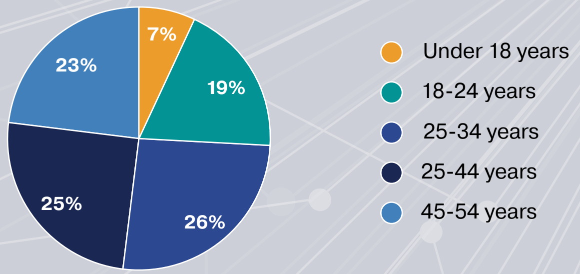
Of these 119.9 mn sales force in 2019:

- 15.2 mn are full-time, devoting 30+ hours weekly to building their direct selling businesses
- 44.2 mn are part-time, devoting up to 30 hours weekly to building their businesses
- 60.5 mn others include those who have recently joined; many who join because they love the product and want to purchase at a discount; and others who join but just never become active

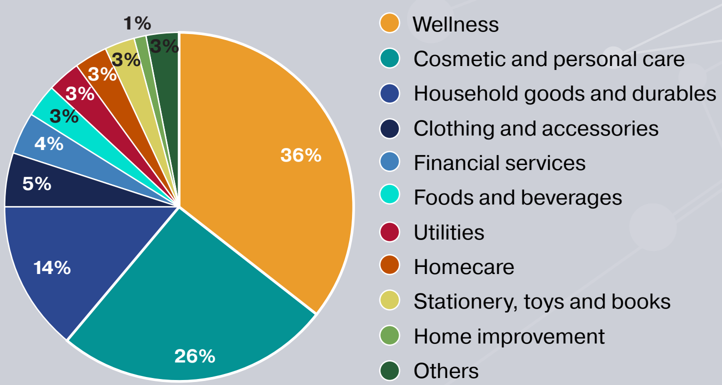
Top 10 Markets - 2020 (USD mn)



Age split of Direct Sellers Globally*



Global Product-wise Direct Selling Industry - 2020



Total Sales = $ 179.3 bn

Direct selling is an entryway into the Collaborative Economy for Millennials and Baby Boomers alike

In 2020, Millennials are 24-39 years old, and Baby Boomers are 56-76 years old

74% Women / 26% Men

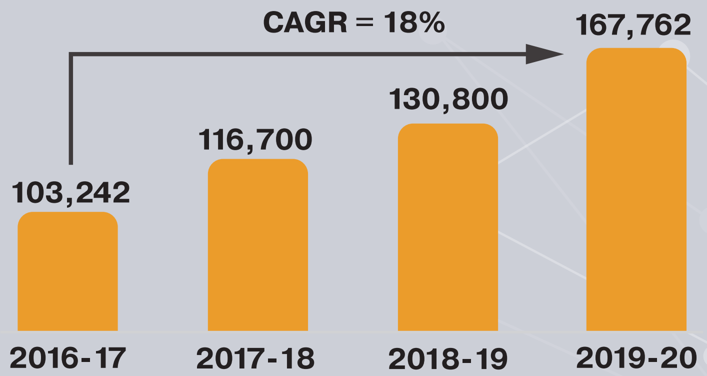
In 2020, the number of women increased by 5.2% and the number of men increased by 1.9%.

The industry empowers countless female entrepreneurs around the world. Now men are recognizing the opportunity and joining the ranks

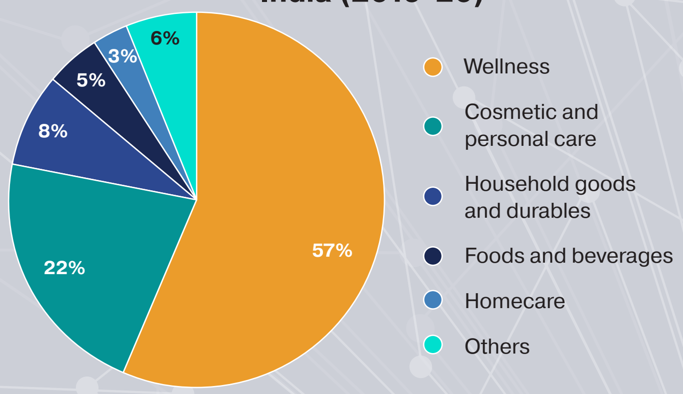
Note: **Indicates 2019 figures since 2020 figures are unavailable*

INDIAN DIRECT SELLING INDUSTRY 2019-20

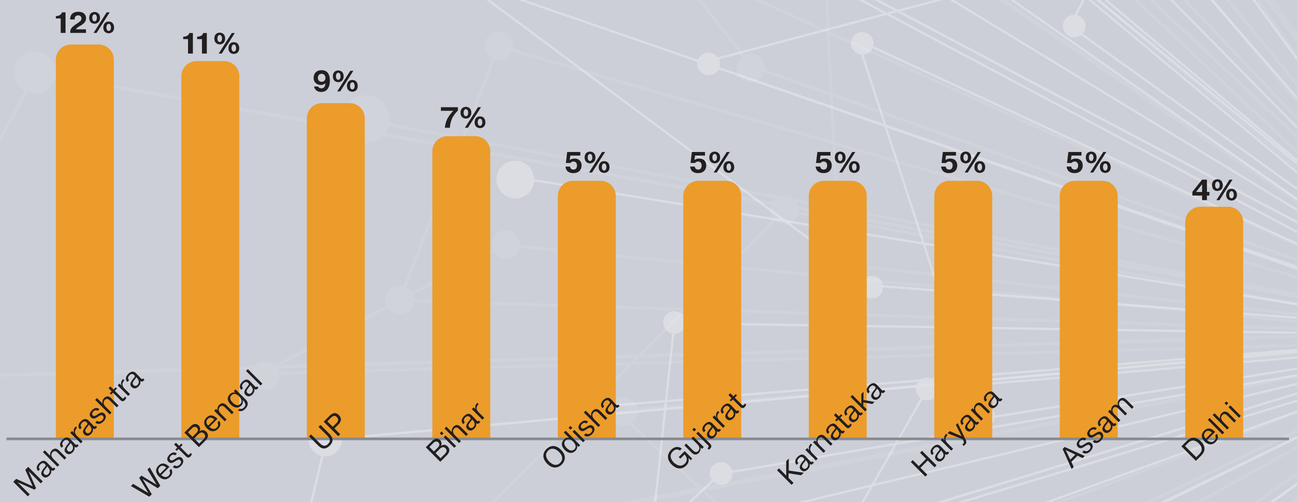
Direct Selling Industry Size, India (INR mn)



Product-wise Direct Selling Industry, India (2019-20)



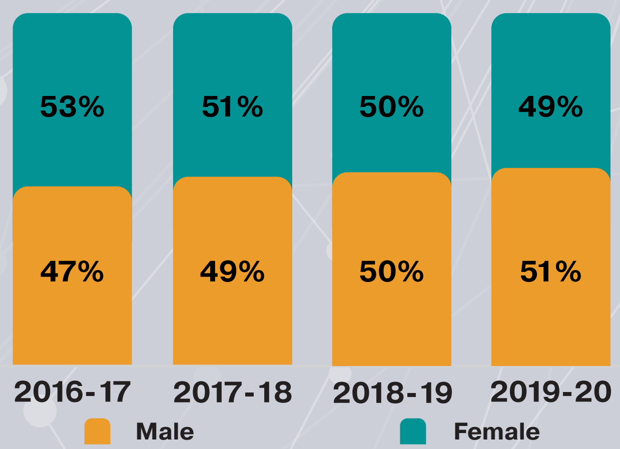
Top 10 States Contributing to Direct Selling Turnover (2019-20)



- The Indian direct selling industry registered a growth rate of ~28% between 2018-19 and the number of active direct sellers registered a staggering growth of ~30% y-o-y
- Top two categories Wellness and Cosmetics & Personal care accounted for **~80%** of direct selling sales
- Top 10 states cumulatively accounted for ~69% of the industry turnover
- Females dominate the direct selling industry but males surpassed females in terms of absolute number of direct sellers

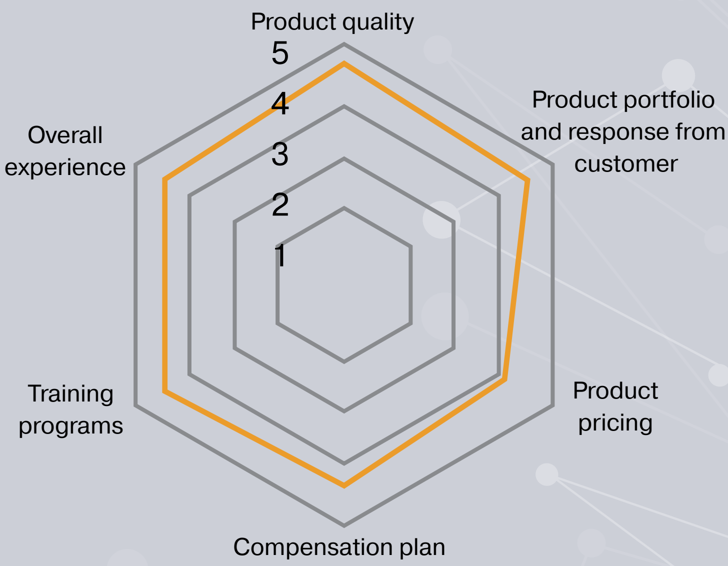
Number of Direct Sellers, India (mn)

Gender-wise Split of Direct Sellers, India



INDIAN DIRECT SELLERS SURVEY 2019-20

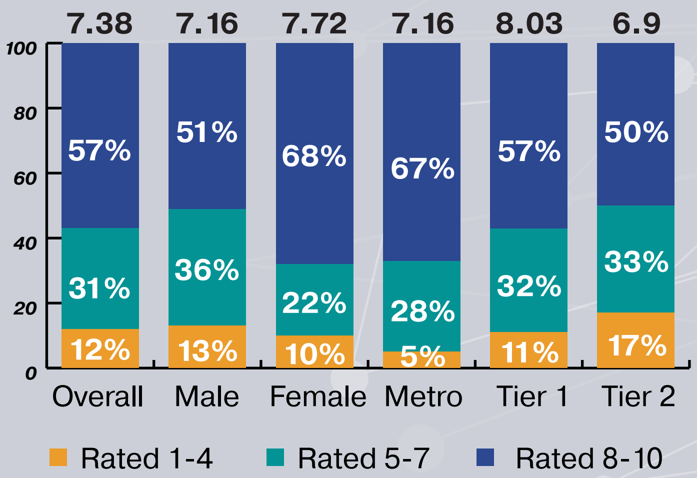
Satisfaction Mapping of Direct Sellers



Product Category	Most Preferred
Wellness & Nutraceuticals	56%
Cosmetics and Personal Care	10%
Home Care	8%
Clothing (without accessories)	7%
Household Goods / Home Durables	6%
Utilities	4%
Clothing Accessories	2%
Foodstuff and Beverages	2%
Books, Toys, Stationary & Audio-Visual Materials	1%
Home Improvement	1%
Others	2%

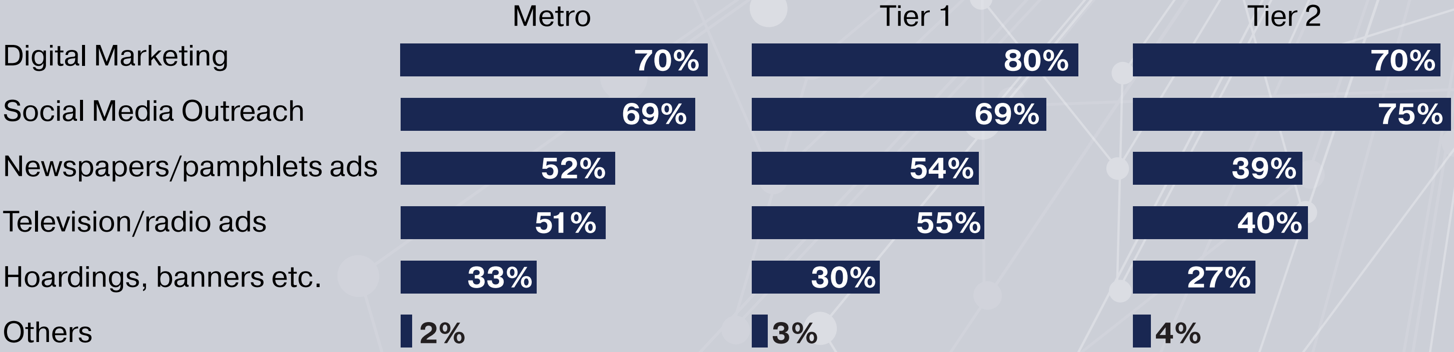
CONSUMERS AWARENESS SURVEY 2019-20

Perceived Trustworthiness on Direct Selling Industry

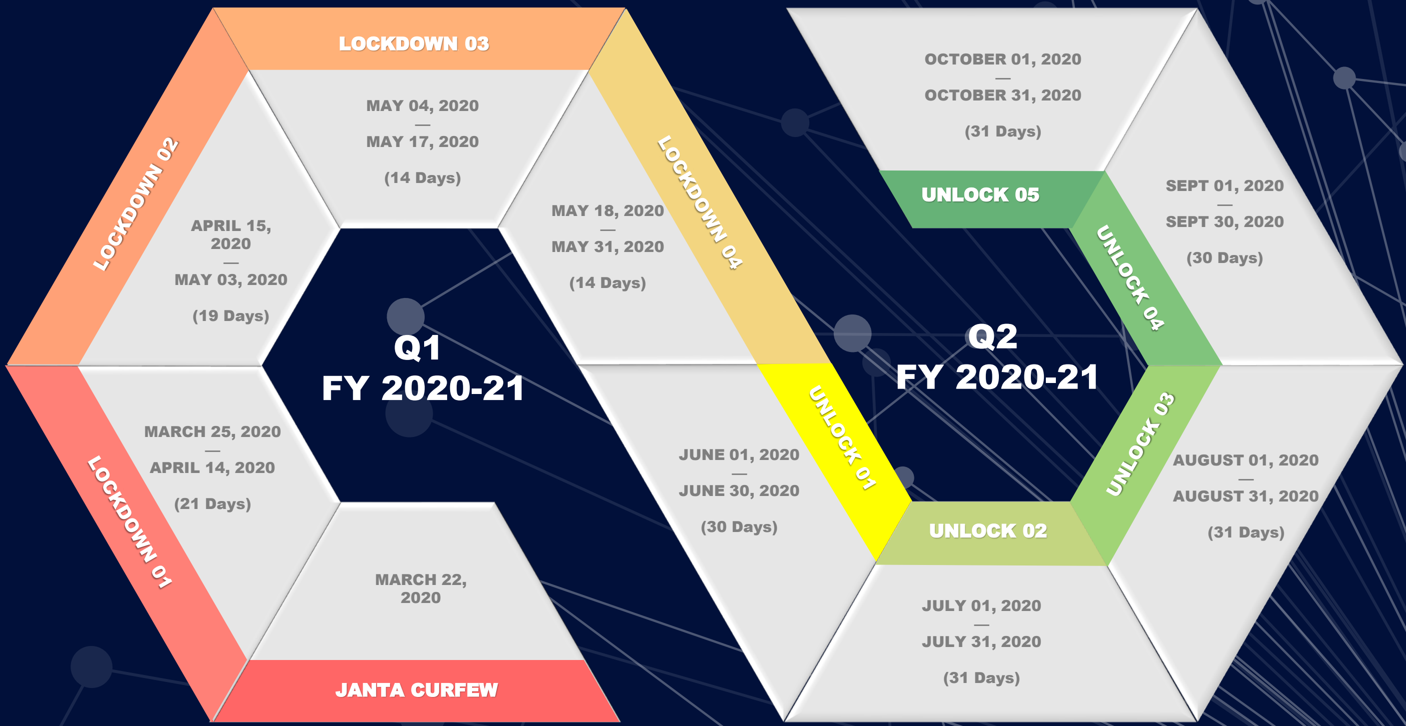


- The direct selling industry is perceived to be highly trustworthy, across gender and town class
- The overall rating for the trustworthiness stands at 7.38
- In town class, the trustworthiness falls as we move from metro to tier 2
- Majority of the respondents feel that digital marketing can be used to increase the awareness of the direct selling industry by the direct sellers
- In case of Tier II cities, social media pages and ads are more prominent and important as a source to increase awareness
- In Tier II cities, newspaper /pamphlets and television /radio ads are not considered as a strong source to increase the awareness of direct selling industry

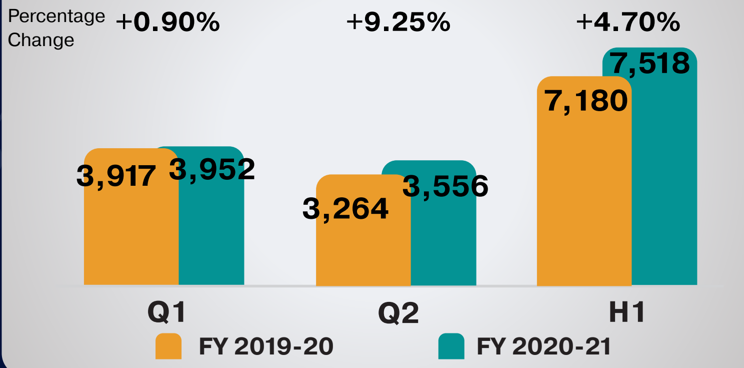
Sources to Increase Awareness of Direct Sellers Industry



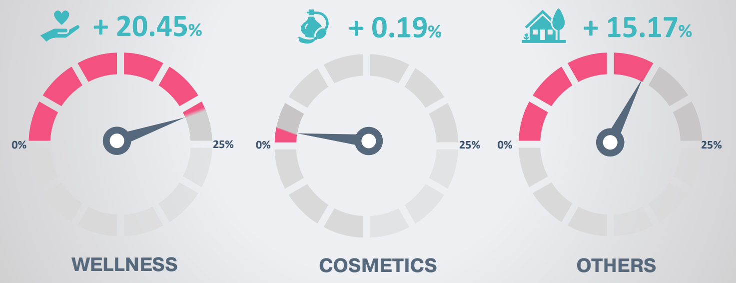
SURVEY TO DETERMINE THE IMPACT OF COVID-19 ON INDIAN DIRECT SELLING INDUSTRY



Variations in Gross Direct Selling Sales (Absolute Change)



Variation in Product Categories



Key Reasons for Growth - Key Reasons behind the growth of Direct Selling Industry during the otherwise recessive period

- **Increased Awareness about Health & Nutrition:** Approx. 55% of the gross Direct Selling Turnover in India comes from the Wellness category which witnessed an increased demand
- **Adoption of Technology:** Direct Selling Entities adopted technologies like Zoom, WebEx etc. which greatly increased the reach and capacity to address new prospects, Additionally, the entities were able to increase the frequency and number of meetings
- **Emergence of 'Work from Home' Concept:** The emergence of Work from Home concept has enabled people to explore options where they can have an additional source of self sustainable income, while doing work from home
- **Robust Distribution Network:** Over the years, Direct Selling Entities have created a robust delivery system which helped in home delivery of goods during the pandemic

New Entrants

53,18,664 – Cumulative number of new entrants (including Direct Sellers and Consumers) who joined the industry during the first half of Fiscal Year 2020-21 i.e., from 01 Apr 2020 – 30 Sept 2020

29,064 – Approx. daily average of new entrants (including Direct Sellers and Consumers) during the first half of Fiscal Year 2020-21 i.e., from 01 April 2020 – 30 September 2020

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GLOBAL DIRECT SELLING INDUSTRY AT A GLANCE

Global direct selling industry

The World Federation of Direct Selling Associations (WFDSA) represents more than 60 direct selling associations and their member companies around the world. In 2020 the global sales force of 125.4 mn generated estimated retail sales of USD 179.3 bn.

Excluding China sales, the industry continued growth with a three-year compound annual growth rate of 3% for the 2017-2020 period (CAGR including China was -0.1%).

The following chart below shows the global direct sales (in USD bn) for the four-year period.

Figure 1 – Global Direct Selling Turnover (USD bn)

Source: WFDSA 2020 Fact Sheet

Top-20 direct selling countries across the globe in 2020

The United States (US) had a share of 22.4% with total direct selling sales of USD 40,100 mn in 2020. The USA is followed by China with a share of 10.7% and with the total direct selling sales of USD 19,183 mn in 2020. Germany captured the third position in global market with a market share of 10.0% and with the total direct selling sales of USD 17,967 mn in 2020. Korea had a share of 9.9% in direct selling with sales worth USD 17,748 mn whereas Japan's share stood at 8.6% with sales of USD 15,411 mn.

India is placed 12th in the list with direct selling sales of USD 3,019 mn. However, India registered the highest year-on-year growth rate of ~28% and a 4-year CAGR of ~18% making it the second fastest growing direct selling market (after Argentina) amongst the top 20 direct selling countries in the world.

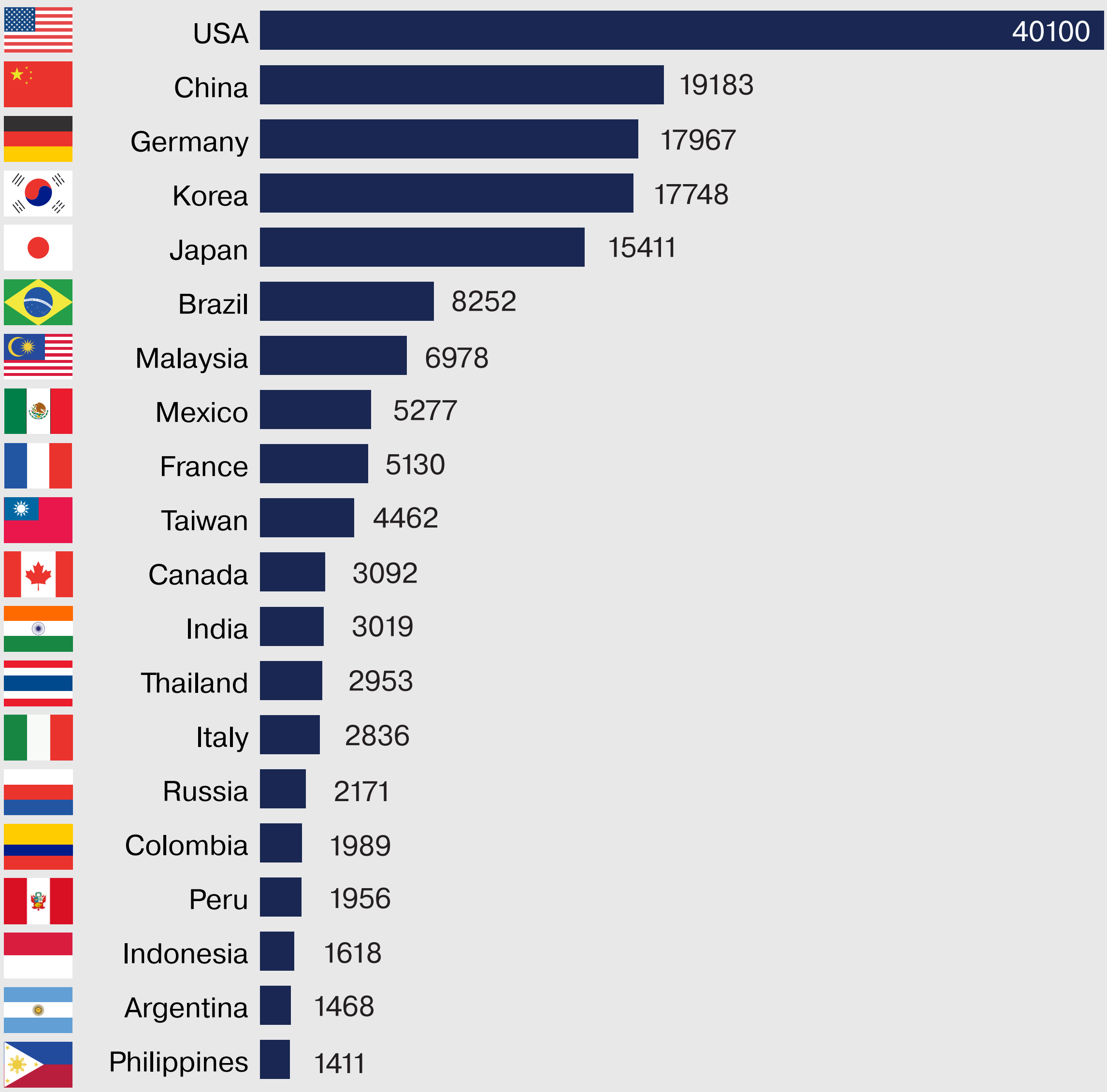


Figure 2 – Top 20 Countries Direct Sales (USD mn)

Source: WFDSA 2020 Fact Sheet

Region-wise direct selling industry

The chart below shows the share of sales of various regions towards global direct selling industry for 2020.

