

Direct Selling Channels

1.1 Single-Level Marketing or SLM

1.2 Multi-Level Marketing or MLM

1.3 Pyramid Scheme Selling



Direct Selling Channels

1.1 Direct selling channels definition and how to

Direct selling consists of single-level marketing (in which a direct seller makes money by buying products from a parent organization and selling them directly to customers) and multi-level marketing (in which the direct seller may earn money from both direct sales to customers and by sponsoring new direct sellers and potentially earning a commission from their efforts)

TOP 10
DIRECT SELLING
companies
in
2022



AVON



Direct Selling Channels

1.1 Single-Level Marketing or SLM

1.1.1 Meaning of SLM is

performed one-on-one or door-to-door, via personal presentations using physical or online catalogs. Income is based on sales commissions and possible bonuses when reaching some goals. Usually, the salesperson is an independent contractor, who takes the order that will be shipped directly to the end customer by the company they represent.

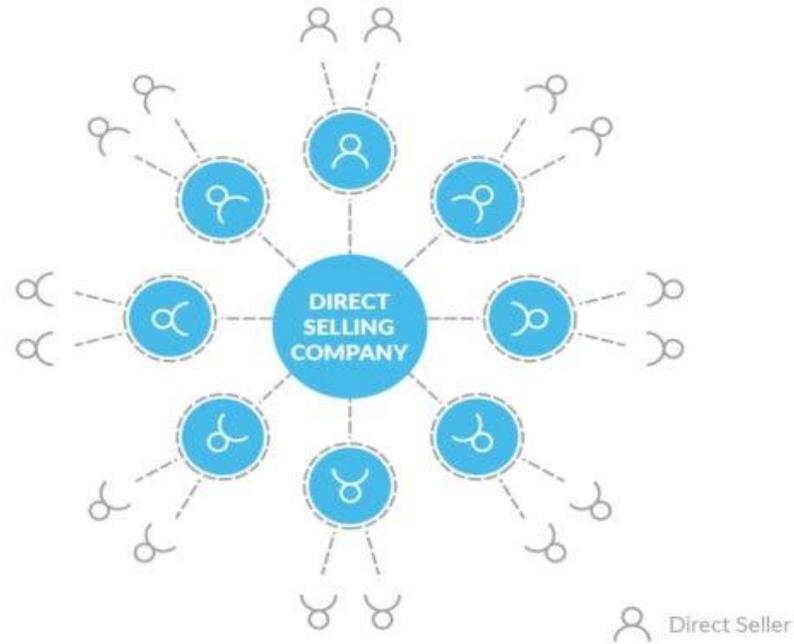


Direct Selling Channels

1.1 Single-Level Marketing or SLM

1.1.2 Typical Structure of SLM

SINGLE-LEVEL MARKETING ORGANIZATION



Direct Selling Channels

1.1 Single-Level Marketing or SLM

1.1.3 Compensation commission system of SLM

1. The commissions/incentives should only be paid out on the retail of product/s.
2. The direct seller should have the opportunity to earn by retailing of products even though he may not have introduced any direct sellers in his/her tree structure/marketing organization.
3. There should be no compulsion or the minimum purchase criteria to activate and start earning income from the compensation plan.
4. No charge/fees for enrolment.
5. No commissions/incentives or rewards should be given/offered to the direct sellers for enrolment of new direct sellers.
6. Payment of Incentives/Commission - The payment of commissions/incentives should be made without fail and delay as per the commitments of the compensation plan followed by the company.
7. No commissions/incentives and/or rewards should be generated on purchase/retail marketing/promotional material/Events including Brochures.

Direct Selling Channels

1.1 Single-Level Marketing or SLM

1.1.4 Product sales for SLM

- Consumer Products
- Shopping Goods
- Service Products
- Service Businesses



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- Consumer Products

- Shopping Goods

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Direct Selling Channels

1.2 Multi-Level Marketing or MLM

1.2.1 Meaning of MLM

refers to a strategy used by some direct sales companies to sell products and services. MLM encourages existing members to promote and sell their offerings to other individuals and bring on new recruits into the business. Distributors are paid a percentage of their recruits' sales. New recruits become the distributor's network or downline and are, in turn, encouraged to make sales to earn money.

