

Method for Network Marketing and a Management System Thereof

Field of the Invention

[001] In particular, the present invention relates to a network marketing strategy, which promotes sales and distribution of products and services by providing discount sales and benefits to a hierarchy of distributors.

Background

[002] Marketing strategy is required by an organization for increasing sales. It is well proven that peoples are motivated when the profit over the sales is shared. Accordingly, schemes and marketing strategies are implemented. One type of marketing strategies commonly used by companies to sell products and services to consumers is a network marketing strategy, such as Multi-level Marketing (MLM).

[003] A company employing MLM strategy markets its products to consumers by direct selling and using referrals. The referrals are a group of "individuals" recruited to market and sell the products. The individuals can be interpreted in many different ways. Individuals can be a single person, a group of persons, a single business entity or a multiple business entities. Individuals of MLM are often referred to as sales people, distributors, field representatives, etc.

[004] The individuals purchase the products from the parent company for their own consumption or for further selling to other individuals or end consumers. The individuals may also recruit down-lines of independent individuals, who will be going to create a sale-base for selling the products. Number of down-line

independent individuals created can be of multiple levels that a down-lined individual can recruit more individuals as his/her down-line. A hierarchy of individuals will therefore be built. This is in overall expanding the sales of the company.

5 **[005]** Fig. 1 illustrates a typical hierarchy of MLM individuals in accordance with the members recruiting order. Individual 1 recruits Individual 2 and Individual 3. Individual 2 recruits Individuals 4, 5, 6, Individual 3 recruits Individuals 7, 8, and so on. All individuals in circle A are the down-line of Individual 2, while all individuals in circle B are the down-line of Individual 3. Accordingly, all individuals
10 in circle C are the down-line of Individual 1. Each individual will be buying products from their up-line and sells it further to their down-line. The individuals earn commission from the parent company based on their collective volume of purchase. Volume of collective purchase of an individual comprises volume of their own purchase as well as volume of purchase generated by their down-line. Such
15 compensation scheme is encouraging the individuals to recruit more down-lines.

[006] US Patent Application no. 2006/0190325 provides an internet-enabled network marketing method by which a member introduces a product to his circle of friends. The introducer is then rewarded a commission based on the recommended product purchased by the circle of friends.

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Summary

[007] In one aspect of the present invention, there is provided a method for evaluating performance of distributors in a marketing network for a period of sales.

Evaluating performance is based on purchase quantity of the distributors. The distributors can be enlisted as root-distributor, which enjoys higher rate of discount on product purchase, when his purchase quantity is high. Meanwhile, distributors can also be enlisted as member, which enjoys lower rate of discount on product purchase, when his purchase quantity is low. A system is also provided for managing the method thereof.

Brief Description of the Drawings

[008] This invention will be described by way of non-limiting embodiments of the present invention, with reference to the accompanying drawings, in which:

10 [009] Fig. 1 illustrates a typical hierarchy of MLM individuals in accordance to the members recruiting order;

[0010] Fig. 2 is a flow chart illustrating a hierarchy of DSS network in accordance with one embodiment of the present invention;

[0011] Fig. 3 illustrates a flowchart of DSS method in accordance with one
15 embodiment of the present invention;

[0012] Fig. 4 to Fig. 8C are flow diagrams of an exemplary hierarchy of a DSS network for five subsequent period of sales, in accordance with one embodiment of the present invention;

[0013] Fig. 9A is a block diagram of a management system associated with the
20 DSS method of Fig. 3; and

[0014] Fig. 9B illustrates a flow diagram illustrating implementation of the DSS method using the management system 900 in accordance with one embodiment of the present invention.

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Detailed Description

[0015] The following descriptions of a number of specific and alternative embodiments are provided to understand the inventive features of the present invention. It shall be apparent to one skilled in the art, however that this invention may be practiced without such specific details. Some of the details may not be described in
10 length so as to not obscure the invention. For ease of reference, common reference numerals will be used throughout the figures when referring to same or similar features common to the figures.

