CHAPTER IV
Chapter IV
Company Profiles

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Chapter IV
Secondary Data Collection: Company Profiles

4.1 Introduction:

There are many MLM Companies operating in Pune. But, the profiles and information about the modus operandi of the following group of network marketing companies is explained since these are some of the big MLM Companies not only in Pune and all over India but also in the World. The information is collected from websites, books, newspapers an articles. Observations of each company are given separately and on the basis of those observations, a common conclusion is drawn.

The following parameters are used to present the profile, modus operandi and marketing strategies of the MLM companies:

- History ✓ General Statistics ✓ Association Membership
- Support ✓ Product Line ✓ Plan Category
- Distributor Discount off Retail ✓ Company Logo

**Inventory Policy:** This refers to the minimum amount of inventory level a distributor has to maintain or order.

**Product Return Policy:** This refers to the policy of returning the products to the MLM Company, if the distributors and /or customers are not satisfied with the products.

**Qualification Period:** Qualification period refers to the period of time in which a group and/or personal sales volume is considered to qualify the distributor for a higher bonus structure. The term "level dependent" means that the qualification period depends upon what level of success the distributor has achieved.

**Compression:** Compression refers to whether or not the volume below an inactive downline distributor skips that inactive distributor and is designated as part of the volume of the inactive distributor’s sponsor for the purpose of calculating bonuses. This aspect is usually most important in the higher levels of a stairstep/breakaway plan after the distributor
has already achieved success but it also appears in other types of plans and in other levels of breakaway plans.

- **Level Locked In**: It deals with whether a level in a marketing plan once achieved is retained regardless of performance.

- **Initial Fee**: The initial fee is the charge for registration, initial sales materials and handbook, and usually a sample of the company’s product. These fees may change with time. This section has been included purely for information purpose.

- **Qualification levels**: The qualification levels section is a description of the company’s marketing/compensation plan. The words ‘level’ and ‘generation’ have been used synonymously.

To the best of the researcher’s knowledge, the following gives the most detailed standardized analysis and presentation of the profiles of some of the network marketing companies. Some of the statistics like total number of distributors or total sales or initial fees, etc may change with time. But, an effort is made to include the most recent statistics available. The observations of each MLM company are given at the end of the profile of the company. The conclusions of the companies are combined and given at the end of the profiles.

### 4.2 AMWAY

<table>
<thead>
<tr>
<th>History</th>
<th>Founded in 1959 by Rich DeVos and Jay Van Andel in the basements of their homes with one product and a handful of distributors. It was granted approval to set up a subsidiary in India by FIPB in Aug 1994. It started its operations in India in 1998.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
<td>Privately held.</td>
</tr>
<tr>
<td>General Statistics</td>
<td>2003-04</td>
</tr>
<tr>
<td>Sales</td>
<td>Rs 579 crores in India</td>
</tr>
</tbody>
</table>
Active Distributors in India, 3.5 lakhs

**Foreign countries:** Global

**Method of Product Distribution**
Picked up by distributor, delivered to customer.

**Association membership**
DSA (Direct Selling Association)

**Inventory Policy**
No requirement

**Product Return Policy**
Distributors 100 percent. Customers 100 percent.

**The Product Mix**
Amway Corporation manufactures or out sources several hundred products and services that fall into the following categories: food and beverages, commercial, agricultural, health care, pets, weight control, cosmetics, fragrances, dental care, and skin care, lighting, car care, education, janitorial, household cleaners, garden care, home security, air treatment, water treatment, cookware, Amway VISA credit card, motoring plan, mortgage network etc. These items are available from distributors only. Amway cleaning products contain only biodegradable surfactants. These are not tested on animals. Amway uses packaging containing recycled materials when available; products are concentrated, reducing the size of the packaging and resulting in less solid waste.

