

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.

Author Biggart, in his book *Charismatic Capitalism, Direct Selling Organizations in America* (Biggart, 1989) traces the

evolution of direct selling. According to Biggart, direct selling has grown to become a major form of commercial activity in the US, despite encountering opposition from other sectors of the business community during various stages in its development. In particular, as direct selling expanded in the 1920s, small town retailers in many towns across America were concerned that it represented unfair competition. Shopkeepers became increasingly concerned with having to compete with visiting salespeople, whose businesses had neither fixed overheads nor an investment in the community. Local chambers of commerce pressured politicians to institute bureaucratic barriers, in the form of relatively costly trading licenses and other trade restrictions, as a means of combating the perceived commercial threat. Such restrictions, compounded by the subsequent economic depression of the 1930s, created difficulties for many of those engaged in direct selling. However, a combination of greater organization in the sector, an improving economy, and an organized reaction to the restrictions placed upon the industry led to its increasing development in the post-war period.

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 graced 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

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](#)

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. [Agel Enterprises LLC](#)
5. [Amsoil](#)
6. [Amway Global](#), previously known as Quixtar
7. [Avon Products](#)
8. [Beachbody](#)
9. [BioPerformance](#)
10. [Discovery Toys](#)
11. [Dynamic Essentials](#) (Company dissolved in 2003)
12. [Equinox International](#) (dissolved 2004)
13. [Forever Living Products](#)
14. [FreeLife](#)
15. [Fuel Freedom International](#)
16. [Fund America, Inc.](#)
17. [European Grouping of Marketing Professionals/CEDIPAC SA](#)
18. [Herbalife](#)
19. [Holiday Magic](#) (Company dissolved in 1974)
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.](#)

38. [Reliv](#)
39. [Scentsy Inc.](#)
40. [Shaklee Corporation](#)
41. [Stream Energy](#)
42. [Success University](#)
43. [Sunrider International](#)
44. [Tahitian Noni](#)
45. [Telecom Plus](#)
46. [The Pampered Chef](#)
47. [Unicity International](#)
48. [United Sciences of America, Inc.](#) (Company dissolved in 1987)
49. [USANA Health Sciences](#)
50. [Vector Marketing](#)
51. [Vemma](#)
52. [ViSalus](#)
53. [Watkins Incorporated](#)
54. [World Financial Group](#)
55. [XanGo](#)
56. [YourTravelBiz.com](#)

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.

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