DIRECT SELLING IN INDIA

ANNUAL SURVEY REPORT FY 2022-23

Published By

IDSA
INDIAN DIRECT SELLING ASSOCIATION
WFDSA Member

Research Partner

KANTAR

Message from Chairman
IDSA (Indian Direct Selling Association)

MR VIVEK KATOCH
Chairman, IDSA

I trust this message finds you all hale and hearty, brimming with enthusiasm and steadfast dedication to your ventures. It is my distinct honor and privilege to present the latest iteration of the Annual Survey Report for the fiscal year 2022–23.

This report, meticulously crafted through exhaustive research and analysis, offers a comprehensive overview of the Direct Selling Industry (DSI) landscape in India. I am pleased to announce that despite the formidable challenges posed by the pandemic, the direct selling sector has rebounded admirably.

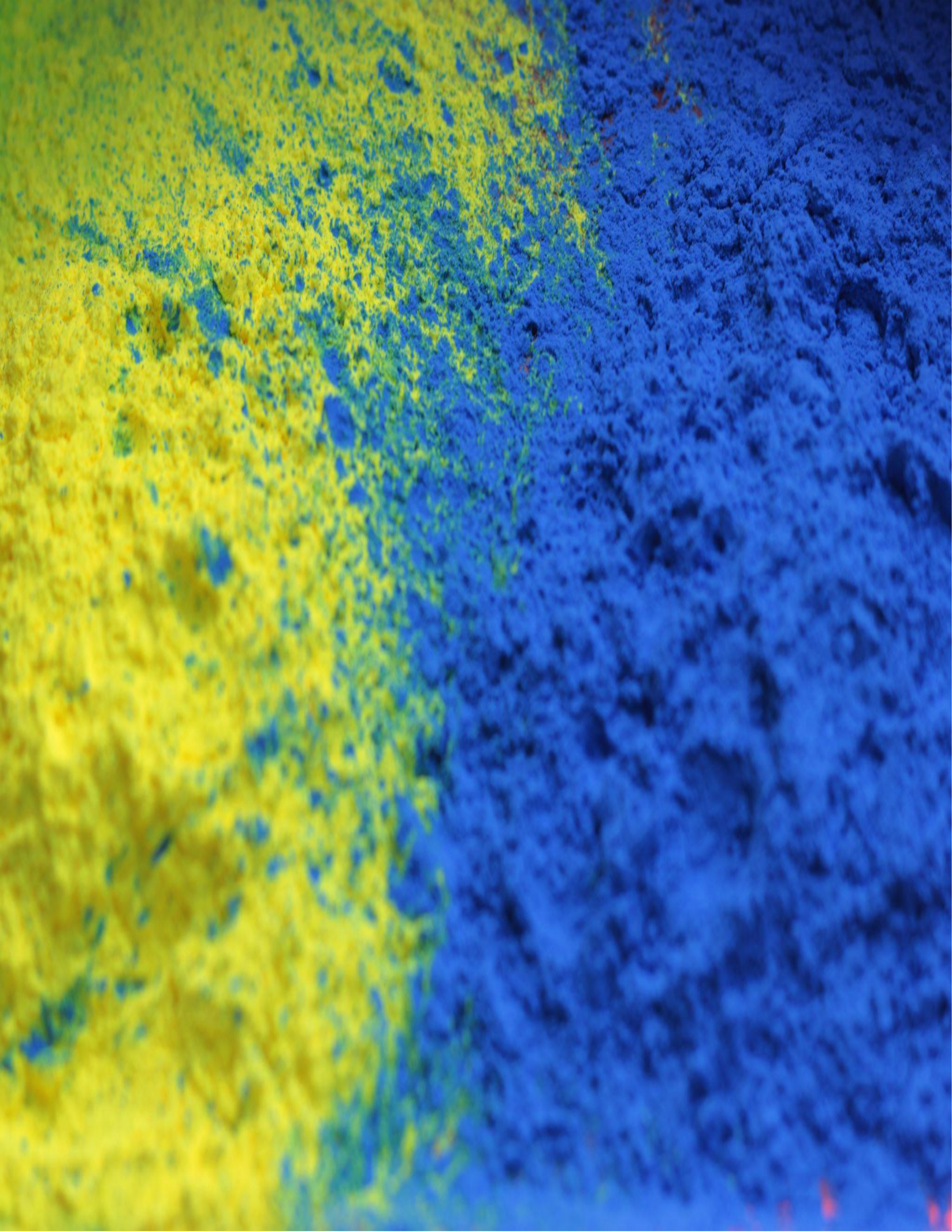
The financial year 2022–23 witnessed robust double-digit growth, marking a significant improvement over the previous fiscal year's single-digit performance. This upward trajectory reflects a promising outlook for the industry, underpinned by consistent growth over the years. The sustained double-digit Compound Annual Growth Rate (CAGR) underscores the resilience and potential of the direct selling sector in India.

Bolstered by a favorable regulatory framework, including the Consumer Protection Act 2019 and the Consumer Protection (Direct Selling) Rules 2021, the industry has achieved greater operational clarity, transparency, and consumer protection. It is worth noting that beyond its substantial contributions to government revenues, the direct selling industry plays a pivotal role in driving economic growth. With its emphasis on self-employment, micro-entrepreneurship, and skill development, the sector fosters socio-economic empowerment, particularly at the grassroots level.

Amidst the pandemic, it served as a lifeline for countless individuals grappling with unemployment. Moreover, the industry's collaboration with Micro, Small and Medium Enterprises (MSMEs) across the country has not only strengthened the economy but also provided vital support to local businesses. As direct sellers continue to penetrate even the most remote corners of the country, they contribute to a transformative socio-economic landscape, transcending barriers of gender, age, and education. While acknowledging existing regulatory challenges, it is imperative that we adopt a proactive stance and align ourselves with government policies and directives.

The future of direct selling in India is undoubtedly bright, fueled by the entry of foreign companies and increased investments in manufacturing. Together, we must seize this opportunity to propel the sector to greater heights.

I extend my heartfelt appreciation to KANTAR and the entire IDSA team for their unwavering dedication in compiling this report. Special thanks are due to all IDSA member companies for their invaluable contributions, which have been instrumental in shaping this endeavor.



Executive Summary

The direct selling industry, characterized by marketing and retailing goods or services directly to consumers through personal contact, away from permanent retail premises, has demonstrated resilience and growth despite challenges.

The global direct-selling industry stood at around USD 172.9 billion in FY 2022, showcasing a marginal decline of 1.5% from the industry value of USD 175.6 billion in FY 2021.

Globally, the direct selling industry continues to expand, with Asia-Pacific contributing significantly to sales growth. The United States remains a leader in direct selling, closely followed by Korea. This global perspective highlights the industry's dynamic nature and its potential for further expansion.

India's direct selling industry has emerged as a significant player, showcasing robust growth over the years, ranking 11 in global direct selling. In FY 2022-23, the industry witnessed a substantial increase, with a growth of approximately 12%. Contributing around INR 21,282 crore to the economy, the industry's expansion has been notable. Wellness & Nutraceuticals products emerged as the top-selling category, accounting for approximately 74% of the sales.

The number of active direct sellers in India rose to approximately 86.2 lakhs in FY 2022-23, reflecting a growth of around 2.5% from the previous year. This increase in participation indicates growth in opportunities and interest in direct selling, with the increasing representation of males showcasing direct selling as a full-time opportunity.

Regionally, the North and East regions of India emerged as key contributors to direct selling sales. Maharashtra led the states with the highest share of sales, closely followed by West Bengal and Uttar Pradesh. The regional trends underscore the diverse and widespread nature of direct selling's impact across India.

Direct selling entities not only drive economic growth but also contribute to livelihood generation, either through local manufacturing or by outsourcing production to MSMEs. This dual impact underscores the industry's role in fostering entrepreneurship and supporting initiatives such as "Make in India."

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

- Effective Business Model and Practices
- Low Entry Barriers and High Potential for Growth
- Favorable Demographics
- Increasing Health Consciousness
- Flexibility and Freedom
- Effective Training and Development

However, there are some inhibitors that are limiting the growth of direct selling, especially competition from e-commerce platforms such as Amazon, Flipkart etc. Social marketing has also impacted growth of the direct sales industry.

- **Regulatory Compliance and Enforcement**
- **Ethical Practices and Reputation Management**
- **Competition from e-commerce and social marketing**

As the direct selling industry continues to evolve, it presents both challenges and opportunities. Regulatory frameworks, consumer trust, and innovation will be key factors shaping its trajectory. With a strong foundation and growing consumer acceptance, the direct selling industry is poised for continued growth and positive contributions to economies worldwide.

TABLE OF CONTENT

Message from Chairman IDSA *3*

Executive Summary *5*

List of figures *9*

List of tables *10*

Background of the study *11*

1. Indian Direct Selling Industry 12
   - 1.1. India Direct Selling Industry Sales – Product wise 13
     - 1.1.1. India Product wise % Share of Direct Selling Industry (FY 2022-23) 13
     - 1.1.2. Share of Product categories FY 2019-20 to FY 2022-23 14
   - 1.2. India Direct Selling Industry Sales – Region Wise 14
     - 1.2.1. Indian Direct Selling Sales and Direct Sellers: State-Wise (FY 2022-23) 16
     - 1.2.2. Top 10 states contributing to Direct Selling turnover 17
     - 1.2.3. Indian Direct Selling Sales: North region (FY 2022-23) 17
     - 1.2.4. Indian Direct Selling Sales: East region (FY 2022-23) 18
     - 1.2.5. Indian Direct Selling Sales: West region (FY 2022-23) 18
     - 1.2.6. Indian Direct Selling Sales: South region (FY 2022-23) 19
     - 1.2.7. Indian Direct Selling Sales: North-East region (FY 2022-23) 19
   - 1.3. Direct Seller Landscape in India 20
     - 1.3.1. Number of Active Direct Sellers in India from FY 2019-20 to FY 2022-23 20
     - 1.3.2. Gender-wise split of Active Direct Sellers in India 20
     - 1.3.3. Age-wise split of Active Direct Sellers in India 21
     - 1.3.4. Share of IDSA and Non-IDSA members in direct sales 21
   - 1.4. Porter 5 Force Analysis of Global Direct Selling 22
   - 1.5. Drivers behind Growth of Indian Direct Selling Industry 23
   - 1.6. Emerging Trends in the Indian Direct Selling Industry 25
   - 1.7. Encountering Challenges in the Indian Direct Selling Industry 26

2. Consumer awareness survey 2023 27
   - 2.1. Profile of respondents 29
   - 2.2. Familiarity with Direct Selling 30
   - 2.3. Direct Selling Perceptions 31
     - 2.3.1 Overall satisfaction from direct selling experience 32
   - 2.4. Sources of Awareness 33
   - 2.5. Direct Selling Perceptions Intent 34
   - 2.6. Reasons for purchasing from direct sellers 36

2.7. Awareness on competition and return warranty for direct selling 37
2.8. Direct Selling as Potential Livelihood Generator 38
2.9. Misconception and Importance of trust in Direct Selling 40

Team IDSA 42

Team Kantar 43

Disclaimer 44

List of Figures

Figure 1. Indian Direct Selling Industry Size FY 2019-20 to FY 2022-23 (in INR crores) 13
Figure 2. % of sales contribution across different product categories... 13
Figure 3. % of sales contribution across different product categories FY 2019-20 to FY 2022 -23 14
Figure 4. Zone wise contribution to Direct selling Industry sales in FY 2022-23 15
Figure 5. State wise contribution to Direct selling Industry sales across the top 10 states in FY 2022-23 17
Figure 6. Contribution of states in the Northern region to Direct selling Industry sales in FY 2022-23............. 17
Figure 7. Contribution of states in the Eastern region to Direct selling Industry sales in FY 2022-23 18
Figure 8. Contribution of states in the Western region to Direct selling Industry sales in FY 2022-23 18
Figure 9. Contribution of states in the Southern region to Direct selling Industry sales in FY 2022-23 19
Figure 10. Contribution of states in the North-eastern region to Direct selling Industry sales in FY 2022-23 19
Figure 11. Total number of active direct sellers in India (in lakhs) from FY 2019-20 to FY 2022-23 20
Figure 12. % of male and female active direct sellers from FY 2019-20 to FY 2022-23 in India 20
Figure 13. Age wise split of active direct sellers in India (FY 2022-23).. 21
Figure 14. % Split of IDSA and Non-IDSA members in the direct selling industry in India (FY 2019-20 to FY 2022-23) 21
Figure 15. Porter 5 Force Analysis of Global Direct Selling 22
Figure 16. Respondent distribution across regions 28
Figure 17. Profile of respondents 29
Figure 18. Respondent familiarity with direct selling across different cities 30
Figure 19. Perception of Direct Selling across regions/cities - Top 2 Box Scores (Extremely positive + Somewhat positive) 31
Figure 20. Overall Satisfaction from Direct Selling 32
Figure 21. Categories of products purchased from a direct seller ever by the respondents. 34
Figure 22. Perceived quality of the product category purchased 35
Figure 23. Product categories shoppers are interested to purchase from a direct seller in the future. 35
Figure 24. % of respondents across zones that agree direct selling provides products at competitive prices... 37
Figure 25. % of respondents across zones that are aware that direct selling companies offer product return warranties... 37
Figure 26. % of shoppers that had participated in direct selling activities 38
Figure 27. Overall experience with direct selling - Top 2 Box Scores (Highly satisfied + Satisfied) 39
Figure 28. Respondents who encountered Negative Experiences in Direct Selling 39
Figure 29. Common misconceptions or stereotypes on Direct Selling 40
Figure 30. Importance of trust in Direct Selling across regions - Top 2 box scores (Extremely important + Very important) 40
Figure 31. Top factors that contribute to the trust in a Direct Selling company or representative. 41

List of Tables

Table 1. State wise direct selling sales (in INR crore) and number of active direct sellers (in lakhs). 16
Table 2. Top 2 box and Bottom 2 box familiarity for Direct Selling across different cities. 31
Table 3. Sources of Awareness by Region 33
Table 4. Sources of Awareness by City 33
Table 5. % of top 3 product categories purchased from direct sellers across regions 34
Table 6. % of respondents interested in purchasing top 3 product categories from Direct Sellers in the future across different regions 36
Table 7. Reasons for purchasing from direct sellers by across regions.. 36
Table 8. Interest in exploring Direct Selling opportunities by Region (Top 2 box and Bottom 2 box) 38

Background of the study

The Indian Direct Selling Association (IDSA) functions as an independent self-regulatory entity overseeing the Direct Selling sector in India. Acting as a liaison between the industry and governmental bodies, it advocates for the interests of the Direct Selling Industry in the country. Collaborating closely with government agencies, IDSA actively pursues policy reforms to foster industry growth and supports Direct Sellers. As part of its commitment to keeping stakeholders informed, IDSA releases an annual "state of the industry" report, offering insights into industry size, trends, growth factors and regulatory frameworks.

For the Annual Survey FY 2022-23 report, IDSA partnered with Kantar, world’s leading market research, insights, and consultancy organization for carrying out a detailed study to bring out the report. The key objectives of the study were:

- To understand the current market landscape of the Direct Selling industry in India including sales across product categories and different regions.
- To identify the key driving factors for industry growth.
- To identify the emerging trends in the Indian Direct Selling industry.
- To identify the key challenges and misconceptions concerning the Direct Selling industry in India.