[0016] As elaborated above, the network marketing functions by creating an active sale-base to market a product and/or service, and recruiting down-lines, who will
15 accordingly be creating their own sale-base to further market the products. Thus, market for the products and/or services is greatly expanded. Commission earned by the individual is based on volume of purchase achieved by the individual itself and its down-lines. The individuals may purchase products and services for their own consumption or for selling to an end consumer.

[0017] It is typical in a network marketing system that the up-line individual can obtain the products from the parent company at a lower price as compared to their down-lines. This allows the up-line to sell the products, either to their down-line or to

end consumers, at a more competitive price. Such scheme encourages the individuals to recruit more down-lines to join them.

[0018] The drawback of the traditional network marketing is that hierarchy of individuals and their down-lines is rather rigid. It is not viable for a down-line to climb one level up to be in the same, or even higher, level as his up-line, although his purchase record is proven to be good. Thus, he could not enjoy the entitlement of obtaining the products at cheaper price, which indeed can increase his profits. This makes the network marketing system less attractive to prospective down-line, and consequently, it will be harder for existing individuals, especially those at the lower level in the hierarchy, to recruit more down-lines.

[0019] Another drawback is that the up-line often stops working hard to market the product when he already recruited large number of down-lines, because he still earns income from sales of his down-lines, although his own sales is nil. This reduces the income opportunity of the parent company, which is not desirable.

[0020] The present invention provides an improved method of network marketing. The present invention fairly benefits all individuals in a hierarchy of a network marketing, as well as parent company. The method of the present invention is hereinafter referred to as Distributor Swapping System (DSS). The marketing network in which the DSS is implemented will be hereinafter referred to as DSS network.

[0021] Fig. 2 is a flow chart illustrating a hierarchy of DSS network 200 in accordance with one embodiment of the present invention. The DSS network 200 comprises a parent company 201 and groups of individuals 202. The group of individuals 202 may include group of root distributors 202A, group of distributors

202B, and group of members 202C. The distributors 202B may further include distributors level 2 2021B, distributors level 3 2022B, distributors level 4 2023B, and so on. The arrows show recruitment flow within the DSS network.

[0022] Parent company 201 is a company employing the DSS. The parent
 5 company 201 runs a business of selling and distributing products and/or services. The products may include, but not limited to, health supplements, foods, and cosmetics. The parent company 201 recruits the group of individuals to the hierarchy so as to expand its business.

[0023] A root distributor 202A is the first level of individuals liaising with the
 10 parent company 201. The root distributor 202A is entitled to receive from the parent company 201 an exclusive discount on his/her purchase. It is understood to a skilled person that the figure illustrates only one root distributor for simplicity only. The parent company 201 may have more than one root distributors 202A in the network.

[0024] Root distributors 202A may further comprise permanent root distributors
 15 and temporary root distributors (not shown in Fig. 2). Permanent root distributors are recruited directly by the parent company 201, while temporary root distributors are be so in response to the employment of the DSS method. The status of permanent root distributors is permanent, while the status of the temporary root distributors may change accordingly. The mechanism of status changing of the temporary root
 20 distributors during employment of the DSS will be elaborated further later.

[0025] In a further embodiment, the parent company 201 may also become a permanent root distributor.

[0026] In one embodiment of the present invention, the exclusive discount on the good for sale received by the root distributors 202A is 25%.

[0027] In some other embodiments, the exclusive discount received by the permanent root distributors 202A is between 1% to 99%. The parent company 201 may
5 alter and adjust the discount given as it desires.

[0028] In a further embodiment of the present invention, the parent company 201 may also recruit members 202C. Members 202C are end consumers who purchase a small quantity of the products and services for their own consumption. Members, upon purchase of the products and services, are entitled to receive an exclusive discount
10 on their purchase.

[0029] The root distributors 202A further recruit down-lines to join the marketing network. The down-lines recruited by the root distributors may be a group of distributors level 2 2021B or members who purchase the products and services in just a small quantity. The distributors level 2 2021B are named so because they are occupying
15 second level of the hierarchy, wherein the root distributors 202A are occupying first level of the hierarchy. Therefore, hereinafter, each distributor will be named after the level in the hierarchy at which the distributor occupies.

