



## **80/20 ALERT => in Home eBiz Marketing!** (WHY Achieving a Recurring, RESIDUAL INCOME, is Almost IMPOSSIBLE!)

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**Hello, and WELCOME to this Web Page (PDF)!**

My name is **Peter Arnold**. I am a Business & Financial Consultant, a Natural Health Advocate, and an Online Biz Entrepreneur (part time), having had a busy private practice for over for 30 years.



**Direct Marketing** - I have been associated with a number of Home Business companies (both good, and not so good) - I've studied this industry at length, and believe I have a pretty good understanding of its pros and cons.

I was also privileged to serve for 4 years on the Board Of Directors of the Home Business industry's professional association for four years, representing Canada.

This association is the only (global, non profit) organization ever established to help educate, support and protect "Reps / Affiliates / Associates" within the "**MLM**" Home Business space (a business model I personally, have strong reservations about).

I'm hopeful you will feel that my background, and my combined experience in the Home Business industry, and on the Association Board, have given me some of the exposure, and insights, that are necessary to put this eReport together for you, as it is my sincere wish to enlighten you.

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**What follows might be a little harsh,  
but it's time for the TRUTH to be told...**

**QUESTION #1** - Why do people **JOIN** a Home Business in the first place?

**QUESTION #2** - Why then, do **80%** or more **QUIT** after only 30, 60, 90 days?

**Hmmm...**

**ANSWER (for #1)** - The vast majority **JOIN** for two (2) reasons:

**(a)**

**To exit the rat race,  
and own their own business**

**(b)**

**To (hopefully) earn  
life-long Residual (ON-GOING) income**

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**ANSWER (for #2)** - **80%** (or more) **QUIT** because of a UNIVERSAL PRINCIPLE that will never be broken (it's the ==> **80/20** principle). It's extremely vital to understand this, and it applies to everyone, in every career / situation, in every country - but more about that a little later.



**High Drop Out Rate!** - First, let's explore the terrible **ATTRITION rate** in the Home Business industry - as it truly **KILLS** any hope of a **Residual Income!**

If you and I were sitting down having a discussion, and I asked you to tell me the reasons why YOU think most people fail in ((quit)) their Home Business, what would you say? Would you come up with some common answers, like these?:

*Lack of sales and/or marketing skills? -- Not enough new (targeted) leads? -- Lack of discipline and consistency? -- No recruiting or leadership skills? --Lack of personal growth? -- Lack of desire? -- Not enough time? -- Not enough effort? -- Not enough money? -- Unrealistic expectations? -- Fear of rejection? -- Fear of taking risks? -- Fear of failure? -- Fear of success? -- Not enough training? -- Bad company P&Ps (Policies & Procedures)? -- Not enough upline support? -- Quitting 'too soon'? -- Other?*

Well, some of these *are* indeed reasons why people quit, for sure - but let's also look at some of the underlying 'causes' that aren't always discussed.

**Causes** - Even though there have been (and still are) a small segment (say, **20%**) of highly successful people that have emerged in the the "**MLM**" **Home Biz** space (+ Direct Marketing / eCommerce / Affiliate Marketing / Direct Sales) - by its very nature, it can create tremendous amounts of **resistance** for the "masses" (the **80%ers**) - because it usually requires people to face one of their biggest fears - possible **REJECTION**.

Also, many people hate **SELLING**, and/or **RECRUITING**, and will do just about anything to avoid it. But, as you'll soon find out, this is only the "tip of the iceberg" behind some much deeper reasons behind the (sadly, far too high) **attrition rate** in the Home Business industry!



**Residual Income?** - Today's work-at-home" entrepreneurs are fighting an uphill battle against cut-throat competition, and rising advertising costs, etc - while **the promises of "residual" (on-going) income are being ripped out - right from under their noses**. In spite all the rah-rah - and glamour shots of beautiful people with expensive cars, standing in front of million dollar dream homes - the companies with crystal chandeliers and debt-free Dunn and Bradstreet ratings - the majority of Home Businesses have failed badly to deliver on their promises to the people they have attracted. People **QUITTING** is the "curse" of the industry, unfortunately - because "leverage & expansion" - via building a **TEAM** of business **LEADERS** (one that '*sticks*') - is the real way to success and wealth in any Home Business.

