

# Web Based Multilevel Marketing

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## Abstract

Our MLM Software has features to define products from which the marketing Firm is doing business for MLM software facilitates to define user commission and generate commission reports. All users can have access into a system and they can view / modify only their downlink. Every member will collect their own bespoke self replicating web page, with a fixed plan, Downlink, Payment Status and Reminders. Our MLM solution is web based enterprise level management system. Thus, you can easily collaborate with your associates. We provide a number of features for your benefit. Its web based application run on windows hosting. You can easily customize these features and can make your own changes.

## **1.Introduction**

Multi Level Marketing is a very popular business model in the Western countries. It is a kind of hybrid of the method of distribution of goods and the method of building a sales network. It is one of the safest (carries a very low risk) ways of conducting a business activity. The knowledge about functioning of this business model, both among theoreticians (scanty literature on the subject) and practitioners, is still insufficient in Poland. Thus, the presented paper has been

prepared as — in the Authors' opinion — it, at least infinitesimally, bridges the gap in the recognition of Multi Level Marketing issues. The aim of the study was, first of all, to describe Multi Level Marketing, to indicate practical benefits of this business model as well as to present basic systems of calculating a commission, which are used in marketing plans of companies. The discussion was based on the study of literature and the knowledge gained in the course of free-form interviews with the leaders of the sector.

## **Objectives**

OBJECTIVES In today's fast paced world, information is the essence to success. In the last two decades or so, man has made several advances in the field of information Technology. Today, it is much easier to communicate with people, no matter where they may be. Today, use of hi-tech devices like cellular phones, palm top computers and tablet PCs is as common as having a cup of tea. This power to attain information creates profitable and successful companies. Computer is one such device that can harness this power, combined with the information technology advances and high-speed communication that can create a very reliable network for a company to function on. The World Wide Web (www) that was developed initially for

defence purchase became an essential in the World can be interconnected and information can be exchange, thus making it the backbone of the hi-tech world. The web is a user-friendly graphics based part of the global Internet, accessible to any person or organization anywhere in the world. This is the platform that we have chosen to work upon for the following reasons:

- ✓ Because of its essential in day-to-day life.
- ✓ Simplicity of its use.
- ✓ Easy accessibility

### **System analysis**

**System Analysis** The process of System Analysis is the application of the system approach to problem solving using computers. The ingredients are system elements, processes and the technology. It means that one has to understand the system concept and how organizations operate as system, and then design appropriate computer based system that will meet an organizations requirements. It is actually a customized approach to the use of the computer for problem solving. System Analysis works with users to identify goals and build systems to achieve them. System development revolves around a life cycle that begins with the recognition of the user needs. Following a feasibility study, the stages of the cycle are evolution of the present system, information gathering, cost-benefit analysis, detailed design and the implementation of the candidate

### **2. Existing System**

In the existing system, all the documents are paper work which is handled manually. In this case, there is a chance of getting documents corrupted.

Moreover in the existing system there is always a possibility that anybody can read the documents. There are no rights set for the different users accessing each documents. There is no option in the existing system to provide security for the data being transferred from one user to another. Existing system may prove to be inefficient if the data cannot be handed over to the correct person. The concept used in the existing system may be time consuming. There might not be any security algorithms used in the existing system. Tracking of documents is difficult. There is no facility to know what all document types are there.

### **3. Proposed System**

In this Multi Level Marketing project the admin can login and add products, add the user and also add the users with the parent users, and add the invoice. Additionally the tree visualization makes the admin to identify the structure of the users with the parent users and the child users. The user profile information can displayed in the admin process. Invoice deals with the filling of the details..

### **Historical background of Multi Level Marketing**

Looking at the definition of the term formulated this way inadvertently leads to questions about the origins of the discussed business concept. In order to follow the historical course of events, it is necessary to start the search in the Unites States where first written records can be found. The oldest ones date back to early 1920's. In this period in the United States, direct distribution of goods was an important part of social life. Many companies looking for

opportunities for sale of their products opened sales agencies around the whole country. Producers delivered goods to agencies. Goods were later handled by direct distributors, for example, traveling salesmen. Such agencies were run by experienced employees who often used to introduce goods to the market themselves and used to start cooperation with and train new distributors. As the growing number of trained distributors generated higher sales, companies rewarded managers for the time devoted to new employees.

