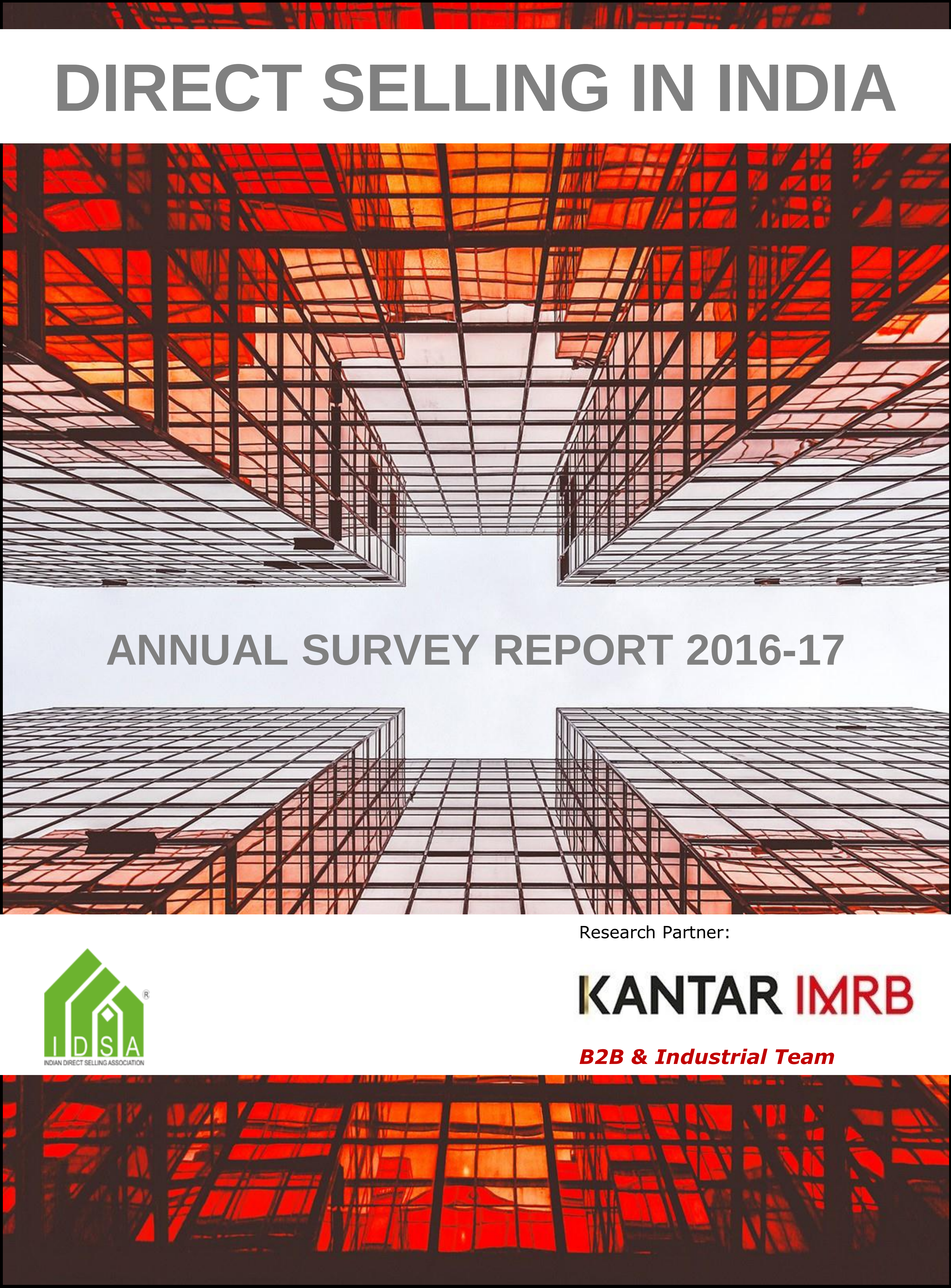
DIRECT SELLING IN INDIA



ANNUAL SURVEY REPORT 2016-17

Research Partner:

KANTAR IMRB

B2B & Industrial Team

IDSA

INDIAN DIRECT SELLING ASSOCIATION

Message from Senior Executive Director, Kantar IMRB

The Annual Survey for Indian Direct Selling Industry 2016-17 is an addition to the series of annual surveys to assess the overall growth dynamics of the industry. Every year, Indian Direct Selling Association (IDSA) comes out with a "state of the industry" report as part of its focus to keep stakeholders both within the ecosystem and those beyond updated on the direct selling industry. IDSA partnered with Kantar IMRB to come up with a detailed report which would provide an overall perspective on the industry with inputs from Direct Sellers and the Direct Selling Entities to understand the key challenges and growth drivers for the Industry to grow to its potential.

Mr. Puneet Avasthi,
Senior Executive Director, Kantar IMRB

Direct Selling has been a successful model over the last couple of decades in the country as it provides an additional source of income with the added advantage of flexible working hours. The industry has grown rapidly in the last couple years and this growth can be directly correlated with the growth in the number of Direct Sellers. Hence it is vital for the Direct Selling Entities to focus on retention of Direct Sellers through lucrative incentives and training support. This would enable the Direct Selling Entities to expand their geographic reach and cater to the needs of a growing consumer base, through retention and recruitment of new Direct Sellers.

Further, continuous introduction of new product lines along with expansion of existing product categories are equally important as it helps Direct Selling Entities to grow their share of customer expenditure. This also helps motivate Direct Sellers to stay with the business and create positive word of mouth that brings in more Direct Sellers in the fold.

Fraudulent organizations operating in the guise of legal Direct Selling Entities are a key barrier to the growth of the Direct Seller base. Incidents of fraud by such fraudulent organizations have created some doubts amongst the general population about the safety of their investments.

The Direct Selling Guidelines issued by the Ministry of Consumer Affairs are a welcome step for Industry stakeholders as they foster a sense of confidence and trust. This is expected to boost the growth of Direct Selling through increased awareness among people and reduction of fraud.

A key challenge faced by the Direct Selling Industry are illegal sales of Direct Selling products through E-commerce websites, without any consent of the Direct Selling Entities. This often results in poor customer experience and impacts the earnings of a genuine Direct Seller. A regulatory framework which prohibits E-commerce websites from selling Direct Selling goods would help in curbing this challenge.

I appreciate the vigorous efforts of Kantar IMRB team led by Mr. Sankalp Shrie, Group Account Director assisted by team members – Mr. Rahul Bharadwaj, Senior Account Manager, Mr. Rajat Pratap Singh, Senior Research Manager, Mr. Som Sekhar Ganguly, Research Manager and Mr. Pankaj Tuteja, Associate Research Manager.

I would like to also express my gratitude towards the IDSA team and IDSA member organizations for providing their continued co-operation and support, by providing crucial information in preparation of the Annual Survey report.

Message from Chairman, IDSA

It gives me immense pleasure and pride to present to you the latest edition of the Annual Survey Report for the financial year 2016-17.

This study of Direct Selling is undertaken every year to asses and analyze potential of the Direct Selling Industry in India. Over the past few years, the Annual Survey Report of IDSA has gained a lot of significance among the government department and other industry stakeholders. This report is often referred by government officials and Industry players. This report is a result of an in-depth research, both primary and secondary, and there is plenty of data on Direct Selling Industry for the readers to have first-hand information on.

Mr. Vivek Katoch,
Chairman, IDSA

Put together by IDSA's new Knowledge Partners, Kantar IMRB, this year's survey gives emphasis on the important role played by the Direct Sellers. It goes without saying that the success of any company and its products depends upon effectiveness of its sales force and Direct Selling is no different. Our Direct Sellers are the backbone of this Industry, driving sales of all the companies. As individual representatives of the Direct Selling companies, these Direct Sellers carry a huge responsibility on their shoulders to convey the right information on commodities and our Direct Sellers remain committed towards the same. These Direct Sellers, while making sales pitch carry out demonstration of products which is a vital part of Direct Selling business.

It is due to the Direct Sellers that Direct Selling products have made their way to all corners of the country. Today, consumers are very well aware of the Direct Selling brands, thanks to the hard-work and commitment of the Direct Selling sales force. These Direct Sellers come from all walks of the society, irrespective of gender, age, education, to become a team to reach out to the wide-spread consumers in their respective areas & regions. The report highlights some of the major contribution that can be attributed to the Direct Sellers of the Industry.

The year 2016-17 has been a very significant year for the Industry as the Ministry of Consumer Affairs, Food & Public Distribution, Government of India notified Direct Selling Guidelines, giving a much-needed definitional clarity to the Industry. In addition, the Guidelines also distinguish between Direct Selling and Pyramid Schemes, operating under the guise of Direct Selling. It is pertinent to mention that the Direct Selling Guidelines has indeed paved towards more regulatory clarity in the coming times.

On behalf of the Direct Selling Industry, I would like to thank the Ministry of Consumer Affairs, Government of India for notifying the Direct Selling Guidelines in 2016. I express my gratitude to the government for taking such a positive step towards ease of doing business in the country. I would also take this opportunity to thank the state governments of Chhattisgarh, Sikkim, Telangana, Andhra Pradesh and Odisha for having adopted the Central Guidelines. We remain hopeful that other state governments will also issue the central guidelines shortly.

The Annual Survey Report 2016-17 brings to fore the vibrancy of the Direct Selling Industry which is very much evident by the fact that it has made so many contributions to the nation, its economy, to the livelihood of Direct Sellers and the society. I firmly believe that the Industry will continue to progress on the back of increased investments by foreign companies in the areas of manufacturing and procurement in the country. Needless to say, Industry-friendly policies by the government, will result in a conducive environment for all the sectors, including Direct Selling.

On behalf of Team IDSA, I take this opportunity to express our gratitude to Kantar IMRB Senior Executive Director, Mr. Puneet Avasthi and Group Account Director, Mr. Sankalp Shrie along with his team members Rahul Bharadwaj, Rajat Pratap Singh, Som Sekhar Ganguly and Pankaj Tuteja for their dedicated efforts to put together this report.

I would also like to thank all the survey participants who participated in the survey and shared valuable information towards the cause. My special thanks to all IDSA member who extended their whole-hearted support to team IDSA and Kantar IMRB to put together this report. IDSA is pledged to continue to its advocacy efforts with central and state governments, proposing appropriate policy framework and represent the interest of the Industry.

Executive Summary

Direct Selling is selling of goods and services to consumers away from fixed retail outlet, generally at their homes or work places, through appointments, referrals. The products are sold through individual representatives of Direct Selling entities called Direct Sellers who carry out thorough demonstration while making such sales. The Direct Selling Guidelines issued by the Ministry of Consumer Affairs defines:

- "Direct Selling" as marketing, distribution and sale of goods or providing of services as a part of network of Direct Selling other than under a pyramid scheme.
- "Direct Seller" means a person appointed or authorized, directly or indirectly, by a Direct Selling Entity through a legally enforceable written contract to undertake Direct Selling business on principal to principal basis.
- "Direct Selling Entity", means an entity, not being engaged in a pyramid scheme, which sells or offers to sell goods or services through a direct seller.
- "Network of Direct Selling" means a network of Direct Sellers at different levels of distribution, who may recruit or introduce or sponsor further levels of direct sellers, who they then support.

The global Direct Selling Industry has been on a rise with a growth of around USD 3bn with Asia-Pacific contributing to about 46% of the Direct Selling Sales. United States is the leading country in terms of Direct Selling Sales with around 19.46% of the Direct Selling Sales globally. United States is closely followed by China with a share of 18.56% in the global Direct Selling Sales.

The Direct Selling Industry in India is growing at a CAGR of 8.42% over the period 2013-14 to 2016-17 when it has grown to INR 1,03,242 million (INR 10,324.2 crores) in 2016-17 from INR 74,722 million (INR 7,472.2 crores in 2013-14). This can be accounted to the growth in the number of Direct Sellers involved which has risen to around 5.1 million in 2016-17 from 3.9 million in 2015-16 showing a robust growth of 30.1%. The male proportion of Direct Sellers in India has also seen a rise with around 47% Direct Sellers in 2016-17 being male as compared to only 40.6% male Direct Sellers in 2013-14.

North region accounts for the largest share (26.3%) in the country followed by South region with a share of 23.6% in the Indian Direct Selling sales. Maharashtra has been the leading state with an overall share of around 12.89% in the Indian Direct Selling sales.

The Direct Selling Entities also play a key role in development of economy since they provide an employment opportunity to large number of people across the nation. The Direct Selling Entities either manufacture products in India or outsource the production to MSME's which is a huge boost towards employment generation as well as "Make in India" campaign.

Few unique innovations by the Direct Selling Entities are:

- Efficient use of Technology by Direct Selling Entities to target more number of Direct Sellers.
- Continuos innovation by introducing new products and also expanding existing product categories.
- Usage of Social Media to reach out to larger number of younger population.

The **key drivers** behind the growth of Direct Selling Industry in India are:

- Introduction of Direct Selling Guidelines by the Ministry of Consumer Affairs
- Various States Implementing Direct Selling Guidelines
- Adequate Training and Support from Direct Selling Organizations
- Employment opportunity & Entrepreneurship
- Additional Source of Income
- Flexible Working Hours
- Additional Incentives Provided by Direct Selling Entities
- Continuous Introduction of New Products by Direct Selling Entities to cater large consumer base

The **key challenges** faced by Direct Selling Industry in India are:

- E-commerce websites selling Direct Selling products without the consent of Direct Selling Entities
- Negative Impact of the Fraudulent Organizations running in disguise of Legal Direct Selling Entities Affecting the Image of Direct Selling Industry
- High Attrition of Direct Sellers since Direct Selling Organizations regularly come up with attractive schemes
- Cumbersome Food Business Operator (FBO) Registration Process
- Transportation and Storage Issues with respect to Direct Selling Products in the North-Eastern states

The survey among the Direct Sellers across the country showed that 41% of the Direct Sellers were associated with the Industry since last 2-3 years whereas around 32% of the Direct Sellers were associated for more than 3 years'. 34.5% of the respondents belong to the age group of 35-44 years whereas 32.8% of the respondents belong the age group of 25-34 years. The age group 25-44 years constitutes more than two-thirds of the total Direct Sellers interviewed across the country. The young generation is actively accepting the Direct Selling business model as a source of income and hence these Direct Selling Entities should focus on targeting these age groups to increase the number of Direct Sellers every year for continuous growth of Direct Selling Industry.

Out of the 3019 Direct Sellers, around 51% of the respondents were involved in business or were self-employed. Around 25% of the respondents were full-time employees. This indicates the fact that Direct Selling is an attractive business model since it provides an opportunity to earn additional income. Full-time employees also being a part of the Direct Selling model gives an indication of the fact that Direct Selling has an advantage of flexible working hours. 17% of the Direct Sellers were Housemakers / Housewives which shows that Direct Selling is promoting entrepreneurship. Hence, the Direct Selling Entities should focus people looking for entrepreneurship roles, flexible working hours with an added advantage of earning extra income.

Around 84% of the Direct Sellers came to know about Direct Selling from their friends, relatives, neighbors etc. Around 23% of the Direct Sellers came to know about Direct Selling from other Direct Sellers who were already active in Direct Selling. 47% of the Direct Sellers joined Direct Selling since it provides an opportunity to earn extra income whereas 16% Direct Sellers joined Direct Selling because it offers self-employment opportunities.

Three-fourth of the Direct Sellers interviewed across the country were selling Cosmetics and Personal Care products through Direct Selling model whereas the second most favored product category was wellness products which were sold by 52% of the Direct Sellers. The Direct Selling Entities can focus on expanding these product categories to increase their sales, which would help continuous growth of Direct Selling Industry.

Around 14% of the Direct Sellers (413 Direct Sellers) had switched from one Direct Selling organization to another. 39% of these Direct Sellers shifted the Direct Selling Organization citing high price of the product as the most important reason. 19% of the Direct Sellers feel that lower margins and lower profits was the most important reason to discontinue their association with Direct Selling organization. To avoid Direct Sellers shifting from one entity to another, the Direct Selling Entities should focus on keeping the product price optimum and providing adequate margins and profits to the Direct Sellers to increase their Direct Sellers base and retain their existing Direct Seller base.

At an overall level, out of the 3019 Direct Sellers interviewed, around 27% of the respondents feel that the e-commerce websites selling Direct Selling products is the most critical challenge faced by them with respect to Direct Selling. The Government needs to establish a regulatory framework which should focus on e-commerce websites prohibiting the sale of Direct Selling goods without the consent of Direct Selling Entities. 20% of the respondents believe that the non-availability of products is the most critical challenged faced by them while getting involved in Direct Selling. The Direct Selling Entities should focus on timely delivery and availability of the products for improved satisfaction of their Direct Sellers.

Direct Sellers, who are termed as the “Backbone of the Direct Selling Industry” are very satisfied with the Direct Selling Model since 85% Direct Sellers said that they were likely to recommend Direct Selling Products this year. 87% of the Direct Sellers interviewed said that they would continue doing Direct Selling this year which would give a huge boost to the growth of Direct Selling Industry. This is a positive step for the Direct Selling Entities since it would help in continuous growth of the Direct Selling Industry in India.

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Background of the study

The various objectives of the study were:

- To understand the current market landscape in the Direct Selling market.
- To understand the competitive landscape in the Direct Selling market.
- Key driving factors for the growth of the market.
- Emerging trends – new players / products entering into the market.
- Key challenges & sensitivities involved – regulatory framework, consumer acceptance, perception & awareness level.
- Future outlook of the Direct Selling market.

The Direct Selling organizations, both members and non-members, of IDSA were the target segments to understand the current Direct Selling market. They were also interviewed to understand the prevalent regulatory framework having a bearing on Direct Selling industry.

Apart from the Direct Selling organizations, the Direct Sellers associated with these Direct Selling organizations were also interviewed to understand their association with the Direct Sellers on overall performance, likelihood to recommend, likelihood to continue. They were also interviewed to understand the challenges faced with regards to product quality, availability, emergence of organized retailing, e-commerce offering similar products etc.

The Direct Sellers were further classified basis their tenure of association to capture the market perception across the lifecycle and take corrective measure. The Direct Sellers were classified into the following segments:

- Start-up Phase - Direct Sellers with less than 2 years' experience.
- Consolidation / Growing Phase – Direct Sellers with 2-3 years' experience.
- Mature Phase – Direct Sellers with more than 3 years' experience.

The study was covered in 29 cities across India. The cities were classified as:

- Metro Cities – Cities with population more than 3 million.
- Tier 1 Cities – Cities with population between 1 and 3 million.
- Tier 2 Cities – Cities with population less than 1 million.

