

The influence of distributor satisfaction on loyalty within multi-level marketing in South Africa: The mediating role of trust

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ABSTRACT

Multi-level marketing (MLM) businesses use distributors to sell the products offered by the MLM business to customers for financial compensation. Distributors are paid based on their business' weekly and monthly sales volume. Therefore, distributors are encouraged by the MLM business to actively recruit new downline distributors to sell the products on their behalf. There are various advantages for the distributor when joining an MLM business. These advantages include low initial investment costs, relatively easy income opportunities, and the development of entrepreneurial, selling, and interpersonal skills. In South Africa, the high unemployment rate and limited economic growth create potential success for the MLM industry, especially in South Africa. Therefore, the MLM industry is actively growing not only worldwide, but also in South Africa. Based on the literature review conducted, it was discovered that considering that the distributors are responsible for recruiting an active downline and new customers in their business, distributors' satisfaction, trust, and loyalty are crucial for the success and longevity of an MLM business.

The primary objective of this research study was, therefore, to determine the influence of distributor satisfaction on loyalty, and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business. This objective was realised by means of an in-depth literature review and an empirical investigation into distributor satisfaction, trust, and loyalty in the South African MLM industry. During this study, a descriptive research design was used, and a quantitative research approach was utilised to collect data by means of computer-administered methods. Nonprobability sampling methods (convenience-, chain referral-, and quota sampling) were used to reach respondents on social media platforms to participate in the research study. Since the research aimed to measure distributors' satisfaction, trust, and loyalty, there was a minimum requirement to ensure a reasonable evaluation could be made. Consequently, the minimum requirement was that the respondents must have been distributors for their MLM business for a minimum of six months before participating in this research study.

The sample included 376 usable responses, which was the correct sample size range for structural equation modelling (SEM) to be performed. Moreover, various assessment methods were used to determine whether this study's measurement scales were reliable and valid with a good model fit statistic. The empirical results found that using SEM established that there are three significant positive impacts on the proposed hypotheses. Specifically, distributor satisfaction has a significant positive impact on loyalty and trust, and furthermore, loyalty has a positive and significant impact on trust. In addition, the SEM found a significant indirect effect on distributor satisfaction and loyalty when mediated by trust. Interestingly, the SEM found that there is a

significant positive impact on the method of diffusing business opportunity towards distributor satisfaction.

Based on the results, it is recommended that, to achieve distributor satisfaction, MLM businesses should ensure that they explain the business opportunity in-depth to recruits. The MLM business should pay close attention to providing the best possible discussion and training events to recruits to increase their retention rate and prevent losing distributors to other MLM businesses. Secondly, based on the results, it was implicated that respondents feel the job is enjoyable, and therefore, the MLM should continue to offer incentives and merchandise to the distributors to keep the distributors engaged accordingly. Finally, the results found that the respondents rely on MLM businesses to keep their promises. Therefore, the MLM business should continue to deliver good service delivery and keep the promises made towards their distributors.

Recommendations for further research suggestions include extending the study's primary aim to the global MLM industry. Further studies can also research more marketing constructs, a greater variety of MLM businesses in South Africa, and different demographic, age, and income groups. Finally, further research can study the influence of customer satisfaction, loyalty, and trust towards an MLM business

LIST OF KEYWORDS AND DEFINITIONS

Multi-level Marketing (MLM)

Multi-level marketing, also referred to as direct selling or network marketing, is defined as a combination of transactional and relationship marketing processes that involves the recruitment of independent distributors by means of a business model where financial compensation schemes are offered for products or services sold (Groß & Vriens, 2017:333; Mather et al., 2017:44; Nga & Mun, 2011:51).

Distributor

Distributors, independent representatives, partners, associates or independent business owners are defined as direct sellers of a multi-level marketing business' products or services for compensation who aim to recruit an active downline to assist in generating a bigger sales volume and commission (Keep & Nat, 2014:192; Kwee-Fah *et al.*, 2016:107). For this study, distributors are defined as independent representatives who market and sell the products and services offered by their MLM business. Since the study focuses on the health and wellness industry, the distributor is responsible for assisting customers and downlines in acting in line within the law, while still motivating and helping customers with potential health issues. For the purpose of this research study, the term distributor will be used from here on forward.

Upline

A distributor's upline is the individual who recruited or referred a person to the MLM business and should provide the distributor with constant activities and motivation to assist the distributor in the growth of their own business (Heng & Ng, 2020:483; Kwee-Fah *et al.*, 2016:110). For this study, the upline is defined as the person who recruited the distributor to the MLM business and is responsible for helping and motivating the distributor to achieve success.

Downline

When a distributor recruits a person, the recruit becomes the distributor's downline in the same network and is responsible for motivating the new recruit, and consequently, the distributor can generate more total revenue from the new recruit's sales (Bäckman & Hanspal, 2018:2; Kwee-Fah *et al.*, 2016:106). For this study, the downline is defined as the person the distributor recruited to participate in the MLM business and whom the distributor is responsible for motivating and educating the recruit to achieve greater success.

Satisfaction

Satisfaction can be defined as a post-purchase evaluation of product or service quality given pre-purchase expectations, where satisfaction is achieved when these expectations are met. Therefore, a satisfaction judgement is based on the baseline effect of expectations plus any perceived disappointments (Anderson & Sullivan, 1993:126; Homburg, Koschate & Hoyer, 2005:85; Nga & Mun, 2011:54). For this study, satisfaction is defined as a post-purchase evaluation of a product or service's quality given pre-purchase expectations, where satisfaction is achieved when these expectations are met.

Distributor satisfaction

Distributor satisfaction can be defined as the reactive situation and evaluation by the distributor, of where the perceived performance is equal to or better than the expected outcome. Often, distributor satisfaction can be outlined as the benchmark for evaluating the gap between the expectations and the product or service of a business' actual performance (Ali *et al.*, 2021:65; Homburg *et al.*, 2002:85; Kim, 2010:226; Omolade & Otori, 2020:110; Ruefenacht, 2018:1036). For this study, distributor satisfaction is defined as the benchmark of a distributor, where the perceived performance and service of an MLM business, upline, downline, product or service is equal to or better than the expected outcome, and therefore, if the outcome is better than expected, the distributor would continue working for the MLM business.

Trust

Trust is considered an important component when building mutual respect, and a stable relationship and is generally defined as one party's belief in the other's dependability and honesty. Likewise, trust is the belief that a business' promises are reliable and that the business will fulfil its promises in the relationship between the consumer and business (Haron *et al.*, 2020:6; Morgan & Hunt, 1994:20-23; Rubio *et al.*, 2017:359). In this research study, trust is defined as an altitudinal belief by a distributor that the MLM business will be reliable and fulfil promises made by the MLM business.

Loyalty

Loyalty is defined as an aspirational commitment, devotion, desire or sentiment from a customer, to repurchase or patronise a favourite product or service in the future, despite other factors such as marketing and situational influences, which may cause switching behaviour. This causes repetitive support towards the business (Dhir *et al.*, 2020:1697; Oliver, 1999:34; Ruefenacht, 2018:1036). In this research study, loyalty is defined as a commitment or devotion from the distributor to repurchase a product or service offered by the MLM business, despite marketing or other situational influences.

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CHAPTER 1

INTRODUCTION AND OVERVIEW OF THE STUDY

1.1 INTRODUCTION

This study aimed to determine the influence of distributor satisfaction on distributor loyalty and whether loyalty is affected by distributor trust as a mediating factor within multi-level marketing (MLM) in South Africa. Currently, the MLM business model is attractive for several reasons that will be further explored in Chapter 2, section 2.3. The research study was conducted using the mentioned marketing constructs to investigate the factors influencing distributors' satisfaction, distributors' trust, and distributors' loyalty in the ten identified health and wellness MLM businesses. The research study's primary data focused only on the MLM business industry in South Africa.

Chapter 1 commences with a discussion of the background and research problem of this research study, followed by an overview and a literature review of the MLM industry, distributor satisfaction, distributor trust and distributor loyalty. Thereafter follows a discussion of the interrelationships of the constructs. The conceptual framework, research objectives, hypotheses and research methodology will follow. The chapter will conclude with a chapter classification of the dissertation.

1.2 BACKGROUND AND RESEARCH PROBLEM

The MLM business model uses distributors to sell the business' products for financial compensation and encourages current distributors to recruit a downline of distributors for increased success (Heng & Ng, 2020:472; Nadlifatin *et al.*, 2022:111). Clearly, MLM businesses differ from other business models due to the importance of recruiting an active downline to assist with sales (Chian, 2020:9; Mansouri & Unanoğlu, 2022:181). Furthermore, Purcaru *et al.* (2022:1) reiterate the importance of the MLM business to create value for both the distributor and customer, to create long-term success and to achieve the goals set out by the business. Additionally, distributors are paid a percentage of their sale volume generated weekly or monthly and as an additional bonus, the distributors earn commission on their downlines' sales volume (Mahapatra *et al.*, 2021:51). Importantly, distributors of an MLM business remain entirely independent and are not viewed as permanent employees of the MLM business, since they do not receive a fixed salary or other business benefits, such as health benefits, annual leave, or pension benefits (Kwee-Fah *et al.*, 2016:106; Nadlifatin *et al.*, 2022:111). Subsequently as distributors are not viewed to be part of the permanent employment of an MLM business, distributors are required to pay a fixed enrolment fee to be registered as a distributor, which typically pays for a distributor's training manuals and inventory requirements (Chian, 2020:1). The benefits of the MLM industry

includes the low costs involved to start an independent business, a relatively easy income opportunity for low-skilled workers, and the ability to develop personal skills (Franco & Gonzalez-Perez, 2016:31; Heng & Ng, 2020:472; Li *et al.*, 2016:19). Consequently, growing MLM industries are creating jobs in international markets (Choudhary, 2013:9; Tajti, 2021:46), since marketing experience, education or training are irrelevant and can be learned when starting an MLM business; therefore, anyone from any background can become a distributor (Delgado, 2000:22). Therefore, an MLM business can make an impressive contribution to a country's economic growth and, in return, give people improved living standards and important communication and interpersonal skills (Choudhary, 2013:5). In South Africa, high unemployment rates and limited economic growth are having an adverse effect on the economy (Nadlifatin *et al.*, 2022:111; Sere & Tchereni, 2020:274), and subsequently, unemployed individuals can generate additional income by participating in an MLM business (Jain *et al.*, 2015:903). Since distributors are responsible for recruiting and motivating new distributors, distributors' satisfaction is crucial for the success of MLM businesses (Kwee-Fah *et al.*, 2016:106; Mahapatra *et al.*, 2021:51). Additionally, trust is an important factor, as mutual trust will preserve a long-term relationship between a distributor and MLM business (Bruckermann, 2021:91; Franco & Gonzalez-Perez, 2016:32). Furthermore, when distributor loyalty is strong, an emotional connection is formed with the business, which further increases a sense of commitment towards the business (Dhir *et al.*, 2020:1697). Despite all the advantages the MLM industry has to offer, the industry has been associated with enticing pyramid and Ponzi schemes to make large profits for some individuals (Keep & Nat, 2014:190; Mansouri & Unanoğlu, 2022:182). Often, distributor satisfaction is influenced by challenges provided by the MLM business' policies and sales targets (Jain *et al.*, 2015:910).

To summarise, it is evident that MLM businesses are valuable in developing countries such as South Africa to contribute towards the economy, provide additional income and improve living standards for people; nevertheless, MLM businesses face legal and negative perceptions that influence distributor satisfaction, trust and loyalty within the MLM industry. Consequently, the research problem for the study is identified to determine the influence of distributor satisfaction on loyalty, and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business.

1.3 INDUSTRY OVERVIEW

The MLM industry is distinct from other business models since the industry uses a sales downline of distributors to market and sell products and services to mostly family and friends while recruiting, motivating, and educating new distributors to duplicate the work to do the same (Groß & Vriens, 2017:333; Heng & Ng, 2020:472; Mansouri & Unanoğlu, 2022:181). The first MLM

businesses opened in the early 1900s and have been growing in countries such as the United States, China and India (Oladele & Laosebikan, 2019:2). In recent years, MLM has gained tremendous growth (Heng & Ng, 2020:472) and is recognised as an attractive, growing industry worldwide (Groß & Vriens, 2017:333; Roman *et al.*, 2021:1). According to World Federation of Direct Selling Association (2020), there are 125.4 million independent representatives in the direct selling industry worldwide, which generated USD 179.3 billion in 2020, which is approximately ZAR 3.2 trillion (exchange rate of 26 October 2022 used). To elaborate, the MLM business model is attractive for several reasons, including the simplistic nature of gaining notable market exposure for the business, the entrepreneurial experience, additional or supplementary income earning potential, as well as distributor discounts on products offered (Heng & Ng, 2020:472; Mansouri & Unanoğlu, 2022:181). Considering the advantages, a distributor can ultimately achieve financial independence with the business opportunity provided by MLM businesses, hard work and a loyal sales base (Li *et al.*, 2016:19; Nga & Mun, 2011:51). The growth of the MLM industry is a result of the opportunity to create a source of income for the unemployed and distributors can take advantage of the flexible working hours and location to promote the business (Bäckman & Hanspal, 2018; Jain *et al.*, 2015:903). Similarly, the industry's rapid expansion is due to the transition to the online age, with e-commerce gaining popularity (Bălăşescu, 2020b:9). The shift towards online sales intensified due to the COVID-19 pandemic as people avoided in-person interactions in favour of online shopping (Fluegel & King, 2021:7). Furthermore, an MLM business model is not only attractive for the distributor, but also for the founders, because advertising and promotion costs are covered by the distributor, and this enables the business to pass the savings on to the distributor (Jain *et al.*, 2015:903; Koroth & Sarada, 2012:26). Business analysts note that MLMs' successes run counter to economic cycles and usually experience successes in an economic crisis (Franco & Gonzalez-Perez, 2016:32). Based on the findings of Bäckman and Hanspal (2018:2), it can be argued that countries with a higher unemployment rate have a higher participation number in MLMs. As a result, MLM businesses provide a relatively easy income opportunity to low-skilled and unemployed workers (Franco & Gonzalez-Perez, 2016:31). Unfortunately, as a result of the successes of MLM businesses worldwide, criminal activity has developed to take advantage of the simplicity of the MLM business model (Bălăşescu, 2020b:9; Nat & Keep, 2002:140). Pyramid schemes were influenced by MLMs after gaining such enormous successes (Oladele & Laosebikan, 2019:4). Additionally, MLM businesses have faced several legal challenges over the years (Bäckman & Hanspal, 2018:1), and negative perceptions toward MLM businesses can harm the business' reputation (Jain *et al.*, 2015:907; Mansouri & Unanoğlu, 2022:182). As a result, potential distributors have become more sceptical of MLM practices and reluctant to participate in MLM business opportunities (Kwee-Fah *et al.*, 2016:106). Fortunately for the MLM industry, despite the lawsuits and criminal activity happening, the popularity of MLM businesses continues to grow globally every year (Joshni, 2014:78; Mahapatra *et al.*, 2021:52).

Therefore, it is clear that the MLM industry provides a relatively easy opportunity to uneducated workers to start a business and create additional income. As a result of this, the MLM industry is rapidly growing and expanding worldwide. However, criminal activity and lawsuits are influencing potential distributors to be cautious around MLM businesses. Therefore, to ensure the growth and success of this channel of distribution, MLM businesses should eliminate the negative perceptions and consolidate positive attributes of the MLM business model to the market (Joshni, 2014:82).

1.4 LITERATURE OVERVIEW

This section provides a summary of the literature overview of the constructs under investigation during this research study, including the MLM industry, distributor satisfaction, distributor trust, and distributor loyalty.

1.4.1 The MLM industry

As discussed in the previous section, the MLM industry has grown into an attractive industry worldwide and is becoming increasingly popular worldwide to earn an additional income (Mahapatra *et al.*, 2021:52; Tajti, 2021:46). Therefore, multi-level marketing (MLM), sometimes referred to as network marketing or direct selling, is defined as a combination of transactional and relationship marketing processes that involve the sales of products and services offered by the business and the recruitment of independent distributors as the distributor's downline for greater success (Groß & Vriens, 2017:333; Mather *et al.*, 2017:44; Nga & Mun, 2011:51). Furthermore, distributors market and sell products to known associates, family and friends in order to be compensated and, importantly, the distributor signs up a downline of sales representatives to maximise financial compensation (Groß & Vriens, 2017:333; Hülya, 2020:50). Therefore, in an MLM business, distributors are not restricted to only earn commission on one level (Tajti, 2021:50; Yaziz *et al.*, 2015:676). It is important to remember that distributors remain completely independent from the MLM business since distributors receive no fixed salary or any other business benefits from the MLM business (Kwee-Fah *et al.*, 2016:106). For instance, distributors' commissions are paid on a specific prearranged percentage of the distributors' sales volume generated monthly and weekly, and a percentage of the downlines sales volume (Mahapatra *et al.*, 2021:51; Nadlifatin *et al.*, 2022:111). Often, a registration fee is due to the MLM business to be registered as a distributor and can sometimes include training manuals, brochures and product samples for the distributor to try and kick-start their business (Chian, 2020:1). Nevertheless, a distributor can achieve financial independence with the business opportunity and a loyal sales base (Li *et al.*, 2016:19; Nga & Mun, 2011:51) with a business that requires no retail location, since distributors can work from home or on a smartphone (Duffy, 2005:45; Ferrell & Ferrell, 2012:273). With the growth of social media platforms (in particular Facebook), distributors can

market to millions of people regarding the products and services being offered from the comfort of home (Bala & Verma, 2018:324; Crimmins, 2021:11). Because the MLM industry has in the last few years been increasingly growing, the model is widely accepted globally (Bălăşescu, 2020a:9; Nadlifatin *et al.*, 2022:111). Some of the first MLM businesses include California Vitamins, Tupperware, and Avon (Bălăşescu, 2020a:10; Burch, 2016:746; DeVos, 2013:42). The history of the MLM industry will be investigated during Chapter 2 of this research study. Furthermore, different industries use the MLM model to sell products and services, including home and storage products, cosmetics, books, wine, jewellery, supplements, weight management, and nutritional products (Groß & Vriens, 2017:333; Joshni, 2014:78). There are primarily three categories of products sold through MLM businesses: home and household goods, wellness, and beauty products (Keep & Nat, 2014:201; Olalekan Ezekiel & Toba, 2020:64). This study will specifically focus on health and wellness MLM businesses. As a result of increased health consciousness and the changing lifestyles of consumers, consumer demands are dramatically changing, and therefore, consumers are more willing to increase their spending to look and feel good (Singhal, 2017:51; Yaziz *et al.*, 2015:676). Likewise, businesses are using clever marketing strategies to benefit from the COVID-19 pandemic to increase health and wellness product sales (Crimmins, 2021:39). Wellness products consist of weight management, dietary supplements, and sports products (Cardenas & Fuchs-Tarlovsky, 2018:133). This results in a more competitive health and wellness industry where, unfortunately, distributors are overselling products by making fake health claims (Keep & Nat, 2014:193).

As mentioned above, joining, and partaking in an MLM business have various advantages, not only for the distributor, but also for the business and country. Therefore, the following ten health and wellness MLM businesses operating in South Africa, as indicated in Table 1-1, were chosen by the researcher to further investigate the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor in the MLM business.

Table 1-1: Identified health and wellness MLM businesses for the research study

Health and wellness MLM businesses	Products offered by the MLM business	Year founded	Source
Annique	Rooibos products, nutrition products, health, and beauty	1968	(Annique, 2021)
Avon	Makeup, skincare, and hair care products	1886	(Avon, 2021)
Doterra	Essential oils and CBD	2008	(DoTerra, 2021)
Herbalife	Nutrition products, tea, weight loss and sports collaborations	1980	(Herbalife, 2021)
Mannatech	Health, skincare, home living, weight loss and fitness	1994	(Mannatech, 2021)
Nuskin	Skincare and cosmetics	1984	(NuSkin, 2021)
Oregano Gold	Beverages, body care and personal care	2008	(Organo Gold, 2021)
Truvy	Health, weight loss supplements, hydration products	2014	(Truvy, 2021)
Tupperware	Personal care, storage and serving solutions	1946	(Tupperware, 2021)
Young Living	Cosmetics, essential oils, food and beverage, home, and personal care	1993	(Young Living, 2021)

Source: Researcher's own construct

The distributor is an independent representative that markets and sells the products and services offered by his/her MLM business (Keep & Nat, 2014:192). Therefore, in an MLM business, the business eliminates the middleman and sells products directly to the consumer, resulting in saving costs for the business, which are then paid to the distributor (Mahapatra *et al.*, 2021:59). Additionally, an MLM business provides a job opportunity for anyone interested in becoming a distributor, and thereby enhances the probability of becoming an entrepreneur (Tay & Jin, 2018:162). Consequently, in the MLM business, there is a symbiotic partnership between the business, its distributors, and consumers (Koe Hwee Nga & Wai Mun, 2011:55). Based on the findings of Purcaru *et al.* (2022:5), MLM distributors are seen as both sales representatives and consumers in the MLM business. Therefore, in an MLM business, the distributor takes the place between the business and customer (Guenzi *et al.*, 2009:5). Also, the distributors experience a double relationship between the MLM business and customer, and therefore the importance of this relationship to achieve overall success and longevity of the MLM business (Ganesan & Hess, 1997:441). As a result of this relationship, the distributor is the main link between the business and the customer in an MLM business (Purcaru *et al.*, 2022:3). Fuciu and Dumitrescu (2018:47) argue that it is becoming more evident that the distributors in MLM should become an internal and important part of the business. It is apparent that distributors are responsible for recruiting new distributors for the longevity and success of the MLM business (Kwee-Fah *et al.*, 2016:106;

Nadlifatin *et al.*, 2022:111), and subsequently, it is important to investigate distributor satisfaction and its influence on the success of an MLM business.

1.4.2 Distributor satisfaction

When using the MLM business model, the business eliminates the middleman and sells products and services employing an independent distributor to the consumer (Mahapatra *et al.*, 2021:59). For that reason, the distributor remains independent and markets and sells the products and services to family and friends to be compensated by the MLM business for sale volumes generated weekly and monthly (Groß & Vriens, 2017:333; Hülya, 2020:50). Importantly, based on research conducted by Purcaru *et al.* (2022:5), the relationship between the MLM business and distributor is intricate, since the distributor is seen as both a sales representative and customer in the MLM business. Therefore, satisfaction of distributors are increasingly being used as a way for businesses to analyse the performance of products and services offered (Anderson & Sullivan, 1993:125; Omolade & Otori, 2020:111). Consequently, satisfaction is the evaluation by the consumers and refers to the feeling or attitude towards a product or service after it has been consumed by a consumer (Jamal & Naser, 2002:147; Kim, 2010:226). Distributors' satisfaction is usually evaluated by an internal evaluation process, which identifies whether or not the distributors' expectations have been met (Dhir *et al.*, 2020:1697). Satisfied distributors are more likely to continue doing business with the MLM and recommend the products and services to other people (Mansouri & Unanoğlu, 2022:182). Also, the performance of the product or service is evaluated by comparing the expectation to the actual performance and thereby forming a satisfactory result (Homburg, Koschate & Hoyer, 2005:85). Furthermore, distributors' satisfaction is crucial for the success of MLM businesses because distributors are responsible for motivating new distributors to be successful and generate sales (Kwee-Fah *et al.*, 2016:106; Mansouri & Unanoğlu, 2022:183). Since a distributor of an MLM business does not receive a fixed salary, and only works on commission determined by group volume in sales generated, it is crucial to ensure distributor satisfaction in an MLM business (Bäckman & Hanspal, 2018:3). When the MLM business understands and meets a distributor's needs, distributor satisfaction is achieved (Nga & Mun, 2011:54). However, satisfaction in a business is an ongoing process, and therefore it should be continuously measured by the business, and these results over time can help a business improve the satisfaction levels by investigating trends and patterns (Ilieska, 2013:328; Purcaru *et al.*, 2022:1).

Factors that influence distributors are likely to be different to that of employees, since distributors work for commission and are, therefore, not recognised as permanent employees of the MLM business (Kwee-Fah *et al.*, 2016:106). The factors that a distributor's satisfaction is influenced by and studied in this study include the method of diffusing business opportunity, perceived quality

of recruitment process, perceived quality of training, perception of products and services, and upline support. The mentioned factors were selected for this study based on a former study's constructs measuring distributor satisfaction in an MLM business. These five factors will be further discussed in Chapter 2, section 2.3.2. Herewith, a summary on the five factors, influencing distributor satisfaction.

1.4.2.1 The method of diffusing business opportunity

The MLM business model simplifies the way that consumers globally can earn additional or supplementary income, by providing a teachable opportunity for untrained consumers to achieve financial freedom (Heng & Ng, 2020:472). According to Loi (2015:24), the MLM industry creates a remarkable business opportunity for anyone to determine their own income levels. Furthermore, the opportunity pitch made by the recruit's upline must be convincing to ensure that the prospective downline is attracted to the potential business opportunity (Kwee-Fah *et al.*, 2016:116). Furthermore, the diffusion of the business opportunity in MLM businesses includes the initial purchase made by the distributor, whereafter the distributor will be responsible for selling the products and recruiting an active downline for the MLM business (Mansouri & Unanoğlu, 2022:183). During previous research, Lee and Loi (2016:59) found that the business opportunity is the most important antecedent for a distributor to be satisfied with their MLM business. Despite the multiple advantages the MLM industry has to offer, some criminal activity started to originate from the successes of MLM businesses (Bălăşescu, 2020a:9). As a result of the increasing criminal activity and bad publicity in the MLM industry, distributors have become more sceptical of MLM practices and unwilling to participate in MLM businesses (Kwee-Fah *et al.*, 2016:106). Consequently, it is difficult for a legitimate distributor to sell products and recruit prospects for an MLM business with bad publicity, pyramid schemes and false income statements becoming more widespread (Mansouri & Unanoğlu, 2022:189). Therefore, Loi (2015:24) argues that MLM businesses are required to diffuse the right business opportunity to the distributors and ensure that the correct information is provided to the distributors.

1.4.2.2 Perceived quality of recruitment process

During the recruitment process, the prospect is approached by the distributor recruiting. If the prospect is interested, the recruit is then taken to a routine meeting to learn more about the MLM business opportunity (Mansouri & Unanoğlu, 2022:183). Recruiting new members is essential to the long-term survival of MLM businesses (Chian, 2020:9; Koroth & Sarada, 2012:26). Therefore, distributors are encouraged to actively recruit new distributors to join the MLM business (Heng & Ng, 2020:483). Additionally, the recruitment process not only benefits the business' financials, the business also creates a relatively accessible employment opportunity worldwide and generates

economic growth for developing countries (Nadlifatin *et al.*, 2022:111). Furthermore, it is common for new recruits to be referred by someone who is a social connection, close friend or family member and in return increases the attractiveness of the MLM, since prospects value and trust the fact that a friend or family member referred them (Koroth & Sarada, 2012:27). In order for a distributor to succeed and be satisfied with an MLM business, it is essential that the members of a downline must cooperate and socialise (Kwee-Fah *et al.*, 2016:108). It is important that distributors are continuously trained by the business to effectively recruit new prospects and distributors (Delgado, 2000:75; Lee & Loi, 2016:60).

1.4.2.3 Perceived quality of training

A major advantage of MLM businesses is the ability to develop personal skills (Choudhary, 2013:1; Roman *et al.*, 2021:3). During previous research, Delgado (2000:11) and Heng and Ng (2020:475) established that sales training significantly enhances the capability of a distributor. Nevertheless, MLM businesses are often characterised by distributors who lack marketing experience, education or training (Delgado, 2000:22). As a result, MLM businesses should develop strategic training courses to educate distributors in the areas where the distributor lacks skills and has insufficient knowledge to ensure successful results (Kwee-Fah *et al.*, 2016:109). Therefore, a quality training programme is essential to train and strengthen a distributor's capability and increase the success rate (Keong & Dastane, 2019:9). Ultimately, to be successful in an MLM business, the new distributor must work consistently, attend regular training sessions, and emphasise personal development (Roman *et al.*, 2021:24).

