

Why Mary Kay Is Not a Pyramid or Multi-Level Marketing Plan

If imitation is the sincerest form of flattery, Mary Kay has many "admirers." Over the years, Mary Kay has attracted the attention of many new direct selling companies, some of whom attempt short cuts or attempt to duplicate elements of our program. They may not have the resources to develop a quality product line that can sustain a broad consumer base, they open with a big recruiting promotion with dubious claims, reach a peak quickly and end up battered by regulatory investigations or in bankruptcy. Many lack the retail product sales to support their commission structures, which eventually causes collapse. The following comments are intended to help you sort fact from fiction, it shares our facts, and it will help you as you are asked questions about your business.

"If It Sounds Too Good To Be True, It Probably Is!"

"Once in a lifetime opportunity!" Ground floor, window of opportunity. A legitimate business should be as good next year as it is this year. Your company has a 40 year growth record, stability, and financial security.

"Make up to 25% Commissions!" This pales in comparison to a Consultant and a Director's earnings. Ask them how many levels of recruits must one have to earn that commission percentage.

"Make \$40,000 monthly in your spare time!" Maybe a lottery ticket, but rarely at the beginning of a business. Look at how many people are earning that kind of money, how many recruits would one need to earn that amount, what can a beginner expect in the first year or two?

"You don't have to sell anything! Just recruit." Legitimate companies base their businesses on actual product sales to consumers. Pyramid schemes pay a "bounty" for signing up new recruits. The pool of new recruits eventually dries up. Retail sales are key to supporting the commissions and incentives. Often, women are left to package the products and men are the ones to recruit. Also, they will give their organization a different name from the parent company or will not clearly invite you to listen to XYZ's company presentation, for fear that it is a "turn-off." We are proud of and always say who we are and what we do.

"Revolutionary New Products!" Words such as "leading edge and natural" can be inviting, but few ingredients can be 100% natural or new. Does the company manufacture its own products under its own control or does it rely on outside contracts? Can all claims be substantiated? Is there a 100% satisfaction guarantee?

What the Terms Mean

Multilevel: A marketing plan with several tiers of participants through which products and commissions pass. Only those at the top buy directly from the company. Participants "downline" purchase products from "upline" distributors. The discount is determined by a person's level in the organization.

Network Marketing. A recent term, may have been coined to counteract multilevel. You "network sales through an organization of recruits rather than through personal efforts.

Pyramid. These are illegal. Large numbers of people at the bottom of the pyramid pay money to a few at the top for the chance to advance to the top and profit from payments of others who might join later.

Career Path. Some companies claim we are "saturated." This year alone, almost 40 women became National Sales Directors. There is plenty of room at the top for women who possess the commitment, drive and willingness to work. There are rewards and recognition at every step of our career path, not just at the very top.

Product Quality. We have been the Best Selling Brand in America for 9 years and intend to remain so because of the generation of new young women beginning to use our products and because of the millions of dollars invested in our manufacturing and distribution centers. We manufacture almost every product ourselves to assure the highest standards of quality. Product safety, customer satisfaction, guarantees and programs are in place to insure customer loyalty for years to come.

Review

Mary Kay's business is selling products, not "business opportunities." We are not in business to recruit women to buy products from us, but to buy and sell for herself.

No "investment" is required, only the purchase of a showcase. No sales force position may be "bought" by the payment of fees or the purchase of large inventories. Everyone begins the same way, as a Beauty Consultant and advances solely on the strength of her recruiting and sales abilities.

There are no levels of wholesalers between the company and consumer. There is only one wholesale sale from the company to the consultant and one retail sale from the consultant to the customer. Everyone, regardless of her status in the sales organization, purchases products directly from the company based on the same discount schedule, for resale to the consumer.

Mary Kay guarantees in writing that any consultant who terminates her relationship with the company may return any new and unused products purchased within one full year prior to return and receive a 90% buy-back, unlike some companies that either offer no buy-back or 30, 60, or 90 day offers.

All commissions are paid directly to consultants and directors. In many other companies, checks are written back and forth from the distributors, and no relationship is present between the main company and its distributors until a certain size organization is gained.

The Mary Kay Legal Department can assist you with any concerns!