CHAPTER – II

REVIEW OF LITERATURE
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2.1 Introduction

Review of literature provides a description, summary, and critical evaluation of each work done by earlier analysts related to the particular area of the study. It also enables the researcher to measure the scope for future study and to frame appropriate objectives for the present study. Scholarly journals, books, dissertations, conference proceedings, etc., were reviewed by the researcher in this chapter that is relevant to a particular issue, theory or area of research.

2.2 Review of Indian studies

Rekha Choudhary & Karnal (2013) Amway India, Avon, Tupperware, Oriflame, Modicare and Hindustan Lever Network are the major network marketing players in the Indian market. The authors found that the multiplying effect on network marketing will expand when the distributors continue their recruiting or sponsoring efforts. This multiplying effect is an important element in recruiting or sponsoring function which differs the network marketing from other types of direct selling. 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. The study reveals that women seem to make better network marketers than men.

Pravin Kumar and Dr. Asha (2012) This study focuses 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) 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.

Rekha Attri and Sunil Chaturvedi (2011) This paper attempts to study the ethical issues involved in multilevel marketing and its awareness amongst the public. The genuineness of the products offered in relation to value for money and product quality is another area of study of this paper. 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. One of the thrust areas has been a faster delivery of the product range to end users. Amway has a network of 130 offices, 55 warehouses that reach around 4000 cities and towns across India. Taking a leaf out of the FMCG sector, Amway has introduced smaller single use sachets of its products to generate trials among customers and get them interested. Further, to get customers to 'touch and feel' the products, the company has 'brand experience centers'. These centers situated within shopping malls and high streets allow customers to look at the product range. Foremost is the beauty and personal care category that's witnessing an
aggressive play off between established FMCG players. Market observers believe for Amway to make an impact, it will have to project each product as a brand with its own character and personality.

Lakshmi and Akhila (2009) This research paper is based on a survey in a direct selling organization. It envisages the need to study the factors that influence the quality of work life of employees in the company. The primary data was collected from the salesmen of this organization, using a questionnaire. Non-probability convenience sampling technique was adopted to select the respondents. The study reveals a number of factors which influenced the quality of work life, which could form the vital inputs for retention strategies. The findings reveals that sales force face some challenges, including the need to convince the customer, inadequate time to spend with the family, not supported to meet the targeted customer visits and lack of customized training.

Balu .N (2009) Multi level marketing through direct selling has changed the paradigm of Indian Consumer market. He conducted a study which reveals that the multi level marketing industry sales consist of less than 2% of entire retail sales of India, which covers only a fraction of the society. Although there is the claim of 25% of annual growth in the industry in India, there have been not many Indian multi level marketing companies in India or abroad. The motivation is missing here. An outside of multi level marketing normally throws a negative picture on the companies. This creates de-motivation among the prospects. This can be curtailed only when the Government properly recognizes the multi level marketing operation.

Sreekumar, Sasmita and Swapna (2008) Network Marketing (NM) also known as the multi-level marketing started in the late nineties in India has become popular with the Indian mass breaking the age, income and qualification barriers. This paper aims to find the consumer’s awareness and perception about the network marketing through a sample survey in a city of Rourkela. The paper considers both user and non-user of the network marketing for the study. The result shows market potentiality for the network marketing, as non – user has a positive opinion about the concept and the existing user are satisfied with the products bought through the channel. Moreover the service provided by the network marketers is found to be satisfactory.
Subramanian. B (2007) Conducted a study on the current trend and future challenges of network marketing in India. The study pointed out that networking is an art; with it great things can be achieved and without it even smaller things will become difficult to comprehend. As business venture network marketing has taken different nomenclatures multi level marketing, retailing, customer centric and relationship marketing and all these need to be nurtured, tested and translated in the exact sense as they should be. But often the concept is misunderstood and hence the ramifications are many. The negative connotations are more than the positive understanding of the concept of the existing customers and further stated that several misconceived notions are cleared and the positive framework is understood.

