INTRODUCTION

The concept of Multilevel Marketing or network marketing is a method of product distribution. The products are moved through independent distributors. The distributors are given an opportunity to introduce other distributors to the business. Instead of incurring massive media advertising and sales promotion cost, the savings are passed on to distributor consumers. At the same time products are available to consumers at wholesale prices.

Multi-level Marketing (MLM) is gaining much attention in business circles recently. How MLM (Network Marketing) got started and grew to meet the needs of the customer and the entrepreneur.

Network Marketing has been around for over 50 years. In 1934 California Vitamin Company came up with a concept of Multi-level Marketing. This company started out as a direct sales company signing up sales people that would use the product for their personal use and sell it to their family and friends. In the process they would earn an extra $50 per month which was a substantial income at that time. Their friends and relatives not only liked the product but they started to realise that they could benefit financially themselves by buying the product at the wholesale price and in turn selling it to others.

In 1943, California Vitamins changed their name to Nutralite Corporation which implemented the first true Multi-level Marketing compensation plan. Everyone involved in the company got paid on multiple levels of sales made.

In 1949, Jay Van Andle and Richard Marvin DeVoss joined Nutralite Corporation as Members and for the next ten years the company grew and prospered. They regarded conventional sales jobs as unfair - being paid only once for the work that they did even when the company continued to make a profit from their labors for many years afterwards. They believed that they should be paid relative to the benefit the company continued to get from their original work. In 1959 Jay and Richard decided to go in a different direction and start their own Multi-level Company called Amway.

In 1975, US consumer protection agency Federal Trade Commission decided to take Amway to court because they thought that Amway was involved in a Pyramid Scheme.
A pyramid scheme is when you sell a system without a product. A number of different pyramid schemes sprang up with the advent of MLM. Because Amway was the biggest MLM distribution company at the time, the Federal Trade Commission decided to make an example of them to prove that Amway was involved in an illegal business. For four years Amway fought in the courts to prove that MLM was a legitimate business finally winning the case in 1979. This paved the way for many more MLM companies to enter the industry.

In the early Eighties the Multi-Level Marketing term was replaced by Network Marketing. Right now Network Marketing is poised to become a giant that will out grow any other form of conventional business. Currently it is the fastest growing method of distribution in the world and now you have a ground floor opportunity to grow your business and prosper in the years ahead.

In order to eliminate the defects associated with the present system of marketing as regards to distribution channel, promotion and advertising; there is a need for a new strategy in marketing. Direct selling is an innovative version of the direct channel system.

The concept of Multilevel Marketing or referral marketing is a method of product distribution. The products are moved through independent distributors. The distributors are given an opportunity to introduce other distributors to the business. Instead of incurring massive media advertising and sales promotion cost, the savings are passed on to distributor consumers. Distributors share the large revenue that normally goes to the middleman. At the same time products are available to consumers at wholesale prices.

However, effective recruiting is very essential for the very existence of the majority of direct selling companies including multilevel marketing organizations because the survival of these organisations depend on the ability to make more and more new recruits to replace those who have discontinued. MLM distributors can have a relationship with both their —uplinell sponsor and their —downlinell recruits. They also often work cooperatively by holding common recruitment meetings and sales training sessions. Distributors of multilevel marketing companies foster a combination of friendship and instrumentality in developing networks.
This paper describes the problems and sets out a research paradigm to investigate the influence of relationship in building network which is a prerequisite for the better performance of distributors in multilevel marketing and other factor which directly & indirectly involve in MLM in Indian environment.

The expectation of this study is to provide the business community, academic and social understanding of the work system and marketing Multilevel Marketing. Thus providing a new vision to the traditional market, so you can create a new perspective on business management, with recognition of the employee, so that it may seek constant improvement and motivation, thereby improving the relations Consumer Company.

Talking of the present times, the Indian MLM industry is witnessing, especially for the past 4-7 years, a tide of MLM & direct selling firms operating in the market. A large portion of this tide is mainly characterized by mushroom growth of unorganized small players who are not serious with the MLM business, rather they are portraying it as a "get rich overnight" opportunity. With this, the image of the industry in India has been tarnished to much an extent. Many people now see MLM as a scheme run by fraudulent fly-by-night companies. This perception is also true keeping in note the fact that innumerable unorganized & small MLM companies have flown away and vanished from the market after collecting subscription/joining fee from thousands of customers, the amounts being running in millions of rupees.

The other side of this story should also be given a proper reference. It is now a well understood and an appreciated fact that often quality has to be searched from within quantity. Referring to the above scenario of the MLM industry in India, it can well be said, from other side of the coin, that the industry is witnessing positive notes from business sector, as more and more companies are going the MLM way. Thus, involvement of hundreds of companies into MLM and the abovementioned MLM tide are then to be recognized as true representatives of the potential recognition of the direct selling & MLM industry.

Multi-level marketing (MLM) companies have gained an important position in the worldwide direct selling industry, even if there are still questionable issues about them. These companies heavily rely on their sales force and therefore make significant efforts to support their activity. Thus, knowing that one important benefit of the marketing
communications mix comes from the synergy of its components, MLM companies make important steps towards the adoption of integrated marketing communications (IMC).