COUNTRY RESIDENT OPINION RESEARCH REGARDING THE DIRECT SELLING

LITHUANIA, LATVIA, ESTONIA

customer

LTPa LIETUVOS TIESIOGINĖS PREKYBOS ASOCIACIJA
LITHUANIAN DIRECT SELLING ASSOCIATION

contractor

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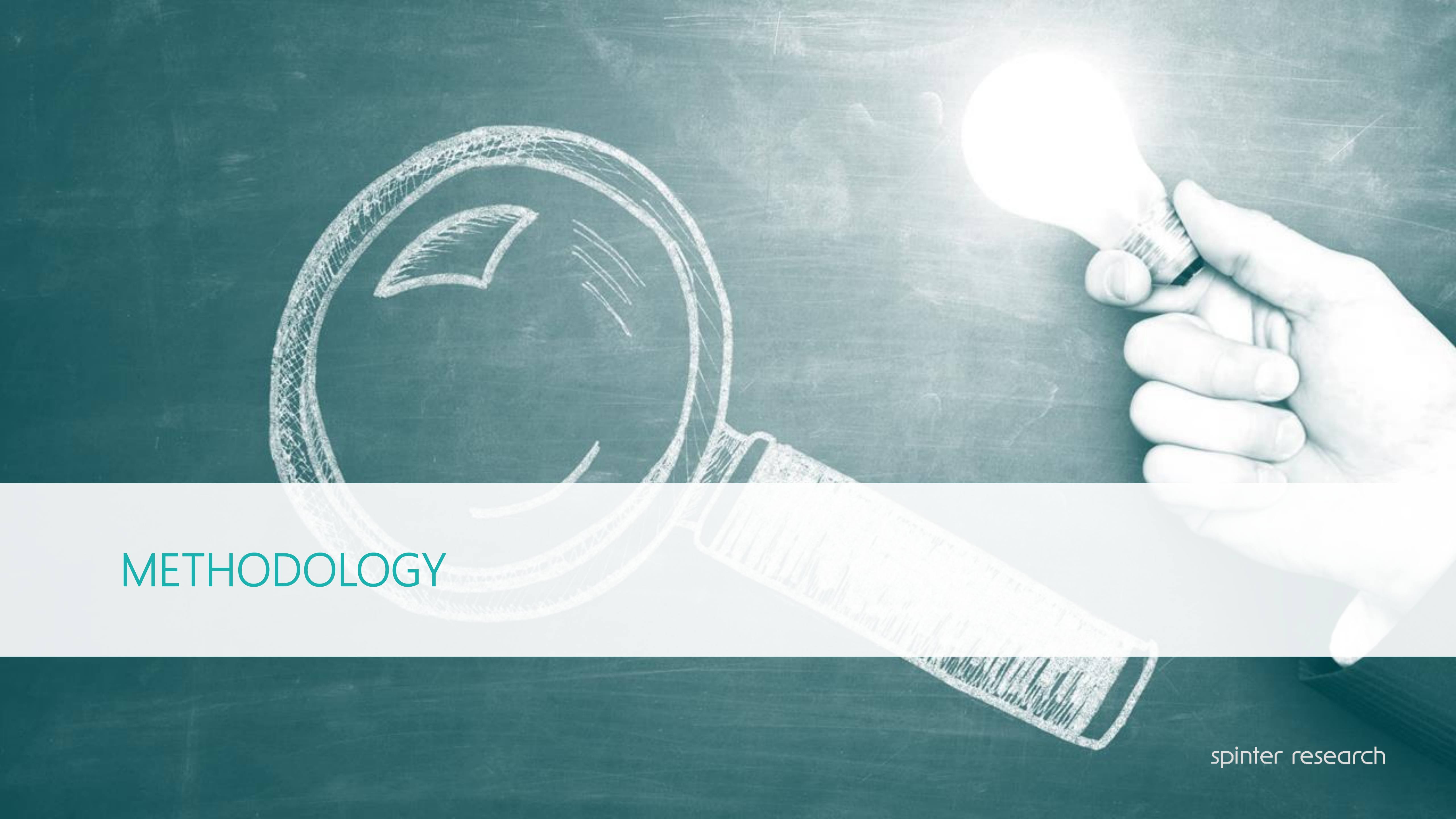
ESOMAR WORLD RESEARCH

iris THE INDEPENDENT RESEARCH INSTITUTES NETWORK

July 2021



METHODOLOGY

RESEARCH METHODOLOGY

- TIMING. 2021 06 25 – 07 16.
- OBJECTIVE. Find out the country residents' opinion regarding the direct selling.
- TARGET GROUP. Residents of Lithuania, Latvia and Estonia, aged 18-75 y.o.
- SURVEY METHOD. CAWI interview, using a standardized questionnaire, which is agreed upon with the Customer. During CAWI, respondents are invited by email to fill an online questionnaire.
- SAMPLE SIZE. 1011 respondents in Lithuania, 1013 respondents in Latvia and 1008 respondents in Estonia.
- LOCATION. Lithuania, Latvia and Estonia.
- METHOD. Quota sampling was used in this research, by gender, age and location criteria. This sampling method ensures representative data: all TG representatives have equal possibilities to participate in the survey.
- DATA ANALYSIS. Data analysis was performed using SPSS/PC statistical program. Report presents general distribution (percentages) of the answers, and distribution by social-demographical characteristics (see Appendixes).

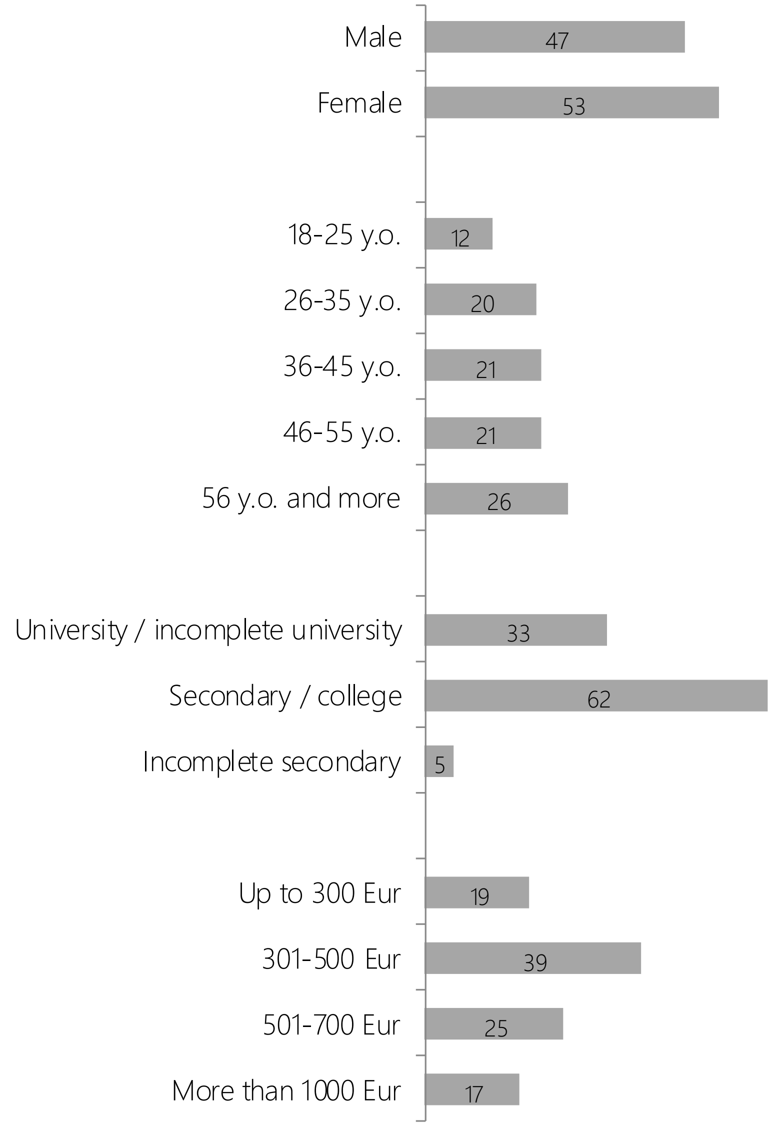
STATISTICAL ERROR

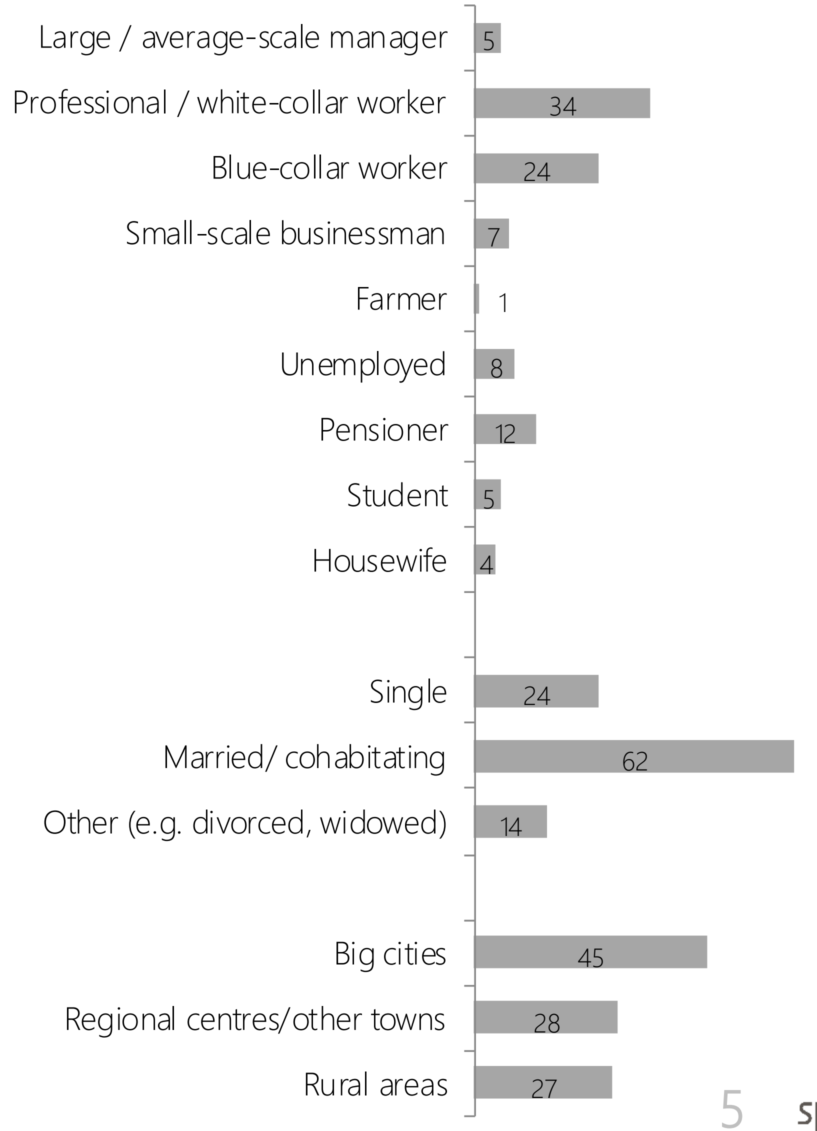
It is impossible to entirely avoid the sampling error in any quantitative research that uses sampling; therefore, it is necessary to take it into consideration while interpreting the data. E.g., after surveying 1011 respondents in Lithuania, if we find out that 59,9 percent of respondents purchased a product through direct selling, there is 95 percent probability that the real value is between 56,9 percent and 62,9 percent.

The precision of the estimation is directly associated with the number of analyzed cases. The table below is helpful in estimating the statistical error.

