

BIBLIOGRAPHIC INFORMATION

Title	Why Malaysians Join and Stay on in a Multi-Level Marketing Company
Source	ICFAI Journal of Services Marketing; Dec2007, Vol. 5 Issue 4, p37-52, 16p
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Publication/Conference	NA
Edition	NA
Document Type	Article
CPI Primary Subject	Economics
CPI Secondary Subject	Consumer; MLM ;
Geographic Terms	Malaysia;
Abstract	Studies on the Multi-Level Marketing (MLM) industry have noted its impressive exponential growth in the past 30 years in terms of total volume of sales and number of salespersons involved. The purpose of this study is to identify the reasons why Malaysians join and continue to remain in the industry. It was found that the main reasons for joining and remaining in MLMs can be grouped into financial independence, personal freedom, types of products and benefits, product credibility and incentives. Generally, the findings indicate that the desire for money and product features made respondents to join and stay on. The management of MLM companies should look more into the development and promotion of the product rather than the method of selling.

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Why Malaysians Join and Stay on in a Multi-Level Marketing Company

Cecilia Ong See Kiaw* and Ernest Cyril de Run**

Studies on the Multi-Level Marketing (MLM) industry have noted its impressive exponential growth in the past 30 years in terms of total volume of sales and number of salespersons involved. The purpose of this study is to identify the reasons why Malaysians join and continue to remain in the industry. It was found that the main reasons for joining and remaining in MLMs can be grouped into financial independence, personal freedom, types of products and benefits, product credibility and incentives. The initial data was collected by interviewing a sample of MLM distributors in Kuching and Kota Samarahan, Sarawak, Malaysia. The findings were then extrapolated onto a questionnaire to a larger sample throughout Malaysia. Generally, the findings indicate that the desire for money and product features made respondents to join and stay on. The management of MLM companies should look more into the development and promotion of the product rather than the method of selling. This paper provides new knowledge of why people remain in MLMs, and this is important to academia as well as for MLM management.

Introduction

The Multi-Level Marketing (MLM) business is perhaps one of the most controversial industries in modern commerce. It is therefore not surprising that MLM as a business practice was much frowned upon and viewed suspiciously when it was first introduced to the public. Every MLM company promises personal freedom and financial independence (Feinberg and Eastlick, 1997). Yet, there are detractors who claim that the impressive growth of MLM distributors and the industry's phenomenal business turnover over the years are not the absolute truth; that in fact, 93%-95% of those involved in MLM lose money or do not make the kind of money that was promised (Clements, 2001). Despite this, millions of Malaysians continue to involve in various MLM businesses. They are expected to sacrifice and work hard, have strength of character despite the insults of others and to build experience, strength and self-assurance in order to succeed (Bloch, 1996).

MLM was born in the early 1940s with companies such as NutraLite Food Supplement Corporation, Shaklee, and Amway Company, Mary Kay and Herbalife (Fearer, 1999a). The industry refers itself sometimes as network marketing, multilevel marketing or just plain MLM (Poe, 1999; and King and Robinson, 2000). It is a large industry, generating a turnover in excess of RM 3.0 bn in Malaysia alone (Fournier and Faltinsky, 1992; and Anonymous, 1998). MLM allows a person to earn income from what

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he/she sells and also offers a commission on the sales of other persons he/she has recruited in his/her downline(Phang, 2003).

In Malaysia, the direct sales industry is strictly regulated. Although there are still a few errant companies that give the industry a bad name, the industry in Malaysia is generally healthy and respectable, with strict requirements to adhere to the Malaysian Direct Sales Act (1993). There were 291 MLM companies and 128 SLM companies in Malaysia in 2004 (Anonymous, 2004).

This paper addresses an important knowledge gap by noting not only why people join MLM companies, but also why they continue to remain in such companies even after knowing that they will not be making huge amounts of money or even be financially free. The main premise of this study is that there will be different perceptions between joining and remaining in an MLM company. The rest of the paper is organized as follows: firstly a discussion of the relevant literature is presented; then the methodology is presented; then the findings are revealed; and finally a brief discussion is followed by the conclusions of the study, where the limitations and areas for future research are discussed.

