



DIRECT SELLING ASSOCIATION

JANUARY 12, 2015

2015 Growth & Outlook Survey: U.S. Direct Selling in 2014

About this Survey	This year's Growth & Outlook Survey has been streamlined to achieve its standard objectives while also better capturing the socio-economic impacts that direct selling has in the U.S.
Benefits	<p>The Direct Selling Association's annual <i>Growth & Outlook Survey</i> is the major tracking study for the U.S., the largest direct selling market in the world. As a benefit of your participation you will receive these tools enabling you to benchmark against your peer groups and the industry and help you plan for your company's future:</p> <ul style="list-style-type: none"> • 2015 <i>Growth & Outlook Report (Calendar year 2014 data)</i> • U.S. Direct Selling Fact Sheet <p>Your response will help us provide credible, current information on the state of the Direct Selling industry to the media, government and other audiences that affect the industry's future. The aggregated data will also be included in the World Federation of Direct Selling Association's annual statistical survey to provide a global picture of the direct selling industry.</p>
2015 Objectives	<ol style="list-style-type: none"> 1. Quantify the size of the direct selling industry 2. Quantify independent salesforce head count segments 3. Research the socio-economic impact of direct selling 4. Announce results at DSA's 2015 Annual Meeting in San Antonio (May 31-June 2)
Confidentiality	<p>Nathan Associates Inc. is an economic consulting firm with headquarters in the Washington, DC, metropolitan area. Founded in 1946, the company provides services in the areas of advocacy, business consulting, infrastructure, and international development. Visit www.nathaninc.com for details. All individual company data will be treated confidentially, as specified in a confidentiality agreement between USDSA and Nathan Associates. Survey findings are reported only in the aggregate, with no identification of companies participating in the survey. If you have any concerns or questions, please contact Ben Gamse, DSA's Market Research Manager, at (202) 416-6443 or bgamse@dsa.org to discuss and work through your company needs on confidentiality.</p>
Your Data	<ul style="list-style-type: none"> • We realize that your company's 2014 tax returns may not be completed yet. For the <i>Growth & Outlook</i> survey, we can work with your preliminary figures. So please, provide us with your good-faith estimates. • If your company cannot respond to all questions, please respond to as many as possible and submit. Best estimates are significantly better than no answer at all.
Due Date	Please complete and return by <u>Friday, March 13, 2015 - latest.</u>

How to Respond	Online at: www.dsa.org/GO2015 Or send completed questionnaire to Paul Bourquin of Nathan Associates: <ul style="list-style-type: none"> • by email to pbourquin@nathaninc.com. • by fax to 703-351-6162. • by mail to 2101 Wilson Blvd., Suite 1200, Arlington, Virginia 22201.
Annual Informational Webinar	You will be invited to join a DSALive! webinar in early February, during which process and objectives of the survey will be outlined and all your questions answered.
Questions?	Contact Paul Bourquin of Nathan Associates at 703-516-7776 or at pbourquin@nathaninc.com .

2015 Growth & Outlook Survey

U.S. Direct Selling in 2014

A Guide to Completing This Survey

- The requested information refers to calendar year 2014 (January-December).
- To ensure consistency of definitions, please refer to the *Glossary of Terms* provided on page 12 of the survey.

Company _____

Name of Person Completing Form _____

Email Address _____

Phone _____

Section A — Your Company's Direct Sales

1. What were your company's net sales of consumer products and services in the United States that were generated via direct selling for the following calendar years? *[Definition: Net Sales = The amount of sales generated by a company after the deduction of returns, allowances for damaged or missing goods and any discounts allowed.]*

Exclude

- Returns, allowances for damaged/missing goods, any discounts allowed
- Retail profit or mark-up/retail commission *[Definition: The difference between Distributor Cost Price and Suggested Retail Price]*
- Sales and use taxes

a. 2013 \$ _____ b. 2014 \$ _____

1c. If there is a big change between 2013 sales and 2014 sales, please explain here:

