



**Federation of European Direct Selling Associations**

**Annual Report  
2009-2010**

« Direct Selling is a growing and dynamic sector resting on successful and sustainable companies which offer real jobs, even in hard economic times ».

*Laurent Wauquiez, French Minister of European Affairs, former Secretary of State in charge with Employment, addressing the French DSA member companies in Paris.*

*21 September 2010*

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## Chairman's Statement



We have enjoyed a fantastic and dynamic year in the representation of direct selling in Europe and it is my pleasure to highlight the changes that have taken place over the last 12 months.

At the end of 2009, FEDSA members agreed unanimously on changing the structure of the federation. The new structure, which became in force early 2010, has increased the federation's representativeness and has aligned it to the more commonly used organisation forms of European trade bodies.

You will be able to discover the new structure in more detail further down in this publication. In brief, a new Board composed of trade association representatives and is chaired by the federation's Chairman. Our new statutes impose that the latter is the head of a company. The membership and structure of the working groups will further ensure a proper balance between companies and associations.

I feel honoured for being elected in February 2010 as the first Chairman under this new structure. This new role carries a great responsibility and will take much of my time, but it will allow me to give back to a sector that has enabled my wife and me to become successful in business and to get life fulfilment.

FEDSA also appointed an Executive Director, who has been given appropriate powers by the statutes to lead the day-to-day operations, develop new initiatives and, most importantly, represent the interest of the direct selling sector with European institutions. We are pleased with the appointment of Maurits Bruggink in this new role and we are confident that he will make an important contribution to the further development of our federation.

An important part of these changes was made possible due to initiatives of the outgoing chairman Richard Berry and I would like to thank him for the time and energy he gave to the federation. My thanks also go out to all those who have contributed to the workings of the federation and have been so patient in times of change.

The changes have fortunately come around quickly and we have therefore been able to address much energy to the matters of concern to the industry. Most importantly, we have adopted a position on the proposed *Consumer Rights Directive*. It will allow us to speak with one voice to the regulators. After all, FEDSA represents the trade associations of 22 EU member states, which gives us a very respectable representation in Brussels. As part of the legislative process for this legislation, I had the opportunity, as newly appointed Chairman, to address the European Parliament in a public hearing that took place on 15 April 2010. This has been most gratifying because we need to do more to tell the great story of success and

fulfilment that our sector brings to now over 11 million people active in direct selling. The advocacy of this message to the national and European policymakers will be one of the key objectives of my Presidency.

You will find more industry statistics in this report. They have been collected in cooperation with the World Federation of Direct Selling Associations and with the help of an independent economic consultant. The statistics illustrate the importance of our sector in terms of employment and business volume and illustrate the important role of women and part-time employment.

Another of our priorities has already been worked on during the last year and will need to be completed in the coming 12 months. An Ethics Committee has been created with 5 members. This Committee has started to work on a revised *Code of Ethics* and the development of its role as *Code Administrator*. We are proud to have appointed Prof. Jules Stuyck of the University of Leuven to chair

this committee as independent Chairman. The Committee will have to ensure that high trading standards are upheld and that redress is possible against those companies that tarnish our image and reputation.

A final word needs to be said about the achievements of our federation in reunifying the interests of the sector. The French, Italian and Luxembourg associations have joined FEDSA during the last twelve months, which has made FEDSA the undisputed force in representing direct selling in Europe. However, we need to look forward and aim to convince others to join our cause. The federation's restructuring and newly gained effectiveness must be transformed to clear results. With these, I am hopeful to make a major step forward in the industry's reunification in the coming year.

Philippe Jacquelinet,  
Chairman

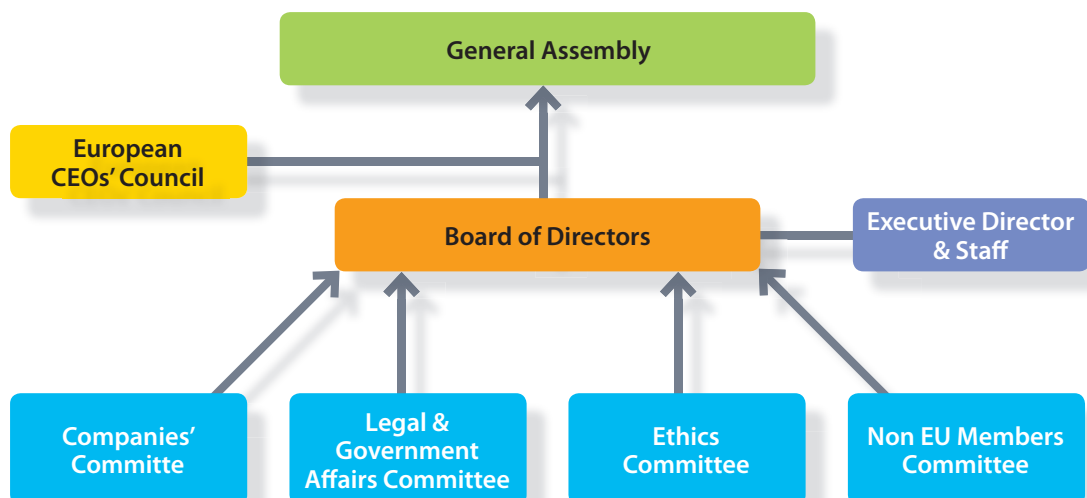
## Mission Statement

FEDSA shall represent and promote, at European level, the interests of national Direct Selling Associations and their members engaged in direct selling.

This mission will be achieved, in particular:

- ▶ Maintaining contacts with relevant EU officials and with other relevant business organisations and consumer interest groups in Brussels;
- ▶ Lobbying EU officials in defence of its members' interests with regard to any European legislative development that presents, as indicated by its members, any threat to the efficient operation of their direct selling businesses;
- ▶ In consultation with its members, determining and advocating new EU legislation in the interests of the efficient operation of pan European direct selling businesses;
- ▶ Promoting the economic and consumer benefits of the direct selling channel;
- ▶ Promoting a proper understanding of the way in which direct selling businesses are organised;
- ▶ Setting high standards, through a European code, for acceptable practices in selling methods and the treatment of direct sellers;
- ▶ Disseminating to its members, legislative and other information of use in the efficient operation of its member associations.

## Organisation



FEDSA Annual Report 2009-2010

# Activity Report

## General Assembly & Annual Conference

The General Assembly is composed of all Full, Associate, Corporate and Honorary Members and has all powers to achieve the objectives of the association other than the general management, which is the competence of the Board of Directors. It is chaired by FEDSA Chairman Philippe Jacquelinet and has 40 members.

### Actions 2009/2010

In 2009, the General Assembly met twice in Brussels under its former name, Board of Delegates. The first meeting took place on the 1st of April 2009 under the chairmanship of Richard Berry. At that meeting, the company **NL International was accepted as Corporate Member** and the 2008 accounts were approved.

At the meeting held on 16 December 2009, the members approved the 2010 operating budget and the 2010 Action Plan. The same day, the General Assembly held an extraordinary meeting to adopt a new constitution. The new Articles and Bye-Laws deeply changed the organisation, modernising its functioning and adapting its structure to the evolution of EU trade associations in a changing political environment. The new structure included working committees in order to support the Board of Directors' actions in achieving the Federation's objectives.

