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JOURNAL of
DIRECT SELLING
RESEARCH

Storied Companies, Millions of Entrepreneurial Americans

$80 Billion in US Economic Impact

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DIRECT SELLING TODAY: STORIED COMPANIES AND BRANDS, MILLIONS OF ENTREPRENEURIAL AMERICANS

Direct selling companies offer entrepreneurial opportunities to independent sellers to market and sell products and services, providing a personalized buying experience for millions of customers. Insights into the size and scope of the direct selling channel in the US and by state are featured, alongside consumer attitudes on direct selling as an entrepreneurial opportunity and method of shopping.

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THE ECONOMIC IMPACT OF DIRECT SELLING ACTIVITY IN THE UNITED STATES

Direct Selling remains a vital component of the US economy, not only through substantial retail sales but also by bolstering supply chains, stimulating household spending, and contributing significantly to tax revenues. Its diverse product offerings cater to various consumer needs, reinforcing its role in the nation's economic landscape.

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WHAT DRIVES INCOME, ADVOCACY, AND RETENTION IN DIRECT SELLING? IDENTITY, FIT, AND THE ROLE OF AGE

Recruiting, motivating, and retaining independent salespeople are crucial for companies with external sales forces. Effective and satisfied representatives help grow the salesforce by recruiting others. This study examines factors influencing salesforce performance through the lens of Social Identity Theory (SIT). The results show strong support for SIT components in predicting sales performance, a likelihood of recommending direct selling to others, and a likelihood of continuing in direct selling.

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IMPROVING DIRECT SELLING OUTCOMES THROUGH APPLICATION OF PREDICTIVE ANALYTICS

This study uses the power of machine learning to predict sales performance outcomes. By applying predictive modeling to a new population of sales recruits, direct selling organizations can correctly classify nearly 84% of candidates who will generate $10,000 or more annual net earnings from direct selling.

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EDITOR'S DESK

By Gary Huggins
Executive Director
Direct Selling
Education Foundation

We welcome you to the Winter 2026 issue of the *Journal for Direct Selling Research* (JDSR), as we find ourselves at a pivotal moment for the direct selling channel – one marked by economic shifts as well as evolving consumer behavior and expectations.

As the flagship publication of the Direct Selling Education Foundation (DSEF), *JDSR* serves as a premium outlet for scholarly research on the direct selling channel. This issue brings together important research that deepens understanding of the role of direct selling in the broader marketplace and also includes an examination of important factors shaping the future and growth of the channel.

We begin with an in-depth analysis of the scope, size and demographics of the direct selling channel in the US and by state. With nearly $35 billion in annual retail sales and a total economic impact of nearly $80 billion in 2024, direct selling remains a strong contributor to economic activity, entrepreneurship and flexible income opportunities. Women comprise 73% of direct selling participants and the largest age segment of sellers is between 35 and 54. Hispanic participants represent 19% of current direct sellers, reflecting engagement from an important growing demographic. Consumer sentiment toward direct selling continues to strengthen, with positive perceptions rising 21% since 2019.

The independent salesforce remains the heart of direct selling. Effective and satisfied sales representatives are critical to the performance and growth of the channel. This issue features two important contributions bringing data-driven insights on what drives sales-force income and retention including recommendations for reaching and supporting key age demographics.

We deeply appreciate the great work of the scholars and authors that have contributed to this latest issue of *JDSR*. We also appreciate the continued partnership of leading scholars throughout the country who bring their expertise in multiple fields to serve the public interest through high-level research and content. This important work expands knowledge and understanding of the direct selling channel and drives innovation to improve performance and protect consumers.

Gary Huggins, Publisher and Editor-in-Chief

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DIRECT SELLING TODAY: STORIED COMPANIES AND BRANDS, MILLIONS OF ENTREPRENEURIAL AMERICANS

By Monica Wood

Direct selling is a go-to-market strategy that is an alternative channel to retail. Individual independent distributors market and sell products and services to consumers in direct selling. The channel allows companies to reach customers through personalized interactions rather than relying on traditional storefronts. It also offers distributors flexible earning opportunities by building relationships and leveraging word-of-mouth marketing.

Some of the world's most storied companies and recognizable brands market today's leading-edge products through the direct selling channel – these include jewelry, cookware, nutritionals, cosmetics, housewares, energy, insurance, and much more. By leveraging direct selling, these companies create a more personalized customer experience that highlights product benefits in real-world settings. This approach also allows brands to expand their reach through trusted relationships and community-based engagement rather than traditional retail environments.

The direct selling channel differs from broader retail in how it gets great products and services into the hands of consumers. It's an avenue where entrepreneurial-minded Americans can represent the products they love, while they work independently to build a business on their own terms. This personalized model allows consumers to engage with products through trusted, one-on-one interactions that traditional retail rarely provides. It also empowers individuals to turn their passion into income by building customer relationships and growing their business at their own pace.

Consultants forge strong personal relationships with prospective customers, primarily through face-to-face discussions and demonstrations. In this age of social networking, direct selling is a strategy that many marketers of consumer products find more effective than traditional channels. By combining personal interaction with digital outreach, consultants can create a seamless customer experience that builds trust and engagement. This hybrid approach allows brands to reach consumers where they are—both online and in their communities—while maintaining the authenticity and connection that drive purchasing decisions.

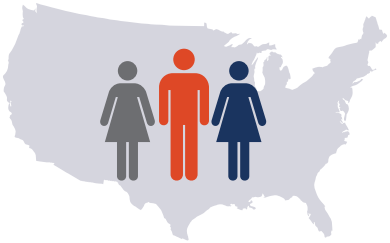
Millions of Americans from every state, congressional district and community in the United States choose direct selling because they enjoy a company's products or services and want to purchase them at a discount. Some decide to market the products they love to friends, family, and others and earn commissions from their sales. The most successful consultants may decide to expand their businesses by building a network of direct sellers. This model allows individuals to grow at their own pace, whether they simply want to save money or aspire to build a business. As a result, direct selling attracts a broad mix of people who value flexibility, community, and the ability to shape their own economic futures.

Ninety-two and a half percent of direct sellers decide to work part-time, offering busy parents, caregivers, military spouses, veterans, and others flexibility and work-life balance.
As advancements in technology create a new American economy whose foundation is built upon the entrepreneurial spirit and independent work, historically, direct selling has been one of the oldest ways millions of Americans have chosen to work independently—long before the advent of the Internet. Direct selling has a long history of substantially contributing to the economy and supporting the millions of Americans involved.

Its adaptability has enabled the direct selling channel to remain relevant through changing economic conditions, technological evolutions, and shifting consumer behaviors. This longstanding resilience underscores the sector's role as a reliable pathway for individuals seeking autonomy and economic opportunity.

$34.7 BILLION IN RETAIL SALES

Direct selling in the United States represents **$34.7 billion in retail sales in 2024.** In addition, there were 34.3 million customers and 5.4 million direct sellers. By dividing the $34.7 billion in sales by the 5.4 million direct sellers in 2024, direct sellers averaged $6,426 in retail sales in 2024.



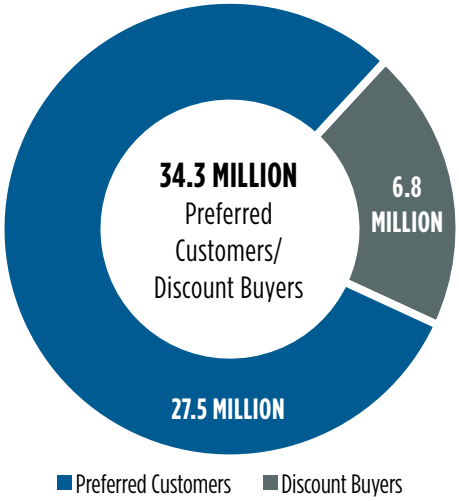
5.4 MILLION DIRECT SELLERS

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

Full-time: 0.4 million **Part-time: 5.0 million**

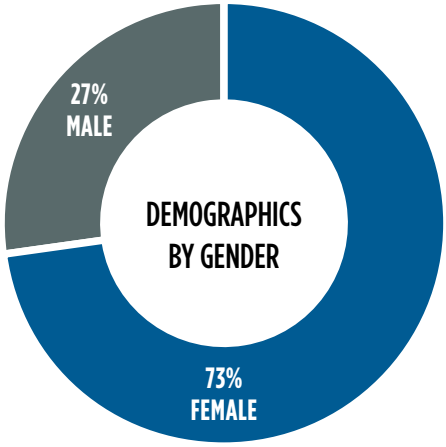
Salesforce make up: Direct Sellers, Discount buyers, preferred customers

5.4 million direct sellers have built a full-time business (30 or more hours/week) or part-time (fewer than 30 hours/week) representing a correction after the hypergrowth of the pandemic. These people sell products/services to consumers and may sponsor people to join their team.