**MARKETING COMPENSATION PLAN**

**Plan**
Category Stair step/Breakaway

**Distributor Discount off Retail**
15-49 percent

**Qualification Period**
One month

**Compression**
Yes

**Support**
Videos, workshops, literature, newsletters, and seminars

**Levels Locked In**
No

**Initial Fee**
Rs 5200 in India

**QUALIFICATION LEVELS**

**Distributor:** Profit earned from 15 to 49 percent discount off retail; bonus of 3 to 25 percent, in nine increments (the percentage based upon Point Value [PV])
which averages approximately 50 percent of wholesale price) paid on Business Volume (BV)

**Silver Producer:** 25 percent bonus on personal BV; up to 25 percent bonus on group BV

**Qualification:** 7500 group PV in one month.

**Direct Distributor:** Silver Producer benefits plus potential for 4 percent of each personally sponsored Direct Distributor

**Qualification:** Maintain 7500 group PV for any six months of year and sponsor one 25 percent group and maintain 2500 personal PV or sponsor two 25 percent groups

**Ruby Direct Distributor:** Direct Distributor benefits plus 2 percent of BV of personal group volume

**Qualification:** 15000 group BV in month.

**Observations:**

1. Product line is diversified.
2. It has stair-step breakaway plan.
3. Amway has classroom based training session. These are well planed in advance for the convenience of the distributors.
4. The product return policy of Amway proves the genuineness of Amway as an MLM company.
5. The company keeps on adding new products and lines from time to time.

**Pearl Direct:** Profit Sharing Direct benefits plus 1 percent of the BV of all second level groups down to and including the first Pearl or above

**Qualification:** Three personally sponsored 25 percent groups in any given month

**Emerald Direct:** Pearl Direct benefits plus a share of 25 percent of total national BV per month, paid annually

**Qualification:** Three qualified 25 percent groups for six months in the fiscal year.

**Additional Levels:** Diamond Direct, Executive Diamond Direct, Double Diamond Direct, Triple Diamond Direct, Crown Direct, and Crown Ambassador Direct.
4.3 Herbalife International

**History** Founded 1980 by Mark Reynolds Hughes, Chairman of the Board and President. It started its operation in India in 1999.

**Financials** Public company

**General Statistics** Sales: Rs 80 crores in India in 2003-04

**Active Distributors in India:** 20000

**Foreign Countries:** Global

**Method of Product Distribution** Picked up by distributor, delivered to customer.

**Association Membership** DSA

**Inventory Policy** No requirement

**Product Return Policy** 90 percent with in one year to distributors

**The Product Mix**

A Herbalife Flagship product, Thermojetics, is a blend of twenty-one health-enhancing botanicals including ancient Chinese herbs and herbs from the Amazon rain forest. The aim of Thermojetics is the creation of a more desirable energy balance in the body, so that excess body fat may be reduced. *The Cellular Nutrition Program* is composed of Nutritional Protein Drink Mix Formula 1 (which comes in French Vanilla, Dutch Chocolate, and Wild Berry), Multivitamin Mineral & Herbal Tablets Formula 2 (which has thirty-one vitamin, mineral, and other nutritional factors), and Cell activator Formula 3 (which is a combination of twelve botanical factors). It also includes *Health and weight management system products include:* Activated Fiber Tablets, Herbal Aloe beverage, Herbalifeline (high in Omega 3 fatty acids), Schizandra Plus (combats cell damage from environmental toxins). In addition, Herbalife markets a range of men’s and woman’s skin care products, as well as sun tanning lotion and shampoo.
MARKETING COMPENSATION

PLAN
Plan Category Stair step
Distributor Discount off Retail 17-33 percent
Qualification Period Level dependent
Compression Yes
Support Videos, workshops, literature, newsletters
Levels Locked In No
Initial Fee No

QUALIFICATION LEVELS
Distributors: Income earned by 25-50 percent markup on wholesale

Observations:
1. The products of Herbal life are made up of Herbs. The product line has mass market appeal.
2. It conducts workshops for its distributor's training.
3. It has stai-step breakaway plan.
4. The 90% product return policy of Herbal life prove its genuineness as a MLM company.

4.4 Japan Life

Supervisor: 50 percent personal discount; 5 percent override to three levels; 8-25 percent wholesale profit on items sold to distributors
National Expansion: Team:
Supervisor benefits plus 2 percent Organizational Production Bonus
Millionaire Team: National Expansion Team benefits plus up to 4 percent Organizational Production Bonus President’s Team: Team benefits plus up to 6 percent Organizational Production Bonus

Financials  Privately held.

