

NETWORK MARKETING KNOWLEDGE.

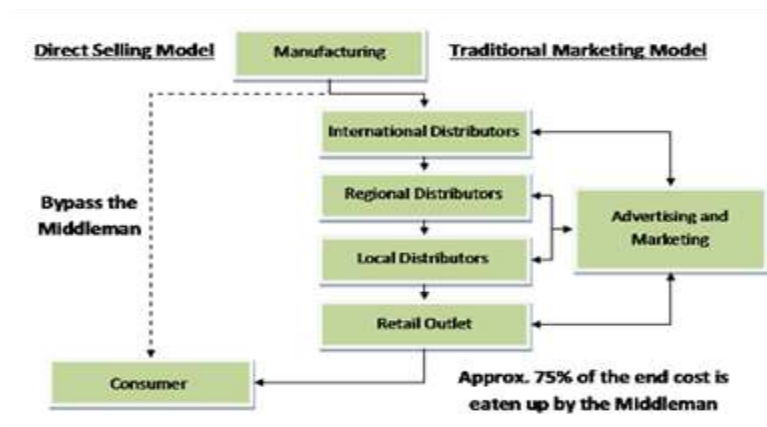
Network marketing is also referred to as multilevel marketing, Relationship marketing or direct selling or word of mouth marketing.

Network marketing is a way of marketing products through word of mouth advertisement. It is face-to-face selling to the consumers through independent representatives or sales people. It is a legitimate marketing medium that is used to sell practically anything.

Network marketing can also be explained as a way to earn compensation from sales that you and a force of distributors you recruit and the distributors they recruit that generate revenues for the company. It utilizes independent distributors contracted by companies to reach potential customers that a company otherwise would not reach with traditional online or offline marketing methods. Network marketing can be person to person (direct selling), or it can be run entirely as a home based business on the Internet without talking with anyone.

In order to accomplish this, network marketing companies and their associates recruit individuals “their sales force,” just like other companies and franchises, have done for years. In the modern day business world, the middleman makes up a significant proportion of the end cost, so the question you are now starting to ask is: why should the middlemen make all the profits? Smart entrepreneurs are now looking for a better way - direct selling.

With recent advances in technology, mainly communication methods and the Internet, manufacturers are now capable of selling straight to the end user. As seen in the diagram below, by-passing the middleman and selling direct to the consumer can save the consumer money. This promotes greater customer loyalty and creates a win-win situation for both the manufacturer and consumer.



All companies have certain expenses involved in running their businesses. Some of these are production costs, personnel, advertising and sales budgets. Traditionally, companies of larger sizes pay millions of dollars in television, magazine, and other forms of advertising plus salaries, commissions, and benefits for sales / marketing people to get customers to purchase their goods and services.

Network marketing companies have advertising and sales/marketing budgets too. The difference is that instead of paying millions of dollars the traditional way, they pay those dollars out in commissions, bonuses, and overrides to their "network" of independent representatives, for the referrals these reps make to new consumers. This is relationship marketing.

Compared to a conventional distribution method via importers, Distributors, wholesalers and retailers, in network marketing there are fewer start-up costs, and fewer employees for the company to contend with in both the short and long term.

This helps reduce the high operating costs and allows the savings to be used to fund research and development of quality products.

A Network marketing business is a respectful and alternative way to earn income from home.

COMPENSATION PLANS FOR NETWORK MARKETING.

For the companies dealing with Network marketing to calculate how to share their profits with distributors, they must use a compensation plan to that effect so that they remain profitable and also remunerate their Distributors well.

There are 7 most common Network marketing compensation plans.

1. **BINARY.**

That is the Compensation plan being employed by Knowldegetoearn.com

This compensation plan only allows distributors to have only two frontline distributors. If a distributor sponsors more than two distributors, the excess fall below the sponsoring distributor's frontline.

