

AN ASSESSMENT OF THE USE OF TECHNOLOGY IN THE DIRECT SELLING INDUSTRY

Linda Ferrell, Tracy L. Gonzalez-Padron, and O.C. Ferrell

Although research exists on the use of technology in sales, very little addresses the adoption, use, and success of technology in the direct selling industry. In response to this dearth of knowledge, we conducted an exploratory study to examine how direct sellers use technology to link the firm to its customers and its sales force, as well as how technology is used to facilitate interactions between the sales force and customers. In an industry that has historically differentiated itself by face-to-face, personal relationships, we explore the possibly new direct selling environment brought on by the technology revolution. Through in-depth, open-ended interviews, we provide the groundwork for understanding how direct selling firms use technology to develop a competitive advantage while still maintaining strong personal relationships with consumers.

In recent years, interest in the use of technology in personal selling has been on the rise. Technology could be the change agent that reinvents a sales role that has been around for decades (Hunter and Perreault 2006). Although research exists on the use of technology in sales, very little encompasses the adoption, use, and success of technology in the direct selling industry. Direct selling is a type of nonstore retailing in which virtually all salespeople are nonsalaried, independent contractors (Peterson and Albaum 2007). The traditional notion of direct selling is of an industry that is face-to-face and people oriented, with a focus on building strong personal relationships with consumers. As new technologies have emerged, their application in direct selling has moved to a position of strategic importance (Seale 2008). While technology can improve productivity, it challenges the customary “high-touch” tradition in the industry.

Sales technology refers to firm-provided technologies that can facilitate or enable the performance of sales tasks (Hunter and Perreault 2006). The broad range of technologies used by salespeople includes sales force automation (SFA), sales-based customer relationship management (CRM), and new media such as online social networks and mobile technologies. Existing literature indicates that the investment in technology tools such as SFA and CRM applications will benefit firms

and their sales representatives financially (Rapp, Agnihotri, and Forbes 2008).

The unique characteristics and functionality of direct selling differentiate it from other retail channels and may affect sales technology strategies within the industry (Grayson 2007; Johnson and Bharadwaj 2005; Peterson and Wotruba 1996). The adoption of technology in direct selling can be viewed as a cost-reduction tactic, a tool for selling, or as an aid in the strategic development of long-term consumer relationships. Consumers are increasingly employing mobile technology, providing a larger and ever more accessible customer base. Competitive pressures to respond to the “Net generation” and the growing use of technology among all age groups require the direct selling industry to find the right balance of high tech and high touch (Norris 2007).

Direct selling has been examined from various academic perspectives such as functional (e.g., Coughlan and Grayson 1998; Crittenden and Crittenden 2004) and ethical (e.g., Brodie, Stanworth, and Wotruba 2002; Chonko, Wotruba, and Loe 2002; Vander Nat and Keep 2002). It has also been explored as a context for understanding customer and sales representative relationships (e.g., Bhattacharya and Mehta 2000; Frenzen and Davis 1990; Grayson 2007; Lan 2002; Pratt 2000; Pratt and Rosa 2003). To date, however, academics have not addressed the role of sales technology in the context of direct selling. Based on the social and economic impact of direct selling globally, this industry could benefit from a more in-depth examination of issues that could impact the future of the direct selling industry. Because of the potential for direct selling to provide economic opportunities to many millions of people, particularly in developing countries, research on best practices, challenges, and the role of technology in advancing this industry could have social significance.

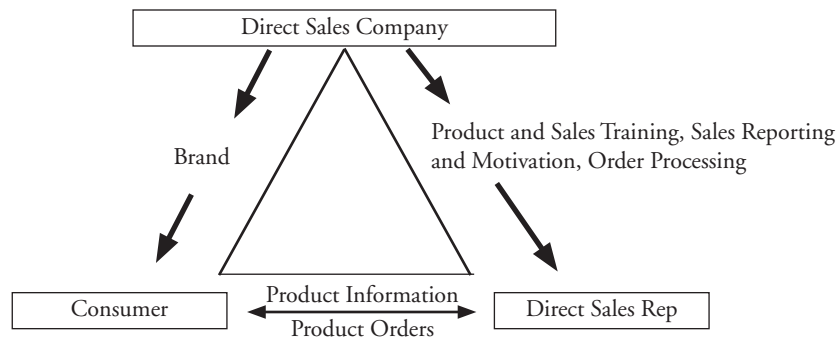
Our goal is to understand how direct selling companies use technology to manage relationships with sales representatives

Linda Ferrell (Ph.D., University of Memphis), Associate Professor of Marketing and Albert and Mary Jane Black Professorship in Economic Development, Anderson School of Management, The University of New Mexico, lferrell@mgt.unm.edu.

