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E-COMMUNICATION IN PERSONAL SALES: INTERNET USAGE AND PERFORMANCE

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E-COMMUNICATION IN PERSONAL SALES: INTERNET USAGE AND PERFORMANCE

Interpersonal face-to-face communication is the key value creation aspect of direct selling business model. Nowadays more and more sellers employ virtual communication channels. The study explores whether usage of Internet technologies for communication with customers brings benefits or extinguish performance of direct selling individual distributors. The research is based on the quantitative analysis of country-wide paper based survey from 5694 respondents. The statistical analysis of total sample revealed that usage of Internet in general does not give advantages for distributors. However, usage of person-to-person Internet communication tool, such as e-mail, allows achieving better performance as measured by earnings per hour worked and earning per month. Surprising is the fact that the most successful young distributors (at the age under 35 years) do not use Internet for communication with customers at all. For distributors over 35 years old neither Internet nor e-mail usages have got impact on performance. In rural areas users of Internet communication tools show lower influence on performance. In big cities usage of e-mail provides significantly higher performance, but general usage of Internet does not. Consequently, the effects from usage of Internet technologies for communication with customers are achieved in case of person-to-person communication. Moreover the most productive sellers give priority to the live communication.

Keywords: direct selling, Internet, performance, communication

JEL code: Z

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Introduction

Internet technologies are increasingly viewed as the drivers for business development in various industries. Implementing technologies companies are changing their business models to generate and capture more value.
For business model of direct selling, where distributer's activities and interpersonal communication are the key subjects of value delivery and catch mechanisms, these changes are staminal.

The key players and value creators in the direct selling (DS) business model (BM) are distributors. ***Distributor is defined*** as a salesperson in the distribution channel of direct selling industry. Distributors are considered as individual small enterprises. On emerging markets direct selling industry fill the gap in weak distribution system, especially in regions. For citizens direct selling is the source for incomes increase.

A business model articulates a value proposition and activities to generate and capture value. In direct selling traditionally communication with customers is the key aspect. Communication is based on demonstrations and personal engagement that make the buying process highly tangible and multisensory for consumers. Sometimes this **relationship creates more value than the product** itself (Luk, Fullgrabe, Yi, 1996). Sanan (1997) argues that the face-to-face meeting is the key descriptor of direct selling that gives it a competitive edge over other distribution channels. For example, beauty product consultants conduct customized makeovers and "teach skin care" instead of "sell cosmetics" (Biggart 1989; Peterson, Wotruba 1996). Some direct selling approaches reframe selling as "sharing" ideas and good products 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, Wotruba 1996). The above statements from previous research are confirmed with our empirical data in 2014. According to the results of the survey 85.1 % of respondents indicated "Individual approach to the customer" as the most valuable aspect of direct selling channel.

Today communications could be conducted electronically instead of face-to-face, thus hindering a traditional relational element. Consumers have got easy access to any information, so role and importance of distributor as an informer shifts. For example, thousands on-line videos in Youtube and other resources realize informative, education and reference, advising functions. Therefore, the sharing of information and education in a personalized manner is no longer a competitive advantage. Technologies have got positive or negative effects on the sales job,

nevertheless social media are identified as a dominant new customer communication tool (Marshall et al, 2012).

The Internet is greatly impacting on business model of direct selling in terms of way of working and communicating. The Internet has enabled changes in the traditional business model of direct selling. DS industry has been built on the personal relationships with consumers. New technologies change the way of personal interactions. Virtual communication becomes an equivalent to, or a substitute for, face-to-face communication. ***Internet communication implies*** usage of the web-based communication channels: multimedia prospecting tools (online video, audio), as well as training for their organizations, which end up being consumed on phones, iPods and iPads. Distributors are experimenting with these mediums, and various applications for mobile tools they can use to augment their in-person and online business efforts.

Consumers are increasingly turning to information technology systems including social media to gain knowledge about products and companies (Crittenden et al. 2010; Ferrell, Gonzalez-Padron, Ferrell 2010; Sharma, Sheth 2010).

For companies use of technology (i.e., Web presence, sales automation applications) supports a reputation for innovation. 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. The corporate Web sites provide corporate and general product information. It can facilitate consumer education and possibly preempt questions and concerns about the company and its products (Ferrell, Gonzalez-Padron, Ferrell, 2010).

Information technologies are bringing both new opportunities and challenges. On the one hand companies can easily and quickly communicate with partners, customers and community. On the other hand, consumers can straightforwardly look for the any market information about products, competitors and prices. In other words customers have got near perfect market information (dsa.com). Instant access to an endless source of information and low switching costs may provoke regular change of vendors.