In January 2010, in a written procedure, the General Assembly accepted the **French DSA as Full Member**. The General Assembly met for the first time on 10 February 2010 and elected a new Chairman and a new Board of Directors composed by six General Secretaries of EU Member States DSAs. The meeting also accepted the **Luxembourg DSA as Full Member** and approved the 2009 accounts.

**Philippe Jacquelinet, CEO of the company Captain Tortue Group**, succeeded to Richard Berry as FEDSA Chairman for a two years' term.

### Objectives 2010/2011

#### ► Launch of Annual General Assembly & Conference

The Board will implement a new meeting structure with one annual flagship event, as opposed to the smaller twice-a-year General Assemblies. The Annual Meeting will be short with formal matters such as approval of accounts, whereas the Conference will take most of the day with topics related to EU and direct selling. The conference will be an open event with participation from DSAs member companies and other stakeholders from the direct selling sector. The 2011 event will be held on 21 September 2011 in Warsaw, during the Polish EU Presidency.

#### ► Changes to Statutes

The General Assembly will be invited to approve the change in statutes necessary following the change of the federation's name.

## Board of Directors

The Board of Directors defines the general policy direction of the Federation, fixes the level of annual contribution, drafts the annual budget and holds responsibility for the good management of resources. It also convenes the Annual Conference. The Board is chaired by FEDSA Chairman Philippe Jacquelinet and has 6 to 8 members.

### Actions 2009/2010

The Board of Directors, formerly named Execom, met twice in 2009. At the September 2009 meeting, the Board agreed on a new draft constitution that would be submitted to the approval of the General Assembly. On 15 December 2009, the Board approved the 2010 budget and Action Plan. In 2010, the first meeting of the Board of Directors took place in Brussels on 10 February under the chairmanship of the newly elected Chairman Philippe Jacquelinet. An ad hoc working group was formed to overlook the recruitment of an Executive Director; and the Committees' chairpersons were appointed. The Board of Directors met again in Brussels on 18 May 2010 and in Berlin on 14 September 2010. At that meeting, the Board approved the 2011 Action Plan presented by the newly recruited Executive Director Maurits Bruggink, and endorsed the principle of changing FEDSA's name and visual identity.

### Objectives 2010/2011

#### ► Change of name and identity

The Board will manage the process of a name and identity change that will reflect the new structure and identity of the Federation. After approval of the General Assembly, the board will select a brand company from a short list of three companies to work out the change.

#### ► Increase relations with non-member DSAs and promote united industry representation

The Board will maintain ongoing contacts with non-member DSAs with a view to further explain the changes in the FEDSA structure and maintain cordial ongoing relationships with them. The Board will ensure a constructive approach with all representatives of the direct selling industry in Europe, which would hopefully lead to a less fragmented representation of the industry.

#### ► Publication of Annual Report

An Annual Report will be published at the end of the year. It will recap FEDSA's activities with a focus on our positions on key issues. It will also present the industry's figures, give a socio economic analysis of the sector and set out the federation's objectives for the year ahead.

#### ► Launch of Business Partners Programme

The Board will initiate and overview a programme for companies providing services and or products to the direct selling industry offering them to become Business Partners of FEDSA. The programme will inter alia allow Business Partners to give valuable input in the work of the Federation and to network with the industry. Business partners will also be able to support FEDSA's activities due to an annual fee linked to the programme.



## Legal & Government Affairs Committee (LGA)

The objective of the LGA is to monitor and analyze the European Union legislation related to Direct Selling and trade in general in order to protect the interests of operating direct sales organisations.

### Actions 2009/2010

The Legal & Government Affairs counts 15 active members representing member DSAs and Corporate Members. It met four times during the past twelve months, three times in Brussels and one time in Berlin (13 September 2010). Judith Funcia (Avon) chaired the Committee until February 2010 when chairmanship was taken over by Imelda Vital (Amway). The top priority of the Committee was – and still is – the monitoring of the draft EU Directive on Consumer Rights and its impact on the direct selling industry. Other subjects followed by the Committee included collective redress, nutrition and health claims, cosmetic regulations, new regime for VAT, contract law, self-employed status, etc. The Committee also followed closely national issues such as the restrictions on sales of nutritional supplements in Greece or the draft Trade Law in Switzerland. Under the auspices of the Legal & Government Affairs Committee, FEDSA published several Positions Papers that reflected our views on subjects such as the draft CR Directive or Consumer Collective Redress, and responded to several EU Commission consultations (Green Papers) on Labour Law, on Retail monitoring, on e-commerce, etc. With members of the LAG Committee or alone, FEDSA regularly visited MEPs and other EU stakeholders (Commission, Permanent Representations) and participated in the work of EuroCommerce (Legal Affairs Committee, Food Supplements Working Group) and other trade associations. The Legal & Government Affairs Committee adopted Terms of Reference at its 13 September 2010 meeting.

### Objectives 2010/2011

#### ► Advocacy on Consumer Rights Directive

The main priority for the LGA remains the ongoing procedure for the adoption of a Consumer Rights

Directive. FEDSA will advocate its position toward the European Parliament, who's Internal Market Committee, will adopt a report on the Directive by the end of 2010. Advocacy will have to remain strong until the adoption of an opinion in first reading, expected early 2011.

In parallel, FEDSA will advocate its position to Member States, who are discussing the proposal in their Council Working Group, with a view of adopting a position in the coming months. FEDSA advocacy aims to get as many points of its position paper adopted in the EP Opinion and the Council's Common Position.

#### ► Review of Legal Status of Direct Seller

The LGA will create a Working Group to look at whether a proactive pan-European industry approach is needed on the legal status of the direct seller.

#### ► Appointing Sector Coordinators

In view of the great impact that product specific regulation has on DSO's, the LGA will appoint individuals to report on developments and distribute information. Key sectors with such coordinator will be cosmetics and food supplements.

#### ► Engaging with various EU initiatives

LGA will contribute to all the work carried out in the framework of Retail Market Monitoring and advocate the DS position to each of the institutions.

LGA will closely monitor the developments on the creation of a Common Framework of Reference in European contract law and will make submissions if required.

#### ► Playing an active role in EuroCommerce

LGA will continue to play an active role in the work of EuroCommerce, the umbrella organisation of the European retail sector. EuroCommerce is an influential body and its views should take into account the interests of the direct selling sector. The organisation also offers FEDSA a wealth of information and networking opportunities.

## Companies Committee

The objective of the Companies Committee (CompCom) is to promote the interests of internationally operating direct sales organizations in relation to regulatory, trade, commercial, marketing and other direct selling business matters.