Region-wise Sales Distribution (%)

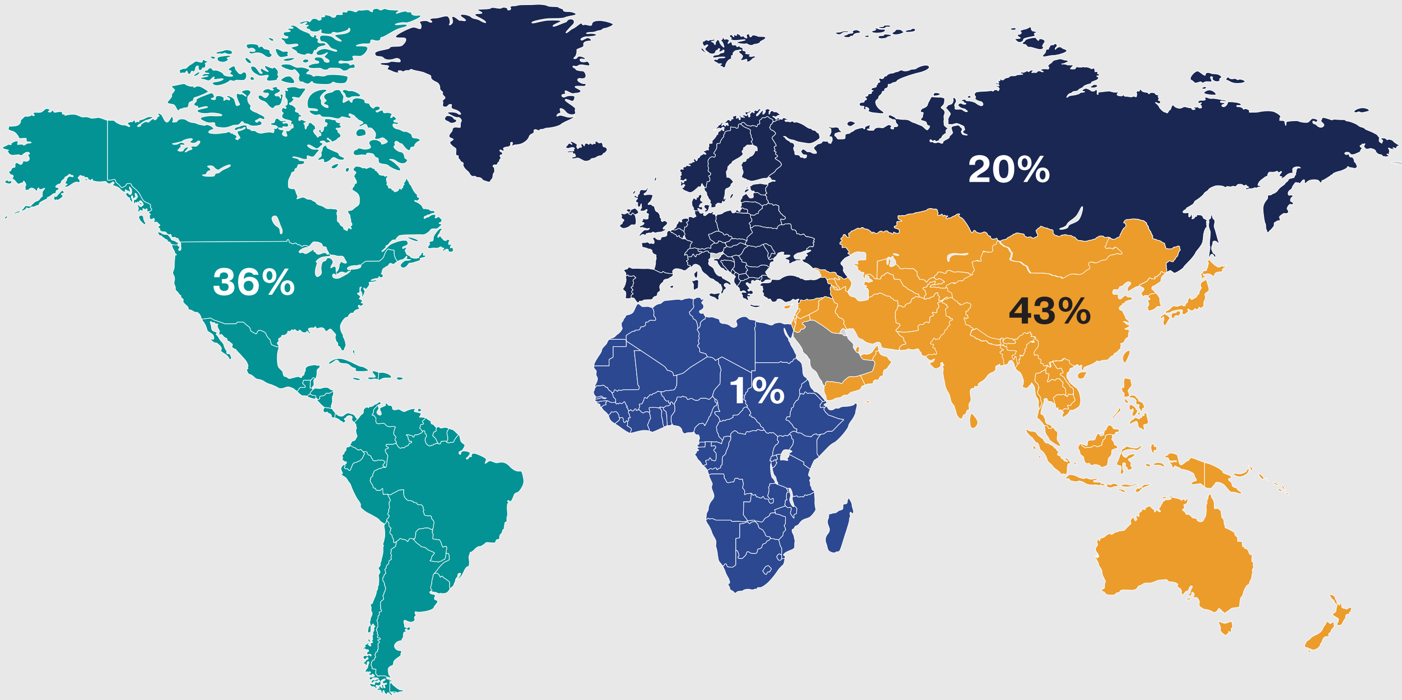


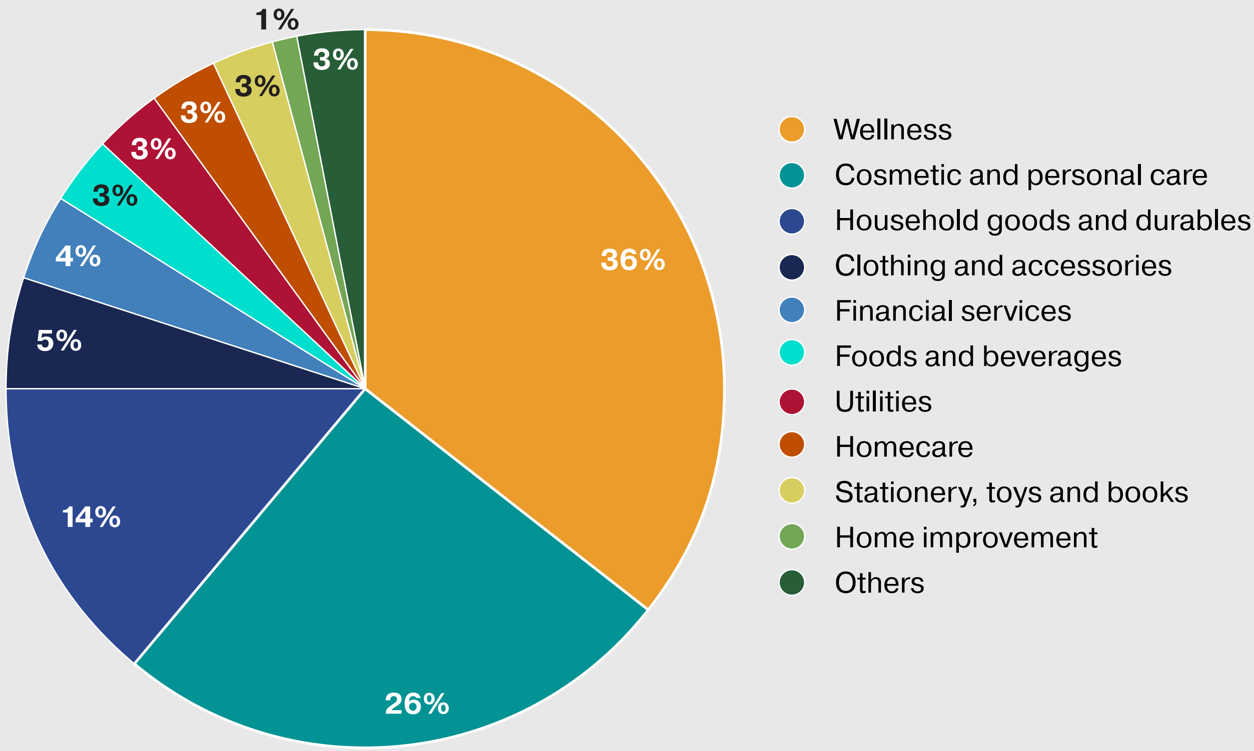
Figure 3 – Region wise share of Direct Sales across the globe

Asia-Pacific continued to be the largest contributor towards the global direct selling industry with a share of 43% and business worth USD 76.5 bn. The Americas (North and South America) contribution was valued at USD 64.7 bn which is approx. one-third of the global direct selling industry sales. Europe accounted for 20% of the global direct selling industry sales, whereas the industry is still at a nascent stage in Africa/ Middle East and contributed a mere 1% towards the total sales.

Source: WFDSA 2020 Fact Sheet

Product-wise direct selling industry

The below chart depicts the share of different product categories within the global direct selling industry in 2020.



Total Sales = $ 179.3 bn

Figure 4 – Product wise Direct Sales

The Wellness category includes products such as weight management supplements, nutritional supplements, and juices, etc. It was the largest product category and contributed 36% towards the total direct selling sales. The category was closely followed by cosmetics and personal care at 26% and includes cosmetics, skincare, fragrances, etc. The two categories combined contributed more than 60% of the total direct sales.

Source: WFDSA 2020 Fact Sheet

Region-wise direct sales 2020: Product categories

REGION-WISE PRODUCT SALES CONTRIBUTION (%) Region → Product Category ↓	APAC	Americans	Europe
Wellness	36%	36%	34%
Cosmetic an Personal Care	26%	27%	30%
Household goods and durables	14%	12%	13%
Home Improvement	1%	2%	2%
Clothing and Accessories	5%	6%	6%
Home Care	3%	3%	2%
Foods and Beverages	3%	3%	3%
Utilities	3%	3%	3%
Stationery, Toys and Books	3%	2%	2%
Financial Services	4%	4%	3%
Others	3%	2%	2%

Figure 5 – Region wise Direct Sales (Product Categories)

Number of direct sellers globally

The below chart indicates the number of direct sellers all over the world from 2017 to 2020.

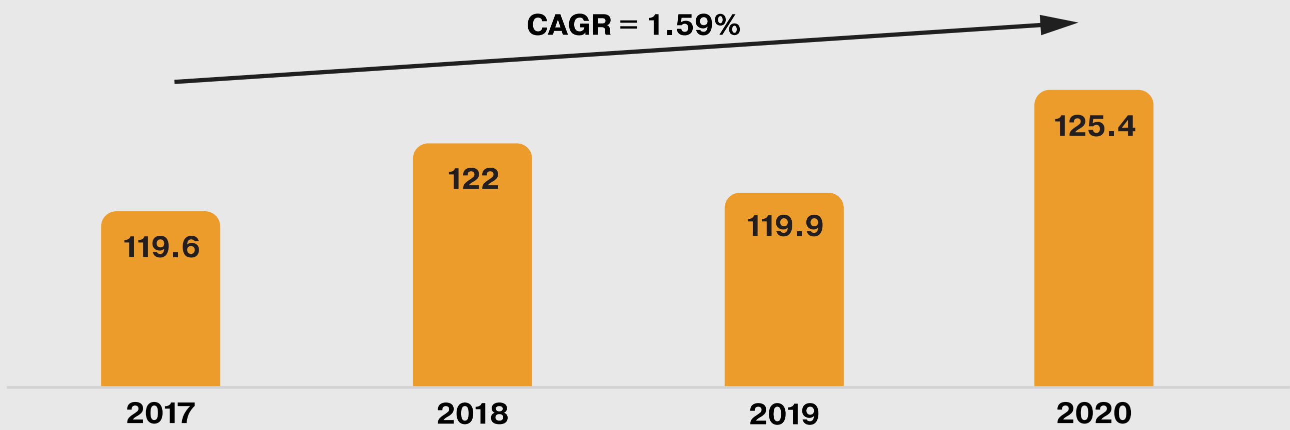


Figure 6 – Number of Direct Sellers (mn)

Source: WFDSA 2020 Fact Sheet

As of 2020, there were 125.4 mn direct sellers across the globe registering an increase of 4.6% in the total salesforce compared to the previous year. However, during this period of 2017-2020 there has been a CAGR growth rate of 1.59% from 119.6 mn direct sellers in 2017 to 125.4 mn direct sellers in 2020. This growth in the global direct selling industry can be attributed to the increase in the number of direct sellers globally since direct sellers are considered as the "backbone of the direct selling industry".

Work segment of the direct sellers*

Of the 119.9 mn direct global sellers across the world in 2019:

- 15.2 mn are full-time (13%), devoting 30+ hours weekly to building their direct selling businesses
- 44.2 mn are part-time (37%), devoting up to 30 hours weekly to building their businesses
- 60.5 mn (50%) include those who have recently joined; many of them joined because they loved the product and wanted to purchase them at a discount whereas others joined but never become active direct sellers

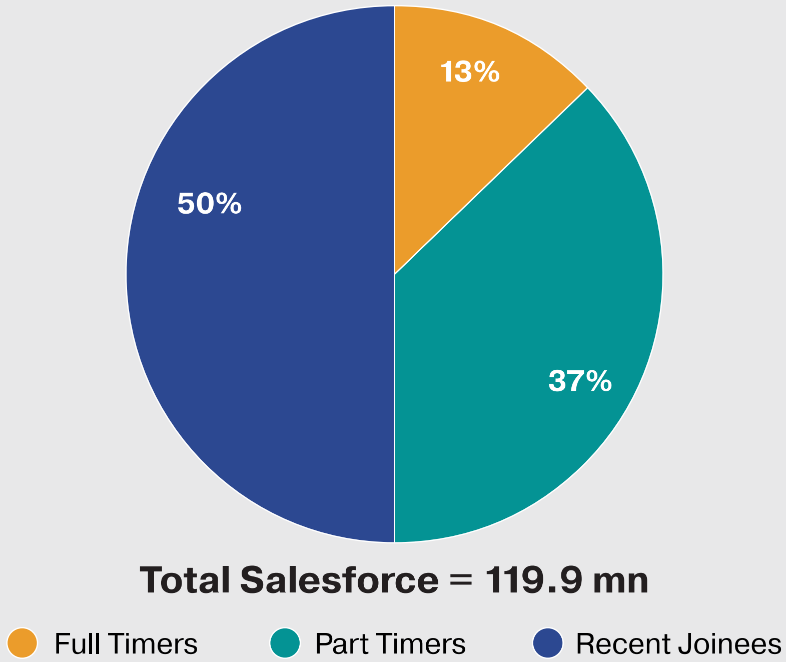


Figure 7 – Work Segment of the Direct Sellers

Note: * *Indicates 2019 figures since 2020 figures are unavailable*

Source: WFDSA 2019, 2020 Fact Sheet

Gender-split of direct sellers

In 2020, the participation of women marginally fell by 0.6% compared to 2019. The industry empowered countless female entrepreneurs around the world. Now, men are recognizing the opportunity and joining the industry.

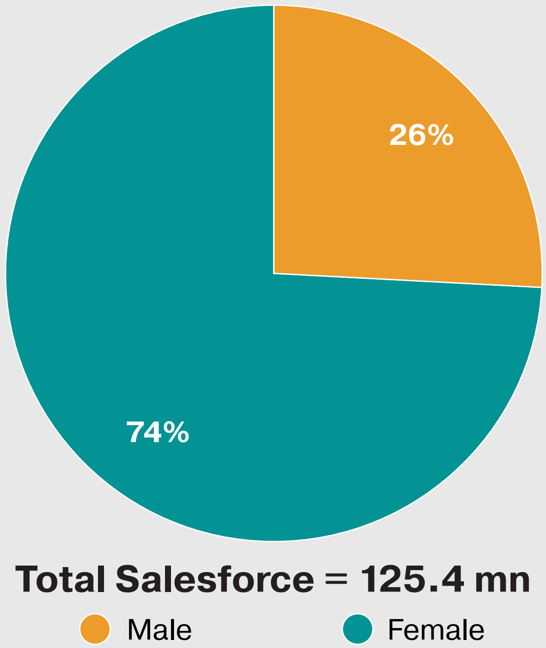


Figure 8 – Gender split of the Direct Selling salesforce

Age-split of the direct sellers*

Direct Selling is an entryway into the collaborative economy for millennials and baby boomers alike. In 2019, direct selling was largely practiced by young people typically between 25 - 45 years of age. This segment comprised of around 50% of the total direct selling workforce.

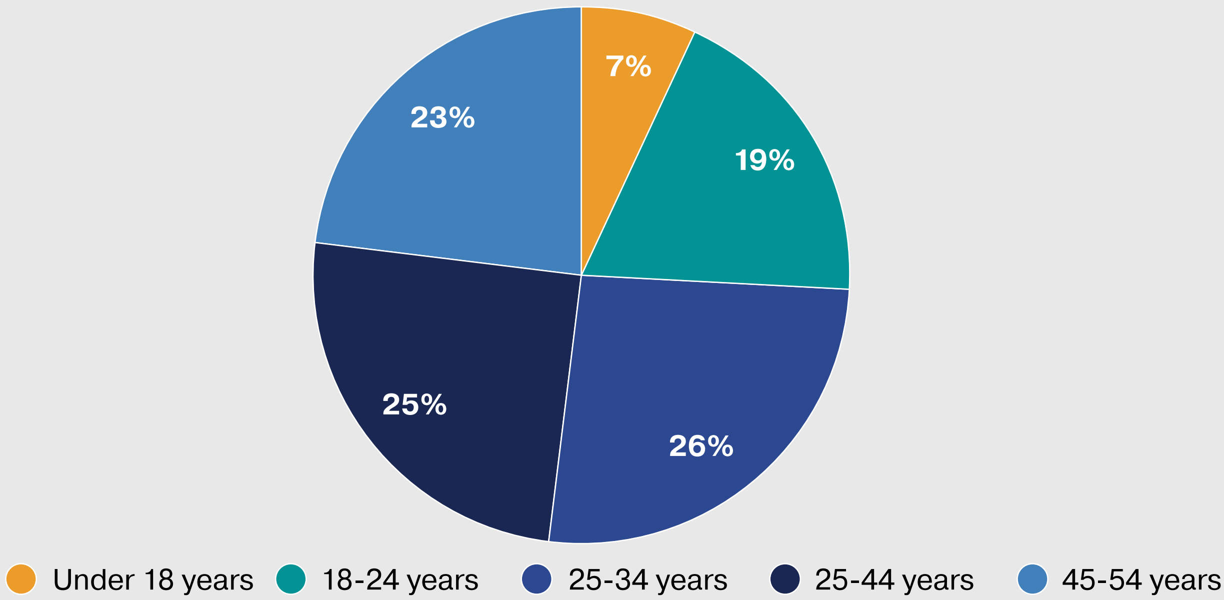


Figure 9 – Age split of the Direct Selling salesforce

Note: * *Indicates 2019 figures since 2020 figures are unavailable*

Source: WFDSA 2019, 2020 Fact Sheet

Region-wise direct sellers

Asia-Pacific continued to be the largest region with a salesforce of 55%. The Americas (North and South America) had around one-fourth of the global direct selling industry salesforce whereas Europe accounted for around 12%. The direct selling industry is at a nascent stage in Africa/ Middle East with around 6% of the global salesforce.

Region-wise Sales Force Distribution (%)

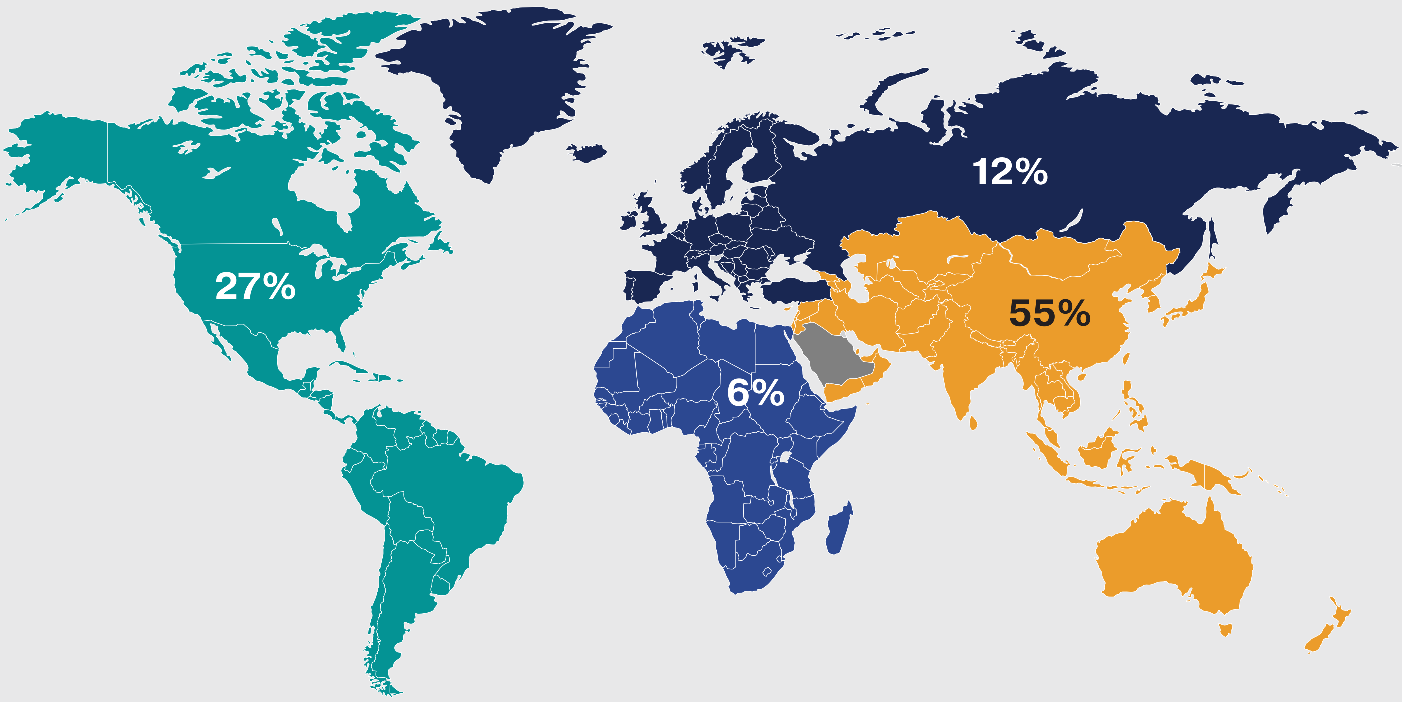


Figure 10 – Region wise share of number of Direct Sellers across the globe

Source: WFDSA 2020 Fact Sheet

INDIAN DIRECT SELLING INDUSTRY AT A GLANCE

Direct Selling industry in India

The Indian direct selling industry was valued at INR 1,67,762 million in 2019-20 as compared to INR 1,30,800 million in 2018-19, thereby registering a growth rate of ~28% on a year-on-year basis. The industry grew at a CAGR of 18% from 2016 to 2019.

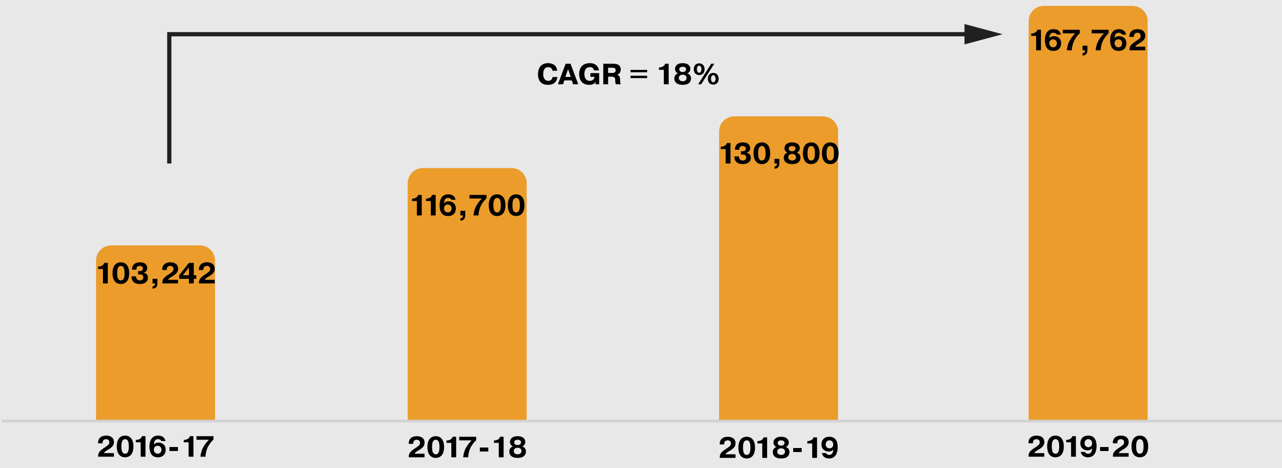


Figure 11 – Industry Turnover (in INR mn)

Share of IDSA and Non-IDSA members in direct sales

The share of IDSA members in the total direct selling industry sales stood at 50.3% (INR 84,416 mn) as compared to 49.7% share of non-members (INR 83,345 crores) in 2019-20. In the previous survey, the share of IDSA members stood at 60%, whereas the share of non-members was 40%. This is attributed to the fact that there was an exponential increase in the number of direct selling entities in India.

Many new direct selling companies have started businesses in India. Many companies have approached IDSA for becoming its members, IDSA is reviewing these requests and would deal with the applications as per its guidelines and policy.

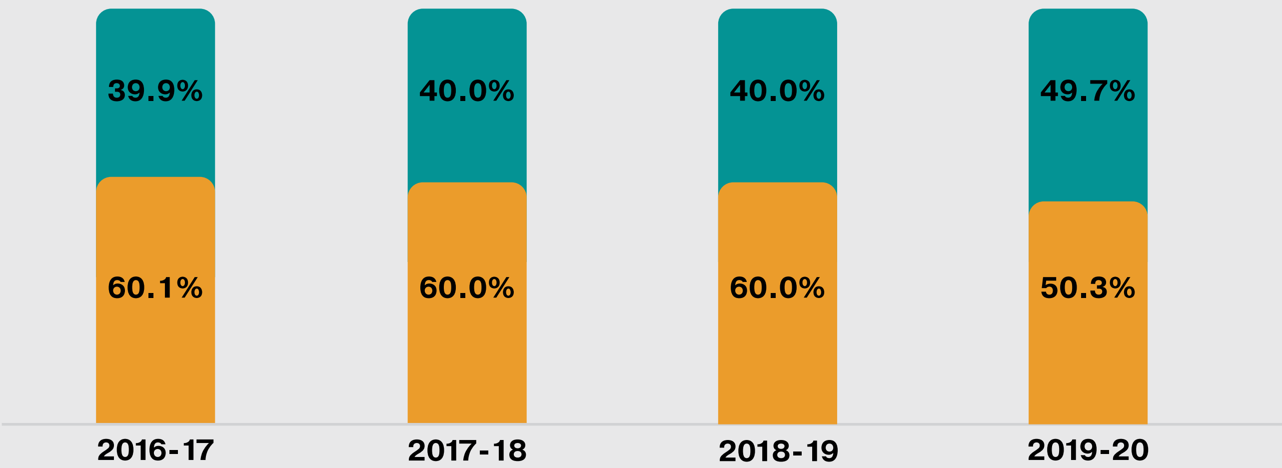


Figure 12 – Share of IDSA and Non-IDSA members in Direct Sales

Indian direct selling sales: Product categories (2019-20)

Wellness & Nutraceutical contributed more than half towards the total Indian direct selling sales. This was followed by **cosmetics and personal care** which contributed nearly one-fourth of the sales in 2019-20. The two categories combined contributed ~80% of the direct selling sales in 2019-20.

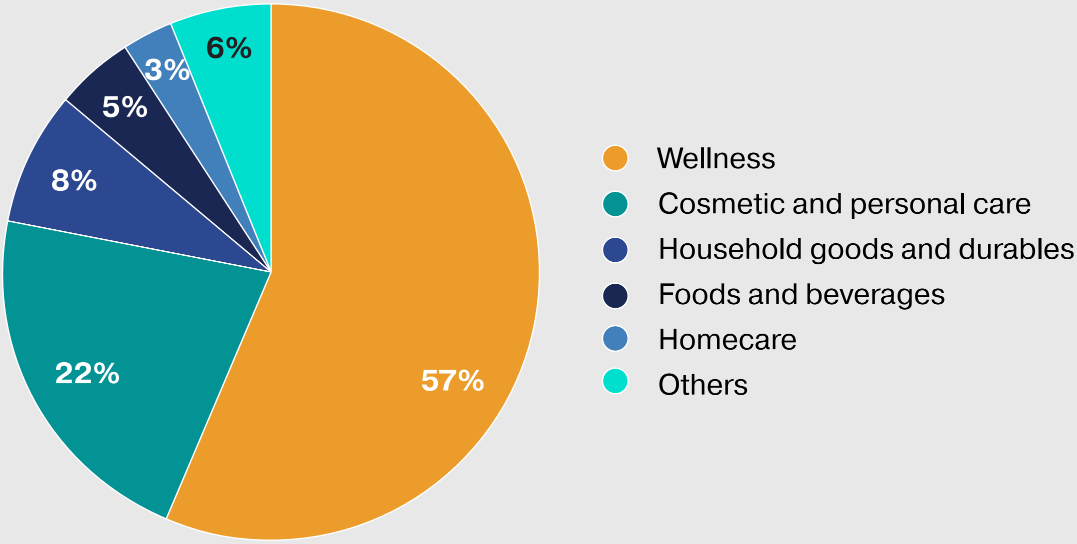


Figure 13 – Product contribution (%)

Region-wise direct sales in India

Northern region contributed the most to the total gross sales of direct selling products with a share of 28% in 2019-20. The region includes the states of Uttar Pradesh, Rajasthan, Punjab, Haryana, Uttarakhand, Delhi, Himachal Pradesh, Jammu & Kashmir and Ladakh, and Chandigarh.

The Eastern region, with a share of 26%, was the second biggest contributor to the gross sales of direct selling products. This was largely attributable to West Bengal which contributed 11% to the national turnover. Other states in the east include Bihar, Jharkhand, and Odisha.

The Western region, which includes the states of Maharashtra, Madhya Pradesh, Goa, Gujarat, Chhattisgarh, and the Union Territories of Dadra & Nagar Haveli and Daman & Diu had a share of 23% of the direct selling market in 2019-20.

South had a 13% share in the total gross sales. The region includes the states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala, and the Union Territories of Andaman & Nicobar, Pondicherry, and Lakshadweep.

The North Eastern region consisting of 8 states namely Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura together accounted for 10% of the total gross sales.

