

## Direct selling companies in India set to generate nearly 2 crore jobs by 2025

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Representational image |Photo Credit: Thinkstock

**New Delhi:** Direct selling companies such as Amway, Tupperware, Oriflame, QNet, Herbalife Nutrition and others employ approximately 50 lakh people in India. This figure is expected to touch 1.8 crore by 2025, according to a joint study by industry body Federation of Indian Chambers of Commerce and Industry (Ficci) and consulting company KPMG. Simply put, direct selling entities sell various products through a non-store retail format.

Separately, a study by industry body Assocham, which was released in January this year, said that the direct selling industry may touch Rs 15,930 crore by 2021 but certain reforms are required for sustainable growth. The survey also highlighted that the direct selling industry has almost doubled since 2011 to reach Rs 12,620 crore in 2016. Direct selling major Amway is optimistic about the growth prospects of direct selling in India. "Our growth trajectory is supported by massive investments of around Rs 100 crore over the next two-three years, which includes Rs 70 crore investment in research and development (R&D) to bolster capabilities to support product innovations, Rs 10 crore in manufacturing for plant automation and power optimization, and Rs 20-30 crore in digital initiatives to connect with youth. Our strategy has evolved to a robust omnichannel with digital and offline outreach strongly integrated. Amway has invested more than Rs 600 crore in a world-class manufacturing facility in Nilakottai in the Dindigul district of Tamil Nadu in 2015, as part of its Rs 1,000 Crore investment in India," says Anshu Budhraj, CEO of Amway India. As the government issued new guidelines for the sector in 2016, the study recommended several other reforms to ensure robust growth for direct selling firms for implementation of the guidelines at the state level.

"India is a thriving market for direct selling. Even without the appropriate legislation, the industry has become a billion dollar market. The new guidelines by the government are a welcome move for the direct selling sector. In the last 7 years, the industry in India has nearly

doubled and around 5.1 million people are involved in various direct selling businesses in India in either part- time or full- time capacity,” says Trevor Kuna, global CEO of multi-level marketing firm QNet. It is worth mentioning here that several direct selling firms hailed the guidelines, saying the government’s move would filter out fraudulent players and aid serious companies to grow.

“Multi-level marketing (MLM) is a much-debated sales channel in India. While with large-scale unemployed youth at one end and a huge aspiration for adding a multiplier effect to income for the employed middle class, the network marketing promises to have a huge growth opportunity. But it needs to be making things clearer for the people. A regulation to preserve the end user rights like a refund for dissatisfied consumers, clarity on the efficacy of products and services etc. is going to help the area grow without prejudice,” explains Anirban Chaudhuri, Associate Professor at Great Lakes Institute of Management in Gurugram.

At present, consumer health products closely followed by beauty and personal care items dominate the sales in the direct selling sector in India. Besides, healthcare category and wellness segment witnessed significant growth year on year, the report mentioned.

Says, Lajinder Bawa, CEO, VLCC Wellscience, "Direct Selling is popular because of unique products are being offered to consumers at their doorstep. These products are normally demonstrable and the uniqueness is explained in detail in the comfort of the consumer’s home. These products are information based, and therefore the bulk of the industry is focused on unique products in not only beauty but also the wellness segment. Today 80 per cent of the products sold through direct selling and MLM are beauty and wellness products because of their uniqueness. An increasing number of consumers are buying wellness products worldwide through the direct selling route a similar trend is being witnessed in India, too”

Arguably, a boom in e-commerce and an increasing smartphone adoption have impacted the directing selling companies. The direct selling companies’ distributors are selling items online through retailers such as Flipkart, Amazon, and others, upsetting the direct-sales business model. “Presently, direct selling is facing challenges at multiple fronts. While the fly-by-night operators, who operate under the garb of direct selling have mushroomed to every part of the country, the industry is also facing a stiff challenge from the e-commerce companies which offer to sell direct selling products at higher discounts than direct sellers. Such a scenario affects the motivation of direct sellers, who often discontinue their business, says Ankit Shukla, general manager, Indian Direct Selling Association (IDSA), an apex industry body.

Budhraj mentioned that Amway has opted for ‘digital first’ approach globally as well as in India, with the focus on engaging youth. “Our online presence on the e-commerce platform currently contributes almost 35 per cent to Amway India’s revenues. We expect our revenue percentage to increase significantly in the future. We also launched a ‘Preferred Customer program’ to cater to those who have wanted to just consume our products but not make it a business. These people can now buy products directly from our website or from our stores. This programme allows one to choose a direct seller if the customer is already in touch with one, protecting established and valuable relationships. Otherwise, Amway assigns a direct seller so that the customer can be serviced appropriately in future if they desire,” added Budhraj. “Another important development is the emergence of direct selling as a women’s bastion. Women

currently constitute 53 per cent of entrepreneurs engaged in the direct selling industry in India, as per the World Federation of Direct Selling Associations (WFDSA) 2017 report. Furthermore, the industry provided entrepreneurship opportunities to 51 lakh people in 2017, of which 27 lakh were women. Shukla further added that direct selling has witnessed a significant growth in the last fiscal and the association is looking forward for some regulatory reforms from the government to bolster the confidence of the direct sellers and further strengthen the position of the industry. According to Kuna, "India has an amazing growth story. The rising affluence of the middle-class consumer and the ease of online shopping has created a progressive shift in spending patterns. Based on our experience and growing business in India, we see that the new Indian consumer's shopping decisions are aimed at the aspirational lifestyle — high-quality brands, international vacations, luxury products. They are also much more conscious about health and wellness compared to the previous generations. Social media is also playing a role in how people want to be perceived, or fit in with their peers. To stay ahead of the curve QNet constantly develops innovative offerings and stays agile enough to change effectively."

The story can be read online, [here](#).