Amway

Amway is a well-known direct sales company that uses MLM to generate revenue. The company, which sells health, beauty, and home care products in more than 100 countries, reported \$8.9 billion in sales conducted by its independent business owners in 2021. This makes it the largest MLM business in the world, by revenue.

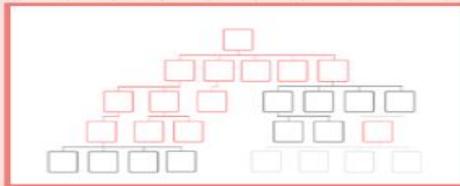
Direct Selling Channels

1.2 Multi-Level Marketing or MLM

1.2.3 Compensation commission system of MLM

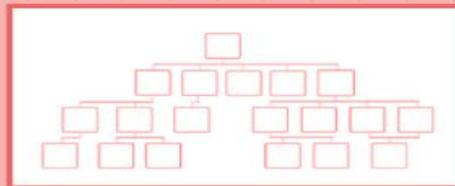
THE THREE MAIN MLM COMPENSATION PLAN TYPES

Breakaway, Unilevel & Binary Definitions



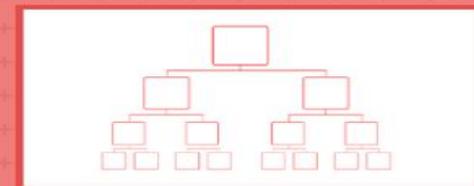
BREAKAWAY

- A classic structure that gives many companies a solid earnings base for the rest of their contests, promotions, and supporting commissions.
- The breakaway plan pays distributors in two different ways, depending on whether or not they've reached the "breakaway rank."
- As new distributors grow and develop their business, they're paid based on group volume. After reaching the breakaway rank, though, their entire earning plan changes, becoming a generation bonus instead.



UNILEVEL

- A simpler and more inviting direct sales model; each level of recruits (horizontal groups connected to the main distributor) is assigned a commission percentage.
- As distributors achieve new ranks in the plan and grow their downlines, they're eligible to receive commissions from more of their downline levels.
- The higher the rank, the more levels of downline sales they benefit from.
- Distributors can build exactly the kind of organization they want.



BINARY

- This iconic staple of the MLM industry was developed in the 80's. Many people thought it was far too bizarre to catch on permanently, but it's had huge success since then, helping companies to reach billion-dollar earnings.
- Structure completely defines a binary plan—every distributor is limited to no more than two distributors on their first level of sales.
- Distributors earn commissions from only one side (or leg) of their downline—the lesser earning leg, or "pay leg."

Direct Selling Channels

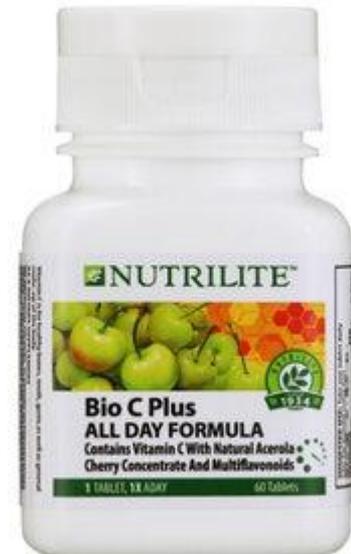
1.2 Multi-Level Marketing or MLM

1.1.4 Product sales for MLM

- Non-product placements
- High quality products
- Variety products
- New product launching