Sreekumar. P (2007) Multi Level Marketing (MLM) is embracing more and more arenas today. Insurance business is just one among them. Insurance sector makes available long term debt for the economic development of the country. At the same time, the multi level marketing route provides employment opportunities to lakhs of people and enhances their social status. This article studies the economic and social impact of multi level marketing as a tool which can influence society through employment generation, mobilizing long term funds and improving quality of life of people. This paper presents a study on the proliferation of multi level marketing in the Insurance Industry and analyzes the reasons for its apparent success so that further improvements and extension in to similar businesses can be considered. An in-depth study of the multi level marketing concept is conducted using literature survey and interview with company personnel. Business model of a leading multi level marketing company is analyzed as a Case study. Many people realize their true potential and selling skills after joining a good multi Level marketing network. That way, it helps them to develop personally also. So the multi level marketing members look at the business as income, fun and self development, besides satisfaction from showing the way or providing opportunities to fellow countrymen.

2.3 Review of International studies

Yared Ademe (2012) 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.

Florian, Thomas and Wieseke (2012) The investigation extends research on house-brand programs from the traditional focus on household and consumer goods to a personal selling context. 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. Customers served by empathetic salespeople or by salespeople proficient in adaptive selling are less negatively affected by intentions to promote house brand. From the study, it is also found that the negative effects of salespeople’s intentions to promote house brand are smaller when the customer is familiar with the salesperson. The results of the study suggest that customers are more accepting of the recommendations of a salesperson they have met before, presumably because customers’ suspicion of ulterior motives in sales presentations is most pronounced in an initial sales encounter with an unfamiliar salesperson.

Chia-Chi Chang and Shu-Hei Chen (2012) This article focuses on the importance of salesperson extra-role service directed at customers (or so-called salesperson extra-role customer service. SERCS) and concentrated on understanding how many different types SERCS exist. Depth interviews with direct selling salespersons were conducted to establish a classification scheme of SERCS categories. Four types of SERCS were identified: emotional support, information sharing, voluntary social interaction, and practical assistance. 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.

Heiner, Arun Sharma and Catja Prykop (2012) The relationship between salespeople’s attitudes, skills, and characteristics, and customer satisfaction remains an area of interest. The first aim of this paper is to examine the impact of salespeople’s satisfaction, adaptive selling, and dominance on customer satisfaction. Secondly this research aims to use dyadic data, which is a better test of the relationships between constructs since it avoids common method variance. Finally, it aims to test all of the customers of salespeople rather than customers selected by salespeople. The paper finds that customers’ evaluation of service quality, product quality, and value influence customer satisfaction. The analysis at the selling firm’s employee level shows that adaptive selling and employee satisfaction positively impact customer satisfaction, while dominance is negatively related to customer satisfaction.

Prasit Rattanaphan (2012) The purpose of this study was to identify the major predictors that affect consumers’ attitude toward the corporate image of direct selling companies in Thailand. Using questionnaires survey on a sample of 343 customers of direct selling companies in Thailand and then analyzing those using regression. In this research, a stratified random sampling method was used to get respondents. The findings of the paper indicated that perceived value ($\beta = 0.191, t = 2.778, \text{and } p = 0.006 < 0.01$) and trust ($\beta = 0.220, t = 3.054, \text{and } p = 0.002 < 0.01$) had significant positive relationship on attitude toward corporate image. On the other hand, brand architecture, corporate social responsibility (CSR), and internet marketing had no significant influence on attitude toward corporate image.

