



DIRECT SELLING ASSOCIATION

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DIRECT SELLING ASSOCIATION

PURPOSE

The Direct Selling Association (DSA) is the national trade association for companies that market products and services directly to consumers through an independent, entrepreneurial sales force. DSA serves to promote, protect and police the direct selling industry while helping direct selling companies and their independent salesforce become more successful.

DSA provides educational opportunities for direct selling professionals and works with Congress, government agencies, consumer protection organizations and others on behalf of its nearly 200 member companies.

MISSION

To protect, serve and promote the effectiveness of member companies and the independent business people they represent. To ensure that the marketing by member companies of products and the direct sales opportunity is conducted with the highest level of business ethics and service to consumers.

CHANNEL

If you've heard of the Mary Kay lady driving a pink Cadillac door-to-door, you've heard of direct selling. Direct selling is a dynamic, \$34 billion retail channel in the United States that markets products and services as diverse as makeup, housewares, cookery, insurance, jewelry, candles, energy, vitamins, wellness shakes, cleaning supplies and much more, directly to customers.

Unlike shopping in a store, catalogue or online marketplace, direct selling is distinguished by its salesforce, made up of millions of hard-working Americans, that reaches customers in their homes, at parties with family or friends or online. Most direct sellers choose to work part time, to balance career with family or other pursuits.



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FAQs

What is direct selling?

Direct selling is a \$34 billion retail channel in the United States used by some of the world's most recognizable brands to market products and services to consumers. Direct selling can occur in the home, at a party or online. Its defining characteristic is an independent sales force that provides personalized service to customers and opportunity to start, manage and grow a business with minimal up-front investment.

How many people are involved in direct selling?



Source: 2014 DSA Growth & Outlook Survey

What types of products can be purchased through the direct sales channel?

Direct selling product and service range is as diverse as all of retail. Legal services, insurance, nutritionals, cookware, beauty products and energy — these are only a few of the many products and services marketed through the direct sales channel.

Are all direct selling companies in the United States members of Direct Selling Association?

While our member companies maintain a base of independent salespeople that represents more than 80% of the direct selling industry in the United States, DSA does not represent every company. When a company commits to DSA membership, it commits to maintaining the highest ethical standards and consumer protections by adhering to the rigorous standards and policies set forth in our Code of Ethics.



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FAQs cont'd

What is the DSA Code of Ethics?

The cornerstone of DSA's commitment to ethical business practices and consumer protection is our Code of Ethics. Every member company pledges to abide by the Code's standards and procedures as a condition of admission and continuing membership in DSA. The Code ensures that member companies make no statements or promises that might mislead either consumers or salespeople. The Code is enforced by an independent administrator who has enforcement authority that all companies agree to abide by.

What is the Direct Selling Association's most important policy issue?

Independent contractors, or members of the salesforce that market direct selling companies' products and services, are the industry's most important asset. Preserving the independence of the salesforce is therefore our most important policy issue.

When governments propose laws that impede the ability of direct selling companies to maintain a truly independent team of entrepreneurs, millions of Americans risk losing the ability to build and grow their own business, running it as they see fit. Also in jeopardy are the freedom and flexibility to set their own working hours – something that draws all types of people to direct selling, including parents raising young children, students, caregivers, retirees, military spouses and many more.

PYRAMID SCHEMES



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Direct selling is sometimes confused with pyramid schemes or both. A pyramid scheme is an illegal business operation that should be prosecuted to the fullest extent of the law. As part of its commitment to ethics in the direct selling industry, DSA works with policymakers at the state and federal level to ensure that consumers and law enforcement can differentiate lawful businesses from pyramid schemes and that these schemes ultimately fail.

Pyramid schemes harm consumers by manipulating their salesforce to enrich company leadership at the expense of individual participants. This is accomplished by compensating members of the salesforce primarily for recruiting new participants, instead of for selling products and services to customers or purchasing them for personal use. Since it may be challenging in some instances for consumers or law enforcement to identify and expose pyramid schemes, DSA has played a leadership role in more than 18 states to pass laws that clarify what behavior is indicative of an illegal business operation.

MULTI-LEVEL MARKETING (MLM)

Multi-level marketing is one way of compensating independent business people where they receive commissions for their own sales as well as sales of others within the network they build. It is a legitimate type of direct selling recognized by the Federal Trade Commission (FTC) and used by hundreds of companies, including some of world's best-known consumer brands. It is not synonymous with pyramid scheme, unless the multi-level marketing company compensates members of its salesforce primarily for recruiting new participants, instead of for selling products and services to customers.

While many direct selling companies use a multi-level marketing business model, not every company does. Another popular business model is the party-plan, where independent direct selling consultants market products and services to consumers at an in-person or online event.



ETHICS

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Every member of DSA, as well as every independent consultant affiliated with a DSA member, is required to abide by the Code as a condition of admission into the association and continuing membership. DSA's Code of Ethics, which went into effect in 1970, is a series of policies governing business practices and procedures that protect consumers who purchase products and services from DSA members via independent direct selling consultants.

