

Challenges and Opportunities Facing Network Marketing Companies

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We have a long-term perspective as a law office that has had three decades of experience in the MLM industry. In the last three years or so, developing trends have posed both opportunities and challenges for network marketing companies. Mr. Babener discusses a few of these opportunities and challenges (paraphrased from the [DSWA interview with Nikki Keohohou](#)) in this post.

As far as industry-wide opportunities are concerned, there has been an explosion in party plan companies. The party plan companies that we know and represent are doing quite well. There has been growth in the public recognition of these companies. This is due to large-scale events such as the 2009 Super Bowl where Avon was a primary sponsor. At the 2009 Super Bowl, Avon advertised their opportunity, not just their products, which was really a message to the country that our industry has something special to offer to everyone.

The internet has also helped push the industry in a positive direction in recent years. Social media and growing internet technology has enabled many companies to expand internationally.

However, this also means that the industry has a new challenge: coping with internet technology. Companies have to recognize the creative power of Facebook, Twitter and all of the other social media platforms. Companies have to find a balance between enabling their consultants the ability to be creative and protecting the brand. Protecting the brand presence in search engines, protecting against inappropriate medial/earnings claims and allowing consultants to work with social media, providing basic tools for distributors, are industry-wide challenges that require delicate balance.

In addition, we've seen some tension between new companies and distributors in recent years. There are some consultants who are too willing to jump ship and bounce from one company to another. Distributor raiding is undermining to the company and the opportunity, as well as to all of the consultants left behind.

On the other hand, we've seen some overreaching companies who've been bullying distributors, telling them what they can and cannot do. There will have to be a dialogue to figure out the common ground for what are reasonable expectations for distributors and what control companies can have over distributor actions.

Lastly, the industry has faced some issues in the financial markets in the last few years, which has raised some questions about the direct selling model. The industry has just finished a 20 year period of positive publicity. There will always be an ebb and flow. Industry associations, such as the [DSA](#) and [DSWA](#), have done a good job in explaining the industry model. No one can control all of the challenges that face the direct selling industry, but education and transparency is the best approach to discuss issues.

MLMLegal.com is a believer in education. We have over 65 educational videos and hundreds of articles that are there to help educate the public. Our website is frequently picked up by the press. We aren't necessarily industry cheerleaders nor are we industry adversaries. Our intention, along with industry groups such as the DSWA and the DSA, is to educate the public about the positive aspects of the industry and to highlight aspects of the industry that we really need to improve.

Visit our [website](#) to view the entire interview: [Executive Interview by the DSWA – “Legal Hotspots for Direct Selling Companies” with Jeff Babener](#).

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Jeffrey Babener
On Assignment

On any given day you can catch [Jeffrey Babener](#) lecturing on Network Marketing at the University of Texas or the University of Illinois, addressing thousands of distributors in Los Angeles, Bangkok, Tokyo and Russia, or writing a new book on Network Marketing, an article for Entrepreneur Magazine or a chapter for a University textbook. Over two decades he has served as marketing and legal advisor to some of the world's largest direct selling companies, the likes of Avon, Nikken, Melaleuca, Discovery Toys, NuSkin, and he has provided counsel to the most successful telecom network marketing companies...Excel, ACN, World Connect, ITI, AOL Select and Network 2000. An active spokesperson for the industry, he has assisted in new legislation and served on the Lawyer's Council, Government Relations Committee and Internet Task Force of the Direct Selling Association (DSA) as well as serving as General Counsel for the Multilevel Marketing International Association. He is an MLM attorney supplier member of the DSA and has served as legal counsel and MLM consultant on MLM law issues for many DSA companies.

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