Rose Leahy and Bishopstown (2011) This paper aims to explore relationship marketing and the existence of relationships in mass consumer markets from the consumers’ perspective, with the focus on the fast moving consumer goods (FMCG) sector. The study highlights the dominant negative attitudes that exist among consumers
to relationship marketing as it is operationalised in fast moving consumer goods markets. It is found that from the consumers’ perspective relationships do not and cannot exist in these markets and that the nature of exchange in such markets is not relationship based. Consequently, the research concludes that there is a necessity to move away from relationship rhetoric in fast moving consumer goods markets, and to explore the true nature of exchange in the quest for effective marketing strategies. The research also suggests that further research on relationship marketing should focus on situations where relationships do and can exist and consequently the boundaries of relationship marketing should be limited to only these situations.

Joyce Koe and Soo Wai Mun (2011) The direct selling industry is experiencing phenomenal growth in Malaysia. This paper aims to investigate the influence of perception of MLM companies and agent attributes on the willingness to undertake MLM as a career among youth. The sample of this study comprised 218 students pursuing business and management degrees at a private higher education institution in Klang Valley, Malaysia. The findings indicate that all MLM company and agent attributes have a significant influence on the willingness to undertake MLM as a career. The paper shows that MLM remains a viable career option for youth and they need to be equipped with adequate training in personal selling, entrepreneurship and soft skills. MLM companies can tap and nurture this pool of young talent to meet their human resource needs for future growth of this industry in Malaysia.

Johny and Suliman (2011) The purpose of this paper is to provide an empirical assessment of the degree to which global firms have penetrated markets in emerging countries in the new millennium. The focus is on the “big four” emerging countries of Brazil, Russia, India, and China (BRIC), and the study examines penetration in three product categories: beer, hair care, and carbonated soft drinks. Multinationals with strong global brands will introduce their global brands and be successful also in multi-domestic local markets where preferences differ across countries. However, the key to success is not always their global brands, but could equally likely be an acquired local brand. Some local brands successfully defend their markets, and even venture abroad into neighboring regions.
Indre Sizovaite and Dimitrios Paschaloudis (2011) This article finds a new way to increase customer satisfaction and improve organizational communication by direct selling and internet marketing. In this article principles of multi-level marketing and social networking are analyzed, general and social networks marketing strategy is provided. After interpreting results of the survey this study noticed that there is difference between customer reaction to ordinary consultants and multi-level marketing consultants/distributors. Survey results showed that women are purchasing products directly from the consultants more often than men and women are more interested in multi-level marketing business.

Horaţiu Dan Dumitraş (2011) The author develops a marketing plan for a company that intends to use the MLM system as a system of distribution. The marketing plan has two main parts: the step plan and the career plan. The step plan is created on 6 steps, with different ranks of benefits from 0% up to 20%, depending on the activity performed by each distributor. The author recommends a system of working steps for distributors, a training program which is critical for this career and an implementation scheme which involves three functional blocks: the administrative block, the human resources block and the network block. The study depicts that a continuous increase of the number of multi level marketing distributors may be observed in the last years, the distributors may be considered as the most important actors of the multi level marketing systems and the main reasons to work in multi level marketing are extra revenues, quality of the products, schedule flexibility, financial independency and personal development.

Abdel Baset I. Hasouneh (2010) The objective of the study is to examine how response data from direct marketing email campaigns could be utilized in measuring the development of a customer relationship in the context of an end-user loyalty program. The case analysed in the study is Club Sony Ericsson e-mail campaigns targeted at its registered members. The primary research problem covered in the study is “how can e-mail direct marketing results be measured by using Club Sony Ericsson existing campaign response and customer data?” The empirical study is conducted by using a quantitative research method. Data analysis is performed in ways that could also be applied in ongoing monitoring of relationship development within the case company. The study focus is on the information that click-through data can provide when combined with variables found from the customer database. From the study it is found that click-through
activity was found to have positive correlation with all the other behavioral variables available on the customer relationship. The youngest age group is found to have the lowest response rates. Repeat responses are rare within the studied time period. E-mail address invalidity is found to have significant effect on dialogue termination. Analysing interaction data from e-mail direct marketing campaigns clearly provides new insight into the development of a customer relationship.

