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WFDSA Annual Report
Chairman Letter

It’s an exciting time for the direct selling industry. In 2015, 103 million people around the world generated sales of more than US $183 billion through direct selling. And we know that people all over the world are increasingly interested in getting into business for themselves, according to the sixth annual Global Entrepreneurship Report commissioned by Amway. Last year, nearly 81,000 people were interviewed in 44 different countries and 75% said they liked the idea of entrepreneurship.

This translates into a lot of opportunity for the industry. However, in order to fully capitalize on the trends we see, we must address a number of issues.

First, we need to better position the income opportunity. Most people work direct selling part-time and earn a part-time income. It takes hard work and often long hours to earn money. It’s seldom a way to get rich quick. A gap between income expectation and actual earnings creates dissatisfaction which tarnishes the industry’s image and reputation. It’s critical we set appropriate expectations for prospects.

Second, we need to tell our story. There are widespread misperceptions and misunderstandings about direct selling. Often it’s around what we sell, how people earn money, and what separates legitimate direct selling from illegal schemes. Explaining who we are and how our businesses work is an area we need to improve.

Third, we need to build more strongly on our product offerings. Direct selling companies offer high-quality and unique products. We need to highlight this more while also underscoring how no money is ever earned unless product is sold.

Finally, let’s continue to deliver strong consumer protections. We have the opportunity to improve policies to ensure the best protections of any industry and increase efforts to educate consumers about them. We will continue to work with governments to establish clear criteria in this area. This will help people in the marketplace more fully understand our industry and build more trust.

The WFDSA is doing a lot to provide a strategic framework that addresses many of these issues to gain greater trust in the marketplace. We’re working to improve how we communicate about ourselves, better connecting the value we provide to people looking for different ways to earn a living and addressing head-on the misunderstandings that exist around direct selling. We need to unify around these goals. We all have a responsibility to find ways to be better. This will only help us to capitalize on the current trends that are so favorable toward our industry and help our industry to thrive well into the future.

WFDSA Chairman Doug DeVos
Who We Are

The World Federation of Direct Selling Associations is a leading, non-governmental international organization that represents the global direct selling industry in more than 170 countries. More than 60 national and regional direct selling associations are members of WFDSA, united in the effort to maintain the highest ethical conduct standards among their member companies and to build understanding and support for direct selling worldwide.

WFDSA Mission

The WFDSA supports direct selling associations and their member companies by:

- Developing, maintaining and promoting the highest global standards for responsible and ethical conduct in direct selling
- Advocating for the industry with governments, media and key influencers such as academic and consumer group leaders
- Serving as a trusted global resource for information on direct selling
- Facilitating interaction among direct selling company executives on issues of importance to the industry

All WFDSA member Direct Selling Associations have implemented the WFDSA World Code of Ethics for Direct Selling in their national Codes as a minimum requirement. All direct selling companies agree to be bound by these Codes as a condition of admission and continuous membership in a national association.

The WFDSA was founded in 1978 and is based in the United States capital of Washington, DC. To learn more about the WFDSA, its Code of Ethics and its initiatives, visit www.wfdsa.org.
Chief Executive Officer (CEO) Council

The WFDSA is governed by the CEO Council. The Council is comprised of chief operating officers of leading member companies around the world. The WFDSA chairman is a Council member elected by the Council to serve a three-year term.

The CEO Council directs WFDSA affairs, activities and establishes policies and priorities. The Council meets annually to address issues affecting the industry and chart the action plan. The CEO Council approves the annual operating budget and program of work prepared by the WFDSA Operating Group.

The CEO Council meets annually every November to focus on issues affecting the direct selling industry globally and how to collectively advance the interests of the industry.

The next CEO Council meeting will be held in San Francisco on November 7-8, 2016.
It is a low-risk way to own a business – it takes very little, if any, capital investment.

It offers the chance to develop new skills and be mentored by experienced leaders.

Earnings are in proportion to efforts. The level of success depends on how hard a person wants to work.

It provides opportunities to meet, socialize and work alongside a community of people with like interests.
What is Direct Selling?

Direct selling is the person-to-person sale of a product or service by independent sales representatives who are sometimes also referred to as direct sellers, consultants, distributors or other titles. Direct sales often occur in a one-to-one or small group or party plan environment, often in the consumer’s home. Direct sales also may take place in a branded shop or retail location, or online via e-commerce or social media.

Independent sellers earn income from direct selling companies on the sale of products. They join a direct selling business opportunity to earn extra money or even build a business with very low entry cost, low risk and company-provided training and support. Some people join direct selling companies just to buy exclusive products and services they enjoy at a discount.