Tracy L. Gonzalez-Padron (Ph.D., Michigan State University), Assistant Professor of Marketing, College of Business, University of Colorado at Colorado Springs, tgonzale@uccs.edu.

O.C. Ferrell (Ph.D., Louisiana State University), Professor of Marketing and Creative Enterprise Scholar, Anderson School of Management, The University of New Mexico, ocerrell@mgt.unm.edu.

Figure 1
Traditional Relationships in Direct Selling



and consumers. There are three traditional relationships in direct selling that guide our qualitative research (see Figure 1). In a typical direct selling structure, the direct sales company provides product sales aids and sales training to independent sales representatives who sell products to customers through face-to-face product demonstration. Customers place product orders with independent sales representatives, who may deliver the products themselves or process the order with the direct sales company for delivery. Traditionally, the direct sales company's communication with customers relates to establishing the brand image.

Due to the unexplored nature of the role of technology in the direct selling marketplace, we conducted an exploratory study to better understand the changing environment for technology in direct selling. In-depth, open-ended interviews were conducted with executives of large and small direct sales firms. Findings from the discussions with these key level informants were used to develop a foundation for understanding how firms currently use technology to develop a competitive advantage through the independent sales representatives' strong personal relationships with consumers. Finally, integrated findings from this exploratory investigation resulted in propositions that can facilitate future research as related to the role of technology in the direct selling industry.

DIRECT SELLING ENVIRONMENT

Direct sales, as defined by the World Federation of Direct Selling Associations (WFDSA), is

the marketing of products and services directly to consumers in a face to face manner, in their homes or the homes of others, at their workplace and other places away from permanent retail locations. (2010)

Worldwide sales in this sector were more than \$115 billion in 2007, with more than 63 million salespeople engaged in the direct selling process (WFDSA 2010). The Direct Selling Association's Web site indicates that there were 15 million

direct sellers in the United States in 2007.¹ Virtually all sales representatives in direct selling are independent contractors paid by commissions or bonuses only when sales transactions occur (Peterson and Wotruba 1996).

Direct selling is a unique channel of distribution. Demonstrations and personal engagement help to make the buying process highly tangible and multisensory for consumers, and the approach can result in significant benefits for the seller and the consumer. For example, beauty product consultants "teach skin care" and conduct customized makeovers instead of "sell cosmetics" (Biggart 1989; Peterson and Wotruba 1996). Many direct selling approaches reframe selling as "sharing" good products and ideas with friends (Grayson 2007). The close involvement with the product and personal communication has been a key differentiating feature of direct selling when compared to other methods of sales and communication with potential customers (Peterson and Wotruba 1996). Sanan (1997) argues that the face-to-face meeting is the key descriptor of direct selling that gives it a competitive edge over direct marketing and retailing. The customer relationship with the sales representative relies on trust that the representative and company will provide consistent and reliable service. Young and Albaum (2003) explore the role of consumer trust in direct selling and argue that trust in the sales representative is affected by general attitudes toward direct selling and the direct selling company.

Technology in Personal Selling

More retail and service industries are focusing attention on sales technologies as a way to enhance firms' productivity and to ensure long-term business-to-consumer relationships (Ailawadi et al. 2009; Bigné, Aldás, and Andreu 2008). These firms find that salespeople increase efficiency by spending less time providing descriptive and contextual information when using Web-based applications to target prospective customers (Johnson and Bharadwaj 2005). For example, prospective car purchasers who visited Web sites before entering auto

dealerships tended to be more familiar with, and receptive to, solutions suggested by salespeople (Sheth, Sisodia, and Sharma 2000).

Although sales technology applications have been found to reduce costs, increase sales efficiency, and encourage lasting customer relationships, the overall fit between the sales process tasks and the sales technology portfolio requires firms to proceed cautiously in sales technology implementations (Hunter and Perrault 2006). As technology has grown to play a key role in personal selling, many people hold the assumption that heavier usage of technology is preferable (Ahearne, Srinivasan, and Weinstein 2004). However, a study in the real estate industry showed that implementation of sales automation changes the role of the salespeople and creates job insecurity (Speier and Venkatesh 2002). Subsequent research by Ahearne, Srinivasan, and Weinstein (2004) found that technology usage improved sales performance initially but that the effect was not long lasting and it ultimately had a disabling effect on sales performance. In addition, the age of the sales force and customers can result in a "generation gap" effect that influences use of sales technology (Hunter and Perrault 2006). Therefore, discovering the right level of technology usage to optimize task and strategic success is an important concern for marketers.

