DIRECT SELLING IN INDIA:

EMBRACING CHANGE AND BUILDING RESILIENCE FOR SUSTAINABLE GROWTH

Annual Survey Report 2021–22

March 2023

IDSA
INDIAN DIRECT SELLING ASSOCIATION
WFDSA Member

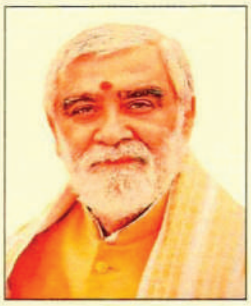
Knowledge Partner
Ipsos Strategy3

राज्य मंत्री
पर्यावरण, वन और जलवायु परिवर्तन
उपभोक्ता मामले, खाद्य एवं सार्वजनिक वितरण
भारत सरकार

MINISTER OF STATE
ENVIRONMENT, FORESTS & CLIMATE CHANGE
CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
GOVERNMENT OF INDIA

अश्विनी कुमार चौबे
Ashwini Kumar Choubey

सत्यमेव जयते
आहारशुद्धौ सत्त्वशुद्धिः



संदेश

मुझे यह जानकर अत्यंत हर्ष हो रहा है कि इंडियन डायरेक्ट सेलिंग एसोसिएशन (आइडीएसए) भारत में प्रत्यक्ष बिक्री उद्योग को लाभवान्वित करने के लिए वार्षिक सर्वेक्षण 2021-22 जारी कर रहा है। यह उद्योग भारत में लाखों लोगों को आजीविका प्रदान कर रहा है और इस प्रकार राष्ट्र के आर्थिक विकास में योगदान दे रहा है।

उपभोक्ता अर्थव्यवस्था की रीढ़ है और इसलिए यह अनिवार्य है कि उपभोक्ता के साथ उचित व्यवहार किया जाए। इस दिशा में, उपभोक्ता संरक्षण अधिनियम 2019 के अंतर्गत उपभोक्ता संरक्षण (प्रत्यक्ष बिक्री) नियम 2021 अधिसूचित किए गए हैं। ये नियम प्रत्यक्ष बिक्री विषय को नियामक स्पष्टता और प्रत्यक्ष बिक्री को उचित कानूनी ढांचा अथवा आवरण प्रदान करने के लिए अधिसूचित किये गये हैं। इसके अलावा इन नियमों का उद्देश्य प्रत्यक्ष विक्रेताओं और प्रत्यक्ष बिक्री संस्थाओं की गतिविधियों पर निगरानी सुनिश्चित करना भी है।

एसोसिएशन उद्योग से सम्बंधित अनेक मुद्दे मेरे अवलोकनार्थ और आवश्यक कार्रवाई हेतु नियमित रूप उठाती रही है। मंत्रालय ने इस सम्बंध में अनेक सार्थक कदम भी उठाए गए हैं। मुझे विश्वास है कि प्रत्यक्ष बिक्री संस्थाएं यह सुनिश्चित करेंगी कि उपभोक्ता संरक्षण अधिनियम 2019 में सूचीबद्ध उपभोक्ताओं के आवश्यक अधिकार संरक्षित और पोषित हों।

मैं एक बार फिर वार्षिक सर्वेक्षण 2021-22 जारी होने पर कार्यकारी समिति और आईडीएसए के सभी सदस्यों को बधाई देता हूं और इसके लिए और उनके सभी भावी प्रयासों में सफलता की कामना करता हूं।

(अश्विनी कुमार चौबे)

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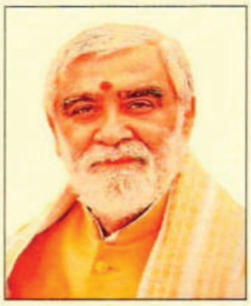

MESSAGE

It gives me immense pleasure to learn that the Indian Direct Selling Association is releasing the Annual Survey 2021-22 for the benefit of the Direct Selling industry in Indiawhich is reportedly providing livelihood to millions of people in India and is thus contributing towards the economic growth of the nation.

Consumer is the backbone of the economy and thus it is imperative that consumer is treated fairly. In this direction, the Consumer Protection (Direct Selling) Rules 2021 have been notified under the purview of the Consumer Protection Act 2019 to provide regulatory clarity around the subject of direct selling and to ensure that a proper legal framework is in place for the monitoring of the activities of the direct sellers and direct selling entities.

The association has been raising important issues concerning the industry before my office on regular basis for my perusal and necessary action. The Ministry has also taken several meaningful steps in this regard. I am confident that the direct selling entities shall ensure that the essential rights of consumers as listed in the Consumer Protection Act 2019 are protected and nurtured.

I once again congratulate the Executive Committee and all members of IDSA on the release of Annual Survey 2021-22 and wish them all success for the same and in all their future endeavours.

(Ashwini Kumar Choubey)

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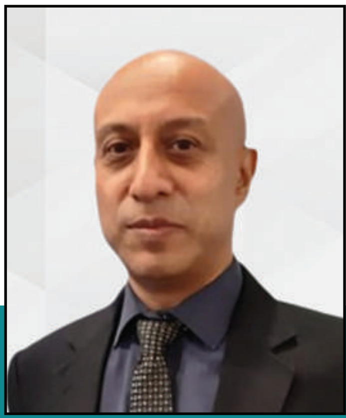
Message from Chairman
IDSA (Indian Direct Selling Association)



MR. RAJAT BANERJI
Chairman, IDSA

On behalf of Indian Direct Selling Association, it gives me immense pleasure to share the Annual Survey 2021-22 for Direct Selling in India. I'm confident that like its previous editions, IDSA's Annual Survey shall once again prove to be a vital tool for all stakeholders to understand the performance of the direct selling industry in the year gone by and to draft the roadmap for the future.

Direct Selling has long-since reached the far corners of the country. The direct seller has the choice of buying products from the direct selling entity/company and having these delivered to their home, which they can sell to their customers.

There is a written contract between each direct seller and a direct selling entity. The direct seller buys daily-use products directly from the company - GST is paid on each transaction. These products are then sold to the consumer on MRP that is clearly mentioned on the packaging of each product – just like any other transaction from a store, shop, or online. In fact, direct selling is an integral part of the retail industry or the FMCG sector.

IDSA has led the dialogue between industry and the Central as well as State Governments, to bring clarity and safeguard the interest of all the stakeholders involved in the industry. Between 2009 and 2014, as many as four Inter-Ministerial Groups and Inter-Ministerial Committees had been formed to provide regulatory clarity for this industry. The largest of these was the Inter-Ministerial Committee, formed in Dec 2014 – it comprised of Secretary-level officers from the Ministry of Consumer Affairs, Ministry of Corporate Affairs, Ministry of Commerce, Ministry of Finance, Ministry of Law, Ministry of IT and Chief Secretaries of three States.

IDSA and other associations made representations to at least two Parliamentary Standing Committees. The Direct Selling Guidelines notified by the Center in end-2016 and 17 Indian States notified these Guidelines. The Consumer Protection Act 2019 provided the concept and meaning of direct selling under Section 2(13). In December 2021, the Consumer Protection (direct selling) Rules 2021, were notified.

This journey has involved a lot of hard work and effort on the part of several Ministries and premier institutions across the country. And now, the consumer as well as the Central and State Governments and Direct Selling Entities/Companies can carry their efforts, seamlessly. Well, we at IDSA believe that all this hard work was worth it as this involves the livelihoods of millions of us Indians. Our efforts have been fruitful as the direct selling rules are now in place and the industry has complete operational as well as regulatory clarity. It is now up to us all the States to ensure that this established industry carries on the good work it has put in for close to three decades. And finally, IDSA will be there to offers to partner in this process.

Message from Partner & India Head **Ipsos Strategy3**

MR. DEEPAK H
Partner & Head at Ipsos Strategy3 India

Today, the global economy is on the brink of a Polycrisis, with multiple challenges around inflation, Russia – Ukraine war, rising interest rates, failure of large financial institutions etc. Even though India has the advantage of having a large domestic consumption market, some of the global challenges are likely to have a short to mid-term impact. After witnessing a negative GDP in FY 21, Indian economy managed to register growth & surpassed the pre-COVID levels by 1.5% (FY 20 vs. FY 22).

In comparison, the Direct Selling industry has continued to witness growth year on year demonstrating to be resilient. In FY 21, the Direct Selling industry managed to add INR 1,000 crores b/w FY 21 & FY 22, to become an INR. 19,000 crores (FY 22) industry, at a growth rate of 5.3%.

The demand in the Indian market seems to be intact with increasing consumer awareness around health (wellness). This resonates with the increasing business volumes of this product group.

On contrary, of the 400+ direct selling companies, we witnessed several companies showing negative growth at an individual company level driven by two factors:

A: Even though there was a net addition of Direct Sellers by 0.5 million, the number of active direct sellers & their dependency levels went down in the post-pandemic year, which meant that many direct sellers started going back to their mainstream jobs & their focus declined.

B: The need for pandemic products reduced significantly.

The Consumer Protection (Direct Selling) Rules 2021 has significantly impacted the Direct Selling industry by increasing authenticity, product quality, and customer protection. Improved disclosure standards have increased transparency, providing customers with access to important information. Customers can now expect high-quality products and delivery, making the direct selling industry more customer-centric and trustworthy. The regulations have created a balanced regulatory environment that benefits both the companies and the customers.

This research includes many more details about the sector’s performance, trends, growth areas, consumer behaviours, and active Direct Sellers' perspectives.

We would like to acknowledge & thank all the Direct Selling Companies, Active Direct Sellers & Consumers, who have taken time to participate in the survey. We would also like to take this opportunity to thank the IDSA management and its team members for choosing Ipsos as their knowledge partner.

Executive Summary

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

The Direct Selling concept is considered to have been kick-started in India in the late 1990s. The industry witnessed major growth with many global players entering the Indian market. The investors have seen how this platform created a positive impact on several other social and economic parameters.

The Indian Direct Selling industry stood at around INR 19,000 Crores in 2021-22. The industry has grown approximately 5.3% from INR 18,000 Crores in 2020-21. It has shown a Compounded Annual Growth Rate (CAGR) of approximately 13%, growing from INR 11,650 Crores in 2017-18 to INR 19,000 Crores in 2021-22. The share of IDSA members in the total sales of the Direct Selling industry stood at 55% in 2021-22. Wellness & Nutraceuticals products contributed ~59% of the Indian Direct Selling sales, followed by Cosmetics and Personal care which contributed ~22% of the sales by the Indian Direct Selling Industry 2021-22.

The number of Active Direct Sellers in the country stood at around 84 lakhs registering a growth of ~6% from 79 lakhs in 2020-21. The industry comprised of 56% Male and 44% Female Active Direct Sellers.

North region contributed to around 30% of the Direct Selling sales in the country in 2021-22. This was followed by the East with approximately 25% of the Direct Selling sales.

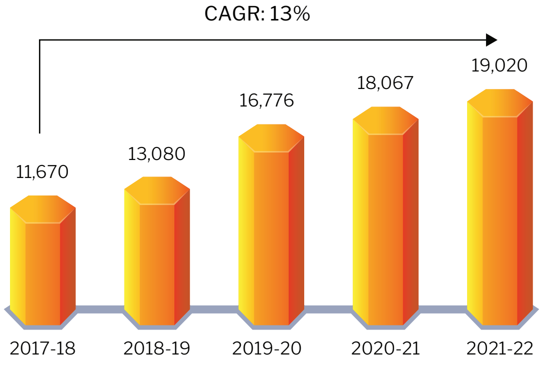
Maharashtra had the highest share of sales across the country with 12% of the gross sales in 2021-22, closely followed by West Bengal contributing ~10% of the Direct Selling sales in the country.

As per the Survey conducted among Active Direct Sellers and Preferential Customers, the most preferred category was Wellness & Nutraceuticals [35%], followed by Clothing and Cosmetics & Personal care (22% and 11% respectively).

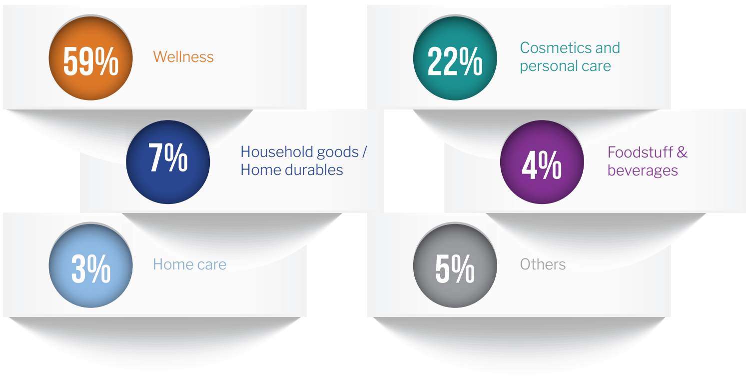
Fact Sheet

Indian Direct Selling Industry at a Glance

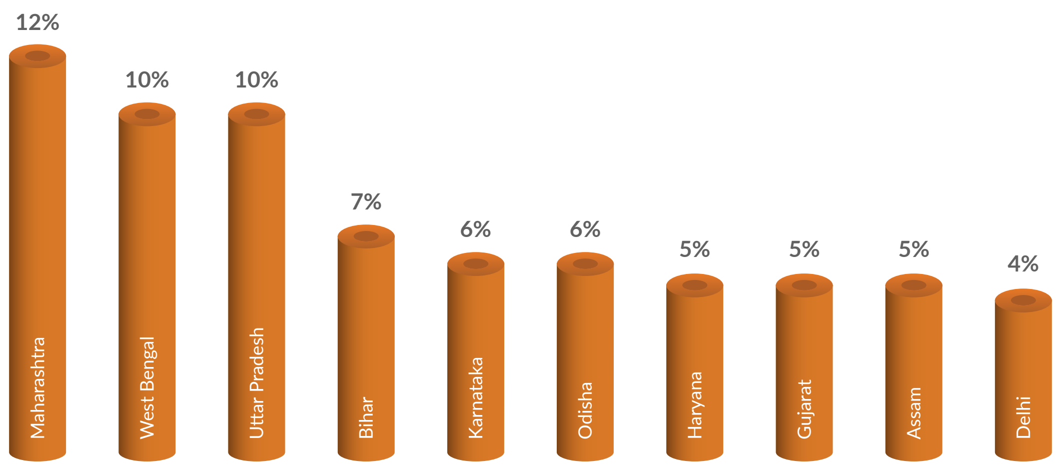
Direct Selling Industry Size, India (INR Crores)



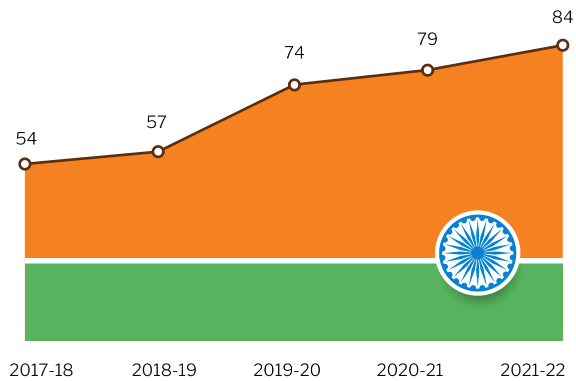
Product-wise Direct Selling Industry, India 2021-22



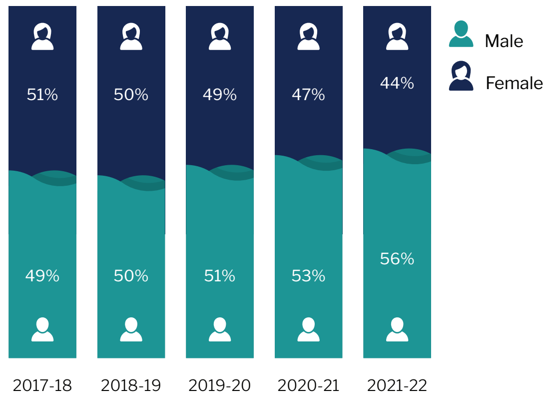
Top 10 States contributing to Direct Selling turnover (2021-22)