Literature Review

MLM

A firm practicing network marketing offers a rewards program that encourages its salespersons to build their own sales teams and also be responsible for the promotion and sale of the company's products. As an incentive for the salespersons/distributors, the organization pays a commission based on the sales of the distributor as well as those of the people below him (Coughlan and Grayson, 1998; and Msweli and Sargaent, 2001). Individual salespersons of an MLM company do not merely earn from their own sales but also enjoy an overriding commission from the sales of those recruited by him (Bloch, 1996). Salespersons will be rewarded according to their performance and their contribution to the profitability of the company (Biggart, 1990).

The MLM industry has been hailed as the new wave of the 21st century in marketing (Poe, 1999). The people involved in this industry were called the new professionals (King and Robinson, 2000). There is no end to the amount of literature that is being generated almost daily in praise of the MLM business, by the MLM companies themselves, individual distributors and MLM umbrella bodies with vested interests in the industry (Dykema, 1999). Although the MLM industry involves millions of salespersons globally and is being looked at as the marketing system of the 21st century (Poe, 1999), there are many skeptics and detractors who are adamant about MLM being flawed and even morally wrong (Clements, 2001).

There are many researchers who have come up strongly in support of MLM or the more dignified label, network marketing, as the marketing system of the 21st century (Poe, 1999; King and Robinson, 2000; Hedges, 2001; and Kiyosaki, 2004). MLM is seen as the

opportunity that provides passive or residual income that offers the possibility of a high level of income, which is not attainable by those who only enjoy linear income (Kiyosaki, 2004; Hedges, 2001). It is a business that promises financial independence and personal freedom with the power of leveraging, by focusing on the ability to earn residual income or passive income rather than a linear income (Kiyosaki, 2004).

There is an intensive effort to give MLM a credibility and dignity. The people involved in MLM are depicted as a new and exciting breed of people (Poe, 1999). The MLM industry sells an idea that appeals across the board to many, that one is in a business (King and Robinson, 2000). The normal rhetoric includes "You have personal independence, benefit personally but have a downline that works for you and with you" or "You are indeed in business for yourself, but not by yourself." Distributors believe that the down line that they build is their pipeline that will pump the money, 24 hours a day, 12 months a year, year after year whether they continue to work or not (Hedges, 2001). MLM distributors are hooked on the prospect of "working from home, wearing the most comfortable clothes in their (your) closet, taking a break whenever they want to and still earning a substantial income in a now respectable profession" (King and Robinson, 2000).

The critics of MLM contend that MLM is an industry full of hype and unrealistic goals for the majority of individuals involved, claiming that no more than 5%-7% make the amount of money they expect (Fearer, 1999a). These critics quote specific cases of high distributor dropouts, like Amway's 50% annual dropout rate (Dykema, 1999). Others state that MLM, in general, contains a lot of pitfalls, and a lot of companies take advantage of the people (Fearer, 1999b).

What is even more damaging is the fact that many of the detractors and critics are people who were once closely connected to and involved in MLM. They have been inside and did not like or agree with what they saw (Fearer, 1999b and Dykema, 1999). The very method of direct selling and the system of recruiting new distributors and building a downline as practiced in MLM, is strongly criticized as being socially and ethically unacceptable because it betrays friendship and personal relationships. Their argument is that when an MLM distributor recruits a friend, associate or relative, he or she does it out of the vested interest of enjoying a commission from the efforts of the recruited downline. It is seen as unacceptable behavior (Bloch, 1996).

