

A STUDY OF AWARENESS REGARDING NETWORK MARKETING AMONG YOUTH

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Abstract

In today's world of being competitive excellence, there has been developed to see some innovative ways to sustain in the market. Traditional distribution system is more rigid and more costly so that the price of the final product goes on increasing, as organization has to pay some commissions to the intermediaries. The Network marketing is a business form originated in the United States during the 1950's. From there on, network marketing companies have gained exceeding ground and have become widely spread and recognized, especially during the past ten years. Today, approximated 58 million people are flourishing in network marketing throughout the world and the worldwide sales accounted for an estimated 109 billion US dollars. The present study aims at investigating the awareness and perception regarding network marketing among youth. The research design of the study is exploratory in nature. The sampling unit of the study consists of final year students pursuing business and management degree in private institutions. Data have been collected from 245 students. Both primary and secondary data have been used. Primary data have been collected through a structured questionnaire. The study shows that youth is much aware about the concept as well as the products offered by the network marketing companies. Friends and relatives are the major source of information for the youth to acquaint them by the concept of network marketing.

Key Words- Direct Selling, Network Marketing, Youth, Perception, Awareness

Introduction

In today's world of being competitive excellence, there has been developed to see some innovative ways to sustain in the market. Conventional marketing and distribution system involves inclusion of middlemen like wholesalers, retailers and agents etc., which results in an increase in price of the products. This extra cost in the form of commission of middlemen is ultimately born by the ultimate consumers. To reduce this extra cost, direct selling evolved, which includes direct selling of goods and services to ultimate consumers without any involvement of middlemen. Network marketing which is also known as multilevel marketing is a specific business form of direct selling started in the United States during the 1950's. It involves direct selling of goods and services to the consumers away from a fixed retail location. "Today, approximated 58 million people are flourishing in network marketing throughout the world and the worldwide sales accounted for an estimated 109 billion US dollars. As per the report of Indian Direct Selling Association, "the global Direct Selling industry stood at around USD 192.9 billion in 2018 showcasing a growth of 1.2% from the industry value USD 190.5 billion in 2017. China is the leading country in terms of Direct Selling sales in 2018 with a Direct Selling sale of USD 35,732 million contributing around one-fifth of the Direct Selling sales globally. It is closely followed by the United States of America having a Direct Selling sale of USD 35,350 million in 2018. China along with the USA contribute more than one-third of Direct Selling sales globally in 2018. Amway continues to be the leading Direct Selling organization with a global revenue of USD 8.8 billion in 2018. Avon Products Inc., Herbalife, Infinitus and Vorwerk along with Amway comprise of the top 5 Direct Selling organizations in 2018 based on their global revenue." IDSA, 2019, p.3).

"The Indian Direct Selling Industry stood at around INR 1,30,800 million in 2018-19 growing at approximately 13% from INR 1,16,700 million in 2017-18. The industry showed a compounded annual growth Rate of approximately 16% growing from INR 83,085 million in 2015-16 to INR 1,30,800 million in 2018-19. The share of IDSA members in the total sales of the Direct Selling Industry in India stands at approximately 60% as compared to 40% share of non-members in 2018-19. Wellness products (which include products such as weight management supplements, meal replacement bars & drinks etc.) contribute more than half of the Indian Direct Selling Sales by IDSA members. This is followed by cosmetics and personal care (which include products

such as cosmetics, skin care, fragrances etc.) which contributes more than one-fourth of the sales by IDSA members during 2018-19”, (IDSA, 2019, p.3).

The main factors resulting in the growth of Indian direct selling industry are due to rules and regulation polices laid by the government, following the direct selling guidelines by direct selling organisations, effective training and development programs, opportunity to build career, using as a financial source to supplement the present income, and focus on women empowerment.

The current study focuses on students’ awareness and perception towards factors affecting the adoption of network marketing.