1. Theoretical background

Over the years several researches have traced the impact of technologies on various aspects of the sales domain. Table 2 presents studies and findings on such issues as usage of technologies and sales performance. In sales the new technology assisted overcome boundaries of distance. Technologies give distributors the opportunity to place orders, check volume, tracking movement of order, and register customers in real time using computers and mobile devices. This article put attention to the aspects of Internet technologies in communication with customers. Does virtual communication via Internet tantamount to face-to-face communication?

A major drawback to the use of Internet for communication with customers is that very little research evidence exists concerning its efficiency in the business model of direct selling.

Tab.1.Summer on previous research on influence of technologies on sales performance

Study	***Industry***	***Method***	***Major findings***
Ferrell, Gonzalez-Padron, Ferrell, 2010	Direct selling	Qualitative research, 10 in-depth interviews	Direct sellers, who use **technology**, were significantly more successful that those who did not.
Ahearne, Rapp 2010	Not applicable	Theoretical paper	In business to-consumer sales interactions, technology takes on a varying role and often enables a salesperson to complete a sale successfully. Salesperson–customer shared technologies will allow for (a)greater customization options and (b) opportunities for cross-selling and up-selling.
Setia, Richardson, Smith, 2015	b2b	5868 unique customer-supplier dyadic pairs	IT usage co-creates value for both partners. A strong positive relation was shown between customer and supplier IT spending intensity and corresponding profitability. Increased IT intensity enhances the probability of value being generated for both the partners in a dyad.
Rodriguez, Peterson, Krishnan, 2012	25 different industries, b2b	Structural equation modeling, 1,699 salespeople	Findings support that **social media technology** has a positive relationship with sales processes (creating opportunities and relationship management) and relationship sales performance.
Hunter, William, Perreault, 2006	Consumer packaged goods company	Confirmatory factor analysis, 79 sales representatives	Results indicate that a **salesperson's technology orientation** has a direct impact on internal role performance, and it affects performance with customers through a double-mediated mechanism involving the effective use of information and smart selling behaviors.
Speier Venkatesh, 2002	Telecom, Real estate industry	Confirmatory factor analysis, 454 salespersons	Implementation of sales automation decreases organizational commitment and job satisfaction of the salespeople.
Ahearne, Srinivasan, Weinstein, 2004	Pharmac eutical firm	Regression, 131 salespeople	Initially, technology usage is enabling on sales performance, but ultimately has a disabling effect on sales performance. It is necessary to maintain a particular level of technology usage to optimize prime task performance.

Modern technologies accompany processes on all stages of sales. Although sales technology applications have been found to reduce costs, increase sales efficiency, facilitate supply chain activities such as ordering, or deliveries, 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). Study in the real estate industry showed that implementation of sales automation changes the role of the salespeople and creates job insecurity (Speier, Venkatesh 2002).

Virtual communication impacts value of personal interaction from a consumer perspective. Usage of Internet technologies for communication may improve productivity, but challenge the customary "high-touch" tradition in the industry (Ferrell, Gonzalez-Padron, Ferrell, 2010).

To the best of our knowledge, no academic research exists that measures performance effects from web-based communication within a direct selling context. If web-based technologies give advantages in communication with customers. Hence, the current study makes several contributions. Research question of the paper: Whether usage of Internet technologies for communication with customers enables distributors to achieve greater levels of performance.

2. Hypothesis development

2.1. Usage of Internet for communication with customers and performance

In spite of all apprehensions emerging technologies are irreversibly embedding into direct selling industry. Internet technologies become integral part of communication with customers and companies. According to the survey data almost half of distributors use the Internet (47%) and e-mail (34.1%) for customers search and communication. 55% of distributors use Internet to communicate with the company and placing orders.

Internet-based communications implies various tools including relationship-Oriented Social Media: blogs, wikis, video sharing sites, web-based e-mail services that are free of charge, mashups, folksonomies, virtual communities, and other web services (Kaplan and Haenlein 2010). Table 1 shows the most popular tools used in direct selling industry.

Tab. 2. Web based communication channels

Channel	Applications
E-mail	Gmail, Mail.ru
Web site	Corporate web sites
Blogs	Livejournal
Micro blog	Instagram, Twitter
Video channels	Video beauty blogs on Youtube
Social networks	Facebook, Odnoklasniki, Vkontakte
Professional social networks	LinkedIn, PartnerUp,
Webinars, Video conference	Geniroom, Mikogo, Clickmeeting
Message exchange	Skype, Viber, Whatsapp

E-mail communication channel includes targeted e-mails with links to product Web sites, e-mails with embedded video or audio files, and e-mail directives with special offers to encourage

reorders. But e-mail communications frequently fail due to security systems that block e-mail, opt-out decisions, and full mailboxes. 34,1% of distributors referenced e-mail as the primary mode of communicating with company and maintaining personal contacts with customers.

