

# Don't Fear Direct Selling: Distinguishing Direct Selling from Investment Scams

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# What is Direct Selling?



# What is Direct Selling?

- A Distribution Channel
- A Business Opportunity



# The Birth of Direct Selling



- When a company introduces functional products, it needs someone to explain, demonstrate and provide consultation and service to customers.
- Because of a product's effectiveness and uniqueness, it is most useful to adopt direct selling.



**Traditional  
Marketing Channel**

**Brand Owner**



**Export/Import  
Agents**



**Sole Agent**



**Wholesalers**



**Retailers**



**Customer**

**Direct Selling  
Channel**

**Brand Owner**



**Distributor**



**Customer**

# Most Attractive Distribution Channel of the 21<sup>st</sup> Century

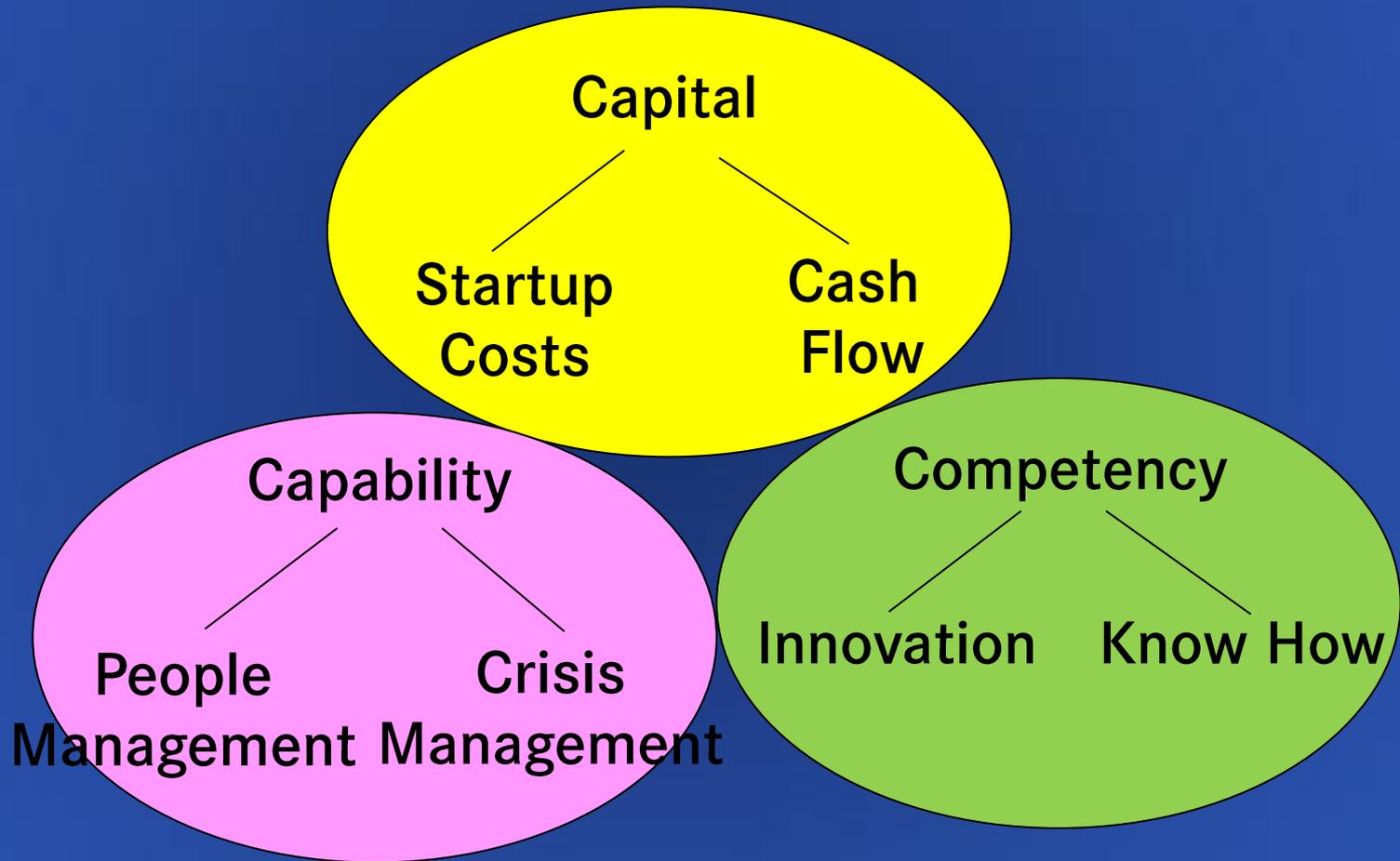


- Selling High Function Products
- Selling Without a Physical Retail Store
- Face-to-Face Sales through Network and Word of Mouth



# Direct Selling is a Form of Business Opportunity

# Basic Requirements to Start a Business





# No Risk, High Return Business Model

Corporate responsibilities:

- Financial & Operation
- Information System
- Corporate Development
- Production & Supply Chain
- Marketing & Branding
- Product R&D

Distributors' responsibilities:

- Sharing Selling
- Follow up & Service
- Network Development
- Coaching Training