%=	3/97	5/95	10/90	15/85	20/80	25/75	30/70	40/60	50/50
N=									
10	10,6	13,5	18,6	22,1	24,8	26,8	28,4	30,4	31,0
30	6,1	7,8	10,7	12,8	14,3	15,5	16,4	17,5	17,9
50	4,7	6,0	8,3	9,9	11,1	12,0	12,7	13,6	13,9
75	3,9	4,9	6,8	8,1	9,1	9,8	10,4	11,1	11,3
100	3,3	4,3	5,9	7,0	7,8	8,5	9,0	9,6	9,8
150	2,7	3,5	4,8	5,7	6,4	6,9	7,3	7,8	8,0
200	2,4	3,0	4,2	4,9	5,5	6,0	6,4	6,8	6,9
300	1,9	2,5	3,4	4,0	4,5	4,9	5,2	5,5	5,7
400	1,7	2,1	2,9	3,5	3,9	4,2	4,5	4,8	4,9
500	1,5	1,9	2,6	3,1	3,5	3,8	4,0	4,3	4,4
600	1,4	1,7	2,4	2,9	3,2	3,5	3,7	3,9	4,0
700	1,3	1,6	2,2	2,6	3,0	3,2	3,4	3,6	3,7
800	1,2	1,5	2,1	2,5	2,8	3,0	3,2	3,4	3,5
1000	1,1	1,4	1,9	2,2	2,5	2,7	2,8	3,0	3,1
1500	0,9	1,1	1,5	1,8	2,1	2,2	2,4	2,5	2,6
2000	0,8	1,0	1,3	1,6	1,8	1,9	2,0	2,1	2,2
2500	0,7	0,9	1,2	1,4	1,6	1,7	1,8	1,9	2,0

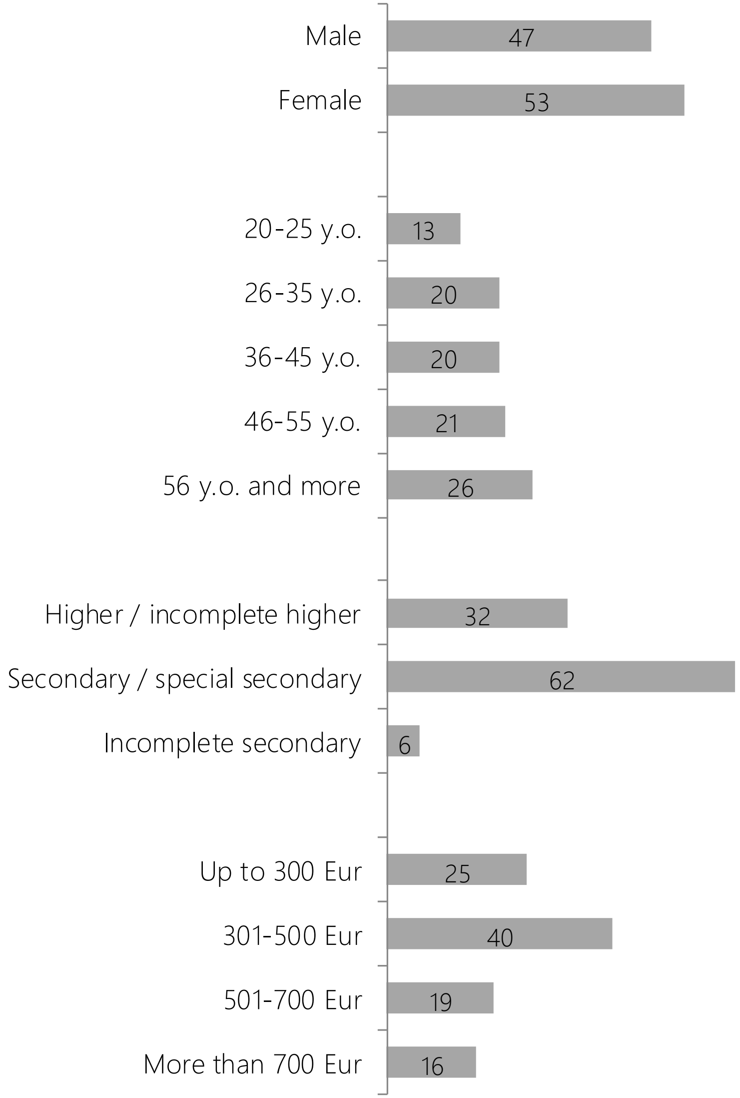
RESPONDENTS' SOCIO-DEMOGRAPHIC CHARACTERISTICS (%)
Lithuania

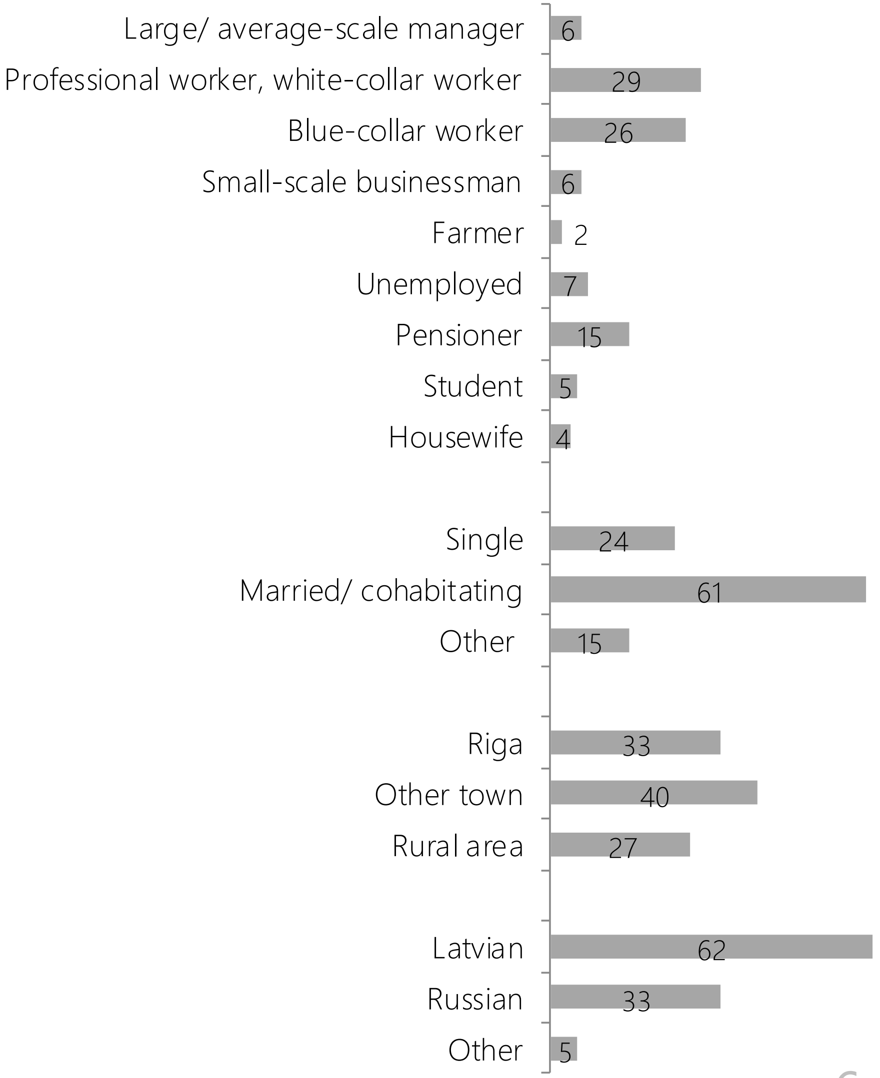




RESPONDENTS' SOCIO-DEMOGRAPHIC CHARACTERISTICS (%)

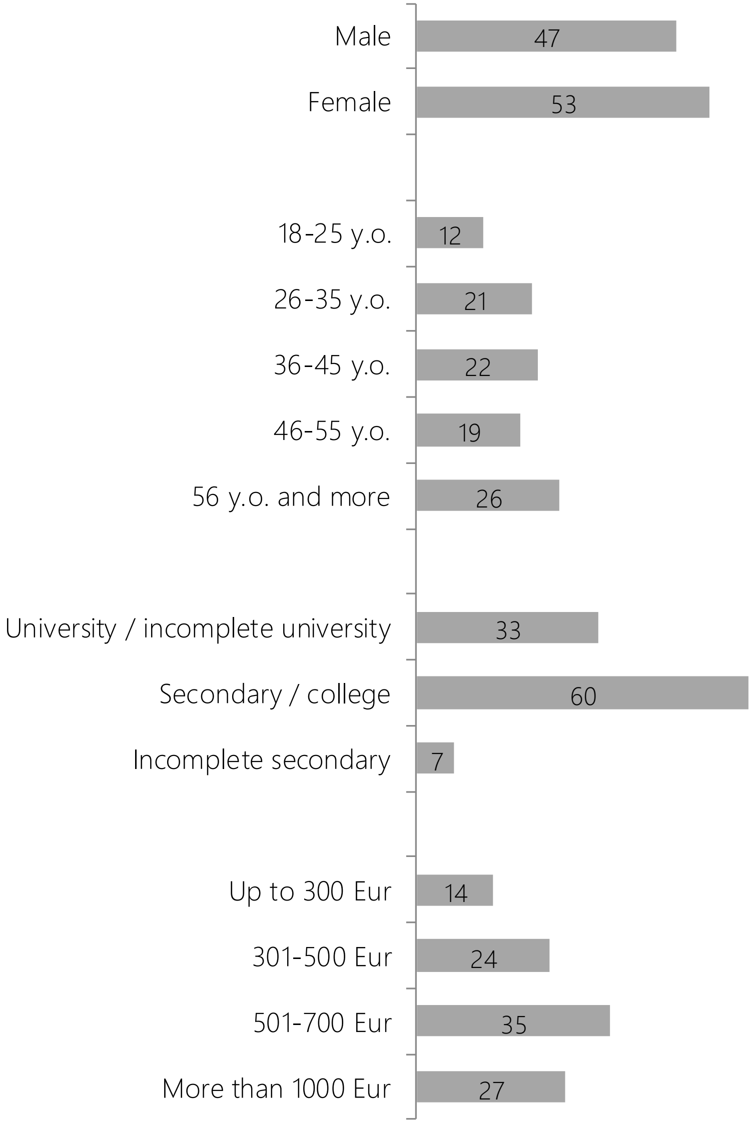
Latvia

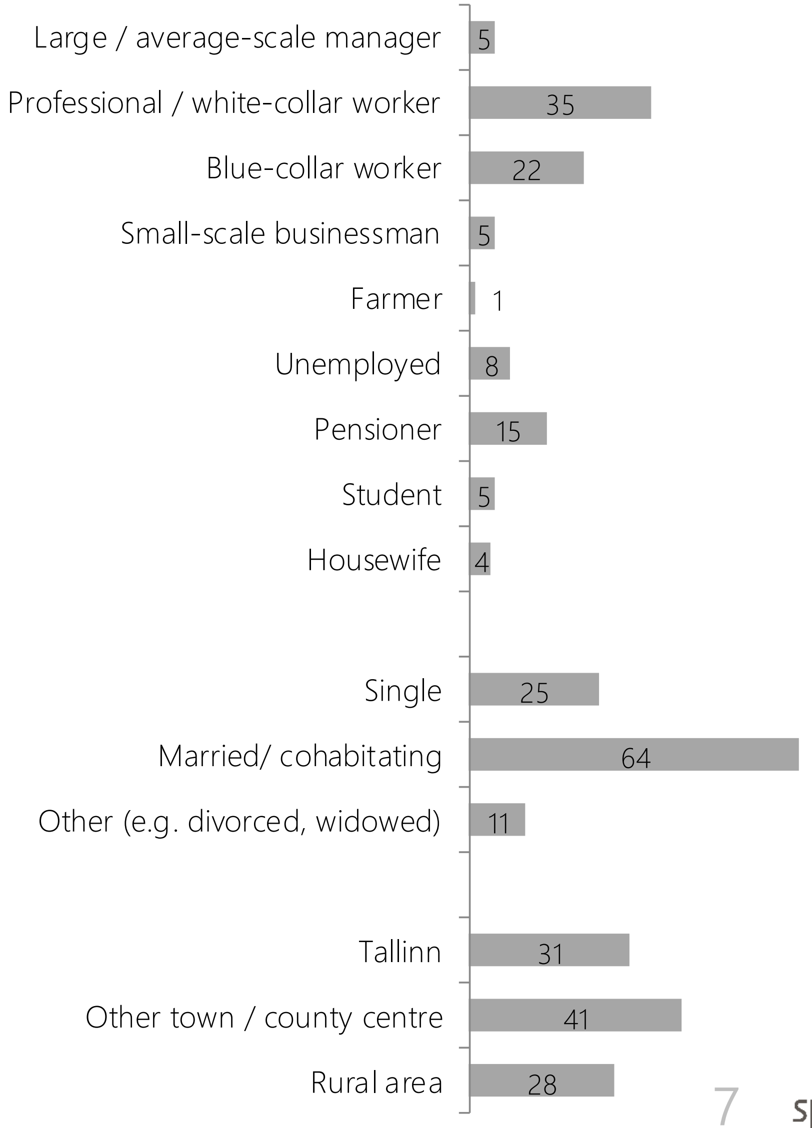




RESPONDENTS' SOCIO-DEMOGRAPHIC CHARACTERISTICS (%)

