

## COMMISSION FIRST PHASE CONSULTATION WITH SOCIAL PARTNERS ON WORKING CONDITIONS IN PLATFORM WORK

### CONTRIBUTION FROM [SELDIA](#), The European Direct Selling Association.

The rise of digital platforms has created unprecedented opportunities for businesses, consumers as well as workers. Easier access to the market, more flexible working conditions and supplementary income are only a few among the various benefits of platform economy. However, together with numerous opportunities, the platform economy has also brought a number of challenges. In light of the Covid-19 pandemic, which has already taken a significant toll on the European economy, we firmly believe that we must encourage and promote more opportunities for job creation, while simultaneously reinforcing our efforts to ensure the quality of available jobs and the working conditions that accompany such jobs.

#### What is Direct Selling?

Direct selling is a **method of retail and marketing** of goods and services, directly to consumers, in their homes or at any other location, **away from permanent retail premises**. It is usually conducted **face-to-face**, at the place where products are demonstrated: either to an individual, or to a group (home parties).

Our member companies provide products or services, which are then sold by independent distributors or independent commercial agents (direct sellers) directly to consumers.

In past years, **direct selling has adjusted to the digital retail space**, as many sellers choose to sell products online. Nevertheless, they retain the core value of direct selling: **personal connections** enabling consumers to get the best products and services for themselves and their family. This is why our industry is so unique, remains relevant and continues to grow.

#### Why do we want to contribute?

Taking the above into consideration, we believe that sharing the views and best practices of the direct selling sector will be constructive and provide added value in the context of Commission's first phase consultation on working conditions in platform work. We would also like to bring your attention to the specificities of direct selling.

On the basis of the definition of platform work<sup>1</sup> developed by Eurofound and used by the European Commission, **direct selling does not amount to platform work**.

1. The most striking difference between the two business models is that direct selling companies and direct sellers do not offer their services on-demand. Direct sellers proactively promote and offer products to their customers.

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<sup>1</sup> According to Eurofound, the main characteristics of platform work are that 1) Paid work is organised through an online platform; 2) Three parties are involved: the online platform, the client and the worker; 3) The aim is to carry out specific tasks or solve specific problems; 4) The work is contracted out; 5) Jobs are broken down into tasks; 6) Services are provided on demand.

2. Another strong difference is that in contravention to Eurofound's definition, the work is not primarily organised on the platform. Platforms and apps may be utilised to enhance a direct seller's existing business, but they do not provide the sole or exclusive basis for direct selling activities.
3. Moreover, algorithmic management<sup>2</sup>, a characteristic of platform work, is not relevant for direct selling. Direct sellers are in fact the ones responsible for searching, acquiring and retaining their own customers.
4. Contrary to many platform companies, direct selling companies do not set hourly or task-based remuneration for their salesforce. When working as independent distributors, direct sellers have full control over their tasks and earnings. Work is not contracted out: direct selling companies merely provide direct sellers with goods and do not impose on them any obligations or guidelines, other than simply recommending a price; direct sellers are then free to set their own selling price when contracting directly with the customer. When working as commercial agents, direct sellers are free to negotiate the price and commercial terms of a sale on behalf of a principal and are paid a commission by the principal.
5. Last but not least, direct sellers enjoy a high level of freedom and independence and can build their own micro-business. They set their own working schedule, place of work, free time and marketing techniques.

While it may seem that **certain similarities between platform work and the direct selling business model may exist**, these similarities are however not unique to the direct selling business model and can be found in other sectors.

Increasingly, the interaction of direct sellers with the company, their team and customers are facilitated via mobile/internet applications. Sellers can access the product catalogue, process orders and track their activity and business via dedicated applications. It is to be noted though, that these applications aim to support and facilitate the direct seller's independent business. They do not supplant the direct sellers or diminish their specifically unique position.

Another similarity lies in the flexibility. Flexibility and independence are in fact at the heart of direct selling. According to the [2018 Ipsos Mori Survey](#) for Seldia, most direct sellers have reportedly chosen a direct selling activity for the freedom and flexibility it gives them – from planning their work to building a career the way they want, at the pace and where they want. There are no mandatory working hours/premises, no inventory risks and last but not least, direct selling provides a low-risk, low-cost opportunity to earn extra income. According to the same survey, 1 in 3 direct sellers appear to choose our sector because it offers the opportunity of long-term supplementary income.

#### **A range of options: from self-employed status to a specific direct seller status**

When it comes to fair working conditions, the direct selling Industry can share good practices with the European Commission. In the EU, direct sellers benefit from a gradient of social protection adapted to the legal and social context of the various Member States.

In the EU, direct sellers often operate under national self-employed status. Two Member states, France and Italy, have developed a specific status for direct sellers, with a dedicated social security system, which considers their specificities and is proportional either to the amount of direct seller earnings or

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<sup>2</sup> According to the definition provided by the Commission's consultation paper, "algorithmic management" means the greater or lesser extent of control exerted by digital labour platforms through automated means over the assignment, performance, evaluation, ranking, review of, and other actions concerning, the services provided by people working through platforms

the working time spent in the activity. These two specific statuses have been created with the objective of fostering jobs and stimulating the direct selling sector in the national context as companies provide a share of social contribution to support sellers.

- **Italy: Incaricato alle vendite a domicilio: Incaricati alle vendite** are self-employed trade intermediaries entitled to negotiate sales on behalf of the company. At the delivery, direct sellers are being paid commissions by the company. If the job description of the direct seller includes a “duty to perform”, he/she is automatically classified as a commercial agent. When it comes to social security rights, direct sellers are entitled to a state pension plan but only if the annual net income from this activity exceeds a certain threshold (earnings up to 5.000 Euros net).
- **France: Vendeur à Domicile Indépendant (VDI):** The **Vendeur à Domicile Indépendant (VDI)** is a direct seller of goods and services that works as an independent contractor. More specifically, the VDI status allows for individuals to start a self-employed home sales activity with the social benefits of the employee status: subject to certain conditions, the VDI are entitled to a sick pay, daily allowances and pension; however, they are not entitled to unemployment benefits.

### **Skills: sharing good practices in direct selling**

In order to better embrace the new reality of today’s economy and job market, Europeans should be equipped with the right set of skills (**upskilling and reskilling**). With the increasing automation and the gradual disappearance of routine work, greater focus is expected to be placed on digital as well as soft skills, including communication skills, working within a team or leading a team. In this regard, direct selling companies can again share their experience and good practice.

It has always been in the direct selling companies’ interest to equip their teams and direct sellers with the skills necessary for them to succeed: today, an increasing number of companies provide training programmes to their salesforce, often free of charge, on a number of topics, including selling techniques, products, soft skills around acquiring customers, managing and supporting a group, tips on using social media. Our national direct selling associations also engage in substantial training programmes, from webinars aiming to help direct sellers build their business online, to State recognised professional certifications. All these training programmes help direct sellers to build and boost their entrepreneurial, digital, management, interpersonal and communication skills. These skills are transferable and can benefit future business ventures or job opportunities.

### **In conclusion**

Seldia supports fair working conditions for all workers. We also wish for the current conversation on the status of platform worker to not inadvertently affect the distinct specificities of direct selling with the European Union. We also favour the exchange of good practices among different stakeholders and sectors and we are looking forward to further feeding into this important debate.