[0030] Still referring to Fig. 2, the distributors level 2 2021B purchase the products and services from the parent company. The distributors level 2 2021B are
20 entitled to receive an exclusive discount on purchase of the products and services. It is preferable that the total discount received by the distributors level 2 2021B is smaller than that received by the root distributors 202A.

[0031] In one embodiment of the present invention, the discount received by the distributors level 2 2021B is a discount of 20% off their entire purchase.

[0032] In some other embodiments, the discount received by the distributors level 2 2021B is in between 1% to 99% off their entire purchase. The parent company
5 may alter and adjust the discount, as it desires.

[0033] Still referring to Fig. 2 the distributors level 2 2021B further recruits down-lines to join the marketing network. The down-line recruited by the root distributors may be group of distributors level 3 2022B or members who purchase the products and services in just a small quantity.

10 **[0034]** The distributors level 3 2022B may purchase the products and services from the parent company. The distributors level 3 2022B are entitled to receive an exclusive discount on purchase of the products and services. It is preferable that the total discount received by the distributors level 3 2022B is smaller than that received by the distributors level 2 2021B.

15 **[0035]** In one embodiment of the present invention, the discount received by the distributors level 3 2022B is a discount of 15% off their entire purchase.

[0036] In some other embodiments, the discount received by the distributors level 3 2022B is in between 1% to 99% off their entire purchase. The parent company may alter and adjust the discount, as it desires.

20 **[0037]** In the hierarchy, one level below the level of distributors level 3 2022B is occupied by a group of distributors level 4 2023B. The distributors level 4 2023B purchase the products and services from the parent company 201. The distributors level

4 2023B are entitled to receive an exclusive discount on purchase of the products and services. It is preferable that the discount received by the distributors level 4 2023B is smaller than that received by the distributors level 3 2022B.

[0038] In one embodiment of the present invention, the discount received by the
5 distributors level 4 2023B is a discount of 10% off their entire purchase.

[0039] In some other embodiments, the discount received by the distributors level 4 2023B is in between 1% to 99% off their entire purchase. The parent company 201 may alter and adjust the discount, as it desires.

[0040] In this embodiment of the present invention, distributors comprises of up
10 to distributors level 4 2023B. It shall be understood by skilled persons in the art that number of levels of distributors can be more or less than four, according to the preference of the parent company 201.

[0041] Fig. 3 illustrates a flowchart of the DSS 300 in accordance with one embodiment of the present invention. In general, the method of the DSS 300 comprises
15 the steps of calculating purchase quantity at step 301, cleaning at step 302, swapping at step 303 and closing at step 304. The method of the DSS 300 is to be applied by the parent company having formed a marketing network with individuals comprising root-distributors, distributors and members.

[0042] The step 301 of calculating the purchase quantity comprises calculating
20 individual and collective purchase quantity made by each individual of the DSS network at the end of one period of sales. In one embodiment, one period of sales is equal to one month.

[0043] Still referring to Fig. 3, the step 302 of cleaning comprises enlisting a distributor as members when purchase quantity of the distributors on an ongoing sales period is less than a distributor cut-off quantity at step 302A. This step is to encourage the distributors to sell more so as to keep and enjoy privileges as distributors. The step
 5 302 of cleaning further comprises enlisting the member back as distributor when the purchase quantity of him is equal to or more than the distributor cut-off quantity at step 302B.

[0044] The DSS 300 further comprises the steps of swapping. The step 303 of swapping is to be performed from the most bottom level distributors in a level-
 10 ascending manner. For example, when there is up to distributor level 3 in a network marketing hierarchy, the swapping is begun at level 3 of the hierarchy.

[0045] Still referring to Fig. 3, the step 303 of swapping comprises enlisting a distributor as temporary root-distributor when the distributor has purchased the products being equal to or more than a root-distributor cut-off quantity on the ongoing
 15 sales period at step 303A. The step 303 of swapping further comprises enlisting a temporary root distributor back as a distributor when the quantity of his purchase for the ongoing month is less than the root-distributor cut-off quantity at step 303B. Thus, distributors still need to work hard so as to maintain his status as temporary root-distributor.