The study employed both primary and secondary research methodologies to fulfill its objectives. Secondary research entailed gathering financial data of Direct Selling entities from the Ministry of Corporate Affairs website, along with utilizing publicly available articles such as news clippings to gauge the present state of the Direct Selling industry in India. Primary research targeted Direct Selling organizations, specifically IDSA members, to comprehend the current state of the Direct Selling Market. Information pertaining to the prevailing regulatory framework, drivers, barriers, etc., was also gathered from these IDSA members. A shopper intercept survey was also conducted amongst a random population set to understand awareness of the Direct Selling industry amongst the shoppers.

Indian Direct Selling Industry

1. Indian Direct Selling Industry

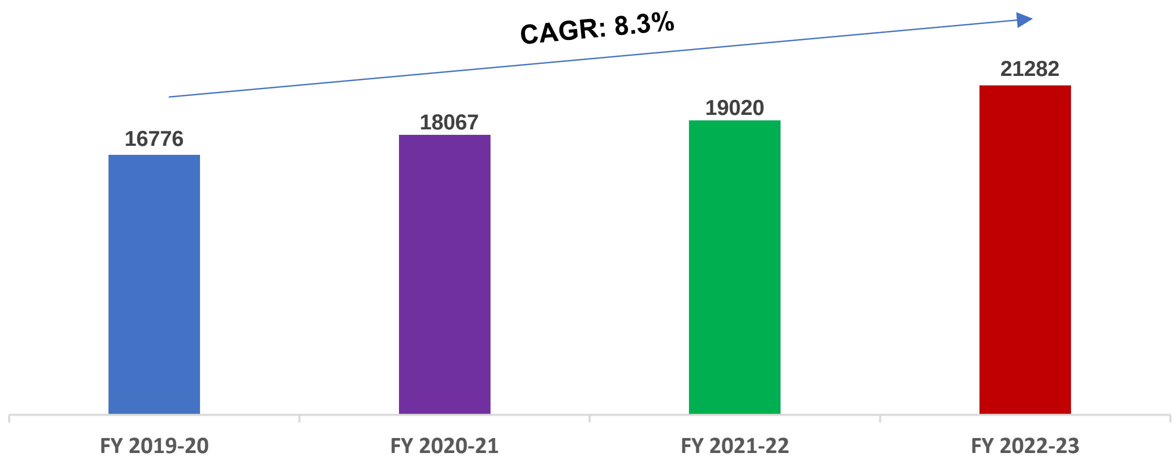


Figure 1. Indian Direct Selling Industry Size FY 2019-20 to FY 2022-23 (in INR crores)

The Direct Selling Industry's total sales in India increased to INR 21,282 crores in FY 2022-23 from INR 19,020 crores in FY 2021-22, marking approximately a 12% year-on-year growth. The industry exhibited a compound annual growth rate (CAGR) of 8.3% from FY 2019-20 to FY 2022-23.

1.1. Indian Direct Selling Industry Sales – Product Wise

1.1.1. India Product-wise % Share of Direct Selling Industry (FY 2022-23)

The Wellness segment accounted for approximately 73.5% of total sales in Indian Direct Selling, followed by Cosmetics & Personal Care, which held an 11.3% share. Household goods and durables ranked third, constituting 7.4% of the market. Together, these three categories comprised 92.2% of total Direct Selling sales in India for FY 2022-23.

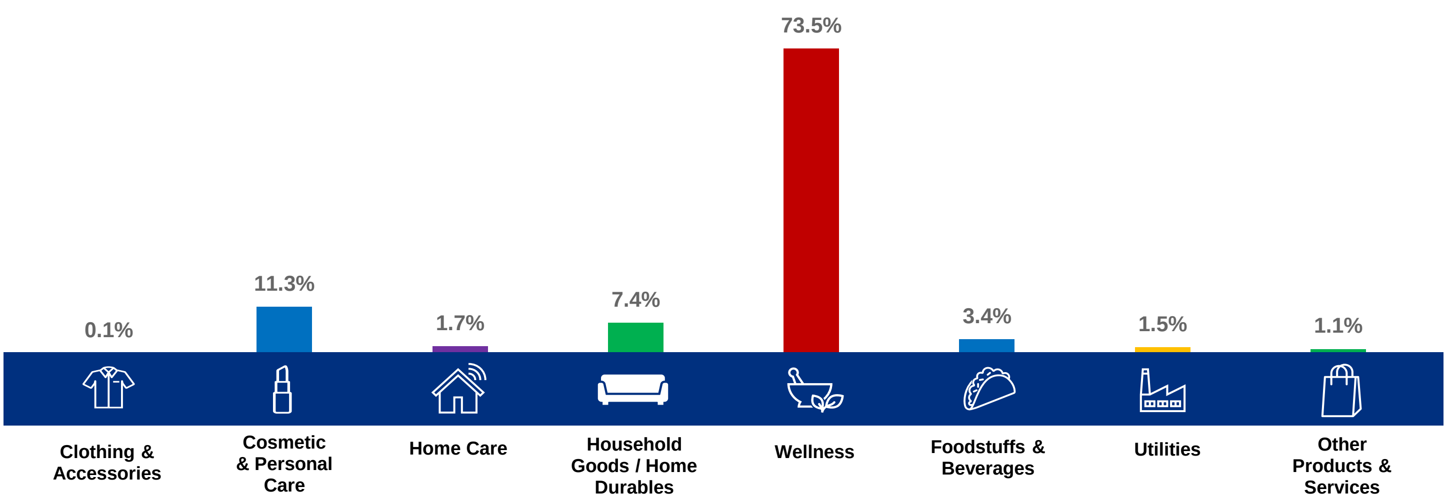


Figure 2. % of sales contribution across different product categories

1.1.2. Share of Product categories FY 2019-20 to FY 2022-23

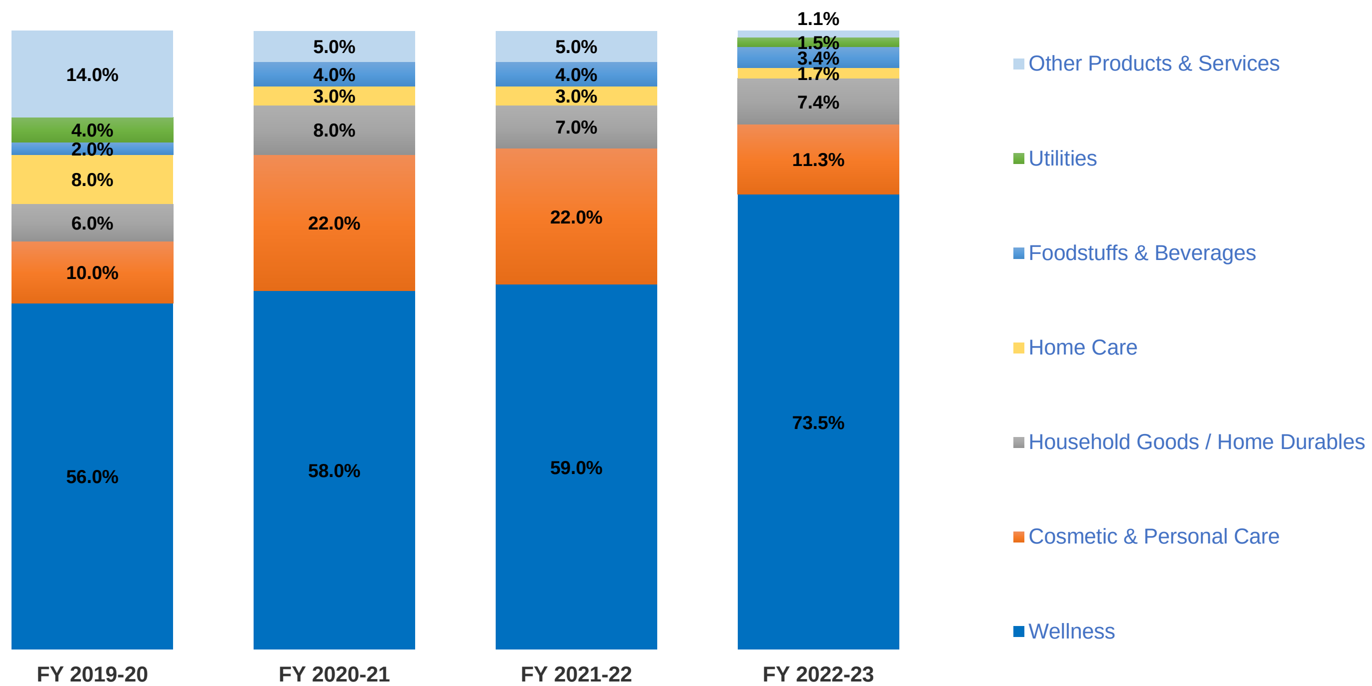


Figure 3. % of sales contribution across different product categories FY 2019-20 to FY 2022 -23

1.2. India Direct Selling Industry Sales – Region wise

In FY 2022-23, the Northern region emerged as the leading contributor to the overall gross sales of direct-selling products, comprising 30% of the total share. This region encompasses Uttar Pradesh, Rajasthan, Punjab, Haryana, Uttarakhand, Delhi, Himachal Pradesh, Jammu & Kashmir, Ladakh, and Chandigarh.

Following closely, the Eastern region held the second-largest share at 25%, with West Bengal playing a significant role, contributing 10% to the national turnover. Other states in this region include Bihar, Jharkhand, and Odisha.

Meanwhile, the Western region, encompassing Maharashtra, Madhya Pradesh, Goa, Gujarat, Chhattisgarh and the Union Territories of Dadra & Nagar Haveli and Daman & Diu, accounted for 22% of the direct-selling market in FY 2022-23.

The Southern region contributed 14% to the total gross sales, covering Tamil Nadu, Karnataka, Andhra Pradesh, Telangana, Kerala, and the Union Territories of Andaman & Nicobar, Puducherry, and Lakshadweep.

Lastly, the Northeastern region, comprising Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, collectively accounted for 9% of the total gross sales.

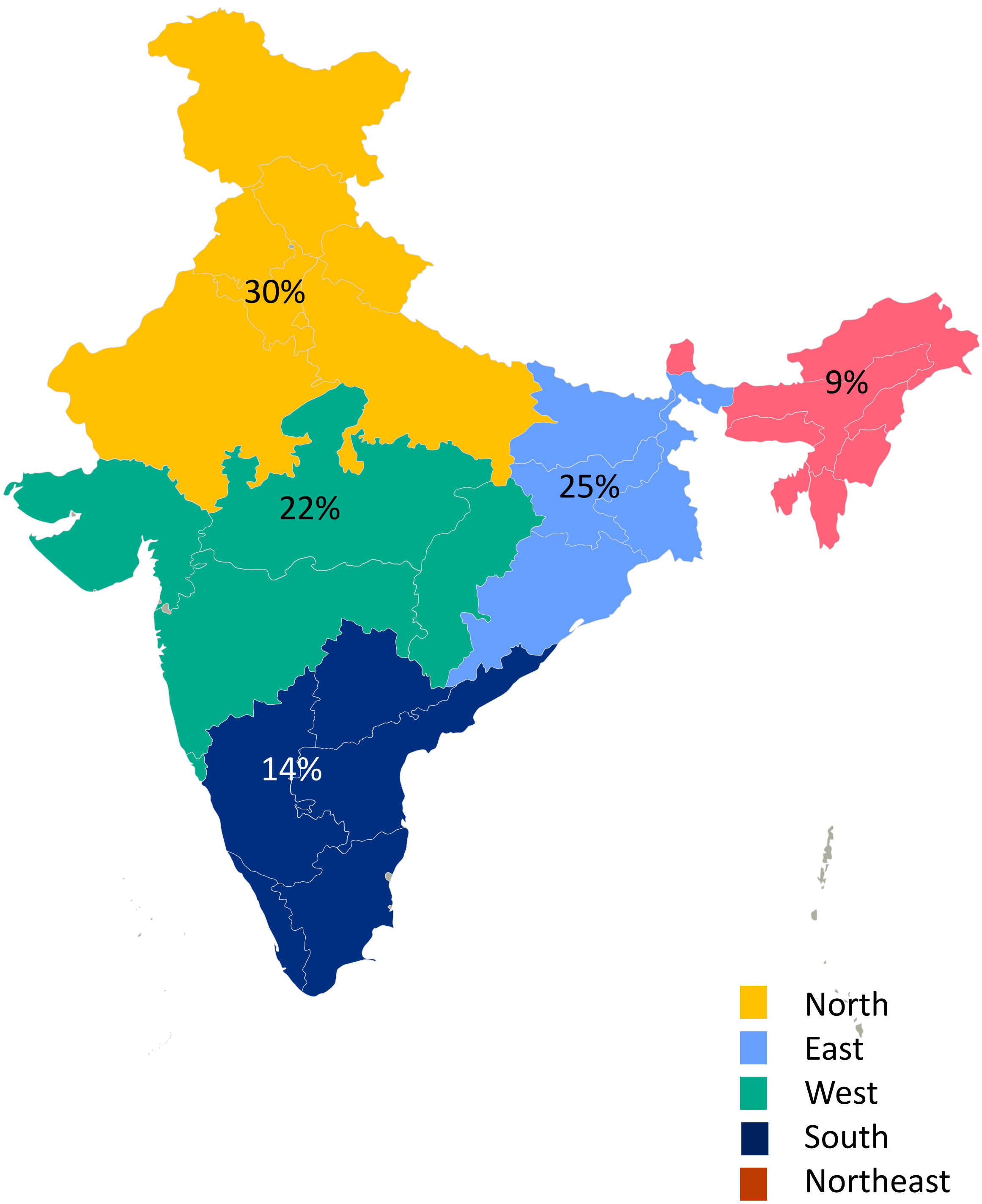


Figure 4. Zone wise contribution to Direct selling Industry sales in FY 2022-23

1.2.1. Indian Direct Selling Sales and Direct Sellers: State-Wise (FY 2022-23)

State & Union Territory	Direct Selling Sales (INR Crore)	Share in Indian Direct Selling Sales	Number of Active Direct sellers (Lakhs)
Uttar Pradesh	₹ 2,170	10.19%	17.61
Haryana	₹ 1,076	5.05%	1.63
New Delhi	₹ 975	4.58%	1.07
Rajasthan	₹ 791	3.72%	2.96
Punjab	₹ 634	2.98%	1.49
Uttarakhand	₹ 533	2.51%	0.74
Jammu & Kashmir	₹ 73	0.34%	0.33
Chandigarh	₹ 53	0.25%	0.08
Himachal Pradesh	₹ 41	0.19%	0.28
Total North Region	**₹ 6,346**	**29.81%**	**26.19**
West Bengal	₹ 2,192	10.30%	4.34
Bihar	₹ 1,518	7.13%	15.2
Odisha	₹ 1,202	5.65%	3.86
Jharkhand	₹ 414	1.95%	5.23
Total East Region	**₹ 5,326**	**25.03%**	**28.63**
Maharashtra	₹ 2,487	11.68%	8.24
Gujarat	₹ 1,014	4.77%	2.14
Madhya Pradesh	₹ 609	2.86%	5.01
Chhattisgarh	₹ 506	2.38%	3.39
Goa	₹ 31	0.14%	0.13
Dadra & Nagar Haveli	₹ 1	0.01%	0.45
Total West Region	**₹ 4,647**	**21.84%**	**19.36**
Karnataka	₹ 1,222	5.74%	1.49
Tamil Nadu	₹ 595	2.80%	1.52
Kerala	₹ 522	2.45%	1.32
Telangana	₹ 492	2.31%	1.17
Andhra Pradesh	₹ 261	1.23%	1.68
Puducherry	₹ 8	0.04%	0.01
Andaman and Nicobar Islands	₹ 9	0.04%	0.67
Total South Region	**₹ 3,110**	**14.61%**	**7.86**
Assam	₹ 1,009	4.74%	2.38
Manipur	₹ 288	1.35%	0.44
Nagaland	₹ 227	1.07%	0.26
Mizoram	₹ 156	0.73%	0.36
Arunachal Pradesh	₹ 78	0.37%	0.12
Tripura	₹ 72	0.34%	0.17
Meghalaya	₹ 19	0.09%	0.23
Sikkim	₹ 5	0.02%	0.18
Total Northeast Region	**₹ 1,854**	**8.71%**	**4.14**
Total India	**₹21,282**	**100.00%**	**86.18**

Table 1. State wise direct selling sales (in INR crore) and number of active direct sellers (in lakhs).