### Actions 2009/2010

Over the last twelve months, the Companies Committee met three times and held one conference call. The Committee assisted the staff in the organisation of the European CEOs' meeting that took place on 16 February 2010 in Metz, hosted by the company NL International. During the second semester of 2009, it took an active part in the drafting of the new FEDSA constitution that was approved on 16 December 2009. Subjects debated by the Committee included anti-trust legislation and excise duties on cosmetics in Russia, tax issues in Ukraine, re-launch of the DSA of Serbia, legal threats in India and in Hungary. The Companies Committee adopted Terms of Reference at its 13 September 2010 meeting, and monitored EU regulatory issues having a direct or indirect impact on DSOs operating in Europe. Jaroslaw Mulewicz (Avon) succeeded to Michaela Beltcheva (Oriflame) as Chairman of the Committee in February 2010.

### Objectives 2010/2011

#### ► Advocacy against trade barriers and worsening trading conditions

The CompCom will issue a new questionnaire inviting member companies to list trade barriers within the EU as well as with third countries. The results will be included in a matrix, which will be regularly updated. CompCom will undertake advocacy with European institutions as well as (third) countries with the aim of removing trade barriers or improve trading conditions.

The CompCom will work together with FEDSA's Non-EU DSA Committee on defining and implementing an advocacy programme on Russia and Ukraine.

► **Introducing direct selling in the WTO Doha Round** CompCom will support the US DSA initiative for the introduction of a favourable text in the Doha Round WTO negotiations. In particular, CompCom will seek the support of the European Commission and Member States' trade committee (art. 133 Committee).

#### ► Tackling vertical legislation

CompCom aims to advocate against various vertical, non-sector specific regulations that have a negative impact on business. Among these are regulations on EU labelling, late payments, inter corporate transfers, product claims and social legislation.

#### ► Improving Networking

In order to improve intelligence sharing and advocacy, CompCom will review memberships of FEDSA and its members in the various EU networks and platforms. The aim is to cover as much ground as possible and to have an improved information sharing and advocacy capability.

## Non-EU DSAs' Committee (NED)

The objective of the Non-EU DSA Committee is to promote the interests of Direct Selling and Direct Selling Associations in countries not belonging to the European Union in all areas affecting the regulation of our markets, international trade and promotion of best practices. The Committee is chaired by Michaela Belcheva of Oriflame and has six members.

### Actions 2009/2010

The Non-EU DSA Committee exists since early 2010. It was set up by the new Constitution approved in December 2009, with the objectives of giving DSAs of non-EU countries a platform to discuss issues specifically affecting their markets and supporting these DSAs in their development and actions to enhance direct selling. The Committee had no meetings in 2010 but its members had several telephone discussions.

### Objectives 2010/2011

#### ► Assisting DAS's of accession countries

NED will assist DSAs of countries that are preparing for accession to the EU to familiarise with the EU Acquis Communautaire through regular updates on accession negotiations, advice on local advocacy, and advocacy at EU level.

#### ► Improving trade and trading conditions with Russia and Ukraine

NED will undertake, in cooperation with the Companies Committee, advocacy with European institutions as well as (third) countries with the aim of removing trade barriers or improve trading conditions with Russia and Ukraine.

#### ► Annual Meeting

In view of the limited member DSA's in this committee, the large geographical distances between the non-EU countries and the great differences in their interests, the NED plans to meet once in Russia. The work is further supported by conference calls.

## Ethics Committee (EC)

The objective of the EC is to review, update and interpret the European Code of Conduct where necessary; to support independent Code Administrators of national DSAs in the interpretation of the Code; help national DSAs implementing them and; to propose ruling on complaints. The Committee may be requested to act as European Code Administrator. The Committee is chaired by Prof. Jules Stuyck and has 5 members.

### Actions 2009/2010

The Board appointed Juan Turró, Philippe Dailey and Anders Berglund as members of the EC. The latter was entrusted to lead the EC until an independent Chairman was found. With the appointment of the new Executive Director, Maurits Bruggink became ex officio, non-voting member of the EC.



**Prof. Jules Stuyck of the University of Leuven** accepted to take up the role of independent Chairman of the EC. Prof. Stuyck is a professor in comparative law and commercial law with an impressive CV on issues relevant to the DS sector. He is inter alia one of the twelve members of the EU expert group to advice on the new European framework of contract law. Prof. Stuyck is also a solicitor with a reputable law firm in Brussels. Prof. Stuyck was appointed by the Board.

The EC started its work on the revision of the Code, elaborating ethical requirement that are more specific than in the current code; defining the role of the Code Administrator (which is the EC itself); defining procedures to handle complaints and; possible sanctions. It met once formally in Brussels, and held various conference calls and one ad hoc working group meeting in Berlin.

### Objectives 2010/2011

#### ► Finalising the new Code of Ethics and Working Method

The EC aims to present a revised Code at the end of 2010/early 2011 for adoption by the General Assembly. The revised Code should allow the EC to be specific about the values it aims to promote and about the possible handling of individual cases.

#### ► Promotion

With the help of the FEDSA secretariat, the EC will develop a plan to promote the Code among FEDSA members and stakeholders in general. This includes the presentation of the Code and the work of the EC at the 2011 FEDSA Annual Conference that will take place on 21 September 2011 in Warsaw.

#### ► Complaints

The EC received a first complaint about company who allegedly behave unethically, in an EU Member State. The EC will look into this complaint according to the existing Code and, depending on the speed of its adoption, also according to the revised Code. It is likely that the EC will look into more cases during the 2010/2011 period.

## Communications

The communications programme aims to promote the Federation's work and direct selling in general and addresses both internal and external audiences. Internal communications aim to inform members about key regulatory and political developments affecting direct selling. External communications aim to inform policymakers, media and other interested parties about direct selling in general and our positions on policy developments in particular.

### Actions 2009/2010

#### ► Statistics

The 2008 statistics were available early September 2009 and largely publicised. A leaflet summarizing the main figures was used for external communication; its layout was made available to member DSAs for national use. FEDSA promoted broadly the socio-economic benefits of the industry, insisting on the fact that direct selling was Europe's largest provider of independent business opportunities. A brochure supporting this communication was published in English, French and German.

In 2010, faced with repeated inconsistent data and obstacles to collect credible figures on direct selling, FEDSA and WFDSA joined forces to make a worldwide statistical survey of the industry, with the help of an independent economic consultant. Two questionnaires were developed, one for companies and one for DSAs. The survey was launched in April 2010 and results were presented at the WFDSA CEO Council meeting held in Moscow on 8 September 2010. FEDSA is particularly pleased at this successful cooperation with WFDSA and looks forward to repeating the exercise next year.

#### ► FEDSA in the European Parliament

FEDSA and Polish MEP **Danuta Jazłowiecka** hosted a dinner briefing in the European Parliament on the 2nd of December 2009 to present direct selling and its many socio-economic advantages. **Malcolm Harbour**, **Chairman of the Internal Market and Consumer Protection Committee in the EP**, and several other



MEP Danuta Jazłowiecka

MEPs attended the event, together with several other key EU stakeholders. The audience was impressed by testimonials of three direct sellers who described their experience in direct selling and told the audience how direct selling had changed their lives. **Jonas af Jochnick, co-founder of Oriflame** talked about the success' story of Oriflame, explaining how he and his brother Robert founded their company.

On 15 April 2010, invited by **MEP Andreas Schwaab**, Chairman Philippe Jacquelinet, addressed the European Parliament at a hearing on the draft Consumer Rights Directive organised by the PPE.