1.4.2.4 Perception of products and services

MLM businesses entail selling products and services directly to consumers through a network of distributors and, typically, MLM products are not available in any retail stores (Kwee-Fah *et al.*, 2016:118; Michał Roman *et al.*, 2021:8). The MLM attractiveness increases for distributors, since products can be sold to friends and family of the distributor (Heng & Ng, 2020:472). Undoubtedly, knowledge of the products and services in the market is important and beneficial as distributors need this information to confidently secure customers and sales (Ruefenacht, 2018:1037). Consumers are more likely to be satisfied with products that have value for money, come from a trusted supplier, are convenient, and have sufficient information and research done (Joshni, 2014:79). When an MLM business provides quality products and services, and the MLM business develops better and more innovative products each year, consumers would be more willing to trust the business and, therefore, enjoy a better reputation among consumers (Roman *et al.*, 2021:16). Moreover, when it comes to MLM businesses, the business should concentrate on

creating value, driving membership recruitment and word-of-mouth marketing (Heng & Ng, 2020:484).

1.4.2.5 Upline support

The person who recruited the new distributor into the MLM business becomes the distributor's upline in the same network (Mansouri & Unanoğlu, 2022:184). The upline is responsible for recruiting, training, and mentoring the downline where, in return, the upline receives compensation for the downline's volume achieved (Koroth & Sarada, 2012:26; Nadlifatin *et al.*, 2022:112). Therefore, support, motivation, guidance, and assistance should be given constantly to ensure a successful long-term business for the upline and downline (Kwee-Fah *et al.*, 2016:110; Loi, 2015:29). Similarly, it is critical that a distributor's upline provides support, since the distributor normally deals directly with the upline and rarely with management, particularly for moral support, motivation, training, development, and mentoring purposes (Isa *et al.*, 2012:54). Importantly, the positive relationship between the upline distributor and the downline is vital for each party to achieve set goals and financial incentives (Kwee-Fah *et al.*, 2016:110; Mansouri & Unanoğlu, 2022:184). Consequently, Lee and Loi (2016:61) found that the support a distributor's upline shows influences distributors' satisfaction levels and performance in an MLM business. Likewise, research conducted by (Koroth & Sarada, 2012:27) found that the more upline support a distributor receives, the more likely the distributor is to be satisfied with the business opportunity.

These five factors will be further examined in Chapter 2, section 2.5.2. of this research study. After distributor satisfaction has been discussed, the following constructs could be explored. Subsequently, the following section discusses distributor trust within an MLM business.

1.4.3 Distributor trust

Trust is generally defined as one party's belief in the other's dependability and honesty (Morgan & Hunt, 1994:23). During previous research studies, trust was believed to be an altitudinal belief from a distributor that the MLM business will be reliable and fulfil promises made by the MLM business (Haron *et al.*, 2020:6; Pavlou & Fygenson, 2006:123). Generally, trust is considered by researchers as three-dimensional, namely competence-based trust, integrity-based trust, and benevolence-based trust (Dimitriadis *et al.*, 2011:7; Rubio *et al.*, 2017:359). Trust is key in the success of any MLM business (Bruckermann, 2021:91), as trust encourages a marketer to preserve relationship investments and resist appealing short-term alternatives in favour of the expected long-term benefits of staying with an existing partner (Morgan & Hunt, 1994:22). Likewise, trust is of paramount importance in a business environment since trust levels affect the overall success output of any business directly and indirectly (Erdem & Ozen, 2003:131; Sirdeshmukh *et al.*, 2002:15). Therefore, trust should be mutual between an MLM business and

its distributors to ensure a secure relationship and long-term success for both parties (Franco & Gonzalez-Perez, 2016:32). The motivation of one or more individuals in a social unit to trust one another is one of the most noticeable variables in the success of an MLM business (Morgan & Hunt, 1994:20). The two parties in an MLM business, namely distributors and the business, are interdependent to attain future sales and growth and, therefore the efficiency of this partnership is dependent upon the trust levels and commitment (Nga & Mun, 2011:55). When an MLM business has a clear marketing strategy, it creates confidence and trust among its distributors (Salindri, 2018:18). Likewise, Ganesan and Hess (1997:441) argue that trust can increase the commitment to a relationship by reducing the risks associated, increasing confidence levels and reducing transaction costs. According to Singh (2015:973), communication helps to increase the trust levels tremendously. Bricci *et al.* (2016:173) argue that trust between individuals, in teams and in businesses is a crucial element in accomplishing set tasks efficiently. As a result, when trust is present, it delivers outcomes that encourage efficiency, productivity and success (Morgan & Hunt, 1994:22). MLM businesses offering worthwhile products and distributors with excellent knowledge create a better sense of trust (Joshni, 2014:82). Moreover, customers prefer to do business with people they know and trust (Williams, 2018:38). Trust can be associated with a business' reliability and competence (Salindri, 2018:18). Additionally, to form and maintain long-term relationships in the business, trust is a vital factor and should not be neglected by distributors (Dabbous *et al.*, 2020:264). Therefore, a customer should be able to trust their distributor as this will improve customer retention since the customer would be open to future exchanges (Salindri, 2018:19). Similarly, where a distributor trusts the business, it would be easier for the distributor to participate in the financial transaction (Dabbous *et al.*, 2020:270). During previous research, Boonlertvanich (2019:292) found that higher satisfaction levels ultimately lead to trust in an MLM business. However, previous research found that distributor loyalty generally develops from trust, and therefore loyalty is an important component of building relationships in an MLM business (Haron *et al.*, 2020; McKnight *et al.*, 2002; Xin *et al.*, 2015). Consequently, distributor loyalty will be discussed in the following section.

1.4.4 Distributor loyalty

Distributor loyalty is defined as a commitment or devotion from the distributor to repurchase a product or service offered by the MLM business, despite marketing or other situational influences (Dhir *et al.*, 2020:1697; Ruefenacht, 2018:1036). In addition, the MLM business uses loyal distributors who are passionate about the products and services offered by the MLM business to influence new and existing consumers to buy products (Nga & Mun, 2011:55; Purcaru *et al.*, 2022:3). Furthermore, loyalty includes four phases, including cognitive-, affective-, conative-, and behavioural loyalty (Oliver, 1999:34). If a business has a deep understanding of the four loyalty phases, the business achieves an important competitive advantage over its competitors (Petzer

& Roberts-Lombard, 2021:1; Singh & Khan, 2012:606). In an MLM business, building distributor loyalty is important since the distributor is responsible for building their downline by recruiting new distributors into the business (Purcaru *et al.*, 2022:2). Nowadays, in order to establish a long-lasting relationship, loyal consumers take precedence over the acquisition of new ones (Omolade & Otori, 2020:109). Among other advantages, it is well known that loyal customers tend to spend more, reduce costs by generating less expenses, and promote the business more positively among family and friends (Ruefenacht, 2018:1034). Similarly, MLM businesses should cultivate loyalty among its distributors to increase the business' profitability (TaghiPourian & Bakhsh, 2015:48; Wang *et al.*, 2021:826). Additionally, a loyal consumer base will create a competitive advantage for the business, prevent unnecessary consumer losses and will benefit a business to easily attain more consumers (Arslan, 2020:12; Leninkumar, 2017:451). For distributors to remain loyal, the MLM business needs to satisfy the distributors' needs (Phuong & Vinh, 2020:701), since satisfaction is often regarded as an important precondition for loyalty (Omolade & Otori, 2020:110). Furthermore, loyal distributors are an MLM business' biggest asset, and the business' effectiveness relies on the distributor's loyalty (Dhir *et al.*, 2020:1698; Purcaru *et al.*, 2022:4). Likewise, a motivated distributor is easier to maintain and also encourages others to always achieve more (Roman *et al.*, 2021:7). Additionally, MLM distributors are empowered by social media platforms and have a way of expressing bold emotional attachments and loyalty towards the MLM business (Nyagadza, 2020:9). The result of distributor loyalty is an emotional attitude towards the business, which goes hand in hand with an increased sense of commitment towards the business (Dhir *et al.*, 2020:1697). Therefore, businesses should leverage the position when a relationship of loyalty forms and develops into a committed relationship (Nwarisi *et al.*, 2021:93).

1.5 INTERRELATIONSHIPS BETWEEN CONSTRUCTS

This section provides a discussion on the relationships between the constructs investigated during the research study.

1.5.1 Method of diffusing business opportunity and distributor satisfaction

The diffusion of the business opportunity in MLM business includes the initial purchase made by the distributor, whereafter the distributor will be responsible for selling the products and recruiting an active downline for the MLM business (Mansouri & Unanoğlu, 2022:183). In order for MLM businesses to grow, existing distributors must recruit new distributors into their downline (Kwee-Fah *et al.*, 2016:106). Business opportunities offered by MLM businesses offer distributors a beneficial reward system and tangible rewards to entice prospects to get involved (Keong & Dastane, 2019:9). For entrepreneurial individuals, MLM businesses can be an excellent means of supplementary income (Nga & Mun, 2011:56). Furthermore, potential MLM distributors are

more motivated to join an MLM due to a compensation plan that rewards the distributor, and therefore, motivating distributors to be successful requires distributor satisfaction (Kwee-Fah *et al.*, 2016:106).

Based against this background, it is hypothesised that the method of diffusing business opportunity may impact distributor satisfaction. Therefore:

H₁: Method of diffusing business opportunity has a positive and significant impact on distributor satisfaction.

1.5.2 Perceived quality of recruitment process and distributor satisfaction

Recruiting is the process of finding and selecting qualified candidates to be a new distributor in the distributor's network in an MLM business (Hamza *et al.*, 2021:1). For instance, MLM business distributors must recruit new distributors in order to be successful in the long run (Koroth & Sarada, 2012:27). Consequently, distributors are encouraged by the MLM business to actively recruit new distributors to join (Heng & Ng, 2020:483). The ability to earn a supplementary income for individuals in an MLM business should be emphasised in the recruitment process (Nga & Mun, 2011:56). Similarly, additional benefits such as distributor discounts and incentives should be used to convince prospects to join in the MLM business (Heng & Ng, 2020:484). Previous research found that whether a prospect would be willing to be recruited will depend on the recruitment process used by a distributor and determines the distributors' satisfaction once recruited (Kwee-Fah *et al.*, 2016:107).

Based against this background, it is hypothesised that the perceived quality of the recruitment process may impact distributor satisfaction. Therefore:

H₂: Perceived quality of recruitment process has a positive and significant impact on distributor satisfaction.

1.5.3 Perceived quality of training and distributor satisfaction

Sales training is essential for a distributor to successfully share the business opportunity and products of an MLM business (Heng & Ng, 2020:475), and consequently, strategic courses should be developed by MLM businesses to educate distributors (Kwee-Fah *et al.*, 2016:109). New recruits will feel more confident about the MLM business and recruiters with adequate training (Keong & Dastane, 2019:9). However, a newly recruited distributor might become more satisfied with a MLM business if the recruiter is a known associate of the distributor (Lee & Loi, 2016:60). Sales training significantly enhanced the capability of a distributor and therefore improves

distributor satisfaction (Delgado, 2000:11). Training will enable a distributor to be more persuasive when recruiting prospects and will impact distributor satisfaction (Kwee-Fah *et al.*, 2016:109). Therefore, previous research found that a quality training programme is essential to train, satisfy and strengthen a distributor's capability and increase the success rate (Keong & Dastane, 2019:9).

Based against this background, it is hypothesised that the perceived quality of training may impact distributor satisfaction. Therefore:

H3: Perceived quality of training has a positive and significant impact on distributor satisfaction.

1.5.4 Perception of products and services and distributor satisfaction

Undoubtedly, knowledge of the products and services in the market is important and beneficial, as distributors need this information to confidently secure customers and sales (Ruefenacht, 2018:1037). MLM business entails selling products and services directly to consumers through a network of distributors, and typically, MLM products are not available in any retail stores (Kwee-Fah *et al.*, 2016:118; Michal Roman *et al.*, 2021:8). Consumers are more likely to buy products that provide good value for money, are convenient, and offer sufficient information (Joshni, 2014:79). When an MLM business provides quality products and services, and the MLM business develops better and more innovative products each year, consumers and distributors would be more satisfied (Roman *et al.*, 2021:16). By focusing on product innovation and benefits, the distributor will be much more likely to convince the prospects to join than by only discussing the compensation plan and, in return, influence the distributors' satisfaction (Kwee-Fah *et al.*, 2016:109).

Based against this background, it is hypothesised that the perception of products and services may impact distributor satisfaction. Therefore:

H4: Perception of products and services has a positive and significant impact on distributor satisfaction.

1.5.5 Upline support and distributor satisfaction

Continuous recruiting is crucial for an MLM's existence to keep the business running and to assemble a downline for the distributor (Korothe & Sarada, 2012:27). In order for a distributor to succeed and be satisfied with an MLM business, the members of the network must cooperate and socialise (Kwee-Fah *et al.*, 2016:108). The upline and downline's relationships are especially

strong during the early stages of the recruitment, since the downline is dependent on the upline for support and encouragement, and it is inevitable for the friendships to develop (Koroth & Sarada, 2012:27). It is imperative for the upline to influence and support the new recruit to be effective in starting the business and be sustainable (Keong & Dastane, 2019:9). Studies have shown that receiving upline support significantly increases distributor satisfaction (Koroth & Sarada, 2012:27).

Based against this background, it is hypothesised that upline support may impact distributor satisfaction. Therefore:

H₅: Upline support has a positive and significant impact on distributor satisfaction.

1.5.6 Distributor satisfaction and loyalty

Studies have suggested that distributor satisfaction can influence loyalty (Omolade & Otori, 2020:110). MLM businesses and distributors tend to emphasise a product's unique aspects to create repeat purchases and will influence consumers to become loyal supporters (Keong & Dastane, 2019:8). When distributors have a positive experience with an MLM business, they will most likely share the positive interaction with friends and family (Omolade & Otori, 2020:110). According to Kwee-Fah *et al.* (2016:107), the better the distributors' sales in an MLM business, the greater the satisfaction for the distributor and, in return, the distributors' satisfaction affects the distributors' loyalty to the MLM business. For distributors to remain loyal, the MLM business needs to satisfy the distributors' needs (Phuong & Vinh, 2020:701), since satisfaction is often regarded as an important precondition for loyalty (Omolade & Otori, 2020:110). Consequently, distributors who are satisfied with the MLM business will continue to work for the business (Bricci *et al.*, 2016:175).

Based against this background, it is hypothesised that distributor satisfaction may impact loyalty in a MLM business. Therefore:

H₆: Distributor satisfaction has a positive and significant impact on loyalty.

1.5.7 Distributor satisfaction and trust

Trust is critical in the success of any MLM business (Bruckermann, 2021:91). Boonlertvanich (2019:292) found that higher satisfaction levels lead to trust. Satisfaction plays a key role in building confidence and motivation for distributors to contribute to a collaborative business (Haron *et al.*, 2020:7). Additionally, where a distributor trusts the business, it would be easier for the distributor to participate in the financial transaction (Dabbous *et al.*, 2020:270) and satisfied

distributors have more trust in a business that offers innovative products (Bricci *et al.*, 2016:175). Haron *et al.* (2020:7) argue that there will be a high level of trust when there is satisfaction in a relationship. Undoubtedly, distributors must develop trust with consumers during interpersonal interactions to successfully sell and build relationships over time (Poon *et al.*, 2017:332).

Based against this background, it is hypothesised that distributor satisfaction may impact trust in a MLM business. Therefore:

H7: Distributor satisfaction has a positive and significant impact on distributor trust.

1.5.8 Trust and loyalty

Loyal distributors are an MLM business' biggest asset since the business's effectiveness relies on distributor loyalty (Dhir *et al.*, 2020:1698). An MLM business relies heavily on consumer trust towards the distributor in order to be successful and make the sale (Poon *et al.*, 2017). Consequently, repeat purchases are a way to build a relationship with the MLM business and show a distributor's level of trust in the products or services offered (Omolade & Otori, 2020:109). In addition, motivated and satisfied distributors tend to be more loyal to the MLM business (Kwee-Fah *et al.*, 2016:109). Over time, trust grows into loyalty (Haron *et al.*, 2020:7). Therefore, loyal distributors will contribute to the profitability of an MLM business with frequent purchases, spending more on products and services, and refer products and services to others (Omolade & Otori, 2020:110).

Based against this background, it is hypothesised that trust may influence distributor's loyalty. Hence:

H8: Trust has a positive and significant impact on distributor loyalty.

1.5.9 Trust as mediating factor

The two parties in an MLM business (distributors and the business) are interdependent to attain future sales and growth, and therefore, undoubtedly, the efficiency of this partnership is dependent upon trust and commitment levels on each other (Nga & Mun, 2011:55). Therefore, a business environment defined by mutually beneficial relationships thrives in fostering loyalty and not just by short-term profits (Bricci *et al.*, 2016:174). As a result, a relationship of trust may affect the social values between the two parties, which will, in turn, positively affect the quality of attachment (Haron *et al.*, 2020:7). Consequently, a loyalty-driven business environment leads to financial success (Bricci *et al.*, 2016:174). Furthermore, satisfaction is when a distributor compares the expected experience to what was received (Boonlertvanich, 2019:280). Likewise,

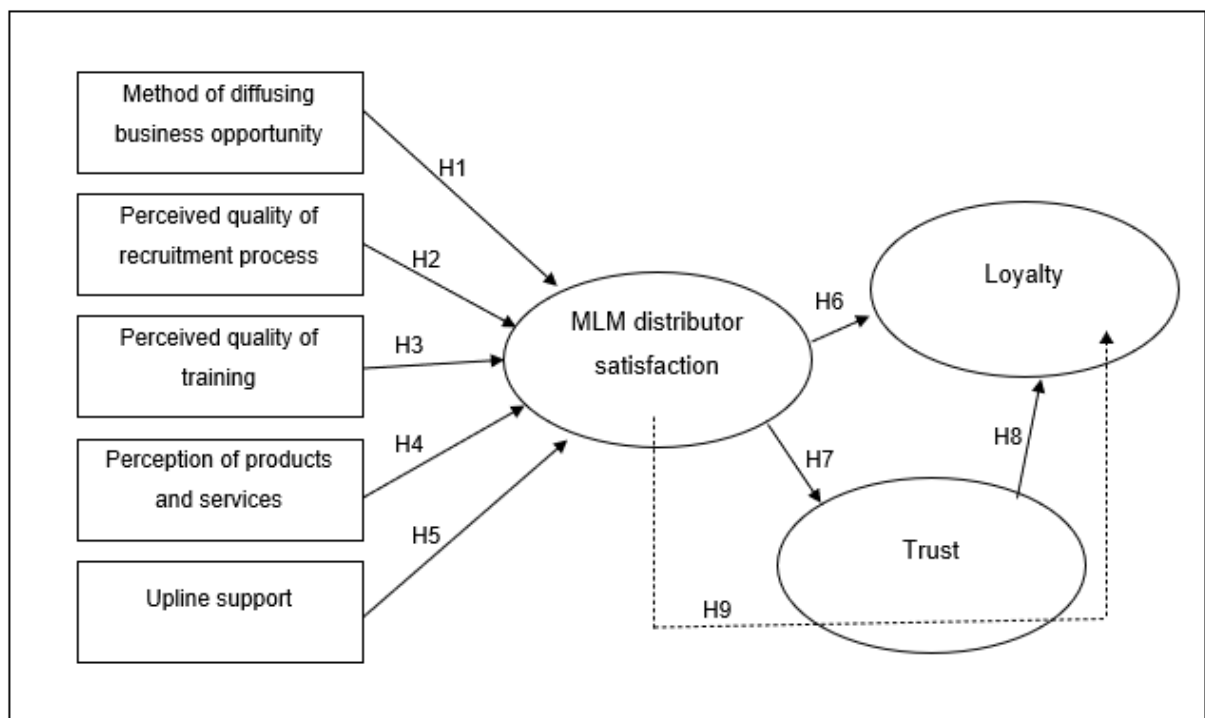
research conducted by Haron *et al.* (2020:6) explains that the trust relationship is first established when the distributor believes the MLM business will fulfil its commitment and promises made. When an MLM business offers innovative and valuable products to distributors, it instils a level of confidence among the sale teams (Bricci *et al.*, 2016:175). Boonlertvanich (2019:292) found that satisfaction has a definite effect on trust and, consequently, trust will lead to loyalty, and similarly, Haron *et al.* (2020:7) found that trust mediates the relationship between distributors' satisfaction and loyalty.

Based against this background, it is hypothesised that trust may be the mediating factor between distributors' satisfaction and loyalty. Therefore:

H9: Distributor satisfaction has a significant positive indirect impact on loyalty towards the MLM business, as mediated by trust.

From the above hypotheses, a theoretical framework is proposed in Figure 1-1 below.

Figure 1-1: Proposed theoretical framework



Source: Researcher's own construct

Using the abovementioned hypotheses, the research objectives will be provided in the next section.

1.6 RESEARCH OBJECTIVES

The following section provides more insight into the specified research objectives used during the research study.

1.6.1 Primary objective

The primary objective of this study was to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business.

1.6.2 Secondary objectives

The secondary objectives were formulated to support and achieve the abovementioned primary objective. Therefore, the secondary objectives included:

Table 1-2: Secondary objectives

Secondary objective	Description
Secondary objective 1	To provide an overview of the extant literature on: a) the main constructs of the study, namely multi-level marketing, satisfaction, trust, and loyalty. b) and the various interrelationships between distributor satisfaction, trust, and loyalty.
Secondary objective 2	Compile a sample profile of the multi-level marketing distributors who participated in this research study.
Secondary objective 3	Determine the method of diffusing business opportunity of the MLM business.
Secondary objective 4	Determine the perceived quality of the recruitment process of the MLM business.
Secondary objective 5	Determine the perceived quality of training of the MLM business.
Secondary objective 6	Determine the perception of products and services of the MLM business.
Secondary objective 7	Determine the upline support of the MLM business.
Secondary objective 8	Measure distributor satisfaction with the MLM business.
Secondary objective 9	Measure distributor trust towards the MLM business.

Table 1-2: Secondary objectives (continued)

Secondary objective	Description
Secondary objective 10	Measure distributor loyalty towards the MLM business.
Secondary objective 11	Examine the interrelationships among the identified research constructs (distributor satisfaction, trust, and loyalty) of this study.

Source: Researcher's own construct

After the hypotheses for the research study are set, the research methodology can be explored.

1.7 RESEARCH METHODOLOGY

The research methodology used in this research study is examined in the following section and includes a discussion on the use of both primary and secondary data.

1.7.1 Secondary data collection

To form the study's theoretical background, various data sources were used to gather secondary data during this study, including academic journals and textbooks, articles, research dissertations and theses, accredited documentation, and newspaper articles. Secondary data was utilised to acquire existing literature relating to the constructs for this research, including satisfaction, trust, and loyalty. The databases used during this study include EBSCOhost, SA ePublications, SACat, Emerald, ScienceDirect, ProQuest, and other internet sources such as Google Scholar. Unfortunately, as a result of the lack of sources regarding the MLM industry in South Africa, it was deemed necessary to conduct primary data.

1.7.2 Primary data collection

Primary data can be collected from a variety of sources by contacting respondents using mail, telephone or the internet (Kotler *et al.*, 2013:117). Since the researcher has full control over the data being collected, primary data tends to be highly specific (Mooi *et al.*, 2018:32). A detailed discussion on primary data collection used in this research study can be found in Chapter 4, section 4.3.5.2. of this research study.

During this research study's empirical investigation, primary data was collected using the following research design, measurement instrument, sample plan, data collection and data analysis.

1.7.3 Research design

The most appropriate research design for a research study will depend on the research objectives set out by the researcher (Burns *et al.*, 2017:93). The correct research design should be chosen for a study in order to minimise expenditure, to collect relevant data and provide a direction for the study (Pandey & Pandey, 2021:19). There are three types of research designs: exploratory, descriptive, and causal research design (Burns *et al.*, 2017:93).

Table 1-3: Research design

Research design	Description	Source
Exploratory research design	Exploratory research design is used to clarify uncertainties, gather more information, define problems, and formulate hypotheses. Usually, an exploratory research design is used to learn more about a business problem or to identify potential future research studies.	(Babin & Zikmund, 2016:54; Mooi <i>et al.</i> , 2018:14)
Descriptive research design	Descriptive research design is usually used to describe the characteristics of people and to answer questions such as who, what, where why and how in research. Therefore, a descriptive research design aims to understand the behaviour or a central tendency in research.	(Babin & Zikmund, 2016:54; Gatrell <i>et al.</i> , 2020:36)
Causal research design	Causal research design measures the causality of the relationship between two or more variables in a research study.	(Burns <i>et al.</i> , 2017:102)

Source: Researcher's own construct

For the purpose of this study, after careful consideration, a descriptive research design was considered necessary to collect the primary data needed for this study, since a descriptive research design allows the study to gain insight into the MLM industry in South Africa, and the influence distributor satisfaction might have on loyalty and the mediation role of trust in an MLM business.

1.7.4 Sample plan

There are various components to compile a sample plan from the population (Malhotra, 2020:340). The sample plan will indicate how each element from the total population will be drawn (Burns & Veeck, 2020:45).

The target population for this research study is summarised in Table 1-4 below:

Table 1-4: Target population

Component	Description
Elements	All active distributors older than 18 years of age, including males and females, currently receive an income from one of the ten identified health and wellness MLM businesses in South Africa.
Minimum requirement	Respondents must have been a distributor for their MLM business for a minimum of six months.

Source: Researcher's own construct

For this research study, the target population will include active distributors older than 18 years of age, who currently receive an income from one of the ten identified health and wellness MLM businesses in South Africa. Since the research aims to measure distributors' satisfaction, trust, and loyalty, there will be a minimum requirement to ensure a reasonable evaluation can be made. Therefore, the minimum requirement is that the respondents must have been a distributor for their MLM business for a minimum of six months. Additionally, a sample frame was not possible to obtain for this research study as a result of the Protection of Personal Information Act (POPIA) of 2021 (2021), which ensures the non-disclosure and privacy of citizens' information in South Africa. Consequently, a nonprobability sampling method was used to identify potential participants in this research study. Three different nonprobability sampling methods were used, which included convenience-, chain referral-, and quota sampling. Furthermore, to determine the sample size for this research study, sample size determination questions from Bradley (2007:178) were referred to. After careful consideration, the minimum sample size for this study was set at 350 respondents. A final sample size of 376 was realised after the data collection. Consequently, Table 1-5 summarises the sample plan followed during this research study.

Table 1-5: Sample plan

Component	Description
Target population	South African distributors in health and wellness MLM businesses.
Sampling elements	All active distributors older than 18 years of age, including males and females, currently receiving an income from one of the ten identified health and wellness MLM businesses in South Africa.
Minimum requirement	Respondents have to be active distributors for their respective MLM businesses for a minimum of six months.
Extent	South Africa
Timeframe	1 June 2022 to 22 July 2022

Table 1-5: Sample plan (continued)

Component	Description
Sampling frame	Not possible to obtain for this research study.
Sampling method	Nonprobability sampling
Sampling technique	Convenience-, chain referral-, and quota sampling.

Source: Researcher's own construct

After the successful compiling of the sample plan, data could be collected. The following section provides an explanation of how data was collected using computer-administered questionnaires, from the sample frame.

