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THE IMPACT OF E-COMMERCE ON DIRECT SELLING COMPANIES

A Thesis
Presented to the
Faculty of
California State University,
San Bernardino

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts
in
Interdisciplinary Studies

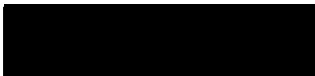
by
Shu-Fen Ida Hsu
June 2001

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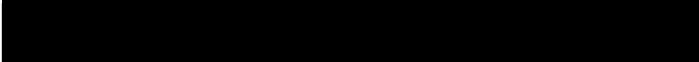
by
Shu-Fen Ida Hsu
June 2001

Approved by:


Kevin Lamude, Chair, Communication Studies

6/6/01
Date


Donna Simmons, Communication Studies


Nabil Razzouk, Marketing

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ABSTRACT

In the United States, direct selling is a major distribution channel for products and services. In the direct selling business, products or services are sold directly to the distributors. In addition, the distributors themselves are customers. Due to the rapid development of social structure, there are a variety of products and services sold through the direct selling business model.

Due to the improvement of Information Technology, Electronic Commerce is also growing rapidly around the world. Shopping on line through the Internet has become a new marketing distribution channel and a new business-trading model for most industries and customers. For example, the direct selling company, Amway, continues to explore its E-commerce business in well-established markets.

Business on the Internet has not grown enough for enterprisers and consumers. E-commerce issues have become very popular for both industries and customers.

Therefore, this study looks at the impact of E-commerce on direct selling companies. In addition, the study will also examine how the direct selling companies react to the effects of E-commerce business. A

questionnaire was distributed to the members of the Direct Selling Association as respondents.

The major results are as follows:

1. Most direct selling companies will or have used E-commerce tools such as e-mail or a website to communicate with their distributors and customers.
2. The distributors would like to use e-mail and websites rather than traditional communications.
3. The direct selling companies' attitudes toward using E-commerce is generally positive; and they will develop their E-commerce businesses do their distributors can purchase online. However, E-commerce business will not replace the direct selling business model. Most of the respondents answered that they will still use the traditional direct selling business model; only a part of business will be replaced by the E-commerce business model.
4. Most direct selling companies are willing to invest in developing both E-commerce services and E-commerce technology.

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CHAPTER ONE

BACKGROUND

Introduction

In 1945, the direct selling business-trading model began in California. This type of business model has become an important marketing distribution channel for consumer products. The direct selling companies have since developed worldwide. According to statistics from World Federation of Direct Selling Association (1999a), in 1997 there were more than \$80 billion in sales and more than 25 million independent salespersons around the world. The United States had \$22.21 billion of the direct selling industry and 9.3 million independent salespersons. According to the above statistics, both the sales and the distributors of direct selling companies play an important role on the United States economy.

Due to the fast development of new model Electronic commerce, most industries feel the impact from E-commerce. Some industries such as jewelry companies or bookstores have already explored their E-commerce businesses that allow their customers to shop on line. The direct selling companies are not an exception. Based on an online survey result of Yahoo.com, 46.67 percent of the Internet users

live in the United States, while more than 30 percent of them shop on line and most of them purchase goods online one to three times a month (Tres, 2000). The Boston Consult Group (2000) predicts not only the number of people who shop on line will increase in 2001, but they also predict the amount of money collected from the Internet will reach \$90 billion in 2001 (Tres, 2000). It can be seen that the importance of online shopping will not be overemphasized in the future. The impact of Internet business on traditional direct selling can be anticipated. It happened exactly as expected; direct selling giants Amway and Avon have already implemented an E-commerce plan to face the new challenge (Amway Corporation, 2000).

Direct selling companies usually sell their goods or services in a face-to-face manner; the E-commerce business model requires customers to order goods or services through the Internet.

This study is to show the impact E-commerce has on the direct selling companies and how they react to the changes. The study selected respondents who are members of the Direct Selling Association.

Problem Statement

Due to the sprouting population of the Internet in recent years, more and more companies transformed their original business models to the new business model, the electronic-commerce business model. These companies can be used as examples to show how to deal with the impacts of E-commerce. The discussions about the impacts of E-commerce on the direct selling industry are not yet fully discussed. The direct selling companies, with so many distributors and global businesses, are facing the impacts of E-commerce in the near future. The study is expected to help companies understand the circumstances and differences of direct selling.

Research Purposes

As mentioned above, this study aims at the impacts of E-commerce on the direct selling companies. A questionnaire was distributed to the respondents asking them to answer the following questions:

1. How do the companies use E-commerce tools such as e-mail or websites and the traditional communications?

2. How do the companies' distributors and customers use their e-mail or websites and the traditional communications?
3. What is the companies' attitudes toward using E-commerce?
4. How do the companies see the E-commerce impacting different aspects of their business? (Marketing, Investment, or others)

Research Objects

The purpose of the study is to discover how the different aspects of E-commerce such as marketing, investment, or others, impact the direct selling companies. The study also involved the attitudes of the respondents toward the E-commerce business model. The study results and conclusion will be able to offer reference data for either the direct selling companies or other related industries that intend to develop E-commerce or online business as another marketing strategy

Results Summary

The major results are as follows:

1. Most direct selling companies will or have used E-commerce tools such as e-mail or a website to

communicate with their distributors and customers.

2. The distributors would like to use e-mail and websites.
3. The direct selling companies' attitude toward using E-commerce is generally positive; and they will develop their E-commerce businesses so their distributors can purchase online. E-commerce business will not replace the direct selling business model. Most of the respondents answered that they will still use the traditional direct selling business model; only a part of their business will be replaced by the E-commerce business model.
4. Most direct selling companies are willing to invest in developing both E-commerce services and E-commerce technology.

Key Words

- The direct selling business model - Direct selling is a dynamic, vibrant, rapidly expanding channel of distribution for the marketing of products and services directly to consumers

(World Federation of Direct Selling Association,
2000)

- Electronic commerce - Doing business online,
typically via the Web. It is also called
E-business, e-tailing and I-commerce. (The
Computer Language Company Inc, 2000)
- Impacts - the effect or influence that an event,
situation etc has on someone or something
(Longman Dictionary, 1995)

CHAPTER TWO
REVIEW OF THE LITERATURE

Introduction

Literature review is divided into four major sections: the history of the direct selling industry, electronic-commerce business impact, the outlook of online usage, and discussion of consumers and purchasing behaviors theory.

The history of the direct selling industry will detail the definition of the direct selling business, the structure of the direct selling business model, provide survey results about the industry trend, and cite some examples of the direct selling companies to see how they face the impacts of E-commerce.

History of the Direct
Selling Industry

The direct selling business model began operation by Mytinger and Casselberry in California in 1945 (Kobagashi,1989). They developed a marketing strategy for a nutrition food company. The marketing strategy offered the basic business model of current direct selling distribution process and distributors system. From 1960 to the present more and more companies are using the direct

selling business model to promote their products and services (Direct Selling Association, 2000).

Direct selling is defined by the Direct Selling Association (2000) as the marketing of products and services directly to consumers in a face to face manner, generally in their homes or the homes of others, at workplace and other places away from permanent retail locations. Direct selling can be done by anyone who is willing to pay the basic start-up cost. The entry fee is typically very low and the salesperson may be required to purchase a sales kit or join a particular training program. There are no gender, education, ethnic, or previous work experience requirements. The direct selling industry allows a person to own his/her business without the typical costs and requirements of most other types of businesses.

Two major approaches are used in the direct selling industry. With the direct selling business model, products are sold either by group presentations (i.e. party plan) or person-to-person (i.e. one-to-one). The Direct Selling Association (2000) describes these approaches. In a Party plan approach, the direct salesperson demonstrates products to a group of guests, invited by a host in whose home or other location the direct selling demonstration

takes place. By contrast, other direct sellers will often explain and demonstrate the products they offer to consumers in the comfort of the consumers' homes, at a time which is convenient for them.

Direct selling provides a channel of distribution for the products. Customers select products through personal demonstration and explanation. The products come to them though direct selling compared to the customers going to retail stores. Customers also get home delivery and satisfaction guarantees. Personal demonstration is a key to the success of the direct selling industry.

A major structure of the direct selling industry is called MLM system [Multilevel marketing] (World Federation of Direct Selling Association, 1999). Multilevel marketing is a very important component of the direct selling industry. It is also referred to as network marketing, structure marketing, or multilevel direct selling by The World Federation of Direct Selling Association (1999). MLM is one of a variety of methods, such as direct selling or pyramid schemes of organizing and compensating salespeople in a direct selling business. The salesperson receives compensation in two ways. One is from personally selling goods and services to consumers. They are often identified in the initial parties or individual demonstration, but

choose not to join the distribution network. People who are shown the plan who do not join it may become retail customers of the distributor. The other compensation is from sales made by those persons they have personally recruited or sponsored into the plan. The sponsor of a distributor receives a percentage of the sales of the distributors he or she has sponsored. The company, not the distributors, usually pays this percentage. The company earns money by selling products through the people they recruit. Distributors get commissions on their own sales and on the sales made by their recruits.

The multilevel marketing system offers opportunities to make up a deficiency in the employment market. Housewives, students, and others who do not have full-time jobs are more able to become MLM distributors. There are two reasons for the attraction and success of MLM. First, the system offers people a flexible means to supplement their income. Second, it allows businesses with unique or innovative products or services to bring them to the market without the enormous expense of mass media advertising, or having to compete for shelf space in retail stores.

To sell products or services, distributors focus on making friends. Multilevel marketing is a word-of-mouth

business based on attracting consumers to be its members. The most important characteristic of multilevel marketing is member education. Many effective education programs such as DMP (Development Motivation Program), AIA (Adventure In Attitude), and SMI (Self-Motivation Institute) are used in MLM to attract new members and reinforce old member confidence. (Kobagashi, 1989)

These development motivation programs are presented by using video tapes or transparencies. The purpose of the program is to make the attendees have the feeling of participation and willingness to join the system.

MLMs should pay commissions for the retail sales of goods or services, but not for recruiting new distributors. This kind of business model should follow the Franchise Rule. Franchise Rule means compliance with the Rule's requirements about disclosing the number and percentage of existing franchisees that have achieved the claimed results, as well as cautionary language.

On the contrary, pyramid schemes, one form of multilevel marketing, are described by the World Federation of Direct Selling Association (1999) as knowing that the commissions to its distributors come only from recruiting new distributors. According to the Direct Selling Association, pyramid schemes are illegal because

of the defective business structure. Once no new distributors can be recruited, the company would collapse immediately. Still, Direct Selling Association survey results, the outlook of the direct selling industry is clear and positive.

The growth of direct selling is increasing quickly with the development of communication technology. More than 50 direct selling companies use the direct selling business model. According to the Direct Selling Growth and Outlook Survey published by the Direct Selling Association (2000) in 1999, the direct selling industry was responsible for \$24.54 billion in business through the activities of more than 10.3 million independent salespersons. This \$24.54 billion is over a quarter of the worldwide retail sales by the direct selling industry of \$80 billion. More than 25 million independent salespersons operate in direct selling worldwide. The United States is one of the most important markets for the direct selling industry in the world.

Based on the same survey by the Direct Selling Association, the major products sold through direct sales are home/family care products (33%), personal care products (24.9%), and services/miscellaneous (17.9). Sixty-six point six percent of the independent

salespersons sell products in the home. And 79.9 percent of these products are sold face-to-face.

The Direct Selling Association (2000) National Salesforce Survey shows that the typical direct selling representative has the following characteristics:

1. 43-year-old Caucasian woman who is married, and has completed some college courses,
2. Uses English as the primary language in their home,
3. Average annual gross income before taxes from direct selling activities is \$12,000,
4. Most of them sell beauty, grooming and personal care products (31%),
5. More than half of those interviewed dedicate less than 10 hours per week to their direct selling businesses,
6. 80 percent of direct selling still occurs in a home setting, whether it is the salesperson's home or the customers' home,
7. The main reason for becoming a direct sales representative is additional income,
8. Three-quarters of those surveyed indicate that one-on-one selling is the primary method used to sell a product or service, while party plan

selling was mentioned as the primary method by 15 percent of the respondents. And 10.0 percent of those surveyed said that customers direct order was the primary way to sell products and services.

Some examples will be cited in the following to show how these direct selling companies face the impacts of E-commerce.

According to the Direct Selling Association (2000) National Salesforce Survey, 10 percent of the respondents said that a customer direct order was the major method to sell a product or service. In contrast in the survey in 1998, only 1.6 percent of the respondents said customer's direct order were the primary way to sell products or services. In short, the increase of customers direct order has significantly increased in the direct selling industry.

Some direct selling companies have common consensus to modify their current marketing strategies. The most significant way is to change or increase their current distribution channels. For example, some direct selling companies such as Tupperware Corporation recently announced its new E-commerce website to keep up with the new E-commerce trend. The president of Tupperware U.S.,

Betty Pale, identified Tupperware's goal, "we are committed to defining the direct selling industry in the 21st century to the same degree we helped define in the 20th century (Conlin, 2000)."

Besides, she continued, "Our party-plan platform remains our core selling method. The Internet, our mail kiosk program and the new venture with Home Shopping Network are part of our integrated direct access strategy." Tupperware still faces the problem of how much online sales will hurt the company's approximately 950,000 worldwide independent salespeople. To solve the problem, the company hopes to create a database of its distributor locations and allow people to punch in a zip code and find their closest distributor (Conlin, 2000).

Electronic-Commerce Business Impact

In this section, E-commerce information and aspects will be discussed. The section includes the discussion of the impact of E-commerce on organizations, the trend of future E-commerce business model, and how the use of E-commerce business changes advertising tools and customer relationship management (CRM), and a related discussion about channel conflict theory.

It is clear that the Internet plays a starring role in business today. Customers can shop online everywhere, anytime, with just the click of a mouse.

Electronic-business has an advantage over retail because it can handle the huge variances in customers' demands. J. T. Chambers, President and Chief Executive Officer of CISCO Systems, Inc and other executive members of CISCO Systems created what they called the Network Effect theory. They believed that there was a direct correlation between the strength of the current E-commerce economy and the current unprecedented productivity gains in the world. The Network Effect suggests that using Internet technology to re-engineer business processes can help a company to gain competitive advantage by quickly detecting and responding to situations such as real-time changes in customer demand. The Internet Revolution has the potential to unite everyone by combining the strength of the Internet and education. Through Internet technology, a company can get more information about its customers and develop its own database marketing by accessing the Internet. The customers can get more information through accessing the company's own website. In this way, the way to communicate with the company and

the customers might change because of the technology of the Internet.

"Ongoing success is highly dependent on a company's ability to provide sustained performance" (BusinessWeek, 2000, p. 28). According to Intira's netsourcing solutions, Global 1000 corporations and dotcoms want new-and-improved options for harnessing and leveraging the power of the Internet. Most companies not only want to expand their business into the Internet, but they also want to improve their ability to compete the Internet.

E-commerce business moves business from the corner store to the online store, from the concrete store to the virtual store. It means that moving from a bricks-and-mortar retailer to an equally clicks-and-mortar strategy is a brand new idea for many traditional industries. The amazing interest for the companies is that the company can do business with anyone in the world without a retail store. Studies from the University of Texas and the U.S. Department of Commerce predict that E-commerce will comprise only 4.4 percent of the U.S. gross domestic product by 2002. Still, E-commerce will play a more and more important role in the U.S. economy in the near future.

Another E-commerce concept is the business from just-in-time to real time. That means companies implement a virtual supply-chain system of their business. More and more companies take the advantage of Internet to create electronic marketplaces where customers, suppliers, and business partners collaborate with real-time results. Customers can order goods, get an immediate response, and search any information about the company or the goods and services anytime through Internet and e-mail. The company also can understand what the customers need and deal with the customers direct order anytime through Internet. In this way, the Internet and E-commerce provide fast communication between customers and the E-commerce companies.

With the development of E-commerce, a company that would like to transform the bricks-and-mortar organization into an E-commerce organization does not just establish a website and begin its online business. It should rethink its entire business from the inside out and make investments in an Internet technology portfolio to get the best return. (E-commerce Times: break news [on line] 1999)

Transferring to an E-commerce business model impacts groups across the entire organization, changing the way companies work internally and how they work with their

customers, partners, suppliers, and employees. If a company wants to start its E-commerce business, it should think about how to deal with its internal organization structure first. A study from CISCO Systems Inc in the future suggests that a business not on the Internet will not be in business (Cisco System, 2000).

E-commerce also offers a vehicle for education. This Internet education is called e-learning. The direct selling industry, which spends a significant amount of resources on education and training distributors, use e-learning to train their distributors online anywhere, anytime. The direct selling industry also can educate their customers and reply to their customers' questions online. It is a faster way to satisfy their customers. A study to measure the effectiveness of a Virtual University is to train a sales group on the new e-learning system and traditional system. The study shows that the e-learning system makes distributors first sale 25 percent faster than the traditional group who do not participate in the e-learning training (Macaluso, 2000).

A survey can be discussed to see the trend of E-commerce. "E-commerce impact reaches well beyond purchasing and selling activities. A large number of firms report that the Internet is reshaping their organizational

structure as well as their entire business strategy" (Macaluso, 2000). According to the Special Survey on E-commerce conducted by National Association of Business Economics, E-commerce business will continue to have a significant impact on most industries. The survey indicated the following:

1. The widespread usage of E-commerce for either purchasing or selling activities: four of five firms reporting that they intend to use e-commerce, and three of five firms are already doing E-commerce business.
2. Most of the firms think that the impact of E-commerce is largely positive or neutral.
3. Firms who plan to use E-commerce for purchasing functions outnumber those planning to use E-commerce for selling activities by 10 percent.
4. The majority of firms who use the Internet for purchasing activities do this either through other firms sites or are establishing their own purchasing sites.
5. One of four firms report that the shift to e-commerce-based technologies is having a major impact on organizational structure, and one in

five report that it has caused them to reshape their business strategies.