The following table provides the actual sample size that was covered in the 29 cities across different zones and the different city types: Metro, Tier 1 and Tier 2. The sample size was also classified according to the following segments according to the experience of Direct Sellers:

- Direct Sellers with less than 2 years' experience.
- Direct Sellers with 2-3 years' experience.
- Direct Sellers with more than 3 years' experience.

The fieldwork for the project was carried out during the months of December 2017 and January 2018. These interviews were conducted using Computer Aided Personal Interview (CAPI) on Android powered tablets.

Table 1: Sample Size covered across 29 cities

Zone	Type of City	Cities	Segment			Total
			Less than 2 years	2-3 years	More than 3 years	
North	Metro	New Delhi	48	92	58	198
	Tier 1	Jaipur, Ludhiana and Lucknow	93	145	68	306
	Tier 2	Chandigarh	16	26	18	60
Total			***157***	***263***	***144***	***564***
South	Metro	Bengaluru, Chennai and Hyderabad	107	163	173	443
	Tier 1	Kochi and Trivandrum	86	61	56	203
	Tier 2	Trivandrum, Coimbatore, Mysore and Vizag	35	104	72	211
Total			***228***	***328***	***301***	***857***
East	Metro	Kolkata	50	56	55	161
	Tier 1	Bhubaneshwar, Guwahati and Patna	93	127	115	335
	Tier 2	Raipur, Ranchi, Siliguri and Shillong	66	105	90	261
Total			***209***	***288***	***260***	***757***
West	Metro	Ahmedabad, Mumbai and Pune	140	202	155	497
	Tier 1	Indore and Nagpur	54	96	57	207
	Tier 2	Rajkot and Bhopal	53	48	36	137
Total			***247***	***346***	***248***	***841***
Grand Total			***841***	***1225***	***953***	***3019***

Global Direct Selling Industry at a Glance

This chapter presents detailed findings from secondary research done on the global Direct Selling industry, the figures for which have been sourced from World Federation of Direct Selling Association (WFDSA). The chapter captures the growth of Direct Selling, share of product categories in global Direct Selling sales, along with growth of the Direct Sellers globally and top fifteen countries of Direct Selling as per sales volume globally.

Global Direct Selling Industry

According to the global Direct Selling statistics report published by WFDSA, the global Direct Selling sales have increased about 2% from USD 179.17bn in 2015-16 to USD 182.55bn in 2016-17.

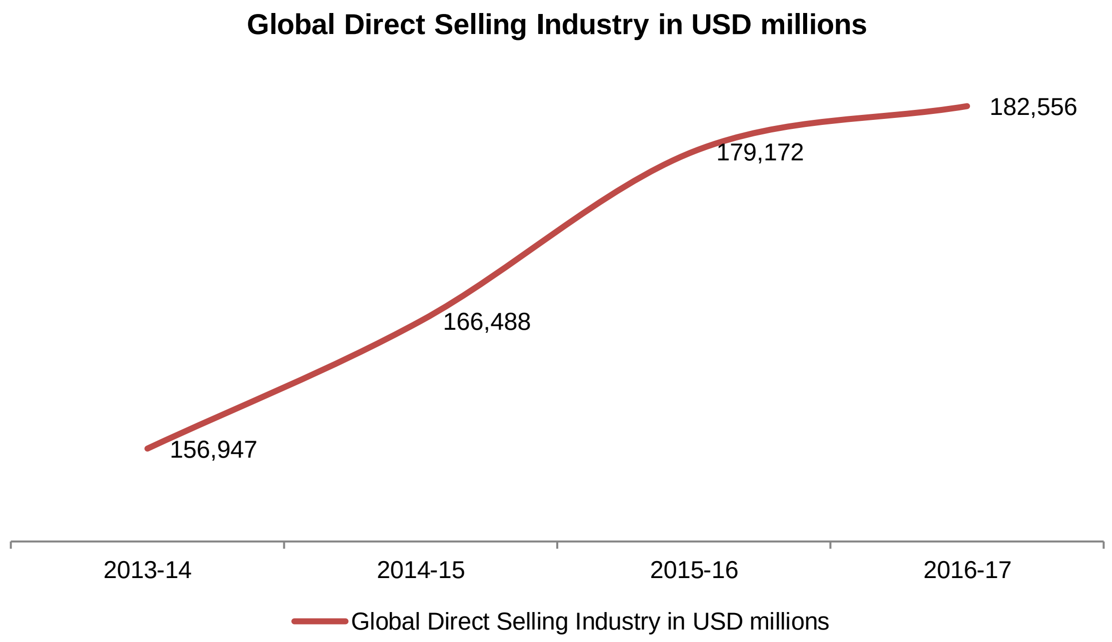

Figure 1 : Global Direct Selling industry in USD millions

The global retail sales through Direct Selling increased steadily, from USD 156.9bn in 2013-14 to USD 182.5bn in 2016-17, recording growth of USD 10bn in 2014-15 and USD 13bn in 2015-16. However, in the year 2016-17, the Industry registered a slow growth with only USD 3bn. The year-on-year growth rate in 2014-15 was 6.1% whereas in 2015-16, the growth rate was 7.6%.

Direct Selling Industry Region-Wise (2016-17)[1]

Chart below shows the region-wise split of global Direct Selling industry in 2016-17.

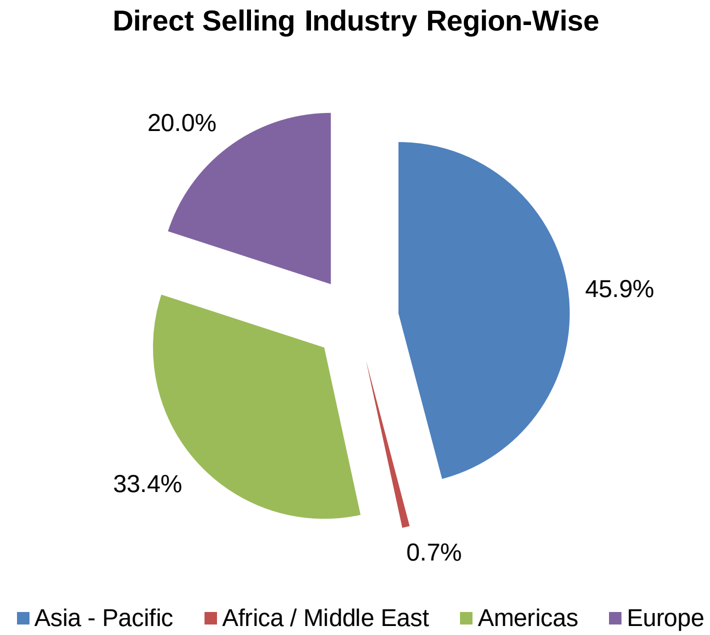

Figure 2 : Direct Selling Industry Region-wise (2016-17)

Asia-Pacific region had around 46% share in the global Direct Selling sales in 2016-17. The top countries in the Asia-Pacific region are China, Korea, Japan, Malaysia and Taiwan. Africa / Middle East region contributed the minimum with a share of only 0.7% in the global Direct Selling sales. This region includes Morocco, South Africa, Israel, United Arab Emirates and other countries of Africa. Americas (North, South and Central America) contributed to around one-third of the global Direct Selling sales in 2016-17. The top five countries in the Americas region are United States, Brazil, Mexico, Columbia and Canada. Europe contributed to about one-fifth of the global Direct Selling sales in 2016-17. The top five countries in Europe are Germany, France, United Kingdom, Italy and Russia.

[1] *https://wfdsa.org/wp-content/uploads/2017/06/Final-Sales-Report-2016-5-26-2017.pdf accessed in January 2018*

Direct Selling Industry Region-Wise[2]

Chart below shows the region-wise split of global Direct Selling industry.

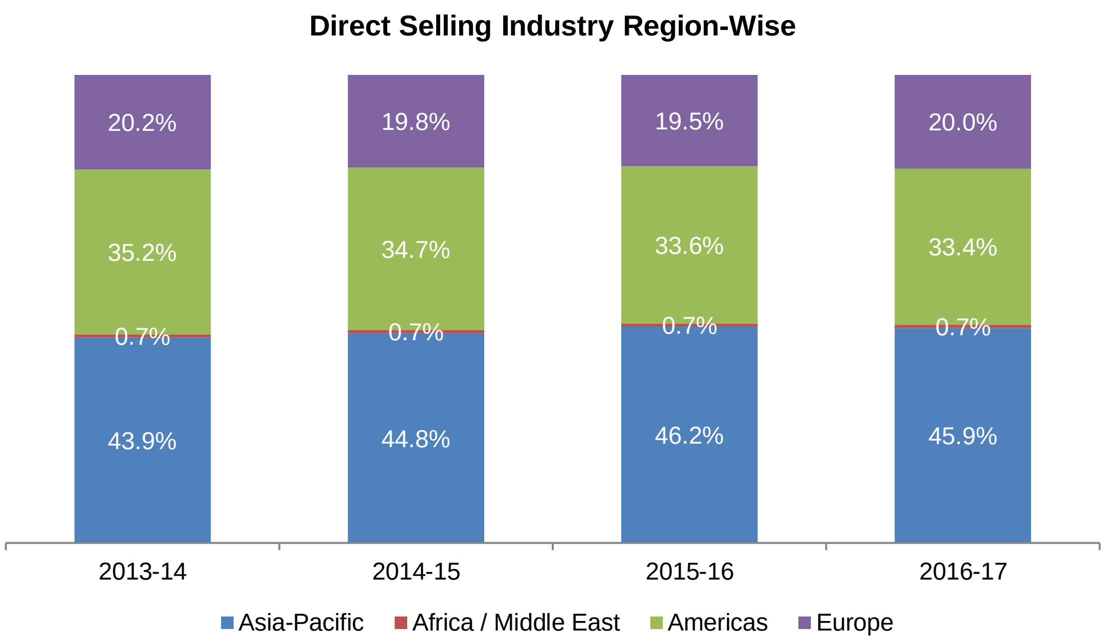

Figure 3 : Direct Selling industry region-wise

Asia-Pacific region has around 46% share in the global Direct Selling sales in 2016-17. The share of Asia-Pacific region in global Direct Selling sales has increased from 43.9% in 2013-14 to 45.9% in 2016-17. The share of Africa / Middle East region in global Direct Selling sales has remained constant at 0.7% throughout 2013-14 to 2016-17. The share of Americas region in global Direct Selling sales has decreased from 35.2% in 2013-14 to 33.4% in 2016-17. The share of Europe region in global Direct Selling sales has decreased marginally from 20.2% in 2013-14 to 20% in 2016-17.

[2] *https://wfdsa.org/wp-content/uploads/2017/06/Final-Sales-Report-2016-5-26-2017.pdf accessed in January 2018*

Global Direct Selling Sales: Product Categories[3] (2016-17)

Chart below shows the global Direct Selling sales by different product categories in 2016-17.

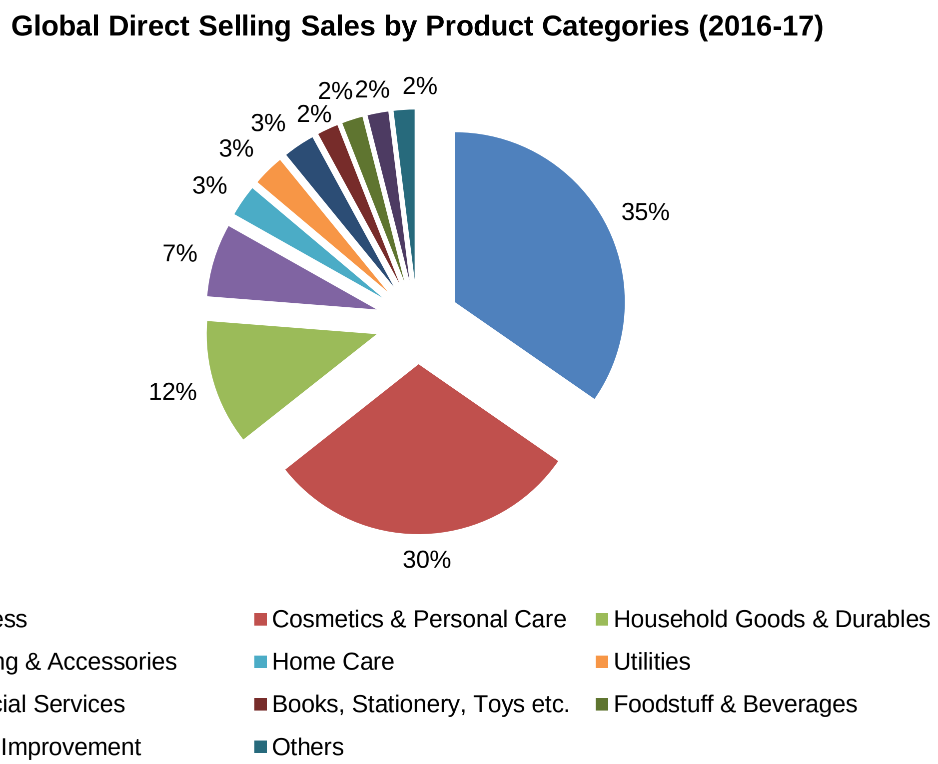

Figure 4: Global Direct Selling Sales by Product Categories

Wellness category contributes to about 35% of the global Direct Selling sales followed by cosmetics & personal care which contributes 30% share. Household goods and durables are at the third position with a share of 12% with Home care, utilities and financial services contributing to 3% each of the total Direct Selling sales across the world. Books, stationery, toys, foodstuff & beverages, home improvement and others contribute to 2% each.

[3] *https://wfdsa.org/wp-content/uploads/2017/06/Final-Product-Report-2016-5-26-2016.pdf accessed in January 2018*

Global Direct Selling Sales: Product Categories

Table below shows the global Direct Selling sales by different product categories.

Table 2 : Global Direct Selling Sales: Product Categories

	Share in global Direct Selling sales (in %)			
	2013-14	2014-15	2015-16	2016-17
Clothing & Accessories	7.0	6.6	6.6	7.3
Cosmetics & Personal Care	30.8	31.3	30.9	29.5
Home Care	2.7	2.2	2.0	2.5
Household goods / home durables	13.3	13.8	11.5	11.7
Wellness	28.9	30.0	33.6	34.8
Books, stationery, toys etc.	2.5	3.2	2.0	2.2
Foodstuff & Beverages	1.4	1.3	1.6	2.1
Home Improvement	2.1	2.0	2.7	2.2
Utilities	3.2	3.4	3.0	3.1
Financial Services	3.1	3.0	3.1	3.1
Others	5.0	3.3	3.0	1.7

Cosmetics and personal care category witnessed a dip in the share of global Direct Selling sales from 2013-14 to 2016-17. Cosmetics and personal care category had a share of 30.8% in Direct Selling sales in 2013-14 which dropped down to 29.5% in 2016-17. Wellness category had a share of 28.9% in Direct Selling sales in 2013-14 which has increased to 34.8% in 2016-17. Household goods / home durables had a share of 13.3% in Direct Selling sales in 2013-14 which has dropped down to 11.7% in 2016-17. Clothing and accessories had a share of 7% in Direct Selling sales in 2013-14 which has marginally increased to 7.3% in 2016-17. Foodstuff & beverages had a share of 1.4% in Direct Selling sales in 2013-14 which has marginally increased to 2.1% in 2016-17.

Number of Direct Sellers globally

Chart below shows the trend of number of Direct Sellers globally.

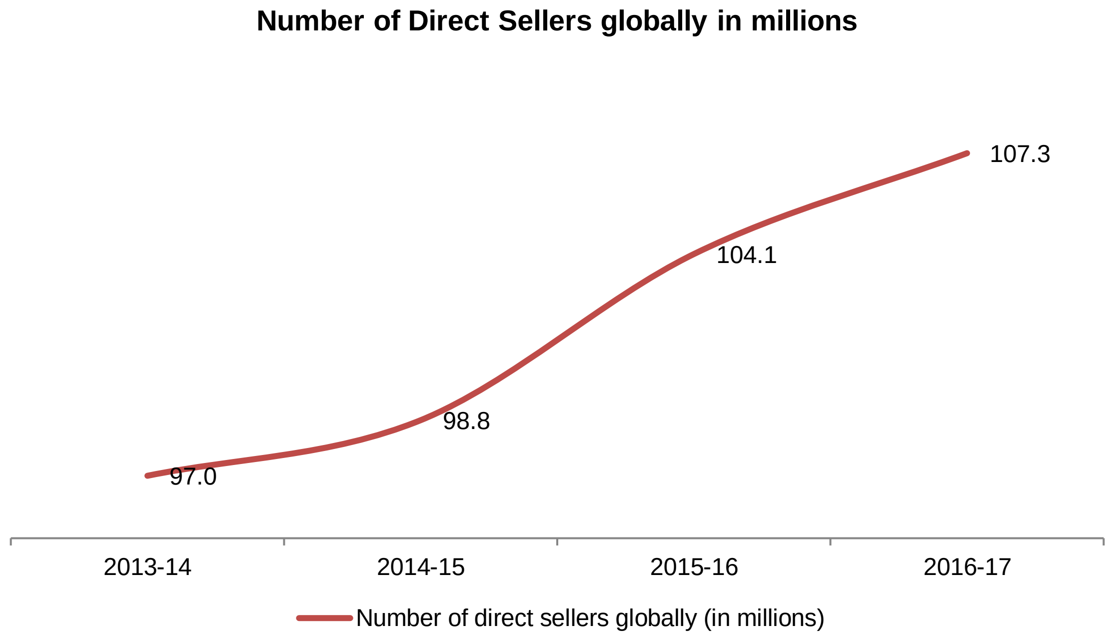

Figure 5: Number of Direct Sellers globally in millions

The number of Direct Sellers has increased in the last 4 years, by around 10 million from 97 million in 2013-14 to around 107.3 million in 2016-17. The number of Direct Sellers grew by 5.4% in 2015-16 as the numbers increased by 5.3 million from 98.8 million in 2014-15 to 104.1 million in 2015-16. The number of Direct Sellers grew by 3.1% in 2016-17 as the numbers surged by 3.2 million from 104.1 million in 2015-16 to 107.3 million in 2016-17.

Gender-wise split of Direct Sellers globally

Chart below shows the gender-wise split of Direct Sellers globally.

