

INFLUENCE OF DEMOGRAPHICS ON KEY DRIVERS TO JOIN MULTI LEVEL MARKETING COMPANY

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ABSTRACT

Multi level Marketing (MLM) business has shown a tremendous growth in the last years in India. Many International as well as Indian companies gained popularity among masses. These companies are trying to enroll more and more people in order to capture the entire market share by offering wide variety of goods and services along with lucrative considerations. People get fascinated towards these companies as their business model is quite attractive and interesting too. Every company has its own strategy to attract them. Some fake and fraudulent companies also emerge in the wake of MLM companies in order to deceive people. It's a chaos in the mindset of the people that which company should they enter? Therefore, an attempt is made in this paper to find out the factors that influence the distributors to join a particular MLM Company and to examine the influence of demographic variables on MLM distributors while opting for an MLM Company.

Keywords:

Multi level Marketing (MLM), Upline, Downline, Direct Selling, Network Marketing.

Introduction

Since globalization, many multinational companies have entered in different nations with an aim to sell more and earn more. As the purchasing power of the people increases, along with the awareness about the health, beauty, hygiene and personal care, the Indian population is also moving towards these companies that provide not only the quality products but also a chance to get involved in the business. These companies, popularly known as Multi Level Marketing (MLM) Companies, are very

popular now days. These companies not only sell products but provide a self employment opportunity to the aspirants who want to excel in the life. MLM converts passive consumers into active sellers of the company. MLM is one of the marketing method by which an individual can earn monetary and non monetary incentives/remuneration, in the form of commission, bonus etc. by creating a chain of new customers. In MLM, a person obtains a designation and is known by different names like Independent business owner, consultant, independent agent, associate, sales consultant etc. and commonly known as distributor. It is teamwork. He/she can contact his/her friends, relatives, neighbours, colleagues and even strangers or unknown people to enrol them in the network and get remuneration on his/her own sale along with the combined sale of the downline members.

Since, there is no dearth of manpower in India as well the problem of unemployment persist, MLM companies become a boon for the people as well as for the country as a whole, as it helps in generating tax revenues to the government and contributes in national income of the country.

Many multinational MLM companies like Amway, Avon, Herbalife, Oriflame, Tupperware and Indian companies like Modicare, Naswiz, and Vestige etc. are operating in India, selling products and giving employment. But the question arises, which company should one join? The business model of these companies is same i.e Multi Level Marketing model, then what should be the factors that must be considered while opting an MLM company.

Literature Review

Different people have different beliefs and attitudes towards MLM companies. They too got awareness about MLM companies' thorough different sources.

Rawlins (2020) purports that most of the new representatives want to join those MLM companies whose products they use. Along with that some other factors like family and friends recommendation, good rewards, control over the cash flows, improvement in themselves & business skills, commission structures, and shared goals also influence the man kind either to join MLM companies or encourage them to build their organization.

Tankha, R.S. (2020), in her blog, she highlighted that direct selling was the big choice for females during the difficult time of lockdown and Covid. Recommendation from relatives, motivation from friends and seniors, goodwill of MLM companies, good return, and D2H are some of the reasons that induce them to enter into MLM Company.

Gaur (2017) in her study revealed that majority of the respondents feel high quality products, money back guarantee, and good brand image in the minds of people were the drivers to choose that MLM Company.

Rani (2016) has investigated the beliefs and attitude of independent agents and consumers towards MLM concept and company. Both, primary as well as secondary data was used to conduct exploratory cum descriptive study. The findings of the study revealed that the agents had positive perception about MLM concept and company. Agents considered the additional income opportunities given by the company as the most important aspect whereas, consumers considered quality of products given by the company as an important aspect. Low variety and high price of products were the negative aspects of MLM by the consumers. Further it was also pointed that inspite of having positive perception, beliefs and attitude, the consumers were not ready to join the company and become the agents. Therefore, it was concluded that the need is there to clarify the doubts among the people.