#### ► Partnership with the University of Leuven for the Leuven Consumer Day

On 2<sup>nd</sup> of March 2010, FEDSA organised with the universities of Leuven and Münster a seminar on consumerism and non-store retail. Stakeholders from distance selling (EMOTA), direct marketing (FEDMA)



Jens Karsten, MEP Malcolm Harbour, Prof Jules Stuyck, Suzanne Czech (EMOTA) and Alastair Tempest (FEDMA)

and the software industry were associated to that event that took place in the University of Leuven.

A sophisticated crowd of participants from EU-institutions, consumer advocates, business stakeholders and academics participated in the one day seminar.

The presentations and discussions were interesting and favourable for direct selling. FEDSA's crucial role for the conference was prominently displayed and our contributions well-received.

#### ► Website

A completely renewed website was put online on 25 September 2010. Featuring news on EU affairs and issues affecting our industry, announcing members' events and meetings, with general information on direct selling in five different languages besides English, the new website aims at keeping the public aware of our industry's views and of its benefits.

### Objectives 2010/2011

#### ► Change of name and identity

The adoption of a new name and identity in 2011 should reflect the important changes that occurred in the organisation of the Federation. The name change will also include a change of identity: website, logo, stationery, brochures, etc.

After approval of the board in September 2010 to move ahead with the name change, a restricted call for tender was issued for which 3 companies have been invited to react. In the beginning of 2011, the name change is expected to be ready for proposal to the General Assembly.

#### ► Media

In order to improve the ability to communicate with the media, the FEDSA office will create a central database of EU media contacts. In each country with a member, FEDSA will identify one point of coordination for communication with media. This coordinator will have to ensure that FEDSA media releases will be followed up with local media.

The FEDSA office will ensure that regular news releases and media contacts are issued throughout the year.

#### ► Website

The website will be further developed and regular news and updates are anticipated. A new link to both Facebook and LinkedIn will be created.

#### ► Newsletter

A quarterly newsletter will be (re)launched with articles about key EU developments affecting direct selling, activities of FEDSA and events. The issues are planned for November 2010 and February, June, September and November 2011.

#### ► Information to Members

The FEDSA office will continue to provide the members of each of the committees with regular memoranda containing information, insight, analysis and advice on EU issues related to their committee.

# Socio Economic Report

## Introduction

Direct selling has performed strong in 2009, despite the global economic crisis. Statistics from the World Federation of Direct Selling Organisations (WfDSA) show that 19% of the world's direct selling turnover is generated in the EU (€10,7 billion), which makes it the third placed global region after Asia and North America.

FEDSA has intensively cooperated with WfDSA to improve the annual statistics, the result of which you will find in the statistics section of this report. The improved statistics will allow us over time to make detailed comparisons between different years and to identify trends. For this year, we limit our analysis to the year 2009.

## Forms of Direct Selling

The 2009 statistics make the distinction between person-to-person and party-plan selling methods. Both selling methods can be done through single-level and

multilevel marketing, for which there are no detailed statistics available on a European level.

### **2/3<sup>rd</sup> of direct selling is person-to-person**

The EU average shows that around 2/3<sup>rd</sup> of direct selling are done through person-to-person sales and 1/3<sup>rd</sup> through party-plan, but there are great deviations

from the average. Among the large EU markets, party-plan selling seems less popular in Poland and the UK. The same applies for non-EU markets Russia and Turkey.

## The Direct Sales Representatives

### **4 million direct sellers in the EU**

More than 4 million people in the European Union are direct sellers. 75% of these have a status of self-employed. This percentage is much higher; 98% for the largest markets outside central Europe- France, Germany, UK, Italy and Spain – who represent over three quarters of the total EU market in sales volume.

The self-employed status is in most cases the logical consequence of the distribution model. It attracts those individuals, who have a drive and ambition to start a business or earn extra income without necessarily

having to make much initial investment. The fact that direct selling attracts many people with another main activity is illustrated by the fact that 81% of the direct sellers in the EU do this on a part-time basis. The part-time employed can have different motivations: - the need for extra income at the end of the month to increase the living standard for them or their family; - the choice not to take full employment for family reasons or; - the social contacts that direct selling generates. Direct selling is also accepted as a serious alternative for those who cannot find a full time job.

### **80% of direct sellers are women**

The ability to combine a professional activity and extra income with a family responsibility is one of the reasons why almost 80% of the direct sellers are women. The other reason is the suitability of cosmetics and personal

care items for direct sales. In any case, direct selling allows women a participation in economic life and an independence that would otherwise have been more difficult.

The social security and tax status of the direct seller is not provided for at European Union level. In other words, it depends on each individual Member State how the direct seller has to pay taxes and social contributions and what the associated rights are on issues like health care, pensions, unemployment benefits, etc.

The turnover of a direct seller is in most cases relatively small. The average annual turnover of a direct seller in the EU is € 2,640, or €220 per month. Please note that this is not income for the direct seller, which is only a part of the turnover. The average turnover of a part-time direct seller in the EU fluctuates per country, depending on the economics and buying power in individual member states.

### **Low entry barriers encourage people to become direct seller**

The part-time status and the low turnover normally allow the direct seller a simplified business regime in terms of registration, administration and bookkeeping. Indeed, the low-entry barriers are one of the key reasons why someone takes the step and becomes a direct seller. Many of those would otherwise not generate any income.

However, we notice a trend among member states to get closer involved in the business of the direct seller. One of the main reasons for that is without doubt to increase tax revenues. Governments are also looking at other social aspects, like the level of social contributions and benefits.

## **Ethics**

The direct selling distribution model promotes entrepreneurship because of its inherent ability to create sales with relatively low investment and its independence from existing distribution channels. The particular nature of direct selling also demands for a

dedicated set of rules on proper and ethical trading. For this reason, both national governments and the European legislator have created specific rules and regulations for direct selling.

### **Direct selling needs to comply with laws and strict ethical standards**

In addition to obeying to the law, direct selling companies, direct sellers and consumers will also have to trade according to voluntary codes of good conduct or ethics, which aim to provide the consumer with even higher levels of protection. The World Federation of Direct Selling Associations has issued a model code that is the basis of the national codes around the world. Most Direct Selling Associations in the EU have tailored this code to the needs and legal requirements of their country. FEDSA has also adopted the world code as the basis for its European code.

The FEDSA code covers both transactions with consumers as well as between economic operators (seller, company). The first addresses issues like

the requirements for order forms, the provision of information to consumers, return of goods, proper promotion of products and services and others. The second addresses issues like recruitment practices, earnings projections, fees, buy back provisions and others.

FEDSA has witnessed few concerns about unethical trading in 2009 and the continuous improvement and enforcement of the Code of Ethics has certainly contributed to this. However, the sector has to remain vigilant against those who try to make rapid gains through illegal or unethical methods. Particular attention needs be given to the risk of pyramid schemes.



## The Market

### ○ Markets in Europe

As mentioned above, the top markets by in the European Union by turnover are Germany (€2,7 Billion), Italy (€2,4B) France (€1,7B) and the UK (€0,9B).