It has two-leg concept where one is known as the left leg side or left leg, whereas the other one is a right side or right leg. This forms a tree structure.

A person joining the network will either be accommodated to the left leg or the right leg.

Binary plans are noteworthy for their simplicity at every step of the process.

The binary compensation plan is the most popular and widely accepted plan by companies. It is beneficial for network marketers.

2. **MATRIX.**

This is the single most common compensation plan.

This compensation plan is also known as Forced matrix or Ladder plan. There is fixed width, and depth matrix for the Downline arranged.

When someone talks of 3 * 9 Matrix, it means that you need to have 3 front lines that go down 9 levels of which to be paid on.

3. BOARD.

This compensation plan is also called 2*2 matrix cycle or the cycle plan and relies on the limit to the number of people within each unit of the compensation plan.

When you sign up, You register two people who registers two people and in that case, The board is said to be filled and you at the top is paid and you leave the board to move to the second board in which the people who were in the first board on finishing board one follows you to board two and the process continues.

4. UNILEVEL.

As the name suggests, this compensation plan allows a distributor to register as many people as possible in their frontline. There is no limit to the number of people in your frontline and these people contribute to your lone bottom line.

5. HYBRID.

They are also known as hybrid-Unilevel plans.

When a company uses two or more compensation plans in their compensation, that is what we call Hybrid compensation plan.

6. STAIR STEP BREAKAWAY.

This is another variation of the Unilevel plan which allows for enterprising distributors to break away from their sponsors once their team has grown to a sufficient size and met sufficient sales bench marks.

Distributors break away from their sponsors when they reach the same status level.

7. MONOLINE.

The monoline is a basic matrix plan that is only 1*1 every member who joins is placed below the others in a single line.

In general, the line is segmented such that commission percentages are static throughout the line and relatively equitable.

HISTORY OF NETWORK MARKETING IN THE WORLD.

The history of network marketing originates back to the 1940's where a company trading under the name of "California Vitamins" In U.S.A discovered they could make more sales when they had a lot of sales representatives selling a small amount of product each, compared to the traditional business model, of trying to have a few sales representatives selling a lot. California Vitamins also discovered that most of their growing customer base was made up of the friends and family of their existing sales representatives who had essentially referred them to the company as they were impressed with their product line.

New sales representatives were then created from existing satisfied customers and a commission based system was developed. Both teams and individuals were rewarded according to their sales efforts and as a result network marketing was born.

In 1959 Richard Devos and Jay Van Andel founded the company Amway which was an abbreviation for the term "the American way". Amway from day one was based on the same network marketing concept.

It is estimated that there are about 10,000 companies using network marketing concept to market their products and services in the world and there are more than 60 million people worldwide involved in network marketing with almost 100 billion dollars in annual wholesale

revenue. Given the history of network marketing and its rapidly growing popularity, the network marketing industry is recognized as one of the fastest growing industries in the world today and is predicted to have significant growth well into the future as more and more companies are choosing to capitalize on this networking trend and choose to sell their products direct to the consumer. This emerging trend is also being driven by a wave of entrepreneurs who continue to drive the concept of improving quality of life and working from home.

The growth of network marketing in the world can be attributed to the constraints in the economy, rise of living expenses and unemployment which has hit each and every economy. Many people have chosen network marketing as a way to earn extra income, earn a living or even make a fortune.

Due to the fact that most companies involved in network marketing deal with food supplements and alternative medications, the need to stay healthy in this era with an upsurge of incurable lifestyle diseases, has also contributed to the growth of network marketing across the Globe.

Although the history of network marketing dates back to the 1940's it is only now that the industry has come of age. Network marketing has now grown to the point where it is creating more millionaires today than the dot com boom industry did before the bubble burst.

The history of network marketing has stood the test of time and over the past 50 years has proven itself to be a successful distribution model and home-based business opportunity. The industry itself is now currently being endorsed by many business leaders as a proven system for anyone who wishes to achieve financial success. It is not surprising that network marketing is now one of the fastest growing industries of all time with an estimated 150,000 people joining the industry every single week.

