iJRASET
International Journal For Research in Applied Science and Engineering Technology

INTERNATIONAL JOURNAL FOR RESEARCH

IN APPLIED SCIENCE & ENGINEERING TECHNOLOGY

Volume: 7 **Issue:** XII **Month of publication:** December 2019

DOI: http://doi.org/10.22214/ijraset.2019.12098

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International Journal for Research in Applied Science & Engineering Technology (IJRASET)
ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.177
Volume 7 Issue XII, Dec 2019- Available at www.ijraset.com

Comparative Analysis of various Network Marketing Companies Operating in Himachal Pradesh

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Abstract: ***India is a major fulcrum for most of the direct selling companies in the world and is going to be one of the biggest markets in the world as population in one of the major factors in the growth of Industries. Without doubt, India has greatest potential for direct sales in the world. As Direct selling strategy is quite different from the business administration of general enterprises although it can save the company a lot of cost, in spite of being accompanied with uncertain risks. This study analyses the diverse motives of individuals choosing to become a distributor for the Network Marketing Company such as Amway, Vestige, FLP and Modicare etc. This paper aims to study the distributor attitude and perception towards Direct Marketing with reference to Amway, Vestige and FLP products in Himachal districts. This study also reveals the reasons for buying the products with the factor analysis. Snow ball sampling has been used for the study. The technique used for data collection is questionnaire. The study also covered about 100 distributors belonging to Himachal state only. Tools and technique used are Percentage, Table and graphs etc. The result is useful in understanding distributor motives and consequently in framing suitable strategies to enhance the network.***

Keywords: Network marketing, MLM, Compensation plan, Amway, Vestige

I. INTRODUCTION

As competition increases immensely, every organization has to see some innovative ways to do their business and sustain themselves in the market for long time. Traditional distribution system is more rigid and costly so that the price of the final product goes on increasing, as organization has to pay some commissions to the intermediaries. This is the main problem found in the traditional distribution and system. With increase in the competition, the tradition business is facing many challenges like continually rising marketing costs, decreasing response rates and lack of direct relationship with its customers. As market is highly competitive and products are overwhelming; in order to retain its customers, companies have started to move away from traditional aggregate- level mass marketing programs and use direct marketing as their strategy to interact with their customers. Network marketing companies have gained exceeding and have become widely spread and recognized, especially during the past ten years. Companies such as Tahitian Noni International, Herbal life, Oriflamme, RCM, Mary Kay, Tupperware, Forever Living Products and Amway etc are all examples of well- known network marketing companies. Network marketing companies are also similar to any other type of company as well, they have customers, employees and sell goods or services and market their products. What makes network-marketing companies unique is that their main assets are their distributors or Independent Business Owner (IBO). The IBO consumed the products; share this to their friends, relatives etc and continuously recruit new persons to join the company. Without this recruitment there can be no network, which in turn would undermine the entire business form. Even though direct selling has been around for quite some time and engages millions of people around the world, it has been looked upon with a great scepticism mostly due to some similarities with the illegitimate pyramid schemes. Today this sceptical view to some extent lives on, but the business form continues to grow rapidly. Traditional large-scale pattern is the most familiar sales pattern for companies. Based on these patterns, companies usually sell their products, services, and give all the customers same sales promotion. However, this kind of sales promotions neglect the differences among the customers. Nowadays the customer relationship is most important as it is focal point of every organization. After the industrial revolution, it is very important how the company treats their customers and how they convey message in innovative ways so that the customer base can be maintained. Actually, direct marketing companies or organizations try to establish and maintain a direct relationship with their customer in order to target them individually for specific product offers. This type of marketing system is being used by many or growing number of companies especially in financial services, banks and insurance as their main strategy for interacting with the customers. However, the FMCG companies lime Amway, Avon, Tupperware and Mary Kay is doing their business with the help of direct marketing format, Multi-level market format or Chain market format. Such type of format helps the independent business owners or distributors to hike their income, communication skills, social status and overall confidence. In this format distributors not only consume the products but also recommend the products to their friends, relatives or referrals. Therefore, increase their sales volume and ask the people to join the business for their betterment.

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ISSN: 2321-9653; IC Value: 45.98; SJ Impact Factor: 7.177
Volume 7 Issue XII, Dec 2019- Available at www.ijraset.com

II. OBJECTIVES

A. To do a comparative analysis between various Network Marketing Companies operating in Himachal Pradesh.
B. To understand the perception of the distributor towards Network Marketing Companies.