6. Thirty-one percent of the respondents said that E-commerce would make their particular industries more competitive.

Another survey by the National Association of Manufacturers (NAM), found that 80 percent of manufacturers are interested in getting into E-commerce, but many of them are unsure about the logistics. There are problems associated with E-commerce business; many companies are interesting in using the E-commerce business model. The point is, the companies should prepare to pay technology investment up front before reaping the benefits. From the survey we found that the use of E-commerce should be a trend in the near future for most industries. For the industries, the investment in start-up costs of E-commerce might be a big problem when thinking about setting up an E-commerce solution.

According to a new study by Forrester Research, Inc., the traditional media is not enough to attract customers. Traditionally, the direct selling industry has used personal distributors to sell their products. In the distributors system, word of mouth and education training programs are the normal ways to introduce products to

customers. Sometimes direct selling companies will use traditional media such as TV ads or print ads to establish brand name awareness. The traditional advertising campaigns of the direct selling industry seem to face the biggest impact. The widespread usage of online users one-third, or 39 million U.S. households, is online and an additional 5 million more will be added between 1999 and 2000. According to Forrester Research Inc. Customers are seeking faster and more convenient services than before. According to the same report by Forrester, "attracted by the direct selling on the Net, traditional marketers will shift \$10 billion from traditional media spending on the Internet (Demeck, 1999, on-line)."

The experts from Forrester Research Inc also predict that more than \$500 million will be shifted from traditional advertising to Internet advertising in the next five years. According to the "E-commerce Times", the increase of Internet advertising will have a major impact on other advertising, and they predict an 18 percent decrease in newspapers ads, 17 percent decrease in of direct mail, and 11 percent decrease in magazines advertising. Meanwhile, TV and radio ads will become the function of guides and interactive ads about E-commerce websites (Demeck, 1999).

E-commerce is an easy-to-use business model. IQVC's survey found that 50 percent of customers went directly to the search button to find products (Liveperson, 2000). E-commerce companies put their products in the most popular search engine websites in order to take advantage of how customers search on the Internet. With e-commerce, more and more companies are cutting their costly TV ads, print ads, and other expensive media advertising. They are using many low-cost Internet tools such as e-mail or on-line banner ads in place of more costly advertising. An on-line teen clothing company, Alloy.com, says it saves more than 33 percent of its advertising budget per year because of on-line advertising tools.

In the direct selling industry business model, multilevel marketing is used to establish relationships with current distributors and attract new distributors. Attracting new customers and keeping customers' loyalty are the main requirements for an industry to survive. With E-commerce technology, a new CRM (customer relationship management) system emerges. The traditional CRM strategy is to use all possible channels to collect customers' information and analyze the data on customers and then establish a complete database in order to establish a company's relationship with its customers. This kind of

CRM communication was one-way and passive. The effectiveness of CRM is not only the analysis of customers' purchasing power and purchasing behaviors, but it also can deal with the orders, shipping, marketing, and customers services from the Internet automatically. CRM includes management of the company's relationships with customers, customers' loyalty management, competition information, and multi-channels system. Customer data will be collected from customers' e-mail addresses, phone survey centers, or other retail stores to be analyzed by the technology of data warehousing/data mining. That means the software or the computer system can collect and analyze the data. If the direct selling industry would develop its CRM, it would have more complete customer information because of its strong distributors system.

If a company operates supply circle management (SCM) that supplements resources and the CRM as well, the company would have more success in business. The development of E-commerce business makes it necessary for an industry to develop effective strategies to maintain good relationships among business partners, suppliers, and customers to survive in the competitive business world. A CRM system can be predicted to be very popular and used in many industries in the near future.

E-commerce business does business with customers based on a personal shopping experience. Amazon offers a recommended reading or music list based on past purchases. A famous leather manufacture, Coach, allows its online customers to choose color, style, and collection if they want. The direct selling cosmetic company Avon helps its online customers select the cosmetic or skin care products which are suited for the specific customer.

Greenberg discussed a new theory called Channel Conflict in E-commerce Times on January 7, 2000. He noted, "one of the great questions of E-commerce is whether manufacturers can use the Internet to bypass their traditional distribution channels. If they can, it raises the specter of no longer needing their distributors." Through the E-commerce business model, the manufacture may sell its products either from its own website or from major online stores such as amazon.com or ebay.com. The reports also indicated that the traditional distributors system could be destroyed by E-commerce.

Multilevel marketing is the main structure that supports the direct selling industry. The direct selling industry would not exist without its distributor system. With the rapid growth of E-commerce business, shopping online could replace the traditional distributors system.

Customers do not need to get the goods from distributors; instead, they can get fast and convenient information and services through the Internet.

As the direct selling industry moves to E-commerce, it will need to come up with a new E-commerce business model to establish its E-commerce business. Because the direct selling companies are vendors, they will need to sell their products on other popular E-commerce retailer sites such as Amazon, Buy.com, or Ebay. This way, they will have the opportunity to do business with their competitors at the same website. It also means that one direct selling company's goods may be sold on different websites at the same time.

Channel conflict also raises the issue of pricing. Presently, direct selling distributors can sell their goods at a variety of prices. Since they purchase the goods from the direct selling company, they get certain discounts. Once they have the product, they can price it themselves. If the direct selling company uses the E-commerce business model, it will establish a suggested retail price or a fixed price online.

Paul A. Greenberg (2000) of E-commerce Times noted, "regardless of how difficult it (E-commerce) has been for some manufacturers to sell online, there may be ways to

sell directly to customers without offending suppliers in the distribution channel." He also predicted, "without retailers to sell their products online, some manufacturers might end up counting themselves among the early victims of E-commerce." This shows that E-commerce has affected directly or indirectly retailers' marketing strategy and manufacturers. It is possible that the direct selling distributor system might have been influenced directly or indirectly by E-commerce.

E-commerce also creates a new trading environment, Digital marketplaces. Digital marketplaces are composed of many electronic trading communities, virtual marketplaces, and virtual companies (Mougayar, 1998). There is no significant difference between the traditional business done by retailers and Internet-based business model in which the transaction is processed in the digital marketplace.

After discussing the impacts of E-commerce, it is necessary to understand the reasons for developing E-commerce. The following section introduces the outlook for online usage. Some important survey results or statistics will be cited to show the trend of online usage.

Outlook of Online Usage

In this section, the characteristics of the online users and their concerns when shopping on line will be Discussed. Online users are the potential customers for the E-commerce business. The importance of their roles should not be ignored.

Internet usage in the world is increasing at a steady rate. The U.S. has the highest percent of people shopping online around the world. The following survey conducted by the Industry Standard Computer Industry Almanac Central Intelligence Agency in July 1999 shows the Internet usage in the top 11 countries (as cited in Zemke & Lonnellan, 2000).

Table 1.

Internet Usage

Country	Online population (million)
U.S.	110.8
Japan	18.2
U.K.	13.9
Canada	13.3
Germany	12.3
Australia	6.8
Brazil	6.8
China	6.3
France	5.7
South Korea	5.7
Taiwan R.O.C.	4.8

With increased Internet usage, many social values, culture values, and trade behaviors have the potential to be changed.

An obvious change is the way people communicate. When people shop online, there is no physical space and time limited. The change in communication channels and face-to-face outreach might impact the culture surrounding it. Shopping originally is a social behavior of exchange of goods and services. Shopping behavior is likely be

changed because of the development of e-commerce. People in the future will get used to shopping online. People just need a little effort or time to go to a website, then log on, point, and click to get the goods or services they want. They do not have to worry about the traffic, parking, weather, or even stores closing times. (Zemke & Lonnellan, 2000)

Based on an Internet survey from CNET.com, most of the online users worry that most of the E-commerce companies are lacking more professional integrated planning. Lots of online users worry about the security of E-commerce business. Many people will check to see if the E-commerce company uses a legal security system before they give a credit card number. Some people think that online companies do not reply to customers' e-mail as soon as possible. Another study from a software company, Brightware, Inc, showed that two-thirds of the country's 100 largest companies did not reply to e-mail questions from online users. Only 15 percent answer customers' questions (Wolf & Zee, 2000).

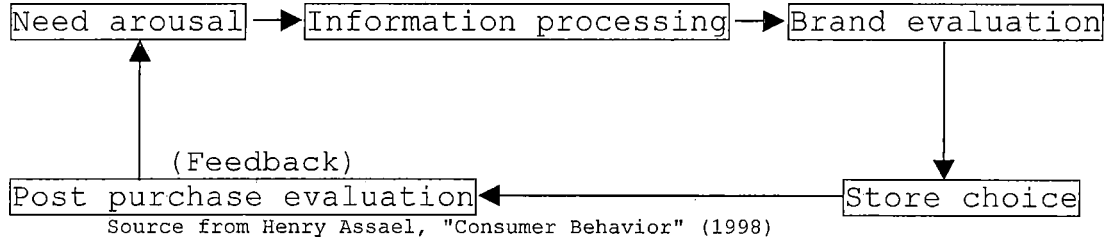
In November 1999, Jupiter Communication announced that their study indicated that 42 percent of top-ranked websites took longer than 5 days to answer customers' questions. The study also showed most customers want to

receive a final response within 24-26 hours (Wolf & Zee, 2000).

Discussion of Consumers' Purchasing Behaviors Theory

In this section, some important purchasing behaviors theories will be briefly discussed to explain clear how a customer makes a decision to buy or not to buy. The theories can also offer the direct selling companies away to either modify their current business model or to develop E-commerce business correctly.

Figure 1. A Model of Store Choice



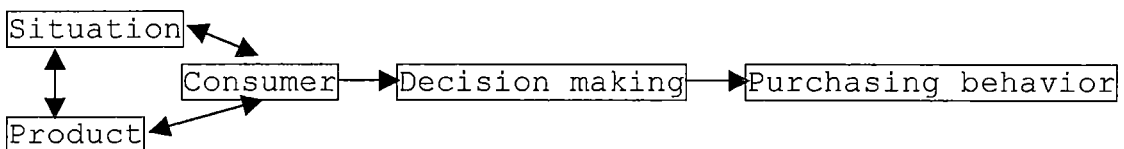
The above model shows how customers gather information about a store or brand that meets their needs. In the purchasing behavior decision process, gathering information is an important factor when making decisions. Through gathering information, customers gain knowledge about the salespeople, service, attitude, prices, and the store image.

E-commerce shoppers also make decisions through a similar process. One difference is that E-commerce shoppers use the Internet to search for the products they want. The website image becomes just like the store image, which can determine a customer's purchasing decision.

Model of Situational Determinants of Consumer Behavior

The following is a model of situational determinants of consumer behavior. It shows how consumers react to the product and the situation and how they decide on the brand to be purchased. In a retail store, customers make decisions to purchase not only because of the customers own needs, attitudes, or preferences, but also because of the situation such as the sales representative's attitude and the decoration of the store.

Figure 2. Situational Variables and Consumer Behavior



Source from Russell W. Belk, "Situational Variables and Consumer Behavior," Journal of Consumer Research, 2 (December, 1975)

For online shoppers, situational variables such as online advertising, online promotion, or the design of the website and the description of products may also influence the customer's decision to purchase. Online shoppers expect faster, more timesaving, and more convenient

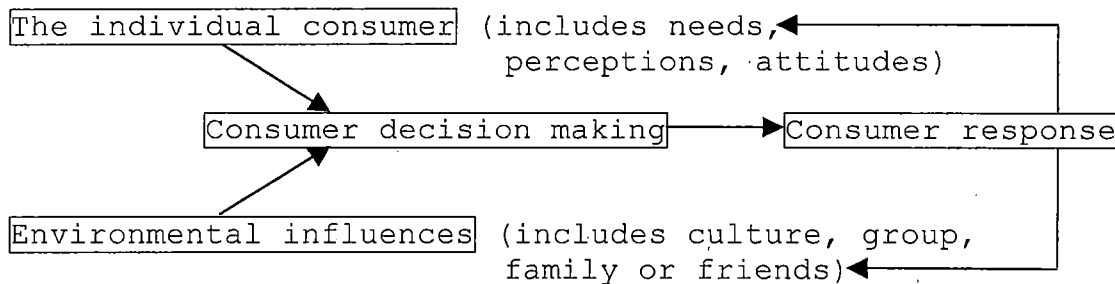
service than traditional retail customers. E-commerce companies can not give the customers the opportunities to feel, see, inspect, and use products before buying.

"To see is to believe" is a good strategy to convince customers to purchase in retail stores. In the real trade process, people can feel and see the products and will be persuaded by sales representatives. Sales representatives play the important role of catalytic agents in the process of trade (Kobagashi, 1989).

The Direct Selling Customers' Purchasing Behavior Model

The basic model of consumer behavior is as follows:

Figure 3. Customers' Purchasing Behavior Model



This model shows that both internal and external factors influence a person's decision to buy or not to buy. The direct selling industry can attract different types of personal characteristics in distributor to promote its products. The direct selling sales representatives role is to recall the customers' need

arousal and use many personal demonstrations to enforce the customers' motivation to buy the products. Sales distributors also use group meetings or parties to bring the customers to the direct selling group. A direct selling distributor succeeds in creating the internal and external conditions for the customers to purchase. Direct sales distributors are very enthusiastic and can respond to any questions from customers. The multilevel marketing model is a very successful model to create customers' purchasing motivation. The customers' loyalty is established.

In contrast, E-commerce businesses use both TV ads and banner ads on the Internet to increase the awareness of websites. The more online users go to the Internet, the more possibilities for them to see the ads. With more and more online users, online shopping is becoming a lifestyle. People will get information from the Internet anytime, anywhere. Online customers' perceptions and attitudes toward shopping are changing. Online shopping is a good example of how a technology can change lifestyle structure and purchasing behaviors. The direct selling distributors system represents "traditional" customers purchasing decision-making; E-commerce business creates a new customer purchasing decision-making model.

Conclusion

Applicable points to both E-commerce business and the direct selling industry are as follows:

1. Both of them do not need the enormous expense of mass media advertising,
2. Both of them do not need to compete for shelf space in retail stores,
3. Both of them are not restricted by the time constraints of retail stores.

Many companies such as Dell Computer Corporation succeed using E-commerce business. More and more traditional retailers such as Home Depot and Levis Jeans are adopting E-commerce business in 2000 (Greenberg, 2000). There are still some companies, such as Compaq Computer who adopt a wait-and-see attitude and adopt direct online sales and traditional distribution at the same.

The direct selling industry represents the traditional American business model. Some direct selling companies have felt the impact of E-commerce business. Some big e-retailers such as Amarzon or Ebay offer cheaper and faster services to online customers. The attitudes of the direct selling companies to the impact of E-commerce might be varied. Some may shift their multilevel marketing

system to an E-commerce business model; some will continue to practice multilevel marketing; still some may operate their business using multilevel marketing and E-commerce.

CHAPTER THREE

METHODOLOGY

Purpose of the Study

As discussed in the literature review, the direct selling business model started in 1945. In the direct selling business model, the distributors are the customers, and they can purchase goods and services directly. Purchasing directly is the key point and advantage for the direct selling industry.

In the beginning of the 1990s, the U.S. government revoked the restrictions which prohibited companies from doing business through the Internet. Some companies found an advantages to doing business through the Internet, and, they started to develop Electronic Commerce technology and strategies. In September 1993, President Clinton announced the National Information Infrastructure, (NII) to help to develop Information Technology (IT) and the practice of business application on the Internet. Many other countries have become concerned about the application of business through the Internet.

As a result of Internet technology, more and more customers are shopping and purchasing on line. This study was conducted to find out how direct selling companies see

the development of E-commerce and to answer the following questions.

1. How do the companies use E-commerce tools such as e-mail or websites and traditional communications?
2. How do the companies' distributors and customers use their e-mail or websites and traditional communications?
3. What are the respondents' attitudes toward using e-commerce?
4. How do the respondents see E-commerce impacting different aspects of their business? (Marketing, Investment, or others)

Hypotheses

The following hypotheses were used for the study based on the review of the literature.

1. Most direct selling companies will or have used E-commerce tools such as e-mail or website to communicate with their distributors and customers.
2. The distributors would prefer to use e-mail and websites rather than traditional communications.

3. The direct selling companies' attitudes toward using E-commerce should be positive; they will develop their E-commerce business so their distributors can purchase online. However, E-commerce business will not replace the entire direct selling business model.
4. Most direct selling companies will be willing to invest in developing both E-commerce services and E-commerce technology.

Questionnaire Design

Based on the purpose of the study, the questionnaire was designed to understand how the direct selling companies see the growth of E-commerce and how they deal with the E-commerce impact on their businesses. The questionnaire consisted of Yes-and-No, open-ended, and scaled-response questions and was divided into five sections. They were general information, information about the direct selling companies' organization and E-commerce, impact, the companies' attitudes toward e-commerce, and influences on their customers because of the impact from E-commerce.

The topics included in the questionnaire was not only based on the literature review, but also based on

information from the Direct Selling Association and anecdotal reports from websites. Section III of the questionnaire was also developed using the E-commerce questionnaire results from the Internet.

In section I the respondents were asked to provide information about their companies. In section II the respondents were asked to answer some Yes or No screening questions and then continue to answer more related questions in detail. Some questions were designed with a scale from very often to never and we don't have e-mail/website. Some questions offered some answers/assumptions for the respondents. There was an open question for the respondents to write their opinions about any influence of their website on their business.

