

A Study of Factors Affecting Youth's Perception regarding Network Marketing

Dr. Pratistha

Assistant Professor

Delhi School of Professional Studies and Research

pratisthaboora5@gmail.com

Contact no. +918708320121

Abstract

The objective of the study is to examine the perception regarding network marketing among youth. It is descriptive in nature. Primary data and secondary data have been used to achieve the objective of the study. Primary data have been collected from college students pursuing graduation in different streams through a structured questionnaire based on five points Likert Scale ranging from strongly agree (5) to strongly disagree (1). Secondary data have been collected from various journals and reports of Indian Direct Selling Association (IDSA). Sample size of the study is 356 college students pursuing graduation or post graduation degree. Convenience sampling method has been used to select the sample. Data have been described through frequency and percentages. It has been found that network marketing is a popular known concept among the youth. The major sources to create awareness about it are the friends, family, and relatives. As far as quality and price of the products sold through network marketing has also found positive. Respondents had a mix view regarding the ethicality and legality of network marketing system. Respondents strongly agreed that network marketing helps in personal as well as social development.

Keywords: Direct Selling; Network Marketing; Perception; Youth

Introduction

In the present competitive business scenario, business organizations cannot survive without marketing of themselves as well as their products and services. Conventional marketing and distribution system involves inclusion of middlemen like wholesalers, retailers and agents etc., which results in an increase in price of the products. This extra cost in the form of commission of middlemen is ultimately born by the ultimate consumers. To reduce this extra cost, direct selling evolved, which includes direct selling of goods and services to ultimate consumers without any involvement of middlemen. Network marketing which is also known as multilevel marketing is a specific business form of direct selling started in the United States during the 1950's. It involves direct selling of goods and services to the consumers away from a fixed retail location. "Today, approximated 58 million people are flourishing in

network marketing throughout the world and the worldwide sales accounted for an estimated 109 billion US dollars. As per the report of Indian Direct Selling Association, “the global Direct Selling industry stood at around USD 192.9 billion in 2018 showcasing a growth of 1.2% from the industry value USD 190.5 billion in 2017. China is the leading country in terms of Direct Selling sales in 2018 with a Direct Selling sale of USD 35,732 million contributing around one-fifth of the Direct Selling sales globally. It is closely followed by the United States of America having a Direct Selling sale of USD 35,350 million in 2018. China along with the USA contribute more than one-third of Direct Selling sales globally in 2018. Amway continues to be the leading Direct Selling organization with a global revenue of USD 8.8 billion in 2018. Avon Products Inc., Herbalife, Infinitus and Vorwerk along with Amway comprise of the top 5 Direct Selling organizations in 2018 based on their global revenue.” (IDSA, 2019, p.3).

“The Indian Direct Selling Industry stood at around INR 1,30,800 million in 2018-19 growing at approximately 13% from INR 1,16,700 million in 2017-18. The industry showed a compounded annual growth Rate of approximately 16% growing from INR 83,085 million in 2015-16 to INR 1,30,800 million in 2018-19. The share of IDSA members in the total sales of the Direct Selling Industry in India stands at approximately 60% as compared to 40% share of non-members in 2018-19. Wellness products (which include products such as weight management supplements, meal replacement bars & drinks etc.) contribute more than half of the Indian Direct Selling Sales by IDSA members. This is followed by cosmetics and personal care (which include products such as cosmetics, skin care, fragrances etc.) which contributes more than one-fourth of the sales by IDSA members during 2018-19”, (IDSA, 2019, p.3).

The main factors resulting in the growth of Indian direct selling industry are due to rules and regulation policies laid by the government, following the direct selling guidelines by direct selling organizations, effective training and development programs, opportunity to build career, using as a financial source to supplement the present income, and focus on women empowerment.

