Ipsos APOYO
Opinión y Mercado

Ipsos

Basis for study - CONSUMERS
Category: Direct Sales

Made for:

ASOEM
Asociacion de Empresas de Venta Directa
"Cruzando fronteras para llegar a ti"

June / July 2013

Situation Analysis

ysis

The Direct Selling Association, ASOEM objective is to know the direct sales market by means of quantification of market. Also to make a segmentation of market considering socio-demographic and socio-economic variables, and products commercialized in these areas.

After a meeting between ASOEM and Ipsos it is assumed that some objectives that the enterprise has, cannot be analyzed by Ipsos APOYO (For instance the area economic impact will not be measure), it is recommended to make the investigation based on two studies (a qualitative and a quantitative study):

1. **Basis for study of sales agents:** Based on four groups of main cities in the country and appreciate the distribution channel.
2. **Basis for study of consumers:** Based on surveys to habitual consumers, occasional consumers and not consumers and to know some aspects of demand.

It points out that objectives and questions that cannot be answered by Ipsos are detailed in each phase.

This report has all the study results based on consumers mentioned in the quantity phase.

Executive Summary

…nary (1/3)

ASOEM had the need to know the direct sales market, so 552 surveys has been perform among 18 and 60 year old women from different socio-economic levels in the four main cities of the country.

Investigation's main results are mentioned:

CATEGORY INTRODUCTION

8 out of 10 persons have purchased direct sales products, from which 6 are consider habitual consumers, they purchase at least once a month; most of them are from high socio-economic levels between 18 to 30 years old, mainly in La Paz and Santa Cruz.

16% of not consumers area admit that high prices and cannot touch, look or try the products are reasons for not using the distribution channel.

Among occasional consumers, the main reasons for a low purchasing frequency are: high prices, purchasing habits and a lack of contact with sales agents.

Occasional consumers also admit having seen in the catalogues information about cosmetic products, skin care products and personal care products.

nary (2/3)

KNOWLEDGE OF BRANDS

The consumer’s top of mind enterprise is Yanbal, next Ésika and Avon.

USING AND PURCHASING HABITS

More than half of population has received direct sales product information in the last month; products of which the consumer has received more information are cosmetic products, personal care products and skin care products which are the most consumed among habitual consumers; including La Paz city as jewelry products and accessories.

The invested amount in the last purchase was Bs. 200 and the highest average amount was registered in Santa Cruz city was Bs. 250.

The average number of purchases during the year was 6 times , months that report a high index of sales are May and December due to Mother’s Day and Christmas; the highest socio-economic level population increase sales in the period of March due to father’s Day.

Population perceive Direct Sale products as high quality products, they appreciate personalized attention from sales agents and the comfortably way of purchasing.

mary (3/3)

DISTRIBUTION CHANNEL ON INTERNET

Only 15% has seen catalogue on Internet and only 7% has requested a visit of a sales agent, this is because they prefer the printed catalogues or they do not know how to use Internet and/or do not have access to this service.

SOCIAL IMPACT

97% of population agrees that Direct Sales is an alternative of extra incomes.

Objectives and Methodology

Å **Principal objective**

To identify main variables of Direct Sales demand. Variables are detailed in the specific objectives.

Å **Specific objectives**

- To identify how Direct Sales are known and recall.
- To obtain indicators for the Direct Sales distribution channel:
  - Introduction of distribution channel
  - Access to the distribution channel information
  - Purchase frequency
  - Type of products that are purchased
  - Amount of purchasing
  - Purchase intensity
- To identify and set up a hierarchy for motivation drivers; the strengths and weakness of Direct Sales distribution channel.
- To measure the acceptance and rejection in Bolivia’s Direct sales distribution channel among consumers and no consumers.
- To identify the strengths and weakness that consumers and no consumers assign to Direct Sales distribution channel.

Å **Type of Investigation:** Quantitative.

Å **Scope of study:** 18 to 60 year old women from all socioeconomic levels of the population.

Å **Geographic Scope:** Main cities from urban area (Santa Cruz, La Paz, El Alto y Cochabamba).

Å **Technique:** Personal interviews.

Å **Sampling method:** It uses a probalistic sampling, computer random selection of blocks and a systematic selection of homes among the block.

Å **Size sample:** 552 samples (366 habitual consumers, 96 occasional consumers and 91 no consumers)

Å **Margin of error:** Sampling design and size allows to make estimation for total results with a margin of error of approximately ±4,3%, considering a level of distrust of 95%, and the results maximum dispersion of (p/q=1) and a probalistic selection of interviewees.

Å **Weighting:** Results have been weighted by city, age, and socioeconomic level accordingly to the actual population distribution.

Å **Field work date:** Interviews were made between June 11 and July 5, 2013.

l Observations and area definitions

- **Type of consumers:**

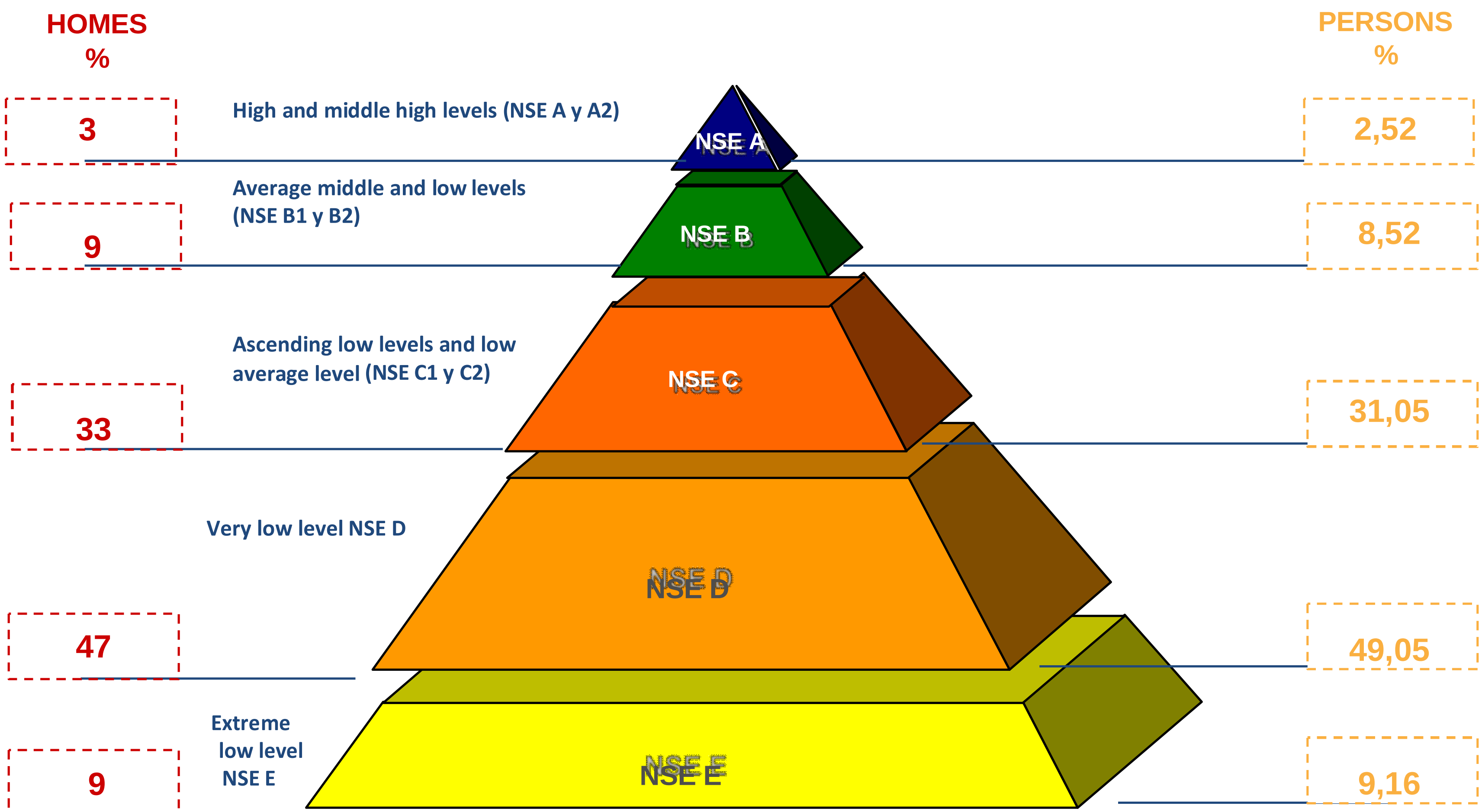
HABITUAL CONSUMERS: Women who purchase Direct Sales products at least three times a month

OCCASIONAL CONSUMERS: Women who purchase Direct Sales products once each six month

NO CONSUMERS: Women who do not purchase Direct Sales products in spite of having information about them.

- Along the report the weighted basis are shown, taking into account the size of populations per city.

urban population in socioeconomic levels - Bolivia



Sources: Ipsos APOYO Opinión y Mercado Bolivia, Instituto Nacional de Estadística

Base: Total enterviewees (2651)

urban population in socioeconomic levels

-Main country cities- (Disintegrated chart)

HOMES

NSE	Bolivia %	Main cities %	La Paz %	El Alto %	Cocha - bamba %	Santa Cruz %	Bolivia Valle* %	Bolivia Altiplano ** %
A (A /A2)	2,6	2,4	4,2	0	2,9	2,7	2,7	2,9
B (B1/B2)	8,9	8,1	13,8	2,8	7,1	8,8	13,6	6,8
C (C1/C2)	32,8	31,5	31,2	18,5	41,0	34,9	38,1	31,9
D	47,1	49,6	46,9	62,5	40,7	48,5	37,3	48,9
E	8,6	8,4	3,9	16,2	8,3	5,1	8,3	9,5
TOTAL	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**

* Bolivia Valle: Sucre and Tarija
** Bolivia Altiplano: Oruro and Potosí

Base: Total enterviewees (2651)

...ccording to socioeconomic levels

CARACTERÍSTICAS	NSE A	NSE B	NSE C	NSE D
FAMILY CHARACTERISTICS				
Number of families by home (Average)	1.3 homes	1.7 homes	1.8 homes	1.8 homes
Number of members (Average)	4.1 persons	3.9 persons	4.0 persons	4.4 persons
18 year older members (Average)	2.9 persons	2.8 persons	2.7 persons	2.8 persons
Members studying at high school (Average)	1.1 persons	1.7 persons	1.8 persons	2.2 persons
Principal source of income	Salary 15 days/monthly (68%)	Salary 15 days/monthly (64%)	Salary 15 days/monthly (53%)	Salary 15 days/monthly (43%)
Monthly familiar income (Average)	US$ 2.014	US$ 536	US$ 327	US$ 240
Monthly familiar income (Middle)	US$ 1.786	US$ 357	US$ 250	US$ 179
Expectative about minimum required income (Average)	US$ 1.317	US$ 746	US$ 531	US$ 422
Monthly nourishment spending (Net average)	US$ 230	US$ 137	US$ 109	US$ 100
Monthly transport spending (Net average)	US$ 97	US$ 50	US$ 36	US$ 28
Debt Possession	42%	45%	38%	34%
HOME CHARACTERISTICS				
Home property	Own (74%)	Own (60%)	**Own (55%)**	Own (62%)
Roof prevailing material	Tiles (65%)	Tiles (49%)	**Corrugated Iron (49%)**	Corrugated Iron (64%)
Floor prevailing material	Parquet or polished wood (77%)	Parquet or polished wood (54%)	**Concrete (52%)**	Concrete (69%)

Base: Total enterviewees (2651)

ccording to socioeconomic levels (2/2)

CARACTERÍSTICAS	NSE A	NSE B	NSE C	NSE D
HOME CHARACTERISTICS				
Bedrooms (Net average)	3.3 bedrooms	2.7 bedrooms	2.3 bedrooms	2.1 bedrooms
Members by bedrooms (Average)	1.2 persons	1.5 persons	1.8 persons	2.2 persons
Public water service	100%	100%	96%	94%
Number of bathrooms (net average)	3.3 bathrooms	1.7 bathrooms	1.3 bathrooms	1.1 bathrooms
Members by bathrooms (Average)	1.2 persons	2.3 persons	3.1 persons	4.4 persons
Electric service	100%	100%	100%	100%
Domestic gas service	94%	98%	98%	99%
Plans of infrastructure improvement in the next 12 moths	28%	17%	11%	10%
POSSESSION OF GOODS AND SERVICES				
Permanent or hourly maid service	74%	21%	3%	0%
Possession of refrigerator	99%	96%	69%	48%
Possession of washing machine	93%	43%	14%	2%
Possession of land phone	96%	71%	51%	29%
Possession of TV cable service	84%	52%	26%	11%
Possession of computer	86%	62%	37%	14%
Home internet access	67%	36%	21%	14%
Possession of personal automobile	61%	39%	19%	9%
Possession of pets	77%	65%	68%	74%

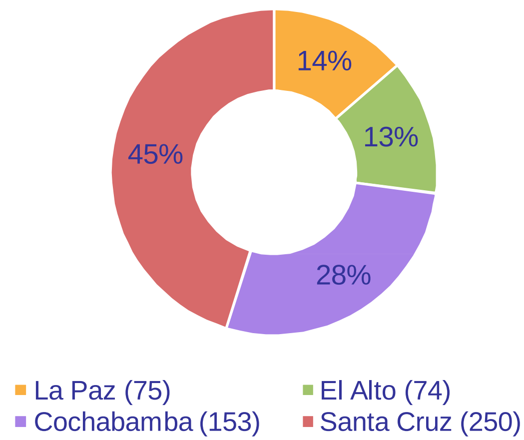
Base: Total enterviewees (2651)

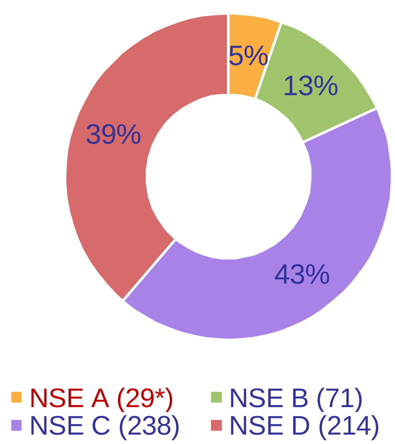
Analysis of results

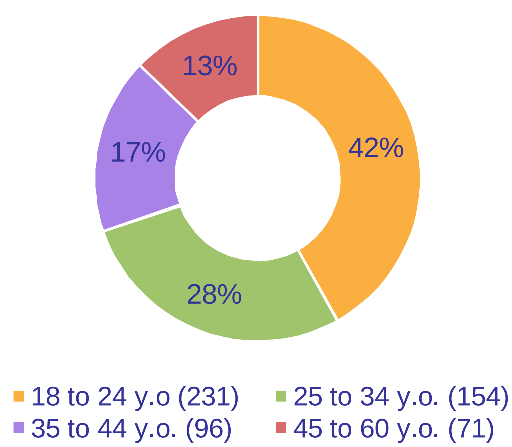
Category Penetration

f sample by city, age and socioeconomic level

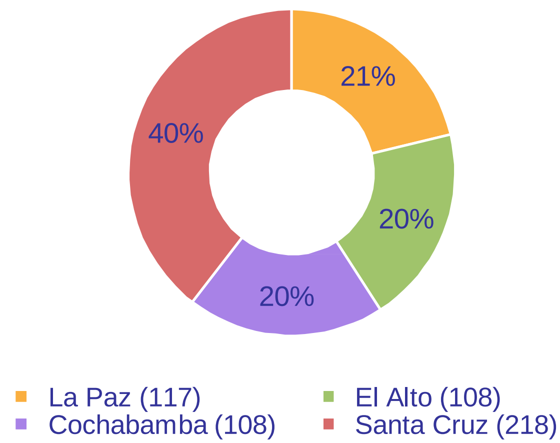
Actual

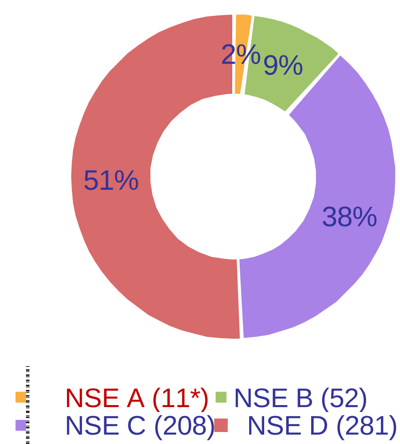


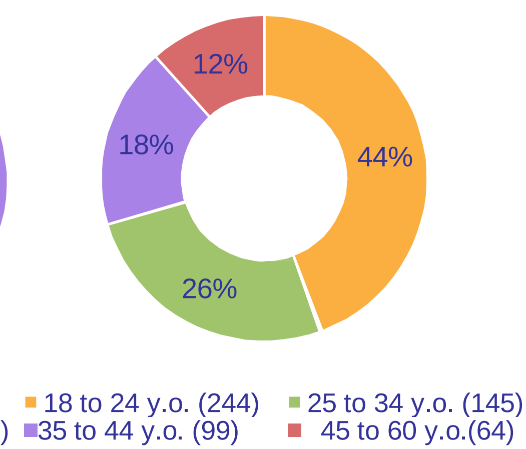




Weighted







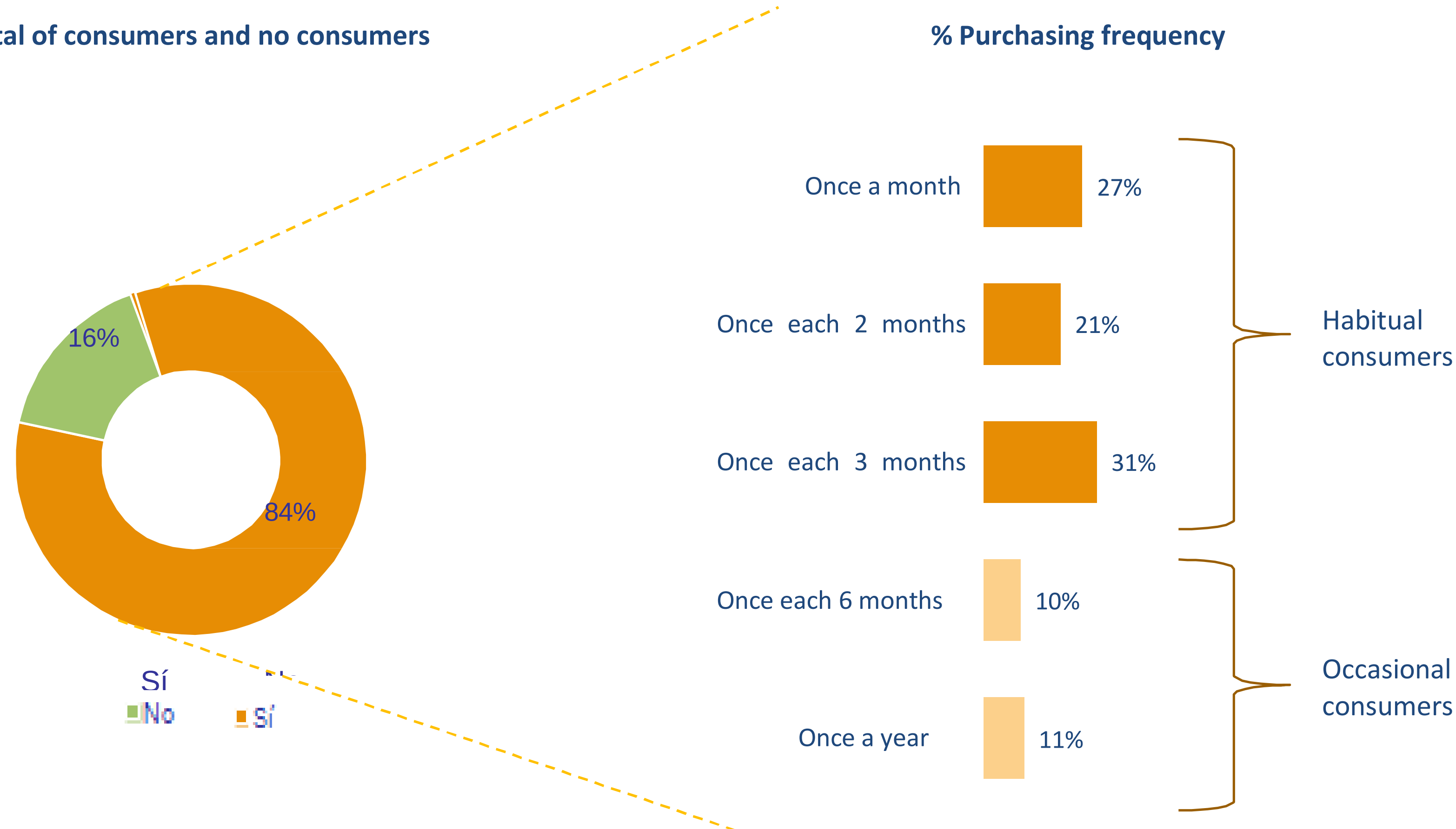
Actual base: Total interviewees (552)

Praised base: Total interviewees (552)

Direct Sales products

Had you ever purchased Direct Sales products

Total of consumers and no consumers **% Purchasing frequency**

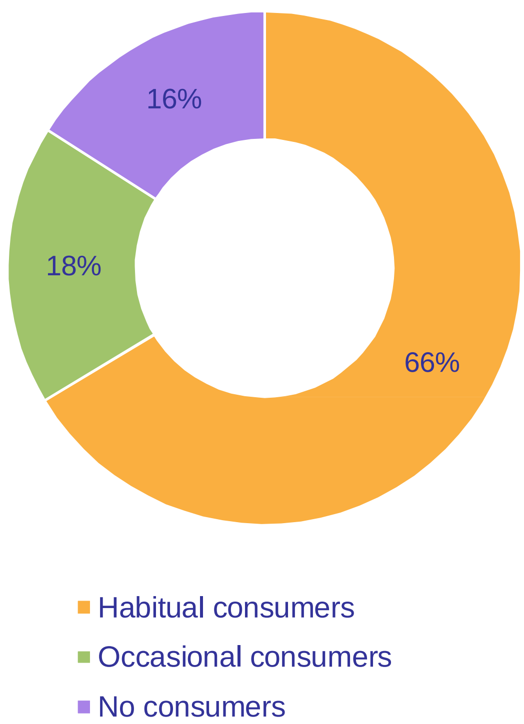


Base: Total interviewees (552)

