Predicting Turnover of Direct Sellers

Robert A. Peterson  
_The University of Texas at Austin_

Gerald Albaum  
_The University of New Mexico_

Victoria L. Crittenden  
_Babson College_

Follow this and additional works at: https://digitalcommons.georgiasouthern.edu/amtp-proceedings_2018

Part of the Marketing Commons

**Recommended Citation**

https://digitalcommons.georgiasouthern.edu/amtp-proceedings_2018/18

This conference proceeding is brought to you for free and open access by the Association of Marketing Theory and Practice Proceedings at Digital Commons@Georgia Southern. It has been accepted for inclusion in Association of Marketing Theory and Practice Proceedings 2018 by an authorized administrator of Digital Commons@Georgia Southern. For more information, please contact digitalcommons@georgiasouthern.edu.
Predicting Turnover of Direct Sellers

Robert A. Peterson  
*The University of Texas at Austin*

Gerald Albaum  
*The University of New Mexico*

Victoria L. Crittenden  
*Babson College*

**ABSTRACT**

As an industry, direct selling is ubiquitous. An estimated 5.3 million people were direct sellers in the United States in 2016. Of those 5.3 million direct sellers, 4.5 million were part-time and 800,000 were full-time. Moreover, in 2016, direct selling generated an estimated US$35.54 billion in retail sales that, in turn, had a US$83.11 billion impact on the United States economy. In a broad sense, direct selling is simultaneously considered to be a distribution channel, an industry, and a business model. Traditional major modes of direct selling include person-to-person and party-plan selling at a home or in the workplace, with online sales now gaining traction in the direct selling marketplace.

Individuals become direct sellers for a multitude of reasons, including a desire to earn a living as a full-time direct seller, to earn supplemental income as a part-time direct seller, or to work at a part-time job to earn extra money to make a special purchase. Consequently, there can be relatively high turnover among direct sellers, especially those whose goal was to earn extra money to make a special purchase. Turnover is an issue in direct selling for several reasons, including the time and resources direct selling companies expend to recruit, train, and support direct sellers as well as the potential loss of customers and revenues when a direct seller exits the industry. As such, being able to predict which direct sellers are likely to leave the industry before considerable company and individual resources are expended would be beneficial to all concerned marketplace constituents.

This research attempted to predict direct seller turnover by analyzing responses to a set of 12 reasons why a national sample of individuals decided to join a direct selling company. This was done by first comparing the number and nature of reasons that subsamples of current and former direct sellers gave for joining a direct selling company. Significant differences were observed between the two direct seller groups for nine of the 12 reasons studied and for the total number of reasons given for joining a direct selling company. This was followed by a binary logistic regression analysis that successfully predicted the work status of 63 percent of the combined sample of current and former direct sellers. Although data for the present research were derived from a relatively large nationwide survey of current and former direct sellers, the study should be viewed as exploratory given the absence of information on the topic and the lack of theoretically based hypotheses.
ABSTRACT

Dr. Robert A. Peterson (Ph.D. University of Minnesota) holds the John T. Stuart III Centennial Chair in Business Administration at The University of Texas at Austin. He has served as chairman of the Department of Marketing and associate dean for research in the McCombs School of Business, director of the IC² Institute and the Bureau of Business Research, interim director of the Office of Technology Commercialization, associate vice president for research, and interim director for The University of Texas at Austin. He is a former editor of the Journal of Marketing Research and the Journal of the Academy of Marketing Science and co-editor of the AMS Review. Peterson has authored or co-authored in excess of 190 articles and books and has received numerous honors and awards for his research, including the Jagdish N. Sheth Award (Journal of the Academy of Marketing Science), the John Little Award (Marketing Science), the Circle of Honor Award (Direct Selling Education Foundation), and the Albert Nelson Marquis Lifetime Achievement award (Marquis Who’s Who). He is a fellow of the American Marketing Association. In addition to co-founding three firms, he frequently serves as an expert witness in litigation matters involving intellectual property. He has served on an advisory committee to the US Census Bureau and currently serves on the US State Department-Poland Innovation Council.

Gerald Albaum (Ph.D., University of Wisconsin-Madison) is Research Professor at the Robert O. Anderson School of Business, University of New Mexico. He is also a Senior Research Fellow at the IC² Institute, The University of Texas at Austin, and is Professor Emeritus of Marketing at the University of Oregon. He is the author or co-author of numerous books and articles in refereed journals and conference proceedings. His writings deal with issues in research methods, international marketing activities, and direct selling.