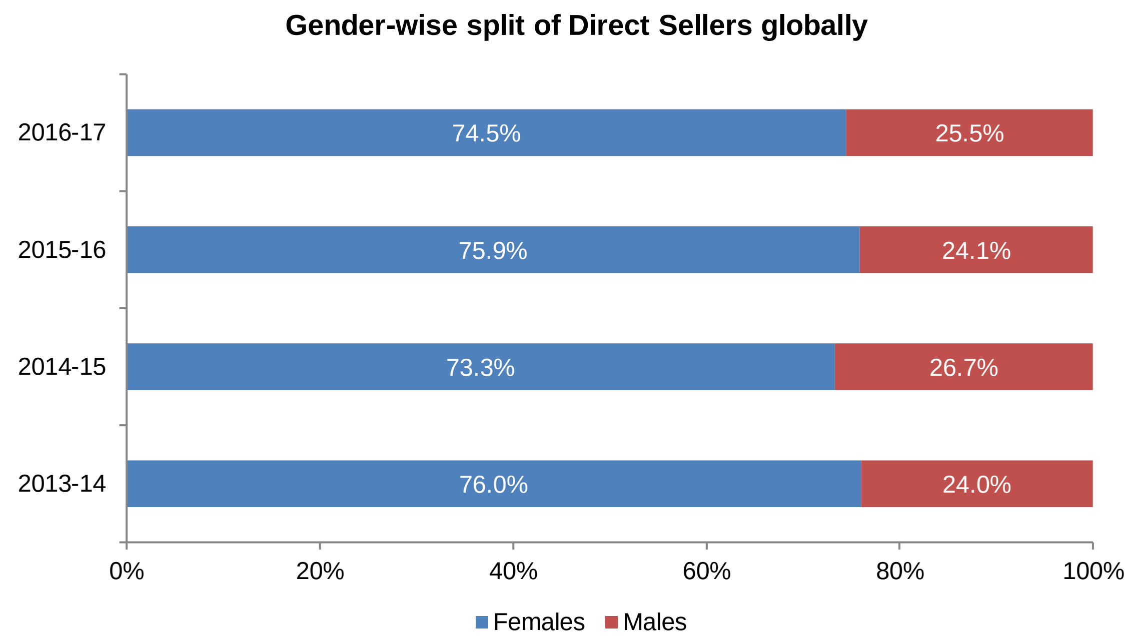

Figure 6: Gender-wise split of Direct Sellers globally

Females continue to dominate the Direct Selling industry globally even though there has been a slight decrease in their share globally from 2013-14 to 2016-17. In 2016-17, 74.5% Direct Sellers associated with the Industry were female whereas rest 25.5% Direct Sellers were male. In 2015-16, 75.9% Direct Sellers were female whereas rest 24.1% Direct Sellers were male. In 2014-15, 73.3% Direct Sellers were female whereas rest 26.7% Direct Sellers were male. In 2013-14, 76% Direct Sellers were female whereas rest 24% Direct Sellers were male.

The above chart shows that Direct Selling has been continuously attracting males since there has been an increase in share of male Direct Sellers globally from 24% in 2013-14 to 25.5% in 2016-17.

Top 15 countries: Direct Selling sales globally (2016-17)[4]

Table below shows the Top 15 countries according to share in Direct Selling sales globally (2016-17).

Table 3: Top 15 countries: Direct Selling sales globally (2016-17)

Country	Direct Selling sales (in USD million)	Share in global Direct Selling sales	Year-on-Year sales growth in 2016-17	Number of Direct Sellers
United States	35,540	19.46%	-1.6%	20,500,000
China	33,888	18.56%	1.9%	NA
Korea	16,862	9.23%	3.8%	6,973,000
Germany	15,878	8.69%	4.3%	865,883
Japan	15,305	8.38%	-6.2%	3,112,000
Brazil	8,689	4.75%	-0.1%	4,335,834
Mexico	5,855	3.20%	3.7%	2,600,000
Malaysia	4,819	2.63%	1.2%	4,000,000
France	4.568	2.50%	-0.7%	671,920
United Kingdom	3,845	2.10%	7.5%	575,000
Taiwan	3,642	1.99%	9.8%	2,783,000
Italy	3,101	1.69%	5.5%	546,400
Thailand	2,644	1.44%	1.0%	11,200,000
Columbia	2,388	1.30%	5.6%	2,327,944
Russia	2,172	1.19%	11.1%	5,148,803

The top 15 Direct Selling countries account for about 87% of the global retail sales through Direct Selling. United States has a share of 19.46% with total Direct Selling sales of USD 35,540 million in 2016-17. The US is closely followed by China having a share of 18.56% with total Direct Selling sales of USD 33,888 million in 2016-17. Korea captured the third position in global market having a market share of 9.23% with total Direct Selling sales of USD 16,862 million in 2016-17. Germany with a share of 8.69% in Direct Selling sales (USD 15,878 million) and Japan with 8.38% share (USD 15,305 million) were the other prominent global market in 2016-17.

[4] *https://wfdsa.org/wp-content/uploads/2017/06/Final-Sales-Report-2016-5-26-2017.pdf accessed in January 2018*

Top 15 Direct Selling organizations: Revenue wise (2016-17)[5]

Table below shows the top 15 Direct Selling organizations according to their global revenue in 2016-17.

Table 4: Top 15 Direct Selling organization: Revenue wise

Rank	Direct Selling organization	Global Revenue (in USD billion)
1	Amway	8.80
2	Avon	5.70
3	Herbalife	4.50
4	Vorwerk	4.20
5	Mary Kay	3.50
6	Infinitus	3.41
7	Perfect	3.06
8	Quanjian	2.89
9	Natura	2.26
10	Tupperware	2.21
11	Nu Skin	2.208
12	Primerica	1.52
13	JoyMain	1.49
14	Jeunesse	1.41
15	Oriflame	1.40

The top 15 Direct Selling organizations have combined revenue of around USD 49bn in 2016-17. These organizations contribute to about 25-30% of the total revenue of global sales through Direct Selling. Amway has again retained its top position in the list of top 15 Direct Selling companies in the worldwith revenue of USD 8.8bn, followed by Avon with revenue of USD 5.7bn and Herbalife with revenue of USD 4.5bn in 2016-17.

[5] http://DirectSellingnews.com/index.php/view/dsn_announces_the_2017_global_100#.WkSda1WWbIU *accessed in January 2018*

Indian Direct Selling Industry at a Glance

This chapter presents detailed findings from secondary research done on the Indian Direct Selling industry and basis the inputs from the Direct Selling Entities present in India. It presents the growth of Indian Direct Selling industry, share of product categories in Indian Direct Selling sales, growth of the Direct Sellers in India.The study also analyses and considers the figures of previous years' IDSA Annual Reports viz-a-viz the figures collected in 2016-17 from the Direct Selling organizations.

Growth of sales of Direct Selling Industry in India

Chart below shows the trend in growth of sales of Direct Selling Industry in India.

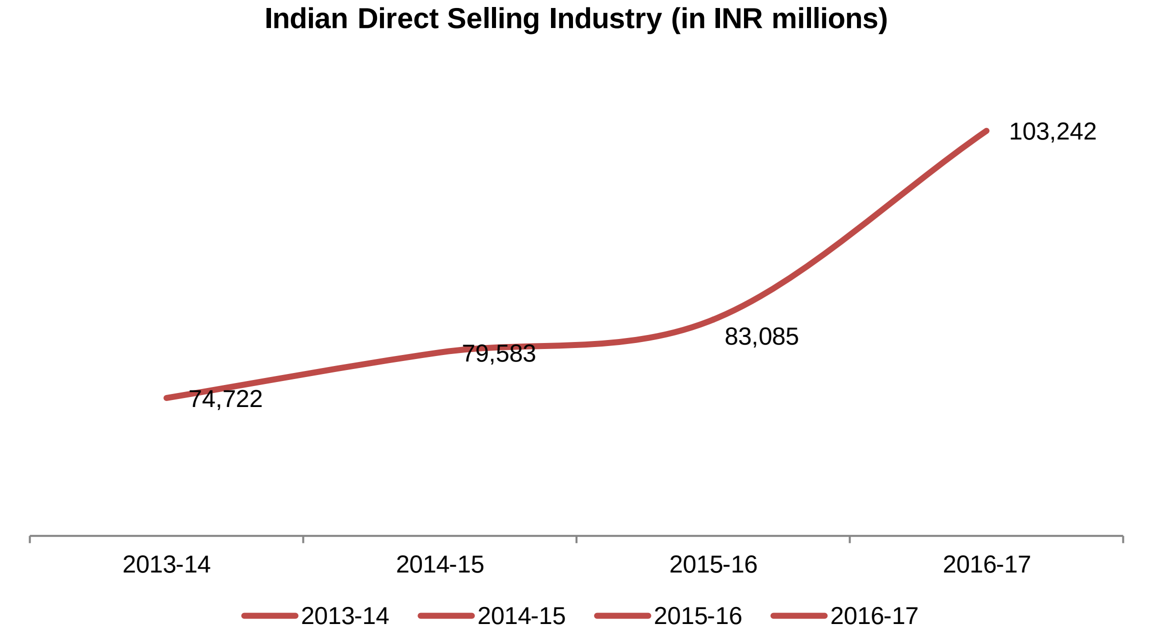

Figure 7: Sales of Direct Selling Industry in India (in INR millions)

The total sales of Direct Selling Industry in India grew to INR 1,03,242 million (INR 10,324.2 crores) in 2016-17 from INR 83,085 million (INR 8,308.5 crores) in 2015-16 registering a 24.26% growth in the sales. The Direct Selling Industry showed a CAGR of 8.42% from 2013-14 to 2016-17 with an increase of around INR 28,520 million (INR 2,852 crores) in the given period. There are numerous factors that can be attributed to the sales growth of the industry. While the number of IDSA members increased from 14 to 17 in 2016-17, the study also included performance of around 100 non-member Direct Selling while calculating the sales of Direct Selling industry in India in 2016-17.

Share of IDSA members and non-members in sales

Chart below shows the share of members and non-members of IDSA in sales.

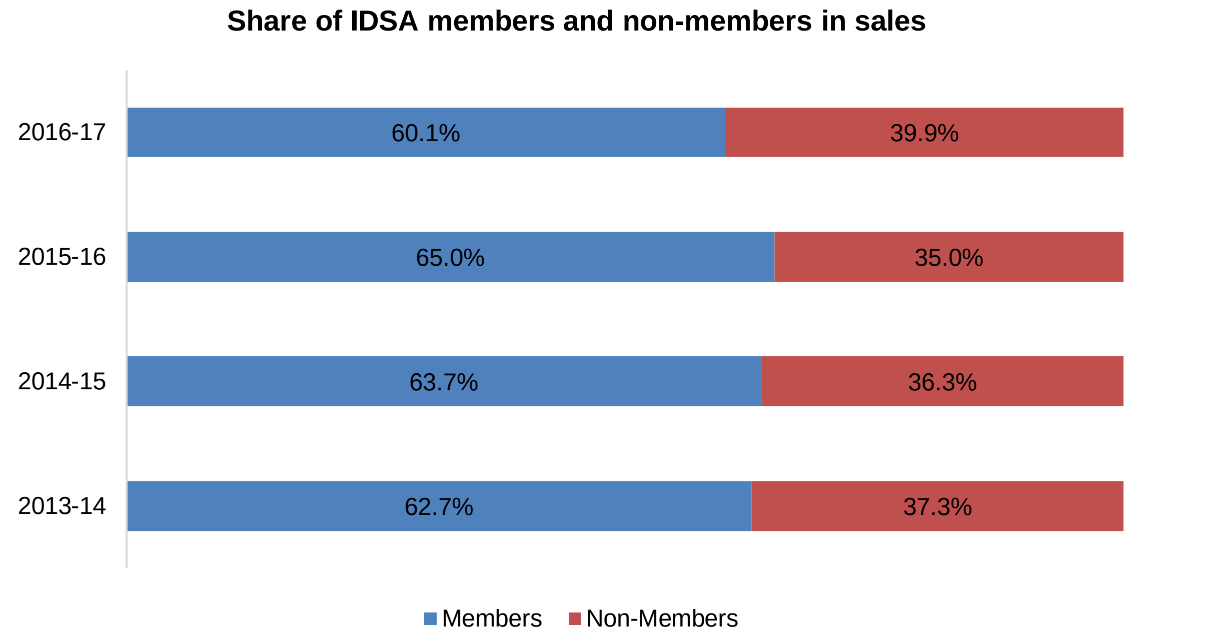

Figure 8: Share of members and non-members of IDSA in sales

The share of IDSA members in the total sales of the Direct Selling Industry in India stands at 60.1% (INR 10,324.2 crores) as compared to 39.9% share of non-members (INR 4,124 crores) in 2016-17. In 2015-16, the share of IDSA members in the total Direct Selling Industry in India stood at 65% whereas the share of non-members stood at 35% (INR 2908 crores).

Contribution to Exchequer

The below chart shows the taxes paid by IDSA members in INR millions.

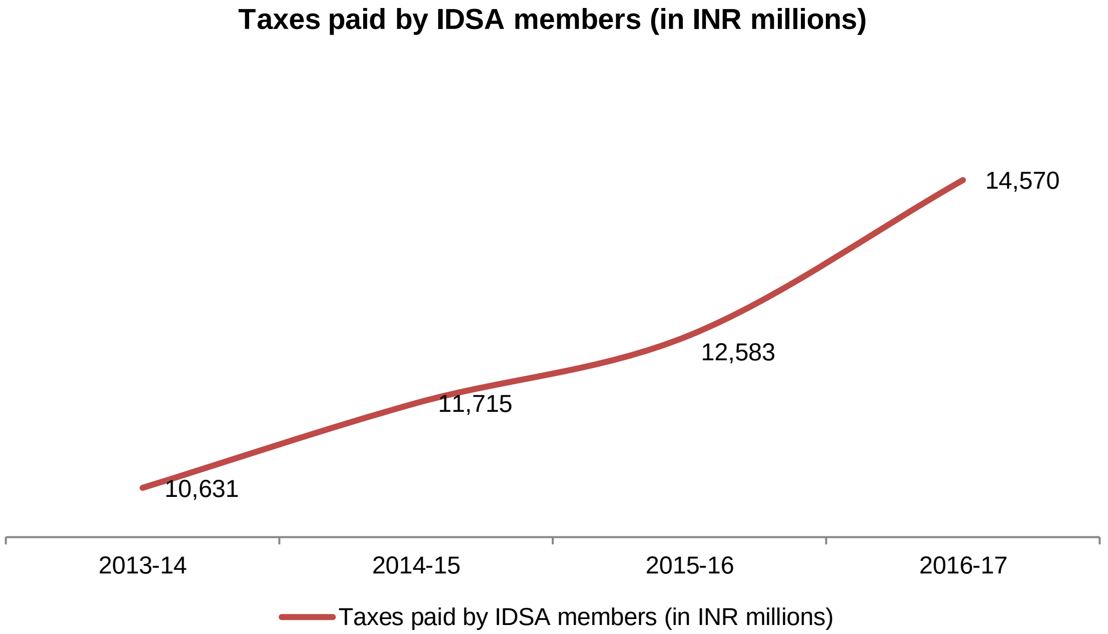

Figure 9 : Taxes paid by IDSA members (in INR millions)

There has been an upward movement in the trend of contribution to exchequer by the IDSA member companies in the last few years. The total taxes paid by the IDSA members increased to INR 14,570 million (INR 1,457 crores) in 2016-17 from INR 12,583 million (INR 1,258.3 crores in 2015-16 showing a growth of 15.79%. These numbers stood INR 11,715 million (INR 1,171.5 crores) in 2014-15 and INR 10,631 million (INR 1,063.1 crores) in 2013-14.

Indian Direct Selling Sales: Region-wise (2016-17)

Chart below shows the Indian Direct Selling sales in different regions in 2016-17.

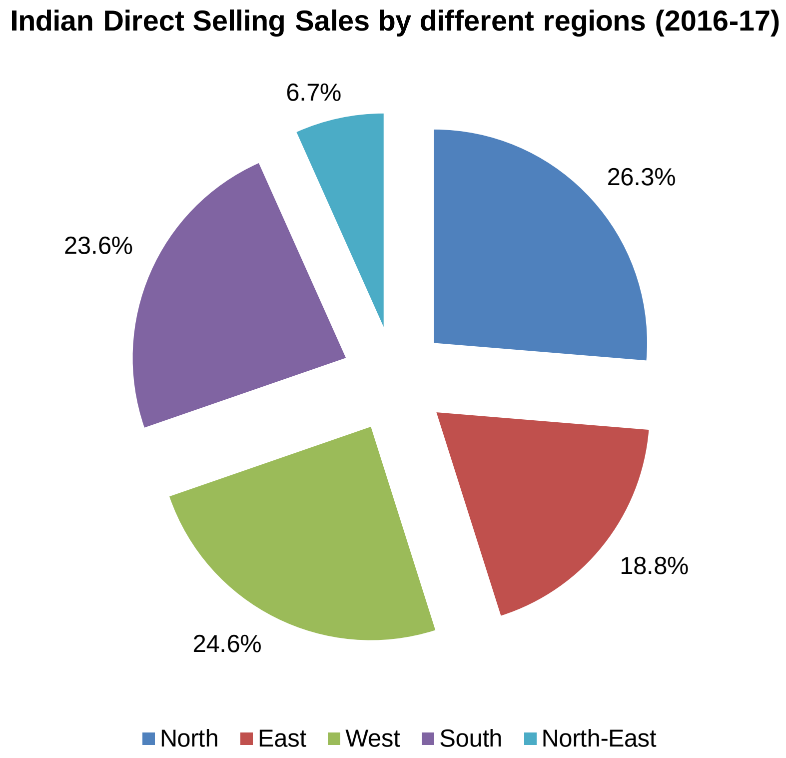

Figure 10: Indian Direct Selling Sales by different regions (2016-17)

North region, has the biggest share in the total gross sales of Indian Direct Selling market with a share of around 26.3% in 2016-17. The region includes the states of Uttar Pradesh, Rajasthan, Punjab, Haryana, Uttarakhand, Delhi, Himachal Pradesh, Jammu & Kashmir and Chandigarh. South region had 23.6% share in the total gross sales. The region includes states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala and others Union Territories).

Eastern region comprising of the states of Bihar, West Bengal, Odisha and Jharkhand) had a share of 18.8% in 2016-17. While the Western region, which includes states of Maharashtra, Madhya Pradesh, Chhattisgarh, Goa and Gujarat, has a share of 24.6% Direct Selling market in 2016-17. North-East region captured 6.7% of share in the total gross sales of Indian Direct Selling market in 2016-17. The region includes the states of Assam, Tripura, Meghalaya, Manipur, Nagaland, Arunachal Pradesh, Mizoram and Sikkim.

