

Customer Perception towards Multi Level Marketing Products with Special Reference To Coimbatore District

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ABSTRACT

World over multi-level marketing (MLM) has become a successful concept which provide opportunities for the emergence of successful entrepreneurs. Multi-level marketing is the fastest growing sector of the direct selling industry in the world. Moreover it is becoming more popular day by day due to the minimum risk involved. The reason for the growth of multi-level marketing business is simple; there are more people looking for opportunities to earn additional income to supplement to their regular income. Multi-level marketing is one of the forms of direct selling method which is also known as Network Marketing. Multi-level marketing enables customers to receive goods directly from the manufacturer. Thus, the customers get the entire benefits of direct selling. Now-a-days customers expect quality in spending towards fast moving consumer goods. Thus a businessman or a marketer or a company is in a position to study the customer perception towards their products in order to survive in the market for a long time with stiff and tough competition. Hence it is inevitable to have a study on customer perception towards Multi-level marketing companies. Convenient sampling method has been adopted for collecting data through questionnaire from three hundred and seventy customers of Coimbatore district. The study reveals that majority of the customers have good opinion towards MLM products due to high quality of the products followed by high quantity of the products, good brand image, better customer support and the like.

Keywords: *Customer perception, MLM products, Fast moving consumer goods,*

INTRODUCTION

India, as an emerging economy, has registered a phenomenal growth in the multi-level marketing industry. India is one of the largest consumer markets and has attracted many multi-level marketing companies to operate. The country has experienced reasonably steady growth in the multi-

level marketing sector. Multi-level marketing method have been successfully implemented for the first time by Carl Rehnberg in 1920 and started a company to distribute unique range of food supplements called California Vitamin Company and later renamed as Nutrilite Products Inc in 1934 and also the first multi-level marketing plan was introduced in 1945 by the company. This business is in operation in United States in all 50 states and in more than 100 other countries. The most reputed companies in multi-level marketing in India and abroad are Amway, Modicare, Oriflame, Tupperware, Goodways, etc. Amway, Oriflame and Modicare are the companies that have really introduced the concept of direct selling and multi-level marketing in India. Multi-level marketing industry promotes individual entrepreneurship through its innovative direct selling approach of world class products. Business through Multi-level marketing is based on the simple integrity of helping people to lead a better life by marketing their products and services through independent business owners worldwide.

REVIEW OF LITERATURE

S. Viswanathan (2018), In his article he reviewed different business approaches and explained with more operating information on direct selling businesses and network marketing opportunities and the growth of the Direct Selling Industry in India.

Bhavannarayana Kandala & Sudha Vemaraju (2016), Highlights the importance of taking appropriate corrective measures to attend major classes like demographics, customer loyalty and satisfaction by increasing the distribution flexibility in network marketing in their study.

Rekha Choudhary & Karnal (2013) The authors found that the multiplying effect on network marketing will expand when the distributors continue their recruiting or sponsoring efforts. The authors also found that the interesting factors like freedom to work at one's own place and time which creates an additional residual income that promise steady and gradual success made network marketing very popular.

Chia-Chi Chang and Shu-Hei Chen (2012) The purpose of the study was to identify those voluntary helping behaviours exhibited by commercial members such as salespersons toward customers. The findings of the study showed that most interviewees endorsed the belief that SERCS played an important role in their customer service experiences and the 18 categories organized into four main dimensions of SERCS and each category has been illustrated with an example, these include emotional support, information sharing, voluntary social interaction, and practical assistance.

Florian, Thomas and Wieseke (2012) The major contribution of this study is to provide insights into how firms can mitigate the negative impact of salespeople's intentions to promote

house brand on customer outcomes, findings that may refine conventional wisdom in sales management research. Both adaptive selling and sales empathy show significant mitigation effects. .

Pravin Kumar and Dr. Asha (2012)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.

Suman .M,Anuradha andManasaVeena (2012) 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.

YaredAdeme (2012) This study assessed customers' satisfaction in terms of the quality of products and service given by DXN Ethiopia. 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. The major recommendation is reducing the price of the products which is supposed to be very expensive by customers.

RekhaAttri and Sunil Chaturvedi (2011) This paper attempts to study the ethical issues involved in multilevel marketing and its awareness amongst the public and also the genuineness of the products offered in relation to value for money and product quality. They observe that a higher percentage of both males as well as females disagree that they are being pushed towards the distributorship of a MLM product. From the research they found that the awareness of Amway is the highest in the Indian market.