III. METHODOLOGY

This present study is both descriptive and analytical nature based on survey method. It is based on both Primary and Secondary data.

1) *Collection of Data:* Primary data required for the study were collected by using well- structured questionnaire schedule. Secondary data were collected from website, journals and published books.
2) *Research Design:* A study was undertaken in order to analyse, compare and know perceptions of the distributors towards Amway, Vestige, FLP and Medicare products in Himachal district
3) *Manner of Selecting Sample Unit:* Then samples have been selected deliberately keeping in mind the targeted groups which will consist of successful direct sellers and management personnel of Amway, Vestige, FLP and Medicare etc
4) *Sample Size:* In this study, sample size of 150 respondents is chosen who are the distributors of Amway, Vestige and FLP.
5) *Sampling Technique:* Snow ball sampling technique has been applied
6) *Statistical Tools:* The data has been analyzed with the help of various tools and techniques such as MS EXCEL and SPSS to fulfill the research objectives which include: -

Percentage analysis, Frequency, Pie charts and Bar graphs

a) *Period of Study:* This study is undertaken within the period of February to April 2019.
b) *Area of the Study:* The study is limited to Himachal Pradesh mainly to understand the situation of direct selling in the state.

IV. FINDINGS OF THE STUDY

Table I: Occupation Of Respondants

Factors	Respondents	Percentage
Student	68	45.3
Own Business	26	17.3
Government Employee	17	11.3
Private Employee	26	17.3
Others	13	8.7
Total	150	100

From the Table, it is observed that out of 150 that there are 68 respondents (45.3%) belongs to the student category, 26 respondents (17.3%) lies who have their own business, there are 17 respondents (11.3%) lies in government employee, 26 respondents (17.3%) are private employee and there are 13 respondents (8.7) lies in other which include farmers & housewife etc. Hence it is concluded that most of the distributors are from students.

Table II: Number Of Respondents Associated With These Companies

Factors	Respondents	Percentage
Amway	54	36
Vestige	62	41.3
FLP	34	22.7
Modicare	0	0
Others	0	0
Total	150	100

From the Table, it is observed that out of 150 respondents that there are 54 respondents (36%) are associated with Amway, there are 62 respondents (41.3%) are associated with Vestige, while there are 34 respondents who are associated with FLP and there are not any of the respondents who are associated with Modicare company. Hence this study defines that majority of the distributor are from Vestige where there are 62 respondents and followed by Amway 54 respondents in the study area.

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Table III: Number Of Respondents Associated With These Companies

Factors	Respondents	Percentage
Below 2 Year	107	71.3
2-4 Years	26	17.3
4-6 Years	11	7.3
6 & Above	6	4.1
Total	150	100

From the above Table No. 5.6, it finds that, 107 respondents (71.3%) of the distributors are associated below 2 year, 26 respondents (17.3%) associated since last 2-4 year, 11 respondents (7.3) associated in these companies last 4-6 years and there are only 6 respondents (41%) associated more than 6 year or above. So, it states that majority of the distributor's lies below 2 year. As well as majority of the distributor of below 2 year from Vestige there are 55 respondents and followed by Amway i.e. 21 respondents and FLP includes 31 respondents they all are associated below 2 year.

Table IV: Sponsor Of The Business

Factors	Respondents	Percentage
Relatives	32	21.3
Neighbours	6	4
Stranger	9	6
Friends	103	68.7
Total	150	100

It is depicted from the above table and figure No 5.8 that who sponsor the distributor in their business where it defines that there are 21 respondents (21.3%) says that their sponsors are relatives and followed by Neighbours where it includes 6 respondents (4%), total number of sponsor lies in stranger are 9 (6%) and 103 (68.7%) respondents says that friends are their sponsor in their business. Hence this study reveals that, the distributor says that friends are their sponsor who sponsor in their business that is there are 103 responses from the respondents towards friends are as their sponsor in the business.

Table V: Best Thing About The Product Of These Companies

Factors	Respondents	Percentage
Price	8	5.3
Quality	58	38.7
Packaging	4	2.7
Business Opportunity	80	53.3
Total	150	100

From the above table it is observed that out of 150 respondents that there are 8 respondents (5%) reveals that their best thing or like about the product of their particular company is Price, 58 respondents (38.7%) prefer quality of the product, only 4 respondents (2.7%) reveals that packaging is the best thing and majority of the respondents i.e. 80 (53.3%) reveals that the best thing about the product of their company is business opportunity.