In the industry that has historically differentiated itself by face-to-face personal relationships; we explore the efficiency of virtual communication. The study examines the link between usage of Internet for communication with customers and the performance of distributors in direct selling industry.

H1: Usage of Internet and e-mail for communication with customers will stimulate higher mean levels of distributor's performance.

2.2.Usage of Internet for communication with customer in different age groups

Communication strategies crucially differ depending on the age of target audience. Younger generation tend to be more proficient technology users, while senior generation need more time for adaptation and mastering of new technologies. Therefore the sample was additionally splited into groups according to the age parameter as follows: distributors under 35 years and people at the age of 35 and older.

Tab. 3. Age structure of distributors in sample

	Amount of distributors	Share from total sample		Share	Samples
Younger 18	28	0,5%	1533	23 %	Youth sample
19-24	492	8,7%			
25-30	775	13,6%			
31-34	502	8,8%			
35-40	684	12,0%	4827	77 %	Senior sample
41-50	1159	20,4%			
51-55	789	13,9%			
56-65	973	17,1%			
Over 65	278	4,9%			
Total	5680	100,0%			

Competitive pressures to respond to the "Net-generation" and the growing use of technology among all age groups require the direct selling industry to discover the right balance of high tech and high touch (Norris, 2007). Younger salespeople are more comfortable building virtual relationships. Younger salespeople are using social media in every aspect of their lives—bringing their non-work world into the workplace (Marshall et al, 2012).

The age disproportion exists among distributors, as it seen from the sample age structure (Table 3). The share of youth is much lower. As it is seen from the figure 3 the share of Internet and email users declines with the age.

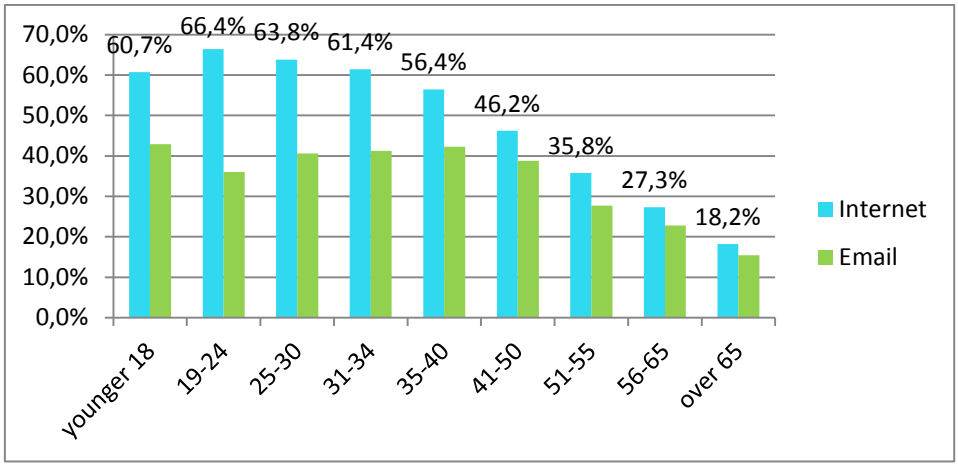

Figure 3. Share of Internet and email users in different age groups of distributors

We aggregate respondent in to groups at the age under 35 years and over 35 years. The criterion for such division is an official categorization of people at the age under 35 as "youth". The sample age structure is shown in the Table 3. For each group hypothesis were stated.

H2: Usage of Internet and e-mail for communication by young distributors enables the distributors to achieve greater mean levels of performance.

H3: Usage of Internet and e-mail for communication by senior distributors enables the distributors to achieve greater mean levels of performance.

2.3.Internet usage and efficiency in big and small cities

Spread of technologies is not homogeneous in different locations. Internet technologies are widely spread in metropolises. In big cities people tend to use Internet for purchasing goods and cosmetics more regularly. Contra the level of Internet expansion is lower in rural areas (Table 4). In small cities and rural locations communication tools tend to be more conventional. Therefor the sample was additionally spited into groups according to the location type (urban and rural areas).

Tab. 4. Location sample structure and Internet penetration rate

Location size	Internet penetration rate*	Amount of distributors	Share from total sample	Samples
Over 1 mln. people	69 % and over	2579	46,2%	Big cities' sample
500 thousand - 1 mln.	66 %	957	17,2%	
100 thousand - 500	69 %	1017	18,2%	
10 thousand- 100 thousand	63 %	693	12,4%	Small cities and rural areas' sample
Less than 10 thousand	51 %	332	6,0%	
Total amount of respondents		5578	100,0%	

In the research we assume that Internet communication will give more benefits for the distributors from big cities. The following hypotheses were stated:

H4: Usage of Internet and e-mail for communication in big cities enables the distributors to achieve greater levels of efficiency.

H5: Usage of Internet and e-mail for communication in rural areas enables the distributors to achieve greater levels of efficiency.

