

**COMPARATIVE STUDY OF DEVELOPMENT OF  
INDEPENDENT BUSINESS OWNERS (IBOs) WITH SPECIAL  
REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN  
PUNE AND PIMPRI-CHINCHWAD AREA**

**A THESIS SUBMITTED  
TO  
TILAK MAHARASHTRA VIDYAPEETH, PUNE  
FOR THE DEGREE OF  
VIDYAVACHASPATI (PH. D.)  
(DOCTOR OF PHILOSOPHY) IN MANAGEMENT  
UNDER THE FACULTY OF MANAGEMENT  
BY  
MR. RAJENDRA WAMANRAO BHADALE**

**UNDER THE GUIDANCE OF,  
DR. BACHUTE K.V.**

*M.Com., Ph.D.*

**Principal, Noble College of Commerce and Information Technology,  
Kondhwa, Pune, Maharashtra,**

**India - 411048.**

**DECEMBER, 2012**

## **CERTIFICATE**

This is to certify that the thesis entitled “***COMPARATIVE STUDY OF DEVELOPMENT OF INDEPENDENT BUSINESS OWNERS (IBOs) WITH SPECIAL REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN PUNE AND PIMPRI-CHINCHWAD AREA***” which is being submitted herewith for the award of the Degree of Doctor of Philosophy (Ph.D.) in ***Management***, of Tilak Maharashtra Vidyapeeth, Pune is the result of original research work completed by ***Shri. Rajendra Wamanrao Bhadale*** under my supervision and guidance. To the best of my knowledge and belief the work incorporated in this thesis has not formed the basis for the award of any degree or similar title of his or any other University or examining body upon him.

**DR. K. V. BACHUTE**  
**Research Guide**

**Place:**

**Date:**

## **DECLARATION**

I hereby declare that the thesis entitled ***“COMPARATIVE STUDY OF DEVELOPMENT OF INDEPENDENT BUSINESS OWNERS (IBOs) WITH SPECIAL REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN PUNE AND PIMPRI-CHINCHWAD AREA”*** completed and written by me has not previously formed the basis for the award of any Degree or other similar title upon me of this or any other University or examining body.

**RAJENDRA BHADALE**

**Research Student**

**Place:**

**Date:**

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## ABBREVIATIONS

AICB	All India Confederation for the Blind.
AOF	Amway Opportunity Foundation.
AIMA	All India Management Associations.
ASSOCHAM	Associate Chamber of Commerce and Industry of India
BDC	Blood Donation Camp.
CII	Confederation of Indian Industry.
CSR	Corporate Social Responsibility.
DSAs	Direct Selling Associations.
FICCI	Federation of Indian Chambers of Commerce.
FMCG	Fast Moving Consumer Goods
FIPB	Foreign Investment Promotion Board.
IBOs	Independent Business Owners.
IDSA	Indian Direct Selling Association.
LOC	Liquid Organic Cleaner.
MLM	Multilevel Marketing.
NMOs	Network Marketing Organizations.
UNICEF	United Nations Children's Funds.
WBU	World Blind Union.
WFDSA	World Federation of Direct Selling Association.

## **ABSTRACT**

### **COMPARATIVE STUDY OF DEVELOPMENT OF INDEPENDENT BUSINESS OWNERS (IBOs) WITH SPECIAL REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN PUNE AND PIMPRI-CHINCHWAD AREA**

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#### **1. Introduction:**

The researcher wants to bring it to the notice that the comparative study of direct marketing companies is already studied in previous researches. The literature in support of that has been studied and included in thesis. The main intension of this research work is to find out the development of Independent Business Owners (IBOs). The parameters for development of IBOs considered here are Personality Development, Life Style, Business Development, Business Security and Income Level and IBOs satisfaction level towards Amway products. This will help the company to know whether the IBOs are benefited or not. If not what will be the positive action to be taken by company. Satisfaction level of IBOs towards Amway products judged on the basis of Quality, Availability, Price, Offers, Services and Overall rating.

#### **2. Review of Literature:**

The aim of this chapter is to provide the reader with a literature review concerning the research area and topic selected for the current research. The researcher is trying to find out the gap between earlier research and the topic related to this research.

Robin Croft and Helen Woodruff, 1996, say in their research paper ‘Network Marketing: The Ultimate in International Distribution?’ in Journal of Marketing Management that with the help of six strategic goals Amway network marketing is by no means uniquely suited to the Japanese retail market.

Anne T. Coughlan and Kent Grayson, 1998, reveals in their research paper ‘Network marketing organizations: Compensation plans, retail network growth, and profitability’ in the International Journal of Research in Marketing that retail selling channels that use independent distributors not only to buy and resell product at retail, but also to recruit new distributors into a growing network over time. Commissions and markups on personal sales volumes and net commissions on the personal sales volumes of down lines are the methods of compensation commonly used to motivate NMO distributors.

### **3. Rationale and significance of the study:**

The researcher strongly believes that most of the problems in any business organization are arising due to human resources. The current scenario in the global business world has a lot of problems which are mainly associated with marketing management and ultimately the sales force i.e. marketing people and distribution-network (wholesaler, dealers, distributors and retailers). In case of Amway the sales people are IBOs i.e. Independent Business Owners. The satisfied marketing team will certainly lead organizations, societies, countries and finally the world to the vertex of the pyramid of success. The researcher wants to compare the IBOs development on the basis of different parameters and satisfaction level of IBOs towards products with special reference to Amway India Enterprises.



The beauty of this multilevel marketing method is one can do his present job, business, assignments and give some spare time for this business. Therefore, people can earn some extra income besides their present earning from other sources. Amway suggest that this is a family business and can be established with the help of spouse, children and friends. Consume the product and recommend the product is success mantra of this business.

Once people used the product, then they come to know the quality of the product and they share his thoughts, experiences to the people to join as IBOs. Bonus is generated through the downlink member proliferation while a commission is provided on sale of product.

#### **4. Approach to the problem:**

With reference to the review of literature and previous researches, the researcher has considered the following points to develop proper approaches and right direction to the research project. The researcher takes into account the following parameters for the development of IBOs.

1. Personality Development
2. Life Style
3. Business Development
4. Business Security
5. Income Level

The main intention is to arrive at the appropriate percent contribution of these determinants of IBOs and satisfaction level of IBOs with Amway products. The researcher also considers the Amway products feedback

from IBOs because product is the strength of this business. This will help Amway to come up with different strategy to motivate IBOs and Amway products because the role of IBOs is important to build the business and growth of company and individual betterment.

*It is necessary to clarify here that, for the purpose of this study, the term 'Comparison of IBOs' is the 'Comparison of IBOs of Amway India Enterprises considered only throughout this Thesis.*

## **5. Theoretical Framework:**

What is Direct Selling?

Direct selling is a dynamic, vibrant, rapidly expanding channel of distribution for the marketing of products and services directly to consumers. The purpose of this research is to describe direct selling and the benefits that it brings to the consumers and IBOs.

Amway is a direct selling company that uses multilevel marketing format to sell a variety of products, primarily in the home care, personal care, nutrition and wellness-health care and general category products.

Direct Selling is the marketing and selling of products and services directly to consumers in a person-to-person manner, generally in their homes or the homes of others or other places away from permanent retail locations. Direct sales typically occur through explanation or demonstration by salespersons normally referred as Direct Sellers. In the direct selling industry, prior to the Internet, direct sales presentations relied on a direct selling distributor traveling to the prospect's home to make a presentation.

Direct selling companies include two types:

- **Single Level Marketing** rewards the sellers for their personal sales activity. They cannot sponsor any other distributorship or sales personnel. Income comes only in the form of commission or bonus.
- **Multi Level Marketing** the seller recruits other distributors or sales people, and receives commissions and bonuses on the sales they make. Down liners are necessary to increase the sales force, and thus generate a huge number of sales.

### **Advantages of Direct Selling**

1. Face to face interaction.
2. Product testing, handling, realizing.
3. Immediate feedback possible.
4. Query, difficulty can be sort out on the spot.
5. Reduction of intermediaries so cost minimization is possible.
6. Improving communication and presentation skills.
7. Meeting a lot of energetic, enthusiastic and ambitious people.
8. Developing a very positive mental attitude.
9. Overall personality development.

### **6. Reasons for Choice of the Topic:**

The researcher strongly believes that most of the problems in any business organization are arising due to human resources. The current scenario in the global business world has a lot of problems which are mainly associated with marketing management and ultimately the sales force i.e. marketing people and distribution-network (wholesaler, dealers,

distributors and retailers). Amway sales people are known as IBOs i.e. Independent Business Owners. The satisfied marketing team will certainly lead organizations, societies, countries and finally the world to the vertex of the pyramid of success. The researcher wants to study whether IBOs is benefited or not with special reference to Amway India Enterprises.

### **7. Title of the Thesis:**

The title of the thesis is, “COMPARATIVE STUDY OF DEVELOPMENT OF IBOs WITH SPECIAL REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN PUNE AND PIMPRI-CHINCHWAD AREA.”

### **8. Objective of the Study:**

1. To study the profile of Amway India Enterprises Pvt. Ltd.
2. To study the determinants of development of Independent Business Owners with respect to Amway India Enterprises.
3. To study the comparative contribution of determinants for development of Independent Business Owners (IBOs).
4. To find out the satisfaction levels of IBO with Amway products.
5. To study the comparative opinion of IBOs from Pune and Pimpri-Chinchwad area on different parameters of development of IBOs.

### **9. Hypotheses of the Study:**

**Hypothesis 1:** Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area.

**Hypothesis 2:** The IBO's are satisfied with Amway products.

**Hypothesis 3:** There is significant difference between opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income.

## **10. Research Design and Methodology:**

The researcher set research questionnaire to 542 IBOs of Amway in Pune and Pimpri-Chinchwad area by visiting personally to the IBOs. The research package contains a covering letter stating the purpose of the study, the importance of the study and a confidentiality/ fidelity statement.

### **10.1 Research Plan:**

<b>Research design</b>	<b>Descriptive &amp; Causal</b>
Population Definition	6000 IBOs. In Pune and Pimpri Chinchwad
Sources of data	Primary and Secondary sources
Sample size	542 IBOs
Research Instruments	Questionnaire
Area of research	Pune and Pimpri-Chinchwad
City Status	Emerging Metropolitan
Reference Period	3 Years(December 2008 to December 2011)

There are several ways of collecting the appropriate data which differ considerably in context of money cost, time and other resources at the disposal of the researcher.

## 10.2 The Universe:

This study is undertaken to find out the contribution of determinants of development of IBOs based on parameters-Personality Development, Life Style, Assistant in Business Development, Business Security and Income Level of IBOs in Pune and Pimpri-Chinchwad area and the total number of IBOs in this area were 6000.

## 10.3 Selection of the Sample:

Selection of the Sample: Total 542 IBOs replied as respondent on the basis of probability sampling.

### Sample Size Calculation:

Since the population is finite that is 6000 (IBOs), the formula used for sample calculation is as mentioned

$$n = \frac{z^2 \cdot N \cdot \sigma p^2}{(N - 1) \cdot e^2 + z^2 \cdot \sigma p^2}$$

The confidence level fixed at 95 percent and the acceptable margin of error considered at 4 percent with 50 percent response distribution (highest deviation).

Therefore,

$$n = \frac{(1.96)^2 \times 6000 \times (0.5)^2}{(6000 - 1) \times (0.04)^2 + (1.96)^2 \times (0.5)^2}$$
$$n = \frac{3.8416 \times 6000 \times 0.25}{(5999 \times 0.0016) + (3.8416 \times 0.25)}$$

$$n = \frac{5762.4}{9.5984 + 0.9604}$$

$$n = 545.68 \cong 546$$

Therefore, the sample considered is 546 IBOs.

Out of 546 respondents 542 questionnaires are validated and considered for analysis and hypotheses testing.

#### **10.4 Techniques of Data Analysis:**

The data collected in the form of questionnaire, answered by the respondents from Amway IBOs. The information collected was processed and tabulated suitably by highlighting all the parameters. The theoretical information was converted in numbers by ranking the Likert scales. While analyzing the data and testing of hypotheses statistical tools like factor analysis, z test, ANOVAs, mean, standard deviation, correlation statistics were used with the help of M.S.Excel, and SPSS. For the presentation of the data, tables, charts, bar and pie diagrams are used.

**10.5 Parameters:** Following are the determinants of development of IBOs which are taken as parameters for the purpose of this research project:

1. Personality Development.
2. Life Style.
3. Business Development.
4. Business Security.
5. Income Level.

#### **10.6 Tools Used for Collection of Data:**

The Primary and Secondary data was collected for the purpose of the study from different sources as under:

### **Primary Data:**

Primary data has been collected by personally visiting to the IBOs in Pune and Pimpri-Chinchwad area. The unstructured interviews of IBOs were conducted through which the responses of the IBOs were taken.

The necessary care has been taken to keep all the information confidential to the extent it is required. All the respondents were given such an atmosphere which was entirely free from any pressure helping the respondents to be honest with their true opinions. They have been given enough time and assistance to answer the questionnaire.

### **Questionnaire:**

The researcher has used this method in which information is obtained with the help of questionnaire which is prepared exclusively for the specific purpose. In this method a questionnaire is personally given to the respondent with the request to answer the questions and return the questionnaire.

The questions are pertaining to these parameters 1) Personality Development, 2) Life Style, 3) Business Development, 4) Business Security, 5) Income Level. Every parameter has five to six questions in the form of Likert Scale. (Five rating scale from 1 to 5 starting from Strongly Disagree to Strongly Agree at the end). Every question thus has minimum 1 and maximum 5 marks. The marks for every question and total marks for every parameter and overall total has become the base for all statistical analysis and interpretation.

The questions were answered using a Likert type scale. To find out comparative analysis of determinant of IBOs the five-point scale was used. And also the questionnaire were design for finding out the



satisfaction level of IBOs with Amway products the five-point scale was used with 0 being very poor and 4 being the best on the basis of quality, availability, reasonable price, offers, services and overall ratings.

**Secondary Data:** Secondary data is information which has previously collected by some organization to satisfy its own need but it is being used by the department under references for an entirely different reason.

Company's literature, Annual reports, Sales reports, Published sources like books and journals, Research papers, masters and PhD thesis, Newsletters, Media Websites.

### **10.7 Significance of the Study:**

The beauty of this multilevel marketing method is you can do your present job, business, assignments and give some spare time which you have on daily basis for this business. Therefore, you can earn some extra income besides your present earning from other sources. Amway suggest that this is the family business and with the help of your spouse, children you can establish your business. Consume the product and recommend the product is success mantra of this business.

Once people used the product, then they come to know the quality of the product and they share this thought to the people and joined them under you. You will get bonus whatever the business your downlink will do and same time you will get commission on your own purchase.

### **10.8 Scope of the Study:**

According to the WFDSA, consumers have benefited from direct selling because of the convenience and service it provides, including personal demonstration and explanation of products, home delivery, and generous

satisfaction guarantees. Multi-level marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of others they recruit, creating a down line of distributors and a hierarchy of multiple levels of compensation.

### **Conceptual Scope:**

The need of the research project arose to study the determinants of development of IBOs and satisfaction level of IBOs towards Amway products about quality, availability, price, offers, services and overall performance of the product.

Most of the research work in this area focuses on the customer's satisfaction, customer's feedback, customer relationship management and after sale services. No study was undertaken to highlight the development of distributors in the area of direct selling. In order to fill up this gap this topic has been selected for the study. Thus this is the first study of such kind with special reference to Amway India Enterprises in Pune and Pimpri-Chinchwad area.

Apart from having the practical experience of assigned project, the findings of this report can be also beneficial for the organization. This report is an attempt to go through the details about the satisfaction level of IBOs, their personal development and market position of organization and to provide strategy to the organization for gaining the market share.

As per my study and knowledge a very less study, research is conducted on this topic and hence there is vast scope, a great potential for multilevel marketing (MLM) companies in India.

### **Geographical Scope:**

The selected area, Pune and Pimpri-Chinchwad is a developed city with literacy rate of 80 percent. The income of the people is an adequate and have good standard of living. This enables a high potential growth for the organization as well as IBOs and company having the Distribution centers in this area.

### **10.9 Limitations of the Study:**

1. A dynamic situation of market changing with respect to time is a constraint.
2. This survey is restricted to the Pune and Pimpri-Chinchwad area only.
3. The research is based on descriptive- causal design where data collected is a snapshot for cross-sectional studies and not the longitudinal Study.
4. The research period considered only three years.

### **10.10 Chapter Scheme:**

Chapter 1: Introduction

Chapter 2: Literature Review

Chapter 3: Research Design and Methodology

Chapter 4: Company Profile

Chapter 5: Analysis and Interpretations of Data

Chapter 6: Testing of Hypotheses

Chapter7: Findings, Conclusions and Suggestions

## **11. Findings, Conclusions and Suggestions:**

### **11.1 Findings:**

The profile of Amway India Enterprises Pvt. Ltd. as discussed in Chapter 4 shows that the company is well established and doing well in direct marketing sector. Amway is trying its level best to generate good amount of business volume and support IBOs to develop their own business through recruiting new IBOs and expand the business positively. Following are the findings based on overall data analysis and inferences

### **11.2. Findings from the Data Analysis and Interpretation:**

- I. After studying and analysing the determinants of development of IBOs it is found that the role of Amway India is significant in development of IBOs.
- II. After analyzing the overall rating of Amway products it is found that the IBOs are satisfied with overall rating of Amway products as far as quality, availability, and services is concerned and dissatisfied with price and offers of the product. IBOs claims that price of the products are high and they have not satisfied on offers provided on the products.
- III. The determinants for development of IBOs contribute in different percentages individually. The determinants of IBOs considered here like Personality Development, Life Style, Business Development, Business Security and Income Level.

It has found that out of 542 respondents, 427(78.80%) IBOs has developed their personality, 426(78.69%) IBOs has developed life style and 419 (77.25%) IBOs has improved their income level. It is

also found that Assistance in business development (98.20%) and Business security (100%). This indicates that Amway has a mammoth contribution towards the development of IBOs in aforesaid determinants.

- IV. It has found that there is no significant difference in the opinion of IBOs (male and female) from Pune and Pimpri-Chinchwad area on the given parameters i.e. Personality Development, Assistance in Business Development, Life Style, Business Security and Income Level of IBOs. It shows the similar perceptions of IBOs from Pune and Pimpri-Chinchwad towards the development parameters practised by Amway.
- V. It has found that there is no significant difference in the number of respondent in each category of age who responded for different parameters from Pune and Pimpri-Chinchwad area. It means the opinion of all the age category-wise IBOs from Pune and Pimpri-Chinchwad area are similar regarding the determinants for development.
- VI. It has found that there is no significant difference in the number of respondent in each category of education who responded for different parameters from Pune and Pimpri-Chinchwad area. However, in post graduate category there is significance of difference for IL3 and LS2 parameter. Post graduate IBOs were not satisfied with their current income from Amway business (IL3) and at the same time they responded that their life style and standard of living (LS2) was not affected or improved because of Amway.
- VII. It has found that there is no significant difference in the number of respondent in each category of income level who responded for

different parameters from Pune and Pimpri-Chinchwad area. However, in income category between Rs. 5.1 lack to 8 Lakhs there is significance for LS5 parameter. These income level IBOs were denied that the person who is serious in this business will improve his life style and standard of living remarkably.

### **Hypotheses Tested**

**1. Hypothesis 1:** “Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area”

We reject the null hypothesis and accept that the role of Amway is significant in development of IBOs. It has found that, 78.80% of IBOs personality development is improved, 78.69% of IBOs life style is improved, 98.20% of IBOs says that they got assistance in business development, all the IBOs says that they have business security and 77.25% IBOs proclaims that their income level increased due to Amway.

**2. Hypothesis 2:** “The IBO’s are satisfied with Amway products “

This hypothesis bifurcated in five parameters and tested differently to check the satisfaction of IBOs towards a. Product quality, b. availability, c. Price, d. offers and e. services respectively.

We fail to reject the null hypothesis in case of price and offers and consider that IBOs are not satisfied towards Product price and offers provided by Amway. However in overall rating the responses have negligible count. On the other side the hypotheses in case of product quality, availability and services, we reject the null hypotheses and accept that IBOs are considerably satisfied with these parameters.

**3. Hypothesis 3:** “There is significant difference between opinions of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income”.

This hypothesis is also bifurcated to test on Gender, Age, Educational qualification and Annual Income respectively. In case of Gender and Age, we reject the null hypotheses. There is no any significant differences in opinions responded by IBOs.

While in case of education qualification and annual income we fail to reject the null hypothesis. Since IBOs who are post graduate and the IBOs having annual income above Rs. 5.1 lakhs, show neutral responses for any developmental changes due to Amway in their current income, lifestyle and standard of living.

### **11.3 Conclusions:**

1. The international presence of Amway shows that company is doing better and satisfied their IBOs on the front of economic and social development. So people can earn extra income and live better life.
2. It is concluded from the findings that there are large number of females, working as well as housewives associated with Amway being active IBOs (72%), flourishing business opportunities and have considerable share in earning of their family.
3. Assistance in Business Development and Job Security factors are the most significant contributor, almost all the IBOs have given priority to the Assistance in their Business Development (98.20%) and Business Security (100%) in Amway Business development. The other parameters like Personality development, lifestyle and income

enhancements have got lesser importance than the aforesaid parameters.

4. It is also concluded that the opinion of IBOs towards different parameters from Pimpri-Chinchwad and Pune area are quite similar. This inculcates that location doesn't matter for associating with Amway irrespective of gender, age, educational level and annual income of the IBOs.
5. The IBOs have substantial growth within first three years of their tenure. This may be due to rampant social networking, while it shows a steady growth after three years.

#### **11.4 Suggestions:**

1. Amway have to take strong and confident steps to improve the offers on the products so that overall sales shall increase and it will lead to increase the level of satisfaction among the IBOs. Basically offers are the major promotional aids which push the company sales positively. So Amway has to redesign their offers for all the products and come up with good schemes to attract the IBOs as well as consumers such as quantity discounts, bonus, complimentary products at the same price and incentives.
2. The Amway product quality is very rich. However, the prices of Amway products are very high and therefore it is difficult to maintain the customers' base regularly. Amway has to focus on their pricing policy of the products which seems too high as responded by IBOs. Company should come with revised price policy for their product, so that sales volume can be generated and it will help the IBOs as well as consumers. This is very important in the context of



designing effective retention policy of IBOs and consumers for any organization.

3. As far as distribution is concerned, only two distribution centers are available in Pune and Pimpri-Chinchwad area which is insufficient for 6000 IBOs to issue their orders frequently. So the company has to plan for additional distribution centers for the convenience of IBOs.
4. There are some IBOs who are not doing their business up-to the mark, company has to identify these IBOs and should diagnose their problems and provide proper guidance and solutions to them through special camps containing how to do Amway business, how to set the appointment, how to overcome of the objections, how to use the product, product trainings etc. this can motivate the IBOs and develop the business positively.
5. Post Graduate IBOs are not satisfied with their current income generated through Amway business so company has to segment such IBOs and provide new vistas for their business development and follow-up to enhance the motivation levels.
6. The IBOs whose income is in between Rs.5.1 to 8 lakhs from other sources are having higher expectations from Amway Business and hence they claim that their life style and standard of living is not enhanced because of Amway. This restrains their Amway Business. Company has to segment such group and provide special training towards business development which will help them to develop their Amway business so they can feel more secured and worthy in associating with Amway.
7. Amway has to invest more into advertisement and promotion.

8. Amway has to target and manufacture products for the rural mass of India.
9. Amway has to allow its products to be sold in retail stores so as the product will be available anywhere anytime.
10. Basically Amway products are meant for higher and wealthy classes of the society so Amway should think about Bottom of Pyramid.

#### **11.5 Scope for the future research:**

1. “A Study of comparative analysis of Independent Business Owners (IBOs) of other direct marketing companies” on the same parameters can conclude the overall satisfaction level of IBOs in direct marketing companies.
2. “Preferences and attitudes of consumers’ towards Amway products” will lead to understand the consumer expectations and further products can be developed as per the market needs.
3. “To design the model on marketing mix exclusively for Amway”. Such research will definitely help to promote Amway business in terms of product sales as well as IBOs associations with Amway.

## **CHAPTER 1: INTRODUCTION**

1.1 Introduction

1.2 Theoretical Framework

1.2.1 What is IDSA?

1.2.2 What is Direct Selling?

1.2.3 What is Multilevel Marketing?

1.3 Advantages of Direct Selling

1.4 How Multilevel Marketing got started?

Summary

## **CHAPTER 1: INTRODUCTION**

### **1.1 Introduction:**

As competition increases immensely, the organization has to see some innovative ways to do their business and sustained in the market for long time. Traditional distribution system is more rigid and more costly so that the price of the final product goes on increasing, as organization has to pay some commissions to the intermediaries. This is main problem find out between traditional distribution and direct marketing system.

Traditional business is facing with the challenges of increasing competition, continually rising marketing costs, decreasing response rates and lack of direct relationship with its customers. As the market is highly competitive and products are overwhelming, in order to retain its customers try to move away from traditional aggregate-level mass marketing programs and use direct marketing as their strategy for interacting with its customers.

According to Braneryd C, T Friberg<sup>1</sup>-2008- The Circle of Life in Network Marketing Relationships: A Case Study of Tahitian Noni International, the Network marketing is a business form originated in the United States during the 1950's. From there on, network marketing companies have gained exceeding ground and have become widely spread and recognized, especially during the past ten years. Companies such as Tahitian Noni International, Herblelife, Oriflamme, RCM, Mary Kay, Tupperware and Forever Living Products are all examples of well-known network marketing companies. Today, an estimated 58 million people are involved in network marketing throughout the world and in

2006, the worldwide sales accounted for an estimated USD 109 billion. Network marketing companies are in many aspects similar to any other type of company, they have customers, employees and sell goods or services and market their products. What makes network-marketing companies unique is that their main asset is their distributors Independent Business Owners (IBOs). The IBOs consumed the product, share this to their friends, relatives etc. and continuously recruit new persons to join the company and without this recruitment there can be no network, which in its turn would undermine the entire business form. Even though the business form has been around for quite some time and engages millions of people around the world, it has been look upon with great skepticism mostly due to the association with illegitimate pyramid schemes. Still today, this skeptical view to some extent lives on, but the business form continues to grow rapidly. Traditional Large-scale sales pattern is the most familiar sales pattern for companies. Based on this Pattern, companies usually sales their products, services, and give all the customers same sales promotion. However, this kind of sales promotions neglects the differences among customers. In most cases, these promotions cost a lot, but only get few real profits from customers. That means many promotions go in vague. A new and dynamic business culture is developing today. Nowadays the customer relationship is most important as it is focal point of every organization. After the industrial revolution it is very much important how the company treats their customers and how they convey the message in innovative ways so that customer base can be maintained. Actually direct marketing companies or organizations try to establish and maintain a direct relationship with their customers in order to target them individually for specific product offers. In the traditional process, the marketing goal is to reach more

customers and expand the customer base. However, given the high cost of acquiring new customers, it makes better sense to conduct business with current customers. Because of this, the marketing focus shifts away from the breadth of customer base to the depth of each customer's needs. Businesses do not just deal with customers in order to make transactions; they turn the opportunity to sell products into a service experience and endeavor to establish a long-term relationship with each customer. Actually direct marketing companies or organizations try to establish and maintain a direct relationship with their customers in order to target them individually for specific product offers.

Now-a-days this type of marketing system used by growing number of companies, especially financial services, banks and insurance as their main strategy for interacting with their customers. However, the FMCG companies like Amway, Avon, Tupperware, Mary Kay is doing their business with help of direct marketing format, Multilevel marketing format or chain marketing 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 consumed the product but also recommend the products to his friends, relatives or referrals. Therefore, he can increase the sales volume and ask the people to join the business for their betterment.

## **Strength of Amway-Excellent Products**

The researcher also focused on the products of Amway because the strength of the company is its excellent products. Amway generates the revenue by selling its products and therefore IBOs feedback regarding the products is essential. Based on products feedback researcher compared the different products on the parameter quality, availability, reasonable price, offers and services.

The purpose of this study is to identify the potentiality of the common people which is in hidden within and try to explore them for their and society enhancement. The researcher is trying to show how Amway helps their Independent Business Owners to come out from their shyness, low confidence, afraid, utilize this system as challenge, and grow up you and your family with friends and relatives without having any bossism and stress.

Independent Business Owners (IBOs) establish and maintain relationships with new recruits and how they explore themselves and improve their standard of living, life style, communication skills, income level and personality development.

## **1.2 Theoretical Framework**

### **1.2.1 What is IDSA?**

The Indian Direct Selling Association (IDSA) is an autonomous, self-regulatory body for the direct selling industry in India. The Association acts as an interface between the industry and policy-making bodies of the Government facilitating the cause of Direct Selling Industry in India.

IDSAs strive to create and further an environment conducive to the growth of direct selling industry in India, collaborating industry and government alike through advisory and consultative activities.

IDSAs catalyse change by working closely with government on policy issues, enhancing efficiency and ushering in desired credibility, clarity & confidence in Direct Selling. Ref.-<http://www.idsa.co.in/WhatIsIdsa.html>.

### **Member - IDSA (Indian Direct Selling Association)**

Amway India Enterprises is a member of the India Direct Selling Association. The Indian Direct Selling Association is an association of companies engaged in the business of direct selling in India. Its members are of high national and international repute having set standards in delivering quality goods and in following ethical business practices. Ref.-<http://amwayind.blogspot.in/2009/12/member-idsa-indian-direct-selling.html>.

### **Amway and the Direct Selling Associations (DSAs)**

Amway's international reputation were reflected in the membership of its local companies in national DSAs around the world, including the Amway (UK) Ltd's membership in the United Kingdom Direct Selling Association (UK DSA) and the Direct Selling Association Ireland (DSAI) which provides every ABO with a further means of reassurance.

### **1.2.2 What is Direct Selling?**

Now-a-days this form of selling is more popular in the market because marketer gets direct response from the consumer and there is no mediator



in this form. So consumer gets product and services directly from manufacturer. According to Philip Kotler<sup>2</sup>, 2008, in the article, Rethinking Marketing: Sustainable Marketing Enterprise in Asia by Pearson Education South Asia Ltd. Direct Selling is the marketing of products and services directly to consumers in a person-to-person manner, generally in their homes or the homes of others or other places away from permanent retail locations.

Direct sales typically occur through explanation or demonstration by salespersons normally referred to as Direct Sellers. Before introduction of internet, the direct selling companies making their presentation to the customer with the help of sales people who give the direct demonstration of the product to customer and make presentation face to face.

A benefit of direct selling is to get extra income and start own business and it also benefit to the consumers to get the product and services directly from manufactures at reasonable rate. To start this business requires very less investment. Initially one has to purchase the selling kit of the company which contains the product and instructions regarding how to sue the products and services. By this format consumer gains lot of things such as convenient to buy, product demonstration with explanation about product and services, delivery at doorstep which ensures satisfaction of the consumers. With the help of this direct selling format company can make products and services available in an innovative way which is not available in traditional retail outlets. It also ensures the reasonable price of the product. The main objective of direct selling organization is to increase their business and interact directly and

face to face to the consumers and develop the good relationship with them so that consumer base can develop properly.

### **1.2.3 What is Multilevel Marketing?**

Hence, Coughlin & Grayson defines the network marketing organization as those organizations that depend heavily or exclusively on personal selling, and that reward sales agents for (a) buying products, (b) selling products, and (c) finding other agents to buy and sell products.

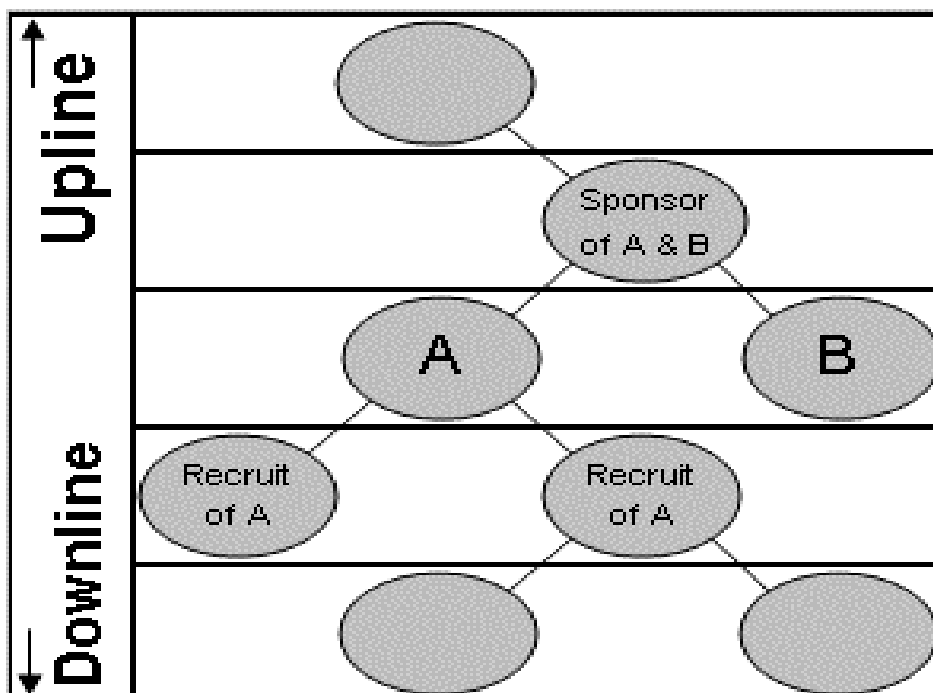
In this format the IBOs (Independent Business Owners) get commission on his person selling as well as the sales generated by his downline IBOs. The multilevel marketing is also known as network marketing, direct selling and also referral marketing.

In this type of marketing sales persons buy the products from direct from manufacturer at wholesale price and then it sells to the consumers at discounted price as a business. And finally he receives some commission on his sales generated on monthly basis as well as he get extra income on the sales person to whom he introduces in the business.

So in this process sales person introduces new people in the business and expand their chain of people and sales can be generated like this only. Therefore this type of selling method is really different from other traditional type of selling formats. In this type there are two types of sales people involved one is upline and other is downline. The upline sales people are the people who work before you and above you and downline sales people are the people who work your down side after you.

Chart 1.1

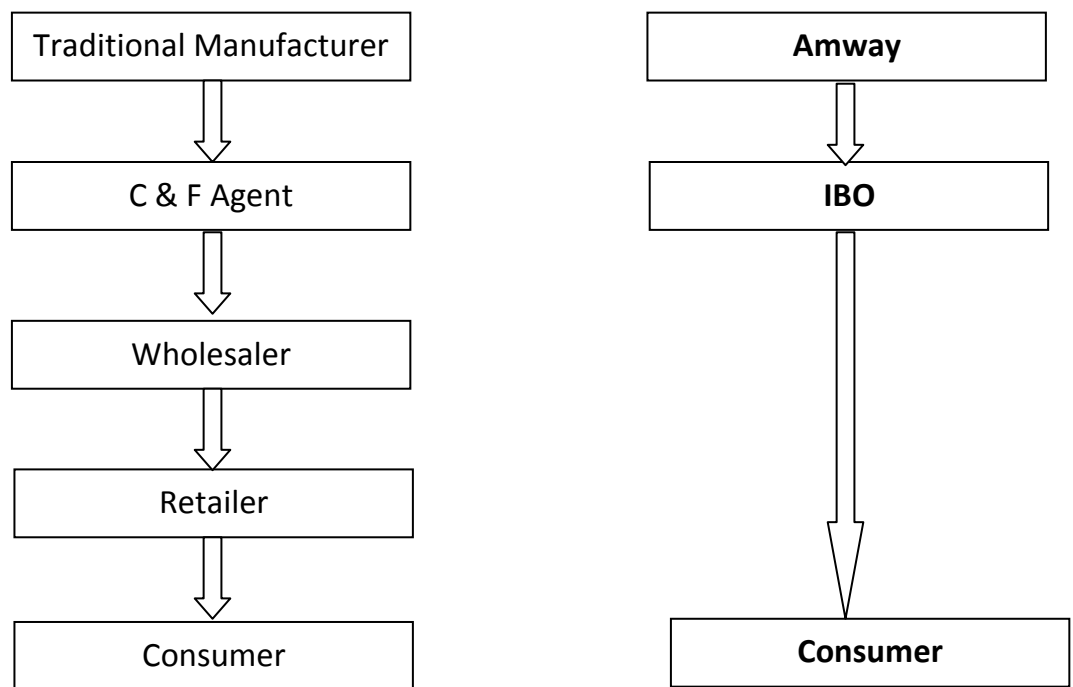
## Sponsorship Level UP-line and Down-line IBOs



According to Braneryd C, T Friberg<sup>3</sup>-2008- in the article *The Circle of Life in Network Marketing Relationships: A Case Study of Tahitian Noni International*. A is the Sponsor of two recruits and has a down-line of four persons, while B has not sponsored any person and therefore has no recruits in his/her down-line. A, and B's up-line are identical, consisting of their sponsor and all those above him/her.

Chart 1.2

**Traditional Channels and Amway Distribution Channels**



Multi Level Marketing or MLM is a system for selling goods or services through a network of distributors. The typical Multi Level Marketing program works through recruitment. If you choose to become a distributor with the Multi Level Marketing Company, you will earn money both through the sales of the MLM's products and through recruiting other distributors, by receiving a portion of the income these distributors generate.

### **1.3 Advantages of Direct Selling**

1. Face to face interaction
2. Product testing, handling, realizing
3. Immediate feedback possible
4. Query, difficulty can be sort out on the spot
5. Reduction of intermediaries so cost minimization is possible
6. Improving communication and presentation skills
7. Meeting a lot of energetic, enthusiastic and ambitious people.
8. Developing a very positive mental attitude.
9. Overall personality development.

This is golden way to understand the product and services in a better way to realize the appearance, taste, smell and personal touch to the product. So the marketer as well as consumer both will benefit of this type of direct selling rather than traditional selling. And product will also delivered to the end consumer in time at reasonable rate.

This is format where direct selling people or sales person can establish their own network and develop; acquire some new skills, innovative ideas, knowledge and new way to convince the customers. This method dose not required any specific time or day to interact with people as this method is very flexible to do the business. The success of this business is

very much depending on your sincerity, time given for this business, effort you have taken and so on.

#### **1.4 How Multilevel Marketing got started?**

The origin of this type of company got started in United States in the late 1800s. After that by time to time different format come into existent in the market like travelling sales people, peddlers and hawkers. Then different companies like Amway, Tupperware, and Mary Kay started selling their products in this direct selling

**Summary:**

The researcher wants to bring it to the notice that the Independence Business Owners (IBOs) is most importance in any organization. IBOs play an important role in overall development of Organizations as well as individual development. Amway is successful in Indian market is already proved in the previous researches. The literature in support of that has been studied and included in the next chapter. The main intention is to arrive at the comparative study of various parameters of IBOs development with respect to Amway India Enterprises. The parameter which researcher has considered of this study is Personality Development, Assistant in Business Development, Life Style, Business Security and Income level of IBOs. This will help the organization to resolve many of the IBOs problems.

