

NETWORK MARKETING FEATURES: FROM THEORY TO PRACTICE

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misoraitė@gmail.com**Abstract**

The article analyzes network marketing. Networking is one of the direct forms of sales based on a business model whereby a company distributes products through distributors who earn revenue through retail. The distributor earns not only sales but also the recruitment of other distributors. The article analyzes the concept of network markings, which companies engage in network marketing.

Key words: network, network marketing, network marketing advantages and disadvantages.

JEL Classification: M31, M39

I. INTRODUCTION

Network marketing is a marketing tool that encourages the use of a particular product among friends. The popularity of networking is increasing due to the availability of modern social networks. Social networks have previously been online, but companies like Facebook, Twitter and LinkedIn have made them tangible. Various forms of marketing were used to make the dream a reality. Hundreds of thousands of people in free world countries are engaging in this remarkable field of activity. Reasons are simple enough: network marketing is the possibility given to everyone, regardless of education, experience, marital status, gender or age. It is the way to wealth and success in their own business, personal life, the opportunity to help other people and, of course, personal development. Network marketing is a form of direct sales, when an independent distributor sells products usually at the customer's home or by telephone. Theoretically, distributors can earn not only from sales, but also from the people they recruit (Barett, 2008). Distributors develop their user base by expanding the entire organization (Gonzales, 2008). Typically, everything grows on the pyramid principle. Network marketing is an opportunity to create an additional or permanent source of income without having any initial capital and experience in business. Network marketing - businesses leading leaders. The essence of this business is that it is not focused on sales, but focuses on how many people are interested in ideas about a new business approach and making recommendations to others. Turnover is achieved not by sales but by the amount of production consumed by network members. New strategies for creating such a business eliminate the need to involve huge amounts of people. Companies pay a percentage of the turnover of the network that you started, according to various compensation plans. This creates the preconditions for bringing together a team of talented people who believe in the idea of this business and developing large networks when working with it. Having grown up or finding the right personalities, the network becomes self-sufficient, which already makes it possible to obtain so-called so-called passive income when earnings do not depend on how long a person has started working on a personal network.

II. CONCEPT OF NETWORK MARKETING

Network marketing is a definition where advertising sales are developed not by the organization itself, but by its clients, agents, and so on. In many businesses, turnover is boosted by sales, and in network marketing, turnover is directly related to the amount of products consumed by network members. Network marketing can be attractive because starting a business requires really minimal investment. This is even one of the principles of network marketing. In network marketing, the sales process is based on direct contact with a potential customer. This means that sales go face-to-face with a potential customer. Of course, it is much easier to convince the buyer in direct communication. And network marketing representatives know it well. Network marketing is good to those who want to work from home who do not want to go to work every day, spend the whole day at the office. Network marketing is also very attractive for those who do not want to rent premises for their business, pay utility bills, and so on. Network marketing is a great opportunity for those without opportunities to spend money on business and those without experience. This opportunity creates a permanent source of income. Network marketing is an easy, guaranteed and fast way to get rich. Network marketing, like any other type of business, does not guarantee easy, instantaneous and even more fantastic earnings that a person would achieve in a very short time. However, this is certainly one way to create stable, long-term and really high passive income over time. But only acting consistently and patiently, without losing business in the first difficulties. It is also known, like any other business, as well as the MLM business, that it requires early investment of time and money to get a solid return in the future. However, the investment required is much smaller than starting a

different type of business. That's why people who are looking for easy earnings without investing money or time and want to earn tens of thousands of dollars in income in just a month are really out of business.<http://laikasverslui.lt/index.php?aid=482>