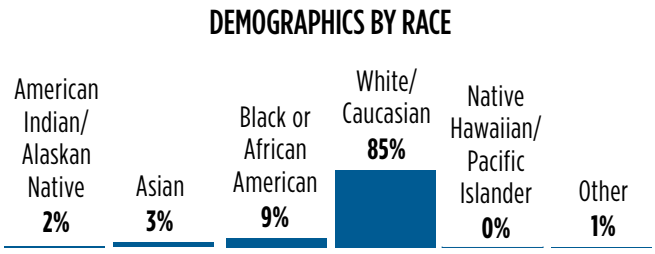
6.8 million Discount Buyers are eligible to purchase, sell and sponsor but currently only purchasing products and services they personally enjoy and receive at a discount.

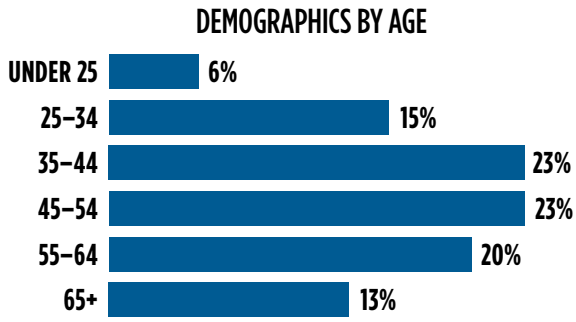
27.5 million Preferred Customers have signed a preferred customer agreement with a direct selling company where they may be entitled to pay wholesale prices for products and services but are not eligible to sell.



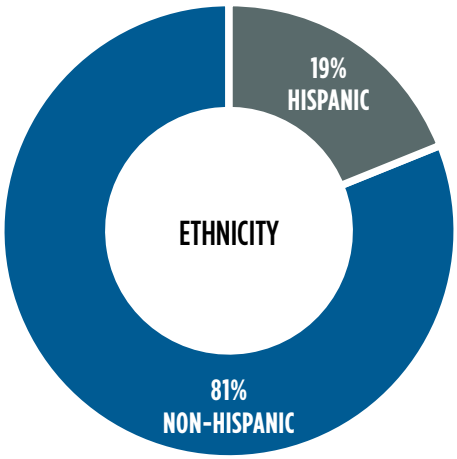
Demographics in 2024: Women, Hispanic participation other highlights

The demographic data show that the direct selling population is predominantly female, with women representing 73% of participants, and most individuals fall within the 35–54 age range. Participation spans all age groups, indicating that direct selling appeals to both younger adults seeking flexibility and older adults pursuing supplemental income.





When considering direct seller ethnicity, 19% of participants identify as Hispanic, reflecting meaningful engagement from a key and growing demographic segment.



Sales by Category (2024)

The 2025 Growth & Outlook survey results indicate that service-based offerings have experienced substantial growth and now represent the largest share of sales, highlighting strong consumer interest in digitally enabled and value-added services. Wellness products continue to maintain a significant portion of the market, demonstrating their enduring appeal. Meanwhile, the gradual shifts in product-oriented categories—such as personal care, home and family care, clothing, and leisure—represent opportunities for companies to innovate, reposition their portfolios, and meet emerging consumer preferences more effectively.

CATEGORY	2014 SALES %	2024 SALES %
Services	23%	38%
Wellness	30%	31%
Home & family care, home durable	18%	14%
Personal care	17%	10%
Clothing & accessories	10%	5%
Leisure & educational	2%	2%

State Breakdown of Retail Sales/Salespeople by State (2024)

12.2 million people in the U.S. signed or renewed independent contractor sales agreements with direct selling companies in 2024. Of these 12.2 million, 5.4 million worked to build businesses and 6.8 million were discount buyers who purchased products for their own use but chose not to build a business. These estimated direct sales and people-involved figures are extrapolated based on 2025 Growth & Outlook Survey data submitted directly from DSA members.

STATE/ TERRITORY	PEOPLE INVOLVED IN DIRECT SELLING	RETAIL SALES
Alabama	120,971	$446M
Alaska	69,150	$162M
Arizona	231,808	$620M
Arkansas	116,320	$362M
California	1,285,088	$3.9B
Colorado	276,515	$626M
Connecticut	96,649	$284M
Delaware	35,730	$127M
Florida	827,479	$2.2B
Georgia	396,711	$1.1B
Hawaii	53,605	$85M
Idaho	103,444	$246M
Illinois	425,529	$1.2B
Indiana	309,809	$857M
Iowa	204,866	$647M
Kansas	133,993	$353M
Kentucky	142,370	$404M
Louisiana	134,146	$465M
Maine	64,641	$187M
Maryland	195,114	$531M
Massachusetts	140,495	$434M
Michigan	359,404	$0.9B
Minnesota	266,638	$714M
Mississippi	130,921	$616M
Missouri	194,361	$492M
Montana	68,031	$160M
Nebraska	117,414	$344M
Nevada	107,862	$266M
New Hampshire	84,186	$226M
New Jersey	257,016	$762M
New Mexico	81,552	$213M
New York	591,642	$1.9B
North Carolina	410,045	$1.1B
North Dakota	61,152	$188M
Ohio	416,559	$1.0B
Oklahoma	191,781	$459M
Oregon	142,972	$418M
Pennsylvania	395,806	$1.0B
Rhode Island	35,506	$111M
South Carolina	182,085	$470M
South Dakota	66,977	$201M
Tennessee	248,566	$758M
Texas	1,219,347	$3.6B
Utah	190,869	$514M
Vermont	19,937	$72M
Virginia	282,753	$706M
Washington	226,305	$611M
West Virginia	62,501	$175M
Wisconsin	278,227	$816M
Wyoming	39,040	$90M
District of Columbia	8,464	$18M
Guam	7,006	$8M
Puerto Rico	63,550	$544M
U.S. Virgin Islands	1,458	$6M
N. Marian Islands	14	$15M
American Samoa	171	$0.2M
Overseas U.S. Military	4,421	$14M

Looking Forward: What Consumers Think

The direct selling channel remains a viable and strategically significant avenue for companies that prioritize innovation and align their offerings with contemporary consumer expectations. The increasing integration of artificial intelligence is improving the training, development, and empowerment of prospective sales representatives,

thereby fostering heightened entrepreneurial engagement across the sector. The continued emphasis on product quality and meeting consumer needs is critical to establishing a strong foundation for sustainable growth. Additionally, as consumer preferences evolve in a dynamic marketplace, opportunities for long-term competitiveness within the direct selling landscape are likely to increase.

Key findings from DSEF 2024 Consumer Attitudes Study – trends moving in Direct Selling's direction

Entrepreneurial trends show an increase in participation in activities like direct selling, gig work, and online selling. The number of respondents working as direct sellers has tripled since 2008, with 1 in 3 expressing specific interest in the direct selling opportunity.

Key attributes that draw consumers to direct selling include the opportunity to support local businesses, access to distinctive products, and engagement with knowledgeable sellers. Social media continues to serve as an important mechanism for direct sellers to reach prospective customers, despite a decline in its perceived usefulness for maintaining connections and staying informed.

Overall, the study reflects a growing interest in flexible work arrangements, including direct selling. In an effort to enhance its appeal, the channel might consider further leveraging its strengths—such as personalized service, unique product offerings, and a strong sense of community.

Monica Wood is the Vice President of Consumer and Member Insights at Herbalife and Chair of the DSEF Industry Research Committee.

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THE ECONOMIC IMPACT OF DIRECT SELLING ACTIVITY IN THE UNITED STATES

By Robert A. Peterson, PhD

Introduction

Direct selling is a business model that offers entrepreneurial opportunities to individuals who, as independent contractors, market products and services to consumers, typically outside of a fixed retail establishment through one-to-one selling, in-home product demonstrations, or online. Direct sellers have job titles such as distributor, representative, consultant, associate, or brand partner. They may participate in direct selling in various ways, including selling products and services themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to their company, and purchasing products and services for personal use. Compensation is ultimately based on sales and may be earned through personal sales and/or the sales of others in their sales organization.

In 2024, direct selling generated $34.7 billion in retail sales in the United States and involved an estimated 5.4 million individuals who were actively engaged in building their own direct selling businesses.

Despite its ubiquity and contribution to the economy, the full economic impact of direct selling in the United States is often understated. Therefore, the purpose of the present analysis was to estimate the economic impact of direct selling activity in 2024 through the application of an input-output economic model. Given the retail sales generated by direct selling (i.e., its Direct Effect), the model (implemented by means of IMPLAN® software and data) estimated the

- **Indirect Effect** (upstream or supply chain sales) due to direct selling and
- **Induced Effect** (downstream sales due to household spending) associated with the **Direct** and **Indirect Effects.**

Collectively, these three effects—**Direct, Indirect,** and **Induced**—represent the economic impact of direct selling activity on the nation's economy. In addition, the analysis estimated the fiscal (tax) implications of direct selling activity in the United States.