Homburg, Michael and Martin (2010) The authors analyze the effect of situational variables on the effectiveness of salesperson customer orientation through this study. This study is one of the first to explore how characteristics of the purchase situation moderate the effectiveness of customer orientation. It is found that customer communication styles as well as product characteristics have a substantial influence on the effectiveness of customer oriented behaviours. The results suggest that the key implication of the adaptive selling literature also applies to salesperson customer orientation. Results of the study show that the situational context is a strong driver of salesperson effectiveness. In particular, high levels of functional customer orientation are especially beneficial with task-oriented buyers, highly important products, and weak brands. Moreover, a relational customer orientation increases customer loyalty with interaction-oriented buyers, strong brands, and individualized products.

Mary and Richard (2010) Direct marketing has been in existence for a number of decades. The purpose of this study is to examine the evolution and review the various types of direct marketing. The evolution and change in direct marketing particularly when it involves the increased use and adaptation to technology does not necessarily mean that older, lower tech tried and true methods necessarily become irrelevant. Flexibility and appropriate use of all available possible options available seems to be a good approach with respect to marketing a product. Direct marketing has changed and at the same time, to some extent remained the same, is very helpful for use in developing the appropriate marketing strategy to market a product.

Debra A. Bacon (2009) Based on the analysis of the research conducted within manufacturing, financial, and other industries, it is evident that high performance work practices can be an effective tool for organizations, despite industry norms. In this study
the researcher addressed a gap that exists in the research relative to measuring the effect that high performance work practices have in the multi level marketing industry. The hypotheses tested by this research explored relationships between five that were tailored to the multi level marketing industry and distributor success. These high performance work practices training, commissions, sales meetings, mentoring, and training. The results of this research were inconclusive as to making a concrete analysis of the multi level marketing industry relative to high performance work practices. Thus, the results can only be summarized to the number of participants, as opposed to a true sample of the multi level marketing industry population.

Alin Sergiu vana (2009) The study presents the results of the empirical test and their implication for marketing theory and practice. The findings of the study include the fact that the customer social network activity with an impact on marketing is the most intense in the purchase phase and the least intense in the awareness phase, as well as the fact that product and communications are the marketing mix areas of most impacts by social networks. This study reveals that the customers’ social interactions have an impact on marketing’s outcome. All marketing areas are impacted by the permanent one-to-one social contacts that take place between the individual customers which is impossible for marketers to control. The resulting implication is that at any stage of a customer’s life cycle, the effectiveness of the marketing actions can be impacted by the customer’s social contacts to a certain extent.

Cristinel Constantin (2009) This paper aims to analyse the opportunity of using multi-level marketing (MLM) as a tool of relationship marketing. The research is firstly based on an analysis regarding the issues about the legality of MLM techniques in the context of EU and US regulation systems. The outcomes of this research stress the main characteristics of legal network marketing and how a person which wants to become independent distributor could avoid the cooperation with an illegal pyramid scheme. The second research is based on a case study at the level of an insurance broker, which emphasizes the benefits that all parties involved in a transaction (broker, distributor and customer) could obtain by using an MLM scheme. This research is based on a case study of the distribution system established by several Romanian brokers that operate in the insurance sector. The main objective of this research was to identify the importance of
MLM schemes for brokerage activities and their influences on the implementation of relationship marketing. One of the most important reasons to join an MLM network is that firstly the distributor likes the products that are going to sell. Additionally, the product has to be consumable and with a good quality-price ratio as prerequisites for customers to make repeated purchases.

