

A BRIEF STUDY ON NETWORK MARKETING IN KOHIMA

*Project report submitted to Nagaland University in partial fulfilment
for the award of the degree of Bachelor of Commerce*

MOABENLA LONGKUMER



Department of Commerce

KOHIMA COLLEGE

Kohima 797001

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DEPARTMENT OF COMMERCE
KOHIMA COLLEGE KOHIMA – 797001

NAGALAND

Date:

DECLARATION

I declare that the project report entitled “A BRIEF STUDY ON NETWORK MARKETING IN KOHIMA” submitted by me for the award of the degree of **Bachelor of Commerce** of Nagaland University is my own work. The project report has not been submitted for any other degree of this University or any other university.

MOABENLA LONGKUMER

CERTIFICATE

I forward this project report to be placed before the examiners for evaluation.

NGIPLON RACHEL CHOHWANGLIM

Supervisor

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I'm thankful to the individual (respondents) for helping me complete my project, my completion of the project would not have been accomplished without the contribution(responses) of the individual (respondents). I also want to thank my classmates.

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CHAPTER-1
INTRODUCTION

1.1. BACKGROUND

Network marketing or also known as multi-level marketing or pyramid selling is a business model of direct selling in which consumers get products directly through the network of consumers instead of stepping the retail stores. These consumers are also known as networkers, independent business owners, independent agents, business associates or independent distributors. The overarching concepts of direct selling by cutting out the retailer has been around for thousands of years. The business model of multi-level marketing as we know today originated in the United States, although there's debate over which company was the first ever network marketing organization.

With over increasing of competitive multi-level marketing companies, it has reached most of the parts of India including Nagaland. In Kohima, people are so much influenced by one person's action and when it comes to businesses in which direct selling business is also one of it, they have followed the steps of those people who've influenced them through earning passive income or side income. People had not much knowledge on how Network marketing works including the income structure but now with the power of network most of the people have grasped the idea of how it works, it may be through personal or other person's experiences or by the way they've heard about it. Most common companies in which people have been working is in Modicare Ltd., Avon Beauty Products Pvt. Ltd., Tupperware, Marrykay and so on. Now, the most competitive multilevel marketing companies in Kohima are Oriflame, Vestige, Magnessa, Oriens and so on. Most people prefer to join network marketing is because it provides products on discount and by the income structure.

In multilevel marketing, compensation plan usually pays out to participants from two potential revenue streams. The first is based on sales commission from direct selling the product or service, the second is paid out from commission based upon the wholesale purchases made by other sellers whom the participants have recruited to also sell products. In the organizational hierarchy of MLM companies, recruited participants (as well as those whom the recruit recruits) are referred to as one's down line distributors.

Also, people have a mind-set of choosing network marketing companies because of its products which offers better quality and better price rate. However, despite of the changing generation people still continues to work in MLM businesses.

This paper is going to explore what is the scope of network marketing in Kohima and whether it can create income especially to the dependent ones.

The first chapter deals with the background of the study, objectives, and information on sources of data collection. The second chapter consists of all the secondary and primary data collected from the respondents with interpretations depicting the objective of the research problem. The third chapter deals with summarizing the findings and giving a conclusion to the research.

1.2. Review of literature

Deepali Bhattacharjee (2016) conducted a study on “The problems and prospects of network marketing in Assam (India)”. The main objective was to analyse the contribution of network marketing towards income generation in Assam (India) especially among women. Primary data were collected from 640 respondents working among four different multilevel marketing companies. She concluded that Only those who dedicate and devote themselves 24 hours a week in the business, attend regular training, counselling regular with his/her ‘upline’ they can get the success in direct selling. Also added that there needs a strong government regulation to protect people from fraud, money making, chit fund.

F. Mary Merlin (2012) conducted a study on “Direct selling through Multilevel Marketing’ where she focused thoroughly on direct selling and traditional marketing. 21st century is all about direct selling where people can make use of the products for daily needs by directly purchasing it from manufacturers. She points out that instead of companies spending money on the middlemen or intermediaries, the benefits are given to the consumers who receive products at the wholesale prices. She also states that many distributors join business for consuming products only. They do not sell the products. Quitting of the distributors is the greater challenge of the direct selling. Moreover, 20%-30% of the distributors quit from the business annually.

