



Direct Selling in Europe: a growing retail channel

ANNUAL REPORT 2016-2017



*The European
Direct Selling Association*

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Chairman Statement

2016 marked a change in the leadership of Seldia with a new Board and Chairman elected in October 2016. I would like to express my gratitude to the previous leadership for the good work they did delivering on Seldia's mission.

I am glad that our association is growing and we are open to new members who choose to work through the direct selling channel and adhere to our code of conduct. Having a direct connection to the consumer means having the highest standards in products, services and consumer protection. High ethical standards towards consumers and direct sellers and between direct sellers and companies are of special importance to Seldia, its members and to me personally.

When we talk about direct selling today, we mean a variety of selling forms and models ranging from multilevel and network marketing, party selling to single level direct sales. I am pleased that Seldia represents a wide variety of the direct selling business and is a well-accepted voice of direct selling in Europe. For this reason there are a number of legislative processes in the EU which are relevant for our industry and to which we highlight our contribution in this report.

While direct selling is, like all retail sectors,

impacted by the current macro and socio-economic downturn, strong 2016 sales results show that the industry's retail model is solid and that direct selling is in a good position to grow its business further in the coming years. In 2016 direct selling continued to show sustainable growth in Europe, which was the third largest direct selling market worldwide. The quality of the products, the strength and value of the personal recommendations by the sales force, and the embracement of digitalisation - all these elements will help direct selling to continue to expand and remain an important go-to retail channel in the future.

At the same time we realise that current socio-economic challenges – for example the refugee crisis and increasing social insecurity - have an impact on our industry and provide us with a unique chance to showcase our role in promoting solutions through the opportunities we offer. It is in this area that we will continue to involve our members to raise a better awareness among decision-makers and society at large to promote this vibrant retail channel in Europe.

Dr. Thomas Stoffmehl
Seldia Chairman
CEO LR Health & Beauty



“
Seldia represents a wide variety of the direct selling business and is a well-accepted voice of direct selling in Europe.”

EU Policy Advocacy

EU Consumer Policy

Review of EU Consumer Legislation (Consumer REFIT)

On 29 May 2017, the Commission published a report on the results of its evaluation of the EU consumer legislation. This showed that existing consumer rules are fit for purpose. However, it also recommended that a few changes to existing legislation should take place. In particular, the Commission is considering introducing the right of consumers to remedies under the Unfair Commercial Practices Directive. It is also looking into whether to extend the scope of the Consumer Rights Directive to cover free contracts. These include free mobile applications for which the consumer does not need to provide a payment but instead can provide personal data. In addition, the Commission wants to prepare a guidance document to clarify some aspects of the Unfair Contract Terms Directive.



European Commission

Seldia has been participating in the stakeholder consultation group for the Fitness Check of EU consumer and marketing law, which will contribute to the Commission's preparatory work for any possible legislative proposals. Furthermore, Seldia - in close cooperation with other business associations, consumer organisations and the Commission - is helping to draft a possible voluntary agreement on how companies can better present pre-contractual consumer information on their websites.

Any future legislative proposals amending the Unfair Commercial Practices and Consumer Rights Directive are expected towards the end of 2017 at the earliest. Should any legislative proposal be presented, Seldia will carry out an analysis and prepare its outreach strategy to ensure no further changes to the directives other than the ones considered by the Commission are proposed by the two co-legislators, the European Parliament and the Council.



New Rules on Consumer Protection Cooperation

On 21 June 2017, the European Parliament and the Council informally agreed on the final version of the new regulation harmonising the rules on consumer protection cooperation between national authorities. The new regulation, which still needs to be formally approved by the two co-legislators, lays down a minimum set of powers that national authorities can use against traders that do not comply with EU consumer legislation. Among these powers, national authorities will be able to start investigations against companies that allegedly infringe consumer laws, impose penalties (for instance fines or periodic penalty payments) and may under certain conditions remove content or restrict access to the online interface of a company. The law is expected to start applying in member states by the end of 2019 or the beginning of 2020. Seldia welcomes the new legislation as an important tool to strengthen enforcement of consumer rules and boost cross-border sales across the EU.

EU Policy Advocacy

EU Digital Single Market Strategy

Proposal on Digital Contracts for Goods

In December 2015, the Commission presented a proposal aimed at harmonising rules on contracts for the online and distance sales of goods.

The European Parliament started discussing the proposal earlier this year and Seldia had a series of meetings with the rapporteur and shadow rapporteurs where it expressed its position and supporting arguments. As part of its outreach strategy, Seldia has been meeting with other influential business associations to coordinate and align positions on the proposal.

The Council has yet to discuss the proposal due to the opposing voices of member states on certain provisions. Seldia will monitor all related developments in the Parliament and will engage in discussions with the Council Presidency should member states decide to start examining the proposal.

Collaborative Economy

In June 2016, the Commission published a Communication outlining non-binding suggestions to member states on how to better regulate the collaborative economy without fragmenting the single market. By collaborative economy, the Commission means business models where activities are facilitated by collaborative platforms and create an open marketplace. The Communication touches upon issues such as taxation, employment rules and consumer protection.