In section III a five-point scale from significant increase to significant decrease was designed to obtain the respondents' opinions to rate E-commerce impacts on their marketing strategies, investment plan, and other aspects of the business.

In the last section, the direct selling companies were asked what they think about their potential customers if they offered E-commerce business. In this section a simple Yes and No answer was given.

Respondents

The samples were selected from the membership list of the Direct Selling Association based on the number from one to 110. The total number of companies selected was 110. Seventy questionnaires were sent by e-mail. All addresses were obtained from the 70 direct selling companies' websites listed on the Direct Selling Association website. Another 40 questionnaires were sent by mail. Because the questionnaire was designed to obtain the respondents' opinions about marketing strategy, the questionnaires were sent to the Marketing Department of the organizations.

Procedures

Before designing the questionnaire, similar questionnaires related to E-commerce or direct selling companies' distributors system were referenced. During the design of the questionnaire, two communication department professors were consulted to make sure that the respondents could understand the questionnaire clearly and easily and would not misinterpret the questions.

Seventy of the 110 questionnaires were sent by e-mail to the direct selling companies marketing departments whose websites were offered by the Direct Selling

Association on November 15, 2000. A brief statement of the purposes of the study and contact information was sent via e-mail and the questionnaires were attached. The respondents could return the completed questionnaire by e-mail.

Forty questionnaires were also sent by mail on November 15, 2000. Two of the 40 questionnaires were sent to Canada. The mail envelopes were sent by the Marketing Department of California State University in order to indicate the survey was academic research, not business research. A cover letter described the purposes of the study, contact information, suggested return date. A postage paid return envelope was enclosed in the mail envelopes.

The respondents who were sent the questionnaires both by the mail and e-mail were asked to return the questionnaires before November 28, 2000. Because the return rate was low on November 28, 2000, a reminder letter was sent by e-mail to those who did not return the questionnaires. On November 28, 2000, only 10 questionnaires were returned by the postage return mails, and 15 questionnaires were returned by e-mails.

From November 15, 2000 to January 31, 2001, four reminder letters were sent out by e-mail to those who did

not respond. No reminder letters were sent out by mail at that time.

Final return rate statistic results are as follows:

1. Total number questionnaires sent either by mail or by e-mail: 110
2. Total returned: 34
3. Total reject number: 7 (all rejected by e-mail, the reasons were "the company does not have an E-commerce solution and is not able to answer the questionnaire" "our company is too small to answer the questionnaire" "my company is not important enough to answer the questionnaire")
4. Total wrong address number: 9 (note: two of 9 were because of wrong e-mail addresses; seven of 9 were because addresses could not be found.)
5. No response number: 60 (five of the 60 answered that they would transfer the questionnaire to the appropriate department; however, during the survey, there were still no response from the companies).

Data Entry and Analysis

After collecting all returned and completed questionnaires, the data was entered into the Statistical

Program of Social Sciences (SPSS) statistical software
10.0. Frequencies and cross tabulations were conducted and
were used to analyze the data. The basic statistical
function frequency from each question offered percentages
to compare the differences among all answers with a
pictorial view. Cross tabulation was used in further
analysis to describe the relationship between the impact
of utilization of E-commerce tools such as e-mail and the
websites on the direct selling companies business.

CHAPTER FOUR

RESULTS

The collected questionnaire data was analyzed by SPSS statistical software 10.0. The Final response rate after reminder letters were sent out was 30.9% (34/110). The results were analyzed by the function frequency of the SPSS. Cross tabulation analysis was also conducted to analyze some data that needed further analysis. The frequency tables are attached after the analysis and the cross tabulation tables are attached in the appendix due to the large size of pictures for reference.

Respondents' Profile

The respondents were asked several general information questions about their direct selling companies. When they were asked which of the following types of sales dollars generates the largest amount for your company, ninety one point two (91.2) percent of the respondents answered that face-to-face selling was most widely used to generate the largest amount for their companies.

Table 2.

Types of Sales Dollars Generates

Which of the following types of sales dollars generates the largest amount for your company?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Face-to-Face	31	91.2	91.2	91.2
	Phone	1	2.9	2.9	94.1
	Internet	1	2.9	2.9	97.1
	Other	1	2.9	2.9	100
	Total	34	100	100	

* A respondent answered "Asian cosmetic stores" in "others."

Most of the direct selling companies use either party plan selling/group selling/classes or individual/person-to-person/door-to-door" marketing strategies in their direct selling business. According to the statistics, 50.0 percent of the respondents from marketing department of direct selling companies use party plan selling/group selling/classes, while 44.1 percent of the respondents said that they use individual/person-to-person/door-to-door strategy.

Table 3.

Sales/Marketing Strategies

Which of the following sales/marketing strategies is most often used by your company?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Individual	15	44.1	44.1	44.1
	Party plan	17	50.0	50.0	94.1
	Internet	1	2.9	2.9	97.1
	Other	1	2.9	2.9	100
	Total	34	100	100	

Based on the survey results, 29.4 percent of the respondents answered that personal care products are the major product of their companies, 20.6 percent of them said that wellness products could be best describes to their product catalog, while 17.6 percent answered services/miscellaneous should be the major product of their companies. Further analysis based on cross tabulation analysis is included in the cross tabulation section.

Table 4.

Product Describes

Which of the following best describes your product?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Personal care	10	29.4	29.4	29.4
	Home/Family care	5	14.7	14.7	44.1
	Service/Misc.	6	17.6	17.6	61.8
	Wellness	7	20.6	20.6	82.4
	Leisure/Education	1	2.9	2.9	85.3
	Other	5	14.7	14.7	100
	Total	34	100	100	

*Other included home art, nutritional, home decorating products, and religious books and gifts.

From the cross tabulation analysis (see appendix), 80.0 percent of the direct selling companies whose major product are personal care products answered that they have an E-commerce solution which their distributors can purchase online. Seventy-one point four percent (71.4%) of the wellness products direct selling companies have an E-commerce solution; 66.7 percent of the direct selling companies offering services/miscellaneous provide online shopping for their distributors.

When compared, which of the following best describes your product? And what is your company's attitude toward the use of E-commerce in the future?, 88.9 percent of the personal care products direct selling companies responded that they have already planned to use E-commerce within 2 years. Only 11.1 percent of the personal care products companies said that they will never use E-commerce in the future. 83.3 percent of the wellness products direct selling companies said that they have also planned to use E-commerce within two years.

Based on the cross tabulation analysis, 44.4 percent of the personal care products direct selling companies said that 31.0 percent to 50.0 percent of their distributors purchase their products online. Fifty seven point one percent of the wellness products companies' distributors purchase their products online.

According to the cross tabulation analysis, 70.0 percent of the respondents who sell personal care products said that their website has influenced their direct selling company. Eighty three point three percent of the direct selling companies which offer services/miscellaneous agreed that their website also have influenced on their companies. Fifty seven point one of

the wellness products companies also agreed that their companies have influenced by their website.

When compared to "Which of the following best describes your product?" and "Do your distributors like to purchase your products or goods online?", 90.0 percent of the direct selling companies that sell personal care products said that their distributors like to purchase their products or goods online. Eighty-three point three percent (83.3%) of the services/miscellaneous companies answered that their distributors like to purchase their products online. Seventy-one point 4 percent (71.4%) of wellness products companies answered in the same way. When the respondents were asked, "Can anyone apply to become a new distributor via the Internet?", 70.0 percent of the personal care products companies said that anyone can apply to become a new distributor via the Internet. Seventy-one point four percent (71.4%) of the wellness products companies answered the same way.

As for e-mail, 60.0 percent of the direct selling companies whose major products are personal care products said that they regularly use e-mail to communicate with their distributors. Eighty-five point seven (85.7) of the wellness products companies said that they use e-mail to contact with their customers; 83.3 percent of the

companies that offer services/miscellaneous answered in the same way.

When comparing to "Which of the following best describes your product?" and "How do you see the growth in E-commerce affecting different aspects of your business?", the following cross tabulation analysis were identified. Seventy percent of the personal care products direct selling companies, 66.7 percent of the services/miscellaneous providers, and 57.2 percent of the wellness products companies answered that they will increase their investment on overall marketing of E-commerce business.

Eighty point zero percent (80.0%) of the personal care products companies, 100 percent of the services/miscellaneous direct selling companies, and 57.1 percent of the wellness products companies will increase their E-commerce services. Eighty point zero percent (80.0%) of the direct selling companies that sell personal care products think their marketing on the Internet will increase because of the use of E-commerce. Eighty-three point three percent (83.3%) of the services/miscellaneous companies and 85.7 percent of the wellness products companies also think their marketing on the Internet will increase.

Ninety percent of the personal care products companies believed that their investment in E-commerce activities would increase. 83.3 percent of the direct selling companies that provide services/miscellaneous and 71.4 percent of the wellness products companies also believed investment in E-commerce would increase. Seventy point zero percent (70.0%) of the personal care products companies think they will increase their range of goods or services because of the use of E-commerce. One hundred percent of the services/miscellaneous companies think so. 71.4 percent of the direct selling companies which offer wellness products said there would be no change on the range of goods or services because of the use of E-commerce. As for the unit cost of providing goods and services, these three types of direct selling companies answered that the unit cost of providing goods and services will either not change or decrease. Most of these types of direct selling companies said that the price charged to customers for goods and services will not change.

When asked if E-commerce would replace the current direct selling business model, based on the cross tabulation analysis, 50.0 percent of the personal care products companies said that most of their business would

continue to use the traditional direct selling business model and a part of business either uses or will use e-commerce, 40.0 percent of the personal care companies said most of their business either uses or will use E-commerce and a part of their business will still use the traditional direct selling business model. 66.7 percent of the services/miscellaneous direct selling companies and 57.1 percent of the wellness products companies answered that most of their business will still use traditional direct selling business model and only a part of their business would use e-commerce. However, 42.9 percent of the wellness products companies and 33.3 percent of the services/miscellaneous providers answered the apposite. They either used or would use E-commerce for most of their business and only a small part of the business would continue to use the traditional direct selling business model. In short, most of the direct selling companies will use both E-commerce and the traditional direct selling business models.

Forty four point one (44.1%) percent of the direct selling companies have under 5,000 distributors; 35.3 percent of the respondents said that they have 20,000 and above distributors.

Table 5.

Number of Distributors

Approximately how many U.S. distributors does your company currently have?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5000	5	44.1	44.1	44.1
	5001-10000	4	11.8	11.8	55.9
	10001-15000	1	2.9	2.9	58.8
	15001-20000	2	5.9	5.9	64.7
	20001 and above	12	35.3	35.3	100
	Total	34	100	100	

The Use of E-commerce
Tools (Websites, e-mail,
the Internet)

Most (70.6 percent of the total respondents) direct selling companies regularly use e-mail to communicate with their distributors.

Table 6.

E-mail Used to Communicate with Distributors

Does your business regularly use e-mail to communicate with your distributors?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	24	70.6	70.6	70.6
	No	10	29.4	29.4	100.0
	Total	34	100	100	

* The respondents who answered "No" should skip the following three questions.

Based on results of the cross tabulation analysis, of those companies that regularly use e-mail to communicate with their distributors, 91.6 percent said their websites increase the development of new customers and distributors. Sixty-six point seven percent of the respondents who use e-mail to communicate with their distributors answered that they will increase investment in overall marketing in E-commerce. Eight-three point three percent (83.3%) of them will increase investment in marketing E-commerce services. Eighty-three point four percent (83.4%) of the respondents will increase investment in marketing over the Internet. Ninty-one point

seven percent (91.7%) will increase investment in E-commerce activities. Seventy-five point zero percent (75.0%) of the respondents who use e-mail regularly in business answered that their profit margins increased. Fifty-four point two of the respondents using e-mail to contact their customers think the ability to reach more customers was the best reason to use E-commerce, 33.3 percent of them think improving service levels to customers is the main reason to use E-commerce. Sixty point nine percent (60.9%) of the companies which use e-mail to communicate with their distributors said that they will reduce the use of other communications mediums.

When the companies who use e-mail regularly to communicate with their customers were asked, "Does your company or will your company use E-commerce to replace your current direct selling business model?", 54.2 percent of them think most of their business will still use the traditional direct selling business model. Forty-one point seven percent (41.7%) of the respondents answered that most of their business will be replaced by E-commerce business. Eighty-seven point five of the companies using e-mail regularly in business said that their distributors like to purchase their products or goods online. Sixty-three point six percent (63.6%) of these companies

asked their customers to apply to become a new distributor via the Internet.

Seventy-two point zero percent (72.0%) of the respondents said that their distributors prefer to use e-mail rather than traditional communications to contact the companies.

More than 65.4 percent of the respondents said that their distributors use e-mail to contact companies.

Table 7.

Distributors Prefer to Use E-mail

Do your distributors prefer to use e-mail rather than traditional communications?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	18	52.9	72.0	72.0
	No	7	20.6	28.0	100
	Total	25	73.5	100	
Missing	System	9	26.5		
Total		34	100		

* n=25, 9 respondents did not need to answer the question.

According to the results, 56.0 percent of the direct selling companies think the use of e-mail reduces their use of other communications mediums.

Table 8.

E-mail Reduces Other Communications Mediums

Does the use of e-mail reduce your use of other communications mediums?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	14	41.2	56.0	56.0
	No	11	32.4	44.0	100
	Total	25	73.5	100	
Missing System		9	26.5		
Total		34	100		

* n=25, 9 respondents did not need to answer the question.

Most direct selling companies have their own website.

Based on cross tabulation analysis, 87.6 percent of the direct selling companies that have their own websites said their websites had increased the development of new customers for the company and distributors. Eighty-four point four percent (84.4%) of them answered that they will increase investment in marketing E-commerce services. Eighty-one point two percent of these respondents who have websites think they will increase the investment in marketing over the Internet. Eighty-seven point six

percent of them will also increase investment in E-commerce activities.

Table 9.

Does Your Business Have A Web Site

Does your business have a web site?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	32	94.1	94.1	94.1
	No	2	5.9	5.9	100
	Total	34	100		

* The respondents who answered "No" should skip the following two questions.

When comparing "Does your business have a web site?" to "Does your company or will your company use E-commerce to replace your current direct selling business model?" 53.1 percent of the respondents who have their own website answered that they will still use the traditional direct selling business model in most of their business, only a part of their business will be replaced by E-commerce business. Thirty-seven point five percent (37.5%) of the respondents said that most of their current business would be replaced by e-commerce. Only a few businesses will keep the current business model.

According to the cross tabulation analysis, 80.6 percent of the companies which have their own websites responded that their distributors like to purchase their products or goods online. Sixty-five point five percent (65.5%) of them said that anyone can apply to become a new distributor via the Internet.

Sixty-six point six percent (66.6%) of the companies claim that their distributors use their website very often or often.

Table 10.

Usage of Your Web Site by Distributors

How often do your distributors use your web site?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Very often	11	32.4	33.3	33.3
	Often	11	32.4	33.3	66.7
	Sometimes	10	29.4	30.3	97.0
	Never	1	2.9	3.0	100.0
	Total	33	97.1	100.0	
Missing System		1	2.9		
Total		34	100		

* n = 33, one respondent skipped the question.

* The analysis combined very often and often in a group.

When the respondents were asked, "How has the website affected the development of new customers for the company and distributors?", 87.9 percent of them answered there was a significant increase or some increase on the website affecting the development of new customers for the company and the distributors.

Table 11.

Development of New Customers

How has the website affected the development of new customers for the company and distributors?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	6	17.6	18.2	18.2
	Some	23	67.6	69.7	87.9
	No Change	4	11.8	12.1	100.0
	Total	33	97.1	100.0	
Missing	System	1	2.9		
Total		34	100.0		

* The analysis categorized significant and some as a group.

Seventy-three point five (73.5%) percent of the respondents answered that they have an E-commerce solution which means that distributors can purchase on line, while

26.5 percent of the respondents said that they do not have an E-commerce solution.

Table 12.

Company with an E-commerce Solution

Does your company have an E-commerce solution?

(distributors can purchase on line)

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	Yes	25	73.5	73.5	73.5
	No	9	26.5	26.5	100.0
	Total	34	100.0	100.0	

* The respondents did not need to answer the following two questions, if their answer was Yes.

Based on the cross tabulation analysis, 88.0 percent of the respondents who have an E-commerce solution answered that the websites increased new customers for the companies. According the cross tabulation tables, most of the E-commerce direct selling companies will increase their investment in E-commerce services, E-commerce activities, and overall marketing via the Internet. Those direct selling companies which offer E-commerce business also responded that they would increase their range of goods or services. Sixty-two point five percent (62.5%) of

the direct selling companies whose their distributors can shop online said that no extra price was charged to customers because of the use of e-commerce. Seventy-eight point two percent of the respondents who have an E-commerce solution said that their profit margin increased because of the use of E-commerce.

When the direct selling companies that offer E-commerce services were asked "does your company or will your company use E-commerce to replace your current direct selling business model?," 52.0 percent of them said most of their current traditional direct selling business model will still be used. Forty point zero percent (40.0%) of the E-commerce direct selling companies said they will use E-commerce to replace their traditional direct selling business in the future. In another cross tabulation, 96.0 percent of the direct selling companies which provide E-commerce solutions said that their distributors like to purchase products online. Sixty-six point seven (66.7%) of the respondents said anyone can apply to become a new distributor via the Internet.

Opinions About the Use of E-commerce Solution

The most important reason why companies do not use E-commerce business are the cost in human resources to

manage E-commerce business and companies do not see a need for E-commerce.