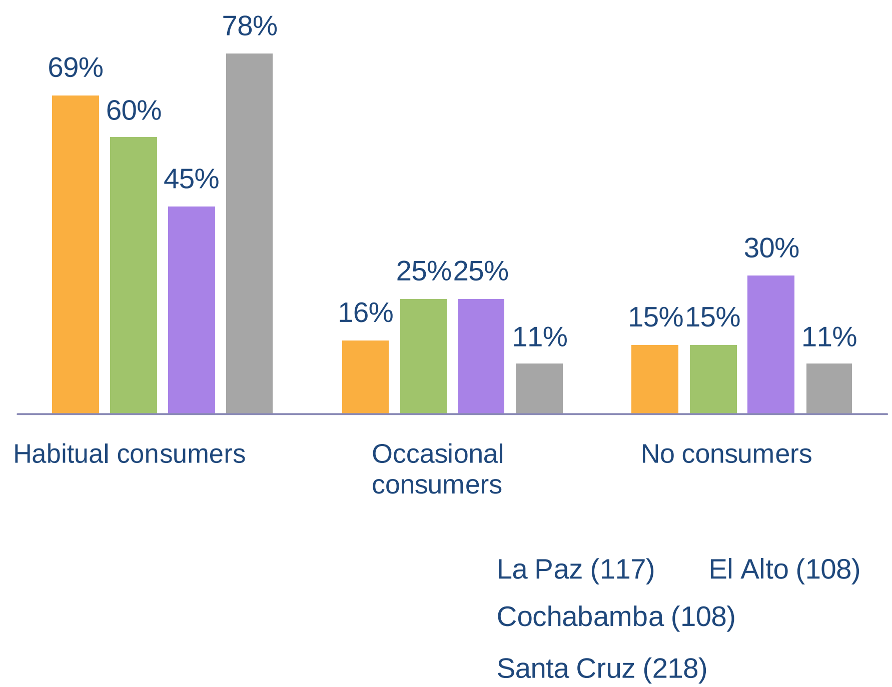
Base: Total consumers (461)

total category by cities

Segmentation

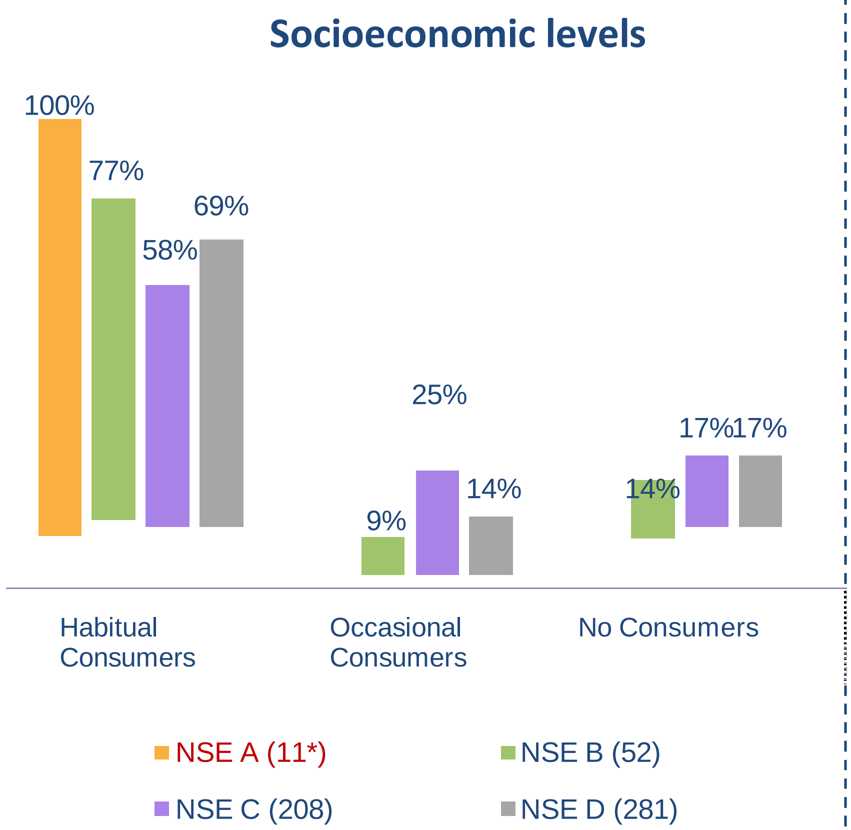


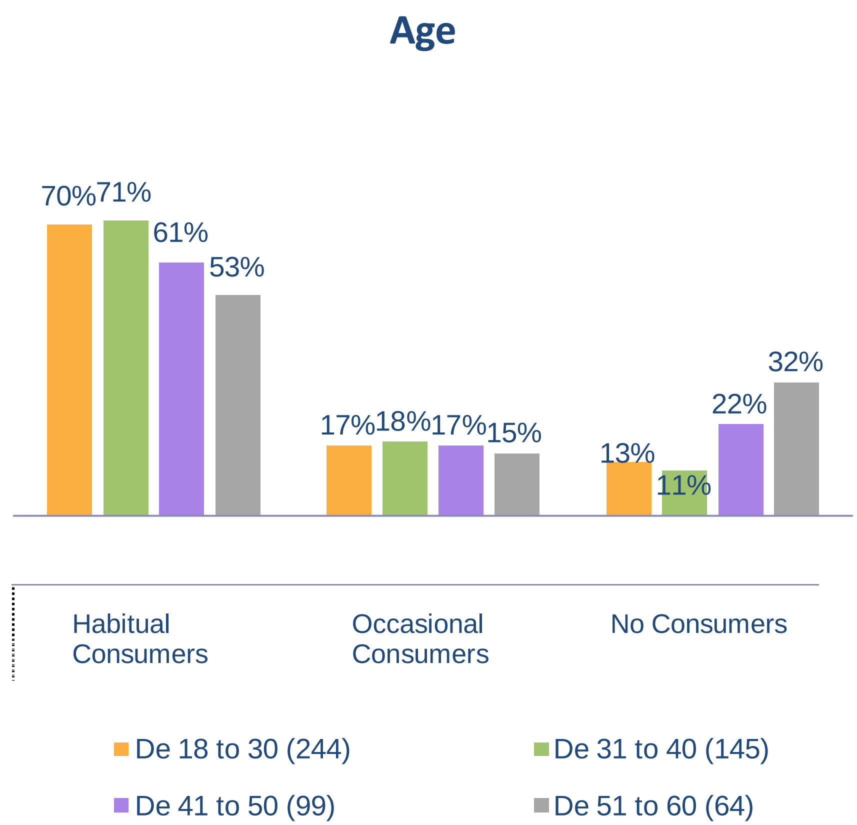
City



Base: Total enterviewees (552)

category by Socioeconomic levels and age



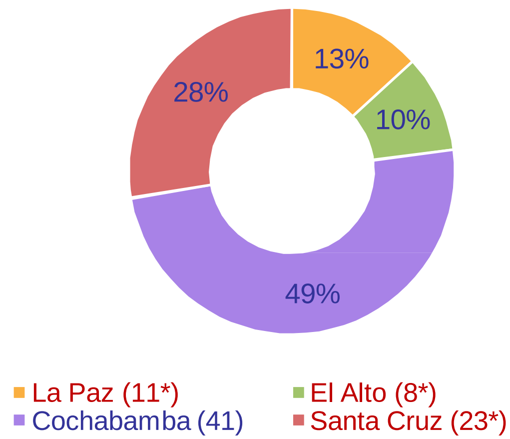


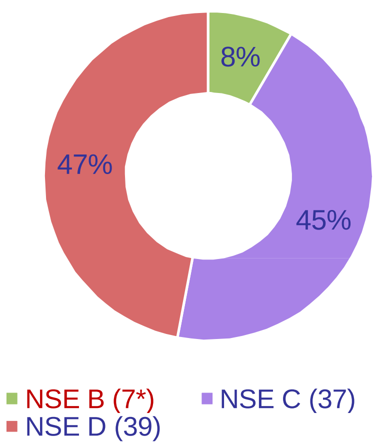
Base: Total enterviewees (552)

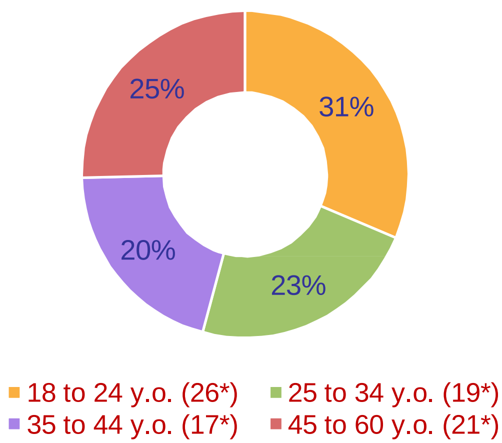
No
Consumers

o Consumers sample by city, age and socioeconomic level

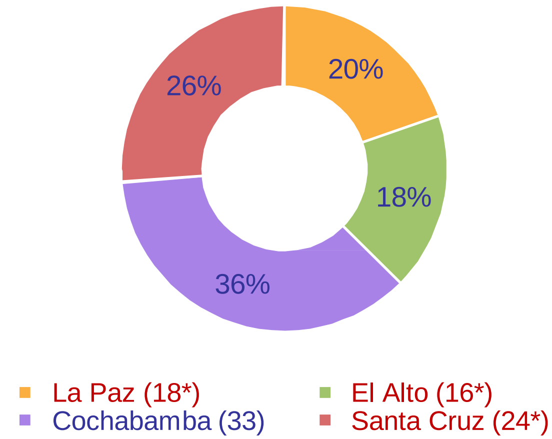
Actual

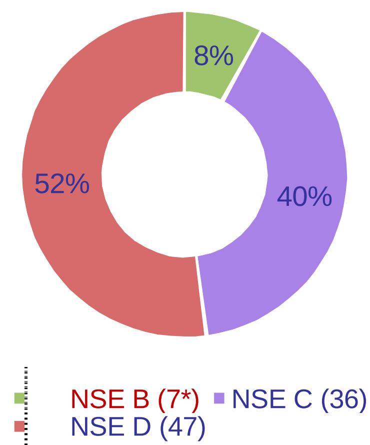


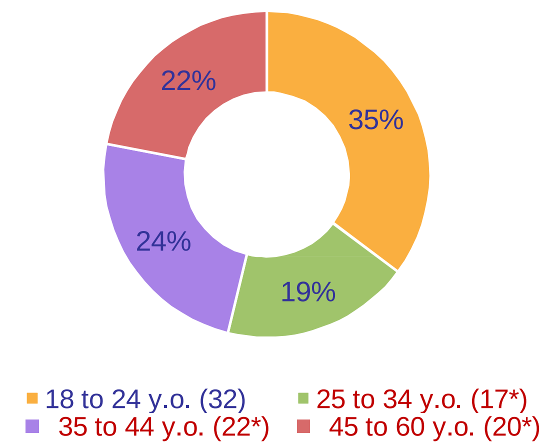




Weighted





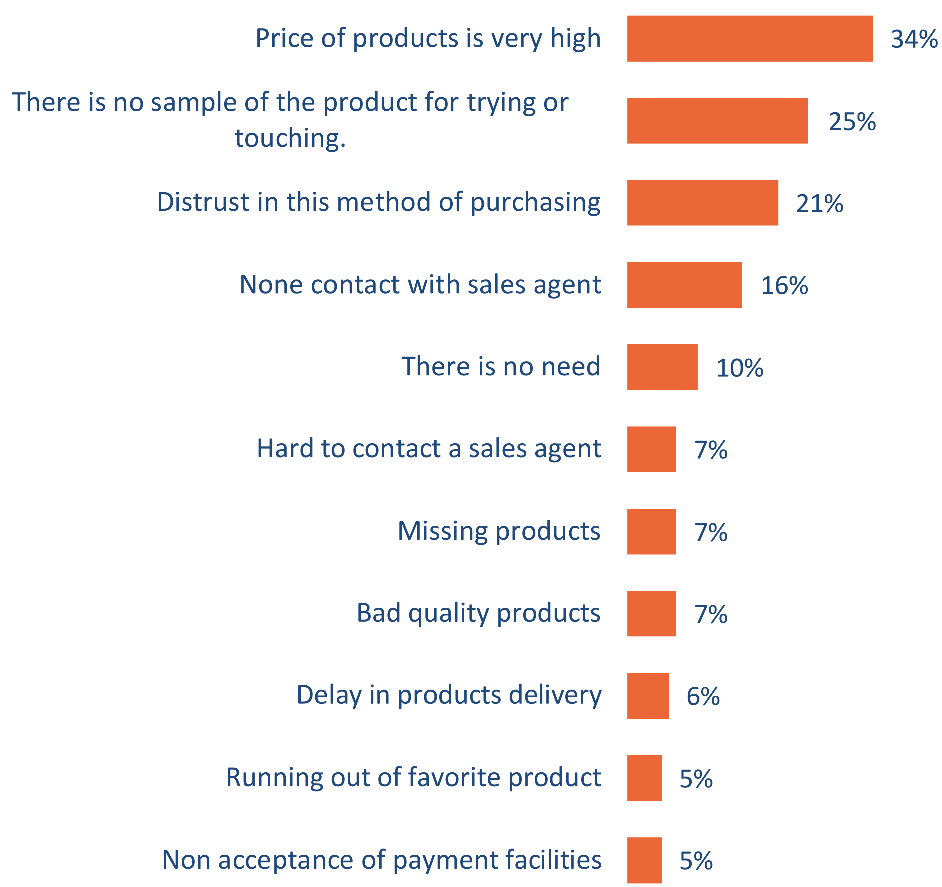


Base actual: Total of no consumers (83)

Base weighted: Total of no consumers (91)

t purchasing Direct Sales Products

Total of No Consumers (Main results)

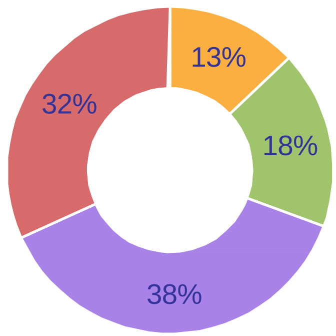


Base: Total of no consumers (91)

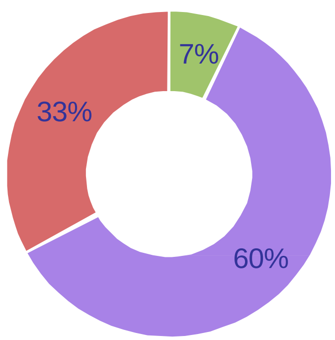
Occasional Consumers

f sample by city, age and socioeconomic level

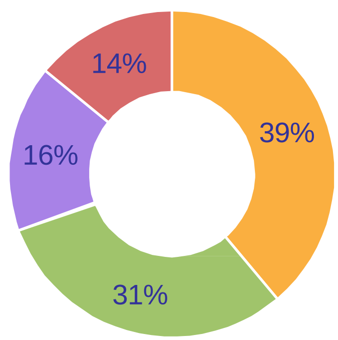
Actual



La Paz (11*) El Alto (15*)
Cochabamba (32) Santa Cruz (27*)



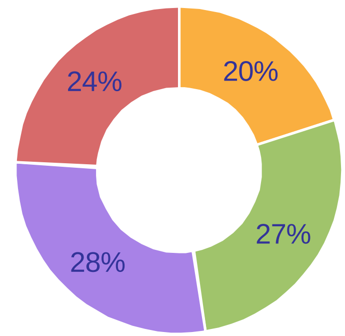
NSE B (6*) NSE C (51)
NSE D (28*)



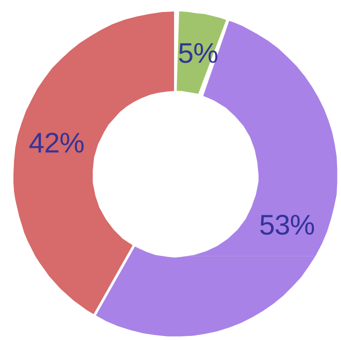
18 to 24 y.o (33) 25 to 34 y.o. (26*)
35 to 44 y.o. (14*) 45 to 60 y.o. (12*)

Actual base: Total of occasional consumers (85)

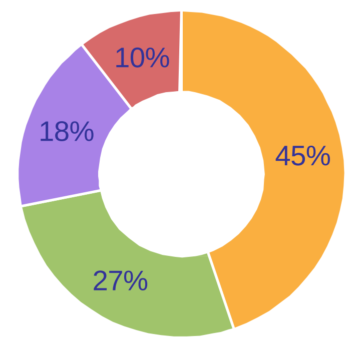
Weighted



La Paz (19*) El Alto (26*)
Cochabamba (27*) Santa Cruz (23*)



NSE B (5*) NSE C (51)
NSE D (40)



18 to 24 y.o. (43) 25 to 34 y.o. (26*)
35 to 44 y.o. (17*) 45 to 60 y.o. (10*)

Weighted base: Total of occasional consumers (96)

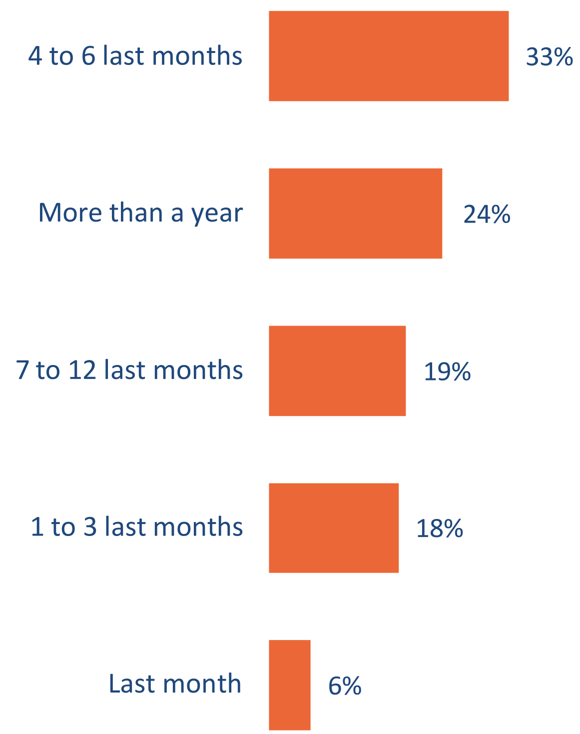
t purchasing Direct Sales Products frequently

Total of Occasional consumers
(Main results)