KANTAR IMRB and IDSA (2016-17) in a survey of 3019 direct sellers of leading direct selling companies found the main sources of awareness about direct selling organizations viz- friends, relatives, neighbours, colleagues, peers, upline members, online sources newspaper, banners, pamphlets, radio, television, hoardings etc.

Srilekha and Rao (2016) conducted an investigation to understand diverse motives influencing an individual to become AMWAY distributors. The results of the study revealed that the main motive to become AMWAY distributors was the “financial freedom and security offered by the company” irrespective of the level in the company. Other drivers such as “freedom of time, value and ethics of the company, and social impact on others’ life” also played a crucial role in taking the decision of joining Amway.

Gbadeyan and Olorunleke (2013) carried out a study that aimed to measure consumers' attitude towards MLM in Nigeria. The study adopted both primary and secondary data for analysis. The study revealed that most of the respondents joined an

MLM company due to recommendations from friends, relatives, and colleagues. Some of them were influenced by success stories, and some by benefits offered by MLM companies.

Rattanaphan (2012) conducted a study to identify the key predictors viz- “brand architecture, CSR, perceived value, internet marketing and trust” that influence the attitude of consumers’ towards the corporate image of Direct Selling Organizations (DSOs) in Thailand. A close ended structured questionnaire was used to collect data from 343 customers of Direct Selling (DS) companies. Factor analysis with KMO and Bartlett’s test of sphericity was used to group these predictors. The findings of the study revealed that perceived value and trust had a significant positive relation with attitude towards corporate image whereas no significant relationship has been found among brand architecture, CSR, internet marketing and attitude towards corporate image of DSOs.

Nga and Mun (2011) investigated the influence of perceptions regarding the characteristics of MLM Company such as general image, services offered and reward schemes through a survey. A sample size of 218 graduate students was taken with the help of purposive judgmental sampling design. The finding indicated that all such characteristics of MLM company influenced significantly the desire to join a particular MLM company. Further, it was concluded that MLM companies should make clear and transparent schemes in order to maintain their legality and sustainability.

Attri and Chaturvedi (2011) made an attempt to study the brand awareness, price sensitivity, loyalty and the compensation plans offered by MLM companies. The study was conducted in Indore. For collecting primary data, an exploratory study with 114 consumers was conducted through questionnaire and in depth interviews of 36 distributors of six network marketing organizations viz- Amway, Avon, Oriflame, Tupperware, Herbalife, and Modicare. The findings of the study depicted that housewives were the main targets of MLM companies. Housewives check the company’s image, loyalty and compensation plans offered by MLM companies to join, have keen interest to earn from home and get easily connected with the family/friends.

Vyas and Batish (2009) undertook an investigation to study the engagement and income contribution of women in Direct Selling Organizations (DSOs). The study was conducted in Ludhiana, Punjab. A sample of 298 women from five DSOs namely- Avon, Amway, Tupperware, Aviance, and Oriflame was taken. Probability proportional

sampling method was used. Data collection was done using personal interview method. The study concluded that due to less joining fee, it became easy for everyone to become member of any company. Majority of women joined DSOs because of “peculiar (feminine) nature of products and the success of friends in business followed by popularity of the products, reputation of the company, heavy demand of products, high profit margins, and no competition.”.

Balu (2009) provided an insight into the customer response towards MLM companies. The results revealed that majority of respondents got awareness about MLM from their family and friends. The respondents gave the highest rank to the quality of product and high reputation of MLM company as the reason for selecting the present MLM Company.

Kiaw and Run (2007) in a study conducted with 491 respondents in Malaysia found that the main reasons for joining MLM company were recommendations from friends, low membership fee, good MLM company image, great marketing plan of the company, high quality products, and certification from ministry of health.

Mathews et al. (2007) conducted a study with 140 respondents and examined the exploitation of relationships in Network Marketing and attitude of channel members regarding their ventures. The findings of the study showed that people joined this business due to inducement by friends as well as relatives.

Alturas et al. (2006) conducted a study using in-depth interviews of managers of Direct Selling Organizations (DSO), interviews with customers, and salespersons of the same DSO's in Portugal and revealed that there were three main reasons to choose a particular DSO viz-“credibility, quality products availability, and image of company”.