Geevarghese K. Mathews, Dr. James Manalel & Siby Zacharias (2007) research a study on “Network Marketing: Exploitation of relationships- Myth or reality?”. The objective was to examine the exploitation of relationships in Network marketing. The study found that people who joined the Network marketing field was mainly because of persuasion by friends and relatives. Also found that the primary motive of Network members who

are in the business for five years was the additional income generation, therefore becoming a career for them.

Bindu Aggarwal & Deepak Kumar (2014) in a study on “Multilevel Marketing-Problems & Solutions” highlighted that in India a few companies have introduced multilevel marketing on a very large scale by quoting and promising very high returns. A large number of the people belonging to the middle class have joined the business by paying an entry fee. And concluded that the success of network marketing lies in the ability of a member to convince customers about the laws relating to contract employment, part-time employment etc. Many enterprising youths are following it as a source of second income.

Not much study was undertaken to highlight the problem related to quitting, why people in Kohima has low profile on the area of network marketing field. In order to fill this gap this topic has been selected for the study.

1.3. Objectives of the study

1. In order to identify the present problems and challenges faced by the people working in Network marketing businesses.
2. To examine whether the people (in Kohima) have positive or negative attitude towards network marketing.
3. To examine prospects opinion on network marketing career.

1.4. Research Questions

1. What are the factors and causes for people leaving MLM business in Kohima?
2. What are the challenges and problems faced by MLM business in Kohima?
3. What are the prospects of MLM business in Kohima?

1.5. Research Methodology

1.5.1. A questionnaire was prepared via docs.google.com and was sent to respondents through social media.

1.5.2. Sources of Data Collection

Primary Source: In this study, primary data were collected majority from the students, they answered the questionnaire which was prepared and sent through social media. The questionnaires prepared were open ended as well as closed ended.

Secondary Source: The secondary data were collected from various websites, articles and research reports.

1.5.3. Communication approach

The research was made purely based on the questionnaire prepared in google form, which was like a virtual response received from the correspondents. Therefore, no communication was done but received response through shared questionnaires.

CHAPTER 2
ANALYSIS AND
INTERPRETATION

CHAPTER-2

ANALYSIS AND INTERPRETATION

2.1. Demographic profile of the respondents: This section deals with various socio-economic differences of people working in network marketing businesses. It includes gender, age, marital status, employment status.

2.1.1. Gender distribution of respondents: Altogether 45 samples were taken for the current study. Table.1 shows the gender distribution between male and female. In which 26.1% respondents are male while 73% are female. This shows that the majority of people working in network marketing business are female.

Table.1. Gender of the correspondents

Gender	Frequency	Percentage
Male	12	26.1%
Female	34	73.9%
Total	45	100%

2.1.2. Age composition of the respondents: Altogether 45 samples were taken. In which 37% represents those under 21 years while 63% represents those who are between age 21-30. According to Table.2, Respondents who are more active in this business is from age 21-30.

Table.2. Age composition of the respondents

Age	Frequency	Percentage
Under 21	17	37%
21-30	28	63%
Total	45	100%

2.1.3. Marital and employment status of the respondents: Table3 & Table4 shows that the aggregate of respondents belonging to one category, i.e., 100% of the respondents are unmarried and students.

Table.3. Marital status of the respondents

Marital status	Frequency	Percentage
Married	Nil	Nil
Unmarried	45	100%
Total	45	100%

Table.4. Employment status of the respondents

Employment status	Frequency	Percentage
Student	45	100%
Employed	Nil	Nil
Total	45	100%

2.1.5. Respondents' knowledge on Network marketing: It is the number of respondents who are educated about the network marketing businesses. Table.5 shows the responses of total respondents (45) who are aware of network marketing, in which 91% of the total respondents have knowledge on network marketing strategy whereas only 8.5% have less knowledge.