3. Methodology

To find the answer to the question, we employ quantitative method of analysis. The data was collected jointly with the Direct Selling Association (RDSA). The paper-based survey was held in 2014 and included 5694 respondents. The sampling frame includes distributors from 74 regions. The questionnaire was composed from 36 questions concerning characteristics of distributors and various aspects their business activities.

Survey included 16 top DS companies. In the research we consider only single level direct selling business model, where salespeople devote all efforts to selling and achieve all compensation based on their own sales and do not build an organization via recruiting and training (Brodie et al. 2002).

Performance is measured by self-report on income. It should be noted that distributors spend different number of hours on sales: from 1 hour up to 40 hours per week. To test our hypothesis we use earnings per month and earnings per hour. Earnings per hour is the best common measure of distributors performance, since it directly reflects sales volume which is their primary performance goal (Wotruba,1990). Performance is calculated by earnings per hour based on two separate questionnaire answers. One involved self-report on rubble earnings. Self-reported performance has been shown to be reliable in previous sales force research (Churchill et al. 1985). The other question measured hours worked per week.

In the research we have different categories of Internet users identified by the factor of «frequency of Internet and e-mail usage». The questionnaire included the following questions: “Have you used Internet for communication with customers to sell your products” and “Have you used e-mail for communication with customers to sell your products”. The questionnaire has four possible answers as follows: no (do not use), seldom, often, and regularly. Further we compare performance in four groups.

Frequency of Internet usage served as the factor in a one-way analysis of variance with

the income per hour as the dependent variable. Efficiency output data were compared between the groups to determine whether differences exist between the mean values of performance outcomes.

4. Analysis and results

It is important to mention, that from the total sample we have excluded 773 distributors, who use products only for personal use. Table 5 presents results of statistical analysis. Differences are considered statistically significant at a level of P > 0.05. The difference in performance between internet users and "not-users" is significant. All hypotheses are supported. Internet and e-mail users have got better performance.

Tab.5. Performance of distributors in four groups of Internet users (earning per month)

		Frequency of Internet usage for communication with customers/ Earning per month							
		Do Not use	Seldom	Occasionally	Regularly	F-statisti	Sig.		
Total sample	Internet	10662.26	13336.54	15619.86	14935.53	37.52	0.00	H_1	+
	Email	11233.02	12690.23	15812.97	17433.33	40.30	0.00	H_1	+
Youth (under 35	Internet	6100.65	7471.01	9340.39	10755.88	17.07	0.00	H_2	+
	Email	7579.46	7651.04	10400.44	11024.54	7.31	0.00	H_2	+
Senior (35+)	Internet	11759.28	16787.77	19269.53	18866.80	53.50	0.00	H_3	+
	Email	12486.41	16340.54	18639.36	20349.32	41.20	0.00	H_3	+
Big cities	Internet	10876.89	13959.54	15923.65	15941.44	33.59	0.00	H_4	+
	Email	11571.28	13320.28	15982.52	18520.29	33.46	0.00	H_4	+
Small locations	Internet	8885.06	10445.40	13884.11	9975.49	5.90	0.00	H_5	+
	Email	8706.19	10100.00	14525.00	13435.78	9.78	0.00	H_5	+

But as it was mentioned before distributors spend different number of hours per week for direct selling (figure 4). So we check performance for 8 different groups of distributors who spend various number of hours for direct selling per week. Table 6 presents the results of the analysis.

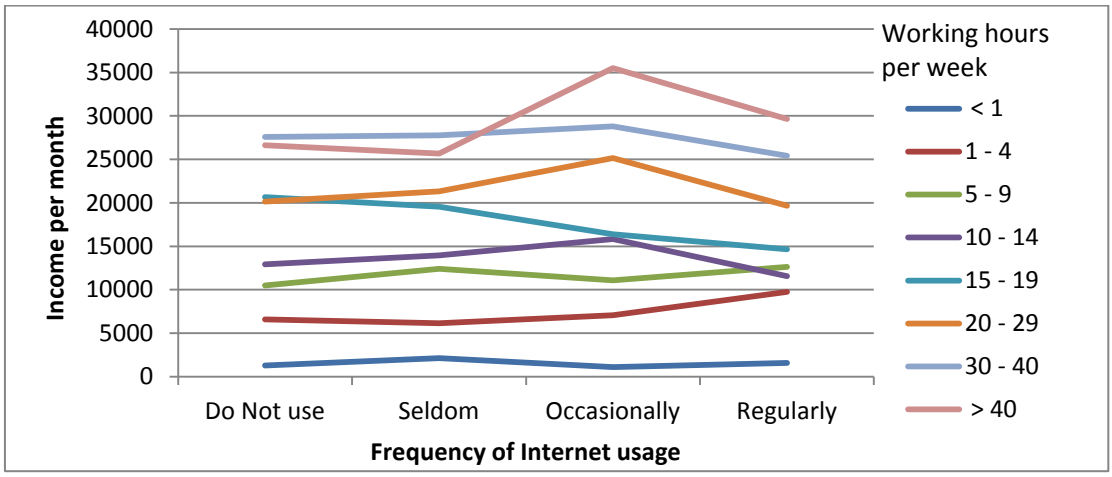

Figure 4. Internet usage and performance (income per month)