Brodie et al. (2004) have reported in a study related to the perceptions and experiences of public regarding the direct selling as a goods and services distribution channel, and self-employment opportunity. This study was conducted in eight different countries namely Australia, United States, New Zealand, South Africa, Philippines, Taiwan, United Kingdom and the Finland. A convenience sample of 500 respondents from every nation was taken. Data was collected by interviews conducted with the help of specifically designed questionnaire using Sphinx Survey data analysis software. On the basis of examination it was concluded that the perceptions of direct selling was rated with references to five variables to select any MLM company i.e

“direct selling organizations’ image, direct seller’s image, value for money of products, convenience, and pressure to buy from that company”.

Jose (2002) stated that variables like recommendation from friends and relatives, sponsored meetings, high income opportunities, minimum risk, and reputation of the company forms the motivating factors for distributors to join an MLM Company.

Chen and Cheng (2000) in their study on Taiwan’s MLM industry with a sample of 137 middle and high level distributors from seven foreign and local MLM companies found that company’s long-term prospects were considered as the important factor while choosing an MLM company. They also found that high quality products, good company image, and unique company culture were all the vital factors considered to opt for a particular MLM company.

Chen and Jeng (1999) conducted a research with an aim to find out motivation of buying from and joining MLM Company .The study was conducted in Taiwan with a sample size of 200 adult consumers. Quota sampling technique was employed. Personal interview method was used to gather information. The results showed that many people were working as independent distributors in MLM business and the major motivating factors for purchasing MLM products and joining the company were distinctive features of the MLM products, pressure from relatives or friends followed by persuasion from salesman, and advertisements.

The above mentioned studies bring out the considerations taken into account by the people while choosing an MLM company. These are high quality products, good brand image, credibility, value and ethics of the company, persuasion from friends, relatives and colleagues, influenced by success stories, less membership fees, high income opportunities, compensation plans offered by the companies to join etc. The key drivers brought out by different researchers that induce people to join a particular MLM company are summarized in table 1.

Table 1
Key drivers to join an MLM company

Key drivers to join a particular MLM company	Researchers
Good corporate image	Rawlins (2020), Tankha, R.S. (2020), Gaur (2017), Srilekha and Rao (2016), Radha rani (2016), Rattanaphan (2012), Attri and Chaturvedi 2011, Vyas and Batish (2009), Kiaw and Run (2007), Alturas et al. (2006), Brodie et al.(2004), Balu (2002), Jose (2002)
Less membership fees/ no investment to join	Tankha, R.S. (2020), Gaur (2017), Kiaw and Run (2007)
Awareness/Recommendation/Pressure from friends, relatives, neighbours, colleagues, online sources, banners, TV, pamphlets	Rawlins (2020), Tankha, R.S. (2020), KANTAR IMRB and IDSA (2016-17), Gbadeyan and Olorunleke (2013), Mathews et al. (2007) Brodie et al. (2004), Chen and Jeng (1999)
<i>High quality products</i>	Rawlins (2020), Gaur (2017), Rani (2016), Vyas and Batish 2009, Alturas et al. (2006), Brodie et al.(2004), Chen and Jeng (1999)
Others' stories of success	Rawlins (2020), Srilekha and Rao (2016) , Gbadeyan and Olorunleke (2013), Vyas and Batish (2009)
High income opportunities	Tankha, R.S. (2020), Jose (2002)
Company's long term prospective	Chen and Cheng (2000)
CSR	Akter (2013), Rattanaphan (2012)

Objectives of the study

- To find out the factors influencing the distributors' to join MLM Company.
- To examine the influence of demographic variables on MLM distributors while opting for an MLM Company.

Hypothesis of the study

Ho(1) There is no significant difference in the level of importance of different factors influencing the distributors to opt for a particular MLM company across demographic variables viz- gender, age, educational qualification, occupation, and nature of involvement.

