

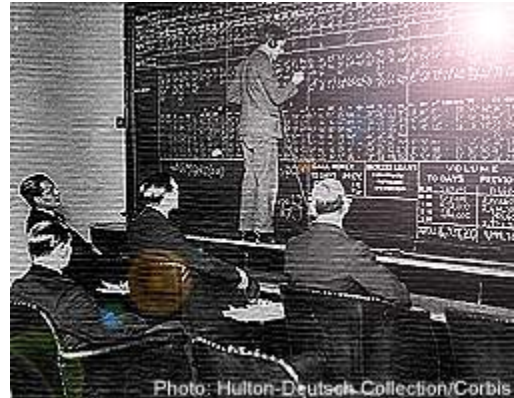
## WHEN RECESSION HITS THE ECONOMY, NETWORK MARKETING BOOMS

By **ROD COOK**

**If you're in Network Marketing, there's good news, and there's bad news - and the great news is that, for you, they're both good news.**

In good economic times, people are less interested in career alternatives but they can easily afford to buy more consumer goods. In bad times, they crave new business opportunities. Today, we could soon be facing global recession - and tremendous worldwide opportunities for you.

The U.S. economy is cracking apart due to mortgage meltdowns and rising fuel costs (energy) that are causing great concern worldwide. Fears are that an American economic dive will hurt the entire world economy.



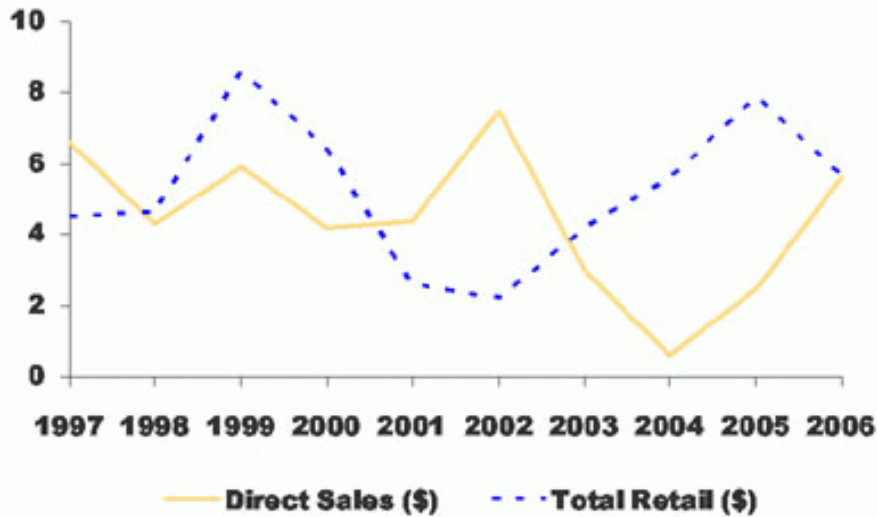
U.S. and worldwide, people are beginning to worry. Once they start worrying, they quit spending money. This "psychology of fear" fuels bigger recessions. I'm not saying there is going to be a depression, which is much worse than a recession. What I am predicting, based on surveys conducted by our company (which have proved exceedingly accurate over the past 20 years), is higher unemployment and underemployment - good people forced to work for less money than their qualifications would warrant. Translated: pushed to work for trashcan wages.

### **MLM A Countercyclical Business**

General economic theory holds that there tends to be a recession about every eight years. The entire history of the modern United States reflects this boom-and-bust cycle. Consistently, Network Marketing has grown during the "down" periods.

The oldest Network Marketing company we can track is the marine-vegetable (seaweed) supplement company, Wachter's, which started in 1937 near the bottom of the Great Depression. Nutrilite took off in 1945 during the economic decline immediately following World War II. Shaklee and Neolife (now called GNLD) fared well in the post-Korean War slump. Amway got a good start building with the slump in 1958. Mary Kay started with the downturn in the 1960s. This theory held true in 1992 when Alliance, Kaire, Life Plus, and a number of other companies started up and boomed (then later failed due to legal problems, partnership disputes, and mismanagement after the recession). Others like Hearbalife (see chart below) went into hyper growth due to the same recession and became billion dollar companies.

In the chart below note that during the depth of the recession indicated by the blue dotted line retail sales by major retail outlets took a dive. Direct sales (90% are MLM) shown by the solid yellow line jumped as store front retailing dropped like a rock! Today history repeats itself!



