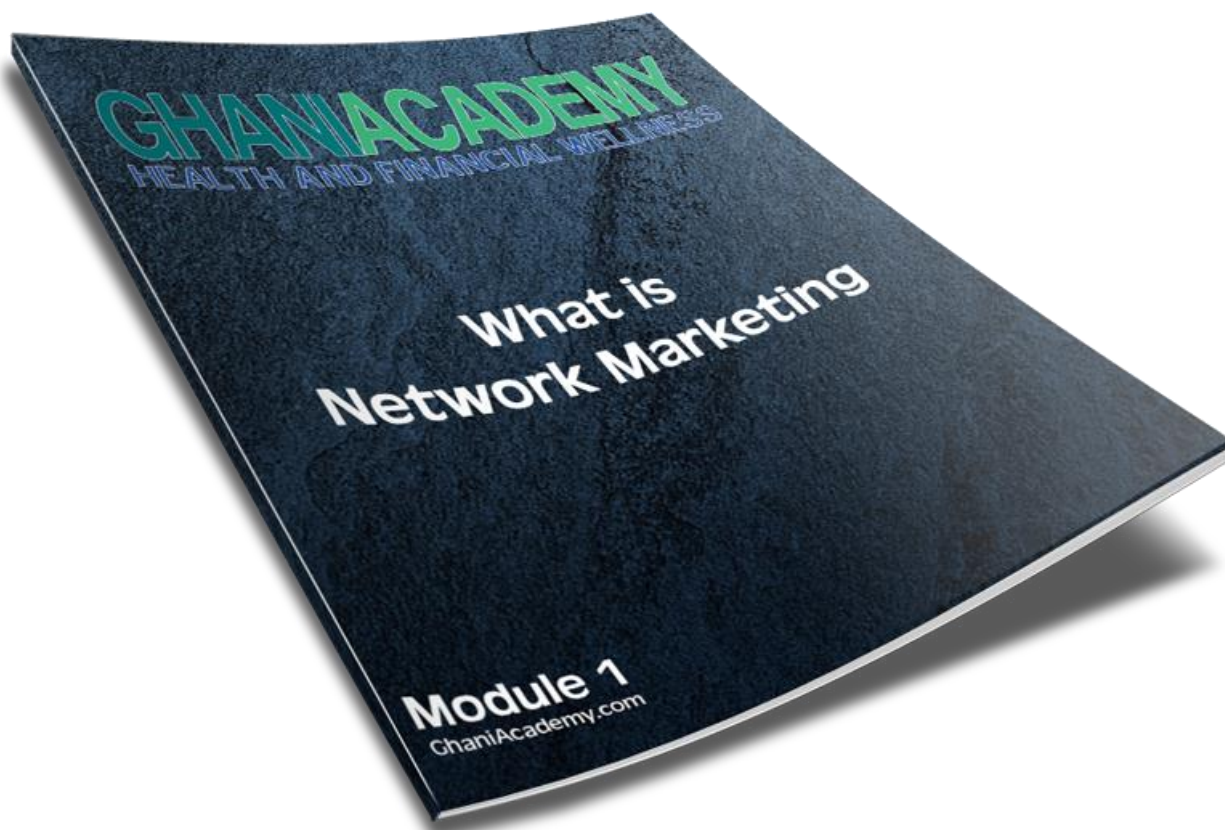


# GHANIAACADEMY

HEALTH AND FINANCIAL WELLNESS

## What is Network Marketing

**Module 1**  
ChaniAcademy.com



**Direct Selling Module 1**

**What is Network Marketing**

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The author is a successful network marketer of a large Network Marketing company that deals in supplements, personal care products and cosmetic products. Hence it is natural that the examples and references made using network marketing products could be biased towards health and wellness products. The author is recognizing this bias and no intent is being made to prospect and recruit. The sole intent for the mention of products is to give examples in the lessons. In many sections of this course, one will come across terms like; Diamonds, Star Diamonds, Crown Diamonds and the like. The mention of these terms are examples of levels or positions that could be held in a network marketing company. In many of the chapters while quoting examples, gender has been retained in some cases as male only for ease of reading. The author is not gender biased

## **WHAT IS NETWORK MARKETING**

“Of all the entrepreneurial opportunities available today, one of the most important is direct selling, also called Network Marketing.”

-Paul Zane Pilzer

Network Marketing is a form of distribution in which there is movement of a product or service from the manufacturer to the consumer.