Number of Active Direct Sellers in India (INR Lakhs)



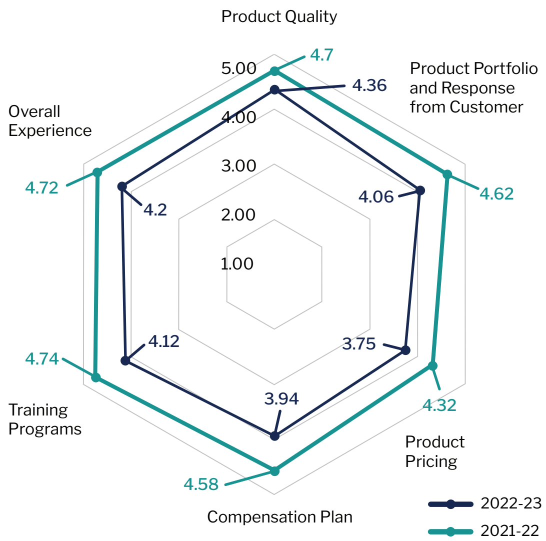
Gender-wise split of Active Direct Sellers in India



- The Indian Direct Selling industry registered a growth rate of ~5.3% over the previous year and the number of active Direct Sellers registered a staggering growth of ~6% from last year
- Top two categories Wellness and Cosmetics & Personal care accounted for ~81% of Direct Selling sales
- Top 10 states cumulatively accounted for ~70% of the industry turnover
- Males surpassed females in terms of the absolute number of Active Direct Sellers

Key Highlights from Direct Sellers & Preferential Customers Survey

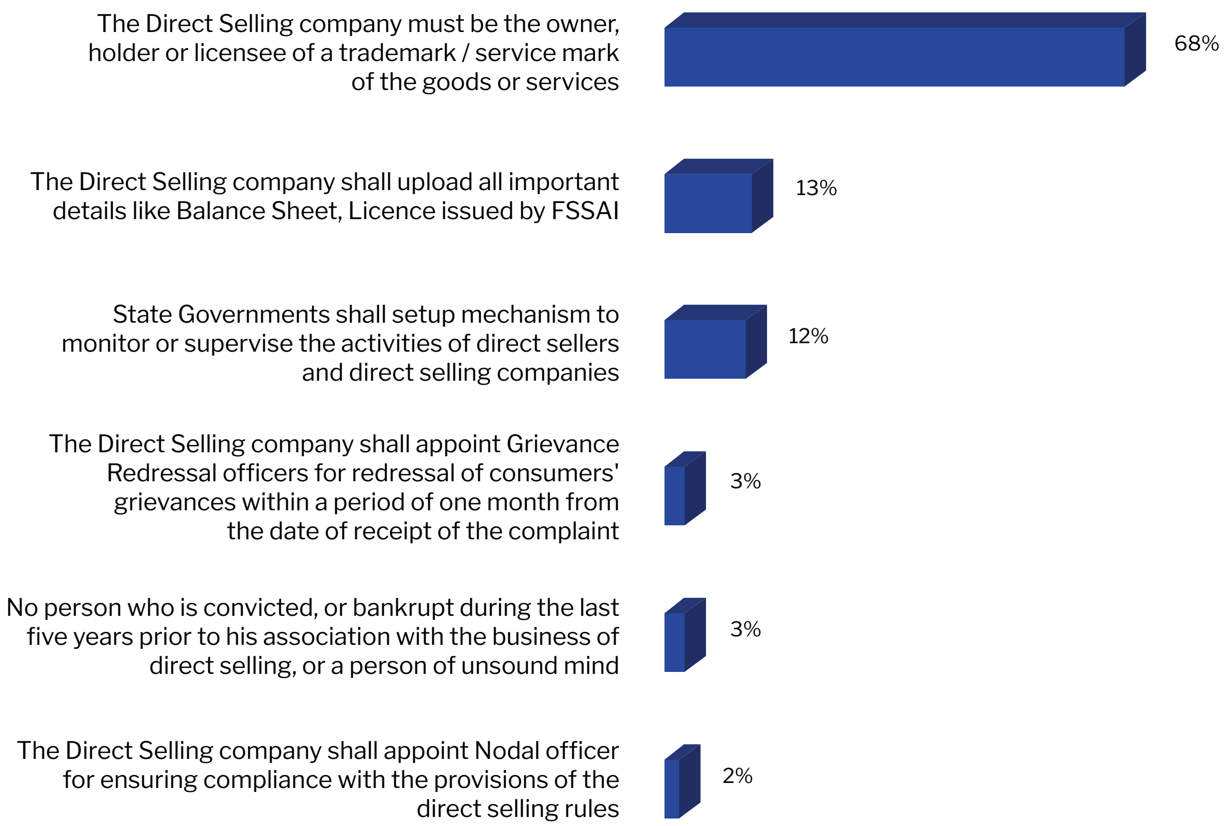
Satisfaction mapping of Direct Sellers experience with current company



Product category with the highest sales potential/purchase

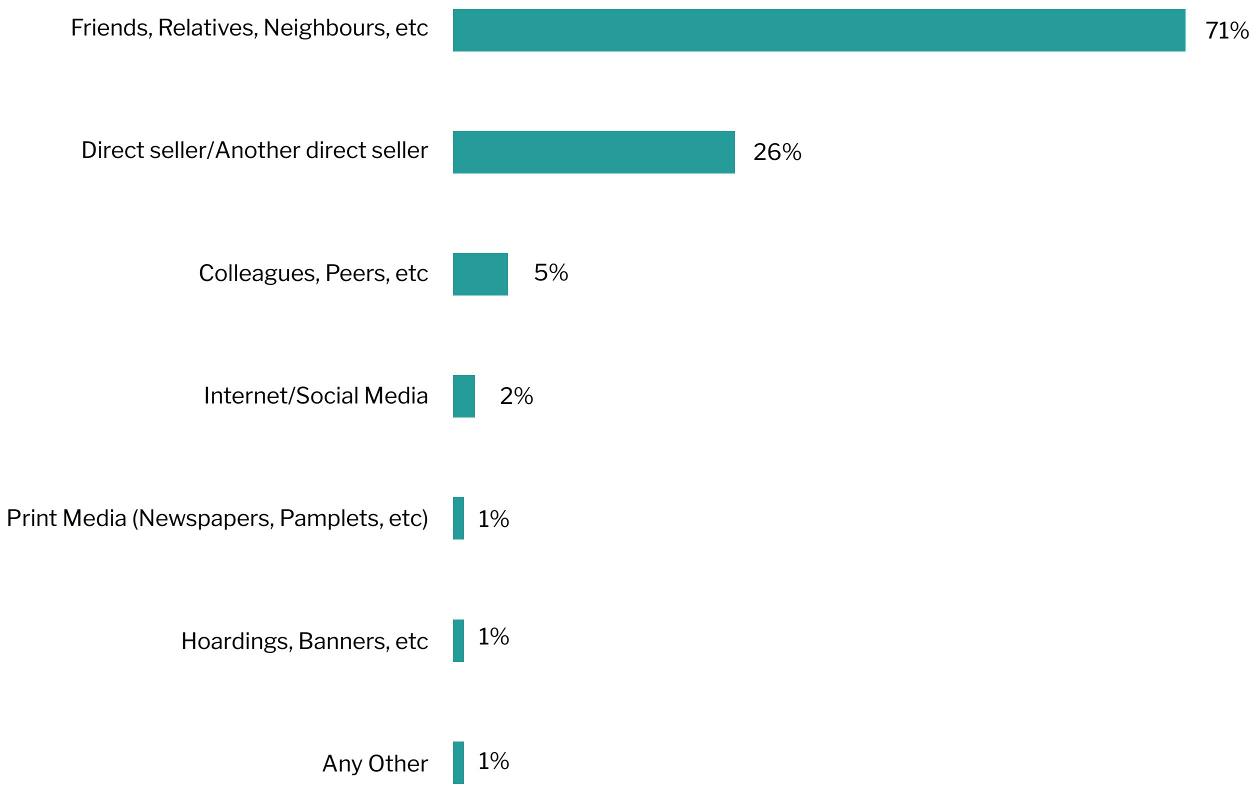
Product Category	Most Preferred in 2022-23	Was Most Preferred in 2021-22
Wellness & Nutraceuticals	35%	28%
Clothing (without accessories)	22%	13%
Cosmetics and personal care	11%	18%
Home care	10%	18%
Other (agriculture)	9%	1%
Foodstuff & beverages	4%	5%
Household goods / home durables	3%	7%
Clothing accessories	3%	7%
Home improvement	2%	1%
Books, toys, stationery, & audio-visual materials	1%	1%

Features of the Consumer Protection (Direct Selling) Rules 2021 liked



Key Highlights from Direct Sellers & Preferential Customers Survey

Source of Awareness about Direct Selling



Key Reasons behind the growth of Direct Selling Industry

Consistent Awareness about Health & Nutrition: The Wellness category accounts for approximately 59% of gross Direct Selling turnover in India, showing that people are still maintaining their healthy lifestyles as the difference from the prior year is +1%.

Balancing Regulations: The Consumer Protection (Direct Selling) Rules 2021 helps to increase authenticity. It assures that consumers receive guaranteed product quality, delivery rights, and so forth. In summary, it increases transparency and protects customers' interests by ensuring access to information for Direct Selling entities through improved disclosure standards.

Robust Distribution Network: Direct Selling Companies have developed a strong delivery system that has aided in-home delivery of items throughout the years.

CONTENTS

Indian Direct Selling Industry

Direct Selling Industry in India

The Indian Direct Selling industry was valued at INR 19,020 crores in 2021-22 (FY22) as compared to INR 18,060 crores in 2020-21, thereby registering a growth rate of ~5.3% on a year-on-year basis. The industry grew at a CAGR of 13% from 2017-18 to 2021-22.

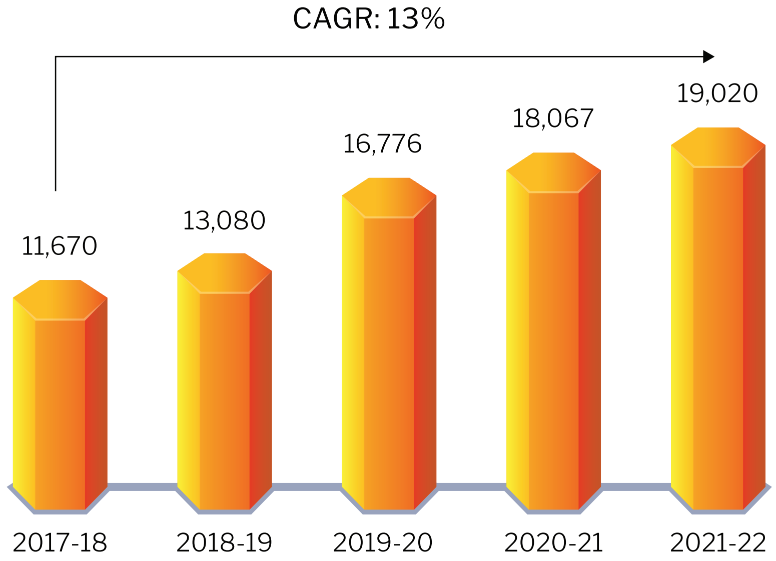


Figure 1 - Industry Turnover (in INR Crores)

Indian Direct Selling Sales: Product Categories (2021-22)

Wellness contributed to more than half of the total Indian Direct Selling sales. This was followed by **Cosmetics and Personal care** which contributed to nearly one-fourth of the sales in 2021-22. The two categories combined contributed ~81% of the Direct Selling sales.

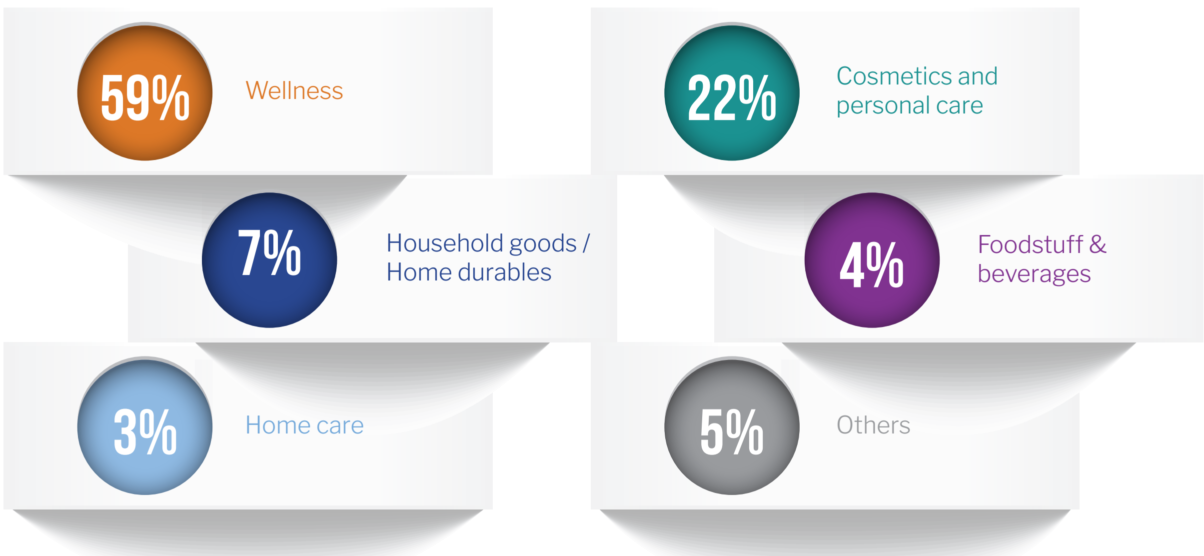


Figure 2 - Product contribution (%)

Region-wise Direct Sales in India

The Northern region contributed the most to the total gross sales of Direct Selling products with a share of 30%, this was largely attributable to Uttar Pradesh which contributed 10.1% to the national turnover. The region includes the states of Rajasthan, Punjab, Haryana, Uttarakhand, Delhi, Himachal Pradesh, Jammu & Kashmir, Ladakh and Chandigarh.

The Eastern region was the second biggest contributor to the gross sales of Direct Selling products with a share of 25% in 2021-22. West Bengal's national turnover accounted for 10.4%. Other states in the east includes Bihar, Jharkhand, and Odisha.

The Western region, which includes the states of Maharashtra, Madhya Pradesh, Goa, Gujarat, Chhattisgarh, and the Union Territories of Dadra & Nagar Haveli and Daman & Diu had a share of 22% of the Direct Selling market in 2021-22.

South had a 15% share in the total gross sales. The region includes the states of Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala, and the Union Territories of Andaman & Nicobar, Pondicherry, and Lakshadweep.

