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# Case #174-2024: Administrative Closure – Norwex USA, Inc.

## BBB NATIONAL PROGRAMS

Direct Selling Self-Regulatory Council

Case #174-2024: Administrative Closure – Norwex USA, Inc.

### Company Description

Norwex USA, Inc. ("Norwex" or the "Company") is a direct selling company that sells home cleaning and personal care items. The Company was founded in 1994 in Norway, and its United States operations are headquartered in Coppell, TX.

### Basis of Inquiry

The Direct Selling Self-Regulatory Council ("DSSRC") is a national advertising self-regulation program administered by BBB National Programs. This matter was commenced by DSSRC pursuant to DSSRC's ongoing independent monitoring of advertising and marketing claims in the direct selling industry.

This inquiry concerned seven social media posts containing earnings claims. DSSRC was concerned that six such posts conveyed unsupported claims regarding the significant income a typical salesforce member could earn from the Company's business opportunity, including claims that the typical

salesforce member could earn full-time income and/or obtain financial freedom through the Company's business opportunity. DSSRC also brought to the Company's attention one social media post regarding a Company incentive trip. The posts at issue were disseminated on Facebook.

The representative claims identified by DSSRC in this inquiry were as follows:

- “You: I’m broke 🥲  
Me: Join our team 🍷  
You: I’m worried about paying my bills 💵  
Me: Join our team 🏡  
You: I’m always at work 🏠  
Me: Join our team 🌴  
You: I hate my job 😞  
Me: Join our team 🧑  
You: I need a permanent vacation 🏖️  
Me: Join our team 🌞✈️  
You: I want financial freedom 🏡  
Me: Join our team 🎉 Spare time, Part time, Full time, make more YOU/FAMILY time, design the life you want to live.  
Don't work to build someone else's dream 💰  
👉 Side hustles aren't hard 👉  
Not being able to pay your bills is hard. 🧑🧑 100 ”
- “I love to help others, change their lives for the better & gain more independence & financial freedom.”
- “Residual Income 📈 📈 📈  
-Income grows exponential  
-Income can continue indefinitely  
-Master of wealth creation  
-True financial “independence”  
-Time freedom is yours to enjoy  
-Income continues to be created”
- “When I started with Norwex I was holding THREE jobs. As I earned income with Norwex. As I earned income with Norwex I was actually able to work LESS...Now I have a tried and true system to help new consultants earn \$500-\$1000 a month, working only an hour a day on their Norwex business. That is money that can quickly pay off debt or go towards a great family vacation! What would you do with \$500 a month added to the family budget...The average Norwex workshop is \$600 in sales – that’s over \$200 commission from one event. That’s a pretty payday for a few hours of work!”
- “Are you looking for some extra money each month? Part time or full time job? You can go extra part time and make as little as \$500 a month or the sky’s the limit with part time and full time.  
✓Make a car or mortgage payment.  
✓Pay for family vacations.  
✓Pay off student loans.”
- “It’s my VERY distinct honor and privilege to announce that our very own Marcia Coleman has officially earned her FOURTH Norwex incentive trip in LESS THAN FOUR YEARS!!! Marcia is a force to be reckoned with... earning a spot on our Atlantis Incentive trip in just 8.5 months. She is one of LESS THAN 75 consultants in NORWEX who has earned this trip so far, ya’ll!!! She is an example of someone who doesn’t give up, faces the hard headfirst, looks to the positive in all things, works hard despite what’s going on around her and JUST MAKES STUFF HAPPEN. And I’m so dang proud!!! Girlfriend just got back from our incentive trip to Mexico, and now has her next tropical vacation lined up for her for February 2025!!!”
- “This year I get to celebrate Christmas in my very own home 🏠 that I bought all on my own solely because of Norwex!”

### Company Position

The Company promptly responded to the inquiry and, along with its outside counsel, met with DSSRC to discuss the earnings claims at issue in this inquiry. Thereafter, the Company updated DSSRC regarding the steps it took to address DSSRC’s concerns. DSSRC confirmed that the Company was successful in having four of the earnings claims at issue removed from Facebook. DSSRC acknowledged and appreciated the Company’s efforts to have such claims removed despite the fact that certain claims were disseminated by salesforce members located in Canada.

