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## Glossary of Terms

Below are updated definitions for terms as we are using them in the *2015 Growth & Outlook Survey*. Terms appear roughly in the same order as they appear in the survey.

### Direct Selling:

- Direct selling is a business model that offers entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations or online. Compensation is ultimately based on sales and may be earned based on personal sales and/or the sales of others in their sales organizations.
- **Direct sellers (referred to as independent salesforce members in this survey)** may be called distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.

**Independent salesforce member:** To avoid any confusion with the traditionally used term, “direct seller,” (because of those who are not actively selling), we now refer to these people collectively as “independent salesforce members.” These people may also be called distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.

**Net Sales:** The amount of sales generated by a company after the deduction of returns, allowances for damaged or missing goods and any discounts allowed. [Source: [www.investopedia.com](http://www.investopedia.com) on 1/25/2012]

**Estimated Retail Sales:** The total aggregated amount paid by ultimate consumers of the products and services.

**Please, note that:** Estimated Retail Sales is NOT the same as Net Sales / Revenue / Wholesale Price / Distributor Price. For your information: For DSA research purposes, retail sales are estimated from net sales using the following formula: estimated retail sales = net sales ÷ 0.75

**Sales Method or Approach:** The means by which an independent direct sales representative approaches his/her customer, the ultimate consumer. This may be through:

- **Face-to-Face / Person to Person Sales:** The one-to-one sale of a product or service between the independent direct sales representative and a single customer/consumer.
- **Party Plan / Group Selling / classes, including online parties:** The sale of a product or service by an independent direct sales representative in a small group, class or party setting, often in the home of a hostess.

**Compensation Structure:** The means by which an independent direct sales representative is compensated. This may be through:

- **Multilevel:** Sometimes known as MLM, this is a structure by which the company compensates the independent direct sales representative not only for the sales he/she personally generates, but also for the sales of others in his/her recruited group. This type of compensation is received in addition to retail profit (the differential between the wholesale price of an item and the retail sales price).

- **Single Level:** Sometimes known as SLM, this is a structure by which the independent direct sales representative is paid only retail profit (the differential between the wholesale price of an item and the retail sales price).

**Direct Seller:** may be called direct seller, distributors, representatives, consultants or various other titles. They may participate in various ways, including selling the products themselves or through their sales organizations, providing training and leadership to their sales organizations, referring customers to the company and purchasing products and services for personal use.

Individual direct sellers make up the salesforce of a direct selling company and sell in many untraditional ways. [See definition of Direct Selling, above.] A direct seller may be either:

- **An Independent Sales Person: Unlike an employee, an independent contractor does not work regularly for an employer, but works as and when required. Contractors often work through a company which they themselves own ... or may work through an umbrella company. Generally, independent contractors retain control over their schedule, number of hours worked, jobs accepted, and performance of their work. Direct Sellers are sometimes called consultants, distributors or other titles. *The majority of direct sellers are independent sales people.***
- **An Employee: A person who is hired to become part of the staff and to provide services or do a particular job for a company on a regular basis in exchange for compensation. *Only a small percentage of direct sellers are employees of the Direct Selling company with which they work.***

**Recruit:** Any activity conducted for the purpose of offering a person the opportunity to become a direct seller. For purposes of this survey, “recruited” refers to all those direct sales people ADDED to a company’s rolls during the year.

**Dropped:** Those direct sales people that have dropped out or been purged from a company’s roll.

**Business Builder – Full-Time:** Those purchasing at levels beyond consumption for their own personal households as defined by each Direct Selling company and WORKING FULL-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is 30 or more hours per week. These are likely to be Leaders, Executives, career-minded. They are likely to earn income from direct selling that can substitute for income from their previous employment.

**Business Builder – Part-Time:** Those purchasing at levels beyond consumption for their own personal household ... as defined by each Direct Selling company and WORKING PART-TIME AT THEIR DIRECT SELLING ACTIVITIES, that is less than 30 hours per week ... These are likely to be considered as small retailers. They may/may not have an additional job in addition to their direct selling activities and do not earn enough income from direct selling to substitute for income from their main form of employment.

**All Other Independent Contractors:** This group includes all other people who have “joined” a Direct Selling company as an independent contractor. Those purchasing at levels for consumption in their own personal households, as defined by each Direct Selling company. These are ALL the other people who have signed an agreement OR renewed in the past 12 months. They are eligible to pay wholesale prices for products; and eligible to keep retail profit on sales to others, if they opt to retail.

**Preferred or Registered Customer:** Those who have signed preferred customer / registered customer agreement with your company OR renewed such an agreement in the past 12 months. They may or may not be eligible to pay wholesale prices for products, depending on your company’s program. They are NOT eligible to sell products/services to others; they are not eligible to sponsor new participants.

**Part-Time:** Workers are considered to be part-time if they work less than 30 hours per week. [Source: <http://en.wikipedia.org/wiki/Part-time>; retrieved on 12/16/2011]

**Full-time:** Generally defined as working around 40 hours per week, although the number of hours varies by country from 30-40 hours weekly. For the purposes of this survey, Full time is considered 30 or more hours per week. [Source: <http://en.wikipedia.org/wiki/Full-time>, retrieved on 12/16/2011]

**Note:** For purposes of this survey, less than 30 hours weekly is considered to be part-time; 30 or more hours weekly is full-time.