General Statistics  Total 1993 Sales: est. $7 million (U. S.); $50 million (worldwide)

Total Distributors: Not available

Foreign Countries: Global

Method of Product Distribution  Delivered to distributor and customer

Association Membership  DSA

Inventory Policy  No (products stocked in company owned showrooms)

Product Return Policy  No

The Product Mix

Japan Life manufacturers and markets a line of futons, futon comforters, bed frames, pillows, pads, and personal comfort items, many of which employ multiple low-guass magnets to enhance their effects. The Japan Life flagship product is the JL Sleep System, which includes the Dream Futon Comforter, the Sleep Pad, and the Pillow. The Dream Futon Comforter contains over 70 percent goose down. To ensure that the down feathers cannot escape from the comforter, an extremely fine, soft fabric is used; this fabric is created by the Japan Life Feather Guard process, in which natural cotton yarn is spun in air jet textile machines, resulting in a high density fabric. The quilting is machine sewn, with an average of six to seven stitches per centimeter. To ensure an especially strong border, morning cord (a specially braided cord) is employed as a further measure against feather loss. The Sleep Pad is composed of six layers of varying materials and textures designed to give firm support to the human body and a gentle massage during sleep. Pillow is made of three layers of materials designed to give firm but flexible support for the head.

MARKETING COMPENSATION PLAN

Plan  Category  Stair step/Breakaway

Distributor Discount off Retail
25 percent
Qualification Period: Two month
Compression: No
Minimum Qualifying Volume: $100
Support: Brochures, showrooms
Levels Locked In: No
Initial Fee: Rs 80,000 in India

QUALIFICATION LEVELS

Business Associate: 10 percent discount on purchases; profits derived from retail-sale profit margins

Distributor: 25 percent personal discount; 15 percent of 1st level Business Associates volume

Senior Distributor: Distributor bonus plus 5 percent of personal and 1st level Distributor group volumes

Executive Distributor: Distributor bonus plus 10 percent on personal and Direct Distributor volumes; 5 percent of 1st level Senior Distributor volume

Bronze Star Distributor: Distributor benefits plus 15 percent personal and Direct Distributor volumes; 10 percent Senior Distributor volume; 5 percent Executive Distributor volume; 5 percent 1st level Bronze Star Distributor Qualification: $30000 over two consecutive months; 3000 retail sales volume; $100 personal volume.

Silver Star Distributor: Distributor benefits plus 20 percent personal and Direct Distributor volumes; 15 percent Senior Distributor volume; 10 percent Executive Distributor volume; 5 percent Bronze Star Distributor; 5 percent 1st level Silver Star Distributor; 5 percent 2nd level Silver Star Distributors Qualification: $60000 volume over two consecutive months; 3000 retail sales volume; $100 personal volume.

Observations: 1 Japan life manufactures sleep system, claiming to give gentle massage to human body while sleeping.
2 It makes high claims about its sleep system.

3 There is only one point of purchase in Japan life when the sponsor recruits a new distributor and after that commissions are earned only on further recruitment.

4 There is no product return policy and a high initial fee of Rs. 80000. This is not a feature of a genuine MLM company.

4.5 Oriflame International

| Financials | Publicly held |
| General Statistics | 2003-04 Sales: Rs 65 crores in India Total Distributors: 100000 |
| Foreign Countries: Global |
| Method of Product Distribution | Delivered to distributor, delivered to customer |
| Association Membership | DSA |
| Inventory Policy | No requirement |

Product Return Policy
90 percent for distributors, 100 percent for customers.

The Product mix
Oriflame manufactures and markets a complete line of cosmetics, fragrances and hair and skin care products combining traditional Scandanavian, Swiss beauty secrets with modern.
scientific research. The Oriflame Basic Skin Care System is a four-step care plan with separate lines for combination, dry and oily skin types. There are also systems for delicate, sensitive skin and very oily skin, as well as aloe vera basics, cleaners, masques, and special care. The Royal Velvet line consists of special skin care and body care for aging skin. Oriflame also markets the Swedish Body Care system of in-bath products. It also offers Marine Therapy Body Care System of ocean and ivy extracts; a tender skin care line, sun care, foot care, and jojoba hair and body care. Fragrances include Italian, French, and Asian scents and combinations for both women and men.