1.2.2. 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.

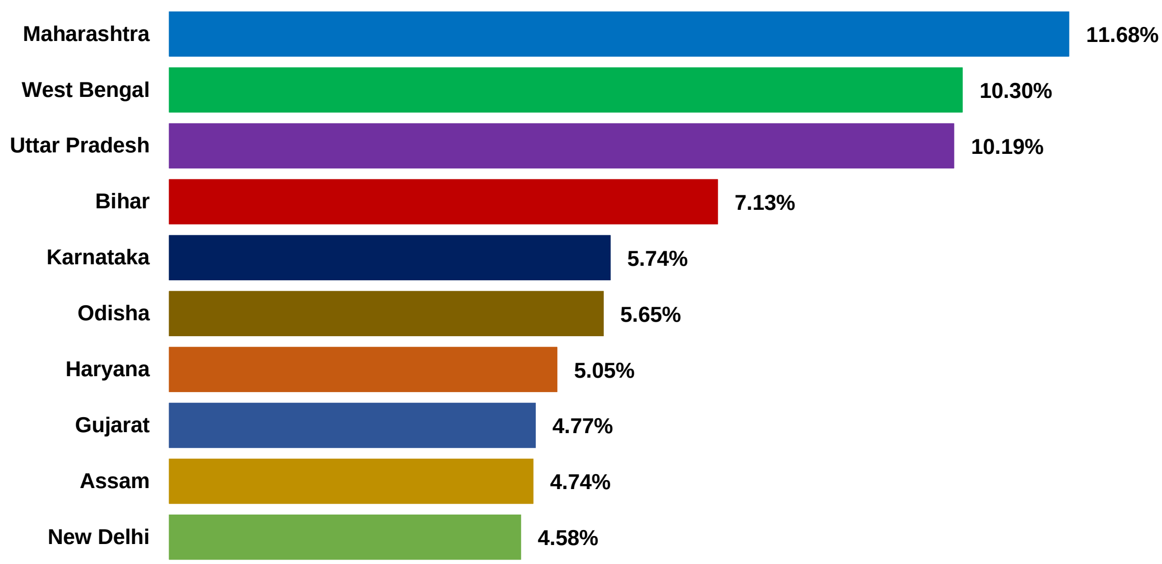


Figure 5. State wise contribution to Direct selling Industry sales across the top 10 states in FY 2022-23

1.2.3. Indian Direct Selling Sales: North region (FY 2022-23)

In the Northern region, Uttar Pradesh comprised 34% of the Direct Selling sales, trailed by Haryana at 17%. Meanwhile, Delhi and Rajasthan each contributed 15% and 12% respectively to the overall sales.

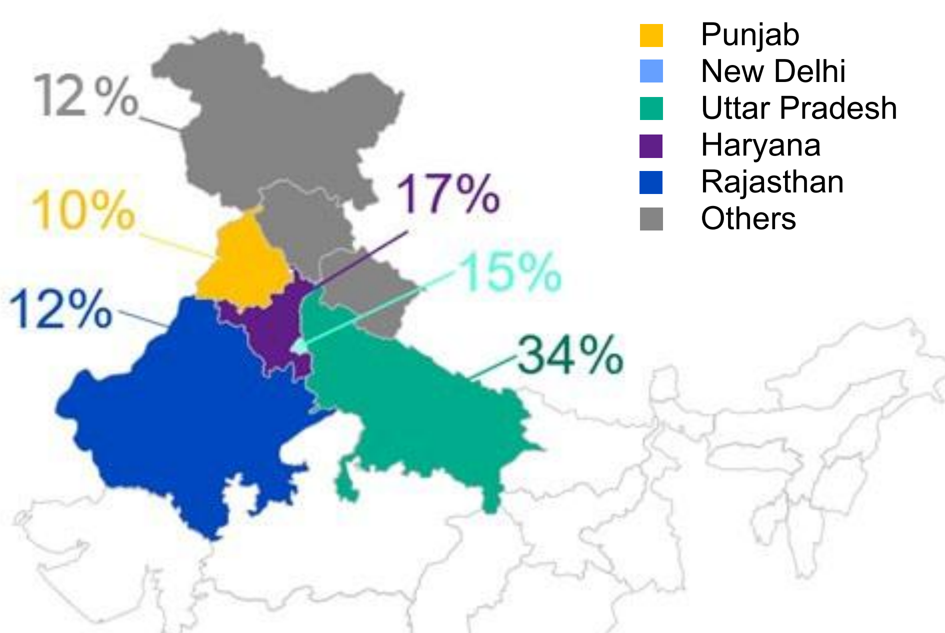


Figure 6. Contribution of states in the Northern region to Direct selling Industry sales in FY 2022-23

1.2.4. Indian Direct Selling Sales: East region (FY 2022-23)

In the Eastern region, West Bengal secured the majority share, amounting to 41% of the regions Direct Selling sales in FY 2022-23. Subsequently, Bihar, Odisha, and Jharkhand held respective shares of 28%, 23%, and 8%.

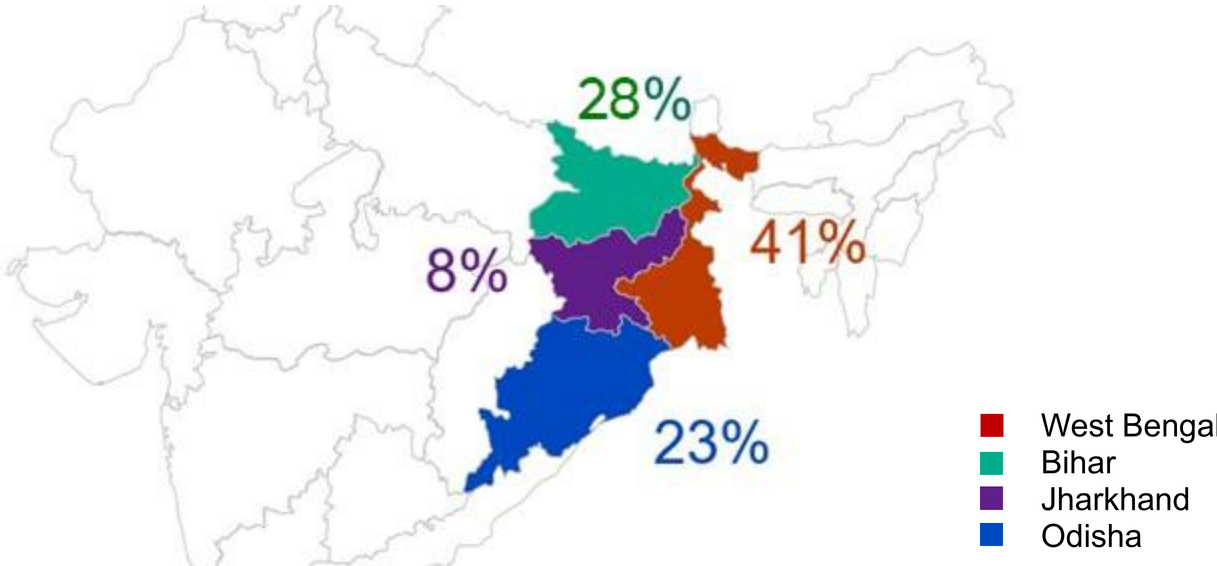


Figure 7. Contribution of states in the Eastern region to Direct selling Industry sales in FY 2022-23

1.2.5. Indian Direct Selling Sales: West region (FY 2022-23)

In the Western region, Maharashtra dominated by accounting for over half of the Direct Selling sales. Gujarat secured the second position in the region, contributing 22% to the overall sales.

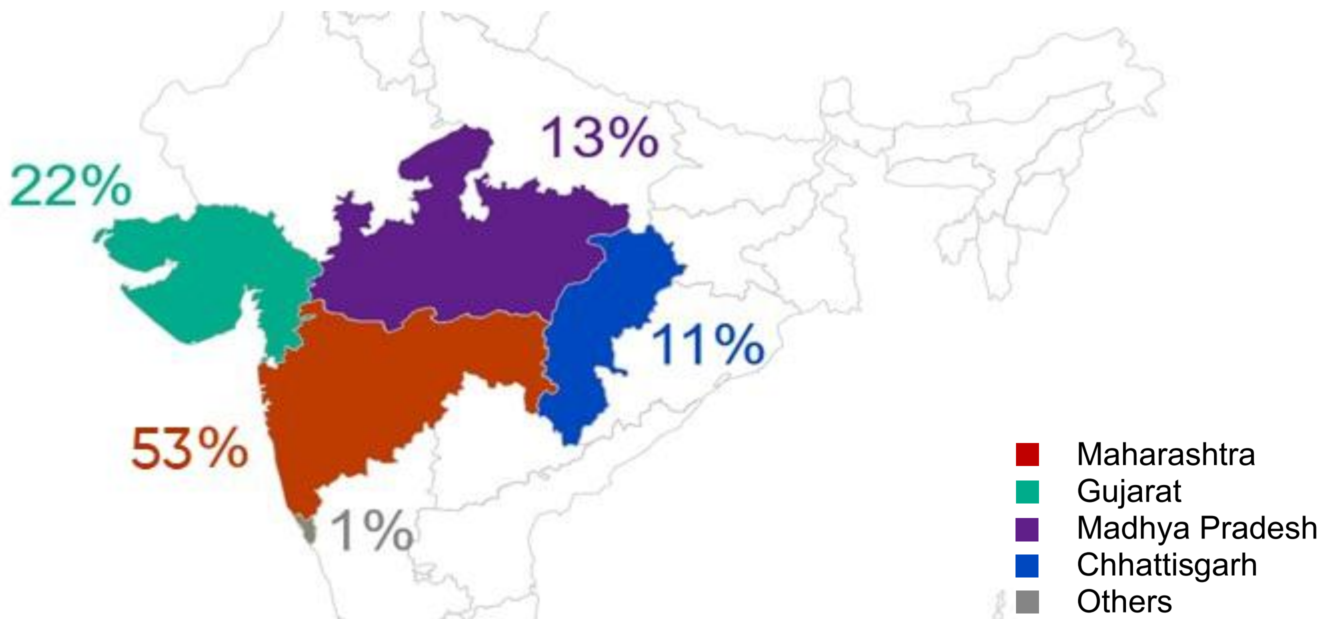


Figure 8. Contribution of states in the Western region to Direct selling Industry sales in FY 2022-23

1.2.6. Indian Direct Selling Sales: South region (FY 2022-23)

Southern Direct Selling is driven by a powerful trio: Karnataka (40%), Tamil Nadu (19%) and Kerala (17%). Telangana follows closely at 16%.

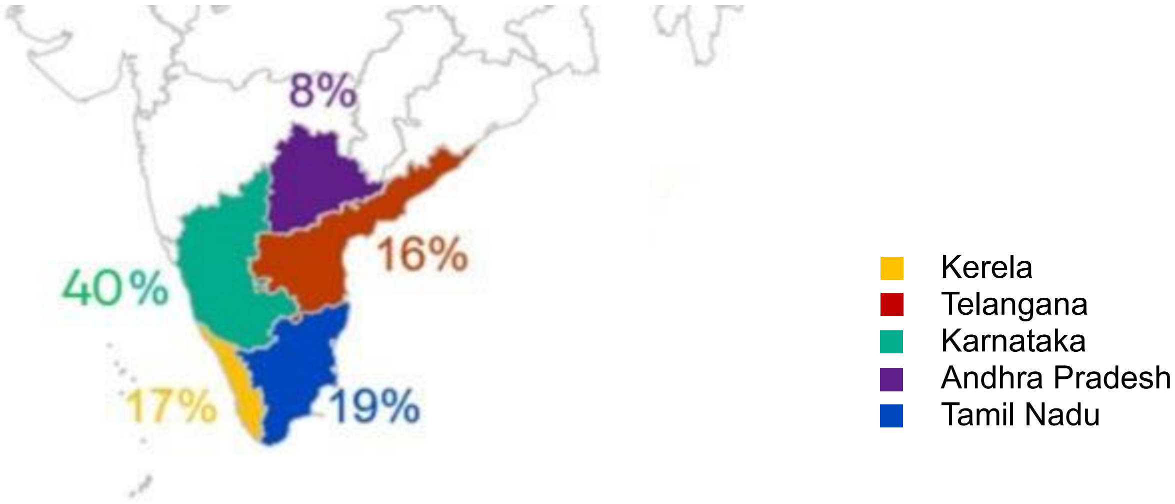


Figure 9. Contribution of states in the Southern region to Direct selling Industry sales in FY 2022-23

1.2.7. Indian Direct Selling Sales: North-East region (FY 2022-23)

In the Northeastern region, Assam accounted for 54% of the gross sales, trailed by Manipur and Nagaland with contributions of 16% and 13% respectively.