True, the factors mentioned above (fears / lack of skills, time, money / etc), all contribute to the **high attrition** - but so does the onset of the 24/7 **INTERNET!**

**Here are the deeper reasons why the "masses" really QUIT their Home Businesses:**

**Up Front** - It's NOT so much the fault of the "Reps / Affiliates / Associates" - as it is the Marketing "COMPANIES". Yes, you heard that correctly! But first...



**The Pareto Principle** (also known as the **80-20 Rule**) - is the law of the vital FEW. It states that, for many events, roughly **80%** of the effects come from **20%** of the causes. It is a common rule of thumb in business; e.g., 80% of your sales come from 20% of your clients.

Or, the distribution of wealth and resources on planet earth, where a small percentage of the population controls the biggest chunk, which clearly demonstrate the **80/20 Rule**. There are business examples such as **20%** of employees are responsible for **80%** of a company's output, etc. **SO WHAT? - you ask...**



Well, the **80%ers** represent the **MASSES** in any population, and without them, we would all be in deep trouble - especially retailers!

They are: your mother, your sister, your uncle, brother, your next door neighbor - on and on.

And make NO mistake - the **80%ers** represent that much needed "mass consumer base" in any society. They are your "average" every day people - those who usually do not have any SALES experience, or RECRUITING skills, or a 'lot' of MONEY - nor do they often take ACTION on things.

Lovely people, yes - and great potential **CUSTOMERS** - but usually, not true "candidates" for building a successful Home Business - UNLESS there IS one...

**For the 80%ers?** - IF the largest part of anyone's Home Biz TEAM is going to **consist of** the 80%ers (which it will) - then we need a business /company that THEY can - JOIN - and SUCCEED in - pure and simple!

**NO Cash Flow** - When those **80%ers** do NOT start making money in their first 30-60-90 days -- they usually **QUIT**. And when they "quit" - what's the first thing they do? They "cancel" their (high cost) products! Result? **Residual income** dies.

### **WHY Does This Happen? ...**

**Here are just six (6) good reasons ...**



**1) Over Priced Products** - For the **80%ers**, the "products" are almost always TOO COSTLY - far more so than similar products in the marketplace, they believe. And even if a company's products are the best sourced, and manufactured, and of the highest quality - or believed to be the "most superior products of their kind in the world" (and some indeed are) - their higher "prices" cannot be justified.

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**2) Entry Levels Too High** - As well, most of the "buy in" packages (that are often *heavily promoted*, in order to get you started at the higher compensation levels) in these companies are simply unrealistic for the **80%ers** - these are often as high as **\$200 - \$500 - \$1500 - \$2000** - and more!

Then, both the company, and the uplines, usually bring "pressure" to purchase those expensive deals, playing on your *guilt*. Not that these are "bad" packages (they're not, because you usually get a truck-load of top quality products as well, to get started - and to offer to others, etc).

In a PRODUCT driven company - whether it's a \$60 bottle of juice, or a \$100/mo coffee, or expensive vitamins, skin care, weight loss, or anti-aging - the fact remains (in their minds) - the "costs" are out of reach, for them.

Plus (to them) there simply is not enough VALUE (in either the price, the quality, or the results) within those products, **for them to even stay on as a CUSTOMER** with the company - whether they *are making money* - or *not*. Yes, Home Biz companies do usually have exceptional products - but at what COST?

**NEW MONEY** - In many (most) companies - their products represent NEW MONEY needing to be paid out -vs- simply "switching stores" to buy [hopefully, "superior"] products to what they are "already buying" each month - *elsewhere* - anyway. This is a killer, because it "crushes" their monthly budgets!

SERVICE Companies? - With these companies, the **80%ers** don't stay on either, because the majority of them "lost" the \$300-\$500 they spent (up front) when they first joined. And there is simply NOT enough "savings/month" to keep them on as happy, loyal **CUSTOMERS**.