Executive Summary

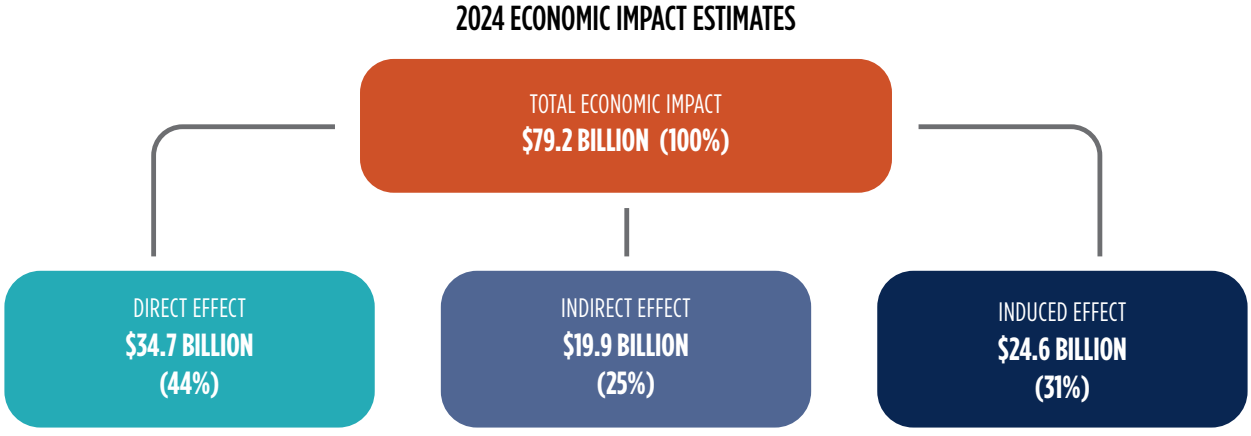
An input-output economic modeling of 2024 direct selling sales activity was undertaken using IMPLAN® software and data obtained from the federal government.[1] Direct selling (retail) sales data were provided by the Direct Selling Education Foundation (DSEF). The purpose of the modeling was to estimate the economic impact of direct selling activity in the United States in 2024.

Results are reported in terms of **Direct, Indirect**, and **Induced Effects** using a measure of gross economic output, sales dollars. Gross economic output refers to the cumulative value of production. Unlike Gross Domestic Product (GDP), gross economic output includes intermediate goods and services. (GDP is synonymous with total output less intermediate inputs.)

Using the DSEF estimate of $34.7 billion in direct selling (retail) sales in 2024 as a starting point, the total economic impact of direct selling activity in the United States in 2024 was estimated to be $79.2 billion. The $79.2 billion economic impact consisted of

- The **Direct Effect** of direct selling, $34.7 billion

1 IMPLAN® is widely used in industry and government analyses. See www.implan.com



- The **Indirect** (upstream or supply chain) Effect of direct selling, $19.9 billion, and
- The **Induced** (downstream or household) Effect of direct selling, $24.6 billion.

Because of (1) the modeling approach and (2) the nature of the industry (e.g., the widespread use of independent contractors), the total estimated economic impact of $79.2 billion should be considered conservative.

The derived multiplier emanating from IMPLAN® modeling was 2.28. This multiplier means that nationally $1.00 in direct selling (retail) sales produced an economic impact of $2.28 in 2024.

In 2024, the economic impact of direct selling activity produced an estimated $6.5 billion in federal taxes and $4.9 billion in state and local taxes, or $11.4 billion in total taxes. The total value of direct selling activity (i.e., the **Direct**, **Indirect**, and **Induced Effects**) added to the nation's Gross Domestic Product in 2024 was estimated to be $79.2 billion.

Overview and Methodology

The present modeling estimated the economic impact of direct selling activity in the United States in 2024 using the IMPLAN® input-output economic model. Specifically, in the present context, gross economic activity refers to sales dollars generated and distributed throughout the United States economy. The sources of activities that sum to economic output consist of both capital expenditures and operating expenditures, including spending on goods and services by direct selling firms, the **Direct Effect**, as well as by firms within the direct selling supply chain, which leads to the **Indirect Effect**, and off-site spending on goods and services by households in which a member earns income from a direct selling company or supply chain company, the **Induced Effect**.

A series of multipliers link **Direct**, **Indirect**, and **Induced Effects**. These multipliers are based on data compiled by several federal entities and include the Bureau of Economic Analysis Benchmark Input-Output Tables. (See Appendix for details.) A summary metric, the derived or implied direct selling multiplier, estimates the impact of one direct selling sales (retail) dollar on gross economic output due to inter-industry and industry-employee household relationships between the direct selling industry and other industries.

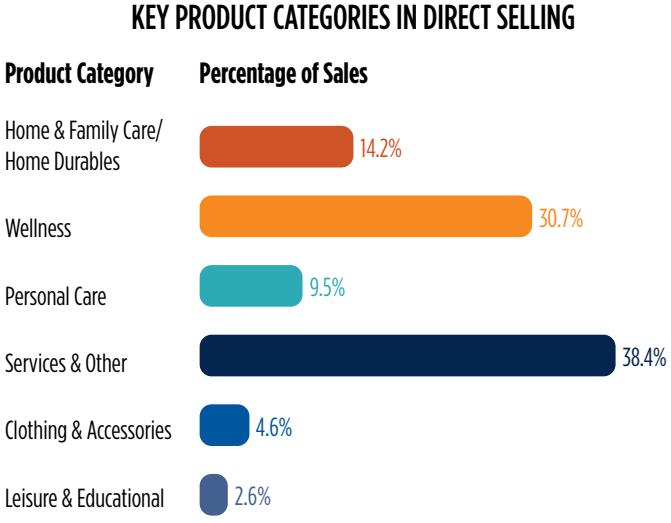
Conceptually, the multipliers quantify the economic ripple effect of inter-industry economic activity. This ripple effect can be positive or negative depending on whether a modeled entity is expanding or contracting. Multipliers are static and do not account for disruptive shifts in infrastructure without specifically addressing infrastructure changes. The present model applies the most current (2024) IMPLAN® multipliers.

Data

DSEF conducts an annual "Growth & Outlook" market-sizing survey to estimate the size and scope of the direct selling industry in the United States. It engages Cadmus, an international consulting firm, to conduct this survey, perform secondary research, and generate industry-wide estimates.

Cadmus market-sizing estimates are reviewed and further refined by DSEF. Results that are reported include total direct selling (retail) sales as well as (retail) sales estimates by selected geographical regions, by compensation structure of direct selling firms, by sales strategy, and by major product categories. The six product categories utilized in the present analysis are:[2]

- **Wellness**—Weight management products and programs, nutritional supplements, sports/energy and body-building, health foods and beverages, children's supplements, health/nutrition/fitness instructional materials, and essential oils and pharmacy.
- **Services**—Financial services, telecommunications, internet services, energy, legal services, group buying, and travel services.
- **Home and Family Care and Home Durables**—Home and auto care cleaning products, and food and beverages (excluding those in the wellness category). Home durables includes cookware, cutlery, house/kitchenware, various home gifts, and home appliances.
- **Personal Care**—Cosmetics, skin care, fragrances, hair and nail care, and various toiletry products.
- **Clothing and Accessories**—Clothing, lingerie, sleepwear, shoes, jewelry, and fashion accessories.
- **Leisure and Educational**—Books, encyclopedias, educational publications, computer software, crafts, and toys and games.



2 The product categories include, but are not limited to, the illustrative subcategories.

The DSEF's *2025 Growth & Outlook Report* (retail) sales estimate formed the basis of IMPLAN® modeling. Specifically, according to the DSEF, direct selling (retail) sales totaled $34.7 billion in 2024. The $34.7 billion in direct selling (retail) sales was initially modeled in IMPLAN® with margins applied. This was equivalent to identifying the economic impact of operating a business with $34.7 billion in retail sales. It excluded the manufacturing, wholesaling, and transporting of goods, and included only the economic activities associated with direct selling companies.

Wholesaling and manufacturing **Indirect Effects** of direct selling activity due to the industry supply chain were sequentially modeled by respectively applying margins to direct selling (retail) sales activity and wholesale sales activity. For wholesaling, this allowed the identification of the economic effects of operating the equivalent of a wholesale business. The wholesale industry modeling included transportation but excluded the effect and supply chain of the manufacturing component.

Manufacturing activity was estimated after applying margins to and subtracting direct selling economic activity and wholesaling economic activity. Manufacturing sales activity was modeled using the six product groups (e.g., wellness, personal care, etc.) above.

The **Induced Effect** of direct selling activity was estimated for each sector modeled (i.e., retailing, wholesaling, and manufacturing) and aggregated to reflect its total estimated economic impact.

Taxes attributable to direct selling activity were also estimated using the IMPLAN® model. The tax estimates provided in this report include tax revenue derived from direct, indirect, and induced sales activity. The national economic impact tax estimate includes both federal taxes and state/local taxes.

Economic Impact

The $34.7 billion in direct selling (retail) sales nationally contributed a total economic impact of $79.2 billion to the national economy in 2024 through its combined indirect and induced effects. As shown above, the 2024 national economic impact included $34.7 billion in direct selling sales activity, $19.9 billion in indirect sales activity, and $24.6 billion in induced sales activity.

