

What Are Some Network Marketing Myths?



We have all heard the following claims in the zeal of promotion and recruitment.

1. Multi-level marketing (MLM) classes are taught at Harvard Business School.
2. Network marketing has produced more millionaires than any other type of business.
3. MLM will dominate the economy in the 21st century.

Unfortunately, these statements are “urban”

MLM myths that are over the top and damage the credibility of distributors and companies, as they promote the truly positive opportunities of direct selling.

1. Historically, the Harvard statement preceded the actual teaching of MLM classes. A Harvard case study on a company such as Mary Kay, or a lecture by someone like Mary Kay, was twisted into the proposition that MLM was part of the curriculum. This assertion was not true, yet it was repeated over and over. Since that time, various universities such as University of Illinois at Chicago or Utah Valley State University and others have instituted courses. Many professors have joined the ranks of scholarly articles on direct selling. And so there is plenty to talk about without misrepresenting the facts.
2. Let us address the myth of networking marketing producing the most millionaires compared to any other type of business. Of course, MLM has had its share of millionaires, and a few billionaires from such companies as Amway. They can be found on America's wealth lists. It is a vast overstatement in a country with 300 million people, and where there are about 16 million distributors with statistics indicating that only 1-2% make enough money to amount to a full-time living, to have millionaire-expectations. In fact, the exaggeration has prompted the FTC and state Attorneys General to demand, and leading companies have acceded, to post average earnings disclosures which accurately show the experience of typical distributors in their program. Again, there is room to be proud of the opportunity and success of many, but overreaching earnings claims taints the potential recruitment pool.
3. Will MLM dominate in the 21st century? The simple answer is: No. Keep in mind that U.S. MLM sales hover in the \$30 billion range in an economy of that posts \$17 trillion, i.e. about 1/5 of 1% of national revenue. MLM will play an important role, but, again, there is no useful purpose in being caught in an exaggeration.

For more information on any topic on network marketing that comes to mind, please visit www.mlmlegal.com and www.mlmattorney.com.

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