



MULTI-LEVEL MARKETING AN EVALUTION

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Abstract

Multi level marketing is a retail channel of distribution that has a negative image in the minds of many individuals and is under increasing scrutiny by government regulatory agencies around the globe. It is frequently alleged that multilevel marketing companies may be illegal pyramid schemes, and that such companies are unethical. One of the major concern being raised increasingly is the extent of so-called internal consumption. This paper addresses those characteristics of multi-level marketing that are under attack and argues from an objective, not emotional, perspective that claims that MLM organizations are inherently pyramid schemes and unethical are misplaced.

Introduction

Multi-level marketing is a system of selling products in a direct way avoiding middle agents and distributors. It is said that everything was started with **Carl F. Rehnberg**. During the 1915-1927 the above mentioned man was over China, it was at there he realized the role of vitamins and nutrients impacted general health. In 1945, he invented the multi-level marketing selling system to distribute his vitamins as **California vitamins** by name and latter renamed it in 1939 to **Nutrilite**. **Mr. Lee S. Mytinger** and **Mr. Willam S.Casselberry** became exclusive national distributors in 1945 and operated a company to distribute vitamins. In 1949 Mytinger and Casselberry,linc were involved in a disputewiththe U.S.Food and drugs Administration (FDA). Thus **Mr.Jay Van Andel** and **Mr. Richard Devos** came into there positions and started marketing Nutrilite. In 1949 they started a company called American Way and Nutrilite became one among the product distributed by American Way.Latter they renamed American Way into **Amway**.

At 1994 Amway took the ownership of Nutrilite completly.

Not only just Amway many similar companies like do TERRA, Advo Care, Neora International,LuLaRoe,..... emerged watching the hiking of Amway in market and the unbelievable turnover made by them.

Within 16 years they made around 500crs turnover.

In particular, the research points observed for this study are:

- How multi-level marketing evolved
- What were the changes happened to MLM
- Present strength of MLM

Future of MLM

Literature Review:

As per today's trend consumers choose their item mainly through online via e-markets. Even though a particular product is site assured everyone will go to the comment section and then choose the product after analyzing user reviews. But technology wasn't as easier as it is now in olden days. It is after the launch of JIO in India people began using Internet like this. The usage was limited. In other words if we were living in those days even the e-market is available we would have missed the opportunity for select wisely which means simply someone may have cheated us.

This is exactly what happened in the Multi-level Marketing. But in a much wiser way.

Lets talk this with an example,

PONZI SCHEME

Mr. Charles Ponzi was a infamous swindler who used the multilevel marketing as a scam. This scheme was an investment fraud that pays existing investors with money collected from new investors. It is still amazing that greed of men can make them blind. It was during the **1920s**..

Ponzi's promises were,

- ✧ High returns with little or no risk
- ✧ Overly consistent returns
- ✧ Unregistered investments.
- ✧ Unlicensed sellers (there weren't any qualification is required for being one member in this scheme.
- ✧ More money with more work

It is unbelievable that the fraud like this which had happened during the 1920s is still repeating.

In Hyderabad 10 lakh people, Rs 1500cror. That is the initial guesstimate of the victims and loss of the latest multilevel marketing scam busted by the Economic Offence Wing (EoW) of the Hyderabad Police.

At the centre of the controversial MLM scheme is a Bengaluru based firm, Indusviva Health Science Private Limited. The CEO of which was arrested along with 23 other persons on Saturday. The firm was reportedly flouting norms under the prize chits and money circulation schemes

Conclusion

This research is able to define one of the world's most successful and effective marketing methodology. But certain scams made this as a untruthful platform. In 1978 multilevel marketing got banned over India.

- It states, "As any scheme which assures quick and easy earning money through money chain or if someone demands money from another in order to invest it into a 'money circulation scheme' means any scheme for making quick or easy money or for receiving any money or valuable thing as consideration for a promise to pay money,"
- "On any event or contingency relative or applicable to the enrolment of members into the scheme, whether or not such money or thing is derived from the entrance money of the members of such scheme or periodical subscriptions"
- Money Circulation Schemes or money chain business are not legal in India.

The government after many researches let MLM legal with certain guidance.

It was a good one at the past

MLM started to be misused

Now MLM scams are going on but also with certain good ones.

So let us hope that not similar but better ideas will be here soon.....

