

# A Truly Global Channel

by Katherine Ponder



The following is a special report from *Direct Selling News*. The article, which is based on statistics reported by the World Federation of Direct Selling Associations (WFDSA), interviews with local Direct Selling Associations (DSAs) and third-party reporting, tells the story of the cumulative impact of the direct selling way of doing business in key markets around the world.

Figures are year-end results for 2009; 2010 full data not yet available.

## 1. United States—\$28.3 billion

With \$28.3 billion in sales for 2009, U.S. direct selling was down almost 4.4 percent from 2008. U.S. direct sales declined, but retailing as a whole declined 7.3 percent over the same period. Looking forward to 2011, analysts expect that those who entered the direct selling arena as a way to make up for lost income will remain active even as the economy recovers. That trend will likely lead to higher sales for the year.

## 2. Japan—\$22.4 billion

Direct selling in Japan has literally had its ups and downs in recent years. Between 2006 (the previous reported timeframe from WFDSA) and 2009, it lost approximately \$400 million in sales. When you're the No. 2 nation in the industry, this looks relatively small. But Japan's economic recession has been every bit as bad as that in the United States, and economic problems began long before 2007.

## 3. Brazil—\$13.5 billion

The national DSA, Associacao Brasileira de Empresas de Vendas Diretas (ABEVD), remains bullish on its members' performance. The ABEVD, which has 48 direct selling members, reported a sales increase of 18.4 percent from 2008 to 2009. In a year of adversity for most sectors of the economy, the direct sales opportunity generated income for 2.3 million people.

## 4. China—\$10.9 billion

China continues to be a tantalizing yet elusive market for direct selling companies. Its sales in the industry grew by almost \$3 billion between 2008 and 2009, proving that companies *are* operating successfully within its borders. Many are founded in China; yet for multinational companies, the market remains a challenge. All eyes are on the explosive growth in China, with analysts taking bets on when it will surpass the United States and Japan.

# Direct Selling's Billion-Dollar Markets

Market	Estimated 2009 Sales (US\$ in billions)	2008 Sales (US\$ in billions)	No. Salespeople (2009)	No. Salespeople (2008)
1. United States	28.3	29.6	16,100,000	15,100,000
2. Japan	22.4	22.8 <sup>†</sup>	2,700,000	2,700,000
3. Brazil	13.5	10.0	2,377,336	2,028,098
4. China	10.9	8.00	not available	not available
5. South Korea	7.84	7.00	3,987,933	3,089,158
6. Mexico	4.83	4.40	2,000,000	1,900,000
7. Germany	3.76	9.00 <sup>†</sup>	not available	not available
8. Italy	3.36	3.36	390,955	366,000
9. Russia	3.06	2.87	4,995,508	4,413,918
10. France	2.41	2.40 <sup>†</sup>	265,000	242,000
11. United Kingdom	2.1	3.56 <sup>†</sup>	400,000	419,500 <sup>†</sup>
12. Taiwan	1.7	1.64	4,442,000	4,111,000
13. Thailand	1.56	1.59	10,000,000	5,400,000
14. Canada	1.3	1.18	644,455	608,000
15. Colombia	1.26	1.50	900,000	867,000
16. Australia	1.25	.844	500,000	*
17. Argentina	1.15	1.17	731,122	714,000
18. Malaysia	1.13	1.03 <sup>†</sup>	4,000,000	4,000,000
19. Venezuela	1.12	.887 <sup>†</sup>	565,000	*
20. India	1.06	.586	2,012,940	*

NOTE: All figures obtained by the WFDSA.  
<sup>\*</sup>Not ranked in our 2010 list as having more than US\$1 billion in sales. <sup>†</sup>2006 figures <sup>‡</sup>2007 figures

## 5. South Korea—\$7.84 billion

South Korea moved up one notch in our international rankings by gaining \$840 million in sales in 2009, according to WFDSA. The industry has approximately 4 million distributors and 64 members in the Korean DSA. Research shows that one-sixth of the population has been involved with direct selling at some point in their lives. Indications for 2010 final sales figures are that South Korea will hit \$9 billion. The 2011 forecast for the industry is to parallel the national economy by growing 4 to 5 percent.

## 6. Mexico—\$4.83 billion

Mexico rose one place in our annual list by gaining approximately \$430 million in sales from 2008 to 2009. It was an increase made even more remarkable because it came during troubled economic times. The Asociacion Mexicana de Ventas Directas estimates that the 39 member

companies account for 85 percent of the industry's sales in the country, with growth of almost 6 percent from 2008 to 2009.

