

## IMPACT AND REASON FOR PEOPLE QUITTING THE MULTI-LEVEL MARKETING

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### ABSTRACT

*One of the major fact that why people quit the Multi-Level Marketing that people don't utilize their full potential but want great earning at starting of joining. People always forget how hard effort they did to get education and job but when they join Multi-Level Marketing they always want the result fast without any wait and finally they quit as they set wrong expectation at starting itself. Some people quit as they join wrong company without any analysis and finally company get close. Also could be reason you are not happy with your up line or not getting any guidance and not getting any motivation from sponsor or up line. You have introduces new people and build up a team but they are doing nothing. Sometimes you enjoy putting your effort with meeting new people for business discussion but later on you get tired and don't want to step out with your comfort zone. Hereafter when effort will be low than slowly team will get de-motivated and result will be people will quit the business. Hence it's very much important that if you are serious about the Multilevel Marketing and you have properly understood the business and have done lots of analysis about the company than only you should step into the business.*

*Sometimes also seen at the initial level Multi-level marketing are not giving benefit at initial level and people put their hard effort, Time & money and the money which are earning are very less even not what they have invested whereas upper level are getting benefit of down line. Companies are just utilizing people for doing the mouth to mouth publicity and selling their product. MLM companies claiming that they are giving product on wholesaler cost but actually product are very expensive more than the market cost. New joined person selling the product by putting their hard effort are getting very less or no profit by dreaming as later on they will get good Money. As all the MLM companies show the big picture to new recruiter, like big dream, good health & lots of money, they can get the financial freedom.*

**KEYWORDS:** *Multilevel Marketing, Network Marketing, MLM Companies, Promotional Strategies.*

### Introduction

Multi Level Marketing has been around for more than 50 years now, has started in 1934 by California Vitamin Company which came up with a concept of Multi - Level Marketing. This company started out as a direct sales company which signing up sales people and that would use the product for their personal use and would be selling the product to their family, friends and relatives. In the process they would earn an extra income per month which was a substantial income at that time without effecting their current work. Their friends and relatives not only they liked the product but also they started to realize that they could benefit financially themselves by buying the product at the wholesale price and in turn selling it to others.

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Multi - Level Marketing (MLM) is gaining much attention in business circles recently. How MLM (Network Marketing) got started and grew to meet the needs of the customer and the entrepreneur. The concept of Multilevel Marketing or referral marketing is a method of product distribution. The products are moved through independent distributors. The distributors are given an opportunity to introduce other distributors to the business. Instead of incurring massive media advertising and sales promotion cost, the savings are passed on to distributor consumers. Distributors share the large revenue that normally goes to the middleman. At the same time products are available to consumers at wholesale prices.

However, effective recruiting is very essential for the very existence of the majority of direct selling companies including multilevel marketing organizations because the survival of these organizations depend on the ability to make more and more new recruits to replace those who have discontinued. MLM distributors can have a relationship with both their-up line sponsor and their-down line recruits. They also often work cooperatively by holding common recruitment meetings and sales training sessions. Distributors of multilevel marketing companies foster a combination of friendship and instrumentality in developing networks.

### **Objective**

This paper describes the problems and sets out a research that impact & reason what made to people to quit Multi-level marketing business. The expectation of this study is to provide the business community, academic and social understanding of impact & reason to overcome with problem and how you can avoid being one of them who quit the business of Multilevel Marketing. Thus providing a new vision to you so you can create a new perspective about before deciding to quit MLM, dig deep into your reasoning why you should either stay or go.

### **Review**

**Aggarwal, B & Kumar, D. (2014):** The authors have focused on distributors, there are a plethora of opportunities for marketing executives in India who have skills in MLM. But unfortunately, in India a few companies have introduced MLM at a very large scale, by quoting and promising very high returns. large number of the people belonging to the middle class population of India have joined into this dying business of MLM by paying an entry fees into the business.

**Feinberg and Eastlick, (1997):** The authors describe that, there are detractors who claim that the impressive growth of MLM distributors and the industry's phenomenal business turnover over the years is not the absolute truth; that in fact, 93%-95% of those involved in MLM lose money or do not make the kind of money that was promised.

**Sharma, M. & Kaur, G. (2014):** In this research paper authors describe the concept of Multi - Level marketing (MLM). However, little has been written about the ethics of MLMs. This oversight is somewhat surprising, especially because some prominent MLMs have been accused of being pyramid schemes.