Base: Total of occasional consumers (96) interviewees

s Purchase

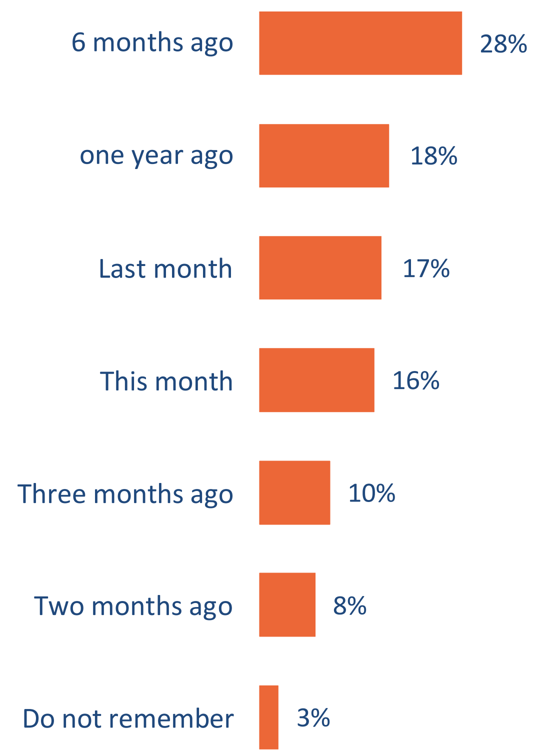
Total Occasional consumers



Base: Total of occasional consumers (96) interviewees

t Sales information

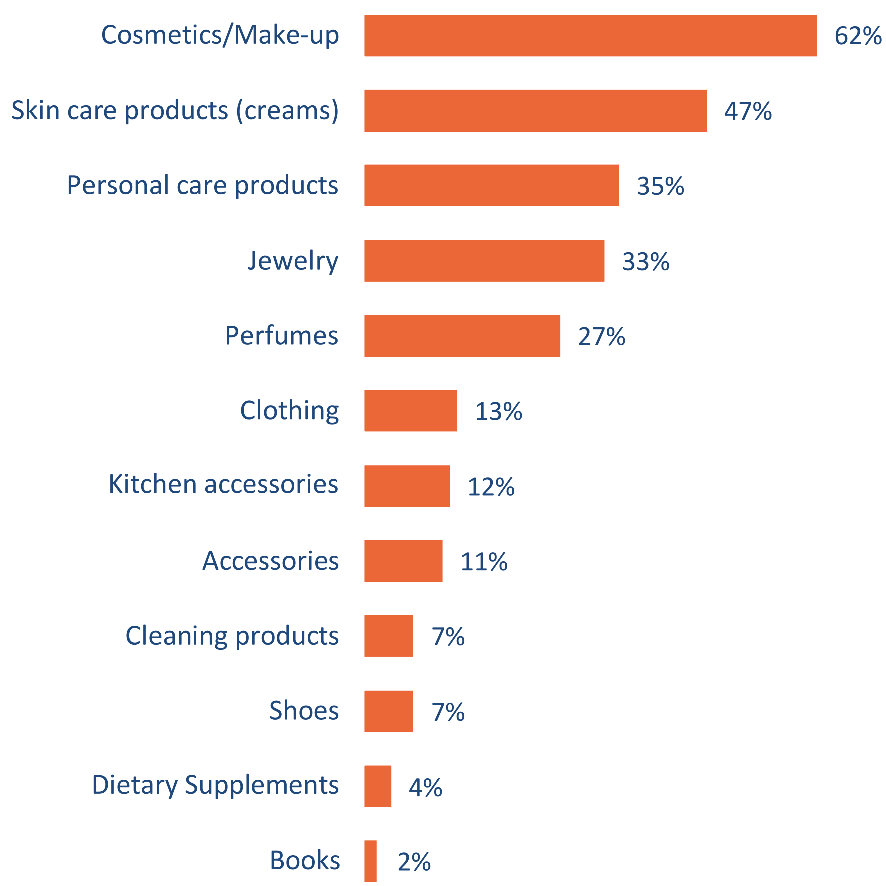
Total of occasional consumers



Base: Total of occasional consumers (96) interviewees

…ts of which consumers demanded information

Total of occasional consumers

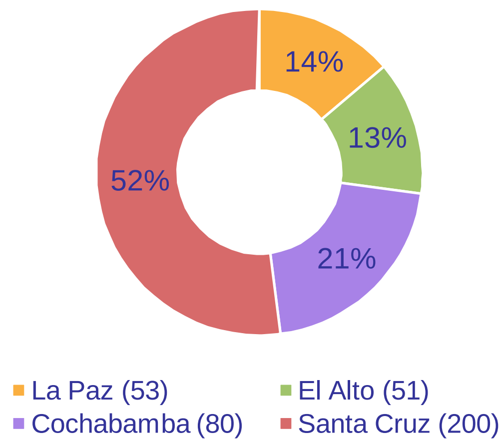


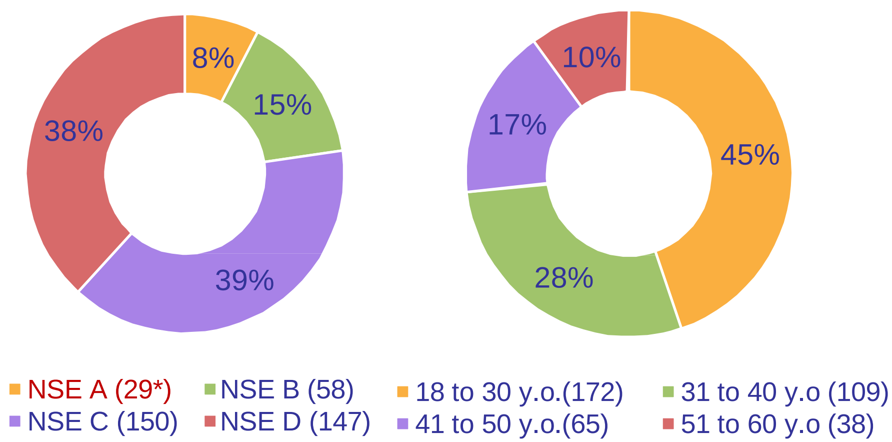
Base: Total of occasional consumers (96) interviewees

Habitual Consumers

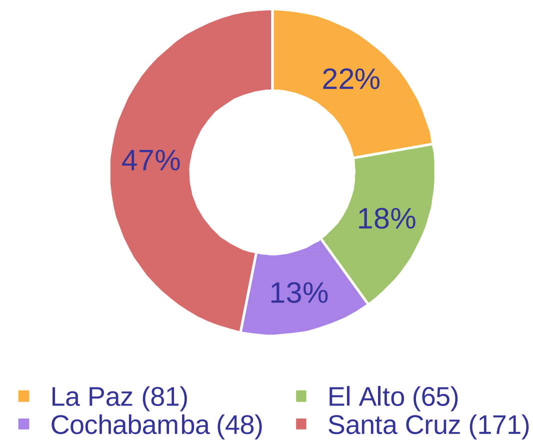
f sample by city, age and socioeconomic level

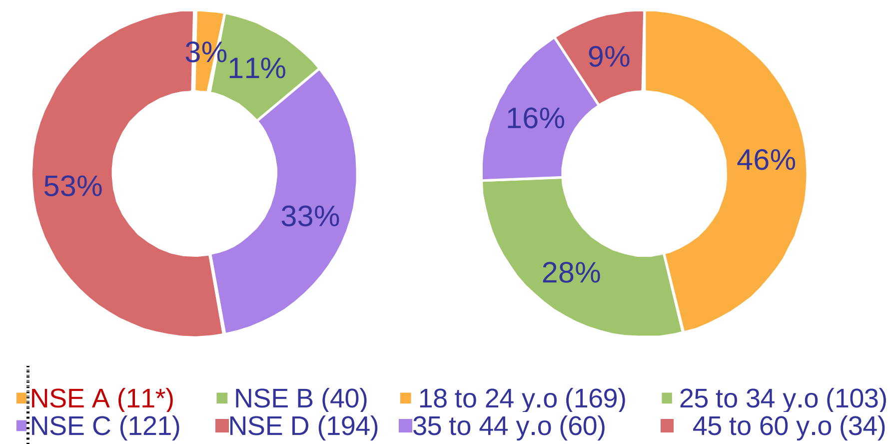
Actual





Weighted



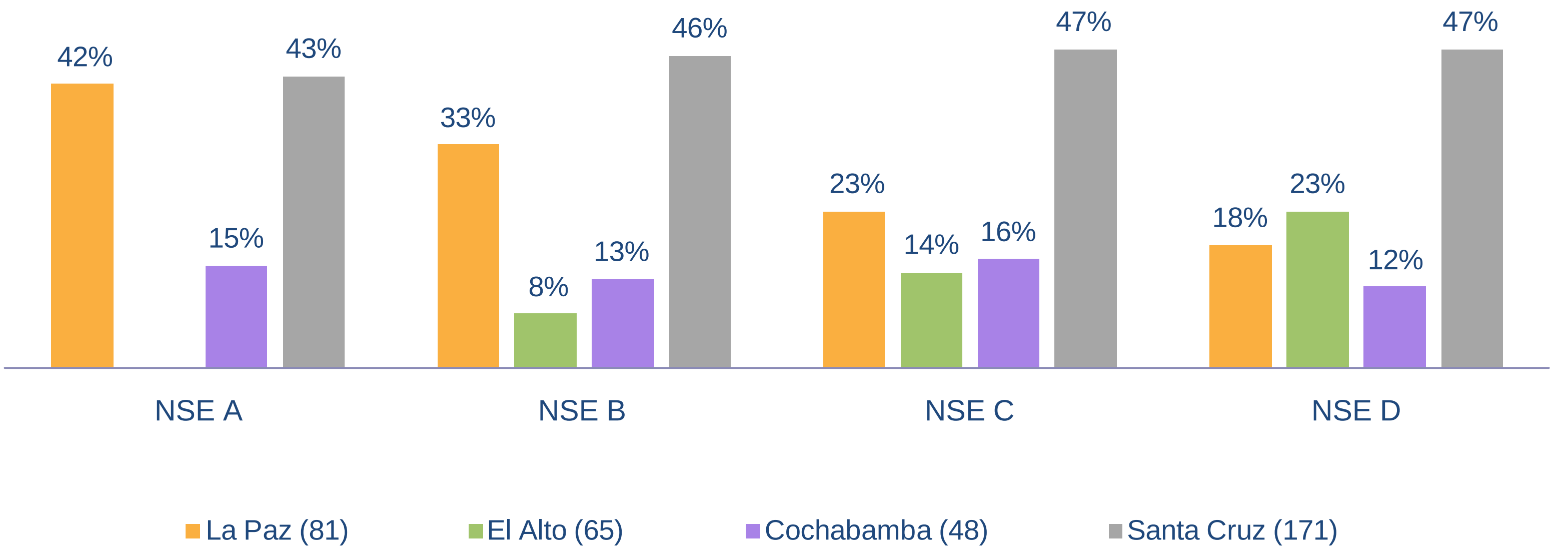


Actual base: Total of habitual consumers (384) interviewees

Weighted base: Total of habitual consumers (366) interviewees

f simple by city and SEL (NSE)

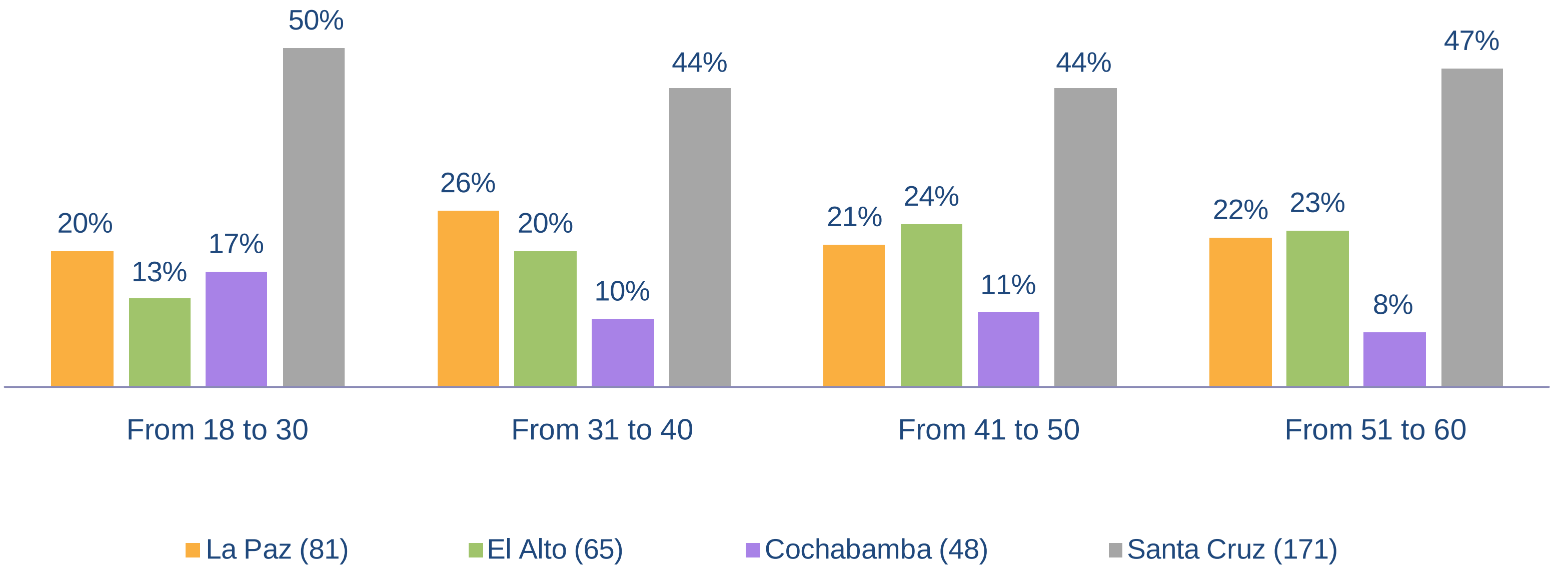
Composition of sample / Habitual consumers - SEL



Base: Total of habitual consumers (366) interviewees

f simple by city and age

Composition of sample / Habitual consumers - Age

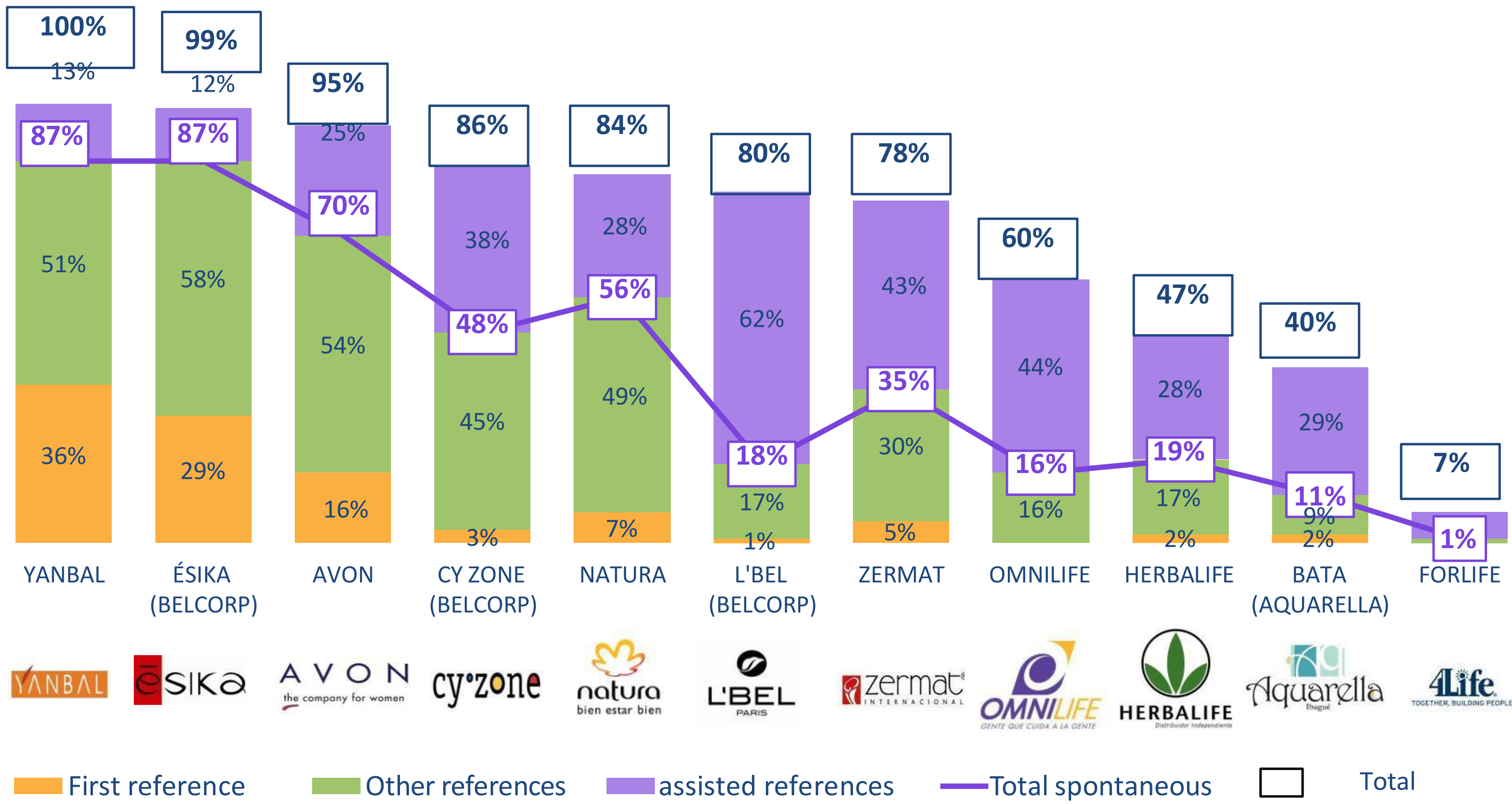


Base: Total of habitual consumers (366) interviewees

Knowledge of brands

nd awareness

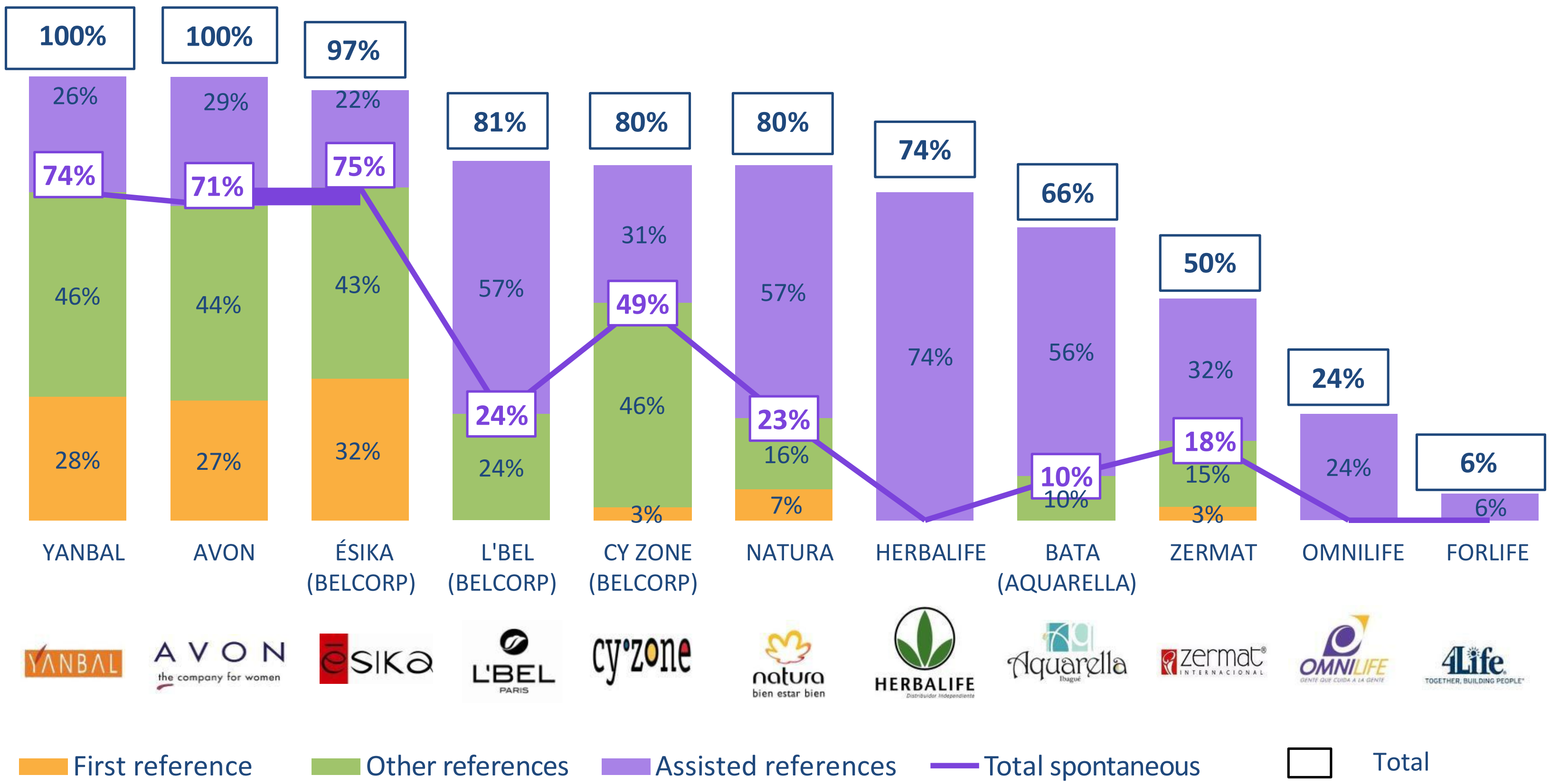
Brand awareness, spontaneous and assisted – Total (Main results)



Base: Total habitual consumers (366) interviewees

nd awareness

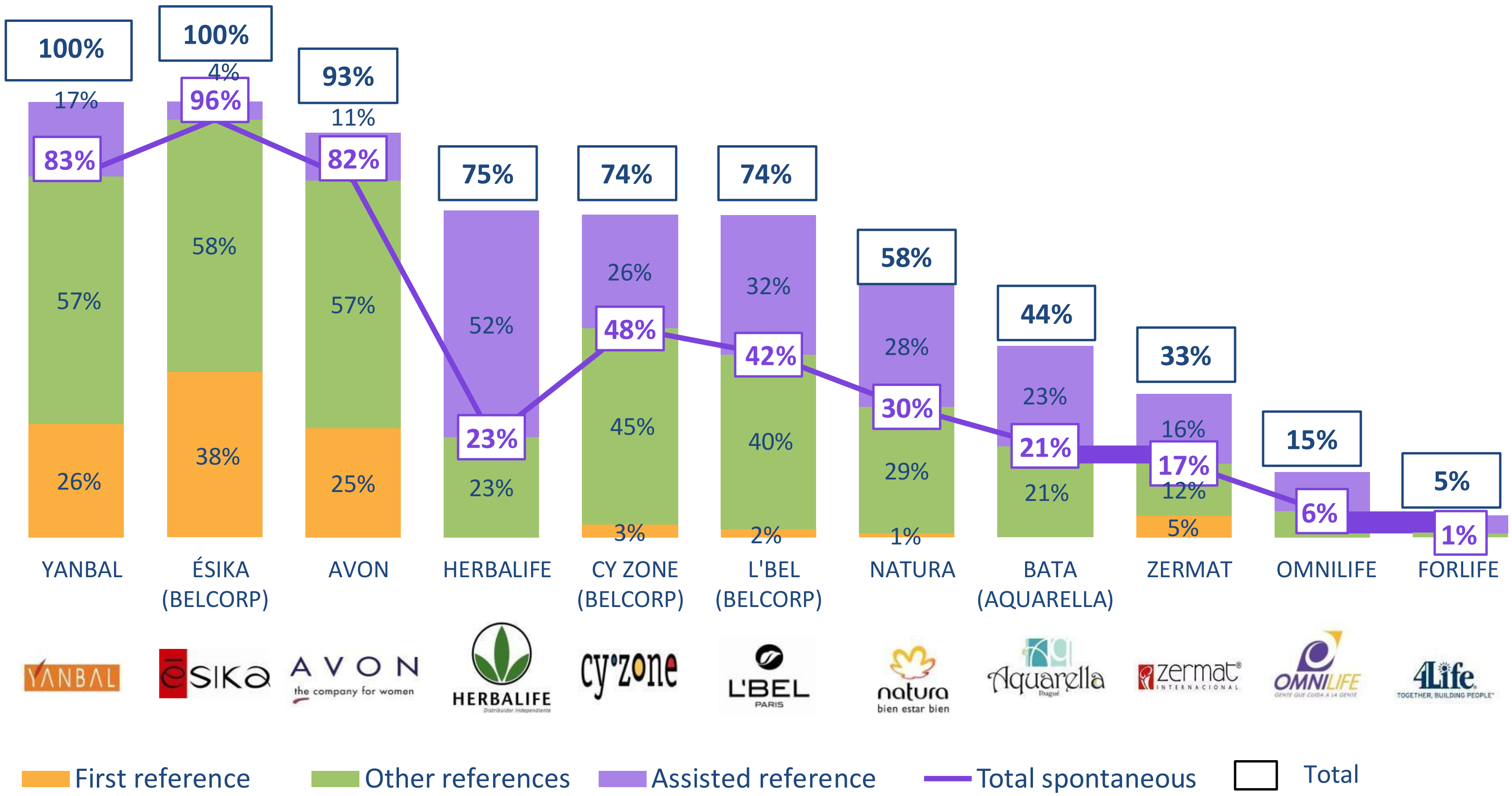
Brand awareness, spontaneous and assisted – La Paz (Main results)