Chamikutty and Preethi (2010) This study projected Amway more as a FMCG company and less as a direct marketing business, the company will now start with the category advertising soon to "to educate customers about the brand as many people don't know us." Products are still sold through a network of Amway Business Owners (ABOs) across the country with emphasis on bottom line margins.

STATEMENT OF THE PROBLEM

Multi-level marketing through direct selling is reasonably increasing in the Indian consumer market. In today's world, consumption of fast moving consumer goods (FMCG) is tremendously increasing. The Multi-level marketing companies offer household utensils, homecare products, cosmetics, fitness equipment, healthcare products, food supplements, etc. A marketer is in a position to study the customer perception, problems and satisfaction in order to sustain in the market with stiff

and tough competition. Hence, the emphasis of this study is on the perceptions of customers of Multi-level marketing companies.

OBJECTIVES OF THE STUDY

To identify the level of customer perception towards Multi-level marketing products.

RESEARCH METHODOLOGY

The validity of any research depends on the systematic method of collection of data and analysis of the same in an appropriate manner.

PILOT STUDY

A pilot study was made by the researcher with thirty customers who are procuring MLM products through a questionnaire meant for the respondents. After the study, necessary modifications were made in the questionnaire on getting the advice from academic and research experts to fit in the same track of the present study.

SAMPLE DESIGN

By adopting convenient sampling method the data have been collected from three hundred and seventy customers of Coimbatore district.

AREA OF SAMPLE

Tamil Nadu possesses the second-largest economy among all the states in India. Coimbatore is one of the Top Ten towns with highest spending on FMCG Products in India and it is the second biggest metropolitan and a highly populated city in the state. The city has a strong economy and a reputation as one of the greatest industrial cities in South India. The top two MLM companies in India which is also in operation at Coimbatore sell home care, health care, personal care and cosmetic products. Hence, the study was made on MLM products in this district which is the most suitable and potential market for fast moving consumer goods.

DATA COLLECTION

The primary data were collected from the respondents using a questionnaire. The questionnaire was constructed with questions relating to socio-economic profile and perception, level of the respondents towards MLM products. The secondary data were collected from the journals, magazines, dailies, books and from the kits of the companies issued to the distributors and from brochures, handouts and websites.

FRAMEWORK OF ANALYSIS

The collected data have been analyzed by making use of the following statistical tools:
(i) Analysis of Variance (ANNOVA) and (ii) Friedman Rank Test .

ANALYSIS AND INTERPRETATION

Level of perception

Customer Perception towards MLM products have been measured by assigning scores to questions relating to customers perception towards MLM Products. Eleven such questions are included in the questionnaire. Answers to the questions have been rated on a five-point scale. The scores allotted to the answers range from one to five. Thus, the maximum score a customer would get is 55. Score obtained by each customer is divided by 55 and multiplied by 100 to convert it into an index. This index is termed as 'Perception index'. The index ranges between 49.09 and 100.00 and the grand mean of perception index is 80.03. Of the 370 customers, 162 (43.78%) are with perception indices above the average and 208 (56.22%) are with perception indices below the average. Based on the perception index, the customers have been divided into three groups as customers with low, moderate and high level of perception towards MLM products. In order to classify the customers into three such groups, quartiles have been made use of. Accordingly, customers with perception index ranging upto 71.10 are termed as customers with low level of perception; those with perception index ranging between 71.11 and 88.95 are termed as customers with moderate level of perception and those customers with perception index above 88.96 are termed as customers with high level of perception. Of the 370 customers,56 (15.14%) are with low level of perception; 238 (64.32%) are with moderate level of perceptionand the rest 76 (20.54%) with high level of perception.

Gender

To identify whether mean perception differs among respondents classified on the basis of gender, ANOVA test is employed.

Table: 1
Gender and perception

Gender	Numbers	Perception index	Above average	Below average	Range
Male	190 (51.40)	79.45	106	84	49.09-100.00
Female	180 (48.60)	80.65	79	101	54.55-100.00
Total	370	80.03	162	208	49.09-100.00

Source: Primary data

d.f.:368

Calculated 't' Value:-1.284

Table Value: Five per cent level: 1.966

One per cent level: 2.589

Mean perception index is high among customers, who are females. Mean perception index is low among customers, who are males. Thus, it is inferred that female customers have high level of mean perception.

As the calculated ‘t’ value is lesser than the table value at five per cent level, there exists no significant mean difference among respondents classified on the basis of gender.

Marital status

To identify whether mean perception differs among respondents classified on the basis of marital status, ANOVA test is employed.

Table: 2
Marital status and perception

Marital status	Numbers	Perception index	Above average	Below average	Range
Married	191 (51.60)	80.57	85	106	49.09-100.00
Unmarried	179 (48.40)	79.46	96	83	56.36-98.18
Total	370	80.03	162	208	49.09-100.00

Source: Primary data

d.f.:368

Table Value: Five per cent level: 1.966

Calculated ‘t’ Value:1.195

One per cent level : 2.589

Mean perception index is high among customers, who are married. Mean perception index is low among customers, who are unmarried. Thus, it is inferred that customers, who are married have high level of mean perception.

As the calculated ‘t’ value is lesser than the table value at five per cent level, there exists no significant mean difference among respondents classified on the basis of marital status.

Social status

To identify whether mean perception differs among respondents classified on the basis of social status, ANOVA test is employed.

Table: 3
Social status and perception

Social status	Numbers	Perception index	Above average	Below average	Range
Student	72 (19.50)	79.90	40	32	56.36-98.18
Employee	185	80.09	78	107	49.09-100.00

	(50.00)				
Business	56 (15.10)	79.25	33	23	54.55-94.55
Agriculturists	19 (5.10)	81.82	10	9	69.09-90.91
Unemployed	38 (10.30)	80.29	16	22	63.64-94.55
Total	370	80.03	162	208	49.09-100.00

Source: Primary data

d.f.: v_1 4, v_2 365

Table Value: Five per cent level: 2.396

Calculated F Value: 0.308

One per cent level: 3.371

Mean perception index is high among customers, who are agriculturalists. Mean perception index is low among customers, who are doing business. Thus, it is inferred that customers, who are Agriculturalists have high level of mean perception.

As the calculated 'F' value is lesser than the table value at five per cent level, there exists no significant mean difference among respondents classified on the basis of social status.

Family income

To identify whether mean perception differs among respondents classified on the basis of family income, ANOVA test is employed.

Table: 4
Family income and perception

Family income	Numbers	Perception index	Above average	Below average	Range
Up to Rs. 25000	128 (34.60)	79.96	77	51	54.55-100.00
Rs. 25001 to Rs. 50000	127 (34.30)	79.51	65	62	54.55-100.00
Above Rs. 50000	115 (31.10)	80.70	53	62	49.09-98.18
Total	370	80.03	162	208	49.09-100.00

Source: Primary data

d.f.: v_1 2, v_2 367

Table Value: Five per cent level: 3.020

Calculated F Value: 0.535

One per cent level: 4.663

As the calculated 'F' value is lesser than the table value at five per cent level, there exists no significant mean difference among respondents classified on the basis of family income.

Total family members

To identify whether mean perception differs among respondents classified on the basis of total family members, ANOVA test is employed.

Table: 5
Total family members and perception

Total family members	Numbers	Perception index	Above average	Below average	Range
Up to Two	45 (12.20)	81.86	18	27	70.91-100.00
Three	152 (41.10)	79.49	88	64	54.55-100.00
Above Three	173 (46.80)	80.04	75	98	49.09-98.18
Total	370	80.03	162	208	49.09-100.00

Source: Primary data

d.f.: v_1 2, v_2 367

Table Value: Five per cent level: 3.020

Calculated F Value: 1.227

One per cent level: 4.663

Mean perception index is high among customers, whose families consist upto two members. Mean perception index is low among customers, whose families consist of three members. Thus, it is inferred that customers, whose families consist upto two members have high level of mean perception.

As the calculated 'F' value is lesser than the table value at five per cent level, there exists no significant mean difference among respondents classified on the basis of total family members.

Period of usage

To identify whether mean perception differs among respondents classified on the basis of period of usage, ANOVA test is employed.

Table: 6
Period of usage and perception

Period of usage	Numbers	Perception index	Above average	Below average	Range
Up to Two Years	182 (49.20)	79.25	99	83	49.09-100.00
3 to 4 Years	109	80.42	48	61	63.64-96.36

	(29.50)				
Above Four Years	79 (21.40)	81.31	37	42	54.55-100.00
Total	370	80.03	162	208	49.09-100.00

Source: Primary data

d.f.: v_1 2, v_2 367

Table Value: Five per cent level: 3.020

Calculated F Value: 1.615

One per cent level: 4.663

Mean perception index is high among customers, who use MLM products above four years. Mean perception index is low among customers, who use MLM products up to two years. Thus, it is inferred that customers, who use MLM products above four years have high level of mean perception.

As the calculated 'F' value is lesser than the table value at five per cent level, there exists no significant mean difference among respondents classified on the basis of period of usage.

Friedman rank test

To know the opinion of the customers toward various aspects of the products purchased by them, Friedman rank test is employed.

Table: 7
Opinion on MLM products

Features	SA	A	NANDA	DA	SDA	Total	Mean Rank	Rank
Products are high in quality	194 (52.40)	155 (41.90)	17 (4.60)	4 (1.10)	0 (0.00)	370 (100.00)	7.86	1
Company provides high quantity products	96 (25.90)	226 (61.10)	41 (11.10)	7 (1.90)	0 (0.00)	370 (100.00)	6.46	2
Range of products are available	97 (26.20)	188 (50.80)	76 (20.50)	9 (2.40)	0 (0.00)	370 (100.00)	5.98	5
Company possess good brand image in the minds of the customer	106 (28.60)	193 (52.20)	58 (15.70)	13 (3.50)	0 (0.00)	370 (100.00)	6.25	3
Company delivers	99 (26.80)	186 (50.30)	66 (17.80)	19 (5.10)	0 (0.00)	370 (100.00)	5.98	5

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ISSN: 0474-9030

Vol-68-Issue-1-January-2020

Features	SA	A	NANDA	DA	SDA	Total	Mean Rank	Rank
products in time								
Customer gain product knowledge through product demonstration	91 (24.60)	169 (45.70)	93 (25.10)	17 (4.60)	0 (0.00)	370 (100.00)	5.56	8
Products are easily accessible	84 (22.70)	172 (46.50)	93 (25.10)	21 (5.70)	0 (0.00)	370 (100.00)	5.46	9
Company offers innovative products	65 (17.60)	179 (48.40)	109 (29.50)	17 (4.60)	0 (0.00)	370 (100.00)	5.15	10
Refund policy for dissatisfaction of products	74 (20.00)	195 (52.70)	93 (25.10)	6 (1.60)	2 (0.50)	370 (100.00)	5.62	6
Company provides better customer support	92 (24.90)	210 (56.80)	57 (15.40)	9 (2.40)	2 (0.50)	370 (100.00)	6.10	4
Company provides good offers and discounts	70 (18.90)	210 (56.80)	78 (21.10)	12 (3.20)	0 (0.00)	370 (100.00)	5.58	7

Source: Primary data

Test Statistics (a)

N	370
Chi-Square	263.580
df	10
Asymp. Sig.	.000

A Friedman Test

From the Friedman Rank test, it is inferred that majority of the customers have good opinion towards MLM products due to high quality of the products followed by high quantity of the products, good brand image, better customer support and the like.

FINDINGS

- Mean perception index is high among customers, who are females. Mean perception index is low among customers, who are males. There exists no significant mean difference among respondents classified on the basis of gender.
- Mean perception index is high among customers, who are married. Mean perception index is low among customers, who are unmarried. There exists no significant mean difference among respondents classified on the basis of marital status.
- Mean perception index is high among customers, who are agriculturalists. Mean perception index is low among customers, who are doing business. There exists no significant mean difference among respondents classified on the basis of social status.
- Mean perception index is high among customers, whose family income is above Rs. 50,000. Mean perception index is low among customers, whose family income ranges from Rs. 25,001 to Rs. 50,000. There exists no significant mean difference among respondents classified on the basis of family income.
- Mean perception index is high among customers, whose families consist upto two members. Mean perception index is low among customers, whose families consist of three members. There exists no significant mean difference among respondents classified on the basis of total family members.
- Mean perception index is high among customers, who use MLM products above four years. Mean perception index is low among customers, who use MLM products up to two years. There exists no significant mean difference among respondents classified on the basis of period of usage.
- From the Friedman Rank test, it is inferred that majority of the customers have good opinion towards MLM products due to high quality of the products followed by high quantity of the products, good brand image, better customer support and the like.

CONCLUSION

The present study is a sincere and an earnest attempt to know the customer perception on multilevel marketing products in Coimbatore district at Tamil Nadu. However, studies carried out by Peterson et al (1989), Raymond and Tanner (1994), and Kustin and Jones (1995), suggest that consumers often have negative perceptions of direct selling organizations and network marketing organization in particular. The negativism about multinational MLM companies MLM is gone now and people started to use MLM products as they expect quality in spending in all aspects of life. Irrespective of the business plan and earning pattern and other advantages, the companies are likely to be stretched to more and more products and marketing concepts which

would result in customer delight. It is concluded that customers are satisfied and delighted with the products offered by MLM companies in Coimbatore district at Tamil Nadu.

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