Source: DSA and MLM Watchdog

**When recession hits, those with any intelligence are going to scramble to find alternative sources of income. In their frantic searches, they are going to find that the best of all alternatives is Network Marketing.**

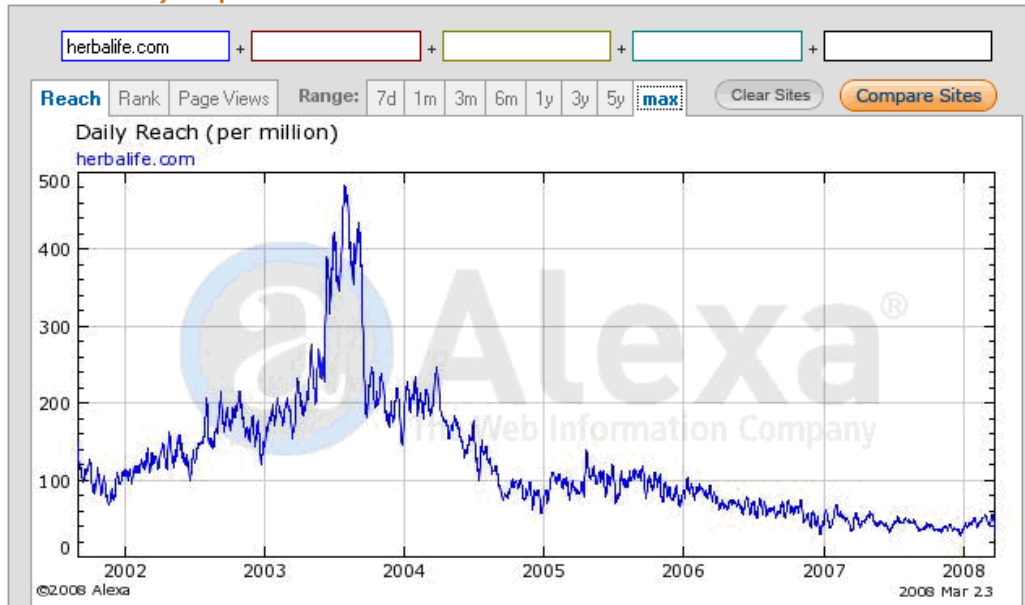
Understanding the relationship between low-cost entrepreneurship and economics is important. During the past few years, the world economic boom has made people complacent. In the U.S., the jobless rate dropped to all-time lows of less than five percent. People had to be sick, lame, or lazy not to get a job. Hamburger flippers got higher-paying jobs, such as assembling computers, and their incomes rose. Rather than looking for an alternative to a job or seeking extra income, these folks sat around and watched television.

When recession hits, those with any intelligence are going to scramble to find alternative sources of income. In their frantic searches, they are going to find that the best alternative is MLM also known as Network Marketing.

We followed the increase in growth of several major Network Marketing companies operating during the recession of 1973-75. Companies that were not doing badly when the recession started, they had a fair amount of growth. However, when the recession came, they took off like rockets!

During the early 2000's recession (officially starting in November 2001), MLM company growth rates jumped higher than they were before the recession. See the chart below (November 2001 was the benchmark) and look at the following growth. This was due to two reasons: (1) Fear leads people to new income sources and they WORK the opportunity, not watch TV. (2) The doubt of the recession lingers in the minds of people so there is an "aftereffect". (3) During the recession the company grew a "freverant" distributor base, recruiting more new people that lead to exponential growth.

### Traffic History Graph for herbalife.com



Source: Alexa.com

Another factor that fueling the growth in Network Marketing is that many Baby Boomers have put their life savings into the stock market. With the market's shaky up and down spirals, many Baby Boomers are slowing their high-flying, fast-spending ways due to meager savings except for shaky stocks. With the inevitable, cyclical decline of the stock market, they will see their retirement plan funds lose 25 to 50 percent in value. Will panic will follow? We hope not! But, Baby Boomers with good sense will be looking for secondary ways to build a secondary residual retirement income. A common phrase today is, "multiple streams of income."



Grab your hat and prepare for the next boom in Network Marketing. If you are a newcomer, study the industry closely (and quickly). If you are an old-timer, get out your contact lists for the last two to ten years. In a recession, they will be solid gold! All you have to do is get out there and help people out of their economic duress.

Now is the best time to grow your Network Marketing individual business or [start your company!](#) Whether you are a veteran or a beginning network marketer, the future is bright. Soon consumers will be looking for the best quality at the best prices. Where do they find it? In the quality products offered by your Network Marketing company .

Recession causes people to open their minds to gaining alternative sources of income. If they are still employed, they are worrying about the possibility of losing their jobs or having them downgraded. If they are unemployed, they are seeking ways to build their income without spending large amounts of money to start another business.

This writer has made millions in MLM - Network Marketing plus having owned large franchises, done business opportunities plus done import of exotic cars like DeThomaso Panteras, Lamborghinis and Ferraris. Heaven bless you - driven to your financial knees? MLM - Network Marketing is the ultimate "recession-proofing" for your economic life.