1.7.5 Measurement instrument

During this study, primary data was collected using computer-administered questionnaires by means of Google Forms. The questionnaire was developed by combining three existing scales measuring distributor satisfaction, loyalty, and trust as mediating factors within an MLM business. These scales were validated in these studies and are aligned with this research study, as illustrated in Table 1-6.

Table 1-6: Measurement studies used

Construct to be measured		Authors	Study title
1	Distributor satisfaction	Kwee-Fah <i>et al.</i> (2016)	Driving distributors' satisfaction in multilevel marketing (MLM) companies
2	Loyalty	So <i>et al.</i> (2014)	The role of customer engagement in building consumer loyalty to tourism brands
3	Trust	Verhoef <i>et al.</i> (2002)	The effect of relational constructs on customer referrals and number of services purchased from a multiservice provider: does age of relationship matter?

Source: Researcher's own construct is based on the sources mentioned in the table

Using the studies mentioned in Table 1-6, the questionnaire was compiled. The questionnaire followed the following layout, as set out in Table 1-7, to simplify the process for the respondents:

Table 1-7: Questionnaire layout

Questionnaire layout	Description	Response format	Level of measure
Preface	The objective of the study was provided, confidentiality was discussed, an explanation of the data collected usage, instructions on how to complete the questionnaire and lastly, the contact details of the researcher.	N/A	N/A
Screening questions	Screening questions were asked to ensure only eligible individuals participated in the study. <u>Screening questions included:</u> <ul style="list-style-type: none"> • Are you above the age of 18? • Do you reside in South Africa? • Please indicate at which MLM business you are a distributor. • For how long you have been a distributor for the MLM business? 	Multiple choice	Nominal
Section A	This section was used to determine a sample profile of all respondents. <u>Data gathered included:</u> <ul style="list-style-type: none"> • Gender • Highest level of education • Current employment status 	Multiple choice	Nominal
Section B	This section measured respondents' satisfaction, trust, and loyalty toward their current MLM business. The measurement items were adapted from Table 5.	Likert scale (where 1 strongly disagrees and 5 strongly agrees)	Ordinal scale

Source: Researcher's own construct

The following section explains how the data was collected during this research study, using the abovementioned sample plan.

1.7.6 Data collection

This research study utilised a structured, computer-administered questionnaire by means of Google Forms software to collect the primary data needed. The researcher was responsible for the identification and contacting of qualifying MLM distributors of one of the ten health and wellness MLM businesses, using different social media platforms (including Facebook, Facebook

Messenger, WhatsApp Messenger, Instagram, and LinkedIn). Fieldwork was conducted from 1 June 2022 until 20 July 2022. The researcher managed to collect 376 usable responses.

After the data collection, the data should be analysed and interpreted and will be further discussed in the following section. A detailed discussion of the data collection method used in this research study can be found in Chapter 4, section 4.3.9.

1.7.7 Data analysis

After the primary data was collected, the data was sent to the NWU (Potchefstroom Campus) Statistical Consultation Services to be edited, analysed, and calculated through the Statistical Package for Social Sciences (SPSS) program (version 27).

The frequencies were calculated to compile a sample frame for this research study (Chapter 5, section 5.3). Furthermore, descriptive statistics (means and standard deviation) and inferential testing were used to describe respondents' distributor satisfaction, loyalty, and trust towards their MLM business (Chapter 5, section 5.3.1. to 5.3.4.). The validity of the data was confirmed using a CFA (confirmatory factor analysis), as well as construct, convergent and discriminant validity (Chapter 5, section 5.4). Additionally, the reliability of the constructs was evaluated using Cronbach's alpha coefficient values (α) (Chapter 5, section 5.4). Thereafter, the study's hypotheses were tested using structural equation modelling (SEM) (Chapter 5, section 5.5). An in-depth analysis of the data collected during this research study can be found later in Chapter 5 of this research study.

1.8 CONTRIBUTION OF THE STUDY

In this study, a thorough analysis and literature overview of the theoretical aspects (MLM businesses, distributor satisfaction, loyalty, and trust) is provided (Chapters 1 to 3), and therefore, this study will contribute to existing marketing and management literature. Since very little research has been done on the MLM industry, and specifically the constructs of distributor satisfaction, loyalty and trust, the research study will fill a big gap in theoretical research. The research will help MLM businesses understand the factors influencing a distributor's satisfaction, loyalty, and trust. Additionally, the empirical results and findings can be applied to the MLM industry and will provide information for future studies for comparison purposes.

1.9 CHAPTER CLASSIFICATION

The primary objective of this research study is to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within an MLM business.

Therefore, the chapters should be outlined to ensure that all chapters contribute to the study's overall objectives. The chapter classification of this study is outlined in Table 1-8.

Table 1-8: Outline of the chapters

Chapter	Chapter description
<p>Chapter 1 Introduction and overview of the study</p>	<p>Chapter 1 offered an overview of the research study. The first chapter commenced with a discussion on the background and research problem to provide a better understanding. In addition, the conceptual model, research objectives of the study, research methodology and a chapter outline were provided during Chapter 1.</p>
<p>Chapter 2 The MLM industry and distributor satisfaction</p>	<p>During Chapter 2, theoretical insights will be provided into the evolution of marketing, the MLM industry and the South African MLM industry. In addition, distributor satisfaction will be discussed in depth using existing literature and each factor that influences distributor satisfaction will be investigated.</p>
<p>Chapter 3 Distributor trust and loyalty</p>	<p>In Chapter 3 a literature review will be provided on the constructs trust and loyalty, as well as the definitions, importance and strategies will be discussed. The concepts of trust and loyalty will be discussed from existing literature.</p>
<p>Chapter 4 Research methodology</p>	<p>The steps in the marketing process followed during this research study will be discussed during Chapter 4. Thereafter, the research methodology of the study will be discussed in detail in this chapter. Aspects to be discussed include the research objectives, research design, population, sampling, measurement instrument used and the data analysis methods.</p>
<p>Chapter 5 Empirical results and findings</p>	<p>In Chapter 5, a detailed description will be provided of the empirical results and findings that were derived from the collected data. Furthermore, the reliability and validity of the measurement scales used will be discussed. All hypotheses will be addressed by presenting a SEM, and the main findings of this research study will be given.</p>
<p>Chapter 6 Conclusion, recommendations, and limitations</p>	<p>The final chapter of the research study presents the conclusions, implications, and recommendations for the research study. An overall conclusion will be made, and each hypothesis will be discussed. Moreover, this section will provide a summary of the findings of the study. Recommendations will be made as to how future studies can improve on the research provided.</p>

Source: Researcher's own construct

1.10 CONCLUSION

The first chapter served as an introduction and a detailed summary of this research study, by providing relevant background information on the MLM industry and the related marketing constructs under investigation. The interrelationships between the constructs were discussed. Thereafter, the chapter examined the research objectives and research methodology followed in conducting the research study. Finally, the first chapter outlined the chapter classification for the rest of the study. Next, Chapter 2 of this research study will further explore the MLM industry worldwide and in South Africa and provide a discussion on distributor satisfaction.

CHAPTER 2

THE MLM INDUSTRY AND DISTRIBUTOR SATISFACTION

2.1 INTRODUCTION

The purpose of this chapter is to provide theoretical insights into the evolution of marketing, the history, the beginning, and the current situation of the MLM industry globally as well as in the South African landscape. This chapter commences with a discussion on marketing, followed by a definition of marketing. Furthermore, a discussion follows on the impact of the evolution of the internet and the COVID-19 pandemic on marketing. Thereafter, insights into the historical and current situation of the MLM industry and a detailed investigation of the MLM industry in South Africa follow. Lastly, the MLM distributor will be discussed, followed by an investigation of distributor satisfaction and in particular distributor satisfaction in the MLM business.

2.2 THE EVOLUTION OF MARKETING

Marketing dramatically evolved over the past century, as it has been affected by a variety of environmental factors (Brunswick, 2014:105). Additionally, the concept of marketing was primarily associated with the sale of goods and products; however, marketing evolved into the identification and satisfaction of consumers' needs and wants, while also generating a profit for the business (Fuciu & Dumitrescu, 2018:44; Ilieska, 2013:328). Vaaland *et al.* (2008:928) declare that marketing should be considered one of a business' core functions. Furthermore, marketers have made vast strides in the last decade in choosing strategies to deliver more value to consumers (Fuciu & Dumitrescu, 2018:47). Additionally, marketing is viewed from a business perspective as a combination of science (data analytics), and psychology (consumer behaviour studies), and should welcome innovation and creativity in the business world (McMurtry, 2017:1), since creativity is important to increase a country's economy (Kotler & Kartajaya, 2007:4). Despite marketing's origin in economics, it has grown largely of psychology and, moreover, there has been no discipline that benefited from another as much as marketing has from psychology (Donthu *et al.*, 2021:834). Traditionally, marketing researchers focused on the proximate questions (*how and what*); however, evolutionary psychology research aims to understand the reasons behind purchases and the preferences of consumers (Otterbring, 2021:229).

Since the marketing industry is an ever-evolving and dynamic world, it is constantly changing due to numerous influences (Bala & Verma, 2018:323). Therefore, the definition of marketing is regularly updated by the American Marketing Association (AMA), which is an extremely influential institution for setting the direction for future marketing studies (Nicolau, 2013:154). In 2009, the marketing definition was set as (Gundlach & Wilkie, 2009:259):

“Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

This above-mentioned definition from the American Marketing Association (AMA) is generally accepted and preferred as the formal definition of marketing (Thomas, 2013:957). With an ever-changing marketing environment, the traditional way of marketing has been directly impacted, and therefore some reconsiderations and changes had to be made (Erragcha, 2014:137).

During the marketing 1.0 notion, businesses started by only running a small production, but supplied products for many consumers (Fuciu & Dumitrescu, 2018:45). Moreover, in this view, it is assumed that the buyer and seller are separate entities (Lusch, 2007:261). This first notion was popular during the industrial age when the selling of products took precedence over recognising the wants and needs of consumers (Kotler & Kartajaya, 2007:1). Additionally, Kotler (1994:356) states that mass-production and assembly-line production established the way for marketing to commence. During this time, businesses solely focused on producing products for short-term gains and did not consider consumers during marketing objectives (Erragcha, 2014:138). Lusch (2007:261) simplifies his to market view as taking the product or service to the market. Furthermore, marketing is derived from the verb ‘to market’, which represents the idea of selling products and purchasing them (Fuciu & Dumitrescu, 2018:44). Afterward, as demand for many products and services decelerated, businesses were obligated to examine consumer needs and preferences more thoroughly (Kotler, 1994:256). Therefore, the ‘*market(ing) to*’ phase was about creating demand and getting the consumer to purchase the product and be satisfied with the purchase (Lusch, 2007:263).

Thereafter, the marketing 2.0 notion started to rise, where consumers were granted a place in the centre of attention in the business (Kotler & Kartajaya, 2007:1). Consequently, Lusch (2007:54) founded his ‘*market(ing) with*’ idea, where consumers are viewed as partners in a business. Therefore, businesses should adjust marketing strategies to determine, create and deliver value for consumers (Fuciu & Dumitrescu, 2018:45). Since consumers were more educated than ever before (Jamal & Naser, 2002:147), it was important for businesses to realise the significance of addressing the needs and wants of the consumers (Fuciu & Dumitrescu, 2018:45). According to Başıyazicioğlu and Karamustafa (2018:628), during this time, it was important for businesses to differentiate themselves from other similar businesses.

During the rise of the marketing 3.0 notion, businesses agreed that consumers should be included as a significant participant in the business (Kotler & Kartajaya, 2007:1). Therefore, a business’ marketing should incorporate all aspects of value creation (Webster & Lusch, 2013:389). Since

consumers have started to develop their own voices, marketers should promote consumer freedom of speech to foster a feeling of collaboration (Kotler & Kartajaya, 2007:4). Furthermore, during this time, the significance of communication with consumers was highlighted (Erragcha, 2014:138). Similarly, Thomas (2013:960) also found that marketing is the creation of value, not only for consumers, but also for the community surrounding the business. Therefore, businesses had to adapt to more personalised marketing to cater for an individual's wants and needs (Erragcha, 2014:137). Additionally, for a business to thrive, communication with the consumers is key in order to show value and excitement to consumers (McMurtry, 2017:1). During this time, one type of specific marketing gained popularity – where businesses decided to not use traditional distribution channels, but to rather sell products through satisfied consumers (Attri & Chaturvedi, 2011:97). Consumers started selling products to family, friends and known associates (Groß & Vriens, 2017:333). The earliest forms of direct selling included face-to-face selling, direct mail, telemarketing and catalogue marketing (Attri & Chaturvedi, 2011:97), thereby making direct selling one of the oldest methods of selling goods and services (Vedavalli & Venkatramaraju, 2019:838). Furthermore, the direct selling industry provided an unprecedented business opportunity for everyday people motivated by pay-for-performance to become an entrepreneur with flexible working hours (Duffy, 2005:43).

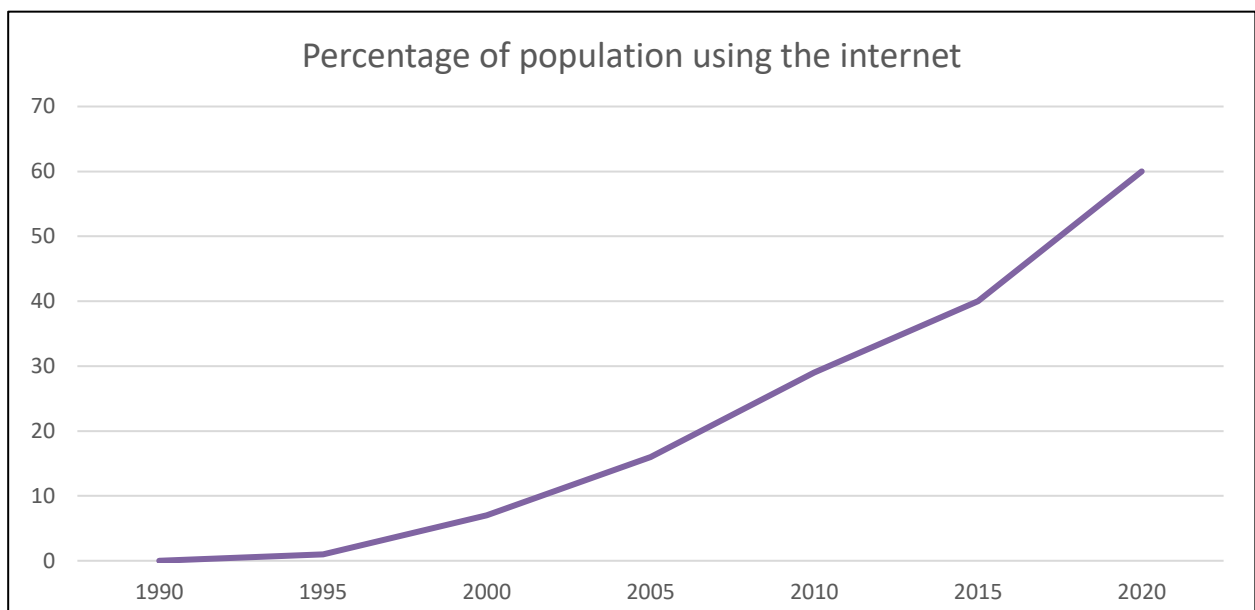
In 2017, Kotler presented the marketing 4.0 notion, which relays a marketing approach by businesses to combine online (using artificial intelligence and info tech) and offline transactions between a business and its consumer (Fuciu & Dumitrescu, 2018:45). During this time, consumers are still at the heart of the business, but the business focuses specifically on the consumers' wants and needs by creating both online and offline value for the consumers (Başyazicioğlu & Karamustafa, 2018:627). Unfortunately, since the marketing 4.0 notion is relatively new in the marketing industry, it is currently a very understudied model (Dash *et al.*, 2021:608). In contrast to Dash *et al.* (2021:608), Nadlifatin *et al.* (2022:111) found that owing to the advancements of the internet (in the digital era of marketing 4.0), businesses can be more inclined to use modern trading systems such as the MLM model.

2.2.1 The effect of internet developments on marketing

As early as 1990, text-based websites started by only displaying product information, but after some innovation, websites started to offer advertising space and e-commerce shops to further market products and services for businesses (Bala & Verma, 2018:323). Furthermore, e-commerce offers goods and services online (Kassim & Abdullah, 2010:352) and has been adopted by multiple industries globally due to the convenience e-commerce offers consumers and businesses (Juwaini *et al.*, 2022:477; Klepek & Starzyczna, 2018:501). Moreover, the importance of setting up an online channel is widely acknowledged among different businesses

in different industries (Pu *et al.*, 2020:232). When businesses take advantage of the internet, businesses can free up used resources to provide better value to consumers (Kassim & Abdullah, 2010:352). Therefore, the growth of the internet forced businesses to evolve to become more market-driven than product-driven in the business' product development and decision-making (Bala & Verma, 2018:323; Dash *et al.*, 2021:608). With the pace of societal evolution, especially the significant changes, development, and increasing internet usage, the business world also needs to change (Fuciu & Dumitrescu, 2018:43; Heggde & Shainesh, 2018:3). Technological advances directly impact business, and businesses need to intensify marketing strategy that includes the internet (Ali *et al.*, 2021:65; McMurtry, 2017:8). Furthermore, within the previous decade, the sale of goods and services online has grown dramatically (Klepek & Starzyczná, 2018:500; Pu *et al.*, 2020:232). Similarly, with an increase in globalisation and everchanging consumer needs, technological developments have been made even quicker (Hallencreutz & Parmler, 2019:501). Additionally, the growth of mobile internet and decreasing data pricing have contributed to the mass adoption of the internet to date (Kotler & Kartajaya, 2007:2; Roy *et al.*, 2016:1). Below in Figure 2-1 is an illustration of the increase in internet usage among the global population from 1990 to 2020.

Figure 2-1: Percentage of the population using the internet from 1990-2020



Source: Adapted from The World Bank (2020)

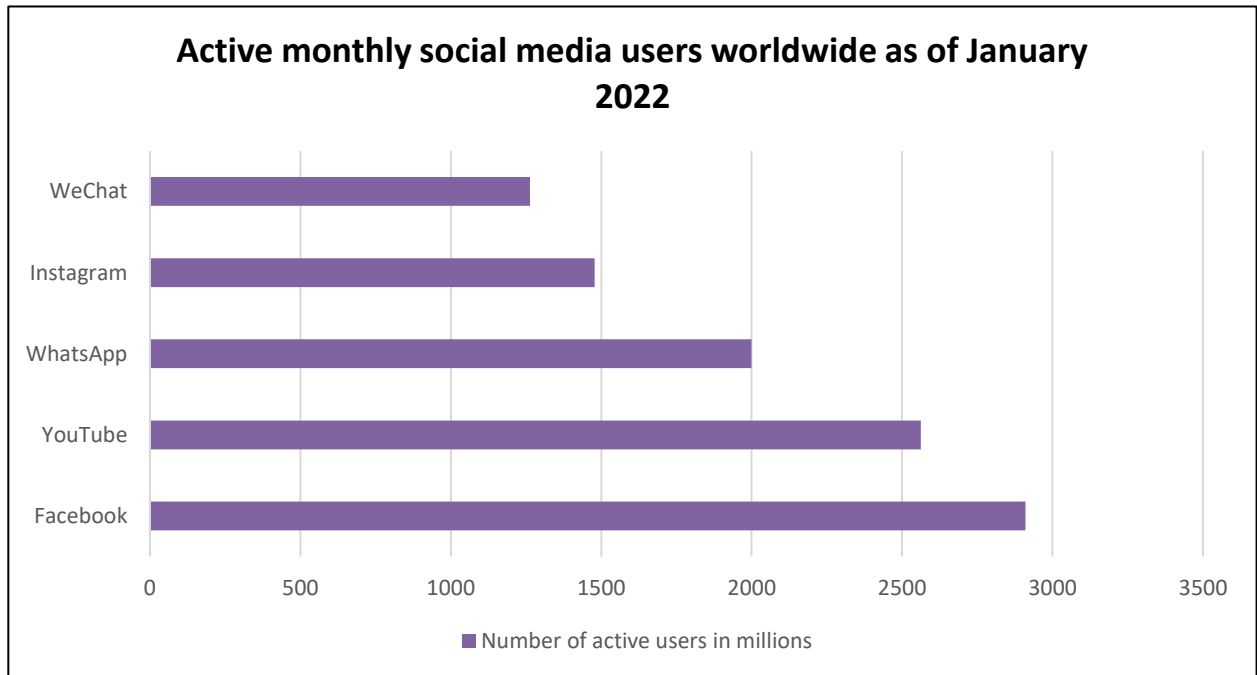
According to Feldmann *et al.* (2021:31), the usage of the internet residentially has increased significantly as a result of the COVID-19 pandemic, together with the working-from-home measures that became prominent. More importantly, this number is set to continue to grow yearly. The internet has brought consumers and businesses closer than ever before, but it has also made both businesses and individuals more vulnerable (Fuciu & Dumitrescu, 2018:43). Since a

consumer is more vulnerable and exposed while conducting purchases online (Pavlou & Fyngenson, 2006:123), it is important for consumers to trust a business that the information provided will be protected (Juwaini *et al.*, 2022:479; Kassim & Abdullah, 2010:352). Consequently, purchasing from an online store becomes more appealing to consumers when a consumer is confident in the business (Pavlou & Fyngenson, 2006:124). Moreover, uncertainties and rapid change characterise the modern world (Hallencreutz & Parmler, 2019:501). Furthermore, changes in consumer expectations and demands are more frequent since a consumer's attention today is divided in more ways than ever before (McMurtry, 2017:1). Undoubtedly, the internet has revolutionised the marketing industry in the hands of just a few companies, such as Google, Yahoo, Amazon, Alibaba, and YouTube (Bala & Verma, 2018:323).

Therefore, with the emergence of social media platforms, marketing communication methods were altered drastically (Appel *et al.*, 2020:80; Hysa *et al.*, 2021:1). Appel *et al.* (2020:80) define social media as a place where consumers share information and connect with others. Social network marketing involves creating and sharing content on social media networks to attain marketing and sales goals (Liao & Yang, 2021:20). With the development and popularity of social media platforms, consumers' daily buying behaviours are changing as a result of the ease of access, internet and applications (Ramanathan *et al.*, 2017:105). Moreover, Kotler and Kartajaya (2007:2) state that consumers not only consume news and ideas, but also create new ideas using social media. Likewise, social media generates user-generated content, which affects a business' image and ultimately impacts the business' revenues and survival (Hysa *et al.*, 2021:1). Therefore, the social media revolution provided consumers with a platform to collaborate since consumers find user-generated content more trustworthy and it influences purchase decisions (Heggde & Shainesh, 2018:19). Similarly, social media is a community that interacts with one another by posting updates and sharing ideas with other users responding by liking, commenting or sharing the post (Ferrell & Ferrell, 2012:274; Klepek & Starzyczna, 2018:501). Furthermore, consumers use the business' website and social media page to search previous users' reviews to decide whether to purchase from the business (Ramanathan *et al.*, 2017:106). Considering this, it is a challenge for businesses to create a site that is both visually appealing and engaging (Kassim & Abdullah, 2010:352). Therefore, with the increased importance of online interaction, the purchase of a product or service is no longer a private affair, but rather a social one (Ferrell & Ferrell, 2012:274; Fuciu & Dumitrescu, 2018:47). It is important for businesses to realise the impact it has on consumers when a business collaborates with consumers (Klepek & Starzyczna, 2018:501; Kotler & Kartajaya, 2007:2). Consequently, social media has become a central factor in marketing and changed the way products and businesses are promoted vividly (Kaur & Kumar, 2020:19). Therefore, people are increasingly connecting and communicating using social media networks (Fuciu & Dumitrescu, 2018:43; Juwaini *et al.*, 2022:477). Additionally, research

conducted by Data Report found that consumers spend an average of two hours and 27 minutes on social media daily, while the average South African consumer spends a shocking 10 hours and 46 minutes on social media daily (Kemp, 2022). Below, in Figure 2-2, is a graph showing the active persons on the top five social media platforms.

Figure 2-2: Active monthly social media users worldwide



Source: Adapted from Dixon (2022)

Therefore, per the figure above, the rapid development and usage of social media can be seen by marketers as an opportunity to create profitable relationships with the business' consumers (Heggde & Shainesh, 2018:20). Additionally, Juwaini *et al.* (2022:477) state that the rapid e-commerce growth is a result of the advantages this platform offers to both businesses and consumers. Additionally, the figure above indicates that Facebook, YouTube and WhatsApp are the top three most used social media platforms, and therefore marketers should invest time into these platforms to expand business (Dixon, 2022). Furthermore, Data Report found, during research conducted in 2022, that 58.4% of the world's population are active users of at least one social media network (Kemp, 2022). The way businesses should interact with consumers is changing daily since the accessibility of social media has grown and is becoming more powerful than ever (Dash *et al.*, 2021:608; Klepek & Starzyczna, 2018:501). When an MLM business efficiently uses social media, it should be easy for prospects to find information about the product and business (Ferrell & Ferrell, 2012:278). As a result of the growth of social media and the potential audience that comes with this, MLM distributors should use social media platforms to reach and engage with consumers (Appel *et al.*, 2020:79). Moreover, individuals' decision-making processes have been radically sped up and changed by the accessibility of social media platforms

(Ajiwinanto *et al.*, 2021:243), because consumers are increasingly using social media to gather pre-purchase information about products (Ferrell & Ferrell, 2012:275; Ramanathan *et al.*, 2017:106). According to Fuciu and Dumitrescu (2018:46) and Juwaini *et al.* (2022:478), opinions and utterances made on social media platforms influence a consumer's trust in the business and willingness to buy products and services offered by businesses. Additionally, the modern shopper is increasingly curious and educated on his/her own wants and needs (Jamal & Naser, 2002; Top & Ali, 2021:71), and one can say that the consumer is more empowered (Bala & Verma, 2018:325). Consequently, the biggest challenge the business faces is that consumers are more informed than and can compare others' information about similar products and services (Fuciu & Dumitrescu, 2018:45; Jamal & Naser, 2002:147). Therefore, social media's value is immeasurable for any MLM business, since consumers can foster an emotional experience with a brand, which can result in loyalty (Ferrell & Ferrell, 2012:280). Since the COVID-19 pandemic influenced consumers significantly (Feldmann *et al.*, 2021:30), the influence of the COVID-19 pandemic on marketing should be researched.

2.2.2 The influence of the COVID-19 pandemic on marketing

Pandemics are a recurring and unfortunate event threatening both lives and livelihoods globally (Das *et al.*, 2021:835). After the severity of COVID-19 started to show, global authorities imposed restrictive measures to reduce the spread of the virus globally, including limiting the movement of individuals and closing non-essential stores (Nemteanu & Dabija, 2021). Therefore, consumers had become dependent on residential internet for work, school and social life (Feldmann *et al.*, 2021:30). Moreover, pandemics are experienced worldwide, and the effects are prolonged, causing uncertainty, scarcity, and economic contraction, and engendering tension between lives and livelihoods (Das *et al.*, 2021:836). Nemteanu and Dabija (2021:1) found that, as a result of the COVID-19 pandemic, the management of businesses is experiencing direct repercussions on employee satisfaction, performance, and well-being. Moreover, the shift toward online sales intensified due to the COVID-19 pandemic, as people avoided in-person interactions in favour of online shopping (Fluegel & King, 2021:7). Furthermore, remote working trends have evolved due to the internet and technological development worldwide (Nyagadza, 2020:2). Subsequently, women might be more attracted to the MLM business opportunity due to the COVID-19 pandemic and staying home with children (Fluegel & King, 2021:6). Therefore, it is important to investigate the impact the COVID-19 pandemic has on the MLM industry, specifically the impact on a distributor to start an MLM business in a pandemic. It is possible for consumers who are left stranded after the COVID-19 pandemic to be more likely to participate in pyramid schemes pretending to be MLM businesses (Mangiaratti, 2021:269), while some researchers argue that some MLM businesses have benefited from the COVID-19 pandemic, since MLM businesses are utilising social media to engage vulnerable prospects into joining the business (Crimmins,

2021:8). Globally, consumers are looking for additional income as a result of the economic downturn owing to the COVID-19 pandemic (Mangiaratti, 2021:231). Furthermore, Chaffey (2022) found that as a result of the COVID-19 pandemic, online and social media usage significantly increased. Additionally, Das *et al.* (2021:847) found that online engagement increased by 57% in the US during the pandemic. While most businesses worldwide experienced lockdowns during 2020, the MLM industry's sales still grew by 6% and could continue working online (Mahapatra *et al.*, 2021:54). Therefore, one of the reasons for the growth of the MLM industry is due to stay-at-home policies implemented across the world during the COVID-19 pandemic (Saltiel, 2020:2).