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Table VI: How Frequently Respondents Purchase The Products

Factors	Respondents	Percentage
Every Week	18	12
15 Days	11	7.3
Every month	48	32.1
Once in two months or sparse	71	47.3
Cosmetics	2	1.3
Total	150	100

From the above table and figure reveals that 18 respondents (12%) purchase the product every week, 11 respondents (7.3%) says that they purchase the product fortnight, 48 respondents (32.1%) says that they purchase the product every month, 71 respondent (47.3%) says that they purchase product of their company sparse and there are only 2 respondents (1.3 %) purchase cosmetics products. So, it concludes that the majority of the respondent purchase the product sparse under this there are 71 respondent and only 2 respondents frequently purchase cosmetics product.

Table VII: Respondents Reason For Joining These Companies

Factors	Respondents	Percentage
Extra Income	70	46.7
More free time	16	10.7
Recognition	30	20
Personal Development	34	22.6
Total	150	100

From the above table and figure reveals that out of 150 respondents, 70 of the respondents (46.7%) reason for joining these companies because of extra income, 16 respondents (10.7%) joined because of more free time, 30 respondents (20%) reveals that they joined because of the recognition of the company while other 34 respondents (22.6%) say that they joined for the personal development. So, this analysis reveals that majority of the respondent joined these company for extra income.

Table VIII: Provide Good Opportunity To Earn Money

Factors	Respondents
Strongly Disagree	1
Strongly Agree	115
Neutral	7
Agree	19
Disagree	8
Total	150

From the above table, it reveals that out of 150 respondents where 115 respondents strongly agree that it provide good opportunity to earn money, 7 respondents lies in neutral , 19 respondents agree that it provide good opportunity to earn money and only 8 respondents disagree that it do not provide good opportunity to earn money. So, it concludes that majority of the respondents i.e. 115 strongly agree that it provide good opportunity to earn money.

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Table IX: Provide Regular Meeting And Training

Factors	Respondents
Strongly Disagree	0
Strongly Agree	90
Neutral	22
Agree	38
Disagree	0
Total	150

From the above table and figure depicts out of 150 respondents, 90 of the respondents and 38 respondents also strongly agree and agree that these companies provides regular meetings and training in their respective town/city, where there are 22 respondents says that sometimes they provide meeting and training in their city/ town and none of the student disagree this statement they also agree this statement. Hence it concludes that there is providence of the regular meeting and training majority of the respondents agree this statement.

Table X: Sponsoring New People Is Easy

Factors	Respondents
Strongly Disagree	0
Strongly Agree	47
Neutral	33
Agree	66
Disagree	4
Total	150

From the above table, it reveals that out of 150 respondents, 66 of the respondent agree and 47 respondents also strongly agree that sponsoring new people is easy, 33 respondents says that sponsoring new people is easy and difficult as well and only 4 respondents says that it is not easy to sponsor because of higher prices, and financial constraints etc.

Table XI: Selling New Product Is Easy

Factors	Respondents
Strongly Disagree	3
Strongly Agree	49
Neutral	32
Agree	61
Disagree	5
Total	150

From the above table depicts that 49 and 61 respondents agree that selling new product is easy because of the quality of the product or packaging of the product is good while 5 and 3 disagree and strongly disagree this statement because they says that the price of the product is high or because of financial constraints to sell the new product is not easy. So, it concludes that majority of the respondents reveals that to sell the new product is easy to the people.

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Table XII: Overall High Satisfactions With These Companies

Factors	Respondents
Strongly Disagree	1
Strongly Agree	107
Neutral	5
Agree	34
Disagree	3
Total	150

From the above table reveals that majority of the respondent i.e. 107 & 34 strongly agree and agree that they are highly satisfied in which company they are being associated while only 5 respondents lies in neutral and only 3 respondent disagree this statement and with that 1 of the respondent also strongly disagree this statement because of compensation plans are not good, higher products, low success rate and quality of the product are not good etc.

V. FINDINGS

Major finding of the study are as follows:

1) Through this study we found that most of student are associated in these companies where 68 (45.3%) are student and followed by Private employee and Govt employee i.e. 27 (17.3%) respondents and there and only 13 respondents fall under others categories where it includes farmers, housewives and retired employee etc.

2) Through this study we found that out of 150 respondents there are 62 (41.3%) respondents associated with Vestige, 54 (36%) respondents are associated with Amway and 34 (22.7%) respondents associated with FLP and none of the respondents associated in Modicare and others in the study area.

3) Majority of the respondents i.e. 107 (71.3%) are associated with these companies below 2 years.

4) 103 (68.7) respondents reveals that their sponsor of the business are friends, 31 respondents of the Amway out of 54 says that friends are their sponsor and followed by Vestige 41 respondents out of 62 and FLP 31 respondents out of 34 say that their friends are the sponsor in the business.

5) 80 (53.3%) of the respondents says that the most thing they like about the product is business opportunity and 58 (38.7%) says quality of the product is best thing.

6) Out of 150 respondents we found that 70 (46.7%) of the respondent join these companies to earn extra Income and 30 of the respondents joined because of recognition of the companies.

7) Through this study we found that there are 12 respondents shifted their company where in Amway there are 3 respondents shifted their company because of low success rate, better compensation plan and pricing of the product are high, there are not any of the respondents who have shifted their company in FLP.

8) 141 respondents out of 150 respondents reveal that Network marketing company provides good opportunity to earn money.

9) Only 1 respondent says that number of achievers has not increased and 109 respondents reveals that number of achievers has been increased in their town/city.

10) Most of the respondents reveal that their earning has been increased every month since joining there are 122 respondents, while only 5 respondents reveals that their earning has not increased. 44 respondent of the Amway says that their earning has been increased and followed by Vestige there are 47 out of 62 respondents agree and 31 out of 34 respondents of the FLP also said that their earning has been increased.

11) Majority of the respondent that is 113 out of 150 respondents reveals that it is difficult to sponsor new people and only 4 respondents say sponsoring new people is easy.

12) The satisfaction result was out of 150 respondent, 141 respondents says that they are highly satisfied after joining these companies while 5 of the respondents lies in neutral and only 4 students not satisfied after joining these companies. In this study we also found that the respondent of the Amway highly satisfied are 51 out of 52 where as those who are associated with Vestige highly satisfied are 59 out of 62 and in FLP highly satisfied respondents are 31 out of 34.

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VI. CONCLUSION

As Network Marketing or Direct selling method in which independent- agents serve as distributors of goods and services and encourage to build and manage their own sales force by recruiting and training other independent agents. Under this commission is earned on the agent's own sales revenue as well as on the sales revenue of the sales force recruited by the agents and his or her recruits (called downline).

The conclusion of the study is indicative of the fact that most of the individual joined Network Marketing company as a distributor and they gain and achieved many things such as they developed their skills and earning good income etc. Through this analysis and interpretation of the data we found that distributor of these business i.e. out of 150 the distributor or the people who are associated with Vestige are 62 followed by Amway 54 and in FLP there are 34 distributors associated. The most of the distributor are male as compare to female as well as we found that there are more female distributor associated in Amway as compare to Vestige and FLP and they reveals that their reason for joining is the recognition of the company, as well as we get response that want to utilize their free time in these business and earn extra income and for their personal development. Thus, this study done on comparison and perception toward towards Direct Marketing Companies with special reference to Amway, Vestige and FLP makes an attempt to find the solution for different operation problems in direct marketing business. The study also reveals that students are the most who are involved in this business as students says that they are associated because of good business opportunity .Thisstudy also define that the distributor are mainly motivated by the compensation plan, quality of the product and business opportunity and majority of the respondents also reveals that Network marketing provide good opportunity to earn money, provide best value for money and it is beneficial for the society because any of the people can involve in this business even if they are not educated so that they could earn and start their own business and become leader under this business. Most of the respondents are also highly satisfied in which they are associated in Network Marketing companies. Over all it can be concluded that the perception and response of the respondents are positive and they are satisfied with their respective companies in which they are associated.

VII. SUGGESTIONS

A. Majority of the people are satisfied who are associated in these businesses.

B. Few of the distributors says that in their town or city the number of achievers not much so it can be overcome when they are supported and guided by their team and motivate them to attend the training programme.

C. Direct selling is a home-based business and it can be done by any person in part time or full time comfortably from the home

D. To be a successful direct seller, an individual has to be persistent, consistent and attend seminars to be motivated about the business.

E. As it is seen that people from all work of life are into the direct selling and earning too. It can be the way to help irrespective of the education and have platform of his own.

F. People who are into Direct selling business from a long time are successful and making a good amount of income, so new people should have a long-term vision and develop the skills in the beginning of them of direct selling business.

G. To reduce the price of the product because the prices is high.

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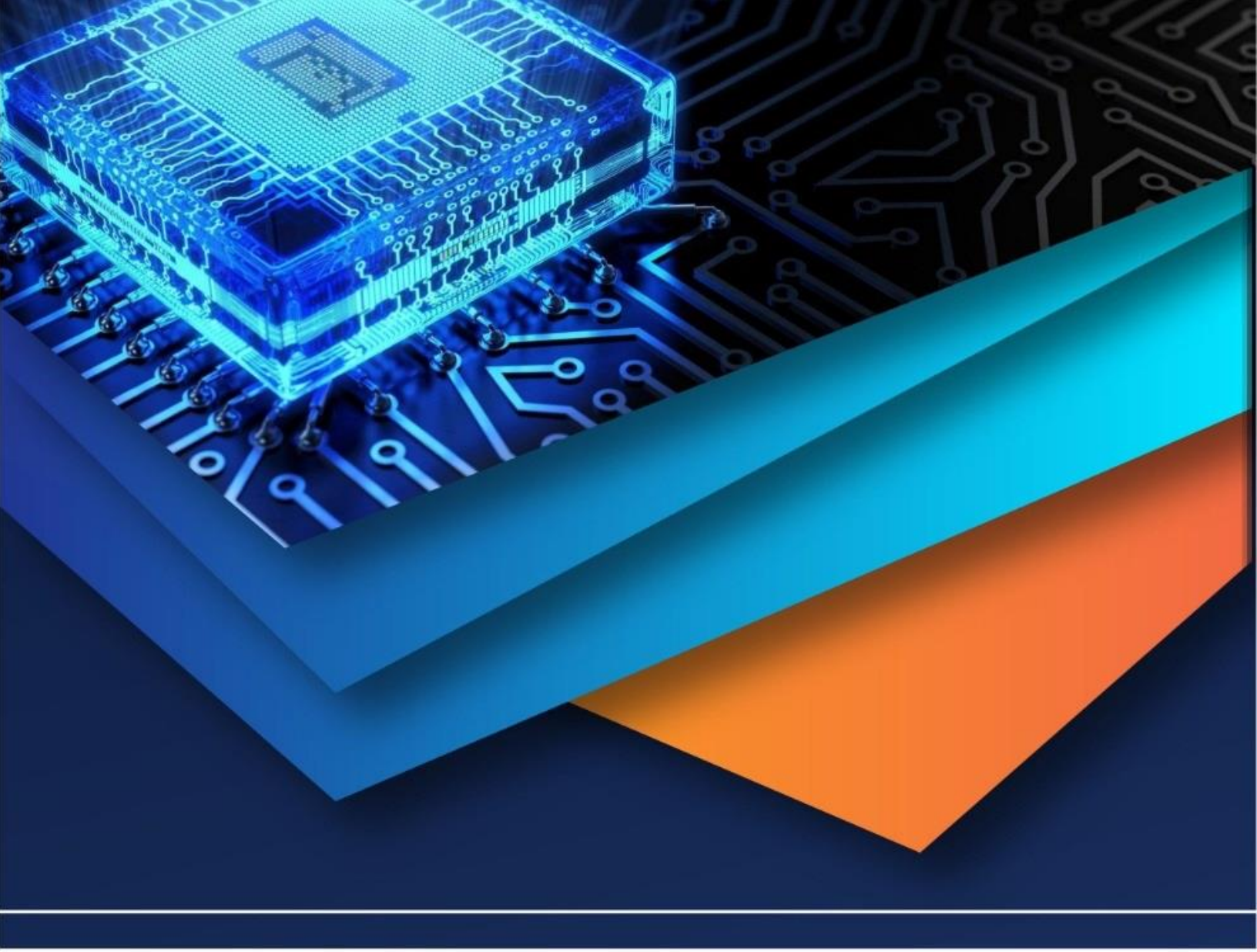

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