Indian Direct Selling Sales and Direct Sellers: State-Wise (2016-17)

Table below shows the Indian Direct Selling sales and number of direct sellers from different states in 2016-17.

Table 5: Indian Direct Selling Sales and Direct Sellers: State-Wise (2016-17)

State / Union Territory	Direct Selling Gross in INR millions	Share in Indian Direct Selling Sales	Number of Direct Sellers in Millions
Uttar Pradesh	7598.57	7.36%	0.38
Rajasthan	3169.51	3.07%	0.16
Punjab	4222.57	4.09%	0.21
Chandigarh	733.01	0.71%	0.04
Haryana	3283.08	3.18%	0.16
Delhi	6421.62	6.22%	0.32
Jammu and Kashmir	464.58	0.45%	0.02
Uttarakhand	774.31	0.75%	0.04
Himachal Pradesh	495.56	0.48%	0.02
Total North Region	***27162.84***	***26.31%***	***1.35***
Bihar	3768.31	3.65%	0.19
West Bengal	9394.97	9.10%	0.46
Odisha	4305.17	4.17%	0.21
Jharkhand	1951.26	1.89%	0.10
Total East Region	***19409.4***	***18.80%***	***0.96***
Madhya Pradesh	3138.54	3.04%	0.16
Chhattisgarh	1527.97	1.48%	0.08
Maharashtra	13307.83	12.89%	0.66
Goa	206.48	0.20%	0.01
Gujarat	7216.58	6.99%	0.36
Dadra and Nagar Haveli	10.32	0.01%	0.001
Daman and Diu	20.64	0.02%	0.001
Total West Region	***25428.38***	***24.63%***	***1.27***
Tamil Nadu	9116.22	8.83%	0.45
Karnataka	8063.16	7.81%	0.40
Andhra Pradesh	2384.88	2.31%	0.12

State / Union Territory	Direct Selling Gross in INR millions	Share in Indian Direct Selling Sales	Number of Direct Sellers in Millions
Telangana	2539.74	2.46%	0.12
Kerala	2023.53	1.96%	0.10
Puducherry	134.21	0.13%	0.01
Andaman and Nicobar Islands	51.62	0.05%	0.002
Lakshadweep	0	0.00%	0
Total South Region	***24313.37***	***23.55%***	***1.20***
Assam	3314.05	3.21%	0.16
Tripura	536.85	0.52%	0.03
Meghalaya	650.42	0.63%	0.03
Manipur	1053.06	1.02%	0.05
Nagaland	805.28	0.78%	0.04
Arunachal Pradesh	185.83	0.18%	0.01
Mizoram	289.07	0.28%	0.01
Sikkim	123.89	0.12%	0.01
Total North-East Region	***6937.83***	***6.72%***	***0.34***

Maharashtra has the highest share of sales across the country with 13%, of the gross sales in 2016-17, followed by Uttar Pradesh having the highest share of sales in the North region with 7.36% of the Indian Direct Selling gross sales in 2016-17. West Bengal registered the highest share of sales in the East region with 9.1%, while Tamil Nadu captured the highest share of sales in the Southern region with 8.83% of the Direct Selling sales in the financial year studied.

Indian Direct Selling Sales: North region (2016-17)

Chart below shows the Indian Direct Selling sales in North region in 2016-17.

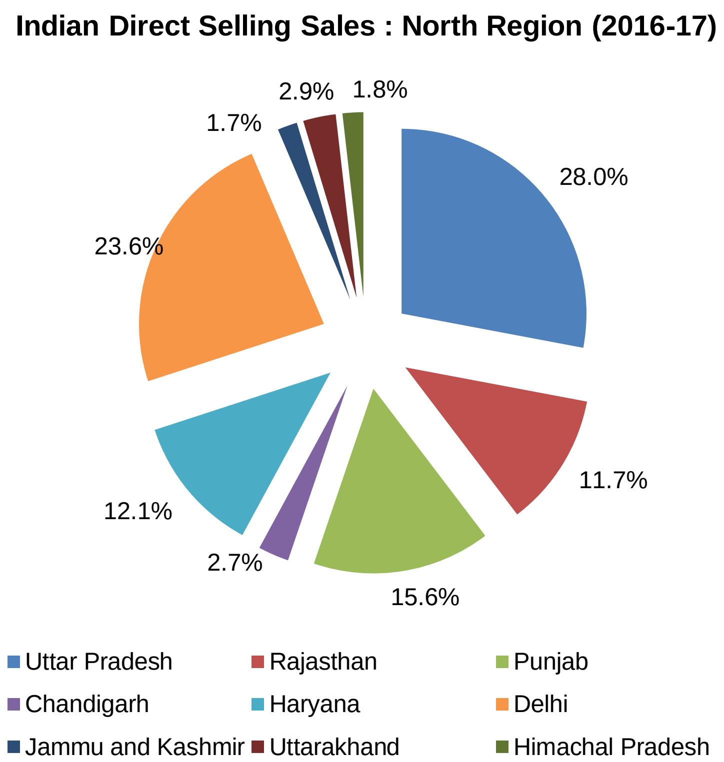

Figure 11: Indian Direct Selling Sales: North Region (2016-17)

In the North region, Uttar Pradesh contributed to about 28% of the Direct Selling sales followed by Delhi with around 23.6% of share. Punjab registered 15.6% of the total sales in the Direct Selling in the region.

Indian Direct Selling Sales: East region (2016-17)

Chart below shows the Indian Direct Selling sales in East region in 2016-17.

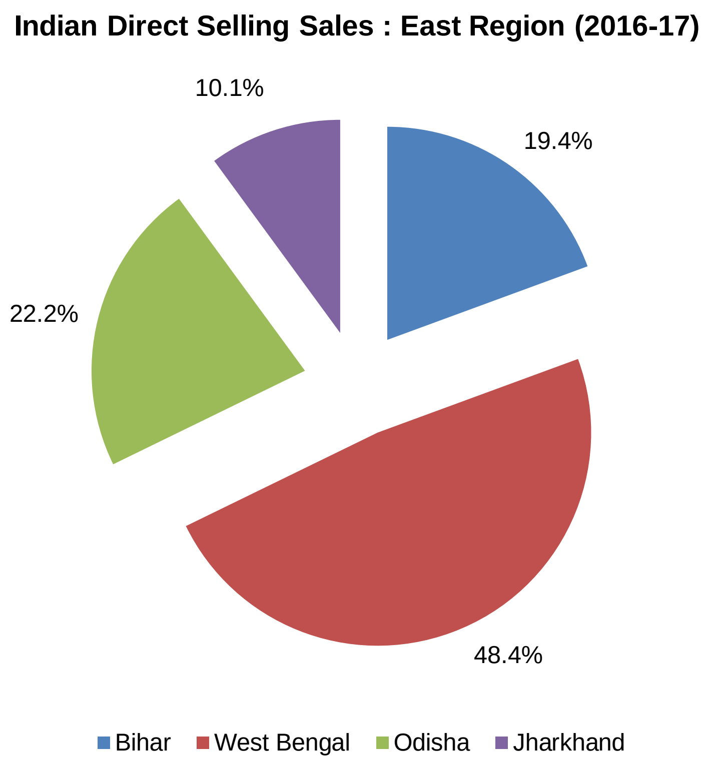

Figure 12: Indian Direct Selling Sales: East Region (2016-17)

In the East region, West Bengal topped the chart having contributed to about 48.4% of the region's Direct Selling sales in 2016-17. Odisha followed next with a contribution of around 22.2% while Bihar captured 19.4% of the pie in the region's Direct Selling sales.

Indian Direct Selling Sales: West region (2016-17)

Chart below shows the Indian Direct Selling sales in West region in 2016-17.

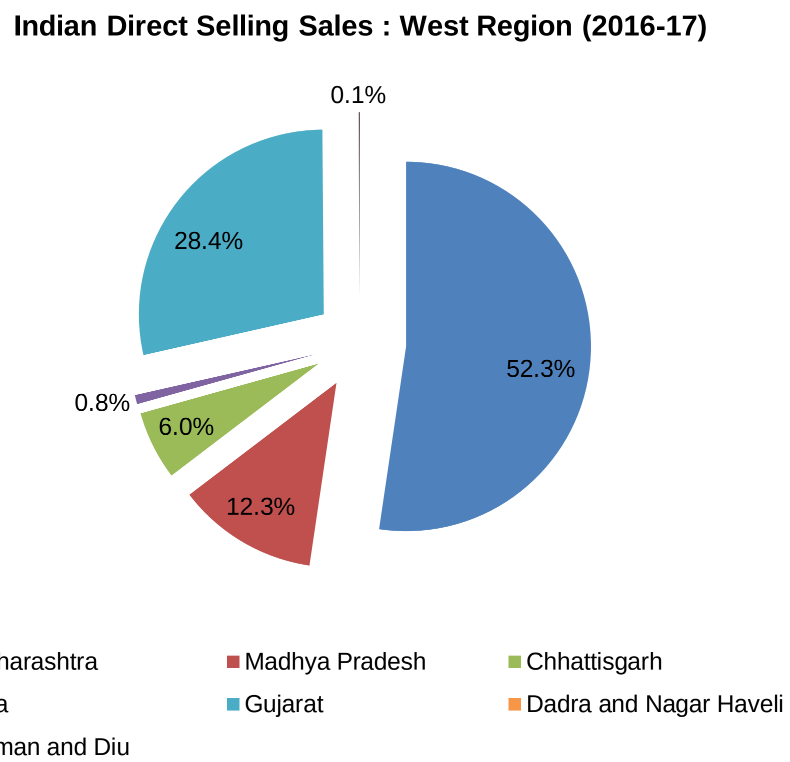

Figure 13: Indian Direct Selling Sales: West Region (2016-17)

In the Western region, Maharashtra contributes to 52.3% of the Direct Selling gross sales. Gujarat contributed 28.4%, holding on to the second spot in the region. Among the other states and UTs, Goa contributed 0.8% of the region's Direct Selling retail sales.

Indian Direct Selling Sales: South region (2016-17)

Chart below shows the Indian Direct Selling sales in South region in 2016-17.

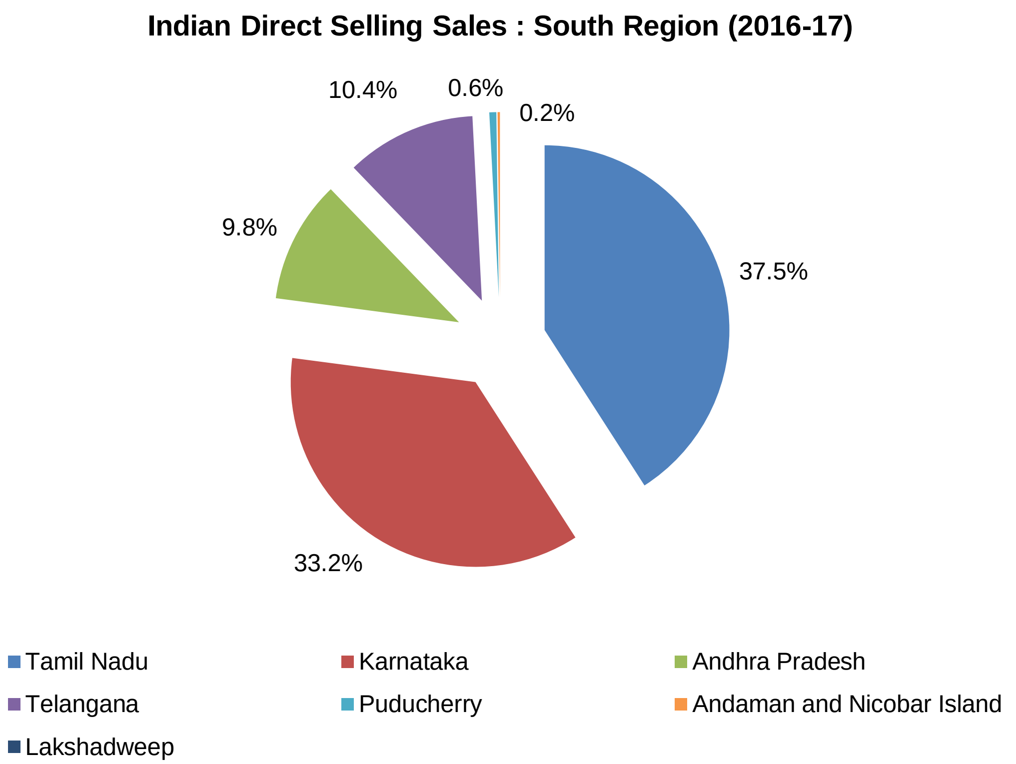

Figure 14: Indian Direct Selling Sales: South Region (2016-17)

Among the Southern states, Tamil Nadu contributed to about 37.5% of the region's Direct Selling sales in 2016-17, closely followed by Karnataka with contribution of around 33.2% whereas the contribution of Andhra Pradesh stood at 9.8%.

Indian Direct Selling Sales: North-east region (2016-17)

Chart below shows the Indian Direct Selling sales in North-East region in 2016-17.

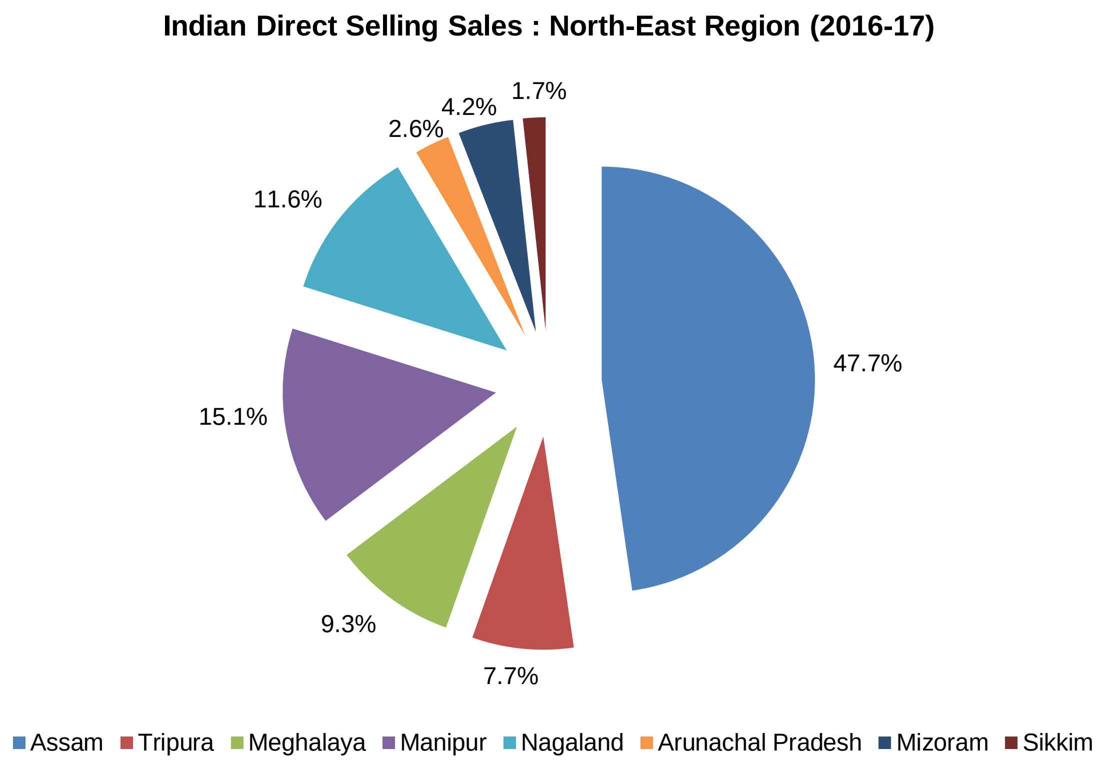

Figure 15: Indian Direct Selling Sales: North-east Region (2016-17)

In the North-East region, Assam lead the way with about 47.7% of Direct Selling gross sales in 2016-17. Manipur captured 15.1% of the Direct Selling pie whereas the contribution of Nagaland stands at 11.6% of the region's Direct Selling gross sales.

Number of Direct Sellers in India

Chart below shows the trend in number of Direct Sellers in India.

Number of Direct Sellers in India in millions

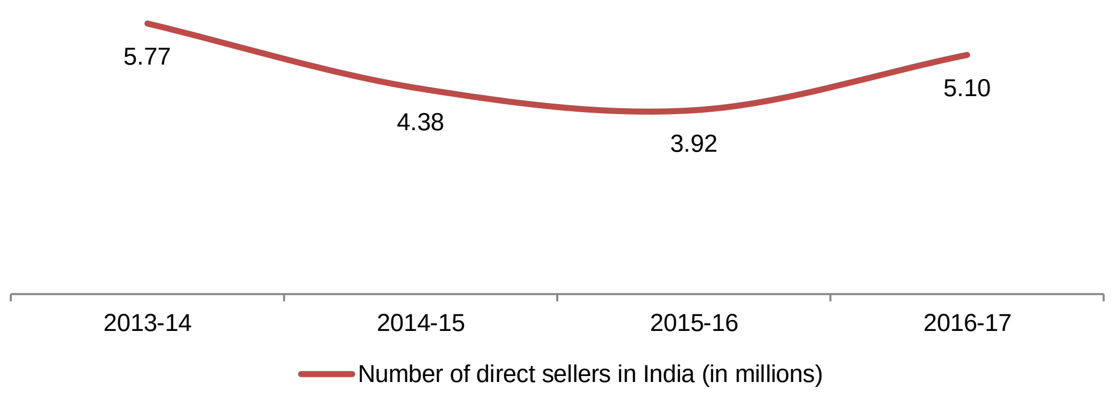

Figure 16: Number of Direct Sellers in India in millions

The number of Direct Sellers in India increased from 3.9 million in 2015-16 to about 5.1 million (51,02,231) in 2016-17, registering a robust growth of 30.1% in year-on-year comparison. One of the main reasons is the increase in the number of companies studied in the survey for 2016-17.

It is a positive sign that people have increasingly opted for Direct Selling as an earning source. Thiincrease surge in number of Direct Sellers also pumps fresh boost to the Industry, which had witnessed the number of Direct Sellers going down in 2015-16. In terms of year-on-year comparison, 2013-14 was a very good fiscal for the Industry, having registered 5.77 million Direct Sellers.

Gender-wise split of Direct Sellers in India

Chart below shows the gender-wise split of Direct Sellers in India.