**MARKETING COMPENSATION PLAN**

**Plan Category**  Stair step/Breakaway  
**Distributor Discount off Retail**  30 percent  
**Qualification Period**  Variable  
**Compression**  Yes  
**Initial Fee**  Rs 1500  

**Minimum Qualifying Volume**  
$100  
**Support**  workshops, literature, and newsletter  
**Levels Locked In No**  

**QUALIFICATION LEVELS**  
**Distributor:**  Earns 30 percent profit on retail sales  
**Team Bonus Level 1:**  Advisor benefits plus 5 percent bonus on personal sales and 2.5 percent on Personal Recruit Sales (PRS)  
**Team Bonus Level 2:**  Advisor benefits plus 10 percent bonus on personal sales and 5 percent on Personal Recruit Sales (PRS)  
**Group Director:**  24 percent bonus on personal sales 9 percent on (PRS); 4 percent on down-line Advisors; 5 percent on 1st level groups.  
**Area Director:**  Group Director benefits plus up to 4 percent on Central Area sales; up to 5 percent on 1st level Area sales  
**District Director:**  Area Director benefits plus up to 2.5 percent on
Central Area sales; up to 3 percent on 1st level Area sales; up to 2 percent on 2nd level Area sales; District sales; up to 1 percent on 3rd level District sales

**Observations:**

1. Oriflame is the first MLM company that started its operation in India (1994). It deals in cosmetics and fragrances. The products are based on modern scientific research.

2. Oriflame also develops specific products according to its target market. Oriflame has made skin whitening products especially for its target market in India, where people are fond of fair skin.

3. It has stairstep breakaway plan.

4. Its product return policy (90% and 100%) with a minimal initial fee of Rs 1500 proves its genuineness as an MLM Company.

4.6 Tupperware

**Tupperware®**

**History:** Earl S Tupper founded the Tupperware Company in 1938. At that time, Tupperware products were sold through retail outlets. Since 1951, when Brownie Wise joined Tupperware as the Vice-President, the products were sold through Party Plan method. It started its operations in India in November 1996 from New Delhi:

**General Statistics:** 2003-2004
Rs. 100 crore in India

**Active distributors in India:**
40000

**Foreign countries:** Global

**Method of Product Distribution:** Picked up by distributor / dealer from the company's warehouse and delivered to customer through Party Plan Method.
Association Membership: IDSA
Inventory Policy: No Requirement
Product Return Policy: life – time guarantee. Any damaged product (cracks or breaks) could be replaced by similar / same new Tupperware product.
Product line: Tupperware started with Light weight, non-breakable containers such as plates, books etc. Later on Tupperware designed its products keeping in mind consumer tastes, preferences and the changing trends. In the 1950’s, during the period of the baby boom, Tupperware manufactured toys for children of all ages keeping in mind each stage of a child’s development. When microwave ovens became an integral part of kitchens, Tupperware designed containers that could be exclusively used in the microwave. In the 1980’s awareness grew among consumers. Products such as the Lunch Box and the Lunch’ N Bag sets were made from reusable and environment friendly products. Tupperware also introduced products for various segments of consumers, differentiating on their needs. In the 1990’s, Tupperware launched products of contemporary designs such as the Peeler Plus, Coffee House set. It also ran learning classes such as “value for Time”, “Custom Kitchen Planning” where customers learned food preparation and cooking in microwave ovens, as well as how to save money, time and valuable cabinet space. It made dark coloured kitchen containers for Indian customers to keep them stain free from turmeric, etc.
Marketing Compensation Plan:
Plan category: Party Plan consisting of three levels, (much similar to staisrstep breakaway)
Dealer discount: 25% commission
Manager’s Remuneration: A manager had to make sales in order to make a profit. But, she could make money on training
the dealers she recruited and on her group’s performance.

**Distributor’s remuneration:**
She gets commission on the sales of the entire distribution team under her.

**Qualification Levels:**

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributor</td>
<td>(overall management of the unit, has to work full time)</td>
</tr>
<tr>
<td>Manager</td>
<td>(manages a team of 6 leaders, can work on part time basis)</td>
</tr>
<tr>
<td>Dealer</td>
<td>(organizes Tupperware parties through housewives, can work part time)</td>
</tr>
</tbody>
</table>

**Observations:**
1) Tupperware manufactures containers to store / carry food products. These products are premium priced due to their high quality.
2) Tupperware customized its products according to Indian consumer’s tastes and preference.
3) The company concentrates on women as their prime seller and consumers. It also trains and motivates them to achieve the sales target.
4) The life time guarantee of Tupperware products assures of its genuine quality.
5) It works on a party plan concept with only three levels in its marketing plan.
6) There is much emphasis on training and motivation of downline distributors.