Financial independence, personal power and a life of luxury are the dreams offered by most MLM companies, yet, these are seen by MLM's critics as nothing more than a myth, because most people never achieve it (Felps, 1998). A major criticism was that, it is a system in which people below you must fail, for the scheme to survive (Fearer, 1999b). Others liken MLMs to a cult, where distributors edify their uplines and seek their advice on matters like the vehicle they should drive and even the clothes they should wear (Felps, 1998). The most significant downside of MLM is its deliberate strategy to tell only what it wishes to tell its distributors and the extraordinary hype associated with the minority of achievers as well as the promise of great financial and material gain (Poe, 1999).

Perhaps the cruelest aspect of MLM lies in its persistence to sell hope and dreams that have little chance of being realized for the majority of its millions of distributors.

Perception

Perception is psychologically linked to the pattern of expectations and plays an important role in determining whether distributors decide to leave or stay in the MLM industry (Lovelock *et al.*, 2002). The C-A-B paradigm explains the cognitive processes that affect the way consumers behave. Many consumer researchers have borrowed and extended this basic theory and added more factors (Hanna and Wozniak, 2001). The C-A-B model expresses the interrelationship of these components. Cognition is defined as the mental process of interpretation and integration and the thoughts and meanings they produce (Peter and Olson, 1996). Cognition is claimed to be the perceptual component of attitude as well (Blythe, 1997).

Affect is a basic mode of psychological response that involves a general positive or negative feeling (Peter and Olson, 1996). In other words, affective component is the consumer's emotions or feelings about a particular product or brand (Schiffman and Kanuk, 1999). This general inclination or liking may simply develop without cognitive information or it may also result after several evaluations on the particular product (Hawkins *et al.*, 1998). Behavioral, known as conation (Blythe, 1997), is the consumer's tendency to respond in a certain manner towards an object or activity. Behavioral intention is an expression of the favorable or unfavorable feelings formed earlier (Hanna and Wozniak, 2001). Cognition is not necessarily the likelihood or tendency that the consumer will undertake a specific action. It may include the actual behavior itself (Schiffman and Kanuk, 1999).

The above three components are claimed to be interrelated. Both affective and cognitive systems respond independently to stimuli and each of the systems can respond to the output of the other system. Affective responses can be referred to as emotions, feelings, moods and evaluations. On the other hand, cognitive responses include knowledge, meanings and beliefs. Interpretation from both affective and cognitive systems will then determine the decision made (Peter and Olson, 1996). It is obvious that many join the MLM industry because of their positive perception towards MLM that influences their intention and therefore their subsequent deliberate behavior, which is to participate in the MLM industry.

Methodology

This research investigates the reasons why distributors join MLM companies in the first place and why they continue to remain in the MLM business. Initial data was collected through interviews. The population of this research comprises of all the members of 291 licenced MLM companies in Malaysia (Anonymous, 2004). For this exploratory phase of the study, interviews were conducted on 15 individuals selected from those residing in Kuching and Kota Samarahan who are currently involved in MLM (Perry, 1998). They were asked: 1) Why do you join MLM?, and 2) Why do you stay on as a member

of the MLM Company? The data collected was then analyzed using frequency distribution. This was later placed in a questionnaire and distributed to a larger segment.

The main study data was collected through questionnaire. The questionnaire was developed based on the findings from the initial interview. The population of this research comprises of all the members of 291 licenced MLM companies in Malaysia (Anonymous, 2004). The calculation of the minimum sample determined the number to be 264 respondents (Luck, 1987). A total of 270 sets from 300 sets (90% rate of return) of questionnaires, were retrieved from the total distribution of various persons involved in MLM in Malaysia. A simplified stratified convenience sampling based on the states in Malaysia was used. The respondents answered a 3-part questionnaire. Part A contained questions on respondent's demographics, part B on their position and level of achievement in MLM business and part C on reasons for staying in MLM. A 5-point Likert scale response (i.e., 1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree) was used.

Findings

Table 1 depicts the interview respondent profile. Exhibit 1 summarizes the reasons for joining MLM and Exhibit 2 depicts the reasons for staying on in MLM. Table 2 shows the survey based study respondent profile.