Table.5. Table showing the responses towards knowledge on network marketing

Respondents answer	Frequency	Percentage
Yes	41	91.5%
No	4	8.5%
Total	45	100%

2.2. Network invitation: This section will show from whom the respondents were influenced to join the network marketing business. The table below shows that 68.18% invitation comes from friends. Therefore, it can be said that friends play a major role in connecting a wider network of the business.

Table.6. Various types of Inviters

Influencers	Percentage
Friend	68.18%
Co-worker	9.09%
Social media	4.55%
Family	18.18%
Total	100%

2.3. Reasons for getting involved: This section shows how the respondents are influenced, by what reason they join the business. The below data are some reasons which were chosen by respondents. According to the data, the major reason chosen by the respondents is ‘feeling more fulfilled (73%)’ and the second major reason is ‘good way to make money (62.2%)’. This indicates that the respondents join the network to earn money as well as to fill the need of being fulfilled by being a part of the network and engaging themselves in the business.

Table.7. Respondents’ reasons for getting involved

Reasons	Percentage
Good way to make money	62.2%
Connect with friends	21.7%
Feeling more fulfilled	73%
Discount on products	30.4%
Give me something to do or learn	52.2%
Pressure from friend or family to join	8.7%
Was told that I could earn a good income	30.4%
Win prizes if I sold a certain amount	17.4%
Encourage my friends to join	13%
To travel	30.4%

2.4. Duration of respondents' association with MLM business: Altogether there were 20 samples, in which 65% were those respondents who worked for less than 1 year in MLM business while 35% of the respondents associated for 1-5 years. It indicates that the experience of the respondents is low in the field of network marketing business.

Pie chart showing the duration of respondents' association with MLM business

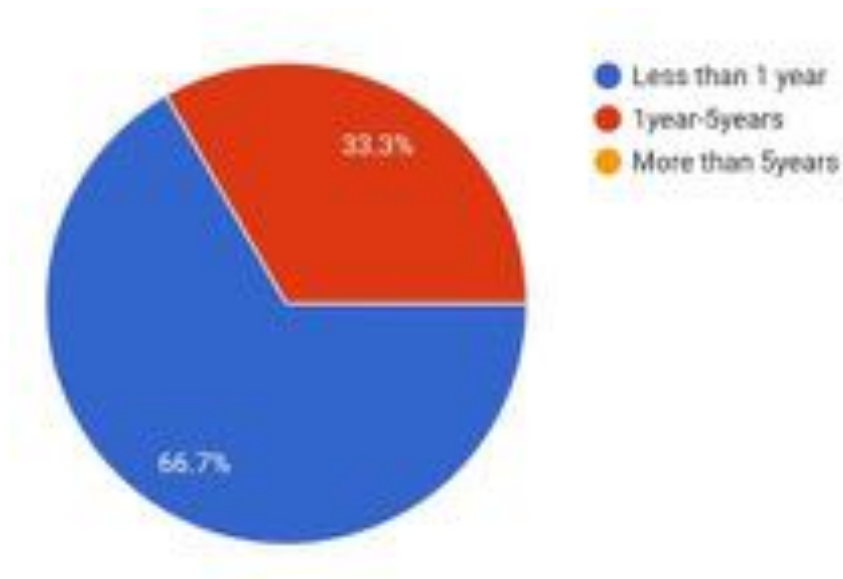


Table.8. Table showing the years of work experience in MLM businesses.

Duration of association with MLM business	Frequency	Percentage
Less than 1 year	13	65%
1-5 years	07	35%
More than 5 years	Nil	Nil
Total	20	100%