There is some disparity between figures because they do not always include the same products and services in each country.

### **Strong growth in Central European markets**

In the last two decades, direct selling has grown rapidly in Central and Eastern European countries. The poor existing distribution infrastructure and the desire by

individuals to increase living standards have been decisive factors for growth in this part of Europe.

### ○ Products & Services

Some products and services are particularly suitable for direct selling. For example, many customers prefer an explanation or demonstration of products like cosmetics, kitchen utensils, home improvement products or dietary supplements to name just a few.

In other cases, retail stores are located far away and it

becomes more convenient to buy from a local direct seller. The ability to distribute products or services without a physical location makes direct selling the preferred option in remote regions. In addition to the various economic arguments, an important strength of direct selling, in particular party-plan selling is the pleasure it offer in socialising.

### **1/3<sup>rd</sup> of sales are cosmetics and personal care products**

In view of the above, direct sales can be divided into five main categories. The largest percentage of sales are cosmetics and personal care items (36% of total),

followed by household goods (27%), wellness (11%), clothing and accessories (7%) and others (19%).

### ○ Trends

Some of the trends have already been mentioned above: - strong growth in Central European markets; - focus on ethical trading; - important market shares for cosmetics and household goods or; - high participation of women. Other trends cannot yet be identified due to the lack of consistent statistics over longer periods. However, one important trend can be identified without specific data and that is "convergence".

### **Internet**

Every economic sector has been changed due to the rapid developing technology, in particular the internet. It has had an impact in relations between direct seller and the direct selling company and between the direct seller and the consumer:

The Internet allows direct sellers to handle their orders online, which prevents much paperwork, speeds up the distribution process and saves costs.

The internet has allowed direct sellers and customers to maintain contact outside the face-to-face meetings. Direct sellers have started blogs and social media pages and use electronic mailings, while customers have online access to product and services brochures. Some may even give follow-up orders by electronic means. However, despite this convergence of physical and electronic communications, the essential criteria for direct selling remain undisputedly the face-to-face relation and the demonstration of products and services out of business premises.

### **Vocational Training**

Another trend is the further profesionalisation of the direct seller. This will be the result of the increased availability and promotion of vocational training possibilities. The Direct Selling Associations play an important role in this process by initiating the development of such training and providing the required know-how. The government should play another important role by providing support in terms of funding and regulation that encourages vocational training.

### **Internationalisation**

Further growth of the sector will depend on cross-border trade and harmonisation of rules and regulations in the Internal Market.

Legislation is currently being prepared in the European Union that will considerably harmonise direct selling rules. It is expected to enter into force in the coming years and internationalisation of companies will be the result.

## Statistics

European Direct Selling Statistics - 2010 Retail Sales (based on 2009 data - in million €)							
Countries	Sales (in millions €)	Salesforce				Selling methods	
		Nr	% women	% part-time	% self-employed	Person to person	Party Plan
Austria (2)	192,00	14000	na	na	na	na	na
Belgium	169,00	18122	67%	65%	94%	27%	73%
Bulgaria	49,60	84446	87%	54%	42%	96%	4%
Czech Republic	161,40	223673	(3) 95%	(3) 85%	na	95%	5%
Denmark (1)	90,70	99500	70%	95%	5%	50%	50%
Estonia	12,36	20960	95%	na	100%	95%	5%
Finland	146,00	80000	80%	92%	100%	61%	36%
France	1737,00	265000	80%	80%	93%	66%	34%
Germany (1)	2708,00	460000	88%	90%	100%	64%	36%
Greece	86,67	102016	na	na	na	na	na
Hungary	186,07	316448	76%	90%	97%	na	na
Ireland (1)	53,50	17758	71%	82%	74%	83%	17%
Italy (1)	2419,55	390955	79%	99%	99%	62%	38%
Latvia	19,72	24000	96%	na	99%	79%	21%
Lithuania	29,60	31235	95%	na	98%	67%	33%
Luxembourg	10,00	600	na	na	na	na	na
Netherlands	94,30	36135	81%	86%	100%	61%	39%
Poland (1)	528,45	869328	88%	85%	47%	94%	6%
Portugal	68,38	12708	na	na	na	na	na
Romania	147,21	245560	84%	31%	38%	92%	8%
Slovakia	71,00	98000	na	na	na	90%	10%
Slovenia (1)	26,00	35000	65%	80%	5%	70%	30%
Spain	440	185000	88%	96%	100%	na	na
Sweden (1)	278,69	100000	75%	95%	95%	80%	20%
United Kingd. (4)	992,25	278000	85%	87%	98%	85%	15%
<b>Total EU</b>	<b>10717,45</b>	<b>4058464</b>	<b>77%</b>	<b>81%</b>	<b>77%</b>	<b>68%</b>	<b>32%</b>
Croatia	24,32	34820	63%	96%	4%	na	na
Norway (1)	201,98	188800	85%	90%	98%	85	15
Russia	2300,0	4995508	80%	55%	100%	83%	17%
Switzerland(3)	282,0	10000	53%	60%	na	na	na
Turkey	315,66	612814	90%	65%	100%	93%	7%
Ukraine	389,00	1436100	na	na	na	na	na
<b>Total</b>	<b>14230,41</b>	<b>11204898</b>	<b>81%</b>	<b>70%</b>	<b>86%</b>	<b>67%</b>	<b>33%</b>

Sales figures exclude VAT

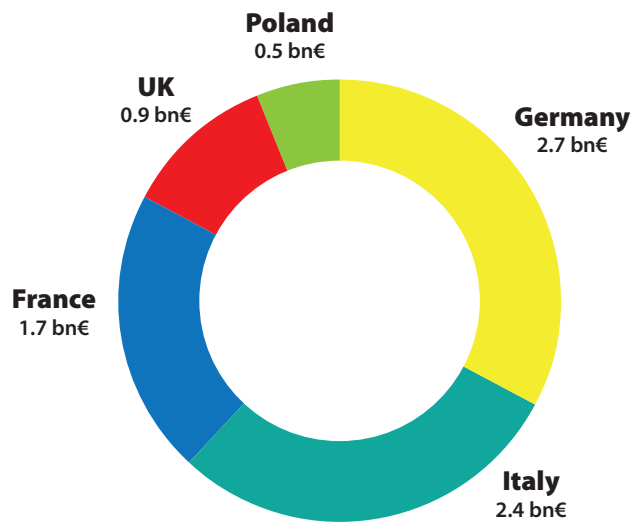
(1) Sales figures include both DSA and non-members companies © FEDSA-WFDSA 2010

(2) Source : Euromonitor 2009 (3) Based on 2008 data (4) Home improvement products excl.

