

NETWORK MARKETING OF AMWAY PRODUCTS BY DISTRIBUTORS IN HYDERABAD DISTRICT OF TELANGANA STATE

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ABSTRACT

Network marketing or Multi level marketing is best described as direct selling compensation plan in which independent sales people may receive compensation in two fundamental ways. Sales people may earn compensation from their personal sales of goods and services to consumers. They may earn compensation from the sales or purchase of those persons they have personally recruited or sponsored in to the plan and from the sales of the group or network recruited or sponsored into the plan by those they have personally recruited. The most important advantage of network marketing is that it avoids duplicate products and helps the distributors to build their own business through their sales efforts and by inviting others to become sellers develop their own business. In this paper, an attempt is made to study the impact of socio economic factors on certain dependant variables and marketing performance of distributors and the problems faced by them in marketing Amway products.

INTRODUCTION

The strength of the company depends upon the marketing network and it is regarded as the most important of all managerial functions in the business. In the consumers market, producers should act according to the needs, wants and demands of the consumers. Thus the company that provides quality goods and services most convenient to the consumers will be successful. Therefore such companies in the modern business world plan to adopt new technique of marketing to be successful in the competitive business world. Direct selling is one of the most important techniques. Direct selling is the marketing of products or services to consumers through sales tactics including presentations, demonstrations, and phone calls. It is sometimes also considered to be a sale that does not utilize a "middle man" such as retail outlets, distributors or brokers.

The direct selling can be done in four different ways

1. Repetitive Person-to-Person Selling or Door-to-Door Selling.
2. Non-Repetitive-Person-to-Person Selling
3. Party-Plan.
4. Network Marketing.

Amway Corporation is the best example of network marketing company. It is the largest direct selling company in the world which operates in 80 countries through its subsidiaries with an annual turnover of \$6.4 billion. It started the Indian operations in 1995 on the same model. Amway has been proving the significance of network marketing for 48 years of successful working. Amway provides over 450 unique, high-quality products. In India Amway is serving over 2500 cities with the help of 4, 50,000 active

distributors. Amway India sells over 100 products in five categories of personal care, home care, nutrition, wellness and cosmetics

OBJECTIVES OF THE STUDY

1. To analyse the impact of socio economic factors on certain dependent variables
2. To analyse marketing activities and performance of distributors of Amway.
3. To study the reasons for joining Amway and problems faced by Amway distributors

HYPOTHESES

1. There is no relationship between nature of involvement and place of residence of network marketers
2. There is no relationship between nature of involvement and sex of the network marketers.
3. There exists no relationship between the nature of involvement and occupation.
4. There is no relationship between educational qualification and nature of involvement of the network marketers.

METHODOLOGY

The study is based on extensive use of primary data collected through structured questionnaire. The secondary data is also used. The source of secondary data includes books, journals, newspapers and other publications. For the purpose of the study, 100 samples distributors are selected randomly from HYDERABAD district. In order to quantify the information collected, tools such as percentage and chi-square test are used.

TABULATION AND DATA ANALYSIS

The sample distributors are classified on the basis of their educational qualification, occupation, age, sex and place of residence. Here the impact of these on nature of involvement is studied.

Nature of Involvement

Network marketing is one of the most reward full businesses in the world. Individuals usually involve in network marketing as full time or part time

Table 1 Nature of involvement

Nature of involvement	Number of Respondents	Percentage
Full time	40	40
Part time	60	60

Total	100	100
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Source: Primary Data

Table 1 shows that majority of the respondents are involved on a part time basis.

Table 2: Impact of Place of Residence on Nature of Involvement

Nature of Involvement	Place of residence				Total	
	Rural		Urban			
	No.	Percent	No.	Percent	No.	Percent
Full time	24	34	16	53	40	40
Part time	46	66	14	47	60	60
Total	70	100	30	100	100	100

Source: Primary Data $\chi^2 = 3.1727$ DF = 1, Table value at 5% Level of significance 3.481

Table 2 shows that majority of the (53%) network marketers from urban area are involved on full time basis. As calculated value is less than the table value, null hypothesis is accepted and it is concluded that there is no significant relationship between nature of involvement and place of residence of network marketers.

Table 3 Impact of Sex on Nature of Involvement

Nature of Involvement	Sex				Total	
	Male		Female			
	No.	Percent	No.	Percent	No.	Percent
Full time	36	43	4	25	40	40
Part time	48	57	12	75	60	60
Total	84	100	16	100	100	100

Source: Primary Data $\chi^2 = 1.7856$ DF = 1, Table value at 5% Level of significance 3.841

Table 3 shows that only 25 percent of female network marketers are involved on full time basis and in case of male network marketers, it is 43 percent. The calculated value is less than the table value. This means, the null hypothesis is accepted and it is concluded that there is no association between sex and nature of involvement.