Base: Total habitual consumers La Paz city (81) enterviewees

…nd awareness

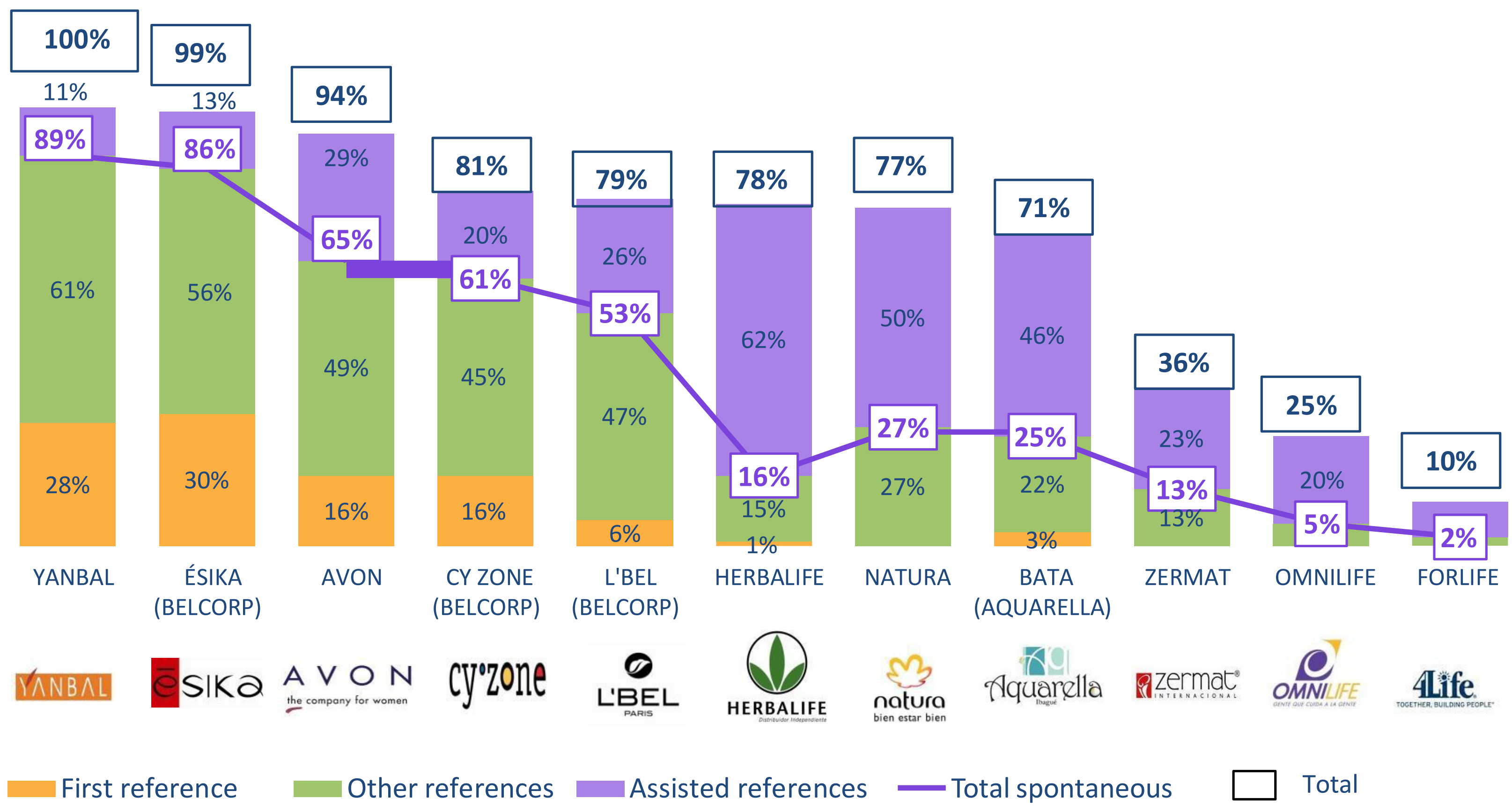
Brand awareness, spontaneous and assisted – El Alto (Main results)



Base: Total of habitual consumers El Alto city (65) enterviewees

...nd awareness

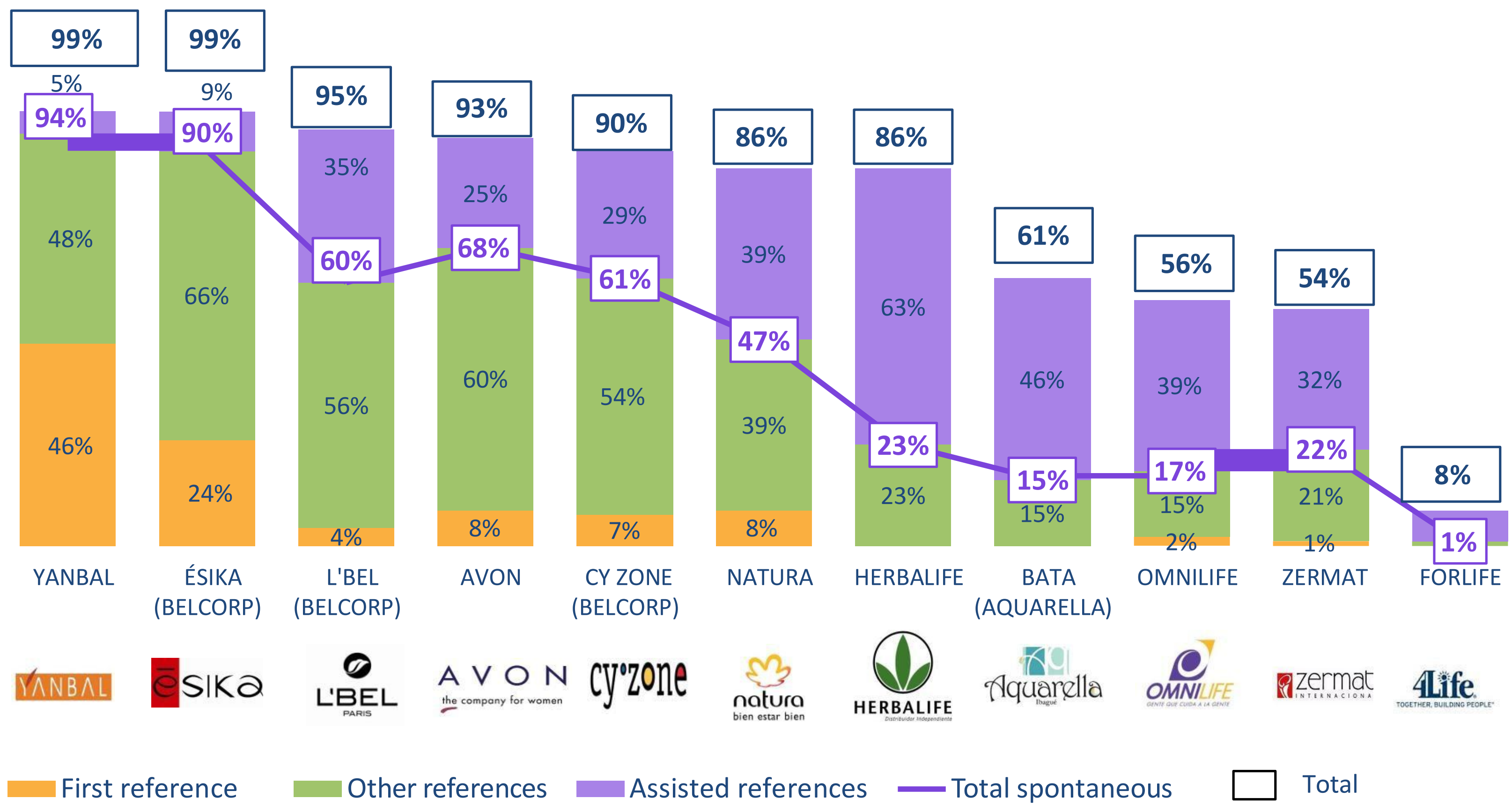
...rand awareness, spontaneous and assisted – Cochabamba (Main results)



Base: Total of habitual consumers Cochabamba (48) interviewees

nd awareness

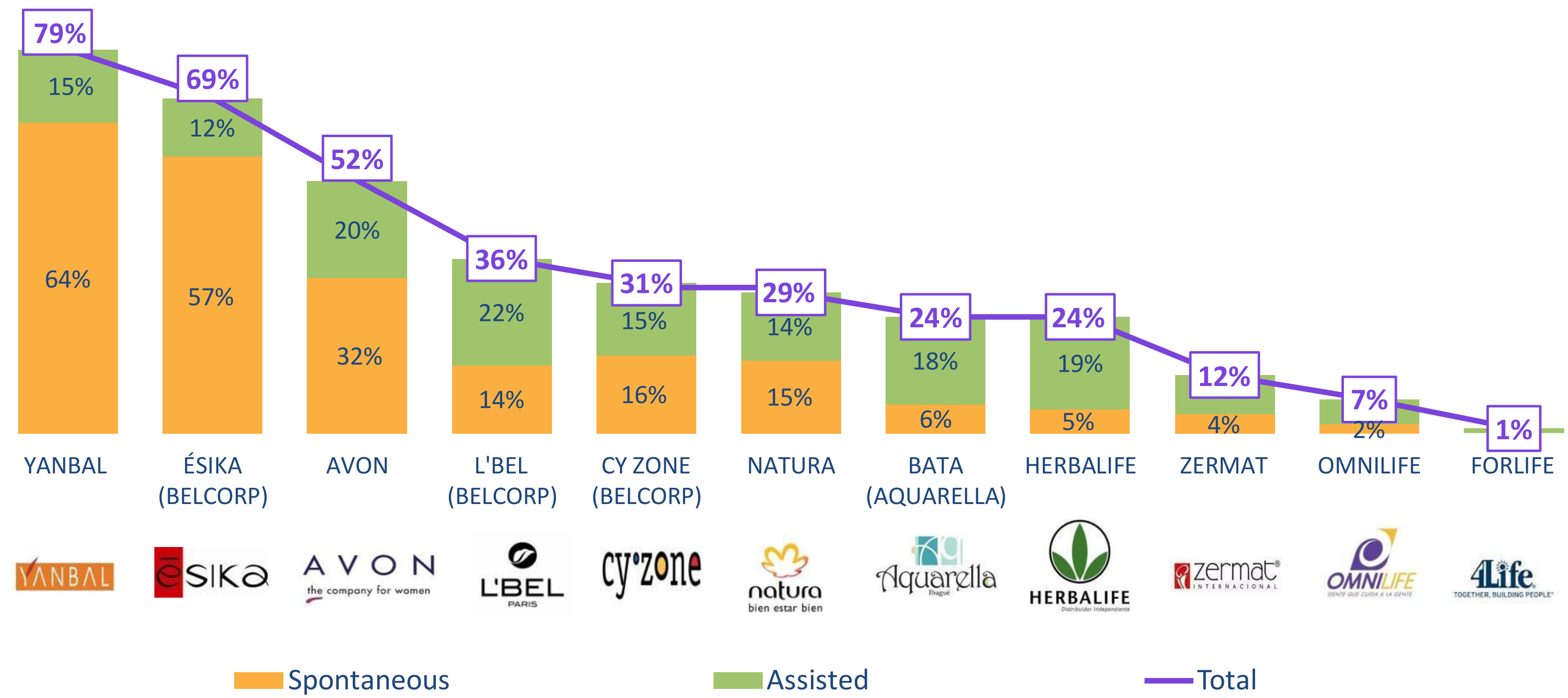
rand awareness, spontaneous and assisted – Santa Cruz (Main results)



Base: Total of habitual consumers Santa Cruz city. (171) interviewees

terprises Advertising Awareness

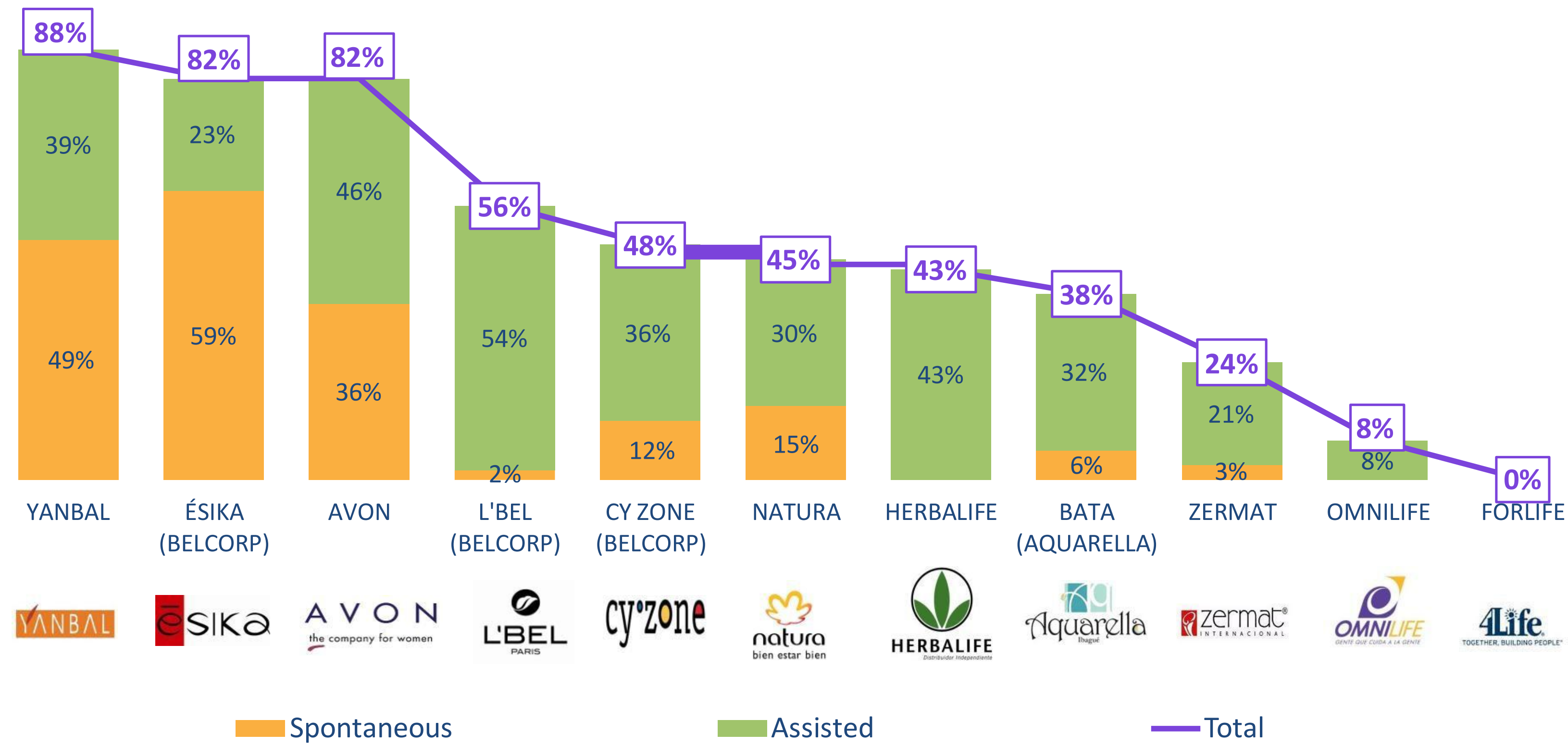
Advertising awareness of brands, spontaneous and assisted – Total (Main results)



Base: Total of habitual consumers (366) interviewees

erprises Advertising Awareness

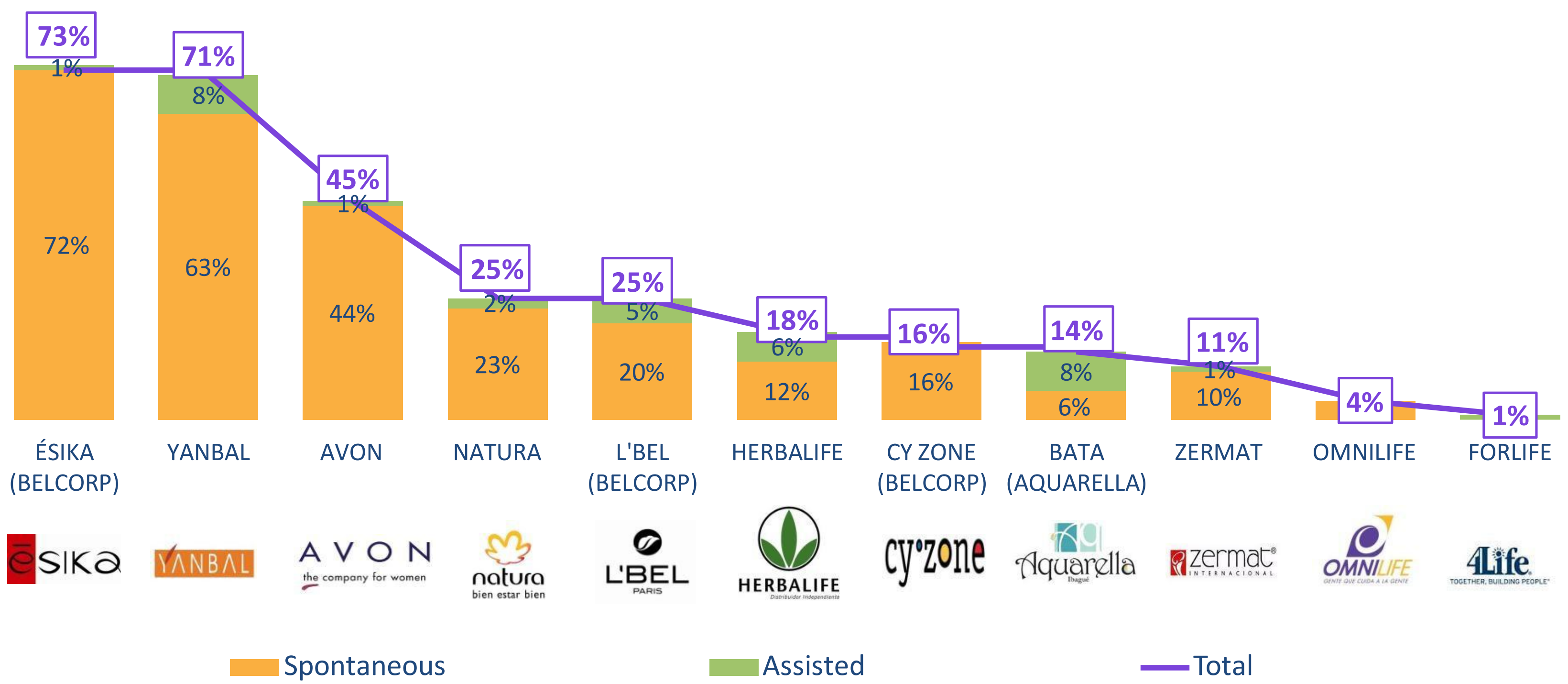
Advertising awareness of brands, spontaneous and assisted – La Paz (Main results)



