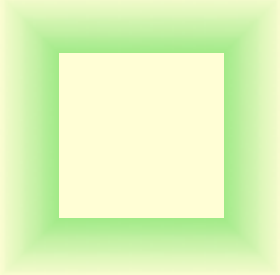


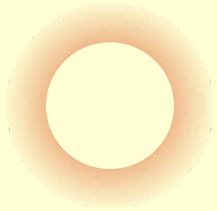


Herbal Products in Multilevel Marketing

Regulatory Challenges from Two
Directions



What Is Multilevel Marketing?

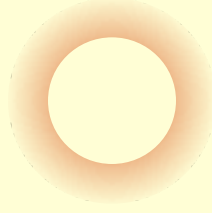



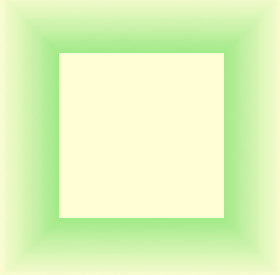
- ◆ Direct Selling
- ◆ Direct Fulfillment
- ◆ Convenient
- ◆ Business Opportunity



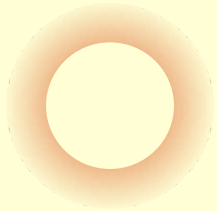


Knowledge Level

- 
- 
- ◆ Well Known and Understood in US
 - ◆ Long History
 - ◆ Amway As A Leader
 - ◆ Less Well-Known in Europe
 - ◆ Host of Challenges
 - ◆ Some Cultural
 - ◆ Some Regulatory

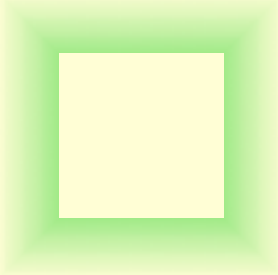


Knowledge Level (cont.)

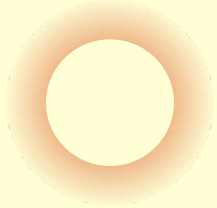


- ◆ Not Well Known In Asia
 - ◆ Cultural Predisposition
 - ◆ Direct Fulfillment
 - ◆ Business Opportunity

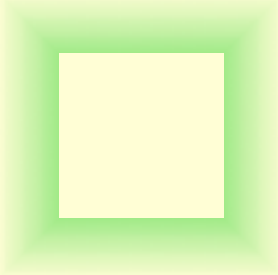




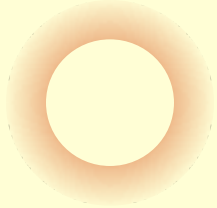
Success of Multilevel Marketing



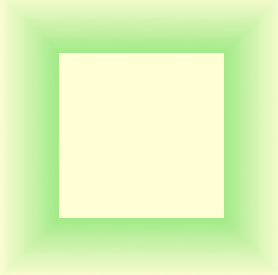
- ◆ Often Thought to be Counter-cyclic
- ◆ Affording People the Opportunity to Help Themselves
- ◆ Appeals to A Specific Audience
 - ◆ Number of IBOs per Year
 - ◆ Retention Rates



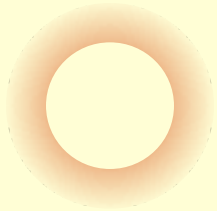
Success of Multilevel Marketing (cont.)



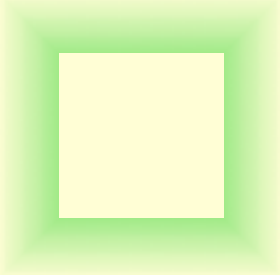
- ◆ Direct to the Consumer
- ◆ Opportunity to Explain
- ◆ Chance to Be Your Own Boss
- ◆ Innovative Ways of Reaching the Customer



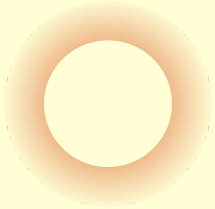
Compensation is a Key



- ◆ Roughly As a Commission
- ◆ Commission as well for Business Building
- ◆ Low Risk and Low Cost of Entry
- ◆ Flexible Means of Meeting one's Lifestyle Needs



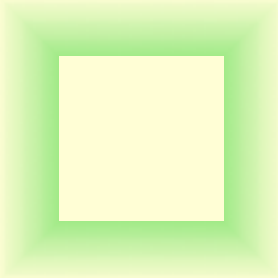
Variance Between Countries



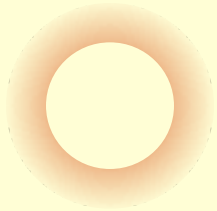
- ◆ Two Levels of Variance

- ◆ Methods of Contact and Promotion
- ◆ Product Availability

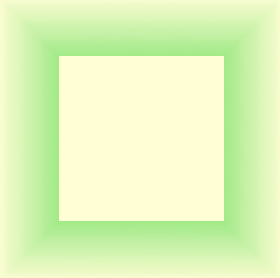




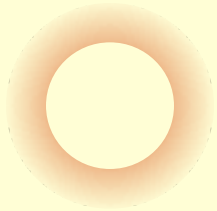
Asia



- ◆ Predisposition to Method
- ◆ Understanding of Entrepreneurial Theme
- ◆ Challenge in Availability
- ◆ Product Limitations



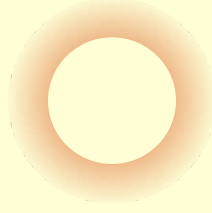

US

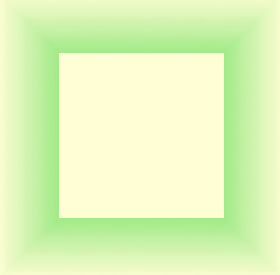


- ◆ Long History
- ◆ Well Known
- ◆ Liberal Approach to Product Availability
- ◆ Challenges Have Been Met Historically