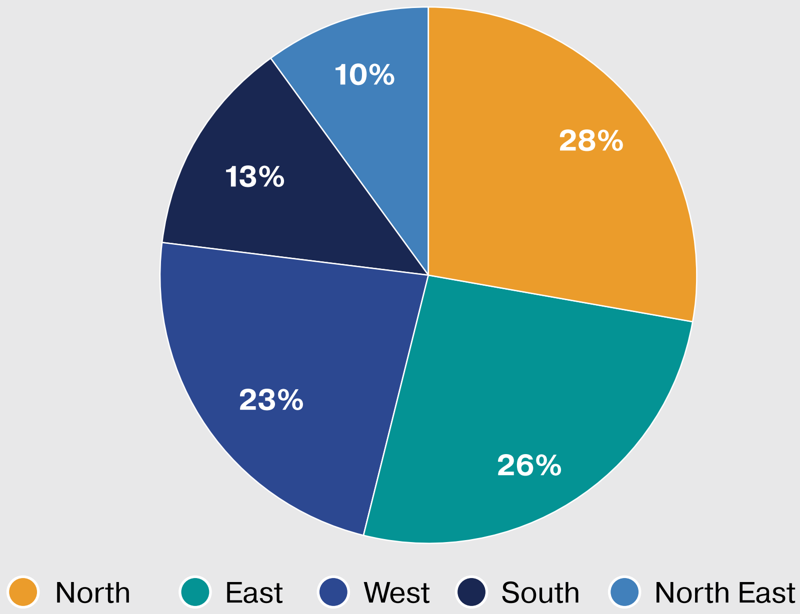


Figure 14 – Region wise Direct sales contribution (%)

Indian direct selling sales and direct sellers: State-wise (2019-20)

State/ Union Territory	Direct Selling Sales (INR mn)	Share in National Turnover	Number of Direct Sellers (mn)
Haryana	7828	4.6%	0.15
Himachal Pradesh	44	0.27%	0.03
Jammu & Kashmir and Ladakh UTs	797	0.48%	0.03
Punjab	5232	3.12%	0.15
Rajasthan	7146	4.26%	0.37
Uttar Pradesh	15085	8.99%	1.41
Uttarakhand	2692	1.60%	0.08
Chandigarh UT	790	0.47%	0.01
Delhi	7422	4.42%	0.06
Total North Region	**47437**	**28.28%**	**2.28**
Bihar	12195	7.27%	1.19
Jharkhand	3985	2.38%	0.39
Odisha	9126	5.44%	0.43
West Bengal	18689	11.14%	0.49
Total East Region	**43994**	**26.22%**	**2.51**

Chhattisgarh	4009	2.39%	0.20
Goa	266	0.16%	0.01
Gujarat	9114	5.43%	0.23
Madhya Pradesh	4949	2.95%	0.36
Maharashtra	19518	11.63%	0.59
Dadra & Nagar Haveli, and Daman & Diu UTs	12	0.007%	0.05
Total West Region	**37868**	**22.57%**	**1.44**
Andhra Pradesh	2179	1.29%	0.14
Karnataka	8178	4.88%	0.25
Kerala	4284	2.55%	0.16
Tamil Nadu	4498	2.68%	0.13
Telangana	2925	1.74%	0.09
Andaman & Nicobar Islands and Lakshadweep UT	100	0.06%	0.00
Pondicherry UT	86	0.051%	0.06
Total South Region	**22250**	**13.26%**	**0.84**
Arunachal Pradesh	418	0.25%	0.01
Assam	7716	4.59%	0.20
Manipur	2114	1.26%	0.03
Meghalaya	2206	1.32%	0.02
Mizoram	2020	1.20%	0.03
Nagaland	1097	0.65%	0.02
Sikkim	51	0.03%	0.02
Tripura	591	0.35%	0.03
Total North East Region	**16213**	**9.66%**	**0.36**

Table 1 – State-wise direct selling sales and sellers

Indian direct selling sales – North region

In the North, Uttar Pradesh contributed to 32% of the direct selling sales followed by Haryana and Delhi with 17% & 16% respectively. Rajasthan came in fourth with a share of 15% in the North.

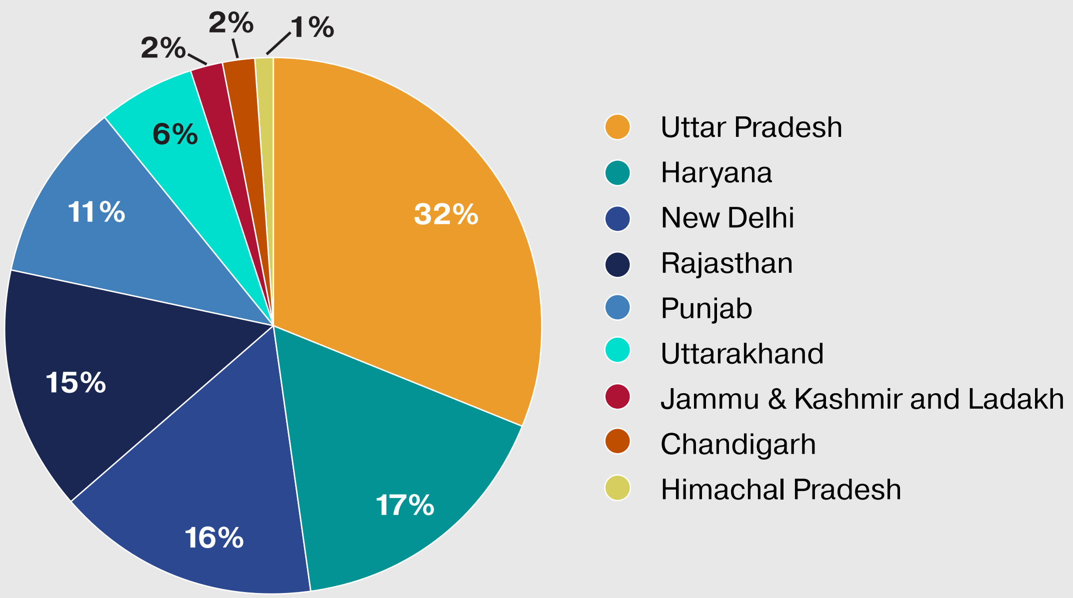


Figure 15 – Direct sales contribution for North Region (%)

Indian direct selling sales – East region

In the East region, West Bengal garnered a lion's share of 42% of the region's direct selling sales in 2019-20. It was followed by Bihar, Odisha, and Jharkhand with shares of 28%, 21% and 9% respectively.

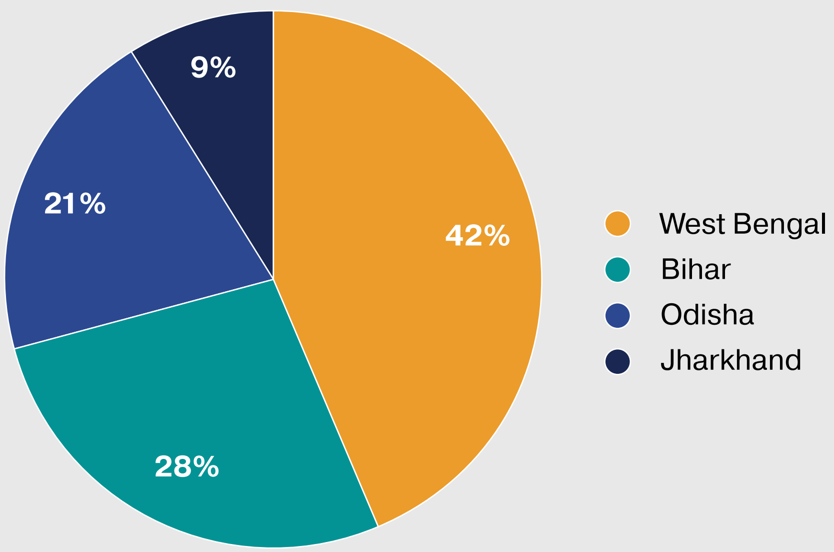


Figure 16 – Direct sales contribution for East Region (%)

Indian direct selling sales – West region

In the West, Maharashtra amassed more than half of the direct selling sales in the region. Gujarat contributed 24%, holding onto the second spot in the region.

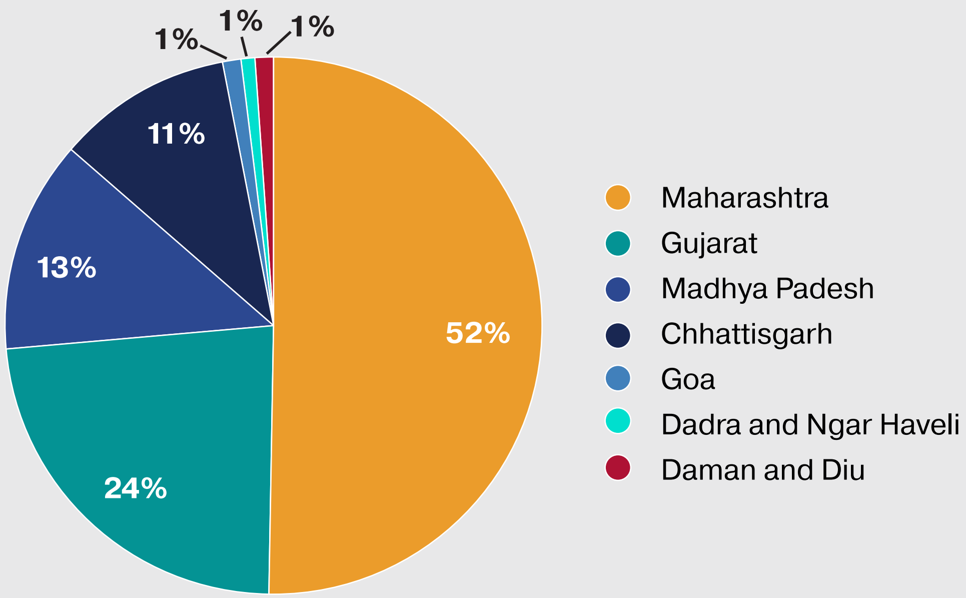


Figure 17 – Direct sales contribution for West Region (%)

Indian direct selling sales – South region

Among the Southern states, Karnataka and Tamil Nadu accounted for more than half of the region's sales with contributions of 37% and 20% respectively. Kerala stood third with 19% share.

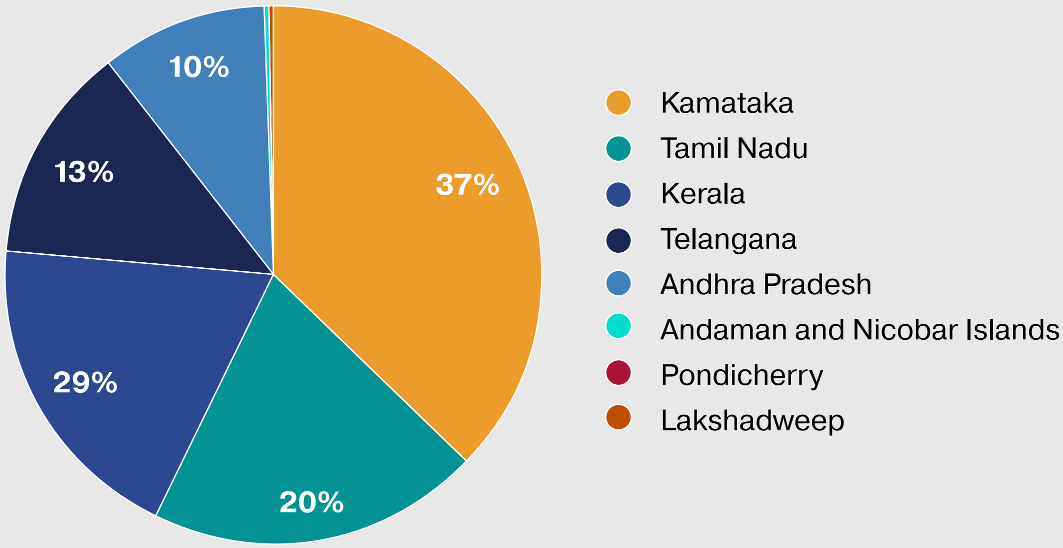


Figure 18 – Direct sales contribution for South Region (%)

Indian direct selling sales – North East region

In the North East, Assam contributed 48% of the region's gross sales followed by Meghalaya, Manipur, and Mizoram with 14%, 13% and 12% respectively.

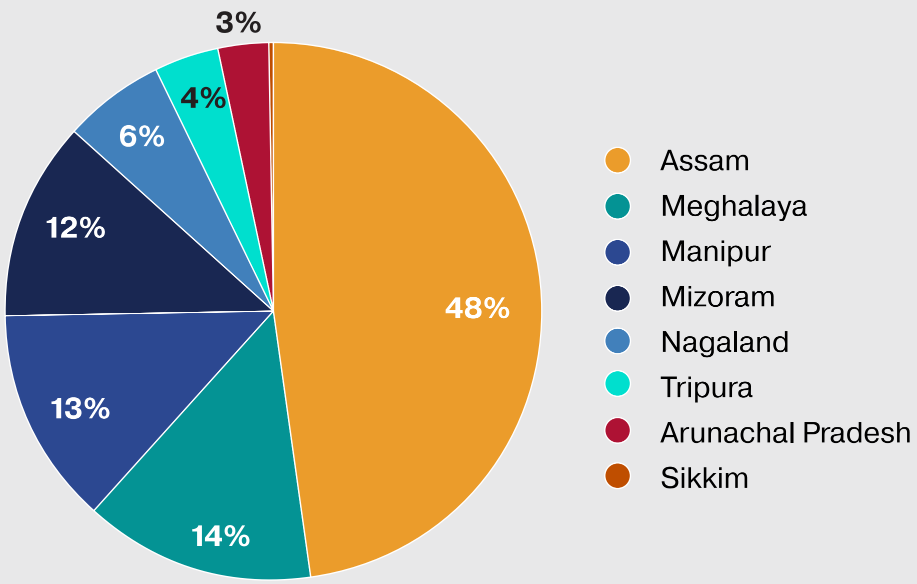


Figure 19 – Direct sales contribution for North East Region (%)

Top 10 States contributing to direct selling turnover

The states of Maharashtra, West Bengal, Uttar Pradesh, Bihar, Odisha, Gujarat, Karnataka, Haryana, Assam, and Delhi were amongst the 10 biggest states by contribution of the total Indian direct selling sales turnover. These 10 states cumulatively accounted for about 69% of the industry turnover.

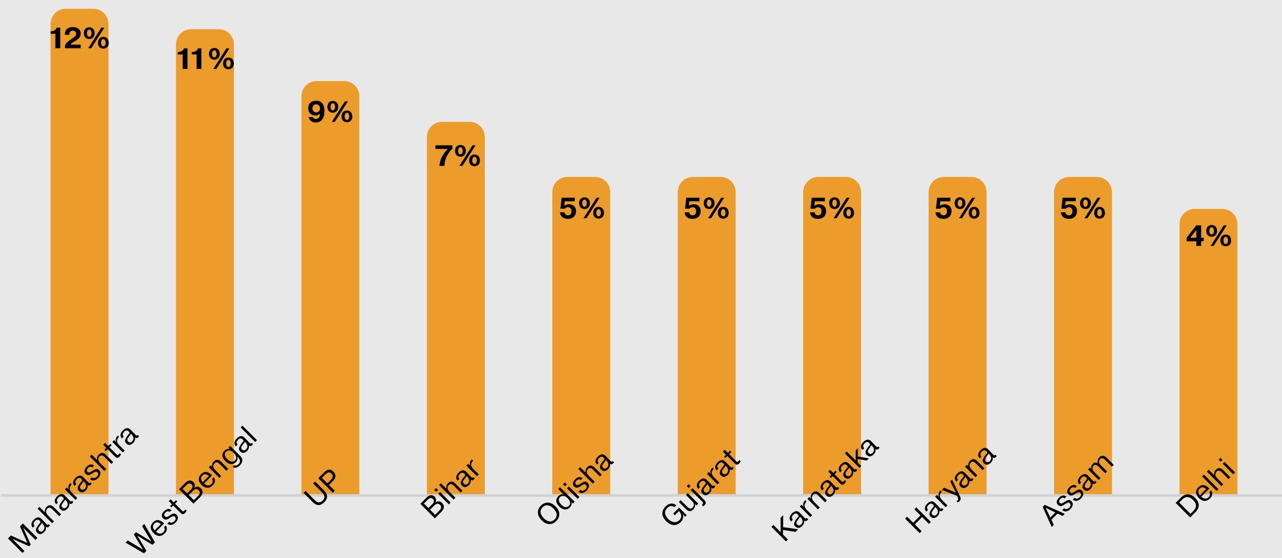


Figure 20 – Direct sales contribution for Top 10 States (%)

Number of direct sellers in India

The number of active direct sellers in India increased from 5.7 mn in 2018-19 to about 7.4 mn in 2019-20, registering a staggering growth of ~30% year-on-year. The increase in the number of direct selling companies has been key to this growth. Over the last 4 years, there has been a steady growth in the number of direct sellers in India.

Figure 21 – Number of Direct Sellers in India (mn)

Gender-wise split of direct sellers in India

Males surpassed females in terms of absolute number of direct sellers. Females who have dominated the direct selling industry in India over the years accounted for 49% share of the total 7.4 mn direct sellers in India.

In 2018-19, men and women had an equal share in the direct seller pie. There has been a noticeable increase in the number of men participating in direct selling over the last 5 years.

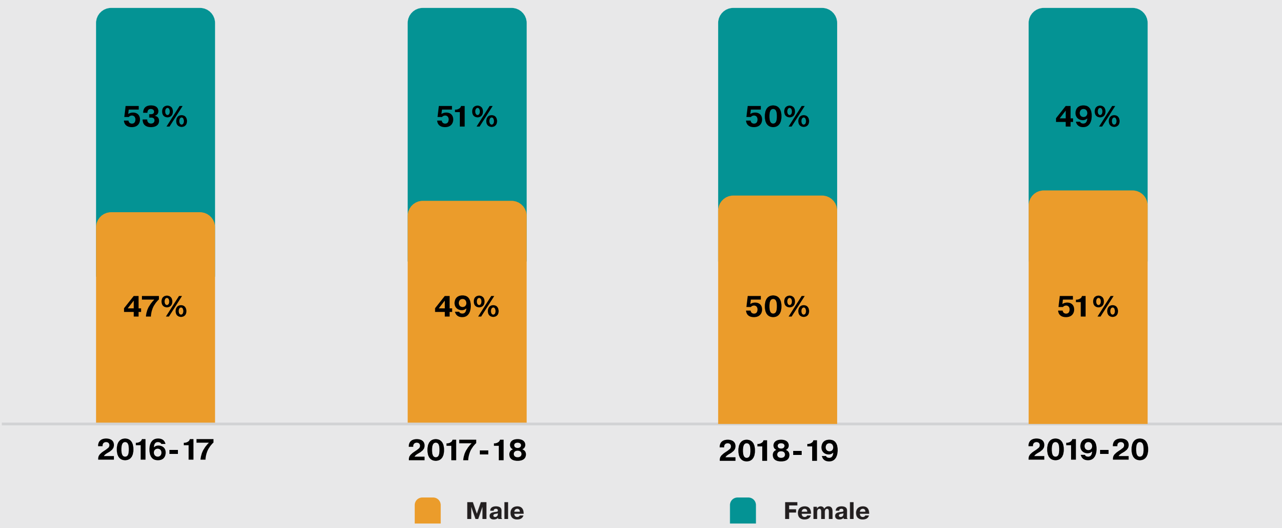


Figure 22 – Gender split of the Direct Sellers in India

Age-wise split of direct sellers in India

Direct Selling in India is a gateway for young blood with half of the direct sellers falling under the age bracket of 18-34 years in 2019-20. The age bracket between 25-34 years accounted for the maximum workforce i.e., 35% of the total direct sellers in the country.

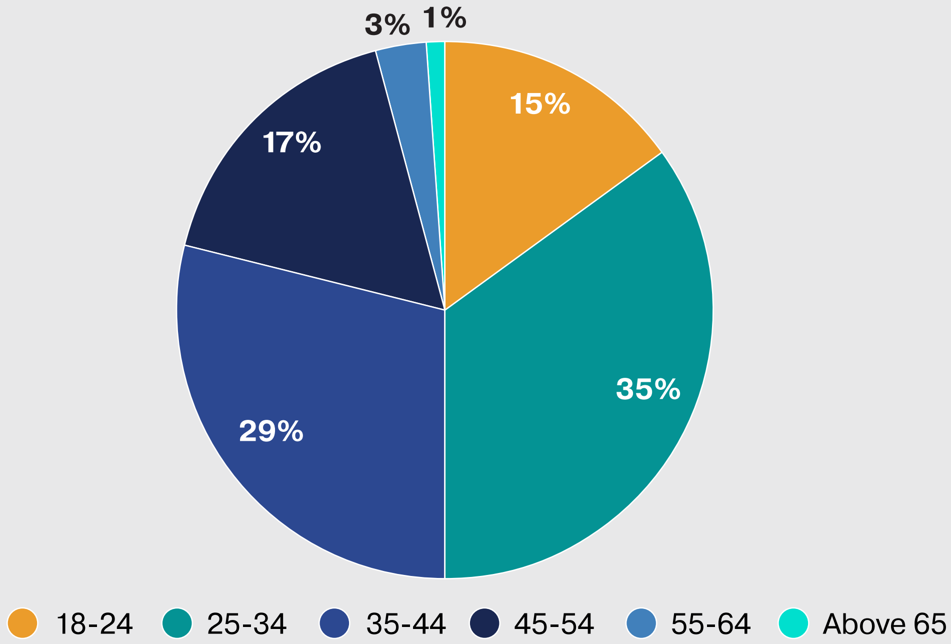


Figure 23 – Age split of Direct Sellers in India

Drivers in Indian Direct Selling industry

The key drivers of the growth in Indian Direct Selling industry are:

Personalized Experience

Today's retail consumers expect convenience, the best prices, and personalised interactions. While most of the non-traditional channels meet some of these expectations, the advantage of direct selling lies in its personalized transactional experience. Direct Sellers are encouraged to build authentic and trusting customer relationships that are beneficial in the long term. For buyers, this means an open and honest selling experience in the comfort of their home or workplace. Also, since direct sellers provide valuable first-person insights into consumer expectations, direct selling companies are quick to respond to market developments.

The Continued Focus on Health & Wellness

There is a growing trend among Indian populace who are more focussed on their health and wellness which has resulted in an increase in the demand for such products. Although, **health and wellness products** followed by other segments such as **cosmetics & personal care** have always been a key driver in this industry, direct selling companies have ushered newer products in the market on an on-going basis. The major growth drivers for the continued sales within the health and wellness segment is mainly the increasing awareness and the widening reach of the direct sellers.

Out of the total sales in 2019-20, the wellness product category comprised of 57%, followed by **cosmetics & personal care** product category, which contributed 22% in India. This rising trend is expected to continue in the times to come.

From Door-to-Door to Mobile-to-Mobile: The Focus on Technology

The industry has witnessed an emerging trend from the age-old business model of direct sellers visiting a prospective buyer in person, demonstrating the product, convincing them, and undertaking sales. In today's changing times, and with the advancement of technology, direct sellers have become tech-savvy and have exposed themselves to the world of social media and give heavy impetus to the internet. These direct sellers are now connected with a larger audience and potential buyers through different channels and at any given point of time as per the convenience of the consumer. Their tasks have become easier and fewer as they simply share a video of the product with the consumer and if the consumer is interested, then one can directly purchase the product from the direct seller's personal webpage resulting in a direct sale.

Direct Sellers and buyers alike, have become more open and accepting to the idea of connecting through technology. Even the old format of organizing seminars and being able to demonstrate the product to multiple potential buyers at once is now open to the idea of an online webinar session instead of a physical meeting point. This has changed the entire experience of organizing a seminar and has helped direct sellers tap a larger number of potential buyers varying across different geographies. This has been cost effective and convenient for both the direct sellers as well the consumers.

Relationships and technology are not mutually exclusive. The mobile applications have revolutionized the way direct selling business is conducted. The mobile apps enable direct sellers to handle their business activities on the go and fulfil their desire to provide the best purchase experiences to the consumers.

Leveraging Opportunities in Tier II and III Cities in India: Growth Engines for the Future

A number of tier II and III cities have come into reckoning as the growth drivers of the future in India. They attract direct selling companies and direct sellers since they possess significant growth opportunity. Major direct selling companies have already developed new strategies, product formulations and have focused their sales on these markets since a decade. However, as these cities witness faster evolution in growth in disposable incomes and mobile internet, direct selling companies are aiming for an even deeper product penetration in these markets.

Smaller cities offer growth opportunities as they remain largely untapped or under-serviced markets. The growth in household income in these cities is likely to lead to more people spending on categories like **health and wellness, cosmetics, home care** etc.

Additionally, with the advent of technology, targeting potential buyers has become easy for both direct selling companies and direct sellers. Many direct selling companies utilize social networking portals for product marketing, demonstration and launch and thus, touch a larger audience in minimum time and cost.

The Contribution of MSMEs

Most of the direct selling companies have been manufacturing in India for long via their SME vendor partners. These companies have invested in MSMEs and have brought them on par with international standards by providing them with training, the right equipment, and machines for manufacturing the product, and providing them with the necessary exposure and skills to produce products as of global standards. The tie-ups with MSMEs have been one of the key strategies for direct selling companies as this results in about one-third of the products manufactured in owned facilities or being imported while the rest of the majority are being sourced and manufactured by local/ regional MSMEs. MSMEs are the key link, since they also provide services such as storage and warehousing, packing, labelling, transportation, and the last mile of delivery, and handle a major portion of the direct selling' chain of operations.

Women Workforce and Self-Employment Opportunities

The direct selling business has contributed phenomenally towards self-employment generation in the country. In terms of gender parity, this industry plays a critical role in empowering women by offering an opportunity for financial independence. The sector has also empowered women in a significant way right since its inception. On an average, about 2,500 women joined the industry on a daily basis in 2019-20. There were more than 3.8 mn women in 2019-20 who were at the heart of this industry and have gone on to become successful entrepreneurs and a key source of business generation for the direct selling companies.

Challenges in Indian Direct Selling industry

The inhibitors limiting the growth in Indian Direct Selling industry are:

Lack of Regulatory Clarity and the Mix-up between Direct Selling and Pyramid/ Ponzi Schemes

One of the biggest challenges affecting the direct selling industry over the years has been the lack of regulatory clarity due to which direct selling business has often been mistaken for fraudulent pyramid schemes. Though the compensation structure of pyramid schemes looks similar to that of direct selling, the principal aspect of income through 'sale of product' plays a vital role in distinguishing the two. However, for common man, it becomes quite a challenge to differentiate between the two and the pyramid schemes have been taking advantage of the situation. Another concern for direct selling industry has been approach of enforcement agencies, who also find it difficult to distinguish between direct selling and pyramid schemes and as a result often end up misapplying the Prize Chits and Money Circulation Schemes (Banning) Act 1978, a law enacted to curb illegal money circulation in the country. In the recent past, enforcement agencies in various states have been able to understand the difference between the two, however, there is still a sea of change that is needed in the understanding and attitude amongst junior level officers of law enforcement in India.

The Department of Consumer Affairs, Government of India notified Direct Selling Guidelines in 2016, thus giving the much-needed recognition to Direct Selling business model. Since 2016, about 15 states have notified these Guidelines, giving a strong push to Direct Selling industry in these states.

In the year 2019, the Parliament passed the 'Consumer Protection Act 2019', strengthening the consumer rights in the country. The Act has recognized 'Direct Selling' as a legitimate business model, which has not only given immense encouragement to the industry but also paved way for exhaustive law regulating the direct selling industry. The direct selling 'Rules', by the Ministry of Consumer Affairs is expected to not only create the regulatory framework for direct selling, but it is also expected to tighten the noose on pyramid schemes.

