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SUSTAINABLE DEVELOPMENT IN MULTILEVEL MARKETING (MLM) BUSINESS DURING COVID-19 PANDEMIC

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ABSTRACT:

Direct selling is a conventional method of marketing. Multilevel marketing (MLM) is a type of direct selling. MLM is a technique for selling products or services to customers directly through personal contacts and recruiting them as members away from retail outlets. They receive commissions or bonuses as a result of the sales made by their recruits. The products or services are sold by direct sellers, who are known as individual representatives of the MLM business. These representatives carry out product demonstrations while selling products.

During the COVID-19 pandemic, this business sector has made a substantial contribution to women's empowerment, self-employment opportunity, skill development, entrepreneurship, and SME development. It transforms all these challenges into opportunities by sharing the values of community and unity. In this paper, we will study the impacts, challenges, and role of this business sector in sustainable development during COVID-19. We will also discuss IDSA, which is an autonomous, self-regulatory body for the direct selling industry working in India. Secondary data such as published research papers, articles, journals, relevant sites, and other sources are used for the study.

KEYWORDS:

DIRECT SELLING, MLM, COVID-19, INDIVIDUAL REPRESENTATIVES, SUSTAINABLE DEVELOPMENT, IDSA.

INTRODUCTION

Multilevel marketing (MLM) is one of the conventional methods of selling products and services through multiple levels and setting up a large network of people in order to grow the business. MLM is also called "network marketing" and "referral marketing." The products or services are sold by direct sellers, who are known as individual representatives of the MLM business. These representatives carry out product demonstrations while selling products. They earn money by selling products and by recruiting people as their downline. People can do this business from their homes, so it becomes a good earning opportunity for people during the difficult situation of COVID-19. Before COVID-19, Indians were afraid of accepting this marketing strategy because of the many scams that run behind it.

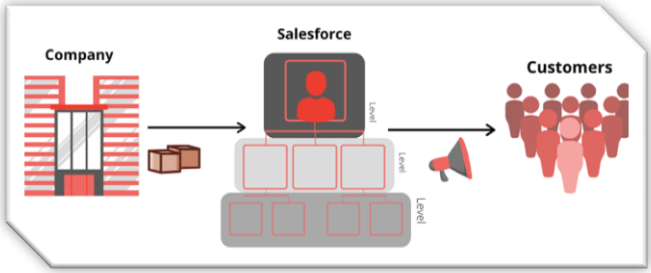


IMAGE SOURCE-

https://www.infotraxsys.com/insights/direct-selling-mlm-network-marketing-or-party-plan-whats-the-real-difference/

OBJECTIVE

To study impacts of covid-19 on Multilevel Marketing Business.

To study key drivers of Multilevel Marketing during covid-19.

RESEARCH METHODOLOGY

Secondary sources like published papers, articles, relevant sites, IDSA survey report etc. are used to meet the objective of study.

MLM DURING THE COVID-19 PANDEMIC

As we all know, the COVID-19 pandemic was a difficult time for all businesses. This epidemic affects every business. The multilevel marketing industry also faces many challenges during this period. There are many challenges facing this industry, but it takes all these challenges as an opportunity and takes relevant steps to grow this business. According to the IDSA annual survey report, growth has been experienced in this business during the COVID-19 pandemic.

Before COVID-19, India was backward in accepting this marketing strategy as compared to other developed nations like the UK, US, etc. because the Indian economy was afraid of the scams that would run behind it. But during the pandemic, economic instability is the big problem for all the nations in the world, which plays a crucial role in thinking about multilevel marketing because this marketing plan has a wide and profitable business platform. Just after the COVID-19 outbreak, the entire MLM network industry adjusted its marketing strategies to improve efficiency and support the medical sector by creating PPE kits, doing vaccine research, producing medicines, etc. This pandemic circumstance helps in expansion of India's network marketing industry very quickly. The position of network marketing or MLM in India at this time appears to be quite positive, ensuring future success in the MLM sector. After this pandemic, people felt the need for a secondary source of income that could help them financially during the unpredictable situation, so they entered the MLM business.

The sector has made a substantial contribution to women's empowerment, self-employment opportunities, skill development, entrepreneurship, and SME development. Even during unprecedented periods of difficulty, such as COVID-19, the direct selling industry's shared values of community and unity have turned these challenges into opportunities.

KEY DRIVERS FOR GROWTH OF DIRECT SELLING INDUSTRY DURING COVID-19

Increased knowledge about health and nutrition products- The wellness category, which saw a growth in demand, contributes almost 55% of the total direct sales turnover in India.

TECHNOLOGY ADOPTION- The adoption of technologies like Zoom, WebEx, and others by direct selling companies considerably expanded their capacity to reach out to new prospects. The entities were also able to increase the frequency and quantity of meetings.

DEVELOP THE CONCEPT OF WORK FROM HOME- The concept of "work from home" has given an opportunity to people where they may have a second source of self-sustainable income.

STRONG DISTRIBUTION SYSTEM- Direct selling companies developed a reliable delivery system that made it possible to send products to customers' homes during the epidemic.

INDIAN DIRECT SELLING ASSOCIATION (IDSA)

The Indian Direct Selling Association is an autonomous self-regulatory body working for the direct selling business in India. It also represents multi-level marketing businesses. IDSA was incorporated in 1996. The association works as an interface between the industry and policy-making bodies of the government, facilitating the cause of direct Selling business in India. IDSA seeks to develop and promote an environment that will support the growth of the direct selling sector in India through advisory and consultative activities with the government. It also works closely with the government to catalyze changes in the direct selling industry for policy issues, improve efficiency, and bring about the needed credibility, clarity, and confidence in direct selling.



IMAGE SOURCE- https://idsa.co.in/what-is-idsa

The IDSA published its annual direct selling industry survey report. Ipsos Strategy3 does the survey on behalf of IDSA for the financial year 2019–20.

KEY POINTS OF IDSA ANNUAL SURVEY REPORT 2019-20

- In 2019–20, the direct selling market in India was estimated to be worth INR 1,67,762 million. The sector increased by almost 28% from INR 1,30,800 million in 2018–19.
- Approximately 80% sales of direct selling industry were made in the fields of wellness and cosmetics and personal care.
- The direct selling business is dominated by women, while men exceed women in terms of the total number of direct sellers.

CONCLUSION

The majority of industries and businesses were in the depression stage during the COVID-19 pandemic. They face numerous difficulties caused by social isolation, and all company operations are frozen. Despite this, MLM enterprises are still growing and are one of the business sectors that are least affected by the epidemic era. Some multi-level marketing distributors are attempting to attract new investors by making bold claims about money and the opportunity to work from home—obviously suitable for those who are currently jobless. Apart from the concept of "work from home", technology adoption, nutrition and wellness products, and a strong distribution system played important roles in MLM growth during COVID-19.

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