In June 2017, the European Parliament adopted a resolution calling on the Commission, among others, to provide general principles on how to differentiate between professionals and peers (those offering services only on an occasional basis).

The Commission does not intend, at this point, to adopt any legislative measures regulating the collaborative economy at the EU level. However, it has committed to continue working with stakeholders and member states to

provide better clarity and more convergence of national rules. Seldia will continue monitoring any possible follow-up actions that could have an impact on direct selling.

Online Platforms

In May 2016, the Commission presented a non-binding Communication assessing the role of online platforms. Online platforms include online advertising platforms, marketplaces, search engines and social media. The Communication found that the different national rules across member states impede online platforms from being further developed.

The Commission feels that in most cases better enforcement of existing legislation is needed to address the current challenges. By the end of 2017, the Commission is expected to prepare actions to address the issues of unfair contractual clauses and trading practices identified in platform-to-business relationships. It will also provide guidance on the issue of liability of online platforms in the case of illegal content.

Social Rights and Employment

European Pillar of Social Rights

On 26 April 2017, the European Commission presented its recommendations for the so-called European Pillar of Social Rights. This includes a total of 20 principles based around three principles: (a) equal opportunities and access to the labour market; (b) fair working conditions; (c) social protection and inclusion. It aims to address current challenges in the light of new forms of work offered by economic models such as platforms and the collaborative economy.

The Commission has also launched two public consultations on the following issues: (a) a consultation on access to social protection for all types of employment, including non-standard employment, the self-employed and new forms of employment; (b) a consultation on the Written Statement Directive, asking social partners for their views on modernising the rules on labour contracts.

A possible EU initiative resulting from the public consultation on access to social protection for all types of employment (including the self-employed) would have a more tangible impact on the direct selling sector. Seldia will closely monitor the related policy developments to identify and assess any potential impact on the direct selling sector.

“ I would like to thank Seldia for the important support you gave to the DSA of Ecuador regarding a new regulation that the sector needed, in the framework of a new trade agreement between Ecuador and the European Union.”

Marie Fernanda Leon,
Executive Director, DSA of Ecuador

7 March 2017 11:30-14:00
European Parliament, Brussels

LUNCH DEBATE

**READY FOR BUSINESS
WOMEN ENTREPRENEURSHIP
AND INNOVATION IN EUROPE**

Hosted by

Sirpa Pietikäinen MEP

Chairperson of the Interest Group on Women Entrepreneurship

Speakers

Kirsi Haavisto

Deputy Head of Unit
'Innovation Union Policy', DG RTD

Dr Ulla Engelmann

Head of Unit, Clusters, Social Economy
and Entrepreneurship, DG Growth

Kristin Schreiber

Director, Directorate H - COSME
Programme and SME policy, DG Growth

Grazia Rendo

Chairwoman,
Women Entrepreneurship Platform

If you wish to attend, please contact Ana Mingo
ana.mingo@logos-eu.com

On WEP

WEP - Women Entrepreneurship Platform
(womenentrepreneurshipplatform.eu) is the European network association representing, promoting, supporting, and advocating on behalf of women entrepreneurs across Europe. WEP is the secretariat of the European Parliament Interest Group on Women Entrepreneurship.

On IGWE

The **European Parliament Interest Group on Women Entrepreneurship** has been set up to promote women entrepreneurship and to improve the position of women entrepreneurs in society and in Europe by gathering together like-minded MEPs, women entrepreneurs, researchers, organizations and other stakeholders.

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Deloitte. **seldia** The European Direct Selling Association

Women Entrepreneurship Platform

The Women Entrepreneurship Platform is a non-profit organisation founded by Seldia in 2013 with the objective of raising awareness about the barriers preventing women from taking the entrepreneurial path and creating their own businesses. Seldia managed the WEP since its foundation until end of 2016 when it decided to transfer WEP's management and Secretariat to a well-known independent consultant in Brussels. Seldia has nevertheless remained fully engaged in WEP and its activities, particularly its engagement with the European Parliament's Interest Group on Women Entrepreneurs (IGWE) chaired by MEP Sirpa Pietikäinen.

In 2017, WEP organised two successful events in the European Parliament, which Seldia participated in. The first one on "Women Entrepreneurship & Innovation in Europe" was hosted on the 7th of March by MEP Sirpa Pietikäinen, and the second one took place on the 8th of June on the theme "Why networking is essential for women to develop and grow their business" hosted by MEPs Nathalie Griesbeck. During these two events, high profile speakers and political stakeholders debated on the role of women entrepreneurs in European economies. Amongst other topics, they discussed how to overcome such barriers as restricted access to finance, lack of education or weak social status for female entrepreneurs. Participants stressed during both events that women entrepreneurs played a key role in today's economy, and that they helped increase gender equality.

Ulla Englemann, Head of Unit DG Growth, EU Commission



Kirsi Haavisto, Deputy Head of Unit "Innovation Union Policy", EU Commission



Charlène Lambert, WEP Board member



Sirpa Pietikäinen, Member of the European Parliament





The European Direct Selling Conference Brussels 2016

A record 220 people gathered in Brussels on 6 October 2016 to participate in the 6th European Direct Selling Conference.