20 **[0046]** When the distributor is enlisted as temporary root-distributor, he could enjoy the privilege of being a root –distributor, such as higher discount on product purchase. Accordingly, the position of his down-lines will be upgraded to a higher level.

[0047] Still referring to Fig. 3, the DSS 300 further comprises the step of closing at step 304. The step 304 of closing comprises calculating amount of discount rewarded to each individual for the ongoing month based on each individual' updated status after the step 302 of cleaning and the step 303 of swapping as well as purchase
5 quantity made by each individuals. The step 303 of closing further comprises storing the purchase quantity data for the ongoing month and the current updated status for each individual. The step 303 of closing further comprises resetting the purchase quantity data to zero upon storing. This is to ensure that purchase quantity of each individual for the following month will be counted from zero.

10 **[0048]** In some implementations, certain steps of the DSS method 300 may be performed in a substantially continuous manner. For example, in one other embodiment of the present invention, the step 302 of cleaning may be performed continuously with the step 303 of swapping.

[0049] The DSS method 300 provides a network marketing system that allows
15 both parent company and individuals to gain financial rewards according to their hard work. The fundamental aspect of the DSS 300 is the hierarchy in the DSS 300 is not very rigid that it allows the distributors to climb up to become root distributor and thus, enjoys more financial perks, if he/she works hard enough. Such compensation scheme encourages the individuals to work hard to recruit more down-lines, thus expanding the
20 business of the parent company continuously.

[0050] Fig. 4 to Fig. 8C are flow diagrams of an exemplary hierarchy of a DSS network for five subsequent period of sales, in accordance with one embodiment of the present invention. In this embodiment of the DSS network, there are 8

individuals A, B, C, D, E, F, G, and H. Individual A is a permanent root distributor. Individuals B, C, and D are recruited by the individual A as distributor at level 2. The individual C further recruits the individuals E and F as distributor at level 3. The individual F further recruits the individuals G and H as distributor at level 4. Taken as
5 a whole, the individuals B, C, D, E, F, G, and H are down-lines of the individual A. The initial position of each individual in the DSS network may be accordingly recorded.

[0051] In this exemplary embodiment, root distributor is entitled to a discount of 25% off his total purchase, while distributor at level 2 is entitled to a discount of 20% off his total purchase. Meanwhile, distributor at level 3 and distributor at level 4
10 are entitled to a discount of 15% and a discount of 10%, respectively. Member is entitled to a discount of 5%.

[0052] Throughout one sales period, products are distributed from the parent company to the individuals. Individual and collective purchase quantity made by all respective individuals is counted and recorded well for evaluating performance of each
15 individual at the end of one sales period. The collective purchase quantity is to be calculated starting from the most bottom level distributors in a level-ascending manner. For example, total collective purchase of the individual F is equal to the sum of individual purchase of individuals F, G, and H.

[0053] In this exemplary embodiment, a distributor would need to make a
20 collective purchase of at least 75 units to be enlisted as root distributor. Meanwhile he would need to make a purchase of at least 20 units so as not to be enlisted as member.

[0054] Fig. 4 illustrates a flow diagram of the DSS network at a first period of sales. The parent company is to apply the DSS method to evaluate the performance of each individual in the DSS network in one period of sales. Referring to Fig. 4, at the end of the first sales period, collective purchase of each individual is calculated.

5 Calculation is started from the most bottom level distributors, i.e. G and H. G and H have made an individual purchase of 15 units and 50 units, respectively, E has made a purchase of 25 units, F has made a collective purchase of 80 units (collective purchase of F comprises individual purchase of G of 15 units, individual purchase of H of 50 units, and individual purchase of F of 15 units), B and D have made a collective
10 purchase of 10 units and 25 units, respectively, and C has made a collective purchase of 120 units.

[0055] Fig. 4A is a flowchart illustrating the implementation of the step of cleaning to the DSS network. At the step of cleaning, distributor B and G are enlisted as members B and G, respectively, as their collective purchase (inclusive of purchase by
15 their respective downlines) for the ongoing month is lesser than 20 units. Thus, B and G are only eligible for member discount for the ongoing month.