Jau-Shyong Wang (2009) This study investigated the effect in the trust and relationship commitment between customers and distributors. This study conducted survey through questionnaire to collect data. The reason why most of the Taiwan consumers joined the company as distributors is mainly because distributors can accumulate sales bonuses and get discounts and incentives that only distributors can avail. Therefore, the distributors in Taiwan were used as the subject. The educational backgrounds of the distributors include master’s degree and it shows no significance in the statistics. The trend of the direct selling business is in the hands of young people. The difference between the mean of cognitive trust and emotional trust is not big which shows that Taiwanese direct selling customers are very rational and are not easily affected by sympathy. Good communication and the customer’s shared values are the factors that promote the trust of the customers and distributors to obtain customer’s commitment and loyalty.

Gemma Roach (2009) The study examined how a consumer’s perception of the relative advantages, compatibility and complexity associated with mobile phone marketing, and their involvement with their mobile phone, influenced their intention to accept marketing communication sent through this channel. Statistical analysis revealed that a consumer’s perceptions of two of the three innovation attributes tested (relative advantage and compatibility) were significantly associated with their acceptance (or adoption) of marketing messages sent through their mobile phone. However, a slightly weaker relationship between a consumer’s level of involvement with their mobile phone and their adoption of mobile phone marketing was found. This research provides companies with important insights into the factors that may encourage or deter consumer acceptance of this new form of direct marketing.
Palmer and Lewis (2009) Direct marketing faces challenges and opportunities associated with the emergence of social network media. There is need for companies to address target audiences both directly and also indirectly through social media. This paper aims to provide a review of the changing media landscape of direct marketing, and provides a model of direct and indirect targeting of buyers. A conceptual model is presented in this paper which brings together the needs of producers, sellers and communities. Customer experience is used as an integrative framework for reconciling the sometimes differing needs of these groups. This paper highlights the dilemmas that direct marketers face in trying to reconcile their desire to dominate and control an online community, with the community’s desire to retain autonomy as a member-driven community.

Sally Harridge (2008) The purpose of this paper is to discuss the complementary effect of relationship marketing and direct marketing and outline the foundations of direct marketing that can be enhanced by relationship marketing principles. The paper finds that both disciplines of direct marketing and relationship marketing have something of value to the other. This paper outlines the symbiotic strength of direct marketing and relationship marketing that allows contemporary marketers to utilise the best of both disciplines to establish and maintain strong relationships with their customers.

Yen, Jui-Yen, Chen, Mei-Liang and Yi-chieh (2008) The management strategy of Direct Selling is quite different than that of business administration of general enterprise. In this study, authors aimed to study of one Direct Selling form in-depth and understanding on Avon’s multi-channel system. Since Avon’s product has very reasonable price and so many promotional discounts, but it is very superior to Mary Kay and Nu Skin in terms of price. However, Avon does not have high price product, which results in the loss of high level consumers, hence, authors thought that its market segmentation is still not clear enough. The authors found from the study that Avon’s product is very diversified but the brand feature is not very clear; therefore, to potential consumers, it is very difficult for them to understand Avon’s business operation image and its features.

Cecilia Ong and Ernest Cyril (2007) This paper addresses an important knowledge gap by noticing not only why people join MLM companies, but also why they continue to
remain in such companies even though they will not be making huge amounts of money or even be financially free. The findings of this study indicate that most of the Malaysians join MLM for financial rewards and continue to remain involved in the business for similar reasons, but with a caveat. The product-related reasons are quality and credibility of an MLM company’s product(s), and the opportunity to enjoy good product(s) at discounted member prices. This research focuses only on mlm members not on the mlm companies.

Michael and Todd (2007) To assist the social entrepreneur with direct marketing decision, the authors examine the relationship between the risks and costs associated with direct marketing for non-profit organizations. This is done by developing and presenting a framework centered on two uncertainty factors – the cost to implement a direct marketing solution and control over (e.g. ability to manage) resources. From the study it is revealed that with the increasing prevalence of social entrepreneurship where the goal is to maximize returns given limited resources, this framework can become a critical tool to help nonprofit business owners first assess and then reduce the risks and uncertainties of their direct marketing strategies. The conceptual framework presented is the one of few that addresses the issue of risk management among direct marketing strategies in social entrepreneurship.