"Retail without boundaries" was the common thread of the event attended by entrepreneurs, executives of direct selling companies, service providers, policy makers, economists and journalists who met to debate and exchange best practices on some of the key challenges facing the industry today.

"Direct selling is an industry of myriad opportunities, especially now in the age of the internet," said Seldia Chairman Thomas St-offmehl, who is also the CEO of LR Health & Beauty. Philippe Jacquelinet, the CEO and founder of Captain Tortue, echoed the upbeat message. *"The industry is in very good shape. We continue to create jobs, which is not the case in all industries,"* he said. Mikael Linder, the EMEA President of Nu Skin Enterprises, said the direct selling sector had to build trust before it built loyalty. *"You need to offer something exciting,"* he said. *"We have to win loyalty. We can't be complacent. We need to use new technologies, equipping representatives with digital tools."* Gerd Niedernhuber, the Co-president of PM International, said the younger generation had no problems adapting new technologies to direct selling. *"I see young reps all looking forward to using new tools, but still keen to meet people. That showed me that even in the future, our business is a people business,"* he said.

6th European Direct Selling Conference

Brussels, 6 October 2016

Building customer trust

The personal approach to direct selling means that one of the key factors in sales is customer trust. But trust is becoming increasingly elusive in the modern world, according to **Sebastian Kotow**, the CEO of MindShift Lab, one of the keynote speakers.

"We know trust is important, but we don't always see why," said **Kotow**, who explained that trust was an undervalued and poorly understood concept.



“ *The industry is in very good shape. We continue to create jobs, which is not the case in all industries,*”

Philippe Jacquelinet,
the CEO and founder of Captain Tortue

Four interactive workshops during the afternoon session

During a workshop on the review of EU consumer legislation, **Veronica Manfredi**, the Head of the European Commission’s Consumer and Marketing Law Unit, outlined the Commission’s plans to review EU consumer legislation (REFIT). She noted that six pieces of legislation were subject to a so-called ‘fitness check’.

Evelyne Terryn, the Vice-Dean of KU Leuven and a professor of consumer and commercial law, and **Christoph Schmon**, Senior Legal Officer of consumers’ organisation BEUC, underlined the importance of redress when things go wrong. They also stressed the need for better enforcement and to ensure consistency through all sales channels. **Imelda Vita**, Senior Corporate

Affairs Area Manager of Amway, echoed Schmon’s call for alignment between offline and online contract law rules at the EU level and for better implementation and enforcement in member states.

A successful digital transformation

Kamila Kloc, Deputy Head of the private office of EU Digital Single Market Commissioner **Andrus Ansip**, closed the Seldia conference by giving an overview of the Digital Single Market Strategy and what this entails, touching on issues such as affordable parcel delivery costs and geo-blocking.

She said the Commission was not looking at imposing any pricing proposals. *“We have to be careful not to over-regulate. But we do want more transparency,”* she said. *“Digitalisation is not only about youngsters. It is about everyone in society,”* she added.

The 6th European Direct Selling Conference proved once again to be a major event for anyone with a keen interest in direct selling, eager to network and to learn about new economic and consumer trends.

6th European Direct Selling Conference

Brussels, 6 October 2016

Thomas Stoffmehl, Seldia Chairman & CEO of LR Health & Beauty



Seldia's Director Internal Affairs Marie Lacroix & Executive Director Katarina Molin



Workshop "Germany & France"



Nadia Bedrychuck, Ukraine DSA & Oleg Podboronov, Russia DSA



Conference staff: Constance de Walque, Cayle Lackten and Lorela Lohan



Kamila Kloc, Deputy Head of Cabinet of EU Commissioner Andrus Ansip



Magnus Brännström, CEO of Oriflame



Thomas Stoffmehl, LR Health & Beauty & Gerd Niedernhuber, PM International



Magnus Brännström, Marie Lacroix, Katarina Molin & Thomas Stoffmehl



Giovanni Paolino, Giorgio Giuliani, Jacques Cosnefroy, Giuliano Sciortino & Alessandro Ghidini, of the Italian and French DSAs



Renate Staab of Meridian Germany, Almut Kellermeyer & Thomas Stoffmehl, of LR Health & Beauty, Seldia Chairman



Christopher Schmon, of BEUC, Evely Terryn, of the KUL & Veronica Manfredi of the EU Commission



Seldia “Astra” Awards 2016

The annual Seldia “Astra” Awards aim at honouring the member association and company that have achieved the most in raising awareness of the direct selling method of distribution, promoting its socio-economic benefits and highlighting the advantages to consumers during the past year.

An “Astra” Award also recognises the Best Service Provider of the Year, and the Best New Company of the Year. The five awards were handed out during the awards dinner & cocktail preceding the Annual Conference, on 5 October 2017, in front of a large and enthusiastic crowd.