The derived (implied) multiplier resulting from IMPLAN® modeling summarizes the economic impact of one direct selling (retail) sales dollar ($1) on the national economy. It is calculated as the total economic impact divided by the direct effect (i.e., $79.2B/$34.7B = 2.28 in 2024). Thus, for example, $1 in direct selling sales (the direct effect) generated a total economic impact of $2.28 in 2024. The derived multiplier in 2024 is somewhat smaller than derived multipliers observed in other retailing sectors (approximately 2.44 on average).

Fiscal Impact

Tax impacts estimated by IMPLAN® are respectively categorized as federal taxes and state and local taxes. IMPLAN® quantifies tax impacts based on employee compensation, proprietor income, and taxes on production and imports, households, and corporations. Estimated taxes range from federal and state income taxes and property taxes to sales taxes and motor vehicle licenses. As such, the estimated total (direct, indirect, and induced) federal, state, and local tax revenues attributable to direct selling activity in the United States in 2024 were $11.4 billion. Federal tax revenues attributable to the $34.7 billion in direct selling activity were estimated at $6.5 billion in 2024. State and local taxes attributable to direct selling activity were estimated at $4.9 billion in 2024.

About IMPLAN®

IMPLAN® is an input-output economic model based on aggregating and connecting a multitude of economic databases, foremost of which are the Bureau of Economic Analysis (United States Department of Commerce) Benchmark Input-Output Tables.[3] It consists of both software and data that together permit detailed estimates of various economic impacts. The IMPLAN® model quantifies inter-industry relationships within an economy by documenting how the output of one industry becomes the input of another industry. Through a backward-linking process, the present modeling captured the relationship between economic activity in the direct selling industry and economic activity in its (general) supply chain (i.e., the **Indirect Effect** of direct selling activity on the wholesaling and manufacturing firms in the direct selling industry supply chain) as well as the ancillary (household) effect that direct selling activity has on the economy (i.e., the **Induced Effect**).

3 Frances Day, "Principles of Impact Analysis & IMPLAN® Applications." IMPLAN® stands for **IM**pact Analysis for **PLAN**ning.

The primary databases contained and used in IMPLAN® modeling are respectively compiled and updated by the United States Census Bureau, the United States Bureau of Economic Analysis, the United States Department of Agriculture, and the United States Bureau of Labor Statistics.

Numerous multipliers were used in the present analysis to link the six (aggregated) product categories and the manufacturing sector (which were in turn linked to the wholesale and retail sectors). In particular, product subcategories were matched with 6-digit NAICS codes which were in turn linked to their respective 528 IMPLAN® sectors. Because the Nonstore Retailers Sector encompasses more establishments than those traditionally defined as direct selling companies, its associated multiplier might be somewhat attenuated. However, any possible attenuation was not believed to substantially affect the results of the estimation process or the final economic impact estimation due to limiting the modeling to particular product categories.

Specifically, when modeling the manufacturing sector, the multipliers associated with the six direct selling product categories incorporated the categories' relative sales and the percentage of category manufacturer sales that originated in the United States (based on federal data sources). The 2024 direct selling (retail) sales percentages were based on the DSEF's *2025 Growth & Outlook Report* estimates, whereas the 2024 domestic purchasing percentages (related to local purchasing coefficients in IMPLAN®) were based on 2023 federal statistics.

Within the six product categories, subcategories were aggregated to form each respective product category. For instance, as previously shown, two IMPLAN® subcategories (Clothing, Lingerie, Sleepwear and Shoes, and Jewelry and Fashion Accessories) were aggregated to create the Clothing & Accessories product category. Trade flows and industry data for the subcategories were combined in IMPLAN®, and multipliers were generated by IMPLAN® software. (Note: the combination was not a simple average.) To the extent that product category data do not comport exactly with direct selling product offerings or sales, the multipliers might be somewhat attenuated. However, the consequence of such potential attenuation was not deemed substantial.

The overall derived multiplier, 2.28, was composed of the **Direct Effect** implied multiplier 1.00, the **Indirect Effect** implied multiplier .57, and the **Induced Effect** implied multiplier .71.

Where appropriate, default values of the IMPLAN® software were applied during modeling. Consequently, all estimated values—multipliers as well as effects and impacts—should be considered conservative.

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DSEF Educate, Engage and Empower | JOURNAL of DIRECT SELLING RESEARCH

WHAT DRIVES INCOME, ADVOCACY, AND RETENTION IN DIRECT SELLING? IDENTITY, FIT, AND THE ROLE OF AGE

By Suzanne Altobello, PhD, Caroline Glackin, PhD, and William G. Collier, PhD

Introduction

Direct selling depends on independent representatives who choose to stay, advocate for the opportunity, and help grow the salesforce. Because representatives are not traditional employees, direct selling organizations (DSOs) often win or lose on perceived fit and meaning between the representative and the company, rather than formal supervision. We examined whether identity-related perceptions, such as commitment, shared values, identification, brand meaning and long-term orientation, help to explain three practical outcomes of income, willingness to recommend the DSO/direct selling to others, and likelihood of continuing as a representative.

This research explores how independent sales representatives integrate into the brand and company, and how to strengthen these relationships. Previous studies in the sales literature have examined salesperson/brand identification with the organization and the congruence between personal values and perceived values of the organization, but have not addressed these factors for contract salespeople. This survey was designed for replication and extension of Gammoh et al. (2014) and engaged direct sellers from two organizations.

We modeled three outcomes that matter to DSOs: gross income from sales of products or services by their independent salesforce to consumers (performance), a direct seller's likelihood of recommending the opportunity to one's network (advocacy), and a direct seller's likelihood of continuing to represent the company over the next year (retention). We tested whether these outcomes were predicted by Social Identity Theory constructs including: organizational commitment, salesperson–DSO values congruence, brand distinctiveness, brand attractiveness, salesperson–brand identification, along with long-term orientation (individual planning; respect for tradition). Figure 1 provides brief definitions of our predictors and outcomes.

Theory and Hypotheses

Social Identity Theory

In practical terms, Social Identity Theory (SIT) helps explain why people work harder and stay longer when they feel they truly belong to a group or organization. Originating in social psychology, SIT argues that individuals define part of who they are through their membership in social groups, such as a company, a brand community, or a sales team (Fiske and Taylor, 1991; Tajfel, 1978; Tajfel and Turner, 1986; Ashforth and Mael, 2024). People tend to see their own group (the ingroup) more positively than other groups (outgroups) (Tajfel et al., 1971). When they believe their group has distinctive and attractive qualities, that pride in membership can boost self esteem and strengthen their desire to stay connected to the group (Fiske and Taylor, 1991). In sales and service settings, this logic underpins related ideas such as organizational

MANAGERIAL IMPLICATIONS

The DSO should begin with developing core messaging that strengthens organizational commitment and clarifies the organization's values in observable, day-to-day terms. These two levers showed up repeatedly across this study's three outcomes and they are also the easiest to standardize across the salesforce. Companies can layer age-guided emphasis without changing the company's fundamental messaging.

MESSAGING AND TRAINING BY AGE COHORT

AGES 40–50

- Training should focus on values, fit, attractiveness, and commitment.
- Reinforce consistency through planning routines that keep the opportunity feasible alongside work and family obligations.

UNDER AGE 40

- Lean heavily on brand attractiveness.
- Quickly convert interest into commitment through early wins for the sales representative, belonging cues, and visible support through their upline.

51 AND OLDER

- Emphasize values congruence and brand distinctiveness, using concrete proof points and a trust-forward messaging.
- Sales leaders should be careful about overreliance on hype or purely aspirational branding because it can work against advocacy (i.e., recommending the opportunity to others) and downline retention.

