

## **Mary Kay, Inc.**

### **Myth Busting: Fact vs. Fiction**

#### **Topic: Earning money in a Mary Kay business**

- *Is it true that the only way to make money at Mary Kay is by recruiting?*
  - No. In fact, the ONLY way to earn money at Mary Kay is through product sales – personal sales or commissions based on product sales of others.
  - Mary Kay Independent Beauty Consultants can earn 50% on every product they sell.
  
- *Is it true that the IBC's expenses are too high to make a profit?*
  - No. We couldn't stay in business if that were true. Mary Kay's been in business over 52 years. Millions of women have met their financial goals at Mary Kay.
  - Women with vastly different goals can earn the incomes they seek.
    - The vast majority (about 80%) start their Mary Kay businesses to earn a little extra income.
    - Last year alone 70,000 former Beauty Consultants re-started their Mary Kay businesses.
  - The average Mary Kay Independent Sales Director has run her business for 16 years, which would be completely unsustainable without consistent profits

#### **Topic: Income Promises**

- *Do women have to be promised lucrative incomes to interest them in Mary Kay?*
  - No. In fact, the vast majority (about 80%) start their Mary Kay businesses to earn a little extra income.
  - Actually, we are taught the right way to offer the Mary Kay opportunity – not making any income promises at all. Each woman sets her own goals.
    - Mary Kay Inc. specifically makes no earning claims.
    - If, on rare occasion, a Beauty Consultant does exaggerate earnings claims, Mary Kay is quick to step in to address the violation.
  - The average Mary Kay Independent Sales Director has had her business 16 years. That couldn't happen if we were creating false expectations.

#### **Topic: Inventory**

- *Do I need an inventory to have a successful Mary Kay business?*
  - No. Buying inventory is not required to run a Mary Kay business.
    - A Beauty Consultant can wait until she has customer orders to order products.
    - Many Independent Beauty Consultants have Mary Kay ship orders directly to her customers – no inventory needed (3.4 million products were shipped that way in 2014).
    - Customers can purchase from a Beauty Consultant's personal website – no inventory needed (\$10s of millions of dollars in products were purchased that way in 2014).
  - Each woman sets her own goals and, as smart businesswomen we make inventory decisions that serve the needs of our own businesses.
  
- *Don't some women end up with inventory they can't sell?*
  - There's no reason that should ever happen.
    - Mary Kay educates us on how to make smart, prudent inventory decisions that are right for each woman's goals.
    - If, on rare occasion, someone buys too much, there's a safety net – she can return products purchased within a year for a 90% refund.

- *Isn't there pressure not use the buyback option?*
  - The 90% buyback is one of the strongest selling points we have.
    - It's a safety net we treasure, and no one can take that away from us.
  - Mary Kay goes out of its way to make sure every Beauty Consultant knows about the buyback option.
    - We must specifically acknowledge that we understand the buyback when submitting an online agreement.
    - It's in the starter kit we receive ... it's one of the main focuses in the education we receive at company events ... it's even in the sales materials we receive.

#### **Topic: Debt**

- *Do I need to build up debt to run my business or keep my status?*
  - No. Each woman sets her own goals. We all have decisions to make.
    - Whether to buy inventory ... and whether to use debt for it ... is a choice every business owner makes.
    - We are offered education on how to run our businesses, including how to make smart decisions about inventory and debt.

#### **Topic: Product Sales**

- *Is it true Mary Kay doesn't know whether the products you buy are reaching consumers? Why don't they track your sales?*
  - My Mary Kay business is just that: my business. I have the direct relationship with my customers.
    - But think about it: I won't be in business long if I buy products and just hold onto them. Of course I'm selling them to my customers.
  - I buy wholesale from Mary Kay, just like the local hardware store buys products from Black & Decker. Black & Decker doesn't ask stores to report its sales ... but when it buys more, they know the earlier products sold.
- *Critics say Mary Kay products are hard to sell. Is that true?*
  - Women love our products, and they sell very well.
    - Mary Kay is a top 10 beauty brand globally. That's from consumer surveys.
    - We're at the top of customer loyalty lists – tied for #1 this year with L'Oreal in the cosmetics category. That's from consumer surveys.
- *Don't those products for sale on online retail sites such as eBay or Amazon mean they couldn't be sold the 'right' way?*
  - Every major consumer brand's products are being resold on the internet. Consumers love our products.
  - Internet sales are mainly a concern for us because it is inconsistent with the direct sales business model, and because consumers who buy through those online retailers lose out on the Company's 100% satisfaction guarantee and are often purchasing expired products.
  - There's high consumer demand for Mary Kay products.
    - We're on track to become a top-5 beauty brand – that's based on consumer surveys.
    - We're at the top of customer loyalty lists, this year tied for #1 with L'Oreal in the cosmetics category – that's based on consumer surveys.
    - We have high quality products and women love them.

**Topic: Business Structure**

- *Isn't Mary Kay a pyramid scheme?*
  - No, those are illegal. If you do that, you aren't in business very long.
  - Mary Kay's direct selling business has been successful for 52 years.
  - Beauty Consultants sell skin care and beauty products direct to our customers – person to person.
    - The only way to earn income at Mary Kay is through product sales – either my own personal sales or the sales of others I mentor. Like any other cosmetics skin care company, we make money by selling products ... except we sell person-to-person.

**Topic: Chase Credit Card**

- *What's this I hear about the credit card they issue?*
  - Don't most successful companies have credit cards with their names on them? Disney? All the airlines? Nordstrom? Best Buy? Large consumer brands want to make it easy for their customers to do business with them.
  - In our case, it's a potential business tool that each Independent Beauty Consultant must decide whether to utilize or not based on what's best for her business.

**Topic: Critics of Mary Kay**

- *I recently read an article, saw a blog/website or watched a news segment that was critical of Mary Kay.*
  - Like all major consumer brands, Mary Kay has also had its critics.
  - You don't stay in business for over 52 years, expand to more than 35 countries around the world, become a top 10 beauty brand and help millions of women reach their personal financial goals without some attention.
  - But most of us understand that we are responsible for our own success and that we are in business for ourselves, but unlike most entrepreneurs, not by ourselves.
  - It's also why Mary Kay Ash pioneered the 90% buyback program, to ensure every woman who left Mary Kay left happy.

**Fast Facts:**

- Consumers love Mary Kay products
  - Consumer surveys indicate Mary Kay is a top 10 beauty brand globally.
  - Consumer surveys rank Mary Kay #1 in customer loyalty (tied with L'Oreal in cosmetics category) ... just like Coke (soft drinks), Starbucks (coffee) and Apple (tablet computers).
- The vast majority of women start a Mary Kay business to reach short-term goals.
  - 80% start their Mary Kay businesses to earn a little extra income.
  - After that, many take a break ... but many of those come back later to do it again. 70,000 women did that last year.
- The 90% buyback guarantee is a rare safety net for entrepreneurs.
- The average Independent Sales Director has run her Mary Kay business for 16 years.
- Beauty Consultants have registered over 23 million customer contacts in the Company's secured myCustomers tool.