**3) FORCED Monthly Autoships - Too Expensive** - The question is - how many of this (important!) majority of **80%ers** can really "afford" those (too high) monthly product Autoships (usually 'needed', in order to "qualify" for the higher levels of commissions?

At **\$150/mo - \$200/mo - \$300/mo** (plus shipping & handling, taxes, possible currency exchanges in other countries, etc) - and not bringing in any "money" to help *fund* this high monthly cost - it's not much wonder the ATTRITION rate is so ugly => and therefore once again, the dream of having a reliable, life long, **RESIDUAL INCOME** gets shattered!

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**4) It's Not SIMPLE Enough** - Most of the **80%ers** are PART TIMERS - some trying to hold down two jobs (IF available, in this economy!), plus trying to raise a family - let alone, making ends meet financially, each month.

Given this, why do so many companies "complicate" things so badly - with Pay Plans that are impossible to understand (or explain) - with trainings that are too technical - with too much information overload? Such pressures only *add* to an increasing exodus of the 80%ers. Companies need to find ways to "simplify" things for their Reps.

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**5) Products - Not REMARKABLE** - As good as most Direct Marketing "products" may be (especially natural wellness & nutritional products) - many of the **80%ers** do not see the "health results" soon enough. And, when combined with the (most often) too high costs - they give up on their Home Biz. As a Coach, I see this all the time with customers.

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**6) Abandoned** - After the initial excitement of joining wears down, **80%ers** are shocked to learn that their own "sponsor" (likely another **80%er**) has QUIT - and suddenly, *they fee'* like "orphans" - without any real SUPPORT.

So guess what? - *they too* often quit in frustration and disappointment - especially if they are not into positive cash flow, and/or if the PRODUCTS are not perceived as "valuable" enough (low cost / high quality / early, measurable results) to keep them in - as strictly "customers".

SUPPORT (for the Reps) should include: the right marketing tools (and training), good coaching, and strong team guidance - so that they gain the right marketing SKILLS - not only to feel more confident, and appreciated - but also empowered.

**Bottom Line** - Many of the issues causing such **high attrition** with the **80%ers** have to do with **M-O-N-E-Y** (the costs are simply "beyond reach" of the masses, with most companies today - especially *wellness & nutritional* companies).

In turn, this prevents this majority of the population from having access to much needed, high quality, products & services - and an opportunity to secure their financial futures, through the power of RESIDUAL income - extremely unfortunate.

What's equally unsettling is that many of the CEO's of these companies are themselves living in huge mansions / driving luxury autos / flying in their private lear jets, on and on. Yes, they did take the financial risks of setting up their companies, but their lavish lifestyles come at a "cost" to consumers.

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**Note** - As a Business & Financial Consultant, I have seen far too many good people struggling financially in my practice - some who, before the economy crashed - or before **COVID-19** erupted - held good jobs, and promising careers. Many are the same **80%ers** as above - regular people, who were "wiped out" financially - who now have a lot of debt - who now are searching (praying) for an opportunity to take back their lives, and make their dreams come true again.

Unless they find a pathway where, for starters, **HIGH INTEGRITY** reigns supreme, from the very top of a company - those dreams will continue to be shattered.

**So, what about the ...**



**20%ers** - The roadblocks above, that hit the **80%ers** - are all aimed directly at the 'other' side of the equation - the **20%ers** (not the 80%ers). Only the **20%ers** can 'justify' these realities. Only *they* have the skills, talent and tenacity (and cash flow) to do what is required, and to build large organizations of Customers and Reps.

Yes, we all want the **20%ers**, because after all, they do "bring in" those **80%ers**! We need "both" 20%ers and 80%ers in the mix. BUT, as much as we do want, need and respect these **20%ers** (those "movers & shakers" - those top leaders and top producers) - they make up the **M-I-N-O-R-I-T-Y** in ANY Direct Marketing eBiz.

And when they "lose" the (much needed) **80%ers** - their businesses begin to unwind - and before you know it, **they** are looking for yet another company to join (to 'rinse and repeat') - all over again - becoming a continual 'revolving door'!

