

Network Marketing MLM Strategy; Generating More Income by Helping Others

Contributed by Diep Tran
Friday, 20 April 2007

Network marketing multi-level marketing (MLM) aims at helping the manufacturers market their products to the end consumers via independent local distributors. By engaging local distributors to market the products of the company, the company is able to generate more income and save on distribution and advertising cost.

Many people and companies have abused the word network marketing MLM in the past years that a lot of people will associate the word with something that is negative. Yet, if you take a look at the nature of network marketing, you will not find anything that is intrinsically bad about this system. Since the first network marketing MLM company was introduced in the United States in the 1940's, the network marketing MLM strategy of most networking company have been consistent. The strategy is to distribute the products through local channels thereby saving on distribution cost and at the same time providing some alternative income for those people who would like to be an independent distributor of the product. Although there are some variations in the implementation of the network marketing MLM strategy, the basic principles underlying the implementation thereof is still the same.

Distribution through local distributors

Network marketing MLM aims at helping the manufacturers market their products to the end consumers via independent local distributors. By engaging local distributors to market the products of the company, the company is able to generate more income and save on distribution and advertising cost.

Most companies would spend thousands of dollars to promote their products through TV commercials and advertising, billboards and other forms of media. Promoting products and brands could cost the company a lot of money that a good portion of the cost that you pay for a certain product is actually added in to defray the advertising and promotion expenses. In some cases, as much as 20% of the cost of the product you buy goes to advertising and promotions. On the other hand, the distribution cost of the products would eat up to another 30% of the product cost. If you are wondering why a certain product that you buy in the supermarket could cost a lot of money, it is because of the advertising, promotion and distribution cost that is factored into the total product cost.

Since the network marketing MLM strategy will do away the promotion and advertising cost by engaging local distributors to personally promote the products to their friends, relatives and colleagues, the company will now be able to give the distributors big commissions. In most instances, the network marketing MLM company will give the local distributors direct commissions of up to 30% of the sales generated by a local distributor.

On the other hand, when it comes to expanding the market reach of the product, the network marketing MLM strategy that is employed is the member get member scheme whereby a certain member you is able to recruit a new member will be eligible to earn commissions on the sales generated by the new member that he or she has recruited. The good thing about the member get member scheme is that it does not stop on the person that you have directly recruited. In the event where the person you have recruited will recruit a new member, you will also earn commissions on the sales of that recruit. In most cases, the networking company

MLM will allow you to earn commissions up to the 8th level of recruits.

Internet home based network marketing MLM has no large capital investment, no quotas on production and you are not limited in where in the country you can live. There are also tax advantages to a home based business online, not to mention the additional income that everyone can find useful.

Diep Tran is Internet marketer, and webmaster of <http://www.internet-wealth.biz> Internet Home Based Business Opportunities.