Some direct sales companies manufacture and sell their own products. Others, such as many health and nutrition companies, have third party manufacturers for their products. The main difference in the Network Marketing business model, compared to that of the traditional Retail Marketing model, is that in the Network Marketing business model, a product or service is moved directly from a company to the end consumer bypassing the middlemen such as retailers and sub-retailers (traditional method). The consumer/customer purchases products or services directly from the direct sales company. Some companies have a signup fee, which enables them to become a customer or distributor with that company and can purchase products at wholesale cost as well as sell their products or service to others. Some companies have no signup fee policy which, in my view, is an advantage. The distributor or networker is rewarded not only for the purchases they make for personal use, but also for the purchases made by his/her referred consumers and distributors.

Other terms used for Network Marketing include Multi-Level Marketing (MLM), direct selling, word of mouth marketing, affiliate marketing, relationship marketing, person-to-person sales, and referral marketing. In most of these approaches, the product/service reaches the consumers directly without any middleman. Network Marketing is one



of the fastest growing industries and has become a very viable career opportunity for many ambitious, hardworking, self-driven individuals with a dream of financial freedom.

### **What is Network Marketing?**



Tom "Big Al" Schreiter, author of the "Big Al" books, defines Network Marketing as, "Most people do Network Marketing every day; they simply don't get paid for it." He explains, "Most of us love to recommend products and services that we like to others which include our family members, friends, or acquaintances. This could include a movie or a song or a restaurant where you loved the taste of the food served. Do we get paid for our referrals? No! Well in Network

Marketing, we get paid for promoting and recommending a product or service that we like to others.”

### **Network Marketing Data**

Per the World Federation of Direct Selling Associations (WFDSA) 2015, approximately 103.2 million networkers are part of the Network Marketing industry, accounting for more than \$183.7 billion worth of direct sales worldwide. It is important to note that this number represents independent distributors, independent business owners, consultants or sales affiliates globally.

### **What is sold through Network Marketing?**

Virtually every product or service that one can think of is sold through Network Marketing. These include - wellness products (nutritional supplements, weight management programs, sports and energy drinks, health food), cosmetics, personal care products, air and water filters, cookware, art, home accessories and services (finances, energy, travel, internet and telecommunication), legal protection plans, and a range of other products.

### **How are distributors paid in a Network Marketing Company?**

Network Marketing is based on a model of multiple level compensation plan which aims to pay its members based on product sales as well as an additional bonus based on the sales of their sub-organization (or downline) (King and Robinson, 2000). These are the group of individuals the member recruits to generate further sales and bring in new recruits and so on.

Network Marketers seek consumers who are initially close such as friends and relatives whilst stocking regular-use items (such as supplements, beverages, cosmetics, etc.) which can be used daily either for personal care or supplementing health. After being satisfied with the product or services, these consumers reorder the products or services and start to build their own subnetwork. This creates a residual income for the sponsoring member who benefits financially from his growing network. Therefore, the Network Marketing Business model offers a great opportunity for regular residual income, one of the prerequisites to achieving financial freedom.

### **Why big companies promote their products through Network Marketing?**

- People trust personal recommendations  
This is the basis for the term "relationship marketing"
- By using the network marketing business model will leverage the ability for the company to reach out to a maximum number of people in every village, town and city with virtually no advertising expenses.
- Whatever the Network Marketing companies save from advertisements & middlemen, they will pay to their loyal distributors.
- Offering a Low Investment-High Return, companies know they will attract loyal distributors.

- Ability to create and sell to a National & International Market Place.
- By offering a program that creates Residual Income, companies know it will attract income opportunity seekers.
- Open to anybody. In other words, you do not need college degree to achieve high 5, 6 and even 7 figure incomes.
- Network marketing companies know that the growth of their company is based on finding people with Solid Ethics- and desire to change their lifestyle with a passion to help others succeed.
- It offers opportunities to millions of individuals who want to do business – irrespective of gender.
- Network Marketing companies know that by using the network marking business model there are 1000's of people that are seeking a Home-based business.

