

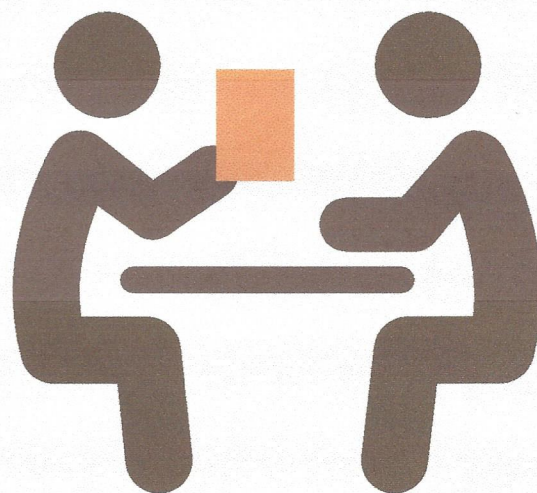


# Direct Selling: An Accessible Path to Entrepreneurship

Direct selling is a business model that offers entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online.

More than six million entrepreneurs in the U.S. are selling products or services through the direct selling channel, providing a personalized buying experience for more than 36.6 million customers. That's because direct selling offers a low-risk way to participate in a fast-growing part of the economy.

Direct selling remains a relationship business. Some of those relationships still happen face-to-face; however, direct selling has changed along with the rest of the economy. Individuals are building relationships through social media, using e-commerce sites to complete transactions, and sometimes functioning as mobile "show rooms" for emerging product lines. The appeal of direct selling is often the ability to experience the product first hand and build a relationship with a sales person who uses the product themselves. Direct selling fills in an important gap in the emerging online economy.



For most Americans involved in direct selling, the revenue they earn is not their primary income but the way to a family vacation, or presents for the holidays, or just a little extra spending money. In fact, most direct sellers only work part time in direct selling, and many have other jobs.

Direct sellers are your neighbors, your friends, and your family—and whether they work a few hours a week or full-time, they are American entrepreneurs in the truest sense of the word.

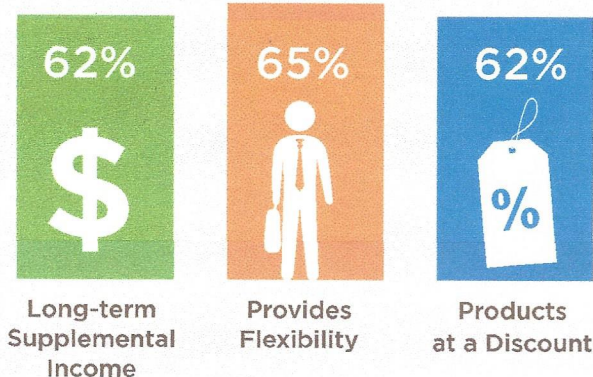
The information contained herein gives you a visual snapshot of direct selling in America. We hope you'll take a couple minutes to better understand what direct selling is all about.



## Direct Sellers Value Opportunity

Americans Turn to Direct Selling  
Because It Meets Their Needs

Direct Selling Is Popular  
by Any Measure



Source: DSA 2014 National Salesforce Study



Source: DSA 2014 National Salesforce Study

## Direct Selling Is the Most Accessible Path to American Entrepreneurship

Direct Selling Is Accessible  
With a Low Cost-of-Entry

Direct Selling Is Low Risk

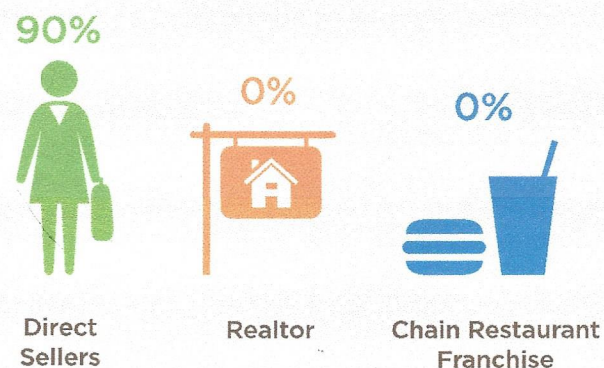
Refund Percentage If  
You Decide to Stop



\*2013 DSA Sales Strategy Survey

\*\*Source: Conservative estimate based on cost of courses needed to obtain real estate license, pay for initial materials, MLS system costs, REALTOR membership. Costs vary by state.