BENEFITS OF NETWORK MARKETING TO THE ECONOMY.

Network marketing directly and indirectly create job opportunities for Millions of people across the globe and to individual countries. Many people are seeking on how to earn extra income, get employed, earn a living or even become rich and wealthy. Network marketing becomes an option.

There erupts a new breed of entrepreneurs who start up companies in Network marketing industry, this is made possible due to the fact that there are fewer startup costs, and fewer employees for the company to contend with in both short term and long term.

“Network marketing necessitates the employment of a millions of people to effectively carry out the marketing and production activities of these companies. Consequently, not only will additional sales personnel be hired but factory workers as well, As a result, the direct selling sector has the potential to bring additional revenues to the government" With well-set structures,policies,procedures,guidelines and laws governing this industry, The government is in a position to tap into this great industry.

Many parents would like to get a second job. However, when they realize that the cost of babysitting is so high it would literally wipe away most of the gains earned from a second job, it simply ceases to be a realistic option.

Many choose network marketing business due to the ability to run the business strictly from home. It becomes even easier to run the business from home with the advent of many Internet network marketing prospecting strategies and techniques.

Network marketing has globally impacted some of the outstanding economies, especially USA, Malaysia, Singapore, China, Nigeria, Ghana, South Africa, Philippines.

The individual governments have recognized network marketing as a viable marketing model for the upcoming companies and also have set up relevant measures to ensure that the industry has been controlled to ensure the smooth running required.

Network marketing is very successful in USA, Philippines, Malaysia, Singapore, Nigeria, Ghana, and China.

BENEFITS OF NETWORK MARKETING TO COMPANIES INVOLVED.

Why don't these network marketing companies just utilize the Internet or other traditional marketing methods?

It's quite simple; they use network marketing because they want access to your network, which is your network of friends and family members! Today there are hundreds of companies offering products and services. Many of these products and services you recognize by their brand name!

The products and services you can market today cover everything from Communication Services, Internet Access, Nutritional Products, Weight Loss Programs, Water Filtration Systems, Financial Programs, Electrical Power, Solar Power, just to name a few.

So why do companies use network marketing? Traditional marketing methods have companies spending millions of dollars each year to market their products and services. They know that word-of-mouth marketing is a far more powerful and effective method of marketing, especially, when that message comes from those whom we know and trust!

And these companies are more than willing to pay you, to communicate this message to your network of friends and family.

It is extremely important to understand that this method of marketing is not about bugging your friends and family members, as many would love for you to believe.

It is about your ability and skill to determine from those individuals within your circle of influence who would be interested in the products or services that your company has to offer...

... That information alone is one of the critical elements that separate those who fail, from those who go on to become very successful!

And occasionally you might uncover a few individuals, who also want to start a business!

Companies involved in network marketing save a lot of money which could have been spent on advertisement and middlemen. The product in this case sells directly to consumers through a network of the contracted network marketers who are paid a percentage of the units sold by the company.

Internationally Network marketing has employed over 60 Million people, according to Direct Selling Association.



BENEFITS TO NETWORK MARKETING ENTREPRENEURS.

It costs less to get involved. A couple of units of initial inventory will usually cover all you need to get started.

More people are able to get involved. Then the organization grows bigger faster, with more people using the products every month.

This provides a stable passive income for a long period of time.

These are some of the outstanding advantages of network marketing business compared to other conventional businesses.

1. Small amount of risk.

There is a certain amount of inherited risk involved when you become an entrepreneur.

We are confronted with losing money, wasting time, not being in profit right away, etc. In a traditional brick and mortar business, the startup cost associated with opening that business is what holds many people back from becoming the creators of their own destiny.

People do not like risk and try to avoid it by all means. We'd like a "guaranteed bet" and stay within "our safe zone". In business, you don't eliminate risks you learn to minimize them.

