

## **Prospects and Challenges of Network Marketing: A Case study on Consultants working under Network Marketing with reference to Dakshina Kannada District.**

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**ABSTRACT:** Network Marketing, also known as direct selling or multilevel marketing which enables an individual to earn an income based on the skills. Network marketing or direct selling is relatively a new industry in India which enabled lot of people to earn their Income. India has seen tremendous increase in the area of Network Marketing during Covid since many individuals were terminated from the job and Network marketing did its job by facilitating for self employment. Even though there are lot of possibilities in the network marketing its evident that Network marketing is not free from challenges. With reference to this, so as to identify the prospects and challenges of network marketing the research is conducted which is based on primary and secondary data. The main objective of the study is to identify what network marketing brings to an individual life. This survey is conducted with having sample size of 200

**Key words:** Network Marketing, Direct Selling, Prospects and Challenges, Self Employment

### **Introduction:**

Multi level marketing is a growing business model in India. Network marketing is not pyramid schemes. They are however pyramids. Pyramid schemes are illegal but network marketing is not. The entire system includes down lines and up lines who work for sale of product and thereby they earn the income. Other terms used for network marketing include pyramid selling, multi level marketing, and referral marketing. Network Marketing is a new phenomenon that has gained ground in the last three decades and hence there isn't much of research, study and literature that is available as in the other traditional theories and practice of Marketing. In both cases of Direct Selling as well as Network marketing, the selling happens on 'One to One basis' where the sales person comes in face to face contact with the user or customer. Therefore both the methods involved the End User or End customer on one end and the Sales person on the other. In both cases the Salesman involved plays the role of influencing the decision maker. The main different between the two methods is to do with the organizational setup of the sales teams as well as the method of compensation and income generation. However theoretically Network marketing is considered to be a part of Direct Selling methods. Multi level marketing activity can be taken by any one at any point of time of life to generate the income. Since it does not demand for qualification to be processed any individuals having basic marketing skills can enter into the network marketing. In order to enter into the network

marketing initially one has to take the help of existing distributor. The existing distributor will be an up line who appoints the new entrant into the business. The new entrant will be given with an intensive training so as to gain the knowledge about the product offered by the company.

There are two main agendas that have to be given more importance in the Network Marketing. These agendas are a) Building a team by adding more and more down lines. b) Increasing the sales of a product. Once you gain the momentum having this you will start to succeed in the Network Marketing field. It's obvious that your income in network marketing depends upon efficiency in the sales and efficiency in team building. Based on these two factors you reach to the new levels in the network marketing. Initially you may start the journey of network marketing by being a consultant/ direct sales man of the company and you may reach the heights of director if you are consistent enough in the network marketing.

It's obvious fact that everyone wants to have some extra income in their pockets. So individuals who try to find alternative methods to earn some extra income beyond their profession or work can think of having Network Marketing which is one of the best alternatives available. But one has to think about the prospects and challenges of Network marketing before joining to make an analysis whether network marketing suits for a particular individual or not

### **Statement of the Problem**

The concept of Network marketing quite a modern concept in India. Even though it was in trending it gained its momentum during Covid break down since a lot of people lost their jobs from Multi National Companies. Network marketing succeeded in offering employment to the people who were jobless during this period. We live in an immediate gratification kind of society where there will always be an urge for overnight success which is not at all possible. There are people who really do have a spark. They get a great idea and decide to go for it. But they ultimately fail, only because they do not stick with it long enough for their endeavor to succeed. So it's obvious that Network marketing requires an investment of time and patience in order to gain the momentum. In this context there is lot of challenges that the consultant has to face while being into the network marketing. This research paper throws a light on the challenges faced by the network marketing consultants and how they able to succeed by applying different strategies in Network Marketing.

### **Review of Literature:**

**Geevarghese K. Mathews Dr. James Manalel (2007):** Family and friends persuade the peoples to join the Network marketing. It was found from study that yet times individuals join to the Network marketing just because of the excessive pressures from family and friends but not with the keen interest. Marketers should be aware of the fact that network marketing foundation lies with relationships. It is up to the channel members to decide whether to join the Network marketing or not to join. There should be win-win situation with no exploitation of its members.