Profit Sharing

# A Business Model with Freedom

- No Investment Barrier
- No Overhead, No Risk
- Flexible Time and Location

## Global Industry: \$132,222 (US\$ millions)

Region/Country	2010 Retail Sales		Number of Sales People
	Local Currency (millions)	US\$ (millions)	
Global	na	132,222	87,681,032
Asia/Pacific	na	55,663	47,310,414
Australia	1,600	1,468	500,000
China (1)	84,769	12,521	na
Hong Kong	2,386	307	174,706
India (2)	41,200	901	3,021,000
Indonesia (2)	6,691,492	736	6,247,506
Japan (3)	1,989,000	22,659	2,700,000
Korea (2)	10,268,100	8,882	4,200,853
Malaysia (2)	6,800	2,111	4,250,000
New Zealand (2)	246	177	134,322
Philippines (2)	24,610	546	3,210,000
Singapore (2)	398	292	446,841
Taiwan (2)	60,900	1,933	4,570,000
Thailand (2)	60,000	1,894	15,321,485
Vietnam (4)	3,512,773	184	1,015,000
Other Asia/Pacific	na	1,052	1,518,701
Europe/Africa	na	22,089	14,523,891
Austria (2)	200	265	14,600
Belgium	159	210	17,548
Bulgaria	96	65	130,136
Croatia (3)	597	109	7,670
Czech Republic (3)	7,496	393	221,000
Denmark (2)	350	62	72,583
Estonia	204	17	21,000
Finland (3)	174	230	80,000
France	1,810	2,397	300,000
Germany (2)	2,840	3,762	660,968

Greece (3)	164	217	154,846
Hungary	27,267	131	239,024
Ireland (2)	54	72	22,000
Israel (2)	359	51	24,750
Italy (2)	2,421	3,207	390,482
Latvia	12	23	25,900
Lithuania	82	31	30,500
Luxembourg	10	13	600
Netherlands (3)	95	126	30,489
Norway	714	118	81,000
Poland (2)	2,277	755	875,600
Portugal	126	167	76,101
Romania	756	238	272,724
Russia	100,849	3,321	4,403,104
Slovakia	72	95	98,980
Slovenia (2)	19	25	30,000
South Africa	8,138	1,112	1,191,000
Spain	447	592	202,000
Sweden (2)	2,628	365	120,175
Switzerland	424	406	10,151
Turkey	805	535	680,656
Ukraine	4,492	566	1,352,778
United Kingdom (2)	1,200	1,855	442,000
Other Europe/Africa	na	559	2,243,526
Latin America	na	23,774	9,144,908
Argentina (2)	5,442	1,397	612,552
Bolivia	1,084	154	116,644
Brazil (2)	19,044	10,827	2,757,128
Chile (2)	208,167	408	298,530
Colombia (3)	3,248,792	1,711	951,739
Ecuador (2)	695	695	515,000
Mexico (2)	71,146	5,630	2,000,000
Peru (2)	2,975	1,053	340,000
Uruguay	1,307	65	59,215
Venezuela (3)	3,175	1,228	740,150
Central America/Caribbean (6)	na	539	704,038
Other Latin America	na	67	49,912
North America	na	30,696	16,701,819
Canada (2)	2,200	2,136	901,819
United States (2)	28,560	28,560	15,800,000



# The Business Model with Most Impact and Potential in the 21<sup>st</sup> Century

The model attracted opportunistic individuals who didn't adhere to proper direct selling that required high quality products and sales through networking. Instead, they came up with other payout schemes.

# Different Models Using Network Marketing

## Legal

- Single Level Direct Selling
- Multi-Level Marketing

## Illegal

- Pyramid Scheme
- Ponzi Scheme
- Investment Scam
- Money Game

Multi-level Marketing	Pyramid Scheme
1. No Front Loading Criteria	1. Need to pay a huge amount to invest in account or stock
2. No Risk	2. Risk of the inability to clear the stock
3. Every distributor begins from a foundation leading towards the selling target. Promotion is achieved step-by-step.	3. Company looks for highest ranking investor to purchase a large volume of stock who distribute these to downlines.



A hand holding a black marker is drawing a light blue question mark on a whiteboard. In the background, two other question marks are visible: a dark blue one and a light beige one, both slightly out of focus. The text 'Differentiate Direct Selling from Investment Scams' is overlaid on the bottom right of the image.

# **Differentiate Direct Selling from Investment Scams**

XXX  
Company



Requires Huge  
Capital Investment



False promise of  
Perpetual Return



Product?

No, No!



No Actual  
Product to Sell



No Cooling-off Period



**These scam companies will either purposely close shop and run away with the money. Otherwise, due to their illegal scheme, the company will be closed down by the authorities.**

Legal Direct Selling		Scams	
✓	No front-loading criteria, very minimal membership fee	x	Require significant investment to join
✓	The company does not make any false promise on earnings. The earning ability will go up with the transparent plan.	x	Makes false promise to regularly pay high returns
✓	Product-based business	x	There is no real product or product is not a core.
✓	Offers 5 – 7 days cooling-off period	x	Does not provide a cooling-off period
✓	Complies with the law, a DSAS member company	x	Non-compliance with the law, use deceptive tactics



## Choose DSAS For Your Protection

### Our Promise to Consumers:

- ✓ High Quality Products
- ✓ Fair & Honest  
Sales Practices
- ✓ 7 days Cooling-off  
Period

For Your Protection,  
look out for this logo.



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**Thank You!**