

NETWORK MARKETING AS A SOCIAL EVENT**Е.А. Саганович, 2 курс****Научный руководитель – Г.В. Прибыльская, старший преподаватель
Белорусский национальный технический университет**

Network marketing is also called multi-level marketing (MLM), which in principle best reflects the nature of this solution. Simply put: this term refers to a specific type of sales, consisting in the acquisition of traders who independently recruit subsequent sellers, thereby creating the widest possible sales network.

This is a ladder, at the top of which is, of course, the owner of the company, and at each level there are people who have reached a certain level of sales. Almost anyone can start, and the network of customers they will create, as well as the number of people they will hire to work, will affect their sales results. In such a system, of course, those at the top (and there are few of them) earn the most, and those at the bottom earn the least (or do not earn at all).

The history of this type of sales is associated with the name of the American Carl Renborg, whose realized ideas turned into a sales concept called network marketing.

In 1933, the Renborg company was engaged in the production of dietary supplements. Let's remember that these were the years of the Great Depression, as a result of which unemployment and a catastrophic drop in the living standard of the majority of the population impacted the United States. It is not hard to compare Renborg's experience of survival in a Chinese prison, where he visited in the twenties, and his conviction that his product, which improves the quality of nutrition of compatriots, is beneficial. It remained for a small matter — to develop sales [1, p.50].

The principle of direct or personal sales works in network marketing. Network marketing works according to the following basic principles:

1 Multi-rank structure: Network marketing companies usually have a hierarchical structure consisting of distributors at various levels.

2 Recruiting: One of the main strategies of network marketing is to attract new distributors or partners to the company.

3 Product or Service: Successful network marketing companies usually offer quality products or services.

Network marketing offers earnings in commission form. Profit depends on the turnover generated by the built consumer structure, and (to a lesser extent) on personal sales.

There are no intermediaries in the form of importers, wholesalers or ordinary shops. Advertising is done by people engaged in a multi-level business. The margin is distributed according to the rules of the marketing plan. Earnings are paid as a reward for the achieved sales result. In the traditional business model, part of the margin goes to profit for intermediaries [2, p. 25].

The multilevel marketing model is most popular in the segments of the beauty industry, the production of dietary supplements and household goods. Representatives of this field are leaders in the global MLM market in terms of annual financial turnover. The TOP 5 includes American companies Amway and Herbalife, Chinese Infinitus, German Vorwerk and Brazilian Natura.

Network marketing it includes many advantages, such as: an opportunity to owe your own business, flexible work hours, and the ability to earn according to the level of effort. However, there are disadvantages, such as the need to constantly attract new participants and the risk of losing investments.

Network marketing continues to be an significant part of the global economy. It provides opportunities for entrepreneurship and self-reliance, but also requires participants to be careful and take an informed approach.

References

1. Борисов, А. А. Методические подходы в интернет-маркетинге. Основные метрики и показатели эффективности рекламной кампании / А. А. Борисов // Вестник Алтайской академии экономики и права. – 2019. – № 2-1. – С. 49-52.

2. Карасев, В. А. Роль интернет-маркетинга в деятельности современных компаний / В. А. Карасев // Актуальные проблемы и перспективы развития экономики: российский и зарубежный опыт. – 2019. – № 21. – С. 24-27