Table 1: Respondent Profile of 15 Interviewees		
Demographic Factor		%
Gender	Female	73.30
	Male	26.70
Age	21 years – 30 years	33.30
	31 years – 40 years	60.00
	41 years – 50 years	6.70
Marital Status	Single	13.30
	Married	86.70
Race	Bidayuh	40.00
	Malay	33.30
	Chinese	26.70
	Form 5 (SC, MCE, SPM)	53.30
	Degree	20.00
	STPM	13.30
	Diploma	6.70
	Master	6.70

Exhibit 1: List of Reasons for Joining MLM

Friends, Like the products, Lower price for member, Redemption scheme, Committed, Ability to finance start-up of own business, Able to purchase products for friends, Able to purchase products for self, Want extra money, To obtain financial freedom, To pass time, Interested in business, To earn bonus, To collect points, Good products, To build a business, To succeed in business, To build rapport, To build network, Have time for family, Self development, As business strategy, Be own boss, Set own goals, Good MLM company, Great marketing plan, Local product, Quality product, Certified by Ministry of Health, To socialize, Free overseas trips.

Exhibit 2: List of Reasons for Continuing to be Involved in MLM

Earn bonus, Obtain financial independence, Want extra money, Committed, Interest in business, Collect points, Ability to self finance, Free overseas trips, Able to purchase products for self, Be own boss, As business strategy, Build network, Self development, Build a business, Succeed in business, Great marketing plan, Set own goals, Quality product, Local product, Good MLM company, Certified by Ministry of Health, Able to purchase for friends, To socialize, Pass time, Have time for family, Like products, Lower member price, Friends.

Table 2: Respondent Profile

Demographic Factor		Frequency	%
Gender	Male	92	34.07
	Female	178	65.93
Age	21 years – 30 years	96	35.55
	31 years – 40 years	118	43.70
	41 years – 50 years	41	15.19
	50 years and above	15	5.56
Marital Status	Married	156	57.78
	Single	114	42.22
Race	Chinese	146	54.07
	Malay	78	28.89
	Iban	19	7.04
	Bidayuh	16	5.93
	Others	11	4.07

(Contd...)

Table 2: Respondent Profile			
<i>(..contd)</i>			
Demographic Factor		Frequency	%
Highest Level of Education	Degree	117	43.05
	Form 5 (SC, MCE, SPM)	92	34.03
	Diploma	37	13.70
	Form 3	8	2.95
	STPM	7	2.92
	Master	5	1.85
	Primary 6	3	1.13
	Ph.D.	1	0.37
Designation in MLM	Ordinary member	178	65.93
	Others	68	25.18
	Distributor/Stockist	14	5.19
	Top/Executive level	10	3.70
Length of Time in MLM	1 month – 2 years	116	42.96
	3 years – 5 years	57	21.13
	More than 5 years	36	13.30
	Given up	31	11.48
	No interest	30	11.13
Your Perception in MLM	Very successful	8	2.96
	Successful	45	16.67
	Average	109	40.37
	Not successful	75	27.78
	Very unsuccessful	33	12.22

A factor analysis was carried out for both, reasons for joining and continuing on. The Kaiser-Mayer-Olkin (KMO) for the factor analysis of reasons for joining MLM was 0.855 and Bartlett's test was 3655.08, $p < 0.001$. The first component has a maximum percentage of variance of 32.782%, followed by 8.642% and 6.660% respectively, for the second and third components. The successive six components explain progressively, smaller portions of the variance percentage, resulting in a cumulative percentage of 63.327%. Table 3 shows the loading of the 24 variables, whereas Table 4 shows the means for the overall variables on factors pertaining to the reasons for joining MLM.