2. Relative to the net sales figures you provided in answer to question 1 and thinking about the value at which your company’s independent sellers sold the products/services to their customers, what are the total estimated retail sales of those products and services? [Definition: Estimated Retail Sales = The total aggregated amount paid by the ultimate consumers of the products and services. If your company has no standard formula for estimating retail sales, feel free to use the DSA standard formula:

Net Sales/Turnover divided by 0.75 = Estimated Retail Sales
[Example: \$100 in Net Sales / 0.75 = \$133 in Estimated Retail Sales]

a. 2013 \$ _____ b. 2014 \$ _____

3. Thinking about your company/direct salesforce and what sales method best describes the primary approach to the ultimate retail customer, please provide a percentage breakdown of your company’s 2014 net sales, as provided in question 1b.

- Face-to-face or person-to-person/door-to-door selling..... a. _____ %
- Party plan selling/group selling/classes, including online parties b. _____ %
- Other sales approach.....c. _____ %
- **TOTAL SHOULD BE 100%**

3d. If you entered a percentage for “Other sales” in the preceding question, please describe what “other” sales methods are included:

4. Does your company offer a business opportunity that compensates participants not only for their own sales, but also for the sales of their recruits and sales of the recruits of those recruits, etc.? Circle only one choice, please:

- a. Yes
- b. No
- c. Other/hybrid, please describe: _____

5. Products/Services: What percentages of your 2014 U.S. net sales dollars (as provided in question 1b) were accounted for by each of the following products/services? If a product or service of your company is not listed, please describe it in "Other" and provide the percentage; we will classify it into a product/service category. Total of percentages should equal 100%.

1 Clothing & Accessories

Clothing, lingerie, sleepwear, shoes..... a. _____ %
 Jewelry, fashion accessories..... b. _____ %
Subtotal Category 1 c. _____ %

2 Personal Care

Cosmetics..... a. _____ %
 Skin care..... b. _____ %
 Fragrances..... c. _____ %
 Hair care, nail care..... d. _____ %
 Toiletries/dailycare/oralcare..... e. _____ %
Subtotal Category 2 f. _____ %

3 Home & Family Care

Home care/cleaning products, auto care products..... a. _____ %
 Animal & pet care products..... b. _____ %
 Gourmet foods & beverages..... c. _____ %
Subtotal Category 3 d. _____ %

4 Home Durables

Cookware..... a. _____ %
 Cutlery..... b. _____ %
 Crystal/china..... c. _____ %
 House/kitchen wares..... d. _____ %
 Tableware..... e. _____ %
 Candles, gifts, decorative accessories, holiday decorations, collectibles, art/framing..... f. _____ %
 Gardening..... g. _____ %
 Furniture/furnishings..... h. _____ %
 Home appliances..... i. _____ %
 Air filters/air filtration systems.. j. _____ %
 Water treatment systems/filters..... k. _____ %
 Vacuum cleaners..... l. _____ %
 Bedding & linens..... m. _____ %
Subtotal Category 4 n. _____ %

5 Wellness Products

Weight mgmt products/ programs (weight mgmt supplements, meal replacement bars & drinks)..... a. _____ %
 Nutritional supplements (vitamins, minerals, dietary supplements, herbals & specialty)..... b. _____ %
 Sports/energy & body-building (body-bldg supplements, energy bars, sports & protein drinks)..... c. _____ %
 Health foods & beverages..... d. _____ %
 Children's supplements..... e. _____ %
 Exercise equipment..... f. _____ %
 Health/nutrition/fitness instructional materials..... g. _____ %
Subtotal Category 5 h. _____ %

6 Leisure/Educational Products

Books, encyclopedias, educational publications..... a. _____ %
 CDs/cassettes/videos/DVDs..... b. _____ %
 Computer software..... c. _____ %
 Crafts..... d. _____ %
 Toys and games..... e. _____ %
 Scrapbooking/photo albums/ photography f. _____ %
 Sporting goods..... g. _____ %
Subtotal Category 6 h. _____ %