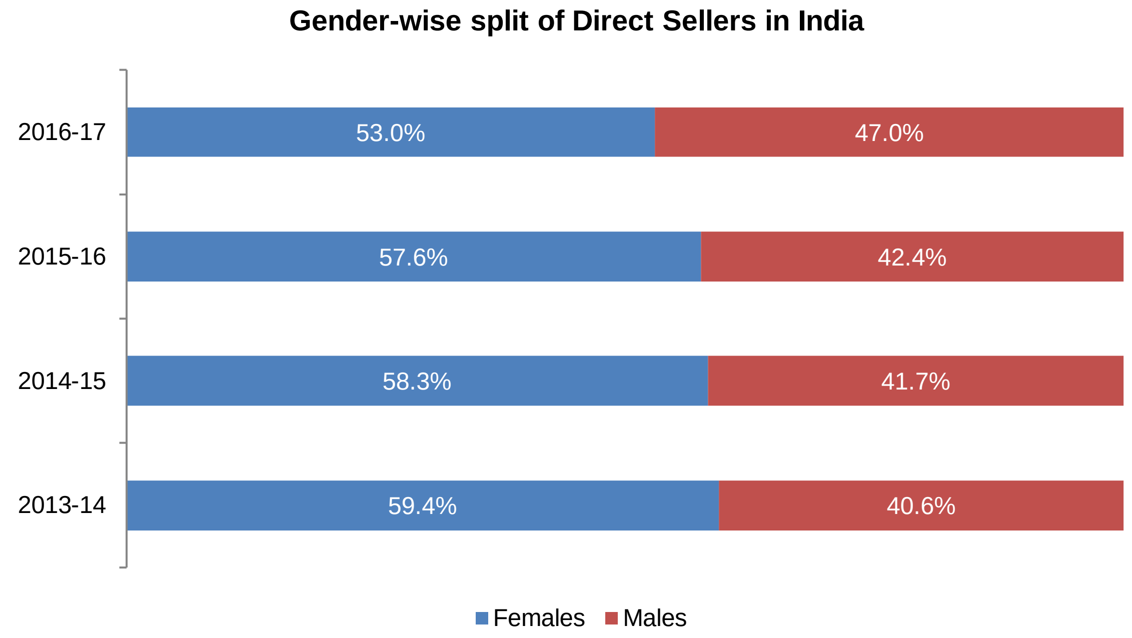

Figure 17: Gender-wise split of Direct Sellers in India

Females have continuously dominated the Direct Selling industry in India even though there has been an increasing trend in the number of males joining the Industry. In the fiscal 2016-17, about 53% of the Direct Sellers were females while rest 47% were males. Over the last few years, a lot of male Direct Sellers have opted for Direct Selling for earning a supplementary income. In FY 2015-16, 57.6% Direct Sellers in India were female whereas rest 42.4% Direct Sellers were male. The year 2014-15, registered 58.3% women Direct Sellers as compared to 41.7% males Direct Sellers. Among the last 4 years, FY 2013-14, witnessed, 59.4% women Direct Sellers and about 40.6% male Direct Sellers. The above chart shows that Direct Selling has been continuously attracting males since there has been an increase in share of male Direct Sellers in India from 40.6% in 2013 to 47% in 2016-17.

Drivers behind growth of Indian Direct Selling Industry

Direct Selling Guidelines: The Direct Selling Guidelines were notified by the Ministry of Consumer Affairs, Government of India in October 2016 with clear definitions of terms such as “Direct Seller”, “Direct Selling” “Direct Selling Entity” and “network of Direct Selling”. This has given a huge boost to the Direct Selling market in India since it has instilled a sense of belief and faith in the masses regarding the Direct Selling market in India. It has led to increase in the number of people getting engaged with the Direct Selling organizations. The Guidelines have clearly helped the regulators, enforcement agencies and state governments to distinguish between the Direct Selling entities and other fraudulent players running in guise of Direct Selling.

> *“The Direct Selling Guidelines issued by the Central Government are a welcome first step towards the formalization and consolidation of the industry.”*

States Adopting Centre’s Direct Selling guidelines: After the Government of India notified the Direct Selling Guidelines; the states of Chhattisgarh, Sikkim, Telangana, Andhra Pradesh and Odisha notified their respective Direct Selling Guidelines in 2017, while there are other states that are in advance stages of implementing the Central Guidelines, which shall be beneficial for the Direct Selling Industry and the consumers.

Adequate Training and Support from Direct Selling Organizations: The Direct Selling Entities spend a large amount of their revenue on the training of their Direct Sellers. The training programmes at these organizations aim at enhancing the product knowledge of their sales force and developing their selling skills in order to help them build their business effectively. The various training programmes include Orientation Program, Training on Sales Methods, Product-Related Trainings, and Leadership Training Programme. Some companies also impart trainings on Safe & Nutritious Food and basic hygiene at homes. These training programmes help in building the skill-set and provide encouragement to the salesforce of the Entities also resulting in setting positive image of the Direct Selling organization.

Employment opportunity & Entreprership: Globally, it is well recognized that Direct Selling provides an additional employment opportunity to the people with no requirement of formal educational qualification. This has been one of the factors that have led to growth of the Direct Selling industry in recent years. With an advantage of flexible working hours as well as additional employment opportunity, Direct Selling has been one of the preferred professions across the country.

Additional Source of Income: Direct Selling serves as additional / supplementary source of income for the people. In Direct Selling, once you build a network of Direct Sellers, a Direct Seller can earn additional income while continuing regular job or while doing business. Direct Selling allows one to earn money through direct sales to end consumers and a commission through sales of Direct Sellers introduced by him to the Direct Selling organizations. Hence, there is always a flow of income depending upon the sales made by the Direct Sellers and others in the group.

Other Incentives Provided by Direct Selling Organizations: The Direct Selling organizations realize that the best way to motivate their Direct Sellers to build their business effectively is by providing additional incentives, apart from the monetary benefits. Hence these organizations provide additional benefits, perquisites such a foreign trip, car fund, travel fund, house fund etc. These additional incentives have not only helped the organizations in attracting people to join the Direct Selling business, but keeps their salesforce motivated to aim and further achieve bigger Goals.

Women Empowerment: The Direct Selling organizations have focused on women empowerment to promote and increase the number of women Direct Sellers in their organization. With the advantages of flexible working hours, women have not felt hesitated to join the Direct Selling business and become economically independent. With not much initial investments required in terms of infrastructure or manpower, Direct Selling has made earning money more attractive especially for women who want to be part-time entrepreneurs.

Introduction of Innovative Product Line to cater larger consumer base: The Direct Selling organizations have been successful in introducing new products regularly over the last few of years in order to target majority of the population. The organizations have also been introducing new variants of the products keeping in mind the changing demands of the consumers these days. Extending their brand line has helped Direct Selling organizations cater to a large audience with different product preferences.

Major Challenges for Indian Direct Selling Industry

E-commerce websites selling Direct Selling products: For the last few of years, Direct Selling products are being sold on e-commerce websites like Flipkart, Amazon, SnapDeal and Shopclues, at much higher discounts to what Direct Sellers sell to the consumers, making a significant dent on the business of most of the Direct Selling organizations. The advantage of home delivery as well as cash on delivery options on e-commerce platforms have diluted the sales of Direct Selling organization through their Direct Sellers. Though the Central Guidelines on Direct Selling clearly mandate these e-commerce portals to take permission of Direct Selling companies before offering to sell companies' products on their respective websites, not much respite has yet come for the Direct Selling Industry that continues to suffer business at the hands of e-commerce companies. The need of the hour is to have proper regulations prohibiting e-commerce websites from selling products sold by Direct Selling organizations, which can result in a much faster growth of Direct Selling Industry in the country.

"The e-commerce platforms like Amazon and Flipkart sell Direct Selling products without our permission which has affected the retention level of our Direct Sellers."

"We do not want e-commerce platforms to sell our products since the exclusivity will not remain and we don't want our product prices to fluctuate."

Negative impact of Fraudulent Organizations: Due to several fraudulent organizations operating in guise of Direct Selling, there has been apprehension in the mind of people before getting registered with the Direct Selling organizations. This has hampered the growth of the industry over the last couple of years. The Direct Selling Guidelines issued by Ministry of Consumer Affairs in October 2016 has made a positive impact on the industry but lack of awareness among masses remains a hindrance in the growth of Direct Selling market in the country. The fraudulent activities of these Pyramid Schemes have made an impact on the Direct Selling market in terms of demotivation to the Direct Sellers, bringing bad reputation to legitimate Direct Selling entities. At the same time, their activities have affected the confidence of the consumers who would otherwise had explored the business propositions of Direct Selling. All these factors have adversely affected the Direct Selling Industry in the country.

"Few fraudulent organizations running in guise of Direct Selling have led to a misinterpretation of the whole Direct Selling market."

"The Direct Selling guidelines should be made more stringent in such a way that they provide a clear picture to distinguish between money laundering companies and the true MLM companies with good business plan."

"A number of fake money laundering players have limited the growth of Direct Selling market over the last couple of years."

High Attrition of Direct Sellers: With the Direct Selling organizations taking quick steps to increase their Direct Seller base, these organizations regularly come up with attractive schemes and new products which have led to Direct Sellers switching to different Direct Selling organizations after a short duration. This is one of the challenges that the Direct Selling organizations face in order to retain their Direct Seller base and increase their sales over the next couple of years.

"The average duration for which Direct Sellers associated with our organizations is about a quarter to half a year. However, there are others who continue to do business for longer time"

Misconception about the Direct Selling Market: Even after getting definitional recognition through the Central Guidelines, still there is much apprehension in the minds of people getting associated with Direct Selling organizations. They perceive Direct Selling business to be risky and unapproved by the Government. This has been one of the factors, according to the Direct Selling organizations, that has had a negative impact on the Industry. Much of this misconception can be attributed of rumors and lack of knowledge about legitimate Direct Selling business.

"Globally, Direct Selling is a much more accepted industry than in India. Laws and Acts defining and ratifying Direct Selling should be made immediately for the market to flourish."

Transportation & Storage Issues: Few of the Direct Selling organizations have faced problems in serving their Direct Sellers in the north-eastern states of India such as Meghalaya, Manipur, and Arunachal Pradesh etc. because of the limited transportation facilities in these areas. These entities informed that they face an issue of delivery of their products to their Direct Sellers within the stipulated time which is an opportunity for the e-commerce platforms to sell Direct Selling products by providing extra benefits such as guaranteed one-day delivery. The Direct Selling Organizations also face an issue of storage of products since there are sanitary and hygiene requirements during storage of products.

"Companies have not been able to expand rapidly in the north-eastern states because of transportation issues. We have tried to tie-up with retail shops, local courier facilities but customers prefer ordering from e-commerce platforms because of quick delivery options."

Cumbersome Food Business Operator (FBO) Registration Process- Majority of Direct Selling companies are engaged in business of selling Food and Health supplements and their Direct Sellers are thus required to obtain registration as Food Business Operators under FSS Act (2006). These Direct Sellers face difficulties in getting registration due to different procedures and documentary requirements being adopted by different states registering authorities. They also face challenges such as time needed, distance from registering offices and follow up needed in filing physical forms. The time-consuming process often deters the Direct Sellers some of whom even discontinue Direct Selling.

Few Unique Innovations in the Indian Direct Selling Market

Efficient use of Technology: With the increase in adoption of innovative technologies and Direct Selling market targeting majorly the age group of 25-44 years, the organizations have been able to make efficient use of technology in order to attract and retain their Direct Sellers. Some of the organizations have focused on developing user-friendly smartphone apps and mobile websites which makes it easy for the Direct Sellers to view the different product categories offered by the organization. With the help of huge data generated by digital tools and platforms, Direct Selling organizations can better understand their customers' preferences, lifestyle and demographics. The data collected through digital tools also helps these organizations in reaching out to their customers efficiently.

Building a distribution-friendly marketing plan: The Direct Selling organizations have focused on making their marketing-plan a distribution-friendly one in order to increase the repeat sales from their Direct Sellers. They have tried to formulate their business plans in such a way that it provides maximum incentives to their Direct Sellers. The organizations feel that this would be the most crucial step in increasing their Direct Seller base.

Introduction of new products: With the regular introduction of new products, Direct Selling organizations have been proactive in catering to the increasing demands of the different segments of the consumers. These organizations have also helped in keeping their Direct Sellers associated for a longer duration of time. While some organizations keep introducing new variants of the product category that they currently have, other organizations keep adding to their existing product category.

Usage of Social Media: The Direct Selling organizations have focused on marketing their products through social media such as Facebook, Whatsapp etc. This has helped them in reaching to an increased customer base with minimal cost. The Direct Selling organizations have a dedicated page on Facebook which has helped them in spreading awareness about their existing product categories and announce launch of new product categories.

"We have started marketing of our products through Whatsapp which has helped us to reach out to a large number of customer-base."

Direct Selling’s Contribution to the Indian Economy

Skill India- Direct Selling Industry imparts training to its salesforce / Direct Sellers, thus resulting in creating a pool of skilled personnel in the country. Also, the Direct Selling model is such that the Direct Sellers are not required to have any formal qualification and this industry provides employment opportunities to millions of people every year in the country.

Make in India- About 70% of the products are manufactured and procured from domestic market, giving boost to Indian manufacturers. Amway, Oriflame and many other companies have their manufacturing plants in the country. Many Direct Selling companies rely on SMEs for manufacturing their products. Direct Selling companies impart the manufacturing know-how, technology and processes to enable the SMEs to produce excellent products.

Start-Up India- Being low-cost business opportunity, the industry promotes entrepreneurship at micro level, giving a boost to many start-ups. The industry players manufacture and distributes fast moving products which have a high demand among the consumers. These products come with 100% buy-back guarantee from Direct Selling entities, hence making this industry Direct Sellers friendly. The Direct Sellers receive continuous support from their mentors / leaders / superiors towards performance enhancement. They also receive vital trainings from their respective Direct Selling organizations and mentors.

Financial Inclusion- The Industry is in sync with the Government of India’s Financial Inclusion model since all the payments are made through cheque / drafts in the bank account of Direct Sellers. This enables transparency of payments between the Direct Sellers and Direct Selling Entities. Direct Sellers are also encouraged to open bank accounts, getting covered under the ‘Suraksha Bima’ and ‘Jeevan Jyoti’ policies.

Research findings: Direct Sellers Survey

This chapter presents detailed findings from the interviews done with Direct Sellers of leading Direct Selling companies in India. It presents the profile of these Direct Sellers, their experience in Direct Selling including sources of awareness, and reasons for engaging in Direct Selling. This chapter also discusses their awareness of various brands of Direct Selling products, challenges faced, likelihood to recommend, likelihood to continue etc.

Profile of Direct Sellers

This section presents the profile of Direct Sellers interviewed for the study. This profile has been presented in terms of their experience in Direct Selling, their socio-economic profile, age group, marital status and occupation status. All data has been presented in three categories (apart from overall pan-India level) viz. zone, city type and their experience in Direct Selling.

Experience in Direct Selling

Chart below presents the experience of Direct Sellers in India.

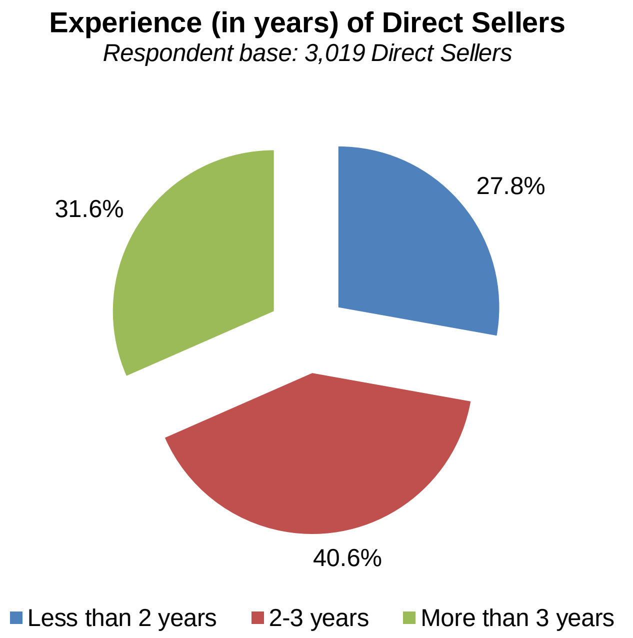

Figure 18: Experience (in years) of Direct Sellers (pan-India level)

Out of 3019 respondents surveyed for the study across the 29 cities, around 41% of the respondents were involved in Direct Selling for the last 2-3 years. Around 32% of the respondents were involved in Direct Selling for more than 3 years.

Table below summarizes this information at zonal, city type and experience levels.

Table 6: Experience (in years) of Direct Sellers (zonal and city type)

	Zone				City Type		
	North	South	East	West	Metro	Tier I	Tier II
Base	***564***	***857***	***757***	***841***	***1,299***	***1,051***	***669***
Less than 2 years	28%	27%	28%	29%	27%	31%	25%
2-3 years	47%	38%	38%	41%	39%	41%	42%
More than 3 years	25%	35%	34%	30%	34%	28%	33%

In North Zone, out of 564 Direct Sellers interviewed, around 47% have been associated with the Direct Selling business for the last 2-3 years. The proportion of Direct Sellers associated with the business for last 2-3 years stands at 38% each in the South and East Zone while West zone accounted for 41%. In the 8 metro cities covered, out of 1299 Direct Sellers interviewed, more than one-third of the Direct Sellers have been associated with the Direct Selling business for more than 3 years. The proportion of Direct Sellers associated with the Direct Selling business for more than 3 years' stands at 28% and 32% in the Tier 1 cities and Tier 2 cities respectively across the country.

Age group of Direct Sellers

Chart below presents the popular age bands of Direct Sellers in India.

