

Direct Selling Defined and Explained

There are many terms thrown around in home business, several of which frequently get confused or used interchangeably with others. One such term is Direct Selling.

Definition of Direct Selling

Direct selling refers to selling products directly to the consumer in a non-retail environment. Instead, sales occur at home, work, or other non-store location. This system often eliminates several of the middlemen involved in product distribution, such as the regional distribution center and wholesaler. Instead, products go from manufacturer to the direct sales company, to the distributor or rep, and to the consumer.

The products sold through direct sales are usually not found in typical retail locations, which means finding a distributor or rep is the only method to buy the products or services.

Direct selling is usually associated with party-plan and/or network marketing companies; however these aren't the only types of companies that use direct selling. Many businesses that sell business-2-business (B2B), use direct selling to target and sell to their end customer. For example, many companies that sell advertising or office supplies will send their reps directly into the stores that can use their services.

Don't confuse direct selling with direct marketing. Direct selling is when individual salespeople reach out to consumers directly, whereas direct marketing is when a company *markets* directly to the consumer.

Types of Direct Selling

There are a variety of ways business owners can sell directly to consumers through direct selling.

Single-level direct sales: This type of sales is done one-on-one, such as through door-to-door or by doing in-person presentations. Sales can be done online or through catalogs, as well. Generally income is earned on sales commissions, with possible bonuses.

Hostess or Party Plan: This type of sales is done in a group setting, usually involving the distributor or rep doing a presentation in her or in another person's home or other location. In some cases, a company might sell to individuals in a business. For example, a real estate software sales rep might do a group sales presentation to a group of Realtors (R). Income can come from commissions from sales, and sometimes through the recruitment of other reps (see Multilevel marketing below).

Multilevel Marketing (MLM): Sales in multi-level marketing are made in a variety of ways, including single or party presentations, but also through online stores and catalogs. Income earned through MLM is commission on sales, and the sales made by other business partners the distributor recruits into the company.

Sometimes direct sales is called MLM or network marketing, however, these terms are not interchangeable. While MLM and network marketing are a form of direct sales, not all direct sales systems involve MLM. For example, in single-level marketing the sales representative is only paid commission on the sales he or she personally makes. In this case, there is no recruitment of other sales team members or commissions earned from their sales.

Using Direct Sales in Your Home Business

While you can start a home business with a company that uses the direct-sales model, you can also use this method in your made-from-scratch home business. For example, if you offer social media management services, you can reach out to companies directly to sell them your service. You can use this method for nearly any B2B service or product.

You can use it in business-2-consumer sales as well, For example, if you've invented a new device, you can reach out to consumers directly who might like the device using a one-on-one or group presentation.

Are Direct Sales Companies Legal and Viable?

Direct sales, and in particular MLM and network marketing, have suffered a bad rap. The first negative aspects came when Amway was investigated to determine if its marketing methods were a pyramid scheme. Amway was vindicated, but the damage had been done, and today the company and others using the same model are often viewed with skepticism.

The second challenge to direct sales involves over zealous representatives that make big promises for easy money. Most direct sales companies strive to keep

their reps honest. In fact, some companies worry so much about overzealous reps misrepresenting the business, that the company doesn't allow reps to use the company name in advertising.

Finally, many myths abound about direct sales and MLM, such as the idea of saturation or that only the guy on top makes a living. However, a quality direct sales company will work for anyone who runs it like the business it is, regardless of when you sign up. That's probably where most direct sales reps struggle. For some reason, many don't view direct sales as a business. But direct sales involve a product or service that needs to be sold to a target consumer just like any other business. To be a successful direct sales rep, you need to run it like a business.

Think of it as you "job" and you will be successful. Often times direct sales reps fail because they think that they can "work their business when they have time". Well, if you were to work a 9-5 type of job, would you go to work "whenever you have time"? NO! You'd be fired and you would not make any money right? The same goes for your business. Show up every day, work hard, put your time in and you will get paid!