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**NETWORK MARKETING: THE NEW AGE FAD**

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**Abstract**

*Marketing/ promoting your products, goods, services, ideas, knowledge is a very ancient practice which has seen an immense development recently. Earlier when vendors used different persuasive communications to sell their goods at their shop and outside their shop was marketing itself though they might not have known the term. It was/ is the most basic technique of marketing, “the word of mouth.” As time went on, different methods like logos, posters, billboards, radios and televisions advertisements, and now digital marketing have come. Network marketing though seems new, uses the most basic phenomenon of marketing that is word of mouth with combinations of other methods and a new business model. This document discusses network marketing with its advantages and disadvantages. It also highlights the things to be kept in mind while selecting a company to work in this sector.*

**Key words:** *network marketing, marketing trends, side hustle, marketing scams, jobs scams, multi-level marketing, passive income.*

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**Introduction**

Network marketing is a marketing model in which people are present in a pyramid structure where each person is an independent business owner. The compensation plans pays the independent distributor (also called independent business owner, independent agents, associates, etc.) For direct selling of the product and the commission of the products sold by people in their network. It is a risky marketing model due to the many scams and frauds taken place using it. The research paper is a descriptive type of research work. The data collected for the study is of both the types: primary as well as secondary data. The sample is chosen by convenience sampling method that was easily approachable and available keeping the time constraint in mind. The secondary data is majorly extracted from news sites and websites. Whereas, the primary data is extracted through an online questionnaire which was circulated in college groups for mass communication and time saving. Around 100 respondents are considered as samples for the study and as it was a random sampling methodology, the age, gender, profession is miscellaneous.

**Objectives**

1. To study the concept of network marketing.
2. To learn the pros (advantages) and cons (disadvantages) of network marketing.
3. To learn and understand how to select a company to work in network marketing.

**What is network marketing?**

Network marketing as the name suggests is based on connections that is networks of people with one another. It grows with the help of our relationships, our networks with people. It is first introduced to independent distributors often working from home who share it with friends, family, relatives, neighbors, friends of friends, relatives of relatives and subsequently the line goes on. In this way the products are marketed to customers by word of mouth of their relatives and friends whom they trust a lot. This is dynamic tactic. If i don't know a particular restaurant but my friend says it's excellent and she had wonderful time there then i am definitely tempted to try it. Likewise, if your friend or relative or a close person says she uses some product which is fabulous then you can't resist your temptation to ask where can you buy that and moreover if she/he says that

they are selling it then you buy it almost immediately or at least check it out once. You trust the restaurant and product to be good because you trust that person. A very simple logic, but a game changer in the world of marketing. Next these independent distributors also find their partners or other distributors from these networks and help them grow as well, and in return earning them a commission from their work. Means suppose a sells products to b and c, and b sells to d and e whereas c sells to f and g. Here, a gets the commissions of all products sold by all from b to g. B gets commissions for products sold d and e only but if d or e sell the products to someone else then b and a get commissioned for it as well. This is network marketing which means whenever people in your network sell products you also get a fixed percent of commission. And this way a pyramid of people is formed and it grows making a commission for each person of pyramid according to their position in it.

Therefore, money is made by selling products and adding new independent distributors in the pyramid.

#### **Merits of network marketing**

##### **Minimal risk and less investment**

Whenever we take a decision, it comes with a risk, a risk of failure and loss. Likewise when you invest money anywhere, it comes with a risk of losing your money. In network marketing, the risk is less as the distributor chooses when and in which product and services to invest and the distributor doesn't need to buy an office for work – they can easily work from home. Even the operational cost of business in network marketing is less as you don't need to store a large quantity of products, you can just keep samples with you. And with it being a home based business you even get some tax breaks. In network marketing, you just need to invest in training and many a times these are also sponsored by the company itself and you just have to bear travel cost and the money spent on phone bills.

**Personal development** - delegation, interpersonal skills, public speaking, etc.

Network marketing teaches you to work smartly along with your hard work. It is an industry which thrives on making relationship, personal connections and mutual trust therefore you subconsciously increase your interpersonal skills greatly along with gaining good friends. You also develop your public

speaking skills as you have to present your business model and products to small and large groups of people. Developing good leadership skills, becoming a team player and delegating your work are highly important in being a network marketer as you have to build a downline. Network marketing is an excellent field where you can experience immense personal development quickly because here you build your own business and work as an entrepreneur, a representative of the company which gives you the liberty to take your own decisions with the support system of the company and mentors rather than working alone on a startup.

##### **No fixed working hours**

As network marketing business is your own business, you can decide the amount of time you want to work on it. It's not a traditional business where you have to go to office, you can work from anywhere by logging on your computer, checking the progress status and contacting new prospective customers and maintaining relationship with earlier customers via mobile. Working from home is the dream of many in today world especially working women and network marketing is a best way to fulfill it. You may sometimes need to travel for work to meet manufactures or clients but that can be scheduled according to your time. Therefore, you get to set your own schedule here but you must be disciplined if you want to grow your business.

##### **Generate a passive income**

Initially in network marketing, there is no passive income. But once you have built your contacts, your team and they are working, bringing in customers and building their own team then you will be getting paid by the commissions you receive for their work done. People may even start working in network marketing with a part time commitment if they are bounded in any another job or business, many a times for extra money that may be required emis, loans, etc.