Tab.6. Performance of distributors in eight groups (earning per month)

Working hours per week, (amount of distributors)		Frequency of Internet usage for communication with customers/ Earning per month					
		Do Not use	Seldom	Occasionally	Regularly	F-statistic	Sig.
< 1, (672)	Internet	1265.59	2132.35	1114.04	1566.18	2.64	0.05
	Email	2992.42	4370.37	2973.68	5461.54	2.48	0.06
1 – 4, (1704)	Internet	6568.40	6146.63	7075.38	9747.19	6.92	**0.00**
	Email	6219.34	7189.81	8509.87	12799.24	16.53	**0.00**
5 – 9 , (1076)	Internet	10501.97	12409.09	11062.13	12614.63	1.58	0.19
	Email	10598.62	10693.28	12200.00	15014.85	3.49	**0.02**
10 – 14, (656)	Internet	12918.48	13957.32	15814.29	11562.94	2.05	0.11
	Email	13391.13	10727.27	14964.71	13118.06	1.31	0.27
15 – 19, (414)	Internet	20670.52	19548.08	16381.94	14663.16	3.11	**0.03**
	Email	19027.90	16119.57	16982.46	18250.00	0.52	0.67
20 – 29, (468)	Internet	20152.41	21304.35	25168.54	19653.06	2.36	0.07
	Email	21192.46	20137.93	24065.22	19304.69	1.09	0.35
30 – 40, (301)	Internet	27567.96	27756.41	28796.88	25406.67	0.49	0.69
	Email	26833.33	27784.09	27041.67	28577.78	0.14	0.94
> 40, (304)	Internet	26613.64	25662.50	35515.63	29632.53	4.19	**0.01**
	Email	26948.98	27923.08	36159.09	32433.33	3.89	**0.01**

According to the results (table 6) the difference in performance was almost not significant. H_1 was supported only for few groups. Usage of Internet provides better performance for distributors who spend 1-4 hours per week and more than 40 hours per week.

Thought-provoking results were received for group of distributors spending for direst selling 15-19 hours per week. The difference between internet users and not-users was significant. But correlation was negative. Frequent usage of Internet has got negative impact on performance.

The above results bring to the idea to check if there is a distinction in Internet usage between eight groups. The difference is significant (sig.=0,00), therefore we have to look for some more evidence for our hypothesis.

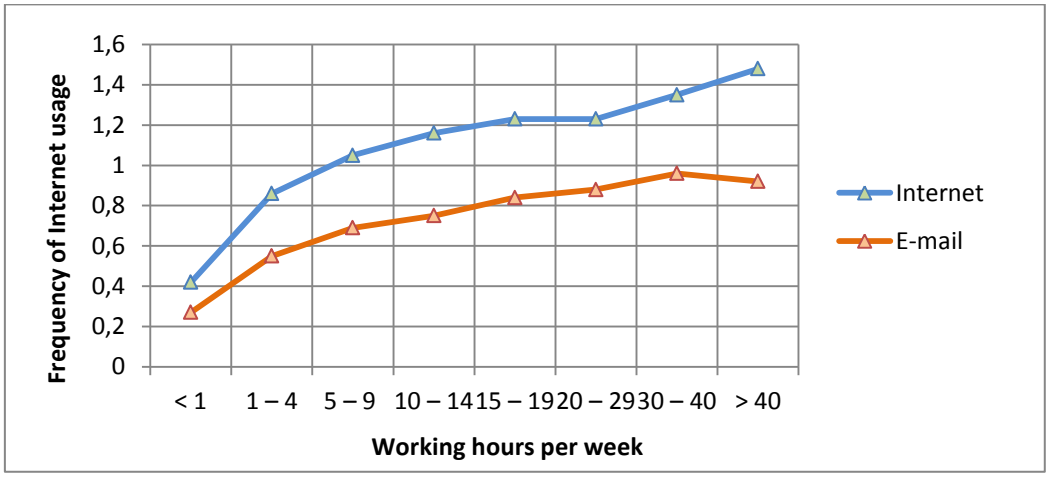

Figure 5. Working hours per week in direct selling and frequency of Internet usage for communication with customers

Verification of results in earnings per hour is conducted for 8 different groups of distributors who spend various number of hours for direct selling per week. The outcomes in earning per hour (table 7) correspond to results in earnings per month (table 6). There is a slight difference in figures, but conclusions are the same.