7 Services

Financial services (including insurance)..... a. _____ %
 Telecom/long-distance svcs..... b. _____ %
 Internet services (e.g., ISP, Web site design, e-mail services) c. _____ %
 Energy (gas, electric, etc.)..... d. _____ %
 Legal services..... e. _____ %
 Group buying clubs/services..... f. _____ %
 Travel services..... g. _____ %
Subtotal Category 7 h. _____ %

8 Other (please specify)

..... a. _____ %
 b. _____ %
Subtotal Category 8 c. _____ %

Total (2014 net sales dollars)= 100%

Section B — Your Company’s Direct Salesforce

Please provide your **best estimates** of the number of independent salesforce members for the following items for calendar 2013 and 2014. The answers to #9 in 2013 and #6 in 2014 should be equal.

[These are the people traditionally called Direct Sellers. Terms vary and often they are called distributors, members, associates, representatives, consultants or other terms. These are ALL the people who have signed an agreement with/applied for membership in/otherwise joined your company OR renewed any of the above in the past 12 months. They are eligible to pay wholesale or discounted prices for products; eligible to keep retail profit on sales to others if they opt to retail.]

	2013	2014
6. Number of salesforce members eligible to submit an order on January 1	_____	_____
7. + Plus: number recruited/added during the year	_____	_____
8. - Less: number dropped during the year.....	_____	_____
9. = Equals: number of salesforce members eligible to order on December 31	_____	_____

10. What percentage of your U.S. independent salesforce members at the end of 2014 fell into the following categories? (Please provide your best estimates.)

- **Percent that are women**.....a. _____ %
- **Percent that are of Hispanic or Latino origin**.....b. _____ %

11. Please provide the percent of your U.S. independent salesforce members that are:

- **American Indian or Alaska Native**..... a. _____ %
- **Asian**..... b. _____ %
- **Black or African-American**..... c. _____ %
- **White or Caucasian**..... d. _____ %
- **Native Hawaiian or Pacific Islander**..... e. _____ %
- **Other/ Not Identified**..... f. _____ %

Note: the total of all 6 lines above in 11 must equal 100%

12. Based on the total count of your company's U.S. independent salesforce members (as entered in #9) at the end of 2014, please estimate percentage breakdowns, by segment/group listed below: *The total should equal 100%. ESTIMATES ARE WELCOMED.*

a. **Business Builders – FULL-time** _____% of the TOTAL count on December 31, 2014

[Defined as:

- *Those who have signed a direct seller agreement with your company OR renewed in the past 12 months*
- *Those who are eligible to purchase your company's products/services at wholesale price*
- *Those who are purchasing at levels beyond consumption for their own personal household ... as defined by your company*
- *Those who are eligible to sell and to keep retail profit on sales to consumers*
- *Those WORKING FULL-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is **30 or more hours per week***
- ***These are likely the people your company considers to be Leaders, Executives, career-minded. They are likely to earn income from direct selling that can substitute for income from their previous employment.***

b. **Business Builders – PART-time** _____% of the TOTAL count on December 31, 2014

[Defined as:

- *Those who have signed a direct seller agreement with your company OR renewed in the past 12 months*
- *Those who are eligible to purchase your company's products/services at wholesale price*
- *Those who are purchasing at levels beyond consumption for their own personal household ... as defined by your company*
- *Those WORKING PART-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is **less than 30 hours per week ... These are likely the people your company considers to be small retailers***
- ***They may/may not have an additional job in addition to their direct selling activities and do not earn enough income from direct selling to substitute for income from their main form of employment.***

c. **All Other Independent Salesforce Members** _____% of the TOTAL count on December 31, 2014

[Defined as:

- *This group includes All Other people who have "joined" your company as an independent salesforce member.*
- *These are ALL the other people who have signed a direct seller agreement with your company OR renewed in the past 12 months.*
- *Those purchasing at levels for consumption in their own personal households ... as defined by your company.*
- *They are eligible to pay wholesale prices for products; and eligible to keep retail profit on sales to others, if they opt to retail].*