References:

1. Braneryd C, T Friberg<sup>1</sup>-2008- The Circle of Life in Network Marketing Relationships: A Case Study of Tahitian Noni International.
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Website:

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## CHAPTER 2: REVIEW OF LITERATURE

- 2.1 Introduction
- 2.2 Review of Journals & Research Papers
  - 2.2.1 Robin Croft and Helen Woodruff1, 1996
  - 2.2.2 Anne T. Coughlin and Kent Grayson, 1998
  - 2.2.3 Pratralkha Bhattacharya and Krishna Kumar Mehta, 2000
  - 2.2.4 Michael G Pratt, 2000
  - 2.2.5 Peter J. Vander and William W. Keep, 2002
  - 2.2.6 Lawrence B. Chonko, Thomas R. Wotruba and Terry W. Loe, 2002
  - 2.2.7 Michael G Pratt and Jose Antonia Rosa, 2003
  - 2.2.8 James A. Muncy, 2004
  - 2.2.9 James A. Muncy, 2004
  - 2.2.10 Claudia Rawlins and Pamela R. Johnson, 2005
  - 2.2.11 Thomas R Wotruba, Stewart Brodie and John Stanworth, 2005
  - 2.2.12 Delgado and Hector, 2006
  - 2.2.13 John R. Sparks and Joseph A.Schenk, 2006
  - 2.2.14 Kent Grayson, 2007
  - 2.2.15 G K Mathews, Dr. James Manalel and Siby Zancharias, 2007
  - 2.2.16 Robert A Peterson and Gerald Albaum, 2007
  - 2.2.17 P. Sreekumar, 2007

References:

## **CHAPTER 2: REVIEW OF LITERATURE**

### **2.1 Introduction:**

This chapter is based on the previous study and the problems, challenges occurred in the area in past years. The aim of this chapter is to provide the reader with a literature review concerning the research area and topic selected for the present research. The researcher is trying to find out the gap between earlier researches published and unpublished work. The researches in the area were carried on the basis of characteristic of sales people involved in multilevel and single level marketing organizations; the chapter provides literature review on multilevel marketing, direct marketing or chain marketing.

### **2.2 Review of Journals & Research Papers:**

**2.2.1 Robin Croft and Helen Woodruff<sup>1</sup>, 1996**, in his research paper ‘Network Marketing: The Ultimate in International Distribution?’ in *Journal of Marketing Management* highlights the mentioned points

There is hardly serious material written about Network Marketing in general. Yet there is some data from a secretive industry which enables Network Marketing’s claim in respect of its universal appeal to be assessed critically. Using information included in Amway’s recent Pacific Rim flotation, this article assesses Network Marketing against six strategic criteria for channel management.

The research paper focuses on Japanese retail environment which characterized by large number of retailers and wholesalers compare to others. It is very difficult to enter in Japanese retail market because of high property prices and difficult to get retail space in suburban areas.

Against this background the world's largest Network marketing organization Amway Corporation has got remarkable success in Japanese market.

In the period 1983-87 Amway was recorded as the fastest growing foreign organization in Japan. After establishing, within 10 years in Japan, Amway had become one of the 10<sup>th</sup> largest direct marketing organizations in the country with the leading ahead of long established rival corporations Avon Cosmetics and Tupperware. After 14 years setting up in Japan, Amway achieved net sales of \$US 1.3 billion based on 8, 16,000 IBOs in Japan. Amway has become the 10th largest foreign firm in Japan, ranking among IBM, Coco-Cola. Amway's success is cited repeatedly by the Japanese Ministry of International Trade and Industry.

Amway's success in Japan and Korea further followed in the Pacific Rim Countries and achieved sales of \$US 554 million.

For assessment of potential channels of distribution in International markets, author recommends six specific strategic goals as mentioned below.

Cost, Capital, Control, Coverage, Character and Continuity

With the help of these strategic goals the effectiveness of Amway's Japan Network marketing can be examined critically and on that basis some conclusions can be drawn.

Conclusions of Robin Croft and Helen Woodruff:

On the basis of this research it is concluded that with the help of six strategic goals Amway network marketing is by no means uniquely suited to the Japanese retail market. In some cases like cost, capital, control, and

coverage network marketing has some advantages over conventional channels. In continuity of business there is severe problem of network marketing organization. However Amway seem to be successful because of unique nature of the Japanese retail environment, fundamental changes affecting Japanese society.

Researcher also suggested that Network Marketing has potential in certain product areas in certain cultures and economic environments, as an example

A. where there are strong social and family bonds,

B. where retailing is characterized by large numbers of small, independent outlets lacking specialized skills and

C. Where imported consumer goods have high perceived value.

After all network marketing: The Ultimate in International Distribution is debatable.

**2.2.2 Anne T. Coughlan and Kent Grayson<sup>2</sup>, 1998**, reveals in their research paper ‘Network marketing organizations: Compensation plans, retail network growth, and profitability’ in the International Journal of Research in Marketing as under:

Network marketing organizations, or NMOs, are retail selling channels that use independent distributors not only to buy and resell product at retail, but also to recruit new distributors into a growing network over time. Commissions and markups on personal sales volumes and net commissions on the personal sales volumes of down lines are the methods of compensation commonly used to motivate NMO distributors.

Conclusion by Anne T. Coughlan and Kent Grayson

In this paper, researcher develops, analyze, and calibrate a dynamic decision model of the growth of retail NMO. It shows how compensation and other model parameters affect distributor motivation, sales, and network growth and profitability. In short it is important for the distributor's point of view to have a good compensation and incentives plans to remain in the business and earn reasonable profit.

**2.2.3 Pratralkha Bhattacharya and Krishna Kumar Mehta<sup>3</sup>, 2000,** say in their research paper 'Socialization in Network marketing organizations: is it cult behavior?' in the journal of Socio-Economics as under:

Network marketing organizations like Amway have been successful in recent times. The average distributors associated to this network marketing organization earn very little money. Today 70 percent of direct sales revenues are generated by network marketing organizations. Network marketing organizations differ from traditional firms which don't have any type of sales store and their distributor's not only sales product but also recruit other responsibilities. These distributors recruit and sales among their friends, relatives and acquaintances.

Network marketing organization distributors social lives revolve primarily around parties, meetings, rallies, brand building seminars. Nu Skin annual convention in March. They gathered 13000 distributors in 1998 that came from Japan, Taiwan, Hong Kong, Korea, Thailand and Philippines Apart from these national and international affairs, there are various local meetings, parties and picnics organized under the network marketing organization banner. These meeting were very social and

motivational. The atmosphere was more that of social gathering. The Amway distributor's social life heavily centered on other Amway distributors. These distributors become involved each other's private lives and often describes themselves as family. Their meetings are frequently characterized by display of joy, tears and pride.

Findings by Patralekha Bhattacharya and Krishna Kumar Mehta:

The findings of the research paper is network marketing organization have been doing very well in recent times. However, their success is unpredictable. The average distributors get very less money and they have formed close knit and exclusive social groups. Different individuals give different weight to social satisfaction. Social output is generated by social efforts and at the same time economic efforts also have some social productivity.

**2.2.4 Michael G Pratt<sup>4</sup>, 2000**, explains in his research article 'The Good, the Bad and the Ambivalent: Managing Identification among Amway distributors' in Cornell University Johnson Graduate School,

Michael G Pratt 2000 focused on The IBOs (Distributors) of Amway, a Network Marketing Organization (NMO) practices and process involved in managing IBOs identification. How organization attempts, succeed and fail to change and how members view themselves in relation to the organization. Amway IBOs have been found to exhibit both strong positive and negative relationship with other people.

Amway provides equal opportunity to all people regardless of background, nationality or other differences-to further their own achieving through personal effort and initiatives. This opportunity is not limited to those have special skills, education or large amount of capital

to invest. However, success in network marketing is possible who are willing to commit themselves to sincerely build their business relationship.

Amway also have predetermined levels which indicate the high volume of sales that a person has attained and serve as a measure of achievement. The most successful IBOs spend considerable amount of time for personally teaching new members how to build the business, it means how to sale the product and sponsor others. This personal training consists of books, tapes, literature and functions such as meetings, rallies and seminars.

Amway differs from traditional business. IBO's initially do the business on a part time basis on paying of nominal joining fees and are not legally employees but act as an Independent Business Owner (IBO) and follow legal and ethical guidelines set by organization.

This research paper based on open ended interview for data collection, the respondents interviewed were active and inactive IBOs. Active IBOs means consistently developed business, sponsored others to become members (IBO) and regularly attended Amway functions. Inactive IBOs only renewed their annual membership in Amway.

Findings by Michael G Pratt:

After analyzing the data, the researcher found that the company attempts to manage member's identification by managing how they make sense of themselves (IBO's Identities) as well as their relationship with people within and outside of Network.

Michael G Pratt concluded that the three distinguished categories that are

lovers, haters of Amway and those who are neutral or ambivalent towards Amway are clearly defined. The lovers and ambivalent are potential members to develop the business. The other finding of Pratt is the company enhances its business through dream building of members and conducting programs for developing positive attitude towards the business and the company.

**2.2.5 Peter J. Vander and William W. Keep<sup>5</sup>,2002**, reveals in their research paper ‘Marketing Fraud: An approach for differentiating Multilevel Marketing from Pyramid schemes’ in *Journal of Public Policy & Marketing* as mentioned:

The researcher focuses how multilevel marketing is different from pyramid schemes. In 1996, the Better Business Bureau in the United States warned the Pyramid schemes of all over the country to terminate their operations. In 1997, a large percentage of Albanians lost their saving in two ponzy schemes, losses prompted citizens to riot, threatening the stability of the national government. During March 1998, the U.S. Securities and Exchange Commission (SEC) filed suit against International Heritage Incorporated, allegedly the largest pyramid schemes in SEC history till date. In May 1998, the Chinese government halted the operations of all direct selling firms because of the government’s inability to stop the growth of Pyramid schemes.

The researcher described the difference between MLM and Pyramid Schemes:

Multilevel marketing is a way of distributing products or services in which the distributors earn income from their own retail sales and from retail sales made by their direct and indirect recruiters. Members at any



level of a multi-level marketing model can make income through the company's products and/or services without signing up any new members. As a form of direct selling, MLM involves non-store retailing based on face-to face communication between a selling representative and a potential buyer. Contrary, pyramid schemes are only based on recruitment of members and there is no any product or services to offer and to generate the business.

A pyramid scheme is a non-sustainable business that involves the exchange of money, usually in the form of a sign-up fee, and usually has no product or service. The only people that are able to make money on a pyramid scheme are the people at the top of the pyramid and this may lead to a fraud and misguide the society.

**2.2.6 Lawrence B. Chonko, Thomas R. Wotruba and Terry W. Loe<sup>6</sup>, 2002**, explains in their research paper 'Direct Selling Ethics at the Top: An Industry Audit and Status Report' in the journal of Personal Selling and Sales Management as:

Ethics is important in direct selling organization. If ethics are not followed by sales people, it will contribute to loss to bottom line and indirectly lose customer. Self regulation by industry has become an important strategy in improving the ethical environment. This study audits the direct selling industries and their code of ethics as it complies with the Federal Sentencing Guideline(FSG) and establishes a benchmark against which subsequent ethics research in the direct selling industry can be compared.

In this research survey were sent to the 1700 direct selling corporate officers of 150 firm listed in the Direct Selling Association publication.

Out of which 286 officers replied their opinions.

Finding by Lawrence B. Chonko, Thomas R. Wotruba and Terry W. Loe:

The executive feels that opportunities for unethical behavior in direct selling may have lessened. There is some feeling that opportunities for unethical behavior in direct selling is less frequent than in other industries. Lawrence B. Chonko, Thomas R. Wotruba and Terry W. Loe concludes that there is less unethical behavior opportunities of practices in DSA members in direct selling than that of non members do direct selling

**2.2.7 Michael G Pratt and Jose Antonia Rosa<sup>7</sup>, 2003**, reveals in their research paper ‘Transforming work-family conflict into commitment in Network marketing organizations’ in *Academic of Management Journal* as under:

The article throws light on how network marketing organizations provide strong commitment to their members in this age of network marketing trends. Network marketing organizations don't have the central business location and they spread all over the country. Members have to work independently taking support and guidance of their up lines. In this research, researcher gathered the data from multiple resources' in respect to three Network marketing organizations namely Amway corporation, Mary Kay Inc. and the Longaberger Company. Direct Selling Association reports that since 1950s Network marketing organizations have multiplied and grown to engage millions of people around the globe. The three companies in this research study have been in existence between 30 to 44 years, had aggregated annual sales of over \$10 billion worldwide throughout the 1990s. From the data analysis it is found that network

marketing organization members were sensitive to work-family conflicts as well as they expressed commitment to distributing.

Making workers into family practices is the important strategy for mentoring the people and get the things done by systematic way. The distributors noted that many friendships can be made through such type of work and have a good relationship and form good family. Bringing family into work practices involved physically and psychologically integrating a distributor's family into work. They make family members part of their business. Network marketing organizations ask distributors to focus their initial sales and recruiting efforts on family and friends. Amway ask their distributors to set business goals and these goals are translated into dreams of what distributors want to attain. IBOs involve spouses and children in their goal setting and dream building. In this practices family can work together and stay together and enjoy the family life.

Findings by Michael G. Pratt and Jose Antonia Rosa:

The researchers found and suggest that organization can help their members to manage the work family interface in ways that affirms the importance of family members and also increase their commitment to their work.

**2.2.8 Ming Ouyang and E Stephen Grant<sup>8</sup>, 2004**, says in their research paper 'Mechanism of Network Marketing Organizations Expansion as Pyramid Structures' in Journal of Management Research as under:

The researcher focuses on a theoretical model of NMOs (Network Marketing Organizations) behavior rational and illustrates how NMOs convert social network into sales opportunity by incorporating the size of

sales force with individual contacting rate and sales people's persuasive rate.

The NMO label is particularly descriptive because unlike single level direct selling organizations, sales in NMOs are dependent upon the active recruitment activity of direct salespeople who recruit, train, and supervise new direct salespeople who become part of recruiter's downlink. In return the recruiting salesperson receives compensation for the sales of downlink members as well as their own sales. This promise to pay downlink commissions serves as a powerful incentive to accept membership in NMOs.

Single level (SL) direct selling organizations do not depend upon the functioning of a multilevel network but they focus exclusively achieving compensation based on their own sales.

Findings by Ming Ouyang and E Stephen Grant:

The author tried to find out how NMOs capitalize social network into sales opportunities. Finally author developed the model which is capable of proving various real situations in NMOs practices.

The model suggests that, the successful NMOs are those with the contact rate and the persuasive rate dominating the quitting rate i.e. how many people an IBO have contacted and persuade them is higher than how many people quit the organization. Unsuccessful NMOs are those with the quitting rate is dominated the contact rate and the persuasive rate i.e. how many people leave the organization is higher than how many people contacted and persuade.

**2.2.9 James A. Muncy<sup>9</sup>, 2004**, in his research paper ‘Ethical issues in multilevel marketing: Is it a legitimate business or Just another Pyramid Scheme?’ in Marketing Education Review as under:

The research paper emphasizes on marketing and sales class’s students showing interest in multilevel marketing program for advice this students approaches their marketing professors. In this case marketing educators need to be able to help their students differentiating ethical, legitimate business opportunities.

In this research paper researcher ask the students; ask themselves five questions to ascertain ethical and legitimacy of multilevel marketing opportunity. If company is fulfilling all legal obligations but it does not mean all its practices are ethically correct. Some time a person who is not employed or distributor recruits the other person it means he is doing unethical marketing. Though multilevel marketing organizations it may not be an illegal or unethical, a particular recruiter may engage in illegal or unethical practices.

The research paper throws light on the brief overview of multilevel marketing industry and the problem faced by this industry.

The following questions that students should ask themselves that will give them simple yet practical advice when trying to determine the legitimacy of multilevel marketing organization opportunity.

Q1 How is the money being made?

Q2 Are the product legitimate?

Q3 How much it cost to be involved?

Q4 How much work is required?

Q5 How long has the company been around?

With the help of these questions students can get idea about the legality and ethicality of the multilevel marketing organizations.

Conclusion by James A. Muncy:

The researcher concludes that because so many ethical problems exist in this industry, educator may be tempted to advise students to avoid multilevel marketing activities.

On the contrary, direct selling provides a great framework for the classroom within which to evaluate ethical issues in marketing.

**2.2.10 Claudia Rawlins and Pamela R. Johnson<sup>10</sup>, 2005**, in their article ‘Lets Party: The Remarkable Growth in Direct Sales’ in Allied Academies International Conference Proceedings of the Academy of Organizational Culture, Communications and Conflict as under:

United States’ retail sales industry grew less than 3 percent per year over the decade between 1994-2003 and United States’ direct sales industry grew at the rate of 7.1 percent per year. Direct sales totaled nearly \$30 billion in 2003, and topped \$85 billion worldwide.

This article investigates the cultural factors that are contributing to this increasing trend. The factors which influenced to growth in direct sales include: Cocooning – the desire to perform the majority of social and cultural interactions from home rather than by going outside, new concept of marketing, differences in male and female satisfaction to factors of retail selling, and gender biases in corporate earning potential.

Direct selling is a distribution method where products are sold by an independent product consultant or representative directly to the end user. Direct selling is also called interpersonal selling or face-to-face selling.

Mary Kay, Avon cosmetics, Fuller brushes, Stanley home cleaning products, Pampered Chef cooking products and Kirby vacuum cleaners have always been sold direct to the customer through door-to-door or in-home party sales.

Avon was founded in 1886, and through direct sales has grown to 4.9 million sales, representatives selling \$7.7 billion dollars worth of products. Mary Kay started her company in 1963 using direct selling methods she learned from selling Stanley Home Products door-to-door. The company now has 1.3 million sales representatives who sell \$1.8 billion dollars worth of products.

The Pampered Chef was started in 1980 and now has 70,000 direct sales representatives. Warren Buffet was so impressed with the company, that in 2002 he bought it as part of the Berkshire Hathaway family of companies. All these direct sales programs use independent consultants who established products at home parties. GNO is a new acronym widely understood in the direct sales industry to stand for Girls' Night Out, Guys Night Out, or Group Night Out, depending on the product being sold. In 1992, futurist Faith Popcorn identified a cultural trend and could be expected to influence business over the next ten years. She named the trend Cocooning – the desire to perform the majority of social and cultural interactions from home rather by going outside. (Popcorn, 1992) In her 1998 book, *clicking*, she expanded the idea, citing examples of how the internet and E-commerce was enabling the trend (Popcorn & Marigold, 1998).

Direct selling allows consumers to buy from the safety of their homes, growth in the Cocooning trend benefits direct sales companies. The Direct Selling Association reports that 55 percent of Americans purchase goods or services through the direct sales channel (DSA, 2004).

According to Trendwatching.com, an international trend agency headquartered in Amsterdam, a new cultural trend is developing called Tryvertising (www.Trendwatching.com, 2005). Rather than mass advertising, Tryvertising companies allow consumers to make up their minds based on their experience with a product, rather than as a result of a marketing message.

According to the U.S. Direct Selling Association, 79.9 percent of direct sellers are female. The author, when asked why they went into direct sales, 31 percent replied it is the business I am in. Other reasons were to earn additional income, to receive discount/wholesale prices. Studies have shown that women consumers have different expectations of the shopping experience than men. The direct sale Party presents products in a way which meets these expectations of women. The consultant is selling only one product line, and thus has excellent product knowledge. The product is demonstrated, so the customer also gains excellent product knowledge. Because the products are sold in a casual in-home atmosphere, the customer does not have to wait to gain the attention of the retail clerk, and thus waiting time is not an issue.

Conclusions by Claudia Rawlins and Pamela R. Johnson:

Multiple cultural trends have combined, with the result that direct sales are growing at over twice the rate of standard retail sales. Cocooning, tryvertising, the glass ceiling, and differences in gender expectations of



the shopping experience will most likely result in the continuation of growth in direct selling practices.

**2.2.11 Thomas R Wotruba, Stewart Brodie and John Stanworth<sup>11</sup>, 2005**, says in their research paper ‘Differences in Turnover Predictors between Multilevel and Single level Direct Selling Organization’ in *International Review of Retail Distribution and Consumer Research* as under:

The study focuses on Turnover of Salespeople of direct marketing organizations which impact on size and continuity of revenue generation of salespeople. The turnover rate of direct selling organization is high and intention to quit differ significantly between Multilevel (ML) and Single level (SL) forms of direct selling organizations.

Turnover is often used synonymously with quitting or attrition of members. Direct salespeople are self employed, not company employees and therefore they have to develop some as skills and characteristics for development of their business. Their compensation and incentives are based on individual sale and sale of their down line as they are not getting any salary from organization.

Direct selling firms operates fewer than two organizational structures namely Multilevel (ML) and Single level (SL). In multilevel organization, direct selling people recruit, train and supervise other direct selling people who become part of the recruiter’s down line. In single level organization, salespeople do not build an organization through recruiting and training but concentrates on selling and getting compensation on their own sales.

Recent evidence shows salespeople in these two types of selling firms

have some specific differences in personal characteristics, attitude and behavioral measures. Multilevel shows significantly greater organizational commitment than single level organization.

The data was collected from 22 member companies of the Direct Selling Association in the U.K. Each company sends a mail questionnaire to a sample of their salespeople. Selection of companies was based on gaining adequate representation of ML and SL salespeople. Out of the 722 responses received from 4050 mailed questionnaires.

Conclusion by Thomas R Wotruba, Stewart Brodie and John Stanworth:

Finally authors conclude that intensity to quit is significantly greater for single level than for multilevel salespeople.

Multilevel and single level respondents were compared on the basis of demographic and personal history variables and found that there is a significant differences in age (SL are younger), education (SL are less educated), income (SL have lower income), experience (SL other selling experience while less experience in self employment).

**2.2.12 Delgado and Hector<sup>12</sup>, 2006**, says in their research paper ‘The Impact of the Recruiting and Training Practices on the Satisfaction and Success in the Network Marketing Distribution Channel’ in the Journal of Business Logistics as under:

The network marketing distribution channel has experienced a constant growth during the last decades. It began nearly fifty years ago with the marketing of detergents and cosmetics. Today, the network marketing channel distributes all kinds of tangible goods as well as a variety of services. In 1994, 17 million participants worldwide generated \$68 billion

dollars in sales in the network marketing channel.

This research examines the impact of the recruiting and training practices. Additionally, it incorporates a study of the upline support, within the context of this industry, on the satisfaction and success levels of the participants. The recruiting phase is characterized by an aggressive "employee" (potential participant) search by the "employer" (upline), which concentrates around the recruiting of relatives and acquaintances. The training program is handled by existing participants who, by virtue of their experience in the current network marketing company assume the role of trainers.

This research examines the impact of this practice on the satisfaction and success levels of its participants.

Finding by Delgado and Hector:

This research examined the impact of upline support on its network. In the same manner that conventional employees perceive immediate management and organizational support. Network marketing participants are affected by the support they perceived from their upline. The results indicated that the recruiting method had no effect on the satisfaction and success levels of participants. However, the results suggested that the success and satisfaction levels of the participants were affected by the recruiting practices of the network marketing industry. The results also suggested that the satisfaction and success of the participants were affected by the training practices of the network marketing distribution channel. It appears that the trainer's lack of training does have a negative effect on the trainees. Similarly, the level of management involvement was found to be positively related to the level of satisfaction and success

of the participants.

**2.2.13 John R. Sparks and Joseph A.Schenk<sup>13</sup>, 2006**, reveals in their research paper ‘Socialization Communication, Organizational Citizenship Behaviors and Sales in a Multilevel Marketing organization’ in the journal of Personal Selling and Sales Management:

Multilevel marketing organizations (MLMs) are rapidly growing but often controversial businesses that account for about 75 percent of retail goods and services sold through direct selling channels, the Direct Selling Association (2004) claims. In 2003, MLMs produced over \$22 billion in sales, with an overall membership of just fewer than 11 million people. Moreover, during the past 10 years, the industry has enjoyed average annual sales growth of approximately 7 percent. Accompanying this growth is an ever expanding range of goods and services sold through MLMs which includes household’s cleaners (Amway), nutritional supplements (Shaklee), cosmetics (Mary Kay) and cooking accessories (Pampered Chef).

Sparks and Schenk describe MLMs as network of member distributors whose earning come both from selling products and recruiting new members. According to Peterson and Wotruba MLMs fall under the more general category of direct selling organization means any face to face selling activity away from a fixed retail location.

Data was collected from medium sized MLM corporate producer. Using its national membership database, the MLM corporate producer randomly selected respondents for this study which includes sponsoring and recruiting members. Corporate producers provided with 2,221 members’ name, consisting of 1,883 recruits and 338 sponsors. Sponsors received a

questionnaire for each of their recruits and were asked to evaluate their recruits' organizational citizenship behavior. Conclusion by John R. Sparks and Joseph A.Schenk:

The socialization communication recruits report of their sponsors, the more organizational citizenship behavior sponsors report for their recruits. Thus sponsors who train effectively, who transmit more information about the MLM to their recruits and who communicate regularly with their recruits produce better organizational citizens.

#### **2.2.14 Kent Grayson<sup>14</sup>, 2007, 'Friendship versus Business in Marketing Relationship' in the Journal of Marketing**

The research paper focuses on how the friendship is affected on business relationship and how it can be beneficial as well as it can also create conflict. The reason of the conflict is incompatible relational expectations. But free friendship is not affected by money, status and business relationship.

In this article researcher examined the potential conflict between friendships and business relationships by presenting an empirical test of whether this conflict can have an effect on business outcomes. The data collection and sample characteristics are collected from four network marketing organizations that are members of Direct Selling Association. Out of four companies one is kept anonymous and from remaining, one market vitamins and dietary supplements, second markets skin and beauty products and third markets household product. All three have been operating for more than 15 years. At the time of survey, each company reported a distributor network size greater than 5 Lakhs and annual worldwide sales greater than \$500 million. The survey was mailed to

2850 agents and 685 were responded.

Suggestions by Kent Grayson:

The data was collected from 685 direct selling agents; provide evidence that the conflict can have a negative impact on business outcomes. The author also suggests that when friendship become influenced by business role expectations, the effects are stronger than when business relationship become influenced by friendship role expectations. Most importantly, finding of this study do not lead to the additional conclusion that friendship are entirely bad for business. Instead they shed light on how and why the effect of friendship on marketing relationship can become positive and negative.

**2.2.15 G K Mathews, Dr. James Manalel and Siby Zancharias<sup>15</sup>, 2007**, - 'Network Marketing: Exploitation of Relationship-Myth or Reality' in International Conference on Marketing and Society.

The researcher in International Conference on Marketing and Society elaborated the relationship of Independent of Business Owners (IBOs) with their friends, relatives and colleagues in network marketing. Network marketing is first introduced by Amway Corporation in 1950s in USA and now gaining momentum in India.

The utmost advantage of Network marketing is not only the commission paid on sales of IBOs but also they will get the commission from the down line i.e. recruiters.

The total turnover of network marketing companies in India was estimated at Rs.30104 crore in 2005 with an annual growth rate of 25%. The Indian Direct Selling Association (IDSA) facilitates membership to

genuine marketing companies. IDSA had projection for 2010 for network marketing industries was Rs.8000 crores.

The National Council of Economics Research mentioned the Indian middle-class was projected to grow from 1.1 crore households in 2005-06 and was expected to be 2.9 crore in 2009-10. Therefore the above figure justifies the growth of network marketing in India. Still the consumer often has negative perception of direct selling organizations and network marketing organizations in India.

The objectives of the study are very specific which includes examining the exploitation of the relationship in network marketing and to study the IBOs of network marketing companies having a positive attitude towards the organization.

The study was based on primary data derived through customer's survey using questionnaire methods. The research was carried on Amway Corporation the multilevel marketing company and its consumers in Kerala, India. The questionnaire was consisting of what motivated them to join Amway whether the decision was rational or emotional, whether the organization is popular or not. The chi-square test used for the analysis of the data.

Conclusion by G K Mathews, Dr. James Manalel and Siby Zancharias:

The study reveals that there is exploitation of relationship in network marketing. People start their business with network marketing because of persuasion by friends, relatives and colleagues. Network members who were in the business for the last two years, contacted relatives more than the friends and colleagues to join the business as a channel member while those who had more than two years experience contacted friends more

than relatives and colleagues. In short the network marketing exploits the relationships namely friends and relatives.

**2.2.16 Robert A Peterson and Gerald Albaum<sup>16</sup>, 2007**, explains in their research paper ‘On the Ethicality of Internal Consumption in Multilevel Marketing’ in journal of Personal Selling and Sales Management as under:

The study focuses on ethicality of internal consumption in MLM. Internal consumption means when IBOs in MLM organization purchase and consume the products and services of their organization. The research paper emphasizes on internal consumption are common, everywhere in any organization and such criticism of this aspect of multilevel marketing as being unethical and fraudulent are misplaced.

MLM is non-store retailing and assumed that all IBOs are non-salaried IBOs whose compensation results from sales commission and profit margin added to maximum retail price.

Direct Selling Association mentioned that, in 2004 there were 13.6 million IBOs in US who collectively generated nearly \$30 billion in sales. The compensation structure of MLM refers where IBOs earn income from their own sales and commission from sales made by individuals to whom they have recruited into MLM organization.

Conclusion by Robert A Peterson and Gerald Albaum:

The study concludes that there does not seem to be anything inherently unethical about IBOs purchasing products and services from MLM organization or any other organization at discounted rate. It has been observed that MLM IBOs tends to sale their products and services that



they personally use.

Specifically proprietary research shows that MLM IBOs personally use the product and services because they like it and they want to share their experiences with others.

**2.2.17 P. Sreekumar<sup>17</sup>, 2007**, says in his article ‘A Study of Multi-Level Marketing (MLM), as a Potential Tool for Socio-Economic Development’ in International Marketing Conference on Marketing and Society as under:

Multi Level Marketing (MLM) is embracing more and more areas nowadays. Insurance business is just one amongst them. Selling Insurance policies, traditionally, is considered as a de-motivating and dragging job. With the competition heating up in the Insurance sector, companies are looking for innovative methods to spread the message and garner maximum business in shorter time. Many local MLM companies having quite large spread in the market are joining hands with leading insurance brands to promote their products along with an assortment of their own products. Insurance sector makes available long term debt for the economic development of the country. At the same time, the MLM route provides employment opportunities to lakhs of people and enhances their social status. The MLM members also get tremendous opportunity to develop themselves personally. This multiple role of MLM companies can be looked at as a social contribution and these companies or cooperatives are emerging as a development oriented social movement. This article studies the economic and social impact of MLM as a tool which can influence society through employment generation, mobilizing long term funds and improving quality of life of people.

Successful Personal selling based on referrals is the key to ensure regular expansion of customer base and building long term customer relations. A country like India offers immense potential to build well run marketing networks to promote consumer goods and appliances. Conventional marketing may become slow or stagnated over a period of time. Multi level marketing may be the turnaround tool in such situations. This paper presents a study on the proliferation of MLM 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.

It is common knowledge that MLM works on the concept of time leverage. A work to be done in 100 days can be completed in one day if an IBO have 100 people under his chain. IBO can earn some incentives for the work done by each of these 100 people.

Network plan or income schemes vary from company to company. The more reputed companies in MLM in India and abroad are Amway, Modicare, Oriflamme, and Tupperware. All these companies have web based information system where member can monitor the growth of his down line memberships. The visible part of the network is a distribution centers and weekly meeting of members and prospective members to explain the business plan, demonstrate products and how to contact the people. Ones the member becomes part of the MLM network he can expand his down line network by making more and more members join the network. He has to make use of all his contacts and connections among friends, relatives and invite them to join the network.

In depth study of the MLM concept is conducted using literature survey and interview with company personnel. Data on the business plan with respect to incentives or total earnings is analyzed in comparison with a

traditional entrepreneurship business.

Conclusion by P. Sreekumar:

A MLM member who is actively participated and involved in the business will get opportunities to attend weekly meetings, share his success stories with other members, and get reward for performance. This will also provide opportunities to improve their presentation skills, communication skills, motivation level and interpersonal skills. Many people realize their true potential and selling skills after joining a good MLM network. Therefore MLM members look at the business as income, fun, and self development. Networks with membership numbers in few lakhs are providing employment opportunities for unemployed youth and other sections of the society. By mobilizing the large amount of funds through products and services they indirectly help the economic progress of the country. The early negativism in the society about multinational companies likes Amway is gone now and they can play an increasing role by creating jobs and mobilizing long term funds.

### **Gap Findings:**

The role of Independent Business Owners (IBOs) is very important for the success of every business. Like quality, services and availability of the product, the intermediaries like IBOs are equally responsible for growth of organization. Based on this thought it becomes necessary to compare IBOs satisfaction level with respect to different parameters like Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level.

No study was undertaken to find out the percentage contribution of above factors. In order to fill up these gaps the topic “Comparative Study of

Independent Business Owners with Special Reference to Role of Amway India Enterprises in Pune and Pimpri Chinchwad Area” has been selected for the study. The body of literature reviewed in this chapter has concentrated on the following areas.

- MLM has potential in certain culture where economic and family bounding is strong.
- IBOs compensation and incentives plan are important to remain in the business.
- MLM organizations attempts to manage IBOs identification and their relationship within and outside of distributors.
- Pyramid schemes, Attrition Rate of IBOs. Up-Line support, Satisfaction and Success of IBOs were affected by training practices, Friends and relatives in MLM, Family members in MLM.

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## **CHAPTER 3 - RESEARCH DESIGN AND METHODOLOGY**

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## **CHAPTER 3 - RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Introduction:**

The purpose of this chapter is to discuss the research methodology which is followed by researcher for this research study. The research design adopted is a sandwich of descriptive and causal research design. The study comprises a cross sectional analysis by collecting data at once as a snap shot while a rigor analysis to test the hypotheses, statistical tests are applied. The chapter contains the sections explaining approach to the problem, objectives, hypotheses, research design, research methodology, data collection, scope and limitations of the study.

### **3.2 Approaches to the Problem:**

With reference to the review of literature and previous researches, the researcher has considered the following points to develop proper approaches and right direction to the research project. The important points concerning overall development of IBOs based on following parameters.

1. Personality Development
2. Life Style
3. Business Development
4. Business Security
5. Income Level

The main intention is to arrive at the appropriate percent contribution of these determinants of IBOs. This will help Amway to come up with different strategy for IBOs and the role of IBOs is important to build the business of company and individual betterment.

*It is necessary to clarify here that, for the purpose of this study, the term 'Comparison of IBOs' is the 'Comparison of IBOs of Amway India Enterprises considered only throughout this Thesis.*

### **3.3 Reasons for Choice of the Topic:**

The researcher strongly believes that most of the problems in any business organization are arising due to human resources. The current scenario in the global business world has a lot of problems which are mainly associated with marketing management and ultimately the sales force i.e. marketing people and distribution-network (wholesaler, dealers, distributors and retailers). In case of Amway the sales people are IBOs i.e. Independent Business Owners. The satisfied marketing team will certainly lead organizations, societies, countries and finally the world to the vertex of the pyramid of success. The researcher wants to compare the IBOs development on the basis of Personality Development, Life Style, Business Development, Business Security and Income Level with special reference to Amway India Enterprises.

### **3.4 Title of the Thesis:**

The title of the thesis is, "COMPARATIVE STUDY OF DEVELOPMENT OF IBOS WITH SPECIAL REFERENCE TO ROLE OF AMWAY INDIA ENTERPRISES IN PUNE AND PIMPRI-CHINCHWAD AREA".

### **3.5 Objectives of the Study:**

1. To study the profile of Amway India Enterprises Pvt. Ltd.
2. To study the determinants of development of Independent Business Owners with respect to Amway India Enterprises.
3. To study the comparative contribution of determinants for development of Independent Business Owners (IBOs).
4. To find out the satisfaction levels of IBO with Amway products.
5. To study the comparative opinion of IBOs from Pune and Pimpri-Chinchwad area on different parameters of development of IBOs.

### **3.6 Hypotheses of the Study:**

**Hypothesis 1:** Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area.

**Hypothesis 2:** The IBO's are satisfied with Amway products.

**Hypothesis 3:** There is significant difference between opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income.

### **3.7 Research Design and Methodology:**

The researcher set research questionnaire to 542 IBOs of Amway in Pune and Pimpri-Chinchwad area by visiting personally to the IBOs. The research package contains a covering letter stating the purpose of the study, the importance of the study and a confidentiality/ fidelity statement.

### 3.7.1 Research Plan:

#### Chart 3.1

With the help of chart 3.1 researcher conduct the survey and apply it accordingly.

Research design	Descriptive & Causal
Population Definition	6000 IBOs. In Pune and Pimpri Chinchwad
Sources of data	Primary and Secondary Sources
Sample size	542 IBOs
Research Instruments	Questionnaire
Area of research	Pune and Pimpri-Chinchwad
City Status	Emerging Metropolitan
Reference Period	3 Years(December 2008 to December 2011)

There are several ways of collecting the appropriate data which differ considerably in context of money cost, time and other resources at the disposal of the researcher.

### 3.7.2 The Universe:

The study is undertaken to find out the contribution of determinants of development of IBOs based on parameters-Personality Development, Life Style, Business Development, Business Security and Income Level of IBOs in Pune and Pimpri-Chinchwad area and the total number of IBOs in this area were 6000.

### 3.7.3 Selection of the Sample:

Selection of the Sample: Total 542 IBOs replied as respondent on the

basis of probability sampling.

Sample Size Calculation:

Since the population is finite that is 6000 (IBOs), the formula used for sample calculation is as mentioned

$$n = \frac{z^2 \cdot N \cdot \sigma p^2}{(N - 1) \cdot e^2 + z^2 \cdot \sigma p^2}$$

The confidence level fixed at 95 percent and the acceptable margin of error considered at 4 percent with 50 percent response distribution (highest Probability).

Therefore,

$$n = \frac{(1.96)^2 \times 6000 \times (0.5)^2}{(6000 - 1) \times (0.04)^2 + (1.96)^2 \times (0.5)^2}$$

$$n = \frac{3.8416 \times 6000 \times 0.25}{(5999 \times 0.0016) + (3.8416 \times 0.25)}$$

$$n = \frac{5762.4}{9.5984 + 0.9604}$$

$$n = 545.68 \cong 546$$

Therefore, the sample considered is 546 IBOs.

Out of 546 respondents 542 questionnaires are validated and considered for analysis and hypotheses testing.

### **3.7.4 Techniques of Data Analysis**

The data collected in the form of questionnaire, answered by the respondents from Amway IBOs. The information collected was processed and tabulated suitably by highlighting all the parameters. The theoretical information was converted in numbers by ranking the Likert scales. While analyzing the data and testing of hypotheses statistical tools like factor analysis, z test, ANOVAs, mean, standard deviation, correlation statistics were used with the help of M.S.Excel, and SPSS. For the presentation of the data, tables, charts, bar and pie diagrams are used.

**3.7.5 Parameters: Following are the determinants of development of IBOs which are taken as parameters for the purpose of this research project:**

#### **Personality Development:**

In personality development, the researcher considered communication skills, confidence, stage daring, standard of living, life style and overall behavior of the person. So the feedback is taken from the IBOs based on these parameters and extracts it for the data interpretation and testing of hypothesis.

#### **Life Style:**

In this parameter the researcher, think about the life style of IBOs, membership of IBOs of any social club, consumption of branded goods or services.

#### **Business Development:**

This parameter plays a very important role for improving; maintaining

and sustaining in the business because without any support and backup from Amway in addition, up-line it is not possible remain in the business. Up-line support is important to increase the sale and volume of the business. Even Amway assistance in this regard is also important for providing training, meetings, seminars, demonstrations of the products and updating about new products launch in the market. The availability and distribution of the products is ensuring the better services of the company.

### **Business Security:**

It is a top most priority for businessman or salary holder. Therefore this parameter is taken into consideration and asks the IBOs to give feedback on business security. Business security is the primary concern over the other factors. It is also true that any business will not secured if they commit a serious offence like illegal business practices, not following companies rules and code of conduct.

### **Income Level:**

The researcher focuses on income level of IBOs whether it is increased or not increased. Therefore to find out IBOs satisfaction level with current income from Amway, feedback is taken. It is also taken in to consideration the incentive plans, bonus and other non-monetary benefits provide by Amway.

With this study, the researcher trying to compare the Amway IBOs are benefited or not with the given parameter of Personality Development, Life Style of IBOs, Business Development, Business Security and Income Level. The study is focused on only of IBOs of Amway India Enterprises Pvt. Ltd; because researcher wants to study of IBOs of

Amway in vertical integration and not horizontally.

