

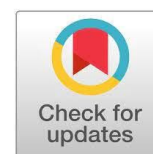
A Study on Scope and Challenges in Network Marketing Business

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Publication History

Manuscript Reference No: IJIRAE/RS/Vol.11/Issue05/MYAE10110

Research Article | Open Access | Double-Blind Peer-Reviewed | Article ID: IJIRAE/RS/Vol.11/Issue05/MYAE10110

Received: 15, April 2024 | Revised: 21, April 2024 | Accepted: 28, April 2024 | Published Online: 30, May 2024

<https://www.ijirae.com/volumes/Vol11/iss-05/31.MYAE10110.pdf>

Article Citation: Sangeetha,Nandini(2024). A Study on Scope and Challenges in Network Marketing Business. IJIRAE:: International Journal of Innovative Research in Advanced Engineering, Volume 11, Issue 05 of 2024 pages 648-651

Doi:><https://doi.org/10.26562/ijirae.2024.v11i05.31>

BibTeX Key Sangeetha@2024Study

Academic Editor-Chief: Dr.A.Arul Lawrence Selvakumar, AM Publications, India



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INTRODUCTION

Network Marketing also known as multi level marketing (MLM) or direct selling, is a business model that relies on a network of independent distributors or representations to sell products or services directly to consumers. Network Marketing, is a business model that involves the distribution of products or services through a network of independent distributors. In recent years, network marketing has gained popularity as a flexible and low-cost way for individuals to start their own businesses and earn income. Network Marketing is the Marketing Model to Promote Goods and Services to the end user. This Business model involves the sale of products or services through a network of distributors or independent representatives. The concept of network marketing has been around for decades, but it has gained popularity in recent years due to the growth of social media and the internet. Network Marketing is a marketing model which is used by companies to sell their products and services to the end user, Network marketing business has great impact in countries like USA, Japan, UK, Brazil, Italy, Germany, Canada etc. In all these countries lots of business legends and millionaires emerged as a result of their investment in multi-level marketing. Warren Buffett, Richard Branson, Dexter Yager and Birdie Yager, and even the US president Donald Trump are the spokesmen of network marketing as they derived a part of their wealth through the investment in network marketing. Network Marketing offers income potential and flexibility, but it also poses challenges such as a high failure rate, recruitment pressure, and regulatory scrutiny. Before getting involved in network marketing its essential to thoroughly research the company, understand the compensations plan, and consider your own skills and recourses. It's not a guaranteed path to financial success, and success often depends on personal commitments, ethics, and specific MLM company's reputation and product. In recent, the landscape of entrepreneurship and income generation in India has witnessed a remarkable transformation, with network marketing emerging as a prominent business model. India, a nation renowned for its diverse demographics, cultural richness, and rapidly expanding economy, presents an intriguing and complex arena for network marketing ventures. The industry has faced numbers of challenges, ranging from its legality and allegations of fraudulent operations to the economic diversity that characterizes the Indian parameters. This review paper embarks on a comprehensive exploration of the network marketing landscape in India, aiming to look over scope and challenges of this industry. This paper seeks to provide a nuanced understanding of an industry that has. As India's middle class and youth population continue to seek innovative income opportunities, it is paramount to assess the merits and pitfalls of network marketing. This review endeavours to contribute to the discourse by offering a balanced perspective that considers both the opportunities for financial empowerment and the potential risks for participants in this business model. Network Marketing has a dynamic nature, a sector constantly shaped by technological advancements, shifts in consumer behaviour, and evolving regulations. It strives to offer insights that can aid policymakers, entrepreneurs, scholars, and potential participants in making informed decisions regarding network marketing endeavours in India. We delve into the historical backdrop, regulatory landscape, socio-cultural factors, challenges, success stories, and future prospects that define network marketing in India. Through rigorous analysis and critical examination, we aim to shed light on the intricate tapestry of an industry that continues to be a significant player in the Indian entrepreneurial ecosystem. Network marketing business has both scope and challenges in the marketing environment. The organisation has potential to reach all the population of the country but also have some challenges to grow in the nation.