Table 13.

Important Reason for Not Using E-commerce Business

If not, what are the most important reason your company does not use E-commerce business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cost in human resources of managing	2	5.9	25.0	25.0
	No need for E-commerce	2	5.9	25.0	50.0
	Other	4	11.8	50.0	100.0
	Total	8	23.5	100.0	
Missing	System	26	76.5		
Total		34	100.0		

* Other included channel conflict, and currently researching and plan to start e-commerce.

* 25 respondents did not need to answer the question; 1 respondents failed to answer the question.

To the question "Does the fast development of E-commerce business for many retailers make any difference

to your business plan?", 50.0 percent of the respondents said yes, while 50.0 percent of the respondents said no.

Table 14.

E-commerce Business and Business Plan

Does the fast development of E-commerce business for many retailers make any difference to your business plan?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	7	20.6	50.0	50.0
	No	7	20.6	50.0	100.0
	Total	14	41.2	100.0	
Missing System		20	58.8		
Total		34	100.0		

* 25 respondents did not need to answer the question.

From the survey results, 83.9 percent of the respondents describe that they had already planned to use E-commerce within 2 years. Only 9.7 percent of the respondents said that they will never think about using E-commerce in the future.

Table 15.

Attitude Toward the use of E-commerce

What is your company's attitude toward the use of
E-commerce in the Future?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid planned within 2 years	26	76.5	83.9	83.9
Thinking about using within 2 years	2	5.9	6.5	90.3
not thinking about it	3	8.8	9.7	100.0
Total	31	91.2	100.0	
Missing System	3	8.8		
Total	34	100.0		

* 3 respondents did not answer the question.

When the direct selling companies were asked, "What percentage of your distributors purchase your product online?" 41.9 percent of them answered that less than 10.0 percent of their distributors purchase products on line.

Table 16.

Distributors Purchase Your Products Online

What percentage of your distributors purchase your products online?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 10%	13	38.2	41.9	41.9
	11% to 30%	237	20.6	22.6	64.5
	31% to 50%	7	20.6	22.6	87.1
	51% to 70%	2	5.9	6.5	93.5
	71% to 90%	2	5.9	6.5	100.0
	Total	31	91.2	100.0	
Missing System		3	8.8		
Total		34	100.0		

* 8 respondents who did not have E-commerce solutions in their companies did not answer the question.

Seventh six point five (76.5) percent of the respondents said that their direct selling business has been influenced by their website.

Table 17.

Influenced by Your Web Site

Has Your Direct selling company been influenced by your
web site

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes.	26	76.5	76.5	76.5
	No	8	23.5	23.5	100.0
	Total	34	100.0	100.0	

Respondents' answers about the influences of the websites

If the respondents answered Yes in this question, they were then asked, "What is the most important way in which the website has influenced your business?" Most respondents (24/25) believed that the utilization of websites has had positive influences on their business; only one answered that the cost to start up the website was a disadvantage to using a website. The five most important advantages that websites have to influence the companies' business are (1) update new information or services, (2) easier to communicate with their distributors, (3) reduced advertising costs image building, (4) awareness of new products lead generation, and (5) globalization.

Opinions Regarding the Future
Impacts of E-commerce

Respondents were asked how they see the growth in E-commerce affecting different aspects of their business. There were three sections in this part of the survey.

In the marketing section, 61.8 percent of the respondents said that their overall spending on marketing had increased.

Table 18.

Overall Spending on Marketing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant increase	4	11.8	11.8	11.8
	Some increase	17	50.0	50.0	61.8
	No Change	9	26.5	26.5	88.2
	Some decrease	3	8.8	8.8	97.1
	Significant decrease	1	2.9	2.9	100.0
	Total	34	100.0	100.0	

* The analysis combined the answer "significant increase" and "some increase"

82.3 percent of the respondents answered that services on marketing E-commerce will be increased.

Table 19.

Marketing E-commerce Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	6	17.6	17.6	17.6
	Some	22	64.7	64.7	82.47
	No Change	6	17.6	17.6	100.0
	Total	34	100.0	100.0	

* The analysis gathered the answer significant and some

57.6 percent of the respondents think the marketing of conventional services other than E-commerce would be increased, while 30.3 percent of the respondents think it would not change.

Table 20.

Marketing Conventional Service Other Than E-commerce

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant increase	4	11.8	12.1	12.1
	Some increase	15	44.1	45.5	57.6
	No Change	10	29.4	30.3	87.9
	Some decrease	3	8.8	9.1	97.0
	Significant decrease	1	2.9	3.0	100.0
	Total	33	97.1	100.0	
Missing	System	1	2.9		
Total		34	100.0		

* one missing answer

* The analysis combined significant increase and some increase

79.4 percent of the companies believe marketing over the Internet will be increased; only 20.6 percent of the respondents think it will not change.

Table 21.

Marketing Over the Internet

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	Significant	9	26.5	26.5	26.5
	Some increase	18	52.9	52.9	79.4
	No Change	7	20.6	20.6	100.0
Total		34	100.0	100.0	

* The analysis gathered the answer significant increase and some increase

44.1 percent of the respondents believe that marketing via conventional media will be increased; only 17.6 percent do not think so.

Table 22.

Marketing via Conventional Media

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	1	2.9	2.9	2.9
	Some increase	14	41.2	41.2	44.1
	No Change	13	38.2	38.2	82.4
	Some decrease	6	17.6	17.6	100.0
	Total	34	100.0	100.0	

* The analysis combined significant increase and some increase

When asked how they see growth in E-commerce affecting their business investment, 82.3 percent of the respondents believed that the overall investment on E-commerce would be increased; only 2.9 percent of the respondents did not think so.

Table 23.

Overall Investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	8	23.5	23.5	23.5
	Some increase	20	58.8	58.8	82.24
	No Change	5	14.7	14.7	97.1
	Some decrease	1	2.9	2.9	100.0
	Total	34	100.0	100.0	

* The analysis put significant increase and some increase together.

When asked how the respondents see the growth in E-commerce affecting their business investment, 85.3 percent of the respondents think the investment in E-commerce activities will be increased; 14.7 percent of the respondents do not think so.

Table 24.

Investment in E-commerce Activities

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	10	29.4	29.4	29.4
	Some	19	55.9	55.9	85.3
	No Change	5	14.7	14.7	100.0
	Total	34	100.0		

* The analysis combined significant increase and some increase in a group

55.9 percent of the respondents believe the investment in conventional activities other than E-commerce will increase; 32.4 percent of them think it will not change.

Table 25.

Investment in Conventional Activities

Investment in conventional activities other than
E-commerce

				Valid	Cumulative
		Frequency	Percent	Percent	Percent
Valid	Significant	3	8.8	8.8	8.8
	Some increase	16	47.1	47.1	55.9
	No Change	11	32.4	32.4	88.2
	Some decrease	4	11.8	11.8	100.0
	Total	34	100.0	100.0	

* The analysis combined significant increase and some increase

When asked how the respondents see the growth in E-commerce affecting their business investment, 67.6 percent of the direct selling companies think the range of goods/services offered because of E-commerce will be increased.

Table 26.

Range of Goods/Services You Offer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	5	14.7	14.7	14.7
	Some increase	18	52.9	52.9	67.6
	No Change	11	32.4	32.4	100.0
	Total	34	100.0	100.0	

* The analysis combined significant increase and some increase in a group

When asked how the respondents see the growth in E-commerce affecting their business investment, 75.8 percent of them think the unit cost of providing goods/services will increase.

Table 27.

Unit Cost of Providing Goods/Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Some increase	10	29.4	30.3	30.3
	No change	15	44.1	45.5	75.8
	Some decrease	8	23.5	24.2	100.0
	Total	33	97.1	100.0	
Missing System		1	2.9		
Total		34	100.0		

* The analysis combined significant increase and some increase in a group

Sixty three point six percent (63.6%) of the respondents think that the price charged to customers for goods/services will not change because of the growth of E-commerce; 27.3 percent of the respondents think the price will be increased via e-commerce.

Table 28.

Price Charged to Customers for Goods/Services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	9	26.5	27.3	27.3
	No Change	21	61.8	63.6	90.9
	Some decrease	2	5.9	6.1	97.0
	Significant decrease	1	2.9	3.0	100.0
	Total	33	97.1	100.0	
Missing System		1	2.9		
Total		34	100.0		

Seventy one point nine (71.9%) percent of the respondents believe that their profit margin will increase because of the growth of E-commerce; 6.3 percent think it will decrease.

Table 29.

Profit Margin

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Significant	3	8.8	9.4	9.4
	Some increase	20	58.8	62.5	71.9
	No Change	7	20.6	21.9	93.8
	Some decrease	2	5.9	6.3	100.0
	Total	32	94.1	100.0	
	Missing System	2	5.9		
	Total	34	100.0		

* The analysis combined significant increase and some increase

When the companies were asked "What is the most important attraction to your company of using E-commerce?", 61.8 percent of the respondents answered that the ability to reach more customers is the most important reason to use E-commerce.

Table 30.

Important Attraction Using E-commerce

What is the Most Important Attraction to your Company
Using E-commerce?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Reach more customers	21	61.8	61.8	61.8
	Improve services levels	10	29.4	29.4	91.2
	Reduce costs	2	5.9	5.9	97.1
	Wider range of goods	1	2.9	2.9	100.0
	Total	34	100.0	100.0	

When the companies were asked "What is the greatest disadvantage or obstacle to your company of using E-commerce?", 48.5 percent of them think that the start-up costs of providing an E-commerce system is the greatest disadvantage for them to use E-commerce.

Table 31.

Disadvantage or Obstacle Using E-commerce

What is the Greatest Disadvantage or Obstacle to your
Company of Using E-commerce?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Start-up costs	16	47.1	48.5	48.5
	Lack of privacy	2	5.9	6.1	54.5
	Passive	5	14.7	15.2	69.7
	Lack of IT Skills	5	14.7	15.2	84.8
	Uncertainty legal issues	1	2.9	3.0	87.9
	Reduction of service to client	4	11.8	12.1	100.0
	Total	33	97.1	100.0	
Missing	System	1	2.9		
Total		34	100.0		

* one respondent did not answer this question

When the respondents were asked "Does your company or will your company use E-commerce to replace your current direct selling business model?" 52.9 percent of the respondents answered that most of their business will still use the traditional direct selling model and they

will use a part of E-commerce business. Eighty-eight point two percent (88.2%) of the direct selling companies will use both the traditional direct selling business model and E-commerce business model at the same time in the future. Five point nine percent (5.9%) of the respondents said that they will use E-commerce business to replace their traditional business model, and 5.9 percent of the total respondents said that they will not use E-commerce in the future.

Table 32.

Replacing Direct Selling with E-commerce Business Model

Does your Company or will your Company use E-commerce to Replace your Current Direct Selling Business Model?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes (all)	2	5.9	5.9	5.9
	Yes (part)	12	35.3	35.3	41.2
	No, stay with DS	18	52.9	52.9	94.1
	No, will not use	2	5.9	5.9	100.0
	Total	34	100.0	100.0	

* The analysis combined yes, our business uses or will use E-commerce; a part of our business will still use the traditional direct selling model and yes, most of our

business uses or will use the traditional direct selling business model; a part of our business uses or will use E-commerce in a group.

Eighty one point eight (81.8%) percent of the direct selling companies answered that most of their distributors like to purchase their products or goods on line.

Table 33.

Distributors Purchase Your Products Online

Does Your Distributors Like to Purchase Your Products or Goods Online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	27	79.4	81.8	81.8
	No	6	17.6	18.2	100.0
	Total	33	97.1	100.0	
Missing	System	1	2.9		
Total		34	100.0		

* one respondent did not answer the question

Sixty-four point five percent (64.5%) of the respondents said that anyone could apply to become a new distributor via the Internet.

Table 34.

Apply to Become Distributor via the Internet

Can Anyone Apply to Become a New Distributor via the Internet?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	58.4	64.5	64.5
	No	11	32.4	35.5	100.0
	Total	31	91.2	100.0	
Missing	System	3	8.8		
Total		34	100.0		

* one respondent did not answer the question

Conclusion

The collected questionnaires were analyzed by SPSS function frequency. Some sections were further analyzed and discussed using cross tabulation analysis. The cross tabulation tables are attached in the appendix for reference.

CHAPTER FIVE

CONCLUSIONS

Summary of the Results

Face-to-face selling is widely used in the direct selling business model. Face-to-face selling is usually presented two ways. One way is door-to-door or person-to-person to sell the products or services. Another way is to sell products through a group or class. Tangible goods or intangible services are sold using the direct selling business model. Based on the results of the survey, the most common products or services that the direct selling companies sell are personal care products, wellness products, and services/miscellaneous. Most of these companies have already planned to use E-commerce within 2 years. Most of these direct selling companies' distributors regularly use e-mail to communicate with them, use the companies' websites often, and like to purchase their products or services online.

When it comes to a discussion of the use of E-commerce tools such as e-mail and website, those direct selling companies which either regularly use e-mail to communicate with their distributors or have their own websites said that their distributors like to use

E-commerce tools to contact them and search information or purchase online through their websites. The respondents answered that the websites did increase the development of recruiting new distributors. The ability to reach more customers is the main reason direct selling companies develop their E-commerce business. However, start-up costs of providing E-commerce is an important reason for keeping them from developing E-commerce business.

Based on the survey results, fewer than fifty percent of the total sales of direct selling companies that use E-commerce were a result of E-commerce. In this way, the development of E-commerce in the direct selling industry is not fully developed yet. Direct selling companies that have an E-commerce solution are more willing to increase investment in marketing on E-commerce activities and in other related areas. They believed that their profit margins will increase because of the development of E-commerce business. Those who do not allow their distributors to purchase online are afraid of causing channel conflict, but they still have a positive attitude toward the development of E-commerce business.

Most of the direct selling companies have planned to develop their E-commerce business in the near future to attract more customers. Most of the companies think that

their distributors like to purchase their products or services online. Most of the companies that would like to develop E-commerce business think this would increase the range of goods and would not increase prices charged to customers. Once they increase their E-commerce business, they will allow their customers not only to purchase online, but anyone can apply to become a new member via the Internet. Respondents are confident regarding E-commerce business.

When the direct selling companies agree to develop E-commerce business or to maintain the current traditional direct selling business model, the advantages and disadvantages of both models are of concern. To determine the efficacy of E-commerce, companies will need to compare sales prior to and after the implementation of E-commerce. Customers' needs come first for the direct selling companies.

There are two major results of the survey. One is most of the direct selling companies are confident about the future trend of the development of E-commerce and are planning to increase their E-commerce business. Another major finding is that most respondents feel that most of their business will still operate using traditional direct selling model. This is maybe because the E-commerce

business is not fully developed currently in the direct selling industry. Only a few businesses will replace with an E-commerce business model. Most direct selling companies will use the two business models in the future.

Summary of the Hypotheses Testing

Four hypotheses were used in the study. Below the survey results are examined to test the hypotheses.

1. Most direct selling companies will or have used E-commerce tools such as e-mail or websites to communicate with their distributors and customers. According to the results, 70.6 percent of the respondents answered that they regularly use e-mail to communicate with their distributors, and 72.0 percent of the respondents said that their distributors prefer to use e-mail rather than traditional communications. In addition, 94.1 percent of the direct selling companies have their own websites, and 66.6 percent of the respondents said that their distributors often use their website. In addition, 76.5 percent of the respondents said that their businesses have been influenced by their websites, and 73.5 percent

of the respondents answered that the use of the websites had increased the development of new customers for the company and the distributors.

2. The distributors would prefer to use e-mail and websites rather than traditional communications. Based on the results, there is a high use of e-mail, and 56.0 percent of the respondents answered that they have reduced their use of other communications mediums. When the respondents were asked about how they see the future of the growth of e-commerce, 79.4 percent of the respondents think they would increase investment in marketing over the Internet that includes investment in advertising via the Internet.
3. Direct selling companies' attitudes toward using E-commerce should be positive; and they will develop their E-commerce business. So their distributors can purchase online. However, the E-commerce business will not replace the whole direct selling business model. Most respondents were confident of the future of E-commerce business. For example, 71.9 percent of the respondents believed that their profit margins

will increase because of the development of E-commerce business.

4. Most direct selling companies will be willing to invest in developing both E-commerce services and E-commerce technology. Based on the frequency analysis, 82.3 percent of the respondents are willing to investment in marketing E-commerce services; 79.4 percent of the direct selling companies will increase investment in marketing over the Internet. In addition, 85.3 percent of the respondents said that they would increase the investment in E-commerce activities. Obviously, these respondents think that investment in the E-commerce services and technology is worth.

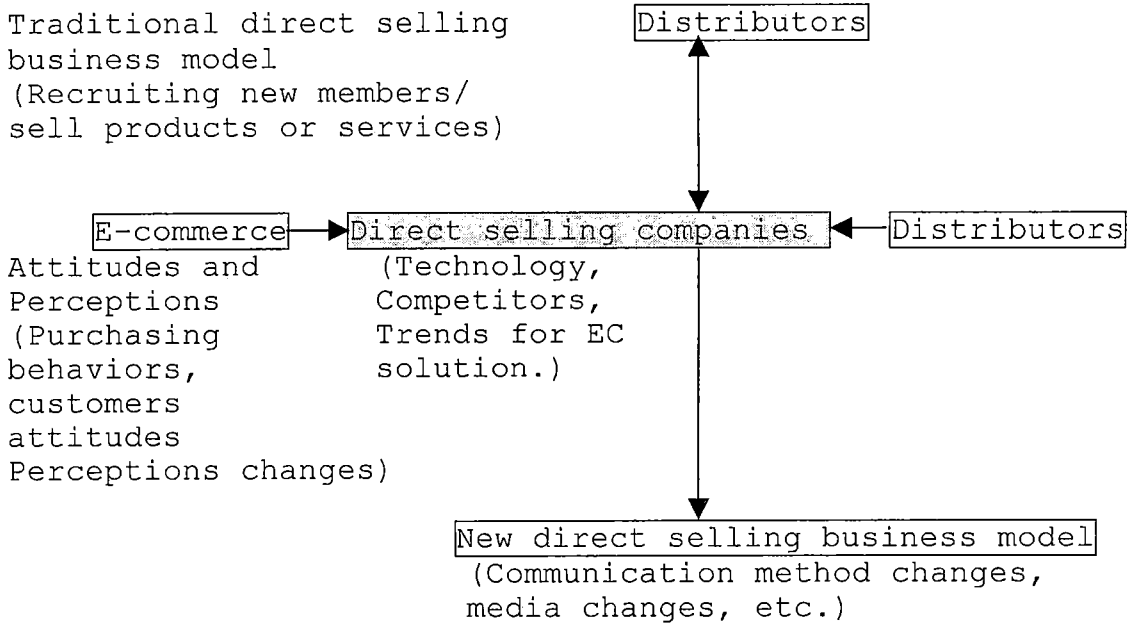
Implications and Applications
for the Direct Selling
Companies Regarding
the Impacts of
E-commerce

The following decision model may help the industry to assess its concerns and assist in making decisions to whether to develop an E-commerce solution, maintain the current traditional direct selling model, or how to

balance both of the business models within the business in the future.

Figure 4.

New Direct Selling Company Decision-Making Business Model



The model suggests that direct selling companies can reference both the impacts of E-commerce and the attitudes of their distributors to make a correct decision about their business model. From the E-commerce side, they can analyze the current development of E-commerce technology, experts' suggestions, competitors use of E-commerce, and business or any findings or surveys about the trends of E-commerce. From the distributors side, they can analyze annual sales using the traditional direct selling business

model. Most importantly, they should keep in mind the needs and attitudes of their distributors.

Based on the results of the survey, another suggestion is that the industry might combine the E-commerce business model and the traditional business model. There are advantages to using both of the models.

With the development of E-commerce business, direct selling companies can respond to customers' desires to shop via the Internet. Companies can attract more customers, not only from the United States, but from other countries via the Internet. They can sell their products and gain awareness worldwide via E-commerce business.

The use of E-commerce can maintain the companies lead position in the industry. Sales and reputation would be increased because of E-commerce business. Companies can update their products via the Internet and communicate with their customers via e-mail anytime. This is time-saving and more convenient communication. They can reduce money on advertising via conventional mediums.

Finally, a combined model supports multi-level marketing. MLM is the main structure of the direct selling companies, and E-commerce technology assists and enhances this structure.

Limitations

One major limitation to the study may be sample size. The sample was relatively small which might present issues of reliability. The list of members of the Direct Selling Association was used for this survey. There were 110 companies on the survey list. Although 5 reminder letters were sent, only thirty-four surveys were returned.

APPENDIX A
COMPANIES QUESTIONNAIRE

E-commerce and Direct Selling Companies Questionnaire

Note: Please check one answer for each question.

Section I: General information (about the company)

1. Which of the following types of sales dollars generates the largest amount for your company?
 Face-to-face selling Internet selling
 Phone selling Others
2. Which of the following sales/marketing strategies is most often used by your company?
 Individual/person-to-person/door-to-door Internet selling (web/e-mail)
 Party plan selling/group selling/classes Other (i.e. phones)
3. Which of the following best describes your product?
 Personal care products Wellness products
 Home/Family care products Leisure/Educational products
 Services/Miscellaneous Other _____
4. Approximately how many U.S. distributors does your company currently have?
 1-5000 10001-15000 20000 and above
 5001-10000 15001-20000

Section II: Information about your organization and E-commerce

(please answer the following questions based on your knowledge of the experience of your company)

1. Does your business regularly use e-mail to communicate with your distributors?
 Yes No (skip to # 5)
2. Do your distributors prefer to use e-mail rather than traditional communications?
 Yes No
3. Does the use of e-mail reduce your use of other communications mediums?
 Yes No
4. How often do your distributors use e-mail to contact your company?
 Very often Sometimes We don't have e-mail
 Often Never
5. Does your business have a web site?
 Yes No (skip to # 8)
6. How often do your distributors use your web site?
 Very often Sometimes We don't have a web site
 Often Never
7. How has the website affected the development of new customers for the company and distributors?
 Significant increase No change Significant decrease
 Some increase Some decrease

8. Does your company have an e-commerce solution (distributors can purchase on line)?
 Yes (skip to # 11) No
9. If not, what are the most important reason your company does not use e-commerce business?
 The cost of e-commerce equipment/the investment in e-commerce
 The cost in human resources of managing e-commerce business, i.e. training employees to use the technology
 E-commerce takes more time than dealing with distributors
 Do not see a need for e-commerce
 Other, please describe _____
-
10. Does the fast development of e-commerce business for many retailers make any difference to your business plan?
 Yes No
11. What is your company's attitude toward the use of e-commerce in the future?
 My company has already planned to use e-commerce within 2 years.
 My company is thinking about using e-commerce within 2 years.
 My company does not know if we would use e-commerce within 2 years.
 My company will never think about using e-commerce in the future.
12. What percentage of your distributors purchase your products online?
 Less than 10 % 31 % ~ 50 % 71 % ~ 90 %
 11 % ~ 30 % 51 % ~ 70 % More than 90 %
13. Has your direct selling company been influenced by your website?
 Yes No (skip to next session)
14. If yes, what is the most important way in which the website has influenced your business?

Section III: Impact

How do you see the growth in e-commerce affecting different aspects of your business?

Marketing

1. Overall spending on marketing.
 Significant increase No change Significant decrease
 Some increase Some decrease
2. Marketing e-commerce services.
 Significant increase No change Significant decrease
 Some increase Some decrease

3. Marketing conventional services other than e-commerce.
 Significant increase No change Significant decrease
 Some increase Some decrease
4. Marketing over the Internet.
 Significant increase No change Significant decrease
 Some increase Some decrease
5. Marketing via conventional media.
 Significant increase No change Significant decrease
 Some increase Some decrease

Investment

6. Overall investment.
 Significant increase No change Significant decrease
 Some increase Some decrease
7. Investment in e-commerce activities.
 Significant increase No change Significant decrease
 Some increase Some decrease
8. Investment in conventional activities other than e-commerce.
 Significant increase No change Significant decrease
 Some increase Some decrease

Other

9. Range of goods/services you offer.
 Significant increase No change Significant decrease
 Some increase Some decrease
10. Unit cost of providing goods/services.
 Significant increase No change Significant decrease
 Some increase Some decrease
11. Price charged to customers for goods/services.
 Significant increase No change Significant decrease
 Some increase Some decrease
12. Profit margin.
 Significant increase No change Significant decrease
 Some increase Some decrease

Section IV: Attitudes toward E-commerce

1. What is the most important attraction to your company of using e-commerce?
 The ability to reach more customers.
 To improve service levels for customers because customers require it.
 To reduce costs.
 To offer a wider range of goods/services to customers.
 To offer more competitive prices because competitors offer the service.
2. What is the greatest disadvantage or obstacle to your company of using e-commerce?
 Start-up costs of providing e-commerce system.
 Potential lack of privacy.
 Lack of potential demand amongst customers.
 Insecure for monetary transactions.
 Passive- i.e. unable to answer objections.
 Lack the necessary IT skills.
 Uncertainty about legal and taxation issues.
 Reduction in level of service to clients.
3. Does your company or will your company use e-commerce to replace your current direct selling business model?
 Yes, my company uses or will use e-commerce to replace our entire current direct selling business model.
 Yes, our business uses or will use e-commerce; a part of our business will still use the traditional direct selling model.
 No, most of our business uses or will use the traditional direct selling business model; a part of our business uses or will use e-commerce.
 No, my company does not and will not use e-commerce to replace the current direct selling model.

Section V: Customers

1. Do your distributors like to purchase your products or goods online?
 Yes No
If your company uses e-commerce business,
2. Can anyone apply to become a new distributor via the Internet?
 Yes No
3. Do you see the end of multilevel marketing by your direct selling company?
 Yes No

Thank you for taking time to complete the questionnaire.

Please return the completed questionnaire with the stamped envelop.

APPENDIX B
CROSS TABULATION

Which of the following best describes your product? *Does your company have an E-commerce solution? (distributors can purchase on line) Cross tabulation

			Does your company have an E-commerce solution? (distributors can purchase on line)?		Total
			Yes	No	
Which of the following best describes your products?	Personal Care Products	Count	8	2	10
		% within Which of the following best describes your product?	80.0%	20.0%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	32.0%	22.2%	29.4%
		% of Total	23.5%	5.9%	29.4%
	Home/Family Care Products	Count	4	1	5
		% within Which of the following best describes your product?	80.0%	20.0%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	16.0%	11.1%	14.7%
		% of Total	11.8%	2.9%	14.7%
	Services/Miscellaneous	Count	4	2	6
		% within Which of the following best describes your product?	66.7%	33.3%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	16.0%	22.2%	17.6%
		% of Total	11.8%	5.9%	17.6%
	Wellness Products	Count	5	2	7
		% within Which of the following best describes your product?	71.4%	28.6%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	20.0%	22.2%	20.6%
% of Total		14.7%	5.9%	20.6%	
Leisure/Educational Products	Count	1		1	
	% within Which of the following best describes your product?	100.0%		100.0%	
	% within Does your company have an E-commerce solution? (distributors can purchase on line)?	4.0%		2.9%	
	% of Total	2.9%		2.9%	
Other	Count	3	2	5	
	% within Which of the following best describes your product?	60.0%	40.0%	100.0%	
	% within Does your company have an E-commerce solution? (distributors can purchase on line)?	12.0%	22.2%	14.7%	
	% of Total	8.8%	5.9%	14.7%	
Total	Count	25	9	34	
	% within Which of the following best describes your product?	73.5%	26.5%	100.0%	
	% within Does your company have an E-commerce solution? (distributors can purchase on line)?	100.0%	100.0%	100.0%	
	% of Total	73.5%	26.5%	100.0%	

Which of the following best describes your product? *Does your company have an E-commerce in the future? Cross tabulation

			What is your company's attitude toward the use of E-commerce in the future?			Total
			Yes	No		
Which of the following best describes your products?	Personal Care Products	Count	8		1	9
		% within Which of the following best describes your product?	88.9%		11.1%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	30.8%		33.3%	29.0%
		% of Total	25.8%		3.2%	29.0%
Home/Family Care Products	Home/Family Care Products	Count	5			5
		% within Which of the following best describes your product?	100.0%			100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	19.2%			16.1%
		% of Total	16.1%			16.1%
Services/Miscellaneous	Services/Miscellaneous	Count	4	1		5
		% within Which of the following best describes your product?	80.0%	20.0%		100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	15.4%	50.0%		16.1%
		% of Total	12.9%	3.2%		16.1%
Wellness Products	Wellness Products	Count	5	1		6
		% within Which of the following best describes your product?	83.3%	16.7%		100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	19.2%	50.0%		19.4%
		% of Total	16.1%	3.2%		19.4%
Leisure/Educational Products	Leisure/Educational Products	Count	1			1
		% within Which of the following best describes your product?	100.0%			100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	3.8%			3.2%
		% of Total	3.2%			3.2%
Other	Other	Count	3		2	5
		% within Which of the following best describes your product?	60.0%		40.0%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	11.5%		66.7%	16.1%
		% of Total	9.7%		6.5%	16.1%
Total	Total	Count	26	2	3	31
		% within Which of the following best describes your product?	83.9%	6.5%	9.7%	100.0%
		% within Does your company have an E-commerce solution? (distributors can purchase on line)?	100.0%	100.0%	100.0%	100.0%
		% of Total	83.9%	6.5%	9.7%	100.0%

Which of the following best describes your product? *What percentage of your distributors purchase your products online? Cross tabulation

			What percentage of your distributors purchase your products online?					Total
			Less than 10%	11-30%	31-50%	51-70%	71-90%	
Which of the following best describes your products?	Personal Care Products	Count	3	2	4			9
		% within Which of the following best describes your product?	33.3%	22.2%	44.4%			100.0%
		% within What percent of your distributors purchase your online?	23.1%	28.6%	57.1%			29.0%
		% of Total	9.7%	6.5%	12.9%			29.0%
Home/Family Care Products	Count	% within Which of the following best describes your product?	1	1		1		3
		% within What percent of your distributors purchase your online?	33.3%	33.3%		33.3%		100.0%
		% of Total	7.7%	14.3%		50.0%		9.7%
		% of Total	3.2%	3.2%		3.2%		9.7%
Services/Miscellaneous	Count	% within Which of the following best describes your product?	3	1	1	1		6
		% within What percent of your distributors purchase your online?	50.0%	16.7%	16.7%	16.7%		100.0%
		% of Total	23.1%	14.3%	14.3%	50.0%		19.4%
		% of Total	9.7%	3.2%	3.2%	3.2%		19.4%
Wellness Products	Count	% within Which of the following best describes your product?	4	3				7
		% within What percent of your distributors purchase your online?	57.1%	42.9%				100.0%
		% of Total	30.8%	42.9%				22.6%
		% of Total	12.9%	9.7%				22.6%
Leisure/Educational Products	Count	% within Which of the following best describes your product?					1	1
		% within What percent of your distributors purchase your online?					100.0%	100.0%
		% of Total					50.0%	3.2%
		% of Total					3.2%	3.2%
Other	Count	% within Which of the following best describes your product?	2		2		1	5
		% within What percent of your distributors purchase your online?	40.0%		40.0%		20.0%	100.0%
		% of Total	15.4%		28.6%		50.0%	16.1%
		% of Total	6.5%		6.5%		3.2%	16.1%
Total	Count	% within Which of the following best describes your product?	13	7	7	2	2	31
		% within What percent of your distributors purchase your online?	41.9%	22.6%	22.6%	6.5%	6.5%	100.0%
		% of Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	41.9%	22.6%	22.6%	6.5%	6.5%	100.0%

Which of the following best describes your product? *Has your direct selling company been influenced by your website? Cross tabulation

			Has your direct selling company been influenced by your website?		Total
			Yes	No	
Which of the following best describes your products?	Personal Care Products	Count	7	3	10
		% within Which of the following best describes your product?	70.0%	30.0%	100.0%
		% within Has your direct selling company been influenced by your website?	26.9%	37.5%	29.4%
		% of Total	20.6%	8.8%	29.4%
	Home/Family Care Products	Count	5		5
		% within Which of the following best describes your product?	100.0%		100.0%
		% within Has your direct selling company been influenced by your website?	19.2%		14.7%
		% of Total	14.7%		14.7%
	Services/Miscellaneous	Count	5	1	8
		% within Which of the following best describes your product?	83.3%	16.7%	100.0
		% within Has your direct selling company been influenced by your website?	19.2%	12.5%	17.6%
		% of Total	14.7%	2.9%	17.6%
Wellness Products	Count	4	3	7	
	% within Which of the following best describes your product?	57.1%	42.9%	100.0%	
	% within Has your direct selling company been influenced by your website?	14.5%	37.5%	20.6%	
	% of Total	11.8%	8.8%	20.6%	
Leisure/Educational Products	Count	1		1	
	% within Which of the following best describes your product?	100.0%		100.0%	
	% within Has your direct selling company been influenced by your website?	3.8%		2.9%	
	% of Total	2.9%		2.9%	
Other	Count	4	1	5	
	% within Which of the following best describes your product?	80.0%	20.0%	100.0%	
	% within Has your direct selling company been influenced by your website?	15.4%	12.5%	14.7%	
	% of Total	11.8%	2.9%	14.7%	
Total	Count	26	8	34	
	% within Which of the following best describes your product?	76.5%	23.5%	100.0%	
	% within Has your direct selling company been influenced by your website?	100.0%	100.0%	100.0%	
	% of Total	76.5%	23.5%	100.0%	

Which of the following best describes your product? *Overall spending on marketing
Cross tabulation

			Overall spending on marketing					Total
			Significant increase	Some increase	No change	Some decrease	Significant decrease	
Which of the following best describes your products?	Personal Care Products	Count	1	6	3			10
		% within Which of the following best describes your product?	10.0%	60.0%	30.0%			100.0%
		% within Overall spending on	25.0%	35.3%	33.3%			29.4%
		% of Total	2.9%	17.6%	8.8%			29.4%
	Home/Family Care Products	Count		3	1	1		5
		% within Which of the following best describes your product?		60.0%	20.0%	20.0%		100.0%
		% within Overall spending on		17.6%	11.1%	33.3%		14.7%
		% of Total		8.8%	2.9%	2.9%		14.7%
	Services/Miscellaneous	Count	1	3	1	1		6
		% within Which of the following best describes your product?	16.7%	50.0%	16.7%	16.7%		100.0%
		% within Overall spending on	25.0%	17.6%	11.1%	33.3%		17.6%
		% of Total	2.9%	8.8%	2.9%	2.9%		17.6%
	Wellness Products	Count	1	3	2	1		7
		% within Which of the following best describes your product?	14.3%	42.9%	28.6%	14.3%		100.0%
		% within Overall spending on	25.0%	17.6%	22.2%	33.3%		20.6%
		% of Total	2.9%	8.8%	5.9%	2.9%		20.6%
	Leisure/Educational Products	Count	1					1
		% within Which of the following best describes your product?	100.0%					100.0%
		% within Overall spending on	25.0%					2.9%
		% of Total	2.9%					2.9%
Other	Count		2	2		1	5	
	% within Which of the following best describes your product?		40.0%	40.0%		20.0%	100.0%	
	% within Overall spending on		11.8%	22.2%		100.0%	14.7%	
	% of Total		5.9%	5.9%		2.9%	14.7%	
Total	Count	4	17	9	3	1	34	
	% within Which of the following best describes your product?	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%	
	% within Overall spending on	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%	

Which of the following best describes your product? *Marketing E-commerce services?
Cross tabulation

			Marketing E-commerce service?			Total
			Significant increase	Some increase	No change	
Which of the following best describes your products?	Personal Care Products	Count	2	6	2	10
		% within Which of the following best describes your product?	20.0%	60.0%	20.0%	100.0%
		% within Marketing E-commerce service?	33.3%	27.3%	33.3%	29.4%
		% of Total	5.9%	17.6%	5.9%	29.4%
	Home/Family Care Products	Count		4	1	5
		% within Which of the following best describes your product?		80.0%	20.0%	100.0%
		% within Marketing E-commerce service?		18.2%	16.7%	14.7%
		% of Total		11.8%	2.9%	14.7%
	Services/Miscellaneous	Count	3	3		6
		% within Which of the following best describes your product?	50.0%	50.0%		100.0%
		% within Marketing E-commerce service?	50.0%	13.6%		17.6%
		% of Total	8.8%	8.8%		17.6%
	Wellness Products	Count		4	3	7
		% within Which of the following best describes your product?		57.1%	42.9%	100.0%
		% within Marketing E-commerce service?		18.2%	50.0%	20.6%
	% of Total		11.8%	8.8%	20.6%	
Leisure/Educational Products	Count	1			1	
	% within Which of the following best describes your product?	100.0%			100.0%	
	% within Marketing E-commerce service?	16.7%			2.9%	
	% of Total	2.9%			2.9%	
Other	Count		5		5	
	% within Which of the following best describes your product?		100.0%		100.0%	
	% within Marketing E-commerce service?		22.7%		14.7%	
	% of Total		14.7%		14.7%	
Total	Count	6	22	3	34	
	% within Which of the following best describes your product?	17.6%	64.7%	17.6%	100.0%	
	% within Marketing E-commerce service?	100.0%	100.0%	100.0%	100.0%	
	% of Total	17.6%	64.7%	17.6%	100.0%	

Which of the following best describes your product? *Marketing over the Internet?
Cross tabulation

			Marketing over the Internet?			Total
			Significant increase	Some increase	No change	
Which of the following best describes your products?	Personal Care Products	Count	2	6	2	10
		% within Which of the following best describes your product?	20.0%	60.0%	20.0%	100.0%
		% within Marketing over the Internet?	22.2%	33.3%	28.6%	29.4%
		% of Total	5.9%	17.6%	5.9%	29.4%
	Home/Family Care Products	Count	2	2	1	5
		% within Which of the following best describes your product?	40.0%	40.0%	20.0%	100.0%
		% within Marketing over the Internet?	22.2%	11.1%	14.3%	14.7%
		% of Total	5.9%	5.9%	2.9%	14.7%
	Services/Miscellaneous	Count	2	3	1	6
		% within Which of the following best describes your product?	33.3%	50.0%	16.7%	100.0%
		% within Marketing over the Internet?	22.2%	16.7%	14.3%	17.6%
		% of Total	5.9%	8.8%	2.9%	17.6%
	Wellness Products	Count		6	1	7
		% within Which of the following best describes your product?		85.7%	14.3%	100.0%
		% within Marketing over the Internet?		33.3%	14.3%	20.6%
		% of Total		17.6%	2.9%	20.6%
	Leisure/Educational Products	Count	1			1
		% within Which of the following best describes your product?	100.0%			100.0%
		% within Marketing over the Internet?	11.1%			2.9%
		% of Total	2.9%			2.9%
	Other	Count	2	1	2	5
% within Which of the following best describes your product?		40.0%	20.0%	40.0%	100.0%	
% within Marketing over the Internet?		22.2%	5.6%	28.6%	14.7%	
% of Total		5.9%	2.9%	5.9%	14.7%	
Total	Count	9	18	7	34	
	% within Which of the following best describes your product?	26.5%	52.9%	20.6%	100.0%	
	% within Marketing over the Internet?	100.0%	100.0%	100.0%	100.0%	
	% of Total	26.5%	52.9%	20.6%	100.0%	

Which of the following best describes your product? *Investment in E-commerce activities?
Cross tabulation

			Investment in E-commerce activities?			Total
			Significant increase	Some increase	No change	
Which of the following best describes your products?	Personal Care Products	Count	2	7	1	10
		% within Which of the following best describes your product?	20.0%	70.0%	10.0%	100.0%
		% within Marketing over the Internet?	20.0%	36.8%	20.0%	29.4%
		% of Total	5.9%	20.6%	2.9%	29.4%
	Home/Family Care Products	Count	3	2		5
		% within Which of the following best describes your product?	60.0%	40.0%		100.0%
		% within Investment in E-commerce activities?	30.0%	10.5%		14.7%
		% of Total	8.8%	5.9%		14.7%
	Services/Miscellaneous	Count	2	3	1	6
		% within Which of the following best describes your product?	33.3%	50.0%	16.7%	100.0%
		% within Investment in E-commerce activities?	20.0%	15.8%	20.0%	17.6%
		% of Total	5.9%	8.8%	2.9%	17.6%
	Wellness Products	Count		5	2	7
		% within Which of the following best describes your product?		71.4%	28.6%	100.0%
		% within Marketing over the Internet?		26.3%	40.0%	20.6%
		% of Total		14.7%	5.9%	20.6%
	Leisure/Educational Products	Count	1			1
		% within Which of the following best describes your product?	100.0%			100.0%
		% within Investment in E-commerce activities?	10.0%			2.9%
		% of Total	2.9%			2.9%
	Other	Count	2	2	1	5
% within Which of the following best describes your product?		40.0%	40.0%	20.0%	100.0%	
% within Investment in E-commerce activities?		20.0%	10.5%	20.0%	14.7%	
% of Total		5.9%	5.9%	2.9%	14.7%	
Total	Count	10	19	5	34	
	% within Which of the following best describes your product?	29.4%	55.9%	14.7%	100.0%	
	% within Investment in E-commerce activities?	100.0%	100.0%	100.0%	100.0%	
	% of Total	29.4%	55.9%	14.7%	100.0%	

Which of the following best describes your product? *Range of goods/services you offer?
Cross tabulation

			Range of goods/services you offer?			Total
			Significant increase	Some increase	No change	
Which of the following best describes your products?	Personal Care Products	Count		7	3	10
		% within Which of the following best describes your product?		70.0%	30.0%	100.0%
		% within Range of goods/services you offer?		38.9%	27.3%	29.4%
		% of Total		20.6%	8.8%	29.4%
	Home/Family Care Products	Count	1	3	1	5
		% within Which of the following best describes your product?	20.0%	60.0%	20.0%	100.0%
		% within Range of goods/services you offer?	20.0%	16.7%	9.1%	14.7%
		% of Total	2.9%	8.8%	2.9%	14.7%
	Services/Miscellaneous	Count	1	5		6
		% within Which of the following best describes your product?	16.7%	83.3%		100.0%
		% within Range of goods/services you offer?	20.0%	12.5%		17.6%
		% of Total	2.9%	3.0%		17.6%
	Wellness Products	Count	1	1	5	7
		% within Which of the following best describes your product?	14.3%	14.3%	71.4%	100.0%
		% within Range of goods/services you offer?	20.0%	5.6%	45.5%	20.6%
		% of Total	2.9%	2.9%	14.7%	20.6%
	Leisure/Educational Products	Count		1		1
		% within Which of the following best describes your product?		100.0%		100.0%
		% within Range of goods/services you offer?		5.6%		2.9%
		% of Total		2.9%		2.9%
	Other	Count	2	1	2	5
		% within Which of the following best describes your product?	40.0%	20.0%	40.0%	100.0%
		% within Range of goods/services you offer?	40.0%	5.6%	18.2%	14.7%
		% of Total	5.9%	2.9%	5.9%	14.7%
Total	Count	5	18	11	34	
	% within Which of the following best describes your product?	14.7%	52.9%	32.4%	100.0%	
	% within Range of goods/services you offer?	100.0%	100.0%	100.0%	100.0%	
	% of Total	14.7%	52.9%	32.4%	100.0%	

Which of the following best describes your product? *Unit cost of providing goods/service?
Cross tabulation

			Unit cost of providing goods/service?			Total
			Significant increase	Some increase	No change	
Which of the following best describes your products?	Personal Care Products	Count	3	3	4	10
		% within Which of the following best describes your product?	30.0%	30.0%	40.0%	100.0%
		% within Unit cost of providing goods/service?	30.0%	20.0%	50.0%	30.3%
		% of Total	9.1%	9.1%	12.1%	30.3%
	Home/Family Care Products	Count	2	2		4
		% within Which of the following best describes your product?	50.0%	50.0%		100.0%
		% within Unit cost of providing goods/service?	20.0%	13.3%		12.1%
		% of Total	6.1%	6.1%		12.1%
	Services/Miscellaneous	Count	2	3	1	6
		% within Which of the following best describes your product?	33.3%	50.0%	16.7%	100.0%
		% within Unit cost of providing goods/service?	20.0%	20.0%	3.0%	18.2%
		% of Total	6.1%	9.1%	12.5%	18.2%
Wellness Products	Count	1	4	2	7	
	% within Which of the following best describes your product?	14.3%	57.1%	28.6%	100.0%	
	% within Unit cost of providing goods/service?	10.0%	26.7%	25.0%	21.2%	
	% of Total	3.0%	12.1%	6.1%	21.2%	
Leisure/Educational Products	Count	1			1	
	% within Which of the following best describes your product?	100.0%			100.0%	
	% within Unit cost of providing goods/service?	10.0%			3.0%	
	% of Total	3.0%			3.0%	
Other	Count	1	3	1	5	
	% within Which of the following best describes your product?	20.0%	60.0%	20.0%	100.0%	
	% within Unit cost of providing goods/service?	10.0%	20.0%	12.5%	15.2%	
	% of Total	3.0%	9.1%	3.0%	15.2%	
Total	Count	10	15	8	33	
	% within Which of the following best describes your product?	30.3%	45.5%	24.2%	100.0%	
	% within Unit cost of providing goods/service?	100.0%	100.0%	100.0%	100.0%	
	% of Total	30.3%	45.5%	24.2%	100.0%	

Which of the following best describes your product? *Price changed to customers for goods/services? Cross tabulation

			Price changed to customers for goods/services?				Total
			Some increase	No change	Some decrease	Significant decrease	
Which of the following best describes your products?	Personal Care Products	Count	2	8			10
		% within Which of the following best describes your product?	20.0%	80.0%			100.0%
		% within Price changed to customers for goods/services?	22.2%	38.1%			30.3%
		% of Total	6.1%	24.2%			30.3%
	Home/Family Care Products	Count	1	3			4
		% within Which of the following best describes your product?	25.0%	75.0%			100.0%
		% within Price changed to customers for goods/services?	11.1%	14.3%			12.1%
		% of Total	3.0%	9.1%			12.1%
	Services/Miscellaneous	Count	2	3	1		6
		% within Which of the following best describes your product?	33.3%	50.0%	16.7%		100.0%
		% within Price changed to customers for goods/services?	22.2%	14.3%	50.0%		18.2%
		% of Total	6.1%	9.1%	3.0%		18.2%
Wellness Products	Count	2	4	1		7	
	% within Which of the following best describes your product?	28.6%	57.1%	14.3%		100.0%	
	% within Price changed to customers for goods/services?	22.2%	19.0%	50.0%		21.2%	
	% of Total	6.1%	12.1%	3.0%		21.2%	
Leisure/Educational Products	Count	1				1	
	% within Which of the following best describes your product?	100.0%				100.0%	
	% within Price changed to customers for goods/services?	11.1%				3.0%	
	% of Total	3.0%				3.0%	
Other	Count	1	3		1	5	
	% within Which of the following best describes your product?	20.0%	60.0%		20.0%	100.0%	
	% within Price changed to customers for goods/services?	11.1%	14.3%		100.0%	15.2%	
	% of Total	3.0%	9.1%		3.0%	15.2%	
Total	Count	9	21	2	1	33	
	% within Which of the following best describes your product?	27.3%	63.6%	6.1%	3.3%	6.5%	
	% within Price changed to customers for goods/services?	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	27.3%	63.6%	6.1%	3.0%	6.5%	

Which of the following best describes your product? *Does your distributors like to purchase your product or goods online? Cross tabulation

			Does your distributors like to purchase your product or goods online?		Total
			Yes	No	
Which of the following best describes your products?	Personal Care Products	Count	9	1	10
		% within Which of the following best describes your product?	90.0%	10.0%	100.0%
		% within Does your distributors like to purchase your product or goods online? % of Total	33.3%	16.7%	30.3%
	Home/Family Care Products	Count	4	1	5
		% within Which of the following best describes your product?	80.0%	20.0%	100.0%
		% within Does your distributors like to purchase your product or goods online? % of Total	14.8%	16.7%	15.2%
	Services/Miscellaneous	Count	5	1	6
		% within Which of the following best describes your product?	83.3%	16.7%	100.0%
		% within Does your distributors like to purchase your product or goods online? % of Total	18.5%	16.7%	18.2%
	Wellness Products	Count	5	2	7
		% within Which of the following best describes your product?	71.4%	28.6%	100.0%
		% within Does your distributors like to purchase your product or goods online? % of Total	18.5%	33.3%	21.2%
	Leisure/Educational Products	Count	1		1
		% within Which of the following best describes your product?	100.0%		100.0%
		% within Does your distributors like to purchase your product or goods online? % of Total	3.7%		3.0%
Other	Count	3	1	4	
	% within Which of the following best describes your product?	75.0%	25.0%	100.0%	
	% within Does your distributors like to purchase your product or goods online? % of Total	11.1%	16.7%	12.1%	
Total	Count	27	6	33	
	% within Which of the following best describes your product?	81.8%	18.2%	100.0%	
	% within Does your distributors like to purchase your product or goods online? % of Total	100.0%	100.0%	100.0%	

Which of the following best describes your product? *Can anyone apply to become a new distributor via the Internet? Cross tabulation

			Does your company have an E-commerce solution? (distributors can purchase online)?		Total
			Yes	No	
Which of the following best describes your products?	Personal Care Products	Count	7	3	10
		% within Which of the following best describes your product?	70.0%	30.0%	100.0%
		% within Can anyone apply to become a new distributor via the Internet?	35.0%	27.3%	32.3%
		% of Total	22.6%	9.7%	32.3%
	Home/Family Care Products	Count		5	5
		% within Which of the following best describes your product?		100.0%	100.0%
		% within Can anyone apply to become a new distributor via the Internet?		45.5%	16.1%
		% of Total		16.1%	16.1%
	Services/Miscellaneous	Count	4		4
		% within Which of the following best describes your product?	100.0%		100.0%
		% within Can anyone apply to become a new distributor via the Internet?	20.0%		12.9%
		% of Total	12.9%		12.9%
	Wellness Products	Count	5	2	7
		% within Which of the following best describes your product?	71.4%	28.6%	100.0%
		% within Can anyone apply to become a new distributor via the Internet?	25.0%	18.2%	22.6%
		% of Total	16.1%	6.5%	22.6%
Leisure/Educational Products	Count	1		1	
	% within Which of the following best describes your product?	100.0%		100.0%	
	% within Can anyone apply to become a new distributor via the Internet?	5.0%		3.2%	
	% of Total	3.2%		3.2%	
Other	Count	3	1	4	
	% within Which of the following best describes your product?	75.0%	25.0%	100.0%	
	% within Can anyone apply to become a new distributor via the Internet?	15.0%	9.1%	12.9%	
	% of Total	9.7%	3.2%	12.9%	
Total	Count	20	11	31	
	% within Which of the following best describes your product?	64.5%	35.5%	100.0%	
	% within Can anyone apply to become a new distributor via the Internet?	100.0%	100.0%	100.0%	
	% of Total	64.5%	35.5%	100.0%	

Which of the following best describes your product? *Does your business regularly use e-mail to communicate with your distributors? Cross tabulation

			Does your business regularly use e-mail to communicate with your distributors?		Total
			Yes	No	
Which of the following best describes your products?	Personal Care Products	Count	6	4	10
		% within Which of the following best describes your product?	60.0%	40.0%	100.0%
		% within Does your business regularly use e-mail to communicate with your distributors?	25.0%	40.0%	29.4%
		% of Total	17.6%	11.8%	29.4%
	Home/Family Care Products	Count	3	2	5
		% within Which of the following best describes your product?	60.0%	40.0%	100.0%
		% within Does your business regularly use e-mail to communicate with your distributors?	12.5%	20.0%	14.7%
		% of Total	8.8%	5.9%	14.7%
	Services/Miscellaneous	Count	5	1	6
		% within Which of the following best describes your product?	83.3%	16.7%	100.0%
		% within Does your business regularly use e-mail to communicate with your distributors?	20.8%	10.0%	17.6%
		% of Total	14.7%	2.9%	17.6%
	Wellness Products	Count	6	1	7
		% within Which of the following best describes your product?	85.7%	14.3%	100.0%
		% within Does your business regularly use e-mail to communicate with your distributors?	25.0%	10.0%	20.6%
% of Total		17.6%	2.9%	20.6%	
Leisure/Educational Products	Count	1		1	
	% within Which of the following best describes your product?	100.0%		100.0%	
	% within Does your business regularly use e-mail to communicate with your distributors?	4.2%		2.9%	
	% of Total	2.9%		2.9%	
Other	Count	3	2	5	
	% within Which of the following best describes your product?	60.0%	40.0%	100.0%	
	% within Does your business regularly use e-mail to communicate with your distributors?	12.5%	20.0%	14.7%	
	% of Total	8.8%	5.9%	14.7%	
Total	Count	24	10	34	
	% within Which of the following best describes your product?	70.6%	29.4%	100.0%	
	% within Does your business regularly use e-mail to communicate with your distributors?	100.0%	100.0%	100.0%	
	% of Total	70.6%	29.4%	100.0%	

Does your business regularly use e-mail to communicate with your distributors? *How has the website affected the development of new customers for the company and distributors?