Review of Literature

The key participants for the success of network or multilevel marketing organizations are the distributors. The functioning of multilevel marketing organizations depends on the strong

relationship among the distributors (Constantin, 2009). The relationship between the distributors is of up line and down line. The sponsor who recruits a distributor is called an up line. Recruited distributor is called down line (Antony, 2003). Distributors play different roles in a network marketing organization. As a consumer, they consume the product themselves offered by network marketing companies. In the role of a retailer, they use to sell the products to ultimate consumers at list price. As a recruiter, distributors employ other salespersons in the form of their marketing network who further perform the same functions. (Coughlan, & Grayson, 1998). Network marketing is solely based on word of mouth marketing which is done by the network marketing distributors (Brodie, et al., 2002). Further, the survival, growth and success of network totally depend on the trust and cooperation among the distributors (Oksanen, 2000).

From the above discussion it can be said that distributors play an important role for the survival of the multilevel marketing organizations. Distributors are the backbone for the existence and growth of such organizations. So, it is necessary to study the perception regarding network marketing among youth.

Objective of the Study

The objective of the study is to examine the perception regarding network marketing among youth.

Research Methodology

The present study is descriptive in nature as it describes the factors affecting the youth to adopt network marketing. Primary data and secondary data have been used to achieve the objective of the study. Primary data have been collected from college students pursuing graduation in different streams through a structured questionnaire based on five points Likert Scale ranging from strongly agree (5) to strongly disagree (1). Secondary data have been collected from various journals and reports of Indian Direct Selling Association (IDSA). Sample size of the study is 356 college students pursuing graduation or post graduation degree. Convenience sampling method has been used to select the sample. Data have been described through frequency and percentages.

Data Analysis and Interpretation**Table No. 1: Demographic Profile of Respondents**

Demographic Variable	Category	Frequency (%)
Gender	Male	231 (65%)
	Female	125 (35%)
Qualification	Graduation	98 (28%)
	Post Graduation	125 (35%)
	Professional Degree	110 (31%)
	Any Other	23 (6%)
Family Monthly Income (in Rs.)	Upto Rs. 50,000	89 (25%)
	Rs. 51,000- Rs. 75,000	176 (49%)
	Rs. 76,000 and above	91 (26%)

Source: Primary Data

Table no. 1 depicts that 65% respondents belong to male category, while 35% are females. Majority of the respondents belong to pursuing post graduation (35%) and professional degree (31%). Majority of the respondents (49%) belong to the Rs. 51,000- Rs. 75,000 monthly family income group.

Table No. 2: Awareness about Network Marketing

Awareness	No. of Respondents	Percentage
Yes	299	84%
No	57	16%

Source: Primary Data

Table No. 2 depicts that majority of the students (84%) are aware about the concept about network marketing. It indicates that network marketing is a popular concept among the youth.

Table No. 3: Sources of Awareness about Network Marketing

Sources of Awareness	No. of Respondents	Percentage
Friends	105	35%
Family/Relatives	135	45%
Newspaper/Magazines	36	12%
Television	9	3%
Online Sources like social cites etc.	14	5%

Source: Primary Data

Table no. 3 indicates that out of 299 respondents who are aware about the concept of network marketing, 105 (35%) respondents came to know about the particular concept by their friends, while 135 (45%) respondents got aware by their family members or relatives. It

indicates that majorly friends, family, and relatives are the major sources to create awareness regarding network marketing.

Table No. 4: Awareness about Network Marketing Companies

Amway	SHPL
Tupperware	E BIZ
Oriflame	Future Group
Modicare	Milifestyle marketing Pvt. Ltd
Avon	SARSO
Vestige	SVP SL
Appex	Siemens
RCM	Herballife
Forever living products	

Source: Primary Data

Table no. 4 indicates the popular network marketing companies for which respondents are aware with. It indicates that respondents have a wider knowledge of the popular network marketing companies.