Base: Total of habitual consumers La Paz city (81) enterviewees

…terprises Advertising Awareness

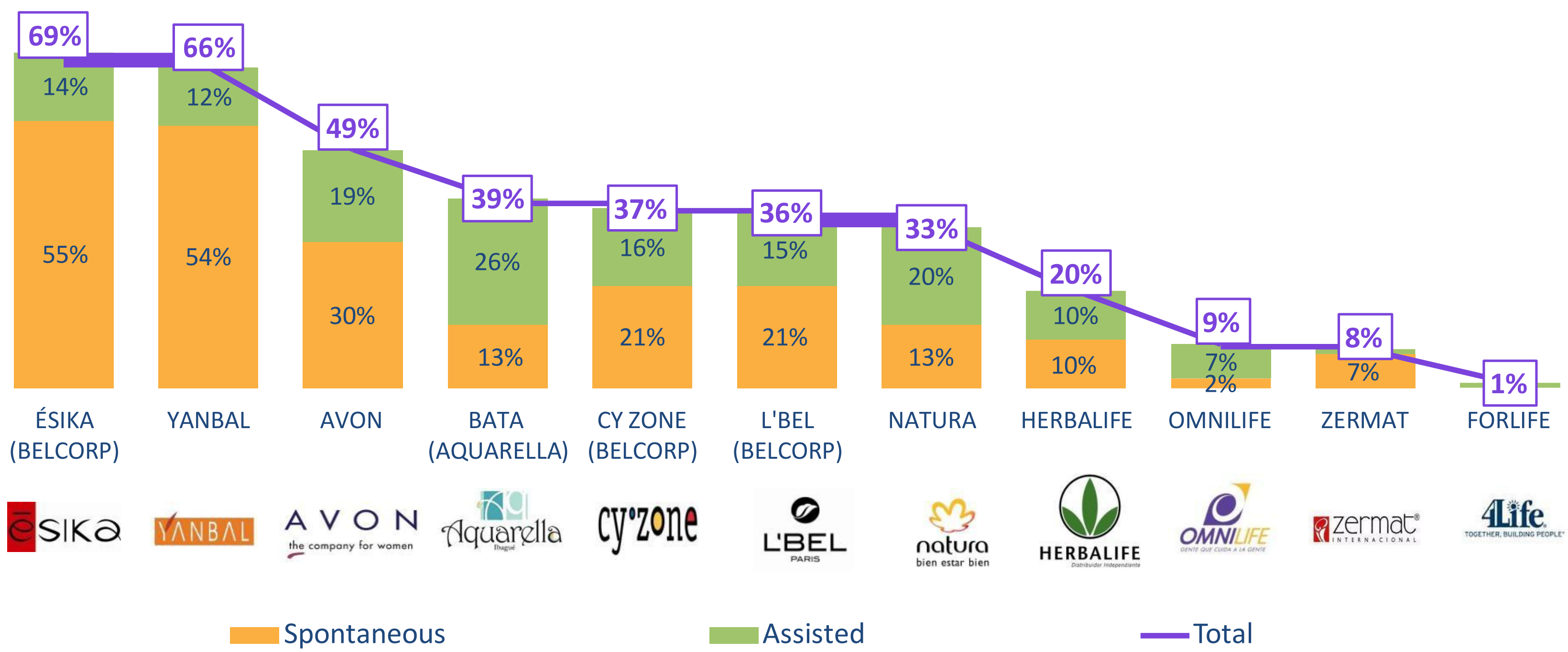
Advertising awareness of brands, spontaneous and assisted – El Alto (Main results)



Base: Total of habitual consumers El Alto city (65) interviewees

...terprises Advertising Awareness

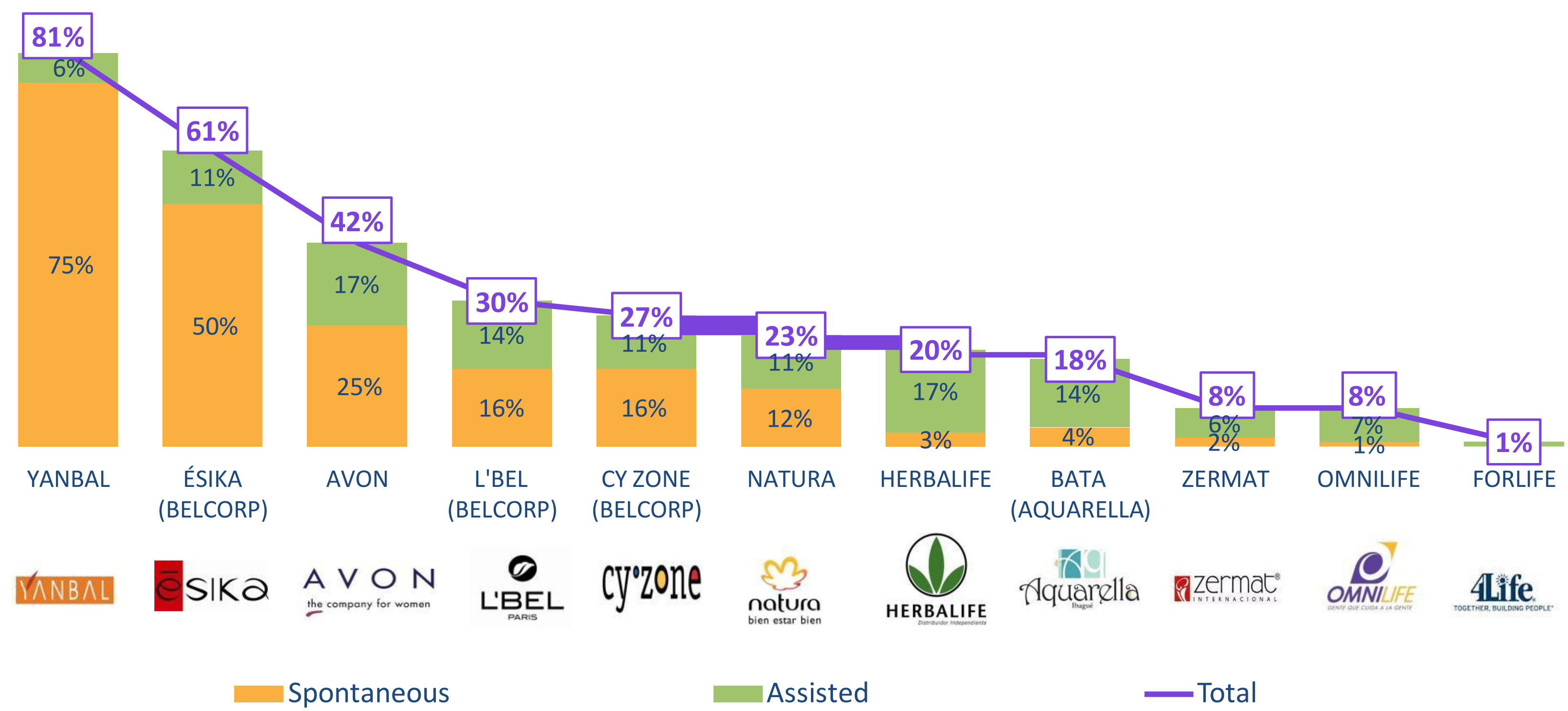
Advertising awareness of brands, spontaneous and assisted – Cochabamba (Main results)



Base: Total of habitual consumers Cochabamba city (48) interviewees

erprises Advertising Awareness

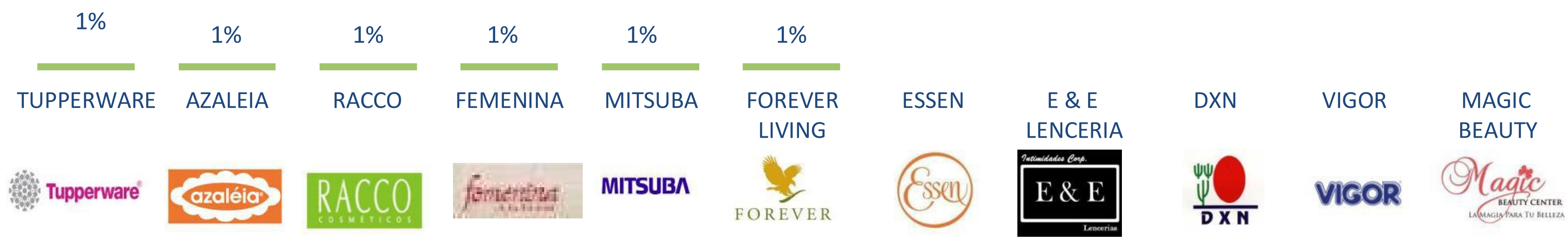
Advertising awareness of brands, spontaneous and assisted – Santa Cruz (Main results)



Base: Total of habitual consumers Santa Cruz (171) enterviewees

irect Sales Enterprises

Brand awareness, spontaneous – Total (Additional enterprises)



Brand awareness, spontaneous – La Paz (Additional enterprises)

Base: Total of habitual consumers (366) interviewees

Direct Sales Enterprises

Brand awareness, spontaneous – El Alto (Additional enterprises)

Brand awareness, spontaneous – Cochabamba (Additional enterprises)

Base: Total of habitual consumers (366) interviewees

…irect Sales Enterprises

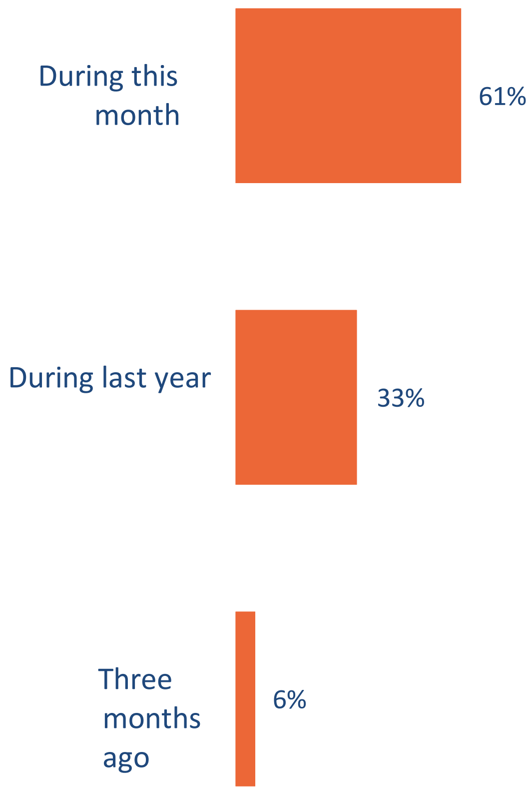
Brand awareness, spontaneous – Santa Cruz (Additional enterprises)

Base: Total of habitual consumers (366) interviewees

Purchasing and Using Habits

ormation Access and Type of Products that Consumer have ogues

Information Access - Total

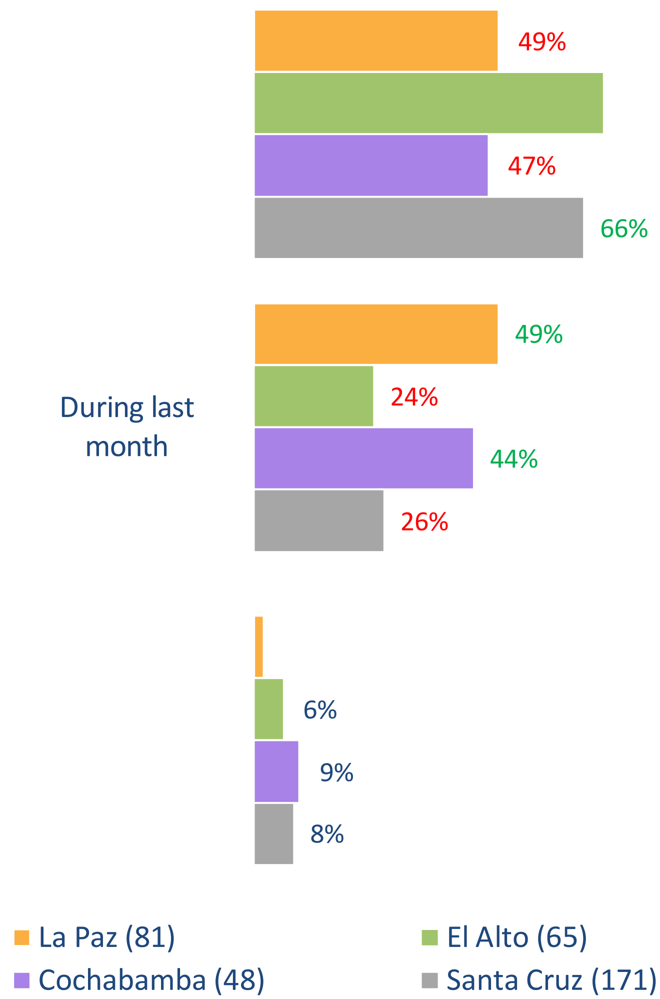


Type of products – Total (Main results)

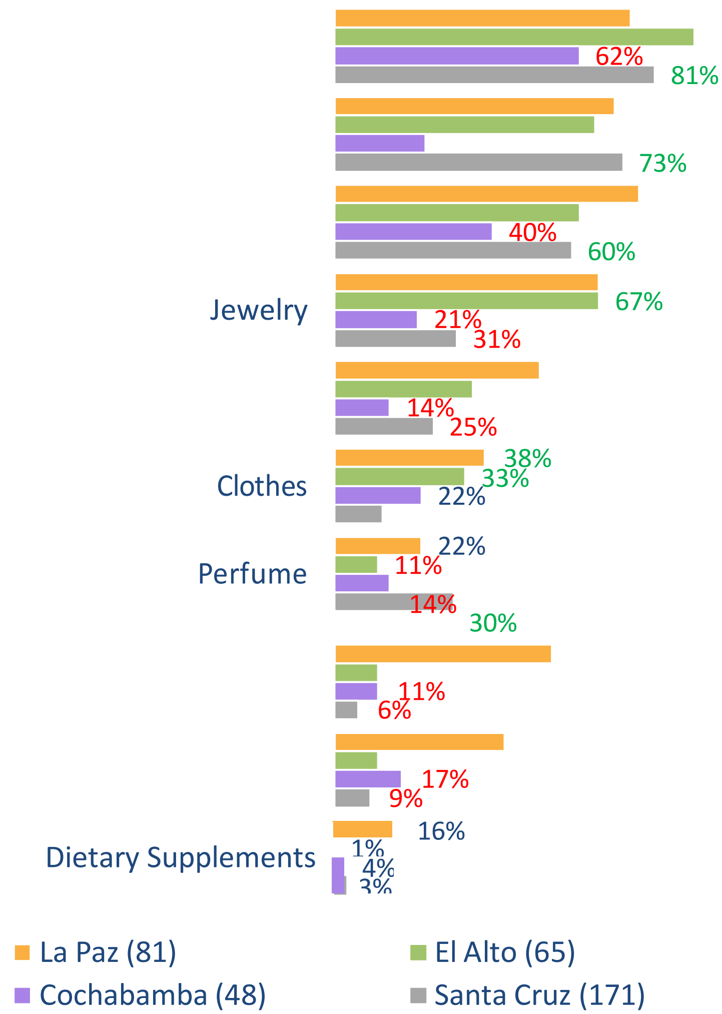
Base: Total of habitual consumers (366) interviewees

ormation Access and Type of Products that Consumer have ogues

Information Access - City



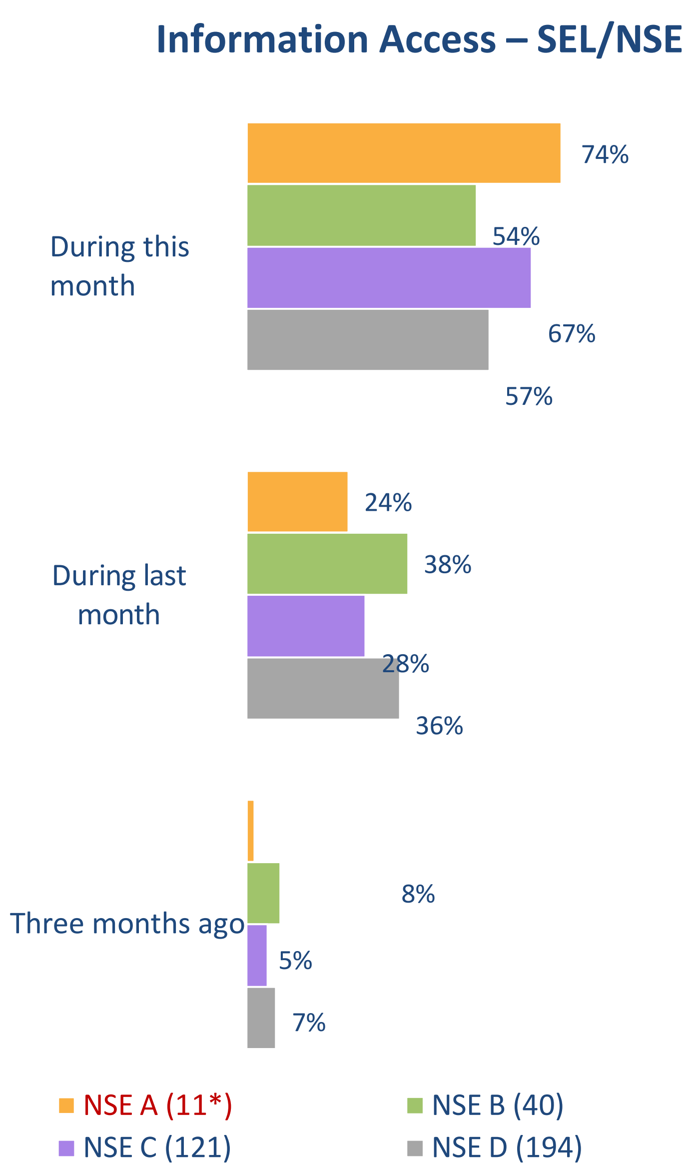
Type of products – City (Main Results)

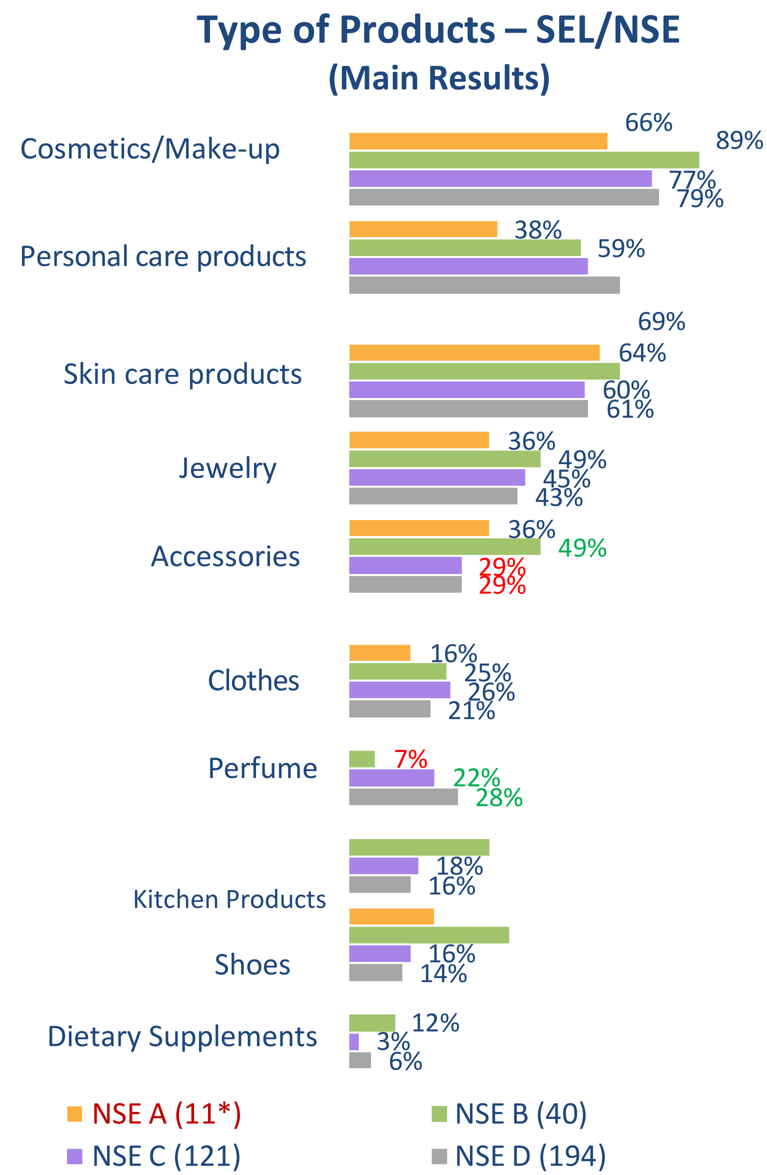


Base: Total of habitual consumers (366) interviewees *No representative sample less than 30

Significative superior/inferior

ormation Access and Type of Products that Consumer have ogues



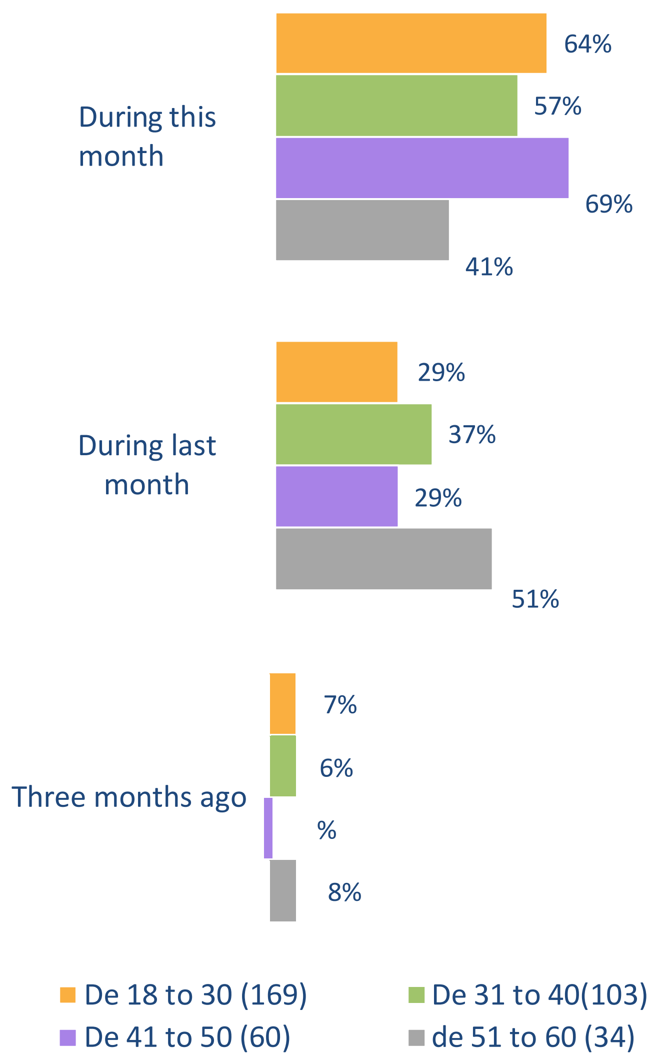


Base: Total of habitual consumers (366) interviewees *No representative sample less than 30