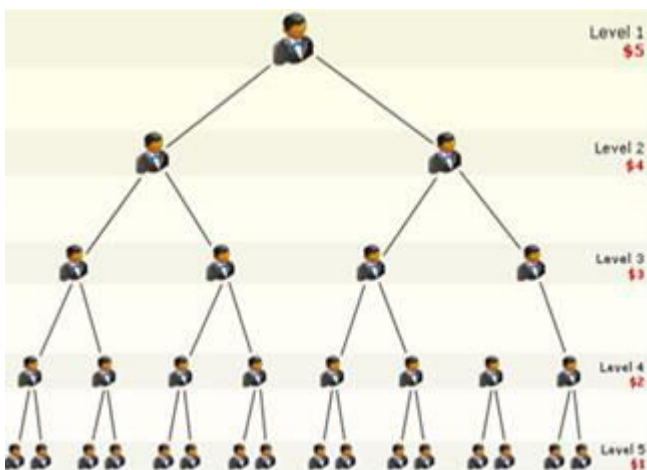
### **Multilevel marketing plan**

**Multilevel marketing plans** are ways to sell goods or services through distributors. Typically, these plans promise that if a person sign up as a distributor, he will get commissions not only from the sales he make, but also from the sales of the people he recruit to become distributors. Multilevel or network marketing is one of the only businesses available that allows a person with potentially no resources to start their own business with absolutely no limit on their financial success. Mostly this technique is used by the Marketing and manufacturing industries to popularize their products among the customers. It is an effective and powerful tool for improving the sales and leads of an organization. Multi-level marketing (MLM), also known as “*network marketing*” is a business distribution model that allows a parent multi-level marketing company to market their products directly to consumers by means of relationship referral and direct selling. Independent unsalaried salespeople of multi-level marketing referred to as “distributors” (associates, independent business

owners, franchise owners, sales consultants, consultants, independent agents, etc.) represent the parent company and are rewarded a commission relative to the volume of product sold through each of their independent businesses (organizations). Independent distributors develop their organization by either building an active customer base, who buy direct from the parent company and/or by recruiting a downline of independent distributors who also build a customer base, expanding the overall organization. Additionally, distributors can also earn a profit by retailing products which they purchased from the parent company at wholesale price. Distributors earn a commission based on the sales efforts of their organization, which includes their independent sale efforts as well as the leveraged sales efforts of their downline. This arrangement is similar to franchise arrangements where royalties are paid from the sales of individual franchise operations to the franchisor as well as to an area or region manager. Commissions are paid to multi-level marketing distributors according to the company’s compensation plan. There can be multiple levels of people receiving royalties from one person's sales. It is common knowledge that MLM works on the concept of time leverage. A work to be done by a person in 100 days can be completed in one day if he have 100 people under him (in a chain) doing one day's work. He earns a % of incentive for the work done by each of these 100 people. Though it is given various names like Network marketing, freelance marketing, chain marketing, the basic principle is that a happy consumer brings in more customers for which he is getting an incentive. The net work plan or income

schemes vary from company to company. The more reputed companies in MLM in India and abroad are, Amway, Modicare, Oriflamme, Tupperware, Quantum, RMP, Goodways, Placement Services etc. All these companies have web based information system where a member can monitor the growth of his down line memberships, incomes accrued etc. Multi Level Marketing is based on the principle of not only passing commissions of the first line a person sell, but also a part of the commission he makes, and a smaller part again of what these sell and so on up to a pre-defined level. In this way automatically the total of commissions for him grows exponentially. Because of the automization of the system this works completely on autopilot and for every sale he will have a potential font of more commissions.

another sales representative to get customers. Multiple levels of marketing are actually what all companies' desire. Health clubs, real estate, telecommunications, and countless other industries use this technique. Professionals (doctors, dentists, accountants) live or die based on their customers telling others about them. All these businesses are simply trying to get current customers to advertise and market their product or service to potential customers.