Review of Literature

The key participants for the success of network or multilevelmarketing organizations are the distributors. The functioning of multilevel marketing organizations depends on the strong relationship among the distributors (Constantin, 2009). The relationship between the distributors is of up line and down line. The sponsor who recruits a distributor is called an up line. Recruited distributor is called down line (Antony, 2003). Distributors play different roles in a network marketing organization. As a consumer, they consume the product themselves offered by network marketing companies. In the role of a retailer, they use to sell the products to ultimate consumers at list price. As a recruiter, distributors employ other salespersons in the form of their marketing network who further perform the same functions. (Coughlan and Grayson, 1998). Network marketing is solely based on word of mouth marketing which is done by the network marketing distributors (Brodie et al., 2002). Further, the survival, growth and success of network totally depends on the trust and cooperation among the distributors (Oksanen, 2000).

From the above discussion it can be said that distributors play an important role for the survival of the multilevel marketing organizations. Distributors are the backbone for the existence and growth of such organizations. So, it is necessary to study the factors which influence the adoption of multilevel marketing especially by youth.

Objectives of the Study

The present study aims at investigating the awareness and perception regarding network marketing among youth.

Research Methodology

The present study is descriptive in nature. Primary data have been collected through structured questionnaire prepared on the basis of review of literature. Secondary data have been collected from different websites, journals and newspapers. Data have been collected through convenience sampling techniques. Post graduate students from different streams had been taken as respondents of the study. Sample size of the present study was 245 students. Data have been collected from Haryana with reference to Rohtak city. Data have been described through descriptive statistics like Mean and standard deviation. Factors influencing youth to adopt network marketing have been identified through Exploratory Factor Analysis. Reliability of data has been checked through Cronbach's alpha ($\alpha > 0.60$).

Analysis and Interpretation of Data

The findings of the study indicate that 138 respondents (56.3 per cent) respondents belong to female category and 107 respondents (43.7 per cent) to male category. Majority of the respondents belong to 18-30 age group. Majority of the respondents belong to graduate and post graduate category. 151 respondents i.e. 61.7 per cent indicated that they are aware about the concept of network marketing, while remaining 94 respondents (38.3 per cent) reported that they are not aware about this particular concept. Further, responses were collected from only 61.7 per cent respondents who were aware about the concept.

Table No. 1: Awareness for Various Network Marketing Companies

Amway	SHPL
Tupperware	E BIZ

Oriflame	Future Group
Modicare	Milifestyle marketing Pvt. Ltd
Avon	SARSO
Vestige	SVPSL
Appex	Siemens
RCM	Herballife
Forever living products	

Source: Primary Data

Table no. 1 indicates that majority of the respondents were aware about Amway, Tupperware, Oriflame, Vestige, Modicare, Appex, RCM, SHPL, FUTURE GROUP, Milifestyle marketing pvt Ltd. Out of 151 Respondents, who were aware about the concept of network marketing, 94 respondents indicated that they have bought products from various network marketing companies. Majority of the respondents 117 (77.2%) indicated that they use the products on regular basis. When respondents were asked about the major source of awareness about network marketing, majority of the respondents indicated that they came to know about this concept from friends and relatives and from the existing distributors of various network marketing companies. The major factors influencing the purchase of network marketing products indicated by the respondents are effectiveness, special functions, pressure from friends and relatives, high quality and the brand names. The most repurchasing categories of the products indicated by the respondents are related to skin care, nutrition, and household cleaning.

Conclusion

The study shows that youth is much aware about the concept as well as the products offered by the network marketing companies. Friends and relatives are the major source of information for the youth to acquaint them by the concept of network marketing.

Further, it can be concluded that network marketing can be a viable career prospect among youth which can be considered as a full time or part time career prospect. The main objective of

youth is to secure their future in terms of a good job resulting in terms of earning money. Network marketing is one of the options which provide the business opportunity to become an entrepreneur. Training and development system of these organizations helps to learn how to create wealth, to study the human psychology, sales and marketing, personality development, public speaking, leadership, and success principles. Therefore, youth can take over the network marketing as a career.

Scope for Further Research

Further research can be carried out to study the perception of youth regarding network marketing as a career prospect.

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