



An Empirical Study of Distributors' Expectation & Perception Towards Multi Level Marketing

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ABSTRACT

Multi Level Marketing is an industry full of dreamers, visionaries, innovators and hypocrites, it is an attractive industry for many like housewives, business enthusiasts, people who are doing regular 9 to 5 job, general entrepreneurs and most of them unemployed educated candidate who are seeking a right opportunity but won't getting it because of some unpredicted reasons. The present research paper aims to identify the distributors' expectation & perception towards multi level marketing. To serve the objective descriptive research design is used and primary data is collected from 120 respondents with the help of questionnaire. Data is analyzed with the help of arithmetic mean and t-test and it has been concluded that there is a significant difference between distributors' expectation and perception towards MLM.

KEYWORDS

Distributors' Expectation, Distributors' Perception, Multi Level Marketing

Introduction:

The concept of Multilevel Marketing or referral marketing is a method of product distribution. The products are moved through independent distributors. The distributors are given an opportunity to introduce other distributors to the business. Instead of incurring massive media advertising and sales promotion cost, the savings are passed on to distributor consumers. Distributors share the large revenue that normally goes to the middleman. At the same time products are available to consumers at wholesale prices. MLM is a new strategy in the marketing system to capture customers. India has the greatest potential in the multilevel marketing in the world. This is because of the existence of the huge middle class, highly entrepreneurial culture, massive international connection, huge technology base and the use of English language. It offers an alternative to traditional employment for those who desire a flexible income earning opportunity to supplement their household income, or whose responsibilities or circumstances do not allow for regular part-time or full time employment. This all creates some expectations in the mind of distributors. After having experience with MLM sometimes expectations meet and sometimes didn't. so this paper is an attempt to measure the difference between customers' expectation & perception towards multi level marketing companies

Literature Review:

Girish and Dipa (2015) in their study stated that India is one of the fastest growing economies in the world with the GDP and per capita income growing at an average of 7.5 % over the past decade. With economic development and growing consumerism, the retail sector in India has also undergone significant changes. Various store and non-store retail formats have evolved to cater to this growing market and direct selling is one such non-store retail format. Direct selling is one of the fastest growing non-store retail formats, recording double-digit growth in the post-reform period⁵¹. The Direct Selling industry has contributed 9869 million INR to the exchequer in form of various taxes.

Kumar and Asha (2012) focused on the effectiveness of FMCG distribution channels with respect to the satisfaction of consumers in the rural market. Two companies - Hindustan Unilever Limited (HUL), and Godrej Consumer Products Limited (GODREJ), which are pioneers in Fast Moving Consumer Goods (FMCG) in the rural market, were selected to study their distribution channels in two rural districts of Maharashtra.

The study revealed that there were limited stocks of products at village retailers; hence, customers had to wait for some days. So, it compelled them to travel outside their villages to meet their demands. The effectiveness of FMCG distribution channels in rural markets depended upon the satisfaction of the rural customers. Since there was either poor quality or prevalence of duplicate brands in the rural market, rural customers were not getting good quality and authentic brands in the rural market of Sangli and Kolhapur districts. Hence, it was proved that the existing FMCG Channels of Distribution in Rural Maharashtra did not serve the customers well.

Suman .M, Anuradha and Manasa Veena (2012) stated that for any business to be successful it must find a perfect way to approach its customers. Authors mainly concentrated and studied on why they apply data mining for direct marketing, how they apply and the problems one faces while applying data mining concept for direct marketing and the solutions for them in direct marketing. Direct marketing is widely used in the fields of marketing like telemarketing, direct mail marketing, email marketing etc., data mining is applied on this marketing strategy to avoid human flaws in classifying the customers based on their loyalty.

Yared Ademe (2012) found that Customer satisfaction is the main ingredient for effective implementation of network marketing strategy and its success in the market. Satisfied customers will be loyal and create strong relationship with the company. This study assessed customers' satisfaction in terms of the quality of products and service given by DXN Ethiopia. The study used both primary and secondary sources of data. Both probability and non probability sampling technique were used in this research. To gather the essential data, questionnaires were distributed to 125 members, who are selected randomly and 101 questionnaires were collected and responded satisfactorily. Most people are likely to recommend DXN products mainly because they believe that it gives solutions for health problems and its effectiveness. And also the compensation plan is one of the determinant factors for customer satisfaction. Customers/members of DXN Ethiopia exceeded their expectation about the qualities of the product and services which lead us to say that they are satisfied. The major recommendation is reducing the price of the products which is supposed to be very expensive by customers.

Objective:

The purposes of this research paper is to study the distributors’ expectation and perception towards MLM

Hypothesis:

Following hypothesis has been tested in this research paper:-

H₀ There is no significant difference between distributors’ expectation and perception towards MLM.

H₁ There is a significant difference between distributors’ expectation and perception towards MLM

Research Methodology

(a) **Research Design:** - To have a better understanding about the issue descriptive research design was used. To get the primary data close ended questionnaire was administrated.

(b) **Sample Design:** - 120 distributors were selected through judgmental sampling.