\*\*\*Conservative estimate. Many large chain restaurants have start up costs in excess of \$1 million—though some are less.



Source: DSA Code of Ethics

## Direct Sellers are Empowered

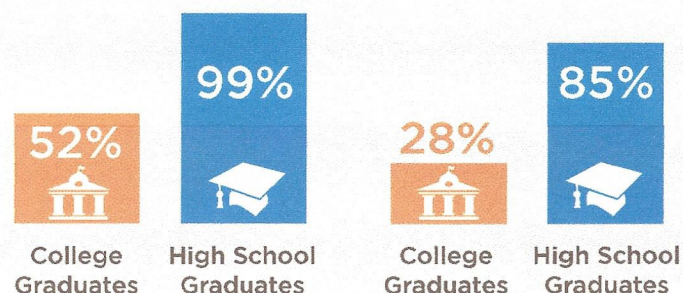
Direct Sellers Are More Affluent  
Than the Average American

Direct Sellers Are Better Educated  
Than the Average American

Percentage of Household Incomes  
Greater than \$50K

Direct Sellers

U.S. Average



Source: U.S. Census  
2014 DSA National Salesforce Study

Source: DSA 2014 National Salesforce Study  
National Center for Education Statistics



# Impact of Direct Selling by State, 2018

**U.S. Retail Sales:**  
**\$35.4**  
**billion**



| State         | People Involved<br>in Direct Selling | Retail Sales |
|---------------|--------------------------------------|--------------|
| Alabama       | 228,206                              | \$367M       |
| Alaska        | 47,743                               | \$82M        |
| Arizona       | 333,395                              | \$683M       |
| Arkansas      | 171,204                              | \$278M       |
| California    | 2,200,268                            | \$4.36B      |
| Colorado      | 384,817                              | \$739M       |
| Connecticut   | 149,100                              | \$378M       |
| Delaware      | 47,730                               | \$124M       |
| Florida       | 865,580                              | \$1.79B      |
| Georgia       | 383,574                              | \$871M       |
| Hawaii        | 85,740                               | \$171M       |
| Idaho         | 123,280                              | \$217M       |
| Illinois      | 668,481                              | \$1.53B      |
| Indiana       | 316,539                              | \$611M       |
| Iowa          | 182,629                              | \$393M       |
| Kansas        | 177,290                              | \$336M       |
| Kentucky      | 171,539                              | \$329M       |
| Louisiana     | 176,767                              | \$314M       |
| Maine         | 71,905                               | \$133M       |
| Maryland      | 279,723                              | \$657M       |
| Massachusetts | 214,745                              | \$513M       |
| Michigan      | 418,422                              | \$793M       |
| Minnesota     | 296,721                              | \$687M       |
| Mississippi   | 138,346                              | \$226M       |
| Missouri      | 276,102                              | \$521M       |
| Montana       | 86,158                               | \$157M       |
| Nebraska      | 140,700                              | \$303M       |
| Nevada        | 159,492                              | \$342M       |

| State                | People Involved<br>in Direct Selling | Retail Sales |
|----------------------|--------------------------------------|--------------|
| New Hampshire        | 70,972                               | \$152M       |
| New Jersey           | 385,202                              | \$958M       |
| New Mexico           | 86,462                               | \$209M       |
| New York             | 979,523                              | \$2.3B       |
| North Carolina       | 410,741                              | \$898M       |
| North Dakota         | 63,422                               | \$160M       |
| Ohio                 | 517,448                              | \$1.1B       |
| Oklahoma             | 235,777                              | \$362M       |
| Oregon               | 220,626                              | \$515M       |
| Pennsylvania         | 523,902                              | \$1.2B       |
| Rhode Island         | 39,587                               | \$104M       |
| South Carolina       | 206,555                              | \$398M       |
| South Dakota         | 59,645                               | \$138M       |
| Tennessee            | 300,949                              | \$536M       |
| Texas                | 2,037,600                            | \$5.17B      |
| Utah                 | 358,853                              | \$449M       |
| Vermont              | 32,725                               | \$55M        |
| Virginia             | 342,091                              | \$737M       |
| Washington           | 318,659                              | \$775M       |
| West Virginia        | 67,878                               | \$131M       |
| Wisconsin            | 280,854                              | \$662M       |
| Wyoming              | 62,161                               | \$114M       |
| District of Columbia | 22,723                               | \$48M        |
| Guam                 | 14,075                               | \$30M        |
| Puerto Rico          | 82,228                               | \$202M       |
| U.S. Virgin Islands  | 11,445                               | \$22M        |
| N. Mariana Islands   | 11,049                               | \$20M        |
| American Samoa       | 653                                  | \$.93M       |

Note: These estimated direct sales and people involved figures are extrapolated based on 2019 Growth & Outlook Survey data submitted directly from DSA members.



