

An Analytical Review of Multilevel Marketing: Concepts And Controversies

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Abstract: *Prospects for business are continuously expanding in the current environment. The multilevel marketing industry is experiencing a surge in prominence due to its diverse business opportunities, although these opportunities may differ among individual companies. Multilevel marketing, alternatively referred to as network marketing, is a controversial marketing strategy wherein the MLM organization generates its overall revenue through the sale of its products by unsalaried employees. In contrast, the earnings of the participants are derived from various compensation commission plans offered by the MLM company. Despite being an extremely popular marketing strategy, this novel marketing concept is still largely unknown in India. This paper attempts to illuminate previous research on the concept of multilevel marketing and identify a conceptual void that warrants additional investigation*

Keywords: Multilevel Marketing (MLM), Direct Selling

I. INTRODUCTION

Presently, multilevel marketing is a popular business strategy. A novel aspect of direct selling has emerged. This marketing strategy involves the distribution of products or services to consumers via autonomous distributors. These are referred to as networkers or independent business owners (IBOs), or independent distributors. This marketing system diverges from the conventional marketing concept. The cost of the traditional marketing system is greater in comparison to the multilevel marketing system due to additional expenses associated with advertising, sales promotion, intermediaries, and other related components. Multilevel marketing firms operate in numerous industries, including the cosmetics, health care, and insurance sectors, among others.

II. REVIEW OF LITERATURE

Gerald Album and Robert A. Peterson (2011)

Multilevel marketing as a retail distribution channel is neither illegal nor unscrupulous, according to this paper. Consequently, this research endeavors to present a favorable perspective on multilevel marketing. Diverse categories of businesses involve distributors and individual businesses that violate the boundary between legality and ethics. Hence, to prevent significant misunderstandings, it is critical to differentiate between a distribution channel and the specific entities that comprise it.

Bogdan Gregor and Aron-Axel Wadlewski (2013)

The study's primary objective was to provide a description of MLM and its tangible advantages for the participants. Additionally, this paper elucidates the commission calculation system. It can be inferred that the MLM industry experiences exceptionally rapid revenue growth in comparison to other sectors, while also absolving associates of the risk associated with initial investment. The author recommended that associates conduct a thorough analysis of numerous environmental factors prior to selecting this business model.

Dr. Abdul Assis Koroth (2013)

This research paper delineates the concerns and establishes a conceptual framework for investigating the influence of demographics on the perception levels of multilevel marketing distributors. A constructive mindset regarding multilevel marketing is necessary in order to build a substantial network and, consequently, enhance industry performance.

Rekha Choudhary (2013)

This article explores the notion of multilevel marketing as a mechanism that contributes to the socioeconomic development of a nation through the provision of business opportunities to the unemployed, the improvement of living standards, and the mobilization of significant financial resources. MLM additionally enhances individuals' motivation, communication aptitude, and personal capabilities, enabling them to actualize their full potential. Numerous MLM companies acquire long-term funds from the insurance industry, thereby indirectly contributing to the nation's economic development.

Vivek Tripathi (2014)

The author of this article attempted to describe how social relationships influence the MLM model. For this study, qualitative research methodology was employed. The purpose of this research is to examine the procedure involved in constructing networks using the MLM model. A researcher has additionally undertaken a case study to elucidate the correlation between MLM associates and society. In terms of developing a multilevel marketing model, it is determined that new relationships with acquaintances are more robust than established social connections.

Dr. Megha Sharma and Gurpreet Kaur (2014)

The findings of this study indicate that while the majority of individuals possess knowledge regarding "networking," they find the term "multi-level marketing" to be perplexing. People must be made more cognizant of the importance of networking. It has been observed that individuals utilize the products of MLM companies without being cognizant of the particular organization or its sales strategies.

Bindu Aggarwal & Deepak Kumar (2014)

This article examines the most significant challenges in multilevel marketing and provides solutions. Some businesses in India implemented MLM on an enormous scale, quoting and promised enormous profits. A considerable number of individuals from the Indian middle class have invested in this enterprise by securing entrance fees. MLM distributors face a number of challenges. A member's ability to persuade consumers regarding contract employment laws, part-time work, and so forth, is crucial to the success of MLM. Numerous entrepreneurs supplement their income with it.