Euro exchange rate applied: ECB 31.12.2009

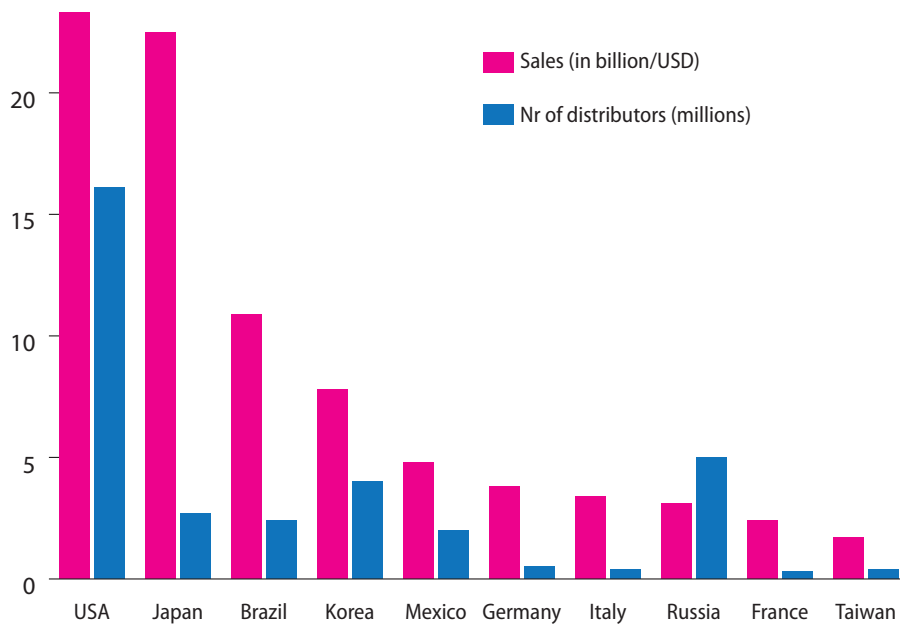
## Sales

**Top 5 Markets in the EU**  
(in billion/€)



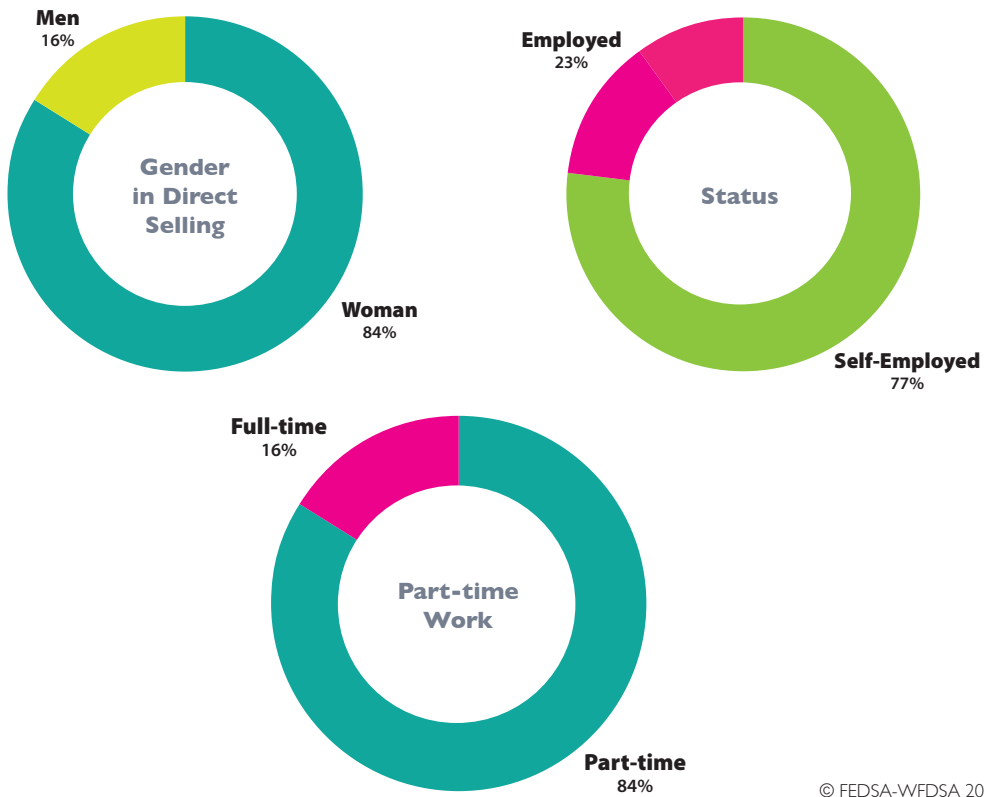
© FEDSA-WFDSA 2010

**Top 10 World markets**  
(in billion/USD)



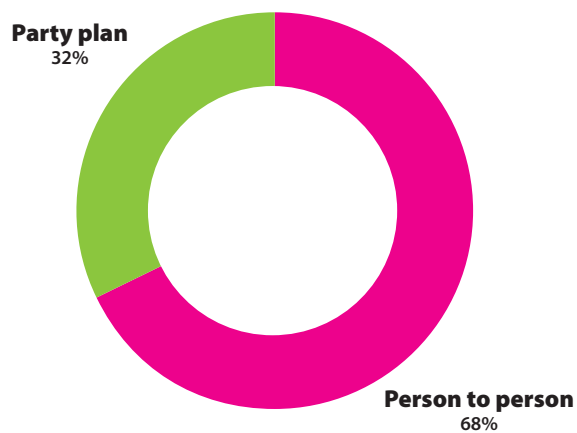
© FEDSA-WFDSA 2010

## Profile of direct sellers



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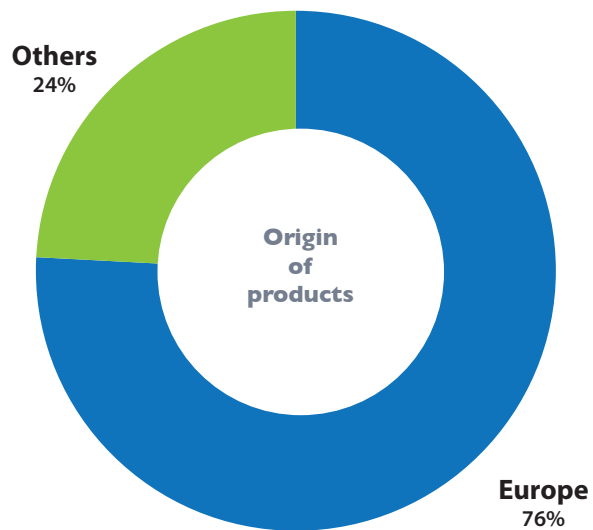
## Selling Methods



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## Products



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## Members

### **Bulgaria**

#### **Bulgarian Direct Selling Association (BDSA)**

22 Patriarh Evtimii str  
Floor 2, app 3A  
1000 Sofia - Bulgaria  
Tel : +359 2 937 01 70 - Fax : +359 2 937 01 71  
Website: www.bdsa-bg.com  
Chairwoman: Lilyana Kutsarova  
Codes Administration: Tanya Foutekeova, Attorney

### **Czech Republic**

#### **Asociace osobního prodeje (AOP)**

##### **c/o Amway**

Nad Kazankou 29/216  
CZ-170 00 Praha 7 Troja  
Tel: +420.271024 +420.271210 - Fax: +420.28542100  
E-mail : info@osobniprodej.cz  
Chairman: Mirek Kopriva  
Secretary: Marketa Smirinska  
Codes Administrator: Dr.Viktor Petrus