**Ms. Antriksha Negi (2014):** In order to have a successful model of network marketing business there are requirements of qualities like urge for constant improvement, skill for mentoring, open to new ideas, strong communication skills etc. Along with this MLM business owners must attain specialization by way of attending workshops, reading books, etc in recruitment, targeting, motivating sales persons for greater sales prospects.

**Mr. Vivek Tripathi: (2014):** Instead of old social ties, new relationships with strangers are found to be stronger. These new acquaintances create strong social ties providing not only financial support to each other but much required emotional support. In order to build a strong foundation of any Multilevel marketing business model, one is required to have good social skills whereupon he/she could develop a long list of known people and develop his business with their help. Man has a very unique need of praise and respect. Irrespective of any condition or situation a person exists, he always craves for praise, love and respect. These multilevel marketing business models work on this basic requirement of people and they strive to provide the food of praise, love and respect to its distributors and their contacts.

### **Research Objectives and Questions:**

Present research is an attempt to achieve the following objectives

1. To find the prospects and challenges involved in the Network marketing
2. To find out the personal attributes that makes the Network marketing effective
3. To identify the strategies that makes the Network marketing effective
4. To make a comprehensive study on the changes in individual income and quality of life after joining into the network marketing

### **Scope of the Study**

The present study is about the challenges and prospects of Network Marketing with reference to consultants working under Network Marketing in Dakshina Kannaa District

### **Methodology**

The study is concluded with the help of primary data. The study is conducted through survey method. A detailed questionnaire is prepared and distributed amongst 200 individuals of different age group.

The analysis of the responses received is done with the help of tools like table's charts and graphs.

**Some questions asked to reach research objectives followed by answering the same:**

1. What are the major problems faced by the consultants while reaching the customers in Network marketing

2. What strategies are considered as an effective strategies in Network marketing to grab the attention of the customers and to increase the customer base for the particular product
3. Is “Vocal for Local” Movement helpful for consultants to grab the attention of consumers towards the product offered in Network Marketing
4. How the things are going to work in Network marketing and How to reach new heights in Network marketing
5. What changes the consultants witnessed in their life after being into the network marketing. Is there any improvement in the quality of life after being into to the Network marketing?

### Limitations of the Study:

- ♣ Probability of biased information from consultants
- ♣ The study was confined at 200 respondents
- ♣ The analysis is limited to the respondents of Dakshina Kannada District
- ♣ Time constraint.

### Analysis and Interpretation:

The data collected through questionnaire was analyzed using tables and figures

**Table 1.1 Demographic profile of the Respondents**

Demographic profile of the respondents includes Gender, Age and Educational Qualification of the respondents

Demographic Profile		Frequency	Percentage
Gender	Male	116	58
	Female	84	42
Age	20-30 Years	62	31
	31-40 Years	49	24.5
	41-50 Years	54	27
	51-60 Years	30	15
	60 Years above	05	2.5
Educational Qualification	Not Educated	00	00
	Below HSC	15	7.5
	HSC	45	22.5
	10+2	41	20.5
	Graduated	99	49.5
Annual Income Before Joining Network Marketing	Below 50000	08	4
	50000-99999	66	33
	100000-200000	78	39
	Above 200000	46	23