Sourav Jain, B.B. Singla and Shashi Shashi (2015)

An effort has been made to identify the motivational factors that significantly influence individuals to join the MLM industry, based on the findings of the study. Several additional motivating factors have been identified, such as the quality of the product, the low cost of entry, the absence of work restrictions, the simplicity of launching a business, and the absence of supervisory pressure. The researcher suggested that multi-level marketing (MLM) organizations prioritize their distributors and establish satisfactory financial policies that enable them to operate autonomously and perceive the system as financially stable.

Valenina Makni (2015)

The objective of the research was to assess the perspectives of Bulgarian consumers regarding network marketing and provide industry-specific recommendations in light of the results. An online questionnaire was utilized to administer the survey; it was distributed to Bulgarian clients through email and social media platforms. It comes out that females are more active users of MLM products than males in Bulgaria. Employment, age, and level of education have no bearing on the consumption of MLM products. Both factions hold the belief that network marketing can serve as an additional revenue stream.

Deepali Bhattacharjee (2016)

This article explores the significance of network marketing or direct selling in generating employment and revenue for the state of Assam, located in the north-eastern region of India. This paper also examines the opportunities and challenges associated with direct selling in Assam. Women conduct more commerce than males, and direct sellers are more well-received and accepted by society, according to the findings. A significant dearth of success stories pertaining to direct selling has been identified in the state of Assam. On the contrary, distributors, consultants, and agents are making significant efforts to improve their socioeconomic status via direct selling.

William Franco and Maria Alejandra Gonzalez-perez (2016)

The objective of the research was to ascertain the reasons behind the abundance of international expansion opportunities for multi-level marketing through personal networks. Colombia was selected as the representative nation of Latin America for the purposes of this research. Through ethnographic research, participant observation, firm

activities, and recruitment practices, the data was gathered. This analysis reveals that Yanbalinter nationalized by specifically targeted women who lacked access to professional opportunities and desired autonomy. Additionally, Oriflame and Amway entered the Colombian market during the recession. As unemployment and the informal economy, however, increase, the MLM industry also expands. Consequently, MLM companies broaden their global presence and construct networks by leveraging individuals who are unemployed or have been deprived of formal employment prospects.

TaghiVahidi (2016)

This research was undertaken to assess the requirements and demands of various age groups and to determine their respective contributions to the expansion of network marketing businesses in Iran. In addition, the advantages and disadvantages of network marketing were assessed. As determined by the research, network marketing satisfies the needs of individuals of varying ages, according to the study. The oversight of these businesses is carried out by the Ministry of Industry, Mines, and Trade.

Kwee-Fah Lee, Teck-Chai Lau, Kai-Yin Loi (2016)

This article identifies five significant determinants that will influence distributors' level of contentment with MLM companies in Malaysia. The aforementioned determinants encompass the study's approach to communicating business opportunities, the level of support from uplines, the perception of the recruiting process's quality, and the evaluation of the product and services. The findings indicate that while the perceived quality of the training program does not directly influence distributor satisfaction, the remaining four factors do so in a positive manner.

M. Rezvani, S. Ghahramani and R. Haddadi (2017)

The study's objective was to examine and identify solutions and functions associated with network marketing of high-tech products for microenterprises. Research in Tehran has been initiated on microfiber and nanosilver cleaning fabrics, which are products of specialized firms. Based on empirical investigations, microenterprises that provide high-tech products may surmount numerous challenges and obstacles associated with product presentation, promotion, and sale through the implementation of an enticing compensation structure within the realm of network marketing.

Data Collection

Secondary sources were utilized in this investigation, including research papers, articles, and websites pertaining to MLM.

Objective

- To comprehend the multi-level marketing concept through prior research.
- To investigate the function of network marketing.

III. CONCLUSION

According to the findings of the aforementioned study, a considerable number of individuals are cognizant of network marketing and direct selling, but are not conversant with multi-level marketing. Although individuals utilize the products of MLM companies, they lack awareness regarding the organization, brand, and marketing approach. Research has identified that network marketing provides a multitude of advantages, including the creation of fresh employment prospects for young individuals, the empowerment of women, the ability to withdraw funds early, a supplementary income stream, a contribution to the national income, an emphasis on small and medium-sized enterprises, and an enhancement of the government sector through tax generation, among others.

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