By enacting stable and comprehensive legislations, the challenges of Network Marketing can be eschewed and it can be transformed in to an effective tool of direct marketing.

Keywords: Network Marketing, Direct Selling, Multi-Level Marketing

SCOPE OF NETWORK MARKETING:

The scope of network marketing is expansive and multifaceted, offering a diverse array of opportunities in the contemporary business landscape. At its core, network marketing involves the promotion and distribution of products or services through a network of independent distributors. This business model spans various industries, including health and wellness, cosmetics, technology, and financial services. One of its defining features is the ability to operate on a global scale, allowing companies to extend their reach far beyond traditional geographical boundaries. Moreover, the flexible work structures inherent in network marketing enable participants to tailor their schedules to their lifestyle. With the integration of technology, particularly through digital marketing and social media, the scope of network marketing continues to evolve, providing innovative avenues for product promotion and team building. Overall, the scope of network marketing is characterized by its adaptability, global reach, and potential for individual and collective success.

CHALLENGES OF NETWORK MARKETING

Network marketing while offering individuals an entrepreneurial avenue with the promise of financial success, is not immune to a set of challenges that can impede the growth and sustainability of businesses operating within this model. One of the foremost challenges is the negative public perception associated with network marketing, often stemming from historical associations with pyramid schemes and scams. This skepticism can make it challenging for companies to build trust and attract a diverse pool of participants. Moreover, legal and regulatory scrutiny poses a significant hurdle, requiring careful navigation of complex legal frameworks and adherence to regulations specific to the industry. High turnover rates remain a persistent issue, with individuals entering the field with ambitious expectations. Recruiting and retaining a motivated downline, market saturation, and dependency on downline success further compound the challenges.

- Negative Public Perception:
- Legal and Regulatory Scrutiny:
- High Turnover Rates:
- Sustainability Concerns:
- Recruitment Challenges:
- Dependency on Downline Success:
- Product Quality Concerns:
- Lack of Control:
- Ethical Dilemmas:
- Training and Support Issues:

REVIEW OF LITERATURE:

Deepali Bhattacharjee (2016) conducted a study on "The problems and prospects of network marketing in Assam (India)". The main objective was to analyse the contribution of network marketing towards income generation in Assam (India) especially among women. Primary data were collected from 640 respondents working among four different multilevel marketing companies. She concluded that Only those who dedicate and devote themselves 24 hours a week in the business, attend regular training, counselling regular with his/her 'upline' they can get the success in direct selling. Also added that there needs a strong government regulation to protect people from fraud, money making, chit fund.

F. Mary Merlin (2012) conducted a study on "Direct selling through Multilevel Marketing" where she focused thoroughly on direct selling and traditional marketing. 21st century is all about direct selling where people can make use of the products for daily needs by directly purchasing it from manufacturers. She points out that instead of companies spending money on the middlemen or intermediaries, the benefits are given to the consumers who receive products at the wholesale prices. She also states that many distributors join business for consuming products only. They do not sell the products. Quitting of the distributors is the greater challenge of the direct selling. Moreover, 20%- 30% of the distributors quit from the business annually.

Geevarghese K. Mathews, Dr. James Manalel & Siby Zacharias (2007) research a study on "Network Marketing: Exploitation of relationships- Myth or reality?". The objective was to examine the exploitation of relationships in Network marketing. The study found that people who joined the Network marketing field was mainly because of persuasion by friends and relatives. Also found that the primary motive of Network members who 9 are in the business for five years was the additional income generation, therefore becoming a career for them.

Bindu Aggarwal & Deepak Kumar (2014) in a study on "Multilevel Marketing Problems & Solutions" highlighted that in India a few companies have introduced multilevel marketing on a very large scale by quoting and promising very high returns. A large number of the people belonging to the middle class have joined the business by paying an entry fee. And concluded that the success of network marketing lies in the ability of a member to convince customers about the laws relating to contract employment, part-time employment etc.

Many enterprising youths are following it as a source of second income. Not much study was undertaken to highlight the problem related to quitting, why people in Kohima has low profile on the area of network marketing field. In order to fill this gap this topic has been selected for the study.