Estonia

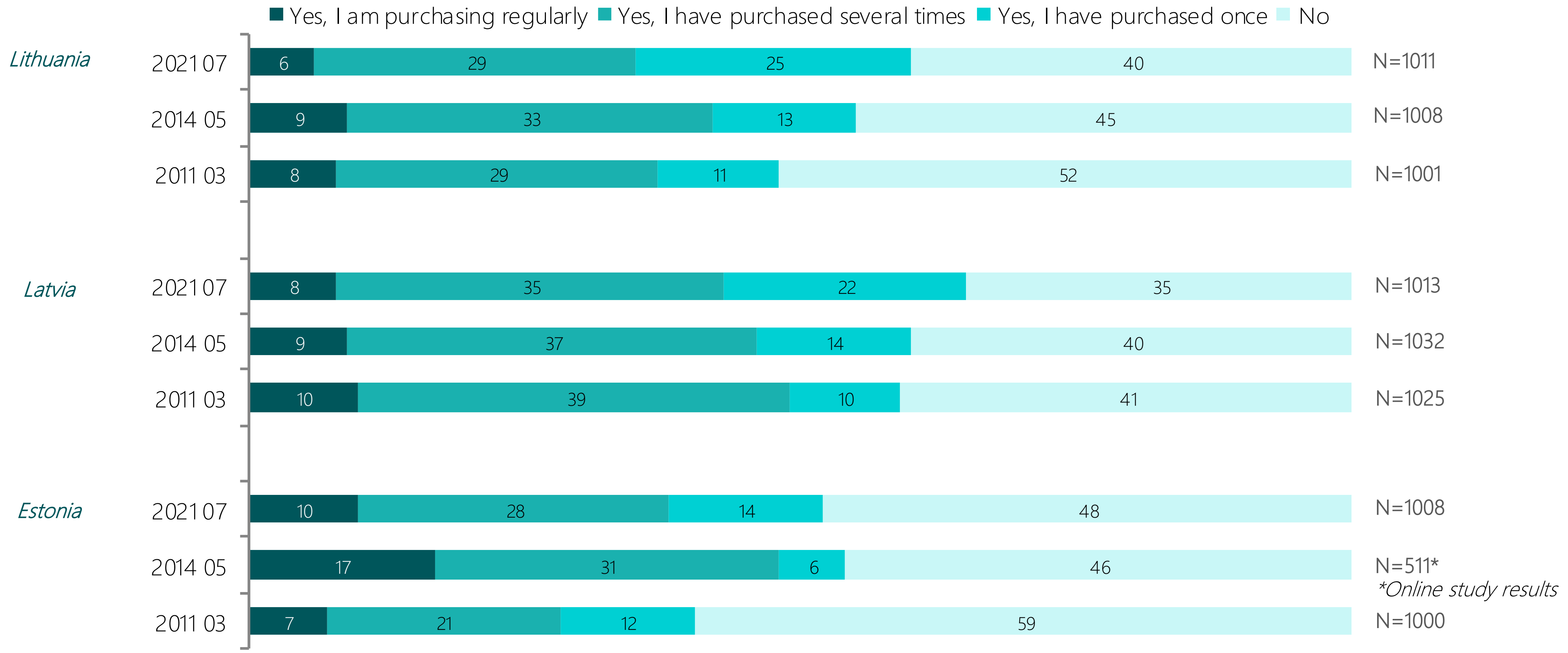




RESULTS

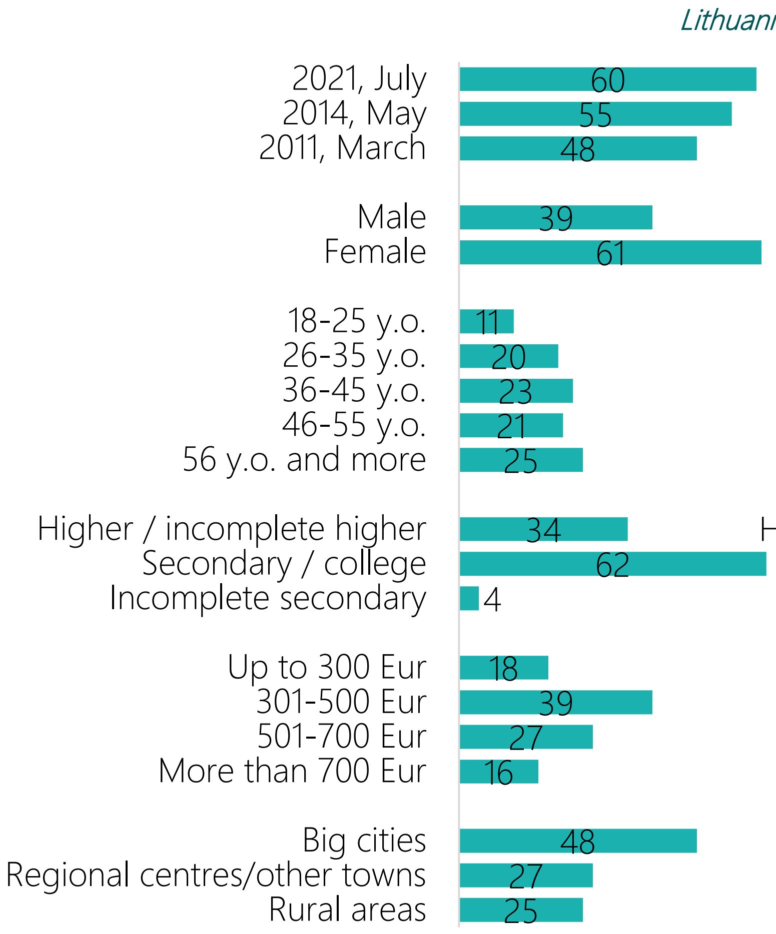
REGULAR USAGE OF DIRECT SELLING SHOWS INTENTIONS TO DECREASE (%)

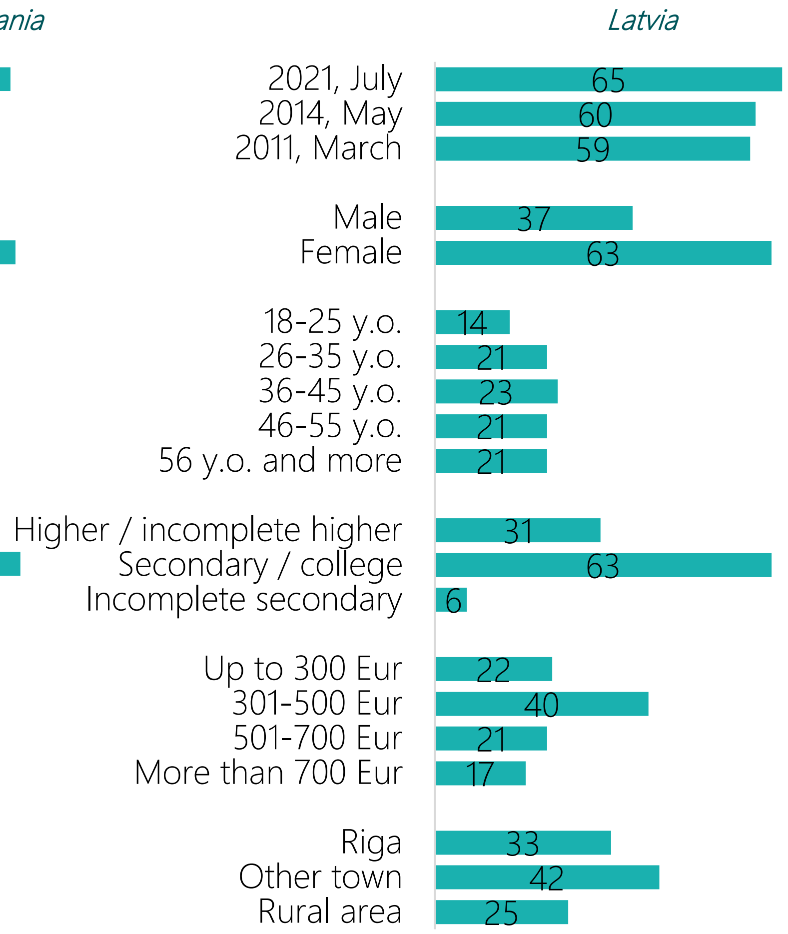
Have you ever purchased a product through direct selling as a type of shopping - bought it from a representative / distributor of direct selling company?

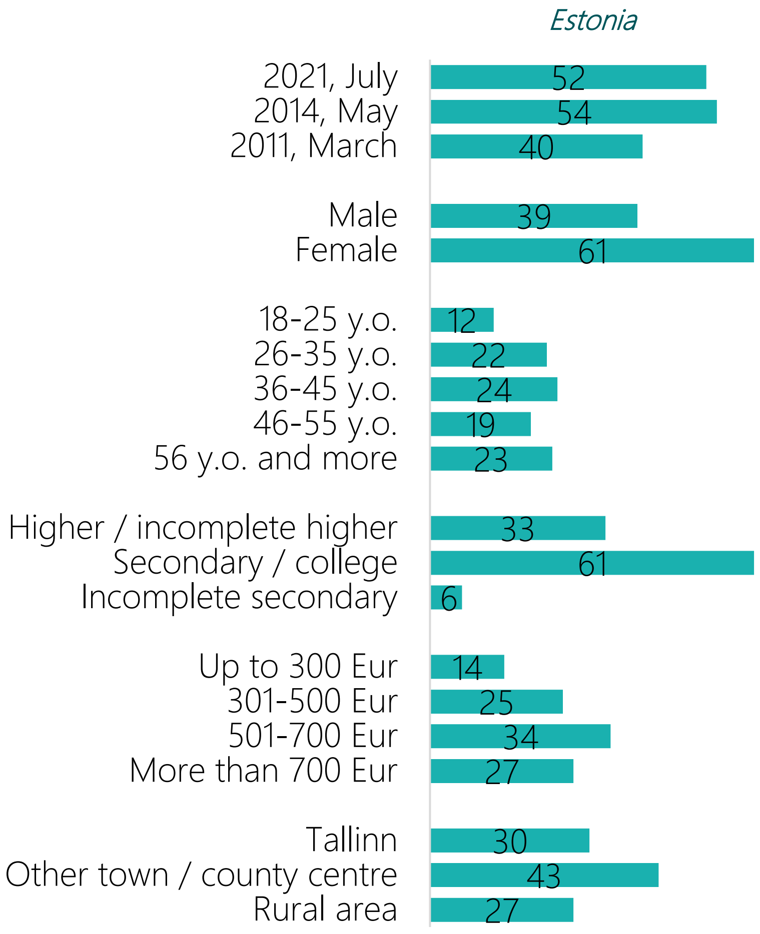


EXPERIENCE WITH DIRECT SELLING (%)

Have you ever purchased a product through direct selling as a type of shopping - bought it from a representative / distributor of direct selling company?



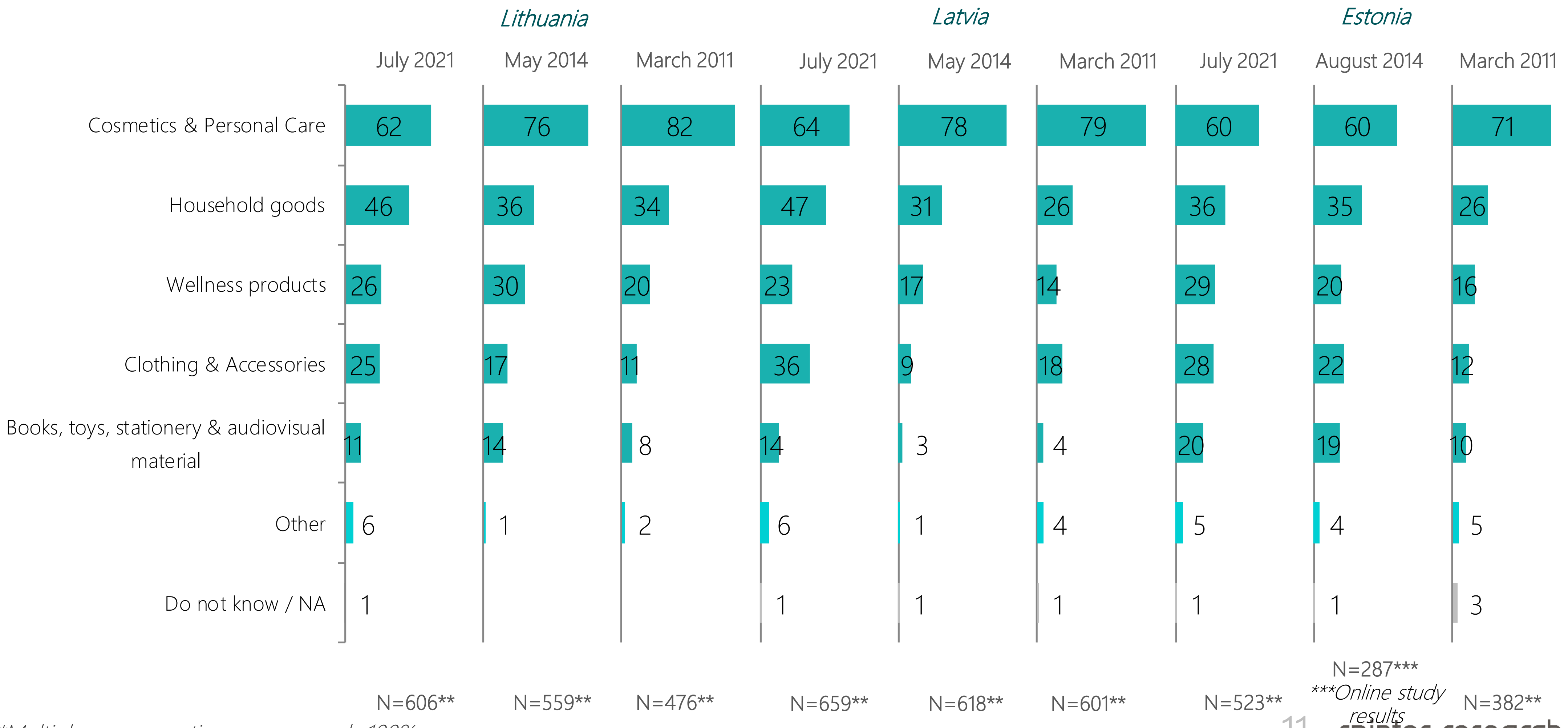




**Have experience [bought at least once]*

COSMETICS KEEP LOSING ITS DOMINANAT POSITION IN DIRECT SELLING CATEGORY. AT THE SAME TIME, OTHER PRODUCT GROUPS LIKE HOUSEHOLD GOODS AND CLOTHING SHOW BETTER RESULTS (%)

Which category of products have you purchased?