“ *Seldia plays an important role as our strong voice in Europe and in the regulatory process in Brussels. We have to make sure that Seldia continues to be a strong organisation representing the interests of its members. Internal and external communication will be the key to the future role of Seldia as the opinion-leading organisation in the industry.* ”

Dr. Thomas Stoffmehl,
CEO, LR Health& Beauty

Best New Company of the Year

Galibelle Shoes



Best Service Provider of the Year

Sidley Austin LLM



Astra Awards

Best Direct Selling Association of the Year

DSA of the Netherlands



Best Company of the Year

Captain Tortue Group



Astra Hall of Fame Award

Giorgio Giuliani



Giorgio Giuliani dedicated all his professional life to the direct selling industry. He was first with Avon Italy, in Como, where he spent more than twenty years at various management levels, and then as Executive Director of AVEDISCO, the main Italian Direct Selling Association. Active in Seldia for many years as a board member, Giorgio was passionate not only about direct selling but also about his job. A true gentleman, Giorgio died on 8 May 2017, in Como.

The value of strategic external communication

In the last couple of years, Seldia has stepped up its external communication. Influencing relevant EU policy developments remains a core objective for the organisation. However, to be successful in its advocacy outreach campaigns and cut through the noise in a very crowded stakeholder environment, we also need to ensure that the organisation and its values are both well communicated and understood by decision-makers.

Direct selling – a vibrant retail channel in Europe



In 2017, Seldia developed an informative new brochure aimed at decision-makers and other stakeholders, which explains what direct selling is in a simple manner. An updated version with the new 2016 statistics has just been printed and is available both in PDF and printed copies from our office.

Launching an independent socio-economic study about direct selling in Europe



In order to tell a more in-depth story about direct selling, and to make the sector better understood by its external stakeholders, Seldia is pleased to announce that an independent study of the people involved in direct selling will be launched in 2017. It will be carried out by Ipsos Mori, a respected UK-based market research company. The survey will cover 11 European direct selling markets and the results will be published at Seldia's 50th anniversary in October 2018.

Seldia organisation and membership

Seldia's Board defines the policy objectives of the association, prepares the annual budget and work plan, which are approved by the General Assembly. It has seven national direct selling association executive directors as members and is chaired by Seldia's Chair, who is a CEO from one of Seldia's corporate members. The Governmental Affairs Committee and the Ethics Committee aid the Board in its work. In 2017 a new forum for Seldia's national direct selling associations was launched. This new DSA forum has been created to provide national direct selling associations with more targeted support in their daily work.

Seldia Board

Thomas Stoffmehl,
Chairman, LR Health & Beauty

Mirosław Lubon, Vice Chairman, Polish DSA

Jacques Cosnefroy, Treasurer, French DSA

Arabelle Ferket, Dutch DSA

Lynda Mills, UK DSA

Augustin Roqué, DSA of Spain

Giuliano Sciortino, DSA of Italy

Gintautas Zaleckas, Baltic States DSAs

Governmental affairs committee Co-Chairs

Imelda Vital, Amway

Amelie Baracat – Empereur, Herbalife

Ethics Committee Chair

Professor (Emeritus) Jules Stuyck, Katholiek University of Leuven (KUL)

Seldia Secretariat



Katarina Molin,
Executive Director
katarina.molin@seldia.eu



Marie Lacroix,
Director Internal Affairs
marie.lacroix@seldia.eu

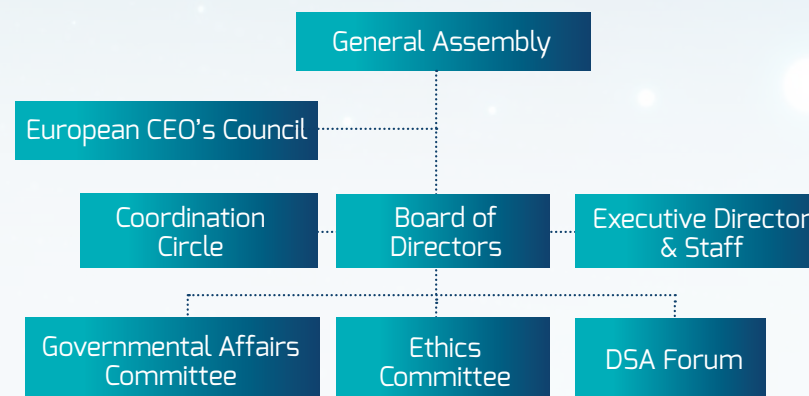


Eirini Papadopoulou,
EU Regulatory Affairs Manager
eirini.papadopoulou@seldia.eu

“ **WFDSA is glad to have Seldia in its membership as Seldia plays an important lobbying role in Brussels”**

Tamuna Gabilala, Executive Director, WFDSA

Organisation



Membership



World Federation of Direct
Selling Associations (WFDSA)

www.wfdsa.org



EuroCommerce

www.eurocommerce.eu



The European
Services Forum

www.esf.be

seldia

The European
Direct Selling Association

Europe's Impact on Global Direct Selling

- Article published in *Direct Selling News* magazine, July 2017

The global direct selling movement has deep ties to the United States. The U.S. remains the world's largest market for the channel, and the country is home to most of direct selling's multi-national powerhouses. Yet it would be a mistake to overlook the influence Europe has on direct selling today.

While it is facing a similar transformation of the consumer landscape brought on by rapid adoption of social media and other technologies as the U.S., Europe has been experiencing growth in both sales and salesforce members. And there is room for more, says Katarina Molin, Executive Director for Seldia, the European Direct Selling Association. Entrepreneurship is becoming more important, particularly in some European Union member states where jobs are more difficult to come by and youth unemployment remains high.

