

Direct sales industry displays growth despite depressed economy

Direct selling is booming amidst South Africa's downgraded economy, if the Direct Selling Association of South Africa's (DSASA's) recent industry results are anything to go by. The direct sales industry is one of the few sectors showing growth over the past 18 months, with an estimated 1.3 million independent business owners having generated R12.9 billion for the national economy in the form of sales directly to customers.



©alphaspirit via [123RF](#)

The DSASA announced its industry results in Johannesburg this week at a gathering of the Association's 34 direct sales business entities covering sectors such as health, beauty, homeware, financial and investment products, nutritional supplements and weight-loss management. Member companies distribute goods and services directly to consumers, in a face-to-face model, away from fixed retail locations.

Key contributor to economy

Chairman, Ernest du Toit says direct selling is an important contributor to the economy and also an important skills development and employment provider, at a time when jobs are scarce and disposable income is declining. "The direct selling business model is aimed at providing opportunities for all South Africans, regardless of their financial or educational standing, to earn a full-time living or extra income part-time," says Du Toit.

The DSA of South Africa is a self-regulating, corporate membership organisation. As a condition of acceptance and continuing membership all DSA member companies pledge to adhere to an industry Code of Conduct and compliance with all legislation is also essential. A very small upfront investment is required of new entrants to whom comprehensive training is provided.

During 2016 the number of direct selling business owners had grown by over 122,000 over the previous year – an increase of 35%.

Financial independence without limitations

“Direct sales adds value to lives, giving people the opportunity to achieve financial independence, without the limitations of being office bound. This is a very attractive proposition, especially in today’s modern society where single-parent families struggle to balance their home and working lives”.

“We have also seen a rise in the number of rural direct sellers. This is encouraging as not only are we able to provide job opportunities to those most in need, but we are also able to supply consumable, financial and lifestyle products to areas without access to modern conveniences such as shopping malls or financial brokers.”

The direct selling industry is not only thriving in South Africa, but globally too. The USA has over 140 member companies and 20.5 million sales agents generating \$35.5 billion in sales in 2016.

“We have seen a positive shift in corporate thinking with many companies starting to include direct selling into their marketing mix. This proven business model is based on utilising personal relationships to promote goods and services, with word-of-mouth still considered to be one of the oldest, yet most effective sales and marketing tools.” In fact, research in the health & beauty industry shows that up to 57% of all sales are based on personal endorsement!

“There is no limit to what you can sell – you can sell virtually anything as long as the value-add is clear and evident,” says Du Toit. In the United States of America even electricity supply is sold via a direct selling model.

Gauteng in the lead

While direct selling is well established across South Africa, it is clear that Gauteng remains the engine room – delivering 35% of the total sales value, followed by Kwa-Zulu Natal at 17% and Limpopo at 8%.

“Direct selling has a much greater reach than retail outlets have. Retail outlets have a fixed footprint in specific geographic locations, whereas direct selling can reach as far as any individual can travel or have their product delivered. It offers far better penetration into the distant rural markets, but without the costs evident in the more urban markets,” says Du Toit.

A very positive development is that the industry as a whole already reflects the population profile of South Africa. This is evident in the mix of independent business owners – the 2016 statistics demonstrate that 86% were from the black community, 11% were white, 2% were Indian and Asian and 1% were coloured, whilst at least 72% of all independent business owners are women from the black community.

In 2016, independent business owners collectively earned almost R5 billion with 33% of active business owners operating in a full-time capacity and 67% working part-time.

For more, visit: <https://www.bizcommunity.com>