Table 1. Network marketing concept

Author	Highlight
Mathews, G., K., Manalel, J., Zacharias, S. (2016)	Network marketing distributors buy products at wholesale prices and can use the discounted products themselves or sell the products to others for profit.
Rezvani, M., Ghahramani, S., Haddadi, R (2017)	Healthy, legitimate network marketing concept in some cases used as "direct" By this method, the manufacturer sells his goods through yourself and not the people and customers themselves through a high percentage of distribution agents. .
Gregor, B., Wadlewski, A., A. (2013)	This is mainly due to bad things understanding that multi-level marketing is often considered as direct sales, pyramid sales or even pyramid schemes.
Vahidi, T. (2016)	Network marketing is a form of marketing that companies sell their products without advertising and they only receive the commission through the word orally and later. Network marketing has been legitimately utilized a lot countries and many of the desired results.
Wikipedia (2019)	Network is a marketing strategy for products or services where revenue from the MLM company comes from work a non-salaried workforce selling the company's products / services, and the participants' income comes from the pyramid or binary compensation system.
Antonio, V. (2006)	Networking market is a sales system for selling a particular product by recruiting people to help you sell. People who sell for you are considered your down line. Conversely, you're considered their up line.

III. NETWORK MARKETING ADVANTAGES AND DISADVANTAGES

Table 2. Network marketing advantage and disadvantages

Advantages	Disadvantages
By using network marketing you can work comfortably. Therefore, the other members of this chain will be their superiors and will act according to their convenience.	The biggest problem with network marketing is the negativity when a member definitely denies his job because he could never jump over the first step, but there was no choice but everything. This mainly occurs during the trial period that takes place during the first three months.
If you are wise in your work and have excellent online marketing techniques, business exponential growth is growing rapidly. Various marketing strategies and methods are the most important tools to reach the stage.	The most important thing in network marketing is to interact with and communicate with new people who need good communication and interpersonal skills, not everyone is blessed with these skills.
With network marketing, you can reach a wide range of people, regardless of region, nationality and geography. There are no restrictions on people with different places and languages when it comes to this form of marketing.	Because network marketing requires interaction with people, the social network is the best way to communicate with the masses and build good networks. So you need a good social network to build your uplift, where most people start off with high positive energy and will soon disappear.
This can give you a passive salary, which is very important. Today, people choose a particular business along with their work, so network marketing can give you passive income.	There are several products that are advertised through network marketing, some attract customers, and some do not.
When you reach a good number of referrals and members on the network, and you are in a much higher hierarchy position, you can even earn a good reward by doing some effective work.	
Capital is an important aspect of any business, so it is a marketing budget and, in the case of network marketing, it is a very low start-up cost compared to budgets out of marketing strategies.	

IV. NETWORK MARKETING COMPANIES

Amway. The company was founded in 1959. Its founders are Jay Van Andel and Rich DeVos. Amway is one of the world's largest and most successful direct selling companies. The company offers more than 450 high quality products, most of them being researched and developed for home use. Amway distributors serve customers in more than 90 countries around the world. In 2010, Amway celebrated its 50th anniversary as a world leader in direct sales. Amway allows your home to have time for certified and natural resource production. These are home cleaning products, hygiene products. Also for your health - vitamins, two beauty lines for your beauty: Beauty cycle and Artistry, which are among the top five professional cosmetics in the world. For housewives, the highest quality pots and knife sets-iCOOK and Water Filtration System-espring.

AVON. Not only do AVON consultants sell top quality cosmetics - they care about their lives. Be your own boss, create your own schedule and get ready for tomorrow's dreams today! Are you ready to start a new impressive activity and make more money than you ever imagined? Join 5 million consultants around the world who use simple and proven AVON to achieve financial and personal success.

DubLi. Founded in 2003, the company has been operating since 2006. The main office and finance department is located in America, with logistics and marketing centers in Germany, Cyprus, Dubai, Australia, and Scotland. America. Europe has a Berlin unit: Lenox Logistik & Service GmbH (Logistics Europe) Fanny-Zobelstrasse5, 12435 Berlin. Activities: Auctions, Online Stores, Entertainment. DubLi has signed agreements with the world's most famous manufacturers and stores, we will agree on the shop model: NOKIA, APPLE, ADIDAS, O'NEILL, PHILIPS, SIEMENS, REEBOK, MICROSOFT, CONRAD, OTTO, KARTSTADT, MEXX, etc. DubLi guarantees a 5% discount on ALL BUYERS.