Research Methodology

The primary data has been collected for this study by using a self structured questionnaire. The universe for the study comprises of Indian Direct Selling Association (IDSA) member companies. IDSA is a self administered, self regulatory and autonomous body for direct selling in India. After considering the global revenue of the year 2013-14, from 16 MLM member companies, four prominent among them have been purposively selected for the study. These companies are Amway India Enterprises, Herbalife International India Pvt. Ltd., Oriflame India Pvt. Ltd., and Tupperware India Pvt. Ltd. The target population for this study was the distributors of these four companies located at different places in Delhi, Chandigarh, Haryana and Punjab. Only those persons have been considered who have been actively working as distributor of any of these four companies from at least six months. Pretested questionnaires were given to all the eligible distributors at the venue of meetings, seminars and training sessions organized by these MLM companies at different places from time to time. Finally, 414 completely filled questionnaires have been taken for the purpose of the study.

Results and Discussion

Regarding choice of MLM Company, 8 statements measured on 5-point Likert scale ranging from 'Least Important' to 'Most Important' have been asked from MLM distributors. Various statistical tools like Descriptive Analysis, Principal Component Factor Analysis, ANOVA and t-test have been used to analyze primary data collected through the questionnaire. The data have been analyzed using SPSS (v.23). The results of the survey are presented in table 2 to 6.

To begin with, Principal Component Factor Analysis with Varimax Rotation has been applied in order to minimize the variables and get various factors influencing the distributors' choice to join a particular MLM company.

Table 2
KMO and Bartlett's Test of Sphericity

Kaiser-Meyer-Olkin Measure of Sampling Adequacy(KMO)		0.660
Bartlett's Test of Sphericity	Approx. Chi-Square	530.757
	Df	28
	Sig.	0.000
Cronbach's Alpha		0.626

Source: Compiled from primary data

Table 2 shows that the value of Kaiser-Meyer-Olkin (KMO) is 0.660 which indicates adequacy of data for factor analysis. Bartlett's test of Sphericity has also been conducted to test the null hypothesis (H_0) shows that the population correlation matrix is an identity matrix. The Chi-square statistic is 530.757 with 28 degrees of freedom and the p-value < 0.01. The significant value 0.000 tells that there is a correlation of variables among each other and thus the null hypothesis is rejected. The Cronbach's alpha turns out to be 0.626 which is considered satisfactory.

With the help of Principal Component Method, along with Varimax Rotation three factors have been extracted out of 8 statements depending upon Eigen values and Variance explained.

Table 3
Total Variance Explained

Component	Rotation Sums of Squared Loadings		
	Eigen value	% of Variance	Cumulative %
1	1.815	22.684	22.684
2	1.792	22.397	45.082
3	1.472	18.394	63.476

Note: Extraction Method: Principal Component Analysis

Table 3 shows the Eigen values along with percent of variance accounted by each of the factors and the cumulative percentage. 63.476 percent of cumulative variance has been explained by the three factors reflecting their considerable contribution in the choice of MLM business. Keeping in consideration the factor loadings, these factors are named as Personal Experience and Recommendations, Company Image and Growth Prospects, and Persuasion and Promotion. Factor - wise details are given below:

Factor P1- Personal Experience and Recommendations

As depicted by the Table 4 factor P1 consists of three statements with high values and loadings ranging from 0.799 to 0.731. It is observed that those respondents who happen to be the customers of a particular MLM company wish to join the same company as distributor because they personally know about the company from a long time and have trust on it. Prospects are also eager to know about the other's past as well as current experiences in order to compare the companies. The recommendations from the near and dear ones regarding a specific company also help them to choose a particular company. So, this factor is named as 'Personal Experience and Recommendations'.

Table 4
P1- Personal Experience and Recommendations

Items	Statements	Factor loadings
7	Past experience as a consumer	0.799
8	Success stories of upline leaders	0.755
3	Recommendations from Friends, Relatives, Colleagues and Neighbours	0.731

Factor P2- Company Image and Growth Prospects

As shown in Table 5, all the loadings of items in factor P2 are significantly high. This factor comprises of three statements. Good name/reputation of the company along with bright future and growth prospects attract the people to join a particular MLM company. Low joining fees also act as a catalyst to join that particular company. Therefore, this factor is termed as 'Company Image and Growth Prospects.'

