

## Utah's Direct Selling Industry

Utah is a global hub for the direct selling business model. The state's established direct selling industry anchored over 38,000 well-paying jobs and added significantly to state and local tax revenues as part of its 2020 economic impacts. Direct selling companies market and distribute products through independent sales representatives and their personal networks. The Utah industry includes 91 direct selling companies and 66 key suppliers for a total of 157 companies.<sup>1</sup>

### Economic Impacts: Utah Jobs with Above-Average Wages

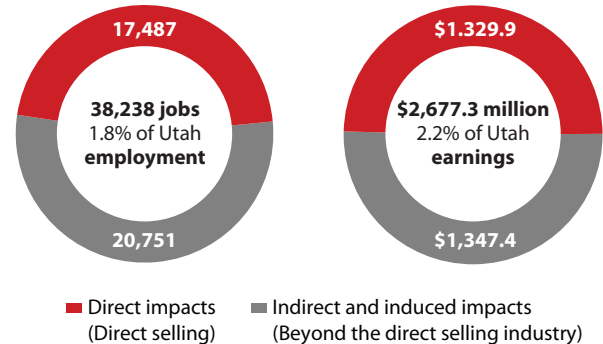
In 2020, the direct selling industry employed 17,487 Utah residents. At \$63,652 per employee, companies in the direct selling industry paid their employees an average of 18.4% more than companies in other industries in the state. Industry activity indirectly supported another 20,751 jobs. The industry generated \$2.7 billion in earnings, 2.2% of the statewide total for all industries. Industries with Utah employment levels similar to the direct selling industry include accommodations, food manufacturing, and publishing.

### A Global Industry: Domestic and International Sales

Ten large Utah direct selling companies surveyed reported \$10.3 billion in sales during 2020, 3.0% of total industry sales from Utah.<sup>2</sup> Their \$4.0 billion in domestic sales made up 10.0% of the estimated \$40.1 billion in U.S. sales from all direct sales companies in the nation.<sup>3</sup> From a state with 0.04% of the world's population, these companies represented 6.1% of the industry's global sales of \$168.3 billion.<sup>4</sup>

Of total sales from the 10 companies surveyed, most were international exports: 61.1% or \$6.3 billion in 2020. These direct selling exports represented 35.6% of Utah's total international exports of \$17.7 billion in commodities.<sup>5</sup> The 10 companies accounted for 71.7% of Utah's \$8.8 billion in non-gold commodity exports. The remaining 38.9% of the selected companies' global sales, \$4.0 billion, were domestic sales in Utah and other states. The extent of out-of-state distribution from this Utah industry brings substantial new income and employment into the state.

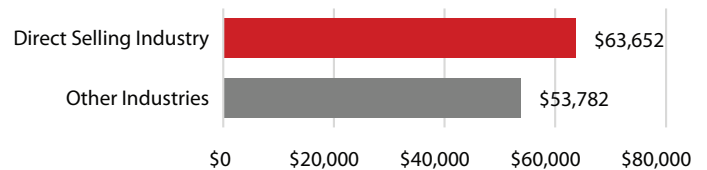
### Economic Impacts of Utah's Direct Selling Industry, 2020



Note: Percentages equal Utah's total economic impacts from the direct selling industry divided by total statewide employment and earnings for all industries. Besides the in-state operations of direct selling companies and selected suppliers, 2020 impacts incorporate average annual economic activity from direct selling conventions held between 2015 and 2019.

Source: Kem C. Gardner Policy Institute analysis of data from the Utah Department of Workforce Services using REMI PI+ economic model

### Average Annual Wages per Employee, 2020

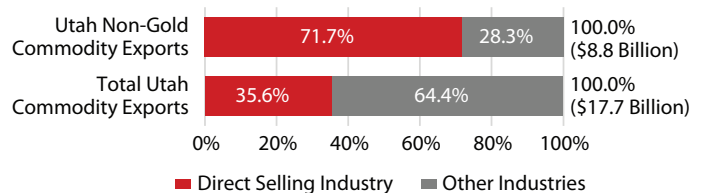


Note: Employee benefits or self-employment income not included. Direct selling industry pay reflects 16,990 jobs at 157 direct selling companies and suppliers, lacking comparable data for 497 jobs from industry conventions.