That said, companies sometimes underestimate the level of complexity that comes with expanding into Europe. While there is harmonization of policies throughout the EU, it is not a single market.

Rules, regulations, taxation and other policies vary from country to country, as does the culture. "The culture in the Nordic countries is very different from the business culture in Spain," Molin says as an example. "You need to know exactly where you're aiming for and make sure that you do have all the level of information you need to be able to set business up in that specific market."

Understanding the local market is key

For U.S.-based companies interested in expanding to Europe, Molin recommends working to understand the specific local market and getting in contact with that country's DSA. Hiring a local manager, though an expense, is advisable. "I know not all companies feel they can afford that, but it's an investment that can pay off because there is someone in the country to work with the salesforce and with whom the national DSA and the national Code of Ethics Administrator can work."

Translating corporate messaging from one language to another is of course a critical first step, but Molin says the executive directors of Seldia's member DSAs recommend going a step farther to ensure that the tone of all company materials is a good fit for each market's consumer landscape. Understanding different

regulations around claims is important, but so too is understanding the style of communication in each country. "I think language in general is a bit softer, both in the way you talk about opportunities and products," she says. "The companies who are most successful are the ones who actually take the local culture and do their homework before they set up their operation."

The relevance of active advocacy engagement

On a policy level, Molin says, the direct selling community is working to stay engaged with the European Commission as it continues its review of essential existing consumer policy legislation throughout Europe. "The interesting thing there is you see both nongovernmental organizations and industry being very much aligned," Molin says. "In general, the consumer protection policies we have at the EU level are good. They can be tweaked here and there, but the key issue is enforcement. How do you enforce legislation at the national level? Another thing that is important and that the EU Commission wants to work even more with is: How do you make sure the consumer is better aware of his or her rights?" In Europe, as in the United States, the direct selling community often finds it must work to ensure that policymakers and other

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While there is harmonization of policies throughout the EU, it is not a single market.”

DIRECT
SELLING
NEWS®



The consumer protection policies we have at the EU level are good. They can be tweaked here and there, but the key issue is enforcement.

stakeholders understand the role the channel plays in the marketplace today. As part of that effort, Seldia is a member of a large European retail association, which Molin says gives the organization credibility and visibility. She and her team also work to regularly engage with the European Commission and the European Parliament on a wide range of issues, even those that aren't burning priorities for direct sellers. This helps build relationships and foster connections throughout Brussels.

Direct selling positive image in France

When it comes to promoting the benefits of direct selling and advocating for the channel, the French DSA, a Seldia member, is on the forefront. The DSA has been actively engaged with the French government for years and has worked to introduce direct selling to students and the academic community. Eight years ago, it launched an online learning program that now has 7,000 participants annually, and three years ago, it created a direct selling licensing program, which DSA General Secretary Jacques Cosnefroy says has been very important for the image the channel has in the region. In 2016, it was involved in a reality television show that featured five contestants each trying to sell a product through direct selling. The show ran for



six weeks in France, and a Belgian TV station picked up the rights to it this year.

As a result of these and other efforts, Cosnefroy says, direct selling is viewed both by the public and by government officials as a viable job opportunity. Some 400,000 people use the government's direct seller status to designate their job category in France. "I think this is a very good image for the sector," says Cosnefroy. A quarter of his association's member companies are based in the United States.

There is no doubt that the regulatory and business environment in Europe is different than other regions of the world, and self-regulation within the DSAs is stiff. "There is not a lot of room for bad behavior in the market if you are a DSA member," Molin says.

The World Congress comes to Paris

In October, Seldia and the French DSA will welcome direct selling companies and executives from around the world to the WFDSA World Congress in Paris (www.wfdsa2017paris.com). There, Molin and Cosnefroy say the conversation will focus on the future of direct selling: the consumer. Digital communication



In France, Direct selling is viewed both by the public and by government officials as a viable job opportunity.

and other new technologies are reshaping consumer expectations, and all direct selling companies—regardless of location in the world—must keep pace with this change.

The need to follow the path of the consumer

Savvy direct selling companies are working to harness the relationship they have with the consumer while also recognizing that the millennial generation are less focused on loyalty and become impatient quickly. They are, however, very likely to turn to influencers in their real life or online communities for purchasing recommendations. "The consumer is not going to get less demanding, but more," Molin says. Successful companies are reshaping their sales tools accordingly, providing more digital assets, short videos and the like. "Technology will not make the normal face-to-face interaction of direct selling disappear, but you do need to have that added element. You need to make it easy for the consumer." Or, as Cosnefroy puts it: "The future pathway of the company is the future pathway of the consumer."

Solid advice, regardless of your geographic location.



Direct Selling in Europe An Industry Outlook

Direct selling in Europe continues to grow

The European direct selling region, which is the third largest direct selling market region globally with a 20% global share of sales, has seen a steady upward trend in direct sales in recent years and is forecast to continue growing¹. In 2016, European sales rose by 3% to reach 32.9 billion euros.