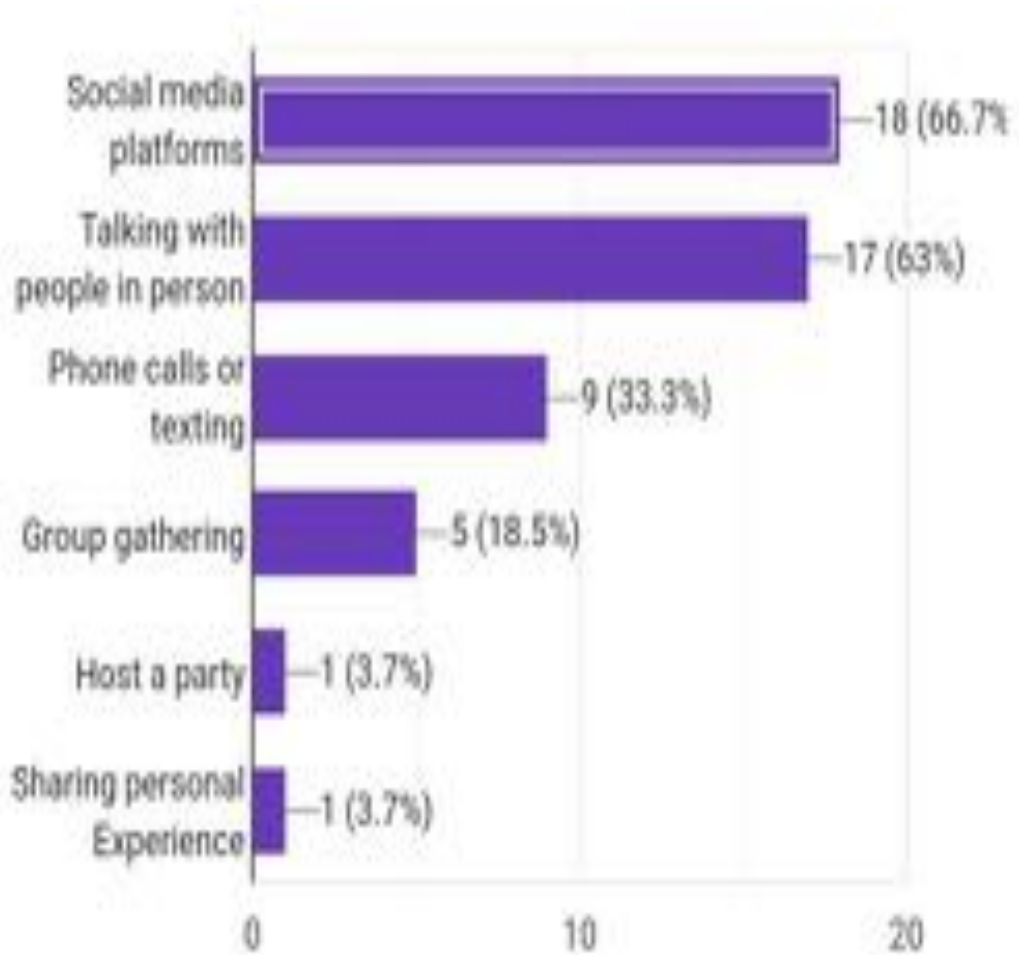
2.5. Companies in which the respondents have worked: Altogether 13 samples are collected for this study. The highest frequency was calculated from respondents working in Oriflame company. Which reveals majority of respondents were working as a distributor of Oriflame Pvt Ltd company.

Table.9. The companies in which the respondents have worked

Name of the company	Frequency
Oriflame	6
Magnessa	2
Biosash	3
Vestige	2
Total	13

2.6. Best way to find customers: The respondents have to deal with its customers or prospects in order to grow their network or business income, therefore, the chart given below shows the best ways in which the respondents choose to approach or find people to buy their products.

Diagram representing the ways of approaching customers or prospects.



2.7. Level of loss incurred and profits earned: This is to show whether the respondents are benefited or not. Here, 23 responses were received, in which it shows that the majority have received profits, it may be in the form of retailing income or through commission for finding a distributor under them.

