

# What is MLM ?

By Fernando Soave

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Fernando Soave  
fernando.soave@skynet.be

Cutting Edge MLM <http://www.cuttingedgelm.tk>

Multilevel Marketing is one of the fastest growing yet most misunderstood methods of moving products in use today. It has been termed by many as the Wave-of-the Eighties.

But, it will go far beyond that. By the 90's more than 100 billion dollars worth of products and services has been moved through Multilevel Marketing companies. As we are in the 21st century watch out !

What is MLM ?

This question is quite frequently in response to a button we often wear or we have seen wearing by others.

Let's explain it .

1. Marketing simply means moving a product or service from the manufacturer or provider to the consumer.
2. Multilevel refers to the system of compensation provided to the persons who are causing the product to move or the service to be provided.  
"Multi" means more than one.  
"Level" means generation.

There are really 5 basic methods of moving products :

1. Retailing.  
ex. the drug store, the department store,.....  
You go into a store and buy something.
2. Direct Sales.  
ex. Tupperware, Avon, .....
3. Multilevel Marketing.

This should not be confused with retailing and Direct Sales which commonly is.

#### 4. Mail Order.

This can be an MLM but mostly is included in the Direct Sales category.

#### 5. Pyramid Sales.

This type of Sales is to often confused with MLM.

The fact is, Pyramids are illegal. The main reasons they may be illegal is their failure to move a product or to provide a valid service.

If a product doesn't move, how can you even call it "marketing", let alone "Multilevel Marketing".

Multilevel it may be, but Marketing they are not !!!

Now, most objections that people have about getting into Multilevel Marketing are due to not realising the difference between MLM, Pyramid Sales and the Direct Sales methods of marketing.

This is understandable because most reputable MLM companies belong to the Direct Selling Association.

We have been conditioned to think of MLM as door to door direct sales programs because our first encounter with them was when a distributor knocked on our door to sell us something.

Anyway, there are some features that differentiate MLM from Retail and Direct Sales companies and on very significant difference is that in MLM you are in business for YOURSELF but not BY YOURSELF.

Being in business for yourself means you are buying the products WHOLESale from the company you are representing. This means also that you can use these products for your own consumption at WHOLESale PRICES.

Since we are buying products WHOLESale we can, if we wish, sell these products at RETAIL and make a PROFIT.

The most common misunderstanding about MLM is the notion that you HAVE TO sell retail to be successful.

You may sell if you want to or have to due to your particular program procedure, but in regard to making the larger sums of income, the real success is in building the organisation.

Let your sales come as the natural result of building the organization.

The word "selling" triggers negative thoughts in the minds of about 95 % of the people.

In MLM you don't need to "sell" the products in the traditional sense of the word.

However, the PRODUCT DOES HAVE TO MOVE or NOBODY GETS PAID.

When you build an organization, you are actually building a network through which to channel your products or services.

Retailing is the foundation of Network Marketing. Sales in MLM or Network Marketing come from distributors SHARING with their friends, neighbours and relatives. They never have to talk to strangers. Network Marketing or MLM is building an organization in which a lot of distributors all retail a little.

So, you see, its not going door to door every day calling on strangers.

Another point that differentiates MLM from Direct Sales is the SPONSORING of other distributors. This is called RECRUITING.

When you SPONSOR someone, you are making a COMMITMENT to TEACH them how to do what you are doing, building a BUSINESS OF THEIR OWN. Sponsoring is what makes a Multilevel Marketing business so different and makes it grow.

As your organization grows, you are building toward becoming an INDEPENDANT SUCCESFULL BUSINESS PERSON. You are your OWN BOSS.

With Direct Selling companies you work for the company. If you decide to quit that company and move to another area, you end up having to start all over again.

In almost all of the MLM Programs you can move to another area of the country and sponsor people without losing the volume generated by the group you left behind.

In MLM Programs you can make a lot of money by

building an organization as your primary function.

A Multilevel Marketing Organization is not a pyramid scheme.

The pyramid is built from the top down and only those in at the very beginning can ever be near the top. And the price of the products or services get every step higher and higher, leaving the people at the bottom broke.

In the MLM Marketing everybody starts at the bottom and has the opportunity to build a large organisation, even larger than his sponsor's organization if he wants.

MLM Marketing is the solution to the distribution costs of the most companies because there will be no more channels between the producer and the consumer. And the most part of the benefit can be paid to the distributors.

Fernando Soave

CEO CUTTING EDGE MLM

<http://www.cuttingedgelm.tk>

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