FM GROUP. FM GROUP is a fast growing company in the perfumery market, founded by young and energetic people. The company offers you the highest quality perfume for women, perfumed water for men, toilet water for children, lotions after complaining, washing gels, body balms, deodorants and other goods. A great variety of fragrances (refreshing, sweet, floral, oriental, wood, fruit and many others) will allow you to choose your favorite smell. Our products are made for people of all ages, even children will find specially designed fruit scents that help to move into a colorful world of sweet dreams and fantasies. The FM GROUP perfume is made up of over 150 fragrances created by professionals inspired by the best-known scents, and the FM brand is inspired by the original FM fragrances. FM fragrances are made from the finest components and dressed in galvanic, uniform packaging. This shows that the products combine a very good quality with an attractive price. So if the most important thing for you is the product you buy, not the framing - the FM perfume is for you. FM GROUP WORLD was established in 2004 in Poland. The idea of producing FM cosmetics came from Artur Trawinski (head of FM GROUP WORLD) during his annual visit to Australia. After returning to Poland, he decided to implement this idea and started distributing his products through Network Marketing. Due to the strong interest in the Polish market, it was decided to establish companies in other countries a year later, and in early 2007, FM GROUP branches were opened in 25 countries. Almost all Europe (Lithuania, Latvia, Estonia, Poland, Slovakia, Austria, Italy, United Kingdom, Germany, Greece, etc.), the United States, Nigeria and Australia form an official marketing network - over 200,000 distributors. In Lithuania FM GROUP started its activities in 2006. Several dozen distributors who introduced the FM sign to the Lithuanian population have now grown to several tens of thousands. The FM mark is becoming more and more popular and is recognizable not only in big cities but also in distant corners of Lithuania. You can find FM GROUP Lithuania office in Pylimo Street, Vilnius (you will find the exact address in the "Contacts" section). Here the young FM GROUP team will be happy to tell you about the company and introduce you to the FM production.

Forever Living. Forever Living Products was created in 1978 only from dreams and hard work. Now it is a billion-dollar company whose headquarters are located in the suburbs of Phoenix, Scottsdale, Arizona, producing and selling many health and beauty products. Millions of people, such as you, sell these quality-of-life products. This allows you to have your own business and secure a secure financial future through a tried and tested network marketing plan. Forever Living Products has over nine and a half million distributors in nearly 150 countries.

Green Organics International. Green Organics International was founded in 2012 month of January. The founder of the company is Paula Scarcella, with over 20 years of experience in online marketing. People can now sign up for a company in 52 countries around the world. In Lithuania this company - from 2012-05. Products - organic food supplements, organic body care products, hygiene and cleanliness products, supplements for your pets. Your GO has a goal and mission to help people understand and learn what it really is, a natural and organic diet, body care, and personal hygiene. The GO is committed to helping and educating people about potentially harmful ingredients found in many products, including those labeled "organic" and "natural". It is the first MLM company in Lithuania.

iNetGlobal. Convenient and easy to work at home - requires an internet connection. Your GO will help you become healthier and secure financial freedom. No need to store goods at home and take care of delivery - GO works for you: the goods come from the warehouse directly to you. There is no need for investment work

inventory that the company will provide you with the Internet. Marketing Plan - Matrix 3 * 6- simple, easy to implement. It's a company - where you earn ALL! There are three levels of income: 1) Being only a consumer and doing nothing for business; 2) inviting only 3 people; 3) Invite more - and your income will increase! INetGlobal was founded in 2006 in the USA, Minneapolis. Nowadays, it is one of the strongest online service providers in the world. The main activity of the company is online advertising. It is a service needed by every online merchant, be it a natural or a legal person. The company differs from others in its approach to its partners, and seeks not only to be wealthy, but also to make its partners rich by offering 7 ways of rewarding. The uniqueness of iNetGlobal marketing that can be earned on an individual basis is without calling people, but building a network can deliver solid passive income. Products are available to the average Internet user.