Traditional Retail and e-Commerce versus Direct Selling Companies

To many, a world sans e-Commerce would sound absurd now. Dynamic and lucrative in its characteristics, the e-Commerce industry is massive in India and is only expected to grow with time. India's e-Commerce retail market stood at USD 30 bn in 2019 and is set to grow at a CAGR of 30% by 2026. Direct Selling companies predominantly operate on a face-to-face ideology. Though they also have adopted an online route to market strategy, yet find it a daunting challenge to compete against giant e-Commerce rivals.

As consumers continue to engage more with technology and with the advent of internet with a far-reaching effect in the country, there has been a considerable shift in the buying behaviour of the Indian consumers. They are increasingly willing to buy goods and services online and are swiftly stepping towards a more convenient, polished, and advanced platform. By providing features such as cash on delivery, exchange and refunds, free home delivery, etc. these companies are gaining the trust of consumers.

Traditional retail on the other hand, poses another set of challenges for the direct selling companies. Visiting the air-conditioned supermarkets, hypermarkets and the local markets has always been an activity to look forward to by Indians, especially the youth. Shopping with friends or family is a pleasure that cannot be achieved through the communication with direct sellers at consumers' homes. With retail transformation and many companies focusing on strengthening their in-store experience, more changes are on the way. The real issue is that these traditional retail brands tend to offer similar or better-quality products through their outlets and are not engaged in the direct selling business model. This results in many choosing to shop via the traditional retail route or through the e-Commerce platforms and thus hampering the business of direct selling companies.

Other Industry Challenges

Apart from lack of regulatory clarity and the competition faced from other business models and companies/ brands, the direct selling business has other challenging aspects to deal with as well. Some of these that the industry has faced and conquered in the past include the conflict between e-Commerce platforms and the direct selling companies which resulted in e-Commerce firms selling the products of direct selling companies not only via an unauthorized route but also at deeper discounts, causing massive losses to the direct selling companies.

Although the concept of door-to-door selling has existed in India for a very long period, the direct selling industry does not meet the traditional norms for conducting business. The business model is such that the income of the direct sellers is directly linked to their sales performance which results in the pay out through an incentive model. Many a times, these direct sellers set unrealistic targets for themselves which are hard to achieve and later label the company as a sham and register complaints.

The lack of direct selling business model understanding among law enforcement agencies sometimes lead to booking direct selling businesses under inappropriate laws. Most complaints are linked to organizational pay policy and is further coupled with regulatory challenges.

All the above-mentioned challenges hinder the growth of the direct selling industry and have an adverse effect on consumers' confidence as well.

DIRECT SELLERS SURVEY

Context

Ipsos, on behalf of the Indian Direct Selling Association (IDSA), conducted a survey amongst active direct sellers associated with the member companies. The main objective of the survey was to understand the overall background of the direct sellers and how direct selling has helped them from an economic as well as social standpoint.

Inputs were taken on how they were introduced to direct selling, the major drivers which led them to join the direct selling industry, for how long they have been associated with the industry, their loyalty to the direct selling entity, and key pain points which result in shifting to a new entity.

The respondents were asked to rank the perceived sales potential of the various product categories. The direct sellers were asked to enlist the critical pain points in the industry which affect their business and livelihood.

A total of 1,247 active direct sellers were considered for this exercise. 60% of the respondents were male while the remaining 40% were female.

An online survey link was generated and circulated amongst the respondents via WhatsApp groups and social media handles of the IDSA and member companies. Some of the member companies had hosted the survey link on their website so that direct sellers associated with these companies could access and provide their input.

Age group of direct sellers

Around one-third respondents surveyed belong to the age group of 35-44 years followed by 28% in the above 45 years age bracket. The age group of 25-34 years accounted for 27% of direct sellers. Direct Selling in India appears to be popular amongst the older age group as people look to supplement their primary income through direct selling activities.

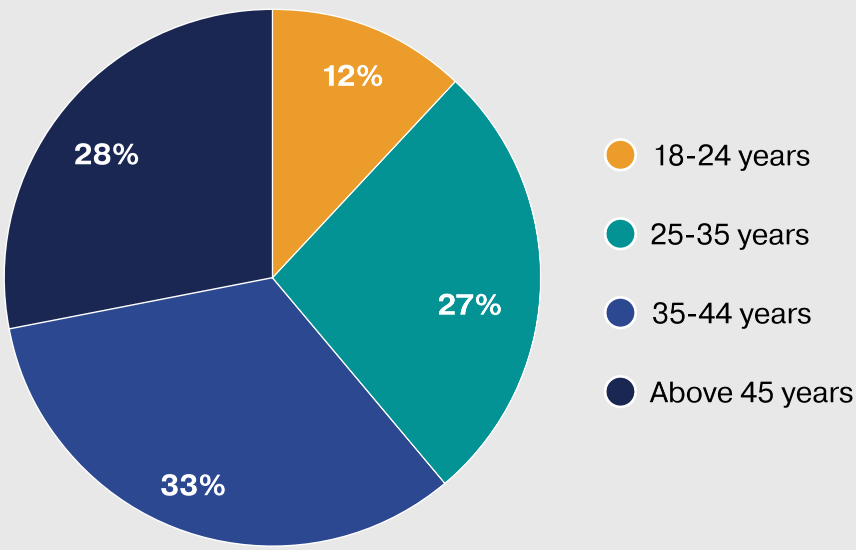


Figure 24 – Age split of the Direct Sellers

Education background of the direct sellers

More than half of the respondents surveyed were postgraduates followed by 34% who were graduates. There is an increase in number of people turning to direct selling primarily because jobs with reasonable disposable incomes are hard to find.

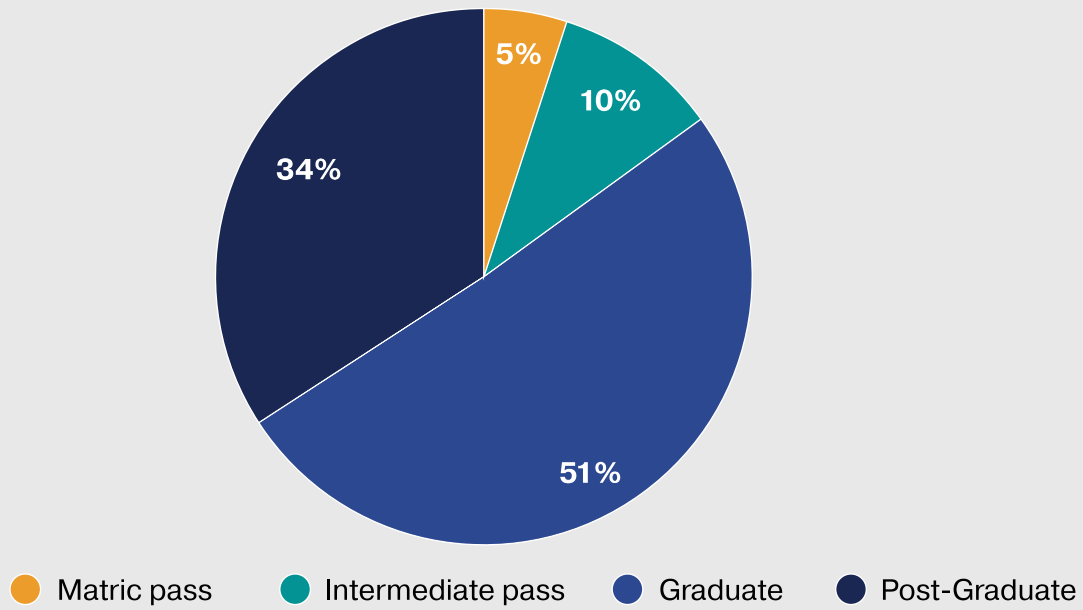


Figure 25 – Educational background of the Direct Sellers

Occupation status of the direct sellers

47% of the respondents surveyed were self-employed or had proprietary businesses. 23% of the respondents were full-time employees in the private sector. Homemaker/ housewife and students accounted for 9% and 4% respectively of the respondents. The fact that a good proportion of direct sellers are permanent employees at private and government organizations, reflects the desire of people to supplement their primary income source with a secondary stream.

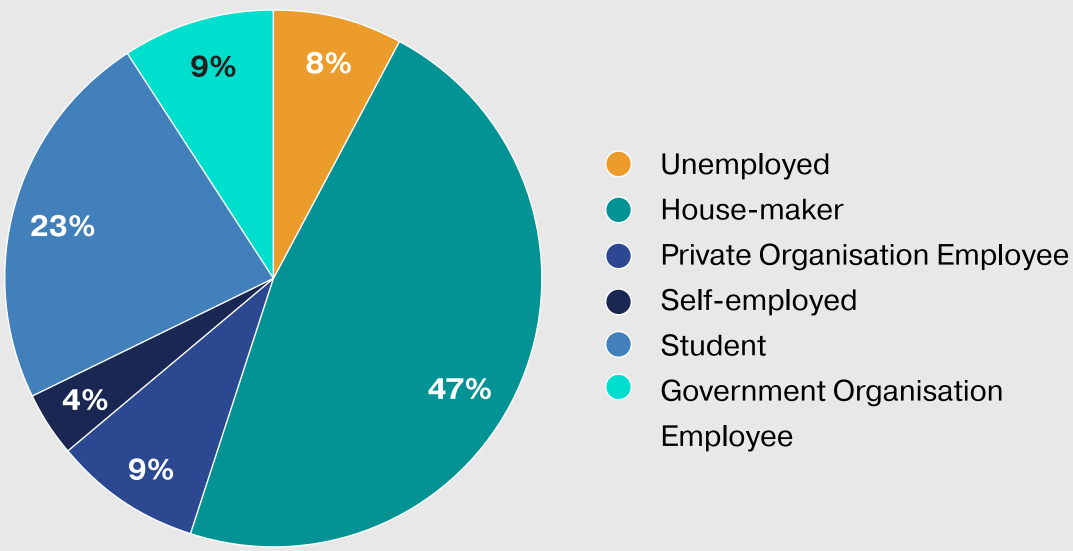
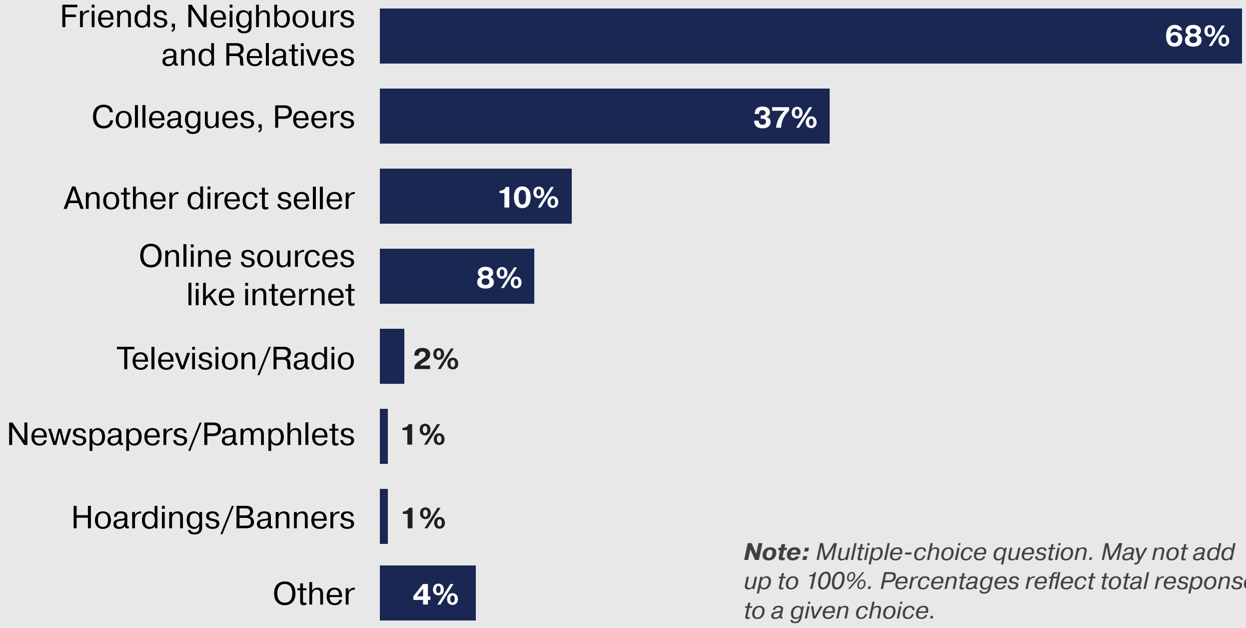


Figure 26 – Occupational status of the Direct Sellers

Source of awareness about direct selling

Introduction and recommendation by friends, relatives, and neighbors was the most popular source of knowledge and awareness of the direct selling industry with around 68% of all the direct sellers surveyed quoting it as the biggest source of awareness. 37% of the direct sellers came to know about direct selling from their colleagues and peers. 10% of the respondents mentioned that they were introduced to this industry by other direct sellers. 8% of the respondents said that online sources such as internet and social media were a source of awareness for them to know about direct selling. Word of mouth is one of the major factors in the growth of direct selling.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 27 – Source of Awareness about Direct Selling

Experience in direct selling

52% of the respondents have been active direct sellers for more than 3 years, while 34% mentioned that they have been active for under 2 years.

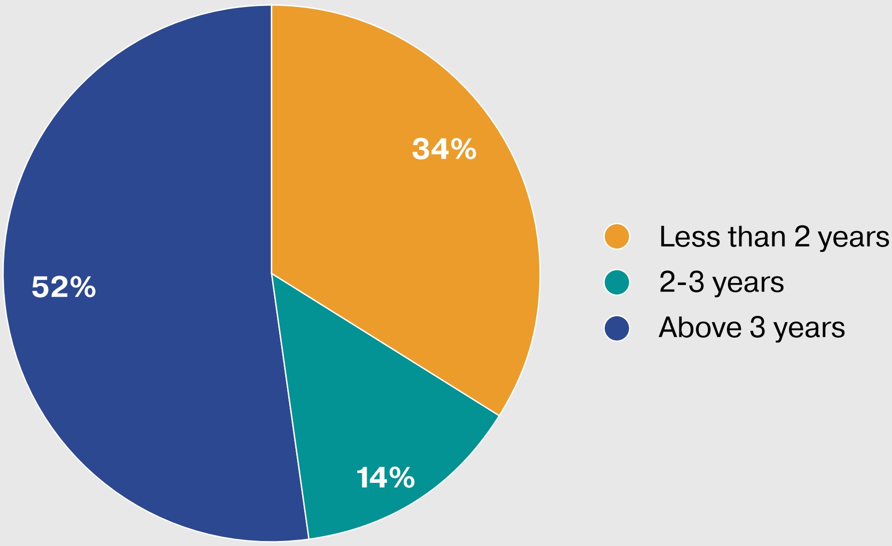


Figure 28 – Experience in Direct Selling

Purchase intentions of direct sellers

88% of the respondents mentioned that they purchased products with the intention of both self-consumption as well as reselling. Only 3% mentioned that they purchased the products with the sole intention of reselling.

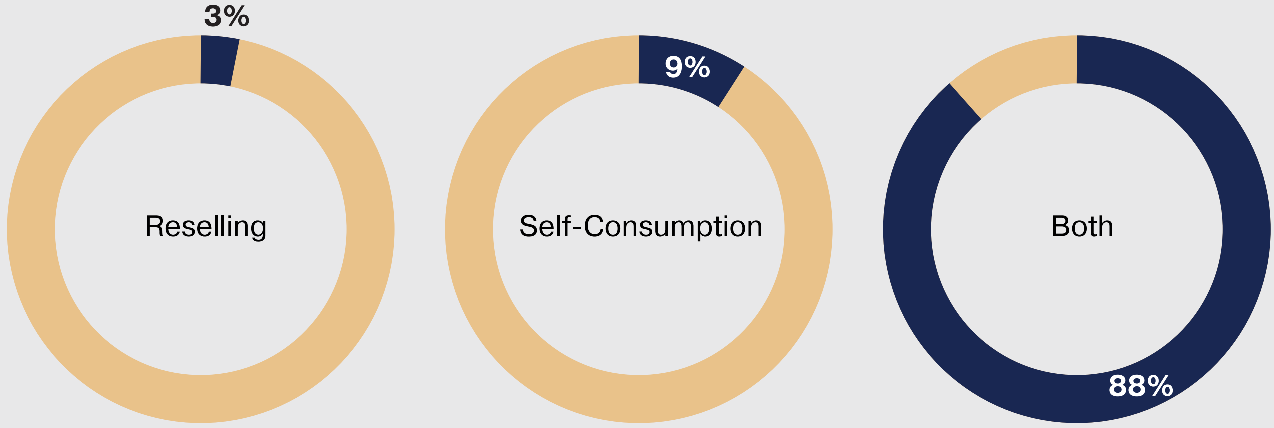


Figure 29- Purchase Intentions of the Direct Sellers

Most important reason to join direct selling

The ability to earn additional income continues to draw people into direct selling. 45% of the respondents felt that the most important reason for joining direct selling was the opportunity it provides to earn extra income. Self-employment and networking were the second and third most important reasons cited by direct sellers to join the industry.

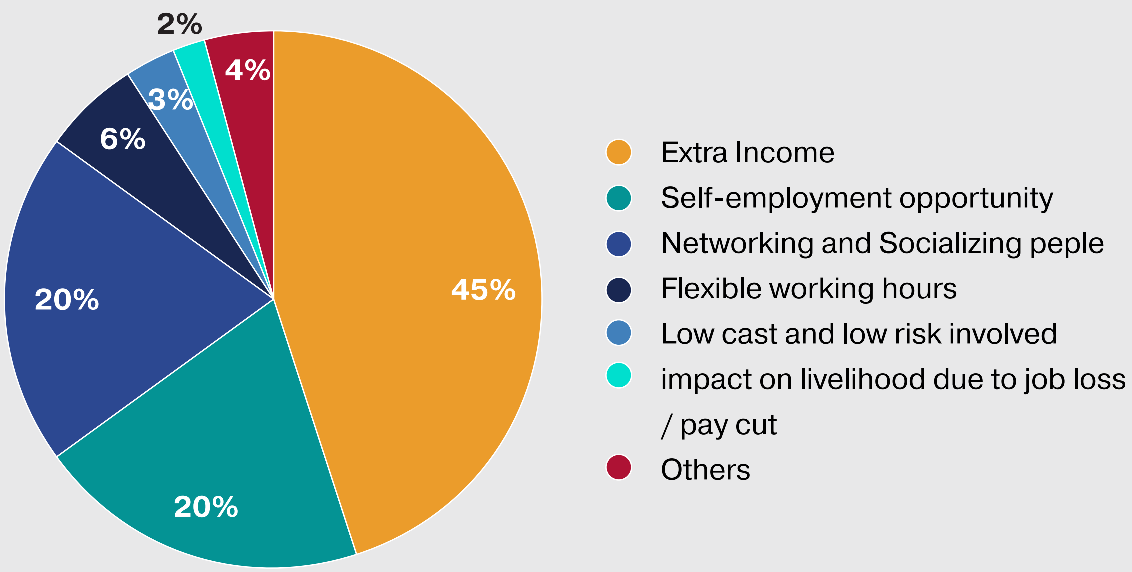


Figure 30 - Most Important Reason to join Direct Selling

Sales potential of different product categories

Wellness products dominate the market with 56% of the direct sellers surveyed ranking it the highest for sales potential. The **Wellness** category includes products like weight management supplements, nutritional supplements, and juices, etc. **Cosmetics and Personal Care** was the second most preferred category by direct sellers from a sales potential with 10% of the respondents giving it highest preference.

The below table shows the elaborated result for ranking of different product categories in terms of its sales potential.

Product Category	Most Preferred
Wellness & Nutraceuticals	56%
Cosmetics and Personal Care	10%
Home Care	8%
Clothing (without accessories)	7%
Household Goods / Home Durables	6%
Utilities	4%
Clothing Accessories	2%
Foodstuff and Beverages	2%
Books, Toys, Stationary & Audio-Visual Materials	1%
Home Improvement	1%
Others	2%

Table 2- Product Category Sales Potential

Involvement in direct selling

A majority, 84% of the direct seller respondents have been associated with the same direct selling entity from the time they entered this industry, while 16% of direct seller respondents mentioned that they moved to a different direct selling entity over the time. This reflects a significant loyalty by direct sellers towards their direct selling entities with direct sellers being satisfied with their entity's products and business terms.

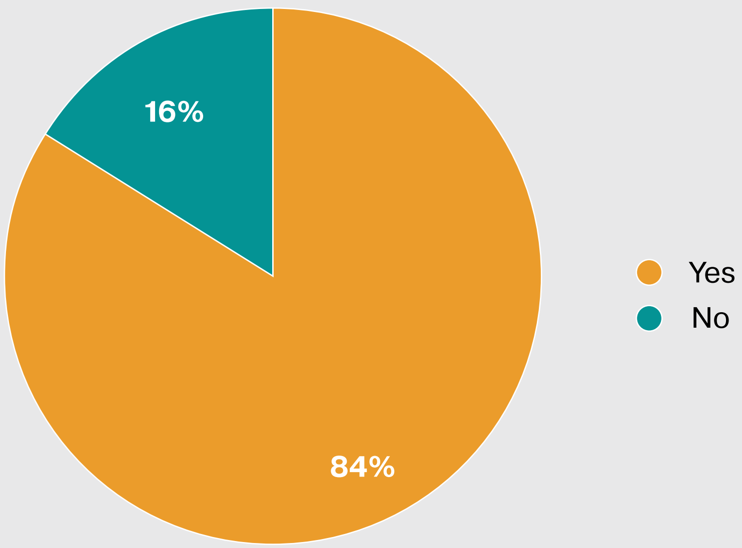


Figure 31 - Association with same Direct Selling Entity

Reasons for switching to new direct selling entity

Of the direct sellers who mentioned they had shifted to a new entity, 57% of the respondents mentioned better product and service portfolio as the key reason for change. 37% of the respondents stated that a better compensation and payout structure was a motivator to shift to a new direct selling entity

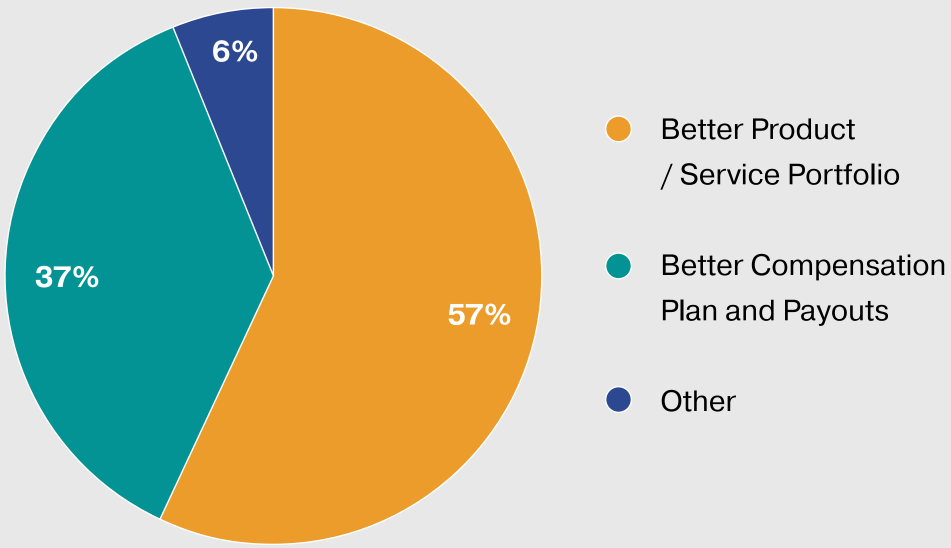


Figure 32- Reasons to switch by the Direct Sellers

Satisfaction mapping of direct sellers

Direct Sellers seem to be satisfied with the direct selling entities they are associated with. On all the parameters barring product pricing, respondents gave a mean rating of 4.5 and above. Product pricing was rated as 4.2. Direct Sellers perhaps expect additional discounts. Compensation plan and training programs were both rated as 4.5 whereas, product portfolio & response from customer and overall experience was rated as 4.6 each. Product quality was rated the highest at 4.7.

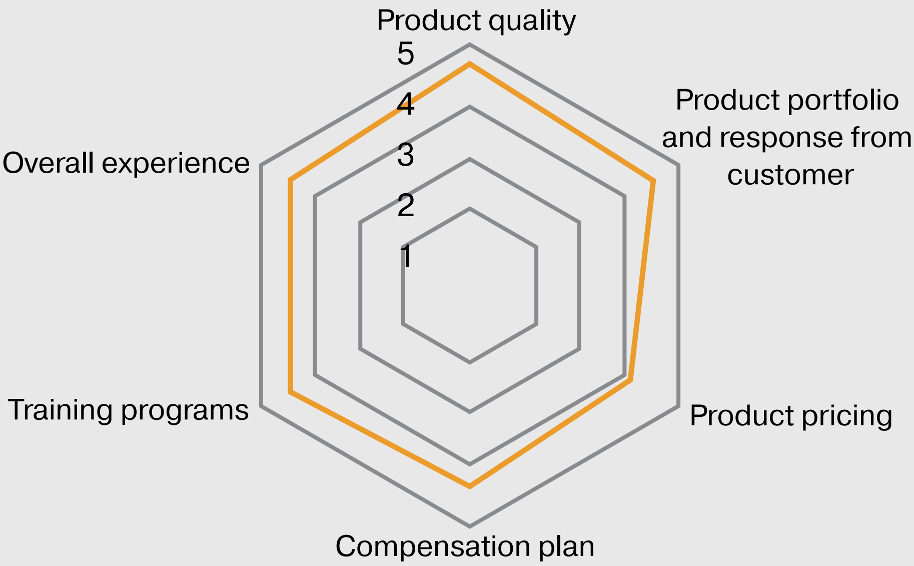


Figure 33- Satisfaction mapping of the Direct Sellers

Critical challenges in direct selling

44% of the respondents feel that availability of products on e-Commerce platforms continues to be the most critical pain point. 16% of the direct sellers surveyed believe that similar or better products are available with traditional retail channels which impacts their business. 14% mentioned that the desired products are sometimes not available with the direct selling entities. Lack of marketing support and customer being unaware of the brand were cited as other critical challenges that direct sellers faced.