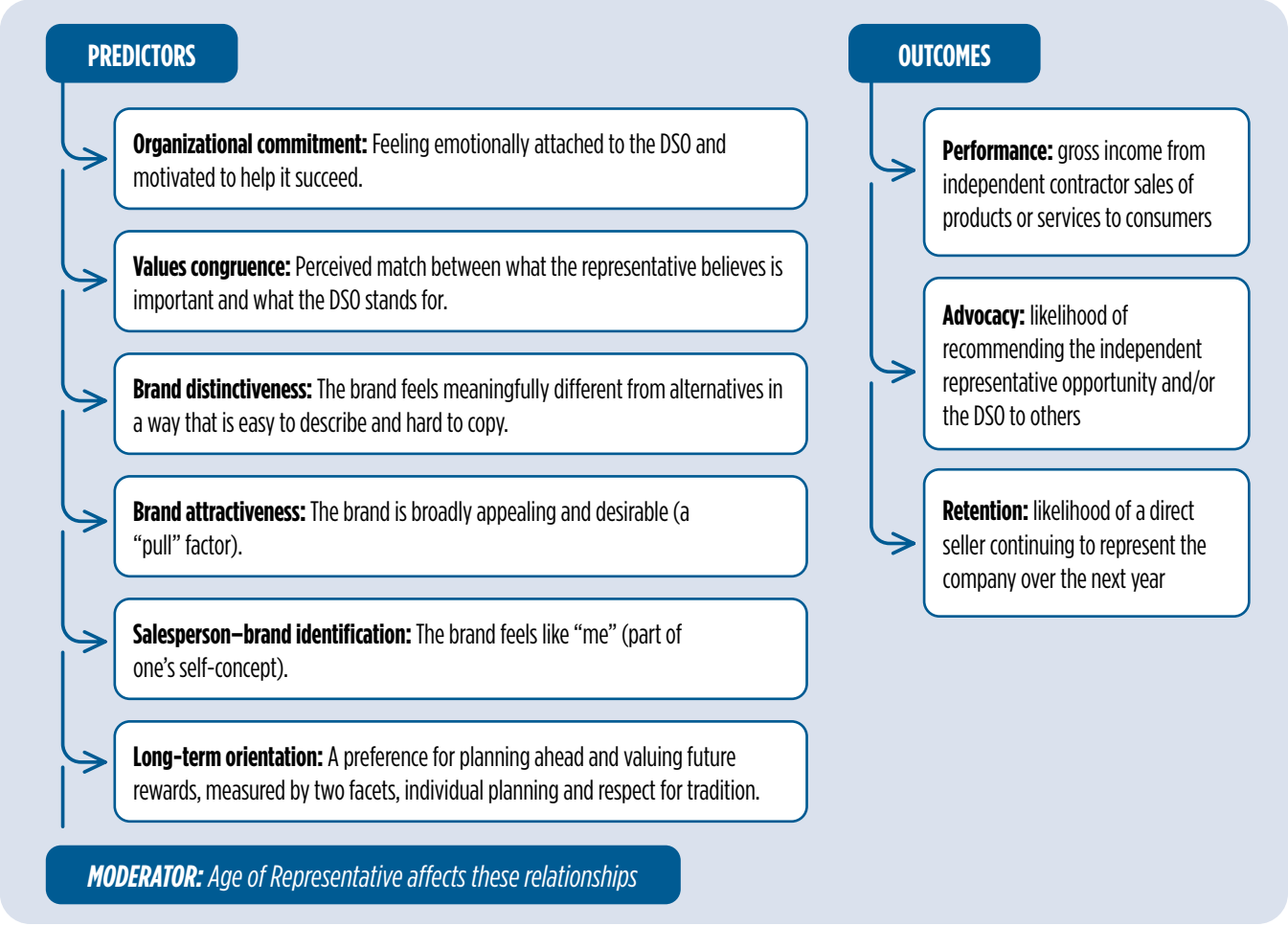
identity (Karanika-Murray et al., 2015), moral identity (Itani and Chaker, 2022), perceived inclusion (Chen and Tang, 2018), salesperson brand identification, and salesperson company identification (Gammoh et al., 2014). All of these constructs capture how strongly people feel that "this organization or brand is part of who I am."

For practitioners, the implication is straightforward: when representatives feel that "this company stands for what I stand for" and "this brand fits who I am," they are more likely to stay, to advocate for the organization, and to deliver better performance.

Gammoh et al. (2014) and van Dick (2001) describe social identity as having cognitive, evaluative, emotional, and behavioral components. Cognitively, individuals see themselves as part of the group. Evaluatively and emotionally, they feel pride and positive regard for that membership. Behaviorally, they support the ingroup through actions that help and benefit it, such as going the extra mile for customers or defending the brand when it is criticized.

Gammoh et al. (2014) applied SIT to company employed salespeople and showed how these ideas translate into day-to-day performance. They found that when salespeople perceived strong value congruence (e.g., when their personal values matched the values of the brand and the company), they reported higher identification with both. This stronger sense of identity was linked to greater job satisfaction and organizational commitment. In turn, these attitudes were associated with more effective behavioral and outcome performance, including clearer communication and stronger sales results. For practitioners, the implication is straightforward: when representatives feel that "this company stands for what I stand for" and "this brand fits who I am," they are more likely to stay, to advocate for the organization, and to deliver better performance.

FIGURE 1
Predictors and Outcomes in Research Models



Long-Term Orientation

Long-term orientation in selling captures whether a salesperson is focused on near-term transactions or on the future consequences of today's behaviors for customer relationships and business outcomes. In sales settings, research suggests that a stronger consideration of future sales consequences, paired with customer-oriented selling, helps explain a salesperson's long-term relationship orientation and related preferences such as favoring longer-term compensation approaches (Schultz & Good, 2000). Work on salespeople's "relational time perspective" similarly argues that representatives with longer time horizons tend to set goals differently and rely more on cooperative, problem-solving approaches that support relationship development over time (Macintosh, 2006). More recent sales research also connects salesperson time orientation to outcomes such as sustained effort during a new product launch and customers' willingness to pay more, highlighting that future-focused selling can matter for both salesperson behavior and customer responses (Agnihotri et al., 2019; Beuk et al., 2014).

Age as a moderator

For direct selling organizations, age is more than a demographic label; it can shape how representatives think about their role, how they relate to the company, and how they behave toward others. DSOs routinely attract people at very different stages of life, from young adults looking for a side income to older adults seeking flexible work in semi-retirement. Although research on how Social Identity Theory operates by age is still limited, several studies suggest meaningful age differences in the behavior component. Matsumoto et al. (2016) find that older individuals tend to engage in more prosocial behaviors, while Lockwood et al. (2021) report that adults aged 55 to 84 are more willing to help others than adults aged 18 to 36. Cutler et al. (2021) show that older adults are especially likely to direct prosocial behaviors toward people they see as members of their own group. In sales contexts, Day (1993) also finds that older salespeople set higher annual sales goals and achieve them just as well as younger colleagues. For DSOs, recognizing these age-related patterns can support more precise recruitment messages and motivational strategies that align with representatives' life stage and long-term orientation, rather than using a single approach for all age groups.

Method

A quantitative survey was sent via email to independent representatives of two established member companies of the Direct Selling Association. Both companies were similar in product characteristics but differed in overall revenues. All participant responses were anonymous and went directly to the research team. Companies did not have access to any raw, individual-level data.

Measures

The dependent variables in the analysis are each respondent's gross income from direct selling in the previous year, the likelihood of recommending becoming an independent sales representative to a friend or family member, and the likelihood of continuing to represent the company over the next year. The independent predictor variables included: salesperson/company identification, salesperson/company values congruence, salesperson/brand identification, brand distinctiveness, brand attractiveness, organizational commitment, and long-term orientation. All SIT predictors were measured using established scales from Gammoh et al. (2014). Long-term orientation was measured using the Bearden et al. (2006) scale, which operationalizes long-term orientation at the individual level as two related factors: planning and tradition.

For sales **performance** (as measured by the respondent's reported gross income from direct selling), **organizational commitment** was the only predictor that showed a statistically significant relationship.

Sample profile

A total of 592 representatives started the survey; 295 respondents had complete data across all predictor and outcome measures. The ages of all current independent sales representatives ranged from 18 to 74, with a mean of 45.81 (*SD* = 11.24) years, with no significant differences in age between the companies.

Most respondents were between 40 and 50 years old (39.5%) and female (88.3%).

Almost 70% are married, with approximately equal percentages of single (8.2%) and divorced/separated (9.5%) respondents. Most representatives had no children under 18 at home (40.8%), with equal percentages having one (17.4%) or two children (20.8%). Most respondents were not of Hispanic or Latino origin (84.8%) and had attained an associate's degree or some college (29.9%) or were college graduates (30.6%).

Results

We first estimated separate stepwise regression models for each of the three outcomes.

We used all respondents in these initial analyses and did not separate by age group.

For sales **performance** (as measured by the respondent's reported gross income from direct selling), **organizational commitment** was the only predictor that showed a statistically significant relationship. Representatives who reported higher organizational commitment also tended to report higher gross income from direct selling. None of the other predictors added meaningful explanatory power once commitment was taken into account.

For the **advocacy** outcome (as measured by the likelihood of recommending the DSO), **organizational commitment** and **salesperson/company values congruence** were the only significant predictors. Representatives who felt more committed to the organization and who perceived a stronger match between their personal values and the DSO's values reported a higher likelihood of recommending the opportunity to others.

For the **retention** outcome (as measured by the likelihood of continuing as a representative over the next year), **salesperson/company values congruence** and **brand distinctiveness** emerged as significant predictors. Representatives who saw a stronger match between their own values and the values of the DSO, and who viewed the brand as meaningfully different from alternatives, were more likely to say that they intended to continue representing the company.

TABLE 1
Significant Predictors of Direct Selling Outcomes for all Representatives

Outcome	Model Fit	Significant Predictors	β	t	Sig.
Performance	R^2 = .018, F (1, 282) = 5.114, p < .025	• Organizational Commitment	.133	2.261	.024
Advocacy	R^2 = .344, F (2, 281) = 73.69, p < .001	• Organizational Commitment	.405	6.597	<.001
		• Salesperson/DSO Values Congruence	.242	3.935	<.001
Retention	R^2 = .325, F (2, 281) = 40.858, p < .001	• Salesperson/DSO Values Congruence	.378	6.195	<.001
		• Brand Distinctiveness	.153	2.500	.013

Age as a Moderator

We then examined whether the patterns just described varied by age group.