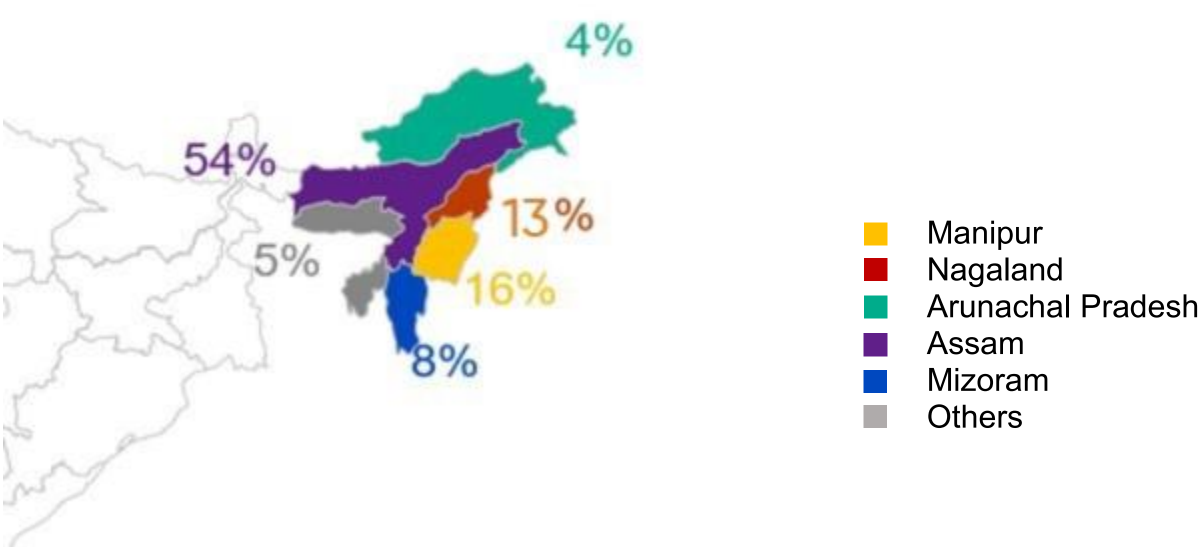


Figure 10. Contribution of states in the North-eastern region to Direct selling Industry sales in FY 2022-23

1.3. Direct Seller Landscape in India

1.3.1. Number of Active Direct Sellers in India from FY 2019-20 to FY 2022-23

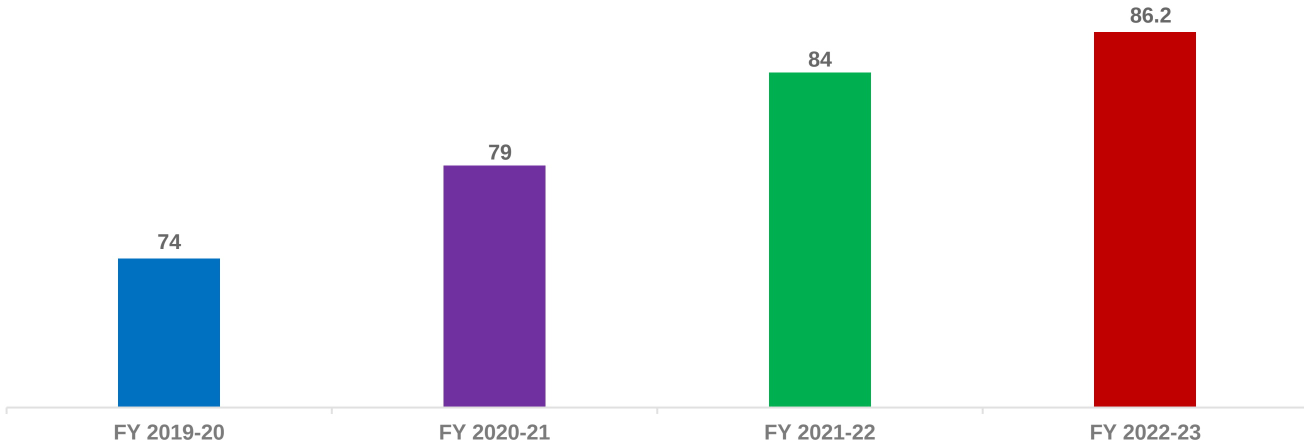


Figure 11. Total number of active direct sellers in India (in lakhs) from FY 2019-20 to FY 2022-23

The count of active direct sellers in India surged from 84 lakhs in FY 2021-22 to 86.2 lakhs in FY 2022-23, showcasing a 2.5% Y-o-Y increase. Notably, over the past four years, there has been a consistent upward trend in the number of active direct sellers across the country.

1.3.2. Gender-wise split of Active Direct Sellers in India

In terms of the absolute count of active direct sellers, males outnumbered females. Despite females traditionally dominating the Direct Selling industry in India, they accounted for 37% of the total 86.2 lakhs active direct sellers. There has been a noticeable rise in the participation of men in direct selling over the past few years.

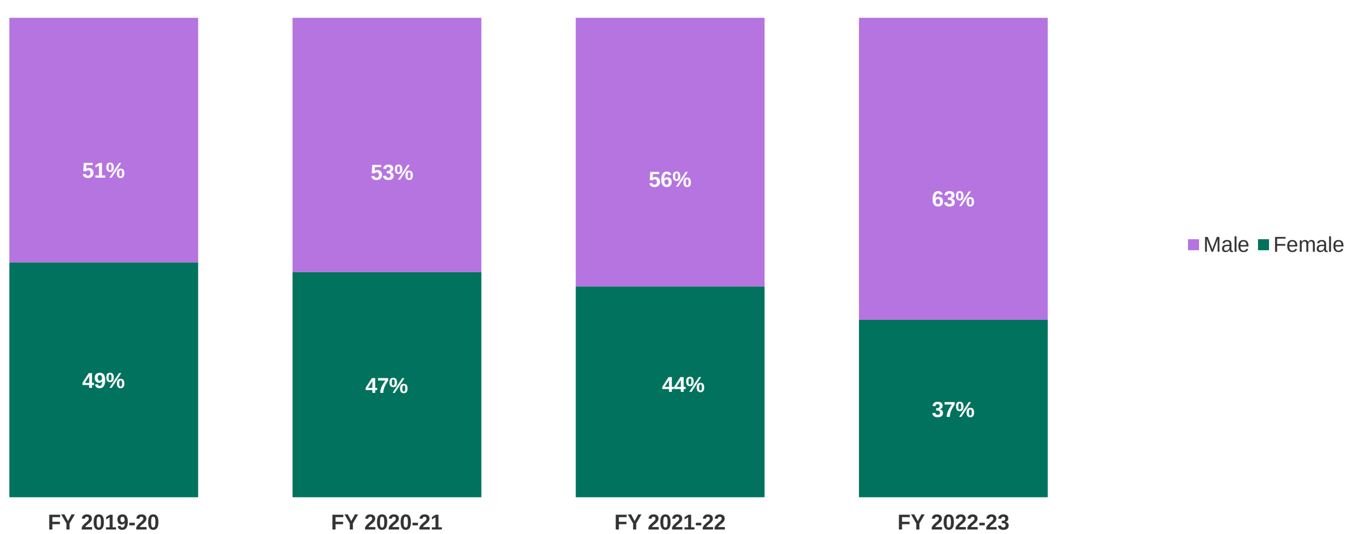


Figure 12. % of male and female active direct sellers from FY 2019-20 to FY 2022-23 in India

1.3.3. Age-wise split of Active Direct Sellers in India

Roughly two-thirds of the 86.2 lakhs active direct sellers fall within the age bracket of 25 to 44 years. The age group of 45 to 54 years constitutes 18%, while those aged between 18 to 24 years represent approximately 14%. These statistics suggest that direct selling is particularly favored among the youth and middle-aged demographic in FY 2022-23.

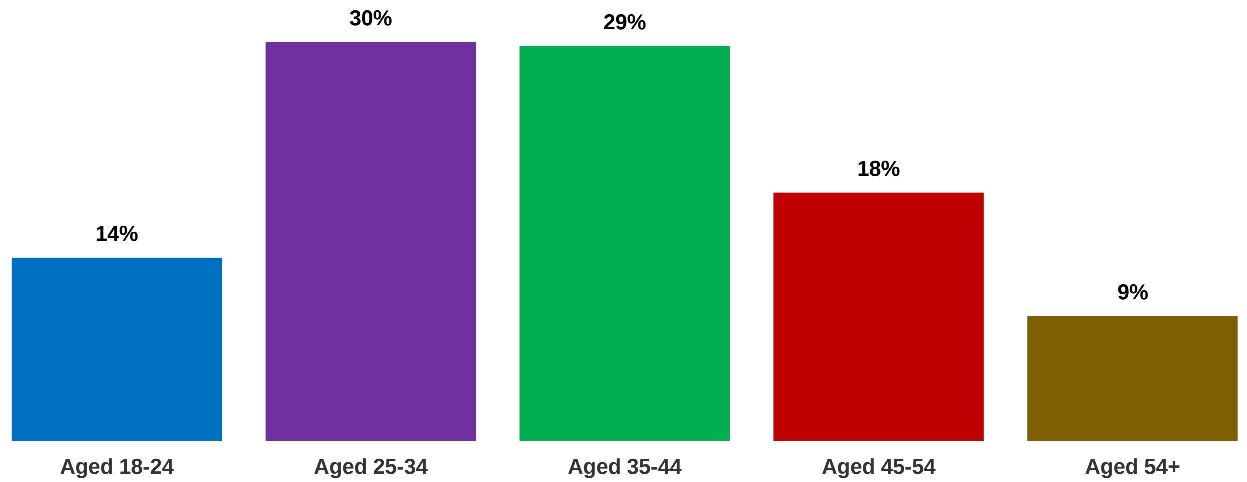


Figure 13. Age wise split of active direct sellers in India (FY 2022-23)

1.3.4. Share of IDSA and Non-IDSA members in direct sales

The IDSA members dominate the Direct Selling Industry in India, holding roughly 58% of the market share compared to 42% non-members. This dominance by IDSA members has been consistent over the past few years.

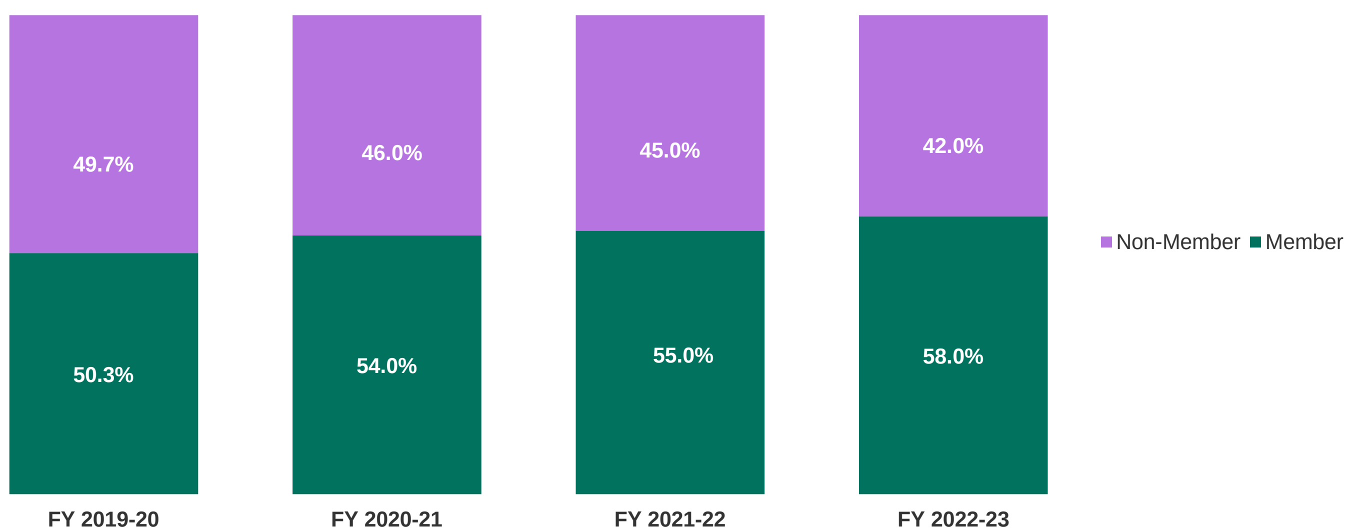


Figure 14. % Split of IDSA and Non-IDSA members in the direct selling industry in India (FY 2019-20 to FY 2022-23)

1.4. Porter 5 Force Analysis of Global Direct Selling

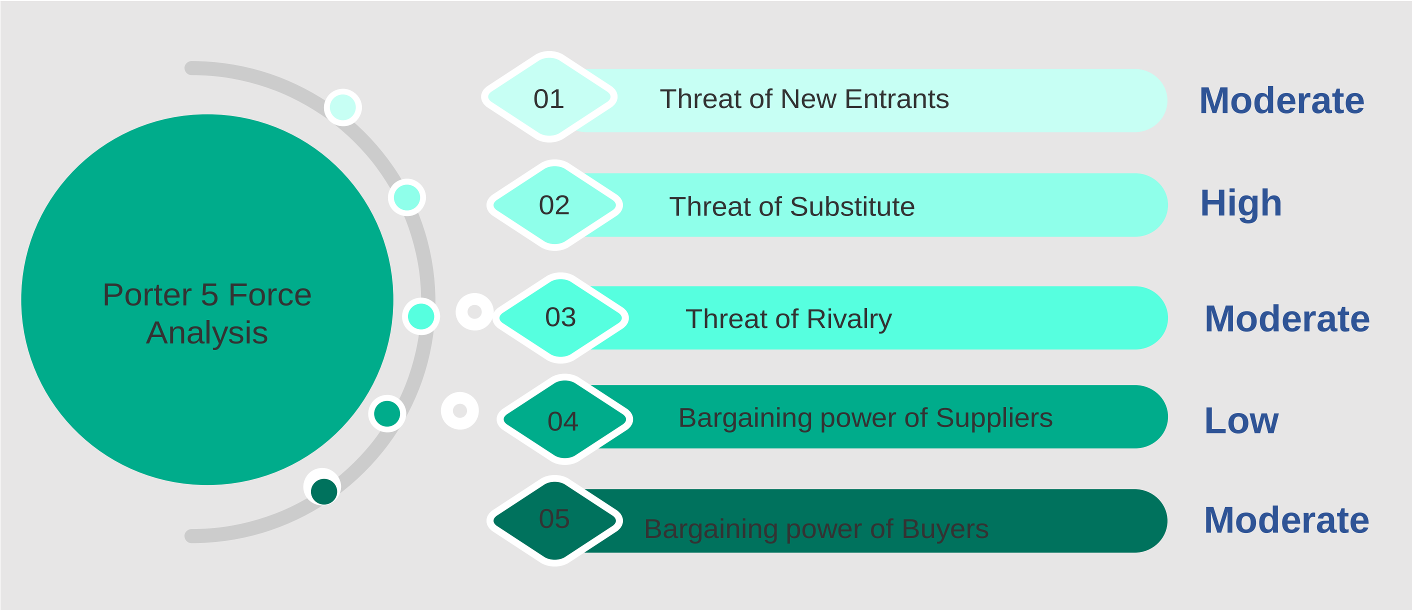


Figure 15. Porter 5 Force Analysis of Global Direct Selling

The threat of new entrants is expected to remain moderate due to consistent entry barriers, including costs associated with product development, brand recognition, and distribution networks, although advancements in digital technology and the rise of e-commerce and social media offer new entry avenues.

The global direct selling market faces a **high threat of substitutes**, as buyers can easily switch to alternative sales channels like brick-and-mortar stores and e-commerce platforms. This, combined with moderate buyer bargaining power, challenges vendors, and is expected to continue unchanged.

The market features both large international players and smaller local firms, creating a diverse competitive landscape. Despite this, moderate growth and exit barriers maintain a balanced level of competition, leading to a moderate **threat of rivalry** in 2023.

Industry vendors balanced moderate buyer bargaining power by leveraging **low supplier bargaining power**, allowing them to manage costs and protect profit margins. This dynamic is expected to persist, supported by ample suppliers, strong purchasing power, and low switching costs in the direct selling market.

In 2023, **buyers had moderate bargaining** power, giving them pricing control and helping vendors adjust to moderate growth, which is likely to continue. This is because of diverse product options, low switching costs, and readily available substitutes in the global direct selling market.

