

A Study on Consumer Perception Towards MLM Products In Bengaluru City

Harathi. B¹, Dr G. Indhumathi²

¹Research Scholar, Mother Teresa Women's University, Kodaikanal.

²Assistant Professor, Department of Commerce, Mother Teresa Women's University, Kodaikanal.

ABSTRACT

Direct Marketing Companies are also called as Network Marketing and Multi-Level Marketing Companies which market their Products through network of distributors. These independent Distributors receives Commission based on the Sales achieved by them. The uniqueness of this business is such that the products sold through direct Sales are usually not found or sold in retail outlets. Therefore, it is very challenging for direct selling Companies in terms of designing, satisfying and marketing the Products in the local market. It has become more challenging for the Companies to market products due to the negative opinion of buyers because of the unethical practices followed by few companies towards pushing the Product among customers. The purpose of this study is to identify the perception of the Consumers towards the Products sold in Multilevel Marketing so that the Companies can look into and make improvements on it.

Keywords: Direct Marketing, Products, Perception, Customers. Quality.

INTRODUCTION

Consumer Perception refers to Customer's awareness, their impressions and their opinions about a business, Products and brand. Customer Perception is shaped by multiple Variables. Consumer Perception is one of the concepts of marketing which gives a complete idea about consumer's impression, consciousness and awareness about the Product and services offered by a Company.

Consumer collects the complete information about a Product and attempts to get a clarity about the image of the Product before making plans on buying the Product. This way of planning is called as Consumer Perception. Therefore, the Process of Consumer Perception starts from collecting the information about a Product till an opinion is drawn about that Product regarding Purchases.

Consumer Perception Process involves three stages namely Sensing, Organising and reacting. In the sensing stage Consumer's acquire the knowledge about a Product, service or a brand. In the second stage Consumers make sense of the information that they acquire by interpreting the information with its value. In the third stage Consumers will act based on the first two stage along with the internal and external stimuli ranging from personal history to its feedback. Even though each factor is different, buyers usually consider more or less these factors for buying decisions.

Multi-Level Marketing is a Marketing strategy wherein the distributors who are the independent salesmen sell the Products of the Company by themselves and also recruit others as their downline to sell the products in order to earn Commission for not only their sales but also the downline sales.

Under this Strategy members who are interested in this business join the Company as registered distributors of that Company by Purchasing the Products. The in turn expand their business by introducing the Products to their contacts or network in order to convert them as their downline so that both the upline(introducer) and the downline(introduced) can make reasonable commission for their sales. In this strategy of sales, the maximum benefit is received by the upline.

The MLM marketing strategy is also called as direct selling, referral marketing, Pyramid selling and chain marketing etc.,

Consumers have their own perspective about the products sold by the companies because such companies are under the law suit due to various unethical reasons namely high investment for start-up, kind of products sold, illegal pyramid scheme, exaggerated Compensation schemes, exploitation of relationship etc., The various Products sold by such Companies are household Products. Personal care Products, Wellness Products. In recent past other items like clothing, accessories etc., has also been the addition to this variety. These Products were generally not found in the retail markets therefore the Consumer's Perception towards this product has to be examined for the business purpose. In many other countries this strategy is well approached and accepted by the Consumers as it does not involve any practices which adversely affect the sales.

factors influencing consumer perception:

- Price and quality of the Product
- Usage of the Product
- Service
- Advertising
- Reputation of the Company
- Feedback

REVIEW OF LITERATURE

Claudia Grob and Dirk Vriens (2019)¹ The researcher suggested that the headquarters of MLM Companies must provide training and education as it is already stated in the industry code of ethics, the headquarters must provide correct understandable and appropriate data in order to educate Consumer about MLM industry. the MLM industry has proven an important player in the distribution of goods and services and a popular retail channel. The focus of this paper, however, was on the problematic side of the industry as we set out to (a) explicate the role of the DN in the persistence of legal and ethical problems and (b) discuss potential, but limited, measures to deal with these problems.

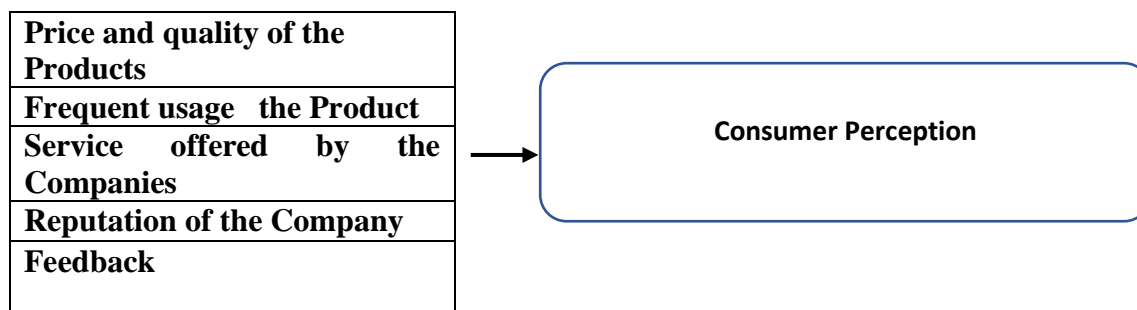
V. Kannan (2017), This paper aims to study the customer attitude and satisfaction towards direct marketing with reference to Amway products in Theni district. According to the author Amway takes steps to reduce the price of the products to gain more customers. Major products purchased by customers are Household products, beauty care products, and cosmetic products. Therefore, the company's focus in marketing strategies can concentrate on these lines of products. The product should also be launched in urban areas, because they should come to the city to buy the products. The products are not easily available in all places. So, it should also be improved. Amway has to allow its products to be sold in retail stores so that the product will be available anywhere anytime.