**Veena, P. and Murthy, C. (2014):** In this study Authors has stated, the various Problems faced in rural marketing are lack of transportation, lack of promotional strategies, lack of consumer awareness, lack of brand awareness etc., which affects the marketing, mix such as product, place, price and promotion for the specified region.

### **Research Methodology**

The research design used for the study includes explorative, descriptive and analytical studies based on Primary & Secondary Data. The study is undertaken on the selected distributors & consumers who are doing the MLM Business.

### **Developing Questionnaire**

The data will be collected by structured self administered questionnaire. This will developed in the following stages:

- Identifying variables and developing draft.
- Pilot survey
- Finalizing the questionnaire

### **Sample Size**

For the selection of the sample size convenience sampling method will be used. The overall sample size for the study includes 50 Respondents.

### Summary

Based on the primary & secondary data, here are some reason which made the people to quit the Multi-Level Marketing business:

- **Early High Expectation:** Most of the time, the expectation of the people are toll high and are not set before they start building the MLM business. As a sponsor, expectation need to be set for new joined distributor and how they can proceed if they want success in MLM business.
- **Lack of Purpose:** As a brand new distributor, you have to figure out why you are join the business to begin with. If your answer is the money, than that is not a good enough reason why to do the business. If you are coming in and approaching this that it is the only reason you will quit and you will eventually fail because just like 10% of people make big money in the business and other 90 % there that are trying to make money in this industry are quit in different level of the business.
- **Poor Mentorship:** Most of the time, a sponsor will be fulfilled in acquiring a new member and later on, forget about retaining and maintaining the relationship he established and must further with the newcomer. Often see that when new comer starts doing business self up line stop giving time or mentorship and later make the new person quit. When you team up with a sponsor who has success and experience, that it itself will increase the odds of succeeding in this business.
- **Lack of Daily Activities and Goal Setting of Team Member:** Most new distributors need to understand that in order to build a business, there needs to be an activity that needs to be met as per defined gal. If you are not going out of your comfort zone and promoting and exposing your business to prospects, your business will have a short life and will die in a matter of weeks or months. It's important to have a daily method of operation that you have set for yourself on every month.
- **Less Profit at Initial Level and No Motivation:** Company shows the big dream & money but actual profit is very less at initial Level. When people join they put hard effort for month than year but if the business pin level which has been defined by company does not change, distributors get demoralize and quit the business. For a company there is no loss as they got there profit. Hence sometimes people thing that this is the business of fraud.

### Conclusion

Getting started in the business is a choice which depends on the thinking of you, because where the thinking belongs you can able to pursue the goal. Before choosing the business you need to be very sure about your own lifestyle and your own belief there is one phrase "do what you love and the money will follow you" and this is correct phrase for this business taking people but it is need to be very sure about the market which you are choosing to sell or advertise the product you want to, because most the Indian population buy the benefits not the products, You also need to make sure that you are not placing obstacles in the way of your own success. Set realistic expectations from self & business. Too many people come into network marketing thinking they will make it big by doing very negligible or in a short time. That is simply not true for MLM. It takes more hard work and you'll have to sacrifice your time & comfort zone. You also have to realize that if you quit network marketing before two years of being in your business, you have not even given it enough time to build the MLM business that is a 2 to 5 year plan. Stop looking for the wrong or negative people. I have been observe that new people who join the business talk to the same 20 people 10 times even those 20 people have done nothing or doing nothing in MLM Business. That would be great option if you talk to 200 new people one time to grow your business instead of the same 20 people over and over. It takes the same amount of time but by finding new people and soon you will get to those who new people who are truly interested in your products or opportunity. You will find more people who have a deep desire to change their lives. That is who you should be talking to!

Multi-Level Marketing is very tough business to survive as at initial level there is no profit or very less profit. As you started grow in business and achieve higher level you get unbelievable income. MLM Companies need to change the structure and need to reduce the price and also needed to put more margin level at initial level so people who are really serious & putting their hard effort will stay in business currently they are quitting because of dissatisfaction. That will make the MLM grows faster. MLM companies need to revise their policies and behave ethical. Hence my recommendation to MLM companies to think about the initial level as well so distributors can get the profit.

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