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

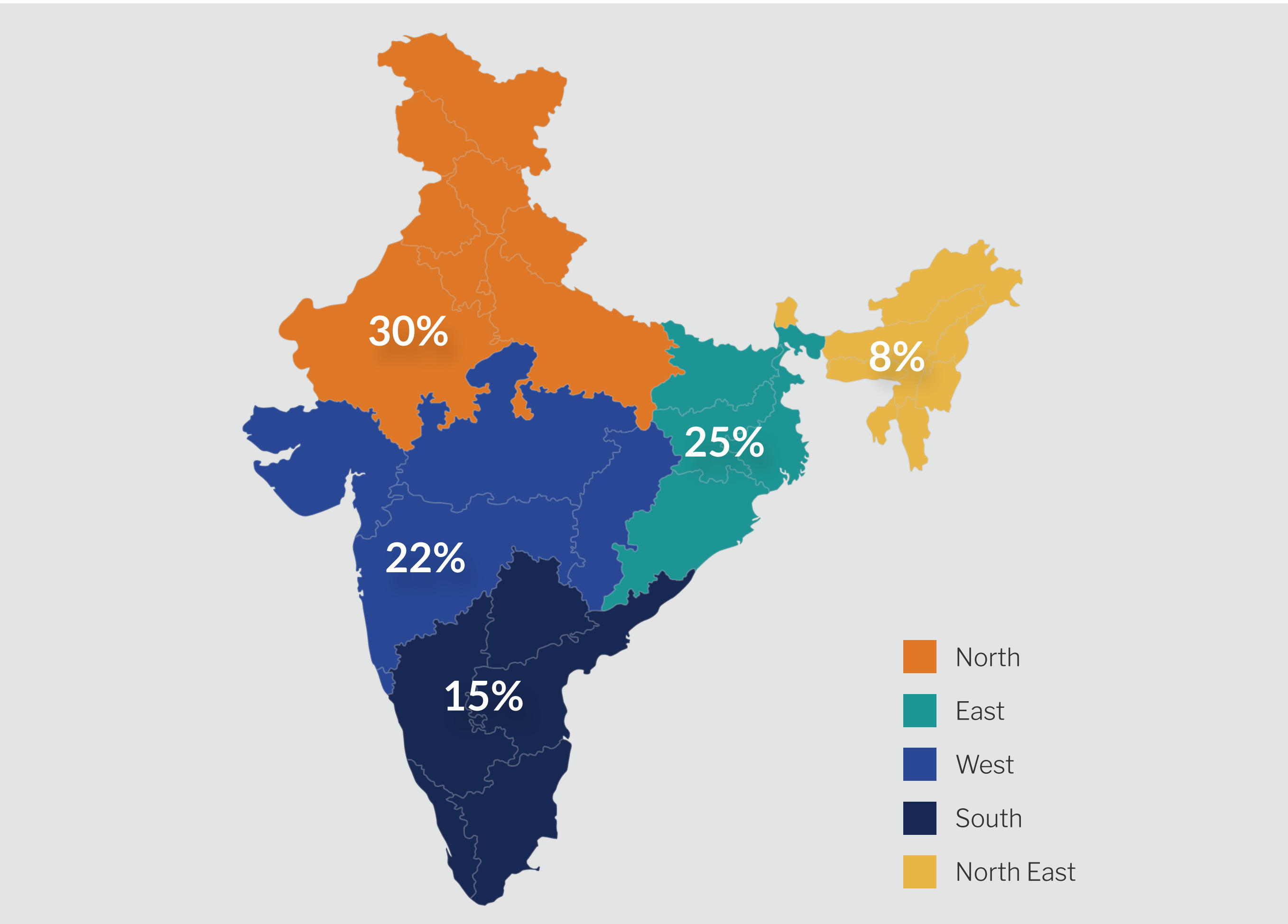


Figure 3 - Region wise Direct sales contribution (%)

Indian Direct Selling Sales and Number of Active Direct Sellers: State-wise (2021-22)

State/ Union Territory	Direct Selling Sales (INR Crores)	Share in National Turn Over	Number of Active Direct Sellers (lakhs)
Uttar Pradesh	1,926	10.1%	17.11
Haryana	1,008	5.3%	1.32
Delhi	850	4.5%	0.65
Rajasthan	731	3.8%	3.39
Punjab	576	3.0%	1.69
Uttarakhand	501	2.6%	0.66
Jammu & Kashmir and Ladakh UTs	69	0.4%	0.46
Chandigarh UT	50	0.3%	0.11
Himachal Pradesh	38	0.2%	0.19
Total North Region	**5,749**	**30.2%**	**25.59**
West Bengal	1,984	10.4%	3.93
Bihar	1,266	6.7%	14.89
Odisha	1,107	5.8%	3.34
Jharkhand	345	1.8%	4.51
Total East Region	**4,702**	**24.7%**	**26.68**
Maharashtra	2,222	11.7%	6.61
Gujarat	923	4.9%	2.55
Madhya Pradesh	535	2.8%	4.03
Chhattisgarh	460	2.4%	3.22
Goa	25	0.1%	0.10
Dadra & Nagar Haveli, and Daman & Diu UTs	1	0.0%	0.97
Total West Region	**4,167**	**21.9%**	**17.47**
Karnataka	1,128	5.9%	0.78
Tamil Nadu	514	2.7%	1.89
Kerala	478	2.5%	1.65
Telangana	441	2.3%	0.87
Andhra Pradesh	235	1.2%	1.63
Pondicherry UT	8	0.0%	1.19
Andaman & Nicobar Islands and Lakshadweep UT	8	0.0%	1.39
Total South Region	**2,813**	**14.8%**	**9.41**
Assam	892	4.7%	2.53
Manipur	240	1.3%	0.38
Nagaland	185	1.0%	0.16
Mizoram	119	0.6%	0.42
Arunachal Pradesh	74	0.4%	0.13
Tripura	68	0.4%	0.30
Meghalaya	17	0.1%	0.30
Sikkim	4	0.0%	0.34
Total North East Region	**1,599**	**8.4%**	**4.57**
Grand Total	**19,030**	**100.0%**	**84**

Table 1 - State-wise Direct Selling sales and sellers

Top 10 States contributing to Direct Selling turnover

The states of Maharashtra, West Bengal, Uttar Pradesh, Bihar, Karnataka, Odisha, Haryana, Gujarat, Assam, and Delhi were among the 10 biggest states by the contribution of the total Indian Direct Selling sales turnover. These 10 states cumulatively accounted for about 70% of the industry turnover.

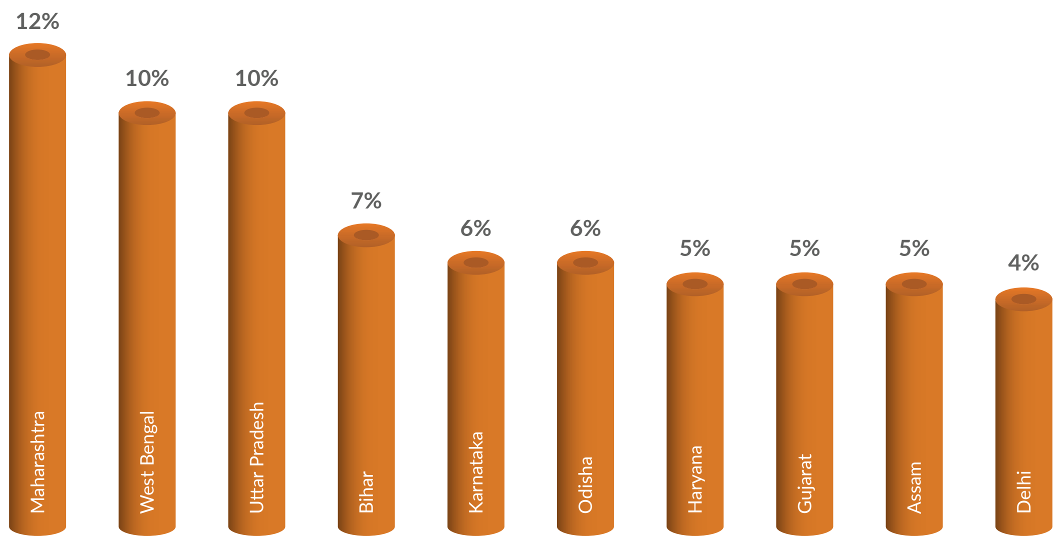


Figure 4 – Direct sales contribution for Top 10 States (%)

Indian Direct Selling sales – North region

In the North region, Uttar Pradesh contributed 33% of the Direct Selling sales followed by Haryana with 18%, Delhi at 15% and Rajasthan at 13%.

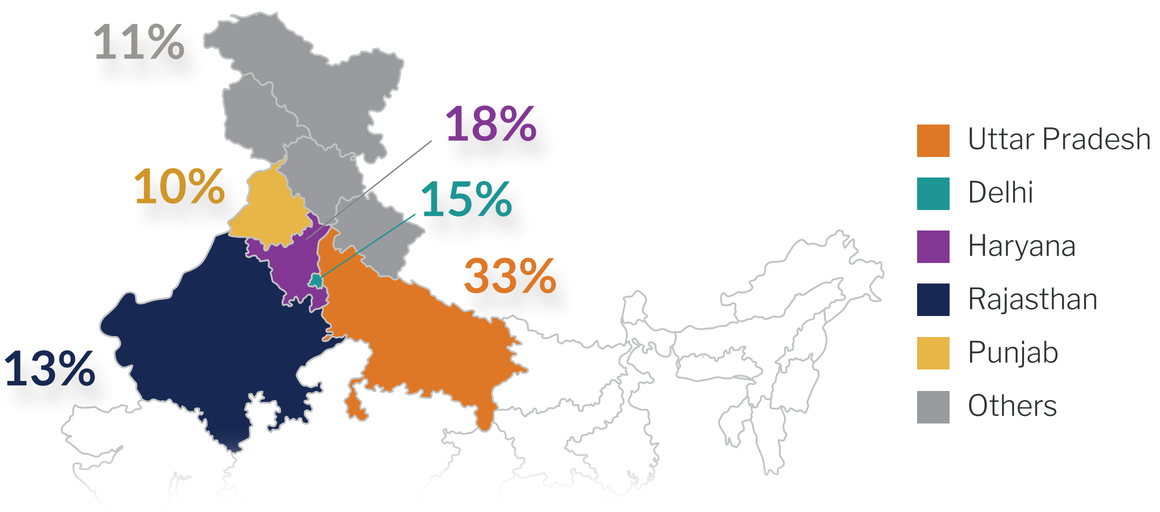


Figure 5 – Direct sales contribution for North Region (%)

Indian Direct Selling sales – East region

In the East region, West Bengal garnered a lion's share of 42% of the region's Direct Selling sales in 2021-22. It was followed by Bihar, Odisha, and Jharkhand with shares of 27%, 24%, and 7% respectively.

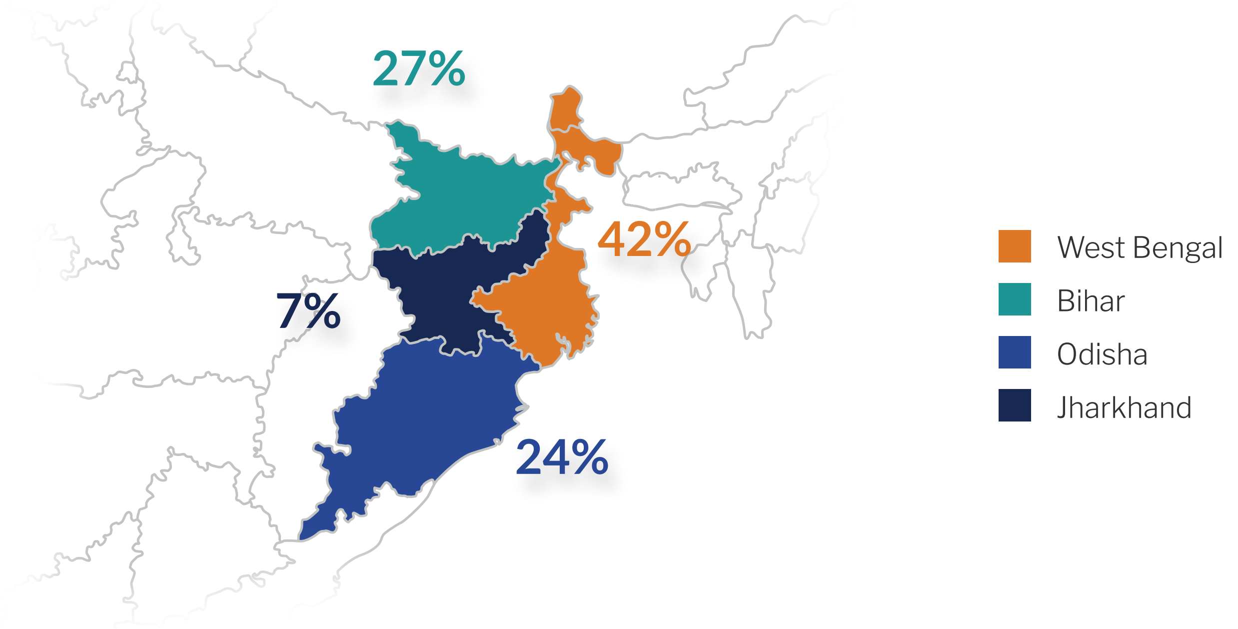


Figure 6 – Direct sales contribution for East Region (%)

Indian Direct Selling sales – West region

In the West region, Maharashtra amassed more than half of the Direct Selling sales in the region. Gujarat contributed 22%, holding onto the second spot in the region.

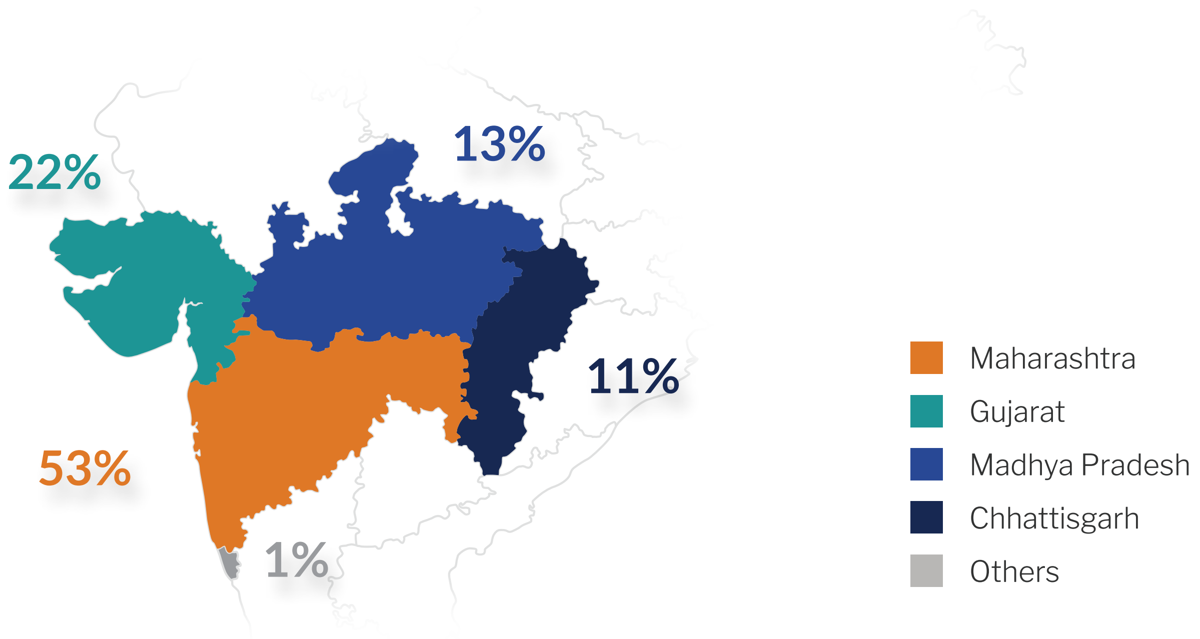


Figure 7 – Direct sales contribution for West Region (%)

Indian Direct Selling sales – South region

Among the Southern states, Karnataka, Tamil Nadu, and Kerala accounted for 75% of the region's sales with contributions of 40%, 18%, and 17% respectively. Telangana stood fourth with a 16% share.

