

The 7th European Direct Selling Conference

Looking ahead to the next 50 years

Steinberger Wiltcher's Hotel, Brussels

16 & 17 October 2018

CONFERENCE REPORT

The 7th Direct Selling conference took place in Brussels, 16 & 17 October 2018. More than 200 entrepreneurs, executives, policy makers and economists celebrated the event dedicated to celebrating the Anniversary of the Seldia organisation, which has represented the industry in Brussels for 50 years.

Incoming Seldia Chairman **Paul Jarvis, COO of the JuicePlus Company**, highlighted the impressive growth of the industry and particularly the last 10 years in which sales have multiplied by over 150% from 13 billion euros in 2007 to 34 billion euros in 2017. "These numbers reflect the uniqueness and the strength of our industry," he said.

Personal contact and care of the customer relationship is at the heart of the industry, he stressed. But against the challenge of digitization, industry players need to think outside of the box to come up with unique ideas and solutions to leverage the full potential of the Direct Selling business in the future.

In relation to the regulatory environment, the Seldia Chairman said it is important to work together with the European Commission to develop specific legislation regarding the social selling model in order to protect our unique business model and at the same time to strengthen our position and the understanding of our business.

Magnus Brännström, CEO of Oriflame and current WorldFDSA Chairman, highlighted changes taking place in technology and in also values – particularly among the young generation, which will impact the industry and drive different priorities.

"But with all this change, people need hope," he said. "People need to start believing in something else. We have a unique opportunity to help people mitigate their anxiety through hope. A hope that I will have a profession and can provide well for my family. We are the answer to many of the questions and anxieties around us. Direct Selling represents a future of hope for the people."

Adapting to multiple channels of distribution

Traditional Direct Selling companies such as The Juice+Company are embracing eCommerce, said Paul Jarvis, the company's COO.

"A key concept in our business model is social media. We aim to develop this community. While the community is built through social media, it does not work

without face-to-face contact.

“For us, authenticity online is key. This has to come from real people. They are the first point of contact. The community keeps them in the organisation.”

In the future, all products will be sold via digital tools, said **Magnus Brännström, CEO of Oriflame Cosmetics AG**. “You will, for example, be able to see online what cosmetics will actually look like on you. There will be fewer retail stores in the future.

“Door-to-door is still happening, but not increasing. The future belongs to those who are interacting through social platforms, for training and motivation,” he stressed.

“As a company we sell ‘anyway we can’: through the party set-up, knocking on doors etc. But most come to us through recommendations via social media,” he added.

“Our model is that we are in push marketing not pull marketing. You have to know what your business is about and adapt it to modern challenges offered by eCommerce.

“It is essential to focus on the brand in a competitive world. Ask what do you stand for. And spread the word through your consultants. It is important to have every channel. If you don’t have them, you are irrelevant,” he concluded.

Furniture retailer Cairo AG is well aware of the growing power of the online platforms, said **CEO Gero Furchheim**. “Our approach is to take a look at where we can be better than the dominant platforms. We like to show a personal touch and look to differentiate ourselves for success.”

Cairo AG is a more traditional ‘bricks and mortar’ company and sells through catalogues. “We know we must embrace the possibility of web channels. But this must fit in with a business model which may not need the web,” he added.

We are limited by logistics constraints. But we are anticipating new solutions and developments, he explained. For example, Frankfurt is starting to use trams for distribution at night.

‘Real’ shops still have a future, as many people want to interact with people and touch the product. Many business models will disappear. You must find your own way. But you must have a good proposition for the customers.

A paradigm shift is taking place in retail. There is more customer choice. eCommerce will grow to 100%. Digitization is one of the cornerstones. Selling will find its way to traditional shops via social media, Furchheim concluded.

Speaking via video **Vera Jourova, EU Commissioner for Justice & Consumers** highlighted Seldia’s role as an active contributor to the European Commission’s work in the area of consumer policy. “Only through exchanges of data and information with representatives of business and consumers can the European Commission make soundly based proposals that are balanced and effective,” she said.

