A Study On Direct Selling Through Multi Level Marketing

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ABSTRACT
Direct selling is a multi-level marketing in which the sales force is compensated not only for the sales they make but also for the sales done through their recruit. This recruited sales force is referred to as the participants who can provide multiple levels of compensation. A person's job would be to recruit others to sell their product, and in return, receive a percentage of their sales. The next person's job then is to recruit people even more so below them, and receive a percentage of their sales. Other terms for Multi-level marketing include network marketing and referral marketing. Commonly, the salespeople are expected to sell products directly to consumers by means of relationship through referrals marketing. Some people use direct selling as a synonym for MLM, although MLM is only one type of direct selling.

Keywords: Multi-Level Marketing, Direct Selling, Traditional Marketing.

1 INTRODUCTION
Direct selling is marketing and transaction of consumer goods directly to the consumer; it does not depend on direct mail, product advertising or fixed retail outlets. Self-governing sales people call on consumers, mainly in their homes, to show and often to prove the products and to obtain orders. The goods are then supplied by the company either directly to the consumer or through the sales person who obtained the order. Direct selling is suited to High-quality household and personal products which can be conveniently distributed by self-governing sales people. It is a method of marketing which is particularly suited to products that benefit from detailed explanation or demonstration or even being tried out by the customer. It is a personal approach that is rarely found in high street retail shops.

2 EVOLUTION OF DIRECT SELLING
In the 5th century A.D., Athens was involved in a great deal of direct selling. Many producers who sold direct to the consumer without the intervention of a middleman, continued to sell their goods in this fashion, despite the growing urban population which spawned a new class of retailers. The direct seller of the 5th century either sold his wares about the street or exhibited them for sale on stalls and in shops. Others traveled from place to place, following armies on the march. They visited great festivals and fairs as well, and sold from village to village.

The 10th century marked the beginning of worldwide economic expansion. As commercial opportunities grew, so did the opportunities for the direct seller. He was the native merchant in Western Europe, for example, during the middle Ages, and he played an important role in bringing about the perpetuation of trade during the Commercial Revolution of the 10th to 13th centuries. He witnessed great progress in road building at this time. In France, the direct seller contributed to the growth of trade by bringing “novelties” from the large cities to small villages. Many of the more prosperous French towns were graces with the opportunity to buy woolen and silk belts, bonnets, brass rings, thimbles and writing tablets from the direct seller.
Today, at the beginning of the 21st century, the customer still benefits from a personal and convenient way of purchasing products. The Internet has become an important element of direct selling – essentially giving each direct seller a worldwide customer base. Direct sellers have been empowered by use of the Internet and find direct selling to be a rewarding way to improve their quality of life, reach specific earnings objectives, facilitate social contact and sell products they love.

3 FRANCHISE AND DIRECT SELLING

Franchising and direct selling involve some of the most compound business relationships in America, with an intricate interplay between federal and state law. Whether your company is involved on the manufacturer or supplier sides of these highly competitive economic sectors, we are experienced in all facets of franchise law. Our transactional lawyers have represented both franchisors and franchisees in all aspects of establishing franchises and the many related issues that both parties to a franchise agreement must address. We also have the knowledge and experience to handle all transactional issues that either franchisors or franchisees will face during the course of the franchise relationship.

Our trial lawyers work closely with the firm’s transactional team in developing pre-litigation strategies when problems arise in the franchise relationship. From the perspective of the franchisor, such planning is crucial to maintain market share and goodwill during the extended course of litigation. For the franchisee, pre-planning for litigation may be vital to the franchisee’s continued existence. We understand the issues that both franchisors and franchisees will face as the complicated issues of the Arkansas Franchise Practices Act are litigated.

4 TRADITIONAL MARKETING

The traditional marketing is to create a general knowledge for demand for a product or service. Traditional Marketing is a future transaction only. There is no immediate transaction from a traditional marketing message. For the traditional advertiser, the transaction or sale will happen in the future.

Direct selling, the only purpose of the message or advertisement is to get a sale now. So in a very real sense, direct response marketing is the flip side of traditional marketing.

To make it short,

4.1 TRADITIONAL MARKETING

- This is a product or service for the future transaction only
- Traditional marketing creates brand awareness and desire of the product
- Traditional marketing is more expensive
- Create the instruction for future buying behavior

4.2 DIRECT SELLING

- This is a product or service transaction is now
- Direct selling is an immediate revenue
- Direct selling is an less expensive

5 COMPANIES INVOLVED IN DIRECT SELLING

1. 5Linx
2. ACN Inc.
3. AdvoCare
4. Agel Enterprises LLC
5. Amsoil
6. Amway Global, previously known as Quixtar
7. Avon Products
8. Beachbody
9. BioPerformance
10. Discovery Toys
13. Forever Living Products
14. FreeLife
15. Fuel Freedom International
16. Fund America, Inc.
17. European Grouping of Marketing Professionals/CEDIPAC SA
18. Herbalife
20. Isagenix International
21. Juice Plus
22. Kleeneze
23. LegalShield (Formerly known as Pre-Paid Legal Services)
24. LifeVantage
25. Longaberger
26. Mannatech
27. Market America
28. Mary Kay
29. Melaleuca
30. Metabolife (Company dissolved in 2005)
31. MonaVie
32. National Safety Associates
33. Neways
34. Nu Skin Enterprises
35. Oriflame
36. Primerica
37. Prudential Consulting Inc.
6 CONCLUSIONS

Direct Selling is a universal concept in the 21st century where the common man can make use of products for daily needs by directly purchasing from the manufacturers. This type of selling not only helps the common man to cut costs that’s been normally spent indirectly for middlemen and advertisements but also helps him to improve his financial standards on a long run.

REFERENCES