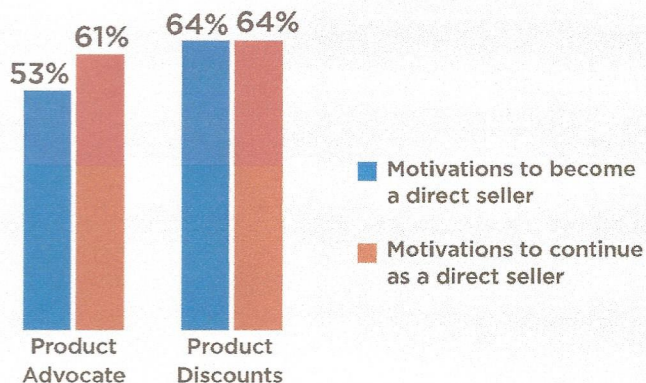
## In Direct Selling, Success is Different for Different People

People become involved in direct selling and continue in the business for different reasons, so it's not surprising there are many definitions of success. The amount of effort put into selling and the amount of income realized may vary greatly, depending upon an individual's motivations for becoming and staying involved in direct selling.

### Product Motivations



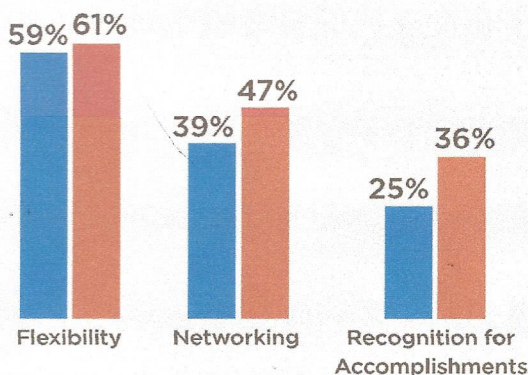
Some individuals simply enjoy a company's products or services and want to purchase them at a discount.



### Lifestyle Motivations



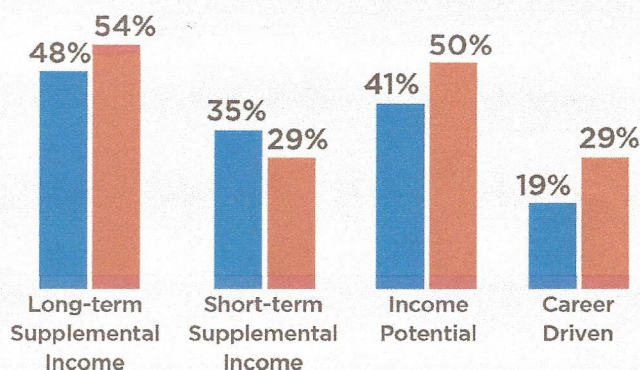
Other individuals are motivated by the flexibility, or work-life balance, associated with direct selling, or its social aspects, such as meeting people and gaining recognition for accomplishments or meeting personal goals.



### Entrepreneurial Motivations



Some people choose to become and stay involved for the opportunity to earn supplemental income or to build a more substantial, full-time business with greater income potential.