Pie chart showing the percentage of profit and loss

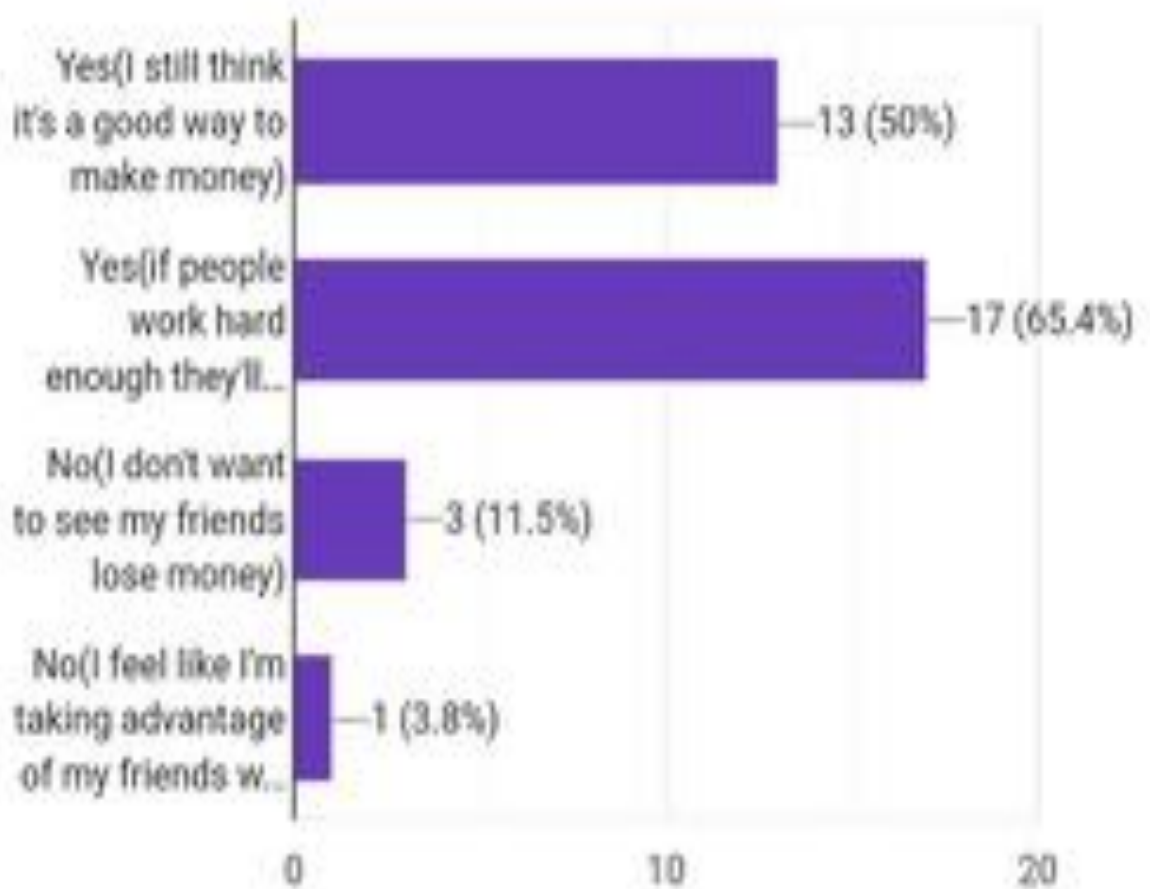


2.8. Problems and challenges faced by the respondents: This section shows the reasons received from the respondents for not being able to reach a successful end. Thus, the table below shows the common reasons which were stated by the respondents. In which the major reason is because of time restraint due to inability to manage time between academic activities and business work.

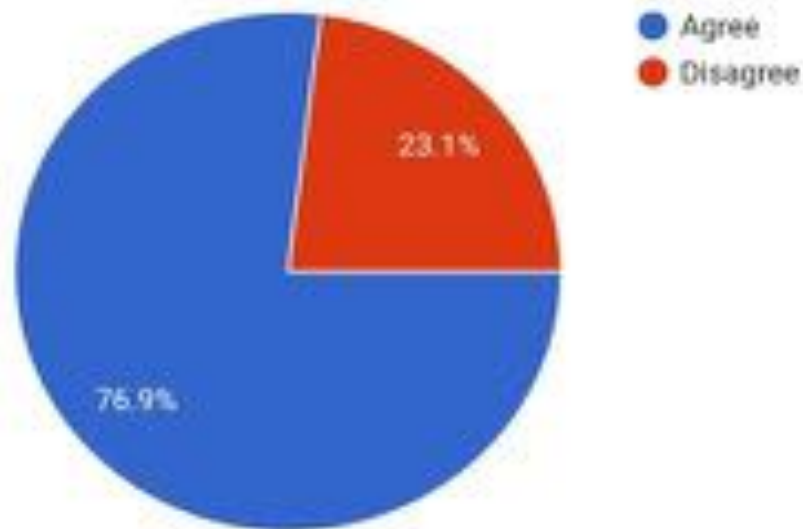
Table.10. Problems faced by the customers