Growth rates increased across the vast majority of European markets, with Germany, France and the UK remaining the European top direct selling countries.

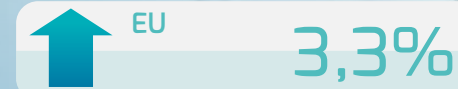
For the first time wellness products are the top product category in Europe (32%), followed by cosmetics & personal care (25%). Direct selling has been able to tap successfully into the interest among consumers across all age groups who are looking to combine a focus on a healthy lifestyle with high quality skincare and nutritional products.

¹ WFDSA/Seldia Global Statistics 2016

Sales in 2016



Direct selling growth in 2016



People active in direct selling



Top 5 markets in EU



Breakdown of sales per product categories



© WFDSA/Seldia 2017

European figures

European retail sales & increases

2012-2016 (EUR Billions - 2016)



Today's consumer and direct selling

Today's consumers are becoming better informed and more demanding. Not only is it easy to do online research to find out the best price of a goods, but peer reviews of products and services are easily available online. Today the consumer takes fast and simple delivery and returns for granted. Research also shows that consumers are increasingly seeking personal engagement when shopping. They are looking to buy into a lifestyle, not just purchase a product and are often drawn towards various types of influencers when making their choices.

Direct selling fits very well into this new way of consumer thinking, which is even stronger with the millennials than other generations. Direct sellers have worked as influencers in their community – which is also their core

customer base - long before digitalisation made bloggers and vloggers into authorities guiding consumer choice and trends. The direct selling salesforce is therefore very well placed to continue to work with targeted and personal advice, fitted around the lifestyle choices and ambitions of their customers.

Retail will remain a very competitive channel where consumer demands and choice will continue to advance at a very fast rate and direct selling will have to ensure it keeps tuned into what guides consumer purchases both today and in the future. The continued growth of the direct selling sector nevertheless shows that the sales channel remains both an attractive means to earn an extra income as well as an appreciated way of shopping.

Increased digitalisation

Face-to-face meetings between the direct selling salesforce and their customers have been, and will remain the core element of direct selling. There is, however, an increased digitalisation of the sector, which has helped direct selling stay competitive and relevant with consumers, while creating higher level of efficiencies and outreach potential for the salesforce. Internet penetration in Western Europe is high and is quickly growing in the rest of the region. The majority of orders from direct sellers are these days done online. Internal content portals are created by direct selling companies, who have recognised that their salesforce are complementing their personal contacts with their customers with an increased social media presence. This requires timely and relevant corporate messaging and easily accessible PR material.





A better understanding of the salesforce

There is an increasing understanding among decision-makers that retail no longer consists simply of either brick or mortar stores or e-commerce. In addition, the concept of omni-channel is becoming better recognised. Nevertheless direct selling's role within this retail environment is still not well understood and the sector needs to engage even more actively with external stakeholders to ensure a better understanding of how the distribution channel works and who the people involved in direct selling are.

Direct selling companies are therefore looking into segmentation of their sales force and customer base. The planned Seldia socio-economic study in Europe (see more on page 16), will further help the sector understand the different rationales of people involved in direct selling and it will create a better understanding between full- or part-time business builders and so called preferred customers.

Direct Selling in Europe: 2016 retail sales

Excl. VAT
Published 20 June 2017

Countries	2016 Sales ⁽¹⁾			2016 - Nr of Individuals active in direct selling ⁽³⁾
	Local currency (millions)	EURO (millions)	% Sales changes with 2015	
Austria ⁽⁵⁾	232	232	2% ▲	165089
Belgium	215	232	9% ▲	45000
Bulgaria	155	80	7% ▲	195824
Croatia	278	37	5% ▼	41887
Czech Rep	21	253	6% ▲	288009
Denmark	551	74	3% ▲	64000
Estonia	46	46	4% ▲	45051
Finland	192	192	2% ▲	83868
France	4111	4111	0% —	671920
Germany	14290	14290	4% ▲	865883
Greece	124	124	8% ▼	170917
Hungary	56797	182	1% ▲	491914
Ireland ⁽⁴⁾	38	38	2% ▲	26000
Italy	2791	2791	5% ▲	546400
Latvia	59	59	3% ▲	62438
Lithuania	75	75	5% ▲	81469
Luxembourg	43	43	3% ▲	2800
Netherlands	147	147	16% ▲	93363
Poland	4209	965	5% ▲	980791
Portugal	238	238	2% ▲	206400
Romania ⁽⁵⁾	1470	327	19% ▲	350000
Slovakia	146	146	6% ▲	194500
Slovenia	22	22	3% ▲	17892
Spain	780	780	8% ▲	252437
Sweden	2335	247	1% ▼	103833
UK	2845	3472	7% ▲	575000
Total EU		29186	3,3% ▲	6622685
Norway	1316	142	6% ▲	87000
Russia	145207	1958	11% ▲	5148803
Switzerland ⁽⁵⁾	319	293	4% ▲	156040
Turkey ⁽⁵⁾	2281	682	10% ▲	1436794
Ukraine	7551	267	4% ▲	1032635
Others ⁽⁵⁾		400	6% ▲	387540
Total		32928	3% ▲	14871497

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na=not available

- (1) Sales figures are expressed at estimated retail level excl. VAT and are based on the size of the entire industry unless otherwise noted.
- (2) Average annual exchange rates for 2016 from the European Central Bank were used to convert local currency to euro.
- (3) Individuals active in direct selling are people who are career minded entrepreneurs building their own business, or part-time entrepreneurs earning extra income. Most enjoy significant discounts on products. Some choose only to enjoy and use the products and not to sell at all.
- (4) Figures based on DSA member companies and not the entire industry.
- (5) WFDSA research estimate.