N=200

Source: Primary Data

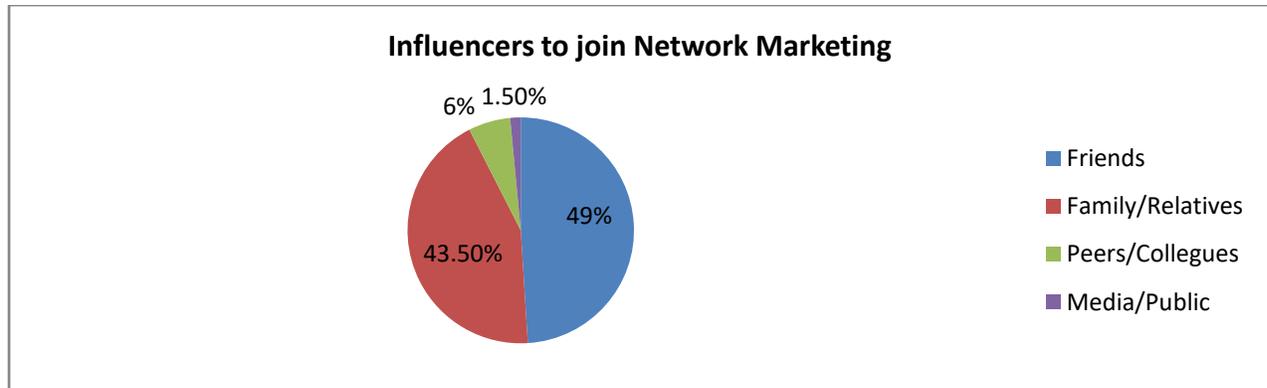
### Interpretation

From the above table it's clear that 58% of respondents were Male and 42% of Respondents were Female. A good majority of respondents belong to the age group of 20-30 Years. However in the Network marketing there is no age restriction. Its observed from the figures that majority of respondents were completed with their graduation. But Network marketing doesn't have any restrictions on the qualification matters. Anyone who is having the basic idea of Network marketing can get into the Network marketing. However if one processes the education his ideology and decision making skills will be different. Majority of the respondents belongs to the annual income category of 100000 to 200000. It's evident from the figures that most of the people who want to earn some extra income were belonging to the middle class or lower middle class family.

**Table: 1.2: Influencers to Join Network Marketing**

Responses	Frequency	Percentage
Friends	98	49
Family/Relatives	87	43.5
Peers/Colleagues	12	6
Media/Public	03	1.5

**Figure: 1.2: Influencers to join Network Marketing**



N=200

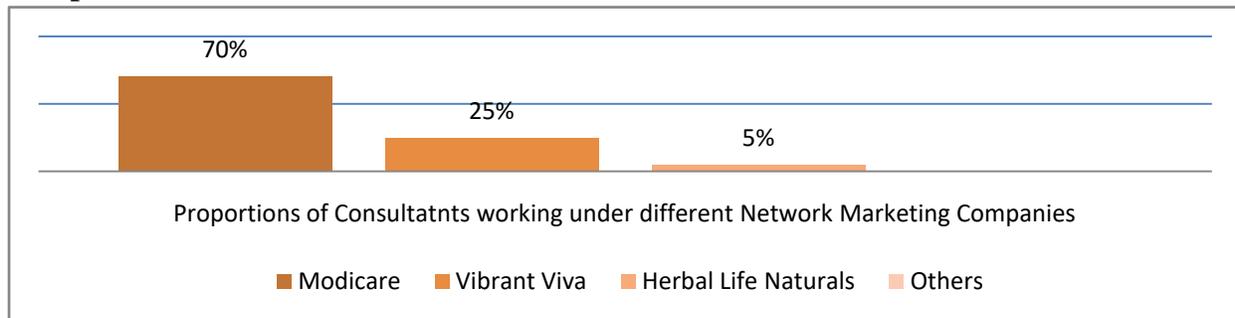
Source: Primary Data

**Interpretation:** From the above figure it's clear that majority (49%) of the respondents into the network marketing because of the references from friends. Its obvious that Family and Relatives are also having major impact in pushing an individual to the network marketing field. However Peers and Media have small influence in bringing an individual to the Network marketing field.