Ruslina (2006) MLM industry is reinventing itself electronically on the internet. This Online MLM not only for those who need the products it self, but also who need additional income. That makes it different from normal online shopping concepts. This research is conducted in order to identify the user perception towards Online MLM and identify the factors toward intention to use the Online MLM. The latest approach to market their products for MLM business is using the online business and to identify the factors toward intention to use the Online MLM.

Braulio, Santos and Ivo Pereira (2005) They make effort to study the factors that influence the consumers’ satisfaction and acceptance of direct selling. They applied a quantitative approach attempts to provide some data on the relationship between customer satisfaction and direct selling. The results of the study indicate that the consumers previous experience is the major factor that leads to direct selling acceptance and satisfaction. From the study it is revealed that direct selling is perceived less risky than other non-store shopping modes.
Chang and Tseng (2005) have conducted a study how customer capital is built through relationship marketing activities and how customers’ equity drives it. The study pointed out the existence of four types of relationship marketing activities which are core service performance, recognition for contribution, dissemination of organization knowledge and member interdependence enhancement. The study revealed that four types of relationship marketing activities have significant influence on relationship, equity and relationship equity which in turn affects customer capital. Value equity and brand equity respectively have significant effects on customer acquisition and customer retention, which are an integral part for the success of any multilevel marketing.

Chris J. Snook (2005) The aim of this project was to explore the academic research surrounding the network marketing or direct sale industry as well as pyramid schemes with an effort to locate a model and key characteristics and differences between legitimate and viable network marketing organisations and illegitimate and fraudulent Pyramid Schemes. The goal is to take the intricate and complex research models, and create a bridge to the “real world” where most people are looking for a reliable metric to make an investment decision of their time and money into a network marketing organisations. As stated at the outset of this paper, it is imperative that an ongoing adjustment be made to the evaluation tools utilized by the prospects of network marketing organisations or multi level marketing opportunities.

Andreas U. Schmidt (2005) The paper develops a general model for the monetary flux in a multi-level market, quantitatively describing the incentives that buyers receive through resale revenues. The result shows that the monetary flow is always directed backwards if and only if the expected incentive at a certain time is smaller than the average expected incentive before that time. They showed in this paper how a basic model for the monetary flux in an idealized multi-level market can be applied to examine market mechanisms for the distribution of virtual goods.

Chunlian Dong and Kentucky (2005) The study contributes to theory elaborating the magical transformative power of consuming foreign goods by identifying types of imagined transformations and illuminating the feared “dark side” of these. A multi-method, multi-site investigation of the meanings that "foreign brands" hold for Chinese consumers is reported.
Beyond demonstrating that “foreign brands” is a meaningful consumption category among Chinese consumers, the findings suggest identity-related paradoxes of pursuing magical transformations through foreign brand consumption. The study examines whether consumers do imagine a better, different, more exotic life through the consumption of foreign brands. It further identifies the variety of idealized identities that Chinese consumers envision, and asks whether these correspond with appeals to modernity presented in foreign advertisements. Western advertisements in developing countries may be exotic experiential goods in their own right, reactions to them may be quite different as compared with reactions to the imagined use of the products they promote.

Duffy and Dennis (2005) The paper aims to describe the application of direct selling, the process of selling a consumer product or service from one person to another in an environment that is not a permanent retail location. The paper focuses the examination on three companies participating in the direct selling category; The Longaberger Company, The Pampered Chef and The Tupperware Corporation.

Direct selling is not new. It is an innovation that has become increasingly successful and it has evolved in the hands of companies such as Tupperware, The Pampered Chef and The Longaberger Company. Direct selling has the potential to be the fourth channel in a multi-channel marketing environment which would enhance retail, catalog and online marketing efforts to successful companies. The paper finds that direct selling is an increasingly important component of the marketing mix for many traditional, successful companies and presents some key to success. In the future, successful direct selling companies will help to maximize growth and optimize customer loyalty at all levels.