Table 5
P2- Company Image and Growth Prospects

Items	Statements	Factor Loadings
1	Good company image	0.824
6	Good growth prospects	0.763
2	Low membership /joining fees	0.677

Factor P3- Persuasion and Promotion

As shown in the Table 6, the loadings of both the items in factor P3 are significantly high. Two variables with positive loadings are extracted. This factor exhibits that

continuous persuasion from existing distributors of any company will act as a pull to join the same. The promotion through sms, e-mails and social networking sites also influence their opinion. The before and after effects, captivating and alluring appeals of ads and flyers act as a stimulus to join that company. So, the name given to this factor is ‘Persuasion and Promotion.’

Table 6
P3- Persuasion and Promotion

Items	Statements	Factor Loadings
5	Persuasion from existing distributors	0.850
4	Media messages (sms, e-mails, social networking sites etc.) ads, flyers	0.763

COMPARISON OF MEANS: ANOVA AND T-TEST ANALYSIS

Distributors’ choice to opt for a Particular Multi Level Marketing Company across Demographics

ANOVA and t-test have been conducted to test the hypothesis used for the study. The results are shown in the table 7 to 11.

Age-wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

People of different age groups have different views and opinions. They have different priorities and requirements. Hence, they may have different perspectives in their mind while choosing a particular MLM company. In order to test the null hypothesis that there is no significant difference in the level of importance of different factors influencing the distributors to opt for a particular MLM company across different age groups at 5 percent level of significance, ANOVA test has been applied.

Table 7 presents the mean score, F- statistics and level of significance on various factors influencing the distributors’ decision to choose a particular MLM company across the three age -wise groups of distributors.

The mean value depicts that the highest score is accorded to the factor ‘Company Image and Growth Prospects’ by the distributors of all the age groups. Thus, this factor is considered as ‘Important’ by all the distributors. The lowest mean scores have been

obtained by the factor ‘Persuasion and Promotion’ by the distributors of all age groups. This shows that, this factor is considered moderately important by all the distributors.

ANOVA results reflect that no significant difference has been found in the mean scores of distributors of different age groups at 5 percent level across all the three factors viz- ‘Personal Experience and Recommendations’, ‘Company Image and Growth Prospects’ and ‘Persuasion and Promotion’. So, the null hypothesis has been accepted in the case of each of these three factors as the F-value has turned insignificant (p value>0.05). It implies that for distributors of all the age groups same level of importance exists regarding each of these factors.

Table 7
Age-wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

Factors regarding the choice for a particular MLM company	Upto 25 (n=59)	26-40 (n=257)	41 and Above (n=98)	F-Value	Sig
Personal Experience and Recommendations	3.78	3.83	3.80	0.090	0.914
Company Image and Growth Prospects	3.88	3.96	3.83	1.048	0.352
Persuasion and Promotion	3.00	3.01	3.02	0.006	0.994

Source: Compiled from primary data

Educational Qualification-wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

The choice of a person, to opt for a particular MLM company, may vary depending upon how much educational qualification he/she possesses. Here, three groups are made for educational qualifications possessed by all the distributors. Table 8 exhibits the highest mean score has been accorded to the factor ‘Company Image and Growth Prospects’ by the distributors of all the three groups. This means that this factor is considered ‘important’ by all the three groups.

ANOVA has been performed to examine the null hypothesis that there is no significant difference in the level of importance of different factors influencing the distributors to opt for a particular MLM company across the three educational qualification-wise

groups at 5 percent level of significance. It is found that F-values for each of the factors viz-‘Personal Experience and Recommendations’, ‘Company Image and Growth Prospects’, and ‘Persuasion and Promotion’ have turned out to be significant. Hence, the null hypothesis has been rejected in case of each of the three factors (p value<0.05). Thus, the difference in mean scores is significant for the distributors of all the educational qualification wise groups. It implies that the distributors having educational qualification of upto senior secondary have given more importance to each of the three factors as compared to other groups. Further, the extent of importance reduces as the qualification increases in case of first two factors ‘Personal Experience and Recommendations’, and ‘Company Image and Growth Prospects’.

