



## **A STUDY ON THE MANAGEMENT OF DIRECT SELLING BUSINESS (AMWAY INDIA LTD) IN ASSAM: A CASE STUDY OF JORHAT DISTRICT OF ASSAM**

Dr. Horen Goowalla<sup>1\*</sup>

<sup>1\*</sup>Associate professor, & HOD Department of Commerce.Mariani College.Jorhat.Assam

Correspondence Author:[gowalaharen12@yahoo.com](mailto:gowalaharen12@yahoo.com)

---

**Keywords:** Age groups, Selling area, Monthly income,gender, and educational qualifications etc.

### **Abstract**

India is a major hub for most of the direct selling companies in the world and is going to be one of the biggest market in the world as population is one of the major factor for the growth of the industry. Direct Selling in India as of 2014 has a size of Rs 7200 crore as announced in the seminar “DIRECT 2014” by FICCI (Federation of Indian Chambers of Commerce and Industry).In this seminar,there were talks between the government and the direct selling committee of India to have a distinct law and clarification for the Direct Selling Industry in India like the other advance countries of the world. Amway India has nation wide presence with over 142 offices; 4 regional mother warehouses and 55 city warehouses. The distribution and home delivery network set up with the support of independent logistics partners caters to over 11500 zip codes across the country. It has also become one of the largest FMCG ( Fast Moving Consumer Goods ) company in India after crossing the revenue of big FMCG firms such as Emami, P&G, Gillette India. An attempt has been made to highlight the impact of direct selling companies in Assam. and study the present and upcoming marketing trends of the direct selling companies in the study area and offer suggestive measure in order to improve the direct selling in the study area.

---

### **Introduction**

India is a major hub for most of the direct selling companies in the world and is going to be one of the biggest market in the world as population is one of the major factor for the growth of the industry. Direct Selling in India as of 2014 has a size of Rs 7200 crore as announced in the seminar “DIRECT 2014” by FICCI (Federation of Indian Chambers of Commerce and Industry).In this seminar,there were talks between the government and the direct selling committee of India to have a distinct law and clarification for the Direct Selling Industry in India like the other advance countries of the world. According to the data produced in the seminar “Direct 2014”,direct selling in India is going to mark a period of phenomenol growth in the coming decade.

#### **About the company globally:**

Amway is an Direct Selling company with its headquarters based on Ada Michigan in U.S.A and is the world’s largest Direct Selling company with an revenue of an whopping “11.8 billion US dollar” in 2013 being its eight consecutive year of growth for the company. The company have more than 6000 acres of organic farm and state of art manufacturing technology compared with the technology used by Nasa for the production of their products. The company has also over 1000 granted patents to their name. It’s product lines include home care products, personal care products, jewelry, electronics, Nutrilite dietary supplements, water purifiers, air purifiers, insurance and Cosmetics. The company’s every product has a 100% money back guarantee. Amway conducts business through a number of affiliated companies in more than hundred countries and territories in the world. Amway was ranked No. 114 among the largest Global retailers by “Deloitte” in 2006 and No. 25 among the largest private companies in the United states by Forbes in 2012..

#### **Statement of problems:**

There are many causes and problems related to Direct Selling for which Direct Selling is still not a perfect choice for the people in India. Followings are major problems encountered by the direct selling company in India. Lack of clarity about the direct selling concept in the mass peoples in India.Government still have not recognized or made special laws for the safeguard of Direct Selling Industry in India.Direct selling companies don’t sell their products through shop selling. People misunderstand Direct Selling (Multi Level) Marketing for pyramid and ponzi scheme. Lack of advertisement of Direct Selling companies is also a major factor for peoples unawareness. Most Direct Selling companies lacks infrastructure in India. One of the major problems of a direct selling company is to provide training programs across the country. All of the Direct Sellers are not well educated about the direct selling concept and their products.

#### **Objectives of the study:**

The major objectives of the Direct Selling Industry in Assam:

To study the impact of direct selling companies in Assam.

To study the present and upcoming marketing trends of the direct selling companies in the study area.

To offer suggestive measure in order to improve the direct selling in the study area.

#### **Review of literature:**



## INTERNATIONAL JOURNAL OF RESEARCH SCIENCE & MANAGEMENT

The purpose of this study is to examine the relevance of Direct Selling in Assam. A literature review resulted in identification of selected papers, books, journals, articles and surveys in the category.

India is one of the largest market in the world with its huge population and this Direct Selling concept has opened the door to Assam and the Northeastern States to learn, act and develop the skill in oneself through the skill development and training programs as done in the developed countries in the world.