Tab.7. Performance of distributors in eight groups (earning per hour)

Working hours per week, (amount of distributors)		Frequency of Internet usage for communication with customers/ Earning per hour					
		Do Not use	Seldom	Occasionally	Regularly	F-statisti	Sig.
< 1, (672)	Internet	1234,47	2174,24	1127,27	1617,19	3,04	**0,028**
	Email	1247,71	2046,30	1250,00	2519,23	2,68	**0,046**
1 – 4, (1704)	Internet	524,56	500,99	588,96	814,83	6,88	**0,000**
	Email	495,49	597,03	712,45	1091,22	16,68	**0,000**
5 – 9 , (1076)	Internet	376,28	453,95	401,37	461,08	1,67	0,172
	Email	381,19	388,06	443,75	550,62	3,38	**0,018**
10 – 14, (656)	Internet	272,85	294,72	334,61	243,81	1,78	0,148
	Email	283,36	221,96	317,65	277,78	1,29	0,276
15 – 19, (414)	Internet	325,90	303,03	247,45	220,59	3,49	**0,016**
	Email	296,54	245,20	253,80	286,90	0,67	0,568
20 – 29, (468)	Internet	215,48	225,52	267,94	203,82	2,23	0,084
	Email	227,18	209,98	248,32	204,40	0,78	0,505
30 – 40, (301)	Internet	205,14	208,70	218,58	191,67	0,43	0,725
	Email	201,25	204,87	206,18	216,67	0,14	0,936
> 40, (304)	Internet	135,86	138,31	193,04	158,46	4,68	**0,003**
	Email	139,70	151,86	194,89	176,72	4,29	**0,006**

To confirm the result the same hypothesis are tested relatively to income of distributors per hour. Table 6 presents the results of AVOVA analysis. Unexpectedly we come up with totally controversial results.

Tab.8. Performance of distributors in four groups of Internet users (earning per hour)

		Frequency of Internet usage for communication with customers/							
		Do Not use	Seldom	Occasion-ally	Regularly	F-statistic	Sig.		
Total sample	Internet	502,1	430,94	422,56	461,84	2,209	0,085	H_1	-
	Email	472,43	410,83	454,89	**560,92**	2,706	**0,044**	H_1	+
Youth (under 35 years)	Internet	**430,4**	299,29	292,59	322,27	6,008	**0,00**	H_2	-
	Email	371,95	297,61	310,98	353,59	1,675	0,17	H_2	-
Senior (35+)	Internet	522,38	517,78	497,87	601,69	1,012	0,386	H_3	-
	Email	514,34	497,58	530,32	651,19	1,973	0,116	H_3	-
Big cities	Internet	512,34	463,63	442,23	498,49	1,029	0,379	H_4	-
	Email	486,99	429,32	475,6	**613,31**	2,951	**0,031**	H_4	+
Small locations	Internet	435,61	384,69	364,15	369,87	1,655	0,175	H_5	-
	Email	415	354,52	370,47	355,92	0,581	0,627	H_5	-

For the total sample it was found that the use of the Internet does not have a significant impact on the performance of distributors. At the same time, the use of e-mail allows distributors to achieve greater results in the industry compared to those who do not use email to communicate with customers or rarely used.

First hypothesis (H_1) asked about the impact that usage of Internet has on distributor's performance. The ANOVA revealed that there is no significant difference in performance within four groups of Internet users. Moreover distributors who do not use Internet or use it rare are more effective. (Figure 4).

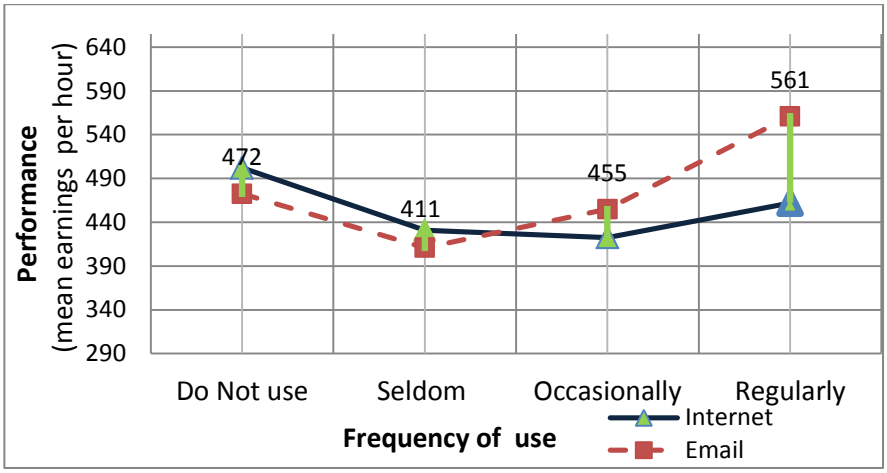

Figure 4. Performance of distributors in four groups of Internet and e-mail users

Concerning email the analysis of variance shows that differences are statistically significant (sig. 0,044) at a level of P > 0.05. Regular e-mail usage enables the distributors to achieve greater levels of efficiency.