Kwee-Fah lee, Kai-Yin Loi (2016), in their Study on finding out the satisfaction of distributors in Multi-Level Marketing Companies has examined that the antecedents which impact distributors satisfaction is influenced by five factors namely method to diffuse opportunity, Perceived quality of recruitment process, perceptions of products and services, upline support and Monthly Income. be improved. Amway has to allow its products to be sold in retail stores so that the product will be available anywhere anytime.

OBJECTIVES OF THE STUDY

1. To understand the line of products sold by Multilevel Marketing Companies and to identify the factors influencing Consumers Perception towards their Products
2. To analyse the relationship between the factors identified and the Perceptions of Consumers towards such Products
3. To give suggestions based on the study.

THE CONCEPTUAL MODEL



RESEARCH DESIGN

The study Conducted is descriptive and empirical. A quantitative research design has been chosen for the study. The questionnaire was filled with 300 respondents from different distributors across the city. A convenient and judgmental sampling method was adopted to collect the data from the respondents. These respondents are the consumers who regularly buy products from such Companies in Bengaluru City. The Period of the study was four months from January to April 2021. The data collected was analysed using the SPSS software

HYPOTHESIS OF THE STUDY

1. There is a Significant relationship between the Price and quality of the Products with the Perception of the consumers towards the Product
2. There is a Significant relationship between the usage of the Products and the Perception of the consumers towards the Product
3. There is a Significant relationship between the service offered by the Companies and the Perception of the consumers towards the Product
4. There is a Significant relationship between the reputation of the Companies and the Perception of the consumers towards the Product
5. There is a Significant relationship between the feedback of the Products with the Perception of the consumers towards the Product

RESULTS AND DISCUSSION

Table 1. Demographic Profile of the Respondents

Demographic details	Frequency	Percent (%)
Gender		
Male	102	34
Female	198	66
Age		
21-30	102	34
31-40	108	36
41-50	62	21
51-60	16	5
Above 60	12	4
Marital Status		
Single	74	25
Married	218	72.67
Divorced	8	2.67

Source: Computed from primary survey

The study respondents comprise of consumers who purchase products which are sold by MLM Companies. Table 1 shows the demographic profile of the respondents. From a total of 300 responses, 34% and 66% were male and female respondents respectively. Majority of the respondents were between 31-40 years of age (36%). Majority of the respondents are married i.e., 72.67%.

TESTING OF HYPOTHESIS

Table No. 2 Cronbach reliability Test

Reliability Statistics

Cronbach's Alpha	N of Items
.936	5

Source: Computed from primary survey

The alpha coefficient for six items is .936. Therefore, it is Suggested that the items have relatively high internal consistency.

Table No.3 -Chi square Test

	Price and the quality of the product	Usage of the Product	Service	Reputation of the Company	feedback
Chi-Square	36.463 ^a	180.213 ^b	46.460 ^a	18.251 ^a	291.057 ^c
Df	1	2	1	1	3
Asymp. Sig.	.000	.000	.000	.000	.000

Source: Computed from primary survey

The table above is extracted through SPSS statistical tool to test the relationship between the factors influencing customer's Perception towards the products offered through MLM. The *p*-values indicates that the null hypothesis is rejected. This proves that there is a significant relationship between all the factors of the study and the Consumer's Perception. The analysis of data shows that consumers Perception is greatly influenced and associated with all the factors,

FINDINGS OF THE STUDY

With a focus towards understanding whether the above five factors influence the Consumer towards the products offered in Multi-Level Marketing scheme through SPSS software, it is observed that there is a significant relationship among all the factors of the study towards the perception of the Consumers with respect to the various Products offered through MLM. As these are not easily available in the retail stores, consumers have more consideration over the factors of the study namely Price and quality of the Products, Usage of the Products, service offered by the Companies, reputation of the Company and feedback about the products by the referral groups called as influencers.

SUGGESTIONS AND CONCLUSION

It is concluded from the study that there is a significant relationship among all the factors influencing Consumer Perception towards Purchasing the products of MLM Companies. Therefore, the MLM Companies must plan effectively towards Price and the quality of the Products, The Companies must Provide the service as per the requirement of the consumers.

The MLM Companies must promote their products through various communication channels. The consumers normally get the first-hand information or feedback from the known contact therefore the Companies must have a feedback portal for the consumers to get connected and to collect more information about the product for purchase decisions., Purchase decision is also influenced through references from others. Therefore, Companies can design Comment boxes or web chat created as a group so that the feedback of the consumers given basically help others in their buying behaviour. Due to recent negative experience regarding few Companies, there was lot of criticism about such Companies

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