[0056] Following the step of cleaning, the step of swapping is performed. As elaborated above, the step of swapping is to be performed starting from the most bottom level distributors in a level-ascending manner. In this exemplary embodiment, it
20 will start from G and H. Fig. 4B illustrates the flow diagrams of the DSS network at the step of swapping. Referring to Fig. 4B, G and H does not make collective purchase of more than 75 units. Thus, they are not being enlisted as root distributor. Moving one level up, distributor F has a collective purchase of more than 75 units. Thus, distributor F is being enlisted as temporary root-distributor and is eligible for root-distributor

discount for the ongoing sales period. In response to the swapping of F to become root-distributor, H is promoted to as distributor level 2.

[0057] Following the step of swapping, the step of closing is performed. At the step of closing, amount of discount for each individual is calculated based on current
 5 updated position of each individual. Subsequently, current purchase quantity data and the updated hierarchy of the DSS network are stored in a database. The updated hierarchy of the DSS network will be used in subsequent sales period. After all necessary data is stored; the purchase quantity counter for each individual will be restored to zero to accommodate accurate subsequent sales period purchase quantity
 10 recordation of each individual. Fig. 4C shows flow diagram of the final hierarchy of the DSS network at the end of first sales period. The final hierarchy of the DSS network in the first sales period will be used as initial hierarchy of the DSS network for the second sales period.

[0058] Fig. 5 illustrates a flow diagram of the DSS networks at a second period
 15 of sales. Referring to Fig. 5, at the end of the first sales period, collective purchase of each individual is calculated. Calculation is started from the most bottom level distributors, i.e. E. E has made an individual purchase of 5 units. Moving one level up, B, and D have made a purchase of 25 units and 10 units, respectively, while C has made a collective purchase of 10 units. Meanwhile, G has made a purchase of 20 and H has
 20 made a purchase of 5 units. F has made an individual purchase of 30 units and collective purchase of 55 units.

[0059] Fig. 5A is a flowchart illustrating the implementation of the step of cleaning to the DSS network at the second period of sales. At the step of cleaning,

member B and G are enlisted back as distributor level 2 as their respective purchase quantity is equal to or more than 20 units. Meanwhile, D, E and H are now enlisted as member because their purchase quantity is less than 20 units.

[0060] Following the step of cleaning, the step of swapping is performed. Fig. 5B illustrates the flow diagrams of the DSS network at the step of swapping. Referring to Fig. 5B, as F does not have a collective purchase of being equal to or more than 75 units for the second sales period, F is being enlisted back to his original position as distributor level 3. Accordingly, G, down-line of F, is enlisted back as distributor level 4. Meanwhile, H is enlisted as member because his purchase quantity is lesser than 20 units.

[0061] Following the step of swapping, the step of closing is performed. At the step of closing, amount of discount for each individual is calculated based on current updated level of each individual. Subsequently, current purchase quantity data and the updated hierarchy of the DSS network for the second sales period are stored in a database. The purchase quantity counter for each individual will be restored to zero thereafter. Fig. 5C shows flow diagram of the final hierarchy of the DSS network at the end of second sales period. The final hierarchy of the DSS network in the second sales period will be used as initial hierarchy of the DSS network for the third sales period.

[0062] Fig. 6 illustrates a flow diagram of the DSS networks at a third period of sales. Referring to Fig. 6, at the end of the third sales period, collective purchase of each individual is calculated. Calculation is started from the most bottom level distributors, i.e. G and H. G and H have made an individual purchase of 25 units and 10 units, respectively. Moving one level up, E has made a purchase of 50 units, while F

has made an individual purchase of 10 units and a collective purchase of 45 units. B has made an individual purchase of 5 units, while C has made an individual purchase of 5 units and collective purchase of 100 units. Meanwhile, D has made a purchase of 80 units.

5 **[0063]** Fig. 6A is a flowchart illustrating the implementation of the step of cleaning to the DSS network. At the step of cleaning, B and H are enlisted as member because their purchase is less than 20 units. Meanwhile, E is enlisted back as distributor level 3 and D is enlisted back as distributor level 2 as their respective purchase is more than 20 units.

