



Adopting Network Marketing

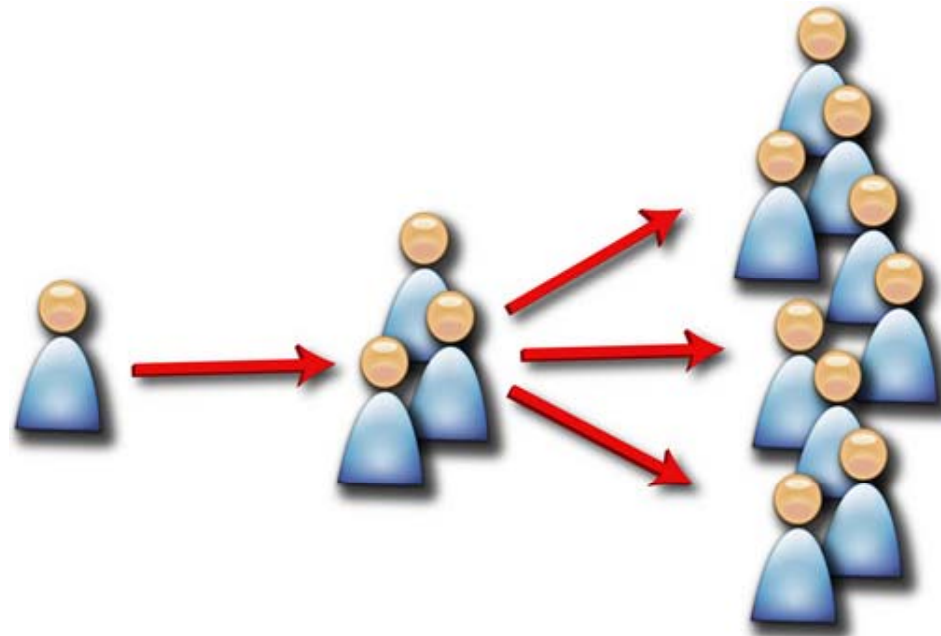
As

An Effective Alternative Distribution
Channel

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Birth of Network Marketing

- Network Marketing is not some fad but a Scientific, Organized, Proven way of doing Business Worldwide.



Some facts about Network Marketing

- Started in 1941 in USA and has evolved into an Industry World over
- Network Marketing is well entrenched in over 80 Countries
- Many NM companies exhibit rapid growth in Annual Turnover [20% to 300%]



Some facts about Network Marketing

- Network Marketing is 80 bn. Dollar Industry Worldwide
- 5000 Active Network Marketing companies in 1995
- The number expected to touch 30000 in 2010.

Why Network Marketing?

1. Little Capital



2. No Risks



3. Start Part-Time



4. Immediate Income



5. Anyone can do it



6. You Can Start at Home



Network Marketing

- People from every walk of life are involved into Network Marketing as an opportunity to unlimited earnings.
- It is the only business opportunity where ones' background doesn't matter in the least.



Comparison

Direct Marketing

Plus Side

- Reaches Target Audience
- Home specific penetration
- One 2 One demo Sales

Minus Side

- Office timings of Salesmen & Target Customers overlap
- Time consuming Sales
- High wage Bills of Sales force