13. In this question, we are interested in knowing how many people (separate from salesforce members listed above) have signed a preferred customer agreement or registered as customers with your company in the United States in 2014

Preferred Customers / Registered Customers

[NOTE: THESE ARE NOT TO BE INCLUDED IN THE PERCENTAGE BREAKDOWN FOR THE 3 GROUPS/SEGMENTS ABOVE]. This group/segment is defined as:

- Those who have signed preferred customer / registered customer agreement with your company OR renewed such an agreement in the past 12 months.
- They may or may not be eligible to pay wholesale prices for products, depending on your company's program
- They are *NOT* eligible to sell products/services to others
- They are not eligible to sponsor new participants

Does your company have a Preferred or Registered Customer Program?

a. YES _____

b. NO _____

- c. If yes, tell us the NUMBER who have signed a preferred customer agreement or registered as customers with your company in the United States as of December 31, 2014:

Section C — Your Company's Socio-Economic Impact

This section will allow DSA to compile data necessary to publish its 2015 U.S. Socio-economic Impact Study. The main objective of this new study is to demonstrate the full social and economic impacts that direct selling has on the US economy and will allow us to educate key audiences including the media, government, financial community, and general public.

14. In what year did your company first start direct selling in the United States? (please include month if sales data accounts for less than 12 months of sales in either 2013 or 2014.)

a. Month _____ b. Year _____

15. How many U.S.-based employees (NOT independent salesforce members) did your company have as of December 31, 2013 and December 31, 2014?

a. 12/31/2013: _____ b. 12/31/2014: _____

16. Based on the total count of your company's U.S. employees at the end of 2014, please provide estimated percentage breakdowns, by segment/group listed below:

- a. Research & Development _____%
- b. Manufacturing / Quality Assurance _____%
- c. Purchasing _____%
- d. Marketing _____%
- e. Sales / Customer Service/ Salesforce Training _____%
- f. Distribution (*warehousing, shipping, & logistics*) _____%
- g. Information Technology (*IT*) _____%
- h. Administration (*Including human resources, legal, finance, & executive management*) _____%
- i. Other _____%

The total should equal 100%.

16i. If you entered a percentage for "All Other" above, please describe what "All Other" includes:

State Level Impact	State	Net Sales	Ind. Salesforce Mbrs	Employees
17. Please provide a percentage breakdown by state of your a. 2014 U.S. net sales derived from direct selling, as provided in question 1b b. U.S. independent salesforce members as of December 31, 2014, as provided in question 9b c. Employees as of December 31, 2014, as provided in question 15b	Alabama	%	%	%
	Alaska	%	%	%
	Arizona	%	%	%
	Arkansas	%	%	%
	California	%	%	%
	Colorado	%	%	%
	Connecticut	%	%	%
	Delaware	%	%	%
	Florida	%	%	%
	Georgia	%	%	%
	Hawaii	%	%	%
	Idaho	%	%	%
	Illinois	%	%	%
	Indiana	%	%	%
	Iowa	%	%	%
	Kansas	%	%	%
	Kentucky	%	%	%
	Louisiana	%	%	%
	Maine	%	%	%
	Maryland	%	%	%
	Massachusetts	%	%	%
	Michigan	%	%	%
	Minnesota	%	%	%
	Mississippi	%	%	%
	Missouri	%	%	%
	Montana	%	%	%
	Nebraska	%	%	%
	Nevada	%	%	%
	New Hampshire	%	%	%
	New Jersey	%	%	%
	New Mexico	%	%	%
	New York	%	%	%
	North Carolina	%	%	%
	North Dakota	%	%	%
	Ohio	%	%	%
	Oklahoma	%	%	%
	Oregon	%	%	%
	Pennsylvania	%	%	%
	Rhode Island	%	%	%
	South Carolina	%	%	%
	South Dakota	%	%	%
	Tennessee	%	%	%
	Texas	%	%	%
	Utah	%	%	%
	Vermont	%	%	%
	Virginia	%	%	%
	Washington	%	%	%
	West Virginia	%	%	%
	Wisconsin	%	%	%
	Wyoming	%	%	%
	District of Columbia	%	%	%
Guam	%	%	%	
Puerto Rico	%	%	%	
U.S. Virgin Islands	%	%	%	
Total		100%	100%	100%

Estimates are acceptable.