Amway is pioneer in indirect marketing and worldwide successful so researcher trying to find out the level of IBOs whether they are really benefited or not based on different parameters as stated above.

Chart 3.2

**Comparison of IBOs Development based on following Parameters:**

Parameter	Basis of Comparison
Personality Development	Level of Personality Development Improvement
Life Style	Level of Life Style Improvement
Business Development	Level of Satisfaction in Business Development
Business Security	Level of Business Security
Income Level	Income Level Status

**3.8 Tools used for Collection of Data:**

The Primary and Secondary data was collected for the purpose of the study from different sources as under:

**3.8.1 Primary Data:**

The primary data are those which are collected for first time hence which are fresh and thus, happen to be original in nature.

Primary data has been collected by personally visiting to the IBOs in Pune and Pimpri-Chinchwad area. The unstructured interviews of IBOs were conducted through which the responses of the IBOs were taken.



The work of data collection for the purpose of this research was done with the help of questionnaire by conducting personal face to face interviews of the respondents. The necessary care has been taken to keep all the information confidential to the extent it is required. All the respondents were given such an atmosphere which was entirely free from any pressure or forced questions so that the respondents to be honest with their true opinions. They have been given enough time and assistance to answer the questionnaire. Thus maximum possible care has been taken to ensure the accuracy and reliability of the collected data for this research.

### **Questionnaire:**

The researcher has used this method in which information is obtained with the help of questionnaire which is prepared exclusively for the specific purpose. A questionnaire consists of a number of questionnaires printed in a definite order on a form. Questionnaire and schedule are increasingly used for collection of varied and diverse data in survey research. In this method a questionnaires is personally given to the respondent with the request to answer the questions and return the questionnaire.

The questionnaire was developed with an intention to judge the responses of the workers in connection with all the parameters of IBOs development.

The questions are pertaining to these parameters 1) Personality Development, 2) Life Style, 3) Business Development, 4) Business Security, 5) Income Level. Every parameter has five to six questions in the form of Likert Scale. (Five rating scale from 1 to 5 starting from Strongly Disagree to Strongly Agree at the end). Every question thus has

minimum 1 and maximum 5 marks. The marks for every question and total marks for every parameter and overall total has become the base for all statistical analysis and interpretation.

The questions were answered using a Likert type scale. To find out comparative analysis of determinant of IBOs the five-point scale was used with one being strongly disagree and five being strongly agree. The higher the rating, the higher the contribution of the factor is considered. The questions were designed in positive way so as to match the ratings with ascending order of satisfaction.

The first section of the questionnaire was used for the demographics of the sample. The primary purpose of this section was to collect basic information from each respondent, pertaining to both them and the organization. The questions are on the demographics of gender, age of the respondents, length of time with organization, educational qualification, income from other sources and marital status. The second section of the questionnaire was used for the rating of the parameters for the development of IBOs. The third section was used for to know the satisfaction level of IBOs towards Amway products. The fourth section of the questionnaire was used for the Business Profile of IBOs.

### **Observations:**

Observation method has also been used to collect data. The researcher attended a few training programs, Brand building seminars, meetings of IBOs, just as an observer.

### **Discussions and Interviews:**

It is the most common method of data collection. It is a two way

purposive communication between the interviewer and the respondent aimed at obtaining and recording information pertinent to the subject matter of study. It is the only suitable method when qualitative information is necessary. People are more willing to speak rather than write.

Personal discussions were conducted with successful IBOs, like in the ranks of Diamonds, Platinum and company personnel. This has added considerable value and helped to work faster in the right direction on the research work.

### **3.8.2 Secondary Data:**

Secondary data are information which has previously been collected by some organization to satisfy its own need but it is being used by the department under references for an entirely different reason such as Company's literature, Annual reports, Sales reports, Published sources like books and journals, Research papers, masters and PhD Thesis, Newsletters, Media and authentic Websites.

### **3.9 Significance of the Study:**

The beauty of this multilevel marketing method is one can do his present job, business, assignments and give some spare time which he have on daily basis for this business. Therefore, people can earn some extra income besides their present earning from other sources. Amway suggest that this is a family business and can be established with the help of spouse, children and friends. Consume the product and recommend the product is success mantra of this business.

Once people use the product, they come to know the quality of the

product and they share this thought to the people to join as IBO in chain. Bonus is generated through the downlink member proliferation while a commission is provided on sale of goods/ products.

### **3.10 Scope of the Study:**

According to the WFDSA, consumers have benefited from direct selling because of the convenience and service it provides, including personal demonstration and explanation of products, home delivery, and generous satisfaction guarantee. In contrast to franchising, the cost for an individual to start an independent direct selling business is typically very low with little or no required inventory or other cash commitments to begin.

Multi-level marketing (MLM) is a marketing strategy in which the sales force is compensated not only for sales they personally generate, but also for the sales of others they recruit, creating a down line of distributors and a hierarchy of multiple levels of compensation.

#### **3.10.1 Conceptual Scope:**

The need of the project arose to study the determinants of development of IBOs and their status, economical and social position of Independent Business Owners (IBOs) i.e. distributors of the organization and suggest some method or ways to Increase the sales and whether IBOs is satisfied with the product and services i.e., quality, price, taste, home delivery etc. for Amway India Enterprises.

Most of the research work in this area focuses on the customer's satisfaction, customer's feedback, customer relationship management and after sale services. No study was undertaken to highlight the development

of distributors in the area of direct selling. In order to fill up this gap this topic has been selected for the study.

Apart from having the practical experience of assigned project, the findings of this report can be also beneficial for the organization. This report is an attempt to go through the details about the satisfaction level of IBOs, their personal development and market position of organization and to provide strategy to the organization for gaining the market share.

As per my study and knowledge a very less study, research is conducted in this area and hence there is vast scope for the study.

### **3.10.2 Geographical Scope:**

The selected area, Pune and Pimpri-Chinchwad is a developed city with literacy rate of 80 percent. The income of the people is an adequate and have good standard of living. This enables a high potential growth for the organization and company having the Distribution centers in the area.

#### **Why Pune and Pimpri-Chinchwad?**

Pune is set to join the league of 7th metropolitan cities in India with the development pace catching up fast in providing infrastructure facilities, friendly business environment, education avenues and employment opportunities, according to an ASSOCHAM Eco Pulse (AEP) Study. The rising appeal of Pune is evident from its highest real estate prices and maximum population among the other upcoming cities.

The AEP Study on “The 7th emerging metro city in India” analyzed four tier II cities in India, that is Pune, Ahmadabad, Lucknow and Chandigarh ranking them on eight parameters necessary for a metro city. This included social infrastructure, infrastructure availability, real estate cost

and availability, transportation facility (connectivity), presence of quality educational institutes, employment opportunity, facility of financial services and business environment.

As per the analysis of the emerging cities based on various parameters, Pune occupied first position overall though it needs to improve on transportation, social infrastructure and financial services. Pune is now considered as an IT and Education Hub and number of foreign students coming in Pune for the variety of education and placed themselves in city itself.

Pimpri-Chinchwad is a city in the Pune district in the Indian state of Maharashtra. It consists of the twin towns of Pimpri and Chinchwad which are governed by a common municipal body (the Pimpri-Chinchwad Municipal Corporation or PCMC). It is located to the North-West of Pune and is well connected to the Pune city proper via the Old Pune-Mumbai highway.

As of 2001, India census, Pimpri Chinchwad had a population of 1,012,472. Males constitute 54% of the population and females 46%. Pimpri Chinchwad has an average literacy rate of 74%, higher than the national average of 59.5%: male literacy is 79%, and female literacy is 68%. In Pimpri Chinchwad, 14% of the population is under 6 years of age. The main language spoken in the city is Marathi

Pimpri-Chinchwad is a major industrial hub and hosts one of the biggest industrial zones in Asia. The industrial estates in the city were established by the MIDC. The city is home to the Indian operations of major automobile companies like Premier Limited, Mahindra Navistar, Bajaj Auto, BEL Optronics Devices Ltd, TATA Motors (formerly TELCO),

Kinetic Engineering, Force Motors (formerly Bajaj Tempo) and DaimlerChrysler. The city is also home to India's premier antibiotics research institute Hindustan Antibiotics Limited. In addition to this, several heavy industries such as Forbes-Marshall, Alfa Laval & Sandvik Asia have their manufacturing units in the city and also the German company KSB Pumps. "Rajiv Gandhi InfoTech Park" hosts several Software and Information Technology majors like IBM India, KPIT Cummins, Tata Technologies, Infosys, Wipro, Geometric etc.

### **3.11 Limitations of the Study:**

1. A dynamic situation of market changing with respect to time is a constraint.
2. This survey is restricted to the Pune and Pimpri-Chinchawad area only.
3. The research is based on descriptive- causal design where data collected is a snapshot for cross-sectional studies and not the longitudinal Study.
4. The research period considered for the study is only three years.

### **3.12 Chapter Scheme:**

#### **3.12.1 Introduction:**

This chapter covers the discussions about the importance of direct marketing, theoretical framework and theories related to the research topic.

#### **3.12. 2 Review of Literature:**

In this chapter, following points are included: Introduction about literature review, actual review and previous researches and summary. It

also contains valuable literature on direct selling and multilevel marketing. Articles, research papers, thesis and books are reviewed on the topics associated with direct marketing.

### **3.12. 3 Research Design and Methodology:**

This chapter discusses the research methodology of the complete project for this research work with respect to the approaches to the problem, reason for choice of the topic, title of the thesis, objective of the study, hypothesis of the study, research design and methodology, tools used for collection of data, significance of the study, limitations of the study.

**3.12.4: Company Profile:** The chapter includes the information about company such as history, establishment, Amway in India, national presence, manufacturing, range of products, growth of the company, corporate social responsibility, code of ethics and competitor companies.

### **3.12.5 Analysis and Interpretations of Data:**

In this chapter, the analysis of IBOs demographics details, opinion of IBOs towards personality development, life style, business development, business security and income level of IBOs and satisfaction level of IBOs towards Amway products has been done by using statistical techniques.

### **3.12. 6 Testing of Hypotheses:**

This chapter analyzes the role of Amway India Enterprise in development of IBOs, the satisfaction level of IBOs towards Amway products and opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area by using factor analysis and ANOVA test and z-value.



### **3.12.7: Findings, Conclusions, Suggestions and Scope for the future research:**

The findings, conclusions, suggestions and recommendations are derived from company profile, data analysis and interpretation and from testing of hypothesis. Conclusions are drawn with a view to bring some improvements in products price and offers and recommendations are made for the future research in this area.

#### **Summary:**

This chapter explains the process used in collecting the data. Three hypotheses were developed from the information obtained in the literature review that was taken into consideration to examine comparative development of IBOs on the basis of parameters. The main intension was to know the percentage contribution of each parameter in the development of IBOs of Amway in Pune and Pimpri-Chinchwad area. This chapter discussed the importance and reason for choice of this topic.

## **CHAPTER 4: COMPANY PROFILE**

### 4.1 Introduction

#### 4.1.1 Profile of the Amway India Enterprises

#### 4.1.2 History of Amway

#### 4.1.3 The Amway Today

### 4.2 Amway in India

#### 4.2.1 National Presence

#### 4.2.2 A Product Based Business

#### 4.2.3 Corporate Social Responsibility

#### 4.2.4 Amway and UNICEF Partnership

#### 4.2.5 Code of Ethics for Amway Distributors

#### 4.2.6 Largest Direct Selling Companies: By Revenue (2008 & 2011)

#### 4.2.7 Amway Sales & Marketing Plan

### Summary

## **CHAPTER 4: COMPANY PROFILE**

### **4.1 Introduction:**

In this chapter the brief idea of the Amway India Enterprises Pvt.Ltd. is given. How multilevel companies work and perform better with the help of uplinks and company support. Amway is a pioneer in direct marketing and working on the faith and dedication of the distributors by providing them free atmosphere and healthy incentive plans.

The model of direct selling of Amway is a role model for the direct selling industry. The company is engaged in selling product to the consumers directly with help of distributors which is known as Independent Business Owners (IBO). This method depends on multilevel marketing or network marketing model.

This Independent Business Owners develop a network of people by recruiting others under them and expand a huge network. The IBO earns commission on the products sold. Further, the ABO also gets commission for the sales done by other IBOs recruited by him. This business model categorized the distributors on the basis of sales performance of their entire team and therefore everybody's commission will be differ accordingly.

#### **4.1.1 Profile of Amway India Enterprises:**

In 1959 Amway was established by Jay Van Andel and Richard De Vos in America. Amway means American Way an abbreviation used for Amway.

Amway is one of the world's largest and most successful direct selling companies.

### Profile of Amway

- Company Type – Private
- Industry – Direct Selling
- Founded – 1959
- Founders – Rich DeVos and Jay Van Andel
- Headquarter – Ada, Michigan, United States
- Key People – Steve Van Andel (Chairman)  
Dong DeVos (President)
- Products – Home care, Personal care, Nutrition and Wellness-  
Health care, Agriculture products, General category products.

In company's portfolio there are number of products which tested in research and development department of the company regularly. All these products were sales by train salespeople of the company which is known as Independent Business Owners of the Amway. The product includes health care, beauty care, home care and personal care. The company's existent in more than eighty countries with many products as per the requirement of the country.

Amway doing the business in different way with help of think global and act local from last forty years. The company also launched the attitude range of skincare products with extra benefits in moisturizers, face wash and sun screen lotions.

The company has signed brand ambassador of bollywood actress Diya Mirza for their products at first time.

The company has planned to hire some research scientist to set up research and development in the country for better production and to

maintain quality of the product. In India Company's market share is remarkable in direct selling industry. Every year the growth of direct selling industry in India is around 20 percent which is good sign for the country's development.

The report of Ernst and Young says that, the direct selling industry will estimated to touch Rs.7, 100 crore by the end of 2012-13. This will create the employment in the country like India.

#### **4.1.2 History of Amway:**

The founder of the company worked together in different small enterprises since their childhood and so they decided to share their experiences, knowledge and expertise in the business. They started in 1949 and introduced Nutrilite as a direct selling method. After that in 1959 they founded Amway with main idea of the earlier company's sales plan. In this business and method there is low risk and open to everybody, no area limit and no income limit for the hard workers at initially very low investment to start the business. The only condition is that they have to spend time and effort in this business. In this period company started developing and selling their own products with good quality. The company's first product is liquid organic cleaner which got the tremendous response from the market.

In 1960 they decided to expand their market in different part of world with more products including detergents, personal care products with women's likely products to groom themselves. By the end of these decades the company in United States and Canada increases the network of people to sale their exclusive products. To meet the demand of the

product they have manufactured more than 200 products in Ada, where more than 650 people were employed.

In 1970s Amway think to overseas expansion to Australia, Europe and in Asia. For that Amway production facility has to continuously grow.

In 1980s it is observed that the company's sales continuously rising. For that new plants for the production have to plan to meet the demand of the people. As far as environmental is concerned the company was recognized as a corporate leader in promoting education and environmental awareness and received United Nations award regarding environmental program.

In 1990s a new generation of leader's i.e. son of founders started looking after the company and became a chairman and president of day to day affairs of the company. In this period company saw a great expansion, first half of the decade Amway sales got pacing. The new sales peoples were joined the company indifferent countries to start their business with Amway.

#### **4.1.3 The Amway Today:**

The company having worldwide sales forces around 3 million working with more than 100 countries with the support of around thirteen thousand employees. Worldwide company having one hundred and sixty distributor centre's with help of offices in different countries.

The scientist team is also developing good quality products which are the strength of the company and having granted patents.

### **Awards & Recognition:**

The company received many types of awards from different organization and agencies. The awards given in the field of education, corporate social responsibility, environment, citizenship, outstanding services, community services, blood donation, visually impaired children,

### **4.2 Amway in India:**

In India Company established in the year 1995, but started commercially in 1998. The company headquartered in New Delhi to control the business in India. The company generated employment with help of logistics, delivery peoples, office staff and others. The company appointed more than four Lakh sales representatives to sales their products in India with handsome commission.

Amway is also providing training to their salespeople or distributors to help them and do the business successfully.

#### **4.2.1 National Presence:**

From last ten to twelve years, company spread his network in India. In India company having more than hundred and twenty five offices and having different warehouses with central warehouses to take care the distribution process in time. For the distribution and home delivery purpose, the logistic partners were appointed for the smooth function g of availability of the product.

### **Manufacturing:**

The company is doing heavy investment in India to capture the Indian market. The company manufactured maximum product in the country with the help of third party manufactures.

### **Products:**

The company offers more than eighty products in its portfolio in different category like personal care, home care, nutritional, cosmetics, insurance and agriculture. With some exceptional cases, all the products and bottles are manufactured in India with world class quality. At the same time company is also giving hundred percent money back guarantee to the consumers. In this case if, any consumer is not satisfied with product, company will return the money with used products to the customers. The product of Amway product is environmentally friendly and there is no harm to consume the products.

### **The product range of Amway**

- ✓ Home care products
- ✓ Personal care products
- ✓ Nutrition and wellness-Health care products
- ✓ Agriculture
- ✓ General Category Products

The above range of the Amway products is available and around eighty products are there to sale in the market according to the need of the market.

This Amway business is based on direct selling format and multilevel marketing format which is the success mantra for the people and



distributors. Number of people joins the business because they trust on the quality of the products which Amway produced for the people's betterment.

There is different type of information available in the market and also products are available on internet. So people can give the ordered online and deliver at home. It will definitely save their time and energy.

#### **4.2.2 A Product-based Business:**

Basically for every business there should be some product and services required. The Amway business is based on its world class products and services rendered by the company. The company's number one brand is Nutrilite which is dietary supplement with multivitamin. After that beauty care and home care products are also demanded by the people at very much amount. In detergent liquid organic cleaner is trusted brand of the company.

The managing director of the company says that, company offering thirty three products in the different category namely personal care, home care, nutritional and well being and cosmetic products. After that oral care products like tooth brush, face powder. The company is also manufacturing the products in sachet for the every sector of the market that help to people to purchase the products.

In the days ahead, Amway India would expand its basket of product offerings by developing products specifically for the quality mass market in India.

India is the fastest developing country in direct selling market in the world. The revenue generated in this field is also remarkable and

continuously rising year by year. The growth of the direct selling in India is estimate to have about thirty percent.

The direct selling industry is globally spread and doing better in different countries. The sales of these companies are increasing day by day. In India all theses company's products are sold with help of small scale industries within the India.

In India Amway manufactured its products with help of different third party contractors which is mainly based in Hyderabad and Daman. For that company has invested lot of funds including manufacturing cost, up gradation of the contractor's manufacturing facility and logistics.

Amway planned to capture the India market and its presence in India and also focused on distribution network. For that company has to open different offices in different towns. They also planned to export to other countries to explore Amway business.

The fifteen percent growth Amway India is achieving in turnover which is the good sign for the distributors as well as consumers. Basically company is focusing on personal care, home care, nutritional and cosmetics products and its sales are also doubling time to time.

The Amway India is a subsidiary of Amway corporation and announced to launch the artistry brand of tonners, moisturizes, and cleaners in skin care segments.

It is observed that skin care product is more demanded in the market and therefore it will be one of the fasted category in the skin care, cosmetic and beauty care products.

It is also observed that market for skin care products is estimated to grow at eighteen to twenty percent annually. Therefore company has already invested huge amount in India for the success of the business for that company have extended more than four hundred locations with help of more than three Lakh distributors.

Amway is very much interested to manufacture in India after eight to nine years with promise to start a manufacturing. After having the long discussion with Government of India is finally ready to begin production in the country. The production which will take place in India will be in the category of personal care, home care and cosmetics.

There are different foreign companies which are the competitors for the Amway working in direct selling in India. All these companies are United State based namely Avon, Tupperware, Herbal Life, etc. The thing is that all these companies supposed to set up their manufacturing facilities in India as per the rules and regulation is concerned at entry level. But they failed to do so.

#### **4.2.3 Corporate Social Responsibility:**

The term corporate social responsibility means company has to do something for the society from where company earned profit from the society only. For managing all this activity the company formed Amway Opportunity Foundation and registered nonprofit organization. The distributors of Amway are also the members of this organization and they have enthusiastically participated in all the program of the Amway Opportunity Foundation.

### **Corporate Social Responsibility Strategy:**

Business have to ethically behave for social responsible manner as far corporate social responsibility is concerned. The main aim of social corporate responsibility is building customer's confidence, employee's moral can be enhanced gain stake holders interest and finally it affects on profit.

It also positively affects on domestic, local communities towards business and brand can be built in minds of the society.

As far as Amway is concerned who is connected with UNICEF in respect to social responsibility to help poor children of the country. This benefits all the stake holders.

Every business has a responsibility to do their business in responsible way with ethics. Corporate have to take care of their boards, employees, customers to get the better result at the end of the day. For that every business has to develop corporate social responsibility strategy. In that a proper plan should be done, execution of the plan, follow up action and finally feedback.

Many organizations are doing great contribution to the society in respect to charity, providing other facilities like pure drinking water, electricity, road facility and so on. Such type of activities may focus to improve local people and their standard of living.

Basically charity does not come from the owner's pocket. Unless and until organization making profits, they will not sustained in the market. Therefore, corporate social responsibility must be backed by company's

profit making policy. One by one campaign is the corporate social responsibility of Amway for children around the world.

### **Stakeholders Expectations:**

Stakeholders are the different parties who connected with the organization for the different purpose. They do not want to deal with organizations which are not ethically doing their businesses, pollute the environment which may harm communities. Their feeling towards business is making good impact on society and them also the part of such business. Therefore, corporate social responsibility is more valuable for the good practices of the business.

The following are the stakeholders of Amway and their expectations from the company.

### **Employees:**

The expectations of the employees from the company are as usual like fair wages and having good working conditions. Apart from this they expect something different from company for the charity and support to the society as a whole. So that they will feel that they are associated with socially responsible organization and will lead to improve their moral and confidence.

### **Consumers:**

The expectations of the consumers are very basic about satisfaction through good quality product and services and also value for money whatever they spend for the product. When consumer buys something, his buying decision depends upon many factors like price, quality,

availability, services, appearance and style. And the same time intangible factors also affects like taste, sound, smell, touch etc.

### **Suppliers:**

The suppliers are those, on whom organization depends for the operations of the products. The expectations of the suppliers is very true like payment in time, terms and conditions should be fair and good relationship on sound business ethics.

#### **4.2.4 Amway and UNICEF Partnership:**

The United Nations Children's Funds and Amway both are working for the world's poorest children by raising funds for improving their life and education.

Theses program are completely depends on voluntary contributions and working especially for the communities and government in different countries. Basically this entire program conducted in the field of education, health and child protection.

The main objective of UNICEF is to make the water available and improve the sanitation facilities in schools and communities to promote hygiene. UNICEF works with different partners along with families, society, government and other NGOs.

#### **UNICEF - Water Issues:**

Water, sanitation and hygiene are the basic necessities of the human beings. More than 2.6 billion people, 40% of the world's population lack basic sanitation facilities and over one billion people still not using safe drinking water sources.

On daily basis, across the world, more than four thousand five hundred children dies from diarrhea and other related hygiene diseases because of unsafe drinking water.

In 2001, Amway decided to support UNICEF as a major part of One by One, its CSR Strategy. Since then, Amway, its staff and IBOs have been raising money for UNICEF across 25 European countries. Amway has pledged long term funding focus and commitment. In 2005, Amway raised more than €320,000 in response to the Asian tsunami disaster.

Amway helps financially to UNICEF by different ways like organization donations, employee's donation, selling of greeting cards, some donations from Independent Business Owners and so on.

Amway's global One by One Campaign for Children and its European partnership with UNICEF is an example of how a CSR Strategy works. Amway is associated with a well-respected organization while benefiting its stakeholders and communities around the world. It shows how organizations can make a real difference in promoting self employment. For that Amway has conducted several programs on different topics like direct selling and business development with the help of CII and AIMA.

#### **4.2.5 Code of Ethics for Amway Distributors:**

The following ethical guidelines have been issued for the Amway distributors while doing Amway business.

Every distributor will make an effort, that they will treat others as other treats them. Everybody has to respect and follow the code of ethics and rules of conduct. Everybody will present company's product and company's marketing plan to all potential distributors in an ethical

manner. Everybody has to be courteous for the handling of any issues and will follow the company's prescribed procedure. Everybody has to accept and carry out the responsibility as an Amway distributor. For selling Amway products everybody will use Amway authorized publications.

The following table shows the comparative statement of direct selling companies' revenue year wise.

Table 4.1

#### 4.2.6 Largest Direct Selling Companies: By Revenue (2008 & 2011)

Company Name	Year Founded	2008 Revenue (USD)	2011 Revenue (USD)
Avon Products, Inc.	1886	10.9 B	11.3 B
<b><u>Amway</u></b>	<b><u>1959</u></b>	<b><u>8.6 B</u></b>	<b><u>10.9 B</u></b>
Herblife	1980	2.4 B	3.5 B
Natura Cosmetics	1969	1.52 B	3.01 B
Mary Kay Inc.	1963	2.4 B	2.9 B
Tupperware	1951	2.21 B	2.6 B
Oriflame Cosmetics	1967	1.68 B	2.1 B

Source-[http://en.wikipedia.org/wiki/Direct\\_selling#cite\\_note-7](http://en.wikipedia.org/wiki/Direct_selling#cite_note-7)



### **Competitors of Amway:**

Like other businesses and every field there is competition, so obviously Amway also fight with some competitors in the direct marketing and multilevel marketing companies. May all these competitors are different in products, marketing plan, incentives till they are rivals of each other for getting the popularity and market share those are Mary Kay Cosmetics India Pvt/ Ltd, Oriflamme Cosmetics, Tupperware Plastics, Avon Beauty Products India Pvt Ltd and so on.

### **4.2.7 Amway Sales & Marketing Plan:**

The marketing and sales plan of Amway goes accordingly your business development and sales generated by you and your team. The commission you will earn on the basis of following ways.

1. **Retail Profit Margin:** It is nothing but the difference between distributors' acquisition price and retail price. It means distributor buy the products at discounted rate and sales to the consumers at maximum retail price.
2. **Commission on Personal Purchases:** When distributor purchase products from Amway he may get some commission on the total sales volume he generated. The distributors earn commission ranging from 6 percent to 21 percent on monthly basis.
3. **Commission on Group Sales:** A Distributor may recruit a sales people under him and based on the success and productivity of the sales group, a salesperson or distributor may earn some commission on that.

This Amway business is the opportunity to develop your own network, and at the same time it helps to grow the others people to build their business. Therefore, this network marketing method of selling products is more beneficial to both distributors as well as company.

The distributors will earn performance bonus and awards are purely based on selling of Amway products as shown under.

Group Sale /Business Volume(BV)	Group Total Point Value (PV)	Commission
19,800	300	6%
66,000	1000	9%
1,32,000	2000	12%
2,64,000	4000	15%
4,62,000	7000	18%
6,60,000	10000	21%

*Current PV: BV ratio is 1 PV = 66 BV and is subject to change.*

#### **Amway wholesale Sales Year wise:**

Year	Wholesale Sales
1999	0.99 mil
2000	2.48 mil
2001	5.53 mil
2002	6.26 mil
2003	5.79 mil
2004	6.36 mil
2005	6.33 mil

2006	7.68 mil
2007	7.99 mil
2008	11.28 mil
2009	14.07 mil

**Summary:**

Amway India Enterprises Pvt.Ltd. is direct selling company start officially working in 1998 in India with small range of products. Now company having more than 400 products and operating in 120 countries. Amway is operating in Multilevel Format where IBOs can appoint other IBOs and they train them how to do the Amway business. IBOs use their own contacts and increase the social network through friends, relatives and referral groups.

The profile of the company shows that Amway are well established in their area of direct marketing and doing well amongst the competitors. The company offers more than 450 quality products worldwide, most of them researched and developed in-house. A sales force of more than 3 Million people markets and sells health, beauty, homecare and personal care products to consumers in more than 80 countries and territories worldwide.

References:

1. [www.amway.in](http://www.amway.in)
2. [www.scribd.com/77737857/Business-starter-Guide-November](http://www.scribd.com/77737857/Business-starter-Guide-November), 2011.
3. <http://www.ukessays.com/essays/marketing/corporate-social-responsibility-within-amway-marketing-essay.php>

## **CHAPTER 5: ANALYSIS AND INTERPRETATION OF DATA**

- 5.1. Introduction
- 5.2. IBOs Demographics details
  - 5.2.1. Distribution of IBOs according to Gender
  - 5.2.2. Distribution of IBOs according to Marital status
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  - 5.2.5. Distribution of IBOs according to Income profile
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  - 5.2.7. Distribution of IBOs according to Professional profile
- 5.3. Opinion of IBOs about Personality Development
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Summary

## **CHAPTER 5: ANALYSIS AND INTERPRETATION OF DATA**

### **5.1 Introduction:**

After the data have been collected, the important task is analysis and interpretation of data. The analysis of data requires the number of closely related operations such as establishment of categories, the application of these categories to raw data through coding, tabulation and then drawing statistical inferences.

In this chapter, the researcher has done detailed analysis and interpretation of the collected information i.e. data. The researcher has used tabulation, graphical methods to visualize the results.

In this chapter, the analysis of IBOs data relating to Demographics Details, Overall comparison of the IBOs and analysis of opinion of respondents about personality development, business development, business security, life style and income levels has been done.

## 5.2 IBOs Demographic details:

In this part researcher trying to find out the demographic details of IBOs on the basis of Gender. It shows that how many male and female are associated with Amway business with the help of following table.

Table 5.01

### 5.2.1 Distribution of IBOs according to Gender

Gender	No of Respondents	Percent
Male	154	28.4
Female	388	71.6
Total	542	100.0

Graph 5.01

Distribution of IBOs according to Gender

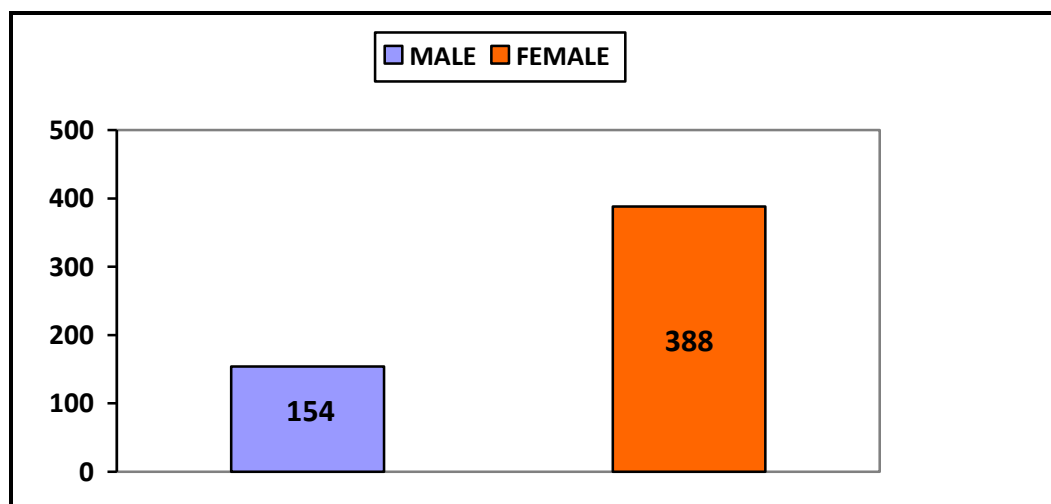


Table 5.01 explains that out of 542 respondents, there are 388(71.6%) female IBOs associated with Amway business. It means 71.6% female are doing this business which is good sign for the women. They can earn some income from this business and able to support the family as an



earning member in the family. Amway gives an employment as well as earning opportunity to people.

Out of 542 respondents, 154(28.4) IBOs were male and support their family with extra income. Doing their present job or business male IBOs can earn extra income and live better life. It results in development of the IBOs with extra income and they expand their own network of the people.

### **5.2.2 Distribution of IBOs according to marital status.**

In this part researcher trying to find out the demographic details of IBOs on the basis of marital status. It will come to know that how many IBOs are married and unmarried, associated with Amway business with the help of following table.

Table 5.02

#### **Distribution of IBOs according to marital status**

<b>Marital Status</b>	<b>No of Respondents</b>	<b>Percent</b>
<b>Married</b>	511	94.3
<b>Unmarried</b>	31	5.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.02

Distribution of IBOs according to marital status

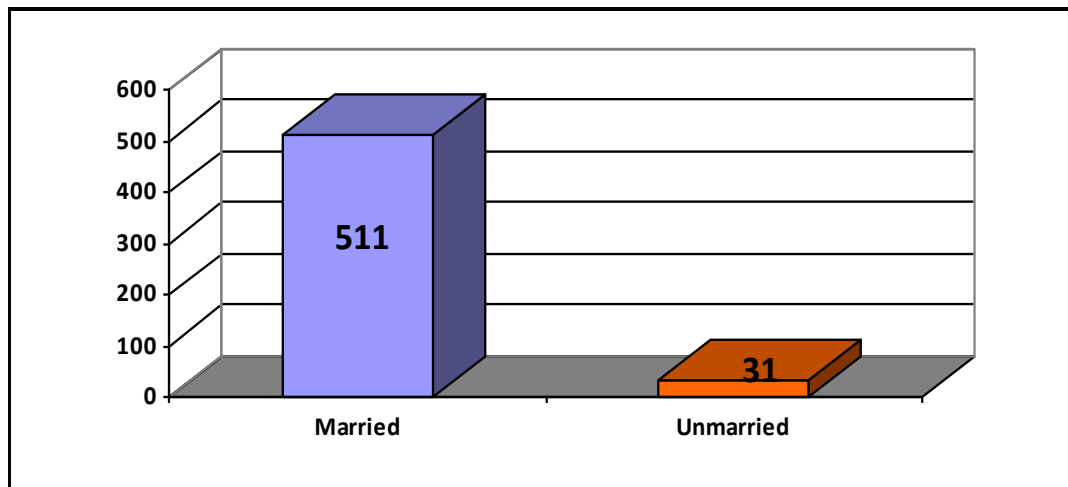


Table 5.02 reveals that, there were 511(94.3%) IBOs married and associated with this business. It clearly indicates that the role of husband and wife are crucial in this business. Working together both can develop their Amway business and they can spend more time for each other while doing this business. Ultimately they become a stronger and stronger on the foot of financially as well as personally.

### **5.2.3 Distribution of IBOs according to Educational Qualification.**

In this part researcher trying to find out the demographic details of IBOs on the basis of educational standard. It will come to know that how many IBOs are educated and associated with Amway business with the help of following table.

Table 5.03

**Distribution of IBOs according to Educational Qualification**

<b>Educational Standard</b>	<b>No of Respondents</b>	<b>Percent</b>
<b>Up to 10th</b>	57	10.5
<b>10<sup>th</sup> to 12</b>	57	10.5
<b>Graduate</b>	301	55.5
<b>Post Graduate</b>	78	14.4
<b>Diploma Holder</b>	49	9.0
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.03

Distribution of IBOs according to Educational Standard

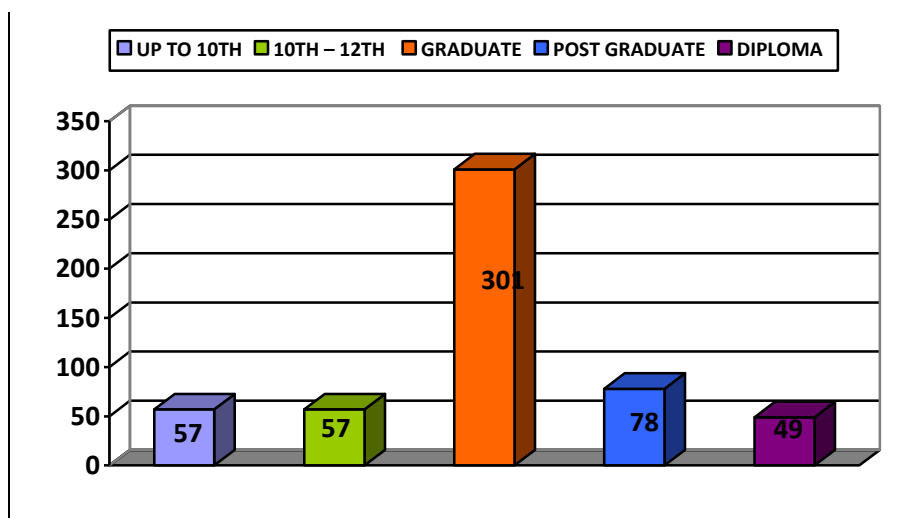


Table 5.03 shows that, out of 542 respondents, 301(55.5%) IBOs were graduate and working with Amway followed by post-graduate people 78 (14.4%). Out of 542 respondents, 49(9%) were diploma holders. At the same time out of 542 respondents, 114(21%) respondents were 10<sup>th</sup> and 12<sup>th</sup> pass. So it is clear that there is a good combination of IBOs from society that at every class of educational standard are being associated with Amway and doing their business.

It also indicates that well educated people are being attached with Amway business and they understood this business very well and they can successfully expand their business and can bring more educated people in this business which is good sign for overall development of business.

#### **5.2.4 Distribution of IBOs according to Age profile.**

In this part researcher trying to find out the demographic details of IBOs on the basis of age profile. It will come to know that the age mix of IBOs, associated with Amway business with the help of following table.

Table 5.04

#### **Distribution of IBOs according to Age profile**

<b>Age Profile</b>	<b>No of Respondents</b>	<b>Percent</b>
<b>18 Yrs-25 Yrs</b>	26	4.8
<b>25 Yrs-35 Yrs</b>	300	55.35
<b>36 Yrs-45 Yrs</b>	170	31.36
<b>Above 45 Yrs</b>	46	8.49
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.04

#### **Distribution of IBOs according to Age profile**

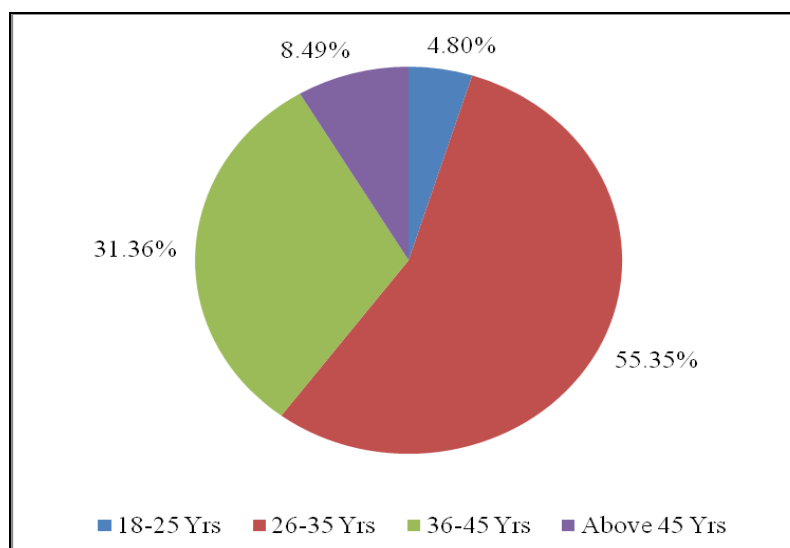


Table 5.04 shows that, out of 542 respondents, 300(55.35%) IBOs are in the age group of 26-35 years which is most productive and effective age group as far as business development is concerned. And at the same time 31.36 % of IBOs are in the age group between 36- 45 is a good sign for the development of business. So the majority of IBOs age is between 26 years to 45 years which is important years of the life of people as far as efficiency, energy, productivity, maturity and result is concerned. So Amway business is the good opportunity for the people whose age is in between 26- 45 years. This will benefited both Amway and IBOs for their development, growth and prosperity.