Network Marketing

Plus Side

- Reaches Target Audience
- Parallel Income Opportunity
- High Customer Loyalty

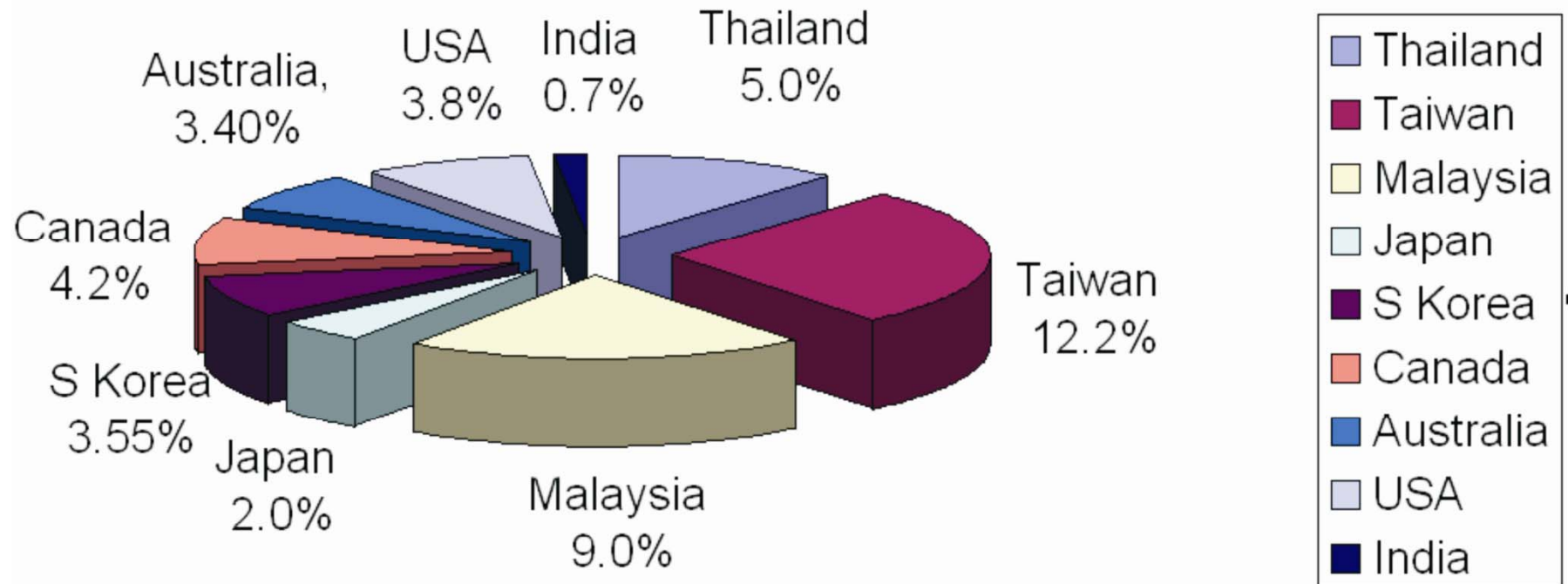
Minus Side

- Vertical Product Focus
- No Physical presence
- Product pricing inflated artificially



Population vis a vis MLM Ratio

Percentage of Population doing MLM



Indian NM Potential

- According to the previous Chart one observes that the number of people involved in the NM Industry in various Countries are roughly equal to or more than 3% of the population of those Countries.



Indian NM Potential

- For India to reach 3% of its population it would mean 30 million people even if we take 3% of middle class which is roughly 350 million peoples it means over 10 million people will be involved in NM which is 10 times the present amount of people involved in the Industry.
- According to a recent Survey India stands at **Number 11** among the top 25 Countries World wide in the number of Sales Consultants present within the Direct Selling network , and **23rd** in terms of revenue generated through direct selling.

Network Marketing Potential

- World over Network Marketing has become a Successful concept that empowers Ordinary people to turn into Successful Entrepreneurs.
- Network Marketing, which took roots around 12 years back in India, is at a Nascent stage, but expanding at a Phenomenal Growth rate.

To Summarize

- 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.



Who is the Greatest
Networker of our
Country ?



The Power of Word to Mouth



Mixed Reactions

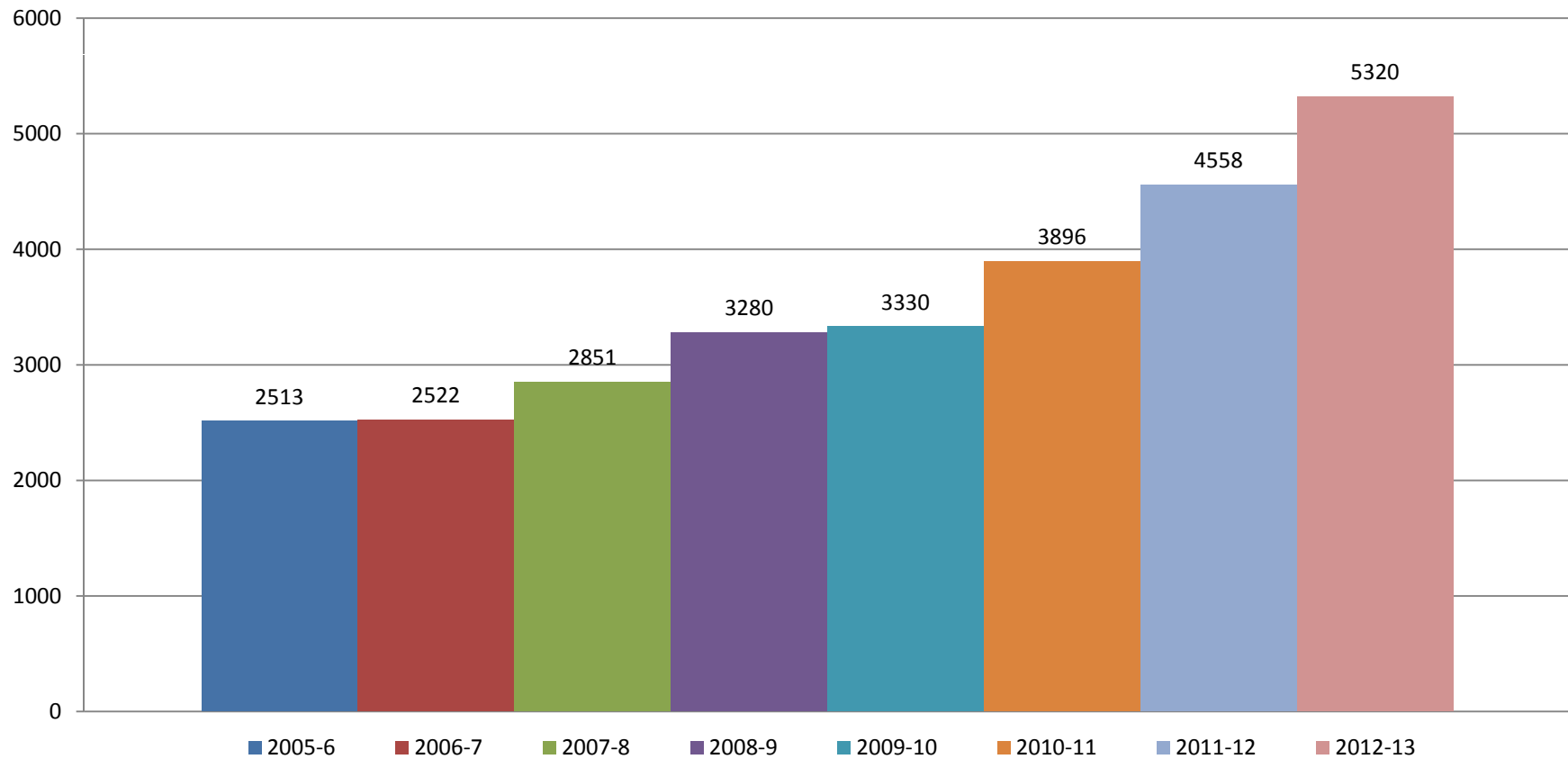
- NM Industry is facing problems from the mushrooming growth of unscrupulous NM operators who are giving genuine NM Companies a bad name.
- Misconception amongst people that only new Companies begin with NM as a method of distribution. This is far from the truth, e.g. HUL a Company with a massive turnover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