### **Denmark**

#### **Direct Selling Association of Denmark**

Carl Gustavs Gade 3, 2 tv.  
2630 Taastrup - Danmark  
Tel. +45 43 31 32 33 - Fax. +45 43 31 32 43  
Website: www.disafo.dk - E-mail: info@disafo.dk  
Chairman: Thomas Verstergaard  
Codes Administrator: Richard Petersen

### **Estonia**

#### **Estonian Direct Selling Association (EDSA)**

Romantik 29, Ilmandu küla  
Harku vald Täbasalu sjk. Harjumaa  
EE-76 901 Tallinn  
Tel: +372.50 94 659 - Fax: +372.6.304 605  
Website: www.edsa.ee - E-mail: stella@edsa.ee  
Chairman: Göran Nordh  
Codes Administrator: Ms Mare Kingo

### **Finland**

#### **Finnish Direct Marketing Association (FDMA)**

SF-00120 Helsinki  
Tel: +358 9 228 77 400 - Fax: +358.9.612 10 39  
Website: www.asml.fi - E-mail: info@asml.fi  
Chairman (of DS Section): Christer Holm  
Secretary General: Jari Perko  
Code Administrator: Sakari Virtanen

### **France**

#### **Fédération de la Vente Directe (FVD)**

100 avenue du Président Kennedy  
FR-75116 Paris  
Tel: +33 (0) 1 42 15 30 00 - Fax: +33 (0) 1 42 15 30 90  
E-mail : info@fvd.fr  
Délégué Général : Jacques Cosnefroy  
Chairman: Philippe Jacquelinet  
Code Administrator : Commission Paritaire  
de Médiation de la Vente Directe

### **Greece**

#### **Hellenic Direct Selling Association (HDSA)**

Iraklidon Street 6 Str.  
GR-Thissio - 118 51 Athens  
Tel: +30 210 .3421 579 - Fax: +30 210.3421 913  
Chairman : Kirikos Lazarou  
Code Administrator: Dimitris Zepos

### **Hungary**

#### **Közvetlen Értékesítő Szövetsége (KESZ)**

1222 Budapest, Liszt Ferenc u. 92.  
Phone/fax: +36.1. 424 7045  
Website: www.dsa.hu  
E-mail: evarajki.dsahungary@mail.datanet.hu  
Chairman: Janos Koos  
Secretary General: Eva Rajki  
Code Administrator: contact the DSA

### **Italy**

#### **Associazione Vendite Dirette Servizio Consumatori (AVEDISCO)**

Viale Andrea Doria, 8  
20214 Milano  
Tel : +39 2 670 27 44 - Fax : +39 2 674 79 024  
E-mail: info@avedisco.it - Website : www.avedisco.it  
Executive Director: Giorgio Giuliani  
Chairman: Giovanni Paolino  
Code Administrator: Fabio Bortolotti

### **Ireland**

#### **Direct Selling Association of Ireland (DSA)**

Avalon  
Ballytrust - Ballinagh - Co. Cavan - IRL  
Tel: +353 (0)49 436 77 65 - Fax: +353 (0) 49 436 79 26  
Website: www.dsai.ie  
E-mail: robarl@tiscali.co.uk  
Chair: Andy Smith  
Secretary General: Roger Brown  
Codes Administrator: Bernard G. McCabe

### **Latvia**

#### **Direct Selling Association of Latvia**

Brivibas 155  
LV-1012 Riga  
Tel: +371 738 97 97  
Fax: +371 737 556  
Website: www.tta.lv  
E-mail: tta@tta.lv  
General Secretary : Gintautas Zaleckas  
Code Administrator: Egils Fortins

### **Lithuania**

#### **Lithuanian Direct Selling Association**

Verkiu str: 29  
block 15 Vilnius, Lithuania  
Tel: +370 5 210 97 57  
Fax: +370 5 273 00 51  
General Secretary: Gintautas Zaleckas  
Code Administrator: Tomas Zubrickas

### **Luxembourg**

#### **Association**

#### **pour la Vente Directe au Luxembourg**

16 Grand Rue - L-3650 Kayl  
Tel : +352 091 26 27 ou +352 56 03 85  
Fax : +352 56 03 86  
e-mail : info@avd.lu.avd.lu  
Chairman : Bernard Lucas  
Code Administrator : Mtre Claude Geiben

### **The Netherlands**

#### **Vereniging Directe Verkoop (VDV)**

Postbus 2450  
NL-5202 CL Den Bosch  
Tel : 0900 - 55 33 111 (from NL)  
+31 73 643 14 87 (from outside NL only)  
Website: www.directeverkoop.nl  
E-mail: vdv@directeverkoop.nl  
Opening times : Monday, Tuesday and Thursday  
from 09:00 to 17:00  
Secretary : Mrs Arabelle Ferket  
Chair: Mrs Sindy Staessen  
Code Administrator: Mr Ton Heebing

### **Poland**

#### **Polskie Stowarzyszenie**

#### **Sprzedazy Bezposredniej**

Direct Selling Association of Poland  
Ul.Rakietników 35  
PL-02-495 Warsaw  
Tel: +48.22.668 43 32 - Fax: +48.22.435 52 32  
Website: www.pssb.pl - E-mail: info@pssb.pl  
Chairman: Ms Edyta Kurek  
Executive Director: Mr Miroslaw Lubon  
Codes Administrator: Mr Maciej Łaszczuk ,  
Mr. Andrzej Zbroja, Mr. Maciej Szpunar

### **Portugal**

#### **Instituto Português de Venda Directa (IPVD)**

Rue General Ferreira Martins, 10 - 4º A,  
Miraflores, 1495-137 Algés  
Portugal  
Tel: +351.214 107 048  
Website: www.ipvd.pt - info@ipvd.pt  
Chairman: Gee Soares  
Codes Administrator: Dr. Luis Nandin de Carvalho

### **Romania**

#### **Association of Direct**

#### **Sales Companies of Romania**

Oasului, no.11, Otopeni, Ilfov, Romania  
Tel: +4021 352 94 19 - Fax: +4021 352 94 19  
Website : www.acvd.ro - E.mail: contact@acvd.ro  
Chairman: George Popescu  
Code Administrator: Florentina Dumitrescu

### **Slovakia**

#### **Zdruzenie Priameho Predaja**

Vajnorska 100/B  
P.O. BOX 25  
830 08 Bratislava 38  
Slovak Republic  
Tel: +421 2 491 10 040 - Fax: +421 2 444 64 140  
e-mail : zpp@zpp.sk  
Website : www.zpp.sk  
Chairwoman : Jana Darulova  
Codes Administrator: Mr.Tomas Borec



## **Slovenia**

### **C/o Chamber of Commerce and Industry of Slovenia Trade Association**

DSA - Sekcija za direktno prodajo  
TZS, Trgovinska zbornica, Dimiceva 13  
SL – 1000 Ljubljana  
Tel : + 386.1. 5898 212 - Fax : +386 1 5898 219  
E-mail : barbara.krivic@tzslo.si  
Website : www.dsa.si/index  
Chairman: Jani Resnik  
Codes Administrator: Barbara Krivic