2.3 THE MLM INDUSTRY

Multi-level marketing, also referred to as network marketing, is defined as a combination of transactional and relationship marketing processes that involves the sales of products and services offered by the business, but also the recruitment of independent distributors as the distributor's downline (Groß & Vriens, 2017:333; Mather *et al.*, 2017:44; Nga & Mun, 2011:51). Additionally, an MLM business is distinctly differentiated from other business models, since the MLM business becomes a partner with the salesperson (or, as it is called in the MLM industry, the distributor) and simultaneously, the distributor signs up downline distributors (called the downline) for financial compensation (Hülya, 2020:50). Although there are more than one way for a distributor to be paid, the distributor is mainly paid based on a percentage of the sale volume generated, and therefore the distributor is paid commission weekly or monthly (Mahapatra *et al.*, 2021:51). Moreover, businesses increasingly sell products directly to the end consumer rather than using the traditional distribution channels (Attri & Chaturvedi, 2011:97). Consequently, the distributors market and sell products and services to a distributor's network, mainly consisting of family, friends and known associates (Groß & Vriens, 2017:333).

The earliest arrangement of the MLM business model was in the early stages of the 1900s with the cradle of the business model founded in the United States (Attri & Chaturvedi, 2011:98; Tajti, 2021:47). During the twentieth century, face-to-face retailing experienced noticeable shifts in a time when urbanisation improved and household income increased (Nat & Keep, 2014:189). Furthermore, the MLM business model gained momentum in the 1940s during and after World War II, by offering women a way into the workforce with lowered start-up costs and an income derived from product sales marketing (Attri & Chaturvedi, 2011:98; Nat & Keep, 2014:189). Consequently, MLM businesses were experiencing fast growth in countries such as the United States, China and India (Oladele & Laosebikan, 2019:2). The very first MLM business, California Vitamins (later changed to Nutrilite), started selling food supplements in the 1940s, allowing distributors to recruit a downline to earn commissions (Bălăşescu, 2020a:10; DeVos, 2013:42). The MLM model was born in California Vitamins because the distributors wanted the products at

a wholesale price and decided to join the business by selling to friends and family members (Attri & Chaturvedi, 2011:51; Mahapatra *et al.*, 2021:52). With this changes in doing business, the traditional single-level direct selling changed forever (Nat & Keep, 2014:189). Therefore, California Vitamins decided to set up a business compensation model to encourage distributors to invite new distributors to sell the products, which allowed the sales force of California Vitamins to grow exponentially (Attri & Chaturvedi, 2011:51). Therefore, the majority of the earliest sales in the MLM industry took place with in-home sales, product parties, door-to-door sales, referrals by current consumers, and catalogue distribution (Nat & Keep, 2002:140). Nowadays, Nutrilite is sold under the global number one MLM business – Amway (Cardenas & Fuchs-Tarlovsky, 2018:134; Loo *et al.*, 2020:47). Notably, Amway made the industry popular to the public during the 1950s (Keong & Dastane, 2019:5). Amway's distributor force is mostly working together as a sales team to offer a vision to family and friends of personal development and independent entrepreneurship (Burch, 2016:476). The business grew rapidly globally and, consequently, more than 50% of Amway's revenue came from outside the United States by the late 1980s (DeVos, 2013:41). These days, Amway sells more than 450 products in over 100 countries globally (Loo *et al.*, 2020:47). Nevertheless, Amway has been expanding the business into developing countries (Squires & Kuofie, 2019:46). Furthermore, Amway has made significant progress worldwide, since a third of the business' sales is from China (DeVos, 2013:41). The business sells different brands under the Amway company – firstly Artistry, which is skincare products, and Nutrilite, which is vitamins and dietary supplements, and lastly, the eSpring water treatment (Loo *et al.*, 2020:47). Therefore, it can be argued that the MLM business model has been fruitful for different businesses, but especially for the business of Amway (Squires & Kuofie, 2019:46).

After the rapid expansion of Amway, a new twist in the MLM industry – the party plans – enabled the industry to grow even further around 1980, as the role of women in the sales force enlarged (Nat & Keep, 2014:192). The aim of MLM parties was for attendees to become comfortable, and enjoy familiar company, as well as food and drinks to become more open to buying into the business (Duffy, 2005:43; Nat & Keep, 2014:192). Parties create a competitive advantage over products found in any retail store, by creating personalised offers on products (Ferrell & Ferrell, 2012:274). Therefore, MLM businesses such as Tupperware and Avon provided women post-war an opportunity to achieve financial independence while honouring domesticity (Burch, 2016:746). Demonstrating products, introducing new products, and soliciting feedback from the consumer and potential consumers were new possibilities with the increasingly popular party plan (Nat & Keep, 2014:192). The key difference between an MLM business and door-to-door sales is that an independent distributor with an MLM business can earn commission on various levels as opposed to one level in door-to-door sales (Tajti, 2021:50; Yaziz *et al.*, 2015:676). Therefore, the growth of the MLM industry can be a result of the unique business opportunity to create a source

of income for the unemployed (Jain *et al.*, 2015:903) and distributors taking advantage of the flexible working hours and location to promote the business (Bäckman & Hanspal, 2018:2; Mahapatra *et al.*, 2021:51). Additionally, the MLM industry ingeniously combines transactional and relationship marketing (Nga & Mun, 2011:51). Moreover, distributors in an MLM business are paid based on a specific prearranged percentage of the distributors' sales, extra bonuses and incentives (for example, travel costs and branded merchandise), but also as a percentage of the downlines sales, and therefore a distributor is encouraged to recruit several distributors in the downline (Nadlifatin *et al.*, 2022:111; Tajti, 2021:50). Consequently, the MLM business model's success relies on selling the skills and entrepreneurial ability of distributors (Nga & Mun, 2011:51). Importantly, newly recruited distributors are encouraged to use their network to attract new consumers for the business (Mahapatra *et al.*, 2021:51). Nowadays, the MLM business model lowers the start-up and operational costs of starting a business, since distributors are responsible for training the downline distributors themselves (Tajti, 2021:49). Therefore, it is important to note that obtaining real success takes a different amount of time for each business and distributor (Bălăşescu, 2020a:13). Additionally, unwillingness of distributors and insufficient training can negatively affect operating costs, sales, and consumer loyalty in an MLM business (Nat & Keep, 2002:140). Furthermore, for an MLM business to stay successful, the business should continue to launch exciting new products and innovations to show growth to consumers (Duffy, 2005:45). Luckily, the MLM industry is becoming an increasingly popular method of direct sales, which aims to involve thousands of consumers globally (Tajti, 2021:46). Additionally, more researchers also reiterate that the MLM industry has grown tremendously into an attractive industry worldwide (Groß & Vriens, 2017:333; Nadlifatin *et al.*, 2022; Roman *et al.*, 2021:1).

Unfortunately, as a result of the successes of MLM businesses worldwide, criminal activity developed that took advantage of the MLM business model (Mahapatra *et al.*, 2021:52). Consequently, consumers have traditionally viewed the MLM industry with caution (Bălăşescu, 2020a:9). Some of these activities include taking advantage of innocent distributors by misleading them with higher income promises and falsely portraying the business image (Kwee-Fah *et al.*, 2016:108), as well as several legal challenges faced by different MLM businesses (Tajti, 2021:46). Furthermore, as a result of multiple investment schemes (i.e. buying clubs and discount travel agencies), the MLM industry was discredited especially around the 1970s (Burch, 2016:750). Notwithstanding all the advantages the MLM industry has to offer, the industry has been associated with tempting pyramid schemes that promise huge profits for consumers (Nga & Mun, 2011:51). The rise of pyramid schemes in the late 1900s caused millions of victims to lose hundreds of millions of dollars to fraud (Keep & Nat, 2014:189). MLMs influenced pyramid schemes after gaining such enormous successes (Oladele & Laosebikan, 2019:4). Essentially, it is easy for consumers to confuse a pyramid scheme with an MLM business since the MLM

business model is a debatable marketing strategy, because the more downline recruits the richer the top distributor becomes (Mahapatra *et al.*, 2021:52). However, pyramid schemes are when the participants similarly defraud consumers by means of false advertising, by misleading price claims and other deceiving marketing practices (Nat & Keep, 2002:139; Tajti, 2021:48). Oftentimes, pyramid schemes require consumers to pay large upfront investments or offer doubtful products at exorbitant prices for no product in return (Nga & Mun, 2011:52). Pyramid schemes have developed over time and initially did not involve product sales, and subsequently participants were primarily compensated by recruiting other participants to the business (Lee & Loi, 2016:49; Nat & Keep, 2002:140). As the MLM industry grew, more pyramid schemes used the legitimate MLM model to hide behind (Tajti, 2021:50). To exemplify, the difference between a pyramid scheme and an MLM is the ability for distributors to distribute products, whereas in pyramid schemes success and money only depend on recruiting other people (Mangiaratti, 2021:236; Oladele & Laosebikan, 2019:5). Additionally, the majority of participants in the pyramid scheme business cannot attain rewards regardless of individual actions taken, and the chances of new entrants having success in a pyramid scheme reduce with the size of the pyramid; therefore, the pyramid scheme becomes bankrupt (Nat & Keep, 2002:141; Tajti, 2021:51). The founders of pyramid schemes usually start to use other members' contributions to fulfil a high-end lifestyle often perceived by the public (Tajti, 2021:52). Additionally, MLMs offer products with a cancellation and refund policy for unsatisfied consumers (Attri & Chaturvedi, 2011:53). As a result of the growth in pyramid schemes, more and more potential distributors have become sceptical of MLM practices and reluctant to participate in any MLM business opportunities (Kwee-Fah *et al.*, 2016:106). However, it is important to note that pyramid and Ponzi schemes are illegal in South Africa (Krige, 2012:70) and are seen as a crime in many other countries worldwide, for example in Austria and Hungary (Tajti, 2021:50).

Additionally, MLMs have faced several legal challenges over the years (Bäckman & Hanspal, 2018:1), and negative perceptions toward MLM businesses can harm the business' reputation (Jain *et al.*, 2015:907). Consequently, a growing number of criticisms accompanied the growth of direct selling (Nat & Keep, 2014:190). In 1996, Omninutrition was prosecuted for distributors claiming the business was a pyramid scheme after several distributors claimed loss of money (Tajti, 2021:54). Another example of a legal dispute was in 2011 when Herbalife's Belgian affiliate was the centre of attention where Herbalife was ruled a pyramid scheme by the Brussels Commercial Court, but the ruling was reversed on appeal (Chane, 2019:259). Regrettably, the risk for consumers to lose financial and social stability increases when an MLM business unravels to be a pyramid scheme (Tajti, 2021:59). Despite these lawsuits, however, the popularity of MLM as a form of non-store retailing continues to grow globally (Joshni, 2014:78; Mahapatra *et al.*, 2021:52). Unfortunately, as there are many MLM businesses, consumers will choose the business

with the best opportunity and rewards (Duffy, 2005:45) and consumers will not hesitate to switch in the first three months between different businesses if they are dissatisfied or frustrated with the current MLM business (Aggarwal & Kumar, 2014:76). As a result, distributor satisfaction is influenced by challenges provided by the MLM business' policies and sales targets (Jain *et al.*, 2015:910) and consequently, to ensure the growth of this distribution channel, it is important that MLM businesses eliminate negative perceptions and coin in on positive attributes provided by the MLM industry (Joshni, 2014:82). Furthermore, distributors use family and friends to sell products initially, which can severely affect current relationships (Aggarwal & Kumar, 2014:79). Luckily, the MLM business model is enticing since there is no need for a consumer to sacrifice his/her current job to start at an MLM business, and therefore the distributor can earn additional income (Mahapatra *et al.*, 2021:52).

Despite the negative influences on the MLM industry, MLM businesses have attained great growth in recent years (Heng & Ng, 2020:472) and are recognised by multiple researchers as an attractive industry worldwide (Groß & Vriens, 2017:333; Roman *et al.*, 2021:1). The steady growth rate over the last few years indicates that the MLM industry is well accepted as a global business model (Bălăşescu, 2020a:9), even in countries with inexperienced economies (Tajti, 2021:46). The MLM business model is attractive for a number of reasons, including the simplistic nature of gaining notable market exposure for the business, the entrepreneurial experience, additional residual income, and distributor discounts on products (Heng & Ng, 2020:472). The benefit of joining an MLM business is that there are minimal to no fees to start a business since this fee usually covers administration costs and maintains the account (Attri & Chaturvedi, 2011:53). Additionally, the MLM model allows consumers to earn an additional income while still working full time (Mahapatra *et al.*, 2021:53). Consequently, a distributor can achieve financial independence with the business opportunity and a loyal sales base (Li *et al.*, 2016:19; Nga & Mun, 2011:51) with a business that requires no retail location, since distributors can work from home or on a smartphone (Duffy, 2005:45; Ferrell & Ferrell, 2012:273). Furthermore, an MLM business model is not only attractive for the distributor, but also for the founders because the distributor is responsible for marketing activities (Jain *et al.*, 2015:903). Moreover, by reducing advertising and promotion costs, the business can pass the savings on to the distributors (Koroth & Sarada, 2012:26). The most advantageous concept for any MLM business is that the distributor sells to a consumer that the distributor has social ties with – usually a friend, family or known associate, and this increases the likeliness that a consumer will buy since the consumer already trusts the distributor (Attri & Chaturvedi, 2011:51). Vedavalli and Venkatramaraju (2019:384) discovered that the MLM industry is advantageous in creating a network of prospects for the distributor to boost sales for the MLM business.

The MLM industry that started with door-to-door sales has undergone substantial changes (Nat & Keep, 2014:345). With the introduction of social media platforms (in particular Facebook), businesses can market to millions of people about the products and services being offered (Bala & Verma, 2018:324; Crimmins, 2021:11), since MLM businesses can rely on social networks to engage prospects and conduct sales (Koe Hwee Nga & Wai Mun, 2011). Another key advantage for businesses using social media is that social media can act as a marketing research platform to teach business how consumers perceive products, services and the business image (Ferrell & Ferrell, 2012:275). Therefore, the development of social media has been phenomenal for the MLM industry, as distributors can use social media to reach an enormous amount of friends and followers (Olalekan Ezekiel & Toba, 2020:63). Some social media platforms used by distributors include Facebook, Twitter and Instagram (Crimmins, 2021:12). Importantly, MLM businesses tend to use more than one social media platform to ensure optimal reach (Ferrell & Ferrell, 2012:276). As the internet developed, the methods used by the MLM industry to promote products have changed as a distributor can now provide high-quality and relevant information quicker than ever before (Bălăşescu, 2020a:9). Similarly, blogs have been proven effective too in increasing sales revenue for products where consumers can read online about product reviews and evidence from other consumers (Bala & Verma, 2018:324). Additionally, when consumers experience superior and unique practices by an MLM business, the consumer will be more likely to spread positive word-of-mouth on social media for friends to see (Ajiwinanto *et al.*, 2021:243). Moreover, Currás-Pérez *et al.* (2013:62) add that social media helps businesses strengthen consumer relationships and can encourage brand loyalty. Social media has started to invade consumers' lives by replacing real-life relationships and conversations with friend requests on Facebook, a follow on Twitter and a direct message (DM) on Instagram (Ferrell & Ferrell, 2012:274). Nowadays, MLM distributors use different social media messaging apps to immerse in an informal conversation with potential new distributors (who is usually unemployed or a stay-at-home mom) (Crimmins, 2021:8). Noer and Wandebori (2014:243) note that when distributors use marketing, products can be categorised as premium and offered to more potential consumers. Additionally, social media facilitates the creation of communities for people with common interests (Currás-Pérez *et al.*, 2013:61). Furthermore, social media can be used to communicate promotions, recruit prospects and manage distributors (Ferrell & Ferrell, 2012:275). Clearly, the industry's rapid expansion can be explained due to the transition to the online age with e-commerce gaining popularity (Bălăşescu, 2020b:9; Crimmins, 2021:11). Additionally, the MLM business model can be seen as a modern trading system that is increasingly becoming prevalent in the digital era 4.0, as mentioned in section 2.2. (Nadlifatin *et al.*, 2022:111). Furthermore, the MLM industry and the social media industry are in the privileged space to have the opportunity to manipulate future shopping behaviours unlike ever before (Ferrell & Ferrell, 2012:280). One example of an MLM business that is utilising social media to its fullest is Tupperware, since distributors use social

media to host multiple parties simultaneously from the comfort of a phone or laptop (Duffy, 2005:44). After the initial industry growth of the MLM industry, the MLM industry soon began to offer consumers a wide selection of products: brushes, groceries, cosmetics, vacuums and even automobiles (Nat & Keep, 2014:189). Different industries use the MLM model to sell products and services, including home and storage products, cosmetics, books, wine, jewellery, supplements, weight management, and nutritional products (Groß & Vriens, 2017:333; Joshni, 2014:78). There are primarily three categories of products sold through MLM businesses: home and household goods, wellness, and beauty products (Keep & Nat, 2014:201; Olalekan Ezekiel & Toba, 2020:64). This research study will focus specifically on the health and wellness MLM industry.

2.3.1 Health and wellness MLM industry

Consumer demands have changed dramatically due to increased health consciousness and the changing lifestyles of consumers (Singhal, 2017:51). In 2020, wellness products were the most popular niche in the MLM industry and represented 36.2% of sales in the MLM industry, while cosmetics and personal care were second with 26.2% of sales (World Federation of Direct Selling Association, 2020). Owing to clever marketing strategies, different MLM businesses have been benefiting from increasing social media followers, as a result of the COVID-19 pandemic (Crimmins, 2021:39). Additionally, consumers have become more health and wellness conscious, and therefore consumers are willing to spend more to look and feel good (Yaziz *et al.*, 2015:676). Furthermore, health and wellness information has never been more accessible than today (Costanzo & Costanzo, 2019:42). It is anticipated that the health and wellness industry will triple in the next few years, owing to consumers' increased awareness of physical and mental well-being (Kaur & Kumar, 2020:19) and health products gaining popularity worldwide (Noer & Wandebori, 2014:241). Wellness products consist of products for weight management, dietary supplements, and sports products (Cardenas & Fuchs-Tarlovsky, 2018:133). Western countries are getting used to the MLM business model being used to sell nutritional products, as it has become a common practice among healthcare professionals (Cardenas & Fuchs-Tarlovsky, 2018:135). Furthermore, most MLM companies distribute health products that claim to offer transformative health benefits (Heng & Ng, 2020:472). Unfortunately, as the MLM health and wellness industry grows and becomes more competitive, some distributors have begun to oversell products by making false claims (Keep & Nat, 2014:193). Because there is no required qualification to become a distributor for an MLM business, whoever joins as an MLM distributor immediately becomes a health advisor (Cardenas & Fuchs-Tarlovsky, 2018:136). Furthermore, there are a variety of claims made by MLM businesses regarding nutritional and health benefits, including metabolism boosts, weight loss, anti-aging and immunity improvement (Cardenas & Fuchs-Tarlovsky, 2018:134). Additionally, health and wellness MLM businesses have been booming, especially in the COVID-19 pandemic, and the sales momentum appears to be

continuing, since health and wellness products have become consumers' top priority (Hayes, 2021). Furthermore, some businesses, like Amway, boast that dietary supplements should only be used to fill gaps in the consumers' diet and not cure any disease (Cardenas & Fuchs-Tarlovsky, 2018:137). According to World Federation of Direct Selling Association (2020), the wellness niche in the MLM industry grew by 8% from 2019 to 2020 in South Africa. The health and wellness industry is adopting several strategies to compete in an increasingly competitive digital age such as leveraging social media (Kaur & Kumar, 2020:19). It is important to note that when an MLM sells dietary supplements, it is not required to have the supplements tested by the FDA considering dietary supplements are not defined as drugs but rather as foods (Cardenas & Fuchs-Tarlovsky, 2018:136). Additionally, Crimmins (2021:39) found that MLM businesses have been using the COVID-19 pandemic to cleverly promote immune-boosting products to increase sales. According to World Federation of Direct Selling Association (2020), 41% of all MLM purchases are cosmetics and personal care, and 32% of the purchases include wellness purchases.

2.3.2 The South-African MLM industry

Growing MLM industries are creating jobs internationally since marketing experience, education or training is irrelevant and can be learned when starting an MLM business; therefore, anyone from any background can become a distributor (Choudhary, 2013:9; Delgado, 2000:22). Undoubtedly, international markets proved valuable to the growing MLM industry (Keep & Nat, 2014:201). Notably, an MLM business expands into a new market as a result of market saturation (Oladele & Laosebikan, 2019:2). The present era is characterised by competitive businesses striving to provide superior services and products to increase a business' market share (Omolade & Otori, 2020:109). Furthermore, MLM businesses are playing a fundamental role in society, and may be viewed as a development-oriented social movement (Choudhary, 2013:5). Business analysts note that MLMs' successes run counter to economic cycles and they usually experience successes in an economic crisis (Franco & Gonzalez-Perez, 2016:32), since MLM businesses can engage with vulnerable prospects to join the business (Crimmins, 2021:8). One example of how MLM businesses can have a positive impact on the economy is seen in the economic downturn in Nigeria, where MLM businesses have taken advantage of the nation's vulnerability and are increasing MLM activities (Oladele & Laosebikan, 2019:1). Subsequently, countries with a higher unemployment rate have a higher participation number in MLMs as distributors (Bäckman & Hanspal, 2018:2). Furthermore, thousands of people in developing countries usually join an MLM business, since MLM seems to offer a solution to being unemployed (Tajti, 2021:59). Undoubtedly, MLMs provide low-skilled workers a relatively easy income opportunity (Franco & Gonzalez-Perez, 2016:31). It is important to note that employment and economic growth are the two most essential macro-economic variables when assessing a country's economy (Soylu *et al.*, 2018:94). The unemployment rate in South Africa has been increasing for the past 12 years and

reached a high of 28.47% in 2020 (Statista, 2021). Undoubtedly, the South African economy is facing an economically challenging situation with a high unemployment rate and little economic growth (Sere & Tchereni, 2020:274). As a result of the high unemployment rate of South Africa, MLM businesses can be used to generate a source of income for the unemployed (Jain *et al.*, 2015:903). Marketing experience, education or training is irrelevant when hiring distributors in an MLM business, and therefore anyone from any background can become a distributor (Bălăşescu, 2020b:472; Delgado, 2000:22). In South Africa, high unemployment rates and limited economic growth are having an adverse effect on the economy (Sere & Tchereni, 2020:274) and subsequently, unemployed individuals can generate additional income by participating in an MLM business (Jain *et al.*, 2015:903). The MLM industry has gained popularity in countries such as Africa, Asia and Latin America, but unfortunately as the socio-economic environment differs from Western countries, the nature and severity of the negative impacts are more brutal in developing countries (Tajti, 2021:59). Globally, the focus is on closing the gender gap in the workplace, and therefore it is ever more vital for MLM businesses to empower women to become financially independent and together fight poverty (Scott *et al.*, 2012:543). As previously mentioned, the MLM industry has numerous attractive joining factors, including gaining entrepreneurial skills, discounts on products and increasing income potential (Heng & Ng, 2020:472; Li *et al.*, 2016:19). However, the biggest reason to join an MLM is to take advantage of the additional income generated with an MLM business, while still working full time and taking minimal financial risks to start a business (Mahapatra *et al.*, 2021:53). Therefore, MLM businesses offer consumers a genuine alternative to the corporate workspace, since financial stability is possible for willing and motivated distributors (Burch, 2016:479). Since an MLM business model has advantages for the distributor, especially in creating an additional income and gaining entrepreneurial experience (Heng & Ng, 2020:472), it is worth exploring the footprint of the MLM environment in South Africa.

For this research study, the health and wellness industry in South Africa has been identified to be researched as a result of the positive impact the MLM industry may have on the economy, unemployment numbers and socio-economic developments. Consequently, the following ten health and wellness MLM businesses have been identified by the researcher to be included in the research study: Annique, Avon, DoTerra, Herbalife, Mannatech, NuSkin, Oregano Gold, Truvy, Tupperware, and Young Living. Table 2-1 gives a brief history, product description, and a discussion on the ranks and compensation plan of each of the chosen MLM businesses.