#### **5.2.5 Distribution of IBOs according to Income profile.**

In this part researcher trying to find out the demographic details of IBOs on the basis of income profile. It will come to know that income of IBOs from other sources like service, business etc. associated with Amway business with the help of following table.

Table 5.05

#### **Distribution of IBOs according to Income profile**

<b>Income (Rs. Lakh)</b>	<b>No of Respondents</b>	<b>Percent</b>
<b>1Lakh-3 Lakh</b>	109	20.1
<b>3.1 Lakh-5 Lakh</b>	123	22.7
<b>5.1 Lakh-8 Lakh</b>	83	15.3
<b>8.1 Lakh-10 Lakh</b>	16	3.0
<b>Above 10 Lakh</b>	14	2.6
<b>Total</b>	345	63.7
<b>Not Responded</b>	197	36.3
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.05

Distribution of IBOs according to Income profile

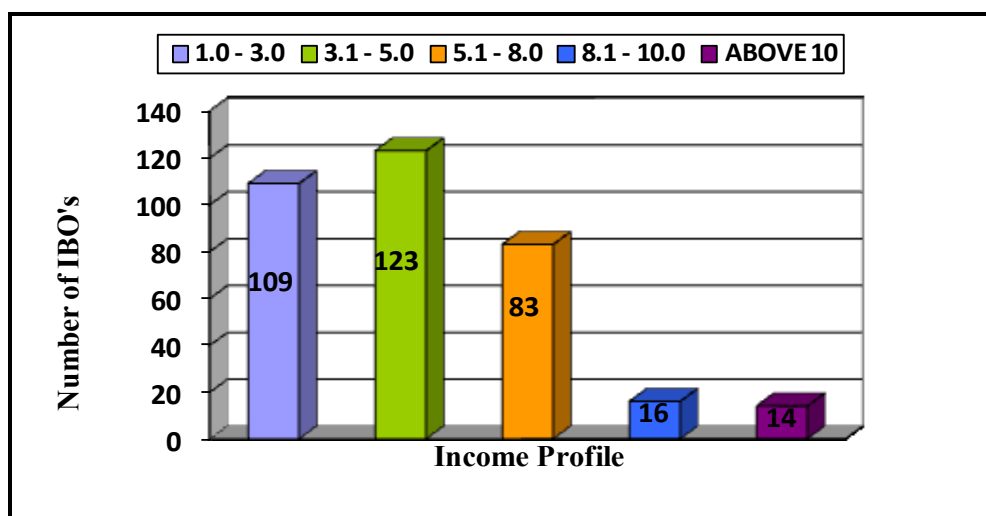


Table 5.05 explains that, 20.1 % IBOs whose income is in between Rs.1 lakh to Rs.3 lakh are more concentrated in this business. This income class people is always trying for better life and struggling to shift from this class to higher class. At the same time 22.7 % IBOs whose income is in between Rs.3.1 lacks to 5 lacks are also doing this business for getting some extra income. At the same time the person whose income is in between Rs.5.1 Lack to Rs. 8 lakh is also doing this business positively. It means the IBOs whose incomes are between Rs. 1 Lakh to Rs.8 lacks are more sincerely doing this business and getting some extra income from Amway business.

### **5.2.6 Distribution of IBOs according to time period in Amway business.**

In this part researcher trying to find out the demographic details of IBOs on the basis of time period in Amway business. It will come to know that from how many years IBOs are associated with Amway business with the help of following table.

Table 5.06

**Distribution of IBOs according to time period in Amway business**

Years In Business	No of Respondents	Percent
1.0 – 4.0	272	50.2
4.1 – 6.0	129	23.8
6.1 – 10	82	15.1
10.1 – 12.0	35	6.5
Above 12	24	4.4
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.06

Distribution of IBOs according to time period in Amway business

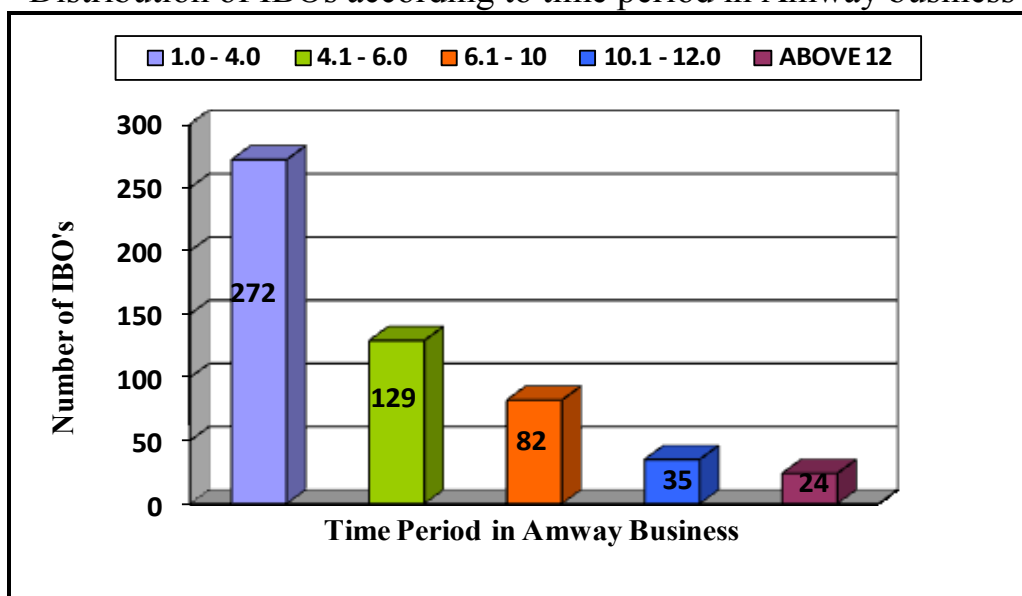


Table 5.06 shows that out of 542 respondents, 272(50.2%) IBOs are doing Amway business from last four years and 23.8% IBOs are in Amway business from last 4.1 years to 6 years. It means 74% IBOs are doing this business from last 6 years and remaining 26% IBOs are doing this business from last 7 years to 12 years. It signifies that IBOs consistency of doing this business is good and IBOs are continuing this business because they are getting some income from Amway.

### 5.2.7 Distribution of IBOs according to Professional profile.

In this part researcher trying to find out the demographic details of IBOs on the basis of professional profile like employed, self employed, Doctors, Engineers and housewife etc. It will come to know that the professional mix of IBOs associated with Amway business with the help of following table.

Table 5.07

**Distribution of IBOs according to Professional profile**

Category	No of Respondents	Percent
Employee	258	47.6
Self Employed	40	7.4
Engineer	33	6.1
Doctor	16	3.0
House Wife	195	36.0
Total	542	100.0

Graph 5.07

Distribution of IBOs according to Professional profile

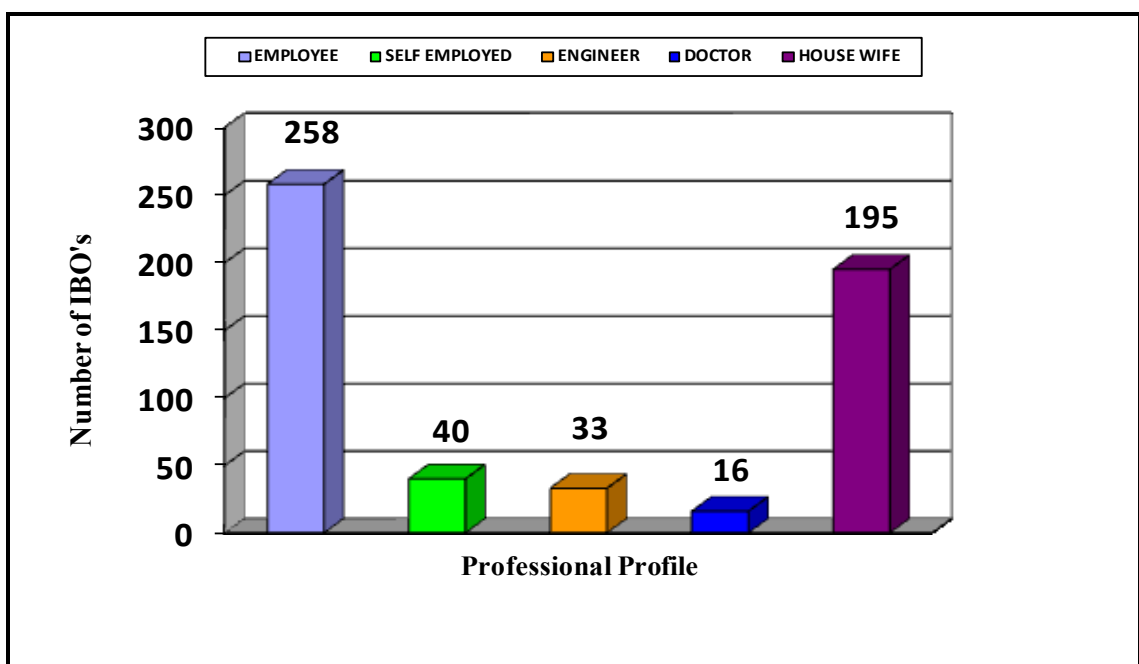




Table 5.07 explains that out of 542 respondents, 258( 47.6 %) doing this business who were working as a salary holder followed by 36% house wives engaged in this business. Most of the IBOs are salary holder who wants to live better life and do something for their family by earning some extra income from this business. There is great opportunity to the house wives to come up with positive attitude and to support financially to their family. It also important to see the participation of Engineers and Doctors in this business is near about 9%. Engineers and Doctors who is always fighting with time they are doing this business and simultaneously earning some extra income from Amway.

### **5.3 Opinion of IBOs towards Personality Development:**

#### **5.3.1 Personality Development.**

In personality development, the researcher considered communication skills, confidence, stage daring, standard of living, life style and overall behavior of the person. So the feedback in taken from the IBOs based on these parameters and extracts it for the data interpretation and testing of hypothesis.

Table 5.08

#### **5.3.2 After starting business of Amway, I realized that my personality has been developed radically.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	5	0.9
<b>Agree</b>	318	58.7
<b>Neutral</b>	125	23.1
<b>Disagree</b>	94	17.3
<b>Total</b>	542	100.0

Graph 5.08

**After starting business of Amway, I realized that my personality has been developed radically.**

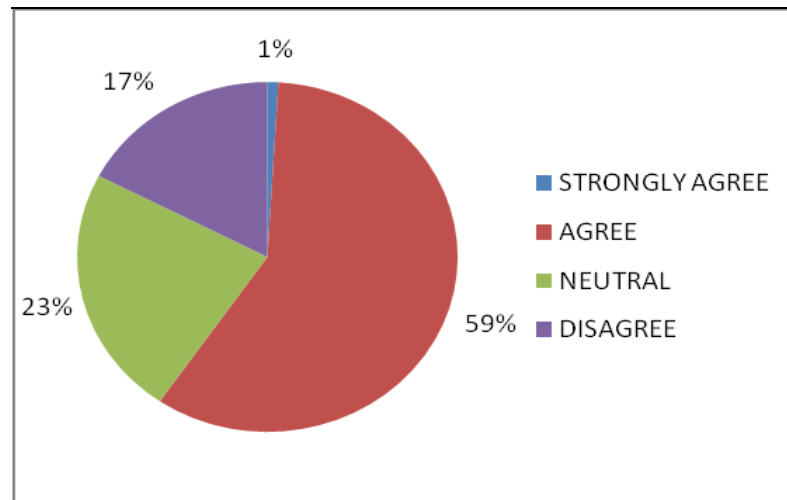


Table 5.08 shows that, out of 542 respondents, 5 (0.9%) respondents have strongly agreed that their personality has been development and out of 542 respondents, 318(58.7%) respondents were saying that their personality has been developed after starting business of Amway. It means 59.6 percent respondents were satisfied with Amway as far as personality development is concerned. They said their personality has improved because in this business they have to meet number of people and interact with them on daily basis.

Only 23.1 percent respondents were neutral and 17.3 percent respondents were disagree and saying that their personality has not developed due to Amway.

### **5.3.3 I realized personality is positively affected on my business.**

This is to find out whether personality is positively affected on IBOs business or not with the help of following table.

Table 5.09

**I realized personality is positively affected on my business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	41	7.6
<b>Agree</b>	500	92.3
<b>Neutral</b>	1	0.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.09

**I realized personality is positively affected on my business.**

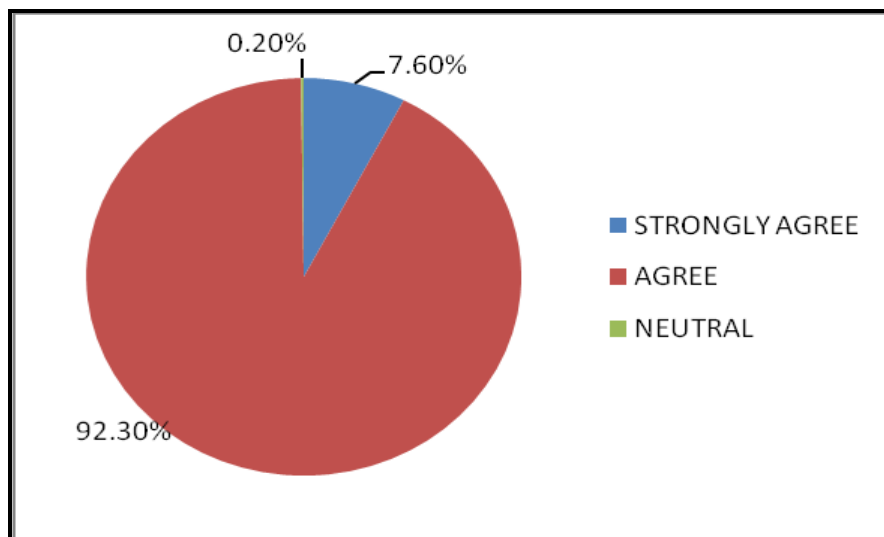


Table 5.09 explain that all most all the respondents have agreed and saying that personality is positively affected on their business and it help to grow the business. Personality of the person is always impact others and it affect on result. IBOs personality will help to grow and develop their business.

**5.3.4 This is to find out peoples opinion about my personality and overall behavior.**

Table 5.10

**After joining business of Amway, people ask me about my personality, standard of living, about my business, and overall my behavior which they observed.**

Ratings	Frequency	Percent
Strongly Agree	2	0.4
Agree	320	59.0
Neutral	160	29.5
Disagree	60	11.1
<b>Total</b>	<b>100</b>	<b>100.0</b>

Graph 5.10

**After joining business of Amway, people ask me about my personality, standard of living, about my business, and overall my behavior which they observed.**

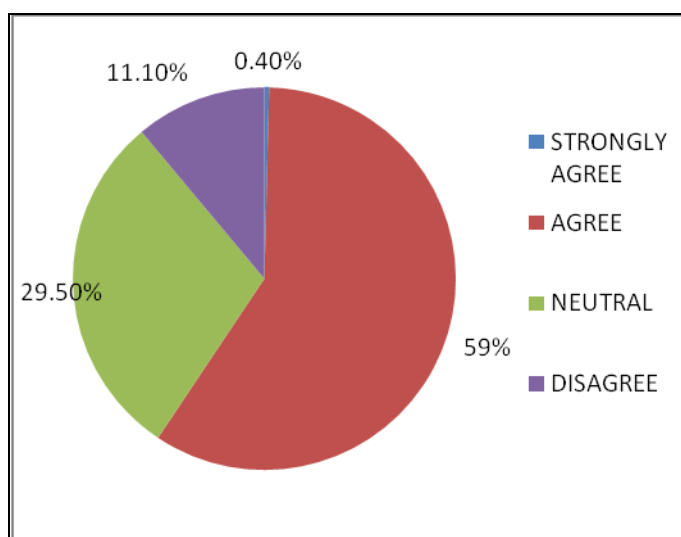


Table 5.10 reveals that, out of 542 respondents, 320(59 %) respondents have agreed and saying that the people ask him about his personality, standard of living and overall behavior which they observed after starting of Amway business. It means with the help of Amway business one can

develop his personality, standard of living and behave positively. Only 11.1 percent respondents were disagreed on the above statement of personality development.

**5.3.5 This is to find out whether people have changed their personality and standard of living after starting Amway business.**

Table 5.11

**The person who is working with Amway mostly has developed their personality and has changed their lives.**

Ratings	Frequency	Percent
Strongly Agree	29	5.4
Agree	458	84.5
Neutral	10	1.8
Disagree	45	8.3
<b>Total</b>	<b>100</b>	<b>100.0</b>

Graph 5.11

**The person who is working with Amway mostly has developed their personality and has changed their lives.**

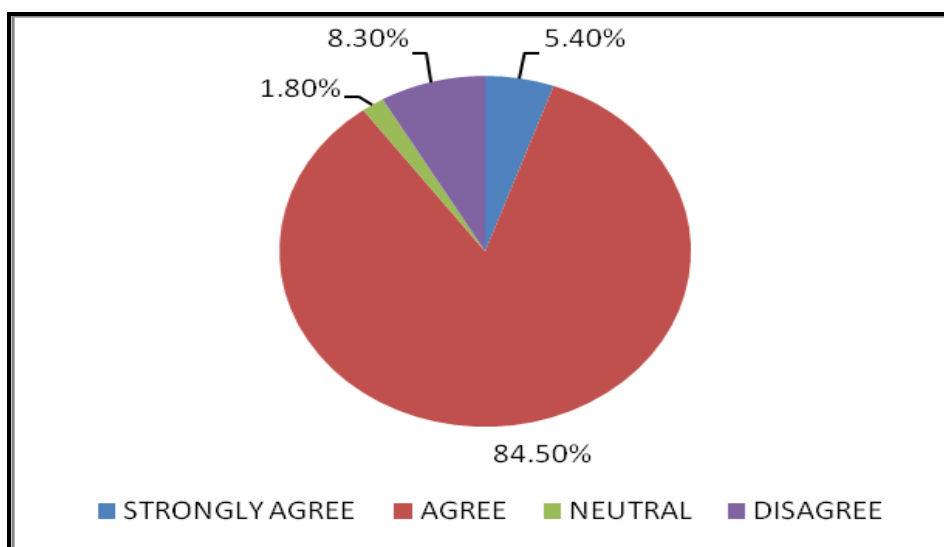


Table 5.11 explains that, out of 542 respondents, 29(5.4%) respondents have strongly agreed and 458(84.5%) respondents have agreed and saying

that they have developed their personality and have changed lives after joining Amway business. Out of 542 respondents, 10(1.8%) respondents have neutral and 45(8.3%) respondents have disagreed about personality development and changed their lives because of Amway.

**5.3.6** This is to find out communication skill and confidence of IBOs.

Table 5.12

**I feel my communication skill, confidence and stage daring has been improved after joining the Amway Business.**

Ratings	Frequency	Percent
Strongly Agree	34	6.3
Agree	333	61.4
Neutral	123	22.7
Disagree	52	9.6
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.12

**I feel my communication skill, confidence and stage daring has been improved after joining the Amway Business.**

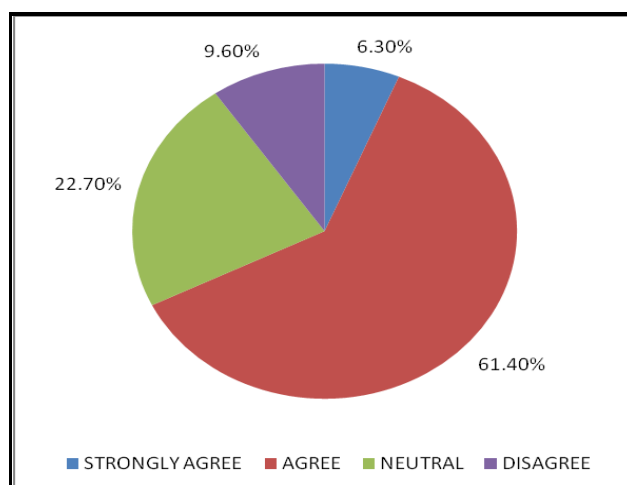


Table 5.12 explains that, out of 542 respondents, 333( 61.4%) respondents have agreed and 34(6.3%) respondents have strongly agreed and saying that they feels their communication skills, confidence and stage daring has been improved after joining Amway business. This is because of IBOs of Amway on daily basis meet number of people regarding this business they recruit the new people, getting income from company and sharing their experiences to different people in Amway functions.

Remaining 32.3 percent (Neutral and disagreed) respondents were not agreed with the statement of communication skills, confidence and stage daring has been improved after joining Amway business. Overall observation of the table explains 367(67.7%) respondents were satisfied about their Amway business because their communication skills, confidence and stage daring improved.

### 5.3.7 Social status of the IBOs can be judged after joining Amway business

Table 5.13

#### **I feel my social status has improved after joining Amway**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	16	3.0
<b>Agree</b>	306	56.5
<b>Neutral</b>	109	20.1
<b>Disagree</b>	52	9.6
<b>Total</b>	448	89.3
<b>Not Responded</b>	58	10.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.13

**I feel my social status has improved after joining Amway.**

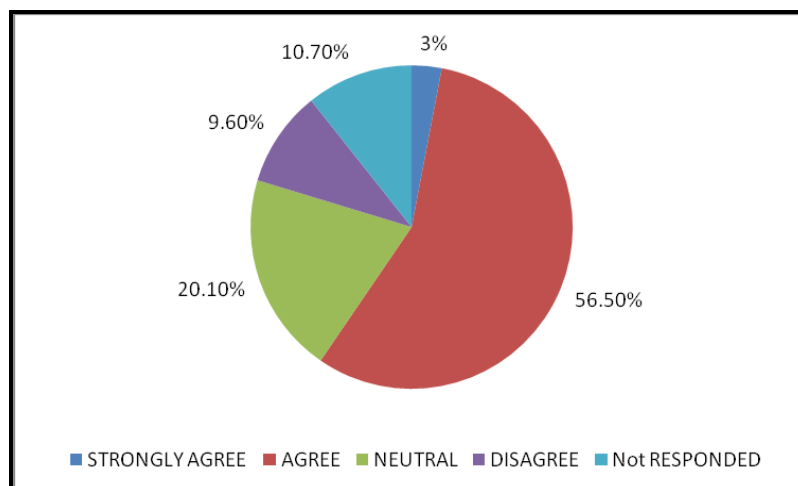


Table 5.13 explains that, out of 542 respondents, 16(3%) have strongly agreed and 306(66.5%) respondents have agreed that their social status have been improved because of Amway business. This is because IBOs of Amway earning some extra income and it shows from his confidence, personality. He is also connected with some social activity.

Out of 542 respondents, 109(20.1%) have neutral opinion (i.e. neither agreed nor disagreed). 52(9.6%) respondents have disagreed about this statement.

#### **5.4 Opinion of IBOs towards Life Style:**

In this parameter the researcher, think about the life style of IBOs, membership of IBOs of any social club, consumption of branded goods or services.



Table 5.14

**5.4.1 I feel fit and healthier; stress less after joining the Amway business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	312	57.6
<b>Neutral</b>	118	21.8
<b>Disagree</b>	112	20.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.14

**I feel fit and healthier; stress less after joining the Amway business.**

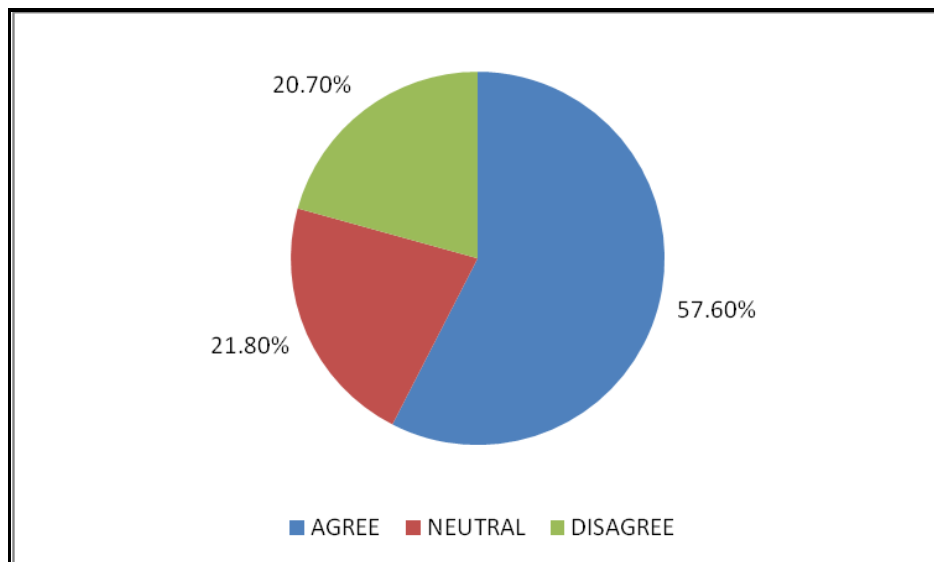


Table 5.14 explains out of 542 respondents, 312(57.6%) have agreed, 118(21.8%) have neutral ((i.e. neither agreed nor disagreed)) and 112(20.7%) respondents have disagreed about the statement. It means respondents have the mix feeling about after joining Amway they feel fit and healthier.

**5.4.2** This is to find out life style and standard of living of IBOs.

Table 5.15

**My life style and standard of living is considerably improved after starting Amway business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	311	57.4
<b>Neutral</b>	165	30.4
<b>Disagree</b>	66	12.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.15

**My life style and standard of living is considerably improved after starting Amway business.**

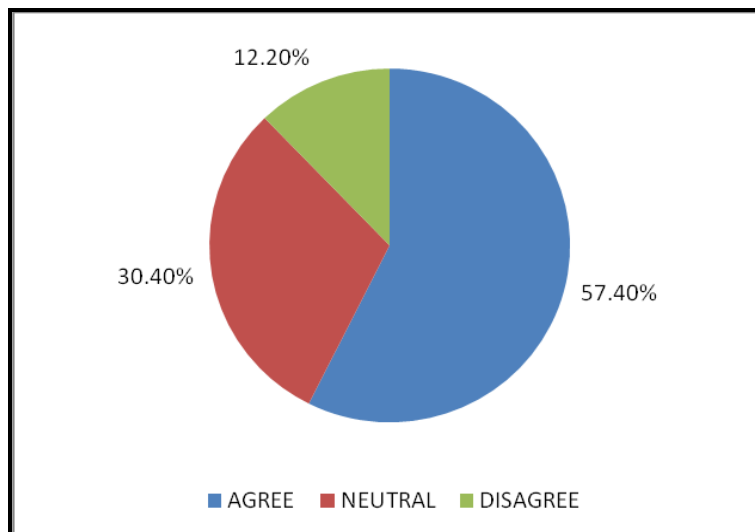


Table 5.15 clearly evils that, out of 542 respondents, 311(57.4%) have agreed, 165(30.4%) neutral and 66(12.2%) have disagreed. 57.4% respondents were happy and in the opinion that their life style and standard of living considerably improved because of Amway business.

Rests of the respondents were denying that their life style and standard of living has not affected due to Amway business.

**5.4.3** This is to find out the branded and luxurious products affordability by IBOs.

**Table 5.16**

**I can afford branded and luxurious products as my income increases after starting Amway business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	19	3.5
<b>Agree</b>	384	70.8
<b>Neutral</b>	29	5.4
<b>Disagree</b>	110	20.3
<b>Total</b>	<b>542</b>	<b>100.0</b>

**Graph 5.16**

**I can afford branded and luxurious products as my income increases after starting Amway business.**

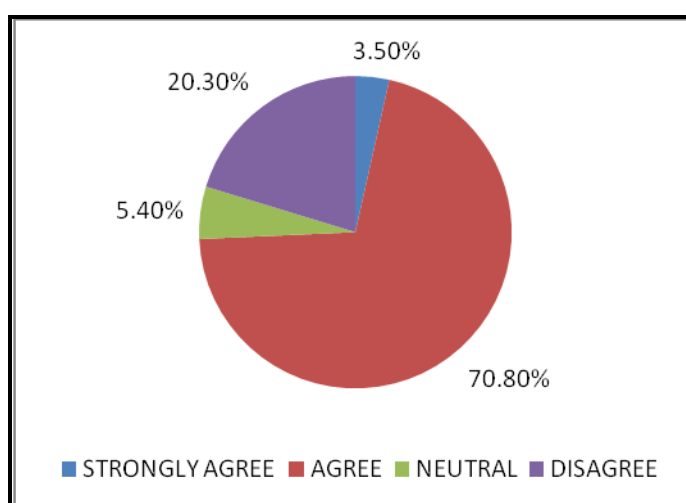


Table 5.16 clearly evils that, out of 542 respondents, 384(70.80%) have agreed, 19(3.50%) have strongly agreed, 29(5.40%) have neutral and

110(20.30%) have disagreed. 74.30% respondents were happy and in the opinion that they can afford branded and luxurious products because of Amway business. Rests of the respondents were denying that they cannot afford such type of products from the income of Amway.

**5.4.4 This is to know whether IBOs having membership of social clubs.**

Table 5.17

**I have a membership of other social club for e.g.: Rotary club, Lion’s Club etc because of Amway association ship.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	252	46.5
<b>Neutral</b>	87	16.1
<b>Disagree</b>	203	37.5
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.17

**I have a membership of other social club for e.g.: Rotary club, Lion’s Club etc because of Amway association ship.**

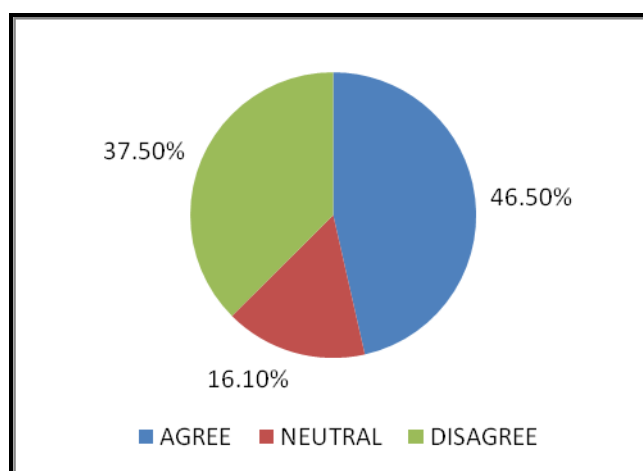


Table 5.17 explains that, out of 542 respondents, 252(46.5%) have agreed, 87(16.1%) have neutral and 203(37.5%) have disagreed. It means there is big difference between agreed and disagreed respondents so it is

combination of IBOs that they have membership of other social club and social activities being associated with Amway.

**5.4.5** This is to find out IBOs seriousness about business and how it will affect on their life style and standard of living.

Table 5.18

**I feel the person who is serious in this business will improve his life style and standard of living remarkably.**

Ratings	Frequency	Percent
<b>Strongly Agree</b>	10	1.8
<b>Agree</b>	352	98.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.18

**I feel the person who is serious in this business will improve his life style and standard of living remarkably.**

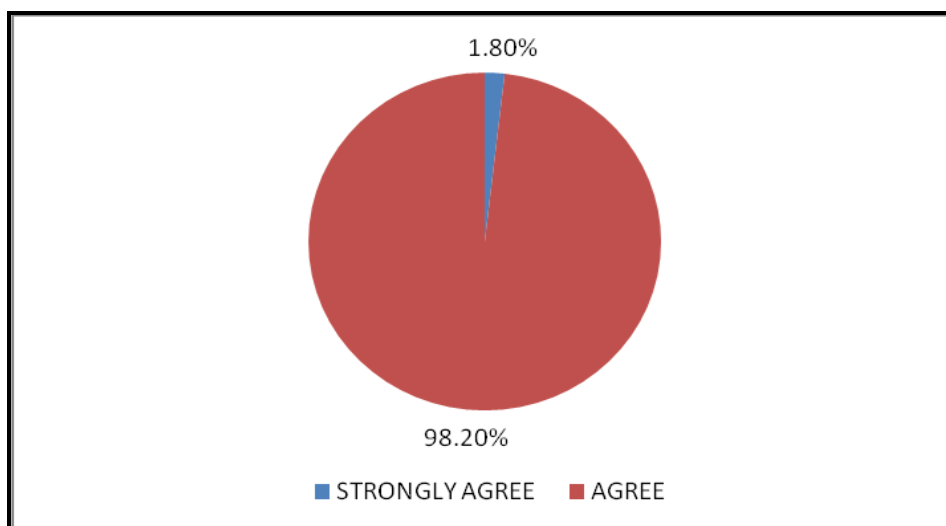


Table 5018 explains that, out of 542 respondents, 10(1.8%) have strongly agreed and 532(98.2%) have agreed about the person who is serious in this business will improve his life style and standard of living remarkably.

### **5.5 Opinion of IBOs towards Business Development:**

This parameter plays a very important role for improving; maintaining and sustaining in the business because without any support and backup from Amway in addition, up-line it is not possible remain in the business. Up-line support is important to increase the sale and volume of the business. Even Amway assistance in this regard is also important for providing training, meetings, seminars, demonstrations of the products and updating about new products launch in the market. The availability and distribution of the products is ensuring the better services of the company.

Table 5.19

#### **5.5.1 I am happy with the support of my Up-line to increase the sale and volume of my business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	298	55.0
<b>Agree</b>	230	42.4
<b>Disagree</b>	14	2.6
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.19

**I am happy with the support of my Up-line to increase the sale and volume of my business.**

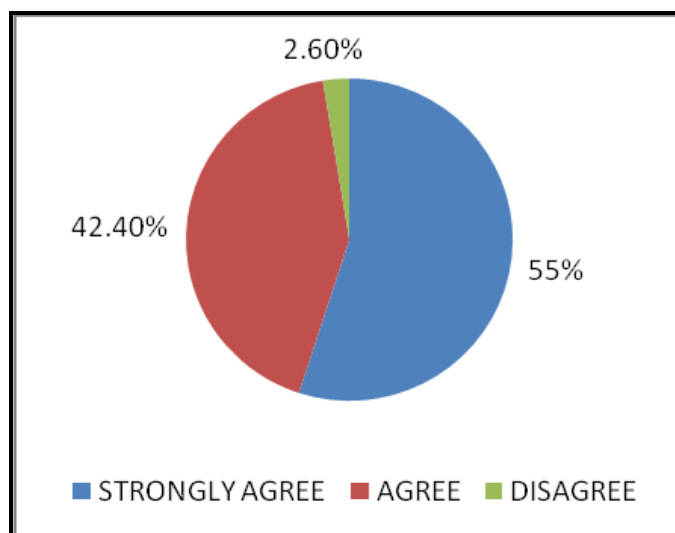


Table 5.09 explains that, out of 542 respondents, 298(55%) have strongly agreed, 230(42.4%) have agreed and 14(2.6%) have disagreed. Overall 97.4% respondents have saying that the support of my Up-line to increase the sale and volume of my business is good.

**5.5.2** This is to find out IBOs opinion about assistance provided Amway to grow the business.

Table 5.20

**I am happy with the Assistance Provided by Amway to increase the sale through product training, meeting and seminars.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	306	56.5
<b>Agree</b>	236	43.5
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.20

**I am happy with the Assistance Provided by Amway to increase the sale through product training, meeting and seminars.**

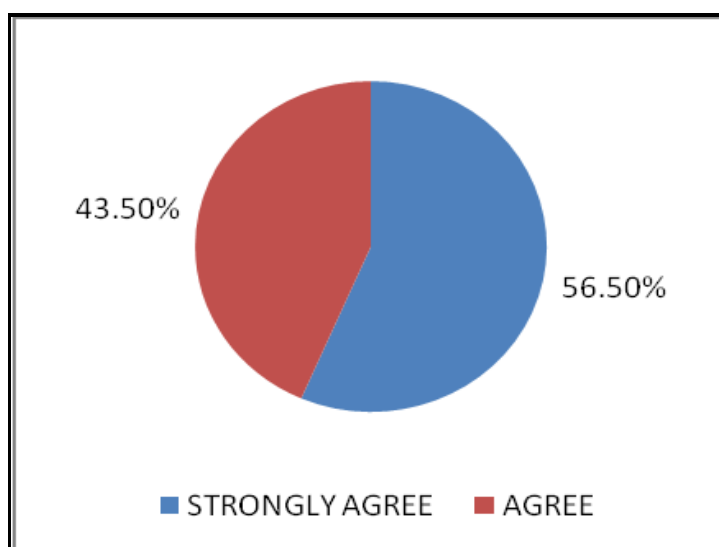


Table 5.20 explains that, out of 542 respondents, 306(56.5%) have strongly agreed, 236(43.5%) have agreed i.e. all the respondents have the opinion that they were happy with the Assistance Provided by Amway to increase the sale through product training, meeting and seminars.

**5.5.3** This is to find out IBOs opinion about increased the sales volume through assistance provided by Amway.

Table 5.21

**My Sales volume of Amway products is gradually increasing through the Assistance Provided by Amway.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	38	7.0
<b>Agree</b>	389	71.8
<b>Neutral</b>	32	5.9
<b>Disagree</b>	83	15.3
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.21

**My Sales volume of Amway products is gradually increasing through the Assistance Provided by Amway.**

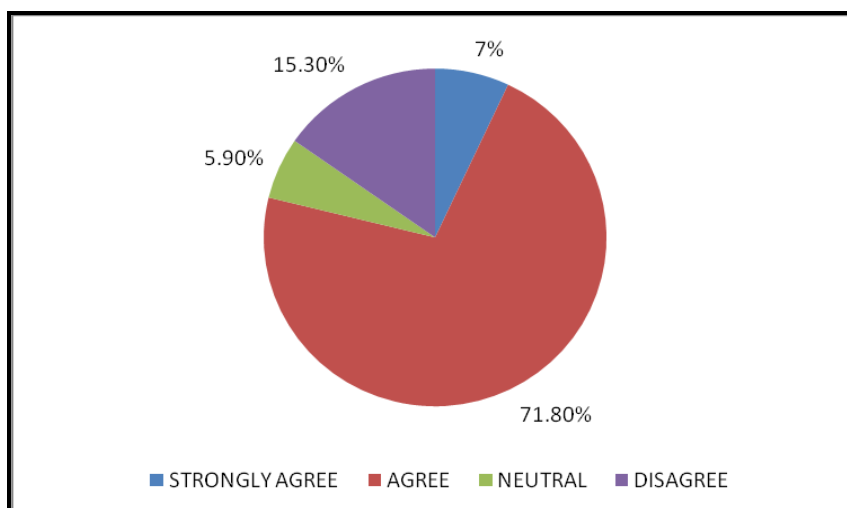




Table 5.21 shows that, out of 542 respondents, 38(7%) have strongly agreed, 389(71.8%) have strongly agreed, 32(5.9%) have neutral and 83(15.3%) have disagreed i.e. 78.8% IBOs have saying that sales volume of Amway products is gradually increasing through the Assistance Provided by Amway.