## **Spain**

### **Asociación de Empresas de Venta Directa (AVD)**

Calle Aragón 210 7th floor  
E-08011 Barcelona  
Tel: +34.93.451 56 17 - Fax: +34.93 451 59 42  
Website: www.avd.es - E-mail: avd@avd.es  
Presidente: Benito Ribas  
Executive Director: Juan Turró  
Consumer Code Administrator: contact the DSA or the local Consumer Arbitration Court

## **Sweden**

### **Direkthandelns Forening (DF)**

Kärleksgatan 2a  
S-211 45 Malmö  
Tel: +46.40.29 43 70 - Fax: +46.40.29 43 82  
Website: www.direkthandeln.org  
E-mail: info@direkthandeln.org  
Chairman and Director: Hans-Henrik Ramel  
Codes Administrator: Robert Hansson

## **United Kingdom**

### **Direct Selling Association Ltd (DSA)**

29 Floral Street  
UK-London WC 2E 9DP  
Tel: +44.207.497 12 34 - Fax: +44.207.497 31 44  
Website: www.dsa.org.uk - E-mail: info@dsa.org.uk  
Chairwoman : Penny Farish  
Director: Richard Berry  
Codes Administrator: Paul Dobson

## **Croatia**

### **Croatian Direct Selling Association**

Hrvatska Udruga Direktne Prodaje - Bani 75  
10000 Zagreb - Croatia  
Fax : +38 51 6650001  
E-mail: info@hudp.hr - www.hudp.hr  
Chairperson : Hedi Kovacs-Resnik  
Code Administrator: Sanja Juric

## **Norway**

### **Direktesalgssforbundet (DF)**

Direct Selling Association of Norway  
Trollåsveien 4  
1414 Trollåsen - Norway  
Tel : +47 22 74 99 90 - Fax : +47 22 74 99 70  
e-mail : info@direktesalgssforbundet.no  
Website: www.direktesalgssforbundet.no  
Chairman: Jan-Frederik Torgersen  
Codes Administrator: Mr Harald Heggen Broerby

## **Russia**

### **Russian Direct Selling Association**

Ulansky Per. 4, Building 1 - Moscow, 101000 - Russia  
Tel: +7(495) 792 3664 - Fax: +7 (495) 792 3641  
Website: www.rdsa.ru - E-mail: info@rdsa.ru  
President : Tamara Shokareva  
Secretary : Oleg Podboronov  
Consumer Code Administrator: Diana Sork

## **Turkey**

### **Dogrudan Satis Dernegi (DSD)**

İkitelli Organize  
Sanayi Bölgesi Atatürk Bulvarı No: 216 / A  
Küçükçekmece / İstanbul  
Tel +90 212 671 29 36 - Fax +90 212 671 29 50  
E-mail: info@dsd.org.tr  
Chairman: Ron Griffith  
Codes Administrator: Yesim Özen

## **Ukraine**

### **The Ukrainian Direct Selling Association**

5, Kharkivske Shose,  
Schaslyve, Boryspil district  
08325, Kiev,  
Ukraine  
Tel: +380 44 230 36 00 - Fax: +380 44 230 36 75  
E-mail: info@udsa.org  
Chairman : Olesia Andreyeva-Kushliandaska  
Executive Director : Nadiya Bedrychuk  
Codes Administrator: Andrii Matiashevych

## Corporate Members

AVON

the company for women

**Avon Cosmetics**

Cosmetics, fragrances & toiletries

ACN

**ACN**

Telecommunications services

Amway

**Amway**

Personal care, beauty and home care products

CAPTAIN TORTUE GROUP

**Captain Tortue Group**

Women and children clothing, lingerie



**GNLD**

Nutritional supplements

HERBALIFE

**Herbalife**

Nutritional supplements and weight-management products

MARY KAY

**Mary Kay**

Skincare and colour cosmetics products

**NIKKEN** Discover it. Live it.

**Nikken Ltd**

Lifestyle, environmental and rest products

NL  
International

**NL International**

Nutritional supplements,  
weight management products

NU SKIN  
THE DIFFERENCE. DEMONSTRATED.

**Nu Skin Enterprises**

Personal care, nutritional and technology products,  
nutritional products

oriflame

**Oriflame**

Cosmetics and beauty products



PARTYLITE

**PartyLite**

Candles, candle warmers, home fragrances

STANHOME *world*  
Changing lives

**Stanhome**

Homecare products, cosmetics and fragrances

## Membership of Committees

The Executive Director, Maurits Bruggink, is an ex-officio member of all FEDSA's Committees

### Board of Directors

<i>Philippe Jacquelinet, Chairman</i>	<i>Captain Tortue Group</i>
Miroslaw Lubon, Vice Chairman	Polish DSA
Anders Berglund, Treasurer	Swedish DSA
Richard Berry	UK DSA
Jacques Cosnefroy	French DSA
Arabelle Ferket	Dutch DSA
Eva Rajki	Hungarian DSA
Juan Turró	Spanish DSA

### Legal & Government Affairs Committee

<i>Imelda Vital, Chairwoman</i>	<i>Amway</i>
Patrick Ahren	Herbalife
Yann Bédart	French DSA
Michaela Beltcheva	Oriflame
Richard Berry	UK DSA
Stewart Brodie	University of Westminster/NSA
Judith Funcia	Avon
Paul Gagnier	ACN
Ric Hobby	Herbalife
Anja Newberry	Nikken
Anastasios Papadopoulos	Amway
Tamara Shokareva	Mary Kay/DSA of Russia
Juan Turró	DSA of Spain
Raymond Verbeurgt	NL International

### Companies' Committee

<i>Jaroslav Mulewicz, Chairman</i>	<i>Avon</i>
Michaela Beltcheva	Oriflame
François Failliot	Stanhope
Paul Gagnier	ACN
Janne Heimonen	Nikken
Ric Hobby	Herbalife
Philippe Jacquelinet	Captain Tortue Group
Joëlle Murer	ACN
Göran Nordh	GNLD
Tamara Shokareva	Mary Kay
Tomasz Stanislawski	PartyLite
Kerry Tassopoulos	Mary Kay
Joris Vanden Berghe	Nu Skin
Raymond Verbeurgt	NL International

### Non EU- Member DSAs

<i>Michaela Beltcheva, Chairwoman</i>	<i>Oriflame</i>
Nadia Bedrychuk	DSA of Ukraine
Candan Corbacioglu	DSA of Turkey
Hedi Kovack-Resnik	DSA of Croatia
Jan Frederik Torgersen	DSA of Norway
Tamara Shokareva	DSA of Russia

### Ethics Committee

<i>Professor Jules Stuyck, Chairman</i>	<i>University of Leuven</i>
Anders Berglund	Swedish DSA
Philippe Dailey	French DSA
Juan Turró	Spanish DSA

## Staff



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maurits.bruggink@fedsa.eu



**Marie Lacroix**  
Director Internal Affairs  
marie.lacroix@fedsa.eu



**Noëlia Souque Caldato**  
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