Table 8
Educational Qualification-Wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

Factors regarding the choice for a particular MLM company	Upto Senior Secondary (n=79)	Graduation/ Under Graduation (n=198)	Post Graduation / PG Diploma (n=137)	F-value	Sig
Personal Experience and Recommendations	4.01	3.83	3.68	3.277	0.039*
Company Image and Growth Prospects	4.17	3.89	3.81	5.053	0.007*
Persuasion and Promotion	3.43	2.87	2.97	7.348	0.001*

Source: Compiled from primary data

Occupation-wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

The choice to opt for a particular MLM company can get influenced by the occupation to which a person belongs. Table 9 exhibits that the highest mean scores have been accorded to the factor ‘Company Image and Growth Prospects’ by the distributors of all groups except housewives. The factor ‘Personal Experience and Recommendations’ has been given the highest mean score by housewives. The lowest mean score is accorded to the factor ‘Persuasion and Promotion’ by the distributors of all the five occupational groups.

ANOVA has been performed to examine the null hypothesis that there is no significant difference in the level of importance of different factors influencing the distributors to opt for a particular MLM company across different occupation-wise groups at 5 percent level of significance. It is observed that no significant difference has been found in mean scores of each of the three factors viz- ‘Personal Experience and Recommendations’, ‘Company Image and Growth Prospects’ and ‘Persuasion and Promotion’ as F-value is insignificant (p value > 0.05). Hence the null hypothesis has been accepted in case of each of these three factors. It indicates that the level of importance of these three factors is same for all the distributors of different occupations.

Table 9
Occupation-wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

Factors regarding the choice for a particular MLM company	Pvt./ Govt. Job (n=140)	Business/ Profession (n=69)	MLM (n=105)	House wife (n=45)	Others (n=55)	F-value	Sig
Personal Experience and Recommendations	3.84	3.70	3.81	3.98	3.78	0.656	0.623
Company Image and Growth Prospects	3.93	3.97	3.95	3.82	3.84	0.421	0.793
Persuasion and Promotion	2.87	3.06	3.04	3.09	3.20	1.038	0.387

Source: Compiled from primary data

Nature of Involvement-wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

Table 10 depicts that the factor ‘Company Image and Growth Prospects’, and ‘Personal Experience and Recommendations’ are considered important by all the distributors whether they join a particular MLM company for full time or Part time. It shows that the reputation of the company matters a lot to the distributors as well they also consider the future prospects of the company while joining.

T-test has been applied to test the null hypothesis that there is no significant difference in the level of importance of different factors influencing the full time and part time distributors to opt for a particular MLM company at 5 percent level of significance. It has been observed that no significant difference has been found in the mean scores of each of the three factors viz- ‘Personal Experience and Recommendations’, ‘Company Image and Growth Prospects’ and ‘Persuasion and Promotion’, as t- values are insignificant (p-value>0.05). Hence, the null hypothesis has been accepted in case of each of these three factors. It implies that for full time and part time distributors, same level of importance exists for each of the three factors.

Table 10
Nature of Involvement-Wise Comparison of Factors Influencing the Distributors’ Choice for a Particular MLM Company

Factors regarding the choice for a particular MLM Company	Full Time (n=105)	Part Time (n=309)	T-test	Sig
Personal Experience and Recommendations	3.81	3.82	-0.057	0.955
Company Image and Growth Prospects	3.95	3.91	0.505	0.614
Persuasion and Promotion	3.04	3.00	0.276	0.783

Source: Compiled from primary data

Company-wise comparison of factors influencing the distributors’ choice for a particular MLM company

Table 11 depicts the highest mean score has been accorded by the distributors to the factor ‘Personal Experience and Recommendations’ in case of Herbalife and Oriflame whereas to the factor ‘Company Image and Growth Prospects’ highest mean score has been accorded in case of Amway and Tupperware. This shows that some distributors decide to join the company considering the experience of others and their recommendations whereas some consider the goodwill and future aspects as an important factor.