Technological changes fueling the generation gap provide the opportunity to facilitate ease of interactions between the salesperson and consumer, but, at the same time, may require a reexamination of the traditional nature of personal, face-to-face contact in the direct selling marketplace. The impact of mobile phones, e-mail, Web sites, podcasts, webinars, social networking sites, and all of the resources associated with the Internet have set the stage for changing traditional direct selling relationships between and among the manufacturer, the salesperson, and the consumer.

Mobile phones are the most widely used technology in direct selling (Bigné, Ruiz, and Sanz 2005). Mobile phones, as well as personal digital assistants (PDAs), are used at an increasing rate and are changing the speed and efficiency of communication in sales. E-mail can be part of a high-touch tactic after relationships have been developed. Retailers have begun to use e-mail extensively as a means of alerting shoppers about new products, promotions, store openings, and coupons (Ailawadi et al. 2009). E-mail allows people to maintain existing contacts, get in touch with old acquaintances, and extend personal relationships. Web sites are publicly accessible and provide the wide range of options to provide information helpful in informing potential customers about companies and products. For direct selling, companies use their Web sites to answer questions and provide detailed information about products. Podcasts can provide digital audio information about products and services in mediums such as photos, PowerPoint slides, and voice-over presentations. Video podcasts can provide a video and audio combination. Webinars, or Web conferencing, provide live

meetings and presentations over the Internet. Webinars are especially helpful in sales training that can be collective, with full participation between the audiences and the presenter.

Social networking sites such as MySpace.com, Facebook, and LinkedIn are helping to transform traditional e-mail technology into a more social, threaded, communication platform. Even though a novel technology, the nature of online social networks appears to fit within the scope of the traditional social networks that are important to direct selling (Grayson 2007). Once an individual gathers his or her friends online, they are able to interact in ways similar to more traditional social activities such as meeting in the neighborhood, socializing in the kitchen, or gathering at an informal party or dinner. Friends online can share photographs, videos, health conditions, products they like, and other word-of-mouth communications that are so vital in direct selling. When it comes to Facebook, women generally have 26 close friends, whereas men regularly communicate with 16 friends ("Primates on Facebook" 2009). Therefore, most people have a large social network, with a small core of friends with whom they communicate on a regular basis.

Online social technologies such as Twitter, Facebook, and LinkedIn, as well as other user-generated content sites such as YouTube, reduce the effort and cost of staying in touch with other people. These technologies can affect direct selling in two ways. First, because much network marketing is based on gathering friends, the rate of gathering friends online has accelerated the number of distant contacts most people hold. Second, customers are now connecting with and drawing power from one another, defining their own perspective on companies and brands by using technologies to obtain what they need from one another (Bernoff and Li 2008). Recognizing that consumers' views are often at odds with the image a company wants to project, many consumer product manufacturers and retailers have begun to participate in the online conversation.

More recent additions to the sales technology mix are the new media options related to the Internet and handheld portable wireless devices. Consumers and salespeople are increasingly employing mobile technology via cell phones that connect to the Internet and incorporate sophisticated applications (Schlosser 2007). The new media useful for sharing product and brand experiences that show the greatest growth in the coming years are Internet video (50.2 percent), podcasting (29.6 percent), and blogs (20 percent). Through these new media, firms can manage customer relations, facilitate internal collaboration, aid knowledge management, improve media relations, and test new ideas for products and services (Singh, Veron-Jackson, and Cullinane 2008).

The broad societal reach of new technology is illustrated by the fact that there are now more mobile phones than telephone landlines in the world. The self-sustaining nature of this technology relates to the fact that technology acts as a

catalyst to spur even faster development. As innovations are introduced, they stimulate the need for more advancement to facilitate further developments (Pride and Ferrell 2010). New technology initiates a change process that creates opportunities for sales advantages in every industry. The direct selling industry has reached a critical moment in time with firms assessing technology as part of their strategy and operations assessment. As technology accelerates, the nature of personal relationships is redesigned through supplementing face-to-face contact with not only phone and e-mail but also through extending communication via social networking sites such as MySpace.com, LinkedIn, and Facebook. In direct selling, specific technology applications must be evaluated to see if benefits outweigh costs to the firm and match the expectations of sales representatives and consumers who value personal relationships.