**Multiple answer option; sum exceeds 100%*
***Customers only*

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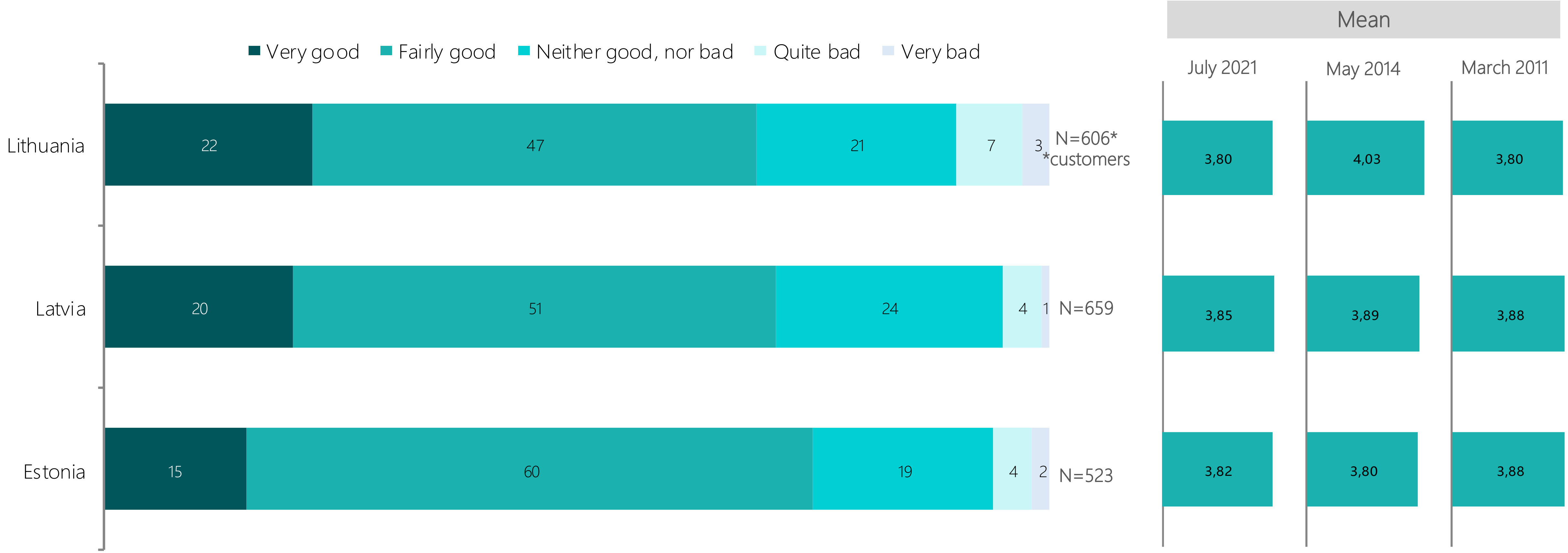
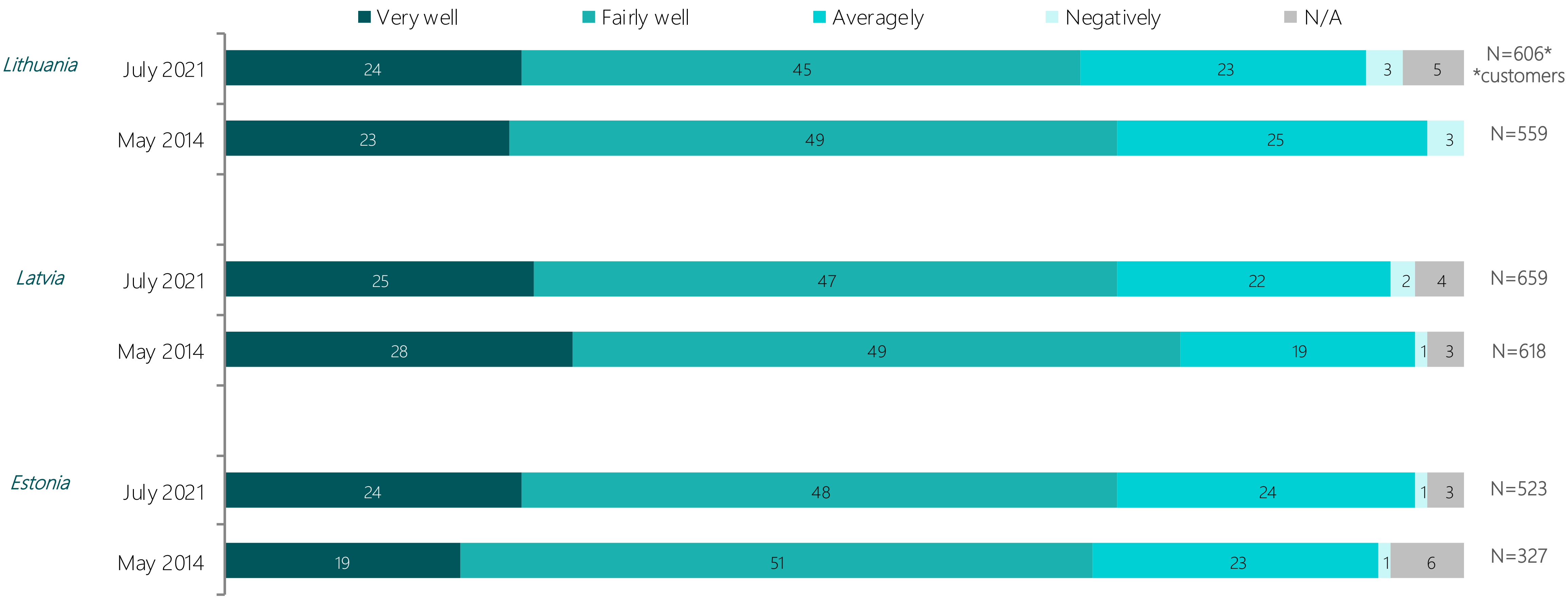
OPINION ABOUT PURCHASED PRODUCTS IS SLIGHTLY WORSE OR AT LEAST DOES NOT SHOW ANY IMPROVEMENT (%)

What is your opinion about purchased products?



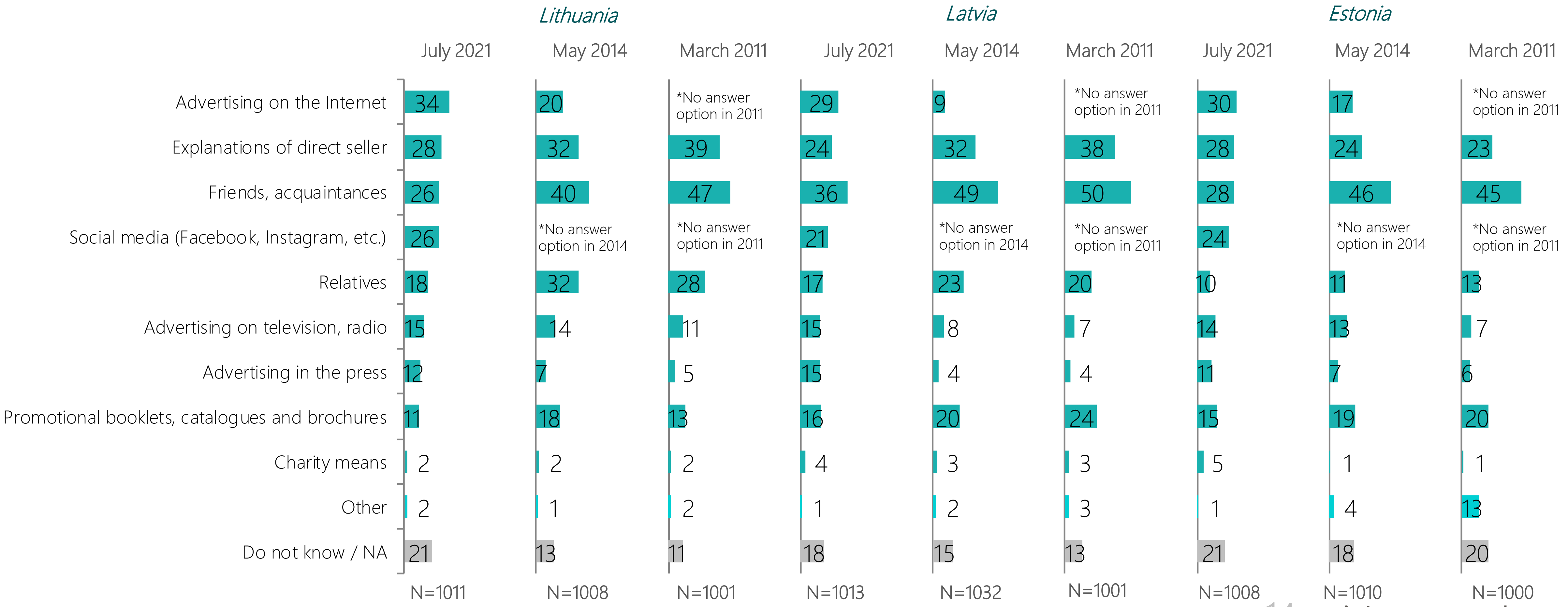
EVALUATION OF DIRECT SELLING CONSULTANTS REMAINS SIMILAR (%)

How you would evaluate the level of professionalism of the distributor / consultant with whom you deal?



THE IMPORTANCE OF INTERNET AND SOCIAL MEDIA KEEP GROWING. FRIENDS AND ACQUAINTANCES ARE LOSING THEIR INFLUENCE. THE REAL IMPORTANCE OF DIRECT SELLER FACTOR IS DIFFICULT TO EVALUATE (BECAUSE OF COVID) (%)

How, from what sources do you get information about direct selling companies and their products?

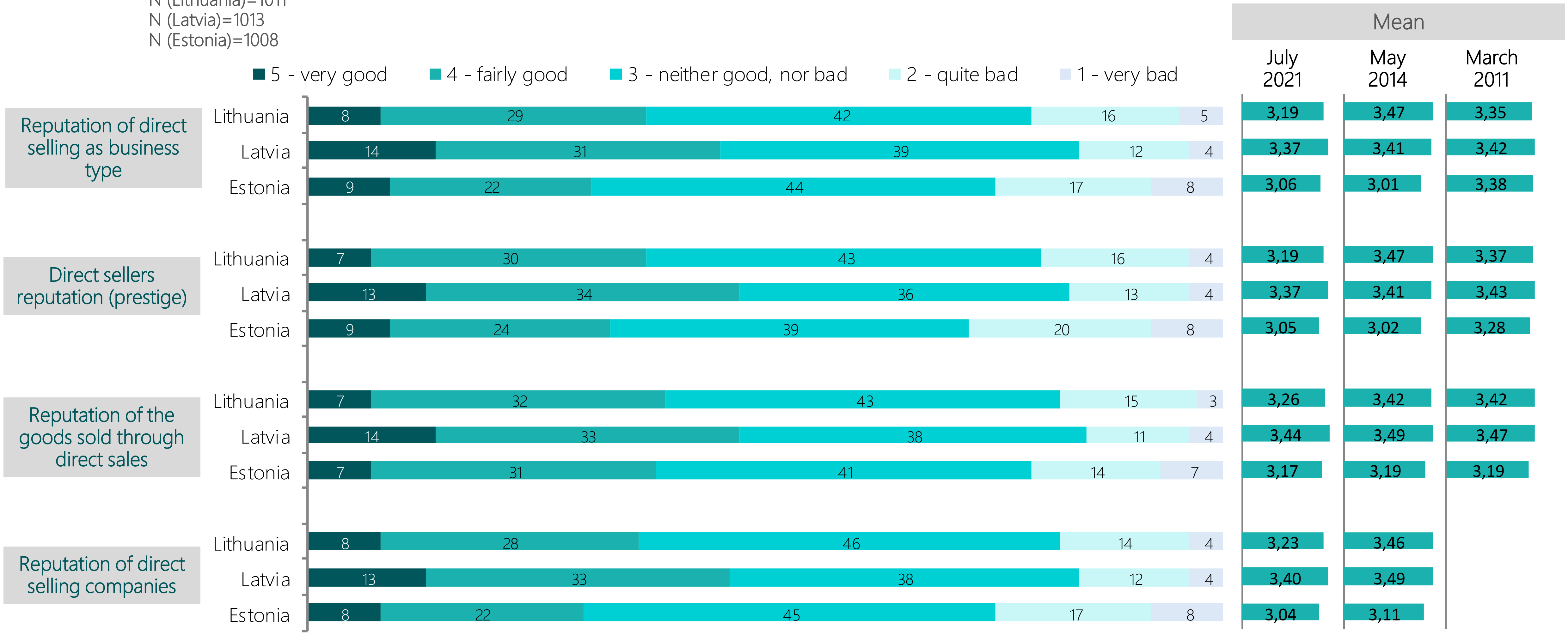


*Multiple answer option; sum exceeds 100%

ATTITUDE TOWARDS DIRECT SELLING IS GETTING WORSE IN LT. NO SIGNIFICANT CHANGES IN LV AND EE (%).