Since direct selling is a new marketing concept to our country, wide studies have not been conducted so far in the area. At the same time, this type of marketing was quite popular for many years in USA and as a result many studies were found in literatures of that country. Most resources selected are located online. The advantage of the Direct Selling is that it is also a Network based business and uses multi-level marketing as its concept.

Network marketing, has been examined from various academic prospective (Biggart 1989; Brodie, Stanworth and Wotruba 2002; Coughlan and Grayson 1998; Frenzen and Davis 1990; Lan 2002; Pratt 2000), they discussed that it was the most prevalent form of direct selling and it generates more than 32.67 billion U.S dollar in 2013 from 31.63 billion U.S dollar in 2012 (Source: Direct Selling Association). Examples of Network marketing organization that have received attention in the academic and popular press include Amway, Herbalife, Avon, Oriflame etc.

The term "Network Marketing" is used by practitioners (Berry 1997), and it appears in academic articles (Coughlan and Grayson 1998; Jun et al 2006; Kong 2001; Pratt 2000) and trade publications (including in publications titles, such as the Network Marketing Business Journey and The Network Marketing Times.com. Other labels are also common, including "Multi-level Marketing" (Clothier 1994). According to Nowland (1982), Consumers hold generally negative views about the very idea of direct selling. The study shows that purchasers tended to be younger, more educated and more affluent than non-purchasers. It is quite common to assume that earning extra income is the primary reason of people to join MLM Company but several studies shows some otherwise reason such as the like for the product, achieving short term goals, being one's own boss, enjoying discount price and winning recognition were all cited as important factor (Berry 1997).

Business organisations have long relied on direct marketing to target customers without spending a lot of money on retail distribution. However the Network ( Multilevel ) Marketers have taken the direct model one step further i.e. not only they do the sales, but recruits and train new distributors, i.e. independent business owners who are members in the network marketing company. This novel method was first popularised by Amway in 1950's.

### **Research gap:**

From the foregoing review of literature it can be understood that though many studies have been conducted on different aspects of direct selling in India and even in foreign countries, a study specifically for direct selling in Assam is missing in literature. Moreover, till date, no research has been conducted on any aspects in direct selling in the study area. Hence, the study will make an attempt to examine present scenario of direct selling by highlighting the existing lacuna and drawbacks.

### **Research methodology:**

#### **Construction of the interview schedule:**

The study is based on both primary and secondary sources of data. The primary data were collected from the respondents of Jorhat district only through structure questionnaire. For this purpose, two separate interviews were prepared : (1) For a Successful Direct Seller, and (2) For the management personnel of Jorhat's Amway office.

Secondary data has been collected from Books, Journals, Internets, Newspapers, and published materials.

#### **Manner of selecting sample unit:**

Then samples have been selected deliberately keeping in mind the targeted groups which will consist of successful direct sellers and management personnel of Amway.

#### **Size of sample:**

50 numbers of direct sellers and 10 numbers of management personnel selected on a purposive stratified sample basis. The total number of size of respondents has been 60.

Data has been collected in such a way so that it reflects the real conditions and problems of direct sellers in the study area.

#### **Data collection:**

Data has been collected by putting direct questions to the targeted respondents. Personal interview has been conducted wherever possible. Questionnaire with both close and open ended question has been framed in advance and has been circulated direct sellers and management personnel for carrying out the research work. It has been in a structure form and for this purpose definite and pre-determined questions are framed.

#### **Analysis of data:**

Data collected by primary and secondary method has been followed by appropriate analysis with the help of statistical tools and software packages. Correspondence analysis has been made between personality type and demographic variables are made to get the desired result. The following statistical tools and software packages may be used for data analysis -

**Statistical Tools:** Data so arrived has been analyzed by different statistical units like Chi-Square Test.



# INTERNATIONAL JOURNAL OF RESEARCH SCIENCE & MANAGEMENT

**Diagrams and graphs:** Diagrams and graphs like bar diagram, line chart etc has been used for analysis and better presentation wherever is possible.

**Period of study:** This study is undertaken within the Jorhat District mainly to understand the situation of direct selling.

**Data analyze and Interpretations**

**TABLE: 1.1: AGE GROUPS OF THE RESPONDENTS**

Sl.No	Factors	No of Respondents	Percentage
1	20-30 years	10	20
2	31-40 years	20	40
3	41-50 years	15	30
4	Above 50 years	05	10
	Total	50	100

Source: Field Study.