FOR the **20%ers** - Sadly, the vast majority of companies today were built -were primarily for the heavy hitters (those **20%ers**). And that includes today's giant \$-billion companies. Their expensive buy-ins -- their product & service pricing -- their high cost monthly Autoships -- their complicated compensation plans (with difficult 'qualifying hoops' to jump through) -- these are all mostly targeted at the (non-duplicatable) **20%ers** - and not the **80%ers**.

And the **20%ers** are generally the only ones still ordering the company *products* or *services* at the end of the month, mainly to STAY QUALIFIED in order to earn their commissions, bonuses, overrides, etc. It's true. The "companies" can usually survive on this - but the "Reps / Affiliates / Associates" simply do NOT have the numbers (volume, from the **80%ers**) to survive - and thus, more ATTRITION.

And once their **80%ers** keep on **quitting** (going out the back door as fast as they came in the front door) - **20%ers** begin to see their groups become unstable, and start to unravel - so they either "keep on recruiting more and more" - or they too, QUIT (= *more attrition* = *less residual income* = *a vicious circle*). For proof, just take notice of how many of the top industry leaders are working their 5th or 6th company - even more!

The **20%ers** are the "builders" - the **80%ers** ARE NOT CAPABLE of creating a "new need" in the marketplace (like the **20%ers** can) - or of bringing in a lot of other people - or of justifying the "overpriced" products and high monthly Autoships.

**Yet, as mentioned above - the vast majority JOIN a Biz for two (2) reasons:**



**(a)**

**To exit the rat race,  
and own their own business**

**(b)**

**To (hopefully) earn  
life-long RESIDUAL income**





**Economy** - Great, but keep in mind that we continue to endure a *weak* global economy (+ **COVID-19!**)! Much of our world, as we've known it, has changed. Markets have crashed – many (most) jobs have disappeared - personal debt has soared - foreclosures and bankruptcies have escalated - whole industries have been disrupted, and are being remade - before our eyes.

More and more people are searching for "alternatives" to securing their financial futures - to gaining ***time and financial freedom*** in their lives - including both the **80%ers** and the **20%ers** being discussed here.

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**Ok, but Given all the REALITIES already outlined - what's the best SOLUTION here?**



For many, the answer is to start their own Online Home Business, and ***Direct Marketing*** is the vehicle of choice for a lot of people. → But, **WHAT KIND?**

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- 1) Find a company with a "proven" track record of growth / integrity / training / support [that exists within the Upline TEAM as well];**
  - 2) Find a business where the **80%ers** can make good money, quickly;**
  - 3) Find a business / company that has hundreds of LOW COST / HIGH QUALITY products - for those **80%ers** - that are safe, and healthy, and repeat-use items - with enough V-A-L-U-E that they will stay on as CUSTOMERS - even if they are NOT making any money.**
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## Do Your "Own" DUE DILLIGENCE

**Note** - Finding the RIGHT Marketing company is never an easy job - especially one that "measures up" to the criteria for the **80%ers** - as already shown above.

It requires a great deal of careful research, study, testing, and analysis to properly "evaluate" a good Direct Sales / Network Marketing / Affiliate company / business.



**D2C (Direct2Consumer):** An ONline "business model" that is "different" from the typical Home eBiz model. Well worth checking out.

Sometimes, it's necessary to actually "join" the company / business, in order to get a look "inside" the program / comp plan / owners / upline - before making any long term "commitment" (I've had to do this myself).

Most people simply do not have access to the right tools, or data, or sources for this kind of information.

## DISCLOSURE

My Website / Blog is devoted to a [proven] Smart Wealth Formula.

The #1 KEY component of that Formula is the generation of recurring **RESIDUAL INCOME** - via intelligent Online Home eBiz Ownership.

I have found a "perfect candidate" for this critical part of the Formula.



**(Click Above)**

WHY? - Because it SOLVES all six (6) of the PROBLEMS outlined above + much more.

But beyond that, this is a brilliant ('revolutionary') new concept - one that "converts SPENDING into SAVINGS and EARNINGS" - something that benefits ALL consumers!

### Testimonials

**[My Website / Blog => HERE](#)**