Tupperware carries on a number of activities for the motivation of their distributors (consultants). Recently, a distributor of Tupperware, Rajani Chittle, aged 68 years was awarded a four-wheeler [Maruti-800] for achieving sales of Rs.80000 in 3 months. She was titled the ‘Power Woman’ of the year.
4.7 Modicare

History Modicare is a unique business venture established by the K.K. Modi group in 1996 to provide people with an opportunity to be self-entrepreneurs.

Financials Privately held.

General Statistics Sales: Rs 110 crores in India in 2003-04
Total Distributors: 4.75 lakhs
Countries: India

Method of Product Distribution
Delivered to Distributor, picked up by distributor

Association Membership IDSA (Indian Direct Selling Association)

Inventory Policy No requirement

Product Return Policy
It accepts product returns under two provisions of the Modicare

Sales & Marketing Plan
the ‘Satisfaction Guarantee’
the ‘Buy-Back Rule’
The former is applicable to customers and the latter is applicable to Modicare Consultants [distributors].

1) The Modicare ‘100% satisfaction guarantee’
If the Modicare customers are not satisfied with their purchase, the consultant offers a refund of full purchase price (100%) or to exchange another Modicare product of equivalent value at no charge to the customer (if the product is returned within a reasonable time frame i.e. 3 months)

2) The ‘Buy-Back Rule’
If the consultant decides to leave the business voluntarily and has saleable products which he wishes to return, he will be refunded the consultant cost [distributor price] of the products and less a handling charge of 7.5%. This rule applies to all currently marketable Modicare products.
**The Product Mix:** Modicare markets high quality products, developed by the company's own highly experienced scientists and technical staff at its R & D centres in Mumbai. All the products are formulated according to international standards and developed in accordance with Indian tastes and need. Laundry Care range include Detergents, Stains removers and Fabric Stiffeners. Home Care range includes Multipurpose cleaning solutions, Disinfectant cleaners, Glass cleaners, Toilet Bowl cleaners, Floor cleaners, Oven and Grill cleaners. Auto care range includes products for washing, cleaning, polishing and protecting automobile surfaces. Personal care range includes shampoos, Glycerin & Honey complexion bars, mouth fresheners, Tooth paste and Mouth wash. Aquacare range provides complete water purification systems based on Ultra Violet (UV) technology.

**Marketing/Compensation Plan:**

**Plan Category:** Stairstep/Breakaway

**Distributor Discount off Retail:** Discount 20% on MRP
Or Profit 25% on DP

**Compression:** Yes

**Support:** Videos, Workshops, Literature, Seminars.

**Levels locked in:** No

**Initial fee:** Rs.4000

**Qualification Levels:**

**Distributor:** Profit earned at 25% on retail selling, the bonus of 3% to 21% based on the total business volume (BV) generated.
by the distributor and his personal group.

**Recruitment Pin:** Is awarded to distributor who sponsors 5 or more downline consultants with in 60 days of enrolment.

**Performance table**

<table>
<thead>
<tr>
<th>PV</th>
<th>[%]</th>
<th>AWARD PIN</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>3%</td>
<td>Orange Pin</td>
</tr>
<tr>
<td>600</td>
<td>6%</td>
<td>Red Pin</td>
</tr>
<tr>
<td>1200</td>
<td>9%</td>
<td>Blue Pin</td>
</tr>
<tr>
<td>2400</td>
<td>12%</td>
<td>Green Pin</td>
</tr>
<tr>
<td>4000</td>
<td>15%</td>
<td>Yellow Pin</td>
</tr>
<tr>
<td>6600 &amp; above</td>
<td>18%</td>
<td>White Pin</td>
</tr>
</tbody>
</table>

PV = Point value  
BV = Business Volume (in Rs)  
PV: BV ratio = 1:14  

**Star Distributor:** Gets 21% Performance Bonus on monthly personal group BV in each qualified month.

**Ruby Direct Distributor:** Gets 21% Performance Bonus, additional ruby bonus 2% on all personal groups BV, photo recognition in the 'CONTACT' magazine.