1.5. Drivers behind Growth of Indian Direct Selling Industry

Effective Business Model and Practices

Direct selling companies offer unique product formulations that are not commonly found in traditional retail markets. This uniqueness attracts customers who are seeking novel and high-quality products, leading to an increase in product users and sales.

Direct selling companies are using well-structured business plans that incentivize direct sellers and differ from pyramid schemes. These plans typically focus on rewarding sellers based on the quantity of products they sell rather than recruiting new sellers.

Low Entry Barriers and High Potential for Growth

The direct selling industry has low barriers to entry, which makes it an attractive option for individuals who are looking to start their own business. There are typically few upfront costs involved in becoming a direct seller, and many companies provide training and support to help new sellers get started. The growth potential is immense, driven by hard work, dedication, and ease of entry into the market.

Favorable Demographics

Several demographic trends are working in favor of the direct selling industry. For example, the workforce is becoming increasingly mobile and flexible, which makes direct selling an appealing option for people who are looking for a way to earn income without being tied down to a traditional job.

Increasing Health Consciousness

There's a growing awareness and emphasis on health, particularly post-COVID, leading to increased demand for Wellness and health-related products. The direct selling industry in India, particularly in cosmetics and wellness, has shown consistent growth since its inception in 1996, making it a resilient sector.

Flexibility and Freedom

Direct selling offers individuals the freedom to work part-time or full-time, allowing them to supplement their income or pursue entrepreneurship while maintaining other commitments. Direct selling provides a platform for individuals, including those without traditional job opportunities, to become micro-entrepreneurs, thus contributing to employment generation and economic growth.

Training and Development

Effective training programs for direct sellers play a crucial role in motivating and retaining them, enhancing their product knowledge, presentation skills, and personality development, thereby driving sales and building loyalty. Success stories within the direct selling industry, such as distributors achieving significant milestones like purchasing luxury cars, serve as powerful motivators for others. These success stories strengthen the belief system of both distributors and customers, encouraging them to work harder and engage more with the company.

1.6. Emerging Trends in the Indian Direct Selling Industry

Focus on Wellness and Personal Care

There's a growing consumer demand for wellness and personal care products, characterized by clean chemistry, natural ingredients, and nutritional supplements, reflecting a trend towards healthier lifestyles and self-care.

Adapting to Changing Consumer Behavior

Direct selling companies are adapting to changing consumer preferences and behaviors, such as increased awareness of product quality, sustainability, and value for money, by innovating their product offerings and marketing strategies accordingly.

Regulatory Clarity and Compliance

The industry is experiencing a trend towards increased regulatory clarity, with the introduction of new laws addressing issues such as organized crime and money circulation. However, challenges remain in ensuring effective enforcement and investigation of regulatory violations.

Seasonal Demand

Certain products experience seasonal spikes in demand, such as Agro products during specific seasons, indicating a trend of consumer responsiveness to seasonal offerings.

Shift to Online Channels

Direct selling companies are exploring digital platforms for sales and promotions. The COVID-19 pandemic accelerated the adoption of online sales channels, prompting direct selling companies to leverage digital platforms for product demonstrations, meetings, and sales, facilitating business continuity and reaching a wider audience.

1.7. Encountering Challenges in the Indian Direct Selling Industry

Regulatory Compliance and Enforcement

Despite the notification of Consumer Protection (Direct Selling) Rules 2021 by the Department of Consumer Affairs, the direct selling industry faces challenges owing to misapplication of other acts like the Prize Chits and Money Circulation Schemes (Banning) Act, 1978. This hampers growth and creates uncertainty for companies operating in the sector. Lack of clarity and effective investigation mechanisms can hinder the growth of the industry.

Ethical Practices and Reputation Management

The industry faces challenges in managing its image, especially considering fraudulent activities perpetrated by unscrupulous companies misusing the concept of direct selling. Such incidents can tarnish the reputation of the entire industry, necessitating greater engagement with the press and stakeholders to promote understanding and transparency. There is a concern about unethical practices within the industry, such as misuse of the direct selling concept and misleading claims about products. Maintaining ethical standards and preventing misuse is crucial for maintaining trust and credibility.

Competition from e-commerce and social marketing

The emergence of startups leveraging e-commerce and social marketing poses a challenge to traditional direct-selling companies. The direct-selling industry faces competition from the convenience and accessibility offered by the e-commerce platforms. These startups offer competitive products and pricing, leveraging digital platforms to reach consumers directly, thus challenging the traditional direct selling model. While companies have a presence on social media platforms, they often underutilize them for sales purposes. Failure to leverage social media effectively for sales and distribution limits the industry's reach and competitiveness in the digital age. The ease of purchasing products online may pose challenges to traditional direct selling method.

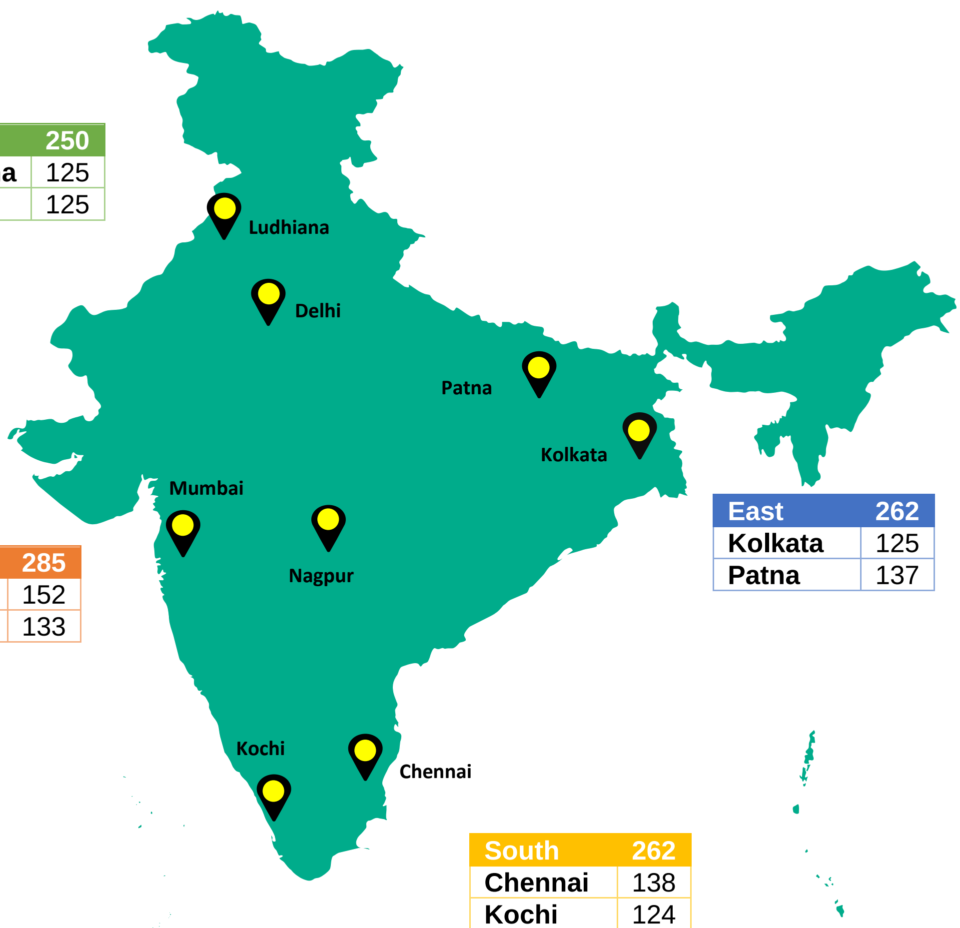
Consumer Awareness Survey 2023

2. Consumer Awareness Survey 2023

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

A sample of 1059 participants was randomly selected, with a near-even distribution across four major metropolitan regions (Delhi, Mumbai, Kolkata, Chennai) and four non-metropolitan cities (Ludhiana, Patna, Kochi, Nagpur). Among the respondents, 66% identified as female, while 34% identified as male.

Face-to-face (F2F) interviews were conducted in various settings such as outside shopping malls, at shopping centers, and in high-street markets. The collected responses underwent thorough analysis, examining both gender and city demographics to discern subtle differences. The primary focus was to gain insights into the educational and professional backgrounds of the participants. They were prompted to list their sources of awareness and identify the leading Direct Selling entities they were familiar with, along with their duration of engagement. Additionally, participants were queried about their motivations for purchasing Direct Selling products, any reservations they may have, and suggestions for the industry to enhance awareness and trust.



North	250
Ludhiana	125
Delhi	125

West	285
Mumbai	152
Nagpur	133

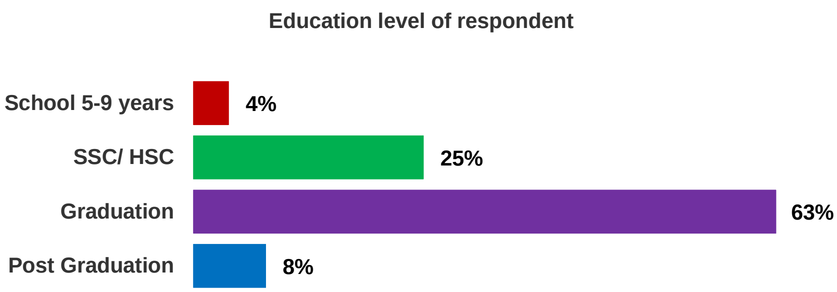
East	262
Kolkata	125
Patna	137

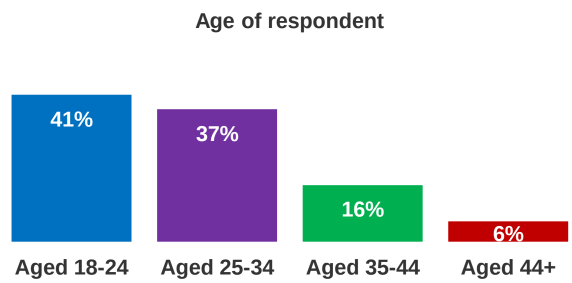
South	262
Chennai	138
Kochi	124

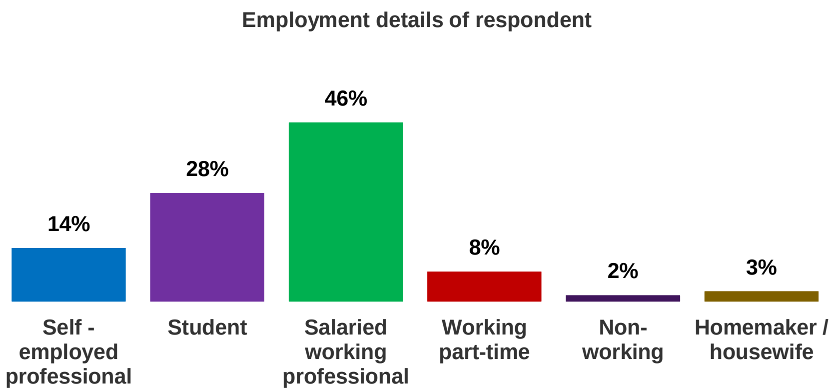
Figure 16. Respondent distribution across regions

2.1. Profile of respondents

41% of the respondents are young in the age bracket of 18-24 years old. Most of the respondents were graduates (63%) and single / unmarried (59%). Majority were employed as a salaried working professional (46%).







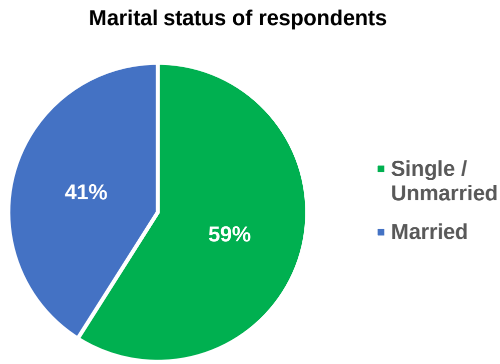


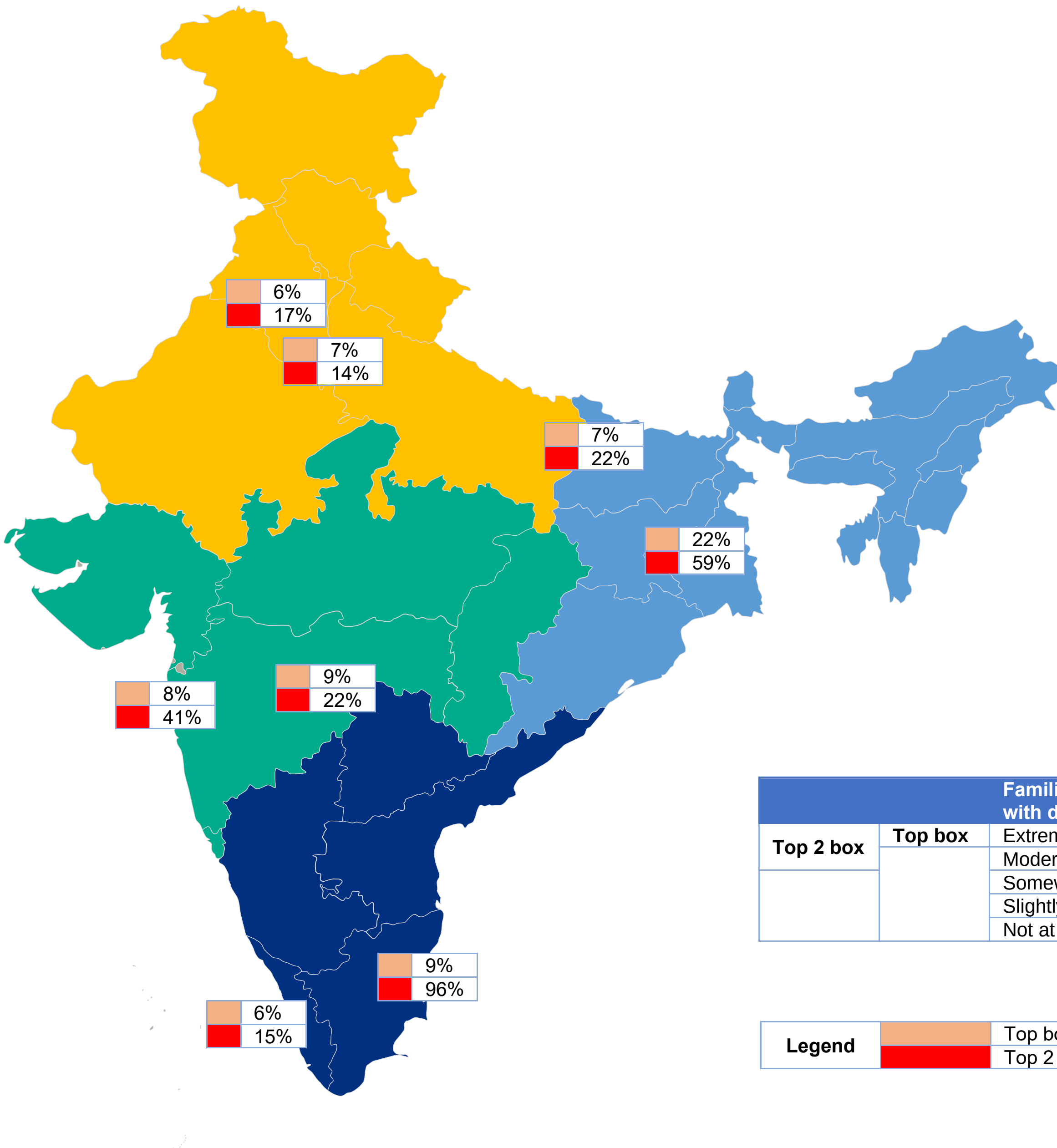
Figure 17. Profile of respondents

Base: All respondents (1059)

2.2. Familiarity with Direct selling

The Southern region shows the highest familiarity levels regarding direct selling and the associated companies, trailed by the East and West. Conversely, the Northern region exhibits the least familiarity.