Respondents were grouped into three categories: under 40, 40 to 50, and 51 and older, and the regression models were re-estimated within each group. For performance, no variables remained significant once the sample was split by age, so age related differences in income are not interpreted further.

For the likelihood of recommending the DSO, the predictors differed by age group.

Among representatives under 40, those who saw the brand as attractive and who felt strongly committed to the organization were more likely to say they would recommend the opportunity. For representatives aged 40 to 50, recommendation was highest when three elements coincided: they felt that their personal values matched the DSO's values, they viewed the brand as attractive, and they reported strong organizational commitment. Among representatives 51 and older, a different pattern emerged. In this group, advocacy was higher when they perceived a strong values be match with the DSO, saw the brand as clearly distinctive from others in the market, and the sales rep had a stronger long-term, tradition-oriented outlook. At the same time, those over 50 who perceived the brand as highly attractive were actually less likely to recommend it.

TABLE 2
Positive and Negative Patterns of Predictors for Advocacy Outcome by Age Groups

Predictor	Under 40	40–50	51+
Organizational commitment	+	+	
Salesperson–DSO values congruence		+	+
Brand attractiveness	+	+	-
Brand distinctiveness			+
Long-term orientation: respect for tradition			+
Long-term orientation: individual planning			
Salesperson–brand identification			

For the likelihood of continuing with the DSO, a similar pattern of age specific drivers emerged, as shown in Table 3. Among representatives under 40, salesperson or DSO value congruence and brand attractiveness were significant positive predictors of continuation intentions. In the 40 to 50 group, brand attractiveness and the long-term orientation dimension capturing individual planning were significant and positive. Retention again looked different for the oldest group of representatives (51+). For older representatives, a strong values match and a clear sense that the brand is unique went together with stronger continuation intentions.

However, in this same age group, those who said that the brand felt very much like "me" and those who saw the brand as very attractive were ***less*** likely to say they planned to continue.

TABLE 3
Positive and Negative Patterns of Predictors for Retention Outcome by Age Groups

Predictor	Under 40	40–50	51+
Salesperson–DSO values congruence	+		+
Brand attractiveness	+	+	-
Brand distinctiveness			+
Salesperson–brand identification			-
Long-term orientation: individual planning		+	
Long-term orientation: respect for tradition			
Organizational commitment			

Discussion

For **performance**, organizational commitment was the only consistent driver in the full sample. When the

sample was split into age groups, the income patterns were less stable and did not yield clear age-specific drivers. For independent sales representatives in this dataset, sales performance is tied most closely to whether representatives felt a durable bond with the organization.

For the **advocacy** outcome, across the full sample, recommending the DSO was higher if representatives were committed to the organization and their sense that the DSO's values matched their own. When we examined advocacy by age groups, organizational commitment mattered for younger and midlife representatives, and values congruence mattered strongly for older representatives (notably, though, brand attractiveness moved in the opposite direction for this group).

For the **retention** outcome, for all representatives, the strongest pattern for continuing with the DSO was a values match with the DSO plus a belief that the brand is meaningfully distinctive. When separated by age, values congruence remained important for the youngest and oldest groups, while brand attractiveness mattered for the younger and midlife groups. The older representatives in this sample appeared **less** likely to continue when the brand felt highly attractive or when the representative reported that the brand felt very much like "me."

Practical Implications and Conclusions

Our results can be applied to existing independent sales representatives and extend to recruitment and onboarding new representatives. The DSO should begin with a shared core that strengthens organizational commitment and clarifies the organization's values in observable, day-to-day terms; these two levers showed up repeatedly across this study's three outcomes, and they are also the easiest to standardize across the salesforce.

In Figure 2, we illustrate how the DSO can layer age-guided emphasis without changing the company's fundamentals. Under 40 messaging and training could lean more heavily on brand attractiveness while quickly converting interest into commitment through early wins for the sales representative, belonging cues, and visible support through their upline. For ages 40–50, training might intentionally combine values fit, attractiveness, and commitment, then reinforce consistency through planning routines that keep the opportunity feasible alongside work and family obligations. For 51 and older, the emphasis could shift toward values congruence and brand distinctiveness, using concrete proof points and a trust-forward message; in this group, leaders should be careful about overreliance on hype or purely aspirational branding because it can work against advocacy and retention.

In Figure 3, we propose an overall toolkit architecture that DSO managers and leaders can use in coaching, communications, and recognition. The first toolkit could be a values fit toolkit that includes brief screening prompts during recruiting, a "values in action" onboarding module that shows how values appear in product claims and team norms, and mentor check-ins that surface misalignment early. The second

FIGURE 2
Age-based Recommendations for Company Training and Onboarding

AGE UNDER 40

- **Brand Attractiveness Kit** - consistent look, voice, and approved content
- **First 14 Days Launch** - early wins, quick support, visible progress
- **My Values – Our Values** - values matching exercise and short referral story
- **Commitment Boost** - small cohort check-ins plus early recognition

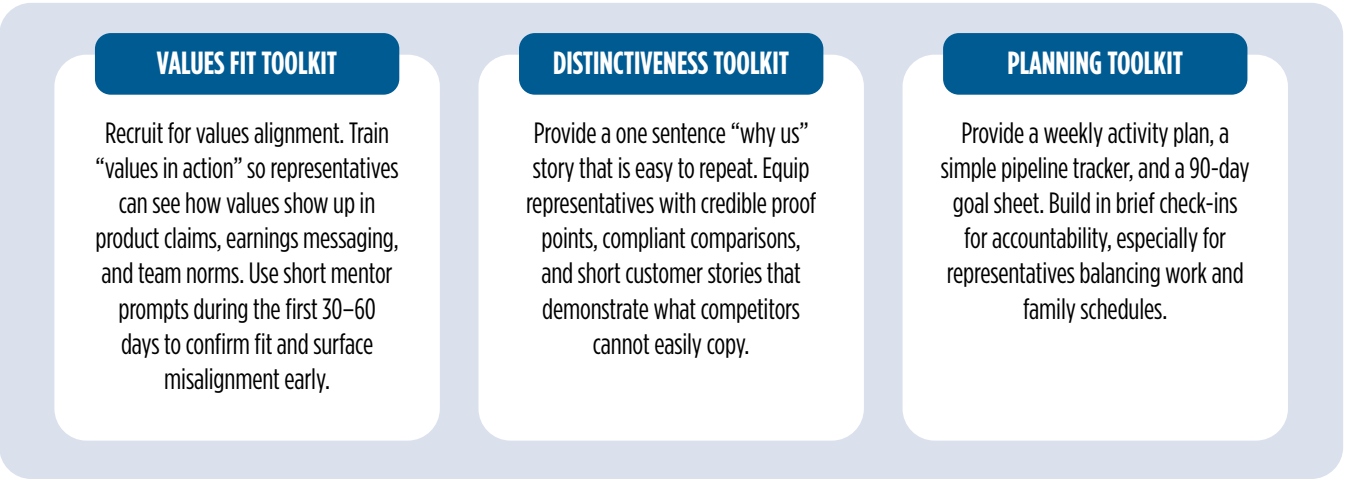
AGE 40–50

- **Dual Promise Kit** - emphasize the attractive brand with a short values-based brand story representatives can repeat
- **Values in Action** - translate DSO values into daily behaviors for the representatives
- **90-Day Planning Toolkit** - create weekly plans, pipeline tracker, goal checks, & adaptable routines
- **Commitment Ladder** - weekly engagement plus recognition for consistency

AGE 51+

- **Values and Trust Messaging** - use plain language, transparency, & examples of integrity in product and earnings communication
- **Distinctiveness Brief** - one-sentence "Why us?" differentiation with customer stories that demonstrate credibility over trendiness
- **Trusted Referral Scripts** - train reps to recommend through relationship-based language
- **Stability and Support Package** - set clear expectations, responsive help, and simple routine

FIGURE 3
Proposed DSO Toolkit Architecture



toolkit could be a distinctiveness toolkit that gives representatives a one-sentence "why us" statement, compliant comparisons, and customer stories that make the brand's difference easy to explain and hard to copy. The third toolkit could be a planning toolkit that provides weekly activity plans, 90-day goals, and pipeline tracking, especially for the 40–50 segment where planning aligned with continuation.

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IMPROVING DIRECT SELLING OUTCOMES THROUGH APPLICATION OF PREDICTIVE ANALYTICS[1]

By Caroline Glackin, PhD and Murat Adivar, PhD

The study applies predictive analytics to data from the 2018 National Salesforce Survey commissioned by the Direct Selling Association. It identifies key factors in salesforce motivation and performance theories studied within Expectancy Theory (Vroom 1964), Herzberg's (1959) Two Factor Theory, and the job demands and resources model (JD-R) (Bakker and Demerouti 2007). Academic researchers dedicate substantial efforts to studying salesforce motivation and performance, but the power of machine learning has not been applied to direct sellers as independent representatives until now.