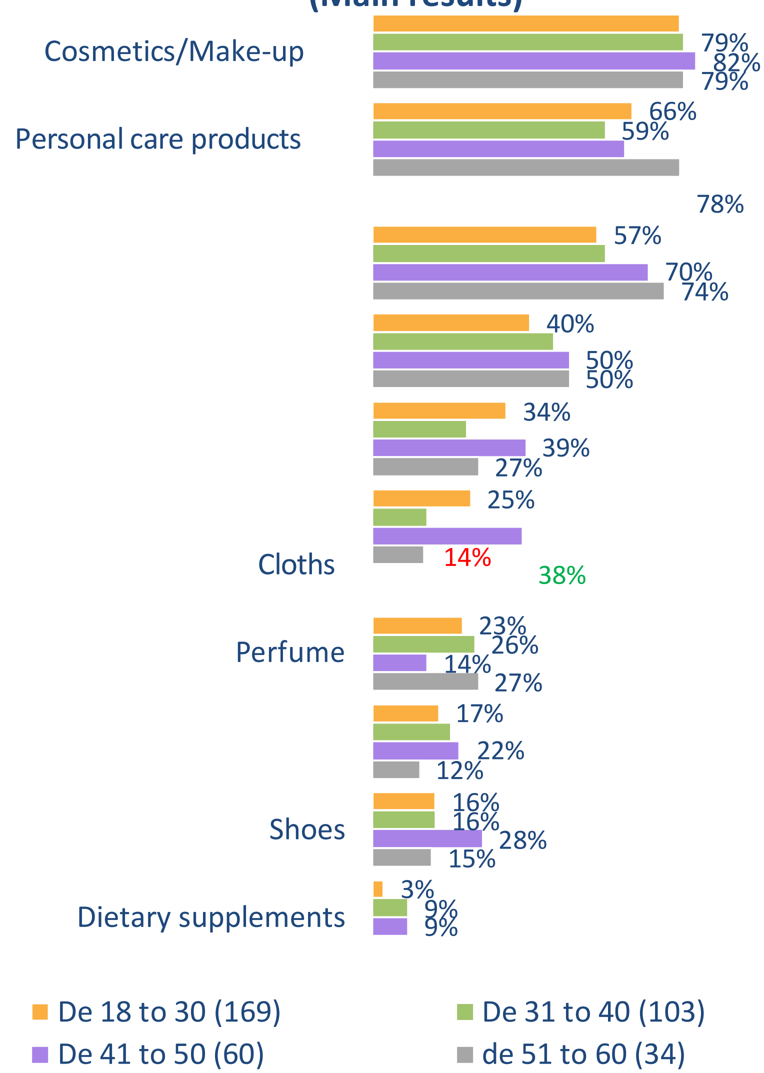
Significative superior/inferior

ormation Access and Type of Products that Consumer have ogues

Information Access - Age



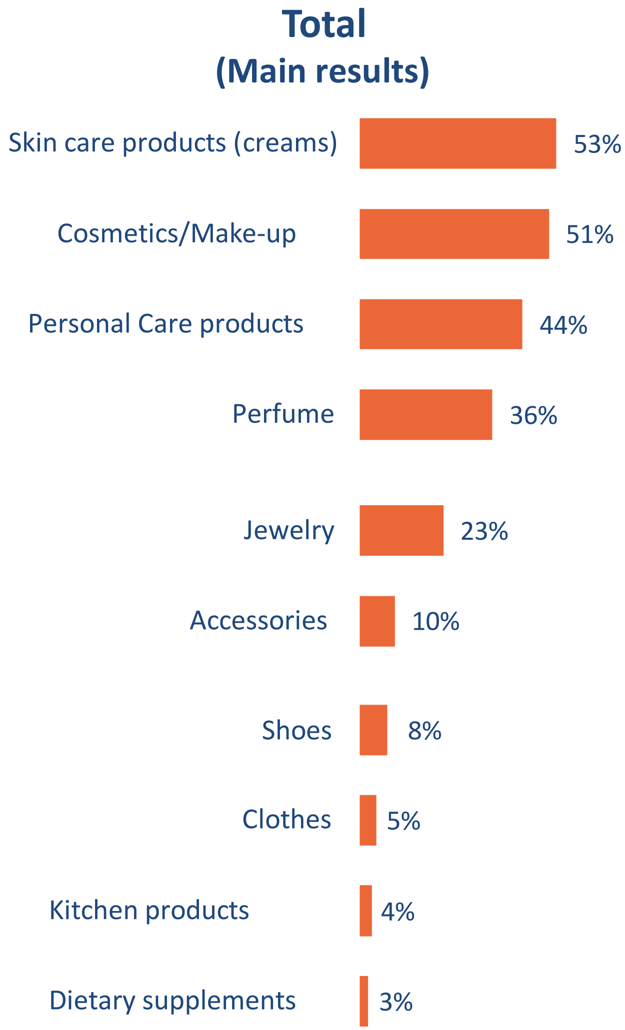
Type of Products – Age (Main results)

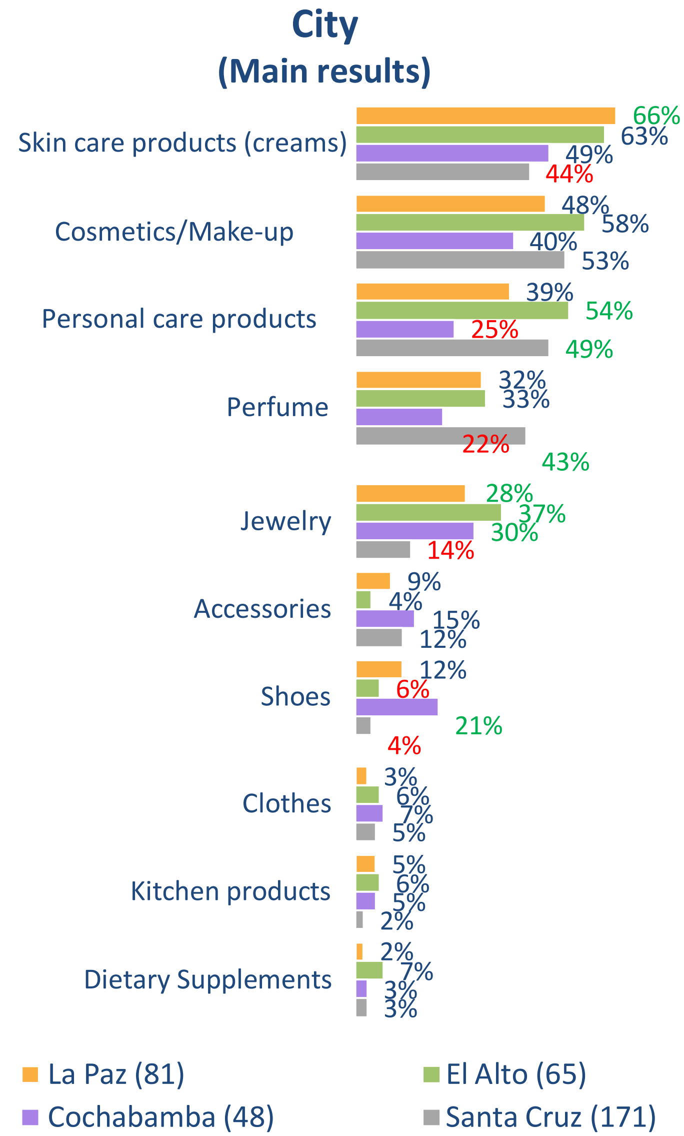


Base: Total of habitual consumers (366) interviewees *No representative sample less than 30

Significative superior/inferior

...ts acquired in the last purchase through Direct Sales



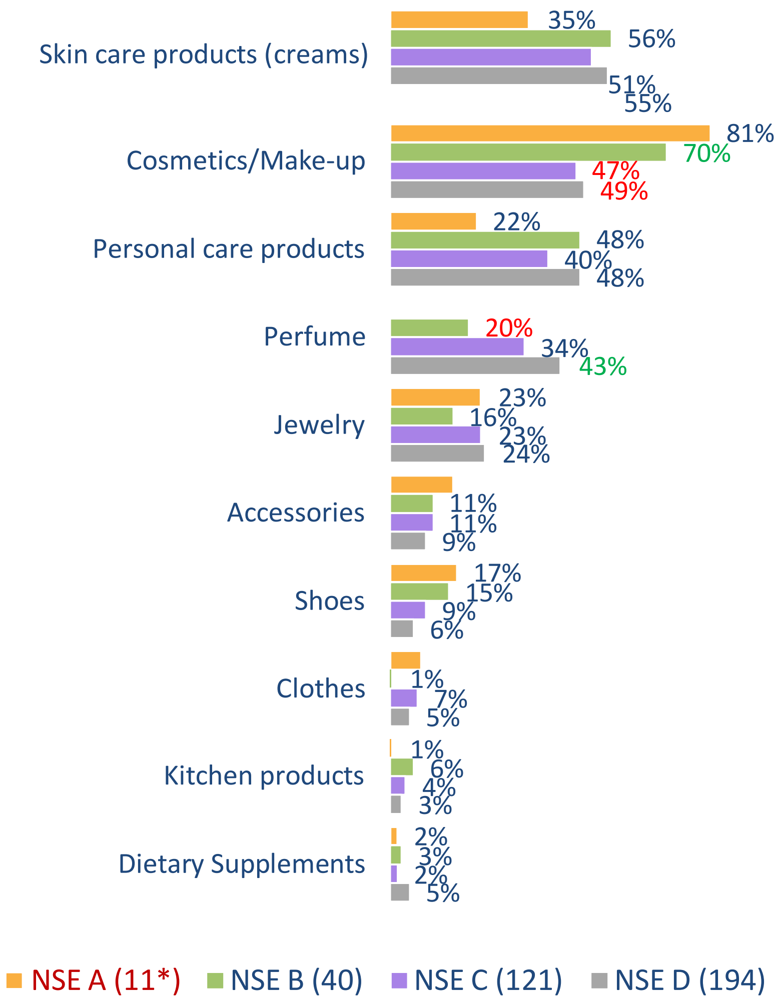


Base: Total of habitual consumers (366) interviewees *No representative sample less than 30

Significative superior/inferior

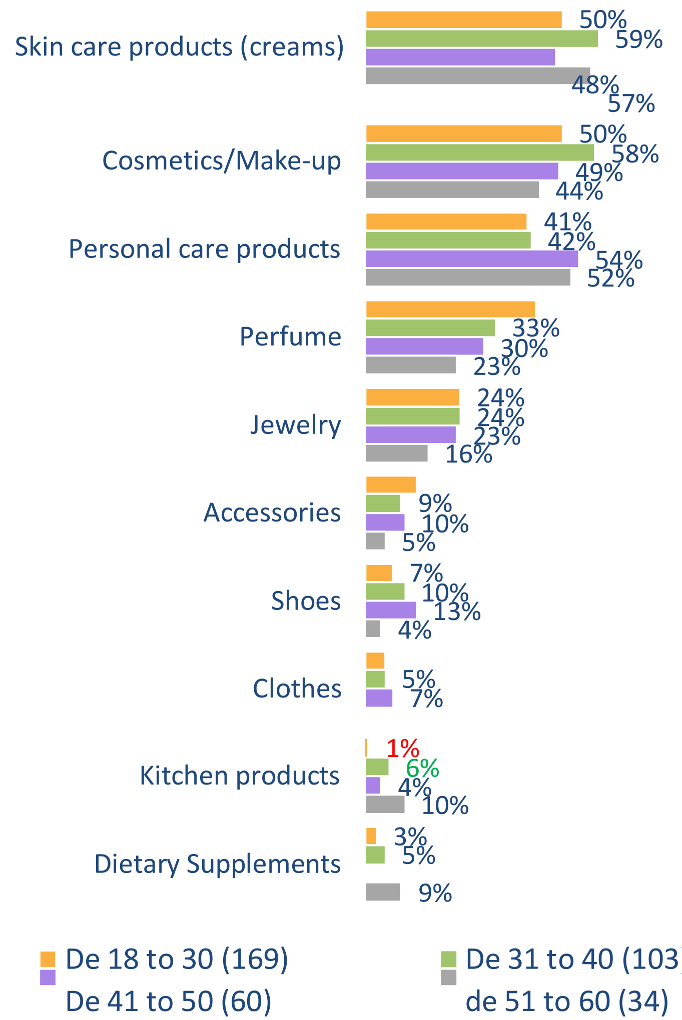
...ts acquired in the last purchase through Direct Sales

Socioeconomic level (NSE)
(Main results)



*No representative sample less than 30

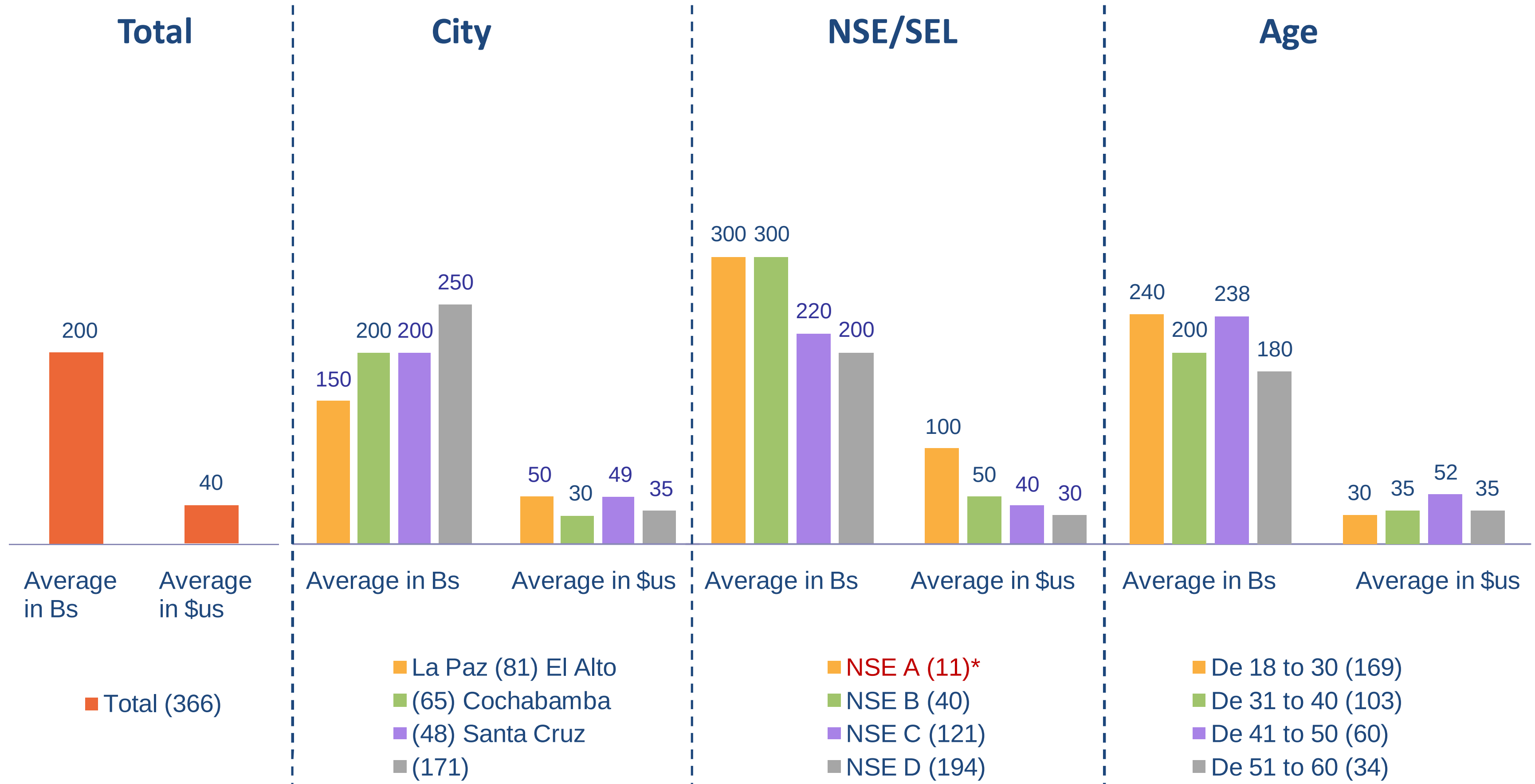
Age
(Main results)



Base: Total of habitual consumers (366) interviewees

Significative superior/inferior

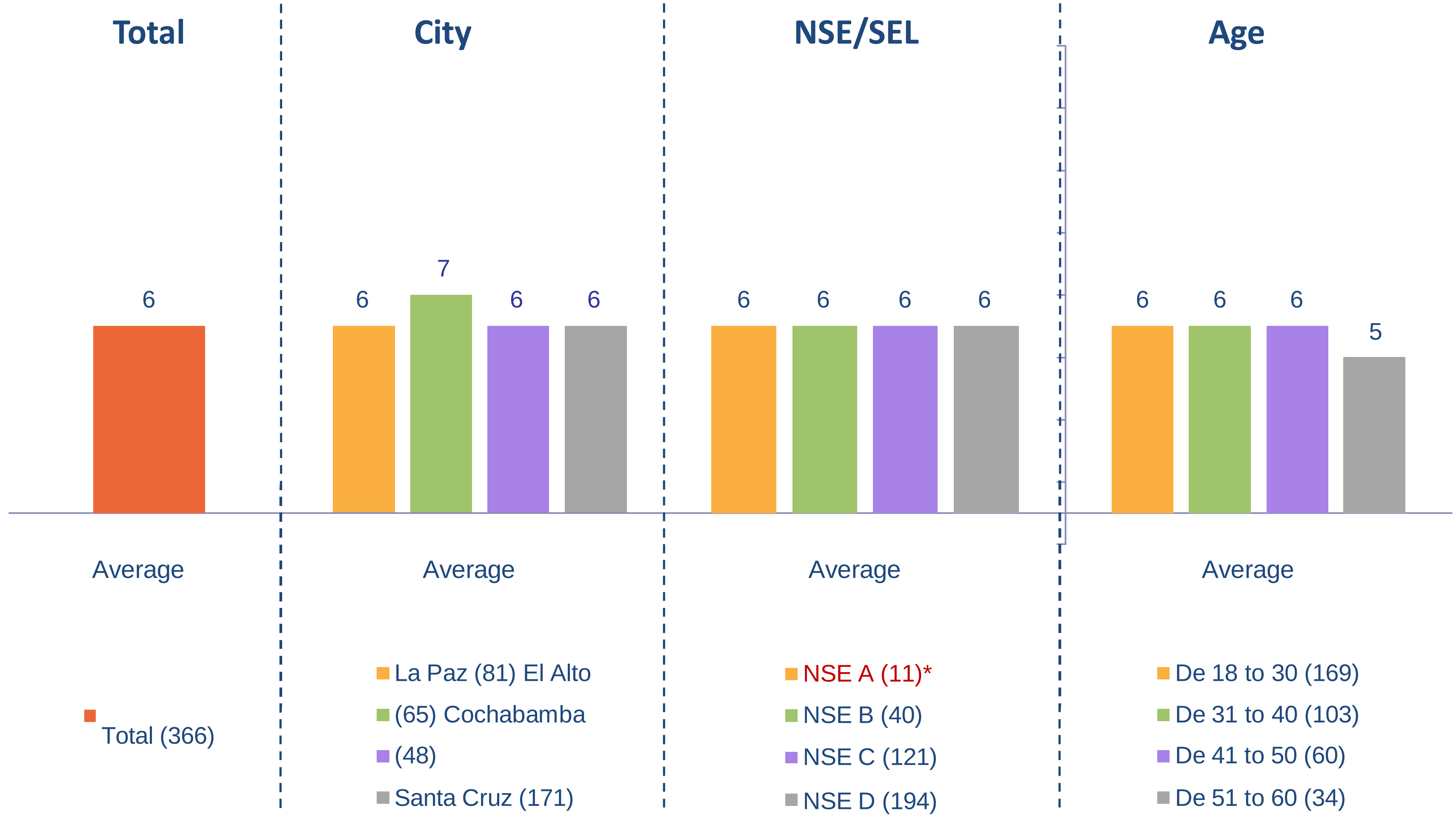
ed Amount in the last purchase through Direct Sales



Habitual consumers that purchased in Bolivians	95%
Habitual consumers that purchased in dollars	65%

*No representative samples less than 30
Base: Total of habitual consumers interviewees (366)