As to the social media post stating, among other things “Residual Income 📈 📈 📈 ”  
“Income grows exponential,” “Master of wealth creation,” “True financial ‘independence’” and “Time freedom is yours to enjoy,” the Company was

successful in having the salesforce member that disseminated it modify the post to remove such earnings claims. The Company was similarly successful in having another social media post modified to remove the reference to the salesforce member purchasing a home on her own as a result of the Company's business opportunity.

With respect to the social media post regarding a Company incentive trip, the Company noted that such post was from a salesforce member congratulating a team member for earning the incentive trip. The Company further noted that the post included a disclosure that the trip earner was one of less than 75 consultants that had earned the trip and that, at a minimum, such a disclosure clarifies that only a small number of salesforce members earn the trip. The Company further stated that it understands from its conversation with DSSRC that incentive trip claims should be qualified with an appropriate disclosure and that its marketing and compliance teams will develop specific plans to incorporate appropriate disclosures and to make this issue one of the points of the Company's focus in its ongoing training and monitoring efforts.

In addition to the specific social media posts and claims discussed above, the Company also provided DSSRC with a general update as to its compliance efforts. Specifically, the Company reported that it retained a third-party monitoring service in February of 2023, and has been carefully analyzing the data and trends over the last 18 months to determine areas in which the Company can improve efficiency and efficacy of its compliance program. While Norwex noted that it has successfully reduced the number of new incidents being flagged by its monitoring service, the Company stated that it will continue to increase its training and monitoring efforts.

In addition, the Company stated that it understands DSSRC's concerns that certain terms such as "financial freedom", "financial independence," and related terms are particularly problematic. Norwex informed DSSRC that it will place extra emphasis on addressing such terms in its training programs and prioritize them in its ongoing monitoring of its salesforce.

Finally, the Company noted that it is redoubling its efforts generally on field training and is allocating resources towards more focused and consistent training efforts. The Company also informed DSSRC that it will develop protocols for tracking and enhanced monitoring/training with salesforce members that are repeatedly flagged for non-compliance.

### **Administrative Closing Summary**

DSSRC acknowledged the good faith actions taken by Norwex to effectuate the discontinuance or modification of six of the seven earnings claims at issue in this inquiry and determined the Company's actions to be necessary and appropriate.

Pursuant to the DSSRC Guidance on Earnings Claims for the Direct Selling Industry ("the DSSRC Guidance"), DSSRC cautions direct selling companies and their independent salesforce members against the use of any words or images communicating that a direct selling business opportunity will result in earnings beyond what can be generally expected by the typical salesforce member in the depicted circumstances. Moreover, section 6(c) of the DSSRC Guidance, notes that "... some words and phrases are prohibited when made to a general audience of prospective or current salesforce members. Such words and phrases include statements such as 'quit your job,' 'be set for life,' 'make more money than you ever have imagined or thought possible,' 'unlimited income,' 'full-time income,' 'replacement income,' 'career-level income,' or any substantially similar statements or representations." Section 6 of the DSSRC Guidance further states that "Some words or phrases carry a particularly high risk of being misleading to consumers when communicated in a general context. Such words and phrases include but are not limited to 'financial freedom,' and 'time freedom.'"

With respect to the social media post referencing a Company incentive trip, the DSSRC Guidance specifically notes that for purposes of a DSSRC inquiry, representations that salesforce members may earn or have earned company-sponsored incentives, including lifestyle purchases and vacations or other rewards, are considered earnings claims and if the direct selling company does not have substantiation that the experience of the individual making the claim or who is the subject of the claim is representative of what the audience will generally expect to achieve, the advertisement (e.g., social media post) should clearly and conspicuously disclose the generally expected results in the depicted circumstance. Accordingly, while DSSRC acknowledged the disclosure in the social media post that less than one in 75 salesforce members earned the trip, DSSRC appreciated the Company's commitment to develop specific plans to incorporate appropriate disclaimers regarding Company incentives and to make this issue a point of emphasis in the Company's focus on its ongoing training and monitoring of its salesforce.

DSSRC also appreciated the Company providing DSSRC with a general update as to its compliance efforts and its commitment to maintain and increase compliance efforts in the future.

Based upon the Company's good faith efforts to address the claims identified in this inquiry, DSSRC administratively closed the inquiry.

(Case #174, closed on 09/19/24)  
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