

Mi3 Solutions Inc

EXECUTIVE SUMMARY

**The Socio-Economic
Impact of the Direct
Selling Industry in
Canada**

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Prepared by
Mi3 Solutions Inc

For



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ACN Canada, Amway Canada Corporation, Avon Canada Inc, Creative Memories, CUTCO Vector Marketing Canada Ltd., ENJO Cleaning Canada Inc., lia sophia Canada LP, Mary Kay Cosmetics Ltd., Nihon Kenko Zoushin Kenkyukai Canada Ltd., N.S.A. Canada Inc., NuSkin Canada Inc. Pampered Chef Canada Corporation, PartyLite Gifts Ltd., Regal Gifts Corporation, Shaklee Canada Inc., Stampin' Up Canada ULC, Tahitian Noni International, USANA Health Sciences,

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Executive Summary Highlights

Direct Selling in Canada

This follow up study was conducted to determine the social and economic impact of the Direct Selling Industry on the Canadian market in 2008.

The findings presented in this document are based on data from the following sources:

- Survey of Direct Selling Companies (2009)
- Survey of Direct Selling Consultants in Canada (2009)
- Statistics Canada (2003 / 2007)
- Survey of Canadians and Direct Selling Consultants - 2006 (900 Canadians/ 300 Independent Direct Sellers)

When applicable, findings are compared to the Socio Economic study conducted in 2004.

The Direct Selling Industry continues to thrive as a significant contributor to Canada's society. The industry is comprised of approximately 75 (50 DSA) companies, including leading global corporations such as: Amway Canada Corp., Avon Canada Inc., Mary Kay Cosmetics Ltd., PartyLite Gifts Ltd., USANA Health Sciences, and NuSkin Canada Inc, to name a few. Many of these companies have a strong heritage in Canada with companies such as Avon having a presence of almost 100 years in the Canadian marketplace.

The industry as a whole continues to thrive in Canada. Compared to 2003, the Direct Selling Industry grew 11.2% to an estimated \$2.18¹ billion dollars in 2008.

Direct Selling Retail Sales in Canada

2003	\$ 1.96 billion
2008	\$ 2.18 billion
% Growth	11.2%

The Direct Selling industry continues to maintain its portion of the non-store retail sales accounting for 16% of the \$13 billion non-retail store sales in Canada.

Forty-two percent (42%) of the Canadian population counts on the Direct Selling Industry to deliver them a wide range of products and services. The product categories, which account for the majority of Direct Selling's retail sales include:

- Household products (ranging from cleaning products to home decorative items),
- Personal care products (such as beauty products and toiletries) and
- Health products (including nutritional supplements to exercise equipment)

¹ Forecast Based on Statistics Canada : Annual Retail Non-Store Data 2007

² 2006 Direct Selling Potential and Performance Survey

Direct Selling's Economic and Fiscal Contributions

Economic Contribution

The Direct Selling Industry's economic contributions to the Canadian marketplace continue to be significant. The following is a summary of the total impact which includes both the direct as well as the indirect and induced contributions. More specifically, the various contributions of the industry can be measured in terms of employment; income and sales.

Earnings Opportunities

The Direct Selling Industry provides earnings opportunities for over **900,000 Canadians**. This includes 2,878 permanent employees, 882,000 Direct Sellers and 17,000 Indirect and Induced jobs.

Women in particular benefit from the opportunities provided by the Direct Selling Industry. Of the 882,000³ Canadians associated with the Direct Selling Industry in 2008, (receiving commission, overrides and/or bonuses); ninety-one percent (91%) of them were women.

Total Income Impact

The Direct Selling Industry generated a total of **\$1.36 billion** to Canada's national income.

Direct	\$ 792,000,000
Indirect & Induced	\$ 564,000,000
Total	\$ 1,356,000,000

Total Sales Impact

The Direct Selling industry injected **\$4.55 billion** of sales to the Canadian marketplace.

Direct	\$ 2,182,000,000
Indirect & Induced	\$ 2,370,000,000
Total	\$ 4,552,000,000

Other Economic Contributions

National and Local Taxes

In 2008 an estimated **\$815 million** in total national and local taxes were paid out impacting education, health services and community growth.

Direct	\$ 502,000,000
Indirect & Induced	\$ 313,000,000
Total	\$ 815,000,000

Charitable Contributions

The Direct Selling Industry continuously contributes to the community growth through its charitable donations. Donations from the companies (excluding Direct Sellers personal donations) are estimated at **\$7.7 million**.

Direct Sellers sense of community is reinforced through their generosity to contribute to charities. Ninety-one percent (91%) of Direct Sellers contributed to charities in 2008.

Direct Selling's Social Contributions

Social Contribution

The Social contributions of the Direct Selling Industry are no less important than its economic contributions.

Understanding the characteristics, motivations and experience of those involved in direct selling allows us to better understand how Direct Selling contributes to the quality of life enjoyed by many Canadians.

The Direct Selling community has built an industry that touches the lives of people by giving them an opportunity...

- To work
- To learn
- To prosper
- To grow

Opportunity to work...

Direct selling provides a stable and satisfying earnings opportunity for many. On average Direct Sellers have worked in the industry for 7 years. Eighty-five percent (85%) would recommend becoming a Direct Seller to their family or friends.

The majority of Direct Sellers consider the opportunity to generate income for their family as an important reason for becoming a Direct Seller.

For 1 out of 3, direct selling is their primary source of income. Work schedule flexibility is an important benefit allowing these "Moms" to contribute to the household finances.

For the remaining 2 out of 3, direct selling opens up an opportunity to generate an additional source of income.

Opportunity to learn...

The industry invests in its people, with 7 out of 10 Direct Sellers receiving training. The industry also helps to build relevant skills with internet and e-mailing becoming the fastest emerging sales tools for more than 85% of Direct Sellers.

Opportunity to Prosper...

For seven out of 10, the opportunity to earn additional income was a primary reason for joining Direct Selling.

On average direct selling can augment households' monthly income by \$350 to \$700. Direct Selling for many (65%) has provided relief in helping sellers to simply cover their day to day household expenses.

Opportunity to Grow

The benefit most often cited derived from direct selling is one that relates to building one's character

Over three quarters (75%) of all participants cited the building of self-esteem and confidence as a self-improvement acquired from their association with Direct Selling.

In Summary

Direct Selling continues to make significant economic and social contributions to Canadians and to the nation. It is an important industry which delivers a wide range of product offerings and services to the Canadian population. Through financial opportunities and social benefits it plays an integral role in improving the quality of lives for all those associated with this industry.

More specifically in 2008 the Direct Selling Industry has impacted the Canadian economy by...

- Providing earnings opportunities to over 900,000 people
- Generating \$1.36 billion of income
- Injecting \$4.55 billion of sales into the marketplace
- Contributing \$815 million in taxes that impact-
Education
Health Services
Community growth
- Donating \$7.7 million to charities
- Building an industry that touches the lives of people by giving them an opportunity...

to work
to learn
to prosper
to grow



**Thanks to the following companies who participated in the
Socio-Economic Impact Study:**

ACN Canada
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Nihon Kenko Zoushin Kenkyukai Canada Ltd.
N.S.A. Canada Inc.
NuSkin Canada Inc.
Pampered Chef Canada Corporation
PartyLite Gifts Ltd.
Regal Gifts Corporation
Shaklee Canada Inc.
Stampin' Up Canada ULC
Tahitian Noni International
USANA Health Sciences