**Pearl Distributor:** Gets 21% Performance Bonus on all personal group BV, 5% leadership bonus on all personally sponsored qualifying groups, ruby bonus of 2%, Pearl Bonus of 1%, photo recognition in the 'CONTACT' magazine.

**Emerald Director:** Gets 21% performance Bonus on all Personal Group BV, 5% leadership bonus on all personally sponsored qualifying groups, ruby bonus of 2%, pearl bonus of 1%, emerald bonus of 1/4 % paid annually, photo recognition.

**Sapphire Director:** gets 21% Performance Bonus, 5% leadership bonus, 2% Ruby Bonus, 1% Pearl Bonus, ¼% Emerald Bonus, ¼% Sapphire Bonus, cover story in CONTACT magazine, Business Class Air Travel [where available] to MODICARE sponsored event.

**Diamond Distributor:** gets 21% Performance Bonus, 5% leadership bonus, 2% Ruby Bonus, 1% red Bonus, ¼% Emerald Bonus, ¼% Sapphire Bonus, ¼% Diamond Bonus, Cover story in CONTACT magazine.
Observations:
1. Modicare is the first MLM Company of Indian origin established by K.K. Modi group in 1996.
2. It basically deals in consumer products with mass market appeal.
3. The prices of product are in accordance with the Indian standard products.
4. Its product return policy (100%) and minimal initial fee proves its genuineness as a MLM Company.

4.8 Swadeshi

History: Swadeshi is an Indian MLM company, established on 14th Feb 1999, started with 12 products. Now, it has reached to 250 products. Many non-MLM companies like Haldiram, Premium, Balsara have given distribution rights to Swadeshi. It is a trading company, which sells branded as well as non-branded products. It is operating in 22 states in all over India. It is now ISO 9001-2000 company.

Countries: India.
Method of product distribution: Picked up by the distributor from the company’s regional office/warehouse and delivered to customer.
Association membership: IDSA
Inventory policy: No requirement
Product Return Policy: Money refund if not satisfied with the product within 15 days.
Product Mix: It has varied product mix, ranging from cosmetics, personal care, eatables, home products to laundry care. Many non-MLM branded companies have given
the distribution rights of their products to Swadeshi. These include snacks of Haldiram, Titbit, toothpaste and toothpowder of Balsara (Meswak), cosmetics of Premium, Afghan, etc. Laundry care range includes detergents, floor-cleaners, etc. Swadeshi also sells FMCG products like Vishamitra Chyawanprash, pain reliever balm, etc. Personal care products like shaving cream, hair oil, hair shampoo, talcum powder, are also sold by Swadeshi.

**Marketing Compensation Plan:**
- **Plan category:** Generation Plan
- **Dealer discount:** 15-20% on personal sales, and 2.5% on sales made by downline.

**Observations:**
1) Indian companies have gone a step ahead and got the registration of ISO 9001-2000, this shows that they are serious about the business.
2) Within 5 years, it has provided employment to 15 million people.
3) It is providing employment opportunities to women as well (Swayamsidha plan)
4) Its product return policy and minimal initial fees proves its genuineness as a MLM company.

**Compression:** Yes
**Support:** Videos, CDs, workshops, Literature, seminars
**Levels locked in:** No
**Initial Fees:** Rs. 1850
**Qualification Levels:**
Qualification levels is provided by means of recognition pins. 1) **Silver pin:** 30 members in 1st generation & 80 members in 2nd generation. 2) **Golden pin:** 15 silver pin members in the 1st & 2nd generation. 3) **Ruby pin:** 50 silver pin holders in first 3 generations. 4) **Emerald pin:** 200 silver pin holders in the first 5 generation & 4 gold pin holders in 4 different legs. 5) **Diamond pin:** 700 silver pin holders in 7 generations, 5 gold pin holders in 7 different generations.
**Conclusions:** From the above mentioned profiles of MLM companies, their strategies and observations, the researcher has drawn certain conclusions. These conclusions are given below:

1) MLM Companies have varied product Mix
2) Breakaway compensation plans is used by most of the MLM companies as it is beneficial for the companies.
3) MLM Companies deal in consumer products of mass market appeal.
4) Product return policy of MLM companies proves the genuineness of MLM companies.
5) Indian Companies, though new entrants in the field are serious about their business, their policies are more in tune with India’s social and economic scene.