The Kaiser-Mayer-Olkin (KMO) for the factor analysis of continuing on was 0.865 with a Bartlett's Test of 4229.792, $p < 0.001$. The first component has a maximum variance

Table 3: Rotated Component Matrix for Joining MLM Company						
Variables	Components					
	Business Development	Financial Independence	Personal Freedom	Types of Product and Benefits	Product Credibility	Incentives
Self development	0.777					
Be own boss	0.758					
As business strategy	0.739					
Build network	0.670					
Succeed in business	0.532					
Earn bonus		0.734				
Collect points		0.665				
Want extra money		0.662				
Redemption scheme		0.612				
Obtain financial freedom		0.523				
Lower member price		0.522				
Pass time			0.784			
Have time for family			0.697			
Ability to self finance			0.616			
To socialize			0.555			
Build rapport			0.516			
Friends				0.731		
Like products				0.729		
Local product				0.599		
Able to purchase for friends				0.549		
Certified by Ministry of Health					0.774	
Quality product					0.621	
Free overseas trips						0.749
Build a business						0.512
Eigen values	9.179	2.420	1.865	1.774	1.419	1.075
% of variance	32.782	8.642	6.660	6.334	5.068	3.840
Cumulative % of variance	32.782	41.425	48.085	54.419	59.487	63.327
Alpha	0.916	0.915	0.915	0.918	0.917	0.916
Note: Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 12 iterations.						

Table 4: Mean of Reasons for Joining MLM					
Factor	Reasons for Joining	Mean	Std. Dev.	Mean	Std. Dev.
Business Development	Self development	3.77	1.00	3.76	1.18
	Be own boss	3.77	1.14		
	As business strategy	3.66	1.24		
	Build network	3.76	1.17		
	Succeed in business	3.86	1.35		
Financial Independence	Earn bonus	3.89	0.95	3.88	1.12
	Collect points	3.90	1.08		
	Want extra money	3.85	1.01		
	Redemption scheme	3.74	1.30		
	Obtain financial freedom	3.74	1.38		
	Lower member price	4.17	1.00		
Personal Freedom	Pass time	3.24	1.52	3.37	1.45
	Have time for family	3.28	1.55		
	Ability to self finance	3.20	1.83		
	To socialize	3.37	1.09		
	Build rapport	3.77	1.27		
Product Type and Benefits	Friends	3.92	1.12	3.84	1.16
	Like products	4.12	0.89		
	Local product	3.52	1.41		
	Able to purchase for friends	3.80	1.24		
Product Credibility	Certified by Ministry of Health	4.17	1.13	4.25	1.13
	Quality product	4.33	1.13		
Incentives	Free overseas trips	3.40	1.42	3.57	1.36
	Build a business	3.75	1.30		

of 35.116%, followed by 9.295% and 7.816% respectively for the second and third components. The successive components explain progressively smaller portions of the variance percentage, resulting in five significant factors being extracted for this case, with a cumulative percentage of variance of 62.371%. Table 5 shows a total loading of 28 variables, whereas Table 6 shows the means for the variables.

Table 5: Rotated Component Matrix for Stay on in MLM					
Variables	Components				
	Financial Benefits and Incentives	Business Development	Product Quality and Credibility	Social Benefits	Product Benefits
Earn bonus	0.849				
Obtain financial independence	0.821				
Want extra money	0.776				
Committed	0.693				
Interest in business	0.656				
Collect points	0.632				
Ability to self finance	0.607				
Free overseas trips	0.549				
Able to purchase for self	0.512				
Be own boss		0.783			
As business strategy		0.743			
Build network		0.693			
Self development		0.656			
Build a business		0.644			
Succeed in business		0.629			
Great marketing plan		0.610			
Set own goals		0.585			
Quality product			0.729		
Local product			0.726		
Good MLM company			0.618		
Certified by Ministry of Health			0.551		
Able to purchase for friends			0.537		
To socialize				0.718	
Pass time				0.550	
Have time for family				0.512	
Like products					0.793
Lower member price					0.732
Friends					0.632
Eigen values	9.832	2.603	2.189	1.674	1.166
% of variance	35.116	9.295	7.816	5.980	4.164
Cumulative % of variance	35.116	44.411	52.227	58.207	62.371
Alpha	0.902	0.829	0.753	0.751	0.666
Note: Extraction Method: Principal Component Analysis; Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 11 iterations.					