EXPLORATORY STUDY: TECHNOLOGY IN THE DIRECT SELLING INDUSTRY

The impact of sales technology on a firm's relationships with sales representatives and consumers has not been explored adequately in the direct selling industry. Historically, direct selling has differentiated itself by the intensive use of face-to-face communication and the development of personal relationships. Direct selling executives acknowledge their reliance on technology in providing efficiencies and immediacy; however, they indicate the key, core element of direct selling is the "people business" and importance of the relationship (Seale 2008). The key technologies facilitating transactions include Web sites, e-mail, conference calls, and other mechanisms that offer as close to a personal touch as can be achieved with intervening, high-technology support (Seale 2008). The intermingling of touch and technology in the direct selling environment is unexplored territory. Reports provide data about the role and opportunity with technology tools, but such reports fail to provide answers to the major research questions in the current research—that is,

How will sales technology affect the direct sales firms' relationships with its sales representatives and its customers? In particular, what roles will sales technologies play in the relationship between the salesperson and the customer given that the industry has differentiated itself by face-to-face, personal relationships?

Methodology

To find answers to this question, we employed a discovery-oriented approach in which executive interviews and insights from the literature were integrated (Eisenhardt 1989). We conducted a total of ten interviews with executives from six different direct selling companies identified through the Direct Selling Education Foundation and personal contacts within

direct selling organizations. To avoid potential bias from a single informant, multiple informants, responsible for different aspects of the use of technology with sales representatives and customers, were selected in some companies. The interviewees were senior managers or above from business functional areas such as marketing, finance, information technology, and global sales. The respondents came from firms in health, beauty, household products, and wellness. All respondents were informed that they would remain anonymous, and due to the relatively small number of companies in the survey, additional information would violate confidentiality.

The principal method of data collection was semistructured interviews that lasted 30 to 60 minutes. The interviews began with a brief description of the study and continued with a series of questions about sales technology practices. The interview transcription was the primary data source. The following issues were explored: (1) the current role of technology in the relationships among the firm, sales representatives, and customers; (2) prevalent technologies in the industry; (3) challenges or special considerations; and (4) changes to the nature of the business from sales technology. Additional issues were explored, as appropriate, during the discussions.

RESULTS

The technology portfolios of the responding firms varied, but, as a group, they indicated that sales technology methods have been developing in response to an increasingly technologically savvy marketplace. As one e-business director stated, "technology is becoming more central to people's lives and there is an expectation of greater accessibility and meeting business needs." In essence, the feeling was that technology is more central to consumers' and sales representatives' day-to-day communication and behavioral patterns than ever before. Technology's impact on the direct selling business was illustrated in the following quotation from one of our interviewees: "The growth in product sales coincides with use of technology—technology has been an enabler." According to our respondents, operating income has increased due to company and sales representative efficiencies introduced by technology. However, they stress that the introduction of sales technologies in direct selling must consider the relationships among the company, sales representatives, and customers. From our interviews, three themes of sales technology in direct selling emerged and are discussed below. In addition, the interview data enabled the development of several propositions that can guide further research in the area.

Firm-to-Sales Representative Interactions

The view that technology is becoming more important in managing company and sales representative communication

was a major theme throughout the interviews. Overall, the interviewees stressed that technology leverages and enhances productivity of the sales representatives—it is not an alternative to personal selling. One company considers technology to be an economical and real-time tool for communicating with the sales representatives. The interviewees indicated that the role of technology in communicating with sales representatives is to help disseminate key information as quickly as possible in order to educate, motivate, and support selling efforts.

Education of direct sales representatives typically occurs at events sponsored by the direct selling company in various locations. Using technology, training takes place through webinars or satellite education broadcasts through movie theaters. These methods allow the direct selling company to reach more of its sales force without incurring the time and expense of travel. Three of the organizations offer password-protected Web sites to salespeople in order to provide better access to educational information, products, selling tips, business tools to facilitate management of their selling organization, customer management tools, e-cards for e-marketing, and event registration. Technology-based training and sales aids enable a direct selling company to achieve operational efficiencies and sales representatives to build trust with customers by presenting more consistent and professional sales presentations.

From a motivational perspective, technology is used to communicate the sales representative's progress toward award levels, to track sales volume relative to compensation, and to provide projected income modeling to show the value in attracting more customers and sponsoring more sales representatives. With respect to particular technological tools, the cell phone is a common technology for motivating sales representatives and is used for text messaging, instant messaging, and applications for accessing sales volume information. Automated voice blasts motivate sales representatives by sending congratulations for success. Technology-based sales information enables sales representatives to focus efforts on the most profitable product lines and customers, thereby increasing efficiency.