4.9 **Current MLM Scene in India:**

Popularity of MLM is increasing fast. In addition to above mentioned big players, there are state level players. MLM is used by companies using traditional channels of distribution. The current scene is described below:

1. **Dabur India Ltd** has entered into Network Marketing by the name **XL –Direct**, unit of **Avita Marketing Private Limited**, the Direct Marketing Associate of Dabur. Its network marketing operations has started in July 2005. During the launching of Avita Marketing Pvt Ltd (Direct wing of Dabur) Mr. Nitin Ghadiyar, Executive Director, Dabur India Limited, remarked that due to the limitations of the present channels in covering the huge customer base, the company is using MLM. He assured his total support to Avita, making it clear that they have a **practical plan and not a pyramid scheme**.

2. **LG** has also entered into network marketing by the name **Golden Peacock Merchandising India Pvt. Ltd. (GPM)**. GPM is networking wing of LG in India.
3. **HLL (Hindustan Liver Limited)** has already entered network marketing by the name **Aviance** since .......... 

4. There are many other new entrants at state level:

   **Andhra Pradesh**
   - Golden Peacock Merchandising India Pvt Ltd., Channel (LG)
   - V Can Network Pvt. Ltd., Chennai (Re-entry)
   - Vijay Foundation, Bangalore.
   - Dream Achievers Associates, Hyderabad.
   - Intellect Consumer Services Pvt Ltd., Hyderabad
   - Swayam Shakthi Marketing Pvt, Ltd., Bhubaneswar (Onssa).
   - Elge Marketing Pvt. Ltd., Chennai.
   - Emerald Un-level, Indore.
   - Allegro Vision Marketing Pvt Ltd., Ernakulam.
   - Ringo Online Marketing Pvt Ltd., Hyderabad
   - Advaith Foundation, Hyderabad.
   - Elle India, Chandigarh.
   - Vennela Shopping And Marketing Pvt Ltd., Secunderabad.
   - Miraj Health Care Private Limited, Pune.

   **Mumbai**
   - Golden Peacock Merchandising India Pvt Ltd., Chennai. (LG)
   - V Can Network Pvt. Ltd., Chennai, (Re-entry)
   - Miraj Health Care Private Limited, Pune

   **Karnataka**
   - Vijay Foundation, Bangalore.
   - V Can Network Pvt. Ltd., Chennai, (Re-entry)
   - Golden Peacock Merchandising India Pvt. Ltd., Chennai. (LG)

   **New Delhi**
   - Golden Peacock Merchandising India Pvt. Ltd., Chennai. (LG)

   **Tamil Nadu**
   - Golden Peacock Merchandising India Pvt. Ltd, Chennai. (LG)
   - Elge Marketing Pvt. Ltd., Chennai
   - Allegro Vision Marketing Pvt Ltd., Ernakulam.
   - Vijay Foundation, Bangalore.

**Highlights:**

- **a)** Local players like Royal Diamonds are emerging in Andhra Pradesh
- **b)** Influx in Pune, already with 136 products is adding 13 products to its product line.
- **c)** Mary Kay, Nu Skin Enterprises, Nikken, all Us –based direct selling companies have already begun their recruitment for India.
- **d)** Nutrition & wellness products (protein powder and health supplements) are being sold increasingly through MLM contributing over 35% of the total industry turnover.
Observations:
1) Major brands in addition to traditional channels have also started using MLM
2) It is becoming popular in various states in India
3) The number of MLM companies at regional level / local level is increasing.
4) MLM is gaining importance due to rising income group, personalized selling and direct interface with the consumer.
5) The confidence among business organizations about MLM as an effective tool of distribution is growing.

Conclusions:
1) Attitude of business organizations about MLM has become more positive.
2) MLM is getting increased acceptance as an effective tool leading to increasing sales.

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5) www.swadeshi.com
6) The Business Diary, July 15 - Aug 15, 2005