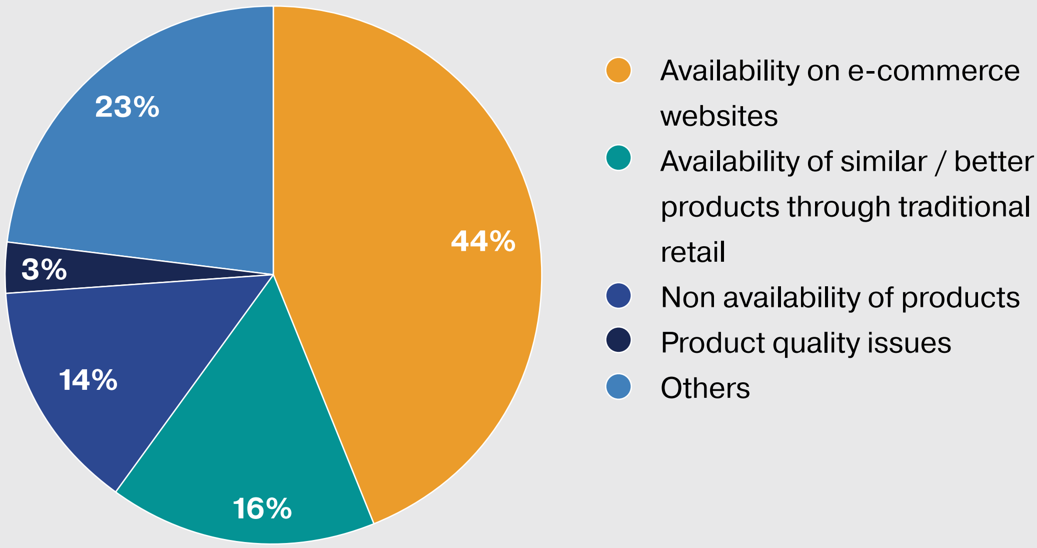


Figure 34- Most Critical Challenges faced by the Direct Sellers

Benefits derived from the direct selling business

Overall, of those interviewed for the Direct Sellers survey, 45% mentioned that skill development was the biggest benefit they derived from the direct selling business. Direct Sellers were able to develop skills like sales and people management after joining this profession. Financial support was quoted by 43% of the respondents as the biggest benefit derived. 12% of the respondents cited an increase in their social circle and professional networks as a key benefit derived.

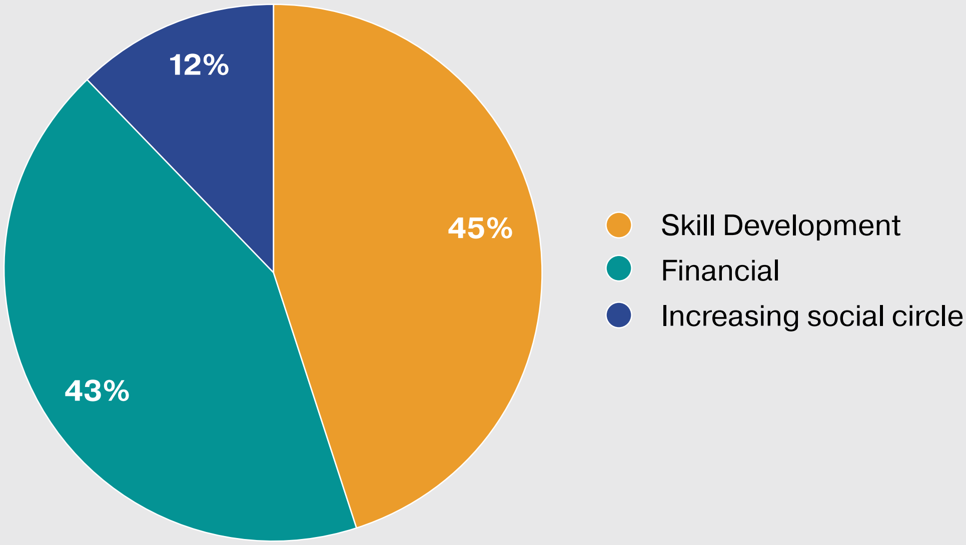


Figure 35- Benefits of Direct Selling to the Direct Sellers

Awareness about IDSA

88% of the direct sellers surveyed were aware about the Indian Direct Selling Association (IDSA).

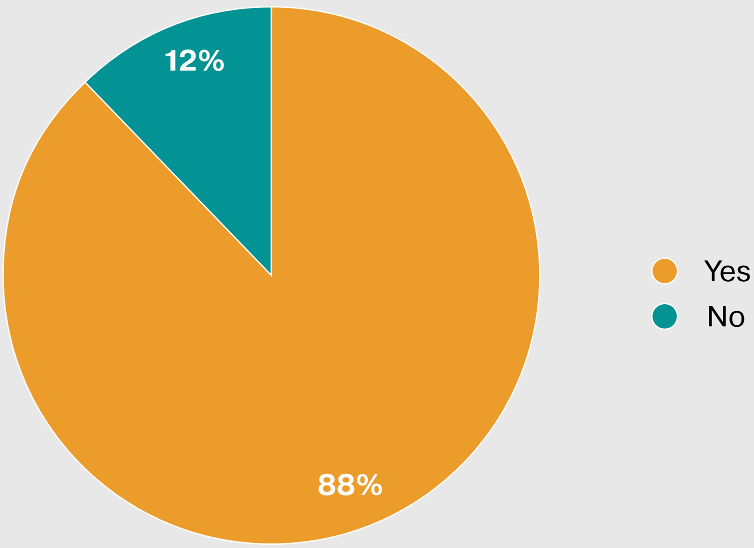
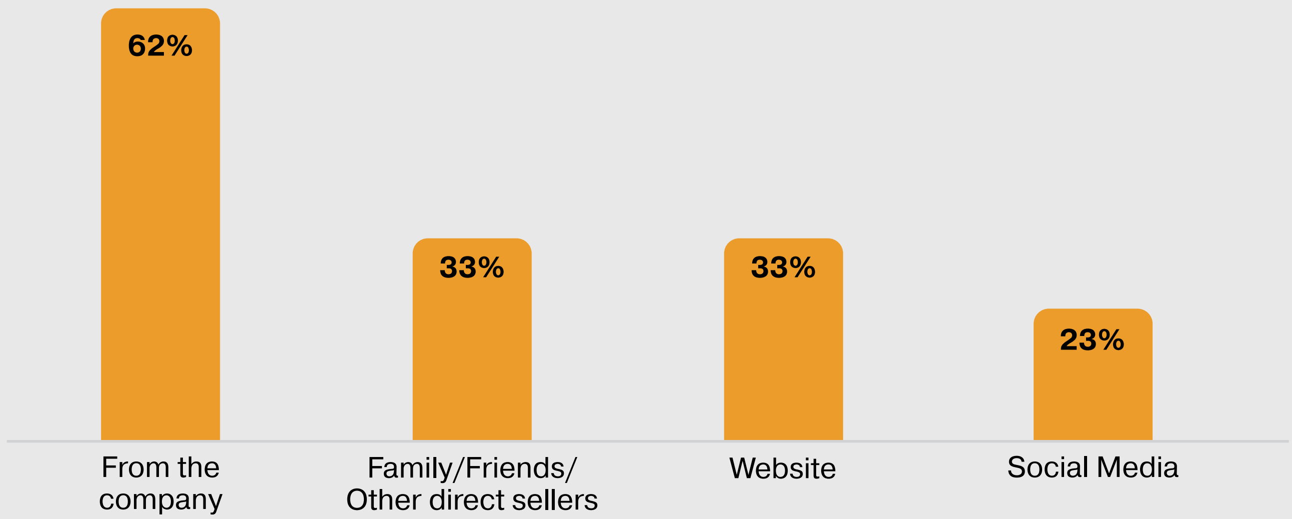


Figure 36- Awareness about IDSA

Source of awareness about IDSA

62% of the direct sellers have knowledge about IDSA from their respective direct selling entities. 33% of the respondents mentioned that other direct sellers enlightened them about the association while another 33% became aware from the association's website. 23% of the respondents became aware about IDSA through various social media platforms.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 37 – Source of Awareness about IDSA

CONSUMER SURVEY - PREFERRED CONSUMERS

Context

Ipsos, on behalf of the Indian Direct Selling Association (IDSA), conducted a survey amongst 'preferred consumers' who buy products directly from direct selling entities for self-consumption.

Inputs were taken on how they were introduced to direct selling, the major drivers which led them to purchase products from direct sellers, for how long they have been purchasing from direct sellers, their loyalty to the direct selling entity and key pain points which result in shifting to a new entity.

The respondents were asked to give inputs on the popular product categories they preferred purchasing from direct sellers.

A total of 240 customers were considered for this exercise.

An online survey link was generated and circulated amongst the respondents via WhatsApp groups and social media handles of the IDSA and member companies. Some of the member companies had hosted the survey link on their website so that consumers could access and provide their inputs.

Age group of customers

More than half of the respondents belonged to the age bracket of 35 years and above, with 35-44 years age bracket being the top contributor.

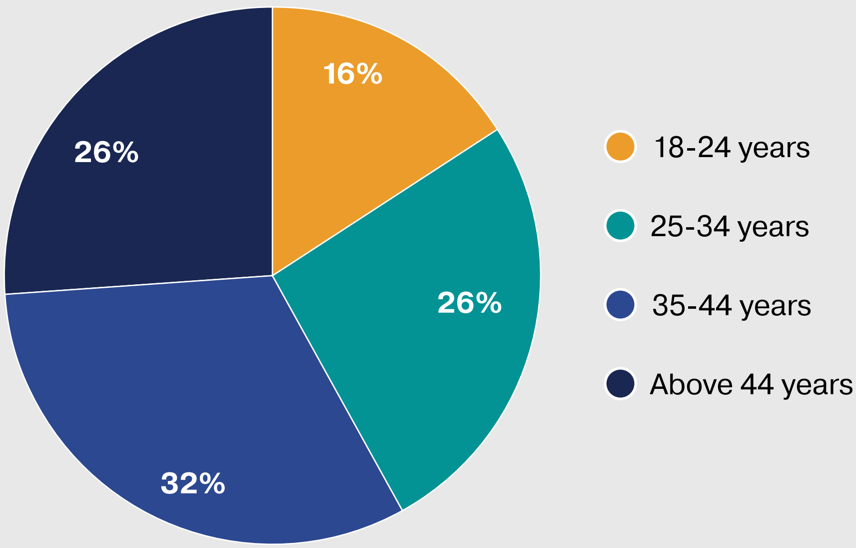


Figure 38– Age Group of the customers

Education background of the customers

Half of the customers surveyed were graduates and 34% post-graduates.

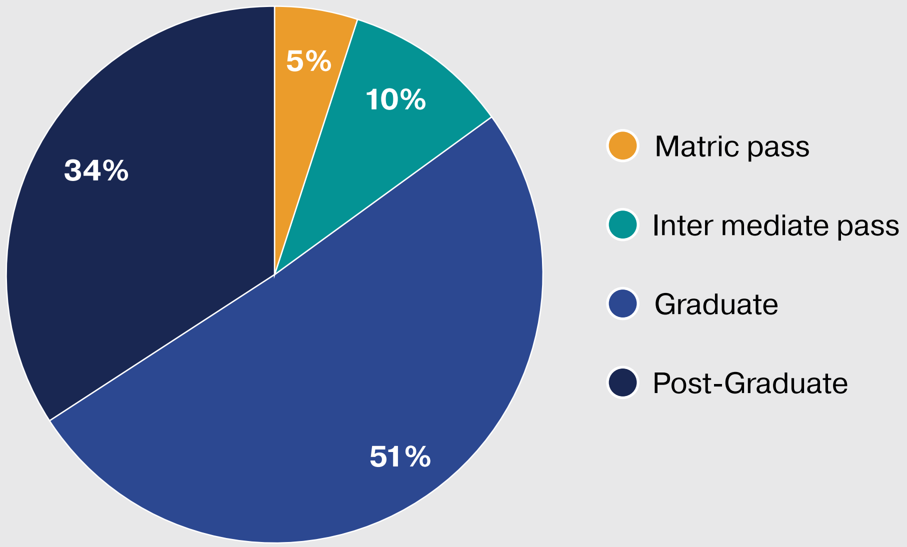


Figure 39– Educational background of the customers

Occupation status of the customers

35% of the customers surveyed were self-employed individuals, followed by 24% working in the private sector. 13% were students, followed by another 13% of the respondents being unemployed.

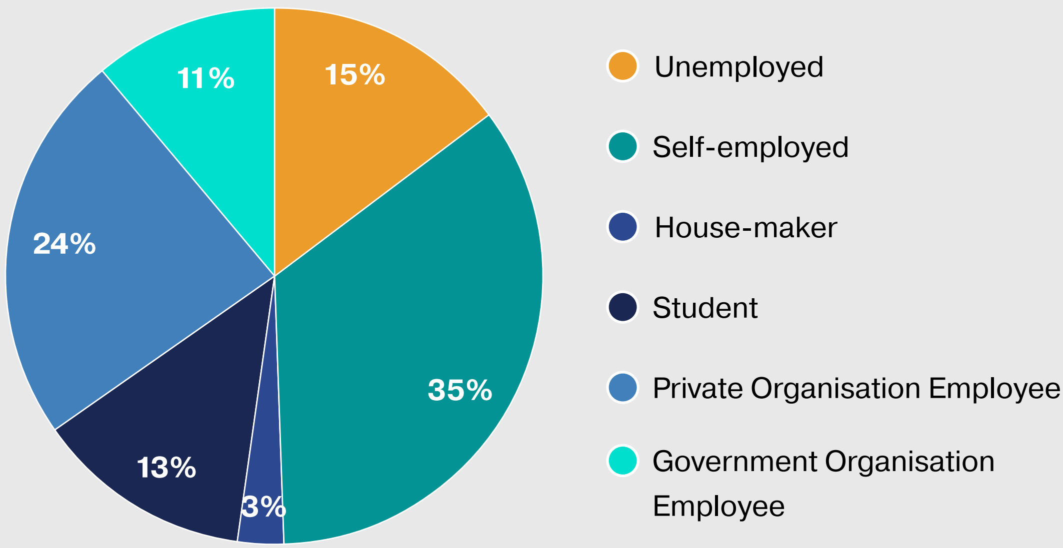
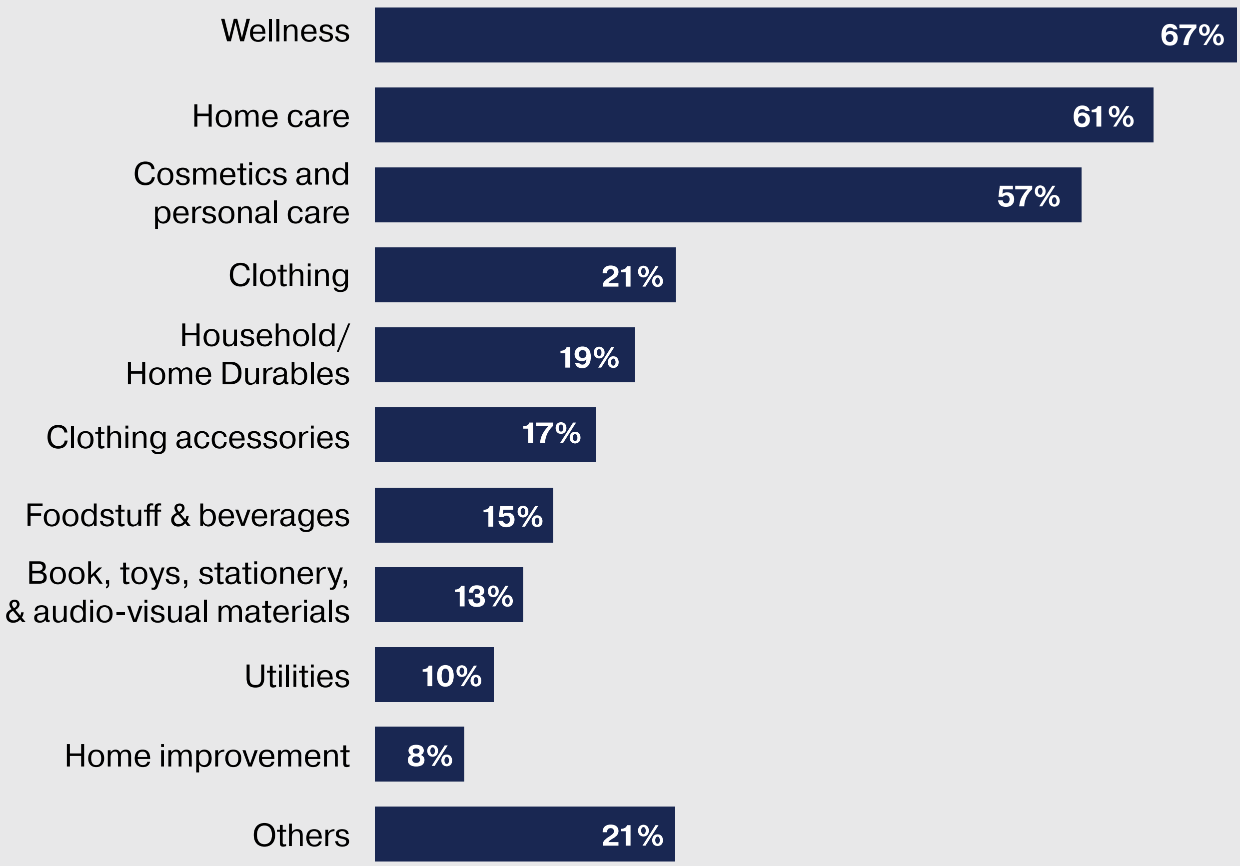


Figure 40 – Occupation status of the customers

Product categories purchased by customers

Wellness category tops the product category list purchased by the customers from direct sellers. 67% of the respondents cited purchasing a list of products within this category. Home care products rank second on the purchase list at 61% followed by cosmetics & clothing at 57% & 21% respectively.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 41 – Product categories purchased by customer through Direct Selling

Promotional schemes offered by the direct sellers

68% of the customers surveyed mentioned that they have received promotional offers from direct sellers. This reflects that benefits designed by direct selling entities are being passed on to customers by direct sellers.

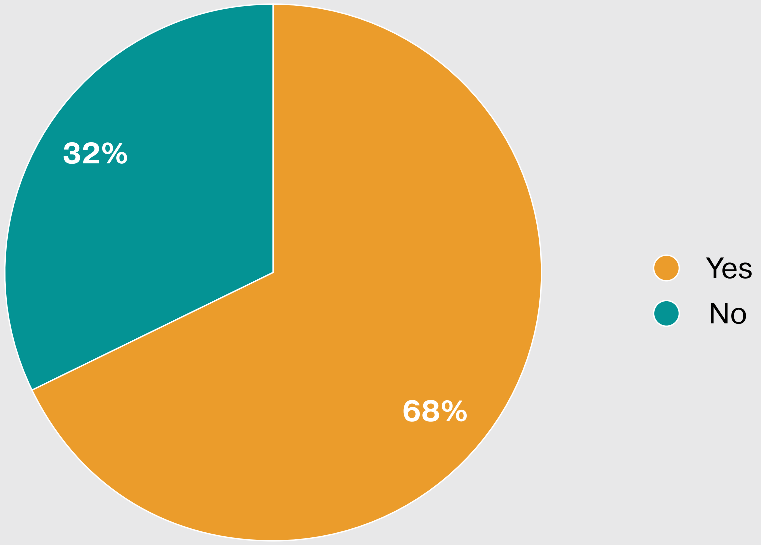
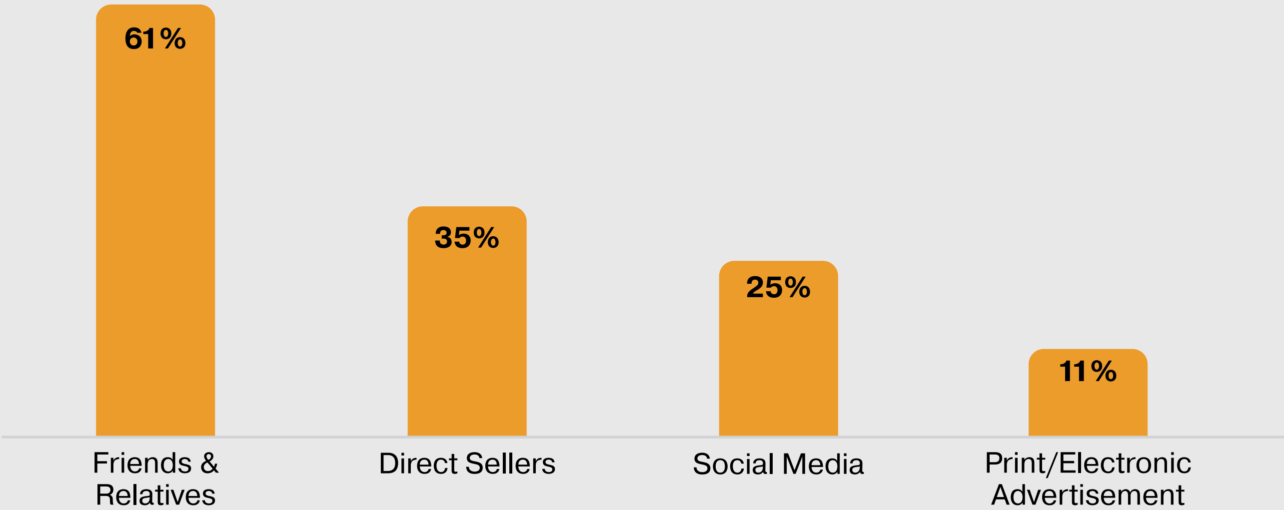


Figure 42- Promotional schemes offered by the Direct Sellers to the customers

Source of awareness about direct selling

Peer referral and word of mouth is the biggest source of awareness as 61% of the customers mentioned being introduced to direct selling by friends & relatives. 35% of the respondents cited that they came to know about the industry when direct sellers approached them with products and services. 25% of the respondents were introduced to direct selling via social media platforms, while 11% became aware via print & electronic ads.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 43- Source of awareness about Direct Selling

Critical reasons for preferring products from direct sellers

A staggering 69% of the customers citied product quality is the most important reason for purchasing products from direct sellers followed by trust in the brand name which was quoted by 8% of the respondents. Money back policies of direct sellers was mentioned by 8% of customers as a driver to purchase from direct sellers.

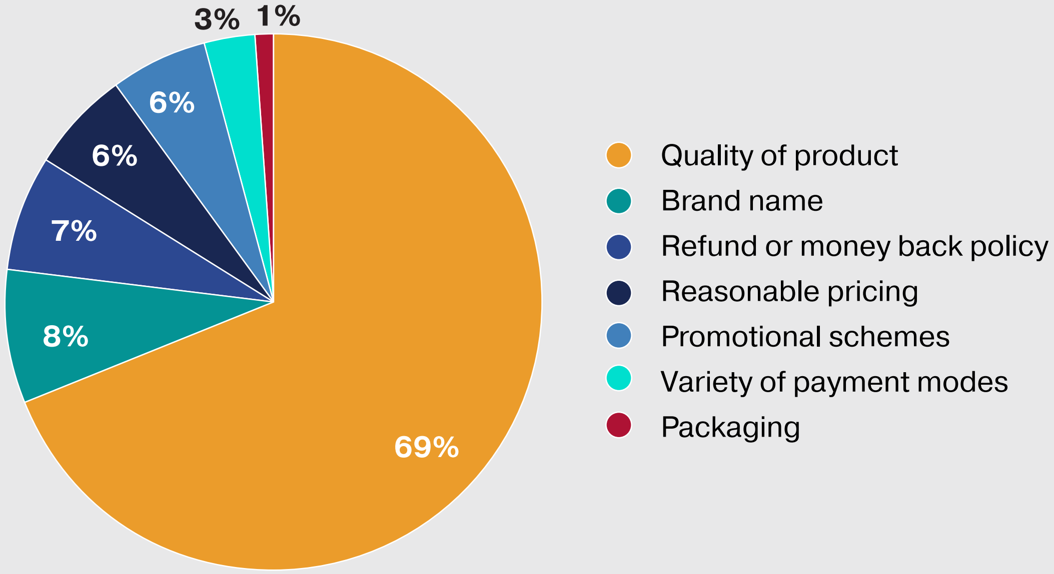


Figure 44- Most Important reasons for purchasing products through Direct Selling

CONSUMER AWARENESS SURVEY

Context

Ipsos, on behalf of the Indian Direct Selling Association (IDSA), conducted a survey amongst a random population set to gauge awareness of the direct selling industry amongst the masses.

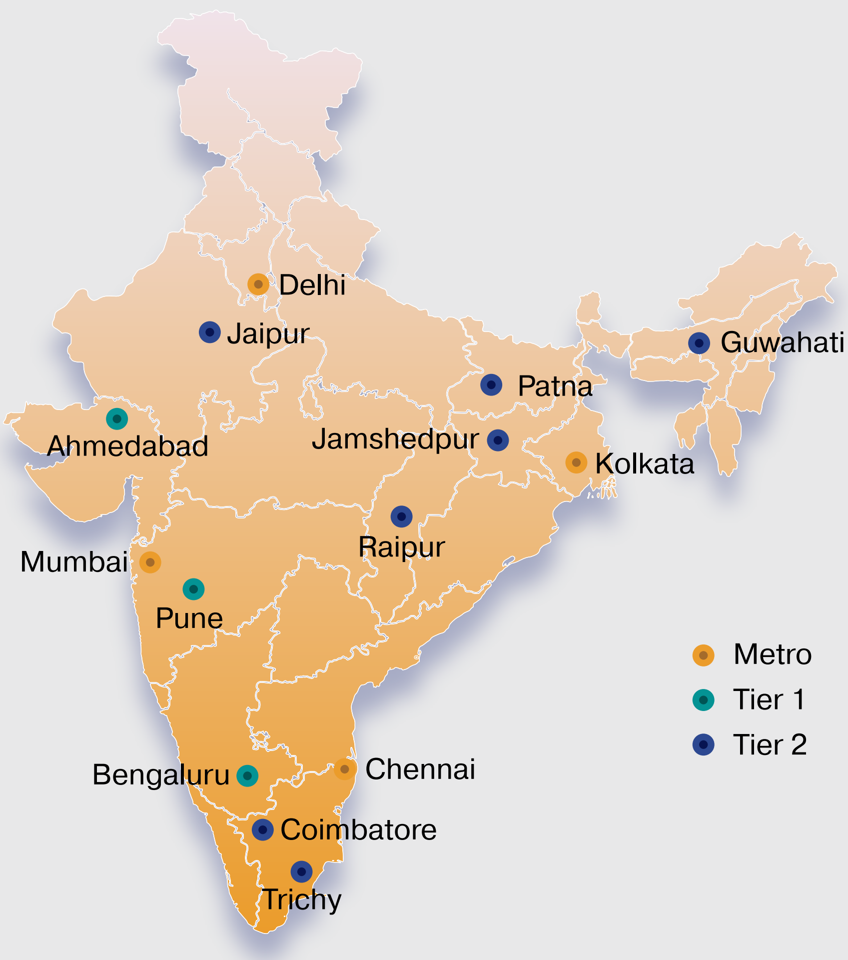
A total sample of 750 respondents was selected with equal distribution across 15 Indian cities. The cities were near equally spilt between metro, tier 1 and tier 2 locations. 60% of the respondents were male while 40% were female.

The responses have been analyzed at a gender and town class level to understand the nuances.

Inputs were taken to understand the respondents' educational and professional background. They were asked to enlist their source of awareness and the top direct selling entities known.

One of the key input areas was on the trustworthiness of the direct selling industry in the minds of people. They were further asked for their apprehensions and what the industry can do to increase awareness and trust.

An online survey link was generated and administered amongst the target respondents by Ipsos via SMS and email.



Educational background

At an overall level, 37% of the respondents surveyed were post-graduates. A majority 47% of the respondents had completed their graduation. 12% of the respondents were Intermediate pass, while the remaining 4% of the respondents were matric pass.