**Example of the MLM system**

Multiple levels of people are marketing a product to consumers. A sales representative (also referred to as a distributor, member, affiliate, partner or associate) gets customers and recruits and trains

**Multi-Width Marketing**

In a non-MLM company, a sales manager and sales reps are hired by the company. The company is limited to the number of sales representatives they can hire based on the financial resources the company has to pay salaries and on the traffic the sales manager can handle. Once a sales manager is overwhelmed, the company can hire another manager or convert a sales rep into a manager. This could be called “Multi-Width” marketing because it expands the organization horizontally as compared to “Multi-Level” marketing, which expands its organization vertically.



**Fig: 1**

“starts” by recruiting one person who gets customers and recruits sales representatives (just as above in the traditional company). But each sales representative is also given the option to become a manager, who can also recruit sales reps. The MLM company only pays commissions, not salaries; therefore, there are no limitations on the number of sales representatives or managers an MLM company can recruit. This is beneficial to the company because of rapid expansion by the number of trained sales representatives. This is also beneficial to the sales representatives because their income isn’t limited to only what they can sell - they can also earn commissions for having trained other sales representatives.

An MLM (Multi Level Marketing) company “starts” by recruiting one person who gets customers and recruits sales representatives (just as above in the traditional company). But each sales representative is also given the option to become a manager, who can also recruit sales reps. The MLM company only pays commissions, not salaries; therefore, there are no limitations on the number of sales representatives or managers an MLM company can recruit. This is beneficial to the company because of rapid expansion by the number of trained sales representatives. This is also beneficial to the sales representatives because their income isn’t limited to only what they can sell - they can also earn commissions for having trained other sales representatives. Sunflower Model Vs Binary Model of MLM

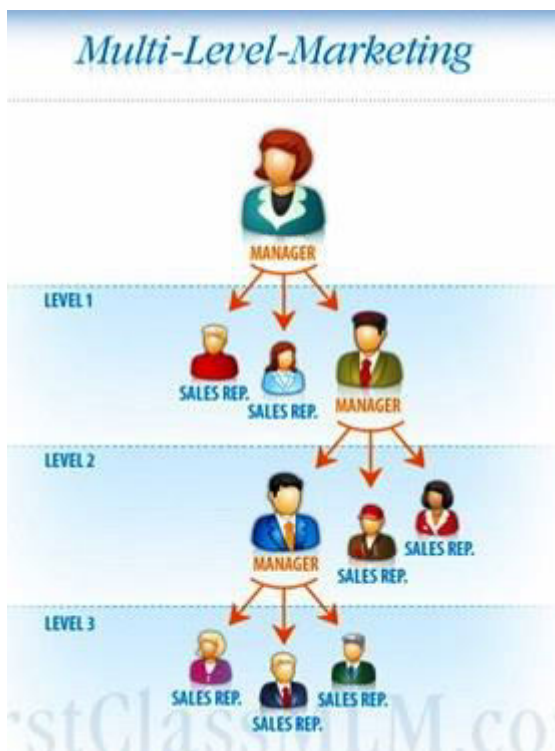


fig:2

MLM uses “Multi-Level” Marketing

### The MLM (Multi Level Marketing) Company



Pretty much all of the affiliate programs on the web follow the sunflower model. This means if you refer a 100 people to join a website, or make 100 sales, they would all be counted as direct sales and a decent % of each sale would be given to you. However, your commissions are in direct proportion to the direct referrals you bring in (only based on your direct referrals). Say that you referred a friend, who happens to be great at marketing. He too makes 100 sales. This would, in

no way affect you. You would have no advantage of his network.