It is depicted from the table 1.1 that 20 percent respondents have the age groups from 20-30 years while 40 percent of them have the age groups from 31-40 years and 30 percent of them have the age groups from 41-50 years and 5 percent of the respondents have the age groups above 50 years in the study area. It is therefore analyzed that majority of the distributors have their age groups from 31-40 years in the study area.

**Table: 1.2: Selling Area Of The Distributors**

Sl.No	Factors	No of respondents	Percentage
1	At work place	10	20
2	At Home	30	60
3	At temporary place	10	20
4	Total	50	100

Source: Field Study.

It reveals from the table 1.2 that 20 percent respondents have done their business both at work place and temporary locations while 60 percent of them have done their business at home. It is therefore analyzed that majority of the respondents have done their business at home in the study area.

**Table: 1.3: Success From Direct Selling Business**

Sl.No	Factors	No of Respondents	Percentage
1	Yes	30	60
2	No	20	40
	Total	50	100

Source: Field Study.

It is transparent from the table 1.3 that 60 percent respondents have got success on direct selling business while 40 percent of them have got success in direct selling business in the study area. Hence, it is observed from the study that majority of the respondents have got success in direct selling business in the study area.

**Table: 1.4: Comparison Between Traditional and Direct Selling Business.**

Sl.No	Factors	No of Respondents	Percentage
1	Yes	50	100
2	NO	00	00
	Total	50	100

Source: Field Study.

It is transparent from the table 1.4 that 100 percents respondents have expressed that the traditional and direct selling business have the vast difference because the direct selling business have no risk at all. Therefore, it is analyzed that majority of the respondents have given more preference to Direct selling Business in the study area.

**Table: 1.5: Monthly Income of The Respondents**

Sl.No	Factors	No of Respondents	Percentage
1	Rs 3000-7000	20	40
2	Rs 7000-10000	10	20
3	Rs 10000-20000	10	20
4	Rs 20000-30000	05	10
5	Above Rs 30,000	05	10
	Total	50	100

Source: Field Study.



# INTERNATIONAL JOURNAL OF RESEARCH SCIENCE & MANAGEMENT

It is depicted from the table 1.5 that 40 percent respondents have their monthly income up to Rs 3000-7000 while 20 percent of them have their monthly income up to both Rs 6000-10000 and Rs 10000-20000 and 10 percent of them have their monthly income up to both Rs 20000-30000 and above Rs 30000 respectively in the study area. It is therefore analyzed that majority of the respondents have their monthly income up to Rs 3000-7000 in the study area.

**Table: 1.6: Gender of the Respondents**

Sl.No	Factors	No of respondents	Percentage
1	Male	20	40
2	Female	30	60
	Total	50	100

Source: Field Study.

It reveals from the table and figure 1.6 that 40 percent respondents are belongs from the male categories while 60 percent of them are female categories in the study area. Therefore, it is analyzed that majority of the respondents are female categories in the study area.

**Table1.7 : Educational Qualification of the Respondents**

Sl. No	Factors	No of Respondents	Percentage
1	Illiterate	05	10
2	Primary Level	3	05
3	High School level	2	05
4	Higher Secondary level	10	20
5	Graduation	05	10
6	Others	25	50
	Total	50	100

Source: Field Study.

It transparent from the table and figure 1.7 that 50 percent respondents have their educational qualification Others i.e. Post graduation, Engineering, Medical and Scientist etc while 20 percent of them have their educational qualification up to Higher Secondary level and 10 percent of the respondents have educational qualification both Illiterate and Graduation and 05 percents of them have their qualifications both primary and High School level in the study area. It is therefore analyzed that majority of the respondents have their educational qualification Doctors, Engineering, Medical and Scientist in the study area.

**Table: 1.8: Level Of Income**

Sl.No	Factors	No. of Respondents	Percentage
1	Limited	30	60
2	Unlimited	20	40
	Total	50	100

Source: Field Study.

It is transparent from the table and figure 1.8 that 60 percent respondents have their limited income and 40 percent of them have their unlimited income in the study area. It is analyzed that majority of the respondents have their limited income in the study area.

**Table: 1.9: Bonus And Incentive**

Sl.No	Factors	No of Respondents	Percentage
1	Yes	50	100
2	No	00	00
	Total	50	100

Source: Field Study.

It is transparent from the table and figure 1.9 that 100 percentage respondents expressed their views that they have received bonus and incentives from this business in the study area.