10 **[0064]** Following the step of cleaning, the step of swapping is performed. Fig. 6B illustrates the flow diagrams of the DSS network at the step of swapping. Referring to Fig. 6B, as D has made a purchase of more than 75 units, D will be enlisted as temporary root-distributor. C has also made a collective purchase of more than 75 units, thus C is also enlisted as temporary root-distributor. Accordingly, status of down-lines
15 of C is also updated. E and F are enlisted as distributor level 2, while G is enlisted as distributor level 3. Yet, H is enlisted as member because his purchase is less than 20 units.

[0065] Following the step of swapping, the step of closing is performed. At the step of closing, amount of discount for each individual is calculated based on current
20 updated status of each individual. Subsequently, current purchase quantity data and the updated hierarchy of the DSS network for the third sales period are stored in a database. The purchase quantity counter for each individual will be restored to zero thereafter. Fig. 6C shows flow diagram of the final hierarchy of the DSS network at the

end of third sales period. The final hierarchy of the DSS network in the third sales period will be used as initial hierarchy of the DSS network for the fourth sales period.

[0066] Fig. 7 illustrates a flow diagram of the DSS networks at a fourth period of sales. Referring to Fig. 7, at the end of the fourth sales period, collective purchase of each individual is calculated. Calculation is started from the most bottom level distributors, i.e. G and H. G and H have made an individual purchase of 78 units and 80 units, respectively. Moving one level up, B, E and F have made an individual purchase of 75 units, 80 units and 77 units, respectively. Moving further one level up, C and D have made an individual purchase of 80 units, 75 units, and 90 units, respectively.

[0067] Fig. 7A is a flowchart illustrating the implementation of the step of cleaning to the DSS network. At the step of cleaning, B and H are enlisted back as distributor level 2 and distributor level 3, respectively, because their respective purchase is more than 20 units.

[0068] Following the step of cleaning, the step of swapping is performed. Fig. 7B illustrates the flow diagrams of the DSS network at the step of swapping. Referring to Fig. 7B, as B, C, D, E, F, G and H have made a respective purchase of more than 75 units, all of them will be enlisted as temporary root-distributor.

[0069] Following the step of swapping, the step of closing is performed. At the step of closing, amount of discount for each individual is calculated based on current updated status of each individual. Subsequently, current purchase quantity data and the updated hierarchy of the DSS network for the fourth sales period are stored in a database. The purchase quantity counter for each individual will be restored to zero thereafter. Fig. 7C shows flow diagram of the final hierarchy of the DSS network at the

end of fourth sales period. The final hierarchy of the DSS network in the fourth sales period will be used as initial hierarchy of the DSS network for the fifth sales period.

[0070] Fig. 8 illustrates a flow diagram of the DSS networks at a fifth period of sales. Referring to Fig. 8, at the end of the fifth sales period, collective purchase of each individual is calculated. B, C, D, E, F, G, and H have made an individual purchase of 15 units, each.

[0071] Fig. 8A is a flowchart illustrating the implementation of the step of cleaning to the DSS network. At the step of cleaning, B, C, D, E, F, G, and H are enlisted as member, because their respective purchase is less than 20 units.

[0072] Following the step of cleaning, the step of swapping is performed. Fig. 8B illustrates the flow diagrams of the DSS network at the step of swapping. Referring to Fig. 8B, as B, C and D are enlisted back as down-lines of A because their individual purchase is less than 75 units at the fifth sales period. For similar reason, E and F are enlisted back as down-lines of C, and G and H are enlisted back as down-lines of F. After E, F, G, and H are enlisted back as down-lines of C, collective purchase of C is 75 units. Therefore, C is then enlisted as temporary root-distributor. Similarly, after G and H are enlisted back as down-lines of F, collective purchase of F is 45 units, i.e. more than 20 units. Accordingly, F is enlisted back as distributor level 2 after the step of swapping.