Stewart Brodie and Thomas Wotruba (2004) This study shows that goods and services are mainly purchased in the direct selling industry due to product need and appeal, convenience and value for money. From the study it also found that customers are highly perceptive of the products sold through direct selling. It results in positive perceptions of direct selling are good and a person’s perception is highly dependent on buying behavior and decision making.

Dixon Ho (2002) In this study he attempted to know the legitimacy, sustainability and potential detrimental effects on consumer welfare by network marketing. The study
pointed out that the influence of trust passed from the seller to buyer and consumer’s positive perception of social value of exchange has a direct impact on the growth of network.

Daryl Koehn (2001) Multi-level Marketing schemes are one of the fast growing types of business. This paper examines the nature of MLMs and their similarities with and differences from pyramid and endless chain schemes. This paper argues that MLMs pose some unique ethical issues, issues that are not easy to address or resolve. From the study it is revealed that MLMs pose many ethical challenges and it is not easy to succeed in a MLM business is not easy. MLMs consequently depend upon a sales force that continually recruits new sales people into the MLM. It is easy for MLM to become illegal and unethical recruitment centered pyramid schemes. The study found that the current measures for protecting distributors are not adequate. Some of the ethical problems may be intrinsic to the MLM philosophy and mode of operating. It is hard to see that how MLM could exists if recruits did not market to friends, relatives and clients.

Pratt and Michael (2000) The study comprises of individuals who distribute products and services for the Amway corporation. Amway distributors have been found to exhibit both strong positive and negative relationships with their organization. From the study it is revealed that separating informants into two groups-lovers and haters-failed to capture their range of reactions toward the organization. The successes and failures in two organizational practices, “dream building and positive programming” seemed to account for the different reactions to the organization. The socialization practices affected members’ sense-making processes. Sense-making is the attribution of meaning to some target via the placement of this target into a mental framework.

Coughlan and Grayson (1998) In this paper, they develop, analyze, and calibrate a dynamic decision model of the growth of a retail network marketing organisations. How compensation and other model parameters affect distributor motivation, sales, and network growth and profitability are shown through descriptive and prescriptive insights. The findings of the study show that distributor’s incentive to spend time on recruiting increases with increases in steady-state network sizes, with increases in its own or its downlines’ innovation parameters, and with increases in the rate of retention of new
distributors. The study shows how differences in compensation and other underlying market factors will affect an network marketing organisation’s network growth, distributor performance, and network profitability.

Cohen and Andy (1996) The paper reveals that as far as this direct sales company is concerned the key to ‘success is in the motivation of its sales people or “consultants” as Amway likes to call them. Based in Ada, Michigan. Amway corporation doesn’t employ a traditional sales force. Rather, it has more than 2.5 million distributors many of whom have a cult like denominian to the organizations who operate as independent business owners selling some 400 products ranging from personal care and nutrition to home care and home tech. These distributors make most of their money by enhancing others to sell Amway products. Amway has increased sales every year since the company’s inception in 1960-including a 18 percent increase in 1995. Amway ran two major promotions last year that helped boost sales. One was called pleasure Revenge, in which winners were sent to the major America city of their choice for a weekend trip. The top five to seven cosmetic sales producers in each distributor organization were awarded the big-city weekend. And the company won too as sales during this period last year went up 50 percent.

Wotruba and Pribova (1996) They have conducted a study on household in Czech and Slovak republic concerning the experience of buying from direct sales people, their demographic characteristics and their attitude as consumers towards direct selling. The study pointed out that the distribution method of direct selling appears promising as a market entry strategy in nearly emerging markets economies such as the Czech and Slovak. While the incidence of consumer contact by direct sales people is not yet as high in the study area as it is in the USA, the proportion of those contacted who became purchaser is equal to that found in this USA in the 1970’s. The target market for direct selling companies appears to be generalizable across countries. The findings of the study revealed that the best potential buyer are younger with higher levels of education and income and an above average house size. Women seem more amenable to direct selling than men, because many of the products sold by direct sellers have direct appeal to women.