Chennai stands out with a staggering 96% of respondents acknowledging direct selling, followed by Kolkata with 59% and Mumbai with 41%. On the other hand, Delhi and Kochi display the lowest familiarity levels, with 15% or fewer individuals being aware of direct selling in these cities.



		Familiarity level with direct selling
Top 2 box	Top box	Extremely familiar
		Moderately familiar
		Somewhat familiar
		Slightly familiar
		Not at all familiar

Legend		Top box score
		Top 2 box score

Figure 18. Respondent familiarity with direct selling across different cities

Q8. How familiar are you with direct selling like Amway, Tupperware, Oriflame, Modicare? As the term implies, it simply means selling direct to the end-users. 1 - Not at all familiar, 2 - Slightly familiar, 3 - Somewhat familiar, 4 - Moderately familiar, 5 - Extremely familiar.

It is also noteworthy that none of the participants across sample cities claimed unfamiliarity with direct selling.

	Total	Delhi	Mumbai	Kolkata	Chennai	Ludhiana	Patna	Kochi	Nagpur
Base: all respondents	1059	125	152	125	138	125	137	124	133
Extremely familiar + moderately familiar (Top 2 Box)	36%	14%	41%	59%	96%	17%	22%	15%	22%
Slightly familiar + Not at all familiar (Bottom 2 box)	39%	52%	22%	26%	4%	42%	58%	49%	62%

Table 2. Top 2 box and Bottom 2 box familiarity for Direct Selling across different cities.

2.3. Direct Selling Perceptions

To gauge shoppers' perspectives on direct selling, respondents were requested to express their views using a 5-point scale ranging from "Strongly negative" to "Strongly positive." Responses indicating "Positive" or "Strongly positive" denote a favorable perception of direct selling among the respondents. This has been mapped below across different zones and cities surveyed.

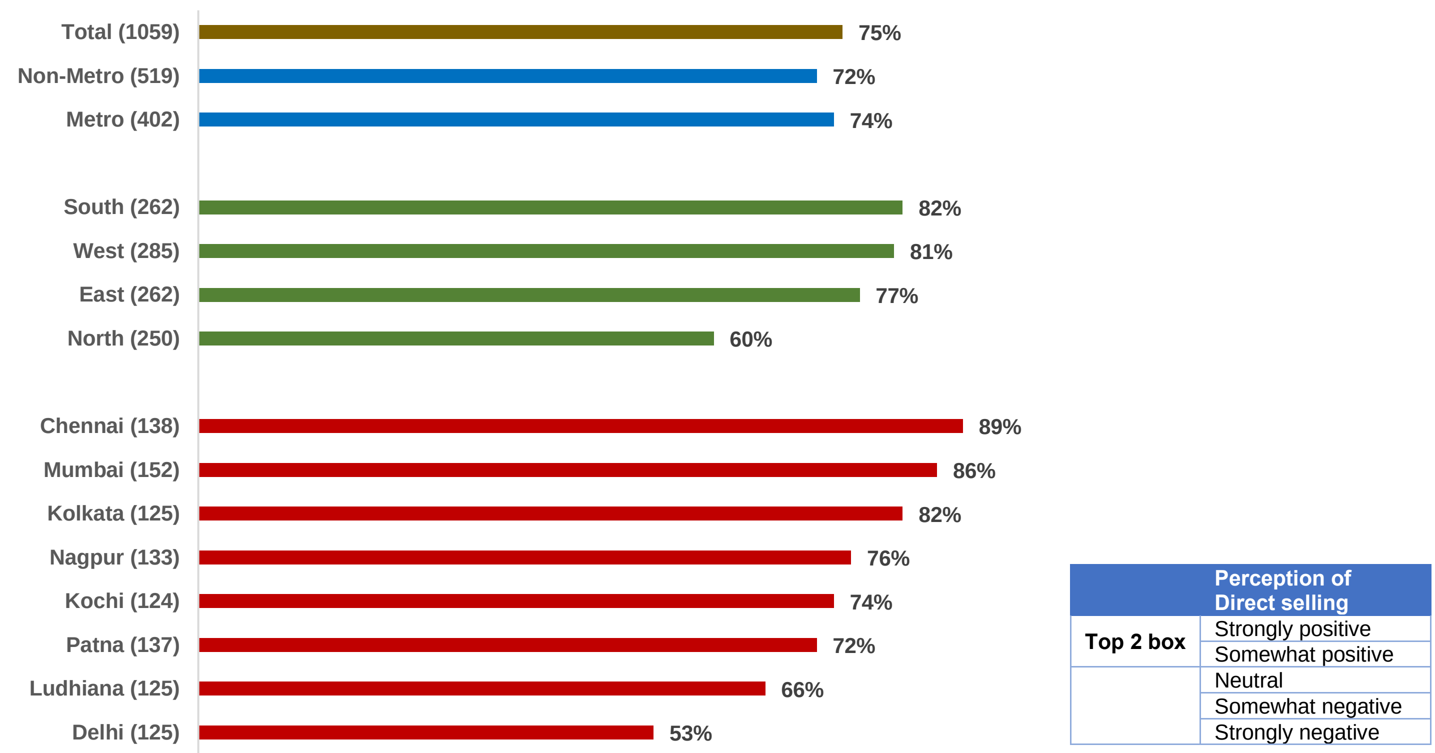


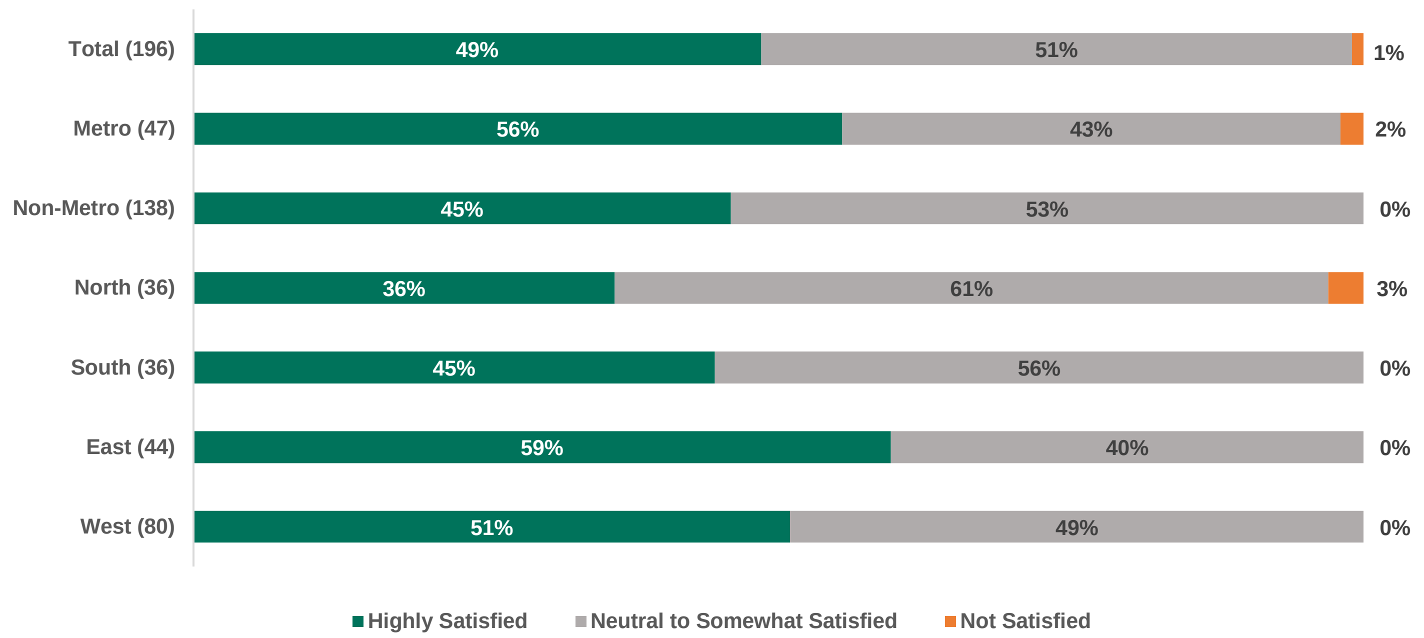
Figure 19. Perception of Direct Selling across regions/cities - Top 2 Box Scores (Extremely positive + Somewhat positive)

Q12. What is your perception of the direct selling industry? 1 - Strongly Negative, 2 - Somewhat Negative, 3 - Neutral, 4 - Somewhat Positive, 5 - Strongly Positive

75% of the total respondents surveyed had a positive perception of direct selling. However, this positive perception is dragged by Northern region. Both cities in Northern region namely Delhi & Ludhiana have a relatively poor perception of direct selling. Other regions and cities have a favorable perception of direct selling.

2.3.1. Overall satisfaction from direct selling experience

An important cue for the direct selling industry is to improve the satisfaction of indifferentists. A major cross-section of shoppers indicates indifferent experience from direct selling. Hence, it becomes imperative that overall experience from products and selling must improve for these indifferentists.



Overall Satisfaction scale	
Highly Satisfied	**Scale Point** 8-10
Neutral to Somewhat Satisfied	**Scale Point** 4-7
Not Satisfied	**Scale Point** 1-3

Figure 20. Overall Satisfaction from Direct Selling

Q29. On a scale of 1 to 10, how satisfied are you with your overall experience or perception of direct selling where 10 signifies highly satisfied and 1 indicates less satisfied?

2.4. Sources of awareness for direct selling among shoppers

Friends & family are the most dominant source of awareness with 70% of the respondents learning about direct selling from their friends and family. The next highest contributor to awareness was social media (52%). However, some skews for social media could be seen across non-metro cities.

	Total	Metro	Non-metro	North	South	East	West
Base: all respondents	**1059**	**402**	**519**	**250**	**262**	**262**	**285**
Social media	52%	60%	64%	52%	45%	52%	60%
Friends or family	70%	77%	58%	82%	76%	70%	77%
Online advertisements	31%	20%	16%	18%	11%	31%	20%
Direct interactions with representatives	11%	6%	4%	7%	6%	11%	6%

Table 3. Sources of Awareness by Region

The dominance of friends and family as awareness sources of direct selling is driven by Mumbai, Kolkata, Chennai, and Nagpur across cities. Further, there are skews for social media in Ludhiana and online advertising in Mumbai.

	Total	Delhi	Mumbai	Kolkata	Chennai	Ludhiana	Patna	Kochi	Nagpur
Base: all respondents	**1059**	**125**	**152**	**125**	**138**	**125**	**137**	**124**	**133**
Social media	52%	43%	61%	51%	48%	86%	39%	56%	62%
Friends or family	70%	38%	84%	84%	83%	77%	68%	81%	84%
Online advertisements	31%	21%	62%	2%	23%	10%	20%	13%	35%
Direct interactions with representatives	11%	8%	16%	8%	6%	1%	4%	9%	8%

Table 4. Sources of Awareness by City

Q10. If you are familiar with direct selling, where did you first learn about it? 1 - Social media, 2 - Friends or family, 3 - Online advertisements, 4 - Direct interactions with representatives (For this question, respondent can select multiple answer options. For such questions, the sum of percentages may be greater than 100%)

2.5. Direct Selling Purchase Intent

Out of 1059 shoppers surveyed, 64% had purchased products from direct selling. Personal care, Clothing & accessories, Cosmetics were the 3 most purchased categories of product purchased from direct selling by the respondents.

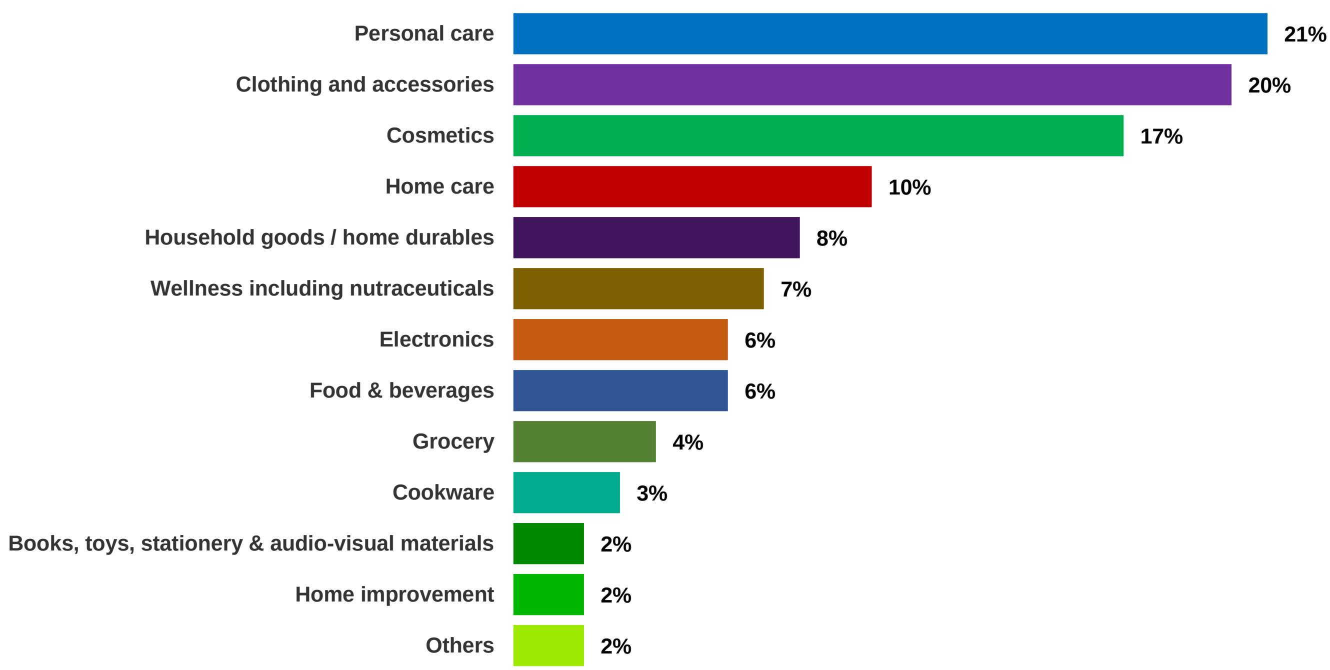


Figure 21. Categories of products purchased from a direct seller ever by the respondents.

Base: All respondents (1059)

Personal care was more prevalent from direct selling in the Western region while cosmetics was dragged by the Southern cities.

