

# Network Marketing

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**Abstract:** Network marketing, also known as Multi level marketing, Pyramid marketing & direct selling, is the marketing style & technique, adopted by many companies in India as well as worldwide. In this concept, companies emphasise not only on sales generation, but also on workforce maximization. Companies adopt a workforce pyramid of different levels. In multi level marketing, companies sell their products directly through the distributors. They take the distributors from the society. Here, each member of the pyramid is supposed to generate sales & also attach more members or distributors with the company. All these members further generate sales & join more people as distributors. Thus, the sales as well as the workforce increase. These distributors are paid the commission on the base of sales they generate & also by the sale generated by the next level of the distributors, they attach to the company.

**Keywords:** network marketing, multi level, direct selling, pyramid marketing

## 1. Introduction

Network marketing, also known as Multi level marketing, Pyramid marketing & direct selling, is the marketing style & technique, adopted by many companies in India as well as worldwide. In this concept, companies emphasise not only on sales generation, but also on workforce maximization. Companies adopt a workforce pyramid of different levels. In multi level marketing, companies sell their products directly through the distributors. They take the distributors from the society. Here, each member of the pyramid is supposed to generate sales & also attach more members or distributors with the company. All these members further generate sales & join more people as distributors. Thus, the sales as well as the workforce increase. These distributors are paid the commission on the base of sales they generate & also by the sale generated by the next level of the distributors, they attach to the company. Thus, we see that it acts like a chain reaction. Here each member brings sales & work force. Each member uses the product and makes other using it. Thus he earns & also earns for the company.



### Need of network marketing:

In the traditional marketing model, a product goes through many processes before in reach to the customer like Importer, whole-selling, retailing, advertising, distributing etc. All this made a delay in delivery of the product, as well as these all increase the cost to the customer. Also all this made a product less profitable to the company.

In Network Marketing, the companies just eliminate all these middle processes & hand out the product directly to the customers. It cost less to the company. Same way, it cost less to the customer also. Secondly, it creates lot of Employment Opportunities. Third, if customer finds the

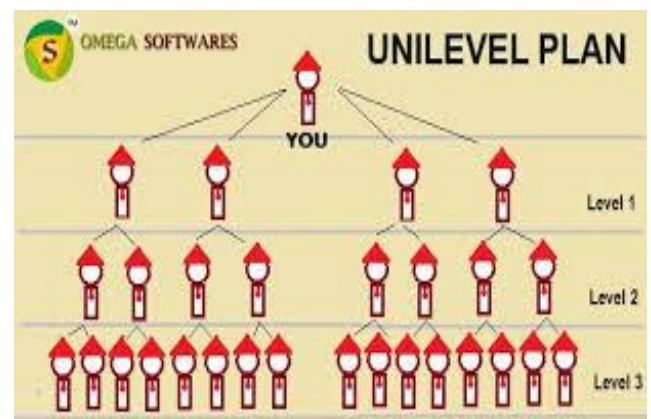
products good & the company also, he may be the part of this. He may also earn money by just using the products only.

### Different Models:

Network marketing has four different models. We can explain it as further:-

#### Unilevel Model:

This model is frequently considered the least complex of pay plans. As the name recommends, the arrangement enables an individual to support one line of merchants, called a "bleeding edge." Every wholesaler the individual backers is viewed as on that support's cutting edge and there are no widths constraints, which means there is no restriction to the measure of individuals one can support in the forefront. The shared objective of this arrangement is to enlist countless bleeding edge merchants and after that urge them to do likewise. This is because of the way that commissions are ordinarily paid out on a constrained profundity, which commonly means support can win commissions on deals somewhere in the range of 5 and 7 levels profound.



#### Stair step Model:

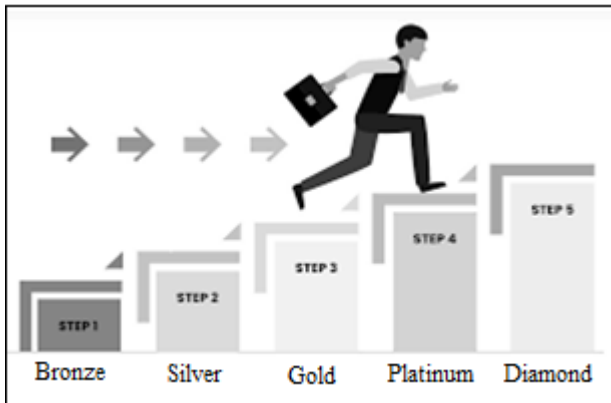
This model is portrayed as having delegates who are in charge of both individual and gathering deals volumes. Volume is made by enlisting and by retailing item. Different limits or discounts might be paid to bunch pioneers and a gathering chief can be any delegate with at least one down line initiates. Once predefined individual as well as gathering volumes are accomplished, a delegate climbs a commission level. This proceeds until the agent's business volume arrives at the top commission level and "splits