Problems	Percentage
Difficulty in approaching prospects (downline)	3.37%
Difficulty in finding customers	17.86%
Due to financial problems	14.28%
Unable to manage time between studies and work	39.29%
Lost interest	25%
Total	100%

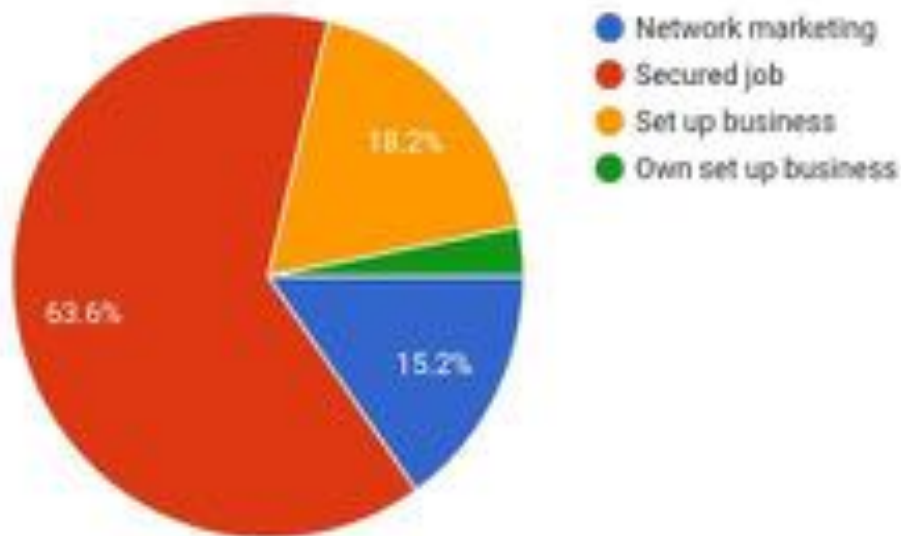
2.9. Perspective of the respondents: It is therefore necessary to know whether the respondents will recommend or encourage their friends in this network marketing field of business. Because it reveals the perception of respondents towards network marketing businesses through their experiences. The data collected below shows the percentage of number of respondents who chose the preferable options. 65.4% is the major result which indicates that the respondents would recommend and therefore the network marketing business is profitable if one works hard and give enough time, they are supposedly to succeed.



2.10. Preferences of the respondents towards occupation: Questions were also asked regarding their idea whether the future will be secured by working under network marketing companies. The pie chart below shows the number of percentages who have agreed and disagreed. However, the majority chose to agree with total 76.9% of the respondents supporting the statement. Therefore, it is clear that the future of people can be secured by working hard in network marketing field.



The respondents were also asked to choose which one did they prefer, then the majority opt for secured job (63.6%) as their future occupation.



CHAPTER-3
CONCLUSION

CHAPTER-3

3.1. Summary and Conclusion

According to the research carried on through survey, it has been found that majority of the respondents were students and due to time management and financially dependent, they were unable to succeed in the field of network marketing business. However, it was also found that through the respondents' experiences, they had a positive response working in network marketing companies. There were about 65.4% of respondents who had a positive response, that if a person works harder they'll have a high tendency to succeed in this field. There are many who have succeeded and has benefited a lot in this field of network marketing. Based on the study, it is found that a good number of people are engaged in MLM business, but due to not being consistent enough and lacking of proper training and knowledge has failed them. Thus, if one tries its best to be consistent and get a proper training before starting off, it would have a drastic impact on the performance of a person. Some challenges which were identified through the survey are;

1. Time constraint.
2. Many students failed in this field due to lack of priority. They give more priority to their education.
3. Due to financial problems. It may be because they are still financially dependent.
4. Due to lack of interest. From this research it is found that through the passage of time, they lose interest. And it may be due to not being consistent.
5. Lack of motivation. Most of them lacked motivation to keep going or doing more out of it.
6. Due to lack of knowledge of this field. Many students do not have adequate knowledge of what actual network marketing is or how it works.
7. Some of the students get into this field just because of the pressure they get from friends, family or others and not from their own will.
8. Due to less income generation.
9. Due to lack of proper training and skill to find a customer or approach a prospect.