Worldwide, more than 103 million entrepreneurs are involved in direct selling. They sell some of the world’s most sought-after brands of nutrition, beauty, home care, jewelry, clothing, home decor and other products; and energy, telecommunications, legal, financial planning, insurance and other services. Direct selling accounted for more than US $183 billion in retail sales globally in 2015 – a new sales record for the industry.

People of all ages and backgrounds succeed in direct selling. No specific levels of education, experience, financial resources or physical condition are required. Sellers receive training and support from established companies.
Direct selling is a highly personal industry that thrives on robust relationships between companies, independent sales representatives, consumers and suppliers.

The WFDSA, along with its member associations and their member companies, is heavily invested in improving the quality of the relationships between these groups by fostering trust, confidence and high standards for conduct.

WFDSA strategic initiatives are designed to increase public awareness, understanding and support for the real and meaningful difference direct selling makes in various economies, political systems and people’s lives around the world, every day. WFDSA and the national associations work closely together to educate key regulatory, consumer and academic groups and to promote consumer protection initiatives.
WFDSA Code Of Ethics

The WFDSA Code of Ethics states that direct selling companies and independent sellers shall not use misleading, deceptive or unfair sales practices. The Ethics Committee administers, promotes and enforces the Global Code of Ethics and implements programs to improve and strengthen the self-regulatory activities of WFDSA, local and regional associations and their member companies.

The committee facilitates interaction between association Code administrators and sharing of best practices across nations. It also promote awareness of the Code among member companies, media, regulators and consumer groups.

The Ethics Committee and the Sub-Committee is working diligently to:

- Revise some articles of the WFDSA Model Code of Ethics, to raise the bar on ethics and strengthen the Model Code in the marketplace
- Promote the use of the WFDSA Model Code of Ethics Toolkit, which contains flexible tools for DSAs and their members to communicate and promote the Code to the widest audience possible. The toolkit is located on the WFDSA website at: http://wfdsa.org/world_codes/about-the-code/

WFDSA congratulates the DSA of Peru and its member companies for being the first DSA to achieve “Platinum” Global Code of Ethics Participant Status.
Advocacy initiatives develop and strengthen relationships with key industry stakeholders through 3rd party research and communication.

- Refreshed WFDSA brand standards, including an updated logo and consistent messaging and look across all WFDSA communications.
- A new interactive, user friendly website for DSAs, companies, regulators and general public.
WFDSA and its members believe that investing in women entrepreneurs and developing woman-owned micro-enterprises will help with the overall global economic recovery and reduce poverty and inequalities in the Asia Pacific Economic Cooperation (APEC) region and beyond.

WFDSA participated in the 41st APEC Small and Medium Enterprise Working Group and 22nd Ministerial meetings held in Iloilo, Philippines in September 2015. WFDSA reported on its Global Women’s Economic Empowerment Initiative (GWEE), conducted in partnership with the Institute for International Business (IIB) of the Kelley School of Business. GWEE is a public-private partnership between APEC governments, women’s organizations, the direct selling industry and individual companies. GWEE currently operates in Malaysia, helping women to start and sustain small businesses, and is slated to launch next in Peru.

Helping a woman gain the independence of knowing she can provide a better life for her family and make a stronger contribution to her community is what the Global Women’s Economic Empowerment program is all about. We are proud to work with the WFDSA toward this important outcome.

LaVonn Schlegel, Executive Director, Institute for International Business, Kelley School of Business, Indiana University
Direct Selling Symposium

WFDSA and the Direct Selling Research Center at Peking University co-hosted “Direct Selling in the Era of the New Normal” in Beijing, China on November 6, 2015. The event was attended by more than 150 participants including government officials, academics, DSAs from the Asia / Pacific region and the media. The event focused on the preliminary results of the socio-economic impact study of direct selling in China, a CEO panel on global industry development and a panel on China industry development.

Thai Direct Selling Day

Thai Direct Selling Day, hosted by Thai DSA, to recognize the top leaders of their member companies. The event was attended by more than 1,500 people including CEOs of member companies, DSA Secretaries and company executives, direct sellers, media and government officials from the Asia Pacific region.

The development of the direct selling industry in China needs the support of both industrial organizations and academia. As an authoritative research institute on direct selling in China, Peking University Research Center for Direct Selling looks forward to more opportunities to work with WFDSA, to promote the healthy development of China’s direct selling industry, and make more positive contributions to China’s economic development.

