
THE IMPORTANCE OF NETWORK MARKETING IN THE ECONOMY

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Abstract

This article considers the task of *network* marketing is the information coverage of the maximum coverage of people. Selling is a natural result of this outreach. Turnover in network marketing arises and is maintained due to the fact that people inform about the company's products.

Keywords: Marketing, trade, factor, people, sale, products

Introduction

The main factor holding back many people from starting their own business is the lack of financial opportunities and the fear of losing funds, often borrowed, if the business fails. Both of these shortcomings are almost completely absent in the multilevel marketing model. "Multi-level marketing" or MLM (multi level marketing) means a system for delivering a product or service to a consumer and encouraging people to carry it out. Multi means "more than one", Level - generation, level. You can call this system "promotion of products through several generations." A more modern name is the term "network marketing". Network marketing is a common form of direct selling retail. A feature of this business is that the goods sold are not on the shelves, but are distributed with the help of distributors. Distributors are people who create their own networks that make business [1-12]

In addition to the obvious advantages and disadvantages, there are also very controversial points, for example, the inability to predict the expected income can be both a plus - for a successful networker, and a minus - for a beginner or a person who does not have the ability for this type of activity. Thus, the relevance of the organization of network marketing is as follows: Firstly, in a fairly stable system of marketing and distribution of goods through distribution networks; Secondly, in the constant influx of new distributors from among the buyers, that is, in updating the channels for distributing goods; Thirdly, advertising campaigns in many network marketing organizations are not carried out, the distributor himself advertises the product with his own example and story. Network marketing is a type of activity that helps to develop the communicative qualities of a person. The ability to make new acquaintances and connections, the ability to build good relationships with a large number of people, the ability to influence and correctly convey one's point of view - these are the traits that are inherent in all successful distributors. Network marketing contributes to the lives of a large number of people. Network marketing is important as it is easy to enter the industry and gives you the chance to earn more money by working less. It is a tactic to deliver any services or products from the company to consumers. It connects the consumer directly with the company and can purchase the products easily. It appeals to people with high energy and strong sales skills, who can build a profitable business with a modest investment. A network marketing business can be a single-tier program, whereby you sell the products or, multi-tier where you also recruit additional salespeople [13-25].

Network marketing offers people an opportunity to earn money by working for themselves. They can create a business – whether full time or on the side – that helps them achieve their financial goals. If you've been hesitating to get into the industry, now is the time to explore your possibilities.

Importance of Network Marketing

1. Work from anywhere
2. Your own schedule
3. Low cost of entry
4. No employees
5. No billing/account receivables
6. Tax benefits from a home based business
7. No discrimination between men/women/age/race
8. Residual income
9. Training already in place and readily available
10. Receive the help, encouragement, and support from others in the same profession
11. Personal growth.

Network marketing is basically a medium of marketing that manufacturers use to expand their sales. Manufacturers use them when they have to deal with several distributors to push out their products. Sometimes, these distributors might have sub-distributors. As a result, this leads to a “network” of distributors that operate at various levels of the distribution chain.

Structure of Network Marketing

Firstly, manufacturers require several distributors, sub-distributors and dealers in order to create a network marketing structure. Secondly, These distributors procure goods from manufacturers themselves at wholesale prices. They may either use them personally or they may sell them to other distributors for a profit. This chain continues further [26-34]. The distributors, thus, will end up marketing goods until they reach customers or else they may become final customers themselves. Furthermore, these distributors get an opportunity to make some profits from this marketing network. They can receive some commission from manufacturers on the basis of the total volume of goods they buy and sell. Hence, the functioning of these distributors is similar to that of insurance agents.

Advantages of Network Marketing

- There are absolutely no limits on the size of the network marketing structure. This happens because companies can tie-up with innumerable people to become distributors. Further, distributors can further co-ordinate with other sub-distributors to expand the company’s sales.
- Due to a reliable and robust distribution network that engages customers directly, companies do not need to rely on advertising to market their goods.
- The structure of distributors also reduces the profit margins of retailers that companies consider as an expense. These margins get passed on to distributors and the companies do not have to bear their burden.
- Another advantage is that companies do not need to spend a lot of money on storage and distribution. This is because distributors end up bearing these expenses themselves.
- Finally, this structure allows distributors to earn an unlimited income from their dealings with the company. They can earn an income from their own profits as well as commissions.

Disadvantages of Network Marketing

- Since manufacturers depend on distributors to determine consumer demand, it can be difficult to predict production targets. They may end up under or over-stocking their products.
- In this form of business, it is basically the distributors who facilitate delivery of goods to final customers. Manufacturers have a limited role in this regard. As a result, they may find it difficult to control distribution and sales.

These distributors and dealers, therefore, act as independent representatives of the company. As a result, this way the company can market their goods widely without spending more money on traditional methods of marketing, like advertising.

Digital economy is defined as an economy that focuses on digital technologies, i.e. it is based on digital and computing technologies. It essentially covers all business, economic, social, cultural etc. activities that are supported by the web and other digital communication technologies.

The term was first coined in a book "The Digital Economy: Promise and Peril in the Age of Networked Intelligence" by author Don Tapscott in 1995.

There are three main components of this economy, namely,

- e-business
- e-business infrastructure
- e-commerce

In the last 15 years, we have seen the tremendous growth of digital platforms and their influence on our lives. Now consumers are influenced by things they see on social media (Facebook, Twitter, Instagram) and other such popular websites (youtube etc).

So this economy is a way to exploit this opportunity. Now it is integrated into every aspect of the user's life – healthcare, education, banking, entertainment etc.

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