The advantage of starting a Network marketing Program is that there is a small risk to get started. With a couple of hundred dollars, it is possible to get started with a company of your choice, marketing products that you consume already. The amount of financial commitment is insignificant compared to that of traditional business.

2. A huge demand for good quality products.

There are a myriad of network marketing companies that promote very good products. If I were considering a company to get involved with, I would always ask myself:

Would I still consume these products/services if there were no opportunity to market them?

Do these products bring any benefits to a consumer besides the opportunity to make money?

Would I bring "value" to my customers if they consume these products?

Every business needs repeat customers. Distributors only get paid when they have consumers for their products and when these customers continue that consumption, then that creates the money flow.

3. Residual income:

I am sure that you pay your gas, your electricity, and your phone bill every single month.

These are the types of services that for the most part provide an ongoing stream of residual income for these companies.

The greatest advantage of a Network Marketing Program is that it gives you an opportunity to enjoy residual income just like those companies do.

When the initial effort of getting a new customer is completed, you can enjoy the residual part of that business relationship.

We are so used to trading our time for wedges that we often times don't see the potential

residual income of a Network Marketing Affiliate Program. By direct selling your products, you can also claim your share of the residual income pie.

4. The income potential:

There is no cap on how much money you can generate. In my corporate jobs, my big limitation was that regardless how hard I worked for these companies; my income was tied to a "market standard" for someone with my skills.

In a Network marketing Program, that's not the case. It is up to you to decide how much you want to earn. A Network marketing company doesn't hold you back in the same way the corporate environment does.

As long as you have the skills set of a trained network marketer, you make whatever income based on your stamina, dedication, and your willingness to help others.

The skill set is key. Once you trained yourself to become a marketer, you can market anything you choose and generate that income you seek.

5. No employees to hire:

By far, this is a clear advantage over traditional businesses. An mlm affiliate program is a business of people independently working together.

Without any employees, it's possible to build a business right from home. This industry gives you that added benefit, be in business without employees concerns, by having a network of independent business owners working together towards a common goal.

6. No inventory:

Traditionally Network Marketing companies would have distributors stack up on inventory. This concept alone has given the industry a bad wrap for years.

However, modern companies do capitalize on the technology and tools we have in place. We have:

- Internet Telephony
- The Internet
- Drop Shipping Ability
- Consumer Leads
- Conference Lines
- Web Conference
- High Speed Internet Access



Not having to inventory products will make your business more agile to any market condition.

7. Low operating Costs:

The network marketing model makes possible to run a business at low costs compared to any other business model.

This is where your upline's support should come in. A good upline mentor should allow you to piggyback on his expertise, on his knowledge, on his leads, and help you generate the funds to pay off your initial investment and get in profit early in the life of your business.

8. Leverage:

Your Network marketing Program is a:

- people business
- business of appointments
- business of helping consumers find what they have the need for
- business of helping others create businesses.

You reap the rewards by leveraging the efforts of those you help. This develops a collective mindset that promotes "win-win" relationships.

9. Portability:

With the advent of technology, we can do today what distributors 15 years ago could not do and that's to make our business portable.

We now have a phone technology that allows you to take your telephone and move it anywhere you like transparently to your customers.

As long as you have access to the Internet via DSL or Cable, you can take your computer, your phone, and continue doing business while you are on the road, on vacation, or visiting relatives whether in another city or another country!

10. The attainable freedom:

Imagine having a productive business in network marketing providing you with a lifestyle that only the rich and famous enjoy. When all the pieces are in place, the life of a marketer can be very fulfilling indeed.



That's the dream every new distributor chases and it is only attainable when there is a clear understanding of how to get there and when your marketing skills are sharp.

It is not just the money, but the fulfillment of a lifestyle that makes a network marketing Affiliate Program the best business to get in and your skills is what make it happen, period!