# COMPARISON BETWEEN JOBS, FRANCHISE AND NETWORK MARKETING

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## Comparative Chart of a Job versus Network Marketing Business

Job	Network Marketing
Job/Corporate politics	No politics
Income(salary) is Fixed	Income (bonus) is Unlimited
No Financial Freedom	Total Financial Freedom
Linear Income	Exponential Income
No job security	You control your own business
Trade time for money	You leverage your time
Follow orders	Follow your passion

Answers to your boss	You are your own boss
Income stops when you lose job	Earns residual income
No inheritance	Inheritance
Commute to & from home to office	No need to commute
Income stops if you are sick for a long time/disabled	Income does not stop even if you are sick for a long time/disabled
Mostly restricted to one location	Global business opportunity
Monotonous - doing same job for years	Excitement and challenge, with every passing year
Confined to a cubicle or a room with many other employees	Work from your own home office
No travel freedom	Travel freedom
One corporate ladder - glass ceiling	No corporate ladder - no glass ceiling
Retirement age 60 to 65 years	Early retirement is achievable



### Comparison of Franchise and Network Marketing Business

Franchise	Network Marketing
Linear Income	Exponential income
Answerable to your Franchiser	You are answerable to yourself
Pay monthly/yearly franchise fees	You do not pay any fees to anybody
High start-up cost from \$10,000 to \$100,000	Low start-up cost from \$100 to \$1000
Have to open and close stores at stipulated time	You work at your own time
Income stops, if stores close	24/7 income flows
High risk	No risk
No time freedom	Complete time freedom
Responsibility of employees	No employees—just your business partners
Overhead expenses increase with growth	Overhead expenses is within your control
Local franchise business	Global business
Until you are the franchisee, you have to work	Can retire once the business is established in 10

### NETWORK MARKETING IS A PERFECT OPPORTUNITY

Everyone is looking for a better financial opportunity in life that secures their future and makes them stress free in the latter years of their lives.

Striving for excellence in academics helps one to secure a perfect job that pays well. Some do investments by purchasing property, stocks/bonds hoping that appreciation of this will secure their financial position in the future.

However, these opportunities for financial securities are available for a selected few who work hard or have been lucky to get a platform to showcase their talent and skills or have inherited wealth to invest. But for most the population, financial security for future is just a distant dream. Fortunately, Network Marketing is that unique opportunity,

which can secure one's financial future and the amazing thing is that it is open for all.

It does not discriminate between race, color, nationality, age, education, religion or experience. That is why it is also called a "free enterprise" or a business of "equal opportunity."

**PERFECT OPPORTUNITY WITH PERFECT INCOME**  
**WITH NO GLASS CEILING**

A successful entrepreneur in Network Marketing earns real wealth by doing things purely out of passion.



When you work in a job or business you have a boss. In network marketing, you are your own boss and as you build your business you will build a team. It is in this process you are ensuring your personal success as well as the success of your team. This makes it a win-win formula.

Robert Kiyosaki states, “The Network Marketing system is a personal franchise, or an invisible big business network, is a very democratic way of wealth creation. The system is open to anyone who has the drive, determination and perseverance.”

Unlike any job, in a true Network Marketing organization there is no glass ceiling, which means the top position is not for any one person, there can be 5, 50 or more. If you want to reach the status of Platinum Diamond or Crown Ambassador or whatever is the top status in your company, you need to build 10 to 20 strong network lines. If you focus

on building your team members and developing them to become leaders, you will reach the top slot. For this, you need to work very hard and smart.

In any job, the salary is fixed and may maximally double up in a few years' time, provided you provide a huge sustainable profit to your company. But in networking marketing you can earn \$1,000 in your first year and this income can be multiplied by 100 times and may reach \$100,000 in the next five to ten years' time—all depending upon the time, effort, and energy you invest professionally. In Network Marketing, you control your income, which has no limit.

## **CRITERIA FOR SELECTING THE RIGHT NETWORK MARKETING COMPANY**

There are hundreds of Network Marketing companies in the world. If you are not a networker or already a networker but stuck in a company and looking for the right company to join, the following criteria will help you select the right Network Marketing Company. Choose your new company carefully. Do your due diligence. Ask yourself this question: Does this company meet all the criteria I am looking for?

## **PRODUCTS FOR BUSINESS**

Are the products consumable? Do they offer value to the consumer?

Are they affordably priced? Is there a need for the product?

Are the food and supplements related to wellness?

Although everyone may need or benefit from your product line, not everyone will choose to buy or change their brands. That's okay. The product line should be broad.

## **COMPANY MANAGEMENT**

Who are the founders of the company? Do they have a background in direct sales or Network Marketing? What is their track record?