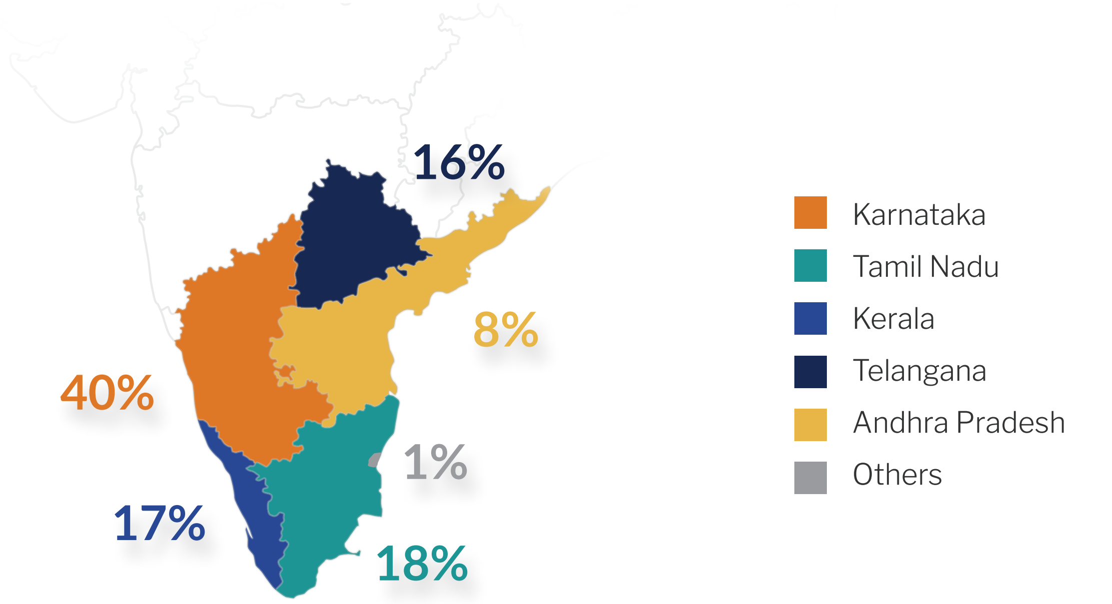


Figure 8 – Direct sales contribution for South Region (%)

Indian Direct Selling sales – North-East region

In the Northeast region, Assam contributed 56% of the region's gross sales followed by Manipur, and Nagaland with 15% and 12% respectively.

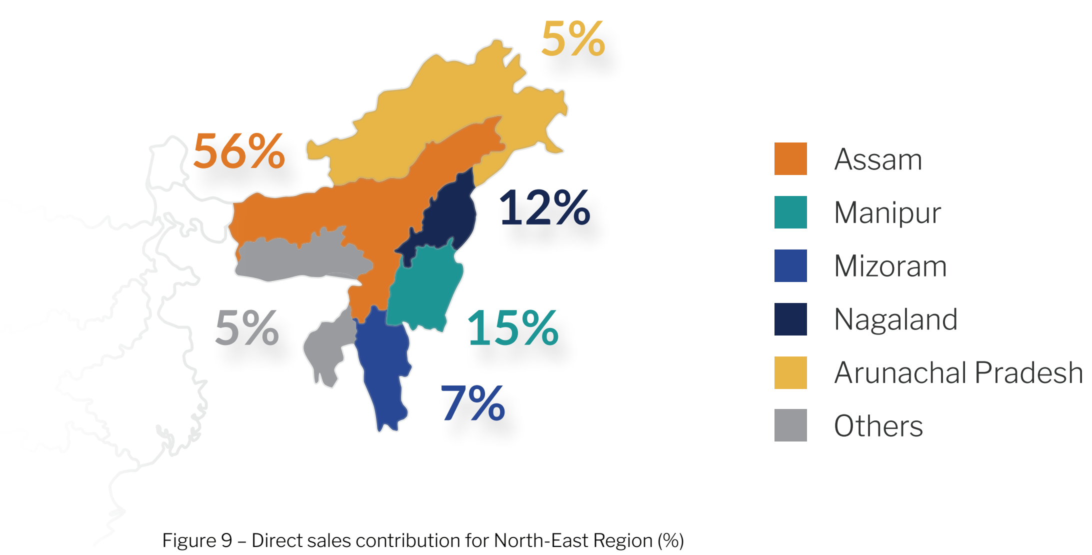


Figure 9 – Direct sales contribution for North-East Region (%)

Number of Active Direct Sellers in India

The number of Active Direct Sellers in India increased from 79 lakhs in 2020-21 to about 84 lakhs in 2021-22, registering a growth of ~6% year-on-year. Over the last 4 years, there has been a steady growth in the number of Active Direct Sellers in India.

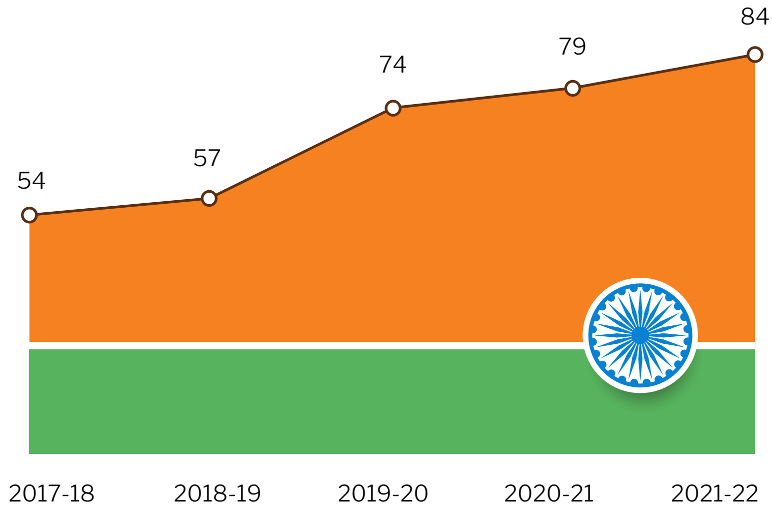


Figure 10 – Number of Active Direct Sellers in India (lakhs)

Gender-wise split of Active Direct Sellers in India

Males surpassed females in terms of the absolute number of Active Direct Sellers. Females who have dominated the Direct Selling industry in India over the years accounted for a 44% share of the total 84 lakhs Active Direct Sellers in India.

There has been a noticeable increase in the number of men participating in Direct Selling over the last 4 years.

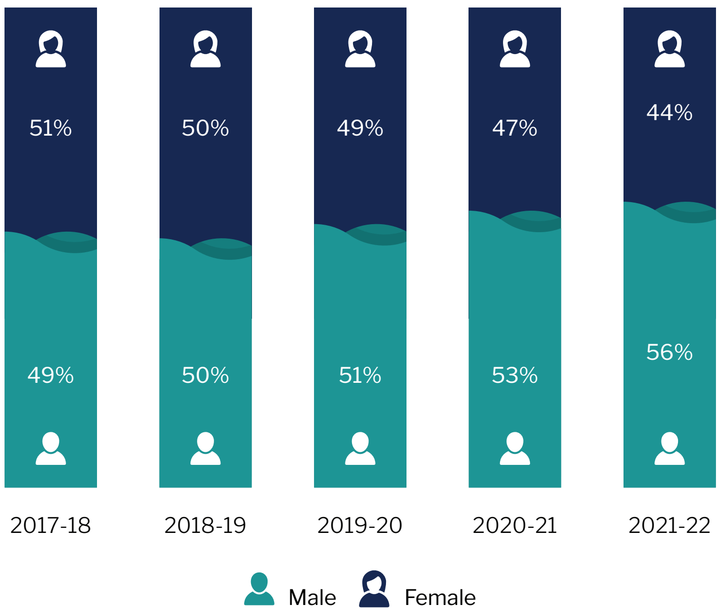


Figure 11 – Gender split of the Active Direct Sellers in India

Age-wise split of Active Direct Sellers in India

Around 53% of 84 lakhs Active Direct Sellers belong to the age group of 25 to 44 years. The age group of 45 to 65 years accounted for 21%, followed by 18 to 24 years which accounts for around 26%. Direct Selling appears to be popular among the youth and mid-age group in 2021-22.

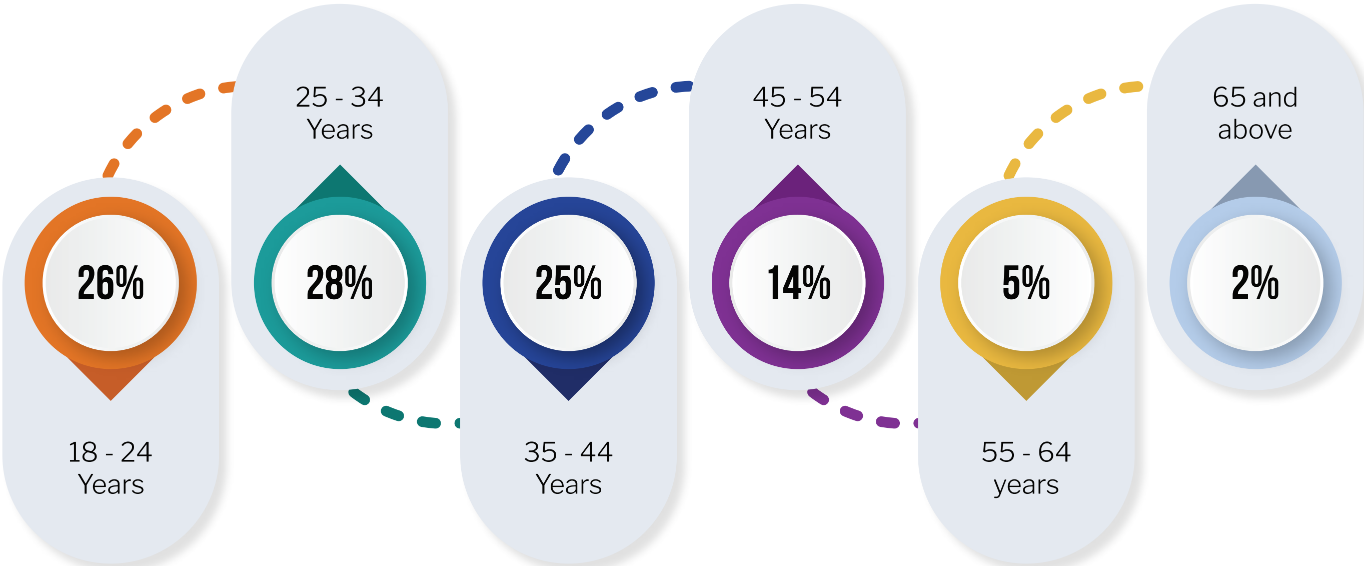


Figure 12 – Age split of the Active Direct Sellers in India

Key Trends and Observations in Indian Direct Selling Industry in 2021-22

The Indian Direct Selling market at an overall level has been at a consolidation stage in FY22, despite the various challenges in FY 21 due to the pandemic. The industry is correcting itself from the COVID period and returning to pre-COVID times. There have been several trends that have impacted, here are a few important ones:

Mixed bag in terms of growth among various companies operating in the segment

The Direct Selling industry has grown at a lower rate of 5.3% compared to 7.7% in FY 21. Nearly, 60% of the companies analyzed showed negative growth in FY 22 due to multiple challenges, but the other half of the companies have demonstrated significantly higher growth. The high growth is attributed to additional income, higher digital adoption, product mix, technology and innovation-led products, etc

Change in direct seller's profile

The direct sellers who had engaged with direct selling companies during the pandemic period for additional income have started focusing on their core job and the focus on direct selling seems to have reduced. As per the survey we have noticed a reduction in direct sellers considering direct selling as part of their extra income from 41% in FY21 to 21% in FY22.

Indian Direct Selling Industry

Decline in off-take of pandemic related products

In India the growth of pandemic related products like sanitizers, masks and other hygiene, sanitizing products saw a degrowth post pandemic. Companies handling these products have taken a hit in this category. Remaining categories like wellness, clothing have been on the positive growth.

Focus on health and wellness products

The demand for health and wellness products has increased significantly in India due to rising health awareness among consumers. Direct Selling companies in India are focusing on offering quality health and wellness products that cater to consumers' needs.

Wellness as a category that accounts for 58.8% of the total Direct Selling business (vs. 57.8% in FY 21), saw the highest growth of 7.1% in FY 22, followed by cosmetics and personal care products at 6.7%.

Technology and innovation led products to gain traction

The consumers today have become a lot more conscious about what they are consuming and how that might impact their overall health. When it comes to quality, they are not willing to settle for anything less than the absolute best. In tandem with this, organisations have had to up their game and focus on leveraging technology and innovation to roll out relevant offerings for customers. Technology-driven offerings, especially in the wellness and personal care space, have been witnessing great traction among consumers.

Increasing middle-class income

With over 1.3 billion people, India has a vast untapped market potential for Direct Selling companies. The rising middle class, which is estimated to comprise more than 250 million people, has higher disposable income and is more receptive to purchasing premium products.

Direct Seller and Preferential Customers Survey

Context

Ipsos, on behalf of the Indian Direct Selling Association (IDSA), conducted a survey among 'Active Direct Sellers' and 'Preferential Customers'. The overarching goal was to learn about the **background, product preferences** of Direct Sellers & Preferential Customers and how it has **helped them from an economic & social standpoint**.

Inputs of Direct Sellers were taken on **how they were introduced to Direct Selling**, **the major drivers that led them to join** the Direct Selling industry, **how long they have been associated with the industry**, their **experience and loyalty** to the Direct Selling entity, **the support provided** by Direct Selling entities and **key pain points which result in shifting to a new entity**. Also, on a 5-point scale, they were asked to **rate their level of satisfaction with the current organization**.

The Direct Sellers were also asked to **rank the perceived sales potential of the various product categories**. Their **awareness of IDSA** and **source of awareness** were captured.

Inputs from Preferential Customers were taken on **how they were introduced to Direct Selling products, the major drivers which led them to purchase products** from Direct Sellers and for **how long they have been purchasing** from Direct Sellers. Also, inputs on the **popular product categories they purchased** from Direct Sellers in the last one year and whether they **received any promotion schemes** from Direct Sellers.

The Direct Sellers and Preferential Customers were asked if they **knew about the Consumer Protection (Direct Selling) Rules 2021**, and which **features of the rules they supported**. They were also asked to **give recommendations to the government** on the Consumer Protection (Direct Selling) Rules 2021.

In all, 1,368 responses were collected from Direct Sellers and Preferential Customers for this exercise. Male - Female ratio among these respondents was 67:33.

An online survey link was circulated amongst respondents via WhatsApp groups and Social Media handles of the IDSA and Member companies. Some of the member companies had hosted the survey link on their websites so consumers could access and provide their inputs.

Age Group of the Respondents

Among overall participants which includes Direct Sellers as well as Preferential Customers, ~40% of the respondents were above 45 years. The age bracket of 35-44 years accounted for 34% of respondents. The 25-34 age group contributed 19%, while those below 24 years accounted for 5% of total respondents.

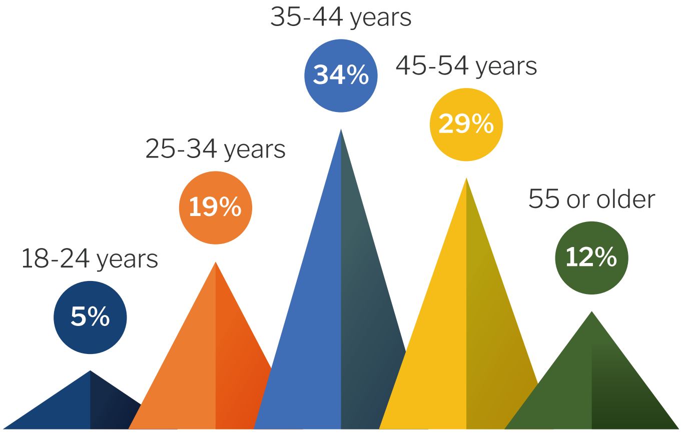


Figure 13 – Age Group of direct sellers and preferential customers

Majority of Direct Sellers who participated were older than 35 years. On the other hand, 60% of the Preferential Customers surveyed were below 35 years. It seems Direct Selling in India appears to be popular amongst the older age group as people seek to support their primary income through Direct Selling activities.

Educational Background of the Respondents

47% respondents were Graduates. 31% were Postgraduates and the rest were Matric / Intermediate Pass.