10. Some respondents are afraid of being misunderstood by the people that it may trigger their relationship negatively, or due to lack of self-esteem. This can be said that the respondent is giving more priority in maintaining his/her relationship status with others.

Those were some challenges and problems which the respondents faced or can be said as some hindrance that breaks the bridge to success in network marketing businesses.

3.2. Suggestions

Network marketing or direct selling is a field where everyone can earn big depending on how one is consistent and has better skill and knowledge. It has become very competitive to work in a network marketing business and there can be no room of success for those who dreams big but does nothing.

Many are yet to experience the fruitful outcome of working in a network marketing business. It can be achieved but it will need one's dedication, hard work and zeal to become successful. Also, better management of time can be one step to be kept in mind.

Network marketing needs people who are not just working for a short-term period of time but for a long term with a definite goal in mind that will act as a driving force to succeed.

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<https://www.prbmp.com/news/blog/the-history-and-evolution-of-network-marketing/#:~:text=The%20business%20model%20of%20MLM,of%20the%20California%20Perfume%20Company>

https://en.m.wikipedia.org/wiki/Multi-level_marketing

For questionnaire

<https://www.google.com/forms/about/>

Appendix

Questionnaire

1. Gender

Male

Female

2. Age of correspondent

Under 21 years old

21-30

31-40

40 above

3. Education qualification of the correspondent

Educated

Uneducated

4. Marital status

Single

Married

5. At present what is your way of living?

Business

Private/gov. Job

Unemployed

Student

6. Do you know what is network marketing?

Yes

No

Maybe

7. Are you working in network marketing?

Yes

No

8. If no, what is your reason for not working?

9.If yes, what company? (e.g. Oriflame, vestige etc.)

10.How long have you worked in MLM business?

Less than 1 year

1year-5years

More than 5years

11.If you have worked and not working anymore. Please state your reason for not continuing.

12.How long have you been involved in this company? (Or how long were you involved in the past?)

13.Who introduced you to this company?

Friend

Family

Co-worker

Other:

14.Does it have registration fees or certain range of products you must buy to start the business? If yes, how much did you spent?

15.If no, how much was your first investment?

16.What level would you consider yourself in this company?

17.What are the products most sold? (e.g. Cosmetics, medicine, electronics etc)

18.What are all the reasons you got involved to work in this company? (Please mark all that apply)

Good way to make money

Connect with friends

Feeling more fulfilled

Discount on products

Give me something to do or learn

Pressure from friends/family to join

Was told that I could earn a good income

Win prizes if I sold a certain amount

Encourage my friends to join

To travel

Other:

19. What is(was) your monthly or weekly income from this company?

**20. What is the best way for you to find and reach people to buy your products?
(Please mark that all apply)**

Social media platforms

Talking with people in person

Phone calls or texting

Group gathering

Host a party

Other:

21. Do you get loss?

No

Sometimes

Yes

22. Do you get profit?

Yes

No

Sometimes

23. What keeps you motivated?

24. Do you face any problems while working in this company? If yes, please write in short.

25. Would you encourage your friends to get involved? (Mark all that apply)

Yes (I still think it's a good way to make money)

Yes (if people work hard enough they'll make money)

No (I don't want to see my friends lose money)

No (I feel like I'm taking advantage of my friends when I get a percentage of what they sell)

26. Are you open to the idea that your future will become secured if you are in network marketing business?

Agree

Disagree

27. Which one do you prefer?

Network marketing

Secured job

Set up business

Other: