

Executive Summary

Drivers and Moderators of Direct Selling Business Outcomes: Why I Participate Affects How I Perform

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Firms using a direct selling (DS) distribution channel delegate selling and sales management responsibilities to an independent-contractor distributor force. The DS firm's inability to directly control distributors' efforts, and the fact that most active distributors choose to work part-time rather than full-time at their DS business, makes an examination of the drivers of DS performance outcomes important for academic study and empirical insight.

Drawing on the sales performance, organizational commitment, and direct selling literatures, we investigate the effects of continuance commitment factors on distributors' two most salient performance outcomes (income from direct selling and size of downline) with a dataset from 16,388 DS distributors across 68 companies. We further consider two reasons for being a DS distributor as moderators of the drivers of our performance outcomes (direct selling as a career and products at a discount). The associations of our continuance commitment factors with performance outcomes are reinforced with the identification of a career reason, and with the non-identification of a discount buying reason, for being a distributor. Our moderator direct selling as a career is the strongest, but both moderators are significant. The model's strong explanatory results and significant moderating effects show that DS distributors are segmented by their underlying reasons for participation in the DS business opportunity.