Table 6: Mean of Reasons for Continuing on in MLM					
Factor	Reasons for Staying	Mean	Std. Dev.	Mean	Std. Dev.
Financial Benefits and Incentives	Earn bonus	3.82	1.16	3.66	1.28
	Obtain financial independence	3.59	1.34		
	Want extra money	3.72	1.12		
	Committed Interest in business	3.48 3.68	1.40 1.18		
	Collect points	3.81	1.18		
	Ability to self finance	3.16	1.62		
	Free overseas trips	3.54	1.65		
	Able to purchase for self	4.18	0.92		
Business Development	Be own boss	3.92	1.55	3.80	1.49
	As business strategy	3.66	1.35		
	Build network	3.72	1.29		
	Self development	3.71	1.17		
	Build a business	3.82	1.51		
	Succeed in business	3.67	1.15		
	Great marketing plan	3.88	1.12		
	Set own goals	4.06	2.84		
Product Quality and Credibility	Quality product	4.32	1.01	3.96	1.16
	Local product	3.48	1.25		
	Good MLM company	4.02	1.07		
	Certified by Ministry of Health	4.18	1.34		
	Able to purchase for friends	3.81	1.16		
Social Benefits	To socialize	3.50	1.81	3.34	1.62
	Pass time	3.16	1.49		
	Have time for family	3.35	1.56		
Product Benefits	Like products	4.12	0.74	4.02	0.88
	Lower member price	4.21	0.90		
	Friends	3.70	1.01		

Discussion

Reasons for Joining an MLM

It is interesting that the factors and the means of statements do not coincide. While product credibility was one of the least of the factors, it scored the highest mean. The respondents indicated that they strongly agreed to the fact that MLM products were of high quality, but this was not the main reason for joining MLM. The top three reasons coincide with what the literatures say is the main draw of MLM, namely business development, financial independence and personal freedom (King and Robinson, 2000). Interestingly, the means for the top three factors are among the lowest, indicating that the respondents did not agree to the statements. Yet, they still indicate business development (3.76), financial independence (3.88) and personal freedom (3.37) as the reasons for joining.

The marketing and promotion of the MLM business globally, is high hype and selling dreams and promises through the MLM opportunity (Fogg, 1996; and Clothier, 1997). The findings indicate that the situation in the Malaysian MLM industry is no different. MLM companies in Malaysia as elsewhere in the world, use a comprehensive range of marketing and promotional materials that are positive and well produced. It is therefore not surprising that many are influenced into forming positive perceptions of the MLM business. According to VanDruff (2005), many join the MLM industry because of their positive attitude towards MLM. They are often reminded that they are indeed in the business for themselves, not by themselves (King and Robinson, 2000). This is seen by many as a promise of success that will lead to financial independence and personal freedom, which is depicted in the findings.

It is also apparent that respondents joined MLM companies because they perceived it to be a business opportunity, the belief that they may gain financial independence and personal freedom. Statements such as "I am interested in doing own business (F, 25, M, Bi)", "Interest in financial freedom (F, 35, M, Bi)", "Hoping to gain financial freedom (F, 35, M, Bi)," were the norm. This is the much-touted MLM companies' promise, that is personal freedom and financial independence (Feinberg and Eastlick, 1997). There is a desire to be one's own boss, and the MLM business offers a starting point.

Others mentioned the many incentives that draw the respondents to join an MLM company. These include overseas trips, earning bonuses, and redemption schemes. The common statements include "Interested in the redemption scheme (M, 38, M, C)." Again, this is quite the norm in many MLM companies. Many stated that by joining an MLM company, the opportunity to obtain passive or residual income, which offers the possibility of a high level of income not attainable by others, is possible (Hedges, 2001; Kiyosaki, 2004). Statements such as "Interest in financial freedom (F, 35, M, Bi)", "Hoping to gain financial freedom (F, 35, M, Bi)" support this.