(c) **Analysis:** - The data collected was analyzed with the help of various statistical tools like Arithmetic mean, t-test.

Analysis & Interpretations

Distributors’ Expectation & Perception towards Multi Level Marketing:

In this section of paper analysis of Distributors’ Expectation & Perception towards Multi Level Marketing is done. The degree of expectation & perception is set from 1 to 5 (5 is from the highest expectation/perception, whereas, 1 is the lowest expectation/perception).

In addition following criteria is used for analysis part:-

The score among 1.00-1.80 mean lowest expectation/perception

The score among 1.81-2.60 mean low expectation/perception

The score among 2.61-3.40 mean average expectation/perception

The score among 3.41-4.20 mean high expectation/perception

The score among 4.21-5.00 mean highest expectation/perception

It can be observed from the table 1 that distributors’ expectations are high for all the factors apart from two statements, where their expectations are highest with the mean score of 4.4, which projects that distributors are expecting too much from multi level marketing business.

On the counter side perception level for seven statements is high while it is moderate for six statements. For all the statements the mean quality gap score is negative which shows that multi level marketing companies are not meeting distributors’ expectations. Distributors are getting less than what they have expected.

Table 1 shows that overall expectation is high (4.03) & the overall perception is also high (3.45) but the mean quality gap score is negative (-0.57) which shows that multi level marketing companies are not meeting distributors’ expectations.

Table 1: Distributors’ Expectation & Perception towards Multi Level Marketing

Dimensions	Level of Expectation		Level of Perception		Mean Quality Gap Score
	Mean	Level	Mean	Level	
After joining MLM I could earn lot of income	4.4	Highest	3.22	Moderate	-1.18

I could make money in MLM business by working at my leisure	3.85	High	3.3	Moderate	-0.55
MLM provided me a full time employment	3.8	High	3.18	Moderate	-0.62
I could use quality products through MLM	4.1	High	3.7	High	-0.4
I could bought goods at discounted rate	3.88	High	3.42	High	-0.46
Doing MLM business enhanced my position in the society	3.87	High	3.2	Moderate	-0.67
I feel I am working in a reputed company	4.18	High	3.55	High	-0.63
In comparison to my friends and relatives, I feel I have a pretty good job	3.88	High	3.25	Moderate	-0.63
I like the quality of social interaction related with the job.	4.1	High	3.65	High	-0.45
My view of life, in general, is positive.	4.4	Highest	4.05	High	-0.35
Refund policy is convenient	3.58	High	3.08	Moderate	-0.5
Company offer innovative products	4.15	High	3.72	High	-0.43
Company provide better customer Support	4.15	High	3.58	High	-0.57
Average	4.03	High	3.45	High	-0.57

Chart 1: Distributors’ Expectation & Perception towards Multi Level Marketing



Hypothesis Testing: -

H₀₂: There is no significant difference between distributors’ expectation and perception towards MLM

H₁₂: There is a significant difference between distributors’ expectation and perception towards MLM

To analyze the significant difference between distributors’ expectation and perception towards MLM z-test is applied as presented in table 2

Table 2: t-test results to measure significant difference between distributors' expectation and perception towards MLM

Dimensions	Level of Expectation		Level of Perception		z-values	P-value	Result
	Mean	S.D.	Mean	S.D.			
After joining MLM I could earn lot of income	4.4	0.703	3.22	0.761	12.477	0.00	Significant
I could make money in MLM business by working at my leisure	3.85	0.827	3.3	0.784	5.287	0.00	Significant
MLM provided me a full time employment	3.8	0.958	3.18	1.186	4.455	0.00	Significant
I could use quality products through MLM	4.1	0.92	3.7	1.058	3.125	0.002	Significant
I could bought goods at discounted rate	3.88	0.875	3.42	0.923	3.962	0.001	Significant
Doing MLM business enhanced my position in the society	3.87	0.931	3.2	1.009	5.346	0.00	Significant
I feel I am working in a reputed company	4.18	0.95	3.55	0.977	5.064	0.00	Significant
In comparison to my friends and relatives, I feel I have a pretty good job	3.88	1.009	3.25	1.094	4.637	0.00	Significant
I like the quality of social interaction related with the job.	4.1	0.834	3.65	1.113	5.544	0.0005	Significant
My view of life, in general, is positive.	4.4	0.666	4.05	0.839	3.579	0.0004	Significant
Refund policy is convenient	3.58	0.837	3.08	0.936	4.362	0.00	Significant
Company offer innovative products	4.15	0.795	3.72	1.029	3.622	0.0004	Significant
Company provide better customer Support	4.15	0.763	3.58	1.026	4.883	0.00	Significant

Level of Significance = 5%

At 5% level of significance significant difference has been identified between distributors' expectations & perceptions. It means distributors are dissatisfied with the services provided by MLM companies and it can be concluded that there is a significant difference between distributors' expectation and perception towards MLM.

Conclusions:

From this research it can be concluded that distributors are not getting according to their expectations and significant difference has been identified in distributors' expectations & perception towards MLM Company. So MLM companies need to improve their policies related to distributres.

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