## Major findings of the study

- 20 percent respondents have the age groups from 20-30 years while 40 percent of them have the age groups from 31-40 years and 30 percent of them have the age groups from 41-50 years and 5 percent of the respondents have the age groups above 50 years in the study area.
- 20 percent respondents have done their business both at work place and temporary locations while 60 percent of them have done their business at home.
- 60 percent respondents have got success on direct selling business while 40 percent of them have not got success in direct selling business in the study area.
- 100 percent respondents have expressed that the traditional and direct selling business have the vast difference because the



## INTERNATIONAL JOURNAL OF RESEARCH SCIENCE & MANAGEMENT

direct selling business have no risk at all.

- 40 percent respondents are belongs from the male categories while 60 percent of them are female categories in the study area.
- 50 percent respondents have their educational qualification Others i.e. Post graduation, Engineering, Medical and Scientist etc while 20 percent of them have their educational qualification up to Higher Secondary level and 10 percent of the respondents have educational qualification both Illiterate and Graduation and 05 percents of them have their qualifications both primary and High School level in the study area
- 100 percentage respondents expressed their views that they have received bonus and incentives from this business in the study area.
- 40 percent respondents have expressed their views that they have more interest to carry on the direct selling business while 60 percent of them do not have interest as they are called failure of the business.
- 40 percent respondents have their monthly income up to Rs 3000-7000 while 20 percent of them have their monthly income up to both Rs 6000-10000 and Rs 10000-20000 and 10 percent of them have their monthly income up to both Rs 20000-30000 and above Rs 30000 respectively in the study area.

### Suggestions:

- It is observed from the study that various age groups are into the business, but it could be the key factor for the age group of 20-30 years as the youth generations are the internet experts, and the direct selling is an E-commerce business too.
- Direct Selling is a home based business and it can be done by any person in part time or full time comfortably from the home.
- A majority of people are successful on direct selling business, but there are also a big number of unsuccessful Direct seller. This can be overcome when they are supported and guided by their team and motivate them to attend the training programmes.
- As there is a vast difference between Traditional and Direct Selling business, people don't understand the concept of Direct Selling as people of the study area are grown up seeing Traditional business. So, a direct seller must illustrate the difference and the potential of direct selling logically with required accurate data's.
- People who are into the Direct Selling business from a long time are successful and making a good amount of income, so new people should have a long term vision and develop the skills in the beginning of their direct selling business.
- As it is seen that people from all walk of life are into the direct selling and earning too. It can be the way to help people irrespective of the education and have a platform of his own.
- Direct Selling requires no shops, no employees. So, a person can build the business without having the tensions of paying the rent or being cheated by their employees.
- To be a successful direct seller, a person has to be persistent, consistent and attend seminars to be motivated about the business.
- 60 percent of Direct Sellers have less interest to carry on the business, because of the failure. This can be overcome if the person is provided with trainings and system meetings to build the business in a proper technique.
- Direct Selling is a huge business concept and it should be examined from the student levels to create a part time income and also to have the financial education of the life along with formal education.

### Conclusion

Direct selling is a different concept and it has vast difference from the traditional business around. This concept is accepted worldwide now across all the developed countries in the world. It helps a person to earn passive income by working in a desired plan. But, the concept of direct selling still have a lack of clarity in India, even giant Direct Selling company like "Amway" is also misunderstand in India. Today, Top Business Schools such as "Harvard University" runs a course in the University by name "Amway Fellows" where delicates from China goes there to study about this huge direct selling company.

### Bibliography

- The Business of The 21th century – Robert T Kiyosaki.
- Rich Dad Poor Dad – Robert T Kiyosaki.
- The Business School – Robert T Kiyosaki.
- The Next Trillion Dollar (Fifty lakh Crore Rupees opportunity) – Paul Zane Pilzer, Economic Advisor of American president Ronald Regan and George W. Bush.
- The Parable of The Pipeline – Burke Hedges, Author of The International Bestseller "Dream-Bizcom.

### Internet search:

- en.m.wikipedia.org/wiki/Amway
- en.m.wikipedia.org/wiki/Direct\_selling



## INTERNATIONAL JOURNAL OF RESEARCH SCIENCE & MANAGEMENT

3. [www.dsa.org](http://www.dsa.org)
4. [www.amway.in](http://www.amway.in)
5. google graphs
6. Euromonitor International Limited
7. [www.idsa.co.in](http://www.idsa.co.in)
8. [www.direct-ficci.com](http://www.direct-ficci.com)