Table 2-1: The selected MLM businesses in South Africa for the research study

MLM business	Country and year founded	Year started in South-Africa	Product Information	Start-up fee in South Africa	Ranks to the top	Types of commission paid to the distributor	Source
Annique	South Africa, 1971	1971	Annique offers more than 250 Rooibos-based products containing the healing power of a famous South African herb, Rooibos. Products include skin care, makeup, body care and fragrances. Annique also offers meal replacement shakes and a variety of tea.	Free to join	11	Annique offers consultants 11 ranks and a unique compensation plan to maximise the consultant's earning potential. However, consultants have a minimum spending of R900 each month to be able to qualify for commission. Annique offers 4 ways to get paid, including Bright Stars, Monthly, Promotion and Development Rewards. Consultants qualify for a 20% off invoice discount and up to another 20% as an additional discount depending on monthly personal sales.	(Annique, 2022)
Avon	United States, 1886	1997	Avon offers a variety of products, including makeup, skincare, bath products, fragrances and jewellery.	R100 once-off registration fee	4	Avon offers distributors a 3% sponsoring bonus for downline sales; however, product commission is based on the product category sold, since each category is paid differently. Lifestyle bonuses are paid to executive leaders.	(Avon, 2022)
DoTerra	United States, 2008	2019	DoTerra offers consumers essential oils, supplements, sunscreen, CBD products, and diffusers.	Free to join with the purchase of a business kit	12	DoTerra offers its Wellness Advocates 3 ways to earn a commission. Wellness Advocates can earn 25% on sales made by retail customers. In addition, a fast start bonus is paid weekly, and the power of 3 bonus is paid monthly. DoTerra distributors enjoy 25% off retail prices as well as get a free product every month	(DoTerra, 2022)

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Herbalife	United States, 1980	1995	Herbalife offers an extensive product range to consumers, including nutritional products such as meal replacement protein shakes, supplements, tea, weight loss support and sports collaborations.	Membership fee of R473.48	11	Herbalife distributors earn a retail profit of up to 25% on products sold to customers; however, the higher the rank, the more profit the distributor generates. Additionally, six other ways to earn commission are made available to Herbalife distributors, including wholesale profit, royalty overrides, monthly production bonus, annual bonus, and promotions.	(Herbalife, 2022)
Mannatech	United States, 1993	2008	Mannatech offers health, skincare, home living, weight loss and fitness products.	R600 per year	16	Distributors earn 10% off retail pricing and can earn up to 20% back in loyalty points. Mannatech distributors can qualify to earn 18 different bonuses, including retail profit, direct bonus, team bonus, team development bonus, fast start bonus, matching power bonus and more.	(Mannatech, 2022)
NuSkin	United States, 1984	2008	NuSkin prides itself in providing a wide range of award-winning skincare, dietary supplements, cosmetics, and premium personal care products fit for all skin types.	Free to join	8	NuSkin offers its Brand Affiliates 3 ways to pay, including Fast Start payments, up to 43% profit on retail purchases and 5% commission on sales monthly. After reaching the rank of Executive there are more ways to earn commission including the Wealth Maximiser and Mega Performance Bonus Pool. Furthermore, NuSkin distributors need five sales monthly in order to qualify for commission.	(NuSkin, 2022)
Organo Gold	British Columbia, 2008	2018	Organo offers a wide range of products, including weight loss coffee, body care and a skin care range.	Joining fee of R190 + a pack of different products	14	Distributors earn a commission up to 5% of the monthly sales volume based on the rank. Organo Gold offers its distributors 7 ways to get paid, i.e. daily, weekly, and monthly including retail profit, fast track bonus, dual team bonus, unilevel, matching bonus, generational leadership and global pool bonuses.	(Organo Gold, 2022)

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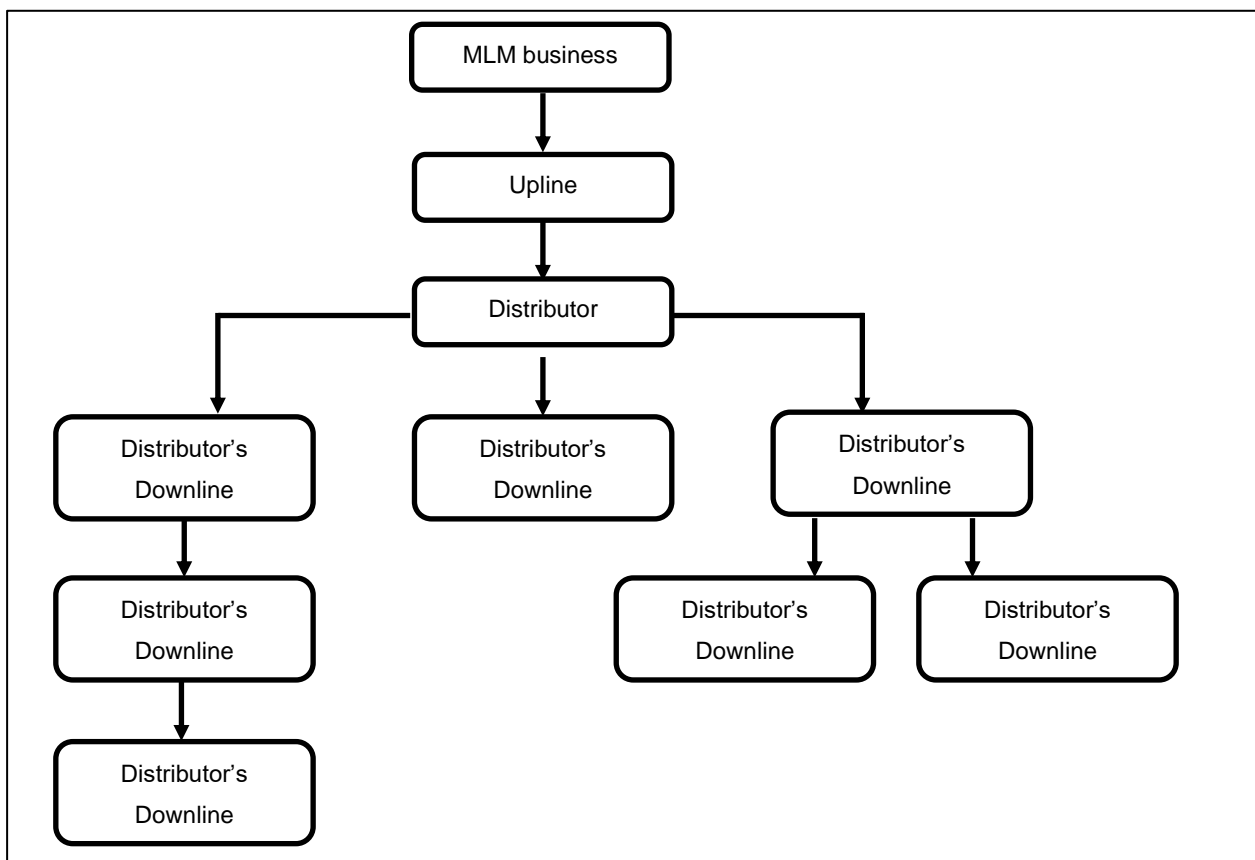
Truvy	United States, 2014		Truvy offers a variety of products for the whole family, including weight loss supplements, meal replacement protein, daily supplements, and hydration drinks.	Free to join	11	Truvy offers 7 ways for distributors to get paid. Truvy offers 11 ranks for distributors to advance in. Distributors' commission is paid based on the rank up to 7% of the sales volume and 8 levels deep into the organisation. In addition, retail difference, first order bonus, go bonus, unilevel, matching bonus, global bonus pool and the eight stars plus pool are also paid by Truvy to distributors. Truvy distributors also enjoy 20% off the retail pricing.	(Truvy, 2022)
Tupperware	United States, 1946	1964	Tupperware offers storage and serving solutions for the household.	Free to join	12	Tupperware consultants earn up to 27% of discounts on sales and can earn 2-8% of bonuses on the downlines' sales. Additional bonuses are paid to consultants when achieving the next rank.	(Tupperware, 2022)
Young Living	United States, 1993	2019	Young Living has a wide range of products, including cosmetics, essential oils, food and beverage products, home, and personal care products for the whole family.	Free to join with a purchase of a starter kit ranging from R1074 to R2480.	9	Young Living offers 9 ranks for distributor (brand partners) to advance in and commissions are paid based on the distributors' rank. Distributors are paid up to 8% of sales from 8 levels below. Additional bonuses, such as fast start bonuses, retail earnings and started bundle bonuses are paid. A one-time bonus of 25% of the sale is paid to distributors when a downline member signs up. Retail earnings can be up to 24% of the difference between the retail and wholesale price. Additionally, brand partners get 24% off retail pricing and can earn rewards and free products with Essential Rewards loyalty programme.	(Young Living, 2022)

Source: Researcher's own construct

2.4 THE MLM DISTRIBUTOR

Distributors, also referred to as independent representatives, partners, associates or independent business owners, are defined as a direct seller of a multi-level marketing business' products or services for compensation (Keep & Nat, 2014:192; Kwee-Fah *et al.*, 2016:107). Therefore, in an MLM business, the business eliminates the middleman and sells products directly to the consumer resulting in saving costs for the business, which are then paid to the distributor (Mahapatra *et al.*, 2021:59). The MLM business model uses distributors to sell the business' products for financial compensation and encourages current distributors to recruit a downline of distributors (Heng & Ng, 2020:472; Hülya, 2020:50). Crucially, successes could take a different amount of time for distributors depending on effort and motivation (Bălăşescu, 2020a:13). Additionally, an MLM business provides a job opportunity for anyone interested in becoming a distributor, thereby enhancing the probability of becoming an entrepreneur (Tay & Jin, 2018:162). Therefore, in the MLM business, there is a symbiotic partnership between the business, its distributors, and consumers (Koe Hwee Nga & Wai Mun, 2011:55). The structure of an MLM business is visualised in Figure 2-3:

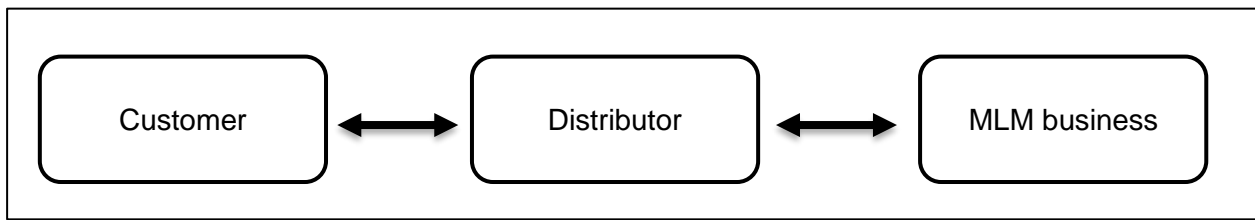
Figure 2-3: Structure of an MLM business



Source: Adapted from Nga and Mun (2011:53).

In an MLM business, the distributor is an independent business owner and acts as the business' salesperson (Kwee-Fah *et al.*, 2016:106). As can be seen in Figure 2-3, an individual distributor's businesses are built by establishing a network of independent distributors, normally called a downline in the MLM industry (Bălăşescu, 2020a:10). In an MLM business, the distributor is encouraged to sell products to friends and family first (Groß & Vriens, 2017:333; Mahapatra *et al.*, 2021:51). Typically, the distributor is a stockist who purchases directly from the MLM business to resell to consumers (Koe Hwee Nga & Wai Mun, 2011:52). Furthermore, it is important to understand that distributors of an MLM business remain entirely independent and are not viewed as permanent employees of the MLM business, since they do not receive a fixed salary or other benefits, such as health benefits, annual leave, or pension benefits (Burch, 2016:741; Kwee-Fah *et al.*, 2016:106). Importantly, in an MLM business, distributors are not restricted to only earn commission on one level (Tajti, 2021:50; Yaziz *et al.*, 2015:676). Therefore, distributors are not only paid a percentage of their own sale volume, but also a percentage of the downlines' sale volume (Nadlifatin *et al.*, 2022:111; Tajti, 2021:50). Since distributors are not viewed to be part of the permanent employment of an MLM business, distributors are sometimes required to pay a fixed enrolment fee to be registered as a distributor, which typically pays for a distributor's training manuals and inventory requirements (Chian, 2020:1). A commission system is generally used in MLM businesses, ensuring maximum motivation and commission among the distributors (Nat & Keep, 2002:140). Furthermore, it is possible to earn extra bonuses and incentives year round, i.e. travelling opportunities and branded merchandise (Nadlifatin *et al.*, 2022:111; Tajti, 2021:50). It is common practice for retail prices to differ from the distributor prices, since distributors are often offered a discount on the retail price and only paying the wholesale price (Koe Hwee Nga & Wai Mun, 2011:52). With the increase in popularity the MLM model, thousands of consumers are involved globally, with this number rising yearly (Tajti, 2021:46). Undoubtedly, MLM businesses differ from other business models, considering the importance of recruiting an active downline to assist with sales (Chian, 2020:9).

Based on the findings of Purcaru *et al.* (2022:5), MLM distributors are seen as both sales representatives and consumers in the MLM business. Likewise, Ganesan and Hess (1997:440) explored the multiple and intricate relationships found in an MLM business. Also, the distributors experience a double relationship between the MLM business and customer; therefore, the importance of this relationship is to achieve overall success and longevity of the MLM business (Ganesan & Hess, 1997:441). As a result of this relationship, the MLM distributor is the main link between the business and the customer in an MLM business (Purcaru *et al.*, 2022:3). Therefore, in an MLM business, the distributor takes the place between the business and customer (Guenzi *et al.*, 2009:5). The relationships found within an MLM business is illustrated below in Figure 2-4.

Figure 2-4: The distributors' relationship in an MLM business

Source: Adapted from Purcaru *et al.* (2022)

Therefore, as seen in Figure 2-4, the MLM business regards its distributors as both consumer and business partners or sales representatives (Koe Hwee Nga & Wai Mun, 2011:54; Purcaru *et al.*, 2022:5). Moreover, Fuciu and Dumitrescu (2018:47) argue that it is becoming more evident that the distributors in MLM should become an internal and important part of the business. Since distributors are responsible for recruiting and motivating new distributors, distributors' satisfaction is crucial for the success of MLM businesses (Kwee-Fah *et al.*, 2016:106; Purcaru *et al.*, 2022:5). Therefore, it is important to research distributor satisfaction and its influence on the success of an MLM business and the MLM industry.

2.5 DISTRIBUTOR SATISFACTION

Frequently in research it has been found that satisfaction is a key component of business success (Ali *et al.*, 2021:65; Jamal & Naser, 2002:146). Therefore, the significance of satisfaction in a business cannot be undervalued (Jeon & Choi, 2012:332; Khan *et al.*, 2020:6). Generally, satisfaction is the evaluation by the consumers and refers to the feeling or attitude towards a product or service after it has been consumed by a consumer (Jamal & Naser, 2002:147; Kim, 2010:226). Moreover, several studies have identified that consumers are more likely to recommend and spread positive word-of-mouth about the business if the consumer's expectation has been met (Kassim & Abdullah, 2010:357). Ali *et al.* (2021:65) revealed that consumer satisfaction would impact both the business and the product, since consumers who are satisfied with the price and quality are more likely to buy products and profit more. Therefore, in agreement with the previous statement, Bricci *et al.* (2016:175) add that a business' ability to satisfy a consumer will generate confidence in the business. According to Kassim and Abdullah (2010:357), business recommendations and repeat purchases are causally related to satisfaction levels. Additionally, a consumer is likely to repurchase from a business when the consumer is satisfied with a business' products and services offered (Khan *et al.*, 2020:6). Nevertheless, a satisfied consumer increases revenue for any business through repeat visits and positive advertising through word-of-mouth advertising (Bangwal & Tiwari, 2019:269). As Top and Ali (2021:70) reiterate, businesses depend on consumers for profitability, and additionally, a business' performance is greatly impacted by satisfaction levels. Therefore, businesses should

strive to achieve satisfaction through the continuous assessment and understanding of consumer needs (Ilieska, 2013:327; Omolade & Otori, 2020:110). A paradigm shift from transactional to relational marketing shifted the focus of most research to consumer satisfaction, and numerous publications emphasised the importance of consumer satisfaction in a business (Bricci *et al.*, 2016:173). Recently, there has been an increase in research being done on satisfaction measurements, since the significance of innovation and effective use of resources by a business have been questioned more (Hallencreutz & Parmler, 2019:502).

For this research study, distributor satisfaction is defined as the reactive situation of a distributor where the perceived performance of an MLM business, upline or products is equal to or better than the expected outcome, and therefore, if the outcome is better than expected, the distributor would continue working for the MLM business (Homburg *et al.*, 2002:85; Mansouri & Unanoğlu, 2022:182; Omolade & Otori, 2020:110; Ruefenacht, 2018:1036).

There are ample studies done on the influence of customer satisfaction on retail banking (Jamal & Naser, 2002), the hotel industry (Bangwal & Tiwari, 2019), employee satisfaction (Jeon & Choi, 2012), and e-commerce (Liu & Kao, 2022), but the literature on the influence of distributors' satisfaction in the MLM industry is limited. Therefore, this research is significant to show the MLM industry how to improve and the importance of distributor satisfaction.

After a purchase, a consumer evaluates the performance of the product or service by comparing the expectation to the actual performance (Homburg, Koschate & Hoyer, 2005:85). Therefore, Ali *et al.* (2021:65) derive the definition of satisfaction as the benchmark for evaluating the gap between the expectations and the product's actual performance. Nonetheless, it is important for any business to measure the satisfaction levels in the business (Ilieska, 2013:328; Liu & Kao, 2022:1506). When satisfaction is achieved, a mutual relationship and understanding are formed between the consumer and business and further transactions are likely to happen (Kim, 2010:221). Moreover, satisfaction can be distinguished by whether a consumer is satisfied in a single service encounter (Ilieska, 2013:328). Additionally, Oliver (1980:460) emphasises that satisfaction levels will increase for a consumer as the expectation for a business is exceeded. After a purchase, a consumer forms a perception of the experience in one of the three outcomes: confirmation, positive confirmation or negative disconfirmation (Al-Msallam, 2015:2).

- Confirmation outcome is when the actual performance matches the standards set and leaves the consumer with a neutral feeling towards the business (Kim, 2010:226).
- Secondly, a positive confirmation is experienced when the actual performance exceeds the expectations of the consumers, thereby resulting in a high level of satisfaction (Al-Msallam, 2015:2; Jamal & Naser, 2002:147).

- Lastly, the business' performance was worse than expected, and dissatisfaction with the business is the result (Chen et al., 2010:15).

Additionally, dissatisfaction can have catastrophic consequences for the business (Kim *et al.*, 2017:15) since dissatisfied consumers will not hesitate to complain to others about the products and services received (Kondo, 2001:868). Therefore, it is important to minimise dissatisfaction, since the cost is higher to acquire new consumers (Singh & Khan, 2012:607). Dissatisfaction is when a consumer's expectation is not exceeded by a business, and therefore the consumer is experiencing a negative disconfirmation (Jamal & Naser, 2002:147). Additionally, consumers can feel underwhelmed by a business, an experience or purchase, and usually also experience dissatisfaction with the business (Taheri *et al.*, 2019:1010). Therefore, when consumers are dissatisfied with a product or service offered by a business, usually the consumer will be dissatisfied with the service as a whole (Ilieska, 2013:328). Furthermore, dissatisfied consumers are more inclined to potentially move to another business that provides similar products and services (Kim *et al.*, 2017:18). Businesses should ensure to eliminate dissatisfaction by receiving as little as possible complaints from consumers (Kondo, 2001:868). When dissatisfaction is eliminated in a business, the business can start enhancing the business quality and instil a long-time relationship with satisfied consumers (Drapé-Frisch *et al.*, 2019:125). Since there is little literature on distributors' dissatisfaction in the MLM industry, other literature was used to explain dissatisfaction.

2.5.1 Importance of distributor satisfaction

Satisfaction is increasingly being used as a way for businesses to analyse the performance of products and services offered (Anderson & Sullivan, 1993:125; Omolade & Otori, 2020:111). The satisfaction levels of a business can indicate to a business whether or not the business' consumers are satisfied (Ilieska, 2013:328). Furthermore, high levels of satisfaction are said to not only enhance the business and protect market shares, but also increase loyalty, and decrease criticisms from consumers (Hallencreutz & Parmler, 2019:502). Similarly, Kim *et al.* (2017:35) found that when consumers experience dissatisfaction, consumers are more likely to display switching behaviour. Moreover, when consumers are satisfied with a business, the business can focus on attracting other consumers and use available resources otherwise (Ilieska, 2013:328). It is important to note that satisfaction is a reactive process (Omolade & Yusuf, 2020:110). Nonetheless, high satisfaction levels in a business are important (Ilieska, 2013:328), since satisfied consumers will positively impact a business' reputation and profits (Homburg, Koschate & Hoyer, 2005:93). Additionally, satisfaction is important because consumers are more likely to continue using the business if satisfaction levels are high (Kim, 2010:221). Furthermore, satisfaction levels can indicate the consumers' feelings towards the strengths and weaknesses of

a business, as well as indicate the level of consumer involvement in a business (Ilieska, 2013:328). Lastly, when consumers are satisfied, a business' market share grows (Chen *et al.*, 2010:15). The level of satisfaction with information will also help a business to value loyal and satisfied consumers and isolate efforts to the correct target market (Ilieska, 2013:328). Furthermore, Homburg, Koschate and Hoyer (2005:85) state that satisfied consumers are usually willing to pay more for products and services than consumers who are less satisfied with the business.

However, satisfaction in a business is an ongoing process; therefore, it should be continuously measured by the business and these results over time can help a business improve its satisfaction levels by investigating trends and patterns (Ilieska, 2013:328). Since a distributor of an MLM business does not receive a fixed salary, and only works on commission determined by group volume in sales generated monthly (Bäckman & Hanspal, 2018:3; Lee & Loi, 2016:49), it is crucial to ensure distributor satisfaction in an MLM business (Kwee-Fah *et al.*, 2016:106). Furthermore, a distributor's contract cannot be terminated in case of the distributor being unsuccessful, and therefore it is crucial for the business to understand the motivation and satisfaction levels of the distributor (Lee & Loi, 2016:51). Therefore, it is important to further investigate the blueprints MLM businesses can implement to achieve distributor satisfaction.

- Bălăşescu (2020a:12) found that the products of an MLM businesses should be of a high quality and the products should solve a problem in the distributor's life. Additionally, the repeat purchase intent will depend on the product's quality, and therefore, if the product does not meet the expectation, it will influence the distributor's satisfaction levels (Lee & Loi, 2016:53). When the product is of high quality, distributors will be able to sell the products to family, friends and known associates more easily (Bălăşescu (2020a:13). Therefore, MLM businesses should invest in creative, high quality product development to satisfy the consumers and distributors' needs (Mansouri & Unanoğlu, 2022:184).
- The recruitment process and providing continuous training are vital to the success and effectiveness of a newly recruited distributor (Delgado, 2000:11; Lee & Loi, 2016:52). Furthermore, the upline of a newly recruited distributor should clarify that there is potential to grow inside the MLM business and clearly describe the compensation plan to the new recruit (Mansouri & Unanoğlu, 2022:183). When a distributor's upline is offering regular meetings and support towards a distributor, more sales can be made and a higher commission can be earned, and consequently, could lead to greater distributor satisfaction (Lee & Loi, 2016:52).
- Furthermore, an MLM distributor usually has a full-time job next to the MLM business, since the MLM business gives the distributor this opportunity (Mansouri & Unanoğlu, 2022:183).

Therefore, Delgado (2000:35) states that the business opportunity the MLM business has to offer should be worthwhile to pursue alongside a full-time job.

- Bălăşescu (2020a:12) found that distributors will more likely join an MLM business if there is no initial fee to join the MLM. Moreover, if an MLM business can give additional support and resources to distributors, the distributors would be more satisfied, according to Mansouri and Unanoğlu (2022:190). Additionally, the commission paid to distributors is proportionate to the monthly sales volume (Lee & Loi, 2016:49).
- Because an MLM business is dependent on distributors for the success of the business (Koroth & Sarada, 2012:26), the MLM business should provide thorough training to newly recruited distributors in order to equip the distributor with selling skills, confidence and product knowledge to increase the distributors' success rate and ultimately the satisfaction levels within an MLM business (Lee & Loi, 2016:60; Mansouri & Unanoğlu, 2022:184). Therefore, the quality of the training provided by the MLM business will influence the distributor's satisfaction levels (Delgado, 2000:50).
- Although there are costs involved in recruiting and training a new distributor (Lee & Loi, 2016:51), it is important for the upline and the distributor to foster a relationship of friendship towards one another (Koroth & Sarada, 2012:26). Since Delgado (2000:121) found that the more the upline is involved in the training of the distributor, the higher the level of satisfaction for a distributor will be.
- Furthermore, it is essential for an MLM business to engage with distributors in ways to satisfy distributor needs and to encourage distributors to go the extra mile, work harder and achieve business goals (Kwee-Fah *et al.*, 2016:107). Additionally, MLM businesses should be transparent on compensation plans and potential earnings in order to build trust between the business and distributor (Lee & Loi, 2016:62). Therefore, realistic information about the MLM business will result in satisfied distributors (Delgado, 2000:57).
- There are different ways that each distributor is paid in the different MLM businesses. Therefore, a distributor's satisfaction will likely be influenced by the commission earned every month (Lee & Loi, 2016:54). In addition, Delgado (2000:79) argues that distributors might display a higher level of satisfaction if distributors are given additional rewards by the MLM business. Finally, research conducted by Lee and Loi (2016:61) found that income potential and earnings directly influence distributor satisfaction levels within an MLM business.

Moreover, distributors are responsible for motivating and recruiting new distributors to duplicate their work in order to effectively grow the business (Lee & Loi, 2016:50). Consequently, distributor satisfaction is crucial for the success of the MLM businesses (Kwee-Fah *et al.*, 2016:106). When

a distributor is satisfied, the distributor will continue doing business with the business (Mansouri & Unanoğlu, 2022:182). When the MLM business understands and meets a distributor's needs, distributor satisfaction is achieved (Nga & Mun, 2011:54). According to research conducted by Kwee-Fah *et al.* (2016:107), the more success the distributors achieve in an MLM business, the greater the satisfaction levels, and therefore, this positively affects a distributor's loyalty and trust towards the MLM business.

2.5.2 Factors influencing distributor satisfaction

Unfortunately, a limited number of academic articles on distributor satisfaction in the MLM industry was available to use as secondary sources. Some researchers did research on this topic, in particular Delgado (2000), Kwee-Fah *et al.* (2016), Lee and Loi (2016), and Mansouri and Unanoğlu (2022). Factors that influence distributors are likely to be different to that of employees, since distributors work for commission and are not recognised as permanent employees of the MLM business (Kwee-Fah *et al.*, 2016:106). The factors that a distributor's satisfaction is influenced by and studied in this study include the method of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training, perception of products and services, and upline support. The mentioned factors were selected for this study based on a former study's constructs measuring distributor satisfaction in an MLM business (Kwee-Fah *et al.*, 2016:106). These five factors will now be discussed.

2.5.2.1 Method of diffusing business opportunity

As discussed previously, MLM businesses developed a beneficial reward system and offered tangible rewards to motivate distributors to participate in the business opportunity (Keong & Dastane, 2019:9). Importantly, it is quite common for an MLM business' credibility and background to be the selling point that secures distributor trust and loyalty (Kwee-Fah *et al.*, 2016:117). The MLM industry has a distinctive strategy for promoting business opportunities and products by means of word-of-mouth (Heng & Ng, 2020:484). It is common for new recruits to be referred by someone who is a social connection, close friend or family member (Koroth & Sarada, 2012:27) and additionally increases the attractiveness of MLM, since prospects value the fact that a friend or family member referred them (Heng & Ng, 2020:472). The importance of creating a positive first impression cannot be overstated, and the opportunity pitch must be persuasive enough so that the prospective downline is attracted to the potential business opportunity (Kwee-Fah *et al.*, 2016:116). Furthermore, the diffusion of the business opportunity in MLM business includes the initial purchase made by the distributor, whereafter the distributor will be responsible for selling the products and recruiting an active downline for the MLM business (Mansouri & Unanoğlu, 2022:183). Additionally, as previously stated, it should be emphasised that

compensation for a distributor is based on both the individual volume of the distributor and the group volume contributed by the distributors' network (Keep & Nat, 2014:193). Lee and Loi (2016:59) found that the business opportunity is the most important antecedent for a distributor to be satisfied with the MLM business. However, negative perceptions can be formed by prospects due to a combination of aggressive selling tactics and exaggerated facts by a distributor (Choudhary, 2013:2). Consequently, it is difficult for a legitimate distributor to sell products and recruit prospects for an MLM business with the bad publicity, pyramid schemes and false income statements becoming more widespread (Kwee-Fah *et al.*, 2016:108; Mansouri & Unanoğlu, 2022:189).

2.5.2.2 Perceived quality of recruitment process

During the recruitment process, the prospect is approached by the distributor recruiting a downline; if the prospect is interested, the recruit is then taken to a routine meeting to learn more about the MLM business opportunity and products (Mansouri & Unanoğlu, 2022:183). Recruiting new members is essential to the survival of MLM businesses (Chian, 2020:9; Koroth & Sarada, 2012:26). Additionally, the recruitment process not only benefits the business' financials, the business also creates a relatively accessible employment opportunity worldwide and generates economic growth for developing countries (Nadlifatin *et al.*, 2022:111). Therefore, distributors are encouraged to actively recruit new distributors to join an MLM business to obtain the various advantages provided by an MLM business (Heng & Ng, 2020:483). It should be emphasised during the recruitment process that entrepreneurial individuals can earn a supplementary and passive income in an MLM business to attract more interest (Li *et al.*, 2016:19; Nga & Mun, 2011:56). Furthermore, it is common for new recruits to be referred by someone who is a social connection, close friend or family member and, in return, increases the attractiveness of MLM, since prospects value and trust the fact that a friend or family member referred them (Koroth & Sarada, 2012:27). In the recruitment process, a distributor is more likely to start a conversation with a prospect by sharing information about the product or a testimony, rather than introducing the compensation plan first to avoid information overload by the prospect (Kwee-Fah *et al.*, 2016:120; Michał Roman *et al.*, 2021:2). According to Mansouri and Unanoğlu (2022:183), it is very common for new recruits to switch to a new MLM business if dissatisfied and thus, the importance in the success of the recruitment process for the MLM business. In order for a distributor to succeed and be satisfied with an MLM business, it is essential that the members of a downline must cooperate and socialise (Kwee-Fah *et al.*, 2016:108). It is important that distributors are continuously trained by the business to effectively recruit new prospects and distributors (Delgado, 2000:75; Lee & Loi, 2016:60).

