Chapter 5
Digital Natives and Multi–Level–Marketing (MLM):
A Perspective

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ABSTRACT

This chapter provides perspective on the potential for digital natives in the multi-level-marketing (MLM) industry. The chapter commences with an explanation of digital natives and the MLM industry. Thereafter, distinguishing factors for digital natives as customers, as well as opting for a career, are debated. The chapter then discusses digital natives the in MLM industry by considering their unique personality traits prior to providing perspective on recruiting digital natives in MLM, training and engaging digital natives in MLM, and MLM business transformation for Generation Z. Lastly, the chapter proposes attributes for transformed MLM considering above aspects related to digital natives.

INTRODUCTION

Each generation is defined by unique, collective experiences. Researchers and marketers' study generational attitudes and behaviors to understand and anticipate each generation's impact. The multi-level marketing (MLM) industry is no different. Through the years, generational perspectives have shaped the evolution of MLM companies and the products and services they deliver. Baby Boomers (born 1946 – 1964) grew up in an era where Tupperware parties and visits from the "Avon lady" were the norm. Gen X (born 1965 – 1980), sometimes called the latchkey generation, was greatly influenced by the increasing number of two-income households with both parents working full-time (Bennett, 2012; Evans & Robertson, 2020). Gen X's "do it yourself" attitude found the entrepreneurial aspects of MLM companies appealing, and party plan-focused direct selling blossomed. The Millennials (born 1981 –

1996) came next, and alongside them, the Internet. Millennials are used to adapting to rapidly evolving technology and appreciate the convenience of interacting with MLM companies via E-commerce and mobile communication. Today, Gen Z (born 1997 – 2012) is poised to impact the MLM industry. Even with most of its members still in their teenage years, Gen Z makes up 40 per cent of the global consumer population. As more Gen Z-ers come of age in the years ahead, now is the ideal time to get to know them – and identify ways to shift strategies and marketing messages to align with these already powerful consumers. The cascading social and economic impacts of the COVID-19 pandemic are still evolving, but it's safe to say the working world will be forever changed. When factoring in the generational attitudes of the Millennials and Gen Z-ers who now make up 59 per cent of the global workforce, the change is likely to be transformational. Why is this good news for the Multi-Level Marketing (MLM) industry?

Digital native is a term coined by Prensky (2001) to describe the generation of people who grew up in the era of ubiquitous technology, including computers and the internet. Digital natives are comfortable with technology and computers at an early age and consider technology to be an integral and necessary part of their lives (Bennett & Maton, 2013). Many teenagers and children in developed countries are digital natives, mainly communicating and learning via computers, social networking services, and texting (Wong et al., 2022). Most millennials cannot remember a time before the internet, smartphones, and social media. They are the first digital natives, growing up fluent in technology, constantly connected to an ever-shrinking world, and with instant access to more information than any previous generation (Smith, 2019; Munsch, 2021). Digital natives, born during a time of technological boom and economic doom, Generation Z is fast on technology and hard on savings. They grew up as tech-savvy individuals who used more advanced on-the-go technology in their early life than their predecessors. On the other side, growing up, when the recession hit their families hard, they were more determined to plan their finances. Today, millennials and their younger counterparts, Gen Z, live lifestyles that revolve around their affinity for connectivity, cross-border social circles, and technological skills that have revolutionised how we act, communicate, and work (Lim et al., 2021; Koutropoulos, 2011).

Multi-Level Marketing (MLM) is a marketing strategy where the company's revenue stream is generated by external non-salaried workforces and not by its own internal sales team. Its origin is often disputed; some stated that this marketing idea existed since the 1920s and 1930s (Lee & Dastane, 2019). Instead of retailers purchasing products from manufacturers to mark up and sell to end consumers, MLM representatives, or distributors, sell goods directly to consumers outside traditional stores. MLM distributors allow them to choose their hours of work; they typically choose to exert only part-time effort, tailoring their MLM work hours to dovetail with family and other responsibilities. Many MLM distributors work either part-time or full-time for another employer in addition to their MLM business (Direct Selling Association, 2015). This stands in contrast to traditional salespeople, who generally pursue their job full-time and have less flexibility in structuring their activities.

MLM distributors are often taught the basics of salesmanship, including the importance of reaching out to one's personal network of possible consumers or new downlines. The distributor is thus a conduit to end-users whom the MLM firm would have a much harder time individually targeting. However, there is no requirement that an enrolling distributor agrees to do all of these functions, given the distributors' status as independent contractors. As such, each can choose how hard they work, when they work, what products they personally consume, whether they work on retail selling of products (and which ones in the firm's product line); and whether they work on recruiting and mentoring downlines or not. Some distributors can choose only to personally consume the firm's products at a wholesale price rather than at a marked-up retail price. Some may personally consume and exert sales effort to achieve retail sales

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