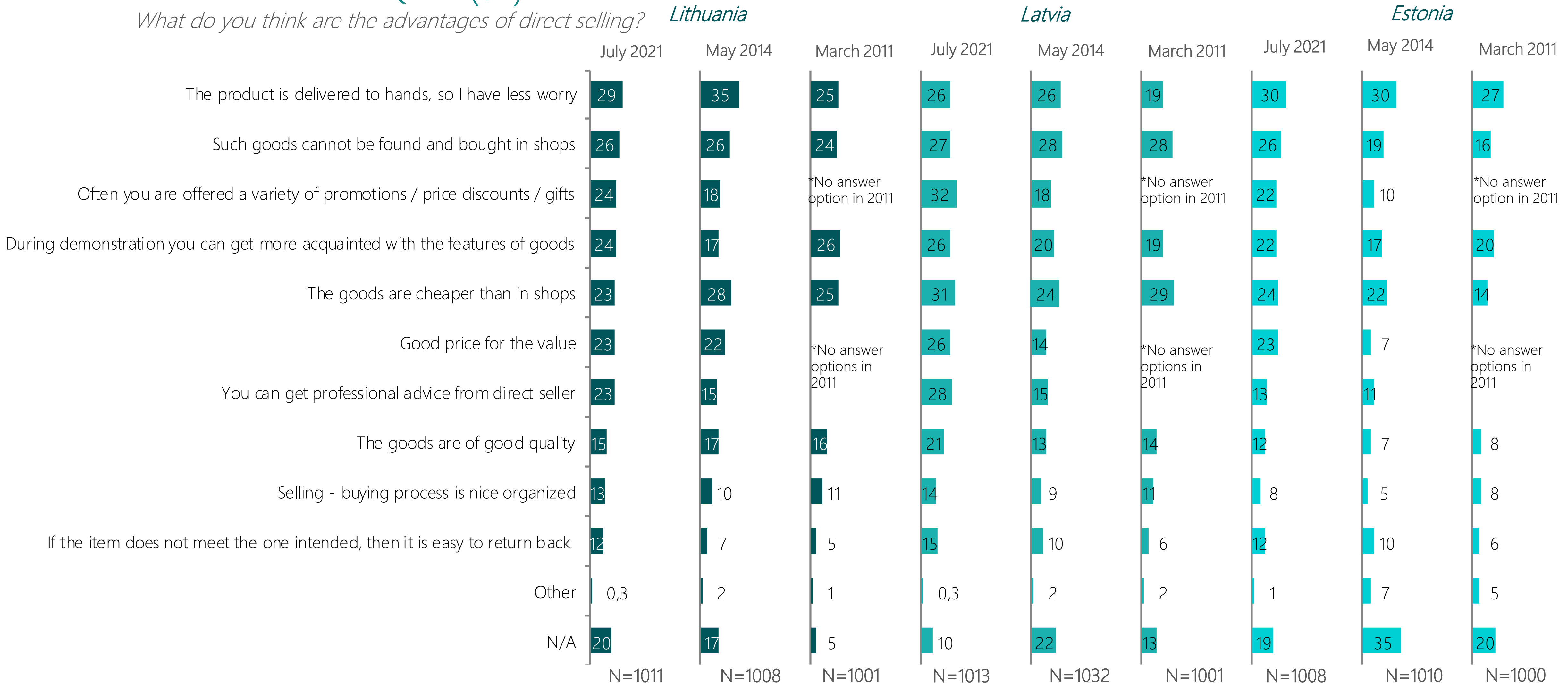
What is your general attitude towards direct selling (off-premise trade)?

N (Lithuania)=1011
N (Latvia)=1013
N (Estonia)=1008



ADVANTAGES OF DIRECT SELLING – PRODUCT DELIVERED TO HANDS (LT AND EE). WITH ONLINE TRADE DEVELOPEMENT THIS FEATURE IS NO LONGER UNIQUE (%)

What do you think are the advantages of direct selling?



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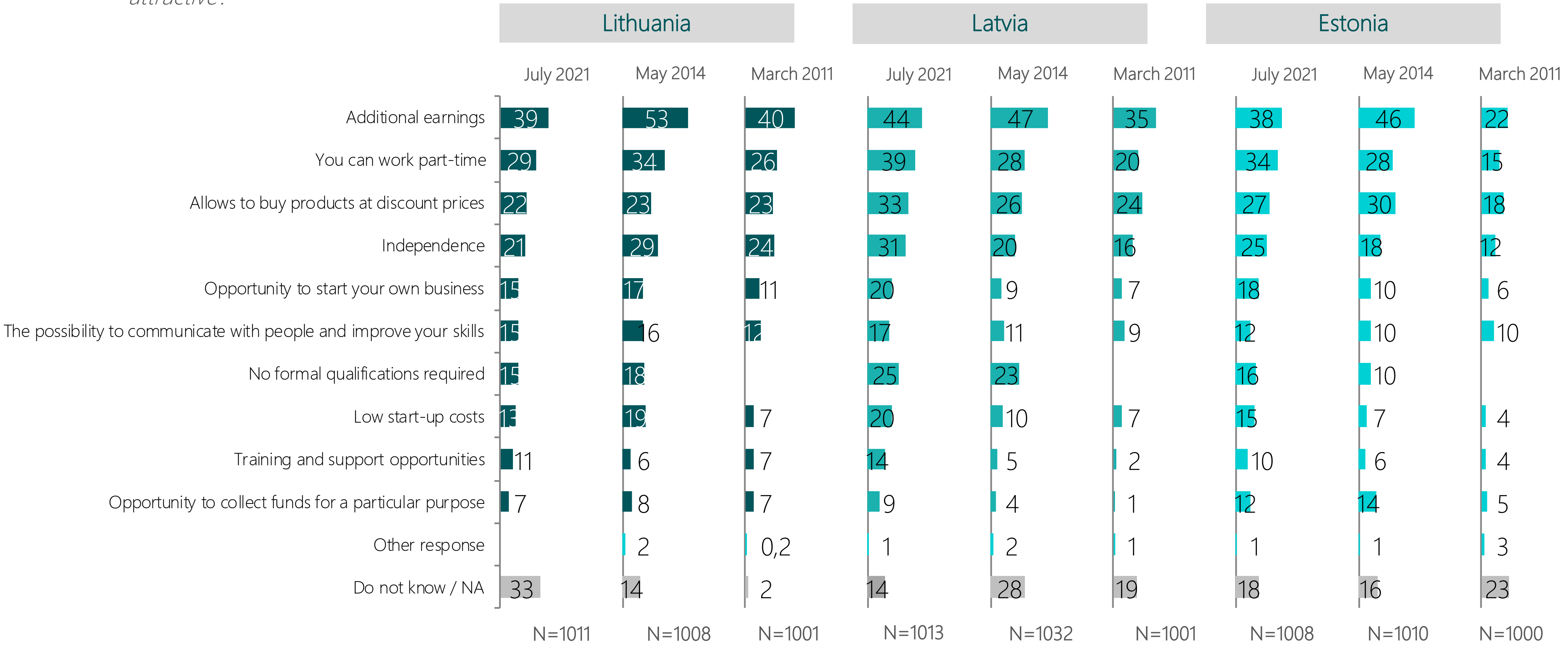
*Multiple answer option; sum exceeds 100%

MOST ATTRACTIVE ASPECTS OF DIRECT SELLING – ADDITIONAL EARNINGS AND ABILITY TO WORK PART-TIME (%)

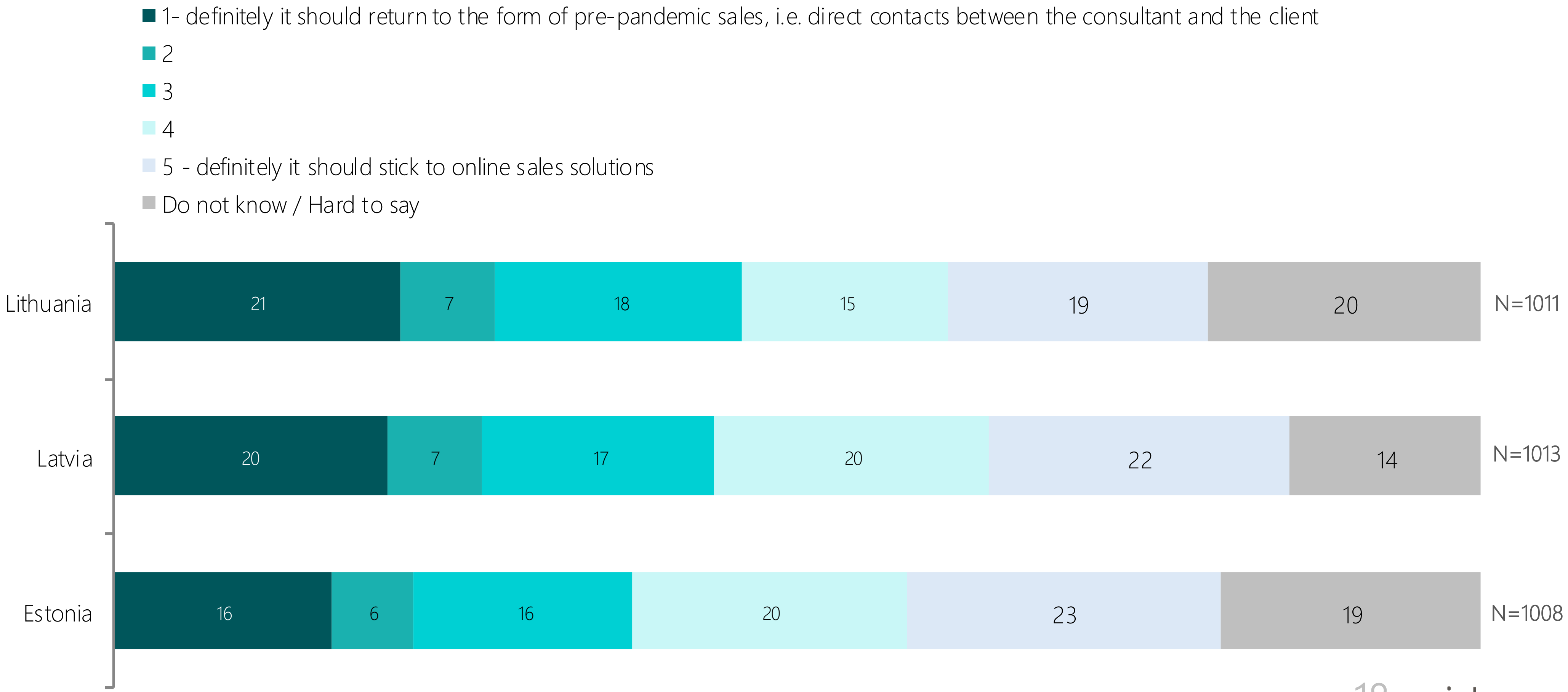
If you already had or just imagine that you could be the distributer of direct selling goods, what aspects of the business you keep most attractive?