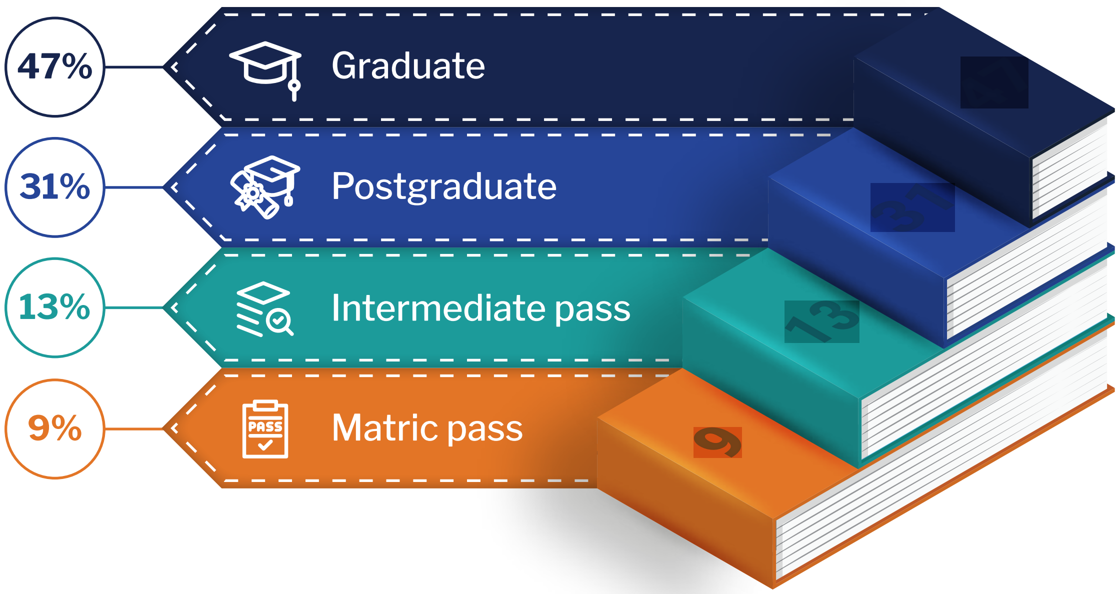


Figure 14 – Educational background of direct sellers and preferential customers

Occupational Status of the Respondents

About half of the respondents were self-employed or had proprietary businesses, followed by 17% each of Homemakers/Housewives and Full-time employees in the private sector. 10% respondents were Government employees. Unemployed and Students accounted for 6% and 2% share respectively.

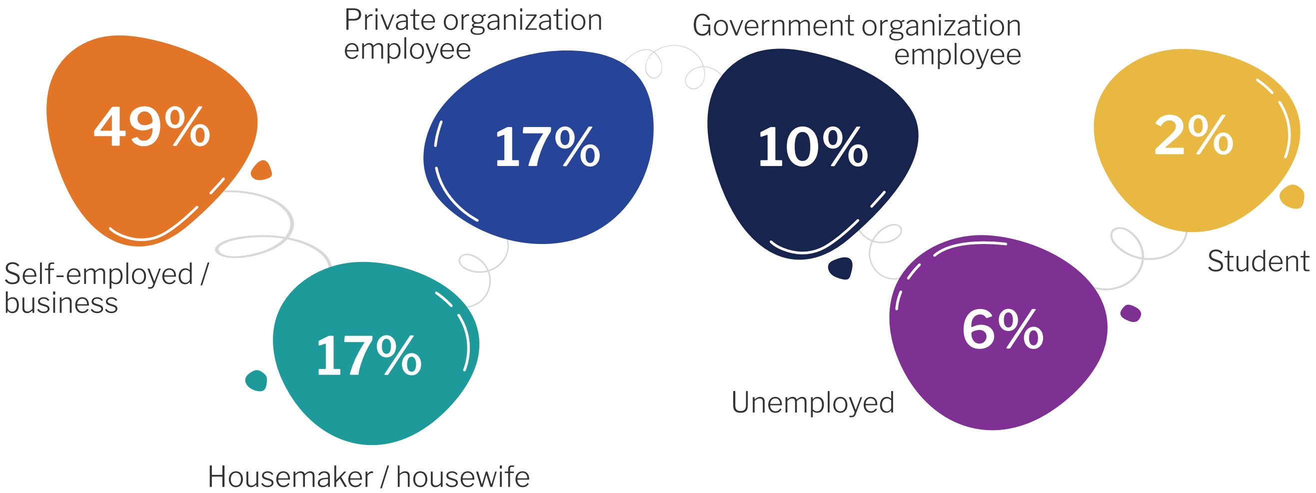
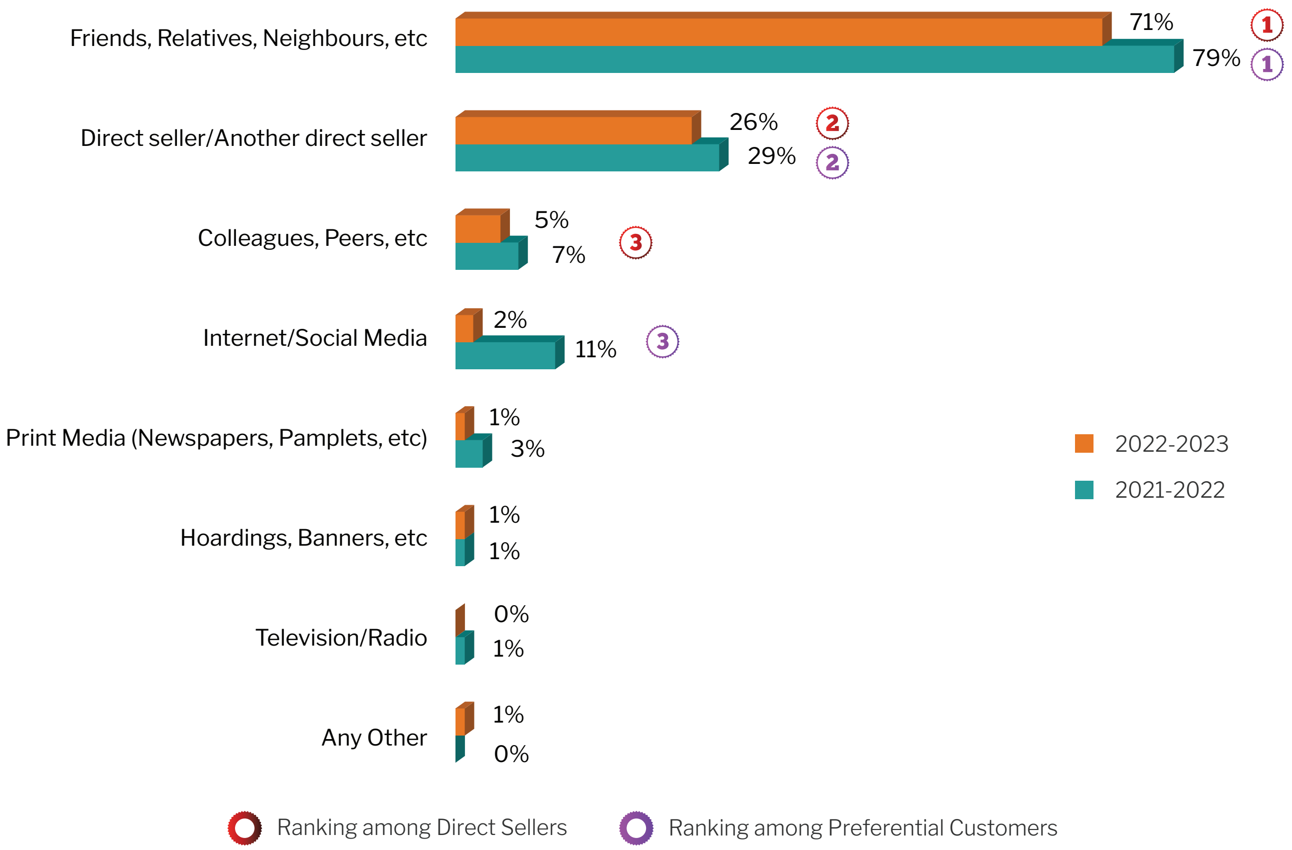


Figure 15 – Occupation status of direct sellers and preferential customers

Source of Awareness about Direct Selling

71% of Direct Sellers and Preferential Customers indicated that friends, relatives and neighbors were the primary source of awareness for Direct Selling, followed by direct sellers/another direct seller indicated by 26%. Internet/Social Media also plays a role in creating awareness among Preferential Customers.



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

Figure 16 – Source of Awareness about Direct Selling among Direct Sellers & Preferential Customers

Experience with Direct Selling

A significant proportion (72%) of the respondents surveyed have been engaged with Direct Selling entities or Direct Sellers for more than 3 years. 15% mentioned that they have been active for under 2 years, while 13% have been active since 2-3 years.

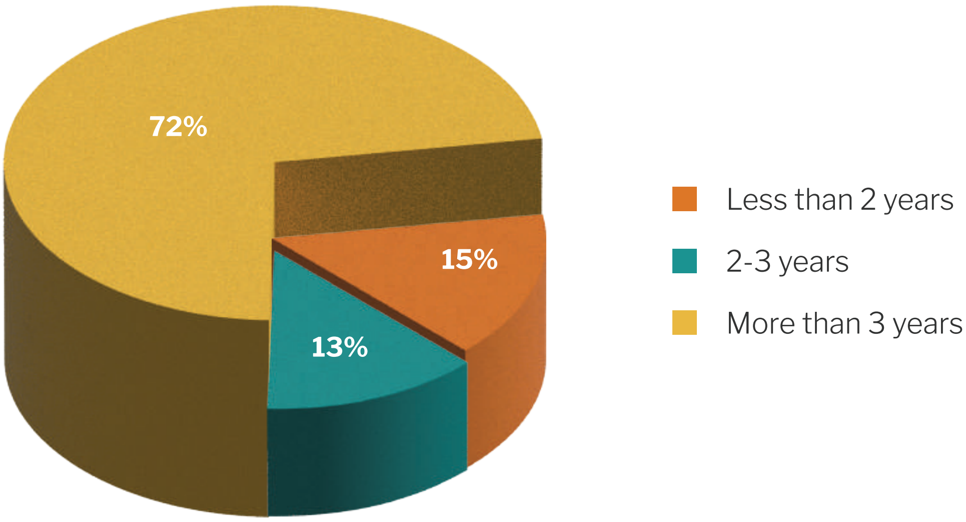


Figure 17 – Duration of Direct Selling/ Purchasing from Direct Sellers

Purchase Intentions of Direct Sellers

90% of the Direct Sellers mentioned that they purchased products with the intention of both, self-consumption as well as reselling. 7% of the Direct Sellers indicated that they purchase for self-consumption, while 3% mentioned that they purchase the products with the sole intention of reselling.

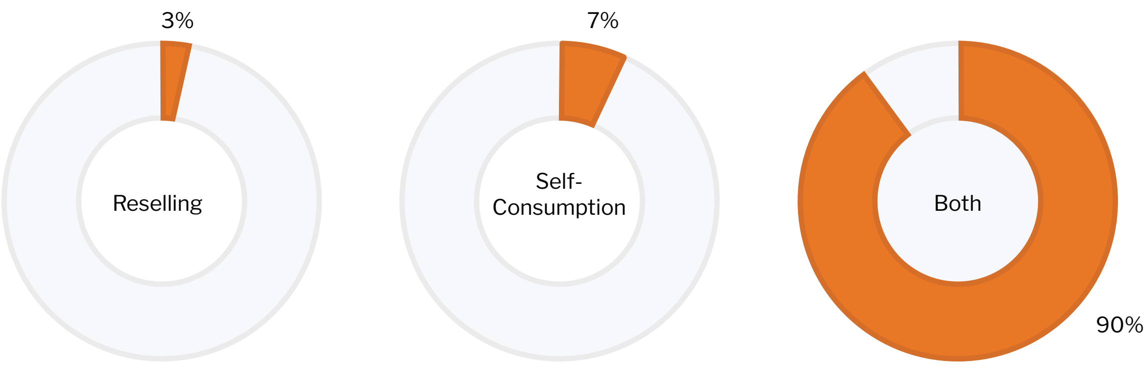


Figure 18 - Purchase Intentions of the Direct Sellers

Proportion of Purchase Towards Reselling

Out of those who mentioned that they purchase Direct Selling products for both self-consumption and reselling, 50% resell between 25% and 75% of the total products they purchase. 48% of the products purchased are resold by these 50% direct sellers.

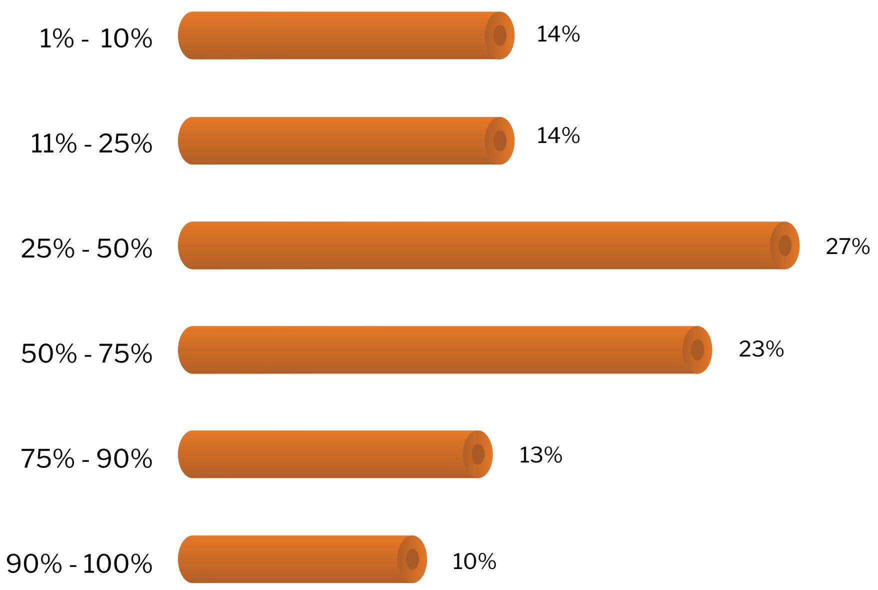


Figure 19- Resell proportion among Direct Sellers who purchase for both self-consumption and reselling

Promotional schemes offered by the Direct Sellers to the Preferential Customers

82% of the participating customers mentioned that they receive promotional offers from Direct Sellers. This reflects that benefits designed by Direct Selling entities are passed on to customers from Direct Sellers.

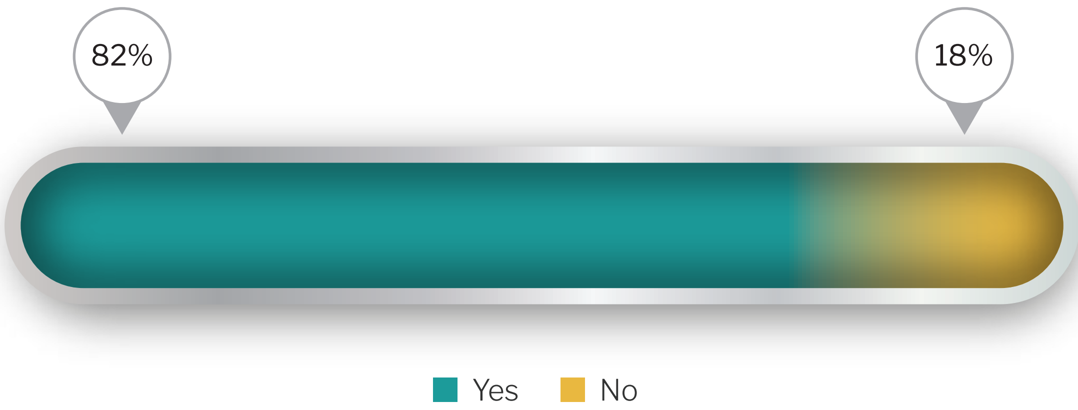


Figure 20 - Promotional schemes offered by the Direct Sellers to the Preferential Customers

Critical reasons among Preferential Customers for preferring products from Direct Sellers

A majority of 81% of the customers mentioned that Product Quality is the key driver for purchasing products from Direct Sellers, with an upward moment of 7% from the last year. Trust in the Brand Name, Refund or Money Back Policy and Reasonable Pricing of Products are the next three critical reasons for purchasing products from Direct Sellers. This reflects that Direct Selling entities have standard product quality and its perception towards customers is positive. Females are more Brand conscious. On the other hand, males examine the Refund/ Money Back Policy more.