**5.5.4** This is to find out IBOs opinion about quality and quantity of necessary tools for promotion of the business.

Table 5.22

**The quality of the product and quantity of the necessary tools and equipments for promotion of the business provided to me is satisfactory.**

Ratings	Frequency	Percent
Strongly Agree	164	30.3
Agree	373	68.8
Total	537	99.1
Not Responded	5	0.9
Total	542	100.0

Graph 5.22

**The quality of the product and quantity of the necessary tools and equipments for promotion of the business provided to me is satisfactory.**

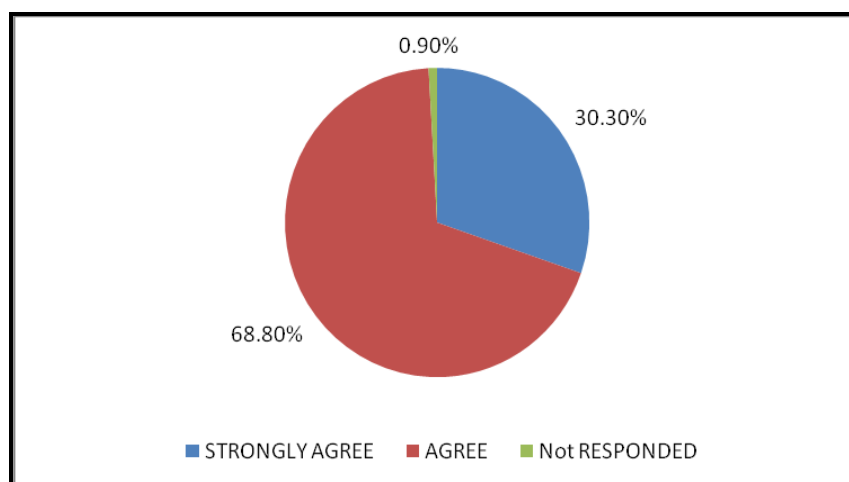


Table 5.22 reveals that, out of 542 respondents, 164(30.3%) have strongly agreed, 373(68.8%) have agreed and 5(0.9%) have missing. Overall 99.1% respondents have opinion that the quality of the product and quantity of the necessary tools and equipments for promotion of the business provided to me is satisfactory.

**5.5.5 This is to find out IBOs opinion about the availability of the product and distribution systems.**

Table 5.23

**The availability of the product and distribution system is quite good and satisfactory.**

Ratings	Frequency	Percent
Strongly Agree	184	33.9
Agree	358	66.1
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.23

**The availability of the product and distribution system is quite good and satisfactory.**

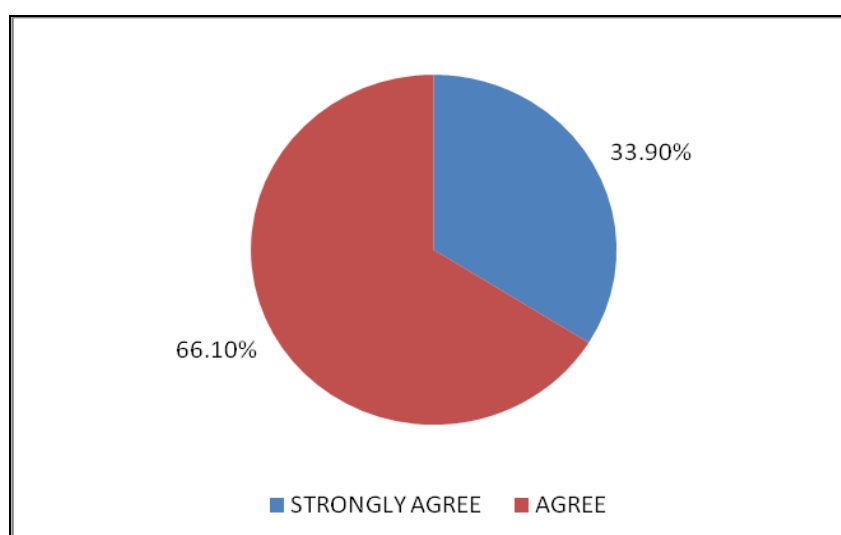


Table 5.23 explains that, out of 542 respondents, 184(33.9) have strongly agreed and 358(66.1%) have agreed that the availability of the product and distribution system is quite good and satisfactory.

**5.5.6 This is to find out IBOs opinion about business related problems.**

Table 5.24

**Any business related problem gets solved within a reasonable time.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	141	26.0
<b>Agree</b>	401	74.0
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.24

**Any business related problem gets solved within a reasonable time.**

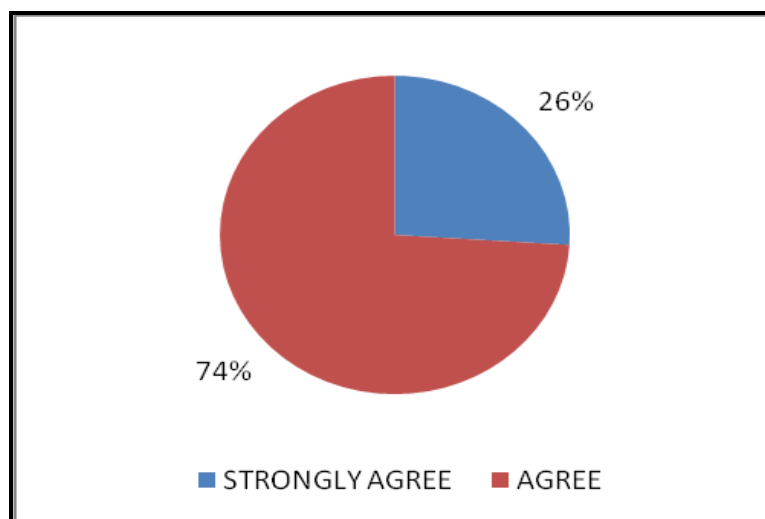


Table 5.24 shows that, out of 542 respondents, 141(26%) have strongly agreed and 401(74%) have agreed that any business related problem gets solved within a reasonable time.

**5.5.7** This is to find out IBOs maintaining the business record.

Table 5.25

**I would like to work for long time with this organization as I like the assistance in maintaining all the transactions and accounts of my business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	95	17.5
<b>Agree</b>	447	82.5
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.25

**I would like to work for long time with this organization as I like the assistance in maintaining all the transactions and accounts of my business.**

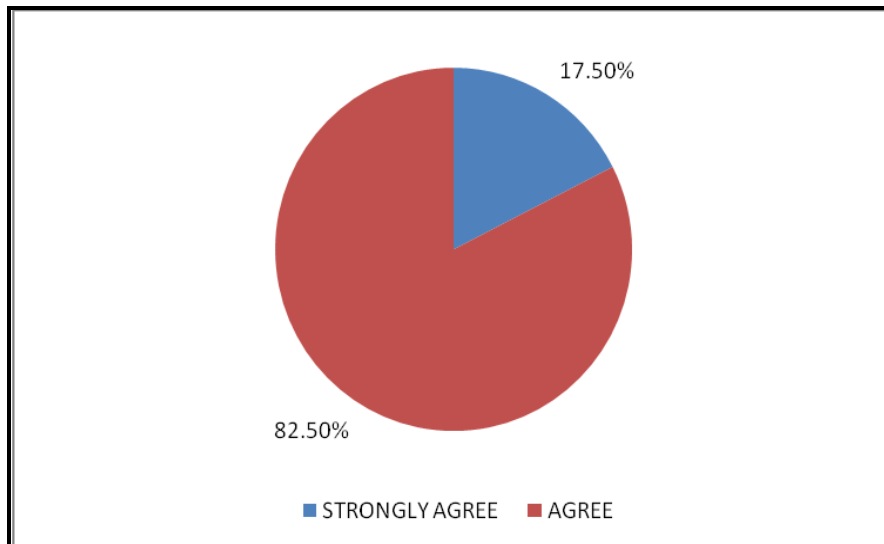


Table 5.25 explains that, out of 542 respondents, 95(17.5%) have strongly agreed and 447(82.5%) have agreed that they would like to work for long time with this organization as I like the assistance in maintaining all the transactions and accounts of my business.

### **5.6 Opinion of IBOs towards Business Security:**

**5.6.1** This is to find out the security of IBOs business.

Table 5.26

**I feel that my Business is fully secured.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	124	22.9
<b>Agree</b>	418	77.1
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.26

**I feel that my Business is fully secured.**

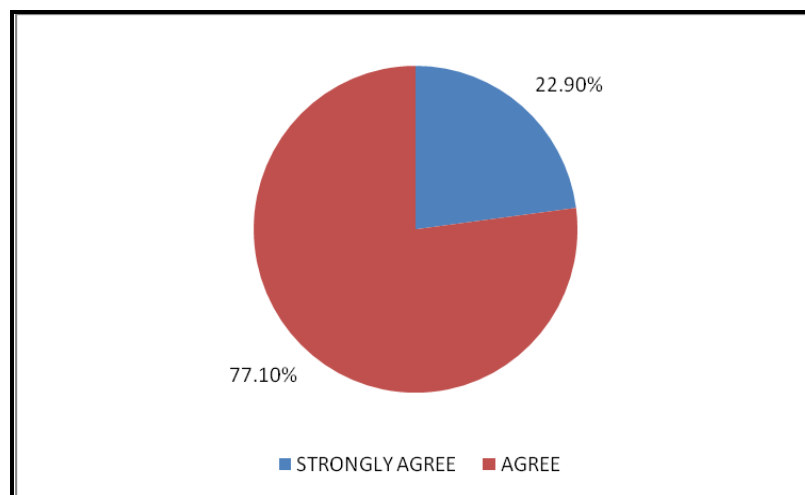


Table 5.26 explains that, out of 542 respondents, 124(22.9%) have strongly agreed and 418(77.1%) have agreed and of the opinion that their business is fully secured.

**5.6.2** This is to find out about termination of IBOs business.

Table 5.27

**I have observed nobody has shut down their business for unknown reasons in this organization.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	155	28.6
<b>Agree</b>	387	71.4
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.27

**I have observed nobody has shut down their business for unknown reasons in this organization.**

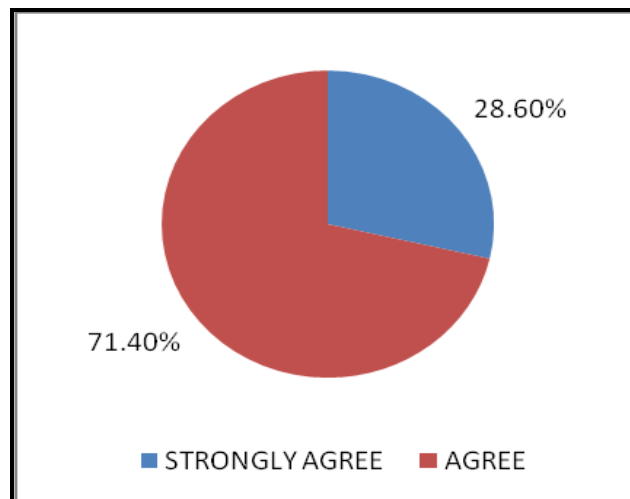


Table 5.27 shows that, out of 542 respondents, 155(28.6%) have strongly agreed and 387(71.4%) have agreed and saying that nobody has shut down their business for unknown reasons in this organization. It means this business is fully secured and therefore IBOs doing their business freely.

**5.6.3** This is to find out about serious offence committed by IBOs.

Table 5.28

**I am sure that my organization will terminate my business if I commit any serious offence.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	138	25.5
<b>Agree</b>	404	74.5
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.28

**I am sure that my organization will terminate my business if I commit any serious offence.**

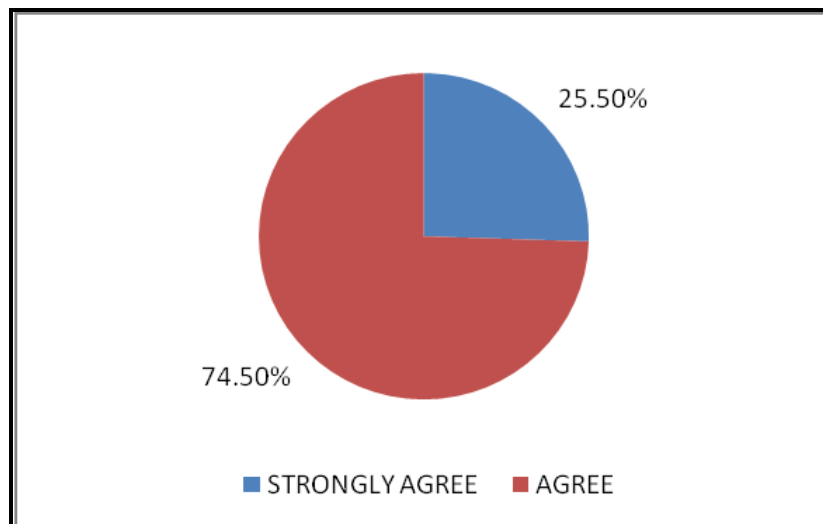


Table 5.28 explains that, out of 138 respondents, 138(25.5) have strongly agreed and 404(74.5%) have agreed. It means all the respondents have the opinion that organization will terminate my business if I commit any serious offence.

**5.6.4** This is to find out happiness of IBOs while working with Amway.

Table 5.29

**Many distributors are living happily with their family, working more than two years in this organization.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	121	22.3
<b>Agree</b>	421	77.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.29

**Many distributors are living happily with their family, working more than two years in this organization.**

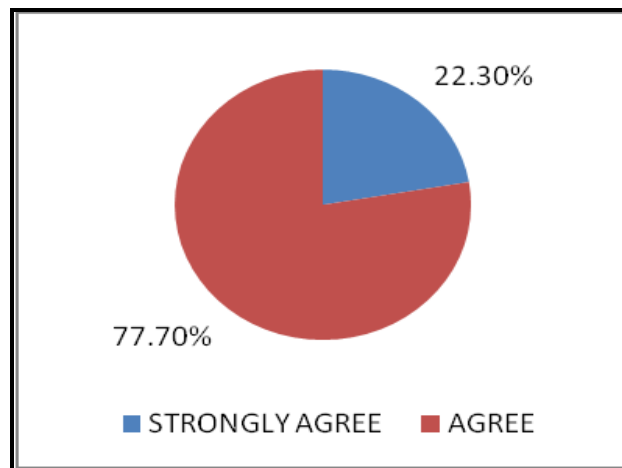


Table 5.29 reveals that, out of 542 respondents, 121(22.3%) have strongly agreed and 421(77.7%) have agreed and saying that they are happily living with their family, working more than two years in this organization.



**5.6.5** This is to find out business security of IBOs.

Table 5.30

**I can work happily in this company if my business is secured which is my primary concern over the other factors.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	366	67.5
<b>Neutral</b>	111	20.5
<b>Disagree</b>	65	12.0
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.30

**I can work happily in this company if my business is secured which is my primary concern over the other factors.**

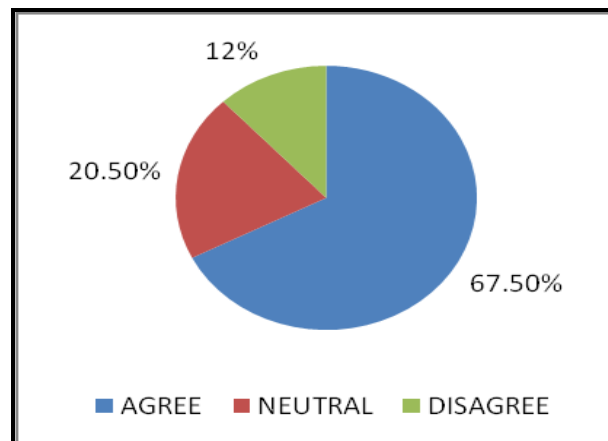


Table 5.30 shows that, out of 542 respondents, 366(67.5%) have agreed, 65(12%) have disagreed and 111(20.5%) have neutral about they can work happily in this organization if their business is secured.

### 5.7 Opinion of IBOs towards Income Level:

This parameter plays a very important role as far as income level of IBOs is concerned.

5.7.1 This is to find out the income level of IBOs after starting Amway business.

Table 5.31

#### My income level has been increased because of Amway business.

Ratings	Frequency	Percent
Agree	366	67.5
Neutral	111	20.5
Disagree	65	12.0
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.31

#### My income level has been increased because of Amway business.

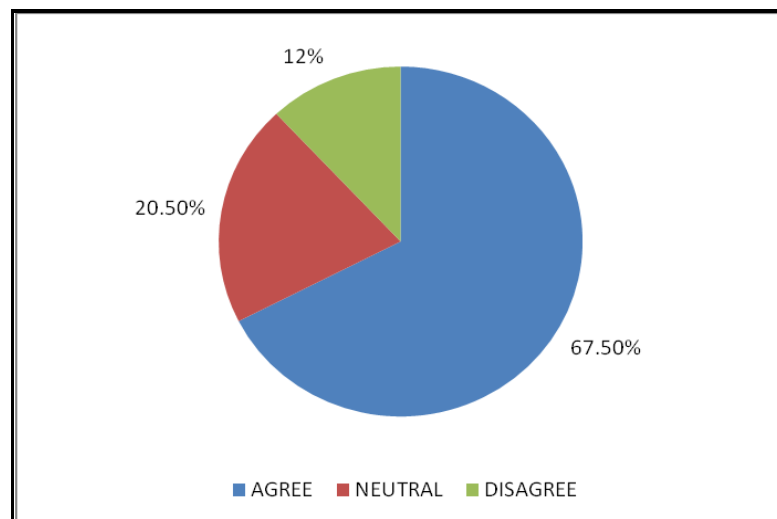


Table 5.31 explains that, out of 542 respondents, 366(67.5%) have agreed, 65(12%) have disagreed and 111(20.5%) have neutral ((i.e. neither agreed nor disagreed) about their income level.

**5.7.2** This is to find out the basic needs of IBOs fulfill or not by Amway.

Table 5.32

**I am able to meet the basic needs and necessities of my family with the income from Amway.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	410	75.6
<b>Neutral</b>	34	6.3
<b>Disagree</b>	98	18.1
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.32

**I am able to meet the basic needs and necessities of my family with the income from Amway.**

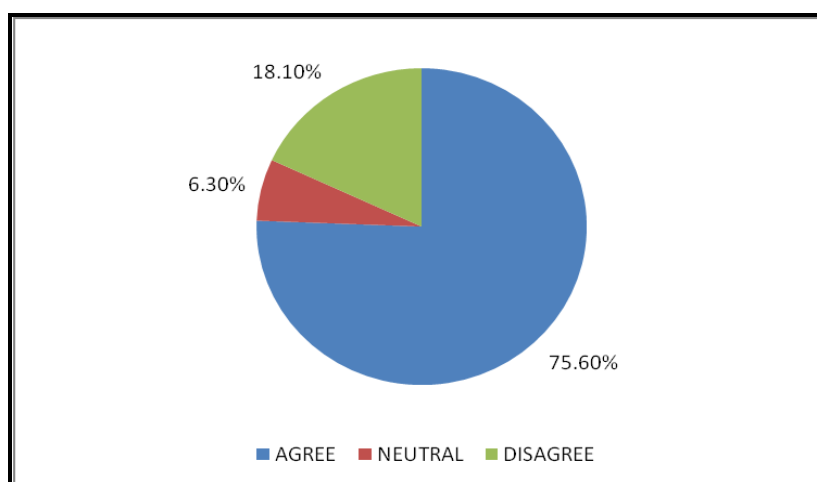


Table 5.32 shows that, out of 542 respondents, 410(75.6%) have agreed, 98(18.1%) have disagreed and 34(6.3%) have neutral about the statement. So 75.6% respondents were saying they able to meet the basic needs and necessities of their family with the income from Amway.

**5.7.3** This is to find out the current income of IBOs from Amway.

Table 5.33

**I am satisfied with the current income which I am getting from Amway.**

Ratings	Frequency	Percent
Agree	434	80.1
Neutral	34	6.3
Disagree	74	13.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.33

**I am satisfied with the current income which I am getting from Amway.**

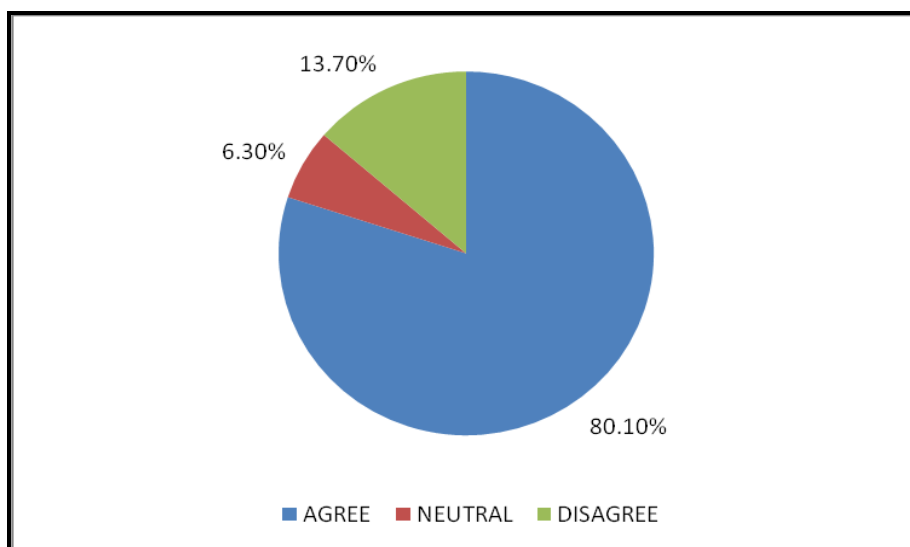


Table 5.33 shows that, out of 542 respondents, 434(80.1%) have agreed, 74(13.7%) have disagreed and 34(6.3%) have neutral about the statement. So 80.1% respondents were saying that they are satisfied with current income from Amway. This IBOs have work hard, give time for this business and meet people on daily basis so obviously their income increases.

**5.7.4** This is to find out the incentives, bonus and other benefits are sufficient.

Table 5.34

**I feel that incentive plan, bonus and other non monetary benefits are appropriate.**

<b>Ratings</b>	<b>Frequency</b>	<b>Total</b>
<b>Agree</b>	436	80.5
<b>Neutral</b>	40	7.4
<b>Disagree</b>	66	12.1
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.34

**I feel that incentive plan, bonus and other non monetary benefits are appropriate.**

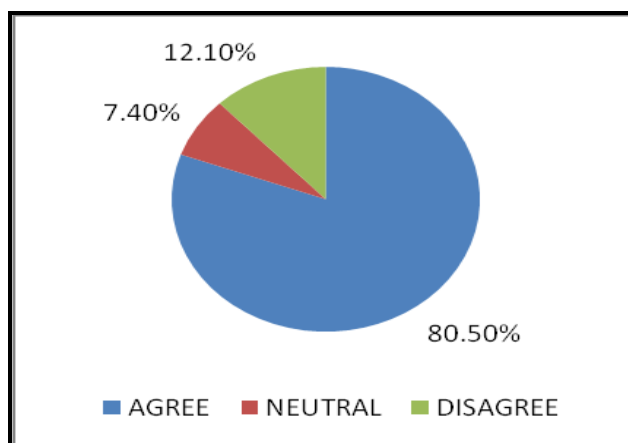


Table 5.34 clearly shows that, out of 542 respondents, 436(80.5%) respondents have agreed about incentive plans, bonus and other non monetary benefits are appropriate, 66(12.1%) respondents have disagreed and 40(7.4%) respondents have neutral and not responded at all. Majority of IBOs were happy and satisfied with incentives, bonus and other non-monetary given by Amway.

**5.7.5** This is to find out the IBOs income, promotion and benefits from Amway.

Table 5.35

**I am more concerned about my income, Promotion and Benefits in this business.**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	442	82.5
<b>Neutral</b>	36	6.4
<b>Disagree</b>	64	11.1
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.35

**I am more concerned about my income, Promotion and Benefits in this business.**

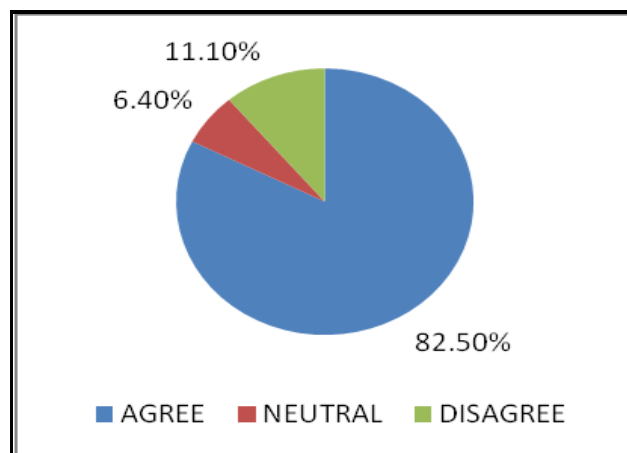


Table 5.35 explains that, out of 542 respondents, 442(82.5%) have agreed that they are concerned about their income, promotion and benefits from the business. Out of 542 respondents, 64(11.1%) respondents have disagreed and 36(6.4%) respondents have neutral.

## 5.8 Satisfaction Level of IBOs towards Amway Products:

### 5.8.1 Opinion of Respondents (IBOs) about Home Care Product

Table 5.36

#### Quality of Home Care Product

Ratings	Frequency	Percent
Good	248	45.8
Best	285	52.6
Total	533	98.3
Not Responded	9	1.7
Total	542	100.0

Graph 5.36

#### Quality of Home Care Product

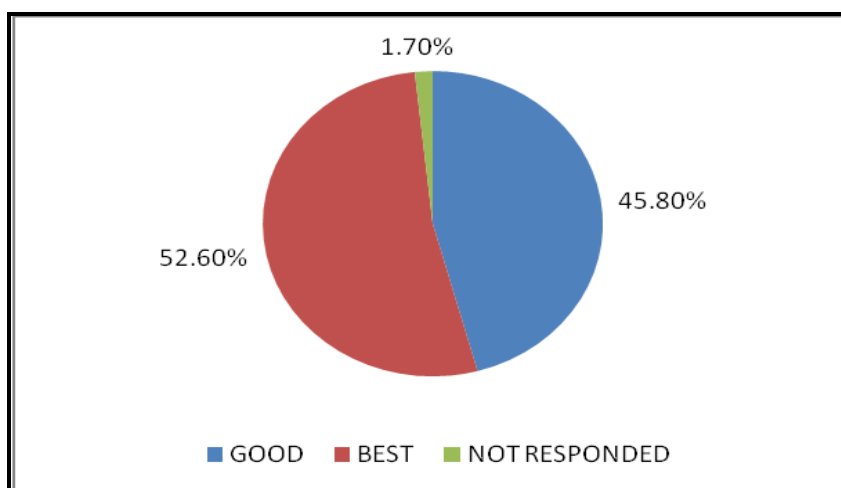


Table 5.36 shows that, out of 542 respondents, 248(45.8%) IBOs have rate good, 285(52.6%) have rate best quality and 9(1.7%) were not responded. It clearly indicates that more than 98% respondents have experienced that quality is good and best.

Table 5.37

**Availability of Home Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Good</b>	167	30.8
<b>Best</b>	366	67.5
<b>Total</b>	533	98.3
<b>Not Responded</b>	9	1.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.37

**Availability of Home Care Product**

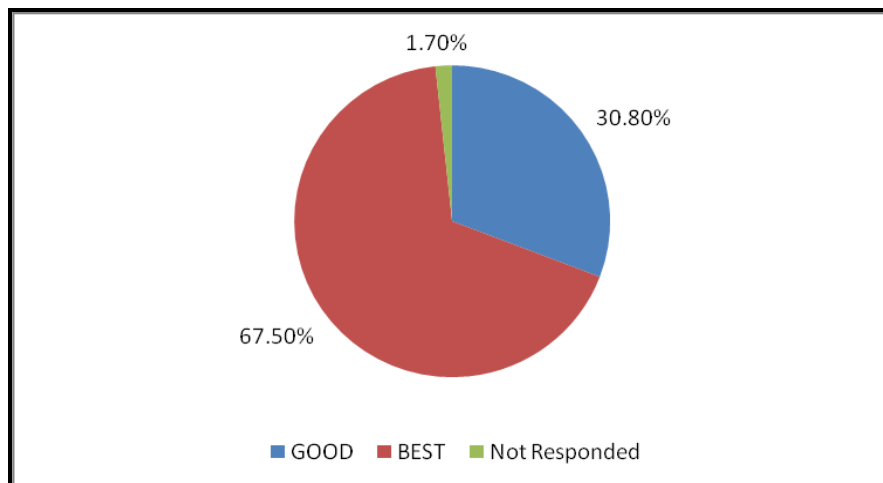


Table 5.37 shows that, out of 542 respondents, 167(30.8%) IBOs have rate good, 366(67.5%) IBOs have rate best availability and 9(1.7%) were not responded. It clearly indicates that more than 98% respondents have experienced that availability of product is good and best.



Table 5.38

**Price of Home Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	103	19.0
<b>Average</b>	233	43.0
<b>Good</b>	188	34.7
<b>Best</b>	9	1.7
<b>Total</b>	533	98.3
<b>Not Responded</b>	9	1.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.38

**Price of Home Care Product**

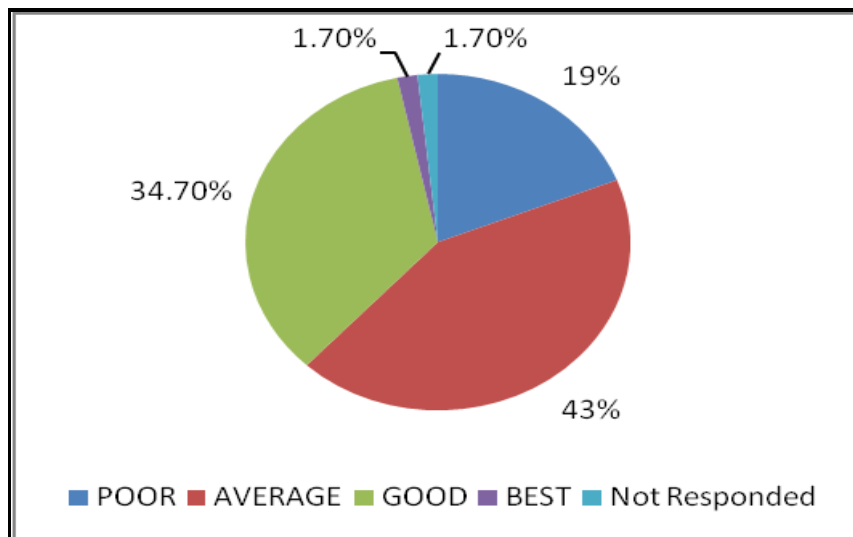


Table 5.38 shows that, out of 542 respondents, 103(19%) IBOs have rate poor, 233(43%) IBOs have rate average price, 188(34.7%) IBOs have rate good price, 9(1.7%) have rate best price and 9(1.7%) were not responded. It clearly indicates that 62% of the respondents were not satisfied with price of the product.

Table 5.39

**Offers Rating of Home Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	119	22.0
<b>Average</b>	344	63.5
<b>Good</b>	70	12.9
<b>Total</b>	533	98.3
<b>Not Responded</b>	9	1.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.39

**Offers Rating of Home Care Product**

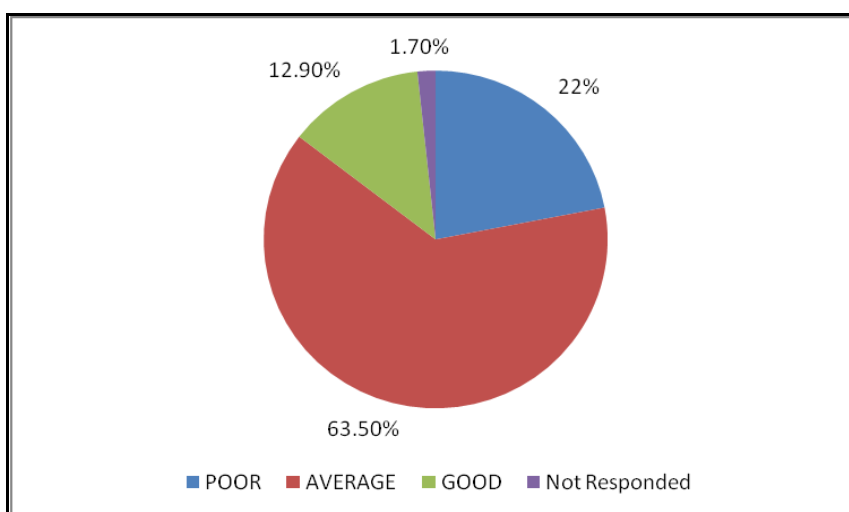


Table 5.39 explains that, out of 542 respondents, 119(22%) IBOs have rate poor, 344(63.5%) IBOs have rate average offers, 70(12.9%) have rate good offers, and 9 were not responded. It clearly indicates that 85.5% of the respondents were not satisfied with offers provided to the home care product.

Table 5.40

**Services Rating of Home Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	74	13.7
<b>Average</b>	133	24.5
<b>Good</b>	288	53.1
<b>Best</b>	38	7.0
<b>Total</b>	533	98.3
<b>Not Responded</b>	9	1.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.40

**Services Rating of Home Care Product**

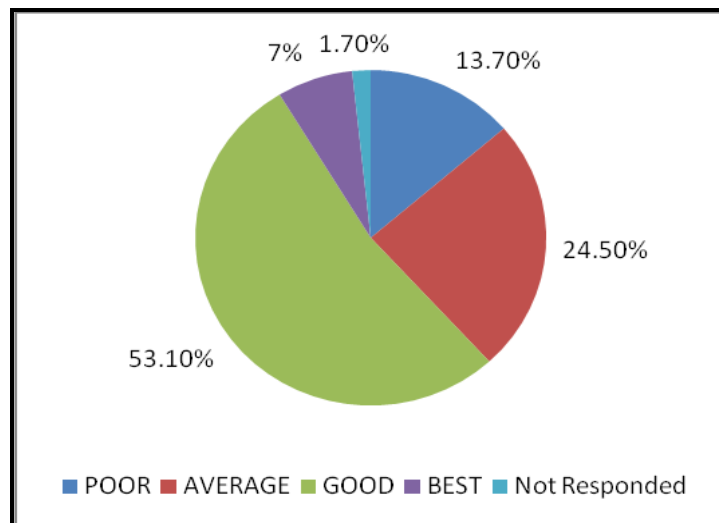


Table 5.40 reveals that, out of 542 respondents, 74(13.7%) IBOs have rate poor, 133(24.5%) IBOs have rate average services, 288(53.1%) IBOs have rate good services, 38(7%) have rate best services and 9(1.7%) were not responded. It clearly indicates that 60.1% of the respondents were satisfied with services of the home care product.

Table 5.41

**Overall Rating of Home Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	1	0.2
<b>Average</b>	44	8.1
<b>Good</b>	385	71.0
<b>Best</b>	103	19.0
<b>Total</b>	533	98.3
<b>Not Responded</b>	9	1.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.41

**Overall Rating of Home Care Product**

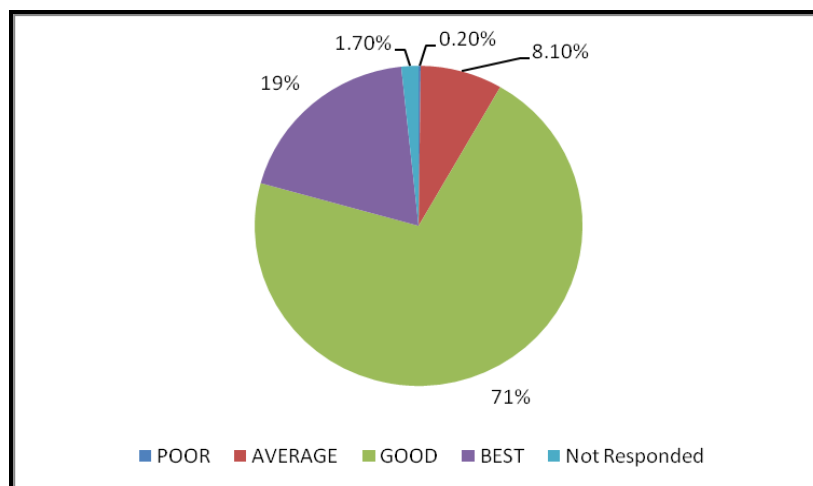


Table 5.41 shows that, out of 542 respondents, 1(.2%) IBOs have rate poor, 44(8.1%) IBOs have rate average overall rating, 385(71%) IBOs have rate good rating, 103(19%) have rate best ratings and 9(1.7%) were not responded. It clearly indicates that 90% of the respondents were satisfied with overall performance of the Home Care Products.

### 5.8.2 Opinion of Respondents (IBOs) about Personal Care Product:

This is to find out quality of personal care product

Table 5.42

#### Quality of Personal Care Product

Ratings	Frequency	Percent
Good	249	45.9
Best	293	54.1
Total	542	100.0

Graph 5.42

#### Quality of Personal Care Product

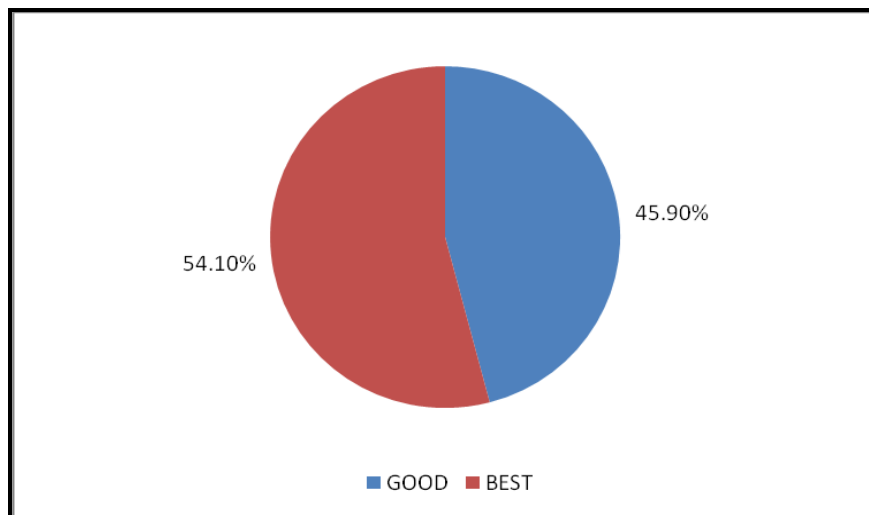


Table 5.42 shows that, out of 542 respondents, 249(45.9 %) IBOs have rate good, 293(54.1 %) IBOs have rate best quality of the product. It clearly indicates that 100% of the respondents were satisfied with quality of Personal Care Products.

Table 5.43

**Availability of Personal Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Good</b>	178	32.8
<b>Best</b>	364	67.2
<b>Total</b>	542	100.0

Graph 5.43

**Availability of Personal Care Product**

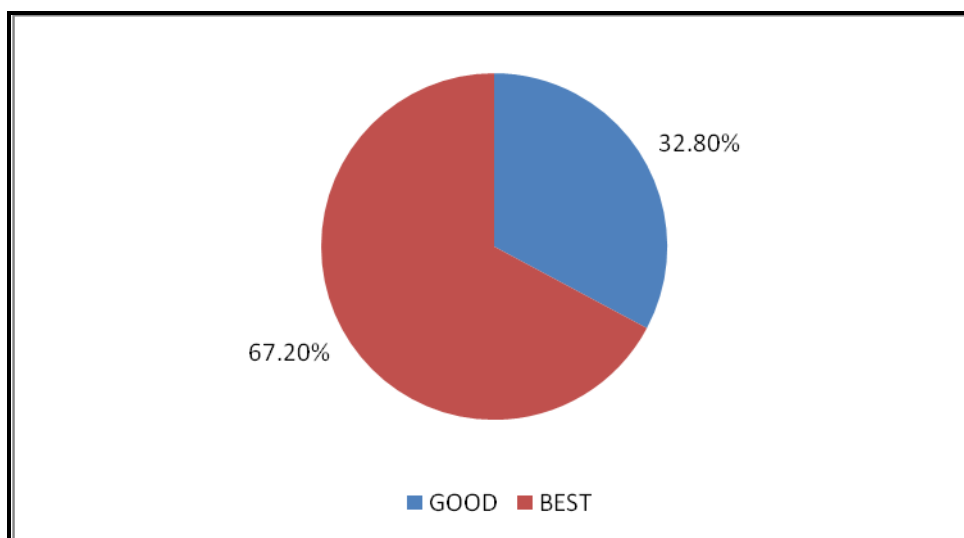


Table 5.43 reveals that, out of 542 respondents, 178(32.8 %%) Ibos have rate good, 364(67.2 %%) IBOs have rate best availability of the product. It clearly indicates that 100% of the respondents were satisfied with availability of Personal Care Products. It signifies that as far as availability is concerned, the products were available as and when they demanded.