2.5.2.3 Perceived quality of training

A major advantage of MLM businesses is the ability to develop personal skills (Choudhary, 2013:1; Roman *et al.*, 2021:3). Undoubtedly, sales training is essential for a distributor to successfully share the business opportunity and products of an MLM business (Heng & Ng, 2020:475). Likewise, previous research found that for a distributor to successfully recruit potential buyers, the distributor requires proficient selling skills (Keong & Dastane, 2019:9). Also, during the training process, it is important to ensure that recruits understand the compensation plan offered by the MLM business as this can become overwhelming and confusing to new recruits (Michał Roman *et al.*, 2021:2). Likewise, Delgado (2000:28) suggests that motivation training should be used by MLM businesses to further the success of the business. Additionally, it is crucial for an MLM business to engage with distributors in ways to satisfy distributor needs and to encourage distributors to go the extra mile, work harder and achieve business goals (Kwee-Fah *et al.*, 2016:107). However, a newly recruited distributor might become more satisfied with an MLM business if the recruiter is a known associate of the distributor (Lee & Loi, 2016:60). Nevertheless, MLM businesses are often characterised by distributors who lack marketing experience, education or training (Delgado, 2000:22). As a result, MLM businesses should develop strategic training courses to educate distributors in areas where the distributor lacks skills and has insufficient knowledge to ensure successful results (Kwee-Fah *et al.*, 2016:109). During previous research conducted by Delgado (2000:11) and Heng and Ng (2020:475), it was established that sales training significantly enhances the capability of a distributor. Therefore, a quality training programme is essential to train and strengthen a distributor's capability and increase the success rate (Keong & Dastane, 2019:9). Ultimately, to be successful in an MLM business, the new distributor must work consistently, attend regular training sessions, and emphasise personal development (Roman *et al.*, 2021:24).

2.5.2.4 Perception of products and services

The MLM industry initially started to grow as a result of the financial benefits distributors could earn when selling the MLM business' products (Nadlifatin *et al.*, 2022:111). MLM business entails selling products and services directly to consumers through a network of distributors, and typically, MLM products are not available in any retail stores (Kwee-Fah *et al.*, 2016:118; Michał Roman *et al.*, 2021:8). Therefore, an MLM business' most effective form of advertising is word-of-mouth (Delgado, 2000:24). Word-of-mouth marketing increases an MLM's attractiveness and simplifies the process, since products can be sold easily to friends and family of the distributor (Heng & Ng, 2020:472). Undoubtedly, knowledge of the products and services in the market is important and beneficial as distributors need this information to confidently secure customers and sales (Ruefenacht, 2018:1037). Furthermore, the distributor should be trained to identify who the

products would benefit and aim to sell the products to the identified prospects (Attri & Chaturvedi, 2011:4). Likewise, consumers are more likely to be satisfied with products that have value for money, come from a trusted supplier, are convenient, and have sufficient information and research done (Joshni, 2014:79). When an MLM business provides quality products and services, and the MLM business develops better and more innovative products each year, consumers would be more willing to trust the business and, therefore, enjoy a better reputation among consumers (Roman *et al.*, 2021:16). Importantly, what differentiates the MLM industry from pyramid schemes is the regulation that distributors should focus on product sales rather than actively recruiting a downline (Attri & Chaturvedi, 2011:4). Moreover, when it comes to MLM businesses, the business should concentrate on creating value, driving membership recruitment and word-of-mouth marketing (Heng & Ng, 2020:484).

2.5.2.5 Upline support

The person who recruited the new distributor into the MLM business becomes the distributor's upline in the same network (Mansouri & Unanoğlu, 2022:184). The upline is responsible for recruiting, training, and mentoring the downline where, in return, the upline receives compensation for the downlines' volume achieved (Korothe & Sarada, 2012:26; Nadlifatin *et al.*, 2022:112). Furthermore, it should be noted that the upline earns a commission from both their own sales and the sales of their downline (Groß & Vriens, 2017:333; Mansouri & Unanoğlu, 2022:181). Therefore, in an MLM business, distributors are not restricted to only earning commission on one level (Tajti, 2021:50; Yaziz *et al.*, 2015:676). Therefore, support, motivation, guidance, and assistance should be given constantly to ensure a successful long-term business for the upline and downline (Kwee-Fah *et al.*, 2016:110; Loi, 2015:29). Nevertheless, the relationship between an upline and a downline is especially strong during the early stages of the recruitment since the downline is dependent on the upline for information and encouragement and therefore it is inevitable for the friendships to develop (Korothe & Sarada, 2012:27). Likewise, it is critical that a distributor's upline provides support, since the distributor normally deals directly with the upline and rarely with management, particularly for moral support, motivation, training, development, and mentoring purposes (Isa *et al.*, 2012:54). Importantly, the positive relationship between the upline distributor and the downline is vital for each party to achieve set goals and financial incentives (Kwee-Fah *et al.*, 2016:110; Mansouri & Unanoğlu, 2022:184). However, a negative impression of the upline may turn prospects away and consequently, effective communication and interpersonal skills are of great importance for a distributor (Kwee-Fah *et al.*, 2016:117). Therefore, Lee and Loi (2016:61) found that the support a distributor's upline shows influences distributor satisfaction levels and performance in an MLM business. Likewise, research

conducted by (Koroth & Sarada, 2012:27) found that the more upline support a distributor receives, the more likely the distributor is to be satisfied with the business opportunity.

2.6 CONCLUSION

Chapter 2 provided an in-depth literature investigation on the evolution of marketing, the MLM industry worldwide and in South Africa. Additionally, the impacts of technological developments and social media on the MLM industry were explored. Next, the ten chosen health and wellness MLM were discussed. Additionally, a discussion on distributor satisfaction and the five factors influencing distributor satisfaction were provided.

As the MLM business model attractiveness grows continuously globally, the factors influencing the satisfaction of an MLM distributor should be considered by the MLM business to ensure long-term success and financial profitability. The investigation clearly indicated that distributor satisfaction is crucial in an MLM business. The next chapter will provide a literature discussion on the following two constructs under investigation in this research study, namely trust and loyalty.

CHAPTER 3

DISTRIBUTOR TRUST AND DISTRIBUTOR LOYALTY

3.1 INTRODUCTION

In the preceding chapter, a literature investigation was done on the MLM industry and distributor satisfaction. The purpose of this chapter is to provide insights into distributor trust and distributor loyalty in an MLM business. This chapter will conclude the literature investigation needed to obtain the aim of this research study. As previously mentioned, this study aims to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within an MLM business. This chapter will present the definitions and provide insights into the importance of trust and loyalty in an MLM business, whereafter strategies will be recommended to increase trust and loyalty in an MLM business.

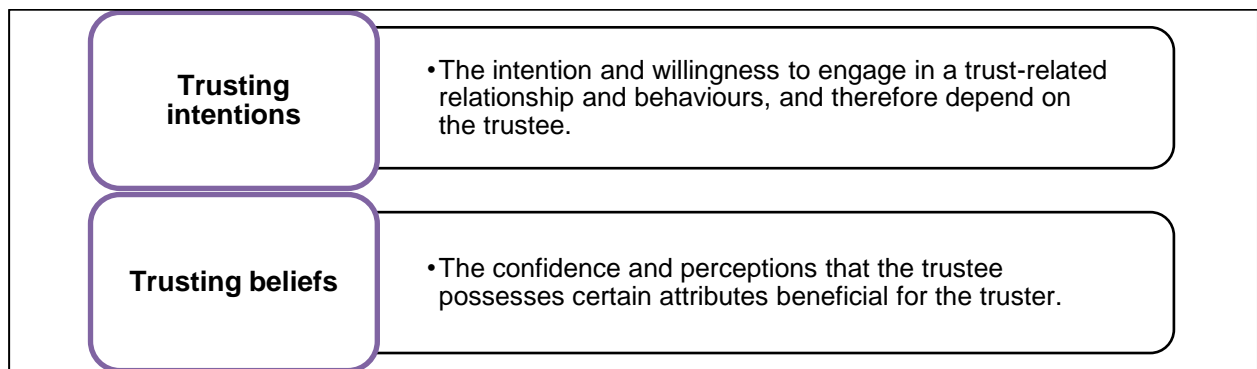
3.2 TRUST

Some of the earliest definitions of trust were outlined by Morgan and Hunt (1994:23), defining trust as one party's belief in the other's dependability and honesty. Similarly, McKnight *et al.* (2002:337) define trust-related behaviour as actions that involve the dependence on a business and further increase the vulnerability and risks for the trustor during a transaction. Thereafter, trust was defined by Pavlou and Fygenson (2006:123) as an attitudinal belief that a business will act helpful by fulfilling the expectations set by a business, but importantly not abusing a trustor's weaknesses. Likewise, Haron *et al.* (2020:6) defined trust as the belief that a business' promises are reliable and that the business will fulfil its promises in the relationship. Therefore, it is important to note that a relationship of trust is built from the first purchase onward (Ganesan & Hess, 1997:439; Kim, 2010:221). Similarly, it has been proven by Bachnik and Nowacki (2018:1) and McKnight *et al.* (2002:334) that trust is crucial to building a successful and stable relationship in businesses and overcoming uncertainty. During previous research, Leninkumar (2017:459) found that satisfaction is an important antecedent of trust. Additionally, trust is of paramount importance in a business environment, since trust levels affect the overall success output of any business directly and indirectly (Erdem & Ozen, 2003:131; Sirdeshmukh *et al.*, 2002:15). Moreover, Kassim and Abdullah (2010:355) found that trust important is in a business' transactional relationship. Therefore, various researchers have compiled definitions of trust over the years; however, there is no universally accepted definition for the construct of trust (Dimitriadis *et al.*, 2011:7).

In this research study, trust will be defined as an attitudinal belief by a distributor that the MLM business will be reliable and fulfil promises made by the MLM business (Haron *et al.*, 2020:6; Pavlou & Fygenson, 2006:123; Sirdeshmukh *et al.*, 2002:17).

McKnight *et al.* (2002:335) refer to the initial trust in a relationship where the business is yet to build a credible bond. Furthermore, Bachnik and Nowacki (2018:1) found that a business' reliability and integrity are prominent values associated with building a trustworthy relationship between two parties. The importance and necessity of trust increase whenever the business and other parties are in a risky situation (Gefen *et al.*, 2003:54; Mayer *et al.*, 1995:711). Research done by Erdem and Ozen (2003:132) found that trust can be differentiated between rationality or an emotional response to an experience with the business. Moreover, Wang (2009:862) found that the importance of trust increases daily, since trust enables businesses to instil a long-lasting relationship between the parties (Bricci *et al.*, 2016:173). Furthermore, McKnight *et al.* (2002:337) acknowledge two different trust-related behaviours, which will be further defined in Figure 3-1.

Figure 3-1: Trust-related behaviours



Source: Compiled from McKnight *et al.* (2002:337)

In addition, research uses the two trust-related behaviours to define trust as a three-dimensional construct (Dimitriadis *et al.*, 2011:7; Gefen *et al.*, 2003:55; McKnight *et al.*, 2002:337), namely competence-based trust, integrity-based trust, and benevolence-based trust (Rubio *et al.*, 2017:359), and these will be further discussed in Table 3-1:

Table 3-1: Three dimensions of trust

Type of trust	Description
Competence-based trust	Competence is defined as the abilities and skills a business possesses to influence and produce promises (Mayer <i>et al.</i> , 1995:717). This type of trust reflects the belief in a business' reliability, dependability, and competency to fulfil the promises made by the business (Lee, 2004:625). Therefore, competence-based trust reflects that the business possesses the skills and capabilities required to execute the promised products and services (McKnight <i>et al.</i> , 2002:338; Morgan & Hunt, 1994:23; Pavlou & Fygenson, 2006:123).
Integrity-based trust	Integrity is defined as a set of principles that a person adheres to when making decisions (Mayer <i>et al.</i> , 1995:719). Furthermore, a business is perceived with integrity when the business performs in agreement with promises and norms (Svare <i>et al.</i> , 2019:589). Therefore, integrity-based trust is the belief that the business is trustworthy, honest, acts ethically, and fulfils promises (Dimitriadis <i>et al.</i> , 2011:7; Haron <i>et al.</i> , 2020:6).
Benevolence-based trust	Mayer <i>et al.</i> (1995:718) define benevolence as the trustor's attachment to the trustee and the extent to which the trustee will benefit the trustor in decisions. Therefore, benevolence-based trust is the belief that the business is motivated to act in the trustor's interests, by having a mutually beneficial relationship and care without being opportunistic (Rubio <i>et al.</i> , 2017:359). Furthermore, to ensure mutual trust in a relationship, both parties have to believe in one another as transactional partners (Wang, 2009:863).

Source: Researcher's own construct

It is important to note that the above-mentioned types of trust can become separable and independent from one another (Mayer *et al.*, 1995:720). Importantly, businesses should increase the focus on more long-term relationships with stakeholders, other businesses and employees, by establishing mutual trust and confidence in the business (Paliszkiewicz & Klepacki, 2013:1288; Utami, 2015:639). Another essential point argued by Xin *et al.* (2015:1) states that trust influences repurchase intent on products offered by businesses. Likewise, in previous research, Kassim and Abdullah (2010:352) found that a relationship in sales relies heavily on trust between the two parties in the business. Similarly, research conducted by Kim (2010:234) found that trust is vital when parties want to participate in transactions in the e-commerce industry. Likewise, Ganesan and Hess (1997:441) argue that trust can increase the commitment to a relationship by reducing the associated risks, increasing confidence levels and reducing transaction costs. According to Singh (2015:973), communication helps to increase trust levels tremendously. Pavlou and Fygenson (2006:123) found that receiving information and buying products or services from a

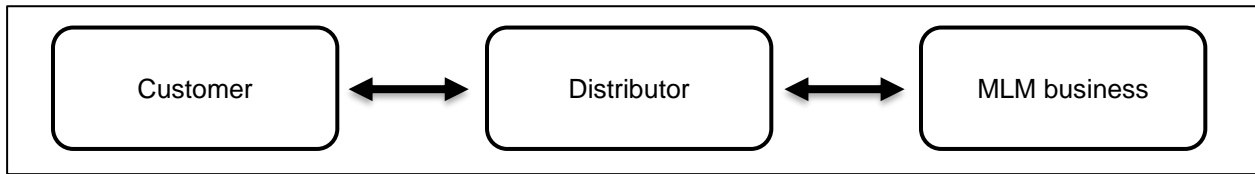
business are based on the trust levels found in a partnership. Moreover, a relationship that is based on mutual trust allows for lower transaction costs (Bricci *et al.*, 2016:173) and importantly, can create a competitive advantage over competitors for the business (Wang, 2009:869). Lastly, when there are mutual trust, it allows the business to change with and adapt to the ever-changing business environment without switching behaviour (DeVos, 2013:44).

During previous research by Bricci *et al.* (2016:173), trust is a requirement in a business to help employees work efficiently. Therefore, trust is crucial in the relationship between the MLM business and the distributor. Furthermore, previous research conducted by Dabbous *et al.* (2020:270) found that if a distributor trusts the MLM business, the distributor would participate more easily in a financial transaction. Likewise, exhibiting the interrelationships between the constructs under investigation during this research study, research conducted by Boonlertvanich (2019:292) found that higher satisfaction levels lead to trust in a business. Equally, another research study found that satisfaction plays a key role in building confidence and motivation for MLM distributors to contribute to the MLM business (Haron *et al.*, 2020:7). Research conducted by Purcaru *et al.* (2022:5) clarifies the complicated relationship of an MLM distributor in-depth, explaining that the MLM distributor is seen as a sales representative and a consumer doing business in an MLM.

- The first trust relationship includes the relationship between the customer and distributor, which is prominent in a business, as this relationship has the influence of impacting important outcomes such as satisfaction, commitment, trust and willingness to recommend to other potential customers (Guenzi *et al.*, 2009:7). Therefore, the distributors' competence and ability to perform are key, since the customer is reliant on this relationship to build trust in order to purchase the products and services on offer (Ganesan & Hess, 1997:441). This also provides a safeguard for the buyer to feel safe during transactions (Xin *et al.*, 2015). Furthermore, Sirdeshmukh *et al.* (2002:17) found that interpersonal ties and trust will be heavily influenced if the customer has a previous relationship with the distributor.
- Secondly, the distributor experiences a double relationship with interpersonal trust – with the MLM business and customer; therefore, the importance of this relationship to achieve overall success and longevity of the MLM business (Ganesan & Hess, 1997:441). As a result of this relationship, the MLM distributor is the main link between the business and the customer (Purcaru *et al.*, 2022:3).
- Lastly, institution-based trust refers to the trusting beliefs and perceptions between the distributor and the MLM business, whereas the business will provide structure to be successful in the business (McKnight *et al.*, 2002:336). Therefore, in an MLM business, the distributor takes the place between the business and customer (Guenzi *et al.*, 2009:5).

The three relationships found within an MLM business are illustrated below, in Figure 3-2.

Figure 3-2: The trust relationship in an MLM business



Source: Adapted from Ganesan and Hess (1997) and Purcaru *et al.* (2022)

The trust relationship between the MLM business and distributor will now be further discussed. Morgan and Hunt (1994:20) found that the motivation for individuals to trust one another is one of the most noticeable variables in the success of any MLM business. Additionally, Svare *et al.* (2019:586) argue that when there is a higher level of trust between the distributor and MLM business, an increased involvement with the MLM business is expected to occur, despite a potential risk for the distributor. Therefore, in a relationship between the MLM business and distributor, there should be mutual trust between the two parties to secure a relationship, long-term success and profitability (Franco & Gonzalez-Perez, 2016:32; Wang, 2009:869). Moreover, MLM businesses can nurture interactive relationships more easily when there is trust between the distributor and MLM business (Utami, 2015:640). Similarly, research conducted by Dabbous *et al.* (2020:270) found that when a distributor trusts the MLM business, it would be easier for the distributor to participate in the financial transaction. Likewise, the mutual relationships' trust levels are crucial between the distributor and MLM business, since the products of MLM businesses are typically bought online and, moreover, the consumer should instil a level of trust on the distributor before purchasing the product online (Kim, 2010:220). It has also been found by Williams (2018:38) and Xin *et al.* (2015:3) that it is easier to become involved in a financial transaction if there is already some type of trust formed with a friend or family member. Therefore, a trust-building relationship originates from a business that earned credibility by performing the promised task (Utami, 2015:640). When an MLM business has a clear marketing strategy, it creates confidence and trust among its distributors (Salindri, 2018:18). As a result, when trust is present, it delivers outcomes that encourage efficiency, productivity, and success between the MLM business' distributors (Morgan & Hunt, 1994:22). Because the MLM industry's reputation experienced challenges in the past, building a trustworthy relationship with an MLM business is more important than ever before (Wang, 2009:869). Furthermore, trust is important between a business and the distributor in an MLM business, since a thorough understanding of trust can create unity, teamwork and efficient communication in a business (Mayer *et al.*, 1995:710). Additionally, to preserve relationship investments and resist appealing short-term alternatives in favour of the expected long-term benefits of staying with an existing partner (Morgan & Hunt, 1994:22), Bricci *et al.* (2016:173) acknowledged that trust between individuals, in teams and in

businesses is a crucial element in accomplishing set tasks efficiently. Moreover, the more trusting employees are of a business, the better the communication will be between employees and management (Wang, 2009:862). When the two parties work interdependently in a business, it is crucial for the relationship to be based on trust to accomplish personal and business goals as well as future sales and growth (Mayer *et al.*, 1995:710). Furthermore, the efficiency of the partnership between an MLM business and distributor is dependent upon the trust levels and commitment towards one another (Nga & Mun, 2011:55). The distributor will start to develop confidence towards the MLM business and, subsequently, share the business with friends and family when a relationship is formed between the business and distributor (Singh, 2015:973). Therefore, to form and maintain long-term relationships in an MLM business, trust is a vital factor and should not be neglected by the MLM business (Dabbous *et al.*, 2020:264). Wang (2009:863) believes that MLM businesses and distributors will use the commitment toward one another to exhibit mutual trustworthiness in the long term. Likewise, Bachnik and Nowacki (2018:1) argue that business marketers should increase efforts to explore how to build and maintain trusting relationships between businesses and distributors. Strategies for businesses to build and increase the trust levels will likely differ between individuals and distributors (McKnight *et al.*, 2002:340). On that account, the following strategies are recommended to increase distributors' trust in an MLM business.

- Firstly, it is important that the MLM business shares testimonials of other satisfied consumers, as potential distributors want to see success stories and positive testimonials when thinking of using the business' products and services (Paliszkievicz & Klepacki, 2013:1291).
- Furthermore, if the MLM business provides valuable products, the distributor would be able to sell to customers confidently, creating a sense of trust towards the MLM business (Guenzi *et al.*, 2009:6).
- Be honest and straightforward: When an MLM business has a clear marketing strategy accessible to distributors, it creates confidence and trust among the distributors (Salindri, 2018:18). Likewise, distributors should be listened to and feel that the opinions are valuable for the business and management (West *et al.*, 2015:232).
- Trust can be built by providing information and education about the MLM business' products and services, since the correct information can decrease the risks for the distributor to participate in the business (Guenzi *et al.*, 2009:5).
- Use branded email domains and have a professional business profile: Build trust with potential distributors by highlighting accomplishments, telling the story and sharing the history of the business (Paliszkievicz & Klepacki, 2013:1291).

- Therefore, a customer should be able to trust their distributor as this will improve customer retentions, since the customer would be open to future exchanges (Salindri, 2018:19). Similarly, where a distributor trusts the business, it would be easier for the distributor to participate in the financial transaction (Dabbous et al., 2020:270).

Wang (2009:863) argues that, as a result of MLM businesses heavily relying on personal selling and interpersonal relationships, it is important to implement strategies to increase and continuously develop trust levels in the MLM business. Another essential point is that trust is a prominent prerequisite to achieving long-term success in the MLM industry (Bruckermann, 2021:91). Undoubtedly, distributors doing business in an MLM business must develop trust with consumers during interpersonal interactions to successfully sell and build long-lasting relationships (Poon *et al.*, 2017:332). However, as a result of technological developments, especially social media, there is little hesitation by consumers to post negative experiences all over social media and show switching behaviour towards the business (Singh, 2015:973). Consequently, the level of trust in the relationship can severely affect a business and the relationship positively and negatively (Haron *et al.*, 2020:7). Additionally, if trust is not present in a relationship, the distributor would be more hesitant to take risks and participate in business activities (Svare *et al.*, 2019:586). Likewise, Bachnik and Nowacki (2018:1) found that it is possible for the relationship between the parties in an MLM business to be damaged if trust is violated during an exchange. Therefore, MLM distributors should focus on building trust with the consumer, rather than just pushing for sales to ensure a long-term relationship and satisfaction (Wang, 2009:869). Furthermore, Umair *et al.* (2020:42) found that trust can encourage interaction between businesses and communities based online. Unless a consumer is convinced that the business is competent enough to satisfy the wants and needs, the consumer will not trust the distributor (Rubio *et al.*, 2017:359). During previous research, Boonlertvanich (2019:292) found that higher satisfaction levels ultimately lead to trust in an MLM business. Importantly, satisfaction plays a key role in building confidence and motivation for distributors to contribute to a collaborative MLM business (Haron *et al.*, 2020:7). Additionally, where a distributor trusts the business, it would be easier for the distributor to participate in a financial transaction and satisfied distributors will have more trust in a business that offers innovative products (Bricci *et al.*, 2016:175; Dabbous *et al.*, 2020:270).

In conclusion, this section highlighted the importance of trust in an MLM business, and that trust is crucial for the long-term success and profitability of both the distributor and the MLM business. However, previous research found that distributor loyalty generally develops from trust, and therefore loyalty is an important component of building relationships in an MLM business (Haron *et al.*, 2020; McKnight *et al.*, 2002; Xin *et al.*, 2015). Likewise, Boonlertvanich (2019:292) found that satisfaction definitely affects trust and that trust will ultimately lead to distributor loyalty in a

business relationship. Therefore, the importance of loyalty should not be undervalued in an MLM business. Consequently, loyalty as a marketing construct should be further researched. Distributor loyalty will be investigated in the following section.

3.3 LOYALTY

Previously, during the 1980s and the early 1990s, the marketing outlook drastically changed from looking at the quality of products and services to a more significant focus on the consumers (Hallencreutz & Parmler, 2019:507; Mao, 2010:213). During earlier research, loyalty was considered a one-dimensional construct, because loyalty was only measured whenever a repeat purchase was made (Dick & Basu, 1994:100; Garland & Gendall, 2004:81; TaghiPourian & Bakhsh, 2015:48). In contrast to previous research, Dick and Basu (1994:100) found the necessity to further investigate the loyalty construct and how attitudes impact loyalty levels in the business environment. Later, Oliver (1999:34) defined loyalty as a deep-seated desire to repurchase a favourite product or service, thereby causing a repetitive purchase, despite any situational or marketing influences that might otherwise drive consumers away. During later research, Mao (2010:213) defined loyalty as when a consumer continuously supports the same business or prefers a specific business, for products or services the consumer needs or wants, and thereafter participates in positive word-of-mouth for the business. Therefore, consumers will be more favourable towards a brand if it has desirable attributes (Kassim & Abdullah, 2010:356). Thereafter, a variety of research studies have shown that loyalty is more multifaceted than previously believed (TaghiPourian & Bakhsh, 2015:48). Consequently, it is argued by Ishak and Abd Ghani (2013:187) that the success of a business is based on the degree of loyalty displayed towards the business. Furthermore, to increase a business' success and to differentiate the business from competitors, Arslan (2020:12) suggests that more emphasis should be placed on building a relationship between the business and its stakeholders. Likewise, Rowley (2005:575) argues that businesses with loyal consumers will undeniably benefit from sustained business, provided that a long-lasting relationship is formed. In their view, TaghiPourian and Bakhsh (2015:48) found that loyalty represents both the behaviour and an emotional attachment towards the business. Based on the findings of Singh and Khan (2012:606), it can be argued that the importance of ensuring loyalty cannot be overstated, especially in a time of increasing competition. Therefore, the business environment started to understand the significance of satisfaction and, therefore, a notable shift for businesses was seen, to pay greater attention to the consumers of the business, to increase business profit margins and a more loyal consumer base (Mao, 2010:213; Singh & Khan, 2012:607). Ultimately, Dhir *et al.* (2020:1697) define loyalty as a form of devotion and sentiment expressed through an emotional attachment to a business, which developed from satisfaction.

In this research study, loyalty will be defined as an aspirational commitment, devotion or sentiment to repurchase a product or service in the future, despite other factors such as marketing and situational influences, which may cause switching behaviour (Dhir *et al.*, 2020:1697; Ruefenacht, 2018:1036).

