

Network Marketing for a Transformation Economy

By Eugene Ortiz

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For many years I have studied the history of education and the role education plays in the economy. This has left me with a knack for identifying certain related trends.

Consistently, the prevailing educational model has always followed the need of the prevailing economic model, usually following too slow to be of extraordinary value to the common person. That is, education has always served to provide workers for the elite, but has failed to provide avenues for students who were not already part of the elite to enter the world of the privileged.

If the educational system were to prepare the average person for real success, it would have to anticipate the need of the economy and prepare students for the NEXT economy rather than the current, which becomes the LAST or PREVIOUS economy by the time the student graduates college.

Pine and Gilmore (1999) suggest that the "new" economy is not based on information because information is not an economic offering. Instead, only when information is packaged in the form of information goods, information services, or information experiences does it take on economic value.

To illustrate what they mean, Pine and Gilmore describe four levels of economic offering one can find for the coffee bean. At its most basic level it is a commodity and sells for a little over one dollar per pound. When it is ground and packaged it becomes a good and sells for somewhere in the vicinity of 5 to 25 cents per cup. When it is sold in an

average restaurant it is now part of a service and goes for somewhere between 50 cents and a dollar per cup. It reaches the level of experience in a five-star restaurant or a specialty shop such as an espresso bar and it can range from somewhere around \$2 to perhaps as much as \$5 or more per cup. At that level, consumers pay for the sense of theater involved in the coffee experience.

Examples of "extreme sports" and phrases like "been there, done that" point to a fifth and final economic offering that will be waiting to dominate when the experience economy reaches its peak. That economic offering will be the transformation. In the transformation economy the customers themselves will be the product in the sense that what they will value most is the ability of an offerer to bring about a change or transformation in them. Pine and Gilmore call this person the transformation elicitor and the customer the aspirant.

The person who goes in for extreme sports does it for the "rush" or "high" associated with the activity. He or she repeats the activity or attempts a newer, perhaps more extreme activity because the rush fades. The same is true of the person who says, "been there, done that" and this fading of the high is an example of how experiences can become commoditized just as the economic offerings before them.

Experiences are personal and memorable, but memories fade; sensations fade. The transformation offering involves creating a series of customized experiences designed to create and sustain a change in the customer. This will involve a strong commitment on the part of the transformation elicitor as well as the aspirant.

Currently, the educational system is just catching on to preparing students to succeed in the experience economy. Even business schools are teaching network marketing as the future business model. Of course, you and I know that network marketing has been around for a very long time. The fact that business schools are now teaching it because many of the largest corporations are using it, under a different name of course (Friends & Families [tm], for example), should give us a clue that at the very least the standard model of network marketing is due for a shake-up.

For those of you who have the "been there, done that" attitude toward network marketing are reacting to the normal progression of economic offerings I mentioned when discussing the coffee bean. When we see Starbuck's and Starbuck's clones everywhere and exceedingly popular and successful, it is time to start thinking about what comes next.

I will leave it to somebody else to bring Starbuck's out of the Experience economy because I want to suggest here how to

move Network Marketing from the Experience economy into the Transformation economy. The key is to create a series of staged experiences that lead to a sustained transformation for the network marketer, with the aid or guidance of the transformation elicitor.

For network marketing in a Transformation economy, the "aspirant" is the downline member and the transformation "elicitor" is the upline member. In an Experience economy, the experience for a network marketer involves the particular product line or program or payment structure. We already see whole organizations jumping from one program to another program, never satisfied, and downline members get left out in the cold from the shake-up because they don't have the time to build a large enough organization to withstand the migration.

In a Transformation economy, the upline doesn't abandon the downline by jumping to the next greatest experience; instead they keep their existing organization, keeping the promise they made to them that, "I only succeed if you succeed," by bringing a series of new product lines, programs, payment plans and structures to them. This staging of new experiences, built one upon the next, creates increasing wealth and stability through multiple income streams that could continue indefinitely. Early adopters to Network Marketing in a Transformation Economy could continue to build wealth and pass it on to succeeding generations while newcomers can take advantage of a pool of existing income streams by picking one up, then another, and another, as his or her increasing wealth allows.

Eugene Ortiz is a transformation consultant and former adjunct professor of Technical Communication and Rhetoric. To learn more about how you or your business can prepare for the coming Transformation Economy, see <http://netmarktransformations.com> or email Gene at <mailto:tellmeabout@netmarktransformations.com>

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