Source: Utah Department of Workforce Services

### Exports from Utah Direct Selling Companies, 2020

(Share of Statewide Exports for 10 Direct Selling Companies, Which Reported a Combined \$6.3 Billion in Exports)



Note: Commodities exclude services. Statewide gold exports were \$8.9 billion. Trade data not available for 81 of Utah's 91 direct selling companies.

Source: Dorsey & Whitney LLP; U.S. Census Bureau, USA Trade Online

## What is Direct Selling?

Direct selling is unique among retail channels because of the way in which products and services are marketed to customers. Instead of relying on traditional retail outlets or online marketplaces, direct selling companies maintain a sales force of independent entrepreneurs. Companies market a wide variety of goods and services, such as nutritional supplements, essential oils, cosmetics, sportswear, jewelry, cookware, housewares, energy, and insurance. Sales representatives of direct selling companies may market products or services through one-to-one communication, in-home demonstrations, or social media sharing. With U.S. roots in the late nineteenth century, the industry now serves markets around the world.<sup>6</sup>

## What Goods and Services do Direct Selling Companies Offer?

Utah direct selling companies provide a variety of goods and services. In 2020, 56% of 91 companies offered health and wellness products, such as vitamins, nutritional supplements and weight-loss products. The second-largest segment, beauty and fashion, includes skin care, hair care, and apparel products. Financial services, pest control, and cyber risk management are among direct selling services. Essential oils, food and beverage, and other tangible product sellers round out the industry. "Other products" includes solar panels and windows, home organization and décor items, technology devices, cleaning products, and craft supplies.

Principal Utah employers in the direct selling industry include 21 direct selling companies with at least 100 employees. The companies were founded between 1972 and 2017. In 2020, 10 of them provided 100 to 249 in-state jobs. The largest two employers, doTERRA and Young Living, each provided more than 1,500 jobs. Nu Skin, USANA Health Sciences, and Nature's Sunshine rounded out the top five.

## Utah Direct Selling Industry Components, 2020

Component	Companies	Employment (Jobs)
Direct Selling Companies	91	11,678
Selected Suppliers	66	5,312
Convention Visitation	NA	497
<b>Total</b>	<b>157</b>	<b>17,487</b>

Note: Of 91 direct selling companies, 10 firms with 6,143 jobs participated in a detailed survey for this study. Employment at direct selling companies does not include independent sales representatives. Direct selling companies have many suppliers besides the 66 within the industry. Economic modeling provides employment estimates but not company counts for in-state business activity from the spending of out-of-state visitors to Utah direct selling conventions.

Source: Kem C. Gardner Policy Institute industry definition with input from the Utah Direct Selling Coalition and Dorsey & Whitney LLP

## Independent Sales Representatives

In 2020, 10 large direct selling companies contracted with 21,457 self-employed sales representatives in Utah and over 4.8 million outside Utah.<sup>7</sup> The 10 companies accounted for 9.3% of the estimated statewide total of 229,797 independent sales representatives and discount buyers.<sup>8</sup> Independent sales representatives are not counted in industry employment.<sup>9</sup>

## Largest Utah Employers in Direct Selling Industry, 2020 (Companies with at Least 100 Employees)

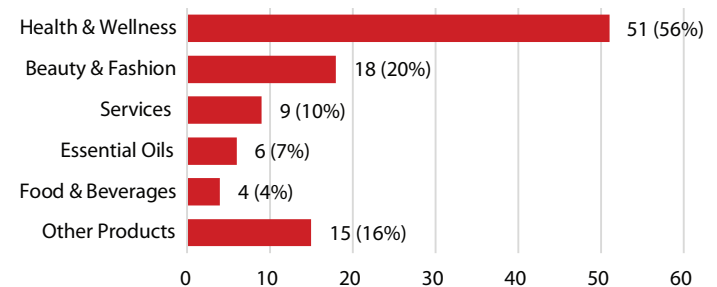
100 to 249 Jobs	250 to 749 Jobs	750 Jobs or More
ASEA Global	4Life Research	doTERRA
LifeVantage	Aptive Environmental	Nu Skin
Modere	Blue Raven Solar	USANA Health Sci.
Plunder Design	Nature's Sunshine	Young Living
SupraNaturals	NewAge	
Thrive Life	Paparazzi Accessories	
Unicity International	Stampin' Up	
Xyngular	Younique	
Zyia Active		