Because We Care

The direct selling industry places a great importance on social responsibility. Distributors, customers and employees of our companies take part in a number of charitable activities with the aim of improving the lives of people all over the world. From providing grants to supporting educational and health projects and engaging in volunteering activities, direct selling companies stand out as examples of how businesses can contribute to the world's well-being.



Nu Skin's Force for Good Foundation: Improving the lives of children and women in developing countries

Nu Skin has formed the Nu Skin Force for Good Foundation, a non-profit organisation whose mission is to improve the lives of children by offering hope for a life free from disease, illiteracy and poverty. The Foundation, set up in 1998, has granted millions of dollars to help children in more than 50 countries around the world.

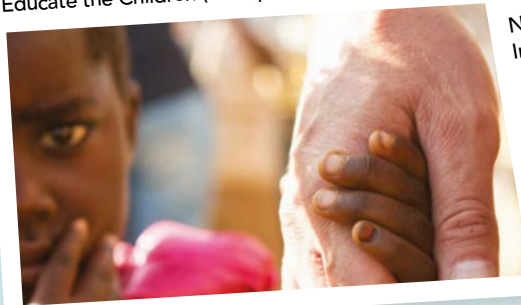
The Foundation is supported by funds from sales leader, customer and employee donations, a fundraising gala and a percentage of certain product sales. Among its charitable projects, Nu Skin United States and Europe support the School of Agriculture for Family Independence, which helps lift Malawi families out of poverty through self-sustaining agricultural techniques. The villagers/students are trained in numerous agricultural disciplines including farming,

irrigation, nutrition, animal husbandry and fishing. Once new skills are mastered, families return to their respective villages where instructors visit them to ensure they are implementing learned techniques and teaching others the skills they have acquired. The first class graduated in May 2009, and a new class of graduates has received diplomas each subsequent year.

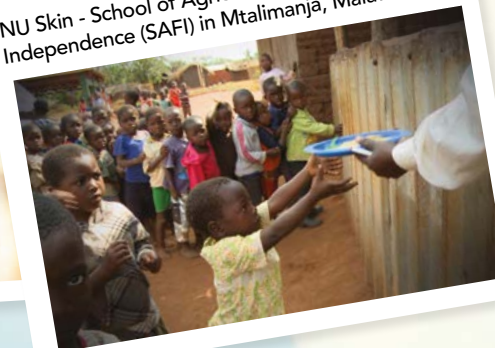
The Foundation has also been active in many other projects around the world. In 2016, it contributed to the funding of Seacology's largest project, the Sri Lanka Mangrove Conservation Project. This provided training and micro-loans to Sri Lankan women to start sustainable businesses as an alternative income. In the same year, Nu Skin sales leaders in Korea helped build two Nu Skin Hope Libraries for elementary school children living in rural Korea.

www.forceforgoodfoundation.org

The Nu Skin Force for Good Foundation provides 100 percent of the scholarship funds for the Educate the Children (ETC) program



NU Skin - School of Agriculture for Family Independence (SAFI) in Mtalimanja, Malawi





Captain Tortue: Helping women against breast cancer

Captain Tortue has been an active supporter of various associations aiming to improve the living and working conditions of women.

The Group supports the fight against breast cancer alongside the association "Le Cancer du sein, Parlons-en!" (Breast Cancer, Let's Talk about it!). During its autumn-winter 2016 season, Captain Tortue collected more than €24,700 for the association, a sum that will contribute to ensuring better progress in ongoing research, explained Nathalie Ducongé, the head of the association. The Group will continue its involvement in 2017: €1 per product of the sportswear line Java Wellness sold will be donated to the association. In addition, Captain Tortue has created a t-shirt with the colours of the association. Half the money collected from the sales of this t-shirt will be donated to the association.

Captain Tortue fashion consultants are also getting involved in the campaign through their active participation in different sporting events, where they wear the colours of the Association all year round to help promote the fight against this terrible disease.