Wen Hai, Professor in Economics, Vice Chairman of Peking University Council, Founding Dean of HSBC Business School, Director of Research Center for Direct Selling, Peking University
Russia Consumer Education Conference

“Entrepreneur and Consumer - Steps Towards Each Other” was hosted in December 2015 in Moscow by the Russian Direct Selling Association (RDSA) and the International Confederation of Consumer Societies (CONFOP) with the support of WFDSA. Content focused on marketing of goods and services in e-commerce, critical consumer rights protection issues and small business taxation.

World Congress XV

“Rendezvous with the Future” will be held on October 1 - 3, 2017 in Paris, France and will bring together DSAs, member company executives, government officials, academia and the media from all over the world. More than 700 participants will share expertise on how new technologies, legal developments and management skills will impact their businesses.

Cooperation with the WFDSA and the direct selling industry provides an opportunity to use self-regulation mechanisms for consumer rights protection and demonstrates commitment to professional ethical principles.

Dmitry Yanin, Chairman of the International Confederation of Consumer Societies (CONFOP)
Association Services consists of the Association Performance Subcommittee, which guides member associations to continuously improve the value of the services they deliver to member companies and consumers.

Advocacy Initiatives promote the direct selling industry globally in two ways:

1. By developing, establishing and implementing public affairs, consumer, educational, academic, and women’s economic empowerment programs and strategies

2. Strengthening and establishing relationships with key external stakeholders through third party research and communication

Milestone 2016 Anniversaries

Congratulations to the following DSAs for their milestone 2016 anniversaries and for their tireless work to promote the direct selling industry in their respective countries:

- Colombia 20th Anniversary
- France 50th Anniversary
- India 20th Anniversary
- Peru 15th Anniversary
- Portugal 15th Anniversary
- Russia 20th Anniversary
- Singapore 40th Anniversary
ASSOCIATION SERVICES INITIATIVES

2015-2016 Activities

Association assistance events, which are powerful tools in both building DSA’s skills and sharing of information between DSAs.

- The Asia/Pacific Association Performance Program event was held on the 9th and 10th of March 2016 on the Australian Gold Coast in conjunction with the DSAA Annual Conference.
- The WFDSA secretaries meeting is scheduled for Stockholm over June 22nd and 23rd.
- The South American Association Performance Program will be held in Santa Cruz, Bolivia on July 28th and 29th.

Performance Criteria

We have seen a number of DSA’s responding positively to the alternatives for achieving Platinum status. We have two DSA’s currently in Platinum and expect at least one other to achieve this in the coming year. We have seen some DSA’s struggle to retain Bronze membership however work is being undertaken to ensure they are able to meet this minimum criteria.

WFDSA continues to focus on obtaining new provisional members and enabling DSAs to progress to higher levels.

Global Statistical Research

The WFDSA conducts research and collects data on the socio-economic impact of direct selling and public attitudes toward the industry, to facilitate long-term industry reputation enhancement.

African Expansion Initiative

The South African DSA continues to work with the WFDSA to help expand the industry across the African continent. They are focused on establishing DSAs in the central and southern part of the continent, in key markets such as Nigeria and Kenya.

New DSAs

Applications have been submitted for new DSAs in Paraguay and the United Arab Emirates (UAE, with assistance from the WFDSA to ensure that all relevant criteria had been met).

Mentoring

WFDSA continues to focus on obtaining new members and enabling DSAs to progress to higher levels.

Development of International Standards

Work on developing International Standards under the International Standards Organization (ISO) remains in progress. These standards would be recognized by governments and regulators as best practices and provide another tool to define how direct selling operates and why country specific regulation should not be necessary.
The Global Regulatory Affairs Committee protects the direct selling opportunity by providing proactive, strategic and tactical Government / Regulatory Affairs support to national DSAs to address and resolve direct selling issues.

The Committee facilitates global information sharing by developing best practices that are proactive and shared through education and training, and by providing consulting and advocacy assistance, when appropriate. The Committee encourages member companies to visibly promote good causes, conducts fundamental regulatory training for member companies and creates position papers on behalf of the direct selling industry.

2015/2016 Activities

Training sessions are planned in conjunction with the various regional association management events to train DSA’s and member companies on using the Global Regulatory Toolkit. The toolkit, which contains position papers, PowerPoint presentations and a Government Relations Handbook essential to ensuring a consistent approach to legislative processes and effective lobbying practices.
The Global Research Subcommittee works with local DSAs to gauge direct selling industry size and trends for governments, media, consumer groups and other key influencers.

