



MULTI LEVEL MARKETING

The idea behind multi-level marketing is straightforward. Picture that you have a product to sell. A common MLM product is some sort of universal solution, such as a vitamin pill. You could do one of two things: either sell it directly to consumers or find others who will buy your product from you and sell it to other people.

MLM systems require that you recruit people not only to buy and sell your product, but who will also recruit other people to buy and sell your product...and then recruit even more people. This may seem unusual since you are recruiting people to compete with you, but MLM will convince you that it is reasonable to recruit competitors because you will get a cut of their profits. This will take your mind off the fact that no matter how big your town or market, it is limited. There will always be a few people in MLM systems who will make money but the majority will fail, just due to the nature of the system.

Multi-level marketing is a system of marketing which puts more importance on the recruiting of people than on the selling of products which is makes for a flawed system. MLM is very attractive to many people though because it sells hope and appears to be outside the typical type of business. It promises wealth and independence but unfortunately MLM is much more likely to result in failure than success. The most successful MLM scheme is Amway which has millions of distributors worldwide with sales going into the billions. In the year 2000, an average Amway distributor earned about \$700 a year in sales, but spent about \$1,000 a year on products. Remember, that sellers also have other expenses such as transportation, communication, etc.

This type of system is very beneficial to those who own the company or supply the products, but to those lower down on the pyramid, this is nothing but a money eating scheme.

However, there are a few benefits to being an MLM member, such as getting certain tax write-offs, access to special products, the chance to meet new friends and maybe even a few bucks. But, while all of these things can be good, none of them will benefit you're real financial situation. Other downfalls about being an MLM member is that you can never admit to others if you are doing badly. In order to sell products you always have to keep on a happy face to customers, which often include family and friends. So unless this sounds like a good career move to make, most people would suggest that you steer clear of this opportunity.

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