The use of technology in assisting salespeople in all aspects of physical delivery (order status, arranging deliveries, and troubleshooting problems) is of critical importance. Many interviewees indicated that everything is tracked on the Internet and that their organizations had moved to 100 percent online ordering. Others stated that the delivery company (e.g., UPS) provided the tracking data once the order was placed. In perhaps the most advanced example of sales technology, one direct selling firm has a system that gives sales representatives the opportunity to place orders, check volume, and register customers using mobile devices. One respondent noted that the use of technology (i.e., Web presence, sales automation applications) supports a reputation for innovation, which in turn serves as a motivator for the sales representatives. Another

respondent explained the impact as, "We know more about our distributor base than we ever have before, which is helping us make better, more profitable decisions."

Interviewee responses to our questions lead us to suggest the following:

Proposition 1: Technology-based sales training and support enable sales representatives to strengthen customer relationships and improve efficiency.

Proposition 2: Technology-based sales reporting enables the sales representatives to achieve greater levels of efficiency.

Proposition 3: Technology-based order processing for sales representatives enables sales representatives to achieve greater levels of efficiency.

The Role of Technology in Salesperson-to-Consumer Interactions

Many of the executives interviewed stressed that sales technology applications must maintain the traditional model of respecting the sales representative's relationship with customers. As one interviewee stated, "It is most important that we do nothing with technology to compete with the distributor/customer relationship." Thus, a major focus in the companies included in this exploratory study is on the use of technology to facilitate, not inhibit, the personal touch. Two major technological approaches are technology as sales aids and order placement portals.

Technology-based sales aids include multimedia material for use with consumers and customized customer communications. Within many of the firms included in the study, product videos and interactive product use applications do not reside on public Web sites. Instead, sales representatives download material to mobile devices such as laptop computers or PDAs for use during customer sales calls. As one executive said, "this provides the sales representatives credible endorsements regarding health, safety, and effectiveness of products when selling to consumers." Most respondents referenced e-mail as the primary mode of communicating with sales representatives, and they also cited more innovative uses of e-mail such as tools for sales representatives to maintain personal contacts with customers. Communication uses included targeted e-mails with links to product Web sites, e-mails with embedded video or audio files, and e-mail directives to encourage reorders from their sales representatives. One company offers technology programs where customers receive e-cards and professional electronic newsletters customized and personalized as if they are from their sales representative. These new technologies are making it much easier and more efficient to connect customers and sales representatives.

Most respondents indicated that they are exploring the use of social networking sites such as LinkedIn, MySpace

.com, and Twitter. At this point, these sites are most useful for salespersons to expand traditional networking on a more virtual basis. This area of technology was considered at a very early stage, but all of the respondents expressed interest in learning more about the effective use of social networking. As one of our respondents put it, "we are growing the space of what is personal contact."

Three of the companies stressed that customers were not able to place orders directly with the direct selling company. One company encourages sales representatives to establish their own Web presence, and two companies offer personalized Web portals to their sales representatives to provide a full online shopping environment to consumers. One company executive indicated the following: "For the top 1 percent of our sales representatives, the company has just established personal Web portals for their businesses where their customers can contact them and place orders." These three firms recognize that company-sponsored technological tools compete directly with those offered by senior leadership of sales representative organizations, many of which are fee based. The companies expressing the most concern for potential conflict with sales representatives were more established direct selling companies with experienced sales leadership.

Overwhelmingly, participants in the interviews stated that the salespeople who use technology were significantly more successful than those who did not. However, increased use of technology results in greater ethical challenges for the company and its employees. The list of ethical concerns relates to dissemination and the greater opportunity for sales representative misconduct. One company offering Web sites tailored for individual sales representatives recognizes and respects the independent business model through privacy policies that stress that the data stored on the extranet is the representative's data. One executive voiced frustration with the lack of managerial control over videos and photos posted without company approval or authorization. By offering sales technology tools to their sales representatives, direct sales firms can mitigate abuses while providing a consistent message and look to customers, thereby increasing customer trust with the sales representative, direct selling, and the direct selling company.

Therefore, we propose that:

Proposition 4: Technology-based salesperson-to-consumer aids and strengthens a sales representative's relationship with the direct selling company and customers.

Proposition 5: Technology-based salesperson-to-consumer order processing improves efficiency for the direct selling company and customers.

Proposition 6: The experience of the sales representatives will moderate the effect of company-sponsored sales technology on their relationship with the direct selling company

and customers. Specifically, the more established the senior leadership of sales representatives, the weaker the effect of company-sponsored sales technology on relationships.

The Role of Technology in Firm-to-Consumer Interactions

The role that technology plays in interacting directly with customers varies by organization depending on the characteristics of the direct selling organization. Approximately half of the executives interviewed indicated only limited direct interactions with customers so as to respect the independent business relationship between consumers and sales representatives. Companies tend to use technology to communicate information about the brand and to provide a better brand experience through corporate Web sites and brand social network groups. As one executive explained, "Online communications of product information is particularly vital to the direct selling industry since there is limited mass media advertising."