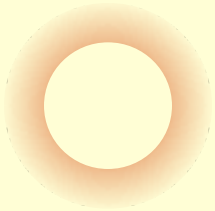


Europe

- 
- ◆ Not Culturally Pre-disposed
 - ◆ Some Knowledge and History
 - ◆ Much Misunderstanding
 - ◆ Product Limitations
- 



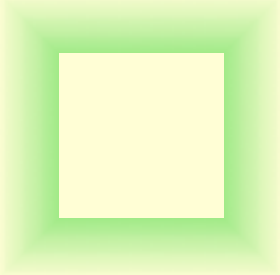
Herbal Products in MLM



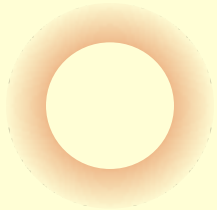
◆ Challenge in Product Classification

- ◆ US -- DSHEA
- ◆ Asia -- TCM and a Mixed Bag
- ◆ Europe -- Herbal Medicines



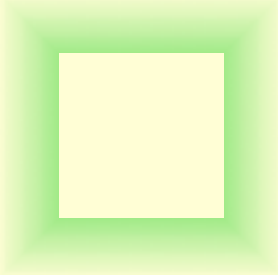


Market Availability -- Asia

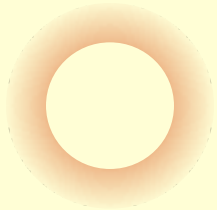


- ◆ Direct Fulfillment
- ◆ Product Restrictions
- ◆ On-Staff Pharmacists





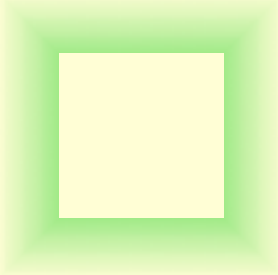
Market Availability -- US



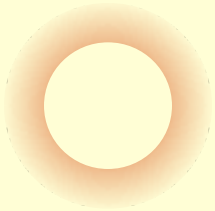
◆ Not Quite Anything Goes

- ◆ Claims are Key
- ◆ Product Presentation is Key
- ◆ Promotion is Key





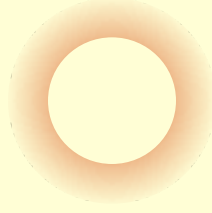

Market Availability -- Europe



- ◆ Not One Set Of Circumstances
 - ◆ Italy
 - ◆ UK
 - ◆ Germany
- ◆ Not One Set of Solutions
 - ◆ Promotion
 - ◆ Dispensing
 - ◆ Pick-up Centers

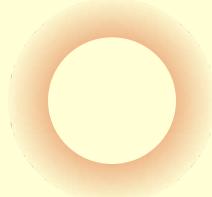



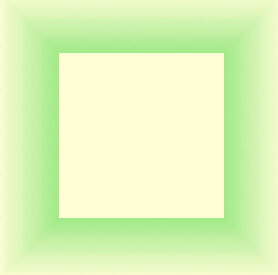
Addressing the Challenges

- 
- 
- ◆ Unlike Mass Market
 - ◆ Promotion and Explanation Opportunities
 - ◆ Unlike Health Food Market
 - ◆ Focused Attention
 - ◆ Unlike Pharmacies
 - ◆ Clear and Simple Messages without Cloud of Knowledge

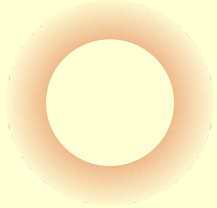


Why MLM May Be Superior

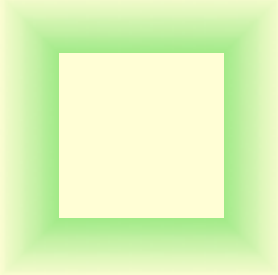
- 
- 
- ◆ Contact and Explanation
 - ◆ Motivated Audience
 - ◆ Willingness to Care
 - ◆ Motivation To Understand
 - ◆ Safeguards in Place
 - ◆ Three-tiered Approach
 - ◆ Accurate
 - ◆ Appropriate
 - ◆ Simple



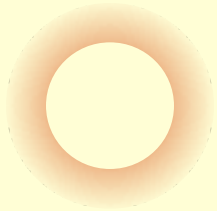
Look at Future Trends



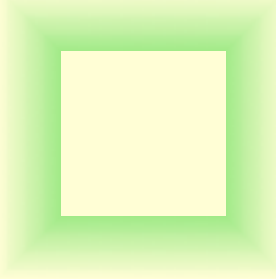
- ◆ Homeopathic
 - ◆ Must Understand
 - ◆ What are the Products For
- ◆ Ayurvedic
 - ◆ Relatively Unknown
- ◆ TCM
 - ◆ The Magic Word Medicines



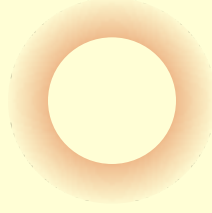
Potential Split for Effect in MLM



- ◆ One Possible Concession
- ◆ Claims Based
- ◆ Effect Based
- ◆ Split is Logical
 - ◆ Preventive
 - ◆ Therapeutic



Open Outcomes

- 
- ◆ Allowance of Method of Sale
 - ◆ Allowance of Products
 - ◆ Allowance of Display of Information
 - ◆ Requirements of Substantiation
 - ◆ No Fear from Real Players