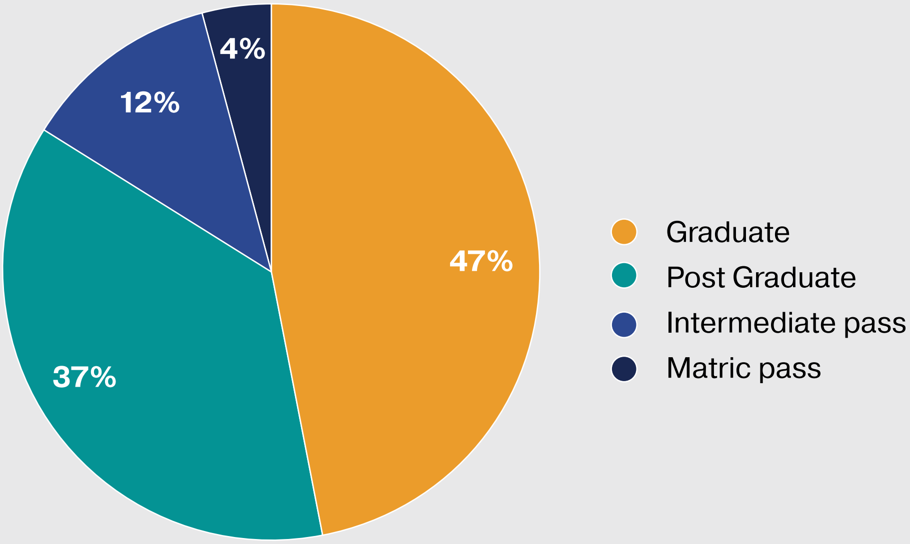


Figure 45– Educational background of the customers

Occupation status

At an overall level, 26% of the respondents were involved in business or were self-employed. 32% of the respondents were private organisation employees. 5% of the respondents were homemakers/ housewives and saw direct selling as an opportunity for earning income while 17% of the respondents were students.

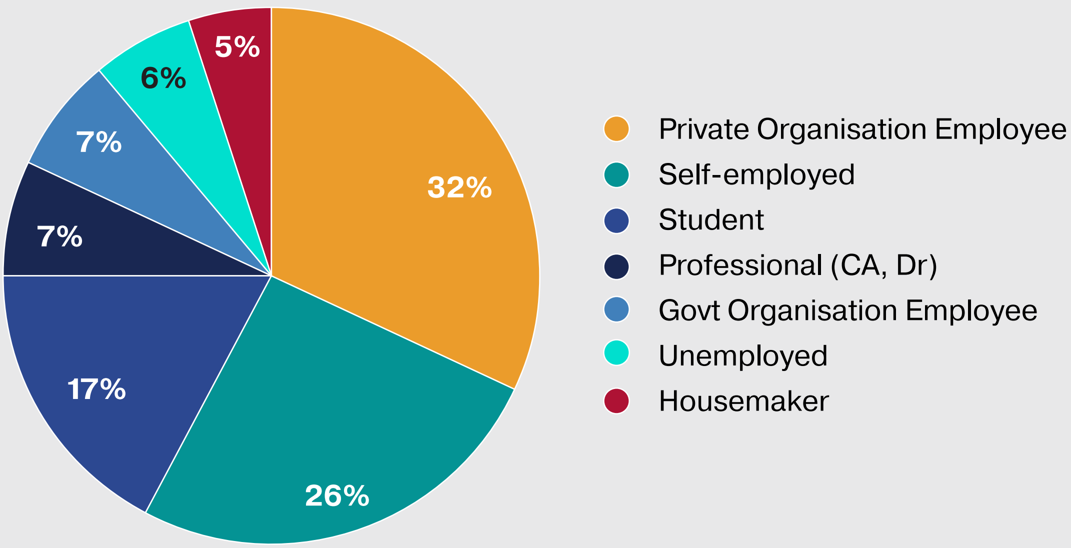


Figure 46– Occupation status of the customers

Consumer purchase history from a direct seller

At an overall level, 32% of the respondents have purchased products from direct sellers whereas the remaining 68% of the respondents have not purchased any products from them.

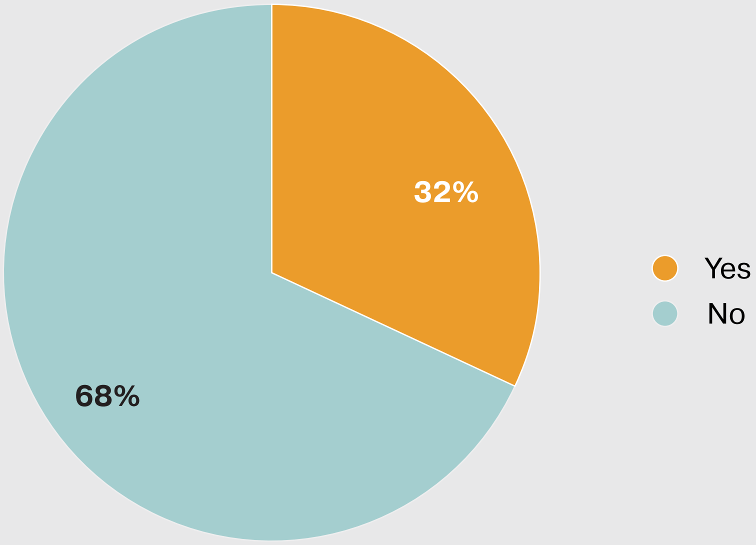


Figure 47– Purchased from Direct Seller

In the male segment, 29% of the respondents have purchased products from direct sellers whereas the remaining 71% of the respondents have not purchased any products from direct sellers.

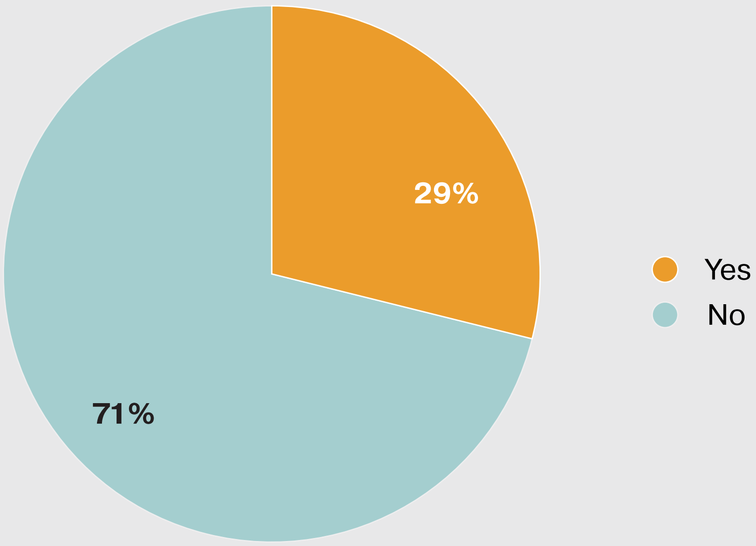


Figure 48 – Purchased from Direct Seller (male segment)

In the female segment, 34% of the respondents have purchased products from direct sellers whereas the remaining 66% of the respondents have not purchased any products from direct sellers.

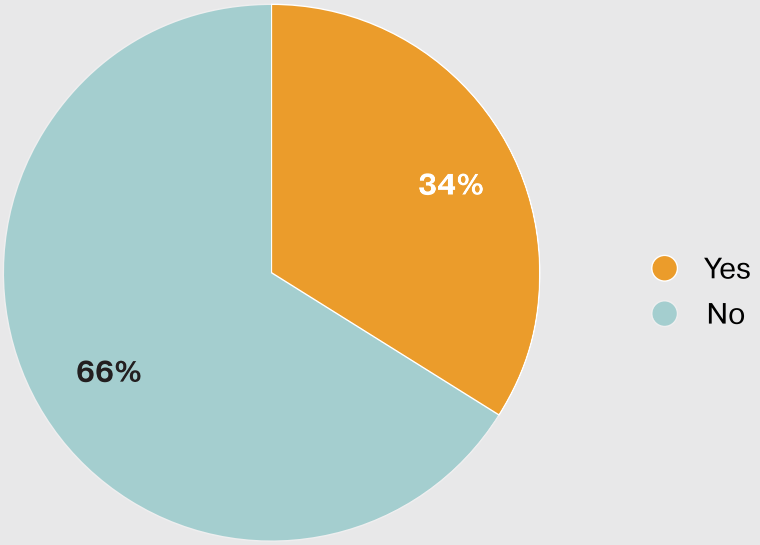


Figure 49– Purchased from Direct Seller (female segment)

From the metro cities, 38% of the respondents have purchased products from direct sellers whereas the remaining 62% of the respondents have not purchased any products from them.

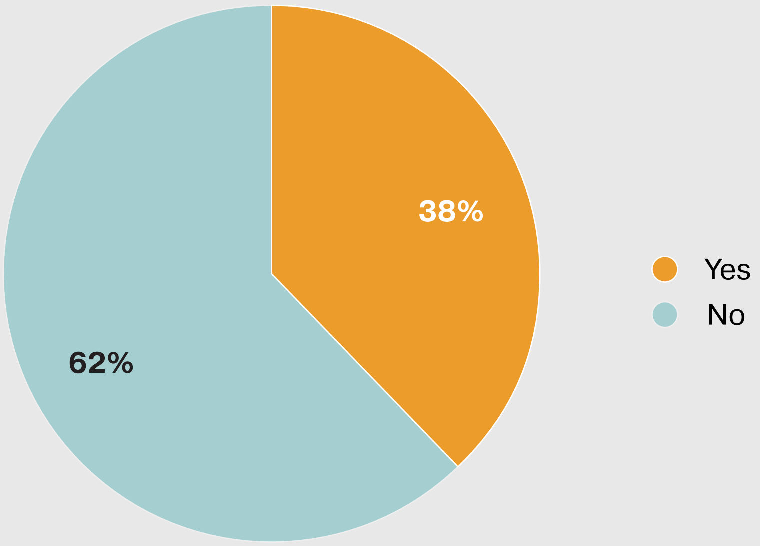


Figure 50– Purchased from Direct Seller (metro cities segment)

From the tier 1 cities, 33% of the respondents have purchased products from direct sellers whereas the remaining 67% of the respondents have not purchased any products from direct sellers.

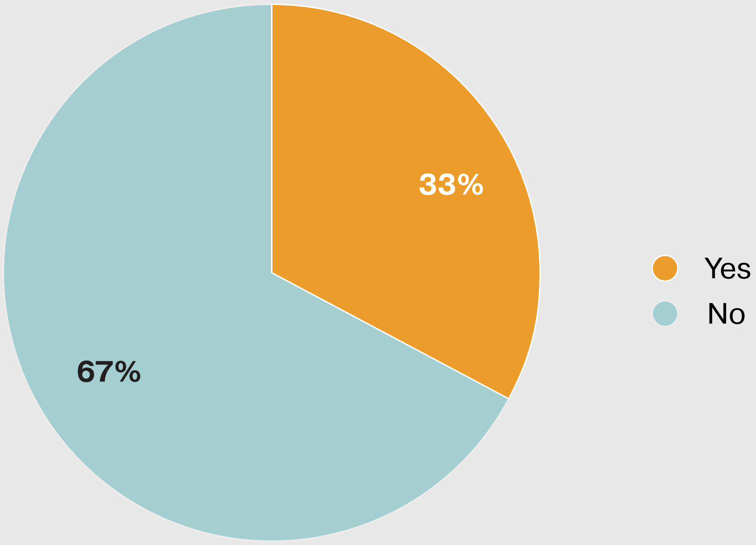


Figure 51– Purchased from Direct Seller (tier 1 cities segment)

From the tier 2 cities, 28% of the respondents have purchased products from direct sellers whereas the remaining 72% of the respondents have not purchased any products from them.

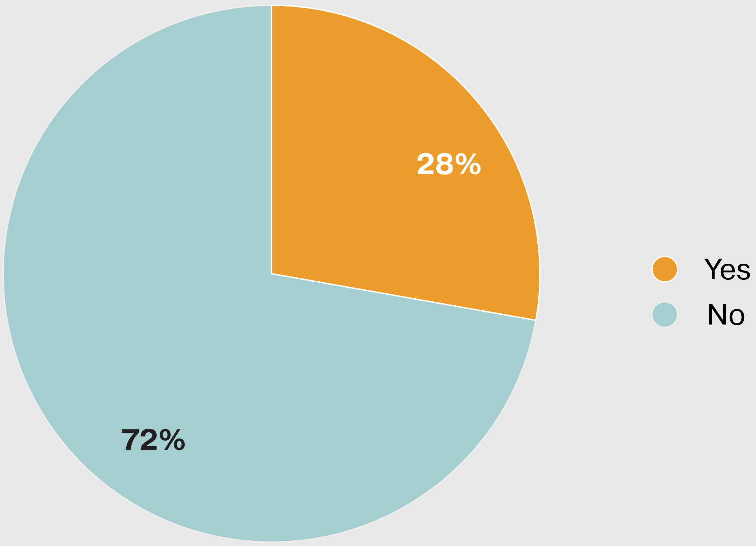


Figure 52– Purchased from Direct Seller (tier 2 cities segment)

Experience in buying from direct sellers

At an overall level, 53% of the respondents who have purchased products from direct sellers have been doing so since the last 2 years while 21% of the respondents have been buying from direct sellers since the last 2-3 years, and the remaining 26% have been involved in purchasing through direct sellers for more than 3 years.

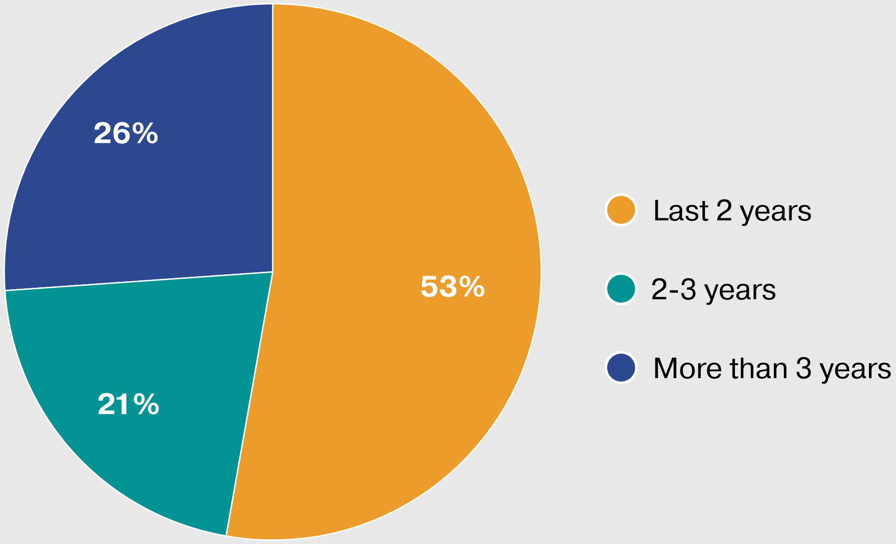


Figure 53- Experience in Buying from Direct Sellers

In the male segment, 50% of the respondents who have purchased products from direct sellers have been doing so since the last 2 years while 22% of the respondents have been buying from direct sellers since the last 2-3 years, and the remaining 28% have been involved in purchasing through direct sellers for more than 3 years.

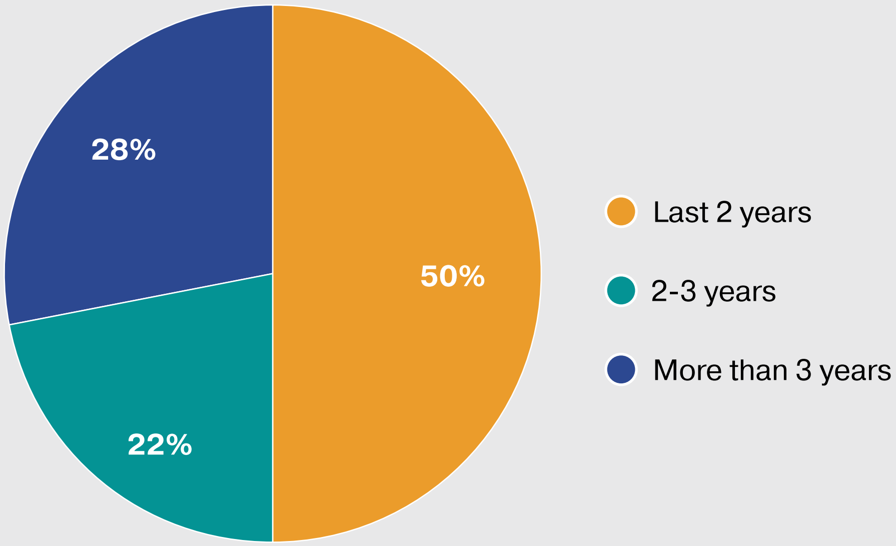


Figure 54- Experience in Buying from Direct Sellers (male segment)

In the female segment, 57% of the respondents who have purchased products from direct sellers have been doing so since the last 2 years while 18% of the respondents have been buying from direct sellers since the last 2-3 years, and the remaining 25% have been involved in purchasing through direct sellers for more than 3 years.

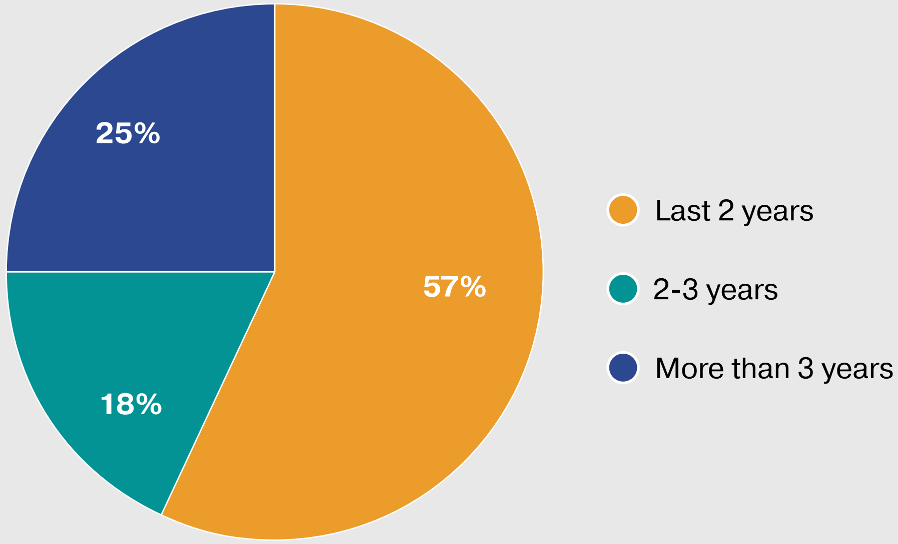


Figure 55- Experience in Buying from Direct Sellers (female segment)

From the metro cities, 47% of the respondents who have purchased products from direct sellers have been doing so since the last 2 years while 22% of the respondents have been buying from direct sellers since the last 2-3 years, and the remaining 31% have been involved in purchasing through direct sellers for more than 3 years.

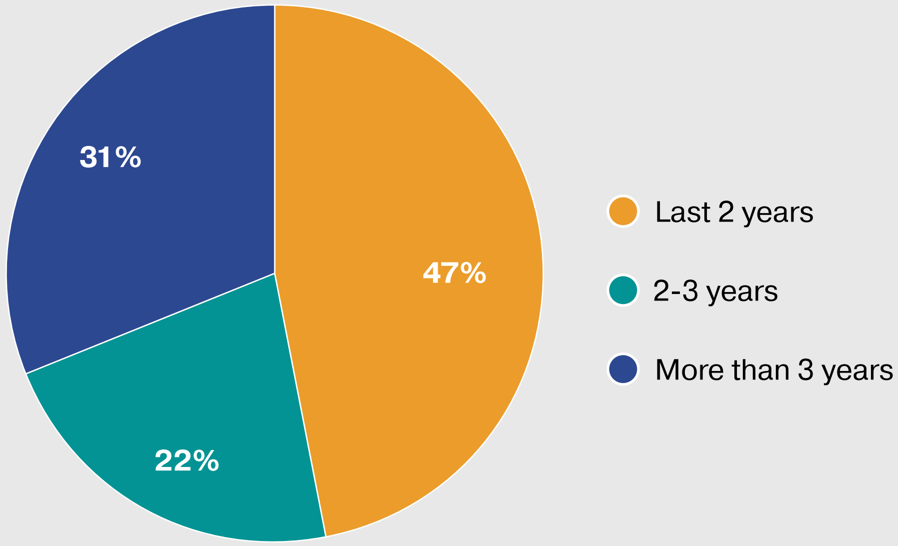


Figure 56- Experience in Buying from Direct Sellers (metro cities segment)

From the tier 1 cities, 52% of the respondents who have purchased products from direct sellers have been doing so since the last 2 years, while 25% of the respondents have been buying from direct sellers since the last 2-3 years, and the remaining 23% have been involved in purchasing through direct sellers for more than 3 years.

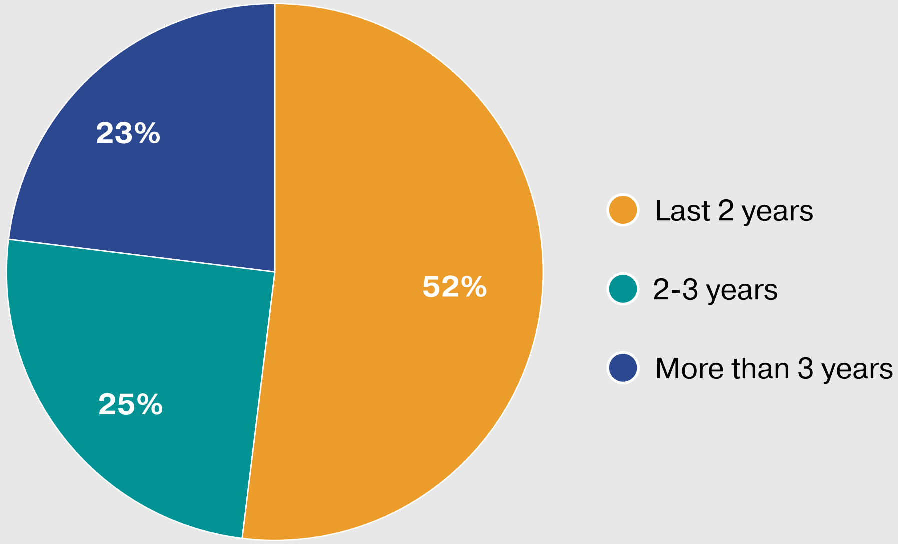


Figure 57- Experience in Buying from Direct Sellers (tier 1 cities segment)

From the tier 2 cities, 60% of the respondents who have purchased products from direct sellers have been doing so since the last 2 years, while 14% of the respondents have been buying from direct sellers since the last 2-3 years, and the remaining 27% have been involved in purchasing through direct sellers for more than 3 years.

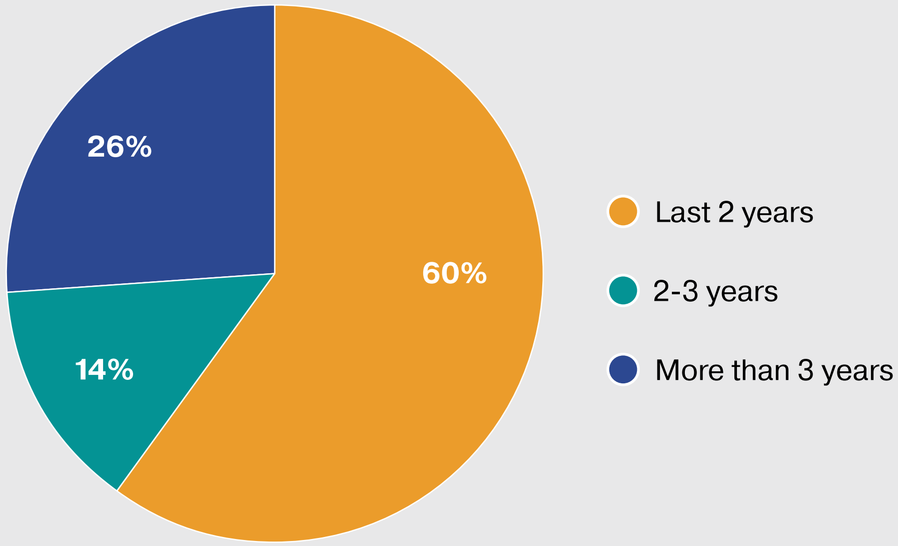
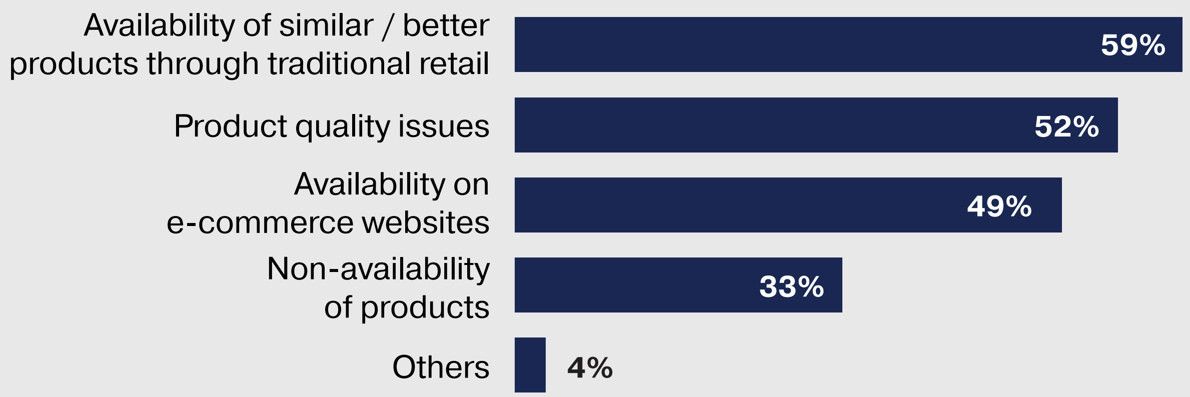


Figure 58- Experience in Buying from Direct Sellers (tier 2 cities segment)

Apprehensions of buying products from direct sellers

Note: *This section includes the entire sample of 750 respondents irrespective of whether they have purchased products from direct sellers or not.*

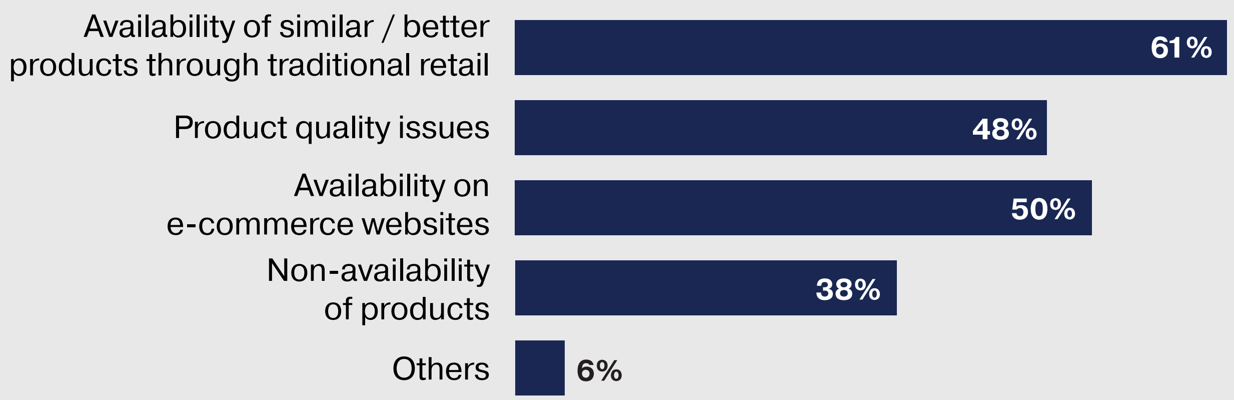
At an overall level, 59% of the respondents have reservations from purchasing products from direct sellers due to alternatives available from traditional retail, while 52% of the respondents restrained from buying from direct sellers because of product quality issues. Meanwhile, non-availability of products dissuaded 33% of the customers to buy from direct sellers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 59– Purchase Restraints