Table 5.44

**Price of Personal Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	134	24.7
<b>Average</b>	328	60.5
<b>Good</b>	80	14.8
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.44

**Price of Personal Care Product**

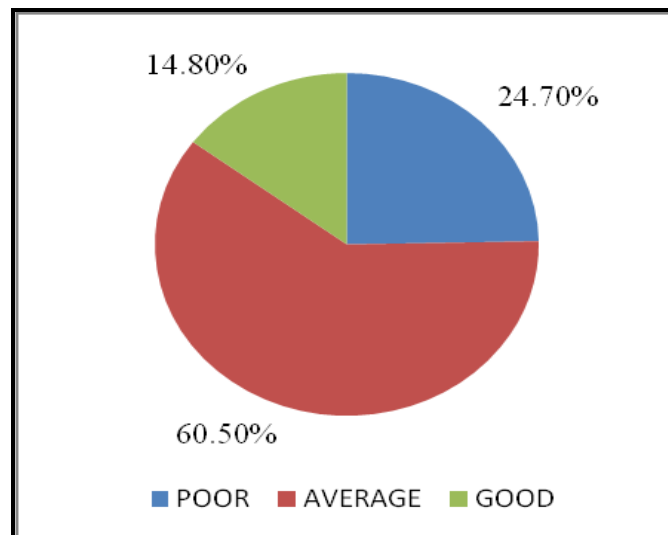


Table 5.44 shows that, out of 542 respondents, 143(24.7%) IBOs have rate poor, 328(60.5%) IBOs have rate average price, 80(14.8%) have rate good for the price of personal care product. It clearly indicates that 85.2% of the respondents were not satisfied with price of the Personal Care Products.

Table 5.45

**Offers of Personal Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	55	10.1
<b>Average</b>	311	57.4
<b>Good</b>	175	32.3
<b>Best</b>	1	0.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.45

**Offers of Personal Care Product**

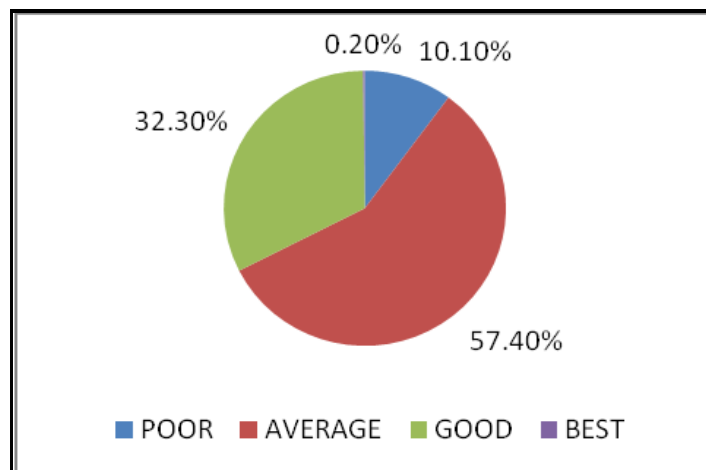


Table 5.45 explains that, out of 542 respondents, 55(10.1%) IBOs have rate poor, 311(57.4%) IBOs have rate average offers, 175(32.3%) IBOs have rate good, 1(0.2%) IBOs have rate best ratings for offers of personal care product. It clearly indicates that 67.5% of the respondents were not satisfied with offers provided to Personal Care Products.



Table 5.46

**Services of Personal Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	15	2.8
<b>Average</b>	102	18.8
<b>Good</b>	391	72.1
<b>Best</b>	33	6.1
<b>Total</b>	541	99.8
<b>Not Responded</b>	1	0.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.46

**Services of Personal Care Product**

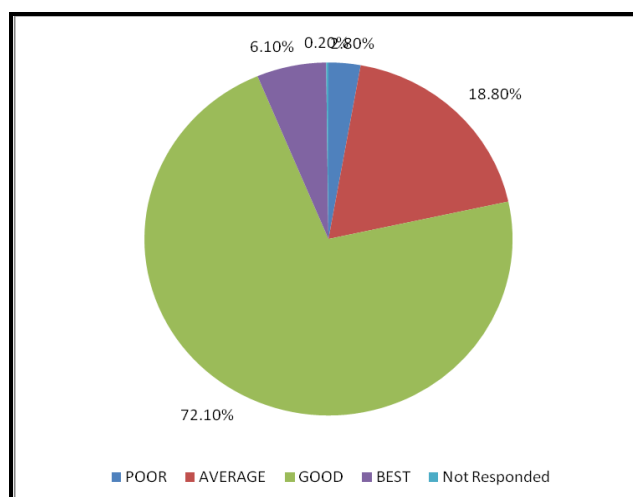


Table 5.46 reveals that, out of 542 respondents, 15(2.8%) IBOs have rate poor, 102(18.8%) IBOs have rate average services, 391(72.1%) IBOs have rate good rating, 33(6.1%) IBOs have rate best ratings for services of personal care product. It clearly indicates that 78.2% of the respondents were satisfied with services provided to Personal Care Products.

Table 5.47

**Overall Rating of Personal Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Average</b>	15	2.8
<b>Good</b>	343	63.3
<b>Best</b>	184	33.9
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.47

**Overall Rating of Personal Care Product**

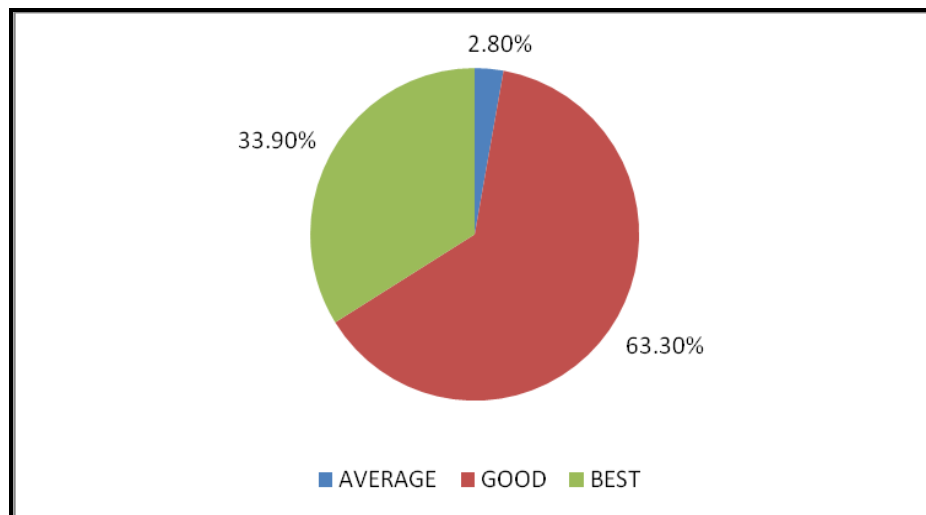


Table 5.47 shows that, out of 542 respondents, 15(2.8%) IBOs have rate average, 343(63.3%) IBOs have rate good r, 184(33.9%) IBOs have rate best overall ratings. It clearly indicates that 97.2% of the respondents were satisfied with overall performance of the Personal Care Products.

### **5.8.3 Opinion of Respondents (IBOs) about Nutrition and Wellness Product:**

This to find out the quality of Nutrition and Wellness-Health Care Product

Table 5.48

#### **Quality of Nutrition and Wellness-Health Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Good</b>	326	60.1
<b>Best</b>	216	39.9
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.48

#### **Quality of Nutrition and Wellness-Health Care Product**

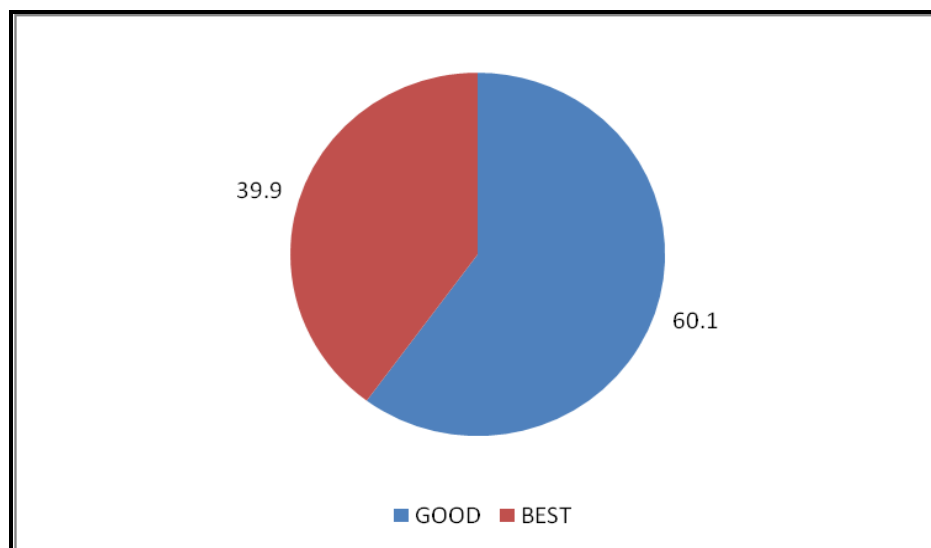


Table 5.48 explains that, out of 542 respondents, 326(60.1%) IBOs have rate good quality, 216(39.9%) IBOs have rate best quality of the product. It clearly indicates that 100% of the respondents were satisfied with quality of Nutrition and Wellness-Health Care Product.

**Table 5.49**

**Availability of Nutrition and Wellness-Health Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Good</b>	205	37.8
<b>Best</b>	337	62.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.49

**Availability of Nutrition and Wellness-Health Care Product**

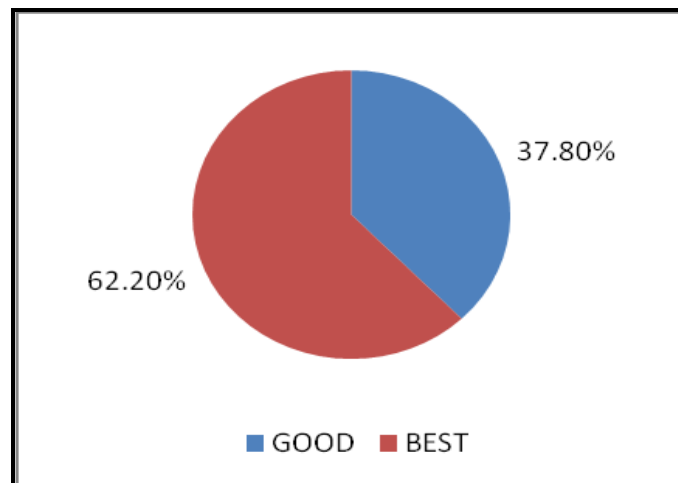


Table 5.49 shows that, out of 542 respondents, 205(37.8%) IBOs have rate good, 337(62.2%) IBOs have rate best availability of the product. It clearly indicates that 100% of the respondents were satisfied with availability of Nutrition and Wellness-Health Care Product. It signifies that as far as availability is concerned, the products were available when they demanded.

Table 5.50

**Price of Nutrition and Wellness-Health Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	393	72.5
<b>Average</b>	148	27.3
<b>Good</b>	1	0.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.50

**Price of Nutrition and Wellness-Health Care Product**

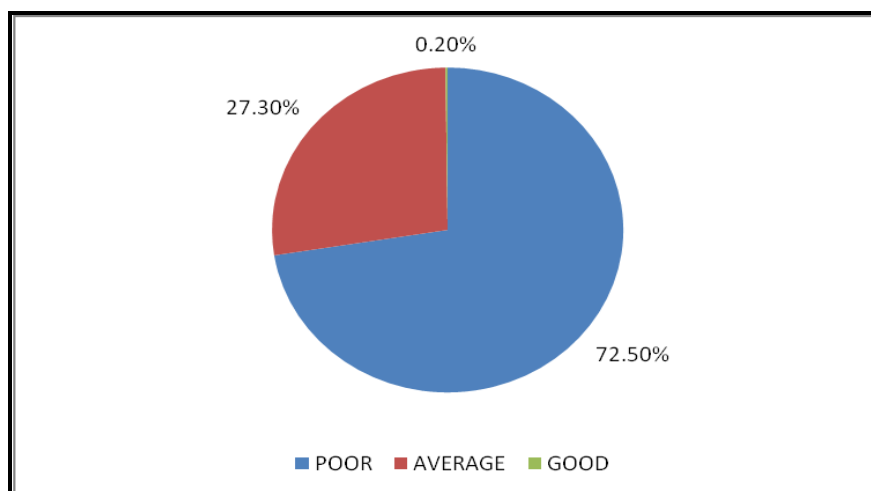


Table 5.50 shows that, out of 542 respondents, 393(72.5%) IBOs have rate poor, 148(27.3%) IBOs have rate average price, 1(0.2%) have rate good rating. It clearly indicates that 99% of the respondents were not satisfied with price of Nutrition and Wellness-Health Care Product. Comparatively it is very costly.

Table 5.51

**Offers of Nutrition and Wellness-Health Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Average</b>	126	23.2
<b>Good</b>	347	64.0
<b>Best</b>	69	12.7
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.51

**Offers of Nutrition and Wellness-Health Care Product**

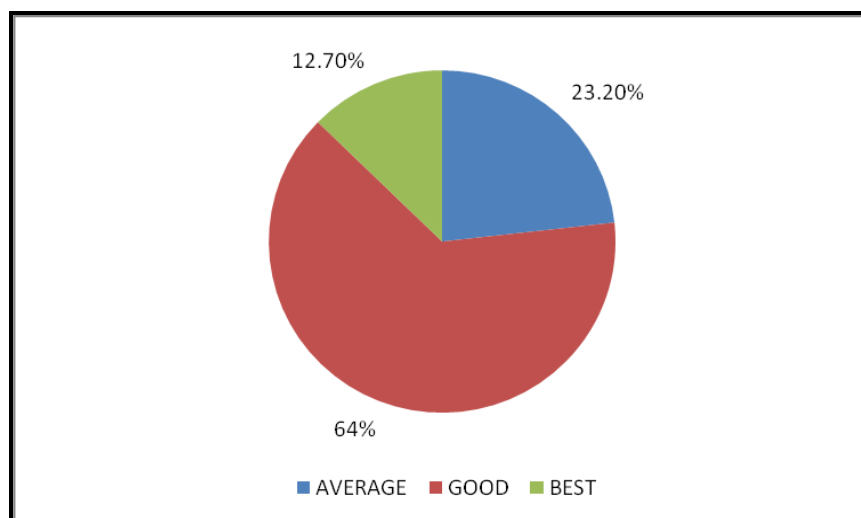


Table 5.51 shows that, out of 542 respondents, 123(26.2%) IBOs have rate average, 347(64%) IBOs have rate good, 69(12.7%) IBOs have rate best offers of this product. It clearly indicates that 76.7% of the respondents were satisfied with offers provided to Nutrition and Wellness-Health Care Product.

Table 5.52

**Services of Nutrition and Wellness-Health Care Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Average</b>	74	13.7
<b>Good</b>	370	68.3
<b>Best</b>	98	18.1
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.52

**Services of Nutrition and Wellness-Health Care Product**

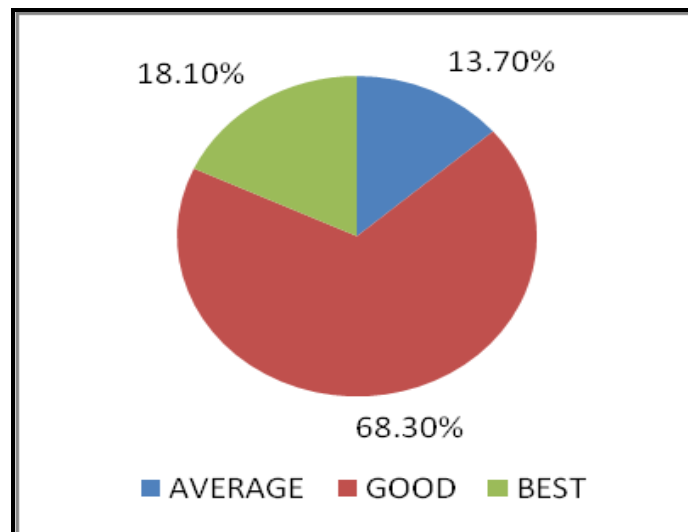


Table 5.52 shows that, out of 542 respondents, 74(13.7%) IBOs have rate average, 370(68.3%) IBOs have rate good, 98(18.1%) IBOs have rate best service of this product. It clearly indicates that 86.4% of the respondents were satisfied with services provided to Nutrition and Wellness-Health Care Product.

Table 5.53

**Overall Rating of Nutrition and Wellness-Health Care Product**

Ratings	Frequency	Percent
Average	15	2.8
Good	470	86.7
Best	57	10.5
Total	542	100.0

Graph 5.53

**Overall Rating of Nutrition and Wellness-Health Care Product**

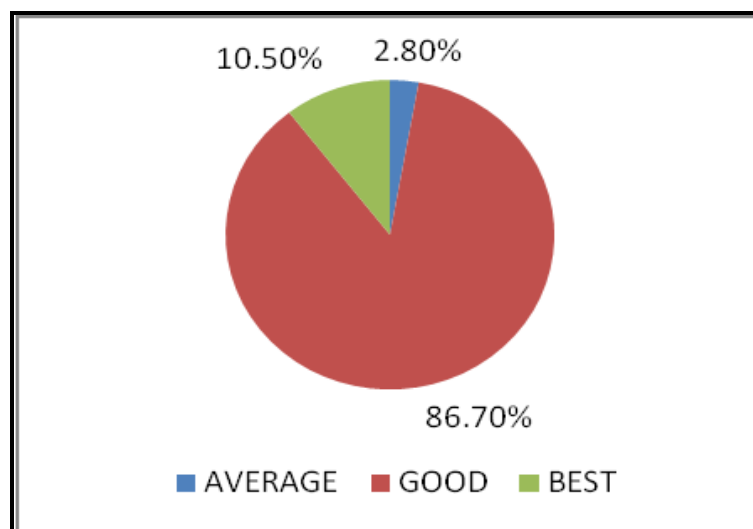


Table 5.53 explains that, out of 542 respondents, 15(2.8%) IBOs have rate average, 470(86.7%) IBOs have rate good, 57(10.5%) IBOs have rate best overall rating. It clearly indicates that 97.2% of the respondents were satisfied with overall rating of Nutrition and Wellness-Health Care Product about quality, availability, services, price and offers.



**5.8(D) Opinion of Respondents (IBOs) about General Category**

**Product:**

Table 5.54

**Quality of General Category Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Good</b>	159	29.3
<b>Best</b>	344	63.5
<b>Total</b>	503	92.8
<b>Not Responded</b>	39	7.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.54

**Quality of General Category Product**

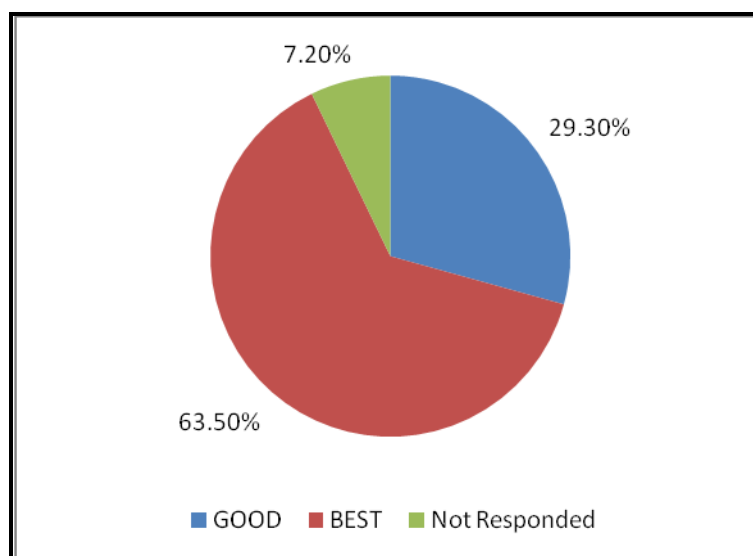


Table 5.54 shows that, out of 542 respondents, 159(29.3%) IBOs have rate good quality, 344(63.5%) IBOs have rate best. It clearly indicates that 92.8% of the respondents were satisfied with quality of General Category Product. Quality of Amway product is the strength of the company and that's why respondents given high rating to the quality.

Table 5.55

**Availability of General Category Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Good</b>	169	31.2
<b>Best</b>	334	61.6
<b>Total</b>	503	92.8
<b>Not Responded</b>	39	7.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.55

**Availability of General Category Product**

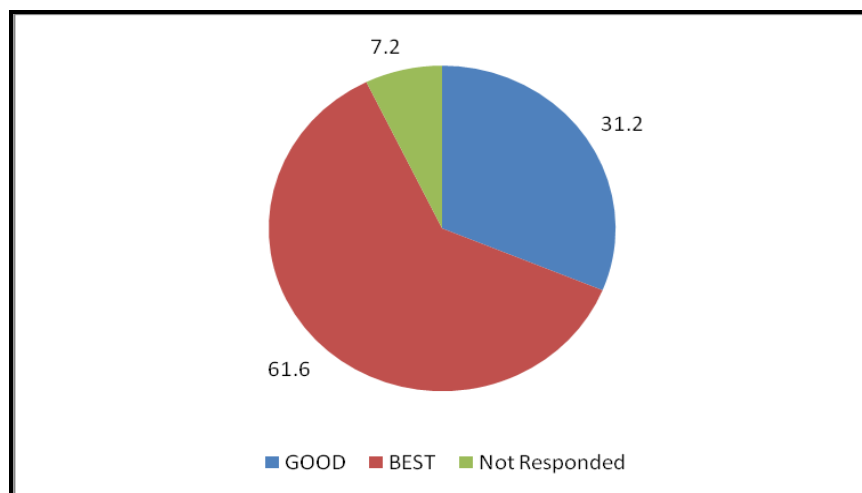


Table 5.55 reveals that, out of 542 respondents, 169(31.2%) IBOs have rate good availability, 334(61.6%) IBOs have rate best. It clearly indicates that 92.8% of the respondents were satisfied with availability of General Category Product. It signifies that as far as availability is concerned, the products were available as and when they demanded.

Table 5.56

**Price of General Category Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	90	16.6
<b>Average</b>	412	76.0
<b>Good</b>	1	0.2
<b>Total</b>	503	92.8
<b>Not Responded</b>	39	7.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.56

**Price of General Category Product**

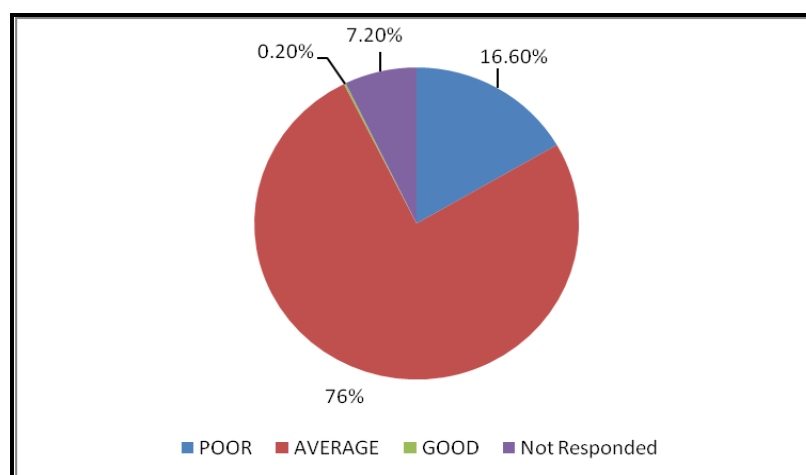


Table 5.56 reveals that, out of 542 respondents, 90(16.6%) IBOs have rate poor, 412(76%) IBOs have rate average price, 1(0.2%) IBOs have rate good price, 39(7.2) IBOs have not responded about price. It clearly indicates that 92.6% of the respondents were not satisfied with price of General Category Product. It signifies that prices of the general category products of Amway were very high according to the product which is available in the market.

Table 5.57

**Offers of General Category Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	322	59.4
<b>Average</b>	155	28.6
<b>Good</b>	12	2.2
<b>Total</b>	489	90.2
<b>Not Responded</b>	53	9.8
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.57

**Offers of General Category Product**

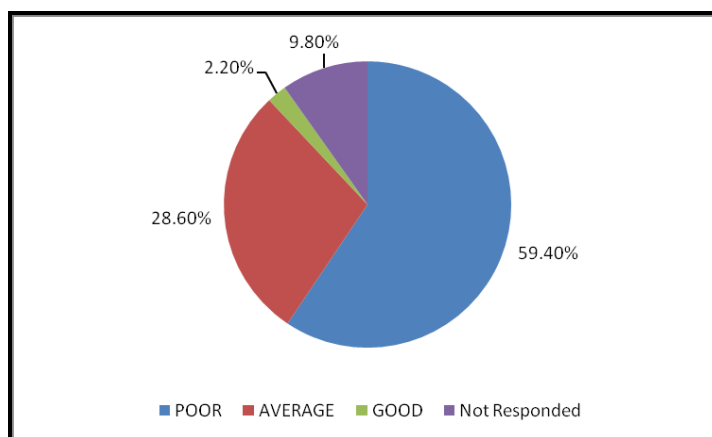


Table 5.57 shows that, out of 542 respondents, 322(59.4%) IBOs have rate poor, 155(28.6%) IBOs have rate average offers, 12(2.2%) IBOs have rate good offers, 53(9.8%) IBOs have not responded about offers. It clearly indicates that 88% of the respondents were not satisfied with offers of General Category Product. It signifies that Amway has to think about how to increase the offers of this product so that they can purchase the product and increase the sales volume.

Table 5.58

**Services of General Category Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Poor</b>	88	16.2
<b>Average</b>	169	31.2
<b>Good</b>	194	35.8
<b>Best</b>	38	7.0
<b>Total</b>	489	90.2
<b>Not Responded</b>	53	9.8
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.58

**Services of General Category Product**

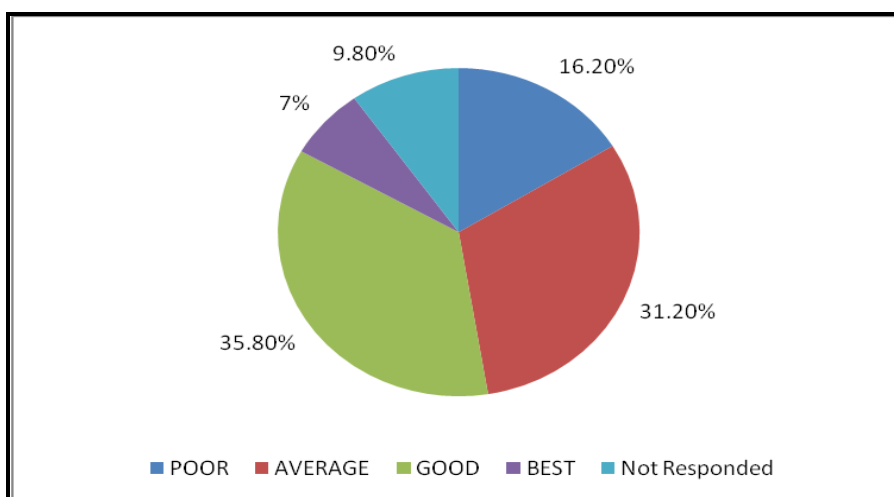


Table 5.58 explains that, out of 542 respondents, 88(16.2%) IBOs have rate poor services, 169(31.2%) IBOs have rate average services, 194(35.8%) IBOs have rate good services, 38(7%) IBOs have rate best services, 53(9.8%) IBOs have not responded about services. It signifies that 42.8% respondents were satisfied and 47.4% respondents were not satisfied with services provided by Amway for general category products. It clearly indicates that respondents have given mix responses but

majority of IBOs were not satisfied with services to General Category Product.

Table 5.59

**Overall Rating of General Category Product**

<b>Ratings</b>	<b>Frequency</b>	<b>Percent</b>
<b>Average</b>	110	20.3
<b>Good</b>	272	50.2
<b>Best</b>	121	22.3
<b>Total</b>	503	92.8
<b>Not Responded</b>	39	7.2
<b>Total</b>	<b>542</b>	<b>100.0</b>

Graph 5.59

**Overall Rating of General Category Product**

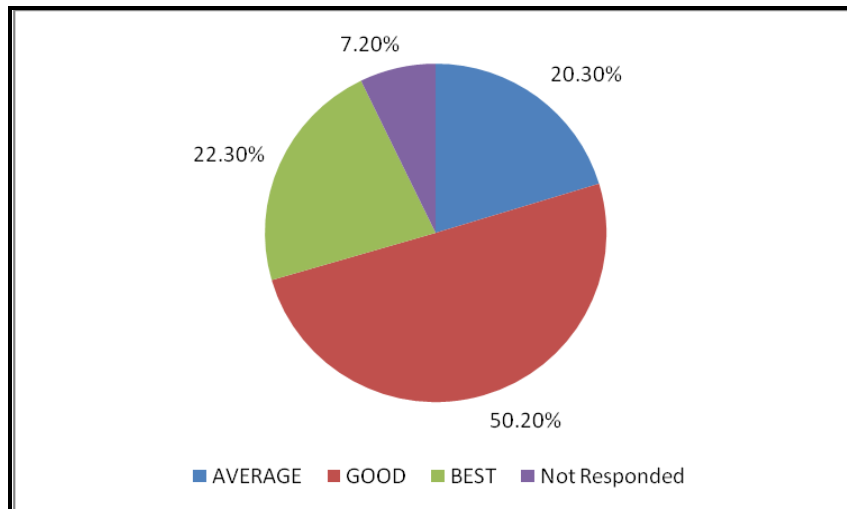


Table 5.59 shows that, out of 542 respondents, 110(20.3%) IBOs have rate average overall rating, 272(50.2%) IBOs have rate good overall rating, 121(22.3%) IBOs have rate best overall rating, 39(7.2%) IBOs have not responded about overall rating.

It clearly indicates that 72.5% respondents have given well and best overall rating to General Category Product. It means respondents were

satisfied with general category products about quality, availability, services, price and offers.

**Summary:**

The analysis and interpretation of data is done on the basis of tables, bar and pie charts as per requirement of the data collected and interpretation is given accordingly. From the interpretation it is clearly reveals that the development of IBOs on the basis of parameters namely personality development, life style, business development, business security and income level of IBOs has been increased. At the same time the opinion of IBOs towards Amway products is satisfactory as far as quality, availability, services and offers are concerned.

## **CHAPTER 6 – TESTING OF HYPOTHESES**

### **6.1 Introduction:**

#### **6.1.1 Techniques used for testing of hypotheses**

**6.2 Hypothesis 1:** Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area.

**6.3 Hypothesis 2:** The IBO's are satisfied with Amway products.

**6.4 Hypothesis 3:** There is significant difference between opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income.

**Summary:**



## **CHAPTER 6 – TESTING OF HYPOTHESES**

### **6.1 Introduction:**

The primary data as well as secondary data collected, segregated and disseminated appropriately and analyzed through various statistical tools for testing and verification. This enabled to put forth the proper inferences and clear cut interpretations. The suggestions are drawn on the basis of overall inferences and linkages with the findings. Out of 546 respondents 542 questionnaires are validated and considered for analysis and hypotheses testing.

#### **6.1.1 Techniques used for testing of hypotheses:**

- 1. Factor Analysis:** To extract the major factors influencing, a dimension reduction tool called factor analysis is used to test the hypothesis.
- 2. ANOVA:** To identify and assess the variance between the responses among the same group and between the groups a multivariate analysis tool called ANOVA is used to test the hypothesis.
- 3. Z-Test:** Hypothesis tested on the basis of z-value and it validates the coverage of responses under the normal distribution curve at 95% confidence level.

## 6.2 Hypothesis 1: Role of Amway India Enterprises is significant in Development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area.

### 6.2.1 Personality Development (PD):

**Factor Analysis:** Using factor analysis, researcher tried to extract the questions related to personality development. The method used is based on principal component analysis.

Table 6.01

#### Factor Analysis Explained Variance (%)

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Variance	Cumulative	Total	Variance	Cumulative
1	1.991	39.826	39.826	1.991	39.826	39.826
2	1.088	21.766	61.592	1.088	21.766	61.592
3	0.914	18.280	79.872			
4	0.639	12.782	92.654			
5	0.367	7.346	100.000			

Table 6.01 explains number of important factors. The table shows that only two factors (first two components) contribute for almost 62% Cumulative and higher Eigen values. It indicates that, there is very good agreement for two of the five questions asked on personality development.

Table 6.02

**Component Matrix:**

<b>Parameters</b>	<b>Component</b>	
	<b>1</b>	<b>2</b>
<b>PD1</b>	0.821	- 0.074
<b>PD2</b>	0.161	0.581
<b>PD3</b>	0.749	0.029
<b>PD4</b>	- 0.096	<b>0.847</b>
<b>PD5</b>	<b>0.825</b>	0.262

Table 6.02 of component matrix explains an idea about the variables, those resulted in important factors. The component matrix is cross table showing the variables row wise and components column wise. Researcher check for the highest values in the column and corresponding variable is the extracted factor. In the table below, highest values in the first component is 0.825, therefore the first extracted variable as important factor is PD5. Similarly second extracted variable is PD4 with 0.847.

PD4 - The person who is working with Amway mostly has developed their personality and has changed their lives.

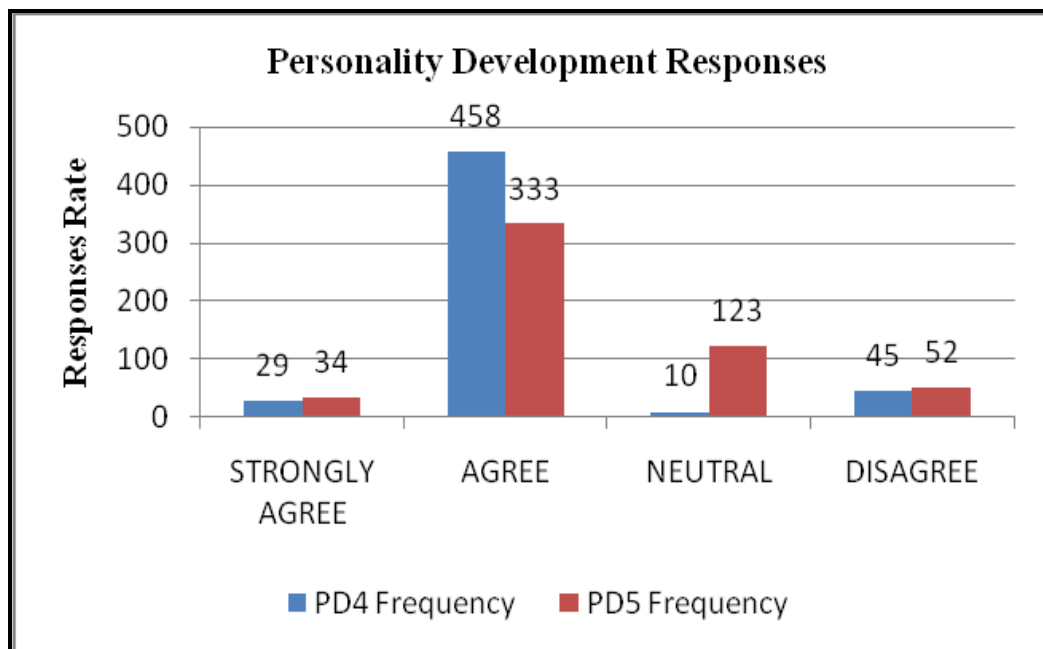
PD5 - I feel my communication skill, confidence and stage daring has been improved after joining Amway Business.

**Comparison of IBOs on the basis of Personality Development**

Parameter	Improved (Strongly agreed + Agreed)	Improved Respondents Percentage	Not Improved (Strongly disagreed+ Disagreed +Neutral)	Not Improved Respondents Percentage
<b>PD4- Personality developed and changed lives</b>	$29 + 458 = 487$	89.9%	$0 + 45 + 10 = 55$	10.1%
<b>PD5- Communication skills, confidence and stage daring improved</b>	$34 + 333 = 367$	67.71%	$0 + 52 + 123 = 175$	32.29%

Graph 6.01

**Comparison of IBOs on the basis of Personality Development**



**Interpretations:**

Graph 6.01 explains that, out of 542 respondents, 458(84.5%) Independent Business Owners have agreed, 29(5.4%) IBOs have strongly agreed and saying that they have developed their personality and have changed their lives because of Amway business. There are very few IBOs have disagreed with the statements and no IBOs were responded as strongly disagree. Hardly IBOs do not respond to the question and were neutral. This indicates that IBOs are positively agreed upon the statement.

It also shows that out of 542 respondents, 333 Independent Business Owners is a mass volume have agreed, 34 IBOs strongly agreed that their communication skills, confidence and stage daring has been improved after joining Amway Business. At the same time 123(22.7%) IBOs were neutral and only 52(9.6%) a very small number of IBOs have disagreed that their communication skills, confidence and stage daring has been improved after joining Amway business.

The Independent Business Owners (IBOs) contacts, interacts to people on daily basis for growing their business, having meeting, demos on daily basis with potential customers. So common people can flourish their hidden qualities, talent and come up with different attitude to shape their life.

Satisfaction Level of IBOs development based on Personality Development parameter is as follows.

$$\underline{78.80 \%} \{ (89.9\% + 67.71\%) \div 2 = 78.80\% \}$$

### 6.2.2 Life Style (LS):

**Factor Analysis:** Using factor analysis, researcher tried to extract the questions related to Life Style. The method used is based on principal component analysis.

**Table 6.03**  
**Factor Analysis Explained Variance (%)**

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Variance	Cumulative	Total	Variance	Cumulative
<b>1</b>	2.325	46.505	46.505	2.325	46.505	46.505
<b>2</b>	1.044	20.886	67.390	1.044	20.886	67.390
<b>3</b>	0.782	15.645	83.035			
<b>4</b>	0.545	10.908	93.944			
<b>5</b>	0.303	6.056	100.000			

Table 6.03 reveals the information about number of important factors influencing in IBOs Life Style by joining Amway. The table of explained variance shows that there are two important factors in the questions on life style. These almost contribute 67% of variance. It indicates that, there is very good agreement for two of the five questions asked on life style.

Table 6.04  
**Component Matrix**

Parameter	Component	
	1	2
LS1	0.784	0.155
LS2	<b>0.876</b>	- 0.121
LS3	0.574	0.133
LS4	0.781	- 0.220
LS5	0.008	<b>0.971</b>

Table 6.04 of component matrix shows an idea about the variables, those resulted in important factors. The component matrix is cross table showing the variables row wise and components column wise. Researcher check for the highest values in the column and corresponding variable is the extracted factor. In the table below, highest values in the first component is 0.876, therefore the first extracted variable as important factor is LS2. Similarly second extracted variable is LS5 with value 0.971.

LS2 - My life style and standard of living is considerably improved after starting Amway business.