Cross tabulation

			How has the website affected the development of new customers for the company and distributors?			Total
			Significant increase	Some increase	No change	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	5	17	2	24
		% within Does your business regularly use e-mail to communicate with your distributors?	20.8%	70.8%	8.3%	100.0%
		% within How has the website affected the development of new customers for the company and distributors?	83.3%	73.9%	50.0%	72.7%
		% of Total	15.2%	51.5%	6.1%	72.7%
No		Count	1	6	2	9
		% within Does your business regularly use e-mail to communicate with your distributors?	11.1%	66.7%	22.2%	100.0%
		% within How has the website affected the development of new customers for the company and distributors?	16.7%	26.1%	50.0%	27.3%
		% of Total	3.0%	18.2%	6.1%	27.3%
Total		Count	6	23	4	33
		% within Does your business regularly use e-mail to communicate with your distributors?	18.2%	69.7%	12.1%	100.0%
		% within How has the website affected the development of new customers for the company and distributors?	100.0%	100.0%	100.0%	100.0%
		% of Total	18.2%	69.7%	12.1%	100.0%

Does your business regularly use e-mail to communicate with your distributors? * Overall spending on marketing? Cross tabulation

			Overall spending on marketing					Total
			Significant increase	Some increase	No Change	Some decrease	Significant decrease	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	3	13	5	2	1	24
		% within Does your business regularly use e-mail to communicate with your distributors?	12.5%	54.2%	20.8%	8.3%	4.2%	100.0%
		% within Overall spending on marketing?	75.0%	76.5%	55.6%	66.7%	100.0%	70.6%
		% of Total	8.8%	38.2%	14.7%	5.9%	2.9%	70.6%
	No	Count	1	4	4	1		10
		% within Does your business regularly use e-mail to communicate with your distributors?	10.0%	40.0%	40.0%	10.0%		100.0%
		% within Overall spending on marketing?	25.0%	23.5%	44.4%	33.3%		29.4%
		% of Total	2.9%	11.8%	11.8%	2.9%		29.4%
Total	Count	4	17	9	3	1	34	
	% within Does your business regularly use e-mail to communicate with your distributors?	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%	
	% within Overall spending on marketing?	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%	

Does your business regularly use e-mail to communicate with your distributors? * Marketing E-commerce services? Cross tabulation

			Marketing E-commerce services?			Total
			Significant increase	Some increase	No change	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	6	14	4	24
		% within Does your business regularly use e-mail to communicate with your distributors?	25.0%	58.3%	16.7%	100.0%
		% within Marketing E-commerce services?	100.0%	63.6%	66.7%	70.6%
	No	% of Total	17.6%	41.2%	11.8%	70.6%
		Count		8	2	10
		% within Does your business regularly use e-mail to communicate with your distributors?		80.0%	20.0%	100.0%
Total	% within Marketing E-commerce services?		36.4%	33.3%	29.4%	
	% of Total		23.5%	5.9%	29.4%	
	Count	6	22	6	34	
	% within Does your business regularly use e-mail to communicate with your distributors?	17.6%	64.7%	17.6%	100.0%	
	% within Marketing E-commerce services?	100.0%	100.0%	100.0%	100.0%	
	% of Total	17.6%	64.7%	17.6%	100.0%	

Does your business regularly use e-mail to communicate with your distributors? * Marketing over the Internet? Cross tabulation

			Marketing over the internet?			Total
			Significant increase	Some increase	No change	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	7	13	4	24
		% within Does your business regularly use e-mail to communicate with your distributors?	29.2%	54.2%	16.7%	100.0%
		% within Marketing over the Internet?	77.8%	72.2%	57.1%	70.6%
	No	% of Total	20.6%	38.2%	11.8%	70.6%
		Count	2	5	3	10
		% within Does your business regularly use e-mail to communicate with your distributors?	20.0%	50.0%	30.0%	100.0%
Total	% within Marketing over the Internet?	22.2%	27.8%	42.9%	29.4%	
	% of Total	5.9%	14.7%	8.8%	29.4%	
	Count	9	18	7	34	
	% within Does your business regularly use e-mail to communicate with your distributors?	26.5%	52.9%	20.6%	100.0%	
	% within Marketing over the Internet?	100.0%	100.0%	100.0%	100.0%	
	% of Total	26.5%	52.9%	20.6%	100.0%	

Does your business regularly use e-mail to communicate with your distributors? * Investment in E-commerce activities? Cross tabulation

			Investment in E-commerce activities?			Total
			Significant increase	Some increase	No change	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	6	16	2	24
		% within Does your business regularly use e-mail to communicate with your distributors?	25.0%	66.7%	8.3%	100.0%
		% within Investment in E-commerce activities?	60.0%	84.2%	40.0%	70.6%
	No	% of Total	17.6%	47.1%	5.9%	70.6%
		Count	4	3	3	10
		% within Does your business regularly use e-mail to communicate with your distributors?	40.0%	30.0%	30.0%	100.0%
Total	% within Investment in E-commerce activities?	40.0%	15.8%	60.0%	29.4%	
	% of Total	11.8%	8.8%	8.8%	29.4%	
	Count	10	19	5	34	
		% within Does your business regularly use e-mail to communicate with your distributors?	29.4%	55.9%	14.7%	100.0%
		% within Investment in E-commerce activities?	100.0%	100.0%	100.0%	100.0%
		% of Total	29.4%	55.9%	14.7%	100.0%

Does your business regularly use e-mail to communicate with your distributors? * Price charged to customers for goods/service? Cross tabulation

			Price charged to customers for goods/service?				Total
			Some increase	No change	Some decrease	Significant decrease	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	7	14	2	1	24
		% within Does your business regularly use e-mail to communicate with your distributors?	29.2%	58.3%	8.3%	4.2%	100.0%
		% within Price charged to customers for goods/services?	77.8%	66.7%	100.0%	100.0%	72.7%
		% of Total	21.2%	42.4%	6.1%	3.0%	72.7%
	No	Count	2	7			9
		% within Does your business regularly use e-mail to communicate with your distributors?	22.2%	77.8%			100.0%
		% within Price charged to customers for goods/services?	22.2%	33.3%			27.3%
		% of Total	6.1%	21.2%			27.3%
Total		Count	9	21	2	1	33
		% within Does your business regularly use e-mail to communicate with your distributors?	27.3%	63.6%	6.1%	3.0%	100.0%
		% within Price charged to customers for goods/services?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	27.3%	63.6%	6.1%	3.0%	100.0%

Does your business regularly use e-mail to communicate with your distributors? * Profit Margin? Cross tabulation

			Profit Margin?				Total
			Some increase	No change	Some decrease	Significant decrease	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	3	15	5	1	24
		% within Does your business regularly use e-mail to communicate with your distributors?	12.5%	62.5%	20.8%	4.2%	100.0%
		% within Profit Margin?	100.0%	75.0%	71.4%	100.0%	75.0%
		% of Total	9.4%	46.9%	15.6%	3.1%	75.0%
	No	Count		5	2	1	8
		% within Does your business regularly use e-mail to communicate with your distributors?		62.5%	25.0%	12.5%	100.0%
		% within Profit Margin?		25.0%	28.6%	50.0%	25.0%
		% of Total		15.6%	6.3%	3.1%	25.0%
Total	Count	3	20	7	2	32	
	% within Does your business regularly use e-mail to communicate with your distributors?	9.4%	62.5%	21.9%	6.3%	100.0%	
	% within Profit Margin?	100.0%	100.0%	100.0%	100.0%	100.0%	
	% of Total	9.4%	62.5%	21.9%	6.3%	100.0%	

Does your business regularly use e-mail to communicate with your distributors? * What is the most important attraction to your company of using E-commerce? Cross tabulation

			What is the most important attraction to your company of using E-commerce?				Total
			The ability to reach more customers	To improve service levels because requirement from customers	To reduce costs	To offer a wider range of goods to customers	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	13	8	2	1	24
		% within Does your business regularly use e-mail to communicate with your distributors?	54.2%	33.3%	8.3%	4.2%	100.0%
	% within What is the most important attraction to your company of using E-commerce?	% within	61.9%	80.0%	100.0%	100.0%	70.6%
		% of Total	38.2%	23.5%	5.9%	2.9%	70.6%
No	Count	8	2			10	
		% within Does your business regularly use e-mail to communicate with your distributors?	80.0%	20.0%			100.0%
	% within What is the most important attraction to your company of using E-commerce?	% within	38.1%	20.0%			29.4%
		% of Total	23.5%	5.9%			29.4%
Total	Count	21	10	2	1	34	
		% within Does your business regularly use e-mail to communicate with your distributors?	61.8%	29.4%	5.9%	2.9%	100.0%
		% within What is the most important attraction to your company of using E-commerce?	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	61.8%	29.4%	5.9%	2.9%	100.0%	

Does your business regularly use e-mail to communicate with your distributors? * Does your company or will your company use E-commerce to replace your current direct selling business model? Cross tabulation

			Does your company or will your company use E-commerce to replace your current direct selling business model?				Total
			Yes, to replace our entire current business model	Yes, a part of our business uses E-commerce	No, most of business uses the traditional DS model	No, does not and will not use E-commerce	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	1	10	13		24
		% within Does your business regularly use e-mail to communicate with your distributors?	4.2%	41.7%	54.2%		52.9%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	50.0%	83.3%	72.2%		70.6%
		% of Total	2.9%	29.4%	38.2%		70.6%
No	No	Count	1	2	5	2	10
		% within Does your business regularly use e-mail to communicate with your distributors?	10.0%	20.0%	50.0%	20.0%	100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	50.0%	16.7%	27.8%	100.0%	29.4%
		% of Total	2.9%	5.9%	14.7%	5.9%	29.4%
Total		Count	2	12	7	18	34
		% within Does your business regularly use e-mail to communicate with your distributors?	5.9%	35.3%	52.9%	5.9%	100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	5.9%	35.3%	52.9%	5.9%	100.0%

Does your business regularly use e-mail to communicate with your distributors? * Does your distributors like to purchase your products or goods online? Cross tabulation

			Does your distributors like to purchase your products or goods online?		Total
			Yes	No	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	21	3	24
		% within Does your business regularly use e-mail to communicate with your distributors?	87.5%	12.5%	100.0%
		% within Does your distributors like to purchase your products or goods online?	77.8%	50.0%	72.7%
	No	% of Total	63.6%	9.1%	72.7%
		Count	6	2	9
		% within Does your business regularly use e-mail to communicate with your distributors?	66.7%	33.3%	100.0%
Total	% within Does your distributors like to purchase your products or goods online?	22.2%	50.0%	27.3%	
	% of Total	18.2%	9.1%	27.3%	
	Count	27	6	33	
		% within Does your business regularly use e-mail to communicate with your distributors?	81.8%	18.2%	100.0%
		% within Does your distributors like to purchase your products or goods online?	100.0%	100.0%	100.0%
		% of Total	81.8%	18.2%	100.0%

Does your business regularly use e-mail to communicate with your distributors? * Can anyone apply to become a new distributor via the Internet? Cross tabulation

			Can anyone apply to become a new distributor via the Internet?		Total
			Yes	No	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	14	8	22
		% within Does your business regularly use e-mail to communicate with your distributors?	63.6%	36.4%	100.0%
	No	% within Can anyone apply to become a new distributor via the Internet?	70.0%	72.7%	71.0%
		% of Total	45.2%	25.8%	71.0%
Total	Yes	Count	6	3	9
		% within Does your business regularly use e-mail to communicate with your distributors?	66.7%	33.3%	100.0%
	No	% within Can anyone apply to become a new distributor via the Internet?	30.0%	27.3%	29.0%
		% of Total	19.4%	9.7%	29.0%
Total	Yes	Count	20	11	31
		% within Does your business regularly use e-mail to communicate with your distributors?	64.5%	35.5%	100.0%
	No	% within Can anyone apply to become a new distributor via the Internet?	100.0%	100.0%	100.0%
		% of Total	64.5%	35.5%	100.0%

Does your business have a web site? * How has the website affected the development of new customers for the company and distributors? Cross tabulation

			How has the website affected the development of new customers for the company and distributors?			Total
			Significant increase	Some increase	No change	
Does your business have a web site?	Yes	Count	6	22	4	32
		% within Does your business have a web site?	18.8%	68.8%	12.5%	100.0%
		% within How has the website affected the development of new customers for the company and distributors?	100.0%	95.7%	100.0%	97.0%
	No	% of Total	18.2%	66.7%	12.1%	97.0%
		Count		1		1
		% within Does your business have a web site?		100.0%		100.0%
Total		% within How has the website affected the development of new customers for the company and distributors?		4.3%		3.0%
		% of Total		3.0%		3.0%
		Count	6	23	4	33
		% within Does your business have a web site?	18.2%	69.7%	12.1%	100.0%
		% within How has the website affected the development of new customers for the company and distributors?	100.0%	100.0%	100.0%	100.0%
		% of Total	18.2%	69.7%	12.1%	100.0%

Does your business have a web site? * Overall spending on marketing? Cross tabulation

			Overall spending on marketing					Total
			Significant increase	Some increase	No Change	Some decrease	Significant decrease	
Does your business have a web site?	Yes	Count	4	17	7	3	1	32
		% within Does your business have a web site?	12.5%	53.1%	21.9%	9.4%	3.1%	100.0%
		% within Overall spending on marketing?	100.0%	100.0%	77.8%	100.0%	100.0%	94.1%
	No	% of Total	11.8%	50.0%	20.6%	8.8%	2.9%	94.1%
		Count			2			2
		% within Does your business have a web site?			100.0%			100.0%
Total	% within Overall spending on marketing?			22.2%			5.9%	
	% of Total			5.9%			5.9%	
	Count	4	17	9	3	1	34	
	% within Does your business have a web site?	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%	
		% within Overall spending on marketing?	100.0%	100.0%	100.0%	100.0%	100.0%	
		% of Total	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%

Does your business have a web site? * Marketing E-commerce service? Cross tabulation

			Marketing E-commerce service?			Total
			Significant increase	Some increase	No change	
Does your business have a web site?	Yes	Count	6	21	5	32
		% within Does your business have a web site?	18.8%	65.6%	15.6%	100.0%
		% within Marketing E-commerce service??	100.0%	95.5%	83.3%	94.1%
		% of Total	17.6%	61.8%	14.7%	94.1%
	No	Count		1	1	2
		% within Does your business have a web site?		50.0%	50.0%	100.0%
		% within Marketing E-commerce service??		4.5%	16.7%	5.9%
		% of Total	2.9%	2.9%	5.9%	
Total		Count	6	22	6	34
		% within Does your business have a web site?	17.6%	64.7%	17.6%	100.0%
		% within Marketing E-commerce service??	100.0%	100.0%	100.0%	100.0%
		% of Total	17.6%	64.7%	17.6%	100.0%

Does your business have a web site? * Marketing over the Internet? Cross tabulation

			Marketing over the Internet?			Total
			Significant increase	Some increase	No change	
Does your business have a web site?	Yes	Count	9	17	6	32
		% within Does your business have a web site?	28.1%	53.1%	18.8%	100.0%
		% within Marketing over the Internet?	100.0%	94.4%	85.7%	94.1%
	% of Total	26.5%	50.0%	17.6%	94.1%	
	No	Count		1	1	2
		% within Does your business have a web site?		50.0%	50.0%	100.0%
% within Marketing over the Internet?			5.6%	14.3%	5.9%	
% of Total		2.9%	2.9%	5.9%		
Total	Count		9	18	7	34
	% within Does your business have a web site?		26.5%	52.9%	20.6%	100.0%
	% within Marketing over the Internet?		100.0%	100.0%	100.0%	100.0%
	% of Total		26.5%	52.9%	20.6%	100.0%

Does your business have a web site? * Investment in E-commerce activities? Cross tabulation

			Investment in E-commerce activities?			Total
			Significant increase	Some increase	No change	
Does your business have a web site?	Yes	Count	10	18	4	32
		% within Does your business have a web site?	31.3%	56.3%	12.5%	100.0%
		% within Investment in E-commerce activities?	100.0%	94.7%	80.0%	94.1%
	% of Total	29.4%	52.9%	11.8%	94.1%	
	No	Count		1	1	2
		% within Does your business have a web site?		50.0%	50.0%	100.0%
% within Investment in E-commerce activities?			5.3%	20.0%	5.9%	
% of Total		2.9%	2.9%	5.9%		
Total	Count	10	19	5	34	
	% within Does your business have a web site?	29.4%	56.9%	14.7%	100.0%	
	% within Investment in E-commerce activities?	100.0%	100.0%	100.0%	100.0%	
	% of Total	29.4%	55.9%	14.7%	100.0%	

Does your business have a web site? * Does your company or will your company use E-commerce to replace your current direct selling business model? Cross tabulation