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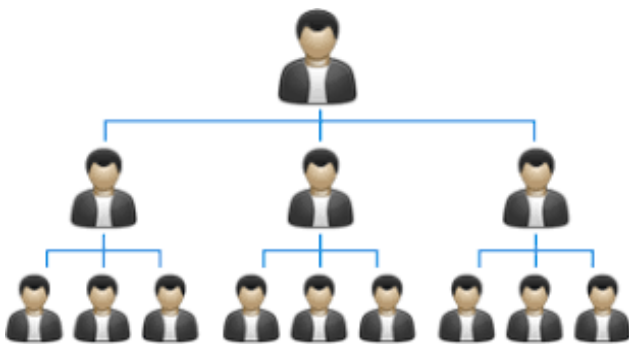
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away" from their up line. Starting there on, the new gathering is never again thought about piece of his up line's gathering and the staggered pay perspective stops. The first up line for the most part keeps on being repaid through abrogate commissions and different motivations.



**Matrix Model:**

This model is like a Uni-Level arrangement, with the exception of there are likewise a predetermined number of agents who can be put on the main level. Enlists past the most extreme number of first level positions permitted are naturally set in other down line (lower level) positions. Grid designs regularly have a most extreme width and profundity. At the point when all situations in a delegate's down line framework are filled (greatest width and profundity is gone after all members in a grid), another lattice might be begun. Like Uni-Level plans, agents in a framework acquire boundless commissions on constrained degrees of volume with negligible deals quantities.



**Binary Model:**

A paired arrangement is a staggered promoting remuneration plan which enables merchants to have just two cutting edge wholesalers. In the event that a wholesaler backers multiple merchants, the overabundance are set at levels underneath the supporting merchants cutting edge. This "overflow" is one of the most alluring highlights to new merchants since they need just support two wholesalers to take an interest in the remuneration plan. The essential impediment is that wholesalers must "balance" their two down line legs to get commissions. Adjusting legs commonly necessitates that the quantity of offers from one down line leg comprise close to a predefined level of the merchant's absolute deals..



**Pros of Network Marketing Model:-**

- Network promoting model accompanies a huge workforce. Additionally, the workforce becomes exceptionally quick. In this manner, it encourages organization to build up soon.
- In Network Marketing framework, an organization need to pay an ostensible ad cost. The majority of the advancement is finished by the workforce as it were.
- Company consistently remain associated with its clients just as distributors. It gives a 3D image of the market just as the conveyance arrangement of the organization. In this manner, any inner issue in the deal or the authoritative structure can be tackled rapidly.
- Network Marketing builds up its market by the informal community of the Distributors. In this manner it infiltrates rapidly in the market.
- Network advertising offers work to numerous individuals. It causes individuals to win cash. One can go along with it as low maintenance work moreover.

**Cons of Network Marketing**

Companies can't give a scope of the items. Client is left with no decision, yet a solitary item to utilize. Along these lines, after some time, the organizations start losing their clients.

- In Network Marketing model, an organization need to pay commission at each degree of the Pyramid. This procedure makes it a costly one
- The workforce of the Network can't be depended upon. Every one of the distributors don't perform well anticipate few. In this way, the Pyramid doesn't perform appropriately.
- Scope of Network Marketing is constrained in India, because of the traditionalist conduct of the individuals. Conduct about the distributors, about the nature of the items and the unwavering quality of the Chain framework.

**2. Conclusion**

Network marketing is one of the best innovative techniques. It has done well worldwide. Many big names like Amway, IQ International, ANC Inc. Telecom + have grown from multi level marketing. However it is not a successful one in India, it has also not a flop one. It may do well with some more innovative & technical steps. We just need to improve the model a little in the Indian context. It may be a successful marketing model in the future.