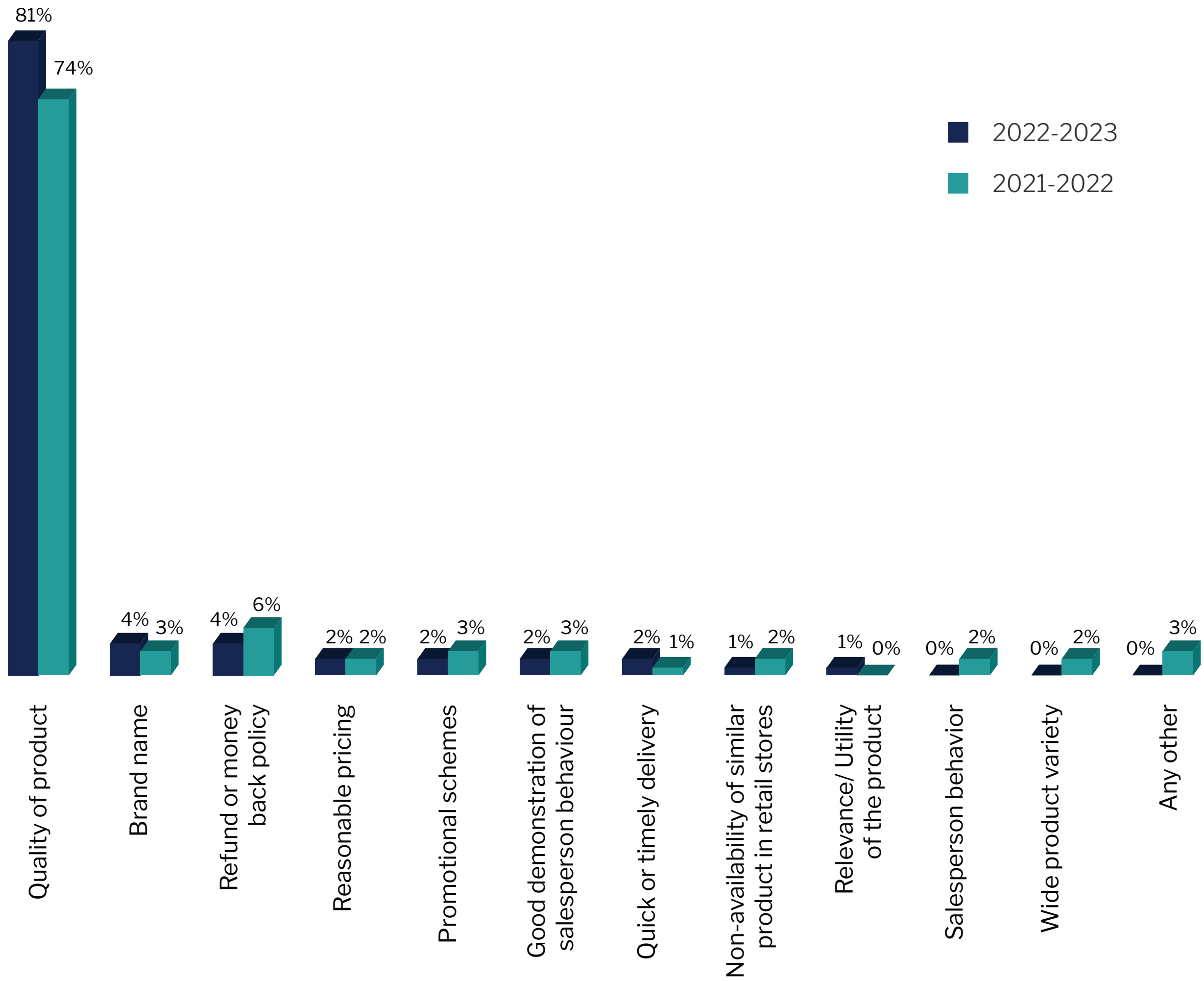


Figure 21- Most Important reasons among Preferential Customer for purchasing products through Direct Sellers

Most Important Reason for Becoming a Direct Seller

While the top 2 factors influencing people to become Direct Sellers still revolve around self-employment opportunity and earning extra income, it is observed that the mentions of latter have reduced from last year. A shift has in fact happened towards self-employment indicating quite some people have taken up direct selling as a full time opportunity. Flexible working hours, Networking/ Socializing and No formal qualification have observed a slight dip.

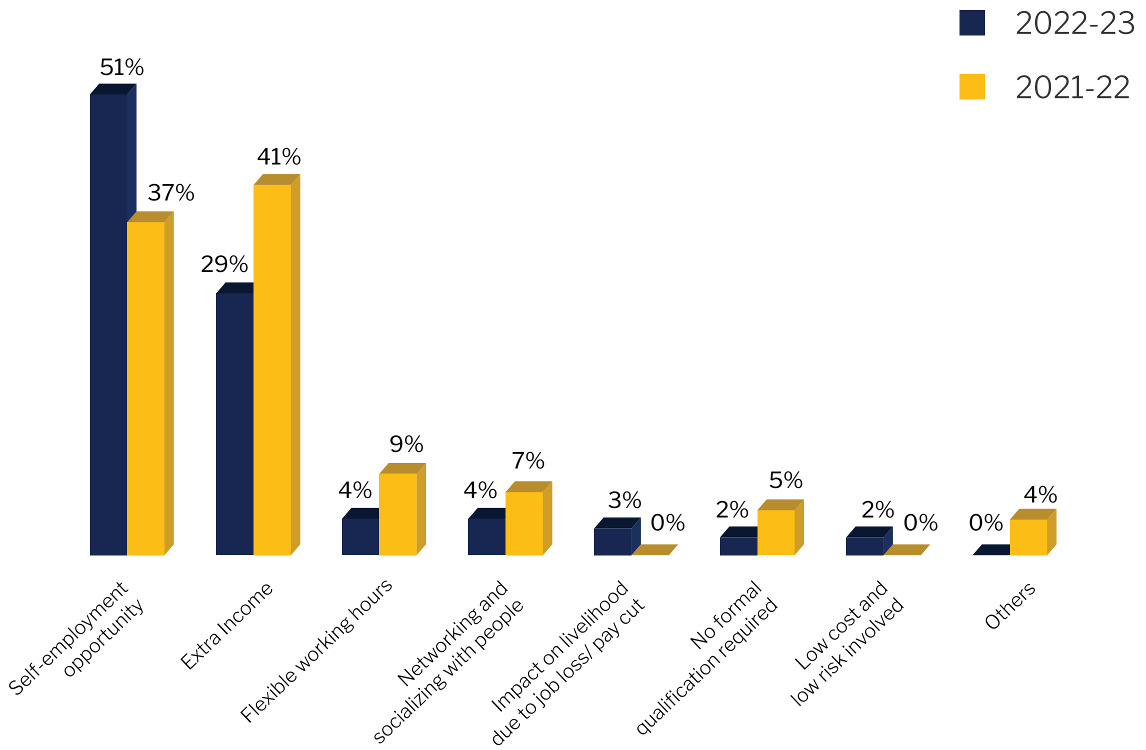


Figure 22 - Most Important Reason for becoming a Direct Seller

Product Categories with the Highest Sales Potential

According to Direct Sellers and Preferential Customers, **Wellness & Nutraceuticals** which comprises of weight management supplements, nutritional supplements, juices, etc., has the highest sales potential. It has also seen an upward movement of 7% from last year. This is mostly coming from those above 35 years. **Clothing** (Clothing, lingerie, sleepwear) is the second most preferred category which has increased significantly (from 13% last year to 22% this year). This has mostly come from those in the age group of 18-35 years.

Cosmetics & Personal Care and Homecare category have observed a dip from last year. The 'Others' category, such as agriculture, has become more prevalent and has the potential to grow further.

The below table shows elaborated result for ranking different product categories in terms of their sales potential from Direct Sellers and Preferential Customers survey data.

Product Category (combined Direct Sellers + Preferential Customers data)	Most Preferred in 2022-2023	Was Most Preferred in 2021-2022
Wellness & Nutraceuticals	35% ↑	28%
Clothing (without accessories)	22% ↑	13%
Cosmetics and personal care	11% ↓	18%
Home care	10% ↓	18%
Other (agriculture)	9%	1%
Foodstuff & beverages	4%	5%
Household goods / home durables	3%	7%
Clothing accessories	3%	7%
Home improvement	2%	1%
Books, toys, stationery, & audio-visual materials	1%	1%

Note: Up/down arrow indicates the top 4 categories' trends from the prior year.

Table 2 – Product categories' sales/ purchase potential according to Direct Sellers & Preferential Customers

Involvement in Direct Selling

A majority, 87% of the Direct Seller respondents have been associated with the same Direct Selling entity since they entered this industry, while remaining 13% moved to a different Direct Selling entity over time. This reflects a significant level of loyalty among Direct Sellers towards their initial Direct Selling entities. It mostly indicates that Direct Sellers are satisfied with their entity's products and business terms.

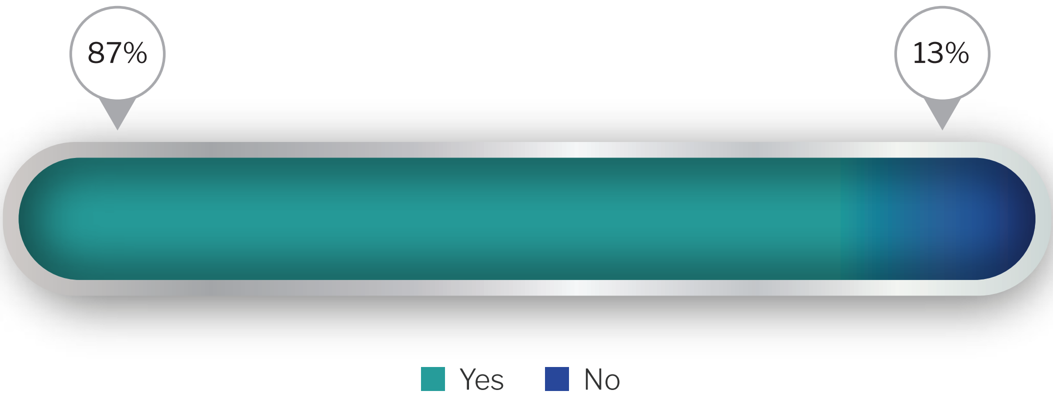


Figure 23 - Association of Direct Sellers with the same Direct Selling Entity

Reasons for Switching to a New Direct Selling Entity

Among Direct Sellers who have switched from one company to another, 56% cited better product / service portfolio as the key reason for the change. This reason for shifting was prominent among age bracket 18-44 year olds. 40% indicated that a better compensation and payout structure was a motivation for shifting to a new Direct Selling entity. This reason for shifting was prominent in the 45+ year olds.

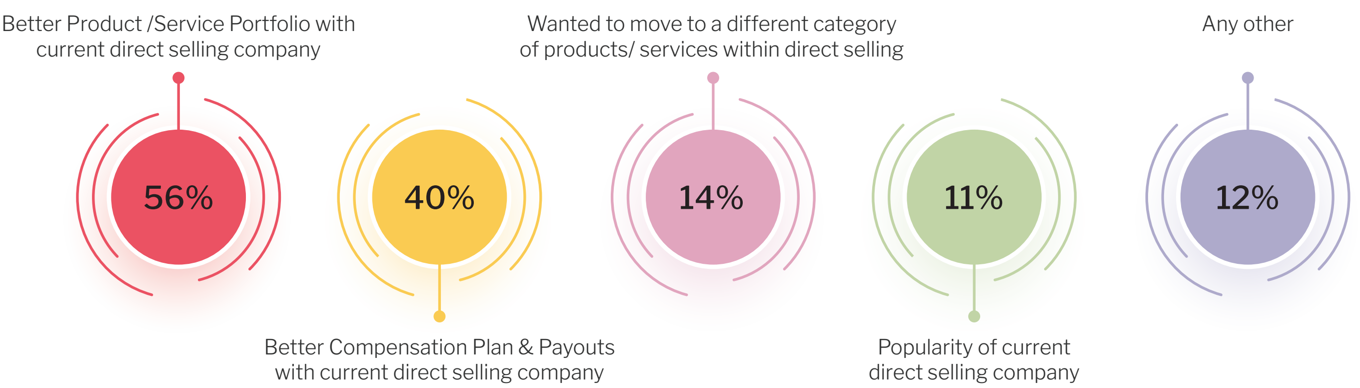
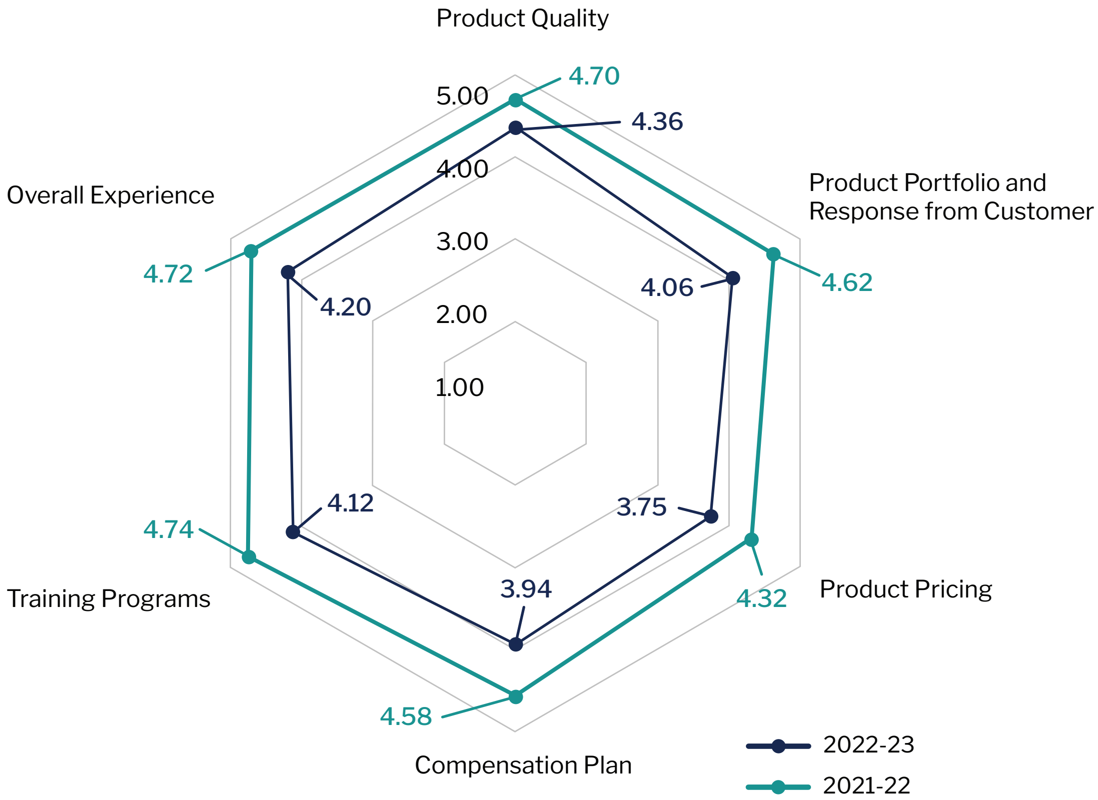


Figure 24 - Reasons for switching Direct Selling Entity among Direct Sellers

Satisfaction Mapping of Direct Sellers Experience with Current Company

Direct Sellers seem to have good satisfaction levels with the Direct Selling entities they are associated with. While most of the performance attributes were rated 4.00 & above on a 5-point scale (except Pricing and Compensation Plan), critical to note that there has been a dip of more than 0.5 points across parameters (except Product Quality) compared to previous year.