			Does your company or will your company use E-commerce to replace your current direct selling business model?				Total
			Yes, to replace our entire current business model	Yes, a part of our business uses E-commerce	No, most of business uses the traditional DS model	No, does not and will not use E-commerce	
Does your business have a web site?	Yes	Count	1	12	17	2	32
		% within Does your business have a web site?	3.1%	37.5%	53.1%	6.3%	100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	50.0%	100.0%	94.4%	100.0%	94.1%
	No	Count	1		1		2
		% within Does your business have a web site?	50.0%		50.0%		100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	50.0%		5.6%		5.9%
		% of Total	2.9%	35.3%	50.0%	5.9%	94.1%
Total	Count		2	12	18	2	34
	% within Does your business have a web site?		5.9%	35.3%	52.9%	5.9%	100.0%
	% within Does your company or will your company use E-commerce to replace your current direct selling business model?		100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total		5.9%	35.3%	52.9%	5.9%	100.0%

Does your business have a web site? * Can anyone apply to become a new distributor via the Internet? Cross tabulation

			Can anyone apply to become a new distributor via the Internet?		Total
			Yes	No	
Does your business have a web site?	Yes	Count	19	10	29
		% within Does your business have a web site?	65.5%	34.5%	100.0%
		% within Can anyone apply to become a new distributor via the Internet?	95.0%	90.9%	93.5%
		% of Total	61.3%	32.3%	93.5%
	No	Count	1	1	2
		% within Does your business have a web site?	50.0%	50.0%	100.0%
		% within Can anyone apply to become a new distributor via the Internet?	5.0%	9.1%	6.5%
		% of Total	3.2%	3.2%	6.5%
Total		Count	20	11	31
		% within Does your business have a web site?	64.5%	35.5%	100.0%
		% within Can anyone apply to become a new distributor via the Internet?	100.0%	100.0%	100.0%
		% of Total	64.5%	35.5%	100.0%

Does your business regularly use e-mail to communicate with your distributors? *Does the use of e-mail reduce your use of other communications mediums? Cross tabulation

			Does the use of e-mail reduce your use of other communications mediums?		Total
			Yes	No	
Does your business regularly use e-mail to communicate with your distributors?	Yes	Count	14	9	23
		% within Does your business regularly use e-mail to communicate with your distributors?	60.9%	39.1%	100.0%
		% within Does the use of e-mail reduce your use of other communications mediums?	100.0%	81.8%	92.0%
		% of Total	56.0%	36.0%	92.0%
	No	Count		2	2
		% within Does your business regularly use e-mail to communicate with your distributors?		100.0%	100.0%
% within Does the use of e-mail reduce your use of other communications mediums?			18.2%	8.0%	
	% of Total		8.0%	8.0%	
Total	Count	14	11	25	
	% within Does your business regularly use e-mail to communicate with your distributors?	56.0%	44.0%	100.0%	
	% within Does the use of e-mail reduce your use of other communications mediums?	100.0%	100.0%	100.0%	
	% of Total	56.0%	44.0%	100.0%	

Does your company have an E-commerce solution (distributors can purchase on line)? *Does the use of e-mail reduce your use of other communications mediums? Cross tabulation

			Does the use of e-mail reduce your use of other communications mediums?		Total
			Yes	No	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	12	8	20
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	60.0%	40.0%	100.0%
		% within Does the use of e-mail reduce your use of other communications mediums?	85.7%	72.7%	80.0%
		% of Total	48.0%	32.0%	80.0%
No		Count	2	3	5
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	40.0%	60.0%	100.0%
		% within Does the use of e-mail reduce your use of other communications mediums?	14.3%	27.3%	20.0%
		% of Total	8.0%	12.0%	20.0%
Total		Count	14	11	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	56.0%	44.0%	100.0%
		% within Does the use of e-mail reduce your use of other communications mediums?	100.0%	100.0%	100.0%
		% of Total	56.0%	44.0%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)?

*Overall spending on marketing Cross tabulation

			Overall spending on marketing					Total
			Significant increase	Some increase	No Change	Some decrease	Significant decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	2	15	5	2	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	8.0	60.0%	20.0%	8.0%	4.0%	100.0%
		% within Overall spending on marketing	50.0%	88.2%	55.6%	66.7%	100.0%	73.5%
		% of Total	5.9%	44.1%	14.7%	5.9%	2.9%	73.5%
No		Count	2	2	4	1		9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	22.2%	22.2%	44.4%	11.1%		100.0%
		% within Overall spending on marketing	50.0%	11.8%	44.4%	33.3%		26.5%
		% of Total	5.9%	5.9%	11.8%	2.9%		26.5%
Total		Count	4	17	9	3	1	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%
		% within Overall spending on marketing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	11.8%	50.0%	26.5%	8.8%	2.9%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)?
 *Marketing E-commerce services? Cross tabulation

			Marketing E-commerce service?			Total
			Significant increase	Some increase	No change	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	6	17	2	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	24.0%	68.0%	8%	100.0%
		% within Marketing E-commerce service?	100.0%	77.3%	33.3%	73.5%
	No	% of Total	17.6%	50.0%	5.9%	73.5%
		Count		5	4	5
		% within Does your company have an E-commerce solution (distributors can purchase on line)?		55.6%	44.4%	100.0%
Total	% within Marketing E-commerce service?		22.7%	66.7%	26.5%	
	% of Total		14.7%	11.8%	26.5%	
	Count	6	22	3	34	
	% within Does your company have an E-commerce solution (distributors can purchase on line)?	17.6%	64.7%	17.6%	100.0%	
	% within Marketing E-commerce service?	100.0%	100.0%	100.0%	100.0%	
	% of Total	17.6%	64.7%	17.6%	100.0%	

Does your company have an E-commerce solution (distributors can purchase on line)?
 *Marketing conventional services other than E-commerce? Cross tabulation

			Marketing conventional services other than E-commerce?					Total
			Significant increase	Some increase	No Change	Some decrease	Significant decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	4	9	8	3	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	16.0%	36.0%	32.0%	12.0%	4.0%	100.0%
		% within Marketing conventional services other than E-commerce?	100.0%	60.0%	80.0%	100.0%	100.0	75.8%
		% of Total	12.1%	27.3%	24.2%	9.1%	3.0%	75.8%
	No	Count		6	2			8
		% within Does your company have an E-commerce solution (distributors can purchase on line)?		75.0%	25.0%			100.0%
		% within Marketing conventional services other than E-commerce?		40.0%	20.0%			24.2%
		% of Total		18.2%	6.1%			24.2%
Total		Count	4	15	10	3	1	33
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	12.1%	45.5%	30.3%	9.1%	3.0%	100.0%
		% within Marketing conventional services other than E-commerce?	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	% of Total	12.1%	45.5%	30.3%	9.1%	3.0%	100.0%	

Does your company have an E-commerce solution (distributors can purchase on line)? *
Marketing over the Internet? Cross tabulation

			Marketing over the Internet?			Total
			Significant increase	Some increase	No change	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	9	13	3	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	36.0%	52.0%	12.0%	100.0%
		% within Marketing over the Internet?	100.0%	72.2%	42.9%	73.5%
		% of Total	26.5%	38.2%	8.8%	73.5%
	No	Count		5	4	2
		% within Does your company have an E-commerce solution (distributors can purchase on line)?		55.6%	44.4%	100.0%
		% within Marketing over the Internet?		27.8%	57.1%	26.5%
		% of Total		14.7%	11.8%	26.5%
Total		Count	9	18	7	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	26.5%	52.9%	20.6%	100.0%
		% within Marketing over the Internet?	100.0%	100.0%	100.0%	100.0%
		% of Total	26.5%	52.9%	20.6%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)?
 *Marketing via conventional media? Cross tabulation

			Marketing via conventional media				Total
			Significant increase	Some increase	No change	Some decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count		11	9	5	25
		% within your company		44.0%	36.0%	20.0%	100.0%
		Does your company have an E-commerce solution (distributors can purchase on line)?		78.6%	69.2%	83.3%	73.5%
		% within Marketing via conventional media		32.4%	26.5%	14.7%	73.5%
	% of Total						
	No	Count	1	3	4	1	9
		% within your company	11.1%	33.3%	44.4%	11.1%	100.0%
		Does your company have an E-commerce solution (distributors can purchase on line)?	100.0%	21.4%	30.8%	16.7%	26.5%
		% within Marketing via conventional media	2.9%	8.8%	11.8%	2.9%	26.5%
	% of Total						
Total		Count	1	14	13	6	34
		% within your company	2.9%	41.2%	38.2%	17.6%	100.0%
		Does your company have an E-commerce solution (distributors can purchase on line)?	100.0%	100.0%	100.0%	100.0%	100.0%
		% within Marketing via conventional media	2.9%	41.2%	38.2%	17.6%	100.0%
	% of Total						

Does your company have an E-commerce solution (distributors can purchase on line)?
 *Overall Investment? Cross tabulation

			Overall Investment				Total
			Significant increase	Some increase	No change	Some decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	6	16	2	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	24.0%	64.0%	8.0%	4.0%	100.0%
		% within Overall Investment	75.0%	80.0%	40.0%	100.0%	73.5%
		% of Total	17.6%	47.1%	5.9%	2.9%	73.5%
No		Count	2	4	3		9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	22.2%	44.4%	33.3%		100.0%
		% within Overall Investment	25.0%	20.0%	60.0%		26.5%
		% of Total	5.9%	11.8%	8.8%		26.5%
Total		Count	8	20	5	1	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	23.5%	58.8%	14.7%	2.9%	100.0%
		% within Overall Investment	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	23.5%	58.8%	14.7%	2.9%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? *
Investment in E-commerce activities? Cross tabulation

			Investment in E-commerce activities?			Total
			Significant increase	Some increase	No change	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	7	16	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	32.0%	64.0%	4.0%	100.0%
		% within Investment in E-commerce activities?	80.0%	84.2%	20.0%	73.5%
		% of Total	23.5%	47.1%	2.9%	73.5%
	No	Count	2	3	4	9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	22.2%	33.3%	44.4%	100.0%
		% within Investment in E-commerce activities?	20.0%	15.8%	80.0%	26.5%
		% of Total	5.9%	8.8%	11.8%	26.5%
Total		Count	10	19	5	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	29.4%	55.9%	14.7%	100.0%
		% within Investment in E-commerce activities?	100.0%	100.0%	100.0%	100.0%
		% of Total	29.4%	55.9%	14.7%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)?
 *Investment in conventional activities other than E-commerce? Cross tabulation

			Investment in conventional activities other than E-commerce?				Total
			Significant increase	Some increase	No change	Some decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	3	11	7	4	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	12.0%	44.0%	28.0%	16.0%	100.0%
		% within Investment in conventional activities other than E-commerce? % of Total	100.0%	68.8%	63.6%	100.0%	73.5%
	No	Count		5	4		9
	% within Does your company have an E-commerce solution (distributors can purchase on line)?		55.6%	44.4%		100.0%	
	% within Investment in conventional activities other than E-commerce? % of Total		31.3%	36.4%		26.5%	
			14.7%	11.8%		26.5%	
Total		Count	3	16	11	4	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	8.8%	47.1%	32.4%	11.8%	100.0%
		% within Investment in conventional activities other than E-commerce?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	8.8%	47.1%	32.4%	11.8%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? *
 Range of goods/services you offer? Cross tabulation

			Range of goods/services you offer?			Total
			Significant increase	Some increase	No change	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	4	14	7	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	16.0%	56.0%	28.0%	100.0%
		% within Range of goods/services you offer?	80.0%	77.8%	63.6%	73.5%
		% of Total	11.8%	41.2%	20.6%	73.5%
No		Count	12	4	4	9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	11.1%	44.4%	44.4%	100.0%
		% within Range of goods/services you offer?	20.0%	22.2%	36.4%	26.5%
		% of Total	2.9%	11.8%	11.8%	26.5%
Total		Count	5	18	11	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	14.7%	52.9%	32.4%	100.0%
		% within Range of goods/services you offer?	100.0%	100.0%	100.0%	100.0%
		% of Total	14.7%	52.9%	32.4%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? *Price charged to customers for goods/services? Cross tabulation

			Price charged to customers for goods/services?				Total
			Significant increase	Some increase	No change	Some decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	6	15	2	1	24
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	25.0%	62.5%	8.3%	4.2%	100.0%
		% within Price charged to customers for goods/services?	66.7%	71.4%	100.0%	100.0%	72.7%
		% of Total	18.2%	45.5%	6.1%	3.0%	72.7%
No		Count	3	6			9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	33.3%	66.7%			100.0%
		% within Price charged to customers for goods/services?	33.3%	28.6%			27.3%
		% of Total	9.1%	18.2%			27.3%
Total		Count	9	21	2	3	33
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	27.3%	63.6%	6.1%	3.0%	100.0%
		% within Price charged to customers for goods/services?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	27.3%	63.6%	6.1%	3.0%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? * Profit Margin? Cross tabulation

			Profit Margin?				Total
			Some increase	No change	Some decrease	Significant decrease	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	3	15	4	1	23
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	13.0%	62.5%	17.4%	4.3%	100.0%
		% within Profit Margin?	100.0%	75.0%	57.1%	50.0%	71.9%
		% of Total	9.4%	46.9%	12.5%	3.1%	71.9%
No		Count		5	3	1	9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?		55.6%	33.3%	11.1%	100.0%
		% within Profit Margin?		25.0%	42.9%	50.0%	28.1%
		% of Total		15.6%	9.4%	3.1%	28.1%
Total		Count	3	20	7	2	32
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	9.4%	62.5%	21.9%	6.3%	100.0%
		% within Profit Margin?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	9.4%	62.5%	21.9%	6.3%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? * What is the most important attraction to your company of using E-commerce? Cross tabulation

			What is the most important attraction to your company of using E-commerce?				Total
			The ability to reach more customers	To improve service levels because requirement from customers	To reduce costs	To offer a wider range of goods to customers	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	16	6	2	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	64.0%	24.0%	8.0%	4.0%	100.0%
		% within What is the most important attraction to your company of using E-commerce?	76.2%	60.0%	100.0%	100.0%	73.5%
		% of Total	47.1%	17.6%	5.9%	2.9%	73.5%
No	No	Count	5	4			9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	55.6%	44.4%			100.0%
		% within What is the most important attraction to your company of using E-commerce?	23.8%	40.0%			26.5%
		% of Total	14.7%	11.8%			26.5%
Total		Count	21	10	2	1	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	61.8%	29.4%	5.9%	2.9%	100.0%
		% within What is the most important attraction to your company of using E-commerce?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	61.8%	29.4%	5.9%	2.9%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? * Does your company or will your company use E-commerce to replace your current direct selling business model? Cross tabulation

			Does your company or will your company use E-commerce to replace your current direct selling business model?				Total
			Yes, to replace our entire current business model	Yes, a part of our business uses E-commerce	No, most of business uses the traditional DS model	No, does not and will not use E-commerce	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	1	10	13	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	4.0%	40.0%	52.0%	40.0%	100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	50.0%	83.3%	72.2%	50.0%	73.5%
		% of Total	2.9%	29.4%	38.2%	2.9%	73.5%
No		Count	1	2	5	1	9
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	11.1%	22.2%	55.6%	11.1	100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	50.0%	16.7%	27.6%	50.0	26.5%
		% of Total	2.9%	5.9%	14.7%	2.9	26.5%
Total		Count	2	12	18	2	34
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	5.9%	35.3%	52.9%	5.9%	100.0%
		% within Does your company or will your company use E-commerce to replace your current direct selling business model?	100.0%	100.0%	100.0%	100.0%	100.0%
		% of Total	5.9%	35.3%	52.9%	5.9%	100.0%

Does your company have an E-commerce solution (distributors can purchase on line)? *Does your distributors like to purchase your products or goods online? Cross tabulation

			Does your distributors like to purchase your products or goods online?		Total
			Yes	No	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	24	1	25
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	96.0%	4.0%	100.0%
		% within Does your distributors like to purchase your products or goods online?	88.9%	16.7%	75.8%
	% of Total	72.7%	3.0%	75.8%	
No	No	Count	3	5	8
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	37.5%	62.5%	100.0%
		% within Does your distributors like to purchase your products or goods online?	11.1%	83.3%	24.2%
	% of Total	9.1%	15.2%	24.2%	
Total	Total	Count	27	6	33
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	81.8%	18.2%	100.0%
		% within Does your distributors like to purchase your products or goods online?	100.0%	100.0%	100.0%
	% of Total	81.8%	18.2%	100.0%	

Does your company have an E-commerce solution (distributors can purchase on line)? *Can anyone apply to become a new distributors via the Internet? Cross tabulation

			Can anyone apply to become a new distributors via the Internet?		Total
			Yes	No	
Does your company have an E-commerce solution (distributors can purchase on line)?	Yes	Count	16	8	24
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	66.7%	33.3%	100.0%
	No	% within Can anyone apply to become a new distributors via the Internet?	80.0%	72.7%	77.4%
		% of Total	51.6%	25.8%	77.4%
Total	Yes	Count	4	3	7
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	57.1%	42.9%	100.0%
	No	% within Can anyone apply to become a new distributors via the Internet?	20.0%	27.3%	22.6%
		% of Total	12.9%	9.7%	22.6%
Total	Yes	Count	20	11	31
		% within Does your company have an E-commerce solution (distributors can purchase on line)?	64.5%	35.5%	100.0%
	No	% within Can anyone apply to become a new distributors via the Internet?	100.0%	100.0%	100.0%
		% of Total	64.5%	35.5%	100.0%

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