 Protecting Consumers	DSA Member Responsibilities	Protecting Salespeople 
<p>In all interactions, a direct seller must:</p> <ul style="list-style-type: none"> ■ Contact customers at a convenient time ■ Provide accurate information on products and services ■ Provide company and salesperson contact information ■ Protect privacy ■ End a presentation upon request 	<p>A member company must:</p> <ul style="list-style-type: none"> ■ Abide by the Code's standards and procedures as a condition of membership ■ Publish the Code on the website and require salespeople to abide by the Code ■ Provide ethics training <p>A member company will not:</p> <ul style="list-style-type: none"> ■ Engage in unlawful or unethical recruiting practices and exorbitant entrance fees ■ Encourage salespeople to purchase unreasonable amounts of inventory ■ Encourage selling products solely to qualify for downline commissions 	<p>A member company must provide:</p> <ul style="list-style-type: none"> ■ Information on its compensation plan, products, and sales methods ■ Actual and potential sales and earnings claims; accurate descriptions about products, services and opportunities ■ A contract detailing the relationship with the company, including start-up fees and costs ■ An explanation of its repurchase policy, requiring a 90% refund on currently marketable materials within 12 months of purchase, including sales kits if required
<p align="center"> Enforcement</p>		
<ul style="list-style-type: none"> ■ The Code of Ethics is enforced by an independent Code Administrator, responsible for compliance and complaint resolution. A member company agrees to abide by the Code Administrator's enforcement decisions as a condition of membership. 	<ul style="list-style-type: none"> ■ Member companies must ensure all marketing activity by the salesforce is consistent with company policies and the Code. ■ Member companies are subject to random reviews to ensure Code compliance and adherence to state and federal laws. 	<ul style="list-style-type: none"> ■ The Code requires consumer protection measures beyond the minimum standards set by the legal and regulatory communities.
<p align="center">To download DSA's Code of Ethics or to file a complaint, visit dsa.org/ethics</p>		

Direct selling companies who wish to become members of DSA are subject to a comprehensive review that takes a year or longer to complete. During the review process, business and marketing plans are scrutinized, as are customer service and complaint resolution records.

Although bad actors operate within every industry and sales channel, consumers can be certain they are doing business with companies and individuals that take ethics seriously and are committed to the highest level of consumer protection by purchasing from DSA members.

TOP 20 MEMBERS BY SALES



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NATURE'S SUNSHINE®



RODAN+FIELDS®



thirty-one™



MARY KAY



HEALTH SCIENCES

BY THE NUMBERS



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Source: DSA 2014 Growth & Outlook Survey



Source: DSA 2014 National Salesforce Study

State	People Involved in Direct Selling	Sales by State Industry Estimate	State	People Involved in Direct Selling	Sales by State Industry Estimate
Alabama	275,279	\$363M	Nevada	142,859	\$283.7M
Alaska	47,262	\$91.3M	New Hampshire	57,168	\$102.4M
Arizona	359,934	\$565.8M	New Jersey	472,170	\$1.16B
Arkansas	216,489	\$210.6M	New Mexico	97,325	\$200.4M
California	2,065,458	\$4B	New York	1,061,919	\$2.5B
Colorado	462,928	\$675.6M	North Carolina	419,690	\$795.6M
Connecticut	139,139	\$311.6M	North Dakota	70,318	\$130M
Delaware	47,848	\$117.3M	Ohio	541,293	\$975.5M
Florida	1,057,213	\$1.66B	Oklahoma	305,298	\$415M
Georgia	548,228	\$817.3M	Oregon	256,332	\$514.6M
Hawaii	120,590	\$177.2M	Pennsylvania	623,698	\$1.5B
Idaho	104,941	\$203.5M	Rhode Island	33,330	\$66.1M
Illinois	756,050	\$1.37B	South Carolina	186,830	\$307.1M
Indiana	369,897	\$572.3M	South Dakota	69,105	\$115.5M
Iowa	277,197	\$399.8M	Tennessee	346,197	\$529.4M
Kansas	193,708	\$366.2M	Texas	2,244,557	\$5.75B
Kentucky	154,607	\$277.8M	Utah	193,468	\$366.7M
Louisiana	220,713	\$327.8M	Vermont	24,124	\$47.8M
Maine	48,534	\$91.3M	Virginia	396,405	\$700.1M
Maryland	278,775	\$650.8M	Washington	403,880	\$727.3M
Massachusetts	222,561	\$382.4M	West Virginia	51,954	\$128M
Michigan	516,359	\$755.5M	Wisconsin	397,453	\$633.7M
Minnesota	440,010	\$694.7M	Wyoming	51,029	\$81.6M
Mississippi	141,241	\$218.6M	District of Columbia	32,527	\$69.6M
Missouri	366,402	\$511.6M	Guam	5,538	\$18M
Montana	85,518	\$148.9M	Puerto Rico	48,221	\$147.3M
Nebraska	145,720	\$235.7M	U.S. Virgin Islands	4,193	\$10.3M

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