**Binary Model Of MLM:**



Every person under you would generate revenue for you. It is immaterial if the person under your position in the chain was brought by you into the network or someone above you brought him into the network. The commission per sale would be lesser than that of Sunflower model, but in the long run, binary model would result in a larger and continuous stream of revenue as someone below you would still continue sales even when you stopped working and you'd keep earning through leverage. nternet Multi level marketing

As the name implies, internet network marketing is when you “bring your business online” and for most that starts with lead generation. Internet multi level marketing really comes down to two things - traffic generation and the ability to write or use video persuasively to get people to do what you want them to do. Now, in terms of traffic generation for the business, it needs to the right kind of traffic, not just any, but targeted traffic is the best kind to get. You need to first pinpoint exactly who wants and needs your

product, what kinds of people your product or opportunity solves problems for and market directly to them to generate the best kinds of leads. Now you can go about lead generation for your internet multi level marketing business in any number of ways - pay per click marketing, search engine optimization, article or video marketing, social media marketing, how you do it is up to you. Next comes converting those leads into profit in the form either product customers or business partners. Really what that all comes down to in internet network marketing is more commonly known in the business world as the ability to convey meaning using copywriting or persuasive language or videos. Now, one thing that can be done to increase the odds in the favor is that you can communicate with those leads via email and gradually drip good content to them over time, winning them over.

**4.Application Modules:**

- **Role and Menu Management:**  
 This is used to create role such as admin, user. Later it can be added while creating the users.
- **User Profile Information:**  
 The user profile information contains data such as username, password, parent, leg, membership level, register pin and product id.
- **Product Management:**  
 The product data can be added, viewed and deleted which contains name, purchase cost, sale price, status and description about the product.
- **Invoicing:**

This module deals with filling in the details of the ordered goods along with their bill to the client.

- **Rewards Management:**

The reward given to the users can be updated in the portal like the vehicle name, description, etc.

- **Pin Request:**

The ePin request will have the P code with the date which can be further deleted.

- **Donation Management:**

The donation request and the transaction can be viewed in this page.

- **User Tree and Tree legs:**

It visualizes the tree structure to display the entire structure users level with the parent and the child Nodes.

## 5.Success Behind Anyway

MLM that is Multi-level Marketing is a particularly structured marketing strategy. One of the biggest MLM Companies is Amway. The Amway business model is based on their Business Owner Compensation Plan, low risk and low cost business prospect which are open to all. Amway's Compensation Plan is one of the oldest plans ever created in MLM. Following are the steps taken by Amway that led to the success:

**Step 1: Product Knowledge** - A good knowledge of the products is essential as that will help to make them more marketable to the customer. Usage of the product by the distributor is the simplest way to acquire knowledge about the different aspects of the

product.

**Step 2: Retail Sell** - It is about selling the products to end customers, i.e. people around the distributor, someone he or she knows as an acquaintance. Good product knowledge helps in discovering the need for certain products among people whom we know. For example a distributor while chatting with his friend finds out that the friend is looking for a bathing soap that is low in alkaline content. The distributor from his acquired knowledge of the products knows that they have a soap which is low in alkaline content and is good for skin. So the distributor proposes his friend to try out that soap. This is one way distributors can acquire new customers, essentially from the people around them. Each sell in turn earns a profit margin to the distributor as he or she has bought the products in a wholesale price from the Amway.

**Step 3: Sponsoring new distributor:** The distributor can also make profits by introducing new distributors to the MLM business chain. In MLM world this is known as Sponsoring. When a distributor sponsors another new distributor, he or she gets a commission from the sell volume that their sponsored distributor generates. This means more your sponsor more is the commission profit from indirect sells by your sponsors.