[0073] Following the step of swapping, the step of closing is performed. At the step of closing, amount of discount for each individual is calculated based on current updated status of each individual. Subsequently, current purchase quantity data and the updated hierarchy of the DSS network for the fourth sales period are stored in a

database. The purchase quantity counter for each individual will be restored to zero thereafter. Fig. 8C shows flow diagram of the final hierarchy of the DSS network at the end of fifth sales period.

[0074] Fig. 9A is a block diagram of a management system 900 associated with the DSS method of Fig. 3. A network 901 connects plurality of individuals 902 and a database 903 managing implementation of DSS method. The database 903 may also store profile and sales record of each individual within the marketing network.

[0075] In the preferred embodiments of the present invention, The individuals 902 may include members, root distributor, distributor level 2, distributor level 3, and so on.

[0076] In one embodiment, the individuals 902 may be provided with a device configured to send a request to perform any sales-related activities to the database 903. The sales-related activities may include inputting an order, making payment for goods purchased, tracking delivery status of the goods, keeping a record of sales, managing personal profile of the respective individuals, etc.

[0077] Still referring to Fig. 9A, the database 903 communicates with a processing module 909. The processing module 909 receives order details from the database 903, receives confirmation on whether payment for the particular order has been made, and updates a payment management system 910 regarding payment details of the particular order. When payment for the particular order has been accordingly made, the payment management system 910 will reserve the quantity for the particular order, that simultaneously, updates delivery status associated with the particular order at delivery status information 911. The payment management system 910 further

updates the delivery status associated with the particular order to database 903, which triggers a stock management module 912 to instruct a delivery vehicle 913 to deliver the reserved quantity for the particular order to the individuals. . As the delivery vehicle 913 successfully delivers the goods to the individuals, the delivery status associated with the particular order stored in the database 903 will be updated accordingly. Subsequently, database 903 will update the individuals regarding the delivery status of their order through the network 901.

[0078] Fig. 9B illustrates a flow diagram illustrating implementation of the DSS method using the management system 900 in accordance with one embodiment of the present invention. As the distributors or members place their order, the order quantity is communicated to the database and accordingly stored therein at step 951. The order, of which payment has been made therefor, is communicated to the processing module at step 952. Hereinafter, the order of which payment has been made therefor, will be referred as purchase quantity. When payment for the order has not been made, the order details are only kept in the database and will not be processed by the processing module until payment for the same is made. At step 953, current status of each individual and the total purchase quantity already made on the ongoing sales period is updated.

[0079] Still referring to Fig. 9B, at step 954, the processing module further detects whether the particular sales period already ends.

[0080] If the sales period is still ongoing, the processing module continues receiving details associated with order made by each distributors or members in the ongoing sales period from the database at step 951.

[0081] If the sales period has ended, the processing module operates to perform the DSS method to evaluate the performance of each distributors and members during the sales period. The processing module first calculates all order quantity (which payment has been made) made by each distributors or members for the particular sales period at step 955. Subsequently, at step 956, the processing module performs the step of cleaning of the DSS method, i.e., to enlist a distributor as member when purchase quantity of the distributors is less than a distributor cut-off quantity. At step 957, the processing module performs the step of swapping of the DSS method, i.e. to enlist a distributor as temporary root-distributor when the distributor has purchased the products being equal to or more than a root-distributor cut-off quantity during the particular sales period. At step 958, the processing module performs the step of closing, i.e. to calculate amount of discount rewarded to each individual based on final status of each individual. The final status of each individual is identified and recorded at step 959 for future perusal in subsequent sales periods.

[0082] The DSS method of the present invention as described herein improves the quality of business opportunities of a network marketing system. It is able to compensate the root-distributors originally registered with the parent company well, yet it still opens opportunity for the down-line of the distributors to climb up to become a root distributor when he/she has a good record of purchase quantity. Thus all individuals are encouraged to work hard and business of the parent company shall be greatly expanded.