Note: Disclosure limitations prevent the reporting of exact employment counts by company.

Source: Utah Department of Workforce Services, FirmFind

## Utah Direct Selling Companies by Segment, 2020

(Number of Companies; Share of 91 Companies)

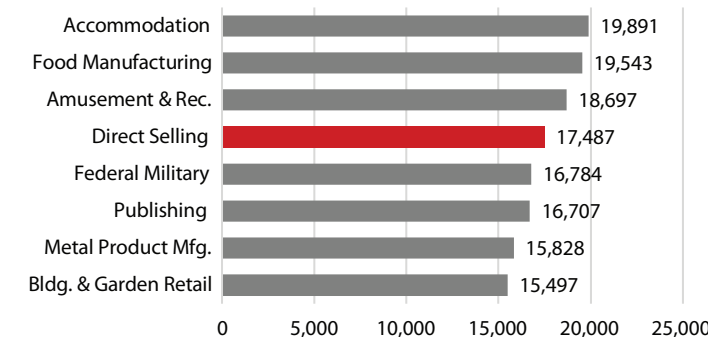


Note: Other products include home improvement, household, craft, and other tangible goods. Shares add to more than 100% because nine companies belong in two or more categories.

Source: Kem C. Gardner Policy Institute analysis of data from Dorsey & Whitney LLP

## Direct Selling & Industries with Similar Employment, 2020

(Utah Jobs)



Note: Includes industries within 2,500 jobs of direct selling, ranking from 38th to 45th by employment among 92 disaggregated industries.

Source: U.S. Bureau of Economic Analysis, Interactive Data Table SAEMP25N Total Full-Time and Part-Time Employment by NAICS Industry

## Direct Selling Industry Data Sources and Study Methods

Researchers at the Kem C. Gardner Institute used multiple approaches to measure in-state economic activity sustained by the direct selling industry. The Utah Direct Selling Coalition identified 157 companies in the industry, and the Utah Department of Workforce Services provided detailed information on their recent employment and payroll. The nationwide Direct Selling Association documents the activity of independent sales representatives in Utah, and the U.S. Census Bureau tracks exports abroad by state. In addition, 10 of the largest direct selling employers in Utah responded to an in-depth survey that the firm Dorsey & Whitney conducted for this study. The Gardner Institute analyzed these and other data sources to estimate direct, indirect, induced and fiscal impacts based on in-house modeling and REMI PI+ software from Regional Economic Models, Inc. The results offer extensive coverage of a singular, global industry's economic footprint in Utah.

## Fiscal Impacts: State and Local Tax Revenue

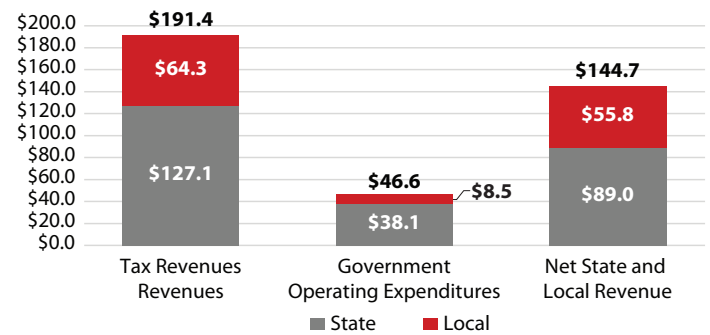
In 2020, direct selling companies generated 38,238 Utah jobs and \$2.7 billion in statewide earnings. Taxable economic activity connected to direct selling companies helped fund state and local governments, including schools. The industry's economic impacts generated \$191.4 million in annual government revenues, far exceeded government expenses, estimated at \$46.6 million, for services to residents whose jobs depended on direct selling companies.