Annual statistics show the size and scope of the direct selling industry through retail sales, the number of participants in direct selling, year-to-year fluctuations, and longer-term trending.
DIRECT SELLING SALES TRENDS

Global Retail Sales Increased by 7.7%

Global Retail Sales Increased Year-over-Year from 2014 to 2015

This represents new record high sales for the global industry. The direct selling industry has shown sustained growth over time, with a compound annual growth rate of 7.2% for the period from 2012-2015.

Global Retail Sales Growth 2012-2015
(USD Billions - 2015 Constant Dollars)

- 2012: $149.3
- 2013: $160.7 (+7.7%)
- 2014: $170.6 (+6.2%)
- 2015: $183.7 (+7.7%)

7.2% Compund Annual Growth Rate (CAGR) 2012-2015

Sustained Growth is Seen In All Regions

The Asia-Pacific region is the largest for direct selling, with 46% share of global sales. Sales were up year-over-year in every region of the world, driven by the 80% of local direct selling associations that reported increases in their countries. As well, each region shows sustained growth in terms of 3-year CAGR.

Sales Share By Region

- Asia-Pacific: 46%
- Americas: 34%
- Europe: 19%
- Africa - Middle East: 1%

Global Retail Sales Increased Year-over-Year from 2014 to 2015

- Asia-Pacific: Sales up year-over-year
- Americas: Sales up year-over-year
- Europe: Sales up year-over-year
- Africa - Middle East: Sales up year-over-year

Direct Selling Growth

CAGR 2012-15

- Asia-Pacific: 4.8%
- Americas: 4.3%
- Europe: 10.6%
- Africa - Middle East: 3.2%
The Top 10 Markets Account for 80% of Sales

The United States is the world's largest direct selling market with China in the #2 spot. 2015 saw growth in eight of the top 10 direct selling markets.

Top 10 Markets - 2015

- United States: 20%
- China: 19%
- Korea: 9%
- Germany: 8%
- Japan: 8%
- Brazil: 4%
- Mexico: 4%
- France: 2%
- Malaysia: 2%
- United Kingdom: 2%

Other: 21%

2015 Global Sales Summary

Global growth was driven by sales growth in all regions

On a local country basis, 80% of DSAs report growth. The top 5 direct selling markets account for 64% of the world's direct sales, and the top 10 account for 80%.

2015 Global Sales Summary

Global Share of Estimated Retail Sales

Top 5

- United States: $36,120
- China: $35,455
- Korea: $16,891
- Germany: $15,185
- Japan: $14,664

Top 10

- Brazil: $9,125
- Mexico: $6,930
- France: $4,590
- Malaysia: $4,437
- United Kingdom: $4,039

Global Total: $183,729

Year-Over-Year Change (2015 Constant USD)

- United States: 4.8%
- China: 19.0%
- Korea: 12.7%
- Germany: 6.5%
- Japan: -0.1%
- Brazil: -0.9%
- Mexico: 2.5%
- France: 2.5%
- Malaysia: 7.0%
- United Kingdom: 11.8%

3-Year Compound Annual Growth Rate 2012-2015 (2015 Constant USD)

- United States: 4.5%
- China: 22.5%
- Korea: 7.5%
- Germany: 5.2%
- Japan: -0.7%
- Brazil: 2.1%
- Mexico: 4.7%
- France: 2.5%
- Malaysia: 9.4%
- United Kingdom: 9.8%

Direct Sellers

- United States: 20,200,000
- China: Unknown
- Korea: 6,737,546
- Germany: 838,833
- Japan: 3,311,000
- Brazil: 4,571,625
- Mexico: 2,200,000
- France: 640,215
- Malaysia: 4,800,000
- United Kingdom: 625,000

Global Total: 103,277,493
DIRECT SELLERS

Over 103 Million People Are Direct Sellers, Up 4.4%

Global Direct Seller Growth

2015 sales were generated by a global sales force of over 103 million independent sellers ... an increase of 4.4% and a record.

Advanced vs. Emerging Markets

Direct Selling is a continuing source of opportunity for people in both advanced and emerging economies.

Sales Share Change


Direct Selling Provides Opportunities Around the World

Population

Over 8 in 10 people live in Emerging markets (85%).

GDP

The population in Emerging markets subsists on just 4 in 10 Global GDP dollars (39%).

Direct Sales

People in Emerging markets are increasingly turning to direct selling for opportunity (43%, up 7 points in the past 5 years).