



Difference b/w Legitimate & Illegitimate Direct Selling Companies

Definition

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
<p>Direct Selling means the marketing of the consumers generally from home or workplace i.e. locations away from permanent retail locations. It is done through explanation & demonstration of the products by a direct seller.</p>	<p>Pyramid Schemes are illegal scams in which people at the bottom of the pyramid pay money to a few people at the top. This is done to advance to top positions and benefit from payments made by other people later on.</p>

Business Opportunity

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
<p>They offer genuine business opportunities.</p>	<p>Pyramid schemes involve products which are cheap to produce and have no established market value. New miracle products, exotic cures, mattresses, online surveys are some of these.</p>



Product Sale

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
<p>Products are supplied to meet genuine demand and direct sellers are encouraged to hold minimal inventory and replenish as and when need arises</p>	<p>“Front loading” is encouraged. Therefore, products are thrust upon the direct sellers, irrespective of their ability to sell the product and the actual market demand</p>

Payouts/ Commissions/ Bonuses/Incentives

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
<p>Rigorous Product & Product Sales Training is done. Incentives based on sales of products and sales performance are offered.</p>	<p>There is no emphasis on product or product Sales training. Emphasis merely lies on collection of money from new recruits.</p>
<p>Every sales person has to abide by the Industry Model Code of Ethics.</p>	<p>There exists no Code of Ethics.</p>



Payouts/ Commissions/ Bonuses/Incentives

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
The cost of Entry is reasonable.	Cost of entry is extremely high.
Plans are entirely performance based.	No Plan or Pyramid Plan.
Returns are dependent on motivation of the direct seller and come slowly	Returns are easy and quick
Remuneration is based on sale of goods/services	Remuneration is based on recruitment rather than on sales

Recruitment & Remuneration

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
Recruitment is neither compulsory for continuing business nor for receiving entitlements and commission which is always based on product sale.	Recruitment is mandatory for continuing business and for commission pay outs.
Business is by sale of products. Recruitment is optional.	Commission based on recruitments.
Remuneration to all distributors is through Direct Selling Companies only.	Remuneration or payments is through members. There are negligible pay outs by companies.



Cooling off & Buy Back Policy

DIRECT SELLING LEGITIMATE COMPANIES	ILLEGITIMATE FINANCIAL PYRAMIDS
Direct Seller joining the business can exit the business within reasonable time. Investment is refunded as per the company provisions in the Initial Contract. Exit policy in place for termination of contract.	No refund or exit policy exists.
Products have 100% buy-back guarantee to ensure protection of end-consumer as per company policy.	Products usually do not have a buy-back policy.