Multiple answer option; sum exceeds 100%

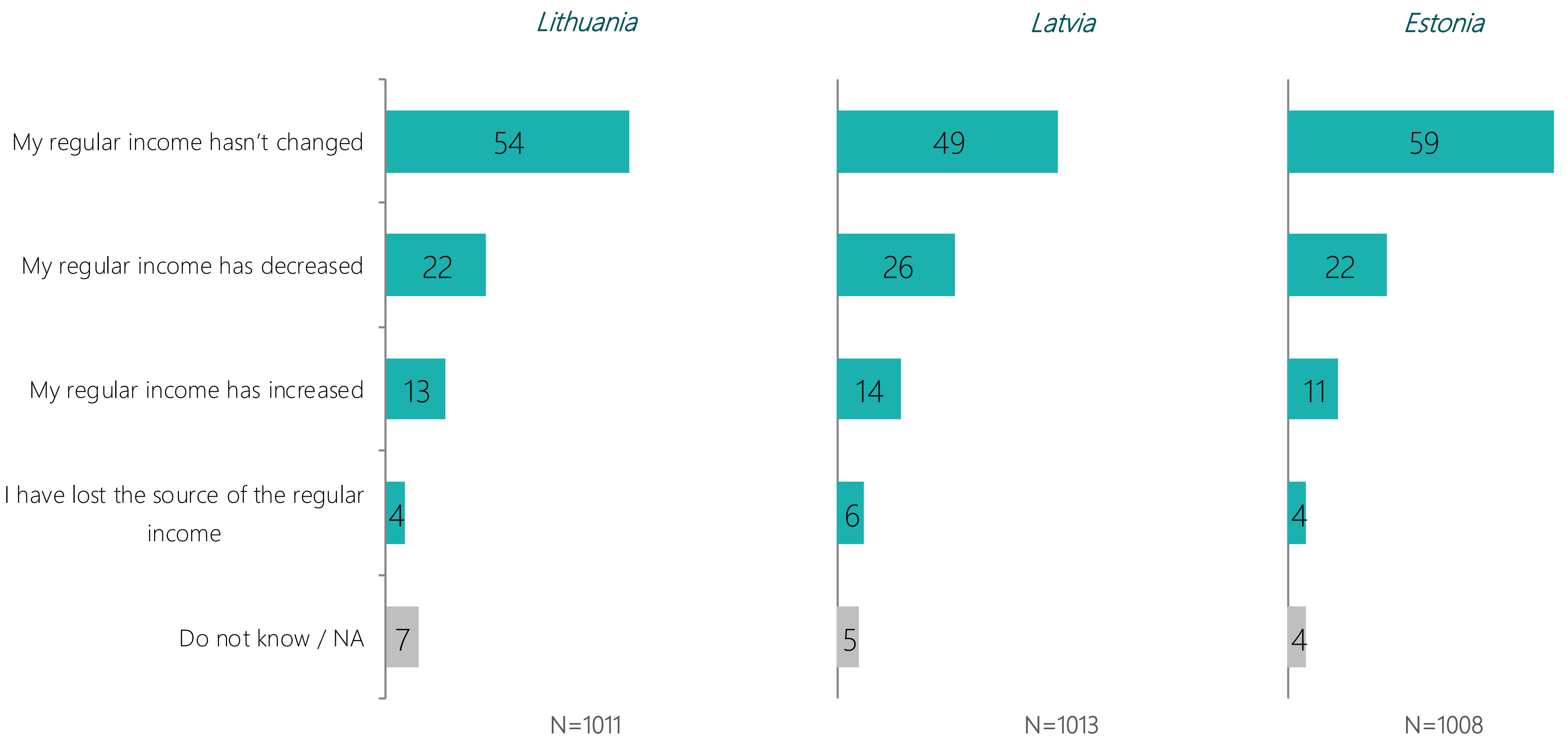
DIRECT SELLING INDUSTRY SHOULD KEEP BOTH SALES CHANNELS – TRADITIONAL AS WELL AS ONLINE (%)

In your opinion, should the direct selling industry, after the pandemic ends, return to the form of pre-pandemic sales?



THE PANDEMIC HAD A NEGATIVE EFFECT ON INCOME TO 25-30 PER CENT OF CONSUMERS IN THE BALTICS (%)

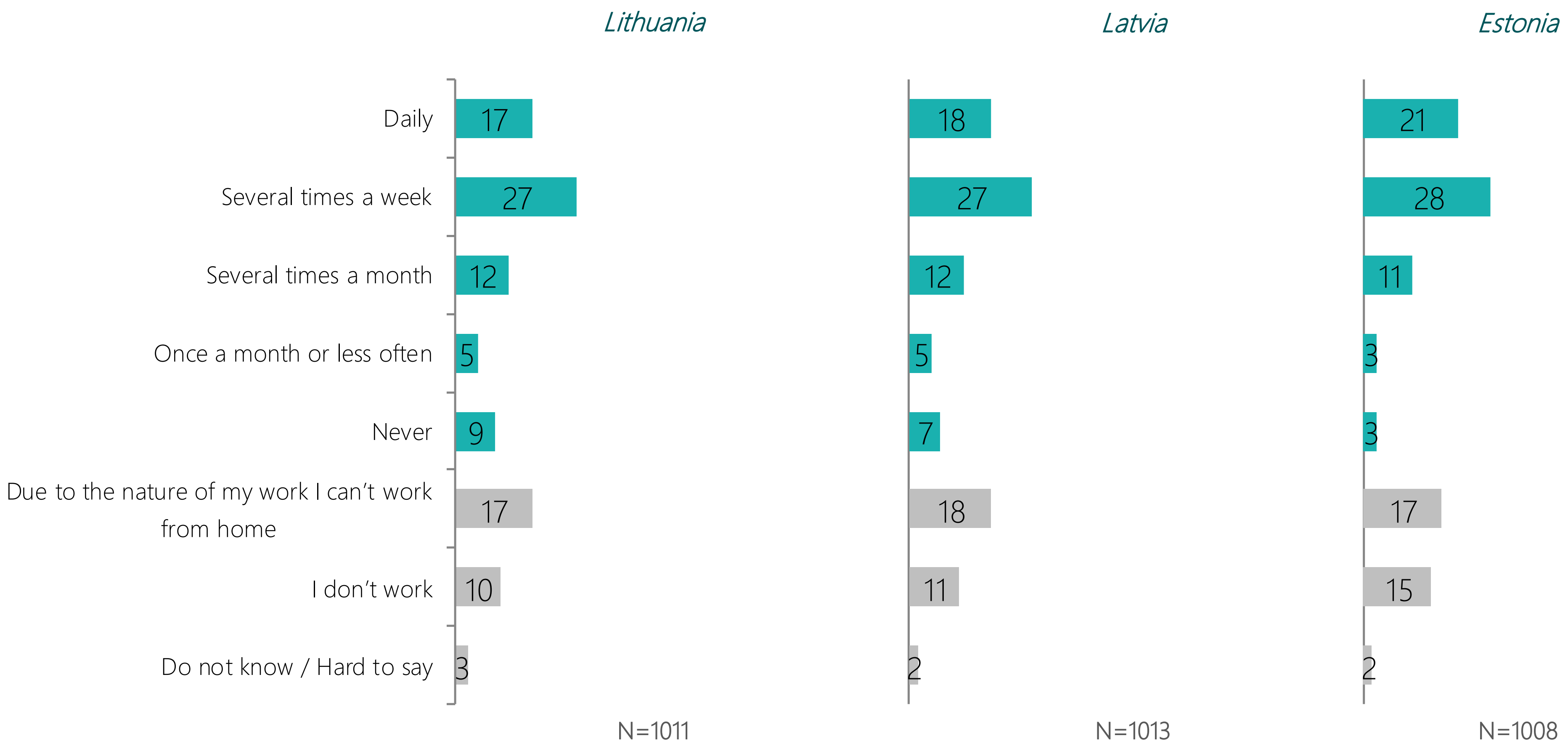
How COVID-19 pandemic affected your regular income in the last 12 months?



**Multiple answer option; sum exceeds 100%*

MOST DESIRED FREQUENCY TO WORK FROM HOME – SEVERAL TIMES A WEEK (%)

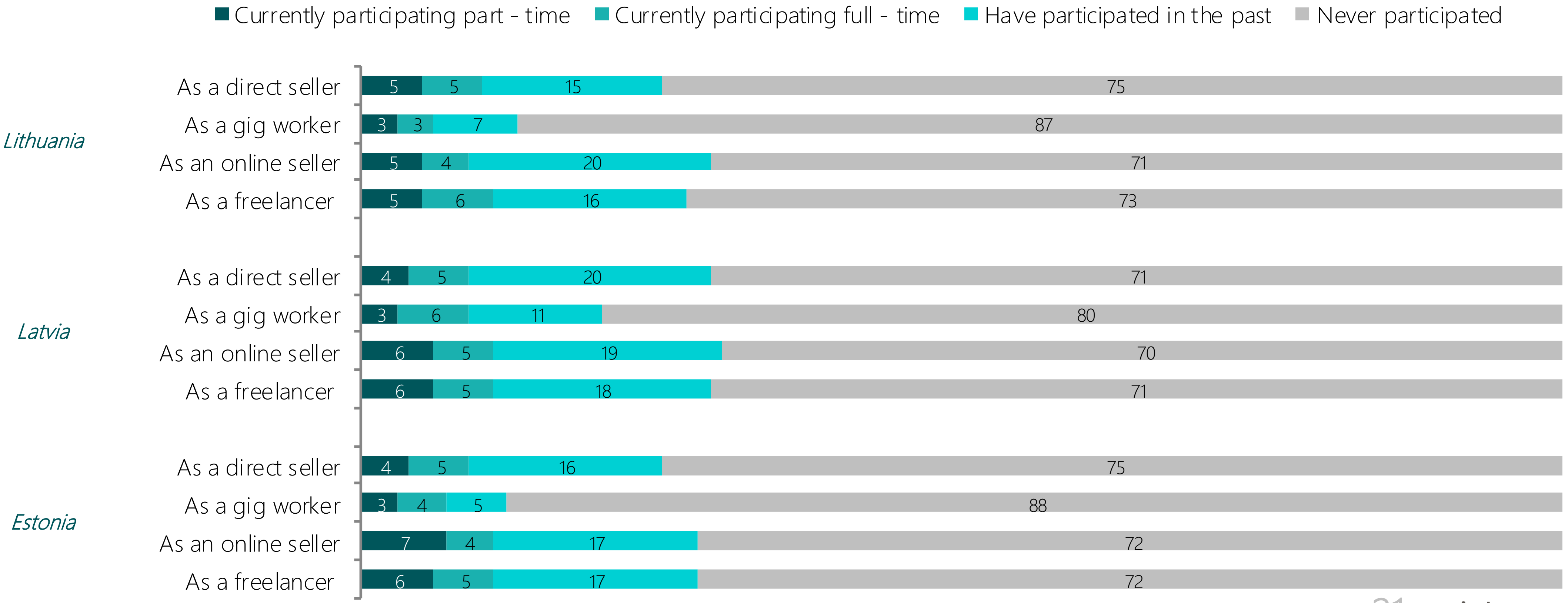
If you had the choice, how often would you like to work from home if there were no restrictions due to COVID-19?



25 – 30 PER CENT OF INHABITANTS HAVE AT LEAST SOME EXPERIENCE IN PART-TIME WORK (%)

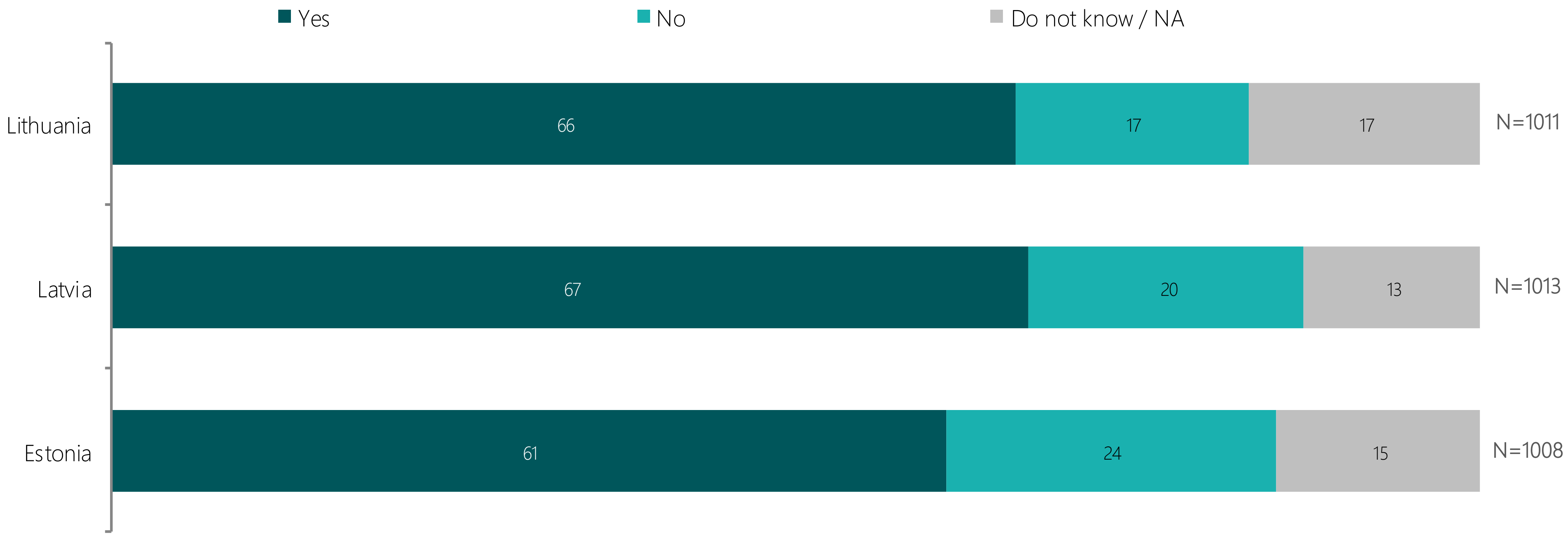
Have you ever participated in any of the following ways to make money?