**Table 1.3: Ratio/Proportions of consultants working under different Network Marketing Companies:**

Responses	Frequency	Percentage
Modicare	140	70
VibrantViva	50	25
Herbal Life Naturals	10	5
Others	00	00

**Figure 1.3: Ratio/Proportions of consultants working under different Network Marketing Companies:**



N=200

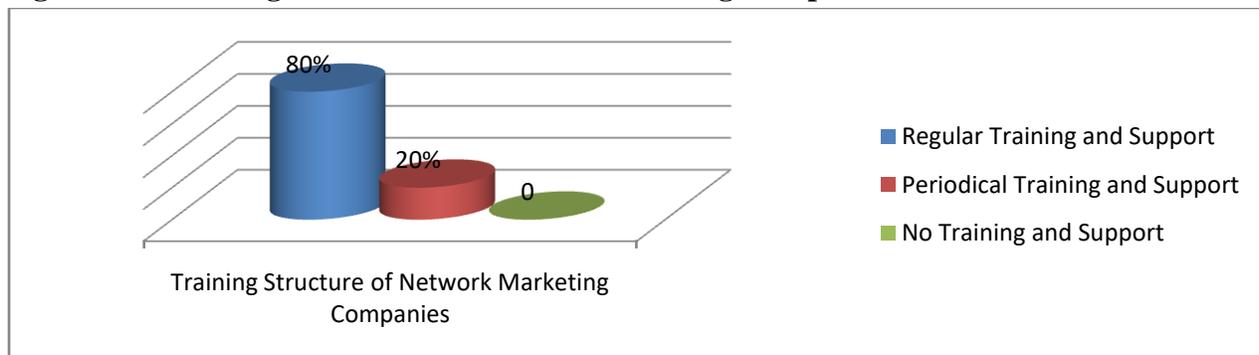
Source: Primary Data

**Interpretation:** From the above data it's clear that Majority of the respondents (70%) are the consultants working under Modicare Pvt. Ltd, where as 25% of the respondents is working being the consultants of the Vibrant Viva Pvt. Ltd and remaining 5% of the respondents are working under Herbal Life Naturals.

**Table 1.4: Training Structure of Network Marketing Companies**

Responses	Frequency	Percentage
Regular training and Support	160	80
Periodical Training and Support	40	20
No training and Support	00	00

**Figure 1.4: Training Structure of Network Marketing Companies**



N=200

Source: Primary Data

**Interpretation:** From the above data it's clear that almost all the network marketing companies are giving regular training and support to their consultants in order to increase their customer base. It's true that continuous update about the product offering and marketing strategies are required to consultants for being efficient and exercising great deals.

**Table 1.5: Consultants opinion on various aspects of Network Marketing**

S.N	Perception towards Network Marketing	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1.	Network marketing contributed for an increase in individuals income and quality of life	130	60	10	00	00
2.	Ability to lead from front makes an individual to get success in Network Marketing	90	55	50	05	00
3.	Network marketing is a challenge since customers are unaware of the product	110	50	20	10	10
4.	Managing your down lines and keeping them motivated is a difficult task	125	25	10	30	10
5.	Customers who know familiar brands will suspect about the quality of products under network marketing	70	80	40	10	00
6.	“Vocal for Local” May become the strategy for increase in network marketing of Indian products	90	76	24	06	04
7	Lack of determination amongst consultants towards network marketing is main reason for failure in MLM model	145	45	10	00	00
8	Inconsistent income is one of the drawback of Network marketing	147	25	18	05	05
9	Promotion of Network Marketing and Performance in Network Marketing are two aspects which brightens the field of network marketing	128	33	15	14	10

