

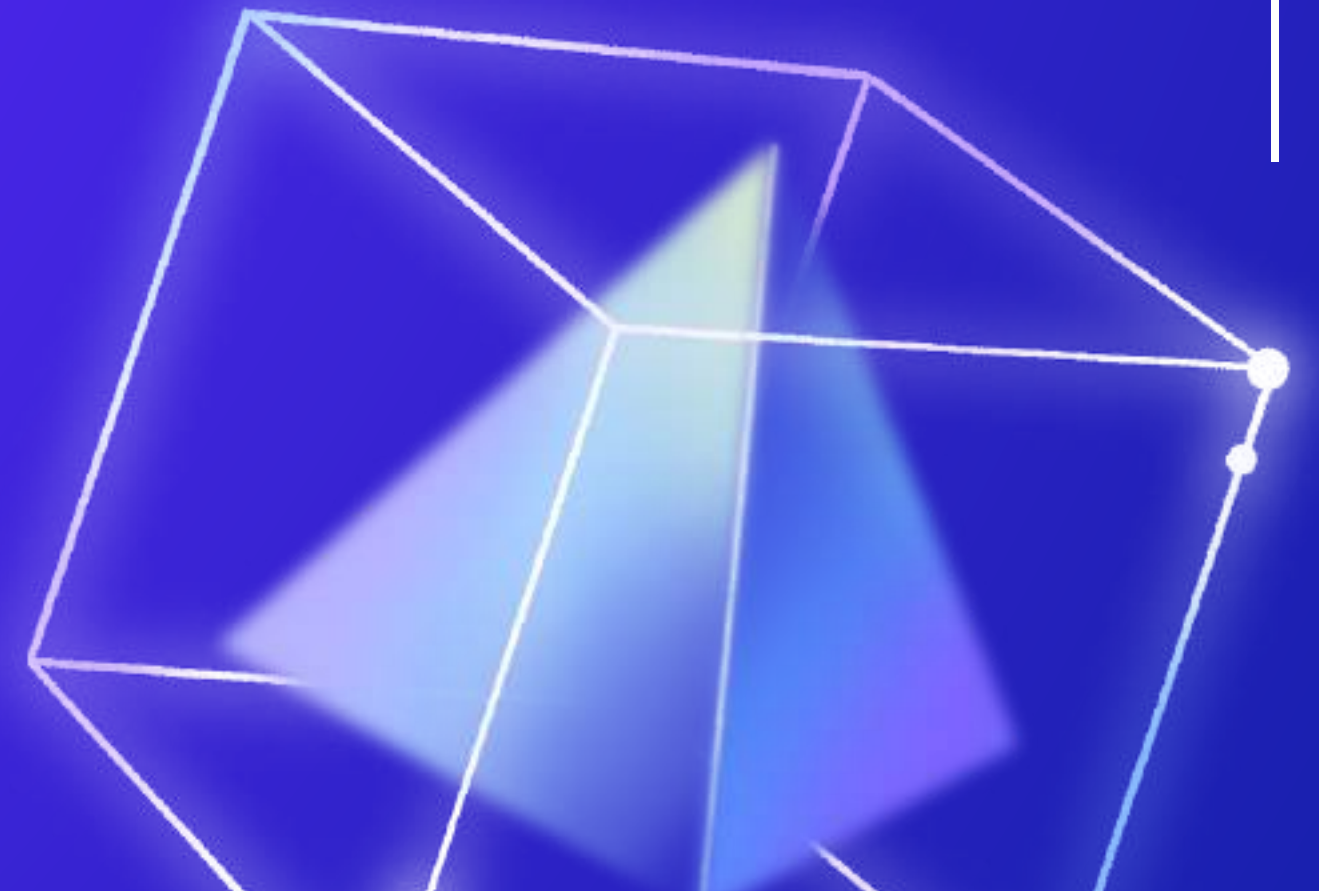
HOW TO AVOID ONLINE SCAMS





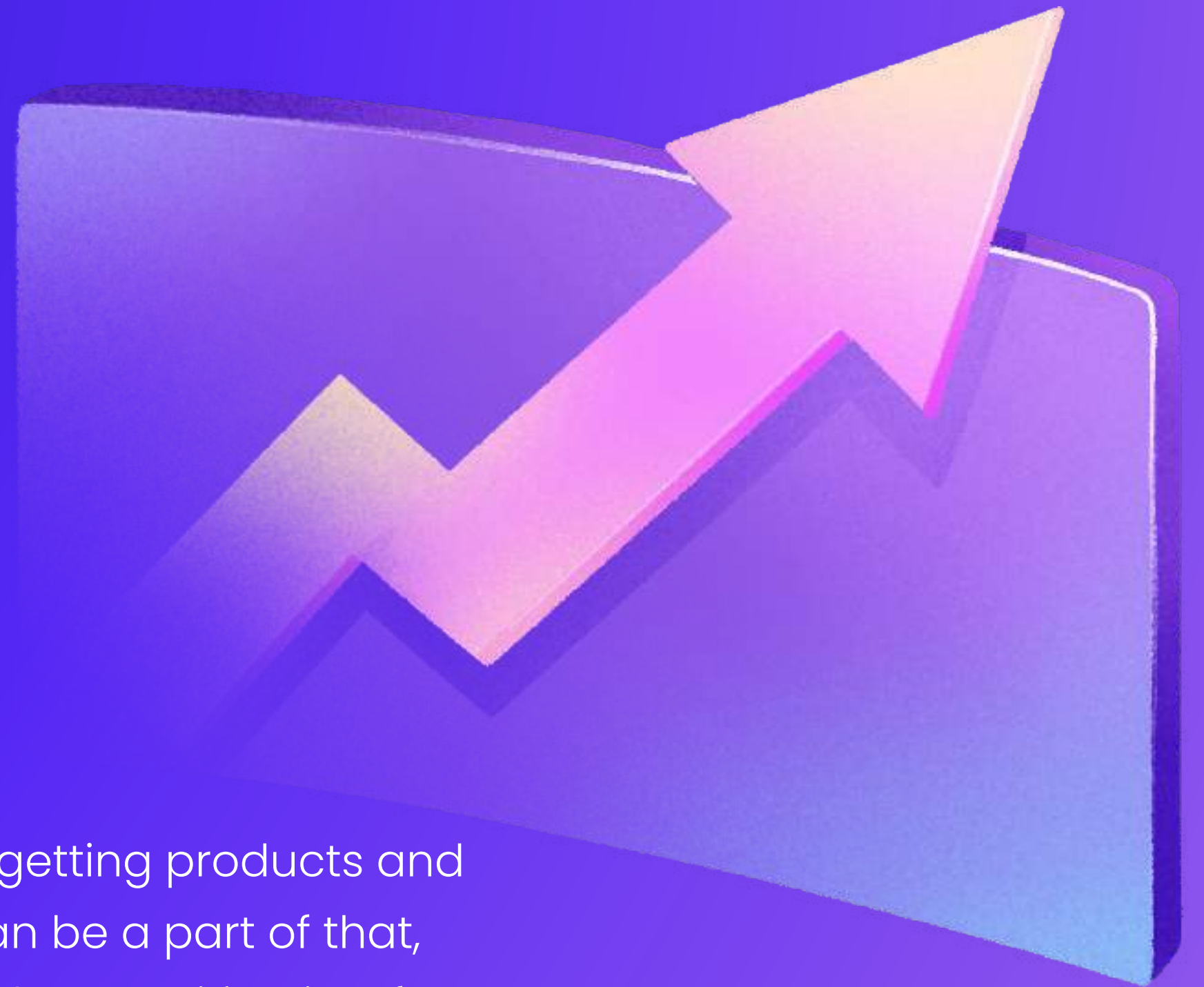
MLM/PYRAMIDIAL SCAMS

Multi-level marketing, sometimes referred to as pyramid selling or a pyramid scheme in some cases, is a marketing strategy aimed at selling products or services where a non-salaried workforce provides the revenue. Rather than selling products to consumers, the products are presented as a business opportunity that the purchasers would then sell to another group of people on the same premise, and so on.



Relationship referrals and word-of-mouth marketing are a big part of MLM. Programs that push recruiting over the sales of a product or service might be a pyramid scheme. If a company isn't focused on acquiring more customers to buy its products, but rather it's interested entirely in "building a team" or membership of sales reps, consider it a red flag.

The foundation of any good MLM business is about getting products and service to end consumers. While building a team can be a part of that, income is based on goods sold by the team, not in the recruiting itself.



OUTRAGEOUS AND UNFOUNDED PRODUCT CLAIMS



Wild claims is seen most in health and wellness companies in which reps boast that their products cure ailments or work miracles. Outlandish hype is a red flag in any industry, including direct sales.

A successful business is founded on quality products. If the company you're considering joining has bizarre products or products that seem too good to be true, use caution. The last thing you want your name tied to is a faulty product or a product which is the focus of litigation.

HIGH-PRESSURE SALES TACTICS

The most common high-pressure tactic is the lure of getting in on the ground floor. But in direct sales, a good opportunity is a good opportunity no matter when you get in. In fact, you're safer to go with a company that has been around for more than five years than a start-up.

PRESSURE TO BUY AND STOCK INVENTORY

All MLM businesses will have some start-up costs. You can't buy a McDonalds without investing money, and the same is true for direct sales, although it is much less expensive.

CRYPTIC "JOB" INTERVIEW


Another issue that Amway and other companies were dinged for was how reps would lure people into coming to a "meeting" to hear how they could "leverage time and money." Many reps and companies know people are leery of and have many misconceived notions about MLM, so they use deception to get prospects to hear their spiel.





THE BOTTOM LINE

In some cases, an MLM program may be a source of supplemental income. Unfortunately, however, a lot of MLM participants don't make a profit. Furthermore, MLM participants can fall victim to scams in the form of pyramid schemes. These illegal schemes are extremely risky and frequently leave you with less money than you had before. Before signing up for an MLM program, be sure to do your homework so you can avoid becoming yet another casualty of fraudsters.



THANK YOU!





Co-funded by the European Union

Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.