The main objective of the Commission’s proposals for a new deal is to provide better enforcement of EU consumer protection rules. It is the result of an in-depth review of existing legislation and consultations with stakeholders in which SELDIA participated. “The existing rules are generally fit for purpose. Therefore only small changes were necessary,” she explained.

“Your association represents companies that have established a sales model that is largely appreciated by consumers. But off-premises sales are also the playground of many rogue traders across the EU.

“We have proposed well-targeted exceptions from the full harmonization principle. In our view this proposal is a balanced solution with no stigmatization of off-premises sales,” the Commissioner added.

She stressed that Seldia is an important stakeholder constructive inputs to the design and implementation of EU consumer legislation and we always appreciated.

“We continue to rely on your constructive involvement in the decisive discussions on the new deal in the months ahead,” she concluded.

Direct Selling: independence, flexibility and satisfaction

What makes the Direct Seller tick? Why did they get involved in the first place and why do they continue doing it?

An online survey was conducted by ISPOS in 2018 across 11 markets involving more than 30,000 interviews to provide some robust figures from which to draw conclusions, explained **David Axford, IPSOS**.

One of Direct Selling’s main selling points is its high degree of flexibility, which means that its practitioners can fit the work around their particular skill sets and different life stages.

The IPSOS socio-economic survey on direct selling in Europe showed that 90% of those involved are very satisfied with their work and are likely to continue. They see it as an opportunity to meet new people (85%) and earn extra income (81%). Affinity to the products themselves is important (79%). At the personal level many appreciate the improved people skills (72%), improved self-esteem/ confidence (70%) and find it fulfilling work (69%).

Those interviewed said Direct Selling offers: Independence, freedom, flexibility, rewarding, satisfaction, fun... It is also challenging, needs commitment, and can be difficult.

88% of direct sellers are female and comprise people of all ages. They have a variety of backgrounds and education is not a barrier to success. For many it has kept them motivated for 10 years or more.

Changing nature of work

Today we are facing a work revolution,” said **Denis Pennel, Managing Director of Work Employment Confederation**. “There is the rise of the on “demand (gig) economy.” This is a paradigm change and affects the way work is organized.” On the work front we are faced with “on-demand” work, he explained. This features open-ended contracts, more short-term work, self-employed status, and on-demand expertise. A big challenge for the industry will be managing this diversified work model. There will be a greater need for “soft skills” (people skills) rather than learned “hard skills”, he said. We will need to bring people back to the centre of the work process and “individualise” the work relationship.

In terms of training, we are now transforming the way we work, said **Edi Hienrich**,

Herbalife Nutrition, Sr. VP & Managing Director, EMEA.

In his organisation information is provided through online platforms and major events. "These events are evolving into shorter sessions of greater interest," he explained.

"But it is hard to automate a smile or hug at the right time. When is the right time to call your customer or show leadership? Human interaction still necessary."

The type of work is changing. While some of it is technical and can be done by robots, some needs emotional experience and will rely on soft skills, and help educate the customer about what they will embark on.

"It is interesting that the IPSOS survey shows that 70% of direct sellers feel the work gives them greater self esteem and confidence," he said. "We are indirectly helping them feel better about themselves. As an industry we can cause change in people."

Talent management today is about learning, explained **Christian Devillez, Executive Consultant, Mercuri International.**

Many people feel a 'skills anxiety' about the future. Indeed 80% of the workforce does not have the right skills for the world of tomorrow, he said.

"You need to develop your people. The battle is no longer about hard skills (knowledge). The battle is about the soft skills of human-to-human interaction and contact. This is about empathy and active listening," he explained. "Today's kids are savvy at the technical level, but are they losing the soft skills which will be more crucial than ever in tomorrow's world."

The competitive advantage of this industry is people skills, he stressed. "The more you develop your people, the more successful you will be."

"The Direct Selling industry provides great products and opportunities for people to take command of their lives. A part-time job which can become their career, outgoing Seldia Chairman **Magnus Brännström** concluded.

"This 50th anniversary is not a celebration about someone who is about to die. Our organization is just about to start to grow. This is an opportunity - well perceived by the community and the legislators - for Direct Selling to give people the opportunity to work for themselves, where they want and when they want."

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