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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.

ABOUT THE AUTHORS

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 research integrity officer 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.

Vicky Crittenden (D.B.A., Harvard Business School) is Professor of Marketing and Chair of the Marketing Division at Babson College. She is also a Global Scholar in the D.B.A. program at the Mitchell College of Business, University of South Alabama and a Fellow of the IC² Institute and the Direct Selling Education Foundation. Vicky's research has been published in journals such as the *Journal of the Academy of Marketing Science*, *Marketing Letters*, *Sloan Management Review*, *Psychology & Marketing*, *Business Horizons*, *Entrepreneurship Theory & Practice*, *Journal of Business Research*, *Journal of Personal Selling & Sales Management*, and *Industrial Marketing Management*. Her educational scholarship appears in such journals as the *Journal of Marketing Education*, *Marketing Education Review*, *Decision Sciences Journal of Innovative Education*, *Journal of Education for Business*, *Journal of Teaching in International Business*, and *Journal for Advancement of Marketing Education*. Additionally, she currently serves as Collections Editor for Digital and Social Media Marketing and Advertising with Business Expert Press and is co-editor of *Evolving Entrepreneurial Education: Innovation in the Babson Classroom* published by Emerald Group Publishing.