Most respondents indicated that their firms use corporate Web sites as a means of providing corporate and general product information. Through the optimization of search engines, the corporate Web sites can facilitate consumer education and possibly preempt questions and concerns about the company or its products. Other uses of the corporate Web site included message boards and personal assessments to communicate with sales representatives and customers.

All of the respondents stressed the growing importance of technology, but one of the information technology executives interviewed for the study admitted that his firm's use of sales technology was "first generation" and did not yet capitalize on the full opportunity technology represents, particularly as related to customer relationship management (CRM) tools. Data mining of customer information for strategic CRM was particularly challenging in firms where established sales representatives are the primary contact with consumers. Accuracy of customer data, a concern of all CRM applications, was heightened by sales representatives' fears of sharing customer data with the company. However, respondents felt that this fear is waning. One respondent likened issues with respect to CRM in the direct selling industry to that of the consumer products industry. At first, retailers were reluctant to share customer data with the manufacturers. Yet retailers now recognize the benefits of targeted marketing gained from collaborative CRM.

To acquire valuable customer insight, some companies in the study were beginning to initiate direct contact with consumers. This involves e-mails promoting new products, encouraging reorders, or cross-selling messages. One company uses social networking sites and blogs for generating interest in product launches or offering a medium to generate

dialogue about products. Approaches for interacting directly with consumers are not without challenges, however. Many respondents mentioned that e-mail communications fail due to security systems that block e-mail, opt-out decisions, and full mailboxes.

All of the organizations represented in the interviews offered online ordering, although some allowed ordering online only through an authorized sales representative. Organizations that shipped products directly to customers indicated that technology enhanced the effectiveness and efficiency of interactions with customers, from the receipt of an order to product delivery. With the use of technology, these firms build confidence, inspire trust, and provide critical information to customers. There are companies that provide customer online ordering directly to the direct selling firm. One executive in the study explained that providing self-service methods for information gathering or placing a quick order freed the sales representative to provide more services to consumers. However, this approach is controversial in direct sales, because there is concern that it undermines the sales representative's role in the firm–customer relationship (Johnson and Bharadwaj 2005). In addition, sales representatives may view online ordering as a tactic to divert potential commission remuneration from the sales force. One respondent noted that because the company had begun communicating and taking orders directly from customers, the sales force had become somewhat “lazy.” That is, the respondent had seen salespeople who had built up a good customer base in their first year or two and then ceased to work as hard, while continuing to receive hefty commissions.

Therefore, consumer-direct sales technologies have differing effects on the efficiency and customer relationships among the direct selling company and sales representatives. Thus,

Proposition 7: Consumer-direct sales technologies enable sales representatives to achieve greater levels of efficiency.

Proposition 8: Consumer-direct sales technologies strengthen the customer relationship with the direct sales company and weaken the customer relationship with the sales representative.

Proposition 9: Consumer-direct sales technologies weaken the sales representative's relationship with the direct sales company.

DISCUSSION AND FUTURE RESEARCH

Although the findings of this study are limited by the small number of key informants and the fact that no sales representatives were interviewed, our exploratory research indicates that technology has become a driving force in direct selling. Technology may be used as a means to reduce cost, increase efficiency, and facilitate supply chain activities such as or-

dering, inventory, and deliveries. Technology appears to be emerging as a strategic concern for creating and managing consumer relationships. As technology becomes a strategic issue, direct selling industry members are evaluating technology for enhancing different customer contact points in the selling process. Technology is being used for firm-to-sales representative communication, salesperson-to-consumer communication, and firm-to-consumer communication. Direct selling companies that want to build a consumer-oriented business strategy will need to select the appropriate technology to increase sales productivity by understanding the impact of technology in different stages of the sales process.

This exploratory study provided a foundation for understanding how direct selling firms are currently using technology to develop a competitive advantage. A review of the literature, combined with respondent feedback, aided in the development of propositions that may be useful in informing future research. A major theme in firm-to-sales representative interaction is that technology is becoming more important in helping disseminate key information as quickly as possible to educate, motivate, and support the selling effort. Moreover, technology appears to be critical in all aspects of order processing and physical delivery.

Technology in salesperson-to-consumer interactions is used to increase the efficiency and effectiveness of the sales representative's relationship with customers. Therefore, direct selling firms are investing in sales technology that will enable and enhance sales representatives' connections to the consumers without weakening the sales representatives' relationship with the company.