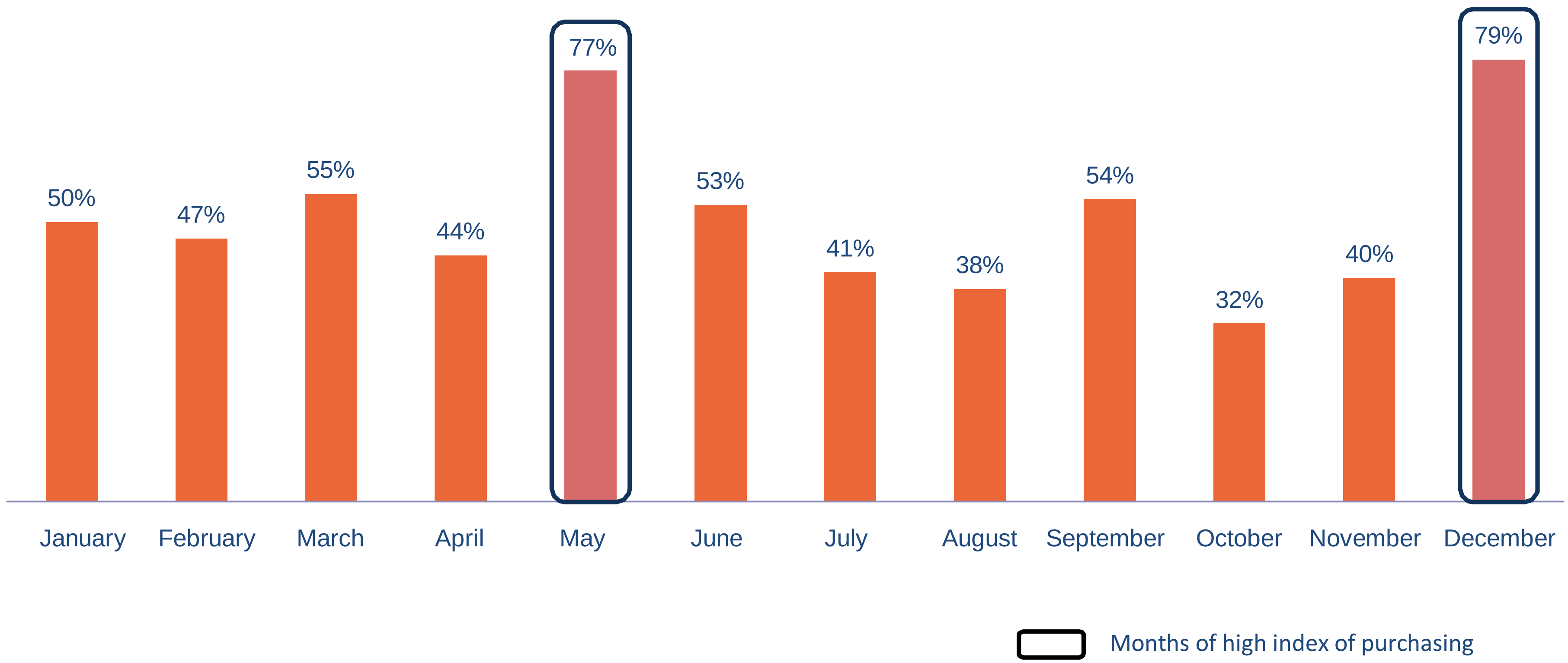
chases through Direct Sales in the last year



*No representative samples less than 30
Base: Total of habitual consumers interviewees

ch Direct Sales products are purchased

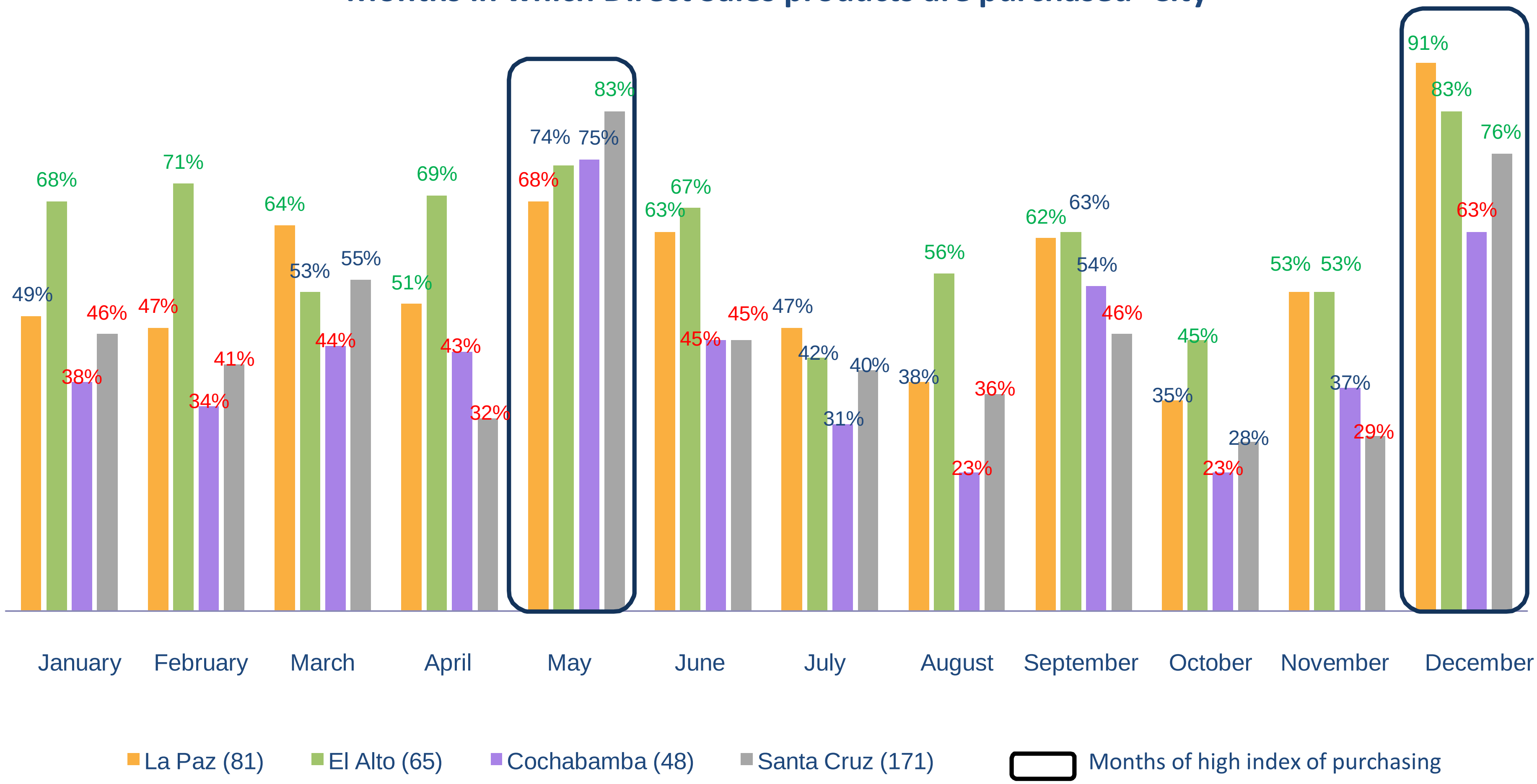
Months in which Direct Sales products are purchased - Total



Base: Total of habitual consumers (366) interviewees

ch Direct Sales products are purchased by city

Months in which Direct Sales products are purchased- City

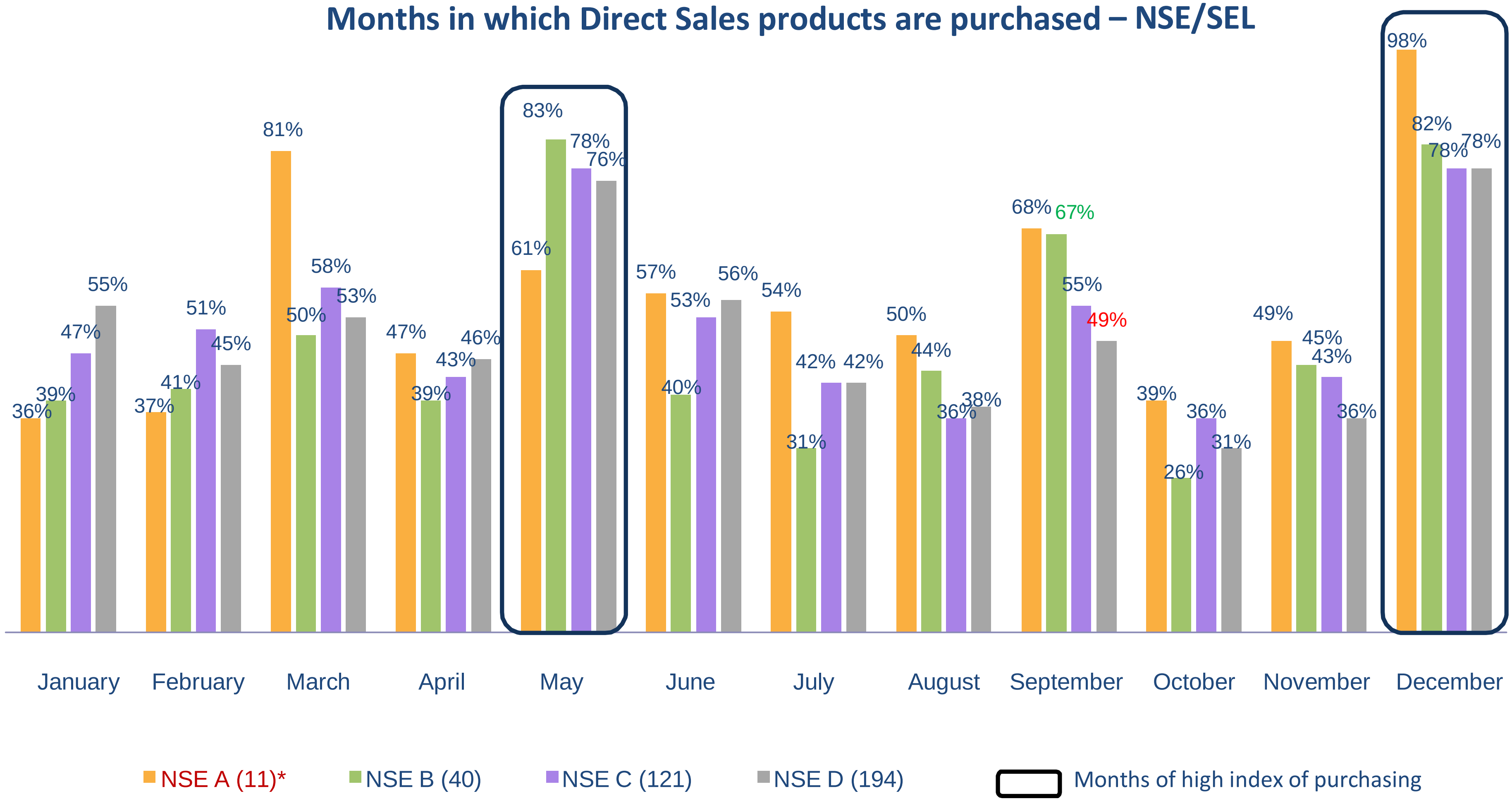


Base: Total of habitual consumers (366) interviewees

Significative superior/inferior

ch Direct Sales products are purchased by level

Months in which Direct Sales products are purchased – NSE/SEL

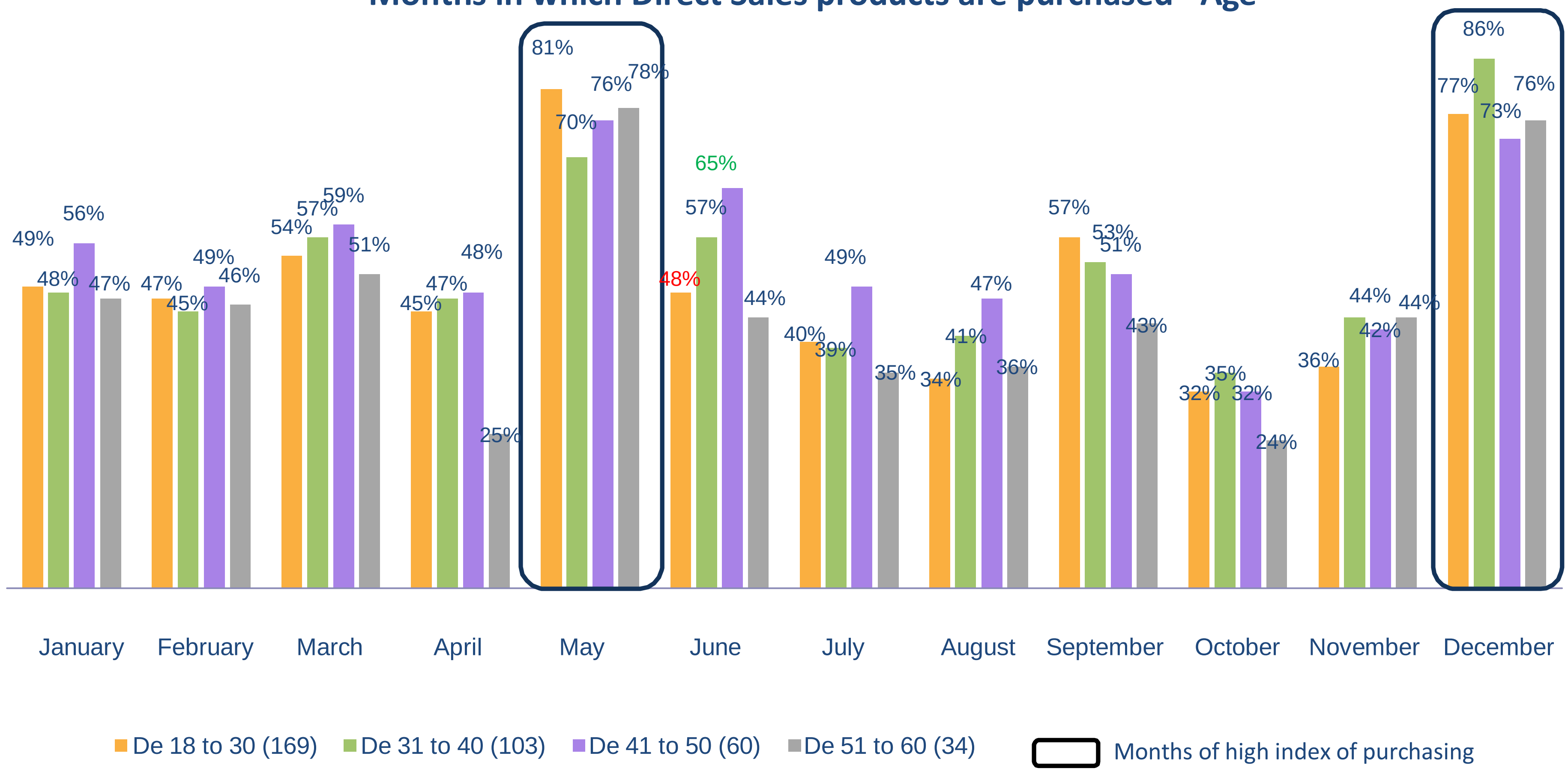


*No representative samples less than 30
Base: Total of habitual consumers (366) interviewees

Significativamente superior/inferior

ue compra productos de Venta Directa por Edad

Months in which Direct Sales products are purchased - Age



Base: Total of habitual consumers (366) interviewees

Significative superior/inferior

eral perception - Total

Perception – Total
Bottom two box* / Top two box**

*Bottom two box (4 points scale. 1 means “Totally disagree ”)
**Top two box (4 pontis scale. 4 means “Totally agree”)
Base: Total of habitual consumers (366) interviewees

neral perception – La Paz

Perception – La Paz
Bottom two box* / Top two box**

*Bottom two box (4 points scale. 1 means “Totally disagree”)
**Top two box (4 points scale. 4 means “Totally agree”)

Base: Total of habitual consumers La Paz (81) interviewees

eral perception – El Alto

Perception – El Alto
Bottom two box* / Top two box**

*Bottom two box (4 points scale. 1 means “Totally disagree”)
**Top two box (4 points scale. 4 means “Totally agree”)
Base: Total of habitual consumers El Alto (65) interviewees

eral perception - Cochabamba

Perception – Cochabamba
Bottom two box* / Top two box**

*Bottom two box (4 points scale. 1 means "Totally disagree")
**Top two box (4 points scale. 4 means "Totally agree")
Base: Total of habitual consumers Cochabamba (48) interviewees

neral perception – Santa Cruz

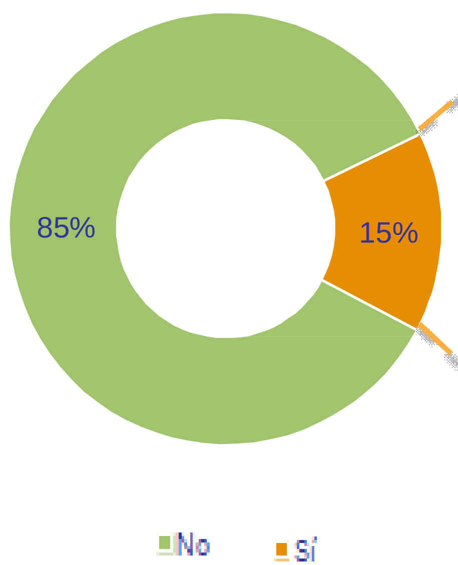
Perception – Santa Cruz
Bottom two box* / Top two box**

*Bottom two box (4 points scale. 1 means “Totally disagree”)
**Top two box (4 points scale. 4 means “Totally agree”)
Base: Total of habitual consumers interviewees Santa Cruz (171)

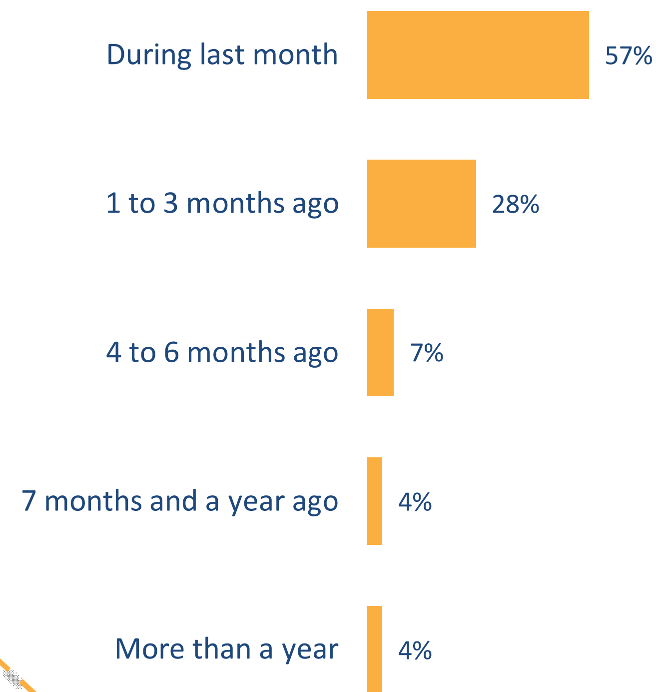
Direct Sales Distribution Channel Via Internet

t Sales products catalogue via Internet

To consult catalogues on Internet – Total



To consult Direct Sales products catalogue on Internet - Total

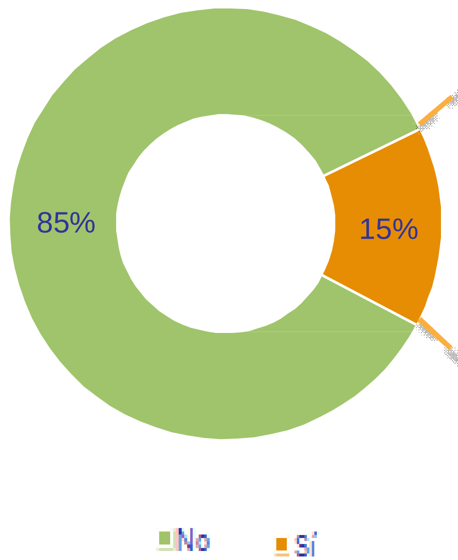


Base: Total of habitual consumers (366) interviewees

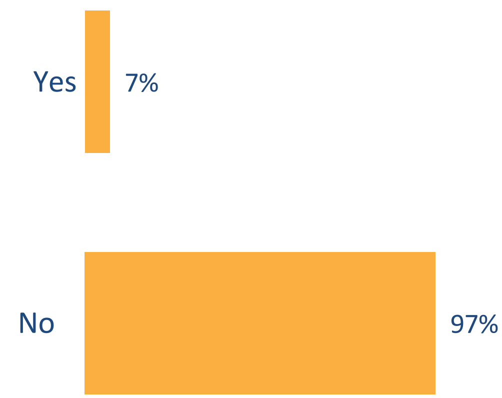
Base: Total of consumers that consulted catalogues on Internet (55)

t Sales products catalogue via Internet

To consult catalogues on Internet – Total



To consult Direct Sales products catalogue on Internet – Total

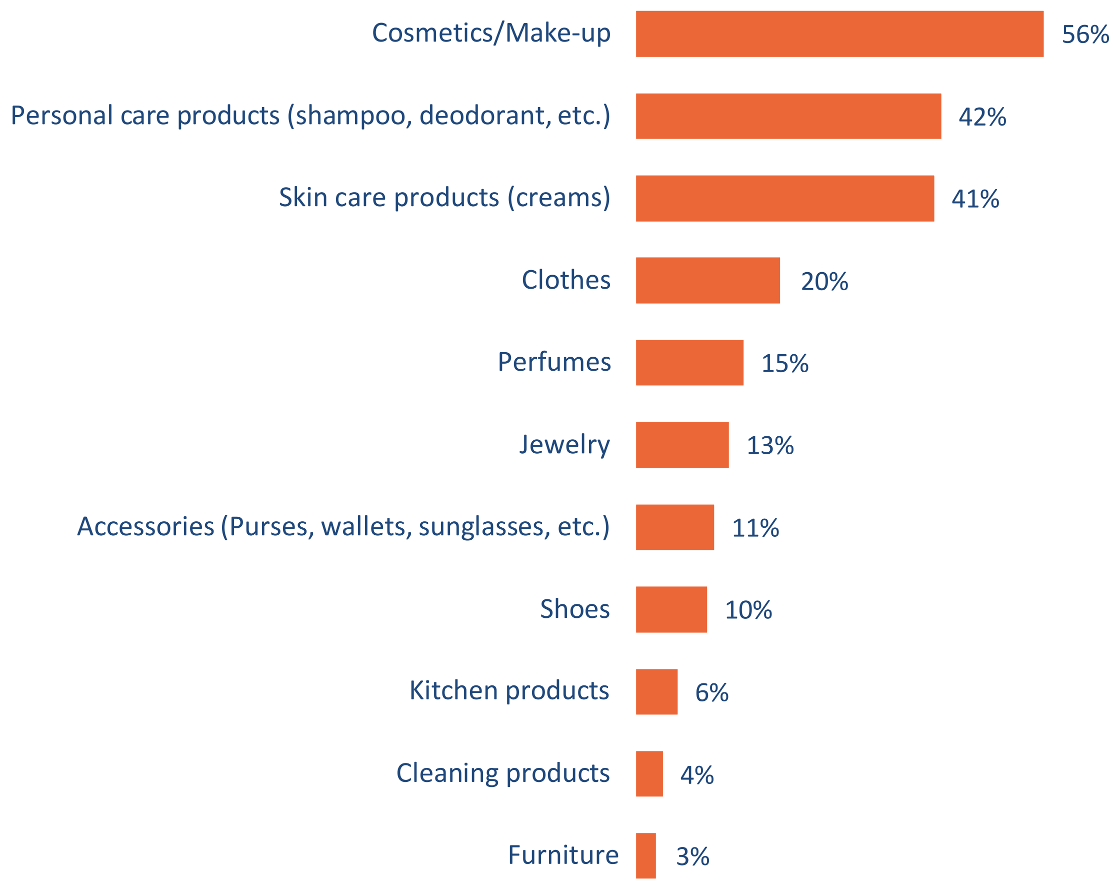


Base: Total of habitual consumers (366) interviewees

Base: Total of consumers that consulted catalogues on Internet (55)