H1 predicts higher levels of performance for Internet users versus non Internet users. The results support this hypothesis partially.

Conclusion on H1: Internet communication tools usage does not enable the distributors to achieve greater levels of performance. However, regular usage of e-mail for communication with customers has positive impact on performance.

Different age groups

In the second part of the two samples are treated separately: young people aged 18 to 34 years of age and over 35 distributors. Hypothesis H2 and H3 proposed differences in performance for the young and senior distributors. It was assumed that the use of the Internet will have a significant impact on the effectiveness of youth and little effect on the activity of over 35 distributors.

Figure 5 shows surprising results of variance analysis for distributors in four groups of Internet users at the age under 35. It turned out that the use of the Internet has a negative impact on performance. The best results are shown by the group of distributors that do not use Internet. This result is confirmed by the high level of significance. For e-mail usage there is no significant difference in performance within groups. *Conclusion on H2*: Internet usage for communication with customers does not enable distributors under 35 to achieve greater levels of performance.

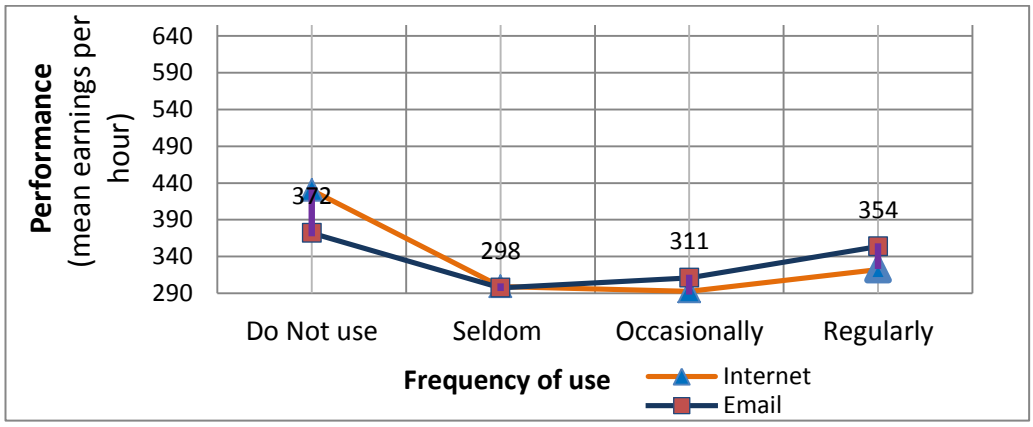

Figure 5. Performance of distributors under 35 in different groups of Internet users

Statistical analysis showed usage of the Internet and e-mail have no significant impact on performance of distributors over 35 years. However, distributors, who regularly use the Internet and email to communicate with customers, achieve better results. *Conclusion on H3***:** Usage of Internet does not enable distributors at the age over 35 to achieve greater results.

Different location size

Contrary to expectations Internet does not give much benefit for distributors in big cities. The results showed no significant differences between the four groups of Internet users. However usage of e-mail for communication with customers comes out to increase performance of distributors in big cities. It is important to mention that the difference within groups is significant. That means that regular e-mail usage give benefits for distributors (Figure 7).

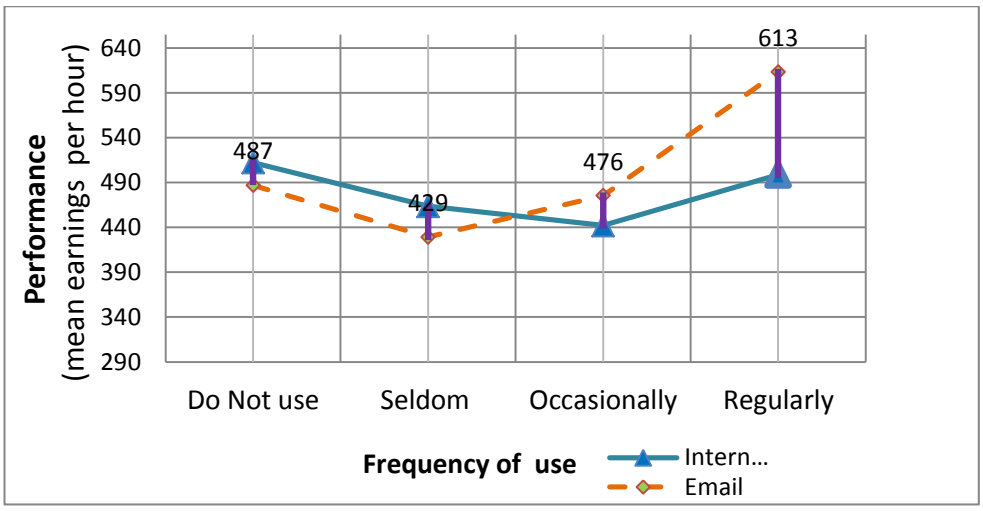

Figure 6. Efficiency and usage of Internet by distributors in big cities

Conclusion on H4: Internet usage for communication with customers does not enable the distributors in big cities to achieve greater levels of performance. Usage of e-mail enables distributors achieves greater levels of income.