WowWe. To meet the expectations of investors and people who are joining their future with the WowWe company, we have gathered the most deserving team with the latest technology and professional experience. The WowWe company has provided an opportunity for individuals to become part of the company and to be investors and business partners by joining the affiliate program. The compensation plan is designed to allow the company to pay 80% of its profits. More than 2000 companies use the services of WowWe. Here are some examples. WowWe has been recognized by N3 for Connecting Healthcare as providing secure, confidential services. Large companies cannot use Skype services simply because they do not guarantee customer data security.

Lyoness. Lyoness is an independent, international and diverse industry community that combines one unique Cashback card. This allows Lyoness members to gain unparalleled benefits as their money returns after each purchase.

After each purchase from your Lyoness loyalty partner, you are refunded to your account. The success and future of the company begins with a unique idea, clear vision and true philosophy.

NPCRIZ is a professional health, beauty, youth and volleyball marketing company. The main feature of this company is the most up-to-date restoration and wellness technologies that use natural peptides in the output. The structural network marketing used by this company is one of the most useful for customers.

NPCRIZ executives are experienced professionals who are involved in the program for resuscitation and longevity in both Russia and Europe. The NPCRIZ company is primarily a distributor of natural peptides produced by the St. Petersburg Bioregulation and Gerontology Research Institute. This company is a co-author of a unique cosmetic line using natural peptides, food supplements, ayurvedic teas. All these products are reliably protected against counterfeiting. Due to the high cost and inaccessibility of this institute, only a few products could be used. Now thanks to the NPCRIZ, this production is available to many. Until recently, it seemed that youth was very short, and unfortunately it goes very fast. However, the NPCRIZ research, which lasts 30 years in the field of aging research, has opened a new page for prevention. Unique studies with natural peptides have been conducted in the study of aging. Peptides are very short proteins that consist of amino acids. Peptides play a very important role in the human body. Absolutely all of the body's life processes take place in the presence of peptides.

Cosmetics "REVILINE". REVILINE is a high-tech product

For cosmetic products, skin cells "REVILINE" use natural peptide complexes that rejuvenate and heal the skin. Used peptide complexes stimulate skin regeneration, blood circulation and microcirculation, as well as significantly improve collagen and elastin production in the skin. All this results from skin lifting (lifting), while improving skin texture, color and moisture. "REVILINE" creams contain the strongest antioxidant complexes - Neovitin, Betulavit, Aktivitin, which are obtained by biotechnology. These peptide complexes have a huge antioxidant and immunomodulatory effect. It is a great protection against UV and radiation, has anti-tumor properties, accelerates detoxification processes and skin cell regeneration. External Mesothelioma. External mesothelium using new complexes NRE-4 and Neovitine

HPE-4 is a new generation product developed on the basis of acetylcholine used in cosmetology and aesthetic medicine. If deanol was previously incorporated into preparations before aging, it is now used as tetrachydroxypropyl ethylenediamine (THPE or HPE-4). By its very nature, HPE is a double-deanol molecule, but it is four-fold more effective due to this feature. HPE-4 is a high-performance compound that has made it possible to create completely new preparations for external mesotherapy. This product is completely non-toxic, does not cause sensitization and allergies, completely safe even when used in the eye area. For external mesothelium for the face and neck, as well as for the body, HPE-4 is used together with the popular Neovitine complex, increasing the efficiency of the HPE-4 by another 23%. HPE-4 in combination with Neovitine increases skin elasticity, restores moisture, activates collagen and elastin production. These effects have been confirmed not only by microscopy but also by using certain cosmetic methods such as skin impedance before and after the use of this mesothelium.

Oriflame. Once you become an Oriflame consultant, you will be able to show your friends, neighbors and co-workers on the same day, start collecting orders right away and earn nothing. The next day you can invite acquaintances to become consultants, start creating your team and enjoy the possibilities of unlimited earnings. With us, you have the freedom to make choices: earn extra income or pursue career opportunities.

V. ANALYSIS OF RESEARCH RESULTS

The study was conducted at V.Graičiūnas Higher School of Management. 84 respondents participated in the study. 27 percent of the respondents were 18-20. age, 62 percent - 20-22 age, 6 percent - 22-24 ages and 5 percent respondents were over 24 years old age group. 70 percent respondents were women and 30% of respondents. respondents were men.