Table 4 Impact of Occupation on Nature of Involvement

Occupation	Nature of involvement				Total
	Full time		Part time		
	No.	Percent	No.	Percent	
Government Employee	2	8	22	92	24
Business or Profession	14	50	14	50	28
Self – Employed	4	50	4	50	8
Student	6	43	8	57	14
Un-Employed	10	83	2	17	12
Private – Employed and Others	4	29	10	71	14
Total	40		60		100

Source: Primary Data $\chi^2 = 13.53$ DF=2, Table Value at 5% level of significance = 5.991

Most of the un-employed persons 10 (i.e.83%) is full time involved, followed by the group “Business or Profession” of 14 (i.e. 50%). In case of government employee, it is only 2 (i.e. 8%). The calculated value is higher than the table value. Hence, the null hypothesis is rejected and it is concluded that there is significant relationship between the nature of involvement and occupation of the network marketers. Education means acquiring knowledge for having a better understanding of the circumstances. Educated people can more efficiently analyse different opportunities.

Table 5 Impact of Educational Qualification on Nature of Involvement

Educational Qualification	Nature of Involvement				Total
	Full Time		Part time		
	No.	Percent	No.	Percent	
Below S.S.L.C.	-	-	-	-	-
S.S.L.C.	2	50	2	50	4
Under Graduate	4	25	12	75	16

Graduate	28	51	26	49	54
P.G. / Profession	6	23	20	77	26
Total	40		60		100

Source: Primary Data $\chi^2 = 7.095$ DF = 1, Table Value at 5% level of significance 3.841

From the table 5, it is clear that majority of the respondents coming under the group 'under graduation' and 'postgraduates' are involved on a part time basis. However in the case of graduates, almost equal numbers are involved on full time and part time basis. The calculated value is higher than that of table value. This means the null hypothesis is rejected and it is concluded that on the basis of educational qualification there is a significant difference in the nature of involvement

Selling the Products

In the entire network marketing plans, only distributors can sell the products. Individuals can join in network marketing only for getting the products at wholesale price. But it is usual that network marketers are always interested in selling the products as they can make retail profit.

FINDINGS OF THE STUDY

- 80 percent of the network distributors are graduates and above.
- Most of the (52%) distributors are in the age group of 18-33. 84 percent of the network marketers are male.
- Regarding occupation, 28 percent of them are from the group business or profession
- Majority (70%) of the distributors are residing in the rural area.
- Most of the (60%) distributors are involved in network marketing on a part time basis. Their occupation and educational qualification has significantly affected their nature of involvement, but their place of residence and sex do not affect their nature of involvement.
- 84 percent of the network marketers are interested in selling their products. Their interest in selling the products is not significantly affected by their place of residence and occupation.
- Majority (74%) of the distributors are facing difficulties to sell the products because of its high price

- The most important source of getting customers are through friends followed by arranging plan presentations
- Major difficulties in network marketing are people's attitude towards network marketing as a money chain business, false understandings about the company, rejection from friends and relatives etc. It is not significantly affected by their sex, place of residence and educational qualification.
- 40 percent of the network distributors are presenting on an average up to 5 plans per month

SUGGESTIONS

Network marketing is an emerging entrepreneurial activity with stupendous scope. 40 percent of the network marketers are full time involved in network marketing and 90 percent network marketers are satisfied in their venture. Therefore following suggestions are made:

1. One of the greatest problems of our state is unemployment. But unemployed persons engaged in network marketing are only 12 percent. Amway has failed to penetrate into the unemployed people in TELANGANA. Wide campaign is to be conducted to motivate them to involve in Amway.
2. Individuals can develop network marketing as a self-financing entrepreneurial activity. NGOs, Non-profit making Organizations, Club etc. can arrange wide campaign to make the lower income groups aware of network marketing.
3. The removal of false understanding about network marketing can only create a good image. This is necessary for the development of network marketing as an entrepreneurial activity. The aforesaid institutions also help to remove the misinterpretations by arranging awareness campaigns.
4. Price of majority of the products is found to be very high. Network Amway should give due importance to reduce its prices

CONCLUSION

It could be concluded that network marketing is one of the highly rewarding opportunity to the unemployed group in TELANGANA. And it is expected that Amway will become one of the business leaders in the consumer state, TELANGANA in the years to come.

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