[0083] The above description illustrates various embodiments of the present invention along with examples of how aspects of the present invention may be implemented. While specific embodiments have been described and illustrated it is

understood that many changes, modifications, variations and combinations thereof could be made to the present invention without departing from the scope of the present invention. The above examples, embodiments, instructions semantics, and drawings should not be deemed to be the only embodiments, and are presented to

5 illustrate the flexibility and advantages of the present invention as defined by the following claims:

Claims

1. A method for evaluating performance of distributors in a marketing network for a period of sales, comprising:

establishing the marketing network organized in a form of down-line hierarchy,

5 the marketing network including participants of:

a parent company selling products;

at least one permanent root-distributor purchasing the products from the parent company and are rewarded by the parent company a first distributor discount rate on his purchase;

10 at least one distributor recruited by the permanent root-distributor, wherein the recruited distributor belongs to the down-line of the permanent root-distributor, whereas the recruited distributor purchases the products from the parent company and is rewarded by the parent company a second distributor discount rate on his purchase;

15 at least one member recruited by the permanent root-distributor or the distributor, wherein the member belongs to the down-line of his recruiter that the member purchases the product from the parent company and is rewarded by the parent company a member discount rate on his purchase;

counting and summing total purchase quantity of each participants for that
20 period of sales;

updating current down-line hierarchy of the distributors based on their purchase quantity which includes enlisting the distributors as member when the distributors' purchase quantity is lesser than a first predetermined amount and enlisting the distributors as a temporary root-distributor when the distributors' purchase quantity is
5 equal to or more than a second predetermined amount;

calculating amount of discount rewarded to each participants of the marketing network based on the updated current down-line hierarchy; and

recording the updated current down-line hierarchy for perusal in subsequent period of sales.

10 2. The method according to claim 1, wherein the step of updating status of the distributors further comprises enlisting the temporary root distributor back as distributor when his purchase quantity is lesser than the second predetermined amount.

3. The method according to claim 1, further comprises recruiting by the distributor at least one additional distributor, wherein the additional distributor belongs to down-
15 line of the recruiting distributor and the down-line of the root-distributor heading the recruiting distributor, the additional distributor purchase the products from the parent company and is rewarded by the parent company a third distributor discount rate for his purchase.

4. The method according to claim 3, wherein the first distributor discount rate is
20 higher than the second distributor discount rate, which is higher than the third distributor discount rate.

5. The method according to claim 4, wherein the first, second and third distributor discount rate are between 1% to 99%.

6. The method according to claim 4, wherein the first distributor discount rate is 25%, the second distributor discount rate is 20%, and the third distributor discount rate
5 is 15%.

7. The method according to claim 4, wherein the member discount rate is lower than any distributor discount rates.

8. The method according to claim 7, wherein the member discount rate is 5%.

10 9. The method according to claim 1, wherein the first predetermined amount is 20 units.

10. The method according to claim 9, wherein the second predetermined amount is 75 units.

11. The method according to claim 1, further comprises resetting the total purchase
15 quantity counter back to zero for perusal in subsequent period of sales.

12. A system for managing sales of goods in a marketing network established by a company selling the goods, wherein the marketing network has plurality of distributors, the system comprises:

a device provided at distributors' end, the device is configured to allow the
20 distributors to place an order of goods; and

a distribution management system including:

a database storing profile of all distributors and order quantity made by each distributors;

a processing module having:

5 a personal profile management module configured to manage and update the database regarding personal profile of each individuals in the network;

a group member management module configured to manage and store to the database a hierarchy of the distributors within the marketing network;

a goods purchase management module configured to receive the order placed by the distributors and to store to the database order quantity placed by the distributors;

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a cleaning module, whereby at an end of a period of sales, the cleaning module calculates total order quantity of each distributors, and based on the total order quantity, updates the distributors hierarchical status and calculates amounts of discounts for the purchase made by each distributors.

15 13. The system of claim 12, further comprises a stock management module for managing stock of the goods associated with the order made by the distributors.

14. The system of claim 13, further comprises a delivery system for delivering the goods purchased to an end user or to distributors.

15. The system of claim 12, further comprises a payment management system to track whether payment for a particular order placed by distributors has been accordingly made.

16. The system of claim 15, wherein when the payment for the particular order is
5 not made by the end of the sales period, the payment management system sends a request to the cleaning module not to include the order quantity of the particular order during the calculation of the total order quantity.