Table No. 5: Perception about Network Marketing

Parameters	SA	A	N	D	SD
Network marketing provides entrepreneurial opportunity	75 (25%)	104 (35%)	77 (25%)	23 (8%)	20 (7%)
Network marketing provides Financial Freedom	87 (29%)	111 (37%)	42 (14%)	35 (12%)	24 (8%)
Network Marketing can be adopted as a major career option	60 (20%)	90 (30%)	120 (40%)	18 (6%)	11 (4%)
Network Marketing can be adopted as a supplementary income prospect	117 (39%)	75 (25%)	48 (16%)	24 (8%)	35 (12%)
Products sold by network marketing are of good quality	96 (32%)	135 (45%)	29 (10%)	39 (13%)	0 (0%)
Prices charged through network marketing are reasonable	75 (25%)	84 (28%)	105 (35%)	21 (7%)	14 (5%)
Network marketing system is ethical and legal	60 (20%)	75 (25%)	126 (42%)	24 (8%)	14 (5%)
Network marketing helps in personal and social development	117 (39%)	96 (32%)	75 (25%)	11 (4%)	0 (0%)

Source: Primary Data

Table no. 5 depicts the perception about network marketing on the bases of different parameters. It shows that majority of the respondents (more than 60%) has a positive perception for considering network marketing as an entrepreneurial opportunity and as an income opportunity which provides financial freedom. 50% respondents indicated that network marketing can be adopted as a career option, while 40% respondents were indifferent for considering it as a major career option. Majority of the respondents (64%) indicated that it can be adopted as a supplementary income prospect. 80% respondents confirmed that quality

of the products sold by network marketing are of high quality, while, as far as price is confirmed, mix opinions are there. Majority of the respondents (42%) indicated that they are indifferent for the ethical and legal aspects of network marketing company, while, 45% respondents indicated that this is an ethical and legal system. 71% respondents agreed that network marketing helps in personal and social development.

Major Findings

Overall, it can be stated that network marketing is a popular known concept among the youth. The major sources to create awareness about it are the friends, family, and relatives. It might be because network marketing works on the basis of word of mouth marketing. People approach others to build their network on the basis of word of mouth instead of any advertising media. As far as quality and price of the products sold through network marketing has also found positive. Respondents had a mix view regarding the ethicality and legality of network marketing system. This can be due to the negative experiences of the people working with the companies based on pyramid structure and prize chit funds. Respondents strongly agreed that network marketing helps in personal as well as social development. The training and development system of network marketing companies helps people to garnish their overall development.

Conclusion

It can be concluded that network marketing has a positive perception among the youth, which can be seen as a viable career option or as a supplement income source to boost up the present income. It provides real life education to the networkers helping them in their overall (personal as well as social) development.

Scope for Further Research

Further research can be carried out to check out the impact of the factors affecting the perception regarding network marketing on the willingness to adopt it as a career option among youth.

References

- Antony, K. P. (2003). *Network marketing- Recruitment and training and the industrial ban in China: A review of literature*. DBA research paper 1, The University of South Australia, 1-40.
- Brodie, S., Stanworth, J., & Wotruba, T. R. (2002). Comparison of salespeople in multilevel vs. single level direct selling organizations. *Journal of Personal Selling & Sales Management*, 22(2), 67-75.
- Constantin, C. (2009). *Multilevel marketing - a tool of relationship marketing*. Bulletin of the Transylvania University of Brasov, 2(51), 31-36.

Coughlan, A. T., & Grayson, K. (1998). Network marketing organizations: Compensation plans, retail network growth and profitability. *International Journal of Research in Marketing*, 15, 401-426.

IDSA. (2019). Direct selling in India. Annual Survey Report 2018-19. Retrieved from https://idsa.co.in/resources/media/new/1572859797_AS_Exec%20Summary_0.pdf, Accessed on March 20, 2019.

Oksanen, E. (2000). *Organizational roles of sales people in network marketing context*. Paper presented at the 16th IMP- Conference in Bath, U.K.