By employing supervised learning algorithms for predictive analytics to create models for (1) recruits and (2) existing independent representatives, the study finds that the most crucial factors align with Vroom's Expectancy

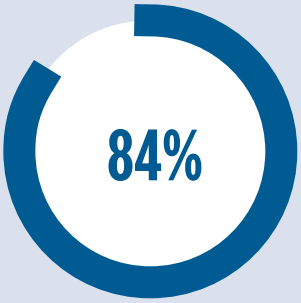
PREDICTIVE ANALYTICS IMPACT

Predictive analytics uses historical and current data, statistical modeling, machine learning, and AI to forecast future outcomes, trends, and behaviors. It helps businesses identify risks and opportunities to optimize operations and improve strategies.

RESULTS

In this research, two classification models (Predictive Models I and II) were used to predict the sales performance of direct selling salespeople based on the predictors with the highest degree of accuracy.

Predictive Model II can correctly classify 84% of direct selling representatives who are more likely to generate more than $10,000 a year.



1 Abbreviated version of Glackin, C., & Adivar, M. (2023). Modeling independent sales representative performance: application of predictive analytics in direct selling for improved outcomes. Journal of Marketing Analytics, 11(4), 613-628.

Theory (1964), which posits that motivation is influenced by the belief that effort will lead to desired outcomes. For recruits, the key predictors of selling success include allocated time for direct selling, ability to find new customers, gender, and adopting direct selling as a career. Time invested, experience of direct selling, recruitment, tenure, and use of technology are most predictive for top-producing direct sellers. Direct Selling Organizations (DSO) can customize their recruitment, training, and incentives to maximize sales performance by having such analysis for their organizations. This work has the potential to improve the landscape for recruitment, retention, and success.

Literature

DSOs foster an entrepreneurial culture and mindset through entrepreneurial training, tools, and professional networking (Peterson and Wotruba 1996). Crittenden, Crittenden, and Ajjan (2019) state, "Independent distributors are backed by established brands who provide them…quality products, marketing tools, business education, and a wealth of digital resources for professional and personal development."

Representatives are DSOs' go-to-market strategy and channel, and revenues depend on successful recruitment, retention, and performance. Because no sales experience is required and recruitment occurs primarily through an independent contractor salesforce, successful selection is essential. With a low entry cost for starter kits (average of $199 per Gamse, 2016), training, mentoring, and performance incentives matter.

DSOs focus on fostering entrepreneurial cultures and offering transparency in the company-distributor-customer dynamic (Fleming 2017). Traditional attitudinal variables like organizational commitment, expectations, satisfaction, and motivation matter (Kim and Machanda 2021). Non-pecuniary benefits, income, personal networks, and autonomy and others influence sellers (Coughlan et al. 2016, Wotruba and Tyagi 1992). These add to the broader sales performance literature.

DSOs have unique brands and cultures, which they share with sellers. This collaborative culture supports networks and promotes teamwork, coaching, and mentoring, rather than fostering competitive sales environments (Bhattacharya and Mehta 2000; Biggart 1989; Crittenden and Crittenden 2004; Lan 2016; Merrilees and Miller 1999). Representatives' lives are intertwined with the brand and company, finding more than just a job but a community and worldview (Biggart, 1989). They often join for the products and stay for the supportive environment (Coughlan et al. 2016). Research suggests that meeting realistic expectations is more important than overselling for job satisfaction (Wotruba and Tyagi 1992).

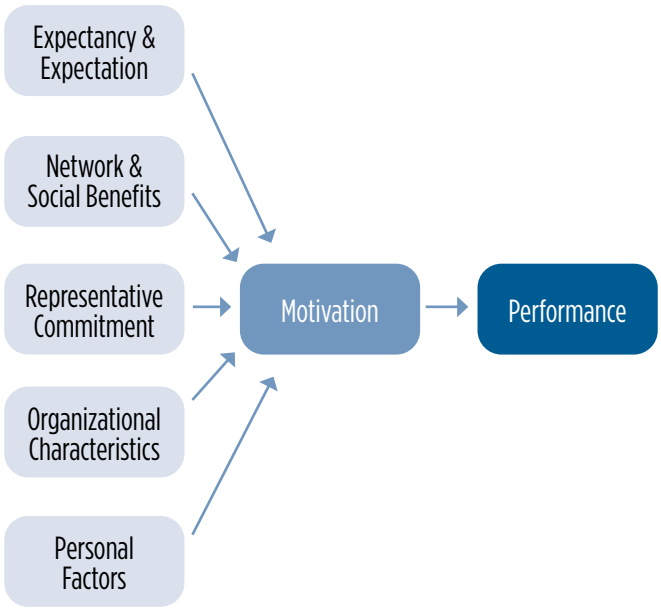
The factors identified are like those for salesforces and entrepreneurs. This is logical, considering that direct selling representatives operate as self-employed micro-entrepreneurs with intricately linked relationships to their direct selling companies.

The underlying theoretical frameworks on needs, motivations, and expectations in the literature suggest determinants to examine. While machine learning remains agnostic to theory, classic research continues to add value to the discussion and is incorporated into the framework.

Sales Performance Determinants

We developed a taxonomy to identify key factors influencing direct selling representative performance, such as education, tenure, and experience. Without forming specific hypotheses, our evidence-driven approach highlights determinants like expectations, social benefits, commitment, organizational traits, and personal factors that impact salesforce motivation and performance. See Figure 1 for details.

FIGURE 1
Salesforce Performance Determinants from the Literature



Methodology

We created two classification models (Model I and Model II) to predict the sales performance of direct selling salespeople based on the predictors with the highest degree of accuracy (see also Glackin and Adivar 2023). Sales performance is assessed by the salesperson's reported annual direct selling business net income.

A supervised learning approach in which the outcome is the independent sales representative's financial performance, dependent on some direct seller-specific inputs is the least biased, strongest method available (*Glackin and Adivar 2023; Habel et al. 2024*). To attain the goal using supervised learning, we employ the 2018 DSA Salesforce Survey dataset of 6,941 direct selling

representatives, including a range of personal factors, experiences, attitudes, and interests. DSOs among the 122 members of the Direct Selling Association distributed the survey. The survey queries on the respondent's gender, desire to dedicate time to direct selling, capacity to find new clients, motives to become and remain representatives, and numerous other topics. The sample for this study is a subset of the entire dataset of 8,714 entries to incorporate active sales representatives who answered the question regarding net income from direct selling and did not respond "don't know."

The survey question regarding net income from direct selling is crucial, as it is used to gauge the direct seller's financial success (performance) of direct sellers. This question in the survey could be answered with one of 15 income levels between $0 and $400,000. Our exploratory analysis indicates that DSOs should identify the characteristics of direct sellers who earn more than $10,000 annually in net income, which results from data clustering and as the accepted norm for "business builders" in direct selling. Even though this is a modest annual net income for a salesperson, it is a crucial level of productivity for the channel. The direct selling channel generated more than $30 billion in annual revenue, according to an approximate extrapolation of industry sales statistics predicting $40.1 billion in revenue in 2020 from the *DSA 2021 Growth and Outlook Report*. We construct our target response ("Above$10,000") as a binary variable by combining 15 levels of the categorical variable.

Utilizing domain expertise and current literature, we tested variables that are readily available to DSOs and can predict the financial success of independent salesforces before and after recruitment. Using the variable selection and dimension reduction tools of our data analytics platform, we excluded the tested predictors that had no measured effect on the models' precision. We combined the recorded states of the dependent variable into two levels as another dimension reduction strategy. Using best practices, we divided the dataset into training and validation sets, compared machine learning methods on the validation set, and raised the target-level accuracy of the selected classification algorithm by adjusting the classification probability threshold.

In this study, we utilize supervised learning to predict high-performing independent sales representatives before and after recruitment. Our supervised learning task is building classification models that predict the class of categorical responses. The data analysis platform is JMP Pro (by SAS) and requires the selection of suitable machine learning algorithms for classification. We employ the following classification techniques and evaluate probable independent variables to build two classification models: Decision Trees, Boosted Tree, Bootstrap Forest, Logistic Regression, and K-Nearest Neighbors. For superior performance in models, the independent variables with the strongest predictive contribution are employed as predictor variables.

Model I - Classification Model for Recruits

We used multiple supervised learning approaches (i.e., Decision Trees, Logistic Regression, Naive Bayes, K-Nearest Neighbors, and Bootstrap Forest) to identify the optimal model for predicting the success of an applicant based on data knowable at recruitment. We explored 16 independent and 14 underlying variables for model building. Model I intended to predict the direct seller recruits that were most likely to earn an annual net income of more than $10,000 from their efforts. Decision (classification) Trees with a particular profit matrix (connected with the goal response) produced the highest classification accuracy. In this study, 78% of validation data at the target level "Above10K=1" were correctly categorized by Model I with the set probability threshold value of 0.21.