ANOVA has been performed to examine the null hypothesis that there is no significant difference in the level of importance of different factors influencing the distributors to opt for a particular MLM company across the four company wise groups, at 5 percent level of significance. It has been observed that the significant difference has been found in the mean scores of each of the three factors viz- ‘Personal Experience and

Recommendations’, ‘Company Image and Growth Prospects’ and ‘Persuasion and Promotion’ at 5 percent significance level across the four companies. Thus, the null hypothesis has been rejected ($p\text{-value} < 0.05$). It implies that Herbalife and Oriflame distributors consider the factor ‘Personal Experience and Recommendations’ more important while join the company whereas for Amway and Tupperware distributors consider the factor ‘Company Image and Growth Prospects’ more important while join the company.

Table 11
Company-wise comparison of factors influencing the distributors’ choice for a particular MLM company

Factors regarding the choice for a particular MLM Company	Herbalife (n=102)	Amway (n=100)	Oriflame (n=107)	Tupperware (n=105)	F-value	Sig
Personal Experience and Recommendations	4.10	3.60	3.90	3.66	6.399	0.000*
Company Image and Growth Prospects	4.08	4.15	3.60	3.87	10.431	0.000*
Persuasion and Promotion	3.21	2.65	2.98	3.20	5.715	0.001*

Source: Compiled from primary data

Note: *5 percent Level of Significance

Findings of the Study

The findings of the study show that male distributors consider the factor ‘Company Image and Growth Prospects’ more important than female distributors. The age-wise comparison reflects that the level of importance for all the age groups regarding each of the three factors is almost same. The educational qualification-wise comparison shows that the distributors having educational qualification of up to senior secondary have given more importance to each of the three factors as compared to other groups. Further, the extent of importance reduces as the qualification of the distributors increases in case of first two factors viz- ‘Personal Experience and Recommendations’, and ‘Company Image and Growth Prospects’. The occupation-wise comparison depicts that the level of importance of each of the three factors is almost same for all the occupation wise groups of the distributors. Same level of importance exists for each of the three factors for full time and part time distributors. The company-wise comparison depicts Herbalife and Oriflame distributors have given more importance

to the factor 'Personal Experience and Recommendations' whereas Amway and Tupperware distributors have given more importance to the factor 'Company Image and Growth Prospects' while opting an MLM company.

Suggestions

On the basis of the findings of this study, following suggestion are made for attracting prospective members/distributors:

The study has brought out the important factors considered by the distributors while joining a particular MLM company viz- '*Personal Experience and Recommendations*', '*Company Image and Growth Prospects*' and '*Persuasion and Promotion*'. Among these factors, the factor '*Company Image and Growth Prospects*' has emerged to be the more important as compared to other factors. In the wake of intensifying competition, MLM companies should take steps to enhance its reputation and build rapport among the distributors in order to penetrate deeper in the market by enhancing its networks all over. Distributors solely fill the gap between customer and the company. So they must portray a good and optimistic picture in the minds of prospective members with true and correct information. They should not to exaggerate any fact or make false claims. The companies should also keep into consideration the following:

- a. As the extent of importance of factors viz- '*Personal Experience and Recommendations*', and '*Company Image and Growth Prospects*' influencing distributor's choice of a particular MLM company reduces with increase in level of qualification, MLM companies should take measures to attract highly qualified people towards this business.
- b. MLM companies should device more promotional strategies which emphasize publicity based on '*Personal Experience and Recommendations*'. This factor has turned out to be an important factor for choosing a particular MLM company reflecting the high credibility of actual experience of others and self. It makes more sense to emphasize publicity, given the findings that the factor '*Persuasion and Promotion*' is considered only moderately important in case of each of the four companies.

Conclusion

MLM has gained popularity in India due to its distinct characteristics. The members/distributors play an indispensable part in selling and developing network of members. Different people with different demographics join different MLM companies. They have various factors that influence them to prefer a particular company as the number of MLM companies is growing rapidly. This study has brought out the three main reasons to join an MLM company and explained the difference in the level of importance of the same across demographics. The suggestion made herein will prove very useful for the direct selling entities.

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