As previously mentioned, loyalty is multifaceted in a business and the importance of loyalty in a business cannot be undervalued (Mao, 2010:213). Moreover, loyalty is generally demonstrated in a variety of ways; for example, consumers can choose to increase the frequency of purchases or simply continue to support the business (Rowley, 2005:574). Additionally, West *et al.* (2015:233) found that loyalty is generally shown towards a business by recommending the business to friends and family. Nonetheless, the intention to recommend a business has been shown by Kassim and Abdullah (2010:357) to be merely a consequence of favourable attitudes. Singh and Khan (2012:608) state that loyal consumers will be open to new experiences offered by a business, creating an exceptional opportunity for expansion and growth for the business. Generally, to maintain long-term consumer loyalty, some sort of reward is expected by the consumer in return for their loyalty (Nwarisi *et al.*, 2021:96). Therefore, keeping consumers loyal requires businesses to understand the current expectations and shopping patterns of consumers (Singh & Khan, 2012:607). Not to mention, a loyal consumer base will create a competitive advantage for the business, prevent unnecessary consumer losses and will benefit a business to easily attain more consumers (Arslan, 2020:12; Leninkumar, 2017:451). One of the first researchers to include the four phases of loyalty specified that loyalty development is a combination of cognitive, affective, conative, and behavioural loyalty (Oliver, 1999:34):

Table 3-2: Loyalty phases

Phase	Loyalty phase	Description	Identifying marker
Phase 1	Cognitive loyalty	During the first loyalty phase, a consumer perceives a brand as preferable or not, based on information made available by the business (product price and features). These perceptions can be formed based on previous, recent, or second-hand experiences. Since only a superficial relationship is formed between the consumer and business, the consumer experiences a lower level of loyalty towards the business.	Loyalty to information (price, features) (Oliver, 1999:34; TaghiPourian & Bakhsh, 2015:50)

Table 3-2: Loyalty phases (continued)

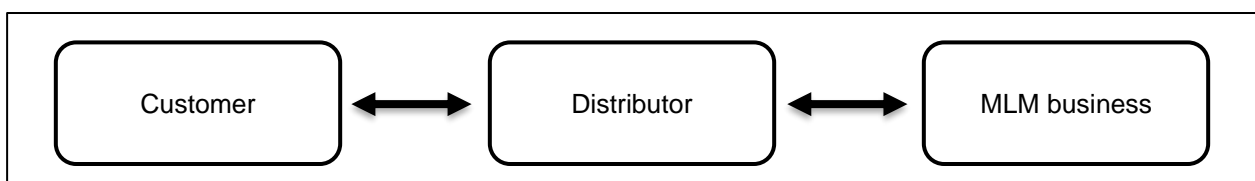
Phase	Loyalty phase	Description	Identifying marker
Phase 2	Affective loyalty	During the second phase of loyalty development, a consumer experiences an attachment to the brand, and therefore shows emotional loyalty towards the business. Furthermore, at this stage of loyalty development, the consumer has formed an attitude towards the business on the basis of satisfaction with previous expectations.	Loyalty to a liking (<i>"I buy it because I like it"</i>)
			(Arslan, 2020:13; Dick & Basu, 1994:101; Nwarisi <i>et al.</i> , 2021:93; Oliver, 1999:35)
Phase 3	Conative loyalty	The third stage is reached when a consumer declares the repurchase intention to the business. Moreover, an intention to continue shopping with a brand is defined as a commitment towards the business. Additionally, in this stage, a consumer will be more loyal to a brand and a consumer will be more likely to try new products and experiences offered by the business. Consequently, the following stage has been reached when a consumer experiences multiple positive feelings toward a business.	Loyalty to an intention (<i>"I'm committed to buying it"</i>)
			(Arslan, 2020:13; Ishak & Abd Ghani, 2013:187; Oliver, 1999:35; TaghiPourian & Bakhsh, 2015:50)
Phase 4	Behavioural loyalty	In the last phase, the consumer acquires loyalty towards a business and therefore, in return, offers willingness to protect and endorse the business. Moreover, a business's ability to leave a permanent impression on consumers will ultimately lead to loyalty towards the business. Actionable loyalty is the ability to prevent situational and competitive factors from impacting behaviour.	Loyalty to action, coupled with overcoming obstacles
			(Arslan, 2020:13; Ishak & Abd Ghani, 2013:187; Oliver, 1999:35; TaghiPourian & Bakhsh, 2015:50)

Source: Researcher's own construct based on sources mentioned

When a business has a deep understanding of the abovementioned loyalty phases, the business achieves an important competitive advantage over its competitors (Petzer & Roberts-Lombard, 2021:1). In previous research, Bricci *et al.* (2016:174) argued that a business environment defined

by mutually beneficial relationships fosters loyalty and not just short-term profits. Unfortunately, modern consumers can, despite being satisfied, still show disloyal behaviour towards the businesses and therefore, the construct loyalty should be further considered (Hallencreutz & Parmler, 2019:507; Karunaratna, 2020:160). Importantly, the success of an MLM business depends on the loyalty phases of its distributors (Arslan, 2020:12; Ishak & Abd Ghani, 2013:12). Nevertheless, businesses should try to understand loyalty and where consumers rank in the phases, since this can create a vital competitive advantage for the business (Bhatnagar *et al.*, 2019:50; Petzer & Roberts-Lombard, 2021:1). Furthermore, the two parties (distributors and the MLM business) in an MLM business are reliant on one another to attain future sales and growth, and undoubtedly, the efficiency of this partnership is dependent upon loyalty, trust and commitment to each other (Nga & Mun, 2011:55). In addition, the MLM business uses loyal distributors who are passionate about the products and services offered by the MLM business to influence new and existing consumers to buy products and services (Purcaru *et al.*, 2022:3). For distributors to remain loyal, the MLM business needs to satisfy the distributors' needs (Phuong & Vinh, 2020:701), since satisfaction is often regarded as an important precondition for loyalty (Omolade & Otori, 2020:110). Purcaru *et al.* (2022:5) research explores how MLM distributors are seen as both sales representatives and consumers in the MLM industry and, importantly, increasing loyalty towards the MLM business is vital for the longevity of the relationship and the success of the business (Purcaru *et al.*, 2022:5). Therefore, in an MLM business, the distributor takes place between the business and customer (Guenzi *et al.*, 2009:5). This results in an intricate relationship between the MLM business and its distributors (Ganesan & Hess, 1997:440). The three relationships found within an MLM business are illustrated below, in Figure 3-3:

Figure 3-3: The loyalty relationship in an MLM business



Source: Adapted from Purcaru *et al.* (2022)

The first relationship, illustrated in Figure 3-4, is the relationship between the consumer and distributor. This relationship is important in an MLM business, since the relationship can influence consumers' satisfaction, commitment, loyalty and the willingness to recommend the business to known associates (Guenzi *et al.*, 2009:7). Thereafter, the distributor experiences a mediating role between the consumer and MLM business, which leads to the importance of this relationship to achieve the overall success and longevity of the MLM business (Ganesan & Hess, 1997:441). As a result of this relationship, the MLM distributor is the main link between the MLM business and

the consumer (Purcaru *et al.*, 2022:3). The last relationship, found in Figure 3-4, is the relationship between the distributor and the MLM business. This relationship highlights the beliefs and perceptions between the distributor and the MLM business, whereas the business will provide a tested business model to be successful in the business (McKnight *et al.*, 2002:336).

In an MLM business, building distributor loyalty is important since the distributor is responsible for increasing their downline by recruiting new distributors into the business (Purcaru *et al.*, 2022:2). As previously mentioned, the MLM business and distributor should work together to achieve long-term success and financial gain (Nga & Mun, 2011:55). Therefore, it should be a business objective to make distributors feel respected and validated by a business (Singh & Khan, 2012:607). Therefore, the amplifying importance of establishing long-lasting relationships in businesses has resulted in shifting patterns in marketing, where loyalty to customers takes precedence over the acquisition of new customers (Omolade & Otori, 2020:109; Sirdeshmukh *et al.*, 2002:15). Additionally, if relationship marketing is used to build a long-term relationship between a distributor and the MLM business, it can be of pivotal value for the business (Rowley, 2005:574). As can be seen in research conducted by Guenzi *et al.* (2009:5), it is very common for the relationship to influence the level of loyalty, and therefore the relationship can be further built or start eroding based on the relationship. Previous research conducted by TaghiPourian and Bakhsh (2015:48) found that the longevity of the relationship between the MLM business and distributor positively influences the overall profitability and long-term success of the MLM business. One of the earliest literature studies on relationship marketing was written by Morgan and Hunt (1994:22), who define relationship marketing as all the marketing that aims to establish, develop and maintain exchanges between two parties. Nevertheless, Rowley (2005:574) recognises that loyalty influences the nature of the relationship in a business transaction and Nwarisi *et al.* (2021:93) state that businesses should take control of the loyalty that follows from a relationship. In brief, MLM businesses have to grasp the importance of relationship marketing in order to take full advantage of consumer loyalty in a business' strategy formulation (TaghiPourian & Bakhsh, 2015:48). As the MLM distributors move between the phases of loyalty, the MLM business must focus on the continuous development of the relationship between the business and distributor by providing updated training programmes and non-monetary motivations to the distributors (Purcaru *et al.*, 2022:2). Likewise, Rowley (2005:575) claims that when a distributor is loyal, it signifies an equivalence between the attitude and repeat support for the business, while the distributor wants to be associated with the MLM business for the foreseeable future. Importantly, a business will benefit most from a distributor when the move is made between merely satisfied or captive to committed towards the business (Singh & Khan, 2012:606). Therefore, businesses should leverage the position when a relationship of loyalty forms and develops into a committed relationship (Nwarisi *et al.*, 2021:93). Importantly, Bricci *et*

al. (2016:174) examined that the fuel to drive financial success in a business is usually mutual loyalty. Consequently, loyalty should always be measured and investigated as a dynamic process in a business (Wang *et al.*, 2021:826). Furthermore, it is crucial for MLM businesses to increase distributor loyalty since the distributor is the face of the MLM business for the end-consumer (Purcaru *et al.*, 2022:3). It is believed by Nwarisi *et al.* (2021:94) that a positive encounter with the MLM business will influence the repurchase intent for a distributor, while cultivating a loyal relationship between the distributor and business. Information regarding a distributor's expectations of the business and shopping patterns is crucial information to the business, to ultimately help increase the loyalty levels towards the business (Singh & Khan, 2012:607). It has been shown that the result of distributor loyalty is an emotional attitude toward the business, which goes hand in hand with an increased sense of commitment to the business (Dhir *et al.*, 2020:1697). To elaborate, researchers are exploring the benefits of retaining existing consumers over attracting new ones (Zikiené, 2012:143). As previously mentioned, it is imperative for MLM businesses to modernise strategies, to ultimately increase business profitability and strengthen relationships in the business (Ishak & Abd Ghani, 2013:187; Purcaru *et al.*, 2022:5).

The following section addresses the advantages that continuous loyalty holds for an MLM business:

- Cut down business costs and generate a profit

It is believed by Ishak and Abd Ghani (2013:187) that loyal distributors can result in lower business costs. Besides, Arslan (2020:12) found that prospect acquisition costs are much higher than distributor retention costs. Additionally, Mao (2010:214) found that the cost to keep distributors loyal is a mere 5% of the business wealth (Singh & Khan, 2012:607). More importantly, it is known that loyal and satisfied distributors tend to spend more, reduce costs by generating less expenses for the business, and promote the business more positively among known associates (Ruefenacht, 2018:1034; Singh & Khan, 2012:607). Moreover, loyal distributors tend to buy the MLM business' products over the products from another MLM business with comparable quality (Nwarisi *et al.*, 2021:94). Furthermore, distributors who are satisfied with the MLM business will continue to work for the business and generate a profit (Bricci *et al.*, 2016:175). In addition, Kwee-Fah *et al.* (2016:109) found that motivated and satisfied distributors tend to be more loyal to the MLM business. In due course, loyal distributors will contribute to the profitability of an MLM business with frequent purchases, spending more on products, and referring products to friends and family (Omolade & Otori, 2020:110).

- Less sensitive to price changes

Based on the findings of Ishak and Abd Ghani (2013:187), it can be argued that businesses have a stronger negotiating leverage with loyal distributors and can maintain a premium price for

products, since it has been found that loyal distributors are less sensitive to price changes in an MLM business. Furthermore, previous research suggests that the price sensitivity of loyal distributors is lower, since loyal distributors' decision-making is based on the satisfactory levels of the product (Arslan, 2020:12; Mao, 2010:214). If distributors are loyal towards the MLM business, the distributors will be more likely to try the new products or services an MLM business has to offer, and therefore the business has a chance to increase its sale volume and potentially entice new prospects (Singh & Khan, 2012:607). Additionally, research by Kwee-Fah *et al.* (2016:107) suggests that as the distributors' sales increase, the distributor will become more satisfied with the business and this will affect the distributors' loyalty towards the MLM business. As a result of satisfaction, MLM businesses offering innovative and valuable products instil confidence among their users (Bricci *et al.*, 2016:175).

- Bring in new and faithful customers

When distributors are satisfied with a business, they become more loyal towards the MLM business and will, therefore, increase the repurchase frequency (Arslan, 2020:12). According to Mao (2010:214), loyal distributors will spread positive word-of-mouth to known associates for an MLM business and thereby entice potential prospects to join the MLM business. Likewise, Omolade and Otori (2020:110) found that when distributors have a positive experience with an MLM business, it will most likely be shared by word-of-mouth to family and friends. Consequently, businesses can more easily establish positive attitudes and perceptions in distributors, resulting in an increase in distributors' attitudes and perceptions, ultimately resulting in increased sales for the distributor and MLM business (Ishak & Abd Ghani, 2013:187). Additionally, businesses can gain prospects at a lower cost through current distributors' loyalty if the relationships are strong enough (Arslan, 2020:12; Utami, 2015:639). Considering this, a loyalty-driven business environment will lead to financial success (Bricci *et al.*, 2016:174).

Similar to the advantages found in the above discussion, Roman *et al.* (2021:7) argue that a motivated distributor is easier to manage and retain when satisfied in an MLM business. As discussed previously, it is integral that the MLM business creates value, both for the distributor and consumer in an MLM business, and thereby creating loyalty towards the business and assisting the business in achieving business goals (Purcaru *et al.*, 2022:1). Since previous research conducted by Dhir *et al.* (2020:1698) found that loyal distributors are an MLM business' most significant asset, MLMs' success relies heavily on the distributor's level of loyalty. On the contrary, distributors who are not yet loyal towards the business should not be excluded as these distributors may show potential to become loyal and committed towards the MLM business (Wang *et al.*, 2021:826). It is believed by Purcaru *et al.* (2022:4) that satisfied distributors will yield a greater commitment and loyalty towards the business. Furthermore, previous research found that

loyalty is also shown towards a business by providing positive feedback to the business on how the business can improve (West *et al.*, 2015:233). Nevertheless, increasing loyalty in a business typically makes intensive use of business resources (Singh & Khan, 2012:607). Furthermore, MLM businesses should cultivate loyalty among its distributors to increase the business' profitability tremendously (Wang *et al.*, 2021:826). Based on the ideas of Purcaru *et al.* (2022:4), the researchers demonstrated that MLM distributors are responsible for expressing loyalty towards the business when participating in the sale of products and services offered by the MLM business. Therefore, it is imperative for MLM businesses to clearly define loyalty in the business, to better understand how a business should measure and manage loyalty to achieve business goals (Aksoy, 2013:359). Nowadays, getting a business to merely meet expectations is not enough to increase loyalty indefinitely (Petzer & Roberts-Lombard, 2021:2), and therefore the following strategies are recommended to increase distributors' loyalty towards an MLM business.

- Firstly, the MLM business can provide distributors with a discount or bundle pricing on the products and services offered, as the distributors support the MLM business monthly and thereby increase distributor loyalty (Singh & Khan, 2012:609).
- Thereafter, MLM businesses should provide updated training and resources, including the benefits of products and services offered by the MLM business, as educated distributors' loyalty will increase towards the MLM business (Arslan, 2020:12; West *et al.*, 2015:232). Simultaneously, the MLM business can host skills development courses to develop the distributors' required skills to increase performance and, in return, increase distributor loyalty (Purcaru *et al.*, 2022:5).
- Additionally, MLM businesses can start loyalty programmes, i.e. frequent buyer programmes, to reward distributors for supporting and being loyal to the MLM business (Singh & Khan, 2012:606). Different programmes are available worldwide to promise tangible and intangible rewards to loyal consumers (Nwarisi *et al.*, 2021:96).
- Most importantly, distributor loyalty can be cultivated towards the MLM business by showing respect for the work done and considering the distributors' opinions when making important decisions (Singh & Khan, 2012:607).
- Lastly, MLM businesses should show confidence and commitment towards the business model and its distributors, as this is important to influence distributors positively to increase satisfaction and, therefore, eventually increase loyalty levels towards the MLM business (Purcaru *et al.*, 2022:6).

With regard to the above-mentioned strategies, it is clear that the benefits of retaining active and loyal distributors outweigh the costs of recruiting new distributors (Bhatnagar *et al.*, 2019:47; Zikiené, 2012:143). Therefore, with growing opposition in the market, increasing product

knowledge and the accessibility of alternative products, it is becoming more crucial for businesses to differentiate products offered to guarantee that distributors become and stay loyal (Singh & Khan, 2012:606; Sondoh *et al.*, 2007:84). Understandably, as a result of growing social media platforms, distributors have a more efficient way to express emotional attachment and loyalty towards the MLM business (Nyagadza, 2020:9). Unfortunately, previous literature shows that satisfied and loyal distributors are not immune to better offerings by the business' competitors, especially in terms of pricing (Zikiené, 2012:143). Furthermore, Oliver (1999:36) found that a significant influence on disloyalty is variety-seeking and experience-seeking consumers. Rowley (2005:575) defines disloyalty when there is a low relative attitude towards a business and a low repeat purchasing intent. Disloyal behaviour towards a business is when a consumer breaks all relationships with a business and therefore moves to another business offering the same products or services (Bhatnagar *et al.*, 2019:47). However, Bhatnagar *et al.* (2019:50) found that businesses have to dissatisfy a distributor more than once to consider becoming disloyal to the business. Therefore, identifying the problem of disloyalty is imperative for business survival and success (Bhatnagar *et al.*, 2019:50; Petzer & Roberts-Lombard, 2021:1). Subsequently, various factors that encourage disloyalty towards a business include price issues, inconveniences, dissatisfactory quality, services failures or variety seeking (Zikiené, 2012:146). Additionally, as previously argued, an MLM business relies heavily on consumer trust towards the distributor in order to be successful and make the sale (Poon *et al.*, 2017).

During previous research, Larán and Espinoza (2004:51) found that satisfaction is a significant predecessor to loyalty. Therefore, loyalty continues to be a key and intangible component to achieve a competitive advantage in any business (Petzer & Roberts-Lombard, 2021:1). Likewise, according to Omolade and Yusuf (2020:110), loyalty is often considered a vital precondition for customer satisfaction, since satisfied customers will notify and educate other customers of this pleasant experience and *vice versa*. In conclusion, as previously argued, the MLM and distributors are reliant on one another to obtain long-term success and profitability, and furthermore, the literature reviews completed show that the partnership is dependent on loyalty and trust between the two parties (Nga & Mun, 2011:55). Consequently, this section highlighted the importance of loyalty in an MLM business for the distributor and the MLM business.

3.4 CONCLUSION

The third chapter presented an overview of this research study's last two marketing constructs under investigation, namely trust and loyalty. The two marketing constructs were defined, investigated, and further discussed in their respective sections. The third chapter provided insights into the importance of trust and loyalty towards the MLM business. Additionally, strategies

to increase trust and loyalty in an MLM business and between the MLM business and distributor were conferred during this chapter. Therefore, Chapter 3 concluded the literature investigation needed during the research study.

Next, the fourth chapter provides the research methodology followed during this research study.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 INTRODUCTION

In Chapters 2 and 3, the secondary literature was discussed per the research study. Consequently, Chapter 4 will provide more information on the steps in the marketing research process followed during the research study. The chapter starts with a brief introduction to marketing research, whereafter each step in the marketing research process is thoroughly discussed. Then, an outline of the research methodology that was chosen for this research study will follow. Moreover, the research design, target population, sampling frame and method as well as the data collection method and data analysis will be further discussed.

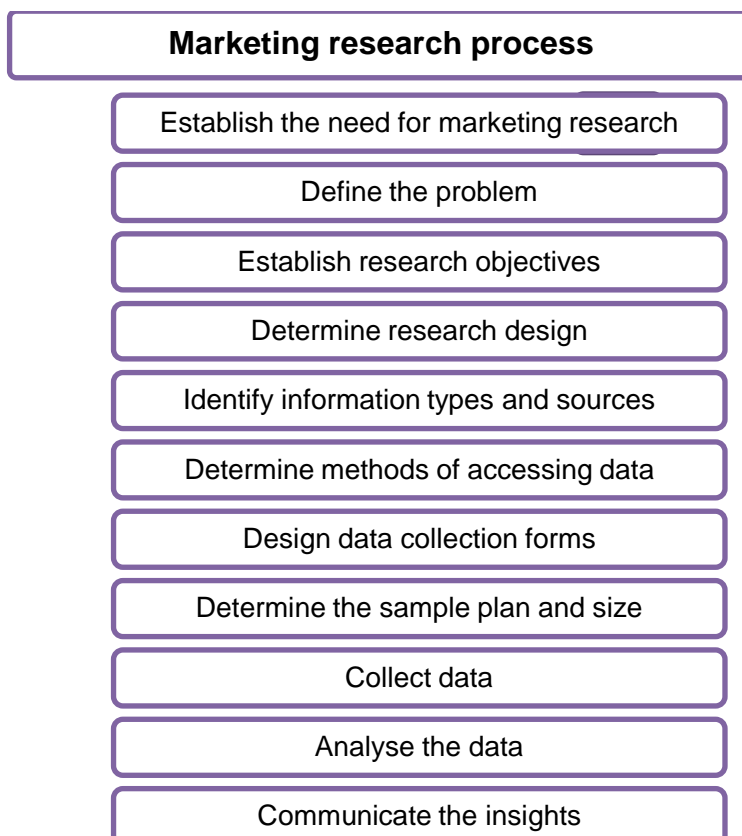
4.2 MARKETING RESEARCH

Research is vital for any scientific field for the advancement of the respective field and to collect information to establish informed marketing decisions (Burns & Veeck, 2020:37; Marczyk *et al.*, 2005:1). Additionally, marketing research is more accessible than ever before to the general public, and some businesses can use this research to influence consumers' purchase decisions, especially in the health and wellness industry (Marczyk *et al.*, 2005:2; Pandey & Pandey, 2021:7). Furthermore, the marketing industry is ever-changing as a result of technological innovations, shifting of consumer behaviours and changing analytical methods to decode data (Hair *et al.*, 2018:666). Burns and Veeck (2020:37) state that the marketing research process consists of providing information that can be used to solve a marketing problem for businesses. In addition, marketing research also includes analysing data and reporting information about a problem or opportunity a business might face (Kotler *et al.*, 2013:113). Therefore, when businesses are faced with difficult decisions, the business should consider marketing research to ensure that the potential answers are not guessed (Sontakki, 2010:1). Therefore, Clow and James (2013:3) found that when businesses follow a systematic procedure during marketing research, it will result in reliable data for the business and eventually create a competitive advantage over the businesses' competitors (Hair *et al.*, 2018:666). Some of the areas covered during marketing research include market segmentation to identify potential target markets, product research, consumer habits, behaviours and needs, satisfaction levels, pricing and promotion research and lastly, distribution research (Burns & Veeck, 2020:38; Clow & James, 2013:4). Because multiple authors define marketing research as a process (Burns & Veeck, 2020:37; Pandey & Pandey, 2021:7), the marketing research process will be discussed in the following section.

4.3 THE MARKETING RESEARCH PROCESS

Marketing research has been in existence for a long time, but during the early 2000s, the importance of marketing research increased when businesses wanted to gain a better understanding on consumer decisions (Clow & James, 2013:10). Furthermore, with the ever-changing marketing environment, the importance of marketing research increases every day (Sontakki, 2010:2). Additionally, marketing research has various purposes for businesses, including to give new descriptive insights into problems, provide and explore characteristics of consumers or situations, diagnose and determine the frequency of events or test and predict hypotheses and relationships (Clow & James, 2013:5; Pandey & Pandey, 2021:9). Babin and Zikmund (2016:5) define marketing research as the objective and systematic process to produce information and to assist a business in exercising informed decisions. Additionally, for marketing research to stay relevant, researchers should ensure to adapt to the changing analytics, data quality and important privacy requirements (Hair *et al.*, 2018:666). The marketing research process consists of 11 steps and is visualised in Figure 4-1.

Figure 4-1: The marketing research process



Source: Adapted from Burns and Veeck (2020:40)

For this research study, Figure 4-1 was used to describe the marketing process, and therefore will provide an outline for the remainder of the chapter and will be further discussed in the subsequent sections.

4.3.1 Step 1: Establish the need for marketing research

The first step in the marketing research process is establishing a need for the research study (Burns & Veeck, 2020:41). The single most important reason for conducting marketing research is to answer marketing questions businesses might have regarding consumers, price, services, products and more (Mooi *et al.*, 2018:4; Pandey & Pandey, 2021:7). Since important findings can be made once marketing research is conducted, it is crucial to identify the need and importance for the marketing research study (Crouch & Housden, 2012:18; Marczyk *et al.*, 2005:1). Additionally, the need for marketing research increases when businesses need to make important decisions, but the necessary information is not available (Burns *et al.*, 2017:67). Since marketing research is expensive, businesses should guarantee that the benefits of conducting the research outweigh the costs of conducting the research (Mooi *et al.*, 2018:4). However, sometimes marketing research is not needed in cases where the information is already available, the timing is wrong, the proposal is not convincing enough or if the budget does not allow for marketing research (Bradley, 2007:59; Burns & Veeck, 2020:42).

Considering the inadequate information found on the MLM industry, especially in South Africa, the need for this research study is high. Likewise, little previous research was found on constructs, i.e. satisfaction, loyalty, and trust, especially about a distributor in the MLM industry. Based on the comprehensive literature review done in Chapters 2 and 3 of the study, it became clear that marketing research was necessary for this study.

4.3.2 Step 2: Define the research problem

The second step in the marketing research process is the most important process and requires the researcher to identify and define the research problem for the study (Burns & Veeck, 2020:43; Pandey & Pandey, 2021:13). The research problem for a research study should be defined meticulously and carefully to finally determine concise research objectives (Babin & Zikmund, 2016:62). A research problem can appear in various ways in everyday life, including in the classroom, at home, while reading articles or while asking questions (Pandey & Pandey, 2021:25). Therefore, the marketing research process usually starts for businesses when a problem or opportunity arises to implement change or create a competitive advantage over competitors (Burns & Veeck, 2020:46). Therefore, the main objective of marketing research is to solve a problem for a business (Mooi *et al.*, 2018:13).

The research problem for this study was acquired using secondary literature. The research problem was discussed in Chapter 1, section 1.2 and is summarised hereafter:

Considering the previous chapters, it is clear from Chapters 1, 2 and 3 that MLM businesses are valuable in developing countries such as South Africa to contribute to the struggling economy, to provide a source of income for the unemployed, or a supplementary income, and to improve ordinary people's living standards. Nevertheless, MLM businesses face legal charges and negative perceptions that influence distributor satisfaction, trust, and loyalty within the industry. Consequently, the research problem for the study is identified to determine the influence of distributor satisfaction on loyalty in an MLM business, and whether loyalty is affected by trust as a mediating factor.

Consequently, the summarised research problem for the study is identified to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business. After the research problem has been defined, the next step in the marketing research process is to establish research objectives for the research study.