## 7. Germany—\$3.76 billion

Germany is the largest direct selling market in Europe. It has an affluent and technologically advanced economy—a large proportion of which is over 50 with high-disposal income—and high unemployment. Direct sellers in Germany are 67 percent women, and 84 percent sell through a personal sales method. The Bundesverband Direktvertrieb Deutschland e.V, the oldest direct selling agency in Germany, estimated turnover of member companies fell slowly by 1.3 percent; however, in general the state of direct selling in Germany is good, and businesses are optimistic about the future. Germany is by far still No. 1 in Europe and in the top 10 world markets.

### 8. Italy—\$3.36 billion

Italy moved up in global rankings with an increase of \$3.36 billion in sales while many nations dropped. The salesforce also grew, adding more than 30,000 people to the rolls. Both increases are in stark contrast to the national economy, which had increasing unemployment and a 5 percent decrease in economic growth for 2009.

### 9. Russia—\$3.06 billion

Russia increased its sales by \$190 million, earning it an advancement of one spot in the rankings. The falling U.S. dollar against the Russian ruble made this change more pronounced, but the industry showed its muscle by increasing even as the national economy suffered through the economic crisis.

### 10. France—\$2.41 billion

France's international rankings brought it up one level as well, from No. 11 previously. French direct sales stayed in the same \$2.4 billion range from 2007 (the last period reported through WFDSA) to 2009, leaving it a winner for keeping up its pace year over year.

### 11. United Kingdom—\$2.1 billion

Our annual rankings saw the United Kingdom fall from the No. 8 spot last year. WFDSA sales statistics for the country show a decrease of more than half, from \$3.6 billion in 2007 (rankings last year were based on 2007 data, as it was the last information reported to the WFDSA) to \$1.4 billion in 2009. However, there seems to be a renewed optimism in the United Kingdom, with people and businesses stepping up to seize the opportunities that everyone feels sure are coming.

### 12. Taiwan—\$1.7 billion

Taiwan moved up one spot by gaining \$60 million in sales over the course of 2009. This was great news for the country, marking a 9.2 percent increase and the end of a three-year slide in sales. The Taiwan ROC Direct Selling Association notes that distributor numbers were also up, increasing 8 percent to 4.4 million.

### 13. Thailand—\$1.56 billion

Despite having \$30 million less in sales, Thailand still moved up two spaces on our international list. These figures include sales of both Thai Direct Selling Association members and non-members as well. There are 10 million people selling through 590 companies, of which 29 are TDSA members. The Thai DSA believes that the 2010 figures will show almost 12 million distributors and a strong increase of 15 to 20 percent in sales numbers.

### 14. Canada—\$1.3 billion

World economic troubles challenged Canada as well as much of the rest of the international community. Sales declined 3.5 percent during 2009 as the recession took its toll. Official numbers from the Direct Sellers Association of Canada put 2009 sales at \$1.3 billion, and estimates for 2010 numbers show that the direct selling industry in Canada will decrease 6.2 percent to \$1.23 billion in 2011.

### 15. Colombia—\$1.26 billion

Colombia's sales were down slightly from \$1.5 billion in 2008, but it kept its spot on our list. The beauty and personal-care segments have dominated this market. While the national economy grew only 0.8 percent in 2009, the beauty and personal-care market grew 6 percent. Skin care registered nearly double-digit growth, with anti-aging products leading the way.

### 16. Australia—\$1.25 billion

Australia is new to the list this year. The \$1.25 billion is a substantial increase over its \$844 million reported in 2008. Sales for 2010 are expected to be strong but not huge. However, direct selling is performing better than the rest of the retail world in Australia. Salesforce numbers are also expected to increase slightly, and leading categories continue to be health care and personal goods.

### 17. Argentina—\$1.15 billion

The industry in Argentina decreased enough to bring them down one notch in our annual rankings. Sales decreased nationally by \$20 million. This is hardly surprising, considering that Argentina had its own share of economic problems even before the worldwide recession.

### 18. Malaysia—\$1.13 billion

The direct selling industry in Malaysia is steadily growing, enjoying the benefits of more companies launching within its borders. The Direct Selling Association of Malaysia boasts 57 members and 4 million salesforce members.

### 19. Venezuela—\$1.12 billion

A newcomer to the \$1 billion list, Venezuela is counting its successes. From 2006 (the latest numbers for WFDSA last year) to 2009, its collective direct sales totals rose by more than \$200 million.

### 20. India—\$1.06 billion

New to the list this year, India's sales nearly doubled from 2008 to 2009. Figures for 2010 are expected to show a 20 to 30 percent growth, according to Chavi Hemanth, Secretary General of the Indian Direct Selling Association. Forecasts call for the industry to be at \$1.5 billion by 2012–2013. ■