During the survey, respondents were asked the question “How would you describe network marketing?”. 55 percent Respondents said network marketing is a pyramid, 33 percent. - Volleyball Marketing - Easy, Guaranteed and Fast to Get Rich, 12 percent - Network marketing can't earn bigger amounts because the chain will break somewhere (see Table 3).

Table 3. Distribution of respondents' response to the question "How would you describe network marketing?"

Network Marketing Definition	Percentage
Network marketing is a pyramid. This is partly true because the structure of the business team developed on the basis of network marketing is similar to the pyramid, i. The further cut we take from the company, the more people there will be	46, 55
Network marketing is an easy, guaranteed and fast way to get rich. Volleyball marketing, like any other kind of business, does not guarantee easy, instant and more fantastic earnings that a person would achieve in a very short time.	28, 33
Network marketing can't earn bigger amounts because the chain will break somewhere. In fact, many people do not succeed in network marketing, not because it is impossible, but because they lack the knowledge to develop network marketing correctly.	10,12

Respondents were asked the question “Are you confronted with the term“ volleyball marketing ”? 46 percent respondents said they were confronted with this concept and 54 percent. Respondents said they didn't, they did not stumble upon this. We can conclude that respondents are not yet fully aware of the concept of network marketing.

Respondents were asked "What is your attitude to network marketing?" As seen from Table 4, 21 percent respondents said their attitude was positive, with 8 percent. - negative and 71% Respondents neutralize network marketing.

Table 4. Distribution of respondents' response to the question "What is your attitude to network marketing?"

Respondents' answer to the question "What is your attitude to network marketing?"	Frequency	Percentage
• Positive	18	21
• Negative	7	8
• Neutral	59	71

Respondents were asked the question “Are you one of the distributors of network marketing companies?”. 7 percent respondents said they were distributors of network marketing companies and 93 percent. Respondents said they were not distributors of network marketing advertising.

In response to the question "Do you buy products from network marketing companies?" respondents said yes, regularly - 45 percent., sometimes - 15 percent, I've bought it once - 36 percent. From this it can be concluded that more than half of the respondents have bought the products of network marketing.

Table 5. Distribution of respondents' answer to the question “Do you buy products of network marketing companies?”

Respondents' answer to the question "Do you buy products from online marketing companies?"	Frequency	Percentage
yes, regular	3	4
Sometimes	38	45
I have bought once	13	15
Never	30	36

Respondents asked, "If you have been buying volleyball marketing products or are you satisfied?" Respondents were not satisfied with the products of network marketing.

Respondents were asked the question "How do you think it is profitable to engage in network marketing?". 64 percent respondents said it was profitable to engage in network marketing and 36 percent. Respondents say that it is not profitable to engage in network marketing.

The last question in the questionnaire was to clarify the question "Have you recently noticed more active network marketing companies / distributors?". 37 percent respondents said they did so, 18 percent - no, decreased, and 45 percent - The market situation has not changed. From this it can be concluded that more public should be informed about the importance and importance of online marketing to the consumer.

VI. CONCLUSIONS

Network marketing is successfully developing, not only to attract directly attracted people, but also to people at several levels below, and to train your partners in the same way, ensuring group stability. Meanwhile, the majority of sales people in online marketing behave quite the opposite - they learn about the benefits of the product or service they offer and start to sell it as they are crazy because they have extensive experience in sales and communicate with people without problems. The seller, interested in the production of more and more people, but continue to work with them, because they continue to try to sell everything themselves. In this way, he leaves his team up with no attention and after a while, one remains, as the team breaks down, people retreat. In online marketing, it is important not to sell everything yourself, but to interest people and teach them to do what you do and you, i.e. partial information interested in new people. Of course, a good seller will initially show better results than someone who will focus on team building and training, but this will be a short-term result. And in the finale, the man who will try to train his teammates to develop their MLM business correctly and train their partners will earn much more than the one who will try to sell as much as possible.

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