Source: DSA 2019 National Salesforce Study





DIRECT SELLING ASSOCIATION

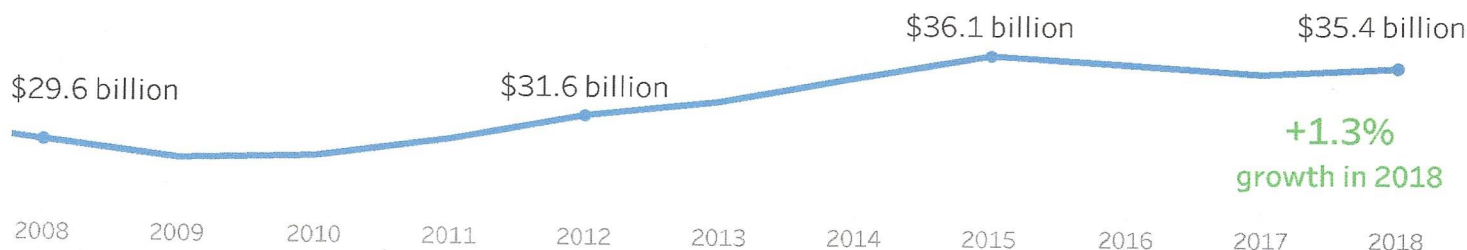
# Direct Selling in the United States

## 2018 Industry Overview

Direct selling in the United States represents **\$35.4 billion in retail sales** in 2018, a 1.3% increase from 2017. DSA is pleased to announce we've refined data collection since last year to better separate direct sellers from customers. This new research from DSA's Growth & Outlook Report shows there were **6.2 million direct sellers** and **36.6 million customers** during 2018. By dividing the \$35.4 billion in sales by the 6.2 million direct sellers, direct sellers averaged \$5,702 in retail sales per year.



### Direct Retail Sales



### Direct Sellers

**6.2 million direct sellers** build a business full time (30 or more hours/week) or part-time (fewer than 30 hours/week) and sell products/services to consumers and may sponsor people to join their team

**Full-time**  
**1.0 million**

**Part-time**  
**5.2 million**

### More than 36.6 Million Customers

(Excludes those who have not signed an agreement with a direct selling company)

**Discount Buyers**  
**10.4 million**

**Preferred Customers**  
**26.2 million**

### Demographic Breakdowns

(Demographics include both direct sellers and discount buyers)

