

Taking Direct Selling to the Next Level with E-Commerce Technology

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While consumer products manufacturers frequently use influencers to help sell their products, many of them are missing out on a related, yet often overlooked, route to market. Direct or person-to-person selling is a fast-growing sector that enables these companies to expand their customer base and build longer-lasting relationships.

A unified e-commerce platform that combines business-to-consumer (B2C) and business-to-business (B2B) capabilities helps companies tap into this potential in a scalable and profitable way.



Selling Products with a Personalized Touch

Whether through Tupperware parties or catalogs, most people are familiar with the concept of direct selling to friends, colleagues, and neighbors. But what may be less understood are the nuances of this approach that make it very different from other sales routes.

The direct-selling model is not a pure B2B or B2C model but a B2B2C model, comprising:

- A consumer products manufacturer
- A consultant or ambassador who buys products from the manufacturer at a discounted price – these are not employees but independent distributors who sell the manufacturer's products to their network, earning a commission for each sale
- Retail customers who buy products for their own use on an ad hoc basis
- Preferred customers who pay a monthly or annual fee to subscribe to a program giving them benefits such as product discounts, free shipping, and exclusive previews of new products

Unlike a customer buying products for their own use, a consultant is buying into the business with the aim of selling to others. They also aim to recruit “downlines,” new consultants or ambassadors on whose sales they will also make a commission.

Although often overlooked, this is by no means a small sector. The global direct-selling establishment market size is expected to grow to US\$510.39 billion in 2026 at a compound annual growth rate of 2.3%.¹

Many of the products sold within this model are in the wellness, cosmetics, and personal care categories, which saw increased sales in the past two years due to an increased focus on wellness and nutrition during the COVID-19 pandemic.



1. [“Direct Selling Establishments Global Market Report 2022 – By Type \(Single-Level Marketing, Multi-Level Marketing\), by Products \(Wellness, Services, Home and Family Care, Personal Care, Clothing and Accessories, Leisure and Educational\), by Price Range \(Premium, Mid-Range, Economy\) – Market Size, Trends, and Global Forecast 2022–2026,”](#) The Business Research Company, April 2022.

Setting a Brand Apart in a Fast-Evolving Landscape

MOVING FROM SELLING TO PEOPLE TO SOCIAL SELLING

Whereas consultants once used only catalogs and physical products to encourage customers to buy, the ubiquity of mobile phones and social media means the business is now much more digitalized.

The concept of people selling to people remains the same, but advanced technology and e-commerce platforms have given consultants a whole new toolkit for making sales. For example, a company may sponsor a livestream to showcase a product, its usage, and its benefits, even letting customers add the product to their cart directly from the livestream.

The evolution of the social media landscape has important implications for direct sellers. Both the consultants and customers of the future are digital natives, so direct sellers need to continuously improve how they enable consultants in this new way of selling and buying. They need to elevate not only the customer experience but also the consultant experience to help their ambassadors create awareness of their brand online.



DISCOVER MORE IN OUR WEB SEMINAR

Discover more in our [Web seminar](#), in which Javier Alberto Flores, a global consumer products customer experience advisor at SAP, and Surya Saurabh, a senior manager of commerce practice at Deloitte Digital, talk about topics including how:

- Direct selling and influencer marketing may see some convergence in the future
- Trends such as the rise of gig working complement the direct-selling model
- Consumer products companies can create superior experiences for both consultants and customers by building the right ecosystem

DIGITALIZING TO OVERCOME INDUSTRY CHALLENGES

Social media and the pandemic may have fueled significant market growth, but direct sellers also face many challenges. They need to build scalable and efficient businesses, reach new customers, and attract and retain consultants and ambassadors all while fending off technology-savvy competitors.

One aspect unique to direct selling is the importance of ensuring consultants get the right attribution for traffic generated and accurate commissions for their sales. While not relevant in a retail context, attribution is a key factor in

attracting and retaining consultants, who may work for more than one brand. Direct sellers also need to keep on top of aspects such as enrollment, user-specific pricing, recurring orders, personalization of commerce sites for ambassadors, consultant pairing, and peak monthly loads.

Despite this complexity, the potential of this sector for consumer products companies, with their existing knowledge of personalization, is immense. Deploying the right e-commerce platform to provide consultants and consumers with great experiences can help manufacturers mine these opportunities.



LEARN MORE

Visit us [online](#) to find out how SAP® Commerce Cloud solutions can help your consumer products company tap into direct-sales opportunities profitably and at scale.

SAP Customer Experience