N=200

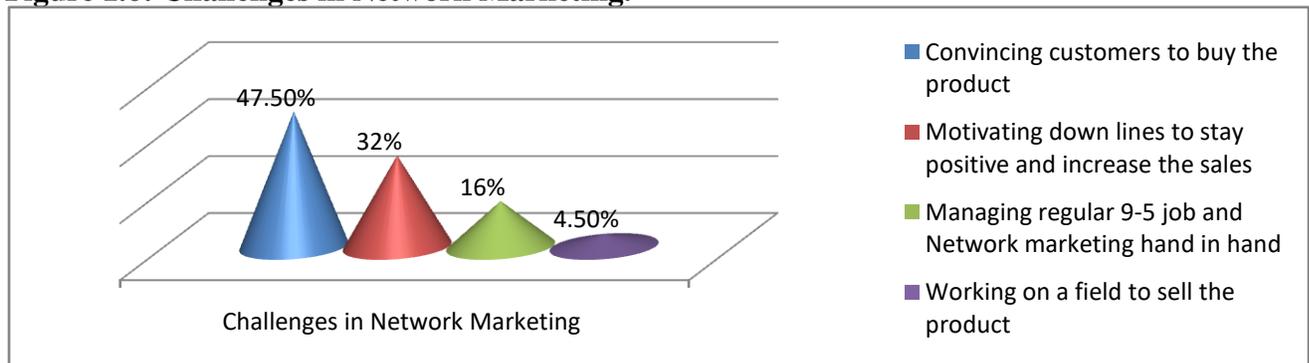
Source: Primary Data

**Interpretation:** It's evident from the above data that Network marketing obviously contributed for an increase in the individual's income and quality of life. Leadership ability is one of the important factors that bring out success in network marketing. Its unavoidable fact that majority of the respondents opined Network marketing is a challenging field since many of the people are unaware of the product offered by the company. Sometimes public will suspect about the quality of the product since it's an unaware product to them. So convincing the customers and grabbing their attention is one of the complex and challenging task for the consultants. However since India's preference is shifted for the Local products Network Marketing is gaining its Momentum and customers are started to accept the new products offered in Indian Markets. It's also the opinion of the respondents that lack of determination will be the main reason for failures in the network marketing field.

**Table 1.6: Challenges in Network Marketing**

Responses	Frequency	Percentage
Convincing customers to buy the product	95	47.5
Motivating down lines to stay positive and increase the sales	64	32
Managing regular 9-5 job and Network marketing hand in hand	32	16
Working on a field to sell the product	09	4.5

**Figure 1.6: Challenges in Network Marketing.**



N=200

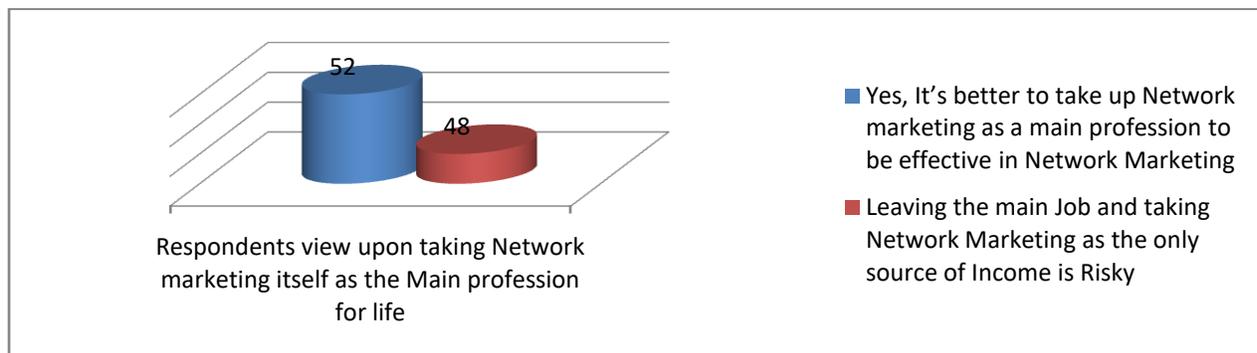
Source: Primary Data

**Interpretation:** Its clear from the above figures that majority of respondents opined that convincing the customers to buy the product is the biggest challenge faced by the consultants working under network marketing. Along with that they have to motivate their down lines to attend the training programmes and boost their morale to increase the sales. Some of the respondents also having a opinion that managing regular 9-5 job and Network marketing hand in hand is a very difficult task.