Bloch and Brian(1996) Amway is the largest operator in Newzealand and people from all walks of life are involved, from doctors to ministers of religion as they are
attracted by the success of Amway. The article explores that the distributors gain business experience in the process as well as building confidence and self-esteem and they genuinely want to help their friends and acquaintances. Amway conducts a substantial amount of research through independent consultants which indicates a high level of customer satisfaction. Sutton and the marketing manager.

Jones and Joyce (1996) The author seems driven to explain in some detail what direct selling is and how it differs from pyramid schemes. For the unaware of the basics of the Amway sales and marketing plan, the author provides an overview, including relevant terminology utilized in sales, marketing, policy, and structure. He also provides some insight into the Amway Rules of conduct for distributors. How Amway entered sometimes floundered, and ultimately prospered in Japan, Europe, the South Pacific, and South America are discussed. The paper tend to focus on how are original Amway sales and marketing plan was adapted for these markets-taking into account the economies, infrastructure, cultural norms and customs, needs, uniqueness, local conditions and political barriers-while still Amway standards for business processes. Author also mentions some of the potential problems associated with, the direct marketing approach and thus with Amway, especially as “distributorships are not Amway employees, but independent business people who are not screened before becoming part of the Amway family and are not controlled afterwards”.

Kustin, A and A. Robet (1995) In their study investigation was made on consumer perception of direct selling in the form of network marketing in the greater Sydney and Melbourne areas of Australia. The study reveals that the sample of Australian consumers had a negative perception of network marketing. This study also reveals that negative perception exists for purchaser and non-purchaser towards network marketing. The results of the study indicate that the consumers’ knowledge of network marketing and perceptions of product quality price and prior network marketing were negative.

Raymond, Mary, Tanner and John (1994) This paper presents the results of a descriptive study which examined factors influencing repeat sales and reasons for initial purchase. The results indicate a link between the initial purchase and repeat purchase. The results of the study indicate the interest and importance of maintaining customers.
From the study it is found that the major advantages in buying from a direct selling company was convenience, ability to ask questions or try products and the ability to shop at home. Both consumers and representatives indicated the perceived importance of alternative channels, specifically catalogs and toll free numbers. Lack of catalog was perceived as the disadvantage of buying from direct selling company for the consumers. From the study it is revealed that the two most frequently mentioned disadvantages were that the sales person was too pushy and that the consumers felt obligated to buy. Another important issue was that there was no follow-up and it was difficult to find the sales representatives.

Barnowe and David (1992) They attempted to study the consumers experience with products and attributes towards direct selling methods. The study pointed out that women make more purchases through direct selling than men do and consumers complained about pushy, untrust worthy salesperson and about the inconvenience of some direct selling encounters. The study also pointed out that consumers also criticized the poor quality of products and services.

Michael Granfied and Alfred Nicols (1975) The direct selling industry which produces and sells its product directly to consumers must make certain adaptions to survive and grow in a changing environment. In their study they pointed out that with respect to the products, management and distribution on direct selling industry, if the profit rates are very high and sustainable, why there are not more entries in their direct selling industry.

2.4 Conclusion

Majority of the studies have been conducted in multi-level marketing which results in finding out the growth rate of success, marketing strategies of the industry and perception, satisfaction and relationship of distributors towards companies. Some of the studies could establish their views separately on customer satisfaction, customer loyalty and product quality towards multi-level marketing and direct marketing companies in common. Only few studies have been made in India towards multi-level marketing in which customer perception, problems and satisfaction towards the products was not studied so far. To fill this gap the study entitled customer perception, problems and satisfaction on multi-level marketing products has been taken by the researcher.
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