Questions? Contact Paul Bourquin at Nathan Associates at 703-516-7776.

18. Does your company manufacture or assemble any of its products in-house in the UNITED STATES?

- a. YES _____
- b. NO _____

19. Does your company outsource the manufacturing / assembly of any of its products to manufacturers or vendors located in the UNITED STATES?

- a. YES _____
- b. NO _____

20. What was the USD export value of your company’s products that were exported for sale outside the U.S. in 2014? [If your company does not export, insert -0-]

\$ _____

21. In THE UNITED STATES, please provide the number of outside vendors from whom your company purchased products or services from IN 2014. [NOTE: Include all vendors for everything from office supplies to outsourced products / services marketed for sale by your company.] ESTIMATES ARE WELCOME.

Number of outside vendors: _____

22. In the United States, how many of the following facilities does your company have? [If none for a particular type of facility, please enter -0-]

<i>Type of Facility</i>	<i># of Facilities</i>
a. World Headquarters	
b. Other Office Buildings	
c. Laboratories	
d. Manufacturing Plants	
e. Distribution Centers/ Warehouses	
f. Retail Shops	
g. Other Facilities	

22g. If you entered a number for “other facilities” in the preceding question, please describe what “other facilities” you have included:

Section D: Your Company's Charitable Giving/ Corporate Social Responsibility

In 2014, what was the total amount contributed by your company to its philanthropic and corporate social responsibility initiatives? Please include in this amount funds contributed by directly affiliated foundations or other charitable entities.

23. Did your company make any donations in 2014 in the U.S?

- a. YES _____
- b. NO _____
- c. If yes, what is the total dollar amount donated? _____

24. Did your company contribute any in-kind (company product/services) donations in 2014 in the U.S.?

- a. YES _____
- b. NO _____
- c. If yes, what is the total dollar amount donated? _____

25. Does your company have any programs for employees to volunteer in the U.S.?

- a. YES _____
- b. NO _____
- c. If yes, what is the total number of volunteer hours? _____

26. Does your company have a particular focus for its charitable activities in the U.S.?

- a. YES _____
- b. NO _____
- c. If so, please describe: _____

Survey Complete!

Please complete and return by **Friday, March 13, 2015.**

Thank you for participating!

You may complete this questionnaire online at: www.dsa.org/GO2015

or send your completed questionnaire to: Paul Bourquin of Nathan Associates

- by email: pbourquin@nathaninc.com
- by fax: 703-351-6162
- by mail: 2101 Wilson Blvd., Suite 1200, Arlington, Virginia 22201.

Thank you for participating!

Glossary of Terms

Below are updated definitions for terms as we are using them in the *2015 Growth & Outlook Survey*. Terms appear roughly in the same order as they appear in the survey.

Direct Selling:

- 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. Compensation is ultimately based on sales and may be earned based on personal sales and/or the sales of others in their sales organizations.
- **Direct sellers (referred to as independent salesforce members in this survey)** may be called distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.

Independent salesforce member: To avoid any confusion with the traditionally used term, “direct seller,” (because of those who are not actively selling), we now refer to these people collectively as “independent salesforce members.” These people may also be called distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.

Net Sales: The amount of sales generated by a company after the deduction of returns, allowances for damaged or missing goods and any discounts allowed. [Source: www.investopedia.com on 1/25/2012]

Estimated Retail Sales: The total aggregated amount paid by ultimate consumers of the products and services.