Omega 3 Complex



Amway Nutrilite Bio C

Direct Selling Channels

1.2 Multi-Level Marketing or MLM

1.1.4 Product sales for MLM

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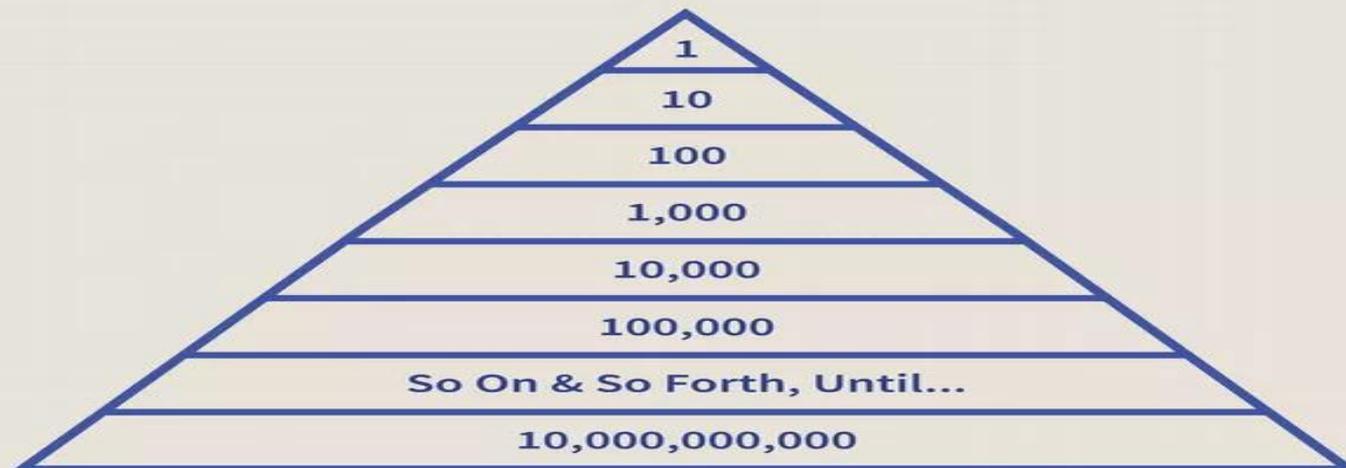


Direct Selling Channels

1.3 Pyramid Scheme Selling

Meaning is

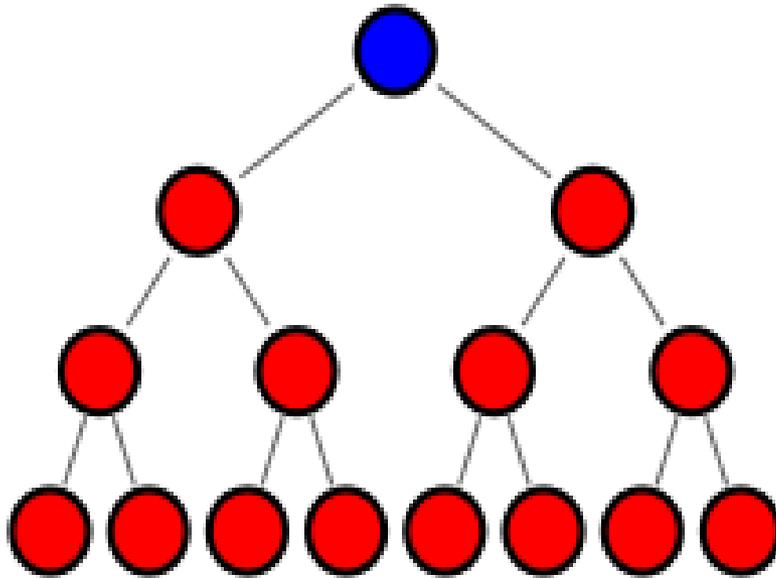
a business model that recruits members via a promise of payments or services for enrolling others into the scheme, rather than supplying investments or sale of products. As recruiting multiplies, recruiting becomes quickly impossible, and most members are unable to profit; **as such, pyramid schemes are unsustainable and often illegal.**