N (Lithuania)=1011
N (Latvia)=1013
N (Estonia)=1008



TO MAKE MONEY IN A FLEXIBLE WAY SEEMS TO BE ATTRACTIVE FOR 2/3 OF THE RESPONDENTS IN THE BALTICS (%)

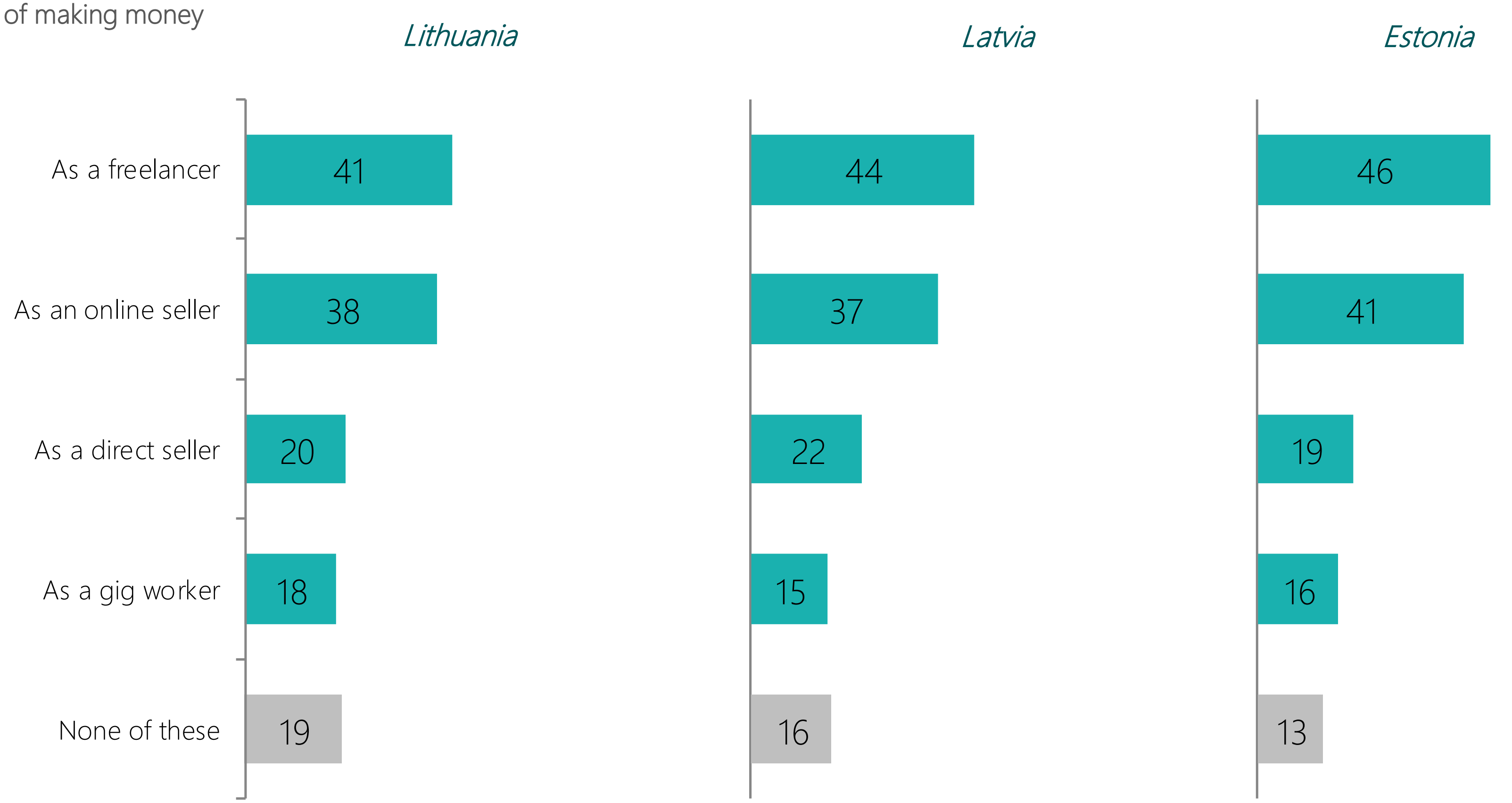
Do you have any interest in a flexible way of making money, either full- or part-time, outside of a 'traditional' job in the next 12 months?



FREELANCING AND ONLINE SELLING – THE MOST ATTRACTIVE WAYS TO MAKE MONEY PART-TIME (%)

Which of these income opportunities would you be most likely to consider in the next 12 months?

N (Lithuania)=661*
N (Latvia)=677*
N (Estonia)=611*
*interested in a flexible way of making money

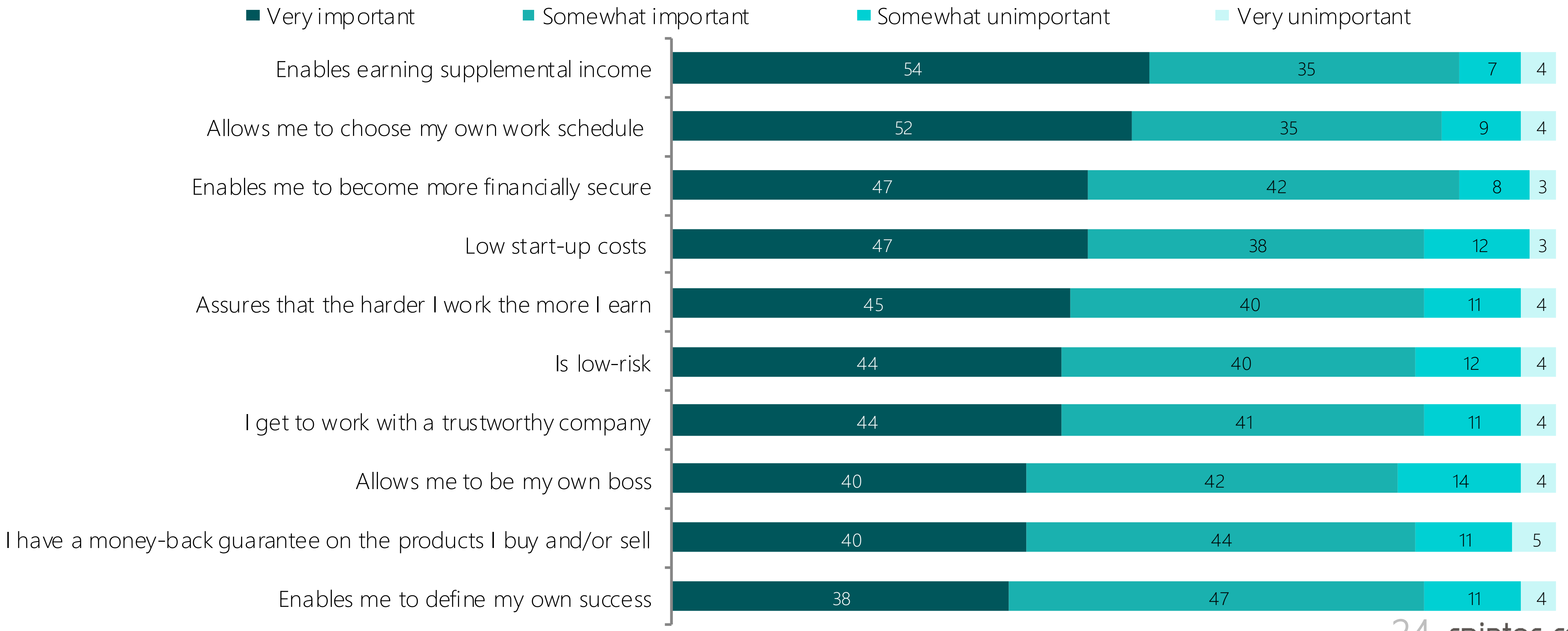


*Multiple answer option; sum exceeds 100%

ASSESSING THE IMPORTANCE OF CLAIMS (%) Lithuania

If you were looking for a new way to make money, how important are each of the following?

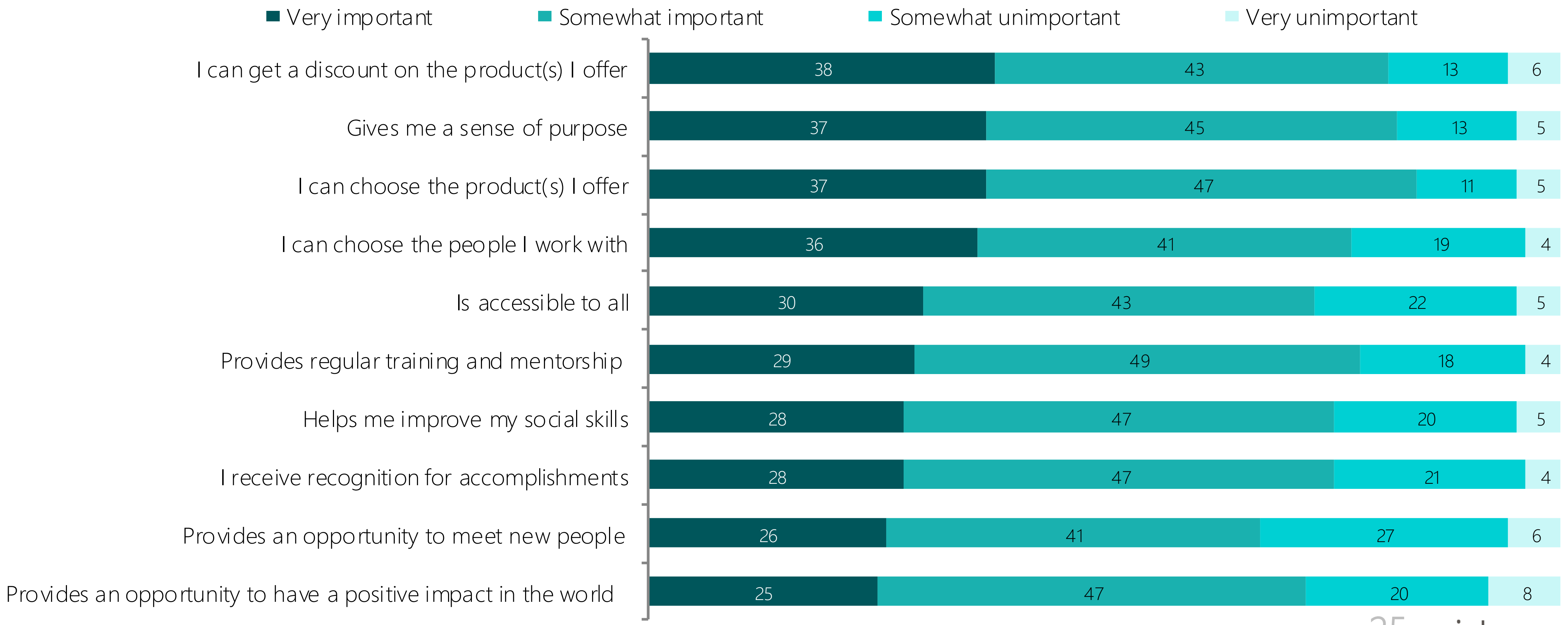
N=1011



ASSESSING THE IMPORTANCE OF CLAIMS (%) Lithuania

If you were looking for a new way to make money, how important are each of the following?

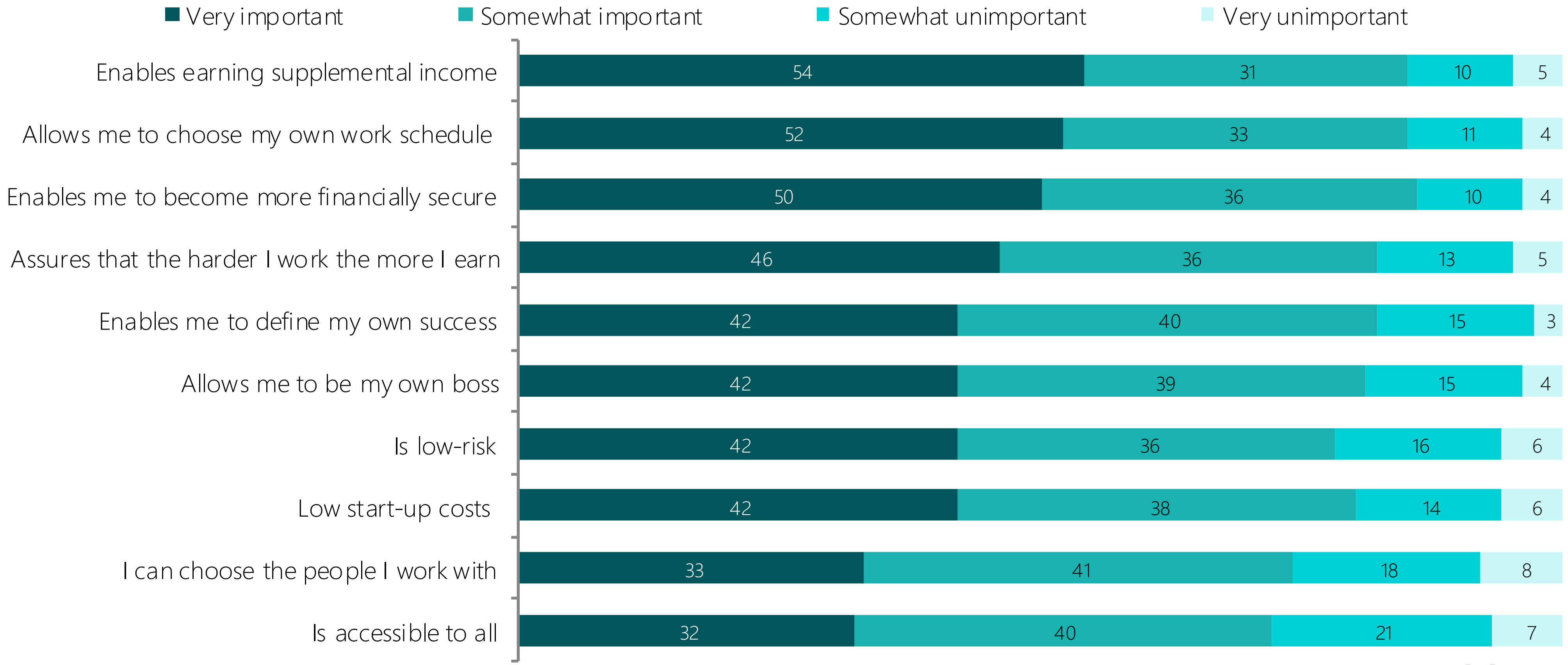
N=1011



ASSESSING THE IMPORTANCE OF CLAIMS (%) Latvia

If you were looking for a new way to make money, how important are each of the following?

