

CONSUMER BUYING BEHAVIOUR TOWARDS MULTI-LEVEL MARKETING PRODUCTS: AN OVERVIEW

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ABSTRACT

Multi-level marketing has recently gained a lot of interest in the business world. A new marketing plan is required due to the extra cost of the current marketing system in terms of promotion, distribution channels, and advertising. Referral marketing, direct selling, and network marketing are all terms used to describe "multi-level marketing". It is a new type of direct selling. The study's main goal is to comprehend the concept of multilevel marketing as well as the factors that influence consumer purchasing behavior. This research has a significant impact on product research and development for MLM companies. Secondary data from published research papers, journals, articles, and other sources was used for this study.

Keywords: *Multilevel Marketing, Network Marketing, Consumer Buyingbehaviour, Direct Selling.*

Introduction

Some people believe that salesmanship is an inborn quality like leadership. Some consider salesmanship to be an art form. Many people feel that, with the right training, anyone can become a salesperson. Every marketing and sales student studies the traditional concepts of sales.

In the last thirty years or so, we've seen another new trend in sales referred to as "Multi-Level Marketing." This has spread across the globe and engaged millions of people in selling products and earning a decent income for themselves.

Multilevel marketing, or network marketing, is a relatively new model of business that has grown around the globe since its inception in the early 1980s. It now includes housewives, corporate executives, retired employees, students, and people from all areas who sell through networks and earn early decent incomes while continuing to pursue their occupations.

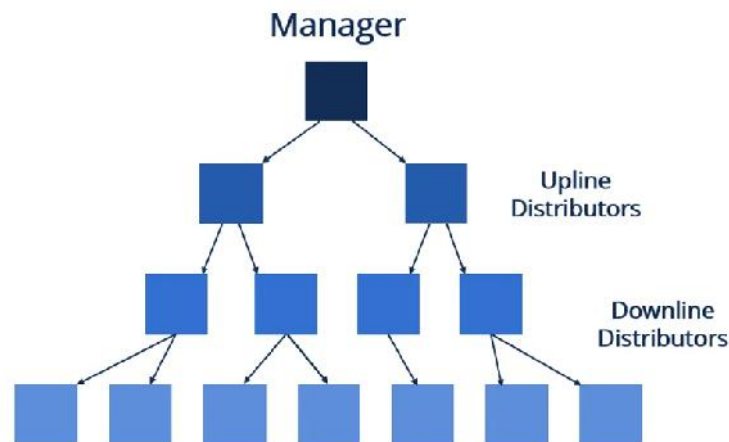
Multilevel marketing is a business opportunity that anyone can pursue at any moment in their life. Thousands of people participate in MLM in addition to their regular jobs, and a large number of people have become millionaires as a result of making MLM their full-time job. This type of marketing does not necessitate any special training or capital. In addition to earning money, the individual gains social contacts and relationships, which is considered a bonus.

In this competitive era, it is a very difficult task for any business entity to survive for a long time in the market. For long-term survival and sales stability, it is not enough to have a great product; you also need to understand consumer behaviour for your products to do well.

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Structure of Multilevel Marketing



Source: - <https://corporatefinanceinstitute.com/resources/knowledge/strategy/multilevel-marketing-mlm/>

Current Scenario of Multi-Level Marketing

In this world of COVID-19 pandemic, the global economy is still in a state of depression, with most industries and enterprises attempting to survive and adapt to the change. They face numerous obstacles as a result of social isolation, and all corporate operations are halted. Despite this, MLM is one of the business areas that is less affected by this pandemic, and some MLM businesses are still growing. Some Multi-Level Marketing distributors are luring new investors towards this business with enormous promises of financial benefit and the option to work from their home for unemployed people.

This pandemic condition in India has aided the quick growth of the network marketing industry. The current state of the MLM or network marketing sector in India appears to be highly promising and ensures future success in the MLM industry. People working in many fields realised the need to have a secondary source of income, which led them to MLM business opportunities.

Review of Literature

- According to **Braulio Alturas, M.C. Santos and Ivo Pereira (2005)** The findings indicated that a consumer's prior experience with direct selling is the most crucial element in determining acceptance and satisfaction towards this marketing system.
- According to **Bráulio Alturas, Maria da Conceição Santos, Rui Brites (2006)** This research uses a quantitative approach combined with cluster analysis to segment direct selling customers. The findings reveal that three distinct clusters have been identified, each with its own set of characteristics. These findings could be crucial for direct salespeople looking to better understand and forecast post-purchase behavior.
- According to **Cristinel Constantin (2009)** MLM is a tool of relationship marketing. There is no need for Promotional campaigns in MLM because products are promoted by the "word of mouth" technique. Because the promoters are their friends and relatives, this technique creates a high level of trust in the consumers.
- According to **Joyce Koe Hwee Nga and Soo Wai Mun (2011)** MLM companies' service, and agent attributes have influenced the willingness to undertake MLM as a career option among youth.
- According to **Rekha Attri and Mr. Sunil Chaturvedi (2011)** Housewives are the main focus of MLM companies because they like this working system in which they can easily connect with their friends and relatives and earn money from home. Product price justification is another issue because the same type of product or even better quality products are available on the market and there is no such income as claimed by MLM companies. So, this type of marketing is not accepted in India.
- According to **CHITRA (2018)** MLM is a marketing plan in which the company focuses on valuable buyers, and there are a number of factors that influence consumer buying decisions, like price and quality of product, previous knowledge about network marketing, value for money, credibility of MLM products, value for money, potential of business, etc.

- According to **Ashok Kumar (2019)**, Mostly youths were connected with MLM businesses, 34% of women were earning their income from MLM businesses. MLM businesses play a significant role in employment generation for women in India. By analysing statistical data, it is found that earning from MLM businesses and the time duration of working in MLM businesses depend on each other.

The elements that affect consumer buying behaviour are listed below:

- Psychological factors.
- Social factors.
- Cultural factors.
- Personal factors.
- Economic factors.



Conclusion

According to the results of the study, MLM is a wonderful marketing technique that focuses on valuable customers. A review of the literature reveals that a number of factors impact customers' purchasing decisions: product price, quality of product, trustworthiness of people on products of MLM companies, uplift of living standards, ease of access, return on investment, availability of products at reasonable prices, generating job opportunities, knowledge about direct selling, experience with sales force, etc.

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