Top 3 categories	Total	Metro	Non-metro	North	South	East	West
Base: all respondents	**1059**	**402**	**519**	**250**	**262**	**262**	**285**
Those who have purchased any product ever from a direct seller	64%	63%	55%	60%	75%	53%	64%
Personal care	21%	24%	15%	20%	23%	12%	29%
Clothing & accessories	20%	18%	22%	16%	13%	17%	20%
Cosmetics	17%	17%	12%	10%	29%	15%	17%

Table 5. % of top 3 product categories purchased from direct sellers across regions

Q12. Which of these products have you ever purchased from a direct seller? (For this question, respondent can select multiple answer options. For such questions, the sum of percentages may be greater than 100%)

Across product categories purchased from direct selling, household goods / home durables, F&B, Home care and home improvement product categories were not perceived of not having a good or expected quality.

Personal care, wellness & cosmetics also have a good cross-section of shoppers believing their purchased products of worse / about expected quality.

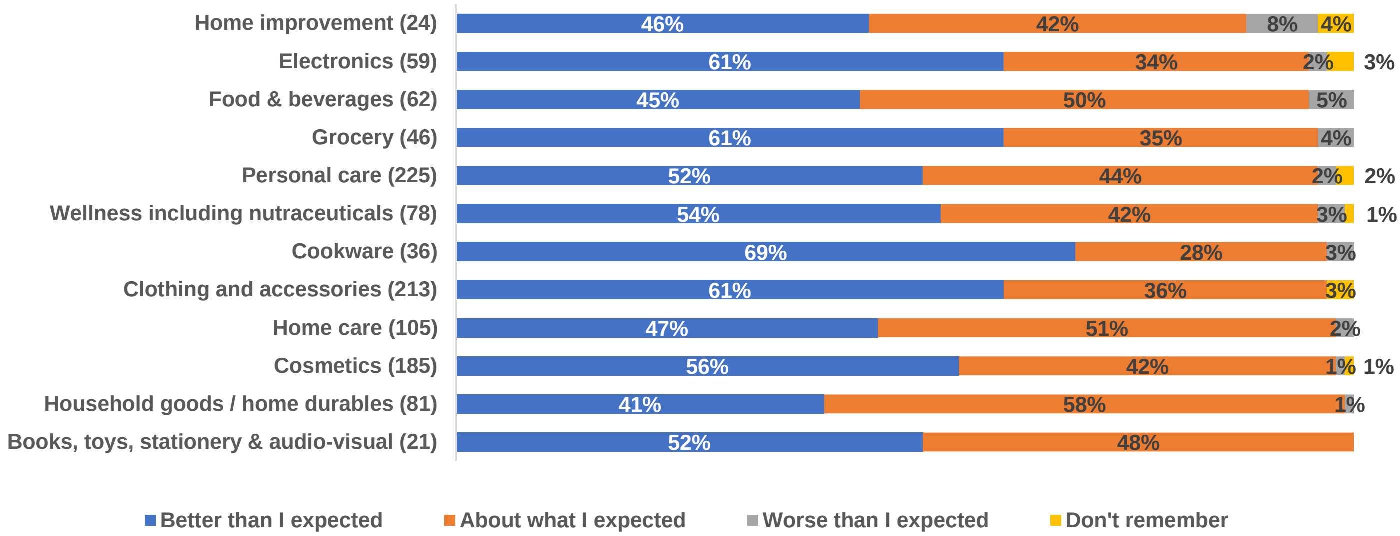


Figure 22. Perceived quality of the product category purchased

90% of the shoppers were interested in buying directly from sellers in the future. The categories Personal care, cosmetics and clothing products & accessories were mostly mentioned for purchase from direct sellers in the future.

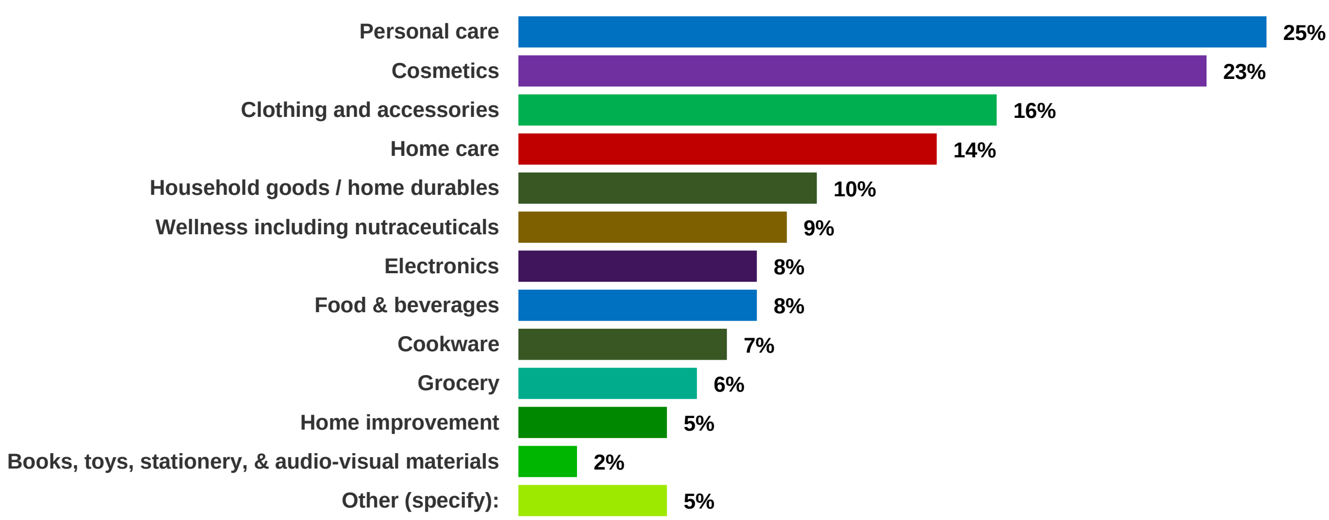


Figure 23. Product categories shoppers are interested to purchase from a direct seller in the future.

Base: All respondents (1059)

Q15. How was your experience with these products you purchased directly? 1 - Worse than I expected, 2 - About what I expected, 3 - Better than I expected, 4 - Don't remember the experience since I purchased long ago.
Q14. What product or services are you most interested in buying directly from sellers?

Among the respondents, Northern buyers were more interested in buying personal care items from direct selling in the future while demand for cosmetics was dominated by the Southern cities.

Top 3 categories	Total	Metro	Non-metro	North	South	East	West
Base: all respondents	**1059**	**402**	**519**	**250**	**262**	**262**	**285**
Those who are interested in buying from direct seller in the future	90%	87%	91%	95%	97%	90%	90%
Personal care	25%	22%	28%	35%	27%	27%	25%
Cosmetics	23%	22%	24%	18%	35%	23%	23%
Clothing	16%	14%	15%	11%	21%	10%	16%

Table 6. % of respondents interested in purchasing top 3 product categories from Direct Sellers in the future across different regions

2.6. Reasons for purchasing from direct sellers

Discounts or offers remain the top reason for purchasing from a direct seller. This is followed by prices and variety / assortment. Offers & discounts have a skew in metros, Northern & Eastern regions.

Discounts & price related reasons indicate that value is a sought-after aspect from direct sellers. Hence, value maximization by consumers is ingrained among consumers who seemingly evaluate products based on cost and value for money. A long-term implication for such sensitivity is that India is a volume driven market for direct sellers underpinned by discounts and offers.

Nonetheless, better variety and assortment is the next reason – somewhat higher levels in non-metros, Western & Southern regions. Direct sellers must work to offer better product width and depth.

Reasons for purchasing from any direct seller	Total	Metro	Non-Metro	North	South	East	West
Base: All respondents	1059	402	519	250	262	262	285
An offer or a discount	50%	59%	43%	52%	38%	61%	48%
Better variety / assortment	36%	23%	41%	29%	42%	23%	48%
I find the prices quite reasonable	39%	41%	33%	43%	45%	29%	42%
More variants in a product	32%	26%	32%	24%	44%	20%	40%
Credit from direct seller	24%	21%	25%	26%	22%	27%	19%
Relevant and personalized offers	29%	22%	31%	24%	37%	20%	32%
Personalized recommendations from sellers	25%	21%	28%	22%	35%	17%	27%
Free Samples	19%	11%	25%	25%	18%	23%	13%

Table 7. Reasons for purchasing from direct sellers by across regions.

Q14. What product or services are you most interested in buying directly from sellers?
Q16. What were the reasons for you to purchase any product from a direct seller? (For this question, respondent can select multiple answer options. For such questions, the sum of percentages may be greater than 100%)

2.7. Awareness on competition and return warranty for direct selling

58% of shoppers surveyed agreed direct-selling companies offered products at competitive prices. This was lower in Non-metros and Eastern India. However, these cross-sections represent great opportunity to reinforce value offer. In other words, these markets can witness better penetration by offering lucrative discounts, offers & prices.

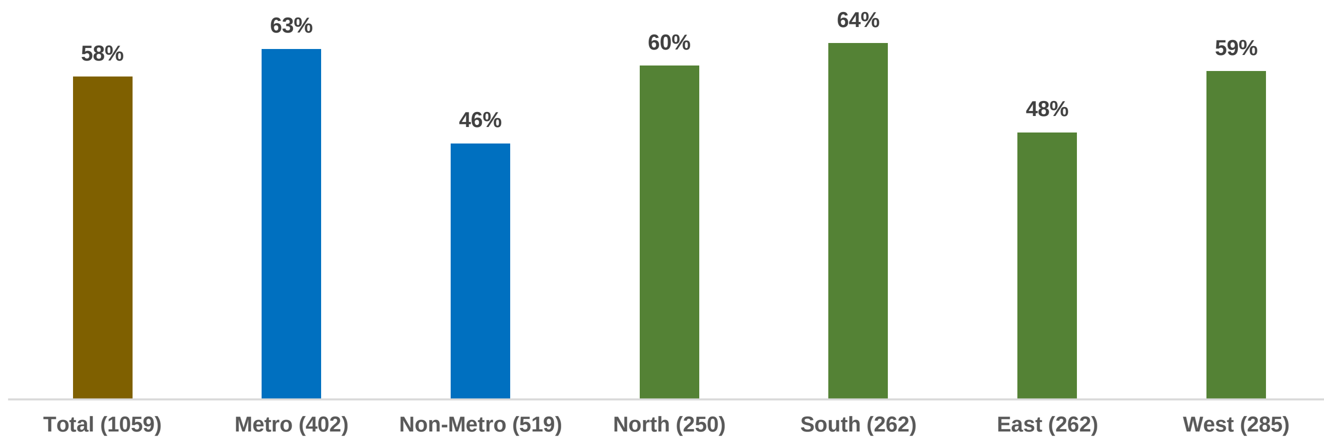


Figure 24. % of respondents across zones that agree direct selling provides products at competitive prices

Non-metros also have slightly lower awareness of product return warranties. Interestingly, Southern India has lowest awareness of product return warranties offered by direct selling companies.

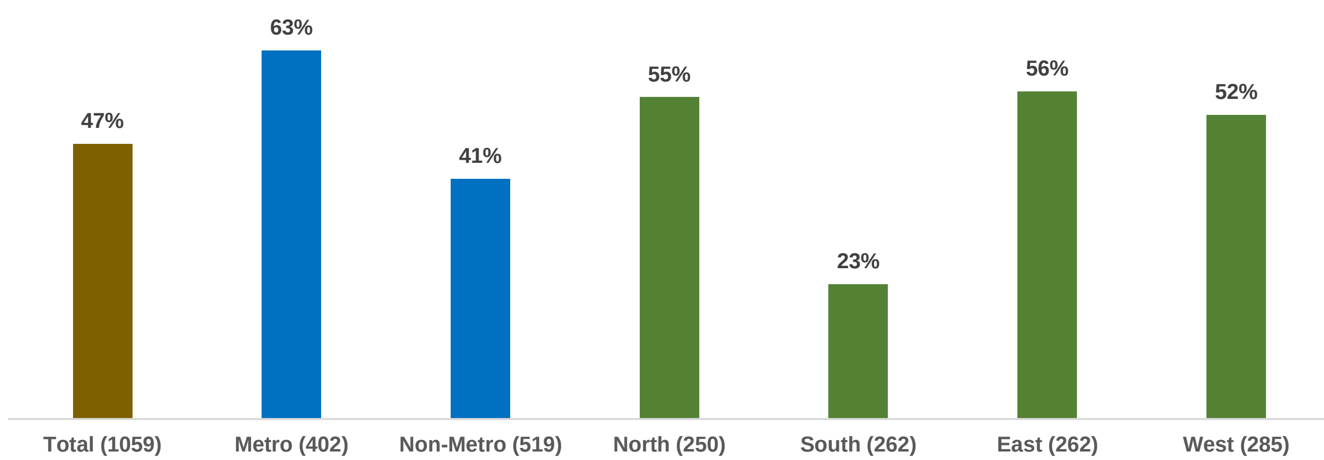


Figure 25. % of respondents across zones that are aware that direct selling companies offer product return warranties

Q18. Are you aware that direct selling companies offer product return warranties?
Q19. Do you believe that direct-selling companies provide products at competitive prices?

2.8. Direct Selling as Potential Livelihood Generator

The respondents were enquired if they were interested in exploring direct selling opportunities in the future on a 5-point scale ranging from “Definitely interested” to “Definitely not interested”. 2/3rd or more interviewed shoppers showed interest in exploring direct selling opportunities in future across regions except Northern India.

Shoppers interest in exploring direct selling opportunities	Total	Metro	Non-Metro	North	South	East	West
Base: all respondents	**1059**	**402**	**519**	**250**	**262**	**262**	**285**
Top 2 Box (Definitely + possibly interested)	69%	73%	63%	57%	72%	74%	73%
Bottom 2 Box (Definitely + probably not interested)	8%	9%	8%	5%	9%	6%	9%

Table 8. Interest in exploring Direct Selling opportunities by Region (Top 2 box and Bottom 2 box)

19% of respondents surveyed had participated in direct selling activities. Participation in direct selling activities is higher for non-metros and west indicating latent opportunities in these two cross-sections.

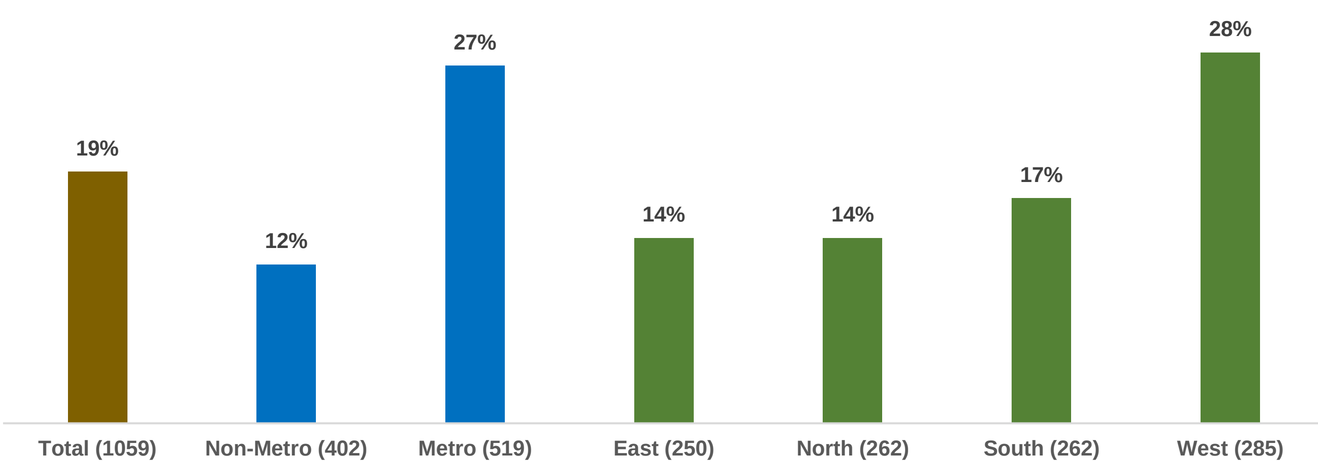


Figure 26. % of shoppers that had participated in direct selling activities

Among respondents that had participated in direct selling, respondents in the western region had a better experience with direct selling. However, Delhi & Ludhiana had the worst experience followed by Chennai and Kochi in the South as shown in the graph in the next page. Other regions and cities respondents had a satisfactory experience with direct selling.