The opposite situation is observed in the case of small cities (Figure 8). The difference in income between groups is not statistically significant. The higher effectiveness is achieved by distributors, who do not use the Internet for communication with customers.

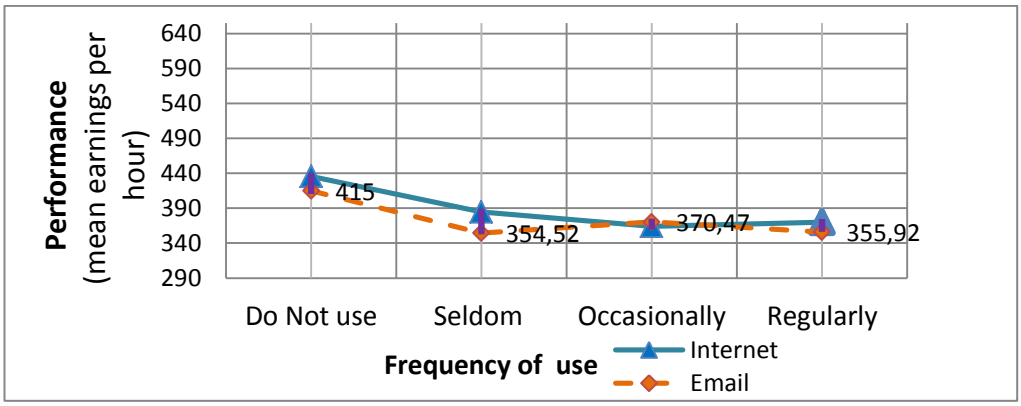

Figure 8. Performance of distributors in small cities and rural areas

Conclusion on H5: Usage of Internet and e-mail for communication with customers does *not* enable the distributors in small locations to achieve greater levels of performance.

Discussion and managerial implications

Technology has transformed the traditional business model and communication channels of direct selling. Today majority of distributors use web-based tools for communication with customers. Even technologies are expected to facilitate performance; our quantitative research discovers surprising results. Statistical analysis by ANOVA reveals that the efficiency does not differ in four groups of Internet users. Moreover distributors who do not use Internet for communication with customers or use it rare show higher mean levels of earnings per hour. However communication with customers via e-mail gives benefits to distributors.

Internet technologies have driven changes in direct selling business-model. But virtual communication is not beneficial for distributors comparing to face-to-face traditional communication. Interpersonal communication with customers via e-mail is revealed to be appropriate tool for distributors. It follows that other means for virtual individual communication should be beneficial instruments either. Distributors should employ technologies to augment the personal relationships with consumers.

The findings suggest several important managerial implications for sales management. The major implication for managers of direct selling is to concentrate on interpersonal communication technologies.
The effects from usage of Internet technologies for communication with customers are achieved in case of individual communication such as e-mail exchange. The emphasis on the personal approach can substitute real interpersonal communication, which is the key competitive advantage of the direct selling industry. Developmentally, direct sellers should apply Internet technologies for strengthening of individual approach to customers.

The second practical outcome concerns age disproportions in sales force. According to the survey income of the distributor over 35 years is significantly higher. This result is caused by a wider network of contacts and communication skills in the older generation. In turn, the younger generation may be more efficient in use of virtual communication channels. They could expand their contacts, increase segment of customers under 35, and raise their income and the efficiency of the whole industry. Here again, we put emphasis on individual approach to clients. For example, companies may elaborate on-line services and applications for the development of individual style, selection of cosmetics, accessories and other products. Shrewd implementation of Internet communication technologies into industry could attract young generations into industry.

In spite of tremendous technological changes practitioners have to find balance between virtual and face-to-face communication. Internet technologies in direct selling is just

supporting marketing tactic. They may be used as a means to reduce cost, increase efficiency, and facilitate supply chain activities such as ordering, inventory, and deliveries. But interpersonal communication is still the key competitive advantage of DS industry on emerging market. Virtual communication maintains key competitive advantage of direct selling in the case of individual approach.

Further research should include wider spectrum of web-based communication tools. Certainly diversification of tools would make vibrant answer how to manage communication channels and increase performance.

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