Network Industry Turnover

- Indian Network Industry to touch ₹ 5,320 Crore by 2012, if the annual survey findings released by Ernst & Young is any indication.
- According to Ernst & Young partner (Retail & Consumer Product Practice) *Pinakianjan Mishra* “More than money, this mode of marketing needs a lot of learning and communication. Besides, direct selling has become an additional source of income for several families. So the market is here to grow”

NM Industry Turnover ₹ Crores

NM Industry Turnover (crores)



Some 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



Yester year Products

- Textiles: Suitlengths / Sarees / Shirts / Trousers
- Home Appliances : Mixers / Grinders, Sewing Machines
- Home Products : Cleaners, Soaps , Toothpastes, Personal Care Products, Air-tight Containers etc
- Cosmetics : Lipsticks, Nail Polishes, etc
- Health Products : Aloe Vera, Noni, Ayurvedic Products, FIR Garments, Magnetic Beds
- Accessories : Jewellery (both), Leather
- Services : Website space, Educational CDs, Insurance, Holiday Packs, **Diagnostic Services**
- Land: Plots , Flats

Today's Products

- Home Appliances : Power Savers, Induction / Pressure Cookers, Water Purifiers, Washing Machines, Refrigerators
- Cosmetics : Face Mask, Sanitary Pads
- Health Products : Energy Products, Nano Technology, Scalar Energy Products, Nutraceutical / Slimming Products, Acai Berry
- Accessories : Designer Jewellery, EMR Protection Products
- Services: Mobile / DTH Recharge, Online Surveys, International Holidays, High end Diagnostic Services, Video Email
- Online Shopping Mall
- Others Goat / Rabbit Farming

Customizing to suit Indian Culture

- Multilingual Brochures
- Small / minimal Entry level
- Addition of local / Indian Products
- Introduction of Sachets
- Power Saving / Electrical products to handle large fluctuations
- Logistics to handle all terrain / interior villages
- VAT / Octroi issues
- Non-availability of PAN in Rural areas



Indirect Benefits / Sales thru NM Industry

- Mobile Company sold a wide variety of sets
- Laptops & Notebooks
- Motorcycles
- Maruti Suzuki sold the highest number of Alto
- TATA Motors sold large number of Indica
- Branded Jewellery
- Room Nights in 4- 5 Star
- Air & Rail Travel
- Domestic & International Resorts / Holidays
- Highest TDS generated

Best Strategies of Network Marketing

- NONI / Aloe Vera Juice entered India thru NM
- DENIM range of Products re-introduced by HULN
- Highest number of Sales of Induction cooker
- A Private Company recorded the Highest number of Insurance Policies to achieve # 1 position
- “Kohinoor” Rice marketed by an MNC NM Company
- Successful tie up with “Big Bazaar” for repurchase by a NM Company



World's Financial Educators

- It may not be out of place to state that the World's Top Financial Educators, like
- Robert Kiyosaki (*author of Rich Dad, Poor Dad*)
- Warren Buffett
- Donald Trump
- Have also ventured into this Industry.



Conclusion

- Network Marketing can be effectively used as a Channel to penetrate and create awareness in the Markets, including Rural Markets.
- To site, few Examples
- APSA-80, Amway is widely popular with Farmers
- SWADESHI popularized “Swadeshi Vitaran Kendra”
- Record sales of Bio-fertilizer by NM
- Solar Lamp popularized by a NM Company
- Cattle feed introduced thru a NM / DM Concept

Indian NM Industry Magazines

The Business Diary

Networking Today

Winners Express



Thank You

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For

NM Consultancy

Strategic Product Placement in NM