Note: Plotting is done basis mean scores on a 5-point scale

Figure 25 - Satisfaction mapping of the Direct Sellers with current entities

Critical Challenges in Direct Selling

'Availability of products on e-commerce' not only continues to be the most critical pain point among Direct Sellers, it also sees a significant 21% jump in mentions from last year. 'Availability of similar/better products through traditional channels' and 'non-availability of products' come next. Mentions around product quality issues have been reduced and have become almost negligible. Direct Selling organisations appear to have strived to improve the quality of their offerings.

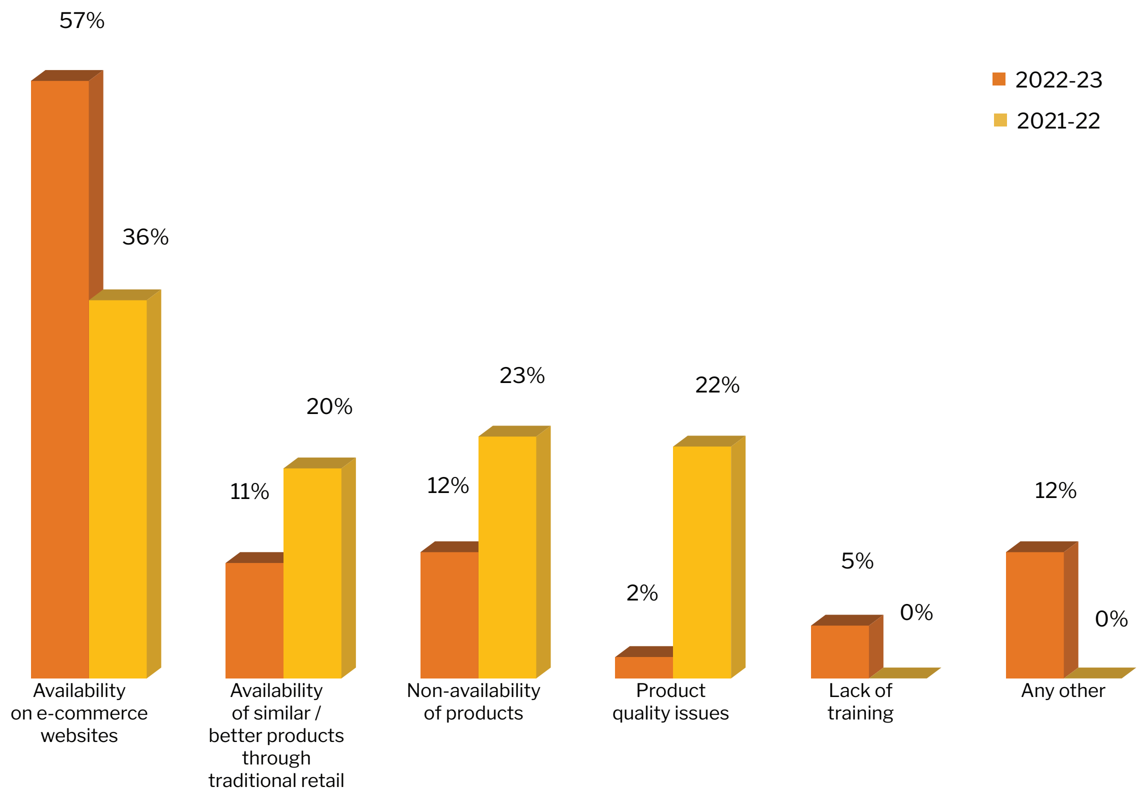
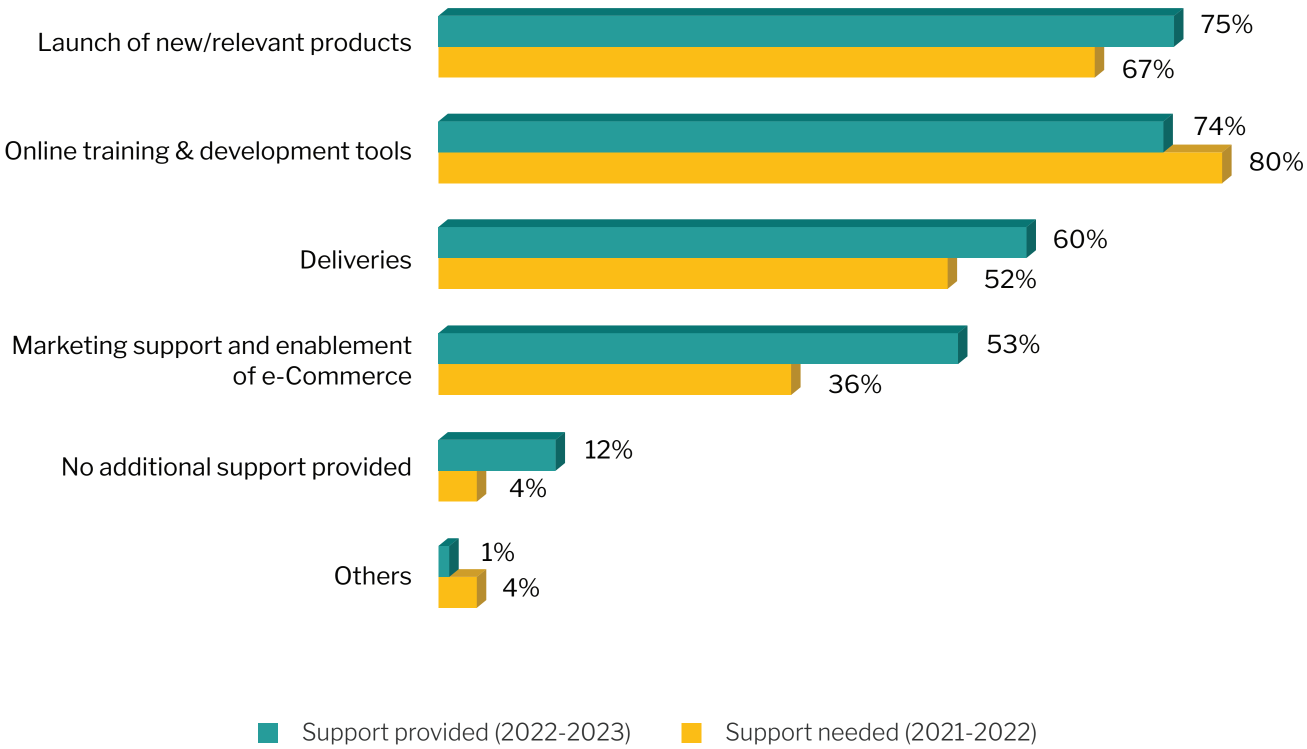


Figure 26 - Most Critical Challenges faced by the Direct Sellers

Support Provided by the Direct Selling Company

In previous year's survey, Direct Sellers were asked to share their expectations in terms of support they require from Direct selling entities. Most of them had indicated launch of new / relevant products, online training & development tools and deliveries as the top 3 expectations. When we evaluated fulfilment on those expectations this year, looks like the top 3 requirements have been adequately fulfilled. ~50% of the respondents have also received marketing support and e-commerce enablement.



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

Figure 27 - Support provided by Direct Selling Entities

Benefits Derived from the Direct Selling Business

Gaining Financial Support mentioned by 62% of the Direct Sellers as the key benefit, and its mentions have increased compared to the previous year. 23% considered Skill Development as a major benefit.

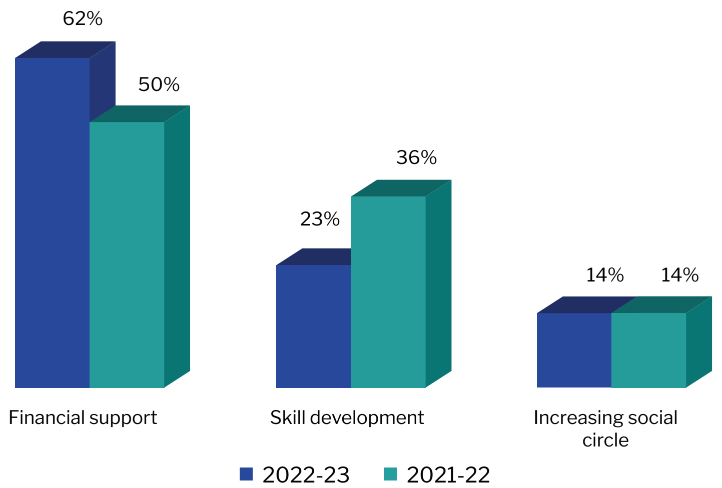


Figure 28 - Benefits of Direct Selling to the Direct Sellers

Awareness about IDSA

94% of the Direct Sellers who participated were aware of the Indian Direct Selling Association (IDSA).

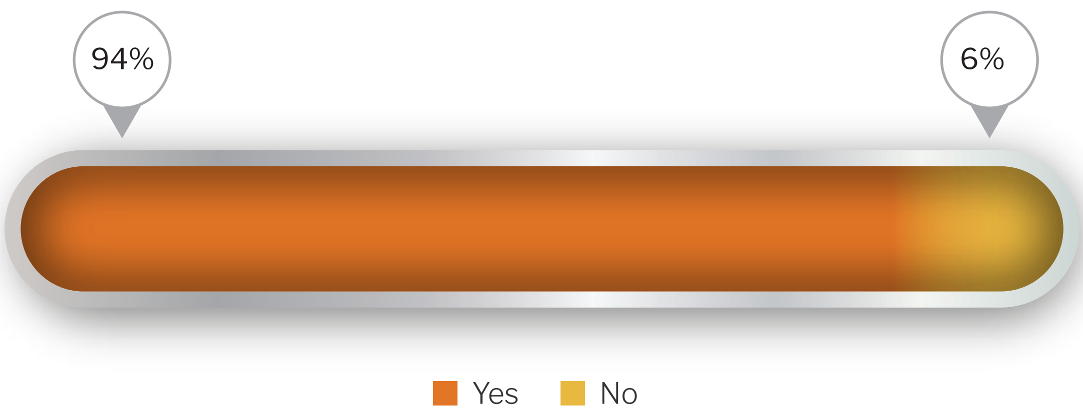
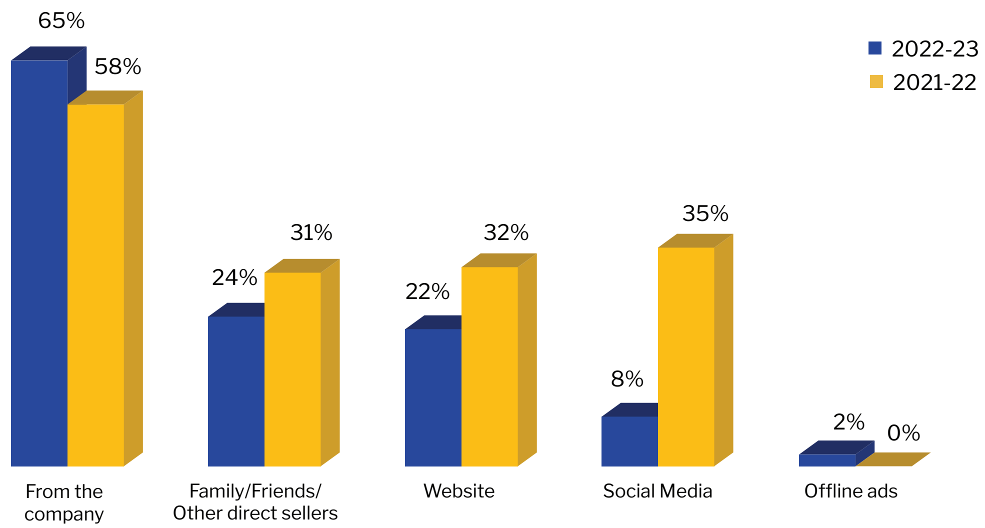


Figure 29 - Awareness about IDSA among Direct Sellers

Source of Awareness of IDSA

Introduction of IDSA to Direct Sellers from their respective companies remains the most popular source of awareness with 65% of the Direct Sellers citing it. 24% of Direct Sellers became aware of IDSA from their family, friends, and other Direct Sellers. 22% mentioned that the association's website has enlightened them about IDSA. Mentions of social media as a source of awareness of IDSA have decreased significantly (from 35% mentions to 8% this year)



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

Figure 30 – Source of Awareness of IDSA among Direct Sellers

Awareness of the Consumer Protection (Direct Selling) Rules 2021

Among Direct Sellers and Preferential Customers who participated, 75% are aware of the Consumer Protection (Direct Selling) rules. 19% are somewhat aware, and 6% are completely unaware of the Consumer Protection (Direct Selling) Rules 2021.

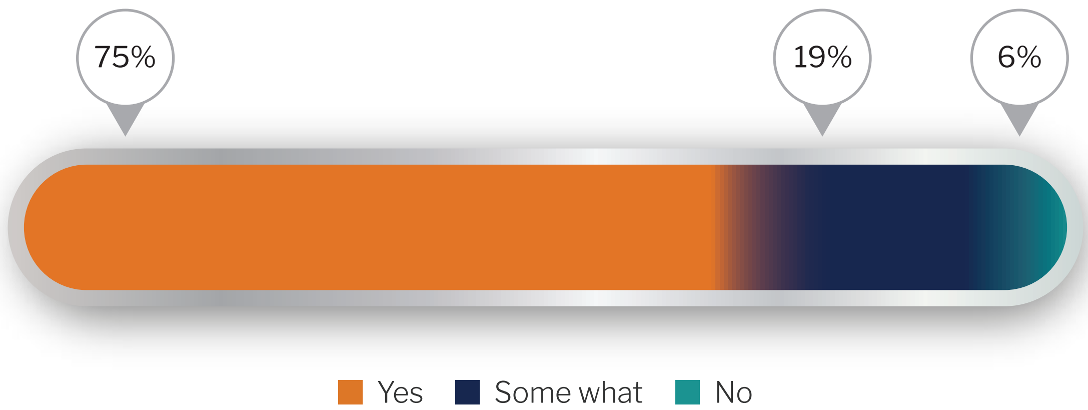


Figure 31 – Awareness of the Consumer Protection (Direct Selling) Rules 2021 among Direct Sellers & Preferential Customers

Support for the Consumer Protection (Direct Selling) Rules 2021

On a 5-point scale, Direct Sellers who are aware of the Consumer Protection (Direct Selling) Rules 2021 indicated high support (4.3 average) for the Consumer Protection (Direct Selling) Rules 2021. 64% of the Direct Sellers support the rules completely.