OBJECTIVES OF THE STUDY:

- To identify the present problems and challenges faced by the people working in Network marketing businesses.
- To examine whether the people (in Kohima) have positive or negative attitude towards network marketing.
- To examine prospects opinion on network marketing career.

ANALYSIS AND INTERPRETATION:

Demographic profile of the respondents: This section deals with various socioeconomic differences of people working in network marketing businesses. It includes gender, age, marital status, employment status.

Gender distribution of respondents: Altogether 45 samples were taken for the current study. Table.1 shows the gender distribution between male and female. In which 26.1% respondents are male while 73% are female. This shows that the majority of people working in network marketing business are female.

Gender of the correspondents

Gender	Frequency	Percentage
Male	12	26.1%
Female	34	73.9%
Total	45	100%

Age composition of the respondents: Altogether 45 samples were taken. In which 37% represents those under 21 years while 63% represents those who are between age 21-30. According to Table.2, Respondents who are more active in this business is from age 21-30.

Age composition of the respondents

Gender	Frequency	Percentage
Under 21	17	37%
21-30	28	63%
Total	45	100%

Respondents' knowledge on Network marketing: It is the number of respondents who are educated about the network marketing businesses. Table.5 shows the responses of total respondents (45) who are aware of network marketing, in which 91% of the total respondents have knowledge on network marketing strategy whereas only 8.5% have less knowledge.

Network invitation: This section will show from whom the respondents were influenced to join the network marketing business. The table below shows that 68.18% invitation comes from friends. Therefore, it can be said that friends play a major role in connecting a wider network of the business.

Various types of Inviters

Influencers	Percentage
Friend	68.18%
Co-Worker	9.09%
Social Media	4.55%
Family	18.18%
Total	100%

Reasons for getting involved: This section shows how the respondents are influenced, by what reason they join the business. The below data are some reasons which were chosen by respondents. According to the data, the major reason chosen by the respondents is 'feeling more fulfilled (73%)' and the second major reason is 'good way to make money (62.2%)'. This indicates that the respondents join the network to earn money as well as to fill the need of being fulfilled by being a part of the network and engaging themselves in the business.

Respondents' reasons for getting involved

Reasons	Percentage
Good way to make Money	62.2%
Connect with friends	21.7%
Feeling more fulfilled	73%
Discount on Products	30.4%
Give me something to do or learn	52.2%
Pressure from friend or family to join	8.7%
Was told that I could earn a good income	30.4%
Win prize if I sold a certain amount	17.4%
Encourage my friends to join	13%
To travel	30.4%

CONCLUSION:

In conclusion, network marketing presents a dynamic and expansive scope with opportunities for entrepreneurial endeavours, global market expansion, and diverse product offerings. The flexibility it provides, coupled with the emphasis on relationship building and personal development, makes it an appealing option for many individuals seeking an alternative business model. The integration of technology further enhances its reach and effectiveness, creating a platform for innovative approaches to sales and team building. However, the industry is not without its challenges. Negative public perceptions, legal scrutiny, and high turnover rates are persistent issues that demand attention. The sustainability of some network marketing models, particularly those heavily reliant on recruitment, remains a concern. Market saturation, product quality issues, and ethical dilemmas also contribute to the complexities faced by individuals and companies in the field. Overcoming these challenges requires a comprehensive understanding of the industry, ethical business practices, and a commitment to providing value through quality products and services. Companies must prioritize transparency, compliance with regulations, and the well-being of their distributors. Individuals, on the other hand, should approach network marketing with realistic expectations, a dedication to ongoing learning, and a focus on building genuine relationships. In navigating the scope and challenges of network marketing, the key lies in balance striking a balance between growth and sustainability, between recruitment and product sales, and between innovation and ethical conduct. As the industry evolves, addressing these challenges will contribute to its legitimacy and long-term success, providing individuals with genuine opportunities for entrepreneurship and financial empowerment. Network Marketing industry having both challenges and scope, in one hand there is challenge to sell products and services in negative mindset of people at other hand there is huge potential globally in the same situation one have to handle challenges to grownup the business of huge possibilities.

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