**Table 1.7: Respondents view upon taking Network marketing itself as the Main profession for life**

Responses	Frequency	Percentage
Yes, It's better to take up Network marketing as a main profession to be effective in Network Marketing	104	52
Leaving the main Job and taking Network Marketing as the only source of Income is Risky	92	48

**Figure 1.7: Respondents view upon taking Network marketing itself as the Main profession for life**



N=200

Source: Primary Data

**Interpretation:** From the above data we can interpret that respondents are having quite neutral view about the Network marketing as the main profession. If an individual has good financial background obviously he can go for Network marketing as the main profession since he can cover up any amount of failures. On the other hand leaving main job and taking network marketing itself as the main profession is quite risky.

### Findings of the Study:

1. There are many network marketing companies where the consultants are working. Amongst which Modicare India Pvt. Limited has more number of consultants.
2. Friends and Family are the main influencers for an individual to join the network marketing. However there is no force for an individual to join the network marketing. It's completely a choice of an individual either to join or not to join the company.
3. Majority of the respondents who are working as consultants in the Network marketing are belonging to the lower middle class who fall under the income group of 100000 to 200000 Rupees.
4. All the network marketing companies are tending to give training programmes to support its consultants. This training programme is offered on regular basis. Training is given to

the consultants to have an update on product offerings, marketing strategies and building confidence.

5. Earnings from network marketing are an addition to the regular income. Its obvious that people who were into the network marketing earned little extra income which definitely added to their quality of life.
6. The products offered in the network marketing business are completely new to the customers. So convincing the customers about the product offerings of the company, quality of the product, features of the product, advantages from the product etc are the difficult task for the consultants. So we can say that consultants face wide challenge while dealing with the customers.
7. The success in Network marketing not only depends on the selling of the product. But it also depends upon the building and motivating the team. Managing the down lines and motivating them to maintain consistency in sales is also one of the challenging tasks for the consultants. If suppose the down lines are not performing well in such a case the consultants cannot reach the higher orders easily in the network marketing.
8. Respondents are having neutral opinion towards choosing network marketing as the main profession. It's obvious that one who is having good marketing and communication skill can gear up his performance in network marketing. Leadership ability is the added flavor in reaching new heights in network marketing. However some of the consultants opine that leaving regular job and opting only for network marketing is quite risky. Only the individuals having good financial backup can do that
9. Inconsistent income is one of the major drawbacks in the network marketing. Since income earnings completely dependent of the performance of an individual there is always a reason for inconsistency in income earnings. It's also evident from the study that lack of determination in the field of network marketing is also one of the reasons for inconsistency in the earnings.
10. Since many of the network marketing companies are originated from India and India is gaining its momentum for local products, Vocal for Local will be the best strategy to gain the customers attention towards network marketing products.

### **Suggestions:**

1. The individuals opting network marketing as their main career should think twice before making such decisions. An individual who is confident, having marketing and communication skills can jump to the ocean of network marketing and successfully build his career.
2. Network marketing companies are having highest growth potentials should at least make some promotional efforts so that customers can aware of the presence of the brand. However the complete success story of network marketing is obviously depends upon skills and abilities of a consultants

3. Network marketing companies should offer more and more training to build more confidence amongst the consultants. The level of education has nothing to do with the network marketing. It's only the skill set and personal attributes that makes the individual to succeed in network marketing. So offering relevant training makes an individual to get success in network marketing.
4. The prospects of the network marketing depend upon the quality of the products and services provided by the network marketing companies. It's also depends upon how the company builds the team and reaches its customer. So in every level of marketing consultants should be supervised, monitored and offered with the support.

### **Conclusion:**

Every area of business has its own prospects and challenges. As we discussed there are lot of challenges faced by network marketing companies as well as its consultants. Working on the challenges makes the company to find its path for success. Systematic approach in each and every level creates the success story. Every consultant in his level should be assigned with the responsibility and paid well for exercising the responsibility in good manner. Once the consultants feel like they are working for their own company success is not a big challenge for the network marketing companies. There should be proper structure of incentive plans which motivates the consultants to work more. The success story of the each consultant should be displayed publicly either posting it to the social media or by congratulating them. Praising the performance, giving recognition etc gives extra edges to the network marketing which leads to seamless boundaries.

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