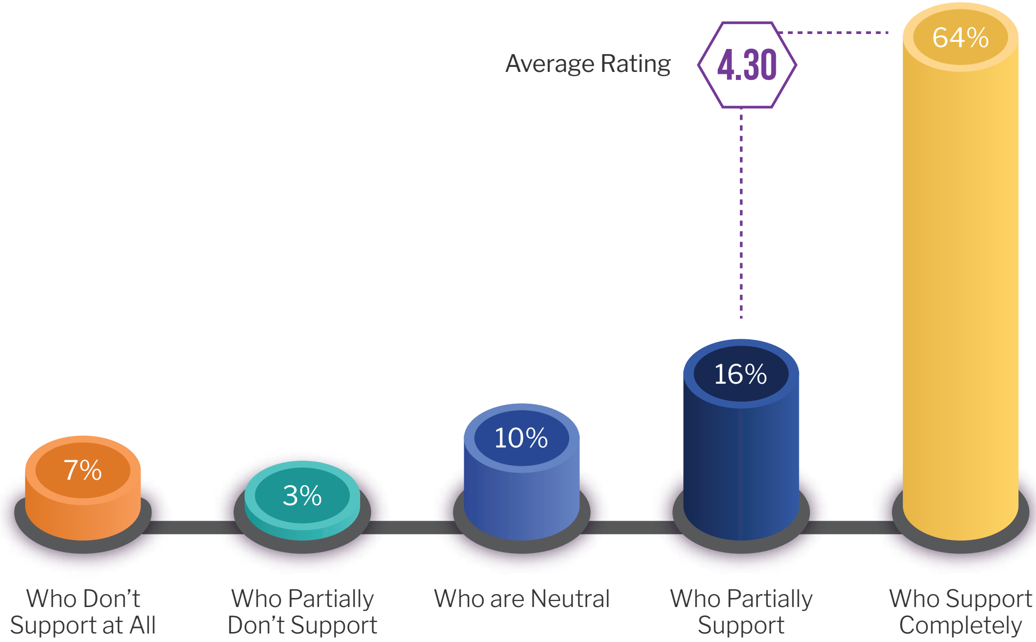
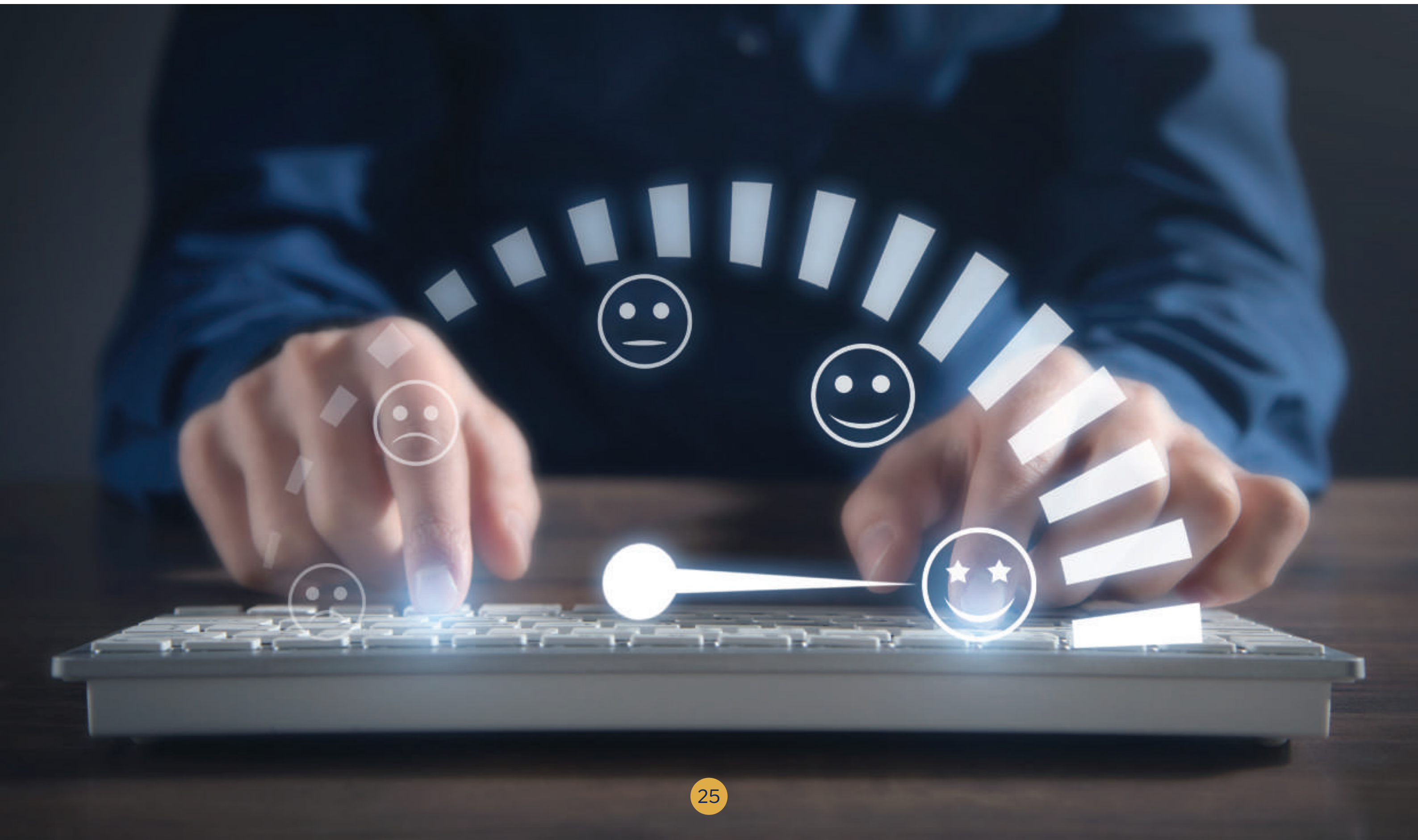


Figure 32 - To what extent do Direct Sellers support the Consumer Protection (Direct Selling) Rules 2021



Reasons for not supporting the Consumer Protection (Direct Selling) Rules 2021

A total of 86 Direct Sellers have given '1' rating, which denotes no support for the Consumer Protection (Direct Selling) Rules 2021. The top reason for not supporting is because they feel there are no strong guidelines and monitoring to eliminate fraudulent companies.

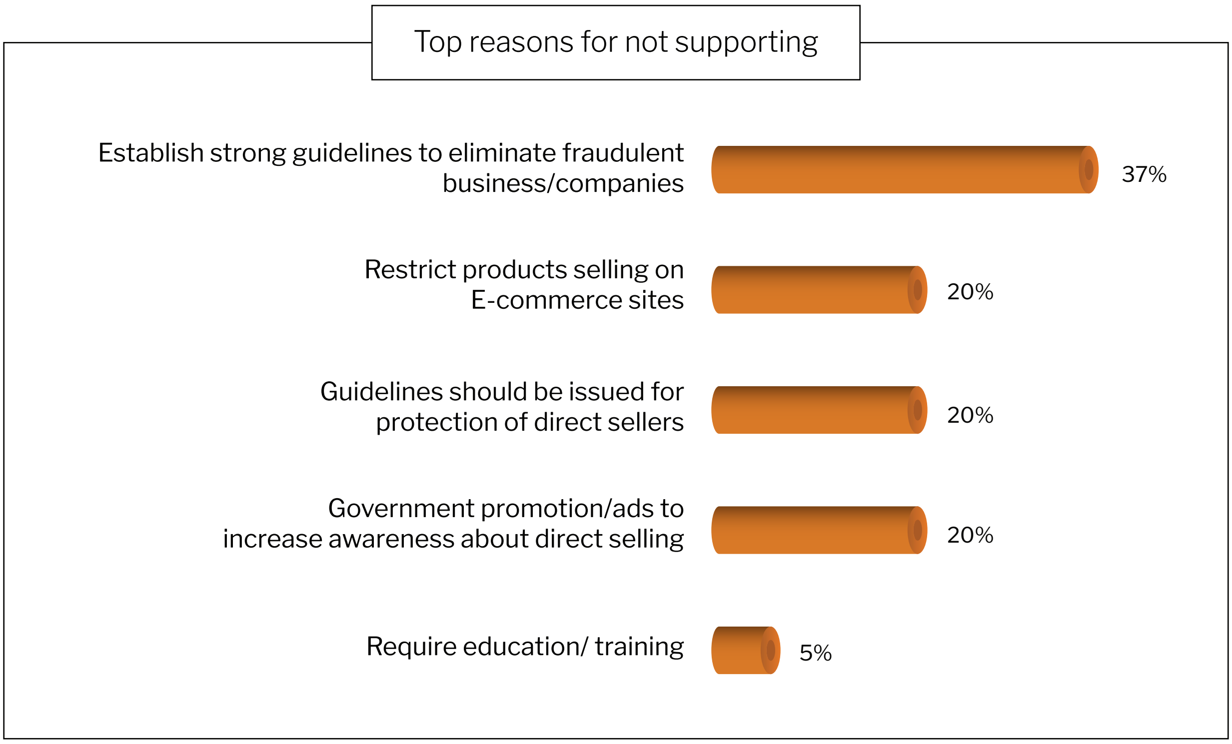


Figure 33 - Reasons for not supporting the Consumer Protection (Direct Selling) Rules 2021 by Direct Sellers

Features of the Consumer Protection (Direct Selling) Rules 2021 that are favoured

Among Direct Sellers and Preferential Customers, ~68% mentioned that the norm of 'Direct Selling company must be the owner, holder or licensee of a trademark/ service mark of the goods/ services' is most liked.

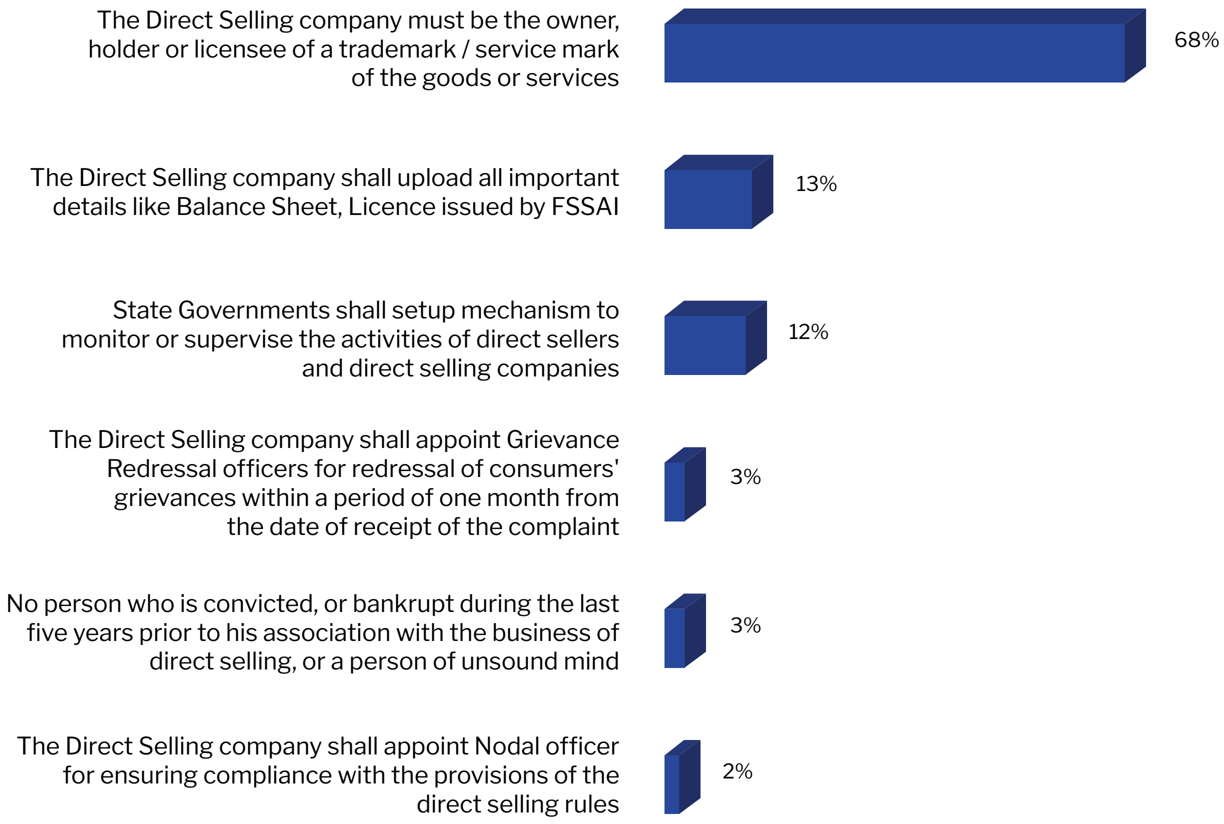


Figure 34 – Features preferred among Direct Sellers & Preferential Customers of the Consumer Protection (Direct Selling) Rules 2021

Recommendations from respondents to the Government of India on the Consumer Protection (Direct Selling) Rules 2021

There are 3 strong recommendations that respondents have given for Govt of India to notice and act on - Restrict the sale of goods through e-commerce websites, expressed by 22% of the respondents, Establish strong guidelines to eliminate fraudulent companies, expressed by 20% respondents and Create guidelines for the protection of Direct Sellers, expressed by 15% respondents.

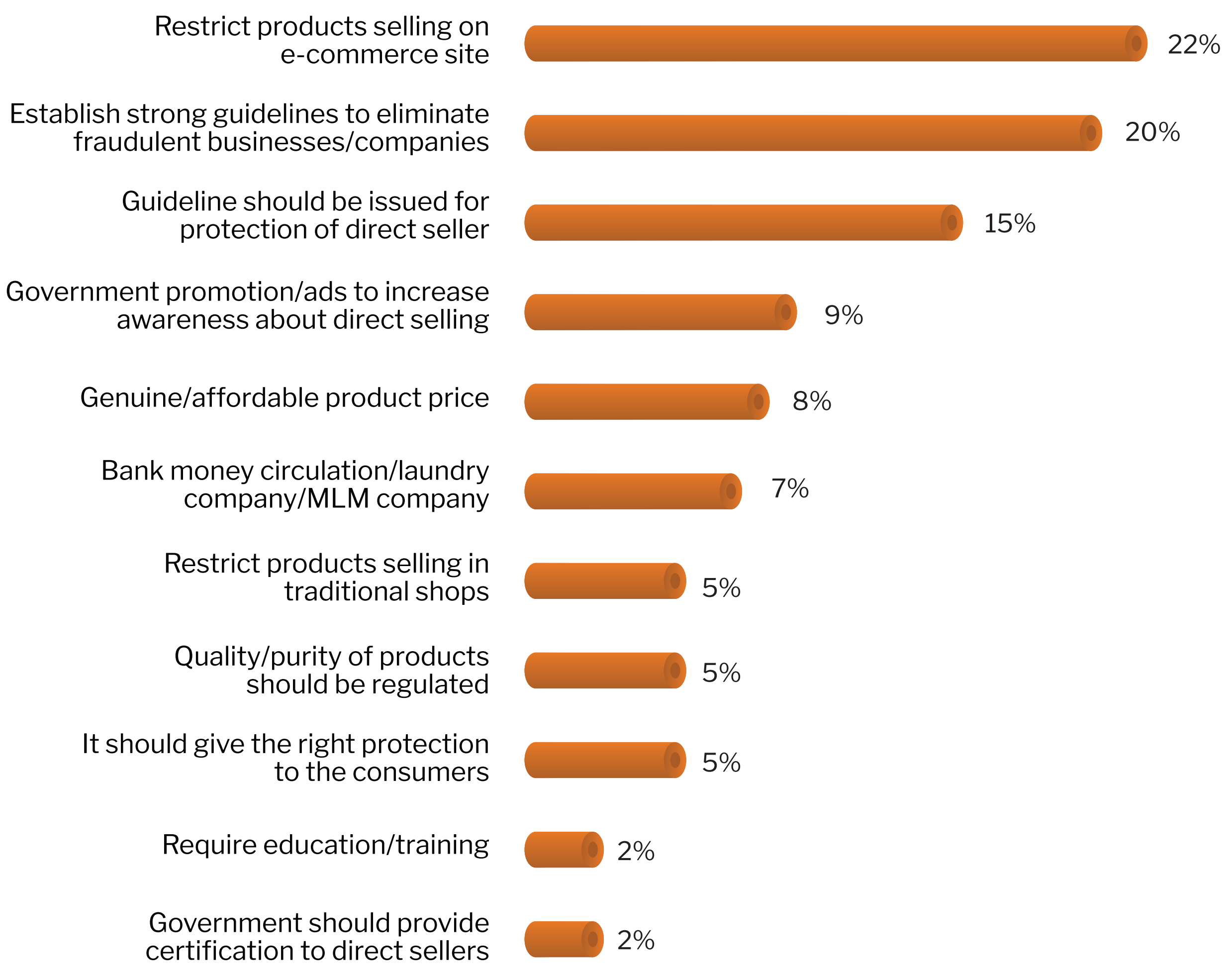


Figure 35 - Recommendation for the Consumer Protection (Direct Selling) Rules 2021 by Direct Sellers & Preferential Customers

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