Reasons for Continuing on in MLM

Of the four million or so Malaysians in MLM, 95.0% of them do not make it to the top. They lose money or do not make as much as they expect (Clements, 2001). Yet, most

of them continue to be involved in the business. The findings indicate that Malaysians remain in the industry for two common reasons, financial benefits and incentives, and business development. Interestingly, the remaining three factors show difference in thought and perception towards MLM, as it is product quality and social benefits that makes a person to remain in an MLM.

When asked why they continued, respondents again highlighted the hope of financial rewards and business development. Blunt statements such as "I want extra money (F, 25, M, Bi)", "I want to get extra money (F, 29, M, Bi)", and "To earn extra income (M, 35, M, Bi)" were common. However, the variables in these two factors differ from the reasons for joining. The statements used emphasized a different mindset, where words like 'committed', 'interest in business', 'collect points', 'ability to self finance' and 'able to purchase for self', were used.

Apart from that, it was clear that the products were used for own consumption, where statements such as "Purchase for own use (F, 30, M, M)", "I like buying the products for my own consumption. And as a member, I am able to purchase any products at a lower price (F, 35, M, Bi)", "Able to collect points to redeem goods (M, 38, M, C)", "I like to use the product for myself (F, 38, M, Bi)", "As a member I can get low price for any product that I use (F, 38, M, Bi)" and "So that I can get product at membership price (F, 29, M, Bi)", were used.

Malaysians in MLM have used the products, and are impressed by their quality. They then stay in the business to enjoy products at favorable prices. The means again indicates strong agreement for product benefits (4.02), product quality and credibility (3.96), and social benefits (3.34). MLM members stay on because they have made friends and also to pass time. It is appealing to attend meetings and traveling while still having time for family.

The overall findings that product-based factors are the main factors, which influence Malaysians to continue to remain in the industry, could explain why practically every successful Malaysian MLM company leads with a single product or an attractive product line. Malaysians in MLM enjoy the discounts of MLM products, and they consider such discounts as value for money, due to their high regard for the products, thereby resulting in product credibility. The combination of product credibility and savings in the available discounts for members is obviously seen collectively as a privilege, benefit and value (Fogg, 1996; Clothier, 1997; Felps, 1998; and Forney and Bay, 1998).

Conclusion

The findings of this study indicate that most Malaysians join MLM for financial rewards and continue to remain involved in the business primarily for similar reasons, but with a caveat. The product-related reasons are—quality and credibility of an MLM company's product(s), and the opportunity to enjoy good product(s) at discounted member prices. The major contribution of this research lies in how it has been able to identify the

significant factors that contribute to the attraction of the MLM industry and the reasons why Malaysians continue to be members of MLM.

Limitations and Recommendations for Further Research

This research focuses only on MLM members and not on the MLM companies themselves. A true nationwide sampling would have provided more comprehensive data and discussion. This research attempts to identify why people join MLM and why they continue to be involved in the business despite not making it to the top. It would have been more extensive and more beneficial if it had included a statistical study of membership pickup and dropout rates, since it is an accepted fact that about 50% of MLM members drop out in an average year (Dykema, 1999). Its inclusion could lead to a study of the factors influencing dropouts, which would be of immense value to the management of MLM companies in Malaysia in their efforts to reduce the dropout rate by determining why this occurs.

Further research can be carried out from the perspective of the MLM companies. The MLM distributor population could also be investigated as to the factors influencing dropouts. This would throw light on the way MLM companies in Malaysia position themselves. Arising from the findings in this research is another potential area of research, the link between demography (gender, age, racial composition) and the MLM industry in Malaysia. Researchers could replicate this study in a larger setting in order to obtain more detailed answers as to why people join and remain in MLM companies. Future research could look at—cross-cultural aspects, similarities and differences by ethnicity, length of period in an MLM company, status in the company and whether the person was successful or not.

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