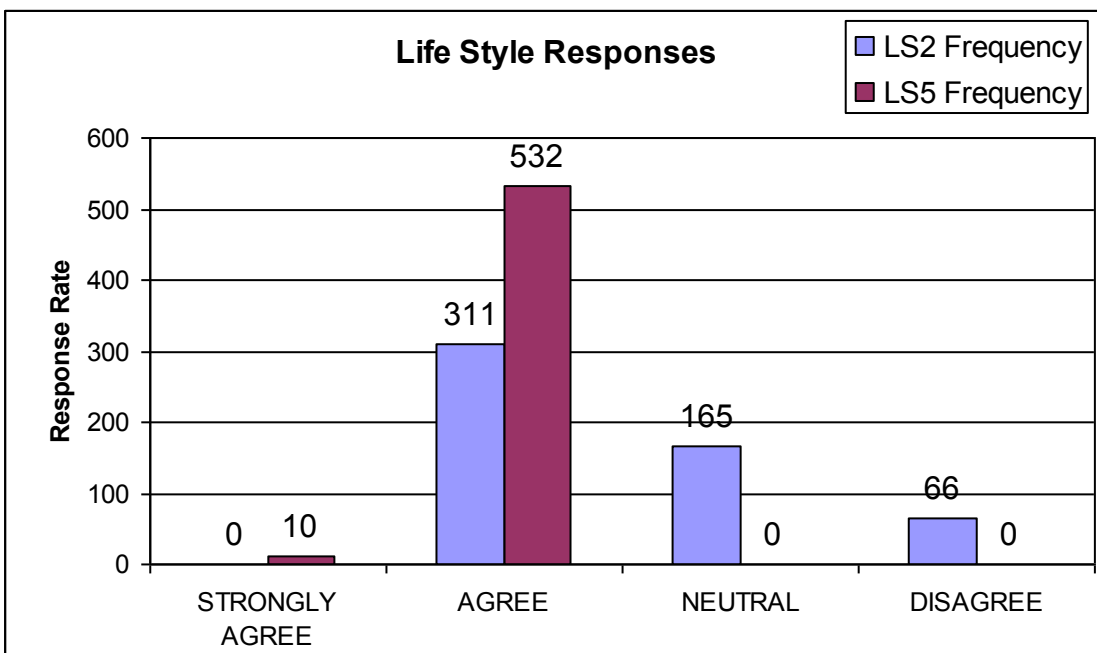
LS5 - I feel the person who is serious in this business will improve his life style and standard of living remarkably.

**Comparison of IBOs on the basis of Life Style**

Parameter	Improved (Strongly agreed + Agreed)	Improved Respondents Percentage	Not Improved (Strongly disagreed+ Disagreed +Neutral)	Not Improved Respondents Percentage
<b>LS2-Life style and standard of living</b>	0 + 311= 311	57.38%	66 + 0 + 165= 231	42.62%
<b>LS5-The person who is serous in this business will improved his life style and standard of living</b>	10 + 532= 542	100%	Nil	0%

Graph 6.02

**Comparison of IBOs on the basis of Life Style**





**Interpretations:**

Graph 6.02 explains that, 57.4 percent Independent Business Owners have agreed that their life style and standard of living considerably improved after starting Amway business.

If the person is seriously doing this business and put time and effort in the business, positive result will come out and they can increase their sales volume and ultimately optimize the profits.

30.4% respondent were neutral, which is considerable, this can be due to the IBOs joining the organization have better Life style and higher standard of living. Only 12.2% respondent have disagreed and saying that this business does not help them to improve their life style and standard of living. This signifies that the person who is serious in this business have benefited and they have improved their life style and standard of living considerably.

Satisfaction Level of IBOs development based on Life Style parameter is as follows.

$$\underline{78.69 \%} \{(100\% + 57.38\%) \div 2 = 78.69\%$$

### 6.2.3 Business Development (BD):

**Factor Analysis:** Using factor analysis, researcher tried to extract the questions related to Assistance in Business Development. The method used is based on principal component analysis.

Table 6.05

#### Factor Analysis Explained Variance (%)

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Variance	Cumulative	Total	Variance	Cumulative
1	3.839	54.839	54.839	3.839	54.839	54.839
2	1.671	23.866	78.705	1.671	23.866	78.705
3	0.794	11.342	90.047			
4	0.368	5.255	95.303			
5	0.194	2.778	98.081			
6	0.096	1.369	99.450			
7	0.039	0.550	100.000			

Table 6.05 shows the information about number of important factors influencing in assistance in business development of IBOs by Amway and their Up-line. The table of explained variance shows that there are two important factors in the questions on Assistance in Business Development. These almost contribute 78% of variance. We extract only two major components having good agreement for two of the five questions asked on assistance in business development.

**Table 6.06**  
**Component Matrix**

Parameter	Component	
	1	2
<b>BD1</b>	0.493	<b>0.726</b>
<b>BD2</b>	0.633	0.627
<b>BD3</b>	0.264	0.664
<b>BD4</b>	<b>0.920</b>	- 0.292
<b>BD5</b>	0.893	- 0.274
<b>BD6</b>	0.889	- 0.372
<b>BD7</b>	0.831	- 0.104

Table 6.06 of component matrix explains an idea about the variables, those resulted in important factors. The component matrix is cross table showing the variables row wise and components column wise. The highest values in the column and corresponding variable are the extracted factor and explained further. In the table below, highest values in the first component is 0.920, therefore the first extracted variable as important factor is BD4. Similarly second extracted variable is BD1 with value 0.726.

**BD1-** I am happy with the support of my Up-line to increase the sale and volume of my business.

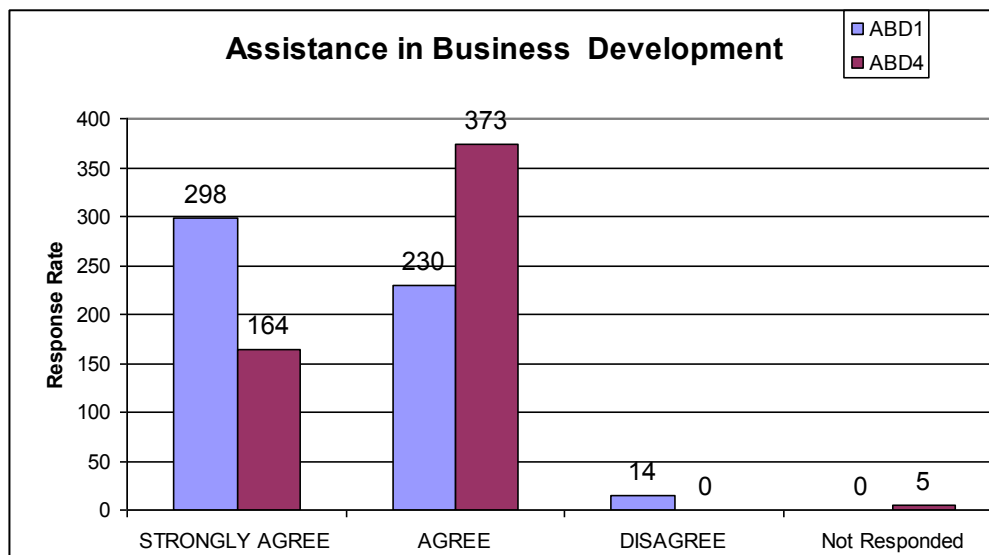
**BD4-** The quality of the product and quantity of the necessary tools and equipments for promotion of the business provided to me is satisfactory.

### Comparison of IBOs on the basis of Assistance in Business Development

Parameter	Satisfactory (Strongly agreed+ Agreed)	Satisfied Respondents Percentage	Not Satisfactory (Strongly disagreed+ Disagreed +Neutral)	Not Satisfied Respondents Percentage
<b>BD1-Support from Up line to increase the sale</b>	298 + 230 = 528	97.41%	0 + 14 + 0 = 14	2.59%
<b>BD4-Support from Amway</b>	164 + 373 = 537	99%	5 Not responded	1.00%

Graph 6.03

### Comparison of IBOs on the basis of Business Development



**Interpretations:**

Graph 6.03 explains that, out of 542 respondents, 298 (55%) IBOs have strongly agreed and 230(42.4%) respondent have agreed with the support of their Up-line to increase the sales and volume of the business. The Up-Line IBOs introduces new agents as IBOs at the downstream this chain

continues at infinity. However the Up-line stream is expected to boost, train the downstream and develop the business at every IBO nodes. Therefore, Up- line supports and helps to Down– line IBOs in business development.

Amway have enhanced quality products which supports the IBOs to boosts up their business development, the company also provides necessary tools and equipments for promotion of the business development.

The graph 6.03 shows that, out of 542 respondents, 164(30.3%) respondents have strongly agreed and 373(68.8%) respondents have agreed towards the good quality of the product and satisfied with necessary tools and equipments for promotion of the business provided to them.

It means assistance in business development given by Up-line IBOs helps them to do the business positively like providing business information, attending meetings, demonstrating the product. So it helps new IBOs to get the knowledge of the product and business and it leads to increase the sales and volume of the business.

Simultaneously quality of the product is world class and promotional activity undertaken by Amway support the IBOs to increase their business.

Satisfaction Level of IBOs development based on Business Development parameter is as follows.

$$\underline{\underline{98.20\%}} \{(97.41\% + 99\%) \div 2 = 98.20\%\}$$

### 6.2.4 Business Security (BS):

**Factor Analysis:** Using factor analysis, researcher tried to extract the questions related to Business Security. The method used is based on principal component analysis.

Table 6.07

#### Factor Analysis Explained Variance (%)

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Variance	Cumulative	Total	Variance	Cumulative
1	2.448	48.968	48.968	2.448	48.968	48.968
2	1.125	22.501	71.469	1.125	22.501	71.469
3	0.811	16.217	87.685			
4	0.474	9.476	97.162			
5	0.142	2.838	100.000			

Table 6.07 explains information about number of important factors. The table of explained variance shows that there are two important factors in the questions on Business Security. These almost contribute 71% of variance. It indicates that, there is very good agreement for two of the five questions asked on business security.

Table 6.08

**Component Matrix:**

<b>Parameter</b>	<b>Component</b>	
	<b>1</b>	<b>2</b>
<b>BS1</b>	0.901	- 0.151
<b>BS2</b>	0.933	- 0.120
<b>BS3</b>	0.803	- 0.126
<b>BS4</b>	0.288	0.695
<b>BS5</b>	0.193	0.768

Table 6.08 of component matrix explains an idea about the variables, those resulted in important factors. The component matrix is cross table showing the variables row wise and components column wise. The highest values in the column and corresponding variable are the extracted factor. In the table below, highest values in the first component is 0.933, therefore the first extracted variable as important factor is BS2. Similarly second extracted variable is BS5 with value 0.768.

BS2- I have observed nobody has shut down their business for unknown reasons in this Organization.

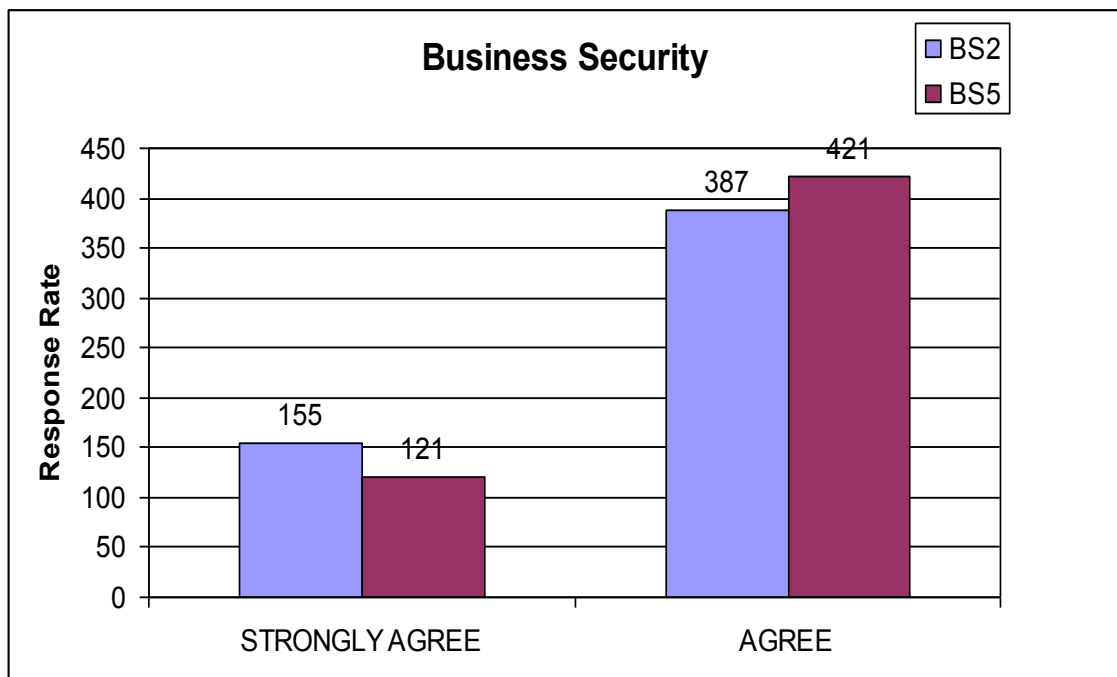
BS5- I can work happily in this company if my business is secured which is my primary concern over the other factors.

**Comparison of IBOs on the basis of Business Security**

Parameter	Secured (Strongly agreed + Agreed)	Secured Respondents Percentage	Not Secured (Strongly disagreed+ Disagreed +Neutral)	Not Secured Respondents Percentage
<b>BS2-Nobody will shut down my business for unknown reason</b>	155 + 387 = 542	100%	Nil	0%
<b>BS5-My business is secured</b>	121 + 421 = 542	100%	Nil	0%

Graph 6.04

**Comparison of IBOs on the basis of Business Security**





**Interpretations:**

Graph 6.04 shows that, out of 542 respondents, 155(28.5%) respondents have strongly agreed and 387(71.4%) respondent have agreed that their business is secured and will be continued longer. All the respondents agree that their business is secured.

The company had laid simple and clear rules and regulation with standard framework for Amway business. This increases the ethical orientation of IBOS and makes them feel much secured.

So IBOs work happily in this company as business is secured which is their primary concern over the other factors. The working environment becomes quite pleasant when business security is the highest concerned.

Satisfaction Level of IBOs development based on Business Security parameter is as follows.

$$\underline{100\%} \{(100\% + 100\%) \div 2 = 100\%\}$$

**6.2.5 Income Level (IL):**

**Factor Analysis:** Using factor analysis, researcher tried to extract the questions related to Income Level. The method used is based on principal component analysis.

Table 6.09

**Factor Analysis Explained Variance (%)**

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	Variance	Cumulative	Total	Variance	Cumulative
<b>1</b>	1.606	40.144	40.144	1.606	40.144	40.144
<b>2</b>	1.058	26.458	66.602	1.058	26.458	66.602
<b>3</b>	.874	21.853	88.455			
<b>4</b>	.462	11.545	100.000			

Table 6.09 shows the information about number of important factors. The table of explained variance shows that there are two important factors in the questions on Income Level. These almost contribute 66% of variance. The two factors having good agreement on income level are extracted.

Table 6.10

**Component Matrix**

Parameter	Component	
	1	2
<b>IL1</b>	0.784	- 0.331
<b>IL2</b>	0.470	0.538
<b>IL4</b>	0.198	0.793
<b>IL3</b>	0.855	- 0.176

Table 6.10 of component matrix shows an idea about the variables, those resulted in important factors. The component matrix is cross table showing the variables row wise and components column wise. In the table below, highest values in the first component is 0.855, therefore the first extracted variable as important factor is IL3. Similarly second extracted variable is IL4 with value 0.793.

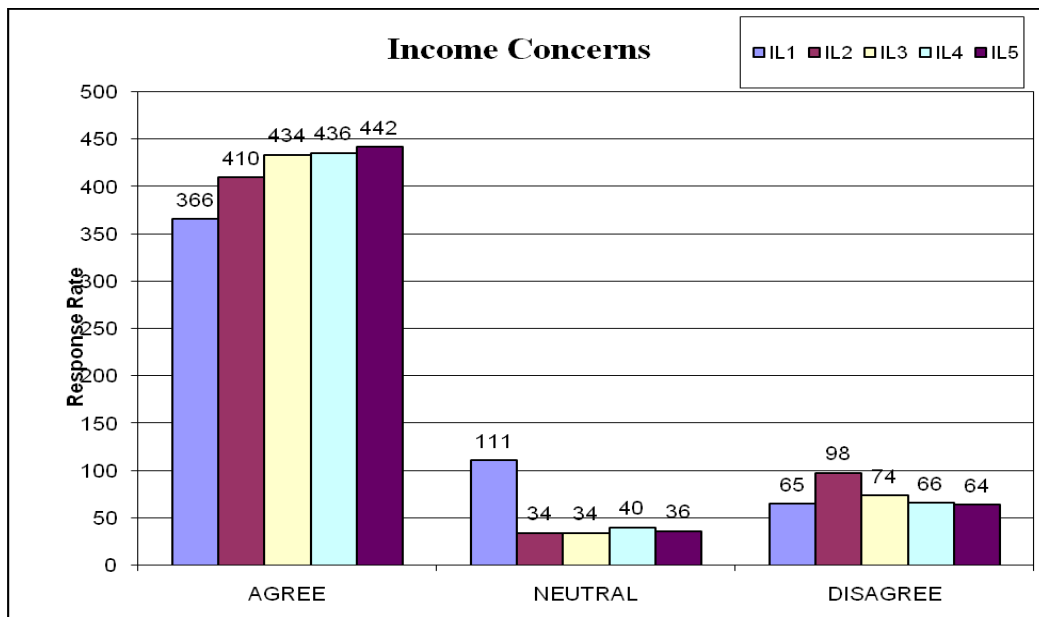
**Questions about Income Level**

IL1	My income level has been increased because of Amway business.
IL2	I am able to meet the basic needs and necessities of my family with the income from Amway.
IL3	I am satisfied with the current income which I am getting from Amway.
IL4	I feel that incentive plan, bonus and other non monetary benefits are appropriate.
IL5	I am more concerned about my income, Promotion and Benefits in this business.

**Comparison of IBOs on the basis of Income Level**

Parameter	Satisfied (Strongly agreed + Agreed)	Satisfied Respondents Percentage	Not Satisfied (Strongly disagreed+ Disagreed +Neutral)	Not Satisfied Respondents Percentage
<b>Income level has been increased</b>	366	67.53%	0 + 65 + 111 = 176	32.47%
<b>Able to meet basic needs</b>	410	75.64%	98 + 34 = 132	24.36%
<b>Satisfied with current income</b>	434	80.1%	0 + 74 + 34 = 108	19.93%
<b>Incentive Plan, bonus satisfactory</b>	436	80.5%	66 + 40 = 106	19.5%
<b>More concern about income and benefits</b>	442	82.5%	64 + 36 = 100	17.5%

Graph 6.05

**Comparison of IBOs on the basis of Income Level****Interpretations:**

Graph 6.05 explains that, out of 542 respondents, 366(67.53%) IBOs have agreed and saying their income level has been increased because of Amway.

Maximum respondents feel that the efforts taken to develop Amway business and time spent on the activities have received appropriate returns or earnings.

111(20.5%) respondents were neutral and not saying anything about their income level affected by Amway and very small number of IBOs that is 12 percent respondents has disagreed with the statement. This shall be due to the higher expectations of IBOs.

Out of 542 respondents, 410(75.6%) IBOs have agreed and saying that they are able to meet the basic needs and necessities of their life from Amway income.

98(18.1%) respondents were disagree and saying that they will not able to meet basic needs and necessities from Amway income. This can be due to the inactive participation in business or some of the IBOs join the company for consumption of product and hence they do not rely on Amway business. Therefore 13.7 percent respondents were not satisfied with current income which they are getting from Amway

Out of 542 respondents, 434(80.1%) IBOs were saying that they are satisfied with current income which they are getting from Amway.

80.5 percent IBOs were agreed that incentive plan, bonus and other non monetary benefits offered by Amway are appropriate and satisfactory which support and motivate them to do the business positively and spend more time for the Amway business. Remaining 19.5 percent respondents have disagreed and neutral.

82.5 percent respondents have agreed and more concerned about their income, promotion and benefits from this business. While 17.5 percent respondents have disagreed and neutral.

The satisfaction Level of IBOs development based on Income Level parameter is as follows.

$$\underline{77.25\%} \{(67.53\% + 75.64\% + 80.1\% + 80.5\% + 82.5\%) \div 5 = 77.25\%$$

The following table shows the overall comparative contribution of detriments of IBOs development.

Table 6.11

**Contribution of Determinants of IBOs Development**

<b>Parameters</b>	<b>Contribution of IBOs Development</b>
<b>Personality Development</b>	78.80 %
<b>Life Style</b>	78.69 %
<b>Business Development</b>	98.20 %
<b>Business Security</b>	100 %
<b>Income Level</b>	77.25 %

From the above tables it is clear that 78.80 percent of IBOs developed their personality, 78.69 percent of IBOs improved the life style after joining the Amway. 98.20 percent of IBOs says that they got assistance in business development, all the IBOs says that they have business security and 77.25% IBOs proclaims that their income level increased due to Amway.

**Therefore we reject the null hypothesis and accept that the Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area.**

### 6.3 Hypothesis 2: The IBO's are satisfied with Amway products.

It is important to study the differences in ratings the Amway products on various parameters either differ significantly. Since respondent were asked to rate a product on 6 different parameters. The parameters were Quality of product, Availability, Price, Offers, Services and overall rating.

Since more than two variables are involved, data must to be analyzed using ANOVA and the nature of data is on rating scores. Thus Kruskal-wallis (Non parametric ANOVA) test is used to test the significance of difference between the ratings given by different respondent for different products.

#### 6.3.1 Home Care Products:

Table 6.12

#### ANOVA Test for Home Care Product

Parameters	HCP1 (LOC)	HCP2 (Dish Drop)	HCP3 (Zoom)	HCP4 (SA-8)
Quality of product	2310.69	2060.17	1956.23	2059.72
Availability	2471.32	2234.70	2127.68	2159.85
Reasonable Price	887.92	891.13	709.48	769.73
Offers	723.25	641.93	715.31	719.49
Services	1342.68	1154.78	1240.50	1317.32
Overall rating	1861.15	1660.28	1569.80	1670.87
N	533	480	462	483
P-Value	.000	.000	.000	.000

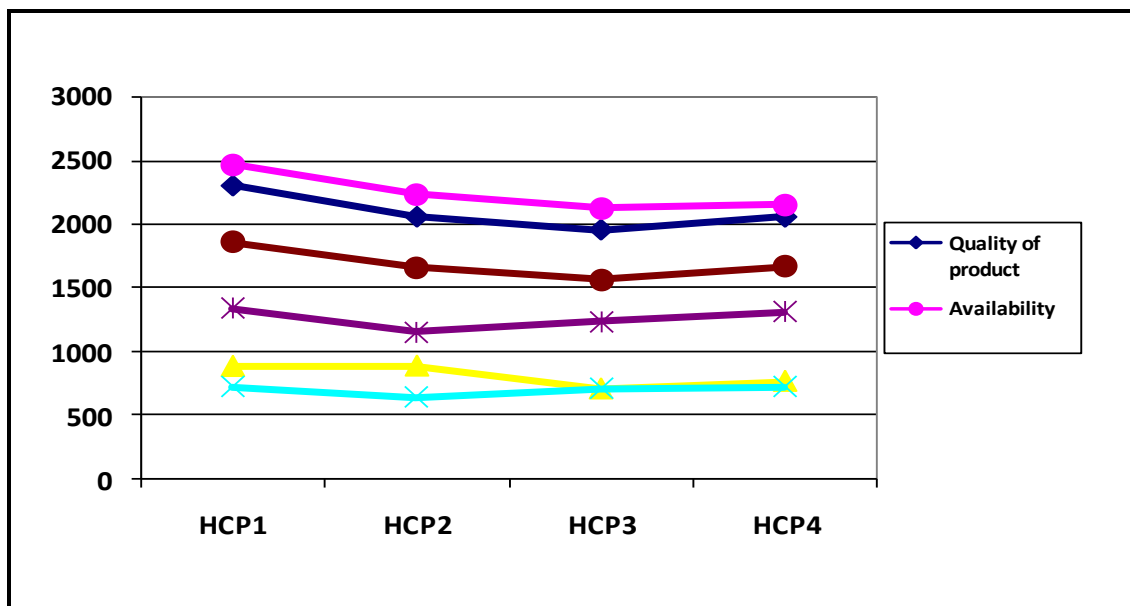
**Interpretations:**

Table 6.12 explains that, the p value for all HCP1, HCP2, HCP3 and HCP4 is 0.000 which is less than that of 0.05. This shows that there is significant difference for the rating on parameters considered here, i.e. Quality of the product, Availability, Price, Offers, Services and Overall ratings of the product. The sums of ranks are highest for availability, quality, overall rating and services.

But the sums of ranks are significantly smaller for offers and prices. This shows that IBOs are satisfied with the availability, quality, and services but not satisfied with the prices of the products and offers on the products. But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the home care products. The rating trend can very well be understood from the following graph.

Graph 6.06

**Rating Trends for Home Care Products**





The quality and availability of LOC is utmost good amongst home care products of Amway, the price of LOC and Dish drop is reasonable as compare to other products. LOC, Dish Drop and SA-8 have similar ratings in offers on these products while there are fewer offers on Dish drop. The overall rating for LOC is considerably high and is most preferred home care product of Amway

**Overall rating of Home Care Products:**

From the graph it is clearly indicates that the overall rating of home care products is good and best.

**The following points to be extracted from the above discussions.**

1. The quality and availability of home care product is good.
2. The price of the home care products is little high.
3. The offers provided by Amway of home care products are not satisfactory.
4. For services respondent rate the mix feedback for home care products.
5. Finally, IBOs were satisfied with quality, availability, services and overall rating. But at the same time the sums of ranks are significantly smaller for prices and offers. This shows that IBOs are satisfied with the availability, quality, and services but not satisfied with the prices of the products and offers on the products.

But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the home care products.

**6.3.2 Personal Care Products:**

Table 6.13

**ANOVA Test for Personal Care Products**

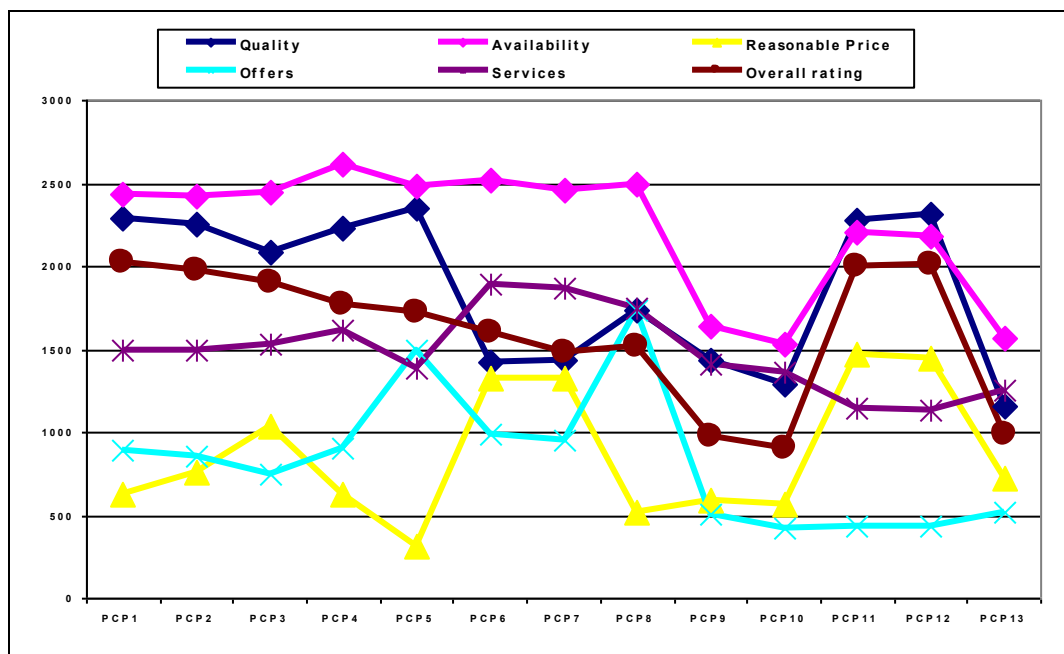
	PCP 1	PCP 2	PCP 3	PCP 4	PCP 5	PCP 6	PCP 7	PCP 8	PCP 9	PCP 10	PCP 11	PCP 12	PCP 13
<b>Quality</b>	2287.75	2250.61	2089.38	2228.56	2354.58	1420.91	1438.77	1736.60	1427.94	1286.07	2282.08	2319.05	1151.91
<b>Availability</b>	2437.80	2422.04	2447.51	2608.76	2477.10	2518.23	2454.68	2495.35	1635.43	1524.58	2199.44	2183.57	1569.28
<b>Reasonable Price</b>	624.12	756.45	1038.50	631.69	318.42	1327.65	1329.29	521.67	592.97	561.21	1471.32	1446.70	724.15
<b>Offers</b>	888.55	859.36	750.23	906.22	1490.57	992.59	956.25	1730.58	505.85	425.36	434.03	438.65	523.50
<b>Services</b>	1490.20	1494.82	1533.86	1616.70	1390.43	1893.80	1862.07	1751.36	1407.69	1359.55	1145.16	1127.65	1249.98
<b>Overall rating</b>	2027.32	1975.71	1899.52	1767.08	1727.90	1605.82	1483.95	1523.46	971.66	898.84	1997.70	2014.21	993.92
<b>N</b>	542	542	542	542	542	542	529	542	383	357	533	533	328
<b>P-Value</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

**Interpretations:**

Table 6.13 shows that, the p value for all personal care products is 0.000 which is less than that of 0.05. This shows that there is significant difference for the rating of quality, availability, price, offers, services and overall ratings. The sums of ranks are highest for availability, quality, overall rating and services. But the sums of ranks are significantly smaller for offers and prices. This shows that IBOs are happy with the availability, quality, and services but not satisfied with the prices of the products and offers on the products. But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the personal care products. The overall rating shows that IBOs are more satisfied with PCP1 (G & H Lotion) and PCP12 (Persona Amla Hair Oil).

Graph 6.07

**Rating Trend for Personal Care Products**



The quality of personal care products like G & H Lotion, G & H body shampoo, Persona talcum, Persona Coconut oil and Persona Amla hair oil is outstandingly good. The prices of personal care products are considerably high, however talcum powder and Adv. Sr. Tooth brush is quite lower amongst the category. It is clear that very few offers are being provided on personal care category, though persona soap is being promoted by adding up more offers. G & H Lotion has good overall rating.

**Overall rating of Personal Care Products:**

From the graph it is clearly indicates that the overall rating of personal care products is good.

**The following points to be extracted from the above discussions.**

1. The quality and availability of personal care product is good.
2. The prices of the personal care products considerably high.
3. The offers provided by Amway of personal care products are not satisfactory.
4. For services respondent rate the mix feedback for personal care products.
5. Finally, IBOs were satisfied with quality, availability, services and overall rating. But at the same time the sums of ranks are significantly smaller for prices and offers. This shows that IBOs are happy with the availability, quality, and services but not satisfied with the prices of the products and offers on the products.

But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the personal care products.

**6.3.3 Nutrition and Wellness-Health Care Products:**

Table 6.14

**ANOVA Test for Nutrition and Wellness-Health Care Products**

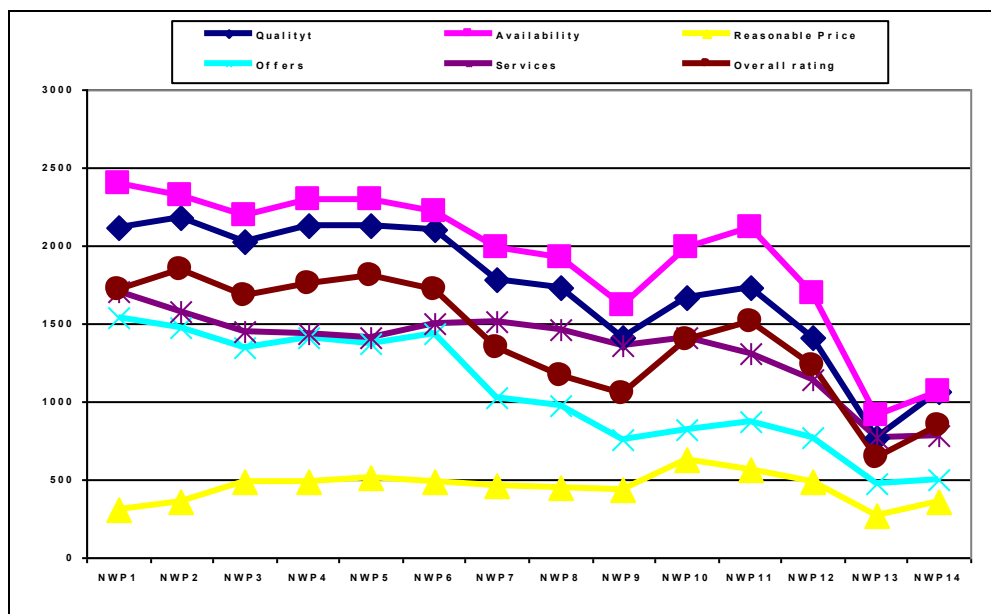
	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW	NW
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>P-Value</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>N</b>	542	542	542	529	529	523	449	425	369	444	450	377	215	256
<b>Overall rating</b>	1718.44	1845.09	1684.23	1760.29	1810.79	1723.23	1342.51	1168.24	1048.41	1391.56	1518.35	1227.89	639.36	845.66
<b>Services</b>	1699.52	1576.69	1450.16	1442.20	1413.11	1504.40	1508.73	1460.85	1360.50	1412.10	1313.90	1139.41	774.28	777.55
<b>Offers</b>	1532.87	1475.65	1348.02	1414.04	1369.26	1436.45	1025.85	969.03	758.70	821.14	876.66	772.31	472.48	502.47
<b>Reasonable Price</b>	302.84	356.91	482.86	486.66	510.80	490.96	466.98	448.77	429.68	633.82	568.21	492.44	268.12	353.50
<b>Availability</b>	2391.97	2325.88	2188.17	2291.58	2291.65	2213.05	1982.86	1928.58	1621.66	1983.97	2115.88	1686.04	916.19	1057.79
<b>Quality</b>	2113.36	2178.79	2029.57	2130.23	2129.39	2100.68	1776.17	1726.58	1405.64	1672.55	1725.80	1415.25	769.07	1070.00

**Interpretations:**

Table 6.14 explains that, the p value for all Nutrition and Wellness-health care products is 0.000 which is less than that of 0.05. This shows that there is significant difference for the rating of quality, availability, price, offers, services and overall ratings. The sums of ranks are highest for availability, quality, overall rating and services. But the sums of ranks are significantly smaller for offers and prices. This shows that IBOs are satisfied with the availability, quality, and services but not satisfied with the price of the product and offers provided on the products. But when asked to give overall rating, all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the products. The overall rating shows that IBOs are more satisfied with NW2 (Nutrilite Daily) and NW5 (Nutrilite Cal Mag). This shows that when IBOs rated the product they are not satisfied with NW13 product on all the parameters. The rating trend can very well understood from the following graph.

Graph 6.08

**Rating Trends for Nutrition and Wellness-Health Care Products**



The nutritional and wellness-health care products of Amway viz. Nutrilite protein powder, Nutrilite daily, Nutrilite BIO-C, Nutrilite Iron Folic, Nutrilite Cal Mag and Nutrilite Natural-B have extremely good rated similarly the availability of these products are in abundant in all the time. However the prices of the products, offers and services are very low rated. That is the prices of the nutritional products are very high with hardly any offers on the product.

**Overall rating of Nutritional Products:**

From the graph it is clearly indicates that the overall rating of Nutritional products is good.

**The following points to be extracted from the above discussions.**

1. The quality and availability of Nutritional product is very good.
2. The price of the Nutritional products is high.
3. The offers provided by Amway of Nutritional products are not satisfactory.
4. For services respondent rate the lower feedback for Nutritional products.
5. Finally, IBOs were satisfied with quality, availability, services and overall rating. But at the same time the sums of ranks are significantly smaller for prices and offers. This shows that IBOs are happy with the availability, quality, but not satisfied with the prices of the products, offers and services of the products.

But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the Nutritional products.

### 6.3.4 General Category Products:

Table 6.15

#### ANOVA Test for General Category Products

Parameter	GCP1	GCP2	GCP3
Quality of product	2312.16	1860.93	647.52
Availability	2295.82	1843.94	647.52
Reasonable Price	804.73	632.40	433.95
Offers	500.62	421.63	186.07
Services	1258.39	985.86	351.77
Overall rating	1766.99	1431.52	542.4
N	503	393	189
P-Value	0.000	0.000	0.000

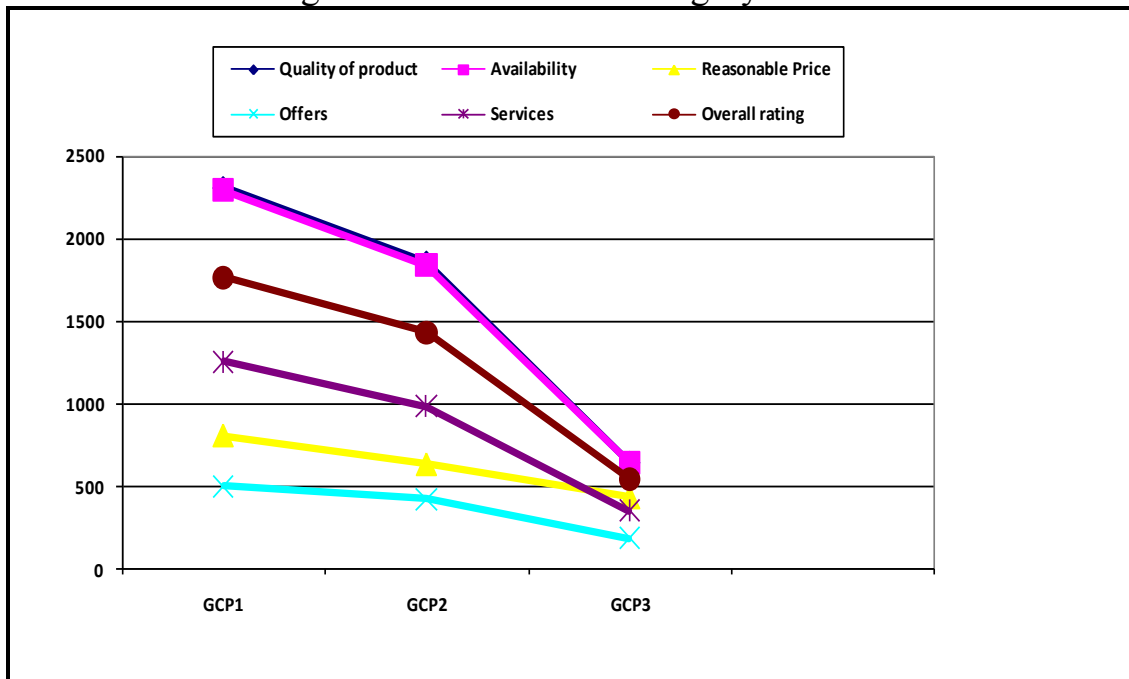
#### Interpretations:

Table 6.15 shows that, the p value for all general category products is 0.000 which is less than that of 0.05. This shows that there is significant difference for the rating of quality, availability, price, offers, services and overall ratings of the product. The sums of ranks are highest for quality, availability, services and overall rating. But the sums of ranks are significantly smaller for offers and prices. This shows that IBOs are happy with the availability, quality, and services but not satisfied with the prices of the products and offers on the products. But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the general category products. The overall rating shows that IBOs are more satisfied with GCP1 (Car Wash). Amongst all the products, the product GCP3 (Leather and Vinyl Cleaner) has got very



less ratings. This shows that when IBOs rated the product they are not satisfied with GCP3 (Leather and Vinyl Cleaner) product on all the parameters. The rating trend can very well understood from the following graph.

Graph 6.09  
Rating Trends for General Category Products



In all the parameters like quality, price reasonability, offers, services and overall rating for general category products, car wash is best rated; silicon glaze moderately rated while leather and vinyl cleaner is poor rated. The offers and prices are very poorly rated while quality, availability and services are significantly good rated.

**Overall rating of general category products:**

Quality and availability of Car wash and Silicon Glaze is best and satisfactory because respondents rate best it means people like this products very much.