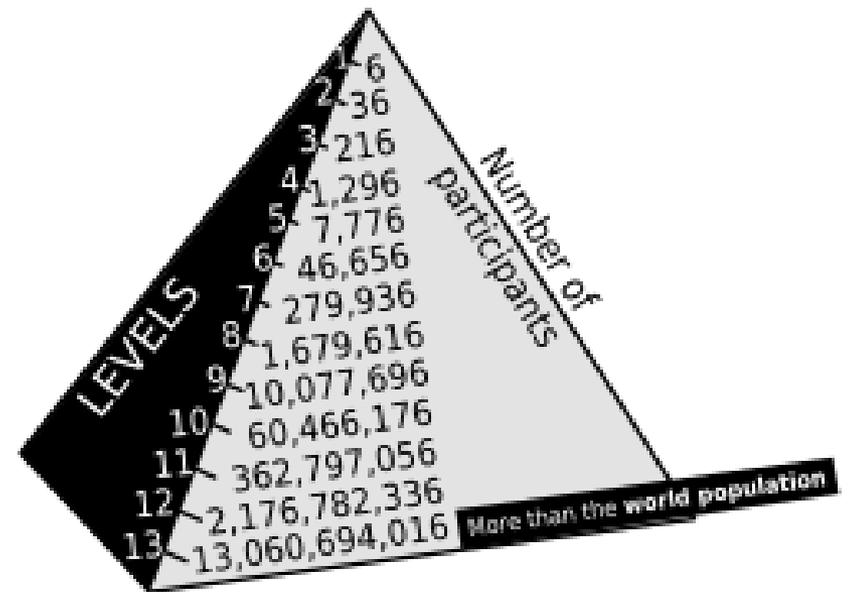
Direct Selling Channels

1.3 Pyramid Scheme Selling

1.3.1 Typical Structure of Pyramid Scheme



The "eight-ball" model



The unsustainable exponential progression of a classic pyramid scheme

Direct Selling Channels

1.3 Pyramid Scheme Selling

1.3.2 Compensation commission system of Pyramid Scheme

1. A pyramid scheme funnels earnings from all recruited participants on lower levels of an organization to participants on higher levels.
2. It is a felony in the U.S. to recruit participants into pyramid schemes.
3. Pyramid schemes rely on income from recruitment fees and not, as participants may believe, from the sale of actual goods or services with real value.
4. Multi-Level Marketing operations (MLMs) are legitimate business programs in which distributors earn money from the sale of tangible goods and from commissions on their recruited distributors' purchases and sales.
5. Pyramid schemes often masquerade as MLMs but their focus is on fees from recruits, not revenue from product sales.

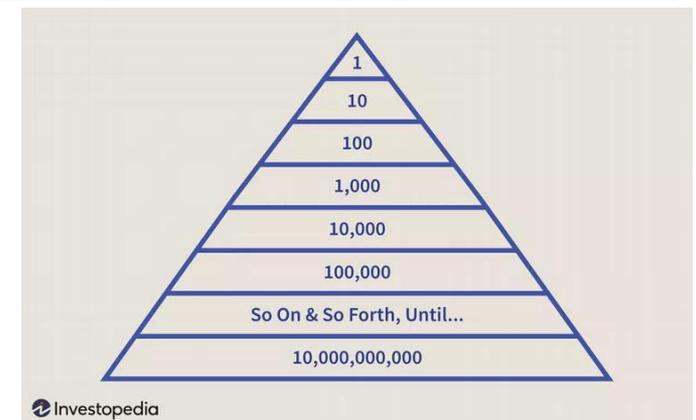
Direct Selling Channels

1.3 Pyramid Scheme Selling

1.3.2 Compensation commission system of Pyramid Scheme

How Do Pyramid Schemes Succeed?

The success of pyramid schemes is usually limited to founders and early-stage members. These people fraudulently attract new, fee-paying members eager to make a promised quick and large monetary return. These members then recruit more fee-paying members. This cycle continues. The income flows up to the founders and earlier members. The scheme typically collapses once no more fee-paying members can be found to support the existing members with their payments.



Direct Selling Channels

1.3 Pyramid Scheme Selling

1.3.2 Compensation commission system of Pyramid Scheme

Are Pyramid Schemes the Same as Multi-Level Marketing Programs?

No, they are not the same. MLMs are legal, legitimate businesses whose distributors earn money from the sale of actual products and from commissions on products sold by distributors that they recruit. However, sometimes, pyramid schemes pose as MLMs to attract people who are likely to want to work with the MLM model.

Direct Selling Channels

Q&A