## 6.Failure Of Multi-Level Marketing

There are always bad apples in the bushel and this industry was no exception. Multi level Marketing is not a very viable concept, even theoretically, nor is it a very profitable means of distribution for all parties involved in Multi level Marketing. This non-viability is basically caused by a heightened

expectation of easy money. In fact the concept of Multi level Marketing is no longer new. It is also exempt from the normal rules of the market and the way goods and services are otherwise sold. Many companies have tried the concept of Multi level Marketing and most of them have failed. Some of the Multi level marketing efforts have in fact been miserable failures in spite of the fact that they offer excellent products. After almost 25 years of failed attempts in the area of Multi level marketing, it is time to analyze the reasons for its failures. Firstly it is important to analyze the driving mechanism of Multi level Marketing. The driving mechanisms are intrinsically unstable, and therefore tend to over saturate the market with no one noticing. Multi level Marketing can never equalize into profitability the way companies in the real world can. This is the reason that the organization as a whole cannot, be profitable. It is usually the unfortunate distributor at the bottom who is the loser. Of course money can be made with Multi level Marketing.

The 4 Major Factors that Hinder 95% of Network Marketers from Achieving True Success

1. *Lack of marketing budget/knowledge of target marketing*
2. *Lack of true effective action or any action at all*
3. *Lack of consistent flow of quality prospects*
4. *Lack of training and underdeveloped skills*

The three strategies of selecting number of intermediaries

Companies must decide on the number of intermediaries to use at each channel level. The

three strategies are:

1. Exclusive distribution – This means severely limiting the number of intermediaries. It's appropriate when the producer wants to maintain control over the service level and outputs offered by the resellers.
2. Selective distribution – This relies on more than a few but less than all of the intermediaries willing to carry a particular product. It makes sense for established companies and for new companies seeking distributors. The company does not need to worry about too many outlets, it can gain adequate market coverage with more control and less cost than intensive distribution.
3. Intensive distribution - In this type of distribution the manufacturer places the goods or services in as many outlets as possible. This strategy is generally used for items such as snack foods, soft drinks, news papers, products the consumer seeks to buy frequently or in a variety of locations. This strategy may help in the short term, but can hurt long-term performance. Intensive distribution increases product and service availability but may also encourage retailers to compete aggressively. Price wars may erode profitability, potentially dampening retailer interest in supporting the product and harming brand equity.

### **Designing The Sales Force**

The original and oldest form of direct marketing is the field of sales call. Today most industrial companies rely on a professional sales force to locate prospects, develop them into customers and grow the business, or they hire manufacturers' representatives and agents to carry out the direct-



selling task. Companies are trying to increase the productivity of the sales force through better selection, training, supervision, motivation and compensation. Sales representative covers six positions, ranging from the least to the most creative types of selling:

1. **Deliverer** – A salesperson whose major task is the delivery of a product

2. **Order taker** – An inside order taker stands behind the counter and outsider order taker calls the manager.

3. **Missionary** – A salesperson not expected or permitted to take an order but rather build goodwill or educate the actual or potential user. Example: A medical detailer representing an ethical pharmaceutical house.

4. **Technician** – A salesperson with a high level of technical knowledge.

Example: The engineering salesperson who is primarily a consultant to client companies.

5. **Demand Creator** – A salesperson who relies on creative methods for selling tangible products or intangibles.

6. **Solution Vendor** – A salesperson whose expertise is solving a customer's problem, often with a system of the company's products and services

## 7.CONCLUSION

The “MARKETING USING MULTILEVEL” has been developed to overcome the problem faced in the present system. The developed package was found to work out the operation effectively. The objectives of the system have been achieved. The goals that have been

achieved are: Ensure process time and increase throughput. Simplifies the operation. Avoid some manual work in the existing system. Avoid some manual work in the existing system. Reduce data redundancy and inconsistency. User friendly input screens to enter data. A consistent and efficient system has been successfully developed, implemented and tested. The system has been developed using J2EE and SQL under Windows 2000. The system is very flexible and user friendly. So further changes can be incorporated into the system easily. Adequate documentation provides for maintenance and future enhancement.

## 7.Future Enhancement

Network marketing is one of the best innovative techniques. It has done well worldwide. Many big names like Amway, IQ International, ANC Inc. Telecom + have grown from multi level marketing. However it is not a successful one in India, it has also not a flop one. It may do well with some more innovative & technical steps. We just need to improve the model a little in the Indian context. It may be a successful marketing model in the future

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