ts that consumers consulted on Internet

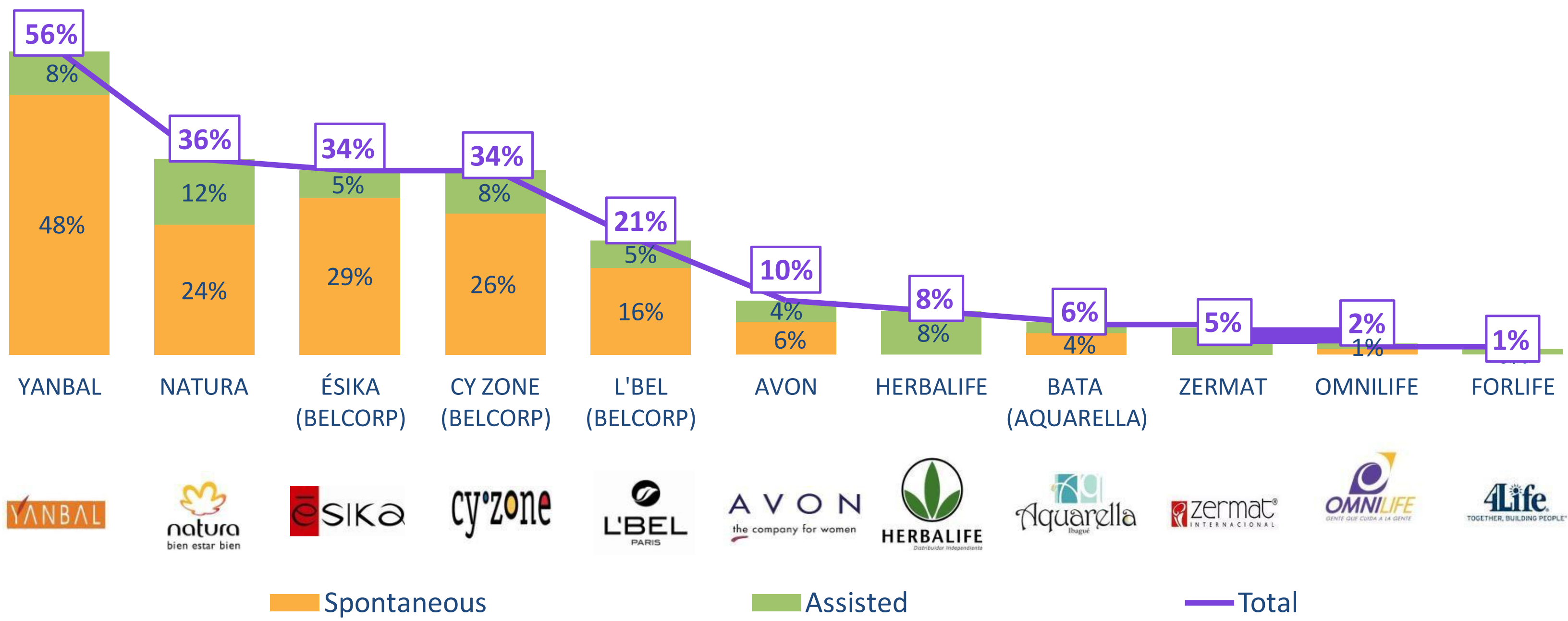
Total
(Main results)



Base: Total of consumers that consulted catalogues on internet interviewees (52)

ose catalogues were consulted on Internet

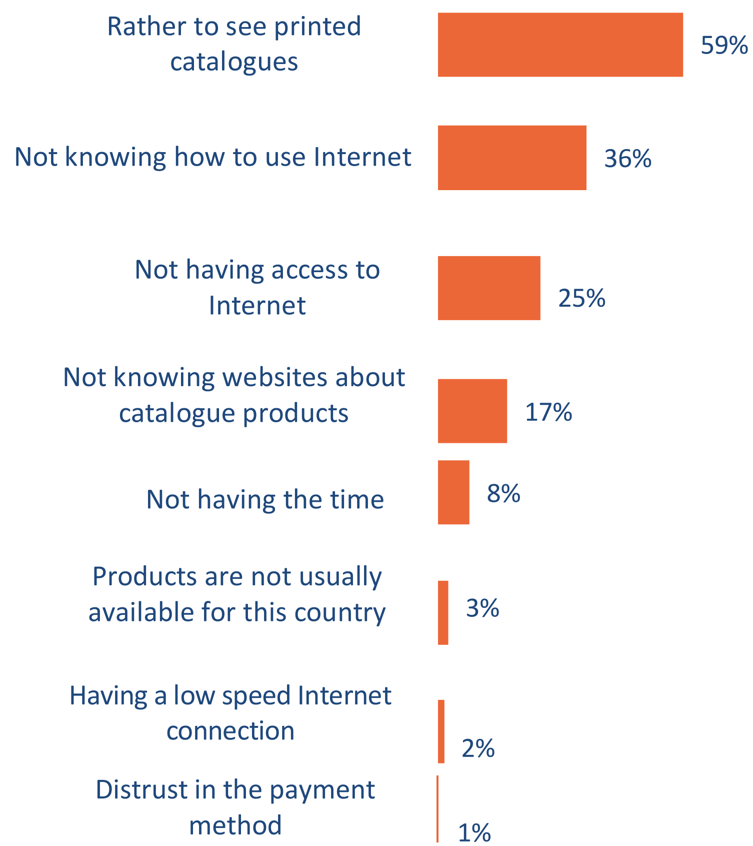
Enterprises awareness, spontaneous and assisted – Total
(Main results)



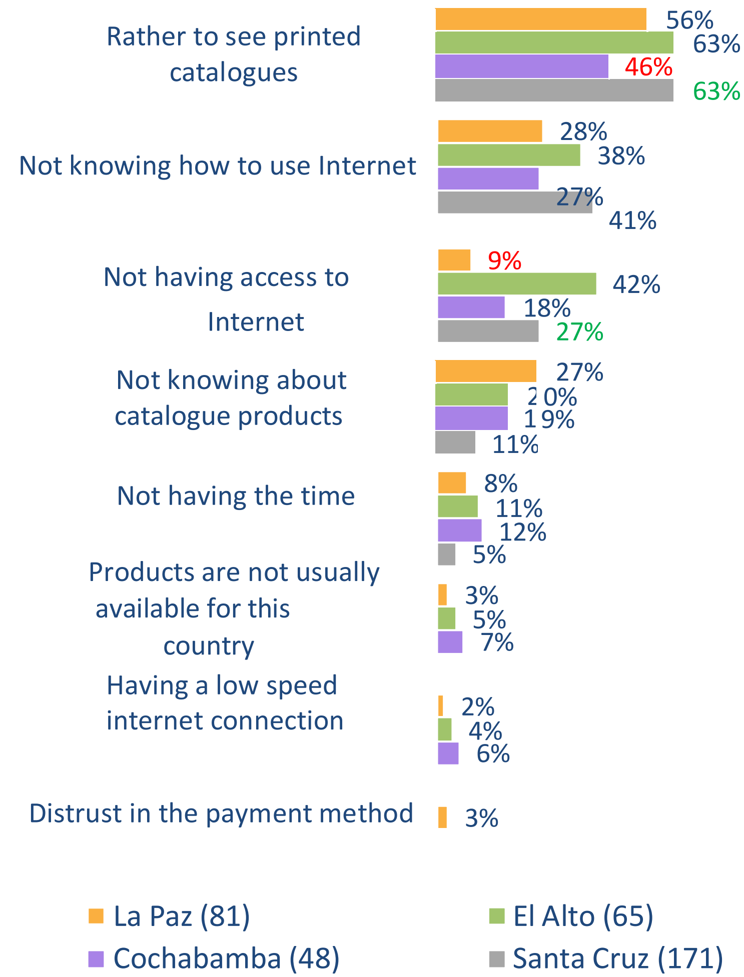
Base: Total of consumers that consulted catalogues on internet (52) interviewees

t consulting catalogues on Internet

Total
(Main results)



City
(Main results)

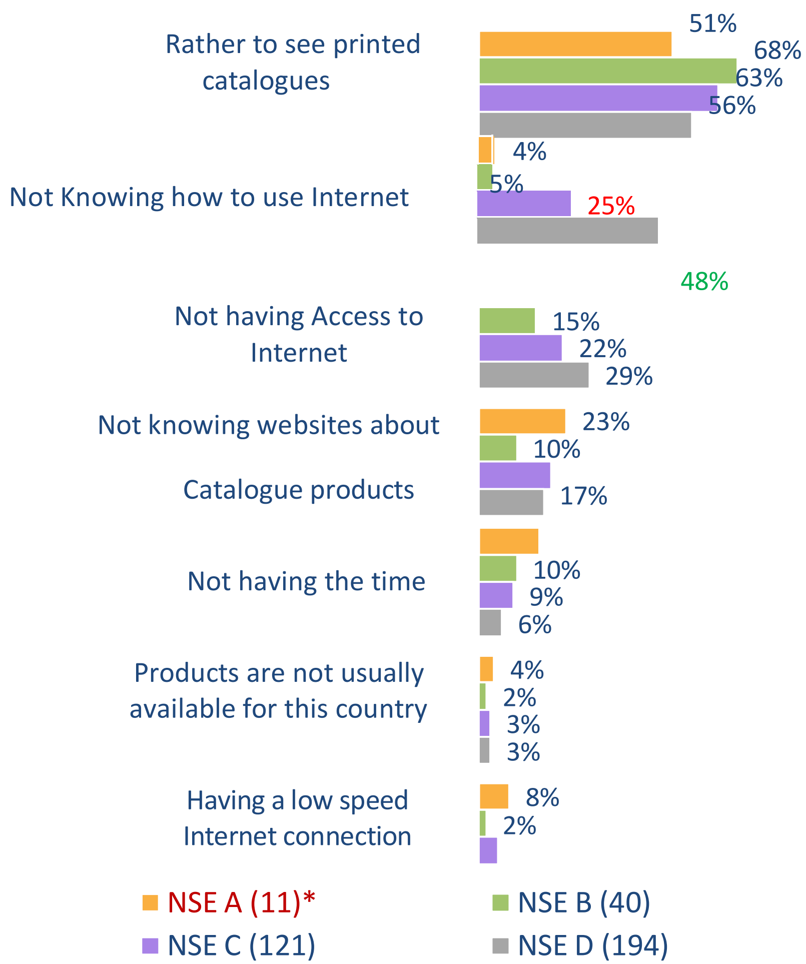


Base: Total of consumers that do not consulted catalogues on Internet (311) interviewees

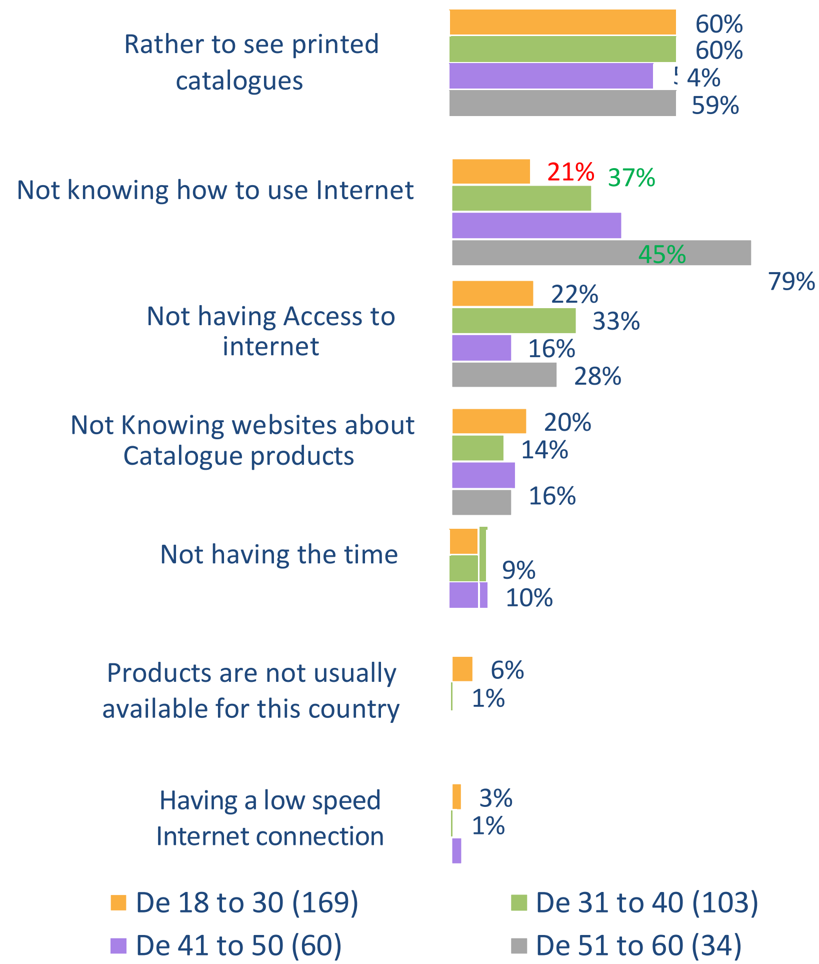
Significative superior/inferior

t consulting catalogues on Internet

Socioeconomic level
(Main results)



Age
(Main results)



*No representative samples less than 30

Base: Total of consumers that do not consulted catalogues on Internet (311) interviewees

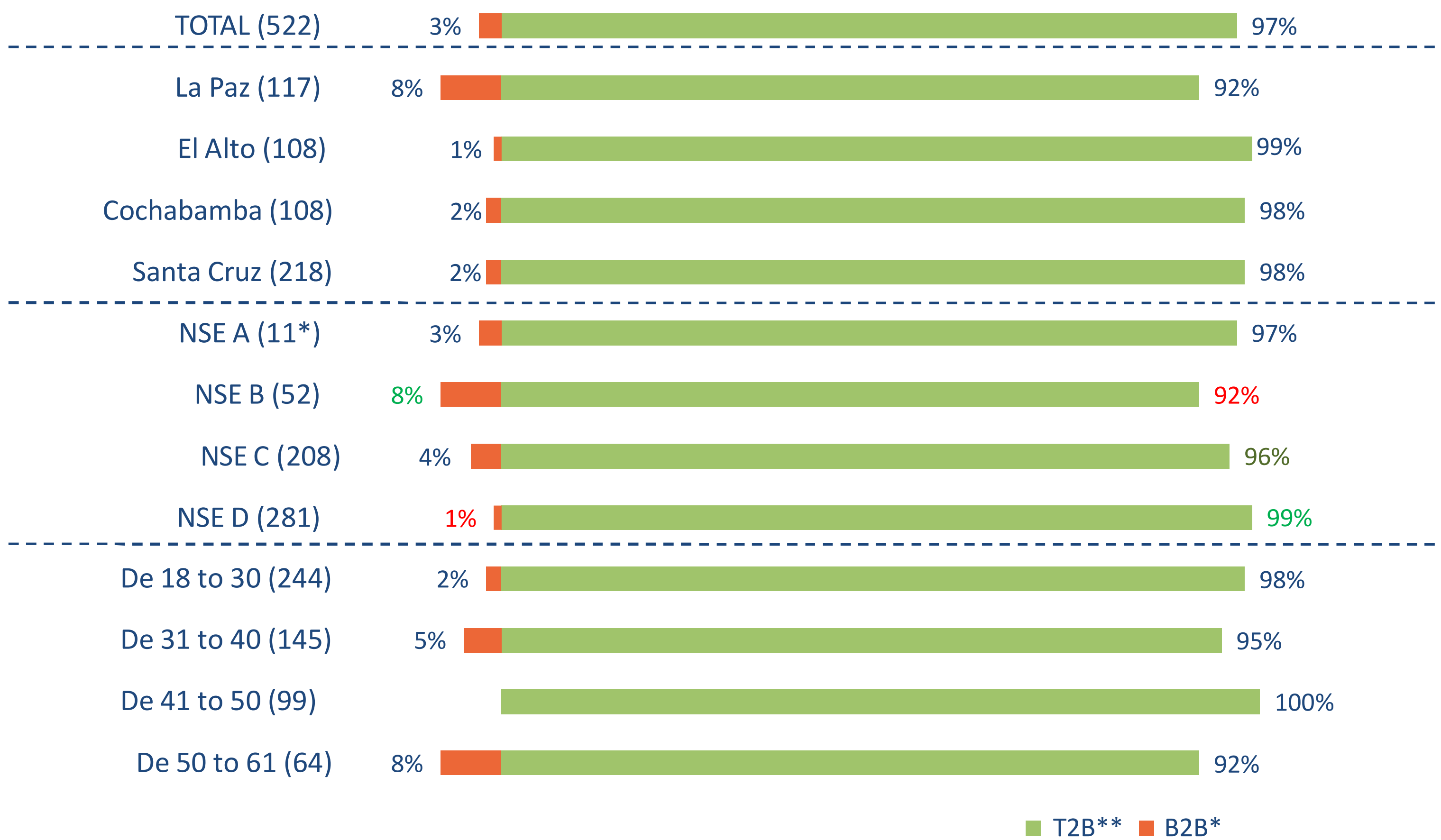
Significative superior/inferior

Social Impact

irect Sales as an alternative for extra incomes

Perception of Direct Sales

Bottom two box* / Top two box**



*Bottom two box (4 points scale. 1 means “Totally disagree”)
**Top two box (4 points scale. 4 means “Totally agree”)
*No representative samples less than 30
Base: Total of consumers (522) interviewees

Significative superior/inferior

Conclusions and Recommendations

/4)

- Almost total population knows or has purchased some Direct Sales product; this is a very popular category among young woman from La Paz and Santa Cruz.

THE NO CONSUMERS

- This is a small part of population, the major part belong to low socio-economic levels between 41 to 60 years old, the reason for not purchase this products are high prices and the impossibility **of touching, trying or touching the products,** this generates distrust which is a barrier.
- The major population of no consumers is located in Cochabamba city.

THE OCCASIONAL CONSUMERS

- They are located in El alto and Cochabamba, they are not frequent Direct Sales consumers because the idea of high prices and due to they do not have contact with any sales agent.

/4)

- The most known Direct Sales products among occasional consumers are: cosmetic products, skin care products and personal care products.

THE HABITUAL CONSUMERS

- Direct Sales **habitual consumers** are mainly high socio-economic levels 18 to 30 year old women, since prices and Access to information don not represent any problem for purchasing products.

KNOWLEDGE OF BRANDS

- Three Direct Sales enterprises are the most known by consumers, they are: **Yanbal,** in spite it does not have the most accessible prices, its diversity and its antiquity keep this Enterprise in the mind of consumers; **Ésika** pertains to Belcorp group. **Avon** has diversification in its products and a great advertisement. And Cy Zone and Natura stand up for guidance in their products.
- The enterprise that has the most high brand awareness is **Yanbal,** then **Ésika and Avon**.

/4)

- More than half of population had Access to Direct Sales product information during the period of this month.
- Products with the most diffusion are skin care products, cosmetic products, make-up products and personal care products, of which six out of ten persons has received the information.

USAGE OF DISTRIBUTION CHANNEL

- Persons who had Access to Direct Sales information, more than a half has purchased through this distribution channel at least once in the last three months.
- The amount invested in the last purchase was **Bs. 200;** average purchases are made once each two months. The months of high index of purchasing are May and December, due to Mother’s Day and Christmas.
- Taking into account that the average amount invested on each purchase rises at 17% of minimum national income, and makes evident the importance that consumers assign to the different Direct Sales product in the sense of feeling and looking good.

/4)

- The main attributes of Direct Sales considered by consumers are:
  - The quality of products,
  - The personalized attention from sales agents,
  - The comfortable way of purchasing;
  - And products novelties.
- Nevertheless, a negative point in the distribution channel is the delay of products delivery.

USAGE OF DISTRIBUTION CHANNEL ON INTERNET

- This method is not very popular among the system, only a 15% have seen catalogue on Internet and only a 7% have requested the visit of a sales agent.
- The most important facts are: do not know how to use the Internet and do not have the accessibility to the service.

SOCIAL IMPACT

- Almost the majority of interviewees, consumers or no consumers, agree that Direct Sales is an alternative for generating extra incomes and admit that the distribution channel is a mean of empowerment for women.

ions

- Since no consumers and occasional consumers consider the fact that is not possible to touch or try any product; it is recommended to include a wide range of samples, and try to eliminate this barrier.
- The delay in delivery products, is out of enterprises' control, even this is a negative aspect in Direct Sales, so in this sense, it must implement **a time record** considering how much time is devoted in the distribution of products by sales agents.
- The use of Internet in Direct Sales products is not recommended. Nevertheless, taking into account that **41% of 18 to 60 year old women from different socio-economic levels has entered to the Internet in the last 30 days from which 61% have visited Facebook***, it confirms the great potential of Internet in disseminating the different products, especially through social networks.

* Source: Media General Study January-Dicember 2011 - IPSOS

THANKS…

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