##### **Higher education is not required**

Higher education isn't necessarily required in network marketing as it is mostly based on the hard work you are willing to put in. The basic training are given by the company itself and learning a little literature about it is enough as it is a practical field, a field where you have to learn things by working in it. Higher education is not required is one of top advantages as a lot of sample group was students and many

students want to start working and earning quickly and sometimes students don't have enough funds for higher educations and fields like these are their biggest advantage.

### **Demerits of network marketing**

#### **Major risk of scams and frauds**

There is a major risk of scams and frauds in network marketing like pyramid schemes, money circulating schemes and ponzi schemes because similar to network marketing these scams introduce several schemes to lure people to invest money to get high returns as well as to encourage others to invest to get commission from the same. Cases like saradha scam, speak asia scam, indusviva health sciences private limited scam (bengaluru-based firm) create fear in minds of people regarding multi - level marketing (network marketing) as due to these frauds people have lost immense money and even lives.

#### **Takes time to grow**

Just like any other business, network marketing also takes time to grow and become success. Network marketing is like having your own business without officially registering it as here also like any other business you are given products but you have to promote and sell them while also forming network of other people to get commission. Forming networks, promoting and selling all takes its own time and effort. Patience and continuous action are needed to become successful in this field.

#### **Lot of rejection and discouragement involved**

Network marketing / multi-level marketing is not a well-received opportunity due to the scams taken place in this field so your friends and family may discourage to pursue your career in it. Introducing a new product or promoting a product that is not popular or not found in malls and stores can be difficult and you can face a lot of rejections. The conversion rate is 1% that is out of the 10 people you interact with 9 will not buy your product. Facing such immense rejections at the start of your new career can be very discouraging and you may give up on it before you even start to make a presence in market.

#### **Impossible for everyone to get huge profits**

It's impossible for everyone to get huge profits as for example if one person make 10 networks and those 10 will make 100 network which will further make 10,000 networks and so on but after a point the there are no

networks to be made as some are already in the field and others are not interested or serious about it. The people who have started early may make a lot of profit but you may be in those 100 or 10,000 people where there is no downline beneath you.

#### **Not for everyone**

A person with weak communication skills and who is not confident while interacting with strangers and building more relationships/networks is not fit for network marketing as a major part of it is face to face interactions. A person who gives up easily and is scared of rejection is demotivated very quickly in this field. A person working in network marketing should be energetic, goal oriented, ambitious, decisive, and friendly with excellent communication and persuasive skills.

#### **Identify good network marketing companies**

##### **Good people and philosophy**

While selecting to work anywhere, the first rule is to check the company profile, its vision, its mission, its principles, its values, its ethics, its work culture (a good, healthy, happy, supportive environment), the binding force or the connect between the people and company, strong leadership and good training and development programs with excellent mentors and guide to oversee and guide you in your work. A company where the target is only profit without any philosophy or purpose does not have the binding force to make people so energized and motivated towards work.

##### **Unique, trustable product with recurring usage**

Good product which is liked and trusted by you. It should have importance and it should be economical (affordable price). It should have a recurring usage so that people continuously buy your products. It should understand the adoption curve of the market that is it should be beneficial in future as well. The company you select should be selling good products and not concept of only recruiting others to make money and not only selling starter kits to new distributors.

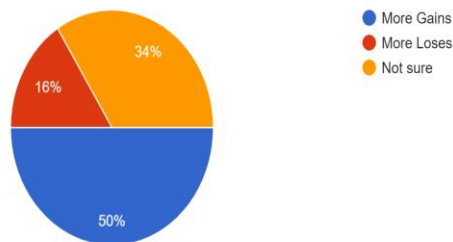
##### **Good plan, profit and payout**

The foundation of network marketing lies in compensation plans. This is what many network marketing companies promotes to newbies that they will get huge commission after they have built a downline even when they don't work. But how true is it? How much commission will they get per sale of

their downline? Is it as simple as it sounds? Is the company's plan genuine or a scam? These are some important questions which need to be kept in mind while selecting a mlm company (multi-level marketing). There are different types of compensation plans but sometimes companies even use a combination of these plans. Every plan will have its pros and cons.

So, the critical reasons to decide which network marketing company to join are quality of management, viability of product, simplicity of the system, quality of support and integrity of owners. If all these factors are good and in line then there will be a good plan, profit and payout automatically.

Do you think Network Marketing has more gains or more loses?  
100 responses



### Conclusion

Network marketing is a well thought, philosophical scientific process to market goods and services. It is a very good industry but its reputation isn't very good and people are afraid of joining it because of the danger of frauds. We can avoid these frauds by doing a thorough research of the market, company, product, and values and principles of owners and company as a whole. One should select a company which focus on honesty, character, ethics, integrity and training and development so even if you face failure you have developed a lot in terms of your personality and had an experience of an entrepreneur. Here you learn to work with immense motivation continuously. Network marketing works on the principle of power of compounding thus there is immense growth over here. So, even a good company can be muddled for doing a scam when it shows inexplicable rise. But of course 'no business can make you a billionaire overnight'. You must do consistent hard work for experiencing the compounding result of network marketing. It is an industry where you write your own check, you have freedom of time, you build many strong relations and gain extreme respect as it has a recurring revenue model. Network marketing is powerful industry which can very quickly create stable millionaires with continuous hard work and smart work.

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