## Drawing Business Travel and Tourism

Out-of-state visitors who attended direct selling conventions and events in Utah spent an estimated \$41.6 million annually

## Utah Direct Selling Industry Fiscal Impacts, 2020

(Millions of Dollars)

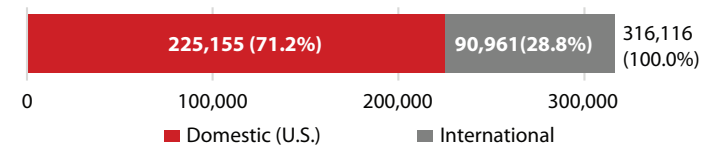


Note: Net state and local revenue equals tax revenues minus government operating expenditures. Totals may not match exactly due to rounding.

Source: Kem C. Gardner Policy Institute fiscal impact modeling

## Number of Visitors to Selected Direct Selling Conventions in Utah, 2015–2019

(Attendance by Location From Which Individuals Traveled)



Note: Out-of-state visitors accounted for 93.1% of the total, given Utah's 21,682 attendees, the remaining 6.9%.

Source: Kem C. Gardner Policy Institute analysis of data from Visit Salt Lake and Dorsey & Whitney LLP

from 2015 to 2019. Economic impacts for the industry include the activity this spending generated at in-state businesses for event planning, accommodations, food service, retail, etc.

## Additional Research Findings: Full Report

This industry snapshot is based on the Kem C. Gardner Policy Institute's August 2022 report "An Economic Analysis of Utah's Direct Selling Industry."

## Endnotes

- Economic impacts include selected suppliers within the direct selling industry definition for Utah. Analysis methods avoid double-counting supplier activity in direct impacts that is also part of the indirect impacts.
- Sales data for the remaining 81 direct selling companies was not available. Including all companies in the industry, not just the 10 survey participants, Utah direct sales companies likely generated substantially more than \$10.3 billion in sales in 2020. The 10 companies made up only 57.5% of total employment at all 91 direct selling companies included in this study.
- Direct Selling Association. (2021). *Impact of Direct Selling by State, 2020*. Accessed May 18, 2022. <https://www.dsa.org/statistics-insights/factsheets>
- The Business Research Company. (2021, May). *Direct Selling Establishments Global Market Report 2021*. [www.researchandmarkets.com/reports/5323289/direct-selling-establishments-global-market](http://www.researchandmarkets.com/reports/5323289/direct-selling-establishments-global-market); U.S. Census Bureau. (2021, July). *Quick Facts: Utah*. [www.census.gov/quickfacts/UT](http://www.census.gov/quickfacts/UT); U.S. Census Bureau. (2021, December). *International Database: World Quick Facts (2020)*. [www.census.gov/data-tools/demo/idb](http://www.census.gov/data-tools/demo/idb)
- International Trade Administration. (2022, March). *State Economy and Trade Factsheets*. U.S. Department of Commerce. <https://www.trade.gov/data-visualization/state-economy-and-trade-factsheets>.
- Historically, some direct selling companies have incorporated multilevel marketing, a type of direct marketing with incentives for sales representatives to recruit and train other salespeople. The direct sales industry today is defined by its person-to-person retail channels.
- Nine of the 10 Utah companies participating in a direct selling industry survey reported having independent sales representatives. Their self-employed sales force in 2020 included 1,195,861 representatives in other states and 3,634,667 representatives in other countries. Dorsey & Whitney LLP administered the survey in 2021.
- Many sales representatives in Utah work for the remaining in-state direct selling companies or for out-of-state companies that participate in the Utah market. In-state and out-of-state companies may have more discount buyers in Utah than sales representatives.
- Due to data limitations, the activity of independent sales representatives is not specifically modeled for the direct selling industry's economic impacts. However, sales operations are included in economic impacts using estimates based on averages from sectors with direct selling companies.