These values can be interpreted as follows: In a scenario where a DSO employs this classification model to choose the top 20% of new representatives expected to net more than $10,000 annually from direct selling, the organization will **receive 2.5 more target-level applicants than with "no model baseline."**

TABLE 1
Model I - Recruitment

Variable	Survey Question/ Predetermined Response	Number of Splits	G^2(*)	Portion
HOURS_DS	How many hours per week do/ did you spend on your direct selling business?	6	789.1447	0.6744
ATTEMPT_SELL	In a typical month, how many new potential customers do you attempt to sell to?	9	153.5405	0.1312
CAREER	Direct selling is a career for me	6	71.2069	0.0609
GENDER	Please indicate your gender	6	51.2537	0.0438
DISCOUNT	I get the products at a discount	6	37.5171	0.0321
SOCIAL	To meet new people/expand my social circle	4	35.9346	0.0307
SUPP_INC	Long-term supplemental income	9	31.487	0.0269

*In the report, G2 (likelihood-ratio chi-square) is twice the [natural log] entropy or twice the change in entropy. In classification trees, the largest G2 value is the dividing criteria. The portion column indicates die percentage of G2 or the sum of squares attributable to the variable (i.e.. portion column shows the contribution of the variable to the model)

Model II: Classification Model – Active Sales Representatives

In this part, we create a prediction model and identify the most relevant elements influencing the financial performance of current (active) direct salespeople utilizing determinants that are only available once a representative is an active independent representative. This model included 35 independent variables with their comprehensive underlying variables. The outputs are described in Table 2.

TABLE 2
Model II - Active Sales Representatives

Variable	Survey Question/ Predetermined Response	Number of Splits	G^2(*)	Portion (**)
DOWNLIINE	q55: What is the total number of independent representatives in your downline?	2214	391.8158	0.2493
HOURS_DS	q13: how many hours per week do/did you spend on your direct selling business?	1504	216.9524	0.1380
SALESQUAL	q14r4: I have developed a sales team of my own - Please answer the questions below based on your current direct selling experience.	546	176.9932	0.1126
TENURE	q19: How long have you represented your company?	2029	130.2316	0.0828
SALESTYPE	q38r1: Sales to your customers- Of all the orders you place per month, what percentage are:	1952	128.7537	0.0819
SATIS_DS	q2l: How do you rate your actual experience in direct selling? Has it been...?	1389	124.1606	0.0790
MET_EXPECT	q20: Now, please think about your expectations when you started direct selling. Has your experience...	1116	90.3898	0.0575
VIDEOCONF	q65r5: I use Zoom, Skype, Google Hangouts (or other video conferencing) for business	1184	69.4189	0.0442
CAREER	q23r1c2: Direct selling is a career for me	1072	67,2371	0.0428
INC_SATIS	q78: How satisfied are you with the amount of money earned for the amount of time you spend on your direct selling business?	1303	62.7765	0.0399
SUCCESS_RCRT	q52: In a typical month, how many people do you SUCCESSFULLY recruit?	958	45.0898	0.0287
AGE_GR	Age Group	1550	39.6218	0.0252
LATINX	q16 (Ethnicity): Are you of Hispanic or Latino origin?	858	28.5079	0.0181

(**) Portion column shows the contribution of the variable to the model

The indication column "Above10K" is the response to which our analysis is directed. The estimation of the model's accuracy is based on the misclassification rate across the validation set. Bootstrap Forest and Boosted Tree outperform other supervised learning algorithms with an 88% overall accuracy value. Nevertheless, in terms of target-level accuracy using the default classification probability threshold (i.e., 0.5), Bootstrap Forests performed best with a classification accuracy rate of 50.4% at the target level. We refer to this Bootstrap Model as Model II.

> **By applying such a model, the direct selling company will have a 3.66 times greater probability of predicting candidates at the desired level than if there were no model.**

To interpret these numbers, assume that a DSO uses this model to estimate the top 20% of existing representatives anticipated to net more than $10,000 annually through direct selling. In this situation, **the company will have a 3.66 times greater probability of predicting candidates at the desired level than if there were no model.**

Results

Recruitment

Using individual data that DSOs may secure before and at recruitment, Predictive Model-I can generate the probability that a new candidate is a preferred prospect because they are appropriate to the target audience of direct sellers who can generate more than $10,000 net annual income from a direct selling business.

THE MOST SALIENT FACTORS AT RECRUITMENT

- Hours committed to selling for the DSO per week (commitment)
- Number of potential new customers solicited (commitment)
- Focus on the direct selling channel as a career (expectancy)
- Gender (male) (personal factors)
- Discounted products (expectancy)
- Expansion of social network (expectancy)
- Long-term supplemental income (expectancy)

Deploying the predictive Model I on a new population can correctly classify almost 78% of candidates to generate a $10,000 annual net income from direct selling. DSOs can apply such a model to identify and recruit the most productive candidates. Even though 88.3% of representatives are part-time, the top performers are interested in devoting their sales time and view direct selling as a career. While only 11% of direct sellers are male, they are more likely to become top performers (34% versus 15%).

We show that if a direct selling company uses Predictive Model I to select the top 20% of new representatives who are predicted to be most likely to generate more than $10,000 annual net income, the company will get 2.5 times more productive candidates than "no model baseline." Here, no model baseline classifies everybody as belonging to the majority class (e.g., not likely to make more than $10K) in the historical data. While DSOs do

not screen recruits, they could use this data to determine the best prospects and design recruitment materials, campaigns, and support systems to optimize performance, as well as creating adaptive learning systems to support incoming recruit success.

> **If a direct selling company uses Predictive Model I to select the top 20% of new representatives who are predicted to be most likely to generate more than $10,000 annual net income, the company will get 2.5 times more productive candidates than "no model baseline."**

Retention, Growth, and Performance

By using determinants available only after the recruitment of an independent representative, we calculated the likelihood of financial success in Predictive Model II.

CRITICAL DETERMINANTS FOR ACTIVE REPRESENTATIVES

- Downline size – number of recruits and their recruits (network)
- Hours spent selling per week (commitment)
- Sales team experience (expectancy)
- Time with the company (commitment)
- A mixture of sales to customers and for self-consumption (network)
- Satisfaction with direct selling experience (expectancy)
- Met expectations (expectancy)
- Use of videoconferencing (networks)
- Focus on direct selling as a career (expectancy)
- Number of successful recruitment efforts (network)
- Age group (personal factors)
- Ethnicity – Hispanic (personal factors)

This can assist companies to focus on factors that most significantly contribute to the financial success of direct selling representatives to lead to increased company growth and performance. By using a Bootstrap Forest technique, we show that Predictive Model-II can correctly classify 84% of representatives who are more likely to generate more than $10,000 a year. DSOs can develop organizational training and support based on this knowledge.

> **Predictive Model-II can correctly classify 84% of representatives who are more likely to generate more than $10,000 a year.**

Impacts/Discussion

Study outcomes suggest DSOs prioritize recruiting sellers dedicated to building careers (business builders), earning long-term income, and expanding networks. This involves revamping recruitment materials to attract high-quality prospects instead of a broad range of recruits. This approach aims to reduce turnover and resources spent. While ensuring inclusivity, incorporating more male and Latinx representation may enhance sales performance.

MANAGERIAL IMPLICATIONS

RECRUITMENT

- Focus on recruiting sellers who are willing to commit time and effort with the goal of a career, long-term supplemental income, and expansion of their networks.
  - Revisit DSO recruitment materials
  - Identify and attract the best prospects

RETENTION, GROWTH AND PERFORMANCE

- Establishment of realistic and attainable expectations
- Creation of an environment that fosters satisfaction with the channel
- Managers and uplines need to focus on career prospects within the realistic potential,
  - Encouraging continued product sales
  - Setting realistic expectations for all parties and ensuring that they are met
  - Creating high levels of satisfaction with the direct selling experience
  - Positive experiences with the sales team
  - Encouragement of investment of time in sales through customer recruitment and solicitation, downline recruitment, and growth (where applicable)
  - Use of videoconferencing

DSOs are responsible for retaining and growing their representatives. They must set realistic expectations, create a satisfying environment, encourage product sales, and foster positive experiences within the sales team. Managers should focus on career prospects, recruit customers, grow downlines, and use videoconferencing.

DSOs differ in business models, size, reach, customers, products, missions, and cultures. They can benefit from firm-level predictive analytics and channel-level data insights. However, they should consider the research limitations and improve them with advanced methods. jdsr

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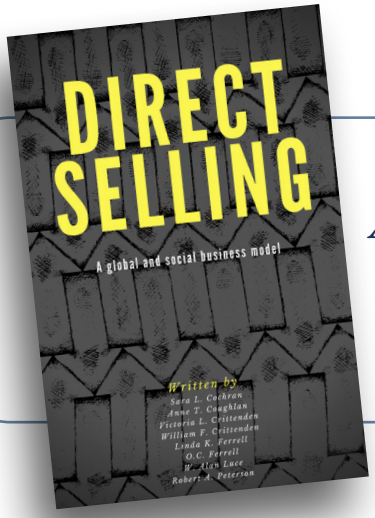
RESOURCES



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