

Network Marketing

An Alternate Distribution Channel
in

Rural Marketing

A Case Study – Pankaj L Shah

Preamble

- World over Network Marketing has become a successful concept that empowers ordinary people to turn into successful entrepreneurs.
- Network Marketing, which took roots around 9 years back in India, is at a nascent stage, but expanding at a phenomenal growth rate.
- India, due to its population and largest independent consumer market is the most attractive proposition for Network Marketing, provided it is customized to suit Indian culture as well as its requirements.

Mixed Reactions

- NM Industry is facing problems from the mushrooming growth of unscrupulous NM operators who are giving genuine NM Companies a bad name.
- Misconception amongst people that only new Companies begin with NM as a method of distribution. This is far from the truth, e.g. HLL a Company with a massive turnover entered into NM.
- This should rest all doubts about the Power and Legitimacy of this form of business.

The Case Study

Image Multitrade Pvt Ltd introduced the following 2 Agro Products through NM

- **Image Bio**, a Microbial Broth an exclusive eco-friendly and cost effective bio-product using selective strains of plant beneficial bacteria helping to improve overall quality , yield and soil fertility
- **Image Bio Care**, based on Cow's Urine blended extract of different Ayurvedic plants., protects the crop from soft insects, fungus, bacterial diseases & viral infections.



Observations

Network Marketing

- Dedicated Field Force
- Wider Reach
- Regular Payout Cycle
- Product Demo by Self
- No Promo / Samples
- No Ads, Word of Mouth
- No Trade Discount
- Awards, Bulk Sales
- Advance Payment
- Not Applicable
- Second Sale affected

Traditional Marketing

- Field Force on Payroll
- Limited Reach
- Salary, TA, DA
- Demo by Trained Staff
- Promos / Samples
- Ads , Stalls at local Fairs
- Offers / Trade Discounts
- Bulk Sales – at Discount
- Credit to be Extended
- Billing & Collection control
- Availability at Local Counters

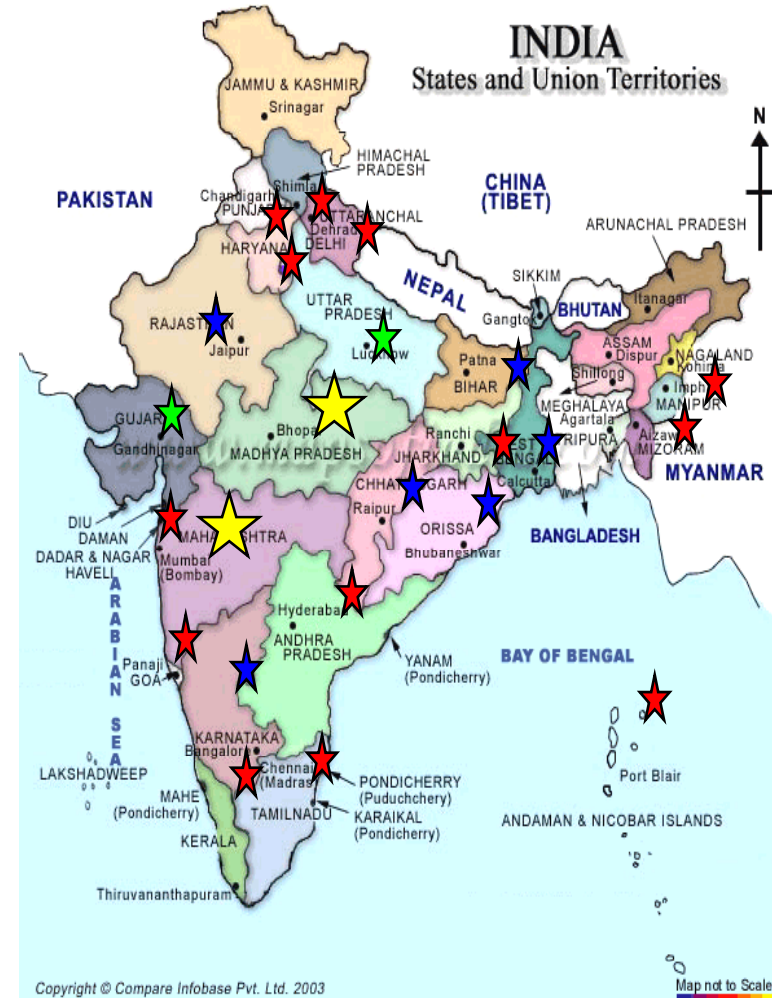
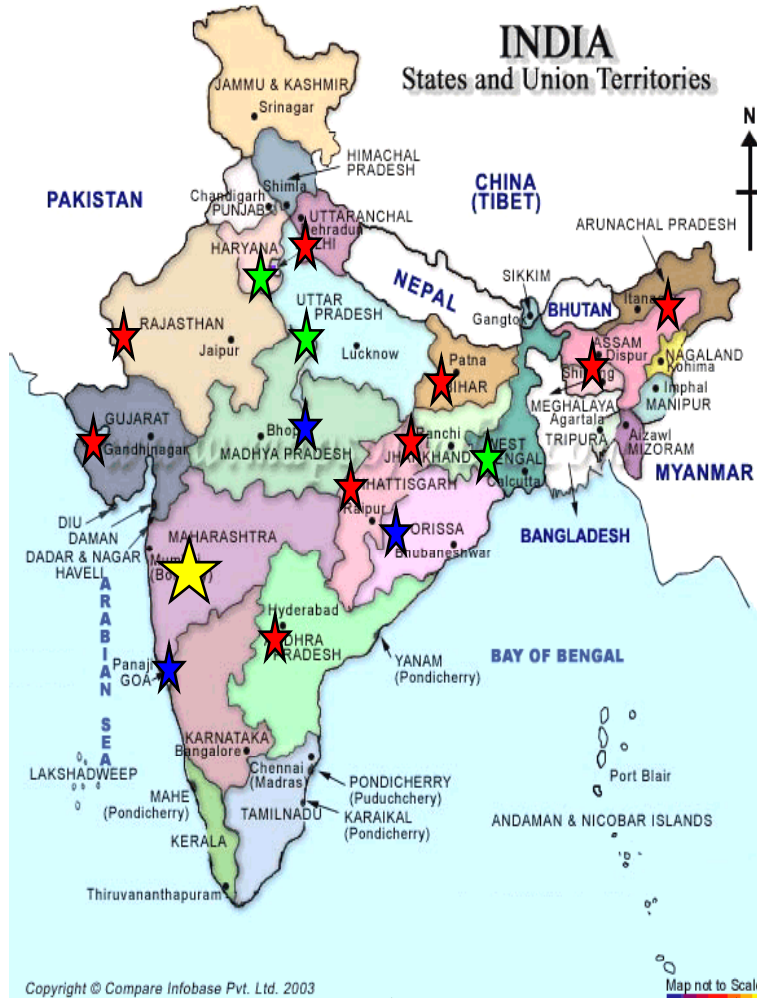
NM Sales & Reach v/s Traditional

April - Dec 2007

18,000 Units

Jan - Dec 2008, 40,000 Units

Traditional 8,000 W MH (Oct-Dec)



★ > 5000

★ < 5000

★ < 500

★ < 100

Conclusion

- Network Marketing can be effectively used to penetrate and create awareness in the Market including Rural Markets.
- To site, few Examples
 - APISA-80, Amway is widely popular with Farmers
 - SWADESHI popularized “Swadeshi Vitaran Kendra”
 - DENIM range of Products re-introduced by HLN
 - NONI Fruit Juice entered India thru NM
 - Aloe Vera Juice / Products popularized by FLP