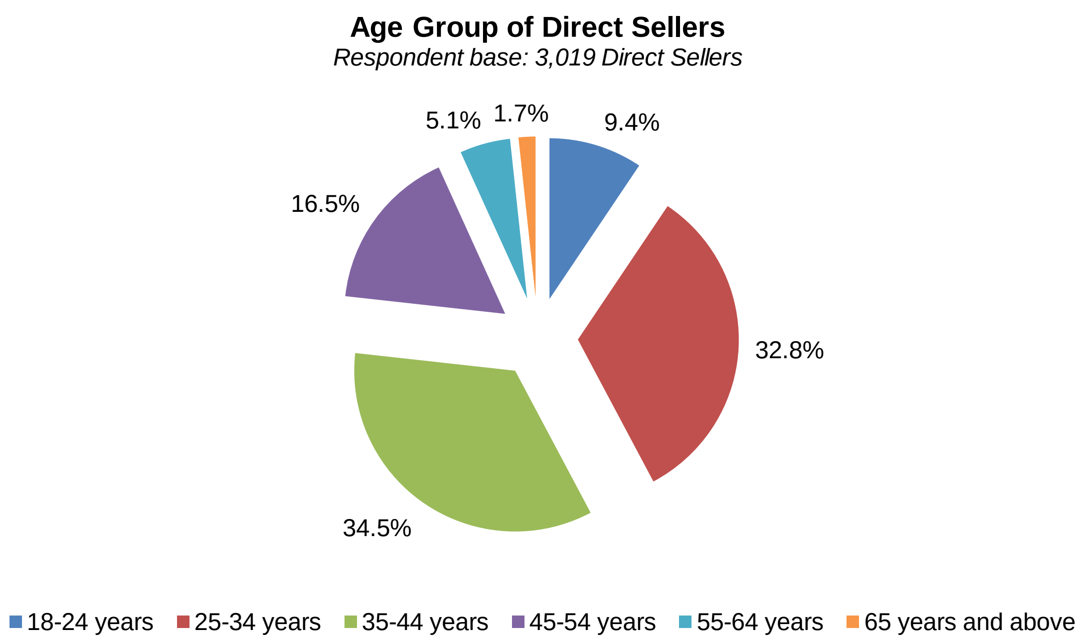

Figure 19: Age group of Direct Sellers (pan-India level)

At an overall level, out of the 3019 respondents, around one-third respondents belong to the age group 25-34 years. More than one-third of the respondents belong to the age group of 35-44 years. The age group 25-44 years constitutes more than two-thirds of the total Direct Sellers interviewed across the country. Only 1.7% of the respondents belong to the age group of 65 years and above. It is quite evident that Direct Selling in India is largely a profession of the younger population with interest waning as the age goes up.

Table below summarizes this information at zonal, city type and experience levels.

Table 7: Age group of Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1,299***	***1,051***	***669***	***841***	***1,225***	***953***
18-24 years	14%	7%	7%	12%	8%	13%	6%	16%	10%	3%
25-34 years	30%	36%	32%	32%	34%	31%	33%	39%	35%	25%
35-44 years	40%	32%	32%	36%	35%	32%	38%	28%	36%	38%
45-54 years	13%	16%	19%	17%	16%	17%	16%	11%	15%	24%
55-64 years	2%	7%	7%	3%	5%	5%	5%	4%	3%	8%
More than 65 years	1%	2%	3%	0%	2%	2%	2%	2%	1%	2%

The age-group of 25-44 years continues to have a major percentage of Direct Sellers across different zones. In the North region, the age group 25-44 years constitutes about 70% of the Direct Sellers whereas the proportion stands at 68%, 64% and 68% in South, East and West Zone respectively.

Across cities too, this agre group (25-44 years) constitutes major percentage of Direct Sellers across different city-types. In the 8 metro cities covered, this age group constitutes about 69% of the Direct Sellers whereas the proportion stands at 63% and 71% in the Tier 1 and Tier 2 cities respectively.

Around 67% of the Direct Sellers who have been associated with Direct Selling business for less than 2 years belong to the age group of 25-44 years whereas 71% of the Direct Sellers who have been associated with Direct Selling for 2-3 years belong to the age group of 25-44 years. Around 63% of the Direct Sellers who have been associated with Direct Selling business for more than 3 years belong to the age group of 25-44 years

Socio-Economic Classification of Direct Sellers

The new SEC system is based on the following two variables:

- Education of the Chief Earner in the household of the respondent.
- Number of consumer durables owned by the family of the respondent. The list of items includes: Electricity connection, Ceiling fan, LPG stove, two-wheeler, Color TV, Refrigerator, Washing Machine, Personal Computer / Laptop, Car / Jeep / Van, Air Conditioner and Agricultural Land.

The determination of Socio-Economic Classification of the basis of education of chief wage earner in the household and number of durables owned in the household is explained by the below table:

Table 8 : Socio-Economic Classifcation Table

	Education of Chief Wage Earner						
Number of Durables Owned	Illiterate	Literate but no formal school / school up to 4 years	School: 5 to 9 years	SSC / HSC	Some college (including Diploma) but not Graduation	Graduation / Post-Graduation: General	Graduation / Post-Graduation: Professional
None	E3	E2	E2	E2	E2	E1	D2
1	E2	E1	E1	E1	D2	D2	D2
2	E1	E1	D2	D2	D1	D1	D1
3	D2	D2	D1	D1	C2	C2	C2
4	D1	C2	C2	C1	C1	B2	B2
5	C2	C1	C1	B2	B1	B1	B1
6	C1	B2	B2	B1	A3	A3	A3
7	C1	B1	B1	A3	A3	A2	A2
8	B1	A3	A3	A3	A2	A2	A2
9+	B1	A3	A3	A2	A2	A1	A1

Note: For example, if the chief wage earner in the household has an educational qualification of Graduation / Post-graduation: Professional and owns more than 9 consumer durables in the household, the respondent falls in the SEC A1 category.

Chart below presents the Socio-Economic Classification of Direct Sellers in India.

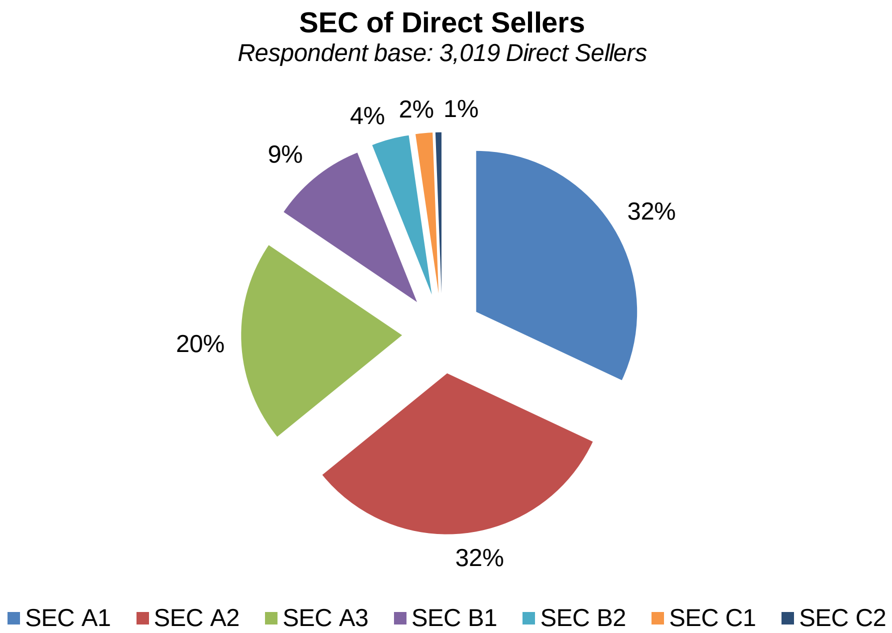

Figure 20: SEC of Direct Sellers (pan-India level)

At an overall level, out of the 3019 respondents, around 84% respondents belong to the SEC A with SEC A1, A2 accounting for 32% each and A3 having accounted for 20% of the respondents. Around 13% of the respondents belong to the SEC B category while 3% of the respondents belong to the SEC C category.

Table below summarizes this information at zonal, city type and experience levels.

Table 9: SEC of Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1,299***	***1,051***	***669***	***841***	***1,225***	***953***
SEC A1	51%	28%	21%	33%	42%	24%	25%	28%	32%	35%
SEC A1	21%	33%	29%	40%	32%	27%	39%	30%	33%	33%
SEC A3	13%	23%	25%	18%	16%	25%	22%	21%	21%	18%
SEC B1	9%	10%	13%	6%	7%	12%	10%	12%	10%	7%
SEC B2	3%	4%	6%	2%	2%	7%	3%	5%	3%	3%
SEC C1	2%	2%	4%	1%	1%	3%	1%	2%	1%	1%
SEC C2	1%	0%	2%	0%	0%	1%	0%	1%	0%	1%

In the North Zone, out of 564 respondents, around 85% of the respondents belong to the SEC A category whereas 84% of the respondents belong to SEC A category in the Direct Sellers interviewed in the South Zone. In the East Zone, out of 757 respondents, around 75% of the respondents belong to the SEC A category whereas 91% of the respondents belong to SEC A category in the Direct Sellers interviewed in the West Zone.

In the 8 Metro cities covered, out of 1299 respondents, around 90% of the respondents belong to the SEC A category whereas 76% of the respondents belong to SEC A category in the Direct Sellers interviewed in the 10 Tier 1 cities covered. In the 11 Tier 2 cities covered, out of 669 respondents, around 86% of the respondents belong to the SEC A category.

Around 79% of the Direct Sellers who have been associated with Direct Selling business for less than 2 years belong to the SEC A category whereas 86% of the Direct Sellers who have been associated with Direct Selling for 2-3 years belong to the SEC A category. Around 86% of the Direct Sellers who have been associated with Direct Selling business for more than 3 years belong to the SEC A category.

Marital Status of Direct Sellers

Chart below presents the marital status of Direct Sellers in India.

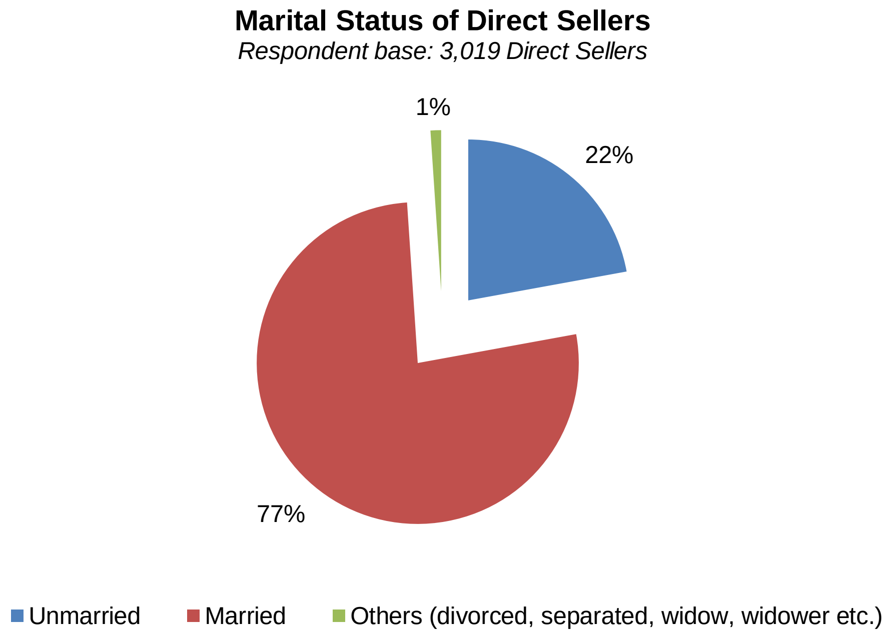

Figure 21: Marital status of Direct Sellers (pan-India level)

At an overall level, out of the 3019 respondents, more than 76% respondents were married whereas about 22% respondents were unmarried. Only small proportions i.e. around 1% of the respondents were from the other category as mentioned in the below table.

Table below summarizes this information at zonal, city type and experience levels.

Table 10: Marital Status of Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1,299***	***1,051***	***669***	***841***	***1,225***	***953***
Unmarried	16%	26%	24%	20%	18%	28%	21%	30%	23%	15%
Married	84%	73%	73%	79%	82%	71%	77%	69%	76%	84%
Others (divorced, separated, widow, widower etc.)	0%	0%	2%	1%	1%	1%	2%	1%	1%	1%

In the North Zone, out of the 564 Direct Sellers interviewed 84% of the respondents were married whereas rest 16% were unmarried. In the South Zone, Direct Sellers who were married constituted about 73% of the respondents whereas in East and West Zone, around 73% and 79% respondents belong to the married category respectively.

In the Metro cities, out of the 1299 Direct Sellers interviewed 82% of the respondents were married. In the Tier 1 cities, Direct Sellers who were married constituted about 71% of the respondents whereas in Tier 2 cities, around 77% respondents belong to the married category.

Occupation Status of Direct Sellers

Chart below presents the occupation status of Direct Sellers in India.

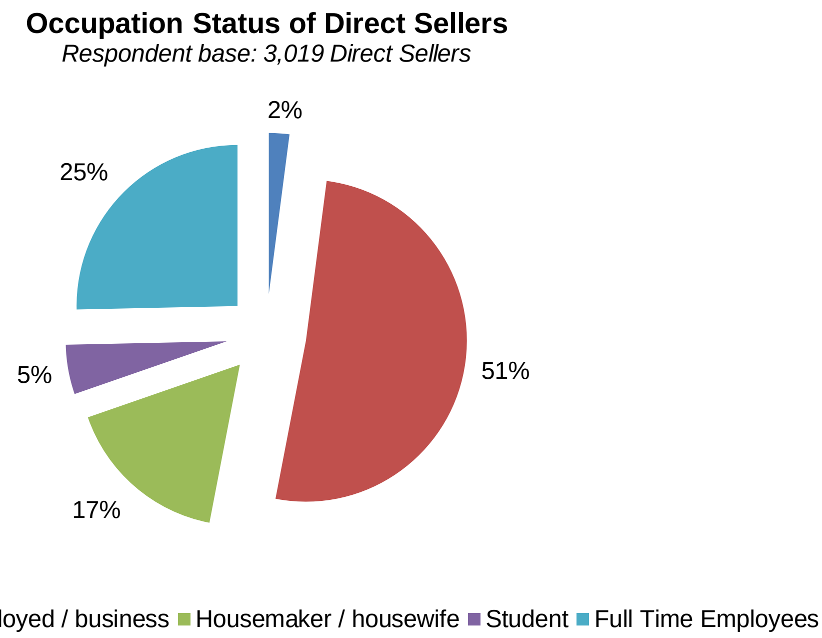

Figure 22: Occupation Status of Direct Sellers (pan-India level)

At an overall level, out of the 3019 respondents, around 51% of the respondents were involved in business or were self-employed. Around 25% of the respondents were full-time employees. Around one-sixth of the respondents were homemaker / housewife and see Direct Selling as an opportunity to earn income. About 5% of the respondents were students.

Table below summarizes this information at zonal, city type and experience levels.

Table 11: Occupation status of Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	*564*	*857*	*757*	*841*	*1,299*	*1,051*	*669*	*841*	*1,225*	*953*
Unemployed	1%	5%	1%	1%	2%	3%	2%	4%	1%	1%
Self-employed / business	33%	53%	57%	55%	46%	54%	56%	48%	48%	56%

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	*564*	*857*	*757*	*841*	*1,299*	*1,051*	*669*	*841*	*1,225*	*953*
Housemaker / housewife	18%	9%	15%	24%	19%	13%	18%	14%	18%	18%
Student	11%	2%	4%	5%	3%	9%	2%	9%	6%	1%
Full time employees	37%	31%	23%	15%	30%	21%	22%	25%	27%	24%

In the North Zone, out of the 564 Direct Sellers interviewed, around one-third of the respondents were self-employed or were engaged in doing business. In South Zone, out of the 757 Direct Sellers interviewed, more than half of the respondents were self-employed or were engaged in doing business. In East Zone, out of the 757 Direct Sellers interviewed, around 57% of the respondents were self-employed or were engaged in doing business. In West Zone, out of the 841 Direct Sellers interviewed, around 55% of the respondents were self-employed or were engaged in doing business.

In Metro cities, out of the 1299 Direct Sellers interviewed, around 46% of the respondents were self-employed or were engaged in doing business. In Tier 1 cities, out of the 1051 Direct Sellers interviewed, more than half of the respondents were self-employed or were engaged in doing business. In Tier 2 cities, out of the 669 Direct Sellers interviewed, around 56% of the respondents were self-employed or were engaged in doing business.

Direct Selling Activities

Source of Awareness about Direct Selling

The graph below presents the source of awareness about Direct Selling to Direct Sellers in India

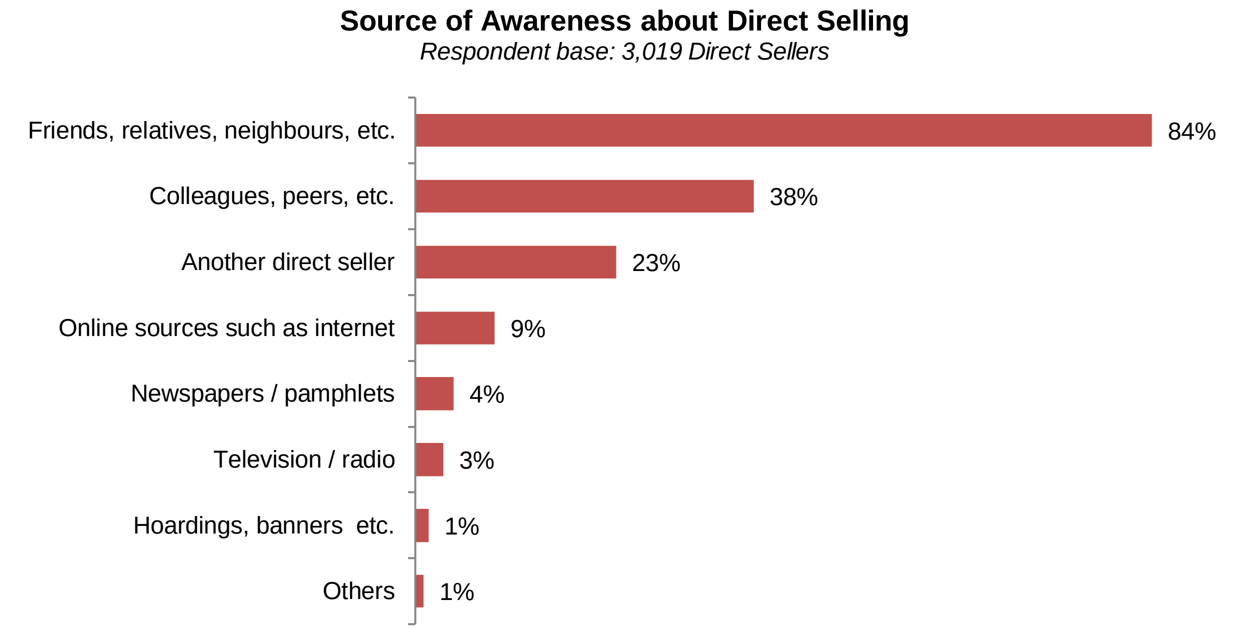

Figure 23: Source of awareness about Direct Selling to Direct Sellers (pan-India level)

Out of the 3019 respondents, around 84% of the Direct Sellers came to know about Direct Selling from their friends, relatives, neighbors etc. Around 23% of the Direct Sellers came to know about Direct Selling from other Direct Sellers who were already active in Direct Selling. Word of mouth is one of the major factors in the growth of Direct Selling. Around 9% of the respondents also said that online sources such as internet, social media were also a source of awareness for them to know about Direct Selling.

Table below summarizes this information at zonal, city type and experience levels.

Table 12: Source of awareness about Direct Selling to Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1,299***	***1,051***	***669***	***841***	***1,225***	***953***
Friends, relatives, neighbors etc.	80%	91%	79%	82%	83%	80%	90%	81%	83%	86%
Colleague, peers etc.	57%	35%	37%	30%	34%	39%	46%	40%	38%	37%
Another Direct Seller	40%	17%	13%	26%	24%	21%	24%	21%	24%	24%
Online sources such as Internet	17%	9%	3%	10%	10%	6%	12%	10%	9%	9%
Television / radio	3%	5%	1%	3%	5%	1%	2%	2%	4%	4%
Newspaper / pamphlets	2%	6%	3%	5%	7%	2%	3%	4%	4%	5%
Hoardings, banners etc.	1%	1%	0%	3%	3%	1%	0%	2%	1%	2%
Others	0%	0%	0%	3%	2%	1%	0%	1%	1%	1%

The top two sources of awareness for Direct Sellers about Direct Selling are friends, relatives, neighbors etc. and colleagues, peers etc. 80% of the Direct Sellers interviewed in North Zone came to know about Direct Selling from their friends, relatives, neighbors etc. 91% of the Direct Sellers interviewed in South Zone came to know about Direct Selling from their friends, relatives, neighbors etc. 79% of the Direct Sellers interviewed in East Zone came to know about Direct Selling from their friends, relatives, neighbors etc. 82% of the Direct Sellers interviewed in West Zone came to know about Direct Selling from their friends, relatives, neighbors etc.

83% of the Direct Sellers interviewed in the 8 Metro cities covered came to know about Direct Selling from their friends, relatives, neighbors etc. 80% of the Direct Sellers interviewed in 10 Tier 1 cities covered came to know about Direct Selling from their friends, relatives, neighbors etc. 90% of the Direct Sellers interviewed in 11 Tier 2 cities covered came to know about Direct Selling from their friends, relatives, neighbors etc.

81% of the Direct Sellers associated with Direct Selling for less than 2 years came to know about Direct Selling from their friends, relatives, neighbors etc. 83% of the Direct Sellers associated with Direct Selling for 2-3 years came to know about Direct Selling from their friends, relatives, neighbors etc. 86% of the Direct Sellers associated with Direct Selling for more than 3 years came to know about Direct Selling from their friends, relatives, neighbors etc.

Most Important Reason to join Direct Selling

Chart below presents the most important reason to join Direct Selling in India

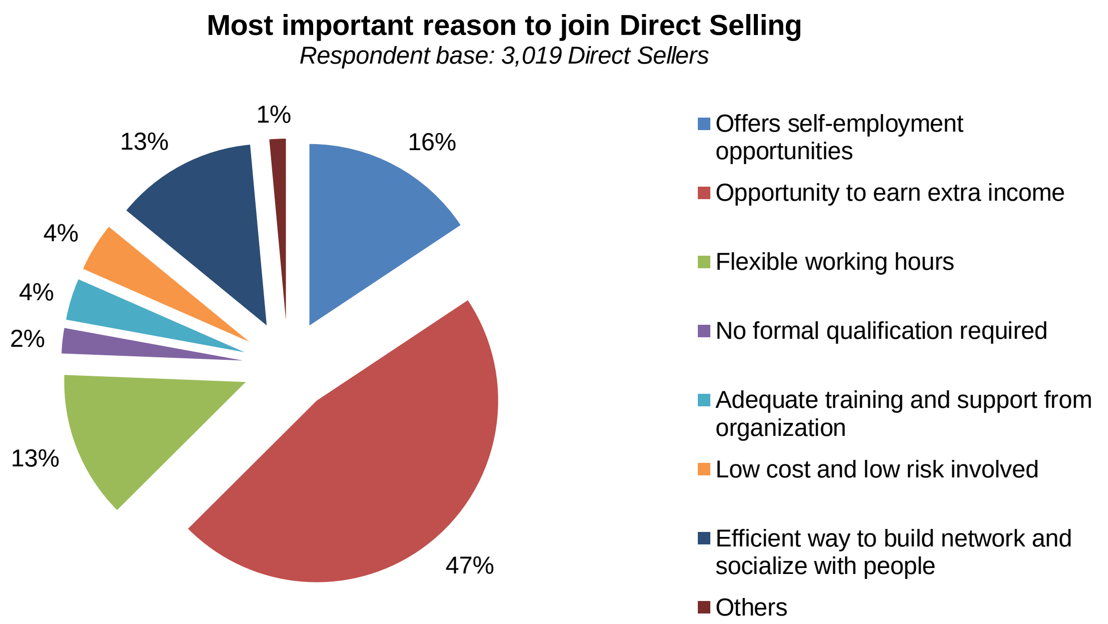

Figure 24: Most important reason to join Direct Selling (pan-India level)

Out of the 3019 respondents, around 47% of the Direct Sellers felt that the most important reason for joining Direct Selling was the opportunity it provides to earn extra income. About one-sixth of the respondents felt that the that it offers self-employment opportunities, while 13% of the respondents joined Direct Selling because it provided flexible working hours.

Table below summarizes this information at zonal, city type and experience levels.

Table 13: Most important reason to join Direct Selling (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	*564*	*857*	*757*	*841*	*1,299*	*1,051*	*669*	*841*	*1,225*	*953*
Offers self-employment opportunities	16%	11%	18%	18%	14%	19%	13%	16%	16%	15%
Opportunity to earn extra income	51%	53%	46%	39%	40%	52%	52%	44%	48%	47%
Flexible working hours	7%	15%	10%	18%	16%	10%	12%	14%	14%	12%
No formal qualification required	3%	3%	1%	2%	3%	2%	2%	2%	2%	3%
Adequate training and support from organization	8%	5%	2%	1%	6%	2%	2%	4%	4%	3%

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	*564*	*857*	*757*	*841*	*1,299*	*1,051*	*669*	*841*	*1,225*	*953*
Low cost and low risk involved	3%	5%	3%	6%	6%	2%	4%	5%	4%	5%
Efficient way to build network and socialize with people	10%	8%	18%	15%	13%	11%	14%	13%	12%	13%
Others	2%	1%	2%	1%	1%	2%	1%	2%	1%	2%

51% of the Direct Sellers interviewed in North Zone consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 53% of the Direct Sellers interviewed in South Zone consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 46% of the Direct Sellers interviewed in East Zone consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 39% of the Direct Sellers interviewed in West Zone consider the opportunity to earn extra income as the most important reason for joining Direct Selling.

40% of the Direct Sellers interviewed in Metro cities consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 52% of the Direct Sellers interviewed in Tier 1 cities consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 52% of the Direct Sellers interviewed in Tier 2 cities consider the opportunity to earn extra income as the most important reason for joining Direct Selling.

44% of the Direct Sellers involved in Direct Selling for less than 2 years consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 48% of the Direct Sellers involved in Direct Selling for 2-3 years consider the opportunity to earn extra income as the most important reason for joining Direct Selling. 47% of the Direct Sellers involved in Direct Selling for more than 3 years consider the opportunity to earn extra income as the most important reason for joining Direct Selling.

Product Categories sold by Direct Sellers

Chart below presents product categories sold by Direct Sellers in India

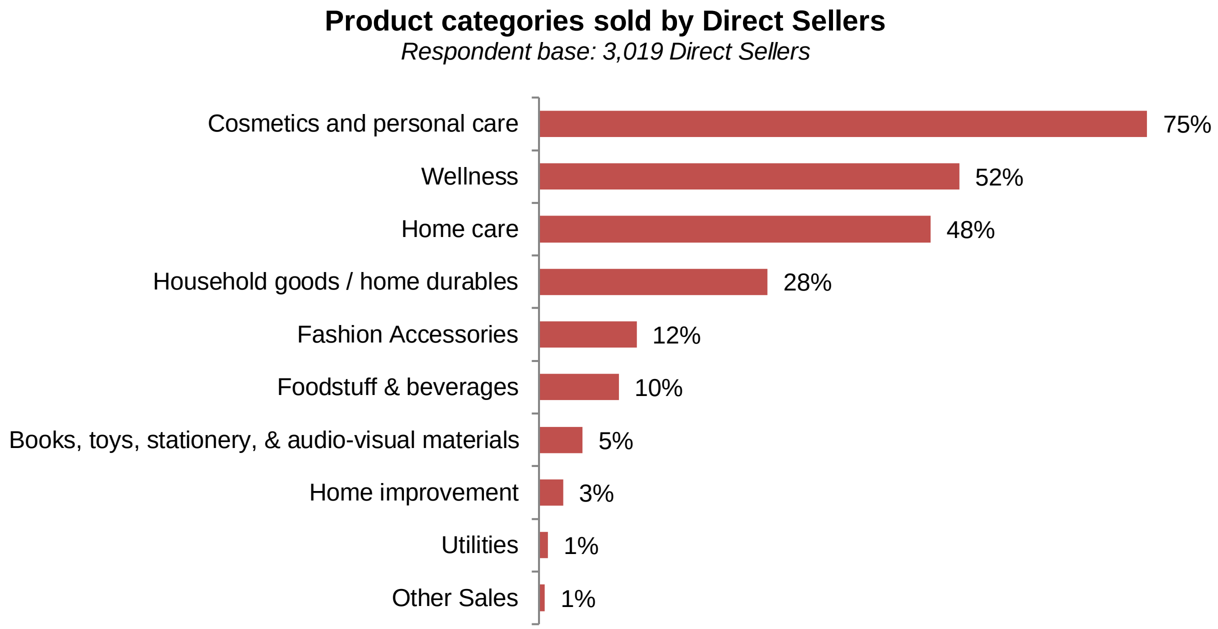

Figure 25: Product categories sold by Direct Sellers (pan-India level)

Out of the 3019 respondents, around 75% of the Direct Sellers dealt in cosmetics and personal care. Around 52% of the Direct Sellers sold wellness products which include products like weight management supplements, nutritional supplements & juices etc. Around 48% of the Direct Sellers dealt in home care products which includes household cleaning products, auto care and animal / pet care. 2 out of 7 Direct Sellers interviewed sold household goods and home durables. One-tenth of the Direct Sellers interviewed dealt in foodstuff & beverages.

Table below summarizes this information at zonal, city type and experience levels.

Table 14: Product categories sold by Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1,299***	***1,051***	***669***	***841***	***1,225***	***953***
Clothing (not including accessories)	4%	7%	6%	5%	4%	4%	10%	6%	5%	6%
Clothing accessories	10%	8%	8%	4%	5%	7%	12%	7%	7%	7%
Cosmetics and personal care	77%	77%	78%	68%	71%	76%	79%	75%	76%	73%
Home care	66%	47%	50%	36%	42%	48%	59%	53%	43%	51%
Household goods / home durables	46%	22%	30%	20%	24%	28%	35%	26%	28%	30%
Wellness	62%	63%	50%	35%	52%	50%	53%	46%	52%	57%
Books, toys, stationery, & audio-visual materials	14%	2%	4%	3%	3%	8%	6%	3%	6%	6%
Foodstuff & beverages	15%	7%	11%	8%	7%	9%	16%	10%	8%	12%
Home improvement	6%	3%	1%	2%	3%	3%	2%	3%	3%	4%
Utilities	1%	1%	0%	2%	1%	1%	1%	1%	1%	2%
Other sales	0%	0%	1%	1%	1%	1%	0%	1%	0%	1%

Cosmetics and personal care is one of the most favored product categories among Direct Sellers across the four zones. In the North Zone, 77% of the Direct Sellers sold cosmetics and personal care products. The second most favored product category in North Zone was homecare with 66% of the Direct Sellers dealing in the product category. In the South Zone, 77% of the Direct Sellers sold cosmetics and personal care products. The second most favored product category in South Zone was wellness with 63% of the Direct Sellers dealing in the product category. In the East Zone, 78% of the Direct Sellers sold cosmetics and personal care products. The second most favored product categories in East Zone were homecare and wellness with 50% of the Direct Sellers dealing in each product category. In the West Zone, 68% of the Direct Sellers sold cosmetics and personal care products. The second most favored product category in West Zone was homecare with 35% of the Direct Sellers dealing in the product category.

Cosmetics and personal care is one of the most preferred product categories among Direct Sellers across the different city types. In the Metro cities, 71% of the Direct Sellers sold cosmetics and personal care products. The second most favored product category in Metro cities was wellness with 52% of the Direct Sellers dealing in the product category. In the Tier 1 cities, 76% of the Direct Sellers sold cosmetics and personal care products. The second most favored product category in Tier 1 was wellness with 50% of the Direct Sellers dealing in the product category. In the Tier 2 cities, 79% of the Direct Sellers sold cosmetics and personal care products. The second most favored product category in Tier 2 cities was wellness with 53% of the Direct Sellers dealing in the product category.

Cosmetics and personal care tops the chart among Direct Sellers across the different segments. 75% of the Direct Sellers with less than 2 years' experience sold cosmetics and personal care products. The second most favored product category was homecare with 53% of the Direct Sellers with less than 2 years' experience dealing in the product category. 76% of the Direct Sellers with 2-3 years' experience sold cosmetics and personal care products. The second most favored product category was wellness with 52% of the Direct Sellers with 2-3 years' experience dealing in the product category. 73% of the Direct Sellers with more than 3 years' experience sold cosmetics and personal care products. The second most favored product category was wellness with 57% of the Direct Sellers with more than 3 years' experience dealing in the product category.

Awareness about Product Category

Top of Mind Product Category

Chart below presents the top of mind product category

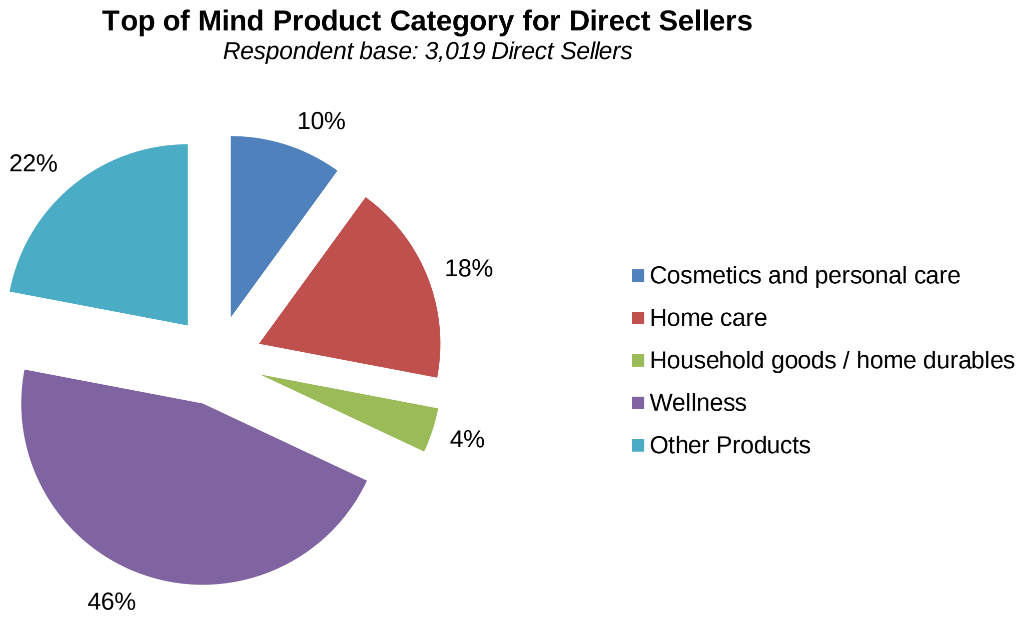

Figure 26: Top of mind Product category for Direct Sellers (pan-India level)

46% direct sellers remember wellness products as the first product category when mentioned about direct selling. 18% direct sellers remember home care products as the first product category when mentioned about direct selling. 10% direct sellers remember cosmetics and personal care as the first product category when mentioned about direct selling.

Most important reason for not continuing with previously associated Direct Selling Organization

Chart below presents most important reason for not continuing with previously associated Direct Selling Organization.

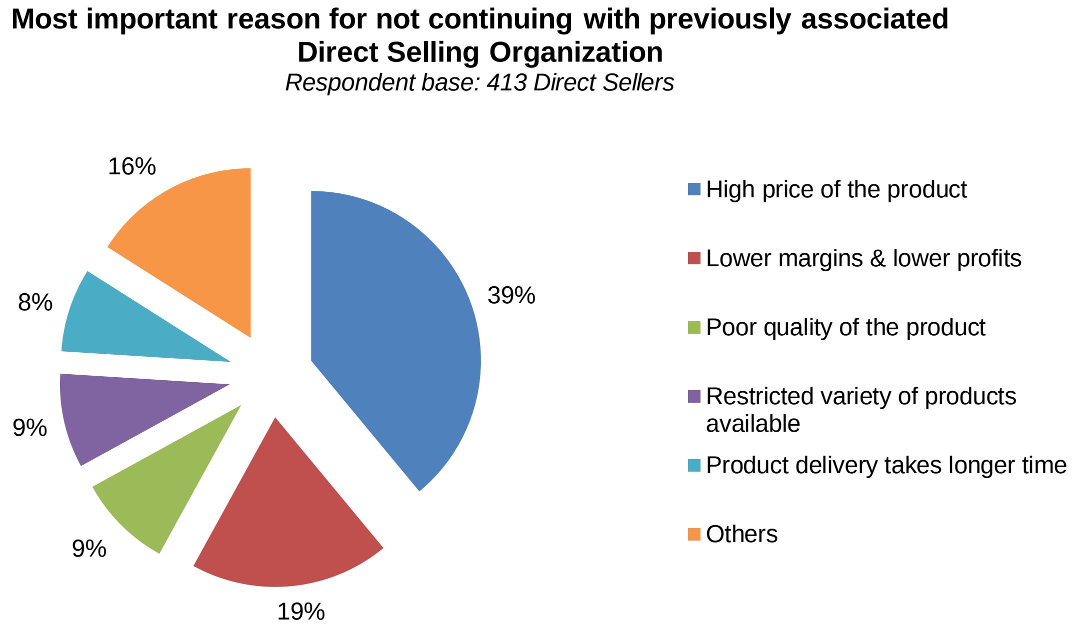

Figure 27: Most important reason for not continuing with previously associated Direct Selling Organization (pan-India level)

Out of the 413 Direct Sellers who have switched from one Direct Selling organization to another, 39% of the Direct Sellers feel that high price of the product was the most important reason to discontinue their association with Direct Selling organization. 19% of the Direct Sellers feel that lower margins and lower profits was the most important reason to discontinue their association with Direct Selling organization. 9% of the Direct Sellers feel that poor product quality was the reason to discontinue their association with Direct Selling organization.