**The following points to be extracted from the above discussions.**

1. The quality and availability of general category product is good.
2. The price of the general category products is high.

3. The offers provided by Amway of general category products are not satisfactory.
4. For services respondent rate the mix feedback for Nutritional products.
5. Finally, IBOs were satisfied with quality, availability, services and overall rating. But at the same time the sums of ranks are significantly smaller for prices and offers. This shows that IBOs are happy with the availability, quality, and services but not satisfied with the prices of the products and offers on the products.

But when asked to give overall rating all of them have rated highly on overall rating. This indicates that overall IBOs are satisfied with the general category product.

### Satisfaction Level of IBOs of Amway Products

Amway Product	Satisfied/Not Satisfied					
	Quality	Availability	Price	Services	Offers	Overall Rating
<b>Home-Care Product</b>	Satisfied	Satisfied	Not Satisfied	Satisfied	Not Satisfied	Satisfied
<b>Personal-Care Product</b>	Satisfied	Satisfied	Not Satisfied	Satisfied	Not Satisfied	Satisfied
<b>Nutritional &amp; Wellness-Health-Care Products</b>	Satisfied	Satisfied	Not Satisfied	Satisfied	Satisfied	Satisfied
<b>General Category Product</b>	Satisfied	Satisfied	Not Satisfied	Satisfied	Satisfied	Satisfied

This hypothesis bifurcated in five parameters and tested differently to check the satisfaction of IBOs towards-

1. Product Quality
2. Availability
3. Price
4. Offers
5. Services

**We fail to reject the null hypothesis in case of price and offers and consider that IBOs are not satisfied towards Product price and offers provided by Amway.**

**The hypotheses in case of product quality, availability and services, we reject the null hypotheses and accept that IBOs are significantly satisfied with these parameters.**

#### **6.4 Hypothesis 3:**

There is significant difference between opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income from Pune and Pimpri-Chinchwad area.

The statistical analysis is carried out and z - test is used to test the significance of difference between proportion of respondents from Pimpri-Chinchwad and proportion of respondents from Pune responding positively for the important parameters extracted in factor analysis.

**6.4.1 Male-Female Distribution of IBOs for Pune and Pimpri – Chinchwad area**

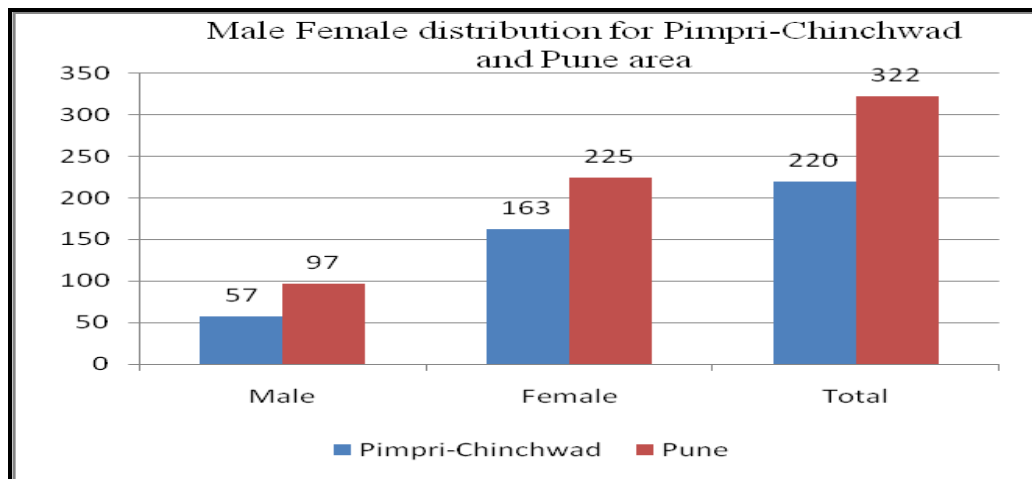
Table 6.16

**Male-Female Distribution of IBOs for Pune and Pimpri – Chinchwad**

Gender	Pimpri-Chinchwad	Pune
Male	57	97
Female	163	225
Total	220	322

Graph 6.10

**Male-Female Distribution of IBOs for Pune and Pimpri – Chinchwad**



**Interpretations:**

Table 6.16 shows that, out of 220 respondents, 57 IBOs were male and 163 IBOs were female from Pimpri-Chinchwad area and out of 322 respondents, 97 IBOs were male and 225 IBOs were female from Pune. It shows that 74% females IBOs from Pimpri-Chinchwad and 69.88% female IBOs from Pune were involved in this business. This signifies that this is the opportunity for female to earn money show their talent and financially support the family. They can prove themselves and explore

their hidden qualities for the family betterment and expand their network and get the recognition from the society.

#### **6.4.2 Comparative Opinion of Male IBOs those agreed or strongly agreed for different questions on Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level of IBOs from Pune and Pimpri-Chinchwad area.**

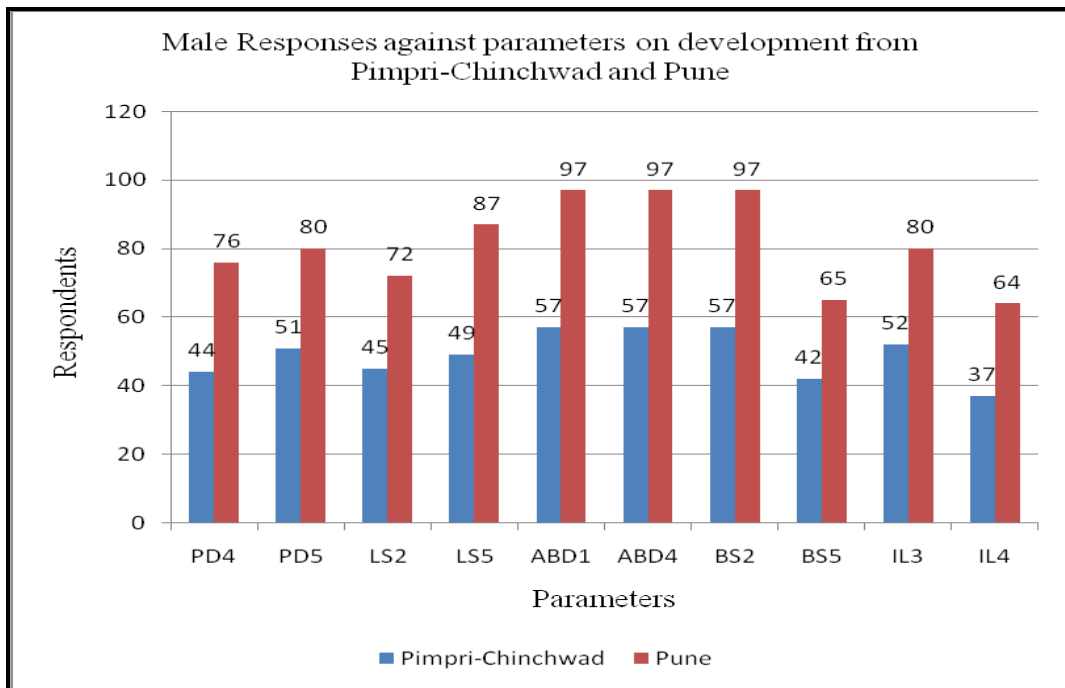
Table 6.17

#### **Comparative Opinion of Male IBOs from Pune and Pimpri-Chinchwad area using z-value**

Parameters	MALE		
	Pimpri-Chinchwad (57)	Pune (97)	z-value
PD4	44	76	-0.1676
PD5	51	80	1.17665
LS2	45	72	0.66204
LS5	49	87	-0.6949
BD1	57	97	0
BD4	57	97	0
BS2	57	97	0
BS5	42	65	0.86841
IL3	52	80	1.49894
IL4	37	64	-0.1346

Graph 6.11

### Comparative Opinion of Male IBOs from Pune and Pimpri-Chinchwad area



#### Interpretations:

Table 6.17 explains that, since all z-values are less than that of 1.96, thus researcher conclude that there is no significant difference in the number of males from Pune and Pimpri-Chinchwad area for each category. The table also explains that there are no significant differences in the opinion of male from Pune and Pimpri-Chinchwad on the given parameters. This signifies that the opinions of male IBOs from both Pune and Pimpri-Chinchwad area are similar about Personality Development, Life Style, and Assistance in Business Development, Business Security and Income Level. It means the IBOs wherever they were working, their opinion are same about the given parameters. It is very important to note that nevertheless the responses vary internally in the groups but not amongst the groups or between the groups

### 6.4.3 Comparative Opinion of Male IBOs from Pune and Pimpri-Chinchwad area in percentage

Parameters	Comparative Opinion of Male IBOs	
	Pimpri-Chinchwad	Pune
Personality Development	83%	80%
Life Style	82%	82%
Business Development	100%	100%
Business Security	87%	84%
Income Level	78%	74%

From the above chart it is clear that there is no significant difference in the opinion of Male IBOs from Pimpri-Chinchwad and Pune area on the given parameters i.e. Personality Development, Assistance in Business Development, Life Style, Business Security and Income Level of IBOs.

If we see the response percentage on strongly agreed and agreed towards the parameters from Pune city and Pimpri Chinchwad area, almost for all the parameters the data is identical and hardly have any differences. This describes that geographical differences does not have any influence on the given parameter.

### 6.4.4 Comparative opinion of Female IBOs those agreed or strongly agreed for different questions on Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level of IBOs from Pune and Pimpri-Chinchwad area.

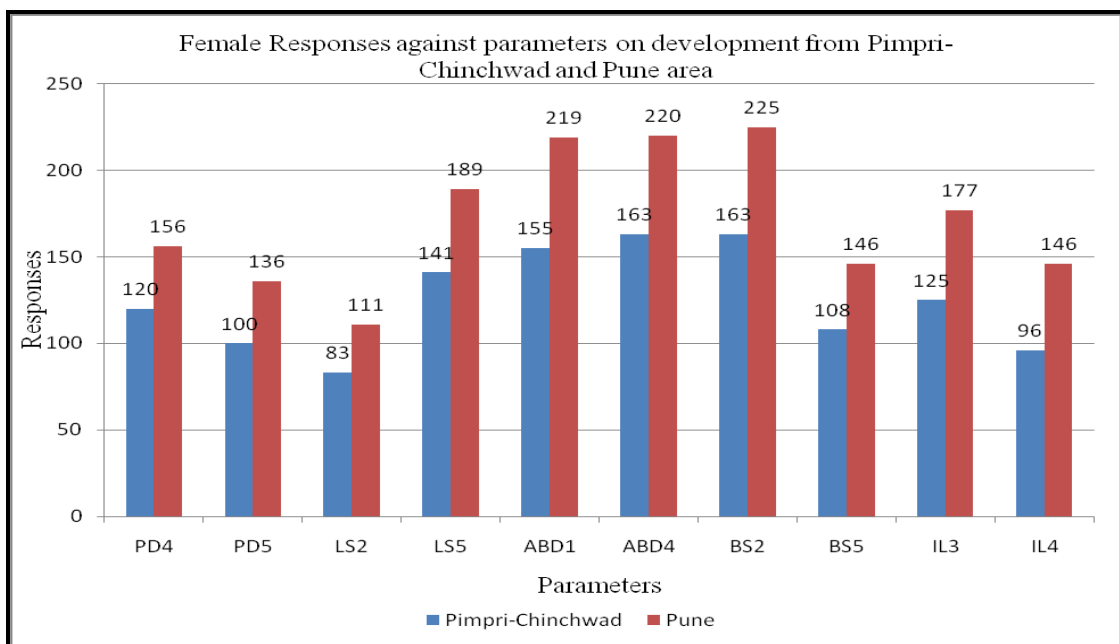
Table 6.18

**Comparative Opinion of Female IBOs from Pune and Pimpri-Chinchwad area using z-value**

Parameters	FEMALE		
	Pimpri-Chinchwad(163)	Pune(225)	z-value
PD4	120	156	0.9204
PD5	100	136	0.1803
LS2	83	111	0.3086
LS5	141	189	0.6825
ABD1	155	219	-1.1684
ABD4	163	220	1.9156
BS2	163	225	0
BS5	108	146	0.2799
IL3	125	177	-0.4634
IL4	96	146	-1.2027

Graph 6.12

**Comparative Opinion of Female IBOs from Pune and Pimpri-Chinchwad**





**Interpretations:**

Table 6.18 shows that, since all z-values are less than that of 1.96, therefore researcher conclude that there is no significant difference in the number of female IBOs from Pune and Pimpri-Chinchwad area for each category. The table also explains that there is no significant difference in the opinion of female IBOs from Pune and Pimpri-Chinchwad on the given parameters. It means the opinions of female IBOs from both areas are similar about Personality Development, Life Style of IBOs, Assistance in Business Development, Business Security and Income Level.

**6.4.5 Comparative Opinion of Female IBOs from Pune and Pimpri-Chinchwad area on Parameters**

Parameters	Comparative Opinion of Female IBOs	
	Pimpri-Chinchwad	Pune
Personality Development	67%	65%
Life Style	69%	67%
Business Development	98%	98%
Business Security	83%	82%
Income Level	68%	72%

From the above chart it is clear that there is no significant difference in the opinion of Female IBOs from Pimpri-Chinchwad and Pune area on the given parameters i.e. Personality Development, Assistance in Business Development, Life Style, Business Security and Income Level of IBOs.

Similar to the male responses, female responses from Pune city and Pimpri Chinchwad are quite identical. This strengthens the diagnosis that the geographical differences dose not influences the above parameters

**6.4.6 Comparative Opinion of IBOs those agreed or strongly agreed for different questions on Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level of IBOs from Pune and Pimpri-Chinchwad area according to Age of the Respondent.**

Table 6.19

**Comparative Opinion of IBOs on the basis of Age from Pune and Pimpri-Chinchwad area using z-value**

Parameter	18 to 25 Yrs			26 to 35 Yrs		
	Pimpri-Chinchwad	Pune	Z-Value	Pimpri-Chinchwad	Pune	Z-value
<b>PD4</b>	10	10	0.7182	89	130	0.7613
<b>PD5</b>	10	9	1.0915	74	117	-0.2768
<b>LS2</b>	6	6	0.3642	51	83	-0.4057
<b>LS5</b>	6	7	0	105	160	0.2822
<b>ABD1</b>	11	14	-1.1015	112	176	-0.7720
<b>ABD4</b>	12	13	0.9441	118	178	1.6212
<b>BS2</b>	12	14	0	118	182	0
<b>BS5</b>	0	0	0	83	127	0.1031
<b>IL4</b>	8	10	-0.2622	66	119	-1.6449
<b>IL3</b>	10	12	-0.1677	92	147	-0.5892
<b>Out of</b>	<b>12</b>	<b>14</b>		<b>118</b>	<b>182</b>	

Parameter	36 to 45 Yrs			Above 45 Yrs		
	Pimpri-Chinchwad	Pune	Z-Value	Pimpri-Chinchwad	Pune	Z-value
<b>PD4</b>	52	75	0.1627	13	17	-0.4323
<b>PD5</b>	54	79	0.0066	13	11	1.2109
<b>LS2</b>	58	82	0.4819	13	12	0.9431
<b>LS5</b>	64	90	0.7991	15	19	-0.3517
<b>ABD1</b>	69	101	0	20	25	-1.1031
<b>ABD4</b>	69	101	0	21	25	0
<b>BS2</b>	69	101	0	21	25	0
<b>BS5</b>	52	71	0.7251	15	13	1.3448
<b>IL4</b>	42	61	0.0620	17	20	0.0811
<b>IL3</b>	58	83	0.3199	17	15	1.5383
<b>Out of</b>	<b>69</b>	<b>101</b>		<b>21</b>	<b>25</b>	

### Interpretations:

Table 6.19 reveals that, since all z-values are less than that of 1.96, thus researcher conclude that there is no significant difference in the proportion of respondents, who agrees on the different factors from Pune and Pimpri-Chinchwad area for each category of the age. It means all the IBOs from different age groups having the similar opinion regarding the determinants of development like Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level. This signifies that all the age group of IBOs was very much dedicated towards Amway business and fully concentrates to increase their sales and develop the business.

**6.4.7 Comparative Opinion of IBOs those agreed or strongly agreed for different questions on Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level of IBOs from Pune and Pimpri-Chinchwad area according to Educational Level.**

Table 6.20

**Comparative Opinion of IBOs on the basis of Educational Qualification from Pune and Pimpri-Chinchwad area using z-value**

Parameter	1 <sup>st</sup> to 10 <sup>th</sup>			11 <sup>th</sup> to 12 <sup>th</sup>		
	Pimpri-Chinchwad	Pune	Z-Value	Pimpri-Chinchwad	Pune	Z-value
<b>PD4</b>	21	22	0.3892	12	32	-1.2867
<b>PD5</b>	18	23	-0.8389	14	30	0.0714
<b>LS2</b>	15	22	-1.4042	14	27	0.6675
<b>LS5</b>	24	26	0.2552	13	30	-0.3832
<b>ABD1</b>	24	29	-1.1478	17	39	-1.4850
<b>ABD4</b>	27	29	0.9571	18	39	0
<b>BS2</b>	27	30	0	18	39	0
<b>BS5</b>	14	18	-0.6190	11	26	-0.4085
<b>IL4</b>	12	17	-0.9216	11	29	-1.0162
<b>IL3</b>	17	24	-1.4292	15	32	0.1182
<b>Out of</b>	<b>27</b>	<b>30</b>		<b>18</b>	<b>39</b>	

Parameter	GRADUATE			DIPLOMA			POST GRADUATE		
	Pimpri-Chinchwad	Pune	Z-value	Pimpri-Chinchwad	Pune	Z-value	Pimpri-Chinchwad	Pune	Z-value
<b>PD4</b>	88	131	0.3756	20	15	1.8073	23	32	0.2201
<b>PD5</b>	79	126	-0.5176	22	19	1.4832	18	18	1.4918
<b>LS2</b>	52	88	-0.7915	20	17	1.2477	27	29	2.0593*
<b>LS5</b>	101	157	-0.3368	23	21	1.3679	29	42	-0.1032
<b>ABD1</b>	116	177	0.1193	23	25	-1.0311	32	46	0
<b>ABD4</b>	119	178	1.6280	24	25	0	32	46	0
<b>BS2</b>	119	182	0	24	25	0	32	46	0
<b>BS5</b>	82	115	1.0204	17	17	0.2151	26	35	0.5433
<b>IL4</b>	75	119	-0.4181	14	13	0.4455	21	32	-0.3667
<b>IL3</b>	96	151	-0.5073	22	21	0.8184	27	29	2.0592*
<b>Out of</b>	<b>119</b>	<b>182</b>		<b>24</b>	<b>25</b>		<b>32</b>	<b>46</b>	

### Interpretations:

Table 6.20 clearly shows that, since all z-values are less than that of 1.96, therefore researcher conclude that there is no significant difference in the number of respondent in each category of education who responded for different parameters from Pune and Pimpri-Chinchwad area.

But in post graduate category there is significance of difference for IL3 and LS2 parameter since z-value is greater than that of standard value 1.96. It means post graduate IBOs were not satisfied with current income which they received from Amway business (IL3). And at the same time they were saying that their life style and standard of living was not affected and improved with help of Amway (LS2). This signifies that the

people having higher qualification are less serious in Amway business and that's why their income remain same while doing Amway business, however it is evident that the people opted graduation and diplomas are quite sincere and dedicated towards the business development.

**6.4.8 Comparative Opinion of IBOs those agreed or strongly agreed for different questions on Personality Development, Life Style of IBOs, Assistance in Business Development, Business Security and Income Level of IBOs from Pune and Pimpri-Chinchwad area according to Annual Income level:**

Table 6.21

**Comparative Opinion of IBOs on the basis of Annual Income from Pune and Pimpri-Chinchwad area using z-Value**

Parameters	Rs.1-3 LAKHS			Rs.3.1-5 LAKHS		
	Pimpri-Chinchwad	Pune	Z-value	Pimpri-Chinchwad	Pune	Z-value
PD4	34	47	-0.0814	37	52	1.2414
PD5	40	54	0.1859	42	62	1.1605
LS2	30	45	-0.6913	37	56	0.6324
LS5	38	53	-0.2108	41	69	-0.6232
ABD1	46	63	0	47	76	0
ABD4	46	63	0	47	73	1.379
BS2	46	63	0	47	76	0
BS5	30	45	-0.6913	34	56	-0.1634
IL4	24	48	-2.6152	33	46	1.0890
IL3	44	59	0.4525	41	58	1.4847
Out of	46	63		47	76	

Parameters	Rs.5.1-8 LAKHS			Rs.8.1-10 LAKHS			ABOVE Rs.10 LAKHS		
	Pimpri-Chinchwad	Pune	Z-value	Pimpri-Chinchwad	Pune	Z-value	Pimpri-Chinchwad	Pune	Z-value
<b>PD4</b>	21	39	-0.3506	6	8	-0.1905	5	5	0
<b>PD5</b>	17	29	0.1716	6	9	-1.1711	4	4	0
<b>LS2</b>	15	23	0.5801	6	9	-1.1711	3	5	-1.0801
<b>LS5</b>	29	41	2.3251*	5	8	-0.8877	7	6	1.0377
<b>ABD1</b>	28	49	0.1488	7	9	0	7	7	0
<b>ABD4</b>	30	51	1.0771	7	9	0	7	7	0
<b>BS2</b>	30	53	0	7	9	0	7	7	0
<b>BS5</b>	19	29	0.7636	5	5	0.6506	6	7	-1.0377
<b>IL4</b>	14	33	-1.3775	6	5	1.2911	5	4	0.5577
<b>IL3</b>	19	33	0.0967	7	9	0	4	7	-1.954
<b>Out of</b>	<b>30</b>	<b>53</b>		<b>7</b>	<b>9</b>		<b>7</b>	<b>7</b>	

### Interpretations:

Table 6.21 explains that, since all z-values are less than that of 1.96, therefore researcher concludes that there is no significant difference in the opinion of respondent in each category of income level who responded for different parameters from Pune and Pimpri-Chinchwad area .

However, in income category of Rs.5.1 Lakhs to 8 lakhs and for parameter LS5 there are significant differences, since z- value is greater than that of standard value 1.96. It means IBOs whose income stands in

between Rs.5.1 lakhs to 8 lakhs, believe that the person who is serious in this business does not make any differences or improvements in the life style and standard of living. This signifies that the people having higher income through different sources are less serious in Amway business, however it is evident that the people opted Amway as a main source of income are quite sincere and dedicated towards the business development.

The hypothesis requires bifurcation to test on Gender, Age, Educational qualification and Annual Income respectively.

In case of Gender and Age, we reject the null hypotheses. There is no any significant differences in opinions responded by IBOs.

While in case of education - qualification and annual income we fail to reject the null hypothesis. Since IBOs who are post graduate and the IBOs having annual income above Rs. 5.1 lakhs, show neutral responses for any developmental changes due to Amway in their current income, lifestyle and standard of living. These responses significantly vary with the undergraduates and people having income lower than 5 lakhs.



**Summary:**

The various statistical techniques and z-value results interpret and explain that the role of Amway India is significant in development of IBOs in Pune and Pimpri-Chinchwad area. The IBOs are satisfied towards Amway products and there is no differences between opinion of IBOs towards different parameters namely personality development, life style, assistance in business development, business security and income level from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income.

It means IBOs having the same type of opinions from Pune and Pimpri-Chinchwad area and no matter for gender, age, educational qualification, and their annual income from other sources or there is hardly any difference between the cultures, demography etc between Pune city and Pimpri Chinchwad area.

## **CHAPTER 7: FINDINGS, CONCLUSIONS AND SUGGESTIONS**

7.1 Introduction

7.2 Findings

7.3 Conclusions

7.4 Suggestions

7.5 Scope for future research

Summary

## **CHAPTER 7: FINDINGS, CONCLUSIONS AND SUGGESTIONS**

**7.1 Introduction:** The findings, conclusions and recommendations are derived from the Data Analysis and Interpretation and from the Testing of Hypothesis. Suggestions are drawn with a view to bring about certain improvement in price and offers provided by Amway and recommendations are made for the future research in the area.

### **7.2 Findings:**

The profile of Amway India Enterprises Pvt. Ltd. as discussed in Chapter 4 show that the company is well established and doing well in direct marketing sector. Amway is trying its level best to generate good amount of business volume and support IBOs to develop their own business through recruiting new IBOs and expand the business positively. Following are the findings based on overall data analysis and inferences

#### **7.2.1. Findings from the Data Analysis and Interpretation:**

- I. After studying and analysing the determinants of development of IBOs it is found that the role of Amway India is significant in development of IBOs.
- II. After analyzing the overall rating of Amway products it is found that the IBOs are satisfied with overall rating of Amway products as far as quality, availability, and services is concerned and dissatisfied with price and offers of the product. IBOs claims that price of the products are high and they have not satisfied on offers provided on the products.

III. The determinants for development of IBOs contribute in different percentages individually. The determinants of IBOs considered here like Personality Development, Life Style, Business Development, Business Security and Income Level

It has found that out of 542 respondents, 427(78.80%) IBOs has developed their personality, 426(78.69%) IBOs has developed life style and 419 (77.25%) IBOs has improved their income level. It is also found that Assistance in business development (98.20%) and Business security (100%). This indicates that Amway has a mammoth contribution towards the development of IBOs in aforesaid determinants.

IV. It has found that there is no significant difference in the opinion of IBOs (male and female) from Pimpri-Chinchwad and Pune area on the given parameters i.e. Personality Development, Business Development, Life Style, Business Security and Income Level of IBOs. It shows the similar perceptions of IBOs from Pune and Pimpri-Chinchwad towards the development parameters practised by Amway.

V. It has found that there is no significant difference in the number of respondent in each category of age who responded for different parameters from Pune and Pimpri-Chinchwad area. It means the opinion of all the age category-wise IBOs from Pune and Pimpri-Chinchwad area are similar regarding the determinants for development.

VI. It has found that there is no significant difference in the number of respondent in each category of education who responded for different

parameters from Pune and Pimpri-Chinchwad area. However, in post graduate category there is significance of difference for IL3 and LS2 parameter. Post graduate IBOs were not satisfied with their current income from Amway business (IL3) and at the same time they responded that their life style and standard of living (LS2) was not affected or improved because of Amway.

VII. It has found that there is no significant difference in the number of respondent in each category of income level who responded for different parameters from Pune and Pimpri-Chinchwad area. However, in income category between Rs. 5.1 lack to 8 Lakhs there is significance difference for LS5 parameter. These income level IBOs were denied that the person who is serious in this business will improve his life style and standard of living remarkably.

**Hypotheses Tested:**

**1. Hypothesis 1:** “Role of Amway India Enterprises is significant in development of Independent Business Owners (IBOs) in Pune and Pimpri-Chinchwad area”.

We reject the null hypothesis and accept that the role of Amway is significant in development of IBOs. It has found that, 78.80% of IBOs personality developed, 78.69% of IBOs life style is improved, 98.20% of IBOs says that they got assistance in business development, all the IBOs says that they have business security and 77.25% IBOs proclaims that their income level increased due to Amway.

**2. Hypothesis 2:** “The IBO’s are satisfied with Amway products “

This hypothesis bifurcated in five parameters and tested differently to check the satisfaction of IBOs towards a. Product quality, b. availability, c. Price, d. offers and e. services respectively.

We fail to reject the null hypothesis in case of price and offers and consider that IBOs are not satisfied towards Product price and offers provided by Amway. However in overall rating the responses have negligible count. On the other side the hypotheses in case of product quality, availability and services, we reject the null hypotheses and accept that IBOs are considerably satisfied with these parameters.

**3. Hypothesis 3:** “There is significant difference between opinions of IBOs towards different parameters from Pune and Pimpri-Chinchwad area on the basis of Gender, Age profile, Educational Qualification and Annual Income”.

This hypothesis is also bifurcated to test on Gender, Age, Educational qualification and Annual Income respectively. In case of Gender and Age, we reject the null hypotheses. There is no any significant differences in opinions responded by IBOs.

While in case of education qualification and annual income we fail to reject the null hypothesis. Since IBOs who are post graduate and the IBOs having annual income above Rs. 5.1 lakhs, show neutral responses for any developmental changes due to Amway in their current income, lifestyle and standard of living.

### **7.3 Conclusions:**

1. The international presence of Amway shows that company is doing better and satisfied their IBOs on the front of economic and social development. So people can earn extra income and live better life.
2. It is concluded from the findings that there are large number of females, working as well as housewives associated with Amway being active IBOs (72%), flourishing business opportunities and have considerable share in earning of their family.
3. Assistance in Business Development and Job Security factors are the most significant contributor, almost all the IBOs have given priority to the Assistance in their Business Development (98.20%) and Business Security (100%) in Amway Business development. The other parameters like Personality development, lifestyle and income enhancements have got lesser importance than the aforesaid parameters.
4. It is also concluded that the opinion of IBOs towards different parameters from Pimpri-Chinchwad and Pune area are quite similar. This inculcates that location doesn't matter for associating with Amway irrespective of gender, age, educational level and annual income of the IBOs.
5. The IBOs have substantial growth within first three years of their tenure. This may be due to rampant social networking, while it shows a steady growth after three years.

#### **7.4 Suggestions:**

1. Amway have to take strong and confident steps to improve the offers on the products so that overall sales shall increase and it will lead to increase the level of satisfaction among the IBOs. Basically offers are the major promotional aids which push the company sales positively. So Amway has to redesign their offers for all the products and come up with good schemes to attract the IBOs as well as consumers such as quantity discounts, bonus, complimentary products at the same price and incentives.
2. The Amway product quality is very rich. However, the prices of Amway products are very high and therefore it is difficult to maintain the customers' base regularly. Amway has to focus on their pricing policy of the products which seems too high as responded by IBOs. Company should come with revised price policy for their product, so that sales volume can be generated and it will help the IBOs as well as consumers. This is very important in the context of designing effective retention policy of IBOs and consumers for any organization.
3. As far as distribution is concerned, only two distribution centers are available in Pune and Pimpri-Chinchwad area which is insufficient for 6000 IBOs to issue their orders frequently. So the company has to plan for additional distribution centers for the convenience of IBOs.
4. There are some IBOs who are not doing their business up-to the mark, company has to identify these IBOs and should diagnose their problems and provide proper guidance and solutions to them through special camps containing how to do Amway business, how to set the appointment, how to overcome of the objections, how to use the



product, product trainings etc. this can motivate the IBOs and develop the business positively.

5. Post Graduate IBOs are not satisfied with their current income generated through Amway business so company has to segment such IBOs and provide new vistas for their business development and follow-up to enhance the motivation levels.
6. The IBOs whose income is in between Rs.5.1 to 8 lakhs from other sources are having higher expectations from Amway Business and hence they claim that their life style and standard of living is not enhanced because of Amway. This restrains their Amway Business. Company has to segment such group and provide special training towards business development which will help them to develop their Amway business so they can feel more secured and worthy in associating with Amway.
7. Amway has to invest more into advertisement and promotion.
8. Amway has to target and manufacture products for the rural mass of India.
9. Amway has to allow its products to be sold in retail stores so as the product will be available anywhere anytime.
10. Basically Amway products are meant for higher and wealthy classes of the society so Amway should think about Bottom of Pyramid.

**7.5 Scope for future research:**

1. “A Study of comparative analysis of Independent Business Owners (IBOs) of other direct marketing companies” on the same parameters can conclude the overall satisfaction level of IBOs in direct marketing companies.
2. “Preferences and attitudes of consumers’ towards Amway products” will lead to understand the consumer expectations and further products can be developed as per the market needs.
3. “To design the model on marketing mix exclusively for Amway”. Such research will definitely help to promote Amway business in terms of product sales as well as IBOs associations with Amway.

**Summary:**

The various statistical techniques such as factorial analysis, ANOVA and 'z' test used in the testing of hypotheses interprets and explains that the role of Amway India Enterprises is significant in development of IBOs with respect to Personality Development, Life Style, Assistance in Business Development, Business Security and Income Level in Pune and Pimpri-Chinchwad area.

It is also confirmed that there is no significant difference between opinion of IBOs towards different parameters from Pune and Pimpri-Chinchwad irrespective of gender, age, educational qualification and annual income is concerned. It means all IBOs from Pune and Pimpri-Chinchwad area having the similar attitude and opinion towards Amway for the said parameters.

The IBOs are satisfied with Quality, Availability and services are concerned. IBOs have varied responses towards price and offers provide by Amway but are not dissatisfied.

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## **ANNEXURES**

### **Contents:**

Annexure 1: Survey Questionnaire

Annexure 2: Covering Letter for Survey Questionnaire

**Annexure 1: Survey Questionnaire to know the Comparison of IBOs development with special reference to Role of Amway India Enterprises.**

**Questionnaire/ Feedback of IBOs**

This survey is designed to measure the Contribution of Determinants of Independent Business Owners Development of Amway with reference to Income level, personality development, assistance in business development, business security and life style, in Pune and Pimpri-Chinchwad area. Following are statements about your organization, as well as yourself. Please tick mark ( ✓ ) your response in the column provided against the given statements.

(I)	<u>Personal Profile</u>					
1	Name: _____ Address: _____ Mobile No. _____					
2	Gender	Male: <input type="checkbox"/>	Female: <input type="checkbox"/>			
3	Marital status	Married: <input type="checkbox"/>	Unmarried: <input type="checkbox"/>	Other: <input type="checkbox"/>		
4	Age of the respondent in years	18-25	26-35	36-45	46-55	Above 56
5	Educational Qualification	1 to 10th	11 <sup>th</sup> -12 <sup>th</sup>	Graduate	Diploma	Post Graduate
6	Annual Income	1 to 3 Lacks	3.1 to 5 Lacks	5.1 to 8 Lacks	8.1 to 10 Lacks	Above 10 Lacks
7	How many years you are in Amway Business?	1 to 3	4 to 6	7 to 9	10 to 12	More than 12
8	Any other profession/Business other than Amway	Employee	Self-Employed	Engineer	Doctor	

## II. Parameters for the Development of IBOs:

Please use the following ratings:

1. SA = Strongly Agree
2. A = Agree
3. N = Neutral / Neither agree nor disagree
4. D = Disagree
5. SD = Strongly Disagree

Sr. No.	Questions	Please tick single option				
		SA	A	N	D	SD
<b>(A)</b>	<b><u>Personality Development</u></b>					
1	After starting business of Amway, I realized that my personality has been developed radically.					
2	I realized, personality is positively affected on my business.					
3	After joining business of Amway, people ask me about my personality, standard of living, about my business, and overall my behavior which they observed.					
4	The person who is working with Amway mostly has developed their personality and has changed their lives.					
5	I feel my communication skill, confidence and stage daring has been improved after joining the Amway Business.					
6	I feel my social status has improved after joining Amway					
<b>(B)</b>	<b><u>Life Style</u></b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1	I am fit and feel healthier, stress less after joining the Amway business					
2	My life style and standard of living is considerably improved after starting Amway business.					
3	I can afford branded and luxurious products as my income increases after starting Amway business.					
4	I have a membership of other social club for e.g.: Rotary club, Lion's Club etc because of Amway association-ship.					
5	I feel the person who is serious in this business will improve his life style and standard of living remarkably.					

<b>(C)</b>	<b><u>Business Development</u></b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1	I am happy with the support of my Up-line to increase the sale and volume of my business.					
2	I am happy with the Assistance Provided by Amway to increase the sale through product training, meeting and seminars.					
	<b><u>Business Development</u></b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
3	My Sales volume of Amway products is gradually increasing through the Assistance Provided by Amway					
4	The quality of the product and quantity of the necessary tools and equipments for promotion of the business provided to me is satisfactory.					
5	The availability of the product and distribution system is quite good and satisfactory.					
6	Any business related problem gets solved within a reasonable time.					
7	I would like to work for long time with this organization as I like the assistance in maintaining all the transactions and accounts of my business.					
<b>(D)</b>	<b><u>Business Security</u></b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1	I feel that my Business is fully secured.					
2	I have observed nobody has shut down their business for unknown reasons in this organization.					
3	I am sure that my organization will terminate my business if I commit any serious offence.					
4	Many distributors are living happily with their family, working more than two years in this organization.					
5	I can work happily in this company if my business is secured which is my primary concern over the other factors.					
<b>(E)</b>	<b><u>Income Level</u></b>	<b>SA</b>	<b>A</b>	<b>N</b>	<b>D</b>	<b>SD</b>
1	My income level has been increased because of Amway business.					
2	I am able to meet the basic needs and necessities of my family with the income from Amway.					
3	I am satisfied with the current income which I am getting from Amway.					
4	I feel that incentive plan, bonus and other non monetary benefits are appropriate.					
5	I am more concerned about my income, Promotion and Benefits in this business.					

**III. Satisfaction Level of IBOs towards Amway products on the Basis of given Parameters:**

Please rate the products between the range 0 to 4

0- Very poor

1- Poor

2- Average

3- Good

4- Best

**(A)Home care products**

Sr. No.	Product Name	Quality	Availability	Reasonable Price	Offers	Services	Overall rating
1	LOC						
2	Dish drop						
3	Zoom						
4	SA-8						

**(B)Personal care products**

Sr. No.	Product Name	Quality	Availability	Reasonable Price	Offers	Services	Overall rating
1	G & H Lotion						
2	G & H body shampoo						
3	Sat.Adv. 2 in 1 shampoo						
4	Persona Talcum Powder						
5	Glister Tooth paste						
6	Adv.Sr.Tooth brush						
7	Adv.Jr.Tooth brush						
8	Persona Soap						
9	Dynamite shaving foam						
10	Dynamite after shave moisturizer						
11	Persona-coconut oil						
12	Persona Amla-hair oil						
13	Attitude Deodorant						

<b>(C)Nutrition and wellness-Health care products</b>							
Sr. No.	Product Name	Quality	Availability	Reasonable Price	Offers	Services	Overall rating
1	Nutrilite Protein powder						
2	Nutrilite Daily						
3	Nutrilite BIO-C						
4	Nutrilite Iron Folic						
5	Nutrilite Cal Mag						
6	Nutrilite Natural-B						
7	Nutrilite Bone Health						
8	Nutrilite Garlic Heart						
9	Nutrilite Parselenium-E						
10	Nutrilite Kids Chewable						
11	Nutrilite Berry Blast						
12	Kids Chocolate Drink						
13	Salmon Omega-3						
14	Positrim-Low Fat Drink						
<b>(D)General Category Products</b>							
Sr. No.	Product Name	Quality	Availability	Reasonable Price	Offers	Services	Overall rating
1	Car Wash						
2	Silicon Glaze						
3	Leather & Vinyl Cleaner						

<b>(IV)</b>	<b>Business Profile</b>			
	Development Parameters	2008	2009	2010
I	Total No. of IBOs			
I	No. of IBOs Recruited (Year wise)			
II	Business Developed in Rs.			



Comments, if any:

Respondent's Signature

Thank you for participating in the above survey

## **Annexure 2: Covering Letter for Survey Questionnaire**

Respected Sir/Madam,

As a candidate for my PhD at Tilak Maharashtra Vidyapeeth, Pune, I am requesting your participation in my research study. The objective of this study is to find out the comparative study of development of IBOs with special reference to role of Amway India in Pune and Pimpri-Chinchwad area and their satisfaction level towards Amway products.

Please spare some time to complete survey questionnaire return it in the envelope provided. For the confidentiality purpose you are requested to seal the envelope before returning it.

Participation in this survey is not compulsory. There is no risk associated with your participation in this study.

The information of this survey will remain confidential to all except me as a researcher.

If you have any question regarding the survey, feel free to contact

**Mr. Rajendra Bhadale**

Mobile No.: - 9850267013

E-mail at: - [rajendrabadale@gmail.com](mailto:rajendrabadale@gmail.com)

Your response is much appreciated.

Thank You,

Yours Sincerely,

Rajendra Bhadale

Encl.: Survey Questionnaire Envelope