www.cancerdusein.org



National Associations Members

 **Bulgaria**
Bulgarian Direct Selling Association (BDSA)
www.bdsa-bg.com



 **Greece**
Hellenic Direct Selling Association (HDSA)
www.eseap.org.gr
info@eseap.org.gr



 **Luxembourg**
Direct Selling Association of Luxembourg (AVD)
www.avd.lu
info@avd.lu



 **Slovenia**
Direct Selling Association of Slovenia
www.dsa.si
info@dsa.si



 **Croatia**
Croatian Direct Selling Association (HUDP)
www.hudp.hr
info@hudp.hr



 **Hungary**
Direct Selling Association of Hungary (KESZ)
www.dsa.hu
office@dsa.hu



 **Norway**
Direct Selling Association of Norway (DF)
www.direktesalgforbundet.no
post@direktesalgforbundet.no



 **Spain**
Direct Selling Association of Spain (AEVD)
www.avd.es
avd@avd.es





 **Czech Republic**
Direct Selling Association of Czech Republic (AOP)
www.osobniprodej.cz
info@osobniprodej.cz



 **Ireland**
Direct Selling Association of Ireland (DSA)
www.dsai.ie
Office@dsai.ie



 **Poland**
Polish Direct Selling Association (PSSB)
www.pssb.pl
info@pssb.pl



 **Sweden**
Direct Selling Association of Sweden (DF)
www.directsellingsweden.se
info@directsellingsweden.se





 **Denmark**
Direct Selling Association of Denmark (DSF)
www.disafo.dk
info@disafo.dk



 **Italy**
Direct Selling Association of Italy (AVEDISCO)
www.avedisco.it
avedisco@avedisco.it



 **Portugal**
Direct Selling Association of Portugal (IPVD)
www.ipvd.pt
info@ipvd.pt



 **The Netherlands**
Direct Selling Association of the Netherlands (VDV)
www.directeverkoop.nl
vdv@directeverkoop.nl



 **Estonia**
Estonian Direct Selling Association (EDSA)
www.edsa.ee
info@edsa.ee



 **Kazakhstan**
Direct Selling Association of Kazakhstan
www.dsa.kz
info@dsa.kz



 **Romania**
Direct Selling Association of Romania (ACVD)
www.acvd.ro
contact@acvd.ro



 **Turkey**
Direct Selling Association of Turkey (DSD)
www.dsd.org.tr
info@dsd.org.tr



 **Finland**
Direct Selling Association of Finland (ASML)
www.asml.fi
info@asml.fi



 **Latvia**
Latvian Direct Selling Association (LTTA)
www.tta.lv
tta@tta.lv



 **Russia**
Direct Selling Association of Russia (APP)
www.rdsa.ru
info@rdsa.ru



 **Ukraine**
Ukrainian Direct Selling Association
www.udsa.org.ua
udsa@udsa.org.ua



 **France**
Direct Selling Association of France (FVD)
www.fvd.fr
info@fvd.fr



 **Lithuania**
Lithuanian Direct Selling Association (LTPA)
www.ltpa.lt



 **Slovakia**
Direct Selling Association of Slovakia (ZPP)
www.zpp.sk
zpp@zpp.sk



 **United Kingdom**
Direct Selling Association of the United Kingdom (DSA)
www.dsa.org.uk
info@dsa.org.uk



Corporate Members



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www.marykay.com



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www.nikkenwellbeing.co.uk



www.nlstar.com



www.nuskin.com



www.ozzecouture.com



www.partylite.com



www.pm-international.com



www.stelladot.com



www.usana.com

Service Provider Programme

The Service Provider Programme is designed for companies which provide products and/or services to the direct selling industry and would like to offer their services to direct selling businesses in Europe.

Objectives

- Facilitate contacts and exchange of information between Seldia' Services Provider and direct selling companies entering one or more European markets;
- Develop a database of contacts amongst European suppliers of products/services to the direct selling industry;
- Increase Seldia's visibility by enlarging the scope of its services.

How it works

Companies interested in becoming a Seldia Service Provider should submit an application to us.

“DB Schenker, Service Provider of logistic services, is pleased to be part of Seldia, a branch organisation with a clear ambition to bring the overall direct selling industry quality to a higher level. This ambition is precisely what identifies DB Schenker with Seldia. Creating sustainable value and satisfaction for anyone involved in this market.”

Paul Kooijman,
Senior Account Manager Contract Logistics in DB
Schenker

Service Providers

Executive search & consultancies

Meridian Germany
www.meridian-germany.de



PAN European Solutions Limited
www.paneurosolutions.com



Meridian Mmi Ltd
www.meridian-associates.eu



Fiska France
www.fiska-france.fr



Digital, technologies & online payment solutions

e- point SA
www.e-point.com



Krato
www.krato.com



International Direct Selling Technology Corporation – IDSTC

www.idstc.com



NetworkYou

www.NetworkYou.com



Hyperwallet

www.hyperwallet.com



Software & web solutions

Jenkon

www.jenkon.com



Upline

www.upline.de



Xirect Software Solutions

www.xirect.com



Incentives & logistics

Principal London dmc
www.principallondon.com



Vista Events

www.vistaevents.com



Green Logistics Groningen B.V.

www.meridian-associates.eu



DB Schenker

www.dbschenker.com



Legal

Sidley Austin LLP
www.sidley.com



SBKG & Associés
www.sbkg.eu





Save the date!

The 7th European Direct Selling Conference, a milestone event that will mark the 50th anniversary of Seldia, will take place in Brussels on 16 & 17 October 2018.



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Seldia aisbl
Avenue de Tervueren 14
1040 Brussels, Belgium

tel: +32 (0)2 736 10 14
fax: +32 (0)2 736 34 97

www.seldia.eu
seldia@seldia.eu

www.seldia.eu