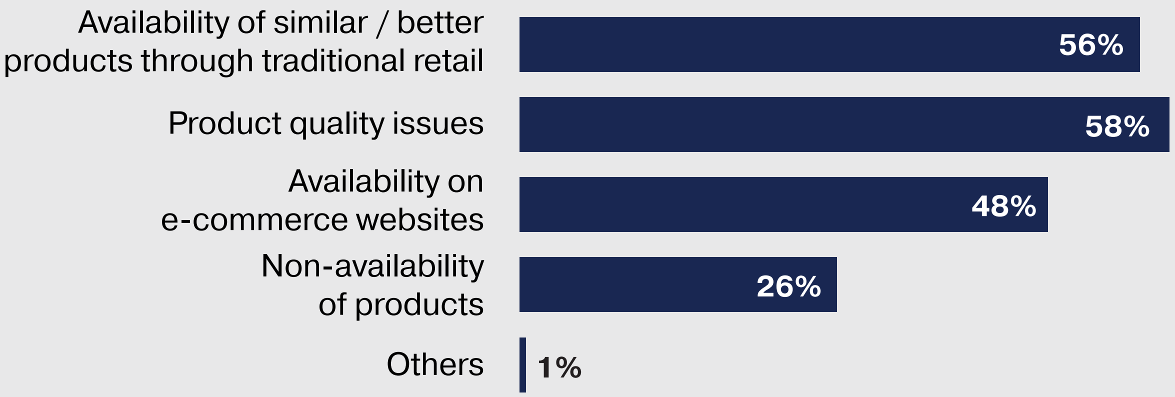
In the male segment, 61% of the respondents have restraints from purchasing products from direct sellers due to alternatives from traditional retail, while 48% of the respondents restrained from direct selling buying because of product quality issues, meanwhile non availability of products discouraged 38% of the customers to buy from direct sellers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 60– Purchase Restraints (male segment)

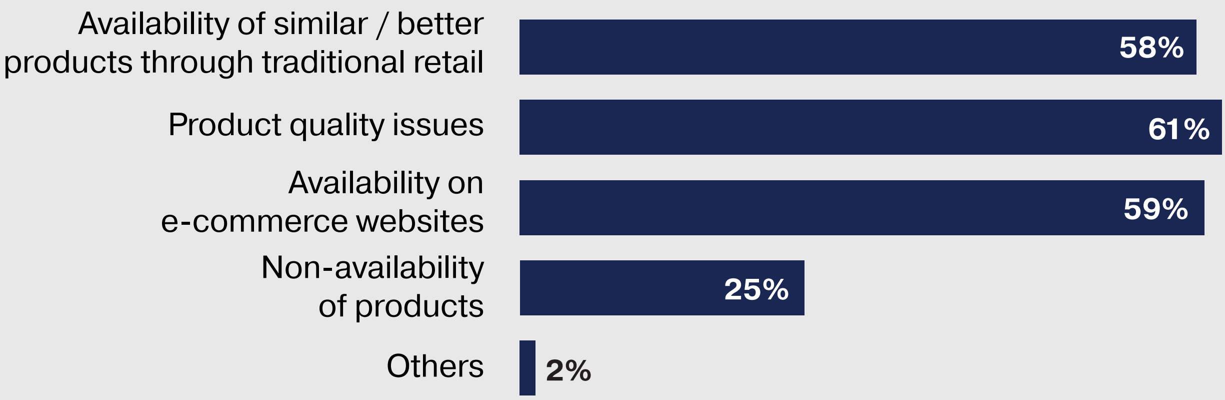
In the female segment, 56% of the respondents have restraints from purchasing products from direct sellers due to alternatives from traditional retail, while 58% of the respondents restrained from direct selling buying because of product quality issues, meanwhile non availability of products discouraged 26% of the customers to buy from direct sellers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 61– Purchase Restraints (female segment)

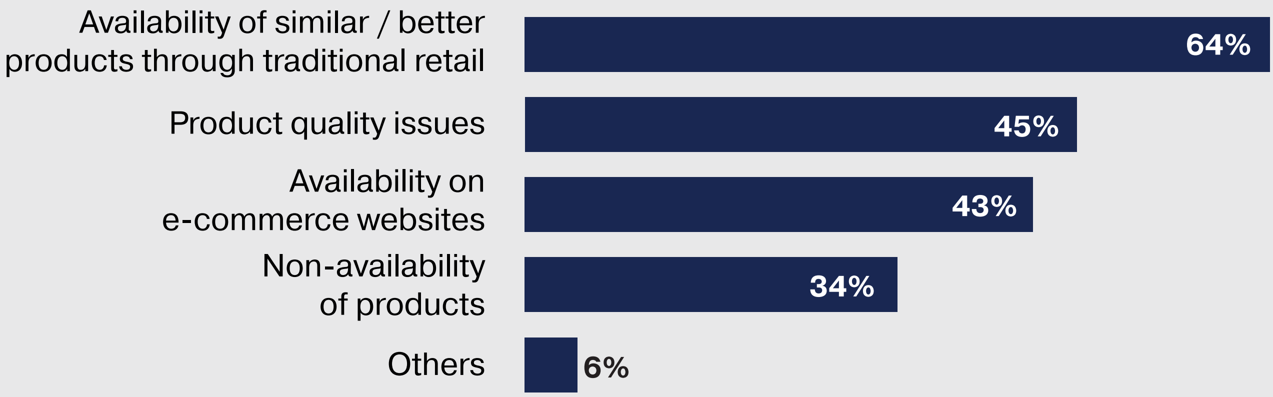
From the metro cities, 58% of the respondents have restraints from purchasing products from direct sellers due to alternatives from traditional retail, while 61% of the respondents restrained from direct selling buying because of product quality issues, meanwhile non-availability of products dissuaded 25% of the customers to buy from direct sellers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 62– Purchase Restraints (metro cities segment)

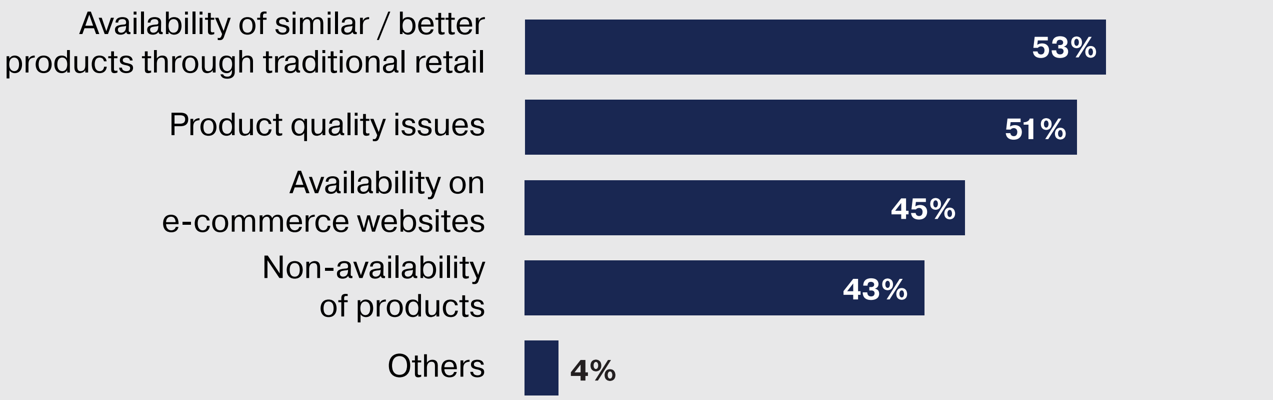
From the tier 1 cities, 64% of the respondents have restraints from purchasing products from direct sellers due to alternatives from traditional retail, while 45% of the respondents restrained from direct selling buying because of product quality issues, meanwhile non availability of products stopped 34% of the customers to buy from direct sellers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 63– Purchase Restraints (tier 1 cities segment)

From the tier 2 cities, 53% of the respondents have restraints from purchasing products from direct sellers due to alternatives from traditional retail, while 51% of the respondents restrained from direct selling buying because of product quality issues, meanwhile non availability of products stopped 43% of the customer to buy from direct sellers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 64– Purchase Restraints (tier 2 cities segment)

Awareness about the direct selling industry

At an overall level, 77% of the respondents are aware about the direct selling industry whereas the remaining 23% of the respondents are not aware about the direct selling industry.

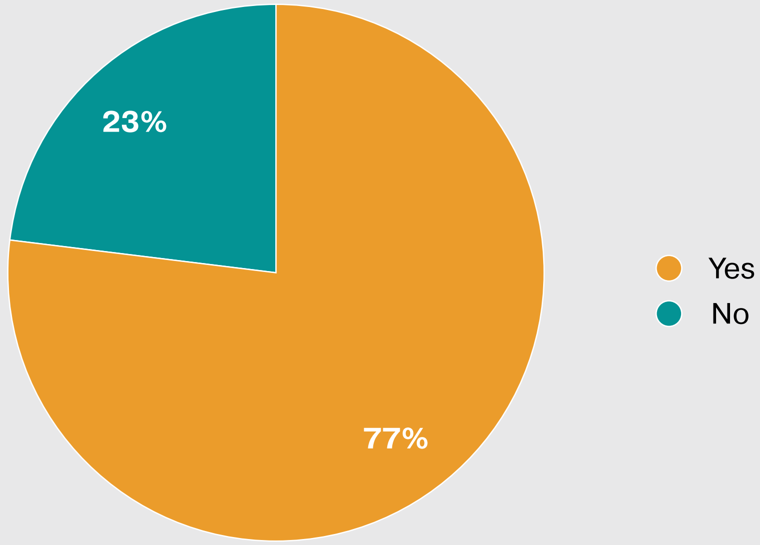


Figure 65– Overall customers on awareness on Direct Selling industry

In the male segment, 78% of the respondents are aware about the direct selling industry whereas the remaining 22% of the respondents are not aware about it.

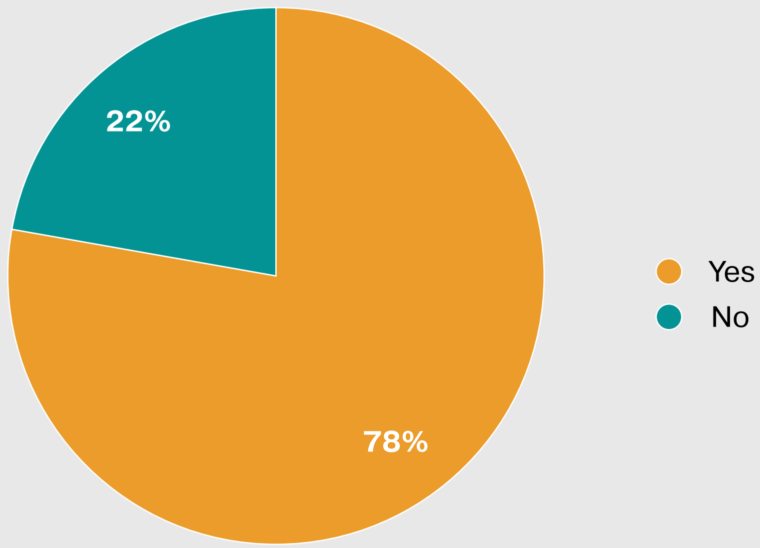


Figure 66– Male customers on awareness on Direct Selling industry

In the female segment, 75% of the respondents are aware about the direct selling industry whereas the remaining 25% of the respondents are not aware about the direct selling industry.

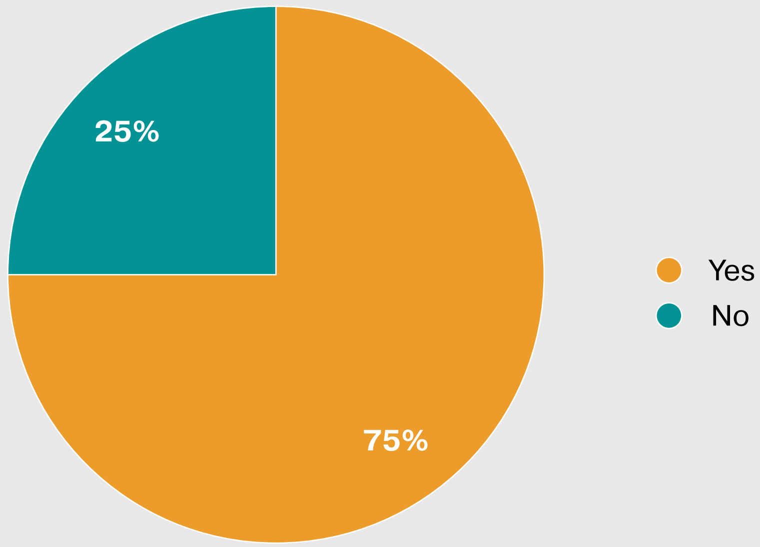


Figure 67– Female customers on awareness on Direct Selling industry

From the metro cities segment, 86% of the respondents are aware about the direct selling industry whereas the remaining 14% of the respondents are not aware about it.

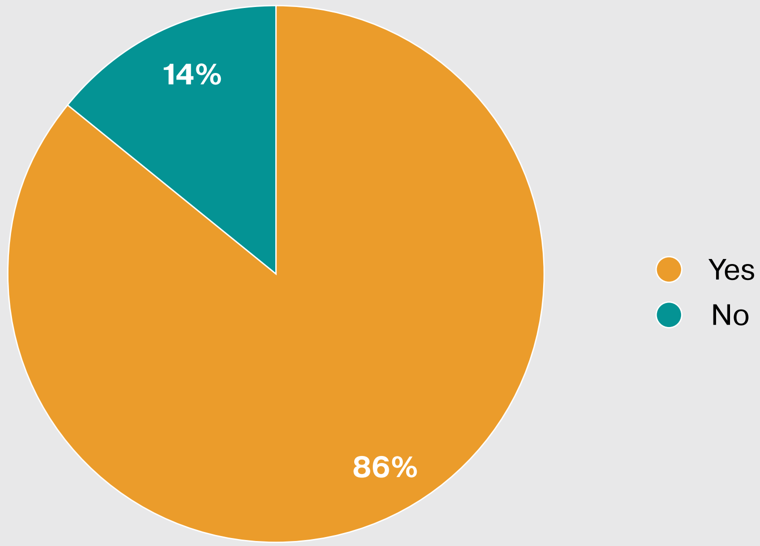


Figure 68– Customers from metro cities on awareness on Direct Selling industry

From the tier 1 cities segment, 75% of the respondents are aware about the direct selling industry whereas the remaining 25% of the respondents are not aware about the direct selling industry.

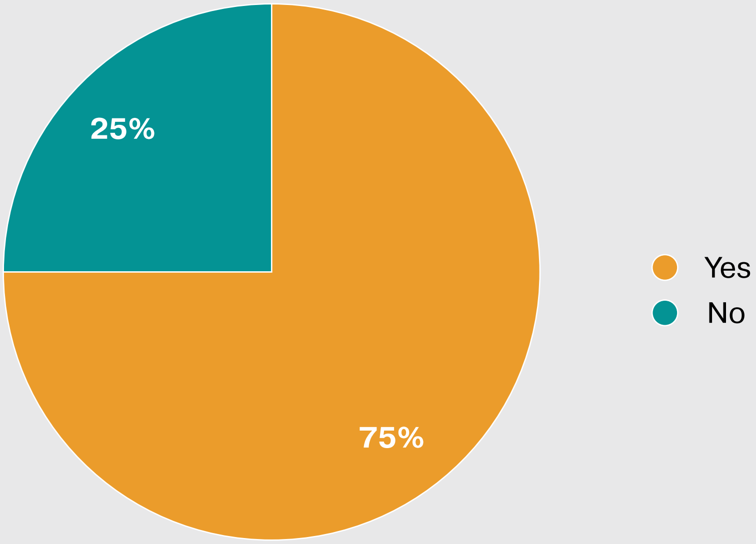


Figure 69– Customers from tier 1 cities on awareness on Direct Selling industry

From the tier 2 cities segment, 73% of the respondents are aware about the direct selling industry whereas the remaining 27% of the respondents are not aware about it.

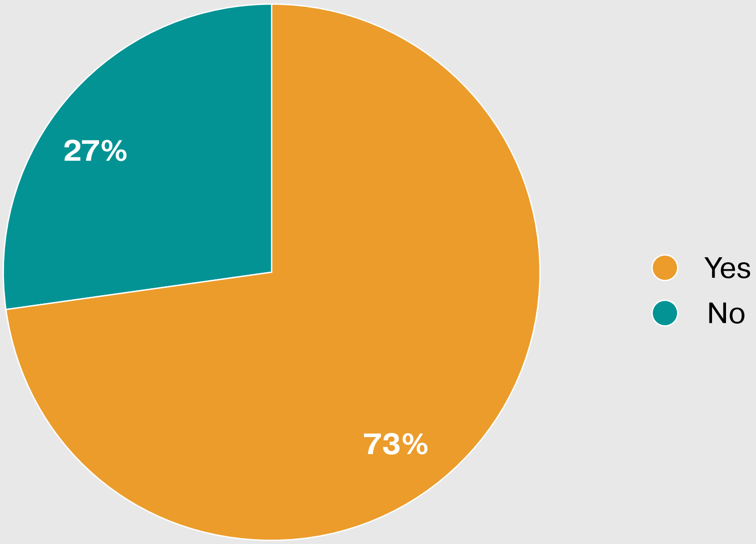
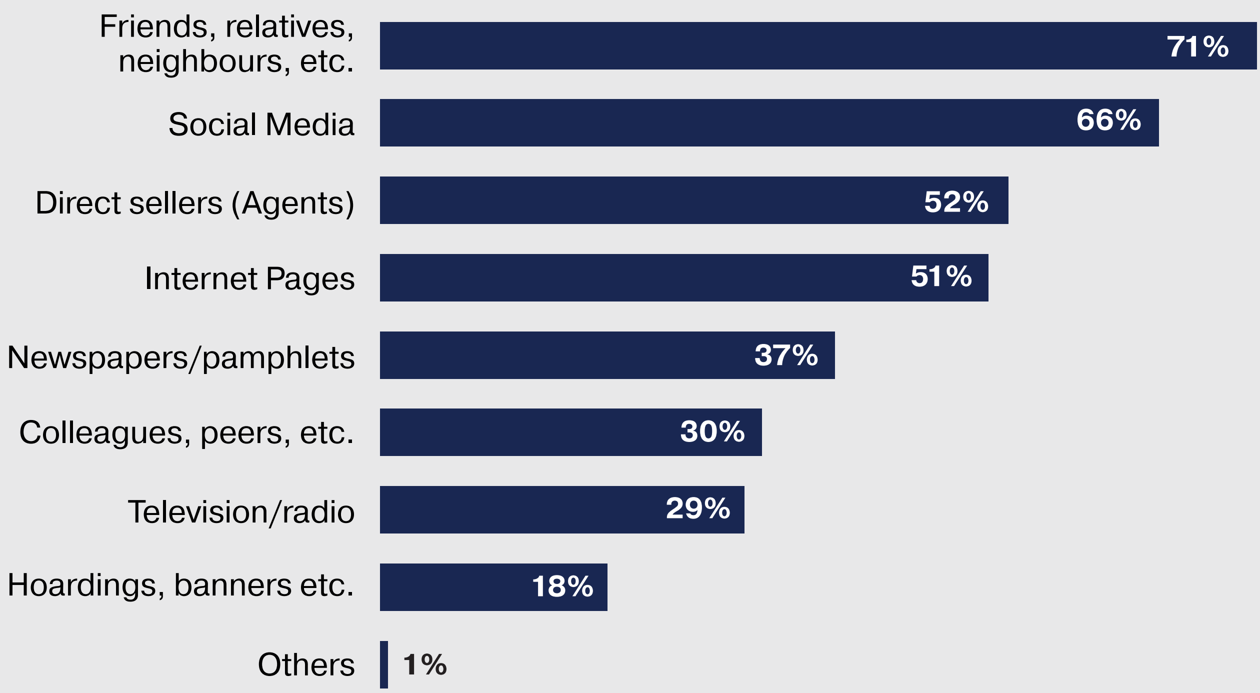


Figure 70– Customers from tier 2 cities on awareness on Direct Selling industry

Source of awareness about direct selling

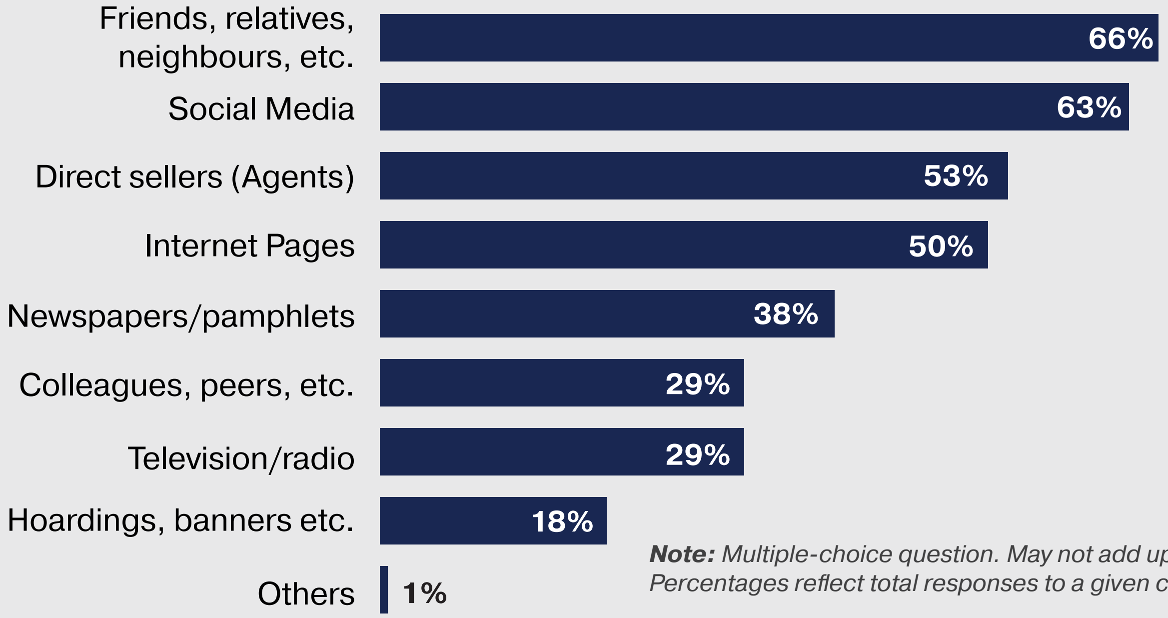
At an overall level including both the genders, a majority 71% of the respondents' main source of awareness came from friends, relatives, and neighbors. Friends and relatives tend to share their experiences of direct selling products, direct sellers, and the benefits received with others leading to increased awareness. 66% of the customers came to know about direct selling from social media through digital ads and direct sellers reaching out through online messaging services like Facebook messenger. 52% of the customers came to know about direct selling from colleagues and peers. Internet pages contribute to building awareness for 51% consumers about direct selling industry.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 71– Source of awareness on Direct Selling industry

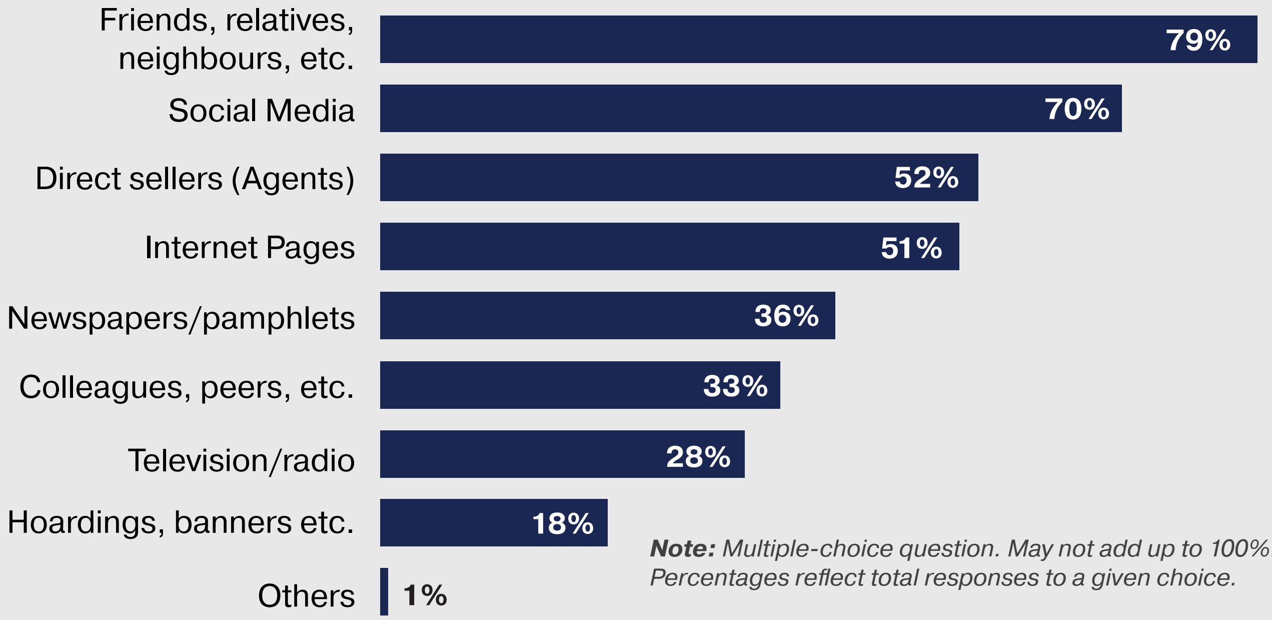
Within the male segment of the total sample, 63% of the customers came to know about direct selling from social media. Majority 66% of the customers' main source of awareness came from friends, relatives, & neighbors. 53% of the customers came to know about direct selling from colleagues and peers. Internet pages contribute to building awareness of the direct selling industry, for 50% of the customers.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 72– Source of awareness on Direct Selling industry (male segment)

From the female segment of the total sample, 70% of the customers came to know about direct selling from social media. Majority 79% of the customers' main source of awareness came from friends, relatives, & neighbors. 52% of the customers came to know about direct selling from colleagues and peers. Internet pages account for 51% of customers in building awareness about direct selling industry.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 73– Source of awareness on Direct Selling industry (female segment)

From the metro cities, 72% of the customers came to know about direct selling from social media. Majority 77% of the customers' main source of awareness came from friends, relatives, & neighbors. 61% of the customers came to know about direct selling from colleagues and peers. Internet pages contribute to building awareness for 59% of the customers about direct selling industry.