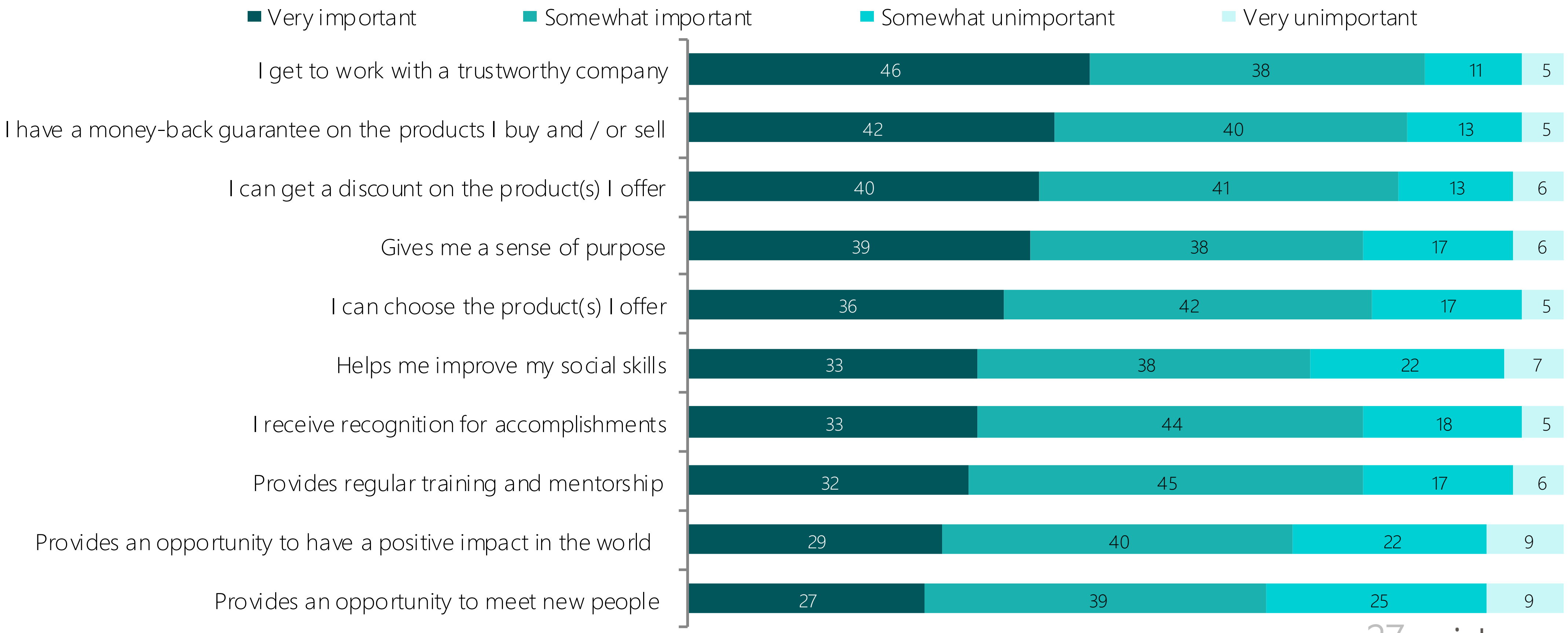
N=1013



ASSESSING THE IMPORTANCE OF CLAIMS (%) Latvia

If you were looking for a new way to make money, how important are each of the following?

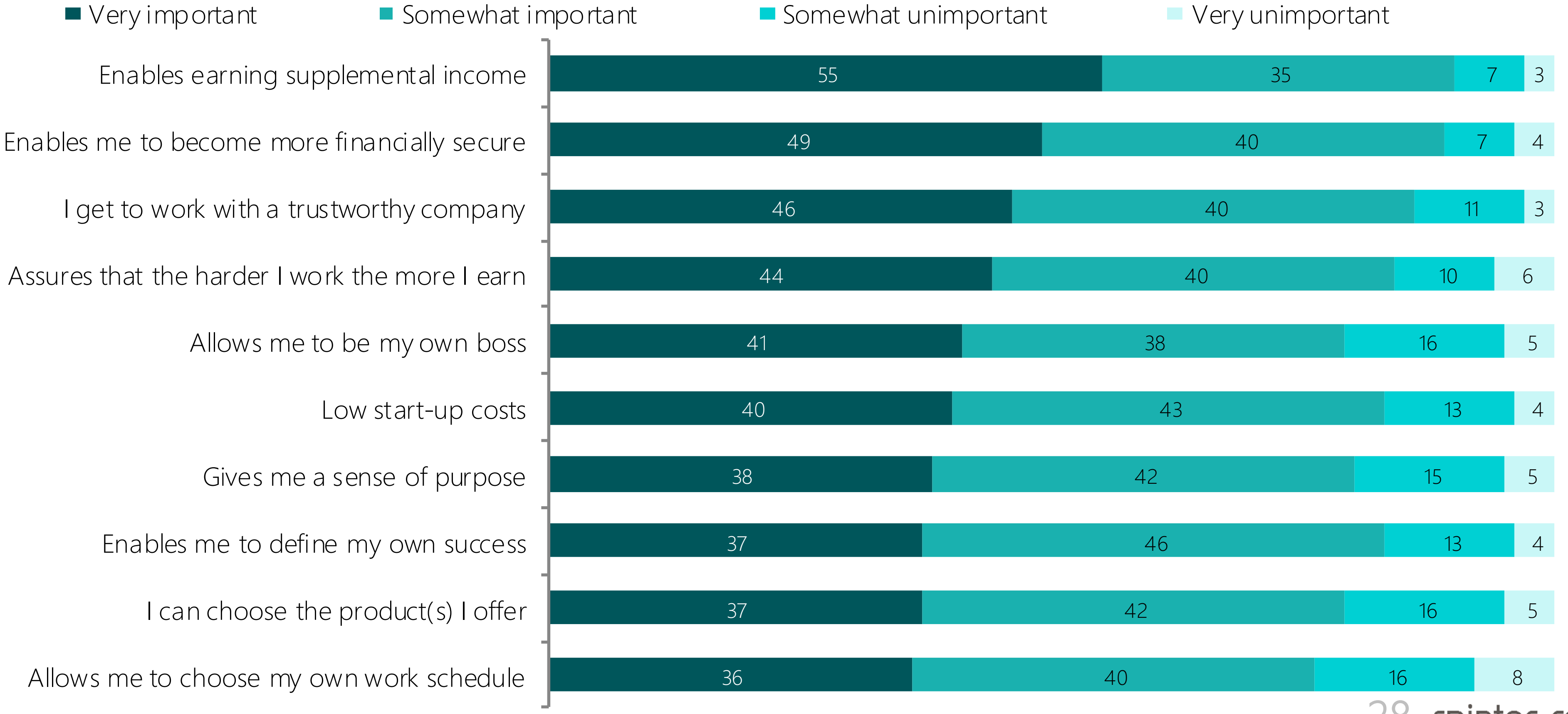
N=1013



ASSESSING THE IMPORTANCE OF CLAIMS (%) Estonia

If you were looking for a new way to make money, how important are each of the following?

N=1008



ASSESSING THE IMPORTANCE OF CLAIMS (%) Estonia

If you were looking for a new way to make money, how important are each of the following?

N=1008

SUMMARY

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SUMMARY

- Direct selling is most prevalent in Latvia – 65% of respondents have purchased something at least once. In Lithuania and Estonia this indicator is slightly lower – 60% and 52% respectively.
- The most popular category of products to be purchased by direct selling is cosmetics & personal care: 62% in Lithuania, 64% in Latvia and 60% in Estonia. Further go household goods (46% in Lithuania, 47% in Latvia, 36% in Estonia).
- Direct selling customers have a rather positive opinion about purchased products. Professionalism of direct-selling consultants was also evaluated generally positively in all three countries (69-77% of respondents expressed positive attitude).
- In Lithuania and Estonia, the most frequently mentioned source of information about direct selling is advertising on the internet (34% and 30% respectively). Latvian respondents are more likely to mention friends and acquaintances (36%).
- In all three countries the general attitude towards direct selling is more positive than negative. However, Latvian respondents rate all aspects slightly higher and Estonian respondents slightly lower than other countries.
- In Lithuania and Estonia the main advantage of direct selling is direct delivery to the buyer (29% and 30% respectively). In Latvia – promotions, price discounts, gifts (32%) and the goods being cheaper than in shops (31%).
- All three countries' respondents mention additional earnings as one of the most attractive aspects of direct selling (39% in Lithuania, 44% in Latvia and 38% in Estonia).

SUMMARY

- Lithuanians (21%) and Latvians (20%) are slightly more likely to think that the direct selling industry should return to the form of pre-pandemic sales (in Estonia – 16%).

- All three countries' respondents most often said that their regular income hasn't changed due to COVID-19 pandemic (Lithuania – 54%, Latvia – 49%, Estonia – 59%).

- If there were no restrictions due to COVID-19, 17% of Lithuanian, 18% of Latvian and 21% of Estonian respondents, if they had a choice, would like to work from home daily, 27% of Lithuanian and Latvian and 28% of Estonian respondents – several times a week.

- A higher proportion of Lithuanian respondents worked as online sellers to earn money (29%). In Latvia - as online sellers and direct sellers (30% and 29% respectively). In Estonia - as online sellers and freelancers (28% each).

- All three countries' respondents have interest in a flexible way of making money outside of a 'traditional' job in the next 12 months (66% in Lithuania, 67% in Latvia and 61% in Estonia). These respondents more often would like to try to work as freelancers (Lithuania – 41%, Latvia – 44%, Estonia – 46%).

- Half of respondents of all three countries said that the possibility to earn supplement income is the most important aspect when looking for a new way to make money (in Lithuania and Latvia – 54%, Estonia – 55%). This is followed by the possibility to choose own work schedule and become more financially secure.

CONCLUSIONS

- Business environment for direct selling in recent years has significantly changed: (1) growing online trade, (2) Covid-19, (3) growing popularity of gig workers. All these factors have forced direct selling industry to re-find its position in the current market situation.

- The business model of direct selling has changed from “to be unique in...” to “to be one of...”. Direct selling has lost its uniqueness in several ways: (1) product delivered to hands, (2) growing variety of product categories, (3) product may be bought online, (4) even in terms of information channels, internet and social media gained more importance while traditional human communication (friends, relatives) shows the opposite result. But losing uniqueness in terms of business is not necessarily a bad thing – online trade is booming (as well as its image), different type of part-timers (gig workers) are also the new norm in post-Covid reality. All these aspects help to preserve the image of the direct selling model, especially among younger consumers (at the same time not to become an “old-school” business type for elders) and provides opportunities to use the mix of sales models.

- The “hybrid” model of direct selling – face-to-face and online sales – seems to be the most promising. Direct selling companies may “explore” the growing wave of online trade popularity using online sales, at the same time provide an “old model” of selling for certain segments of clients – the analysis shows there is room (and clients) for both channels.

- New business environment (gig workers) has increased the number of potential workers to whom such work model is acceptable, at the same direct selling companies have to face competition with other new “employers”. It is not an easy task because, according to survey results, the main advantages of such work model are very common and may be successfully “fulfilled” in another industry (*supplemental income, own schedule, enables me to become more financially secure*), while *money-back guarantee* or *discount on the products* (potential uniqueness of direct selling industry cooperation proposal) ranks quite low in the list of important attributes.

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