#### Gender

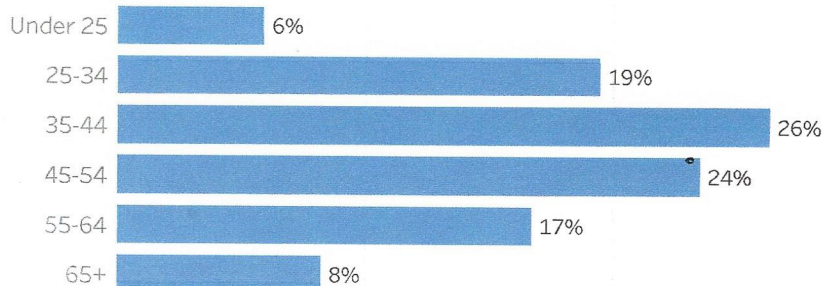


#### Hispanic Ethnicity

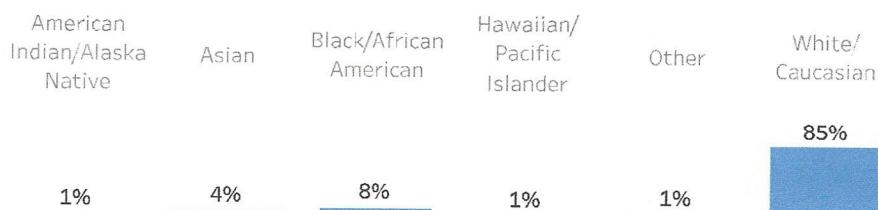
**Hispanic** 22%

**Non-Hispanic** 79%

#### Age



#### Race

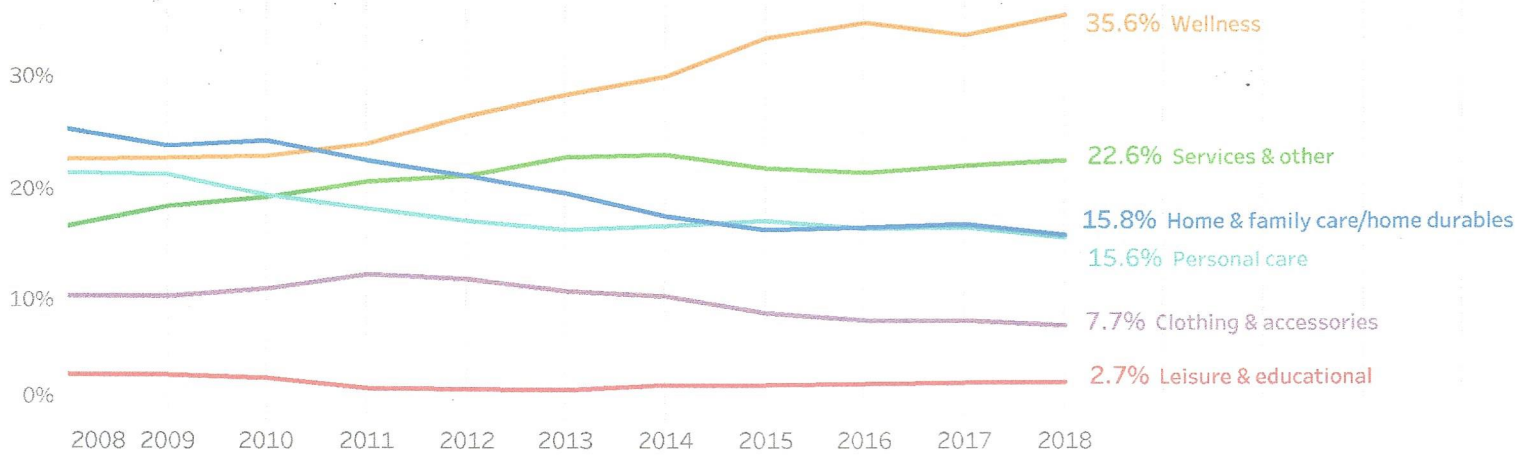


Source: DSA 2019 Growth & Outlook Report: U.S. Direct Selling in 2018; For further information visit [www.dsa.org/benefits/research](http://www.dsa.org/benefits/research)

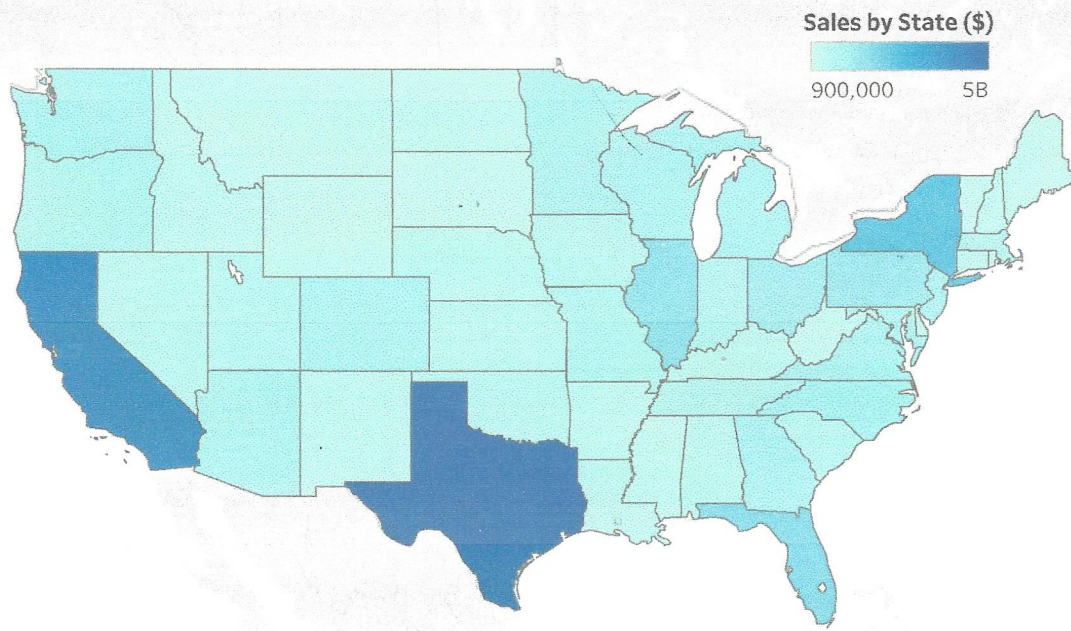
# Direct Selling in the United States

## 2018 Industry Overview (continued)

### Sales by Product Category



### Sales by State



Source: DSA 2019 Growth & Outlook Report: U.S. Direct Selling in 2018; For further information visit [www.dsa.org/benefits/research](http://www.dsa.org/benefits/research)

#### Definitions

**Direct selling:** A business model that provides entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online. Compensation is ultimately based on sales and may be earned based on personal sales and/or the sales of others in their sales team.

**Direct sellers** build a business full time (30 or more hours/week) or part-time (fewer than 30 hours/week) and sell products/services to consumers and may sponsor people to join their team.

**Discount buyers** are eligible to purchase, sell, & sponsor, but are product lovers, only purchasing products/services they personally enjoy and use at a discount.

**Preferred customers** have signed a preferred customer agreement with a direct selling company where they may be eligible to pay wholesale prices for products/services. They are not eligible to sell products/services to others, and they are not eligible to earn.