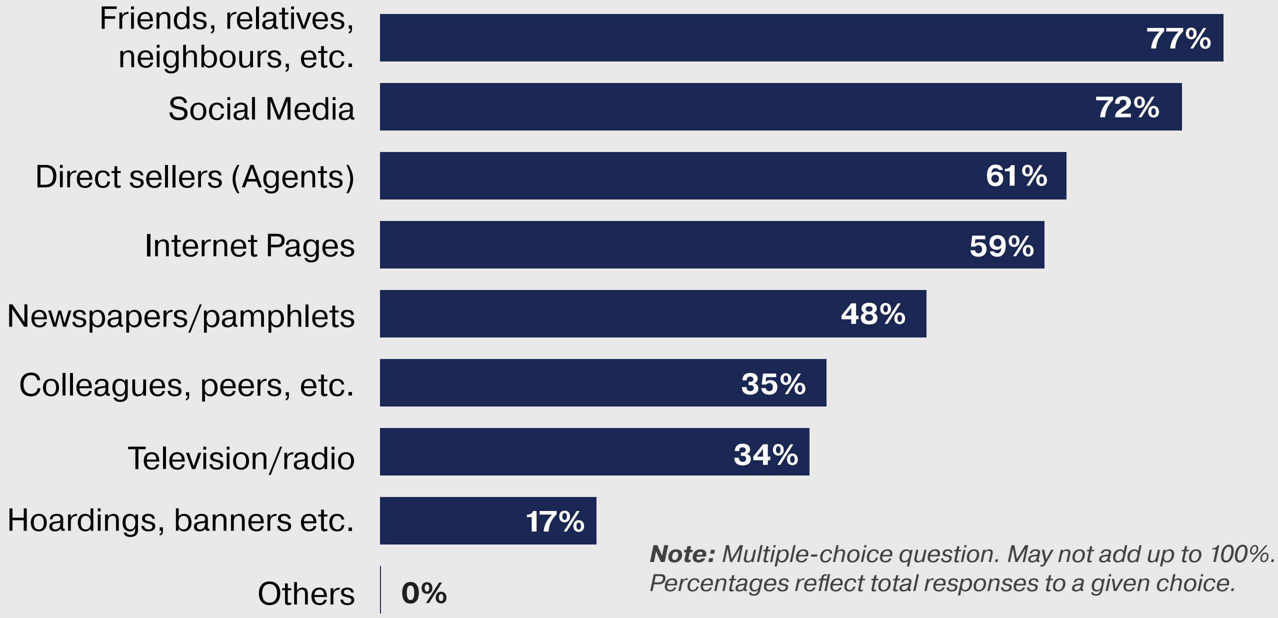


Figure 74– Source of awareness on Direct Selling industry (metro cities segment)

From the tier 1 cities, 60% of the customers came to know about direct selling from social media. Majority 67% of the customers' main source of awareness came from friends, relatives, & neighbors. 52% of the customers came to know about direct selling from colleagues and peers. Internet pages contribute to building awareness for 43% of the customers about direct selling industry.

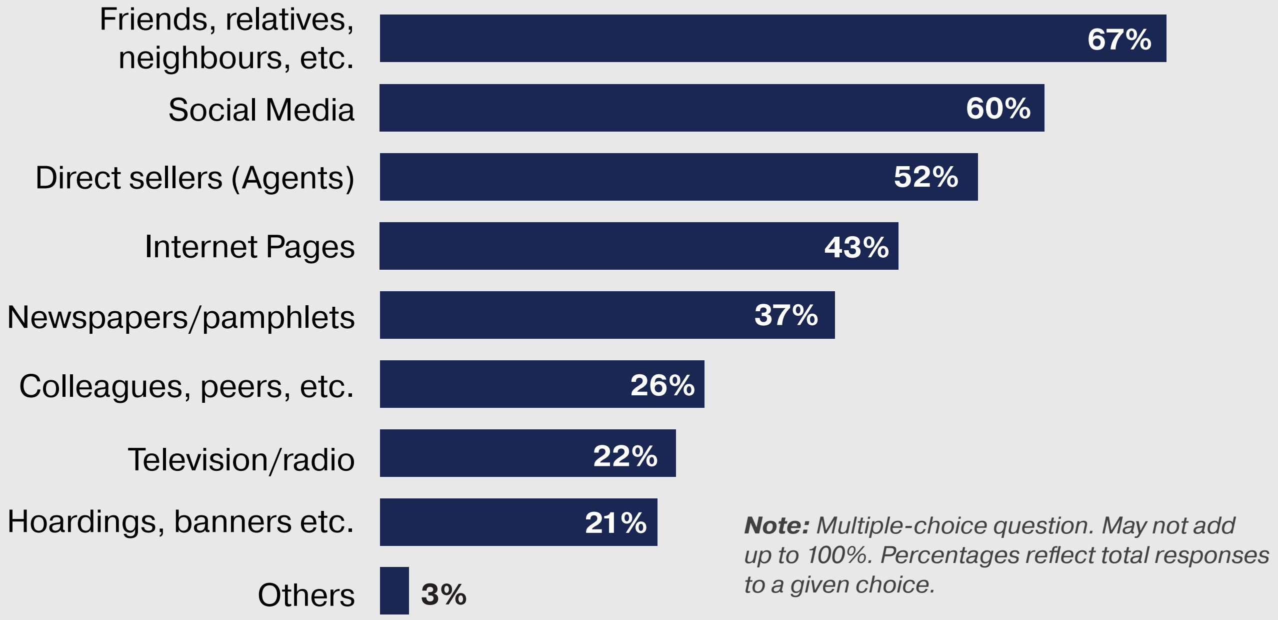
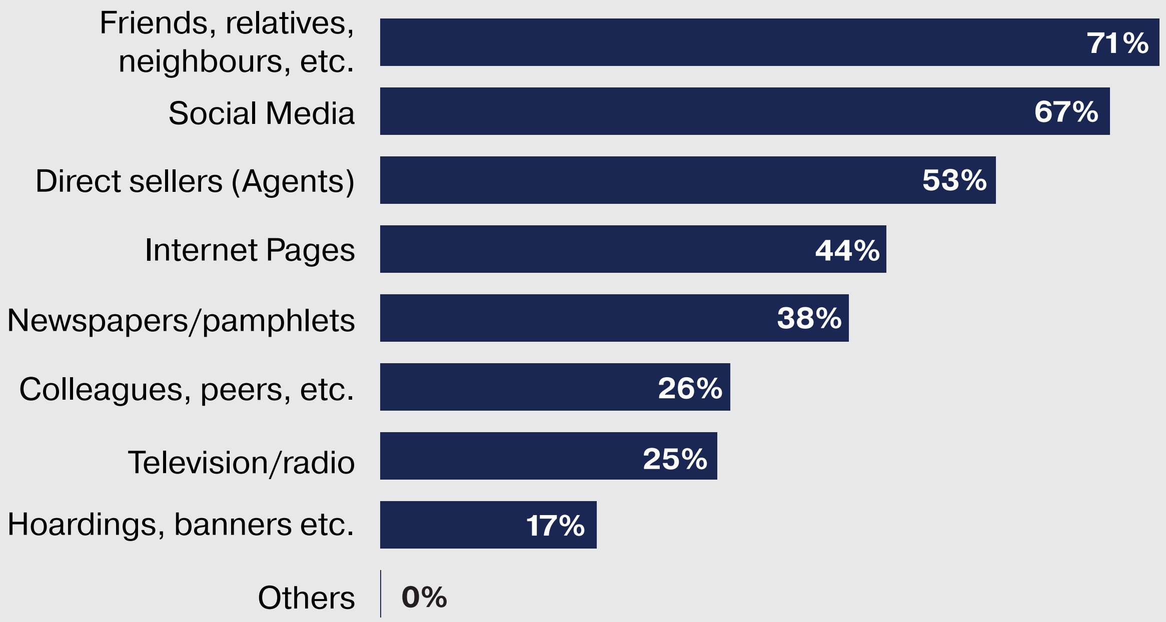


Figure 75– Source of awareness on Direct Selling industry (tier 1 cities segment)

From the tier 2 cities, 67% of the customers came to know about direct selling from social media. Majority 71% of the customers' main source of awareness came from friends, relatives, & neighbors. 53% of the customers came to know about direct selling from colleagues and peers. Internet pages contribute to building awareness for 44% of customers about direct selling industry.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 76– Source of awareness on Direct Selling industry (tier 2 cities segment)

Most recalled IDSA Members

Amongst the most well-known direct selling companies that the respondents recalled, the top 5 companies are IDSA members.

- Amway
- Herbalife
- Tupperware
- Oriflame
- Avon
- Modicare

Perceived trustworthiness of the direct selling industry

The respondents were asked to rate the trustworthiness of direct selling on a scale of 1 to 10 with 1 being least trustworthy and 10 being most trustworthy.

The direct selling industry is perceived to be highly trustworthy, across gender and town class. The overall rating for the trustworthiness stands at 7.38. In town class, the trustworthiness falls as we move from metro to tier 2.

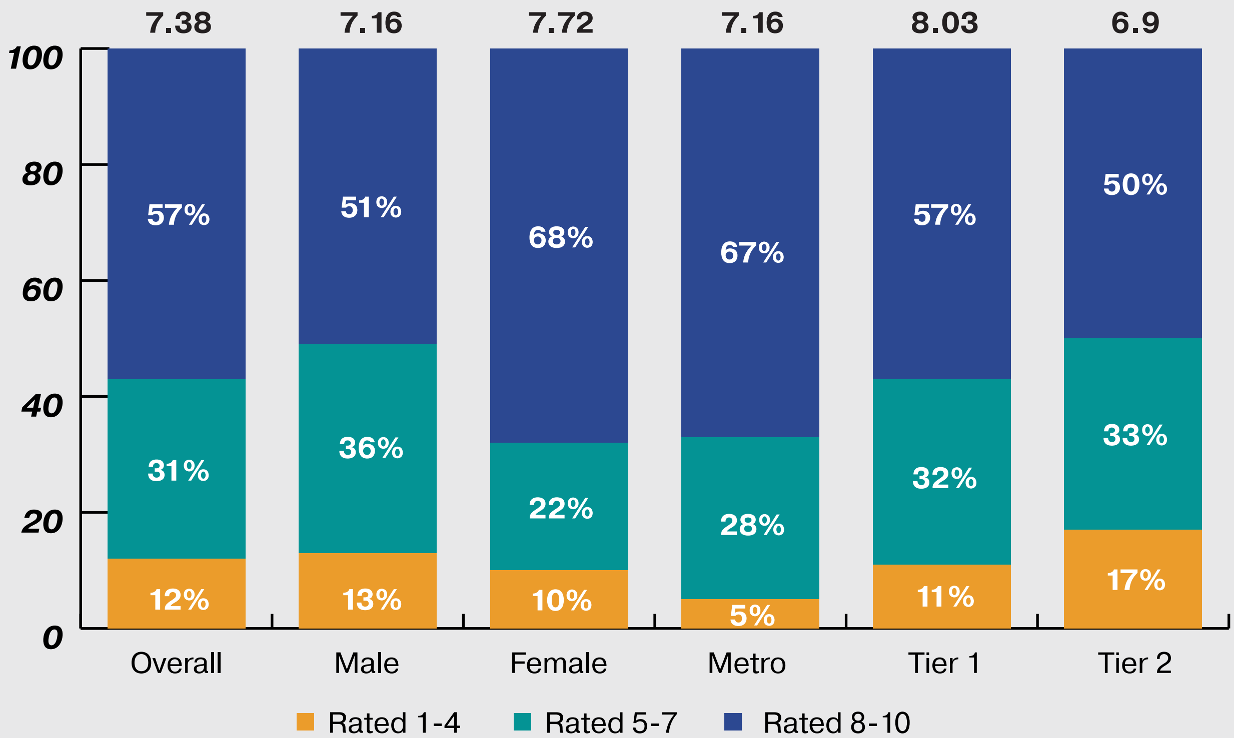
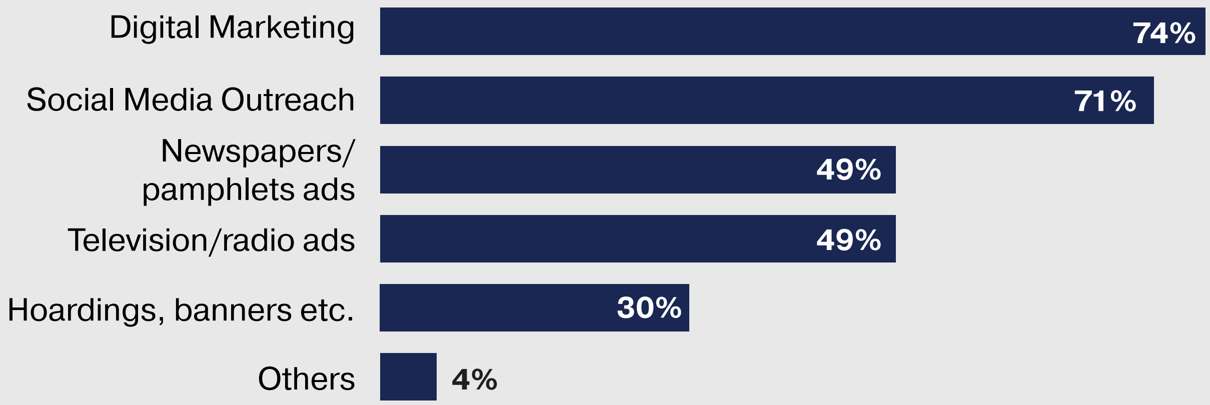


Figure 77– Perceived trustworthiness on Direct Selling industry

How can the direct selling industry increase awareness?

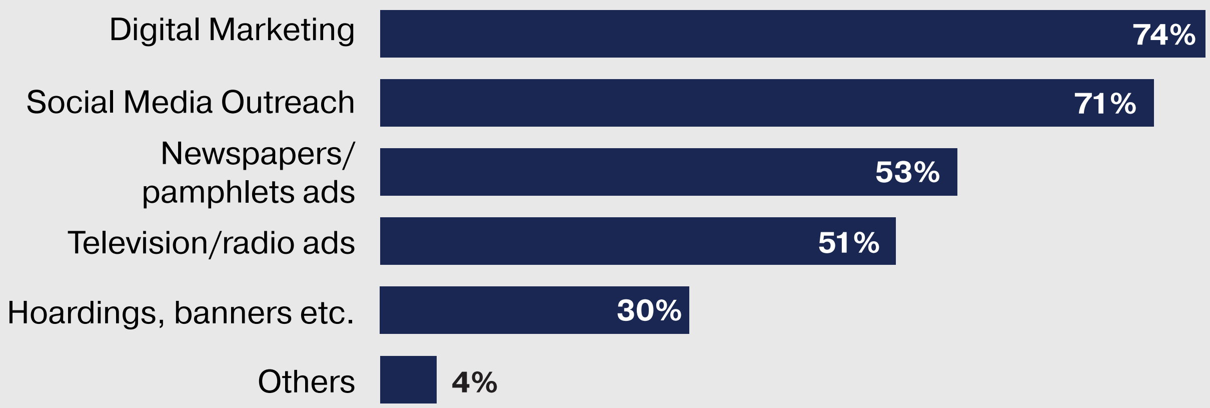
At an overall level, 74% of the respondents feel that digital marketing can be used to increase the awareness of the direct selling industry by the direct sellers. As per 71% of the respondents, social media is the best source. Television and radio ads serve as the platform to increase awareness of direct selling as per 49% of the respondents while 30% of them feel the same for hoardings and banners.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 78– Sources to increase awareness of Direct Selling industry

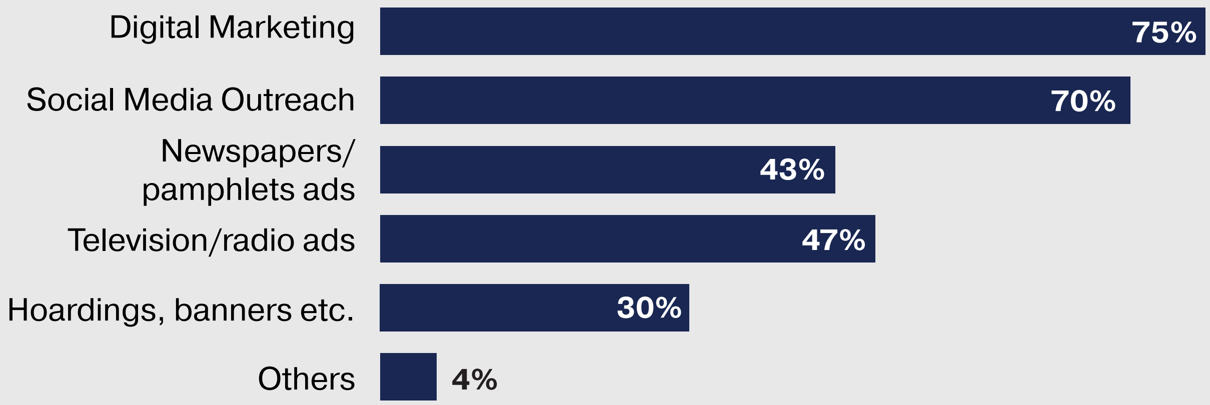
In the male segment, 74% of the respondents feel that digital marketing can be used to increase the awareness of the direct selling industry by the direct sellers while according to 71% of the respondents, social media is the best source. Television and radio ads serve as the platform to increase awareness of the direct selling according to 51% of the respondents while 30% feel the same for hoardings and banners.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 79– Sources to increase awareness of Direct Selling industry (male segment)

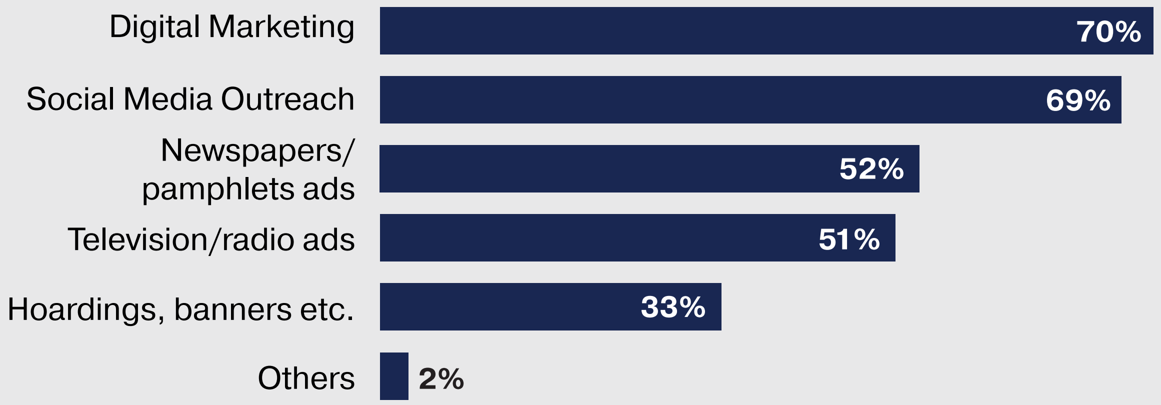
In the female segment, 75% of the respondents feel that digital marketing can be used to increase awareness of the direct selling industry by the direct sellers, while according to 70% of the respondents, social media is the best source. Television and radio ads serve as the platform to increase awareness of direct selling, according to 47% of the respondents while 30% feel the same for hoardings and banners.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 80– Sources to increase awareness of Direct Selling industry (female segment)

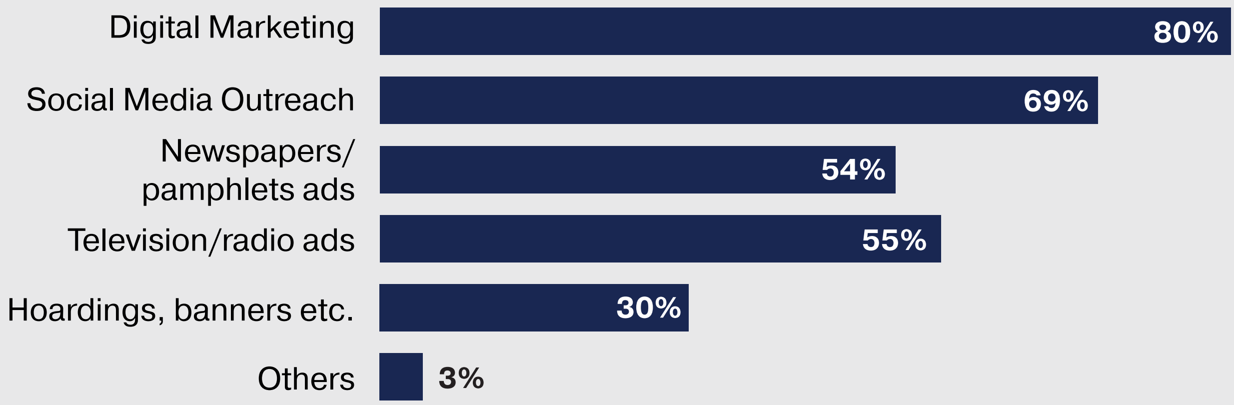
From the metro cities, 70% of the respondents feel that digital marketing can be used to increase the awareness of the direct selling industry by the direct sellers while according to 69% of the respondents, social media is the best source. Television and radio ads serve as the platform to increase awareness of direct selling, according to 51% of the respondents while 33% feel the same for hoardings and banners.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 81– Sources to increase awareness of Direct Selling industry (metro cities segment)

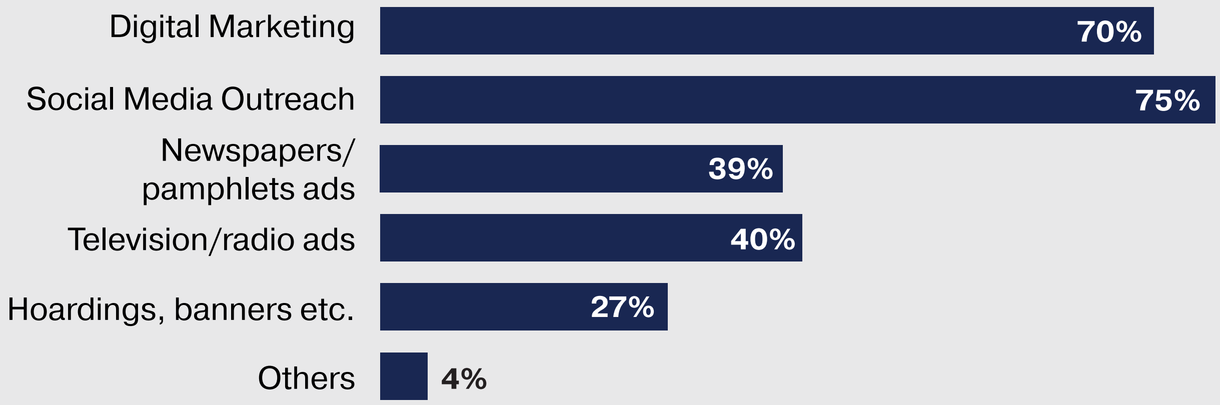
From the tier 1 cities, 80% of the respondents feel that digital marketing can be used to increase awareness of the direct selling industry by the direct sellers, while according to 69% of the respondents, social media is the best source. Television & radio ads serve as the platform to increase awareness of the direct selling according to 55% of the respondents while 30% feel the same for hoardings and banners.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 82– Sources to increase awareness of Direct Selling industry (tier 1 cities segment)

From the tier 2 cities, 70% of the respondents feel that digital marketing can be used to increase awareness of the direct selling industry by the direct sellers, while according to 75% of the respondents, social media is the best source. Television & radio ads serve as the platform to increase awareness of the direct selling according to 40% of the respondents, while 27% feel the same for hoardings and banners.



Note: *Multiple-choice question. May not add up to 100%. Percentages reflect total responses to a given choice.*

Figure 83– Sources to increase awareness of Direct Selling industry (tier 2 cities segment)

TEAM IDSA

Rini Sanyal
Chairperson

Rajat Banerji
Vice Chairman

Vivek Katoch
Treasurer

Jitendra Jagota
Secretary

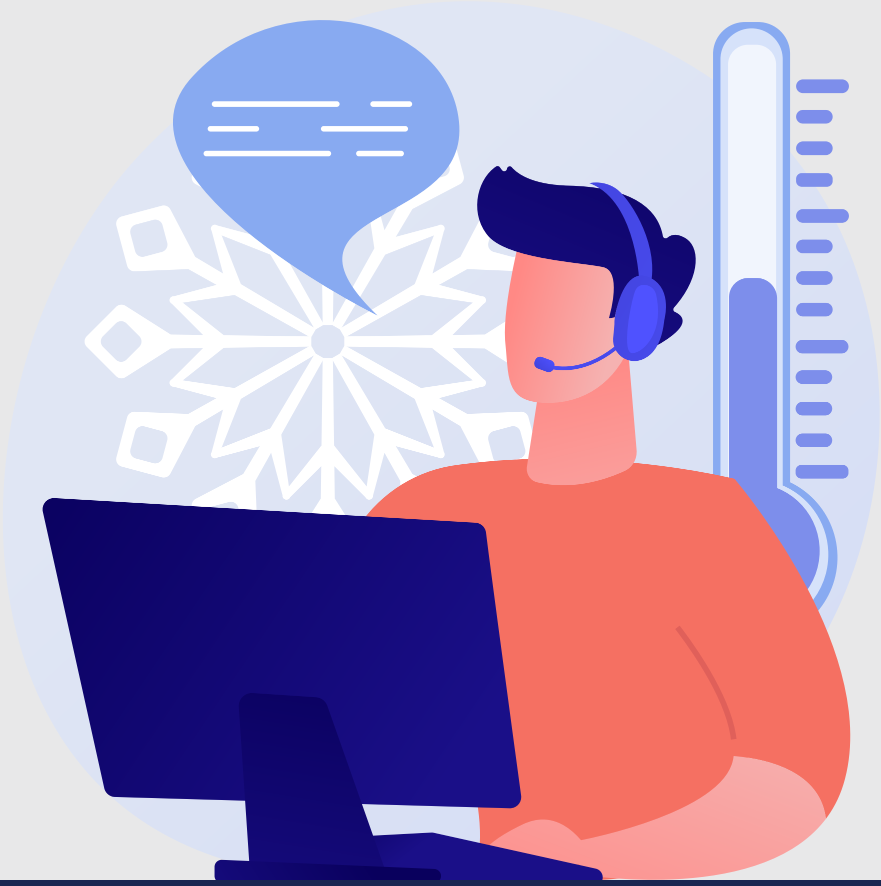
Chetan Bhardwaj
General Manager

Abhishek Kumar
Assistant General Manager

TEAM IPSOS STRATEGY3

Mr. Bhasker Canagaradjou,
India Head, Ipsos Strategy3
Bhasker.canagaradjou@ipsos.com

Mr. Jayant Kumar
Senior Consultant, Ipsos Strategy3,
Jayant.kumar@ipsos.com



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Off Western Express Highway Goregaon East, Mumbai – 400063, India