A key question provoked by this exploration is how direct selling firms can balance traditional face-to-face contacts with technology that allows for virtual relationships. As what is viewed as personal interactions change in today's society, direct sellers need to consider the new technologies that are defined by some consumers as an equivalent to, or a substitute for, face-to-face communication. Emerging social networking sites have the potential to augment and complement traditional face-to-face social networks. Respondents indicated that as younger sales representatives and customers move into the market, they may feel more comfortable utilizing social network sites than traditional social networks. We remain at an early stage of the exploitation of these new technologies, and direct sellers should explore the potential effectiveness in sales productivity and long-term customer contact enhancement.

The direct selling industry should build on research in the arena of personal selling and sales management, especially academic knowledge on the effectiveness of technology and the sales environment. Because direct selling is unique in that it is traditionally more face-to-face and high touch than other forms of selling, research could explore the effectiveness of sales automation and CRM technologies in increasing the

success of direct selling organizations. Opportunities exist for academic research to develop experimental designs to compare face-to-face communications with virtual communication for specific direct selling activities. Social network sites such as Facebook, LinkedIn, and MySpace.com provide highly viable laboratories for tracking customer relationships and the effectiveness of direct selling activities in these environments. The social network perspective provides direct sellers with many opportunities for gaining knowledge of consumer decision making in a social environment and has received growing attention in marketing and other fields over the past decade. This approach allows researchers to fully conceptualize the complexity of social relationships that support consumer decision making.

The direct selling industry faces the challenge of balancing face-to-face contact with emerging technology. As what is considered personal contact in our society changes, there is a need for direct sellers to use technology as a cost-reduction method, selling tool, and core competency to develop long-term sales representative and consumer relationships. Effective use of technology can result in a sustainable competitive advantage. Technology usage in firm-to-consumer interactions varies by organization and is somewhat controversial because of the need to respect the independent business relationship that sales representatives have with their customers. Successful use of technology in direct selling can facilitate stronger relationships with customers and is a supporting marketing tactic, not an end in and of itself.

NOTE

1. See www.directselling411.com/for-sellers/.

REFERENCES

- Ahearne, Michael, Naradimban Srinivasan, and Luke Weinstein (2004), "Effect of Technology on Sales Performance: Progressing from Technology Acceptance to Technology Usage and Consequence," *Journal of Personal Selling & Sales Management*, 24, 4 (Fall), 297–310.
- Ailawadi, Kusum L., J.P. Beauchamp, Naveen Donthu, Dinesh K. Gauri, and Venkatesh Shankar (2009), "Communication and Promotion Decisions in Retailing: A Review and Directions for Future Research," *Journal of Retailing*, 85 (1), 42–55.
- Bernoff, Josh, and Charlene Li (2008), "Harnessing the Power of the Oh-So-Social Web," *Sloan Management Review*, 49 (3), 36–42.
- Bhattacharya, Patralekha, and Krishna Kumar Mehta (2000), "Socialization in Network Marketing Organizations: Is It Cult Behavior?" *Journal of Socio-Economics*, 29 (4), 361–374.
- Biggart, Nicole Woolsley (1989), *Charismatic Capitalism: Direct Selling Organizations in America*, Chicago: University of Chicago Press.
- Bigné, Enrique, Carla Ruiz, and Silvia Sanz (2005), "The Impact of Internet User Shopping Patterns and Demographics on Consumer Mobile Buying Behavior," *Journal of Electronic Commerce Research*, 6 (3), 193–209.
- Bigné, J. Enrique, Joaquín Aldás, and Luisa Andreu (2008), "B2B Services: IT Adoption in Travel Agency Supply Chains," *Journal of Services Marketing*, 22 (6), 454–464.
- Brodie, Stewart, John Stanworth, and Thomas R. Wotruba (2002), "Comparisons of Salespeople in Multilevel vs. Single Level Direct Selling Organizations," *Journal of Personal Selling & Sales Management*, 22, 2 (Spring), 67–75.
- Chonko, Lawrence B., Thomas R. Wotruba, and Terry Loe (2002), "Direct Selling Ethics at the Top: An Industry Audit and Status Report," *Journal of Personal Selling & Sales Management*, 22, 2 (Spring), 87–95.
- Coughlan, Anne T., and Kent Grayson (1998), "Network Marketing Organizations: Compensation Plans, Retail Network Growth, and Profitability," *International Journal of Research in Marketing*, 15 (December), 401–426.
- Crittenden, Victoria L., and William F. Crittenden (2004), "Developing the Sales Force, Growing the Business: The Direct Selling Experience," *Business Horizons*, 47 (September–October), 39–44.
- Eisenhardt, Kathleen M. (1989), "Building Theories from Case Study Research," *Academy of Management Review*, 14 (4), 532–550.
- Frenzen, Jonathan K., and Harry L. Davis (1990), "Purchasing Behavior in Embedded Markets," *Journal of Consumer Research*, 17 (June), 1–12.
- Grayson, Kent (2007), "Friendship Versus Business in Marketing Relationships," *Journal of Marketing*, 71 (October), 121–139.
- Hunter, Gary K., and William D. Perrault, Jr. (2006), "Sales Technology Orientation, Information Effectiveness, and Sales Performance," *Journal of Personal Selling & Sales Management*, 26, 2 (Spring), 95–113.
- Johnson, Devon S., and Sundar Bharadwaj (2005), "Digitization of Selling Activity and Sales Force Performance: An Empirical Investigation," *Journal of Academy of Marketing Science*, 33 (1), 3–19.
- Lan, Pei-Chia (2002), "Networking Capitalism: Network Construction and Control Effects in Direct Selling," *Sociological Quarterly*, 43 (2), 165–184.
- Norris, Daniel T. (2007), "Sales Communication in a Mobile World: Using the Latest Technology and Retaining the Personal Touch," *Business Communication Quarterly*, 70, 4 (December), 492–497.
- Peterson, Robert A., and Gerald Alba (2007), "On the Ethicality of Internal Consumption in Multilevel Marketing," *Journal of Personal Selling & Sales Management*, 27, 4 (Fall), 317–323.
- , and Thomas R. Wotruba (1996), "What Is Direct Selling? Definition, Perspectives and Research Agenda," *Journal of Personal Selling & Sales Management*, 16, 4 (Fall), 1–16.