Please, note that: Estimated Retail Sales is NOT the same as Net Sales / Revenue / Wholesale Price / Distributor Price. For your information: For DSA research purposes, retail sales are estimated from net sales using the following formula: estimated retail sales = net sales ÷ 0.75

Sales Method or Approach: The means by which an independent direct sales representative approaches his/her customer, the ultimate consumer. This may be through:

- **Face-to-Face / Person to Person Sales:** The one-to-one sale of a product or service between the independent direct sales representative and a single customer/consumer.
- **Party Plan / Group Selling / classes, including online parties:** The sale of a product or service by an independent direct sales representative in a small group, class or party setting, often in the home of a hostess.

Compensation Structure: The means by which an independent direct sales representative is compensated. This may be through:

- **Multilevel:** Sometimes known as MLM, this is a structure by which the company compensates the independent direct sales representative not only for the sales he/she personally generates, but also for the sales of others in his/her recruited group. This type of compensation is received in addition to retail profit (the differential between the wholesale price of an item and the retail sales price).

- **Single Level:** Sometimes known as SLM, this is a structure by which the independent direct sales representative is paid only retail profit (the differential between the wholesale price of an item and the retail sales price).

Direct Seller: may be called direct seller, distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.

Individual direct sellers make up the salesforce of a direct selling company and sell in many untraditional ways. [See definition of Direct Selling, above.] A direct seller may be either:

- **An Independent Sales Person: Unlike an employee, an independent contractor does not work regularly for an employer, but works as and when required. Contractors often work through a company which they themselves own ... or may work through an umbrella company. Generally, independent contractors retain control over their schedule, number of hours worked, jobs accepted, and performance of their work. Direct Sellers are sometimes called consultants, distributors or other titles. *The majority of direct sellers are independent sales people.***
- **An Employee: A person who is hired to become part of the staff and to provide services or do a particular job for a company on a regular basis in exchange for compensation. *Only a small percentage of direct sellers are employees of the Direct Selling company with which they work.***

Recruit: Any activity conducted for the purpose of offering a person the opportunity to become a direct seller. For purposes of this survey, “recruited” refers to all those direct sales people ADDED to a company’s rolls during the year.

Dropped: Those direct sales people that have dropped out or been purged from a company’s roll.

Business Builder – Full-Time: Those purchasing at levels beyond consumption for their own personal households as defined by each Direct Selling company and WORKING FULL-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is 30 or more hours per week. These are likely to be Leaders, Executives, career-minded. They are likely to earn income from direct selling that can substitute for income from their previous employment.

Business Builder – Part-Time: Those purchasing at levels beyond consumption for their own personal household ... as defined by each Direct Selling company and WORKING PART-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is less than 30 hours per week ... These are likely to be considered as small retailers. They may/may not have an additional job in addition to their direct selling activities and do not earn enough income from direct selling to substitute for income from their main form of employment.

All Other Independent Contractors: This group includes all other people who have “joined” a Direct Selling company as an independent contractor. Those purchasing at levels for consumption in their own personal households, as defined by each Direct Selling company. These are ALL the other people who have signed an agreement OR renewed in the past 12 months. They are eligible to pay wholesale prices for products; and eligible to keep retail profit on sales to others, if they opt to retail.

Preferred or Registered Customer: Those who have signed preferred customer / registered customer agreement with your company OR renewed such an agreement in the past 12 months. They may or may not be eligible to pay wholesale prices for products, depending on your company’s program. They are NOT eligible to sell products/services to others; they are not eligible to sponsor new participants.

Part-Time: Workers are considered to be part-time if they work less than 30 hours per week. [Source: <http://en.wikipedia.org/wiki/Part-time>; retrieved on 12/16/2011]

Full-time: Generally defined as working around 40 hours per week, although the number of hours varies by country from 30-40 hours weekly. For the purposes of this survey, Full time is considered 30 or more hours per week. [Source: <http://en.wikipedia.org/wiki/Full-time>, retrieved on 12/16/2011]

Note: For purposes of this survey, less than 30 hours weekly is considered to be part-time; 30 or more hours weekly is full-time.