Q20. Would you be interested in exploring direct selling opportunities in the future? 1 - Definitely Interested, 2 - Possibly interested, 3 - Not sure, 4 - Probably not interested, 5 - Definitely not interested
Q22. Have you ever participated in direct selling activities?

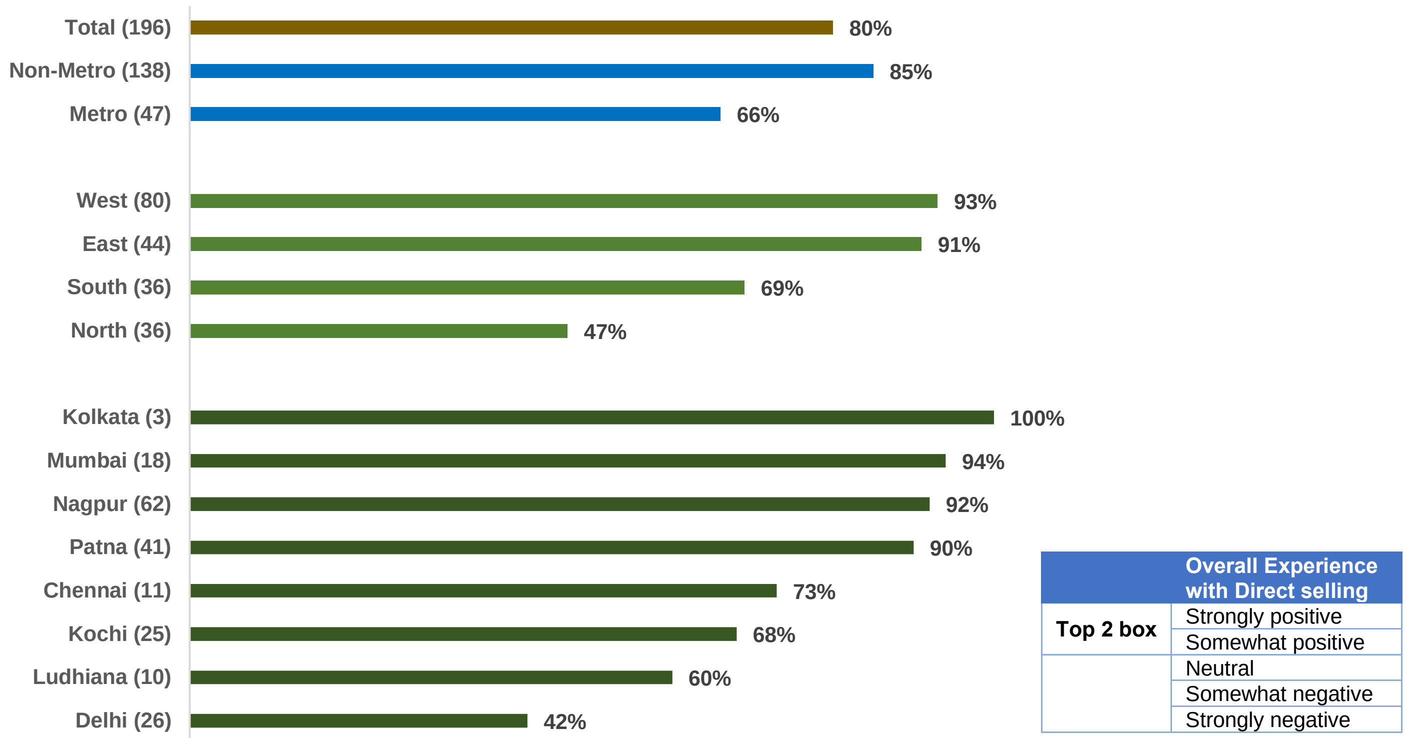


Figure 27. Overall experience with direct selling - Top 2 Box Scores (Highly satisfied + Satisfied)

Out of the 196 shoppers that had participated in direct selling, nearly a fourth of them have encountered at least one negative experience while interacting with direct selling companies and/or their representatives. The highest incidence was observed in the East, with the North following closely, where Patna and Delhi had the highest percentage of respondents reporting negative experiences with direct selling.

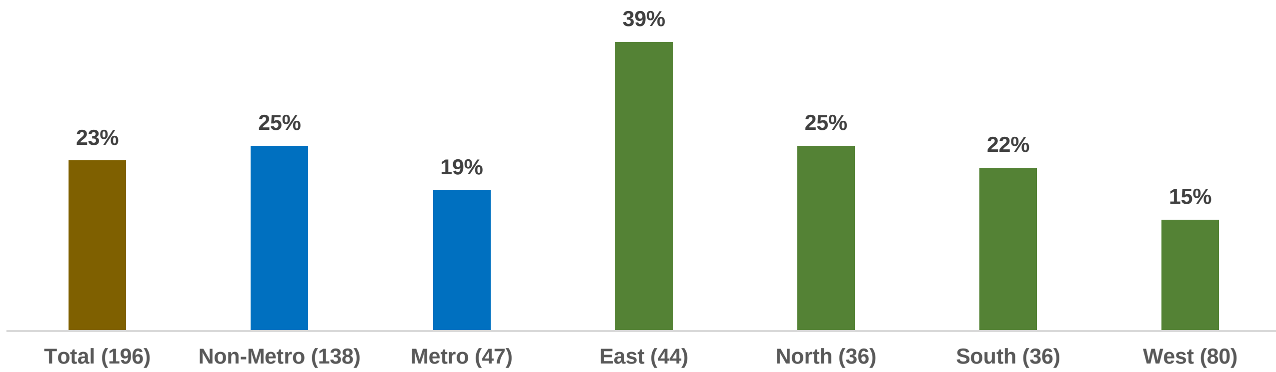


Figure 28. Respondents who encountered Negative Experiences in Direct Selling

Q23. If yes, how would you describe your overall experience with direct selling? 1 - Highly Dissatisfied, 2 – Dissatisfied, 3 – Neutral, 4 – Satisfied, 5 - Highly Satisfied
Q25. Have you encountered any negative experiences while interacting with direct selling companies and/or their representatives?

2.9. Misconceptions and Importance of trust in Direct selling

The most common misconceptions on direct selling as per the respondents was that they saw direct selling as a way to get rich quickly. However, an equal number of respondents did not believe in any such misconceptions. Other misconceptions and stereotypes were also found among the respondents.

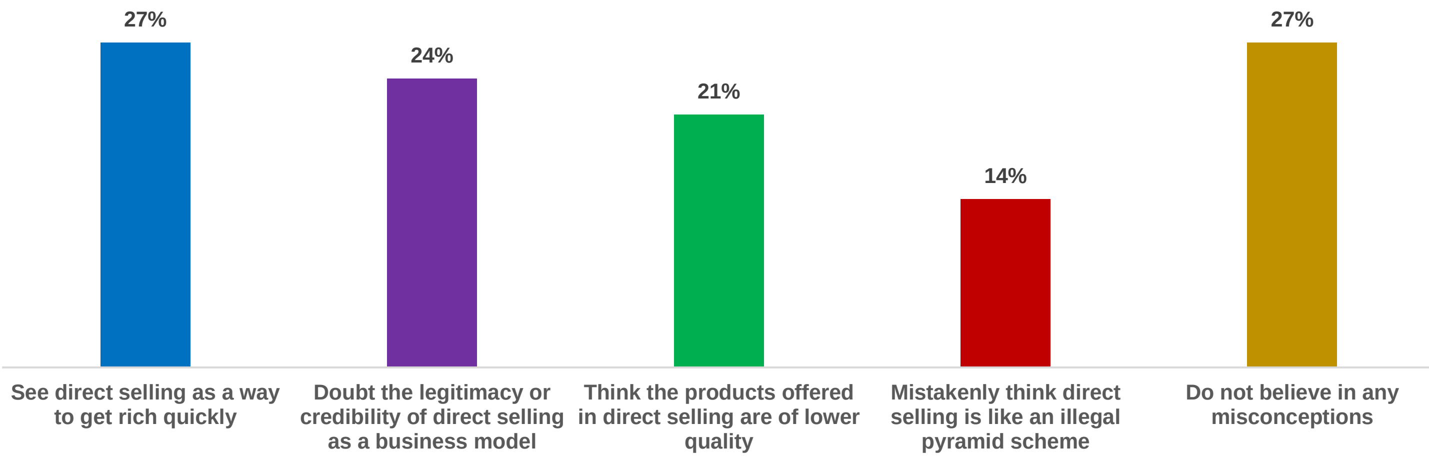
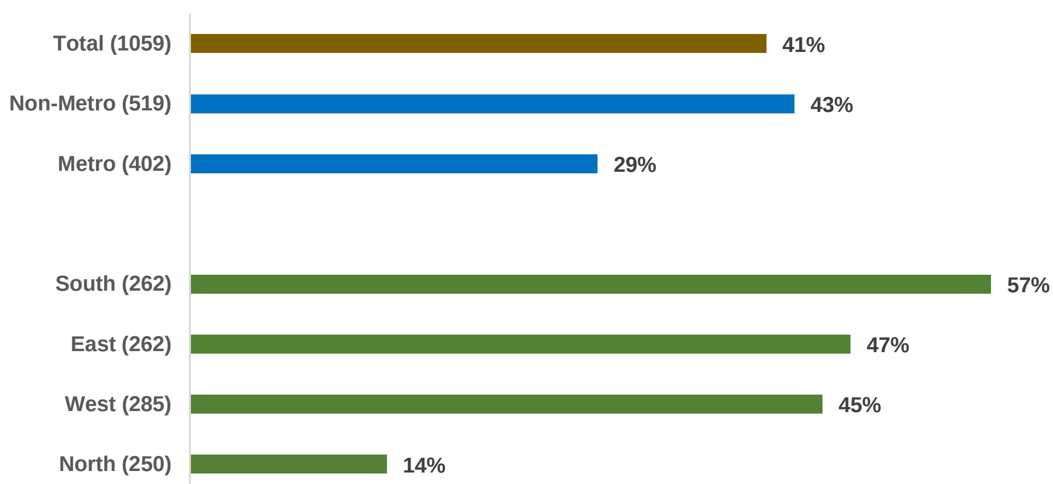


Figure 29. Common misconceptions or stereotypes on Direct Selling

Increasing the trust in the company or individual when considering direct selling opportunities is important to reduce the negative experience and improve satisfaction with direct selling. Nearly 41% of the respondents believe trust to be a very important factor in direct selling.



	Importance of trust in Direct selling
Top 2 box	Extremely important
	Very important
	Moderately important
	Slightly important
	Not at all important

Figure 30. Importance of trust in Direct Selling across regions - Top 2 box scores (Extremely important + Very important)

Q26. Are there any misconceptions or stereotypes about direct selling that you have encountered or believe to be true?
Q27. How important is trust in the company or individual when considering direct selling opportunities? 1 - Not important at all, 2 - Slightly important, 3 - Moderately important, 4 - Very important, 5 - Extremely important

To improve trust in respondents, companies need to focus more on transparency of their operations and product quality.

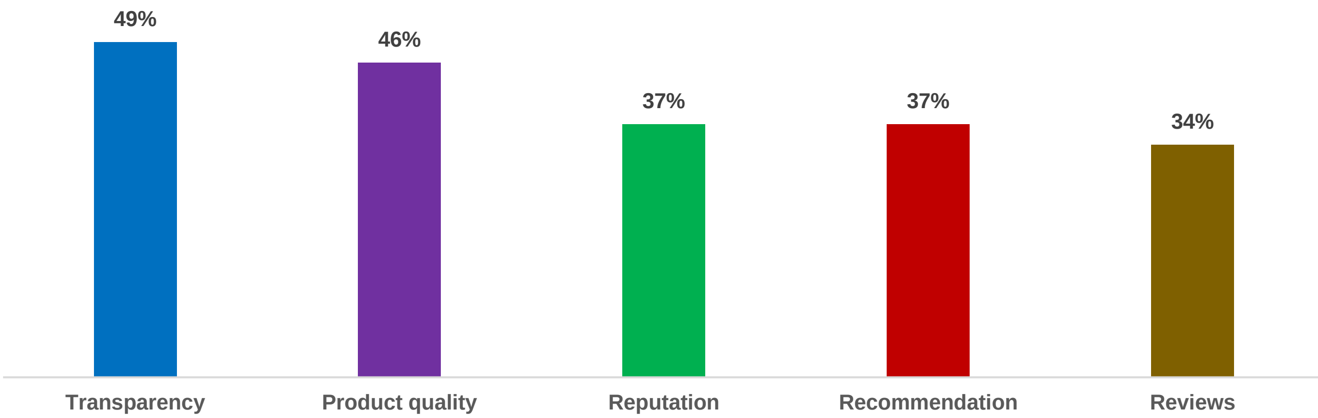


Figure 31. Top factors that contribute to the trust in a Direct Selling company or representative.

Q28. What factors contribute to your trust in a direct selling company or representative? 1 – Reputation, 2 – Reviews, 3 – Transparency, 4 – Recommendation, 5 - Product quality

Team IDSA

Mr. Vivek Katoch,
Chairman, IDSA

Mr. Harish Pant,
Vice-Chairman, IDSA

Ms. Aprajita Sarcar,
Treasurer, IDSA

Mr. Rajat Banerji,
Secretary, IDSA

Mr. Chetan Bhardwaj,
General Manager, IDSA

Team Kantar

Mr. Puneet Avasthi,
Head, Specialist Business
Puneet.avasthi@kantar.com

Mr. Biswapriya B,
Director, B2B & Tech
Biswapriya.bhattacharjee@kantar.com

Mr. Sumesh Pansari,
Executive VP
Sumesh.pansari@kantar.com

Mr. Jitendra Sharma,
Associate VP, Business Operations
Jitendra.sharma@kantar.com

Mr. Rahul Saxena,
Group Account Director
Rahul.saxena@kantar.com

Mr. Bishal Das Purkayastha,
Research Manager
Bishaldas.purkayastha@kantar.com

Kantar is the world's leading marketing data and analytics business and an indispensable brand partner to the world's top companies. We combine the most meaningful attitudinal and behavioral data with deep expertise and advanced analytics to uncover how people think and act. We help clients understand what has happened and why and how to shape the marketing strategies that shape their future.

For more information, visit www.kantar.com

KANTAR

INDIAN DIRECT SELLING ASSOCIATION
710, New Delhi House, 27 Barakhamba Road, Connaught Place, New Delhi - 110001