## **COST TO JOIN AND BECOME A MEMBER**

Some Network Marketing companies have no signup fees while others have signup fees ranging from \$19.95 to \$2,000. Many companies or top leaders encourage the new member to purchase business kits which can be quite costly. This generates immediate revenue to the company and sponsor/up-line. Personally, I prefer a company that has no sign-up fee and let the consumers/members decide what products they want to buy.

## **MONTHLY PURCHASE VOLUME (PV)**

Usually minimum purchase volume ranges from \$30 to \$300. It has been my experience that there is an inverse relationship between monthly purchase requirements and company retention/attrition rates. The lower the monthly purchase requirement, the higher the company retention rate. Monthly PV should be low so that it is easy to qualify for the bonus – no front loading.



## **TRAINING/SYSTEMS**

Training is the backbone of Network Marketing business. If the training is sound and professional, the members will go to the field with confidence.

### **You should ask the following questions:**

What training does the company offer?

Is training done by the company or top leaders?

Is the training universal, i.e., if I sponsor a new member in Dubai, India or Canada, will he or she have access to the same company training material as a new member in Japan?

Does the training by the company and by top company trainers go hand in glove and do the trainings conform to Network Marketing principles?

All trainings by top leaders should promote an “I’m there for you” philosophy.

## **BROAD RANGE OF PRODUCTS**

These products should range from food supplements, to food and beverages, to skin/body care, cosmetic and household products. The members will easily buy these products if they are meant for health and wellness, and have a choice to change their existing brands to a more health promoting brand, for example changing their daily use consumer products (toothpaste, coffee, tea, soap, etc.) to the Network Marketing product. Members should have a choice to select from a broad-based range of products

## **GLOBAL OFFICES**

The Network Marketing Company should have offices in many countries if they believe in the “One World One Market” philosophy. The service centers should be present in different cities and towns as well. These service centers and link offices will help the customers and members to buy products easily and conveniently.

## **AGE & CREDIBILITY OF THE COMPANY**

The company should be at least 5 years old to prove their financial stability. It is hard, but the real fact is that 95% Direct Selling companies fail in the first 5 years. Before joining any company, it is vital to check both the age and credibility of the company. The credibility of the company should be spotless. Wikipedia and other independent Network Marketing sources should be used to check the standing of a company.

## **PRODUCT CERTIFICATIONS & ACCREDITATIONS**

The products should be certified by international and independent bodies to ensure safety and quality of products and services.

## **DIRECT SALES ASSOCIATION (DSA) & DIRECT SELLING NEWS (DSN)**

The company should be registered and in good standing with the Direct Sales Association (DSA) in their respective country. The company should also be amongst the DSN Global 100.

## **DEMOTION OF STATUS**

There should be no demotion of status of members who do not maintain their monthly PV.

## **FREE INTERNATIONAL SPONSORING**

If the member wants to buy a product or make new members in other countries, they should not have to buy another membership. International sponsoring should be free so that they can grow their network with a single membership globally.

## **MARKETING PLAN DEPTH**

The marketing plan should pay members to unlimited depth.

## **TECHNOLOGY**

21st century is the age of technology. Companies using the interactive and vibrant website interconnected with social media, ecommerce and mobile Apps are crucial for today's and tomorrow's business.

## **COMPENSATION PLAN**

It is important that you should understand the compensation plan well. The money earned by the members should not be solely upon your recruiting new members, but by selling of consumable products to consumers who opt to become consumers only and not members. The prospects should be given the power of decision to become a members or consumers.

## **ANNUAL TRAVEL INCENTIVES**

Network Marketing revolves around excitement and having fun. Annual travel incentives are a great way to keep motivation high among the distributors. The company should have annual travel incentive programs.

“Nothing influences people more than a recommendation from a trusted friend.”

-Mark Zuckerberg, co-founder of Facebook

# Worksheet

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What do you understand about Network Marketing?

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What products are sold through Network Marketing?

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Why do companies promote their products through Network Marketing?

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Write 3 main advantages of Network Marketing compared to a job

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How does a franchise differ from Network Marketing?

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Why Network Marketing is the perfect opportunity for jobbers?

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Why are people either financially broke or struggling to earn money?

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Do you follow any system in your Network Marketing business?

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Why is the role of management important in Network Marketing business?

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How does product play an important role in your business?

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List the top 5 factors which are important for selecting the right Network Marketing Company:

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