- Pratt, Michael G. (2000), "The Good, the Bad, and the Ambivalent: Managing Identification Among Amway Distributors," *Administrative Science Quarterly*, 45 (3), 456–493.
- , and José Antonio Rosa (2003), "Transforming Work–Family Conflict into Commitment in Network Marketing Organizations," *Academy of Management Journal*, 46 (4), 395–418.
- Pride, William M., and O.C. Ferrell (2010), *Marketing*, 15th ed., Mason, OH: South-Western Cengage Learning.
- "Primates on Facebook" (2009), *Economist*, February 28–March 6, 84–85.
- Rapp, Adam, Raj Agnihotri, and Lukas P. Forbes (2008), "The Sales Force Technology–Performance Chain: The Role of Adaptive Selling and Effort," *Journal of Personal Selling & Sales Management*, 28, 4 (Fall), 335–350.
- Sanan, Denis (1997), "From the Practitioner's Desk: A Comment on 'What Is Direct Selling?—Definition, Perspectives, and Research Agenda,'" *Journal of Personal Selling & Sales Management*, 17, 2 (Spring), 57–59.
- Schlosser, Francine K. (2007), "Can Sales Managers Use Handhelds to Monitor Salespeople and Support Good Relationships?" *Qualitative Market Research*, 10, 2 (January), 183–198.
- Seale, Barbara (2008), "High Tech or High Touch?" *Direct Selling News*, 4, 12 (December), 6–11.
- Sheth, Jagdish, Rajendra Sisodia, and Arun Sharma (2000), "The Antecedents and Consequences of Customer-Centric Marketing," *Journal of the Academy of Marketing Science*, 28 (1), 55–66.
- Singh, Tanuja, Liza Veron-Jackson, and Joe Cullinane (2008), "Blogging: A New Play in Your Marketing Game Plan," *Business Horizons*, 51, 4 (July–August), 281–292.
- Speier, Cheri, and Viswanath Venkatesh (2002), "The Hidden Minefields in the Adoption of Salesforce Automation Technologies," *Journal of Marketing*, 66 (3), 98–111.
- Vander Nat, Peter J., and William W. Keep (2002), "Marketing Fraud: An Approach for Differentiating Multilevel Marketing from Pyramid Schemes," *Journal of Public Policy & Marketing*, 21 (Spring), 139–151.
- World Federation of Direct Selling Associations (WFDSA) (2010), "What Is Direct Selling?" Washington, DC (available at www.wfdsa.org/legal_reg/index.cfm?fa=directselling).
- Young, Louise, and Gerald Albaum (2003), "Measurement of Trust in Salesperson–Customer Relationships in Direct Selling," *Journal of Personal Selling & Sales Management*, 23, 3 (Summer), 253–269.

Copyright of Journal of Personal Selling & Sales Management is the property of M.E. Sharpe Inc. and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.