Table below summarizes this information at zonal, city type and experience levels.

Table 15: Most important reason for not continuing with previously associated Direct Selling organization (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***62***	***132***	***94***	***125***	***204***	***143***	***66***	***95***	***171***	***147***
High price of the product	34%	34%	35%	49%	38%	43%	33%	49%	35%	38%
Lower margins and lower profits	20%	22%	10%	23%	24%	13%	23%	17%	19%	22%
Poor quality of the product	10%	13%	4%	6%	10%	5%	12%	2%	13%	8%
Restricted variety of products available	10%	13%	10%	2%	11%	5%	7%	8%	10%	5%
Product delivery takes long time	2%	8%	10%	9%	5%	9%	13%	4%	7%	11%
Others	24%	10%	31%	11%	12%	25%	12%	20%	16%	16%

About 34% of the Direct Sellers in North Zone feel that high price of the product was the most important reason for them to discontinue their association with previously associated Direct Selling organization while 34% of the Direct Sellers in South Zone felt the same. In the East Zone, 35% of the Direct Sellers feel that high price of the product was the most important reason for them to discontinue their association with previously associated Direct Selling organization whereas 49% of the Direct Sellers in West Zone disassociated themselves from their previous Direct Selling organization due to high price of the products.

In the Metro cities, about 38% of the Direct Sellers feel that high price of the product was the most important reason for them to discontinue their association with previously associated Direct Selling organization. 43% of the Direct Sellers in Tier 1 cities feel that high price of the product was the most important reason for them to discontinue their association with previously associated Direct Selling organization whereas 33% of the Direct Sellers in Tier 2 cities felt the same.

About 49% of the Direct Sellers with less than 2 years' experience feel that high price of the product was the most important reason for them to discontinue their association with previously associated Direct Selling organization whereas the number stood at 35% with Direct Sellers having 2-3 years' experience. 38% of the Direct Sellers with more than 3 years' experience feel that high price of the product was the most important reason for them to discontinue their association with previously associated Direct Selling organization.

Challenges Faced with respect to Direct Selling

Most critical challenge faced by Direct Sellers

Chart below presents the most critical challenge faced by Direct Sellers with respect to Direct Selling

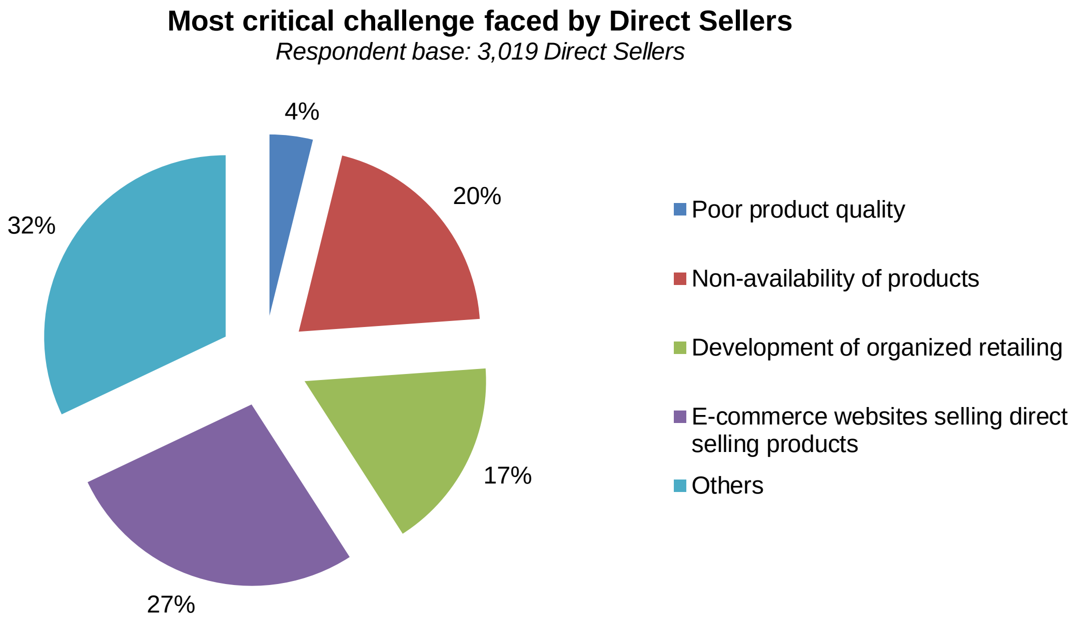

Figure 28: Most critical challenge faced by Direct Sellers (pan-India level)

At an overall level, out of the 3019 Direct Sellers interviewed, around 27% of the respondents feel that the e-commerce websites selling Direct Selling products is the most critical challenge faced by them with respect to Direct Selling whereas 20% of the respondents believe that the non-availability of products is the most critical challenged faced by them. 17% of the respondents say that development of organized retailing is the most critical challenge faced by them with respect to Direct Selling.

Table below summarizes this information at zonal, city type and experience levels.

Table 16: Most critical challenge faced by Direct Sellers (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1299***	***1051***	***669***	***841***	***1225***	***953***
Poor product quality	2%	4%	2%	8%	3%	2%	10%	4%	3%	4%
Non-availability of products	25%	17%	23%	15%	21%	16%	23%	19%	18%	21%
Development of organized retailing	16%	22%	17%	12%	18%	18%	14%	18%	16%	17%
E-commerce websites selling Direct Selling products	30%	26%	18%	35%	32%	24%	26%	27%	29%	28%
Others	27%	31%	40%	30%	26%	40%	27%	32%	34%	30%

In North zone, out of 564 respondents, 30% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 25% of the Direct Sellers in North Zone feel that non-availability of products is the most critical challenge faced by them with respect to Direct Selling. In South zone, out of 857 respondents, 26% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 22% of the Direct Sellers in South Zone feel that development of organized retailing is the most critical challenge faced by them with respect to Direct Selling. In East zone, out of 757 respondents, 18% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 17% of the Direct Sellers in East Zone feel that development of organized retailing is the most critical challenge faced by them with respect to Direct Selling. In West zone, out of 841 respondents, 35% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 12% of the Direct Sellers in West Zone feel that development of organized retailing is the most critical challenge faced by them with respect to Direct Selling.

In Metro cities, out of 1299 respondents, 32% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 21% of the Direct Sellers in Metro cities feel that non-availability of products is the most critical challenge faced by them with respect to Direct Selling. In Tier 1 cities, out of 1051 respondents, 24% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 18% of the Direct Sellers in Tier 1 cities feel that development of organized retailing is the most critical challenge faced by them with respect to Direct Selling. In Tier 2 cities, out of 669 respondents, 26% of the Direct Sellers say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 23% of the Direct Sellers in Tier 2 cities feel that non-availability of products is the most critical challenge faced by them with respect to Direct Selling.

Out of 841 Direct Sellers who have been involved in Direct Selling for less than 2 years', almost 27% respondents say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 19% of the Direct Sellers with less than 2 years' experience feel that non-availability of products is the most critical challenge faced by them. Out of 1226 Direct Sellers who have been involved in Direct Selling for 2-3 years', 29% respondents say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 18% of the Direct Sellers with 2-3 years' experience feel that non-availability of products is the most critical challenge faced by them. Out of 953 Direct Sellers who have been involved in Direct Selling for more than 3 years', 28% respondents say that e-commerce websites selling Direct Selling products is the most critical challenge faced by them. 21% of the Direct Sellers with more than 3 years' experience feel that non-availability of products is the most critical challenge faced by them.

Direct Sellers Recommending Direct Selling

Likelihood to recommend Direct Selling products this year

Chart below presents the likelihood of Direct Sellers to recommend Direct Selling products this year

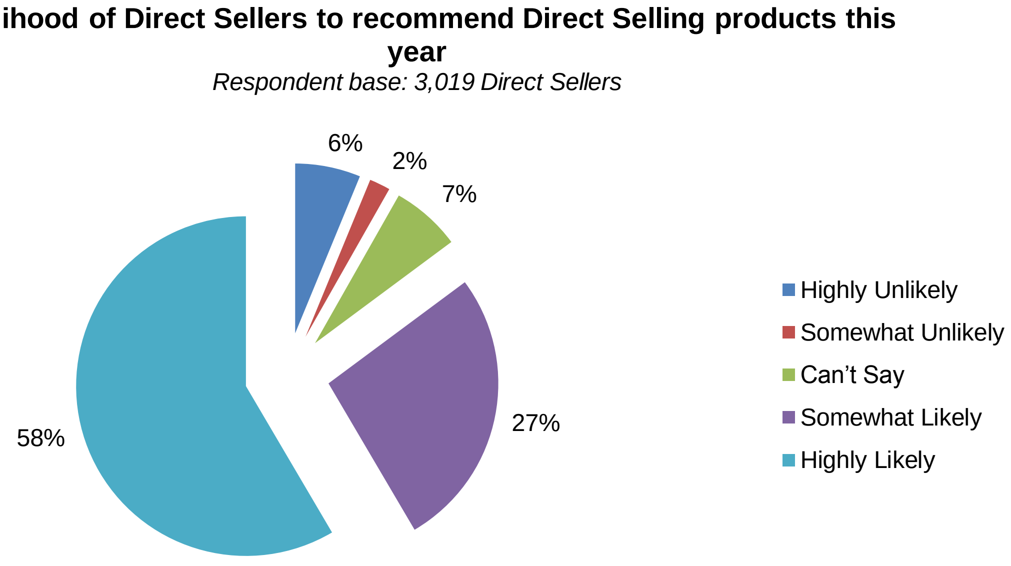

Figure 29: Likelihood to recommend Direct Selling products this year (pan-India level)

Out of the 3019 respondents across the country, 58% Direct Sellers said that they were highly likely to recommend Direct Selling products this year. 27% Direct Sellers said that they were somewhat likely to recommend Direct Selling products this year. On the other hand, 6% of the Direct Sellers said that they were highly unlikely to recommend Direct Selling products this year.

Table below summarizes this information at zonal, city type and experience levels.

Table 17: Likelihood of Direct Sellers to recommend Direct Selling products this year (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1299***	***1051***	***669***	***841***	***1225***	***953***
Highly Unlikely	11%	1%	9%	6%	7%	5%	7%	7%	6%	6%
Somewhat Unlikely	2%	2%	3%	1%	2%	3%	1%	3%	2%	1%
Can't say	2%	9%	3%	11%	11%	4%	3%	8%	6%	6%
Somewhat Likely	28%	33%	27%	20%	26%	31%	21%	26%	27%	27%
Highly Likely	57%	55%	59%	62%	55%	57%	68%	56%	59%	60%

In North Zone, around 85% of the Direct Sellers were likely to recommend Direct Selling products this year. In South Zone, 88% of the Direct Sellers were likely to recommend Direct Selling products this year. In East Zone, around 86% of the Direct Sellers were likely to recommend Direct Selling products this year. In West Zone, 82% of the Direct Sellers were likely to recommend Direct Selling products this year.

In Metro cities, around 81% of the Direct Sellers were likely to recommend Direct Selling products this year. In Tier 1 cities, 88% of the Direct Sellers were likely to recommend Direct Selling products this year. In Tier 2 cities, around 89% of the Direct Sellers were likely to recommend Direct Selling products this year.

About 82% of the Direct Sellers, who have been involved in Direct Selling for less than 2 years', said that they were likely to recommend Direct Selling products this year. 86% of the Direct Sellers, who have been involved in Direct Selling for 2-3 years', said that they were likely to recommend Direct Selling products this year. 87% of the Direct Sellers, who have been involved in Direct Selling for more than 3 years', said that they were likely to recommend Direct Selling products this year.

Likelihood to continue Direct Selling this year

Chart below presents the likelihood of Direct Sellers to continue Direct Selling this year

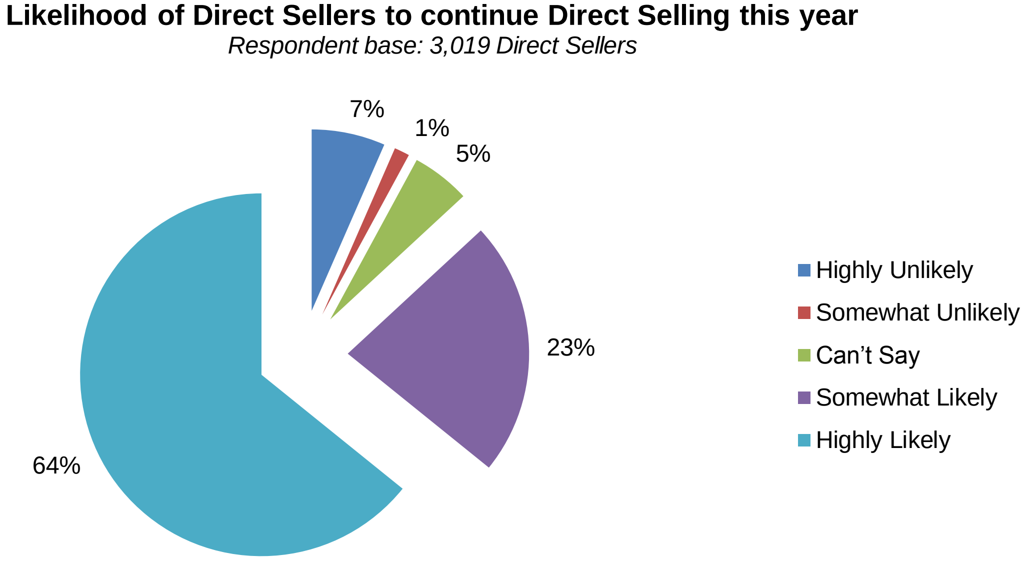

Figure 30: Likelihood to continue Direct Selling this year (pan-India level)

Out of the 3019 respondents across the country, 64% Direct Sellers said that they were highly likely to continue Direct Selling this year. 23% Direct Sellers said that they were somewhat likely to continue Direct Selling this year. On the other hand, 7% of the Direct Sellers said that they were highly unlikely to continue Direct Selling this year.

Table below summarizes this information at zonal, city type and experience levels.

Table 18: Likelihood of Direct Sellers to continue Direct Selling this year (zonal, city type and experience levels)

	Zone				City Type			Experience		
	North	South	East	West	Metro	Tier I	Tier II	< 2 Years	2 – 3 Years	> 3 Years
Base	***564***	***857***	***757***	***841***	***1299***	***1051***	***669***	***841***	***1225***	***953***
Highly Unlikely	11%	1%	10%	6%	6%	6%	8%	7%	7%	6%
Somewhat Unlikely	1%	2%	1%	1%	1%	1%	1%	2%	1%	1%
Can't say	1%	8%	3%	7%	7%	4%	3%	7%	5%	4%
Somewhat Likely	25%	27%	23%	17%	19%	27%	22%	26%	21%	22%
Highly Likely	62%	62%	63%	69%	66%	61%	66%	59%	66%	66%

In North Zone, around 87% of the Direct Sellers were likely to continue Direct Selling this year whereas 11% of the Direct Sellers were highly unlikely to continue Direct Selling this year. In South Zone, 89% of the Direct Sellers were likely to continue Direct Selling this year whereas 1% of the Direct Sellers were highly unlikely to continue Direct Selling this year. In East Zone, around 86% of the Direct Sellers were likely to continue Direct Selling this year whereas 10% of the Direct Sellers were highly unlikely to continue Direct Selling this year. In West Zone, 86% of the Direct Sellers were likely to continue Direct Selling this year whereas 6% of the Direct Sellers were highly unlikely to continue Direct Selling this year.

In Metro cities, around 85% of the Direct Sellers were likely to continue Direct Selling this year whereas 6% of the Direct Sellers were highly unlikely to continue Direct Selling this year. In Tier 1 cities, 88% of the Direct Sellers were likely to continue Direct Selling this year whereas 6% of the Direct Sellers were highly unlikely to continue Direct Selling this year. In Tier 2 cities, around 88% of the Direct Sellers were likely to continue Direct Selling this year whereas 8% of the Direct Sellers were highly unlikely to continue Direct Selling this year.

About 85% of the Direct Sellers, who have been involved in Direct Selling for less than 2 years', said that they were likely to continue Direct Selling this year whereas 7% of the Direct Sellers were highly unlikely to continue Direct Selling this year. 87% of the Direct Sellers, who have been involved in Direct Selling for 2-3 years', said that they were likely to continue Direct Selling this year whereas 7% of the Direct Sellers were highly unlikely to continue Direct Selling this year. 88% of the Direct Sellers, who have been involved in Direct Selling for more than 3 years', said that they were likely to continue Direct Selling this year whereas 6% of the Direct Sellers were highly unlikely to continue Direct Selling this year.

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Members of Indian Direct Selling Association (IDSA)

The following table depicts the members of the IDSA which were covered as part of the survey.

Table 19 : List of existing IDSA members

Name of Member Organization	Headquarters	Organization Logo
4Life Trading India Ltd.	Mumbai	
Altos Enterprises	Ludhiana	
AMC Cookware India	Bengaluru	
Amway India Enterprises	Gurugram	
Avon Beauty Products India Pvt. Ltd.	Gurugram	
DXN Marketing India Pvt. Ltd.	Chennai	
Glaze Trading India Pvt. Ltd.	New Delhi	
Herbalife International India Pvt. Ltd.	Bengaluru	
K-Link Healthcare (India) Pvt. Ltd.	Chennai	
Modicare Ltd.	New Delhi	
Oriflame India Pvt. Ltd.	New Delhi	

Name of Member Organization	Headquarters	Organization Logo
Tianjin Tianshi India Pvt. Ltd.	Chennai	TIENS
Tupperware India Pvt. Ltd.	Gurugram	Tupperware
Unicity Health Pvt. Ltd.	Bengaluru	UNICITY
Vestige Marketing Pvt. Ltd.	New Delhi	VESTIGE wish you wellth
ZillonLife Global Pvt. Ltd.	New Delhi	ZillonLife

The following organizations have also become a part of the Indian Direct Selling Association but they were not a part of the Annual Survey:

Table 20 : List of new members of IDSA

Name of Member Organization	Headquarters	Organization Logo
PM-International India Pvt. Ltd.	New Delhi	PM-International
Jeunesse Global India Pvt. Limited	New Delhi	JEUNESSE
Lyoness India Pvt. Limited	New Delhi	LYONESS

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Ms. Rini Sanyal,
Vice-Chairperson, IDSA

Mr. Jitendra Jagota,
Treasurer, IDSA

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