4.3.3 Step 3: Establish research objectives

During the third step in the marketing research process, the research objectives need to be established for the research study (Burns & Veeck, 2020:43). Researchers use research objectives to indicate the specific needs of a research study (Kotler *et al.*, 2013:114). Furthermore, this step in the marketing research process indicates to a researcher which information is needed to be gathered and analysed for the existing problem (Burns & Veeck, 2020:43). Importantly, a hypothesis is an educated attempt or prediction by a researcher to explain and test a potential outcome to a research question (Marczyk *et al.*, 2005:8).

The following section provides more insight into the specified research objectives for this research study.

4.3.3.1 Primary objective

This research study set out to investigate distributors of MLM businesses in South Africa; subsequently, the primary objective of this study is to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business.

Eleven secondary objectives were formulated to support the primary objective, which will now be discussed.

4.3.3.2 Secondary objectives

The secondary objectives formulated to support and achieve the abovementioned primary objective include:

Table 4-1: Secondary objectives

Secondary objective	Description
Secondary objective 1	To provide an overview of the extant literature on: a) the main constructs of the study, namely multi-level marketing, satisfaction, trust, and loyalty. b) and the various interrelationships between distributor satisfaction, trust, and loyalty.
Secondary objective 2	Compile a sample profile of the multi-level marketing distributors who participated in this research study.
Secondary objective 3	Determine the method of diffusing business opportunities of the MLM business.
Secondary objective 4	Determine the perceived quality of the recruitment process of the MLM business.
Secondary objective 5	Determine the perceived quality of training of the MLM business.
Secondary objective 6	Determine the perception of products and services of the MLM business.
Secondary objective 7	Determine the up-line support of the MLM business.
Secondary objective 8	Measure distributor satisfaction with the MLM business.
Secondary objective 9	Measure distributor trust towards the MLM business.
Secondary objective 10	Measure distributor loyalty towards the MLM business.
Secondary objective 11	Examine the interrelationships among the identified research constructs (distributor satisfaction, trust, and loyalty) of this study.

Source: Researcher's own construct

After the research objectives have been set out for the research study, step 4 in the marketing research process can be started (Burns & Veeck, 2020:43).

4.3.4 Step 4: Determine the research design

Research design can be defined as the strategy that will be followed to obtain the primary data required, including the selection of participants, data collection method, and data analysis method (Creswell *et al.*, 2020:80). The research design process engages a thoughtful response to an idea, question, or interest to make it a purposeful investigation (Gatrell *et al.*, 2020:1). Notably, the most appropriate design will depend on the research objectives set by the researcher (Burns *et al.*, 2017:93). Additionally, the correct research design should be chosen to minimise the expenditure, to collect relevant data and to provide a direction for the study (Pandey & Pandey, 2021:19).

Three traditional categories can be found when looking at research design: exploratory, descriptive, and causal research design (Burns *et al.*, 2017:93). Each research design is used on different occasions (Clow & James, 2013:34). The three research designs will be discussed in the following sections.

4.3.4.1 Exploratory research design

Exploratory research aspires to clarify uncertainties, study potential problems and identify profitable business opportunities (Babin & Zikmund, 2016:54; Mooi *et al.*, 2018:14). Usually, exploratory research helps to formulate the hypotheses for a research study (Clow & James, 2013:27; Kotler *et al.*, 2013:14). Additionally, Burns and Veeck (2020:43) explain that an exploratory research design can mostly be informal research, to learn more regarding a problem businesses might face or to identify potential future research studies. Furthermore, researchers use exploratory research to seek new perspectives, in the early stages of research or when additional data is needed in a study (Rahi, 2017:2). Generally, exploratory research aims to gather background information for the research question (Burns *et al.*, 2017:95).

4.3.4.2 Descriptive research design

According to Babin and Zikmund (2016:54), descriptive research describes the characteristics of people and businesses and aims to answer questions such as who, what, where, why, and how. Similarly, according to Fischer *et al.* (2014:26), descriptive studies are most appropriate when researchers want to describe the characteristics of a population. Therefore, the purpose of descriptive research is to develop an understanding of the behaviour of a subject and its central tendency (Gatrell *et al.*, 2020:36). Furthermore, descriptive research can be used to focus on only one or more than one variable during a research project (Mooi *et al.*, 2018:17). Additionally, researchers using descriptive research design are seeking supplementary information on a topic (Clow & James, 2013:28). Moreover, descriptive questions are asked to accurately divide the

respondents into specific samples as these questions normally provide a sample profile of the respondents (Marczyk *et al.*, 2005:209). Additionally, this research design describes customers and competitors or is used to measure the performance of a business (Mooi *et al.*, 2018:17).

4.3.4.3 Causal research design

Causal research design measures the causality of relationships between variables (Burns *et al.*, 2017:102). Similarly, Clow and James (2013:29) state that causal research usually identifies whether one variable caused another. Therefore, causal research is usually used when researchers want to test a theory (Rahi, 2017:2). Additionally, a causal research design is used when a researcher wants to identify the factors leading to a significant outcome (Babin & Zikmund, 2016:57). Since this research design provides insights into the relatability of variables, researchers use causal research to run tests to overcome changes (Mooi *et al.*, 2018:18). Usually, the goal is to control all other possible causes in a research study, except the one being researched (Clow & James, 2013:29).

Furthermore, Figure 4-2 provides a summary of the techniques used to gather data when using the three different research designs.

Figure 4-2: Data collection techniques

Exploratory research design	Descriptive research design	Causal research design
<ul style="list-style-type: none"> • Focus groups • In-depth interviews • Projective techniques • Observational studies • Ethnographies 	<ul style="list-style-type: none"> • Surveys • Observations 	<ul style="list-style-type: none"> • Laboratory experiments • Field experiments • Test markets

Source: Adopted from Mooi *et al.* (2018:15) and Clow and James (2013:35)

This research study calls to identify specific characteristics and to describe distributors' attitudes, satisfaction, trust, and loyalty levels in the respondents' answers. Consequently, for this research study, a descriptive research design was identified as the most appropriate research design.

4.3.5 Step 5: Identify information types and sources

During step 5 in the marketing research process, the researcher is responsible for identifying information sources to be used in the research study (Burns & Veeck, 2020:43). It is important that the information collected during the research study can be analysed on a wide perspective to provide a basis for further research opportunities (Pandey & Pandey, 2021:22). The research

problem cannot be solved without the necessary and accurate information, and therefore it is a vital responsibility of the researcher to identify the correct sources of where accurate and reliable information can be gathered (Burns & Veeck, 2020:44; Burns *et al.*, 2017:72). Information for a research study can be collected using primary or secondary data (Pandey & Pandey, 2021:82). Furthermore, the difference between primary and secondary data is that primary data is collected by the researcher to achieve research objectives, while secondary data has already been collected by another researcher for alternative research (Mooi *et al.*, 2018:31).

4.3.5.1 Secondary data

Secondary data can be found in multiple sources, including government sources, academic sources and industry sources (Bradley, 2007:77; Burns & Veeck, 2020:44). When a researcher uses data already gathered by another researcher, the researcher is using secondary data (Mooi *et al.*, 2018:31). Since the data has already been gathered, it is normally less expensive for a business to conduct research using secondary data (Bradley, 2007:73). Usually researchers collect secondary data first, because it is quicker and cheaper to collect than primary data (Burns & Veeck, 2020:44). Furthermore, researchers usually start a research project by collecting secondary data, as this data can help researchers to better define research objectives (Kotler *et al.*, 2013:115). Table 4-2 lists the advantages and disadvantages of using secondary data in a research study.

Table 4-2: Advantages and disadvantages of secondary data

Advantages	Disadvantages
Collecting secondary data is usually cheaper than primary data.	Data might be outdated and no longer relevant.
Secondary data is quicker to access.	There may be hidden errors in the data.
The sample size is bigger than in the primary data.	The researcher has no control over the data that was gathered.
Easier to compare secondary data.	The secondary data is potentially irrelevant.
Can be more accurate in some cases.	

Source: Adapted from Mooi *et al.* (2018:31)

During this research study, secondary data was gathered from various secondary data sources, including academic journals and textbooks, articles, research dissertations and theses, accredited documentation, and newspaper articles, to form the study’s theoretical background. The databases used during this study include EBSCOhost, SA ePublications, SACat, Emerald,

ScienceDirect, ProQuest, and Google Scholar. These sources were utilised to acquire existing literature relating to the constructs for this research, including satisfaction, trust, and loyalty. Secondary data can sometimes be insufficient or inadequate for a research study, and therefore will require the researcher to collect primary data (Burns & Veeck, 2020:44). Unfortunately, as a result of the lack of sources regarding the MLM industry in South Africa, it was necessary to conduct primary data.

4.3.5.2 Primary data

Primary research usually entails focus groups, questionnaires, experiments and observations for the researcher (Clow & James, 2013:63). Moreover, when a researcher sends out questionnaires, makes observations or conducts interviews, the research is collecting primary data (Mooi *et al.*, 2018:31). Therefore, primary data is used to answer specific requirements for the research study (Bradley, 2007:112). Since the researcher has full control over the data being collected, primary data tends to be highly specific (Mooi *et al.*, 2018:32). Primary data can be collected from a variety of sources by contacting respondents using mail, on the telephone or using the internet (Kotler *et al.*, 2013:117). Collecting primary data during a research study has various advantages and disadvantages for the researcher, which will now be discussed in Table 4-3:

Table 4-3: Advantages and disadvantages of primary data

Advantages	Disadvantages
Data collected is more recent and up-to-date than secondary data.	Primary data is more expensive to collect than secondary data.
Data collected is specific to the purpose and objectives of the research.	Primary data takes time to be collected.

Source: Adapted from Mooi *et al.* (2018:31)

In this research study, primary and secondary data was collected by the researcher. Primary data was collected using computer-administered questionnaires. In comparison, secondary data was collected from a selection of academic sources to provide a literature overview (refer to Chapters 2 and 3).

4.3.6 Step 6: Determine methods of accessing data

After the sources of information have been identified, the research can determine the methods of accessing data for step 6 in the marketing research process (Burns & Veeck, 2020:43). Data collection is classified into quantitative and qualitative research (Babin & Zikmund, 2016:116; Burns *et al.*, 2017:143).

4.3.6.1 Qualitative data collection techniques

Creswell *et al.* (2020:80) state that qualitative research uses observations to collect, analyse and interpret data, while open-ended questions are asked, and therefore qualitative research is usually unstructured in nature (Bradley, 2007:15). Furthermore, qualitative methods are generally preferred by researchers looking for a more detailed discussion on a topic (Rahi, 2017:2). Therefore, the sample size is usually smaller when conducting qualitative research (Clow & James, 2013:42). Additionally, qualitative research is gathered to understand the attitudes or opinions of the respondents and can sometimes be subjective based on only a few respondents' answers (Bradley, 2007:236). There are various ways to conduct qualitative data:

- **In-depth interviews** are when a trained researcher has a one-on-one discussion with a respondent to understand and gain insight into the respondents' ideas (Clow & James, 2013:108).
- **Focus groups** are one of the most frequently used qualitative research techniques (Burns & Veeck, 2020:127). Focus groups are when the research is conducted between a group of different respondents, where a moderator guides the conversation through an unstructured and unprompted discussion to obtain relevant information for the research study (Bradley, 2007:238).
- **Observation research** is when the researcher records the behaviours of respondents and interactions with people and objects (Clow & James, 2013:128).

Moreover, qualitative research is usually a stepping stone toward quantitative research (Marczyk *et al.*, 2005:17). Researchers can turn qualitative data into quantitative data by giving a response a numerical value while analysing the data (Mooi *et al.*, 2018:32).

4.3.6.2 Quantitative data collection techniques

Quantitative data usually provides researchers with more than just the demographics of respondents, but also information such as the usage frequency and attitudes of respondents (Bradley, 2007:268). When conducting quantitative research, a researcher normally uses standard techniques to complete statistical tests (Bradley, 2007:15; Clow & James, 2013:43). Additionally, when doing research using quantitative data, new data is usually gathered specifically for the set problem statement (Rahi, 2017:2). Therefore, researchers should be aware of more expensive and longer time conducting the research, but as a reward, quantitative data is usually more factual and precise and can be generalised during a research study (Clow & James, 2013:43; Mooi *et al.*, 2018:35).

- **Observations** are used in marketing research to observe people or situations to help the researcher reach a conclusion (Kotler *et al.*, 2013:116). Furthermore, the researcher can sometimes be hidden from respondents (Bradley, 2007:128).
- **Questionnaire research** is the most used method in collecting primary quantitative data (Kotler *et al.*, 2013:116; Malhotra, 2006:176). During questionnaire research, a set of structured questions with predetermined answers are given to the respondents for answering (Burns *et al.*, 2017:143). Additionally, a questionnaire usually consists of close-ended, open-ended, contingency and matrix questions (Roopa & Rani, 2012:273).

For this research study, both primary and secondary data was collected, and research was conducted using quantitative research to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business. Primary data was collected using computer-administered online questionnaires to obtain various answers on the research topic. Furthermore, secondary data was collected using academic sources to present an extensive literature review and discussion (see Chapters 2 and 3). The following section is a discussion of step 7 in the marketing research process: Design data collection forms.

4.3.7 Step 7: Design data collection forms

A questionnaire can be defined as a method of interviewing a respondent using various structured and predesigned questions, written or verbal, to obtain information relating to the research study (Brace & Bolton, 2022:2; Burns & Veeck, 2020:156). Therefore, a questionnaire is essential in a research study to assess respondents' knowledge and attitude towards a subject (Sharma, 2022:65). The purpose of a questionnaire is to collect quantitative data in a standardised manner to ensure results can be analysed with internal consistency and coherence (Roopa & Rani, 2012:273). When a questionnaire is well designed, it will save the researcher time and money by collecting the data more efficiently (Sharma, 2022:65). Furthermore, during research conducted through questionnaires, it is critical for the questions to be asked in the same sequence for all the different respondents (Brace & Bolton, 2022:2). Respondents can become confused and misled if a questionnaire is poorly worded (Malhotra, 2006:188).

Brace and Bolton (2022:2) outlined some problems that may arise when conducting research using questionnaires:

- Respondents could fail to understand the question.
- Respondents could lie to impress the researcher, either consciously or subconsciously.
- Respondents could try to influence the outcome of the study.

- Questions could be asked inaccurately.
- Mistakes can be made as a result of boredom or fatigue in a researcher or respondent.

When designing a questionnaire, the researcher must decide whether to use open-ended or close-ended questions (Krosnick & Presser, 2010:266). Open-ended questions allow respondents to express attitudes and opinions since no predetermined answers are given, while close-ended questions have predetermined answers where the respondents are asked to select the answer they most agree with (Babin & Zikmund, 2016:306; Malhotra, 2006:183). If close-ended questions are used during questionnaires, researchers should ensure using comprehensive answers to avoid non-responses if respondents cannot agree with one of the provided answers (Krosnick & Presser, 2010:267). Secondly, multiple-choice close-ended questions cost less to be researched and are less time-consuming for both the respondent and researcher (Malhotra, 2020:312). In addition, close-ended questions can prevent answers such as “*don’t know*” from respondents, since the respondent can choose a predetermined answer (Krosnick & Presser, 2010:267).

Furthermore, with the changes in internet developments, the ways in which marketing research and communication are done change vividly, to explore options to utilise the internet during business activities (Burns & Veeck, 2020:156; Clow & James, 2013:16). These methods include internet questionnaires, online focus groups, online panels and brand communities (Kotler *et al.*, 2013:116). Increasingly, researchers are using the internet to collect primary data for research (Bradley, 2007:119). Software is viable for researchers to develop and design online questionnaires, and some software also offers researchers the opportunity to analyse the collected data (Malhotra, 2020:324). Nowadays, online questionnaires are the new industry standard to collect primary data more efficiently (Burns & Veeck, 2020:174). During computer-administered questionnaires, respondents will have the responsibility to read and answer the questions asked on a computer, without any external help from the researcher or interviewer (Babin & Zikmund, 2016:187). Furthermore, online computer-administered questionnaires provide researchers with a convenient, easy-to-distribute and inexpensive way of doing research (Creswell *et al.*, 2020:198; Hair *et al.*, 2018:672). Therefore, researchers use online questionnaire software, since they can be distributed easily to a wide audience and, in return, increase the sample size (Roni *et al.*, 2020:24).

In Table 4-4, the advantages and disadvantages of doing marketing research online are discussed:

Table 4-4: Advantages and disadvantages of online marketing research

Advantages	Disadvantages
Costs are relatively low.	Can be seen as spam by respondents.
The questionnaires can be distributed quickly to more respondents.	Researchers have no control if respondents answer the questionnaires.
The response is almost instant, and the response rate is usually higher.	Respondents can have difficulty answering the questionnaire.
The data can be easily reviewed.	Requires respondents to be computer-literate and have an internet connection
The software consists of user-friendly features.	

Source: Adapted from Kotler *et al.* (2013:119) and Burns and Veeck (2020:164)

4.3.7.1 Scales of measurement

Measurement is determining the amount of interest an object has in the researcher, and therefore can answer the research questions under investigation (Burns & Veeck, 2020:191). The concept of measurement scaling involves two factors: firstly, how a variable is measured, and secondly, the level at which it is measured (Mooi *et al.*, 2018:35). There are four main types of measurement during a research study (Brace & Bolton, 2022:74):

- **Nominal scales** are utilised when a numerical value is given to a predetermined response (Mooi *et al.*, 2018:36). However, this numerical value does not imply a value and is only used for the identification of the respondent's answer (Brace & Bolton, 2022:75).
- **Ordinal scale** measurement reports the ordering of data without establishing the degree of variation between the measurements; therefore, an ordinal scale uses labels and rankings to classify the data in an ordered manner (Clow & James, 2013:257).
- **In an interval scale**, the information is given by a rank order to the researcher and is divided by an equal distance between each point (Brace & Bolton, 2022:78; Mooi *et al.*, 2018:37). When using an interval scale, the questionnaire is easy to construct for the researcher and benefits the respondent by being easily understandable (Malhotra, 2006:186).
- **Ratio scales** give researchers the most information during a research study since a ratio scale includes the properties of an interval scale, carries an absolute zero point and the distance between the points has real meaning (Clow & James, 2013:262; Mooi *et al.*, 2018:37).

During this research study, the primary data was gathered using computer-administered online questionnaires. These computer-administered online questionnaires were distributed by the researcher using social media platforms (Facebook, Facebook Messenger, Instagram, WhatsApp, and LinkedIn) from 1 June 2022 to 20 July 2022 to potential respondents participating in an MLM business in South Africa. The researcher received training in marketing research during her honour's degree. Therefore, potential respondents were identified on Facebook and Instagram where they advertise and were contacted by the researcher during the data collection period. During this timeframe, the researcher also contacted distributors after completing the questionnaire, to identify more distributors to participate in the study.

As previously mentioned, the questionnaire design during the research design is of utmost importance to save time and money for both the researcher and respondent (Sharma, 2022:65); therefore, the following section is a discussion on the questionnaire design used in this research study.

4.3.7.2 Questionnaire design

In this research study, the quantitative research method of a computer-administered online questionnaire was used to conduct primary research. When designing a questionnaire, it is important to consider the following factors.

- Ideally, the questionnaire should follow an organised and logical flow from one idea to another, with several different sections to simplify the questionnaire for respondents (Brace & Bolton, 2022:2; Malhotra, 2020:320).
- The questionnaire should be kept short, simple and understandable for the convenience of the respondent to avoid nonresponses (Malhotra, 2006:188; Sontakki, 2010:149).
- Likewise, the first questions are important to form a relationship between the researcher and respondent and will likely influence the attitude of the respondent towards the questionnaire (Roopa & Rani, 2012:274).

Table 4-5 provides a discussion of the questionnaire layout used in this research study:

Table 4-5: Questionnaire layout

Questionnaire layout	Description	Response format	Level of measure
Preface	The objective of the study was provided, confidentiality was discussed, an explanation of the data collected usage, instructions on how to complete the questionnaire and lastly, the contact details of the researcher.	N/A	N/A
Screening questions	Screening questions were asked to ensure only eligible individuals participated in the study. <u>Screening questions included:</u> <ul style="list-style-type: none"> • Are you above the age of 18? • Do you reside in South Africa? • Please indicate at which MLM business you are a distributor. • For how long you have been a distributor for the MLM business? 	Multiple choice	Nominal
Section A	This section was used to determine a sample profile of all respondents. <u>Data gathered included:</u> <ul style="list-style-type: none"> • Gender • Highest level of education • Current employment status 	Multiple choice	Nominal
Section B	This section measured respondents' satisfaction, trust, and loyalty toward their current MLM business. The measurement items were adapted from Table 4-6.	Likert scale (where 1 strongly disagree and 5 strongly agree)	Ordinal scale

Source: Researcher's own construct

The measurement instruments in Section B of the questionnaire were developed by combining three existing scales measuring distributor satisfaction, loyalty, and trust as mediating factors within an MLM business. These scales were validated in these studies and are aligned with this research study, as illustrated in Table 4-6:

Table 4-6: Measurement studies used

Construct to be measured		Authors	Study
1	Distributor satisfaction	Kwee-Fah <i>et al.</i> (2016)	Driving distributors' satisfaction in multilevel marketing (MLM) companies
2	Loyalty	So <i>et al.</i> (2014)	The role of customer engagement in building consumer loyalty to tourism brands
3	Trust	Verhoef <i>et al.</i> (2002)	The effect of relational constructs on customer referrals and number of services purchased from a multiservice provider: does age of relationship matter?

Source: Researcher's own construct

The sampling plan will now be discussed as step 8 in the marketing research process.

4.3.8 Step 8: Determine the sample plan and size

During the eighth step in the marketing research process, the sample plan and size will be determined to be used in the research study (Burns & Veeck, 2020:45). The sample plan will indicate how each element from the total population will be drawn, and therefore will indicate to what extent the sample plan is representative of the population (Burns & Veeck, 2020:45). Furthermore, the sample plan has five steps (Malhotra, 2020:340), which will be discussed in the following sections.

4.3.8.1 Define the target population

The population is defined as a specific group that shares common characteristics (Babin & Zikmund, 2016:337; Creswell *et al.*, 2020:186) and that the researcher wishes to draw information from (Burns & Veeck, 2020:45). Furthermore, the target population includes all individuals who are of interest to the research study and possess valuable information that the researcher requires (Marczyk *et al.*, 2005:18).

Table 4-7 summarises the target population used during this research study.

Table 4-7: Target population

Component	Description
Elements	All active distributors older than 18 years of age, including men and females, currently receive an income from one of the ten identified health and wellness MLM businesses in South Africa.
Minimum requirement	Respondents must have been a distributor for their MLM business for a minimum of six months.

Source: Researcher's own construct

For this study, the target population will include active distributors older than 18 years of age, who currently receive an income from one of the ten identified health and wellness MLM businesses in South Africa. Since the research aims to measure distributors' satisfaction, trust, and loyalty, there will be a minimum requirement to ensure a reasonable evaluation can be made. Therefore, the minimum requirement is that the respondents must have been a distributor for their MLM business for a minimum of six months.

4.3.8.2 Determine the sampling frame

Researchers are not able to study an entire population, and therefore they typically study a subset of a population, which is known as a sample (Marczyk *et al.*, 2005:54). Therefore, the list of all the units in a population can be described as the sampling frame in a research study (Creswell *et al.*, 2020:186). Additionally, sampling is when a researcher selects certain segments of a population to research (Rahi, 2017:3).

Privacy and data protection are protected in the Constitution of the Republic of South Africa and encapsulated in the Protection of Personal Information Act (POPIA) of 2021 (2021). The South African parliament granted the Protection of Personal Information Act (PoPI) amendment on 22 June 2020 and this Act regulates the processing of personal information by public and private organisations domiciled in South Africa (South African Government, 2021). Therefore, it was impossible to obtain a sample frame for this study.

4.3.8.3 Select the sampling technique

The sample frame, as defined by Burns *et al.* (2017:239), is the source of sample elements from where the information is needed. There are two sampling methods to choose from when doing research, namely probability and nonprobability sampling (Babin & Zikmund, 2016:348; Rahi, 2017:3).

4.3.8.3.1 Probability sampling

Probability sampling means that each element in the sampling frame has a random but known, non-zero probability of being included in a research study (Creswell *et al.*, 2020:219; Rahi, 2017:3) and consists of a simple random, systematic, cluster, or stratified sampling (Burns *et al.*, 2017:242).

- **Simple random sampling** is when each member has a known and equal chance of being selected to participate in the research study (Kotler *et al.*, 2013:123).
- **Systematic sampling** is when a predetermined random starting point is selected and the sampling frame is divided into intervals, whereafter, every certain individual is chosen to participate in the research study (Bradley, 2007:162).
- **Cluster sampling** is used when the population is divided into clusters, to be representative of the whole population (Clow & James, 2013:237).
- **Stratified sampling** is when the population is divided into different strata and a sample is taken from each stratum (Burns & Veeck, 2020:240).

4.3.8.3.2 Nonprobability sampling

Nonprobability sampling uses a random selection of population elements, and subsequently, a participant's probability of being included in a research study is unknown (Creswell *et al.*, 2020:219; Rahi, 2017:3). Burns *et al.* (2017:242) state that nonprobability sampling uses human intervention to determine the sample size. Furthermore, nonprobability sampling methods include convenience, purposive, referral and quota sampling (Babin & Zikmund, 2016:348).

- **Convenience sampling** is when a researcher selects a respondent based on the easiness of participating in the study (Kotler *et al.*, 2013:123).
- **Purposive sampling** occurs when the researchers use their own judgement to identify potential respondents to participate in the study (Burns & Veeck, 2020:244).
- **Referral sampling (snowballing sampling)** is where the sample is compiled by a researcher, whereafter respondents are asked to refer another respondent for the study (Bradley, 2007:168).
- **Quota sampling** is to ensure that the sample contains the same proportion of respondents specified in the sampling frame (Clow & James, 2013:232).

For this research study, the sampling method to be used is nonprobability sampling since there is no sampling frame available for the researcher to select from. Furthermore, three different types

of sampling were used to collect data for this study. The three types of sampling used during this research study include convenience, referral, and quota sampling.

4.3.8.4 Determine the sample size

One of the key challenges researchers often face is determining the correct sample size; since the correct size is important for statistical methods (Rahi, 2017:3). Additionally, the larger the sample size of one’s research, the greater the accuracy of the information can be expressed over a smaller range (Burns *et al.*, 2017:264). Furthermore, satisfactory results for most marketing decisions can be delivered with a sample of 300 to 500 respondents (Babin & Zikmund, 2016:386). Therefore, to choose the correct sample size, Bradley (2007:178) suggests researchers consider the following questions as stated in Table 4-8:

Table 4-8: Sample size determination questions

Calculation	What is the ideal sample size?
Accepted industry standards	Consult past research studies to identify what has been used.
Budget and time allowance	What is the allowed budget and timeframe to conduct the research?
Researcher’s judgement	What is needed according to the researcher?

Source: Adapted from (Bradley, 2007:178)

The sampling method used during this research study includes:

- The convenience sampling method was used by the researcher to identify potential respondents to participate in the research study.
- Subsequently, if a distributor agreed to participate in the study, the researcher asked him/her to distribute the study to other MLM distributors to use the referral sampling technique to reach the desired sample size.
- Furthermore, the quota sampling method was used to ensure that all ten MLM businesses are equally represented in this study.

For this research study, 35 distributors from each of the ten identified MLM businesses were asked to complete the questionnaire, as illustrated in Table 4-9. Therefore, indicating that the sampling size for this research study is 350 questionnaires.

Table 4-9: Sampling quotas for data collection

Health and wellness MLM businesses operating in South Africa	Sample size quota
Annique	35
Avon	35
Doterra	35
Herbalife	35
Mannatech	35
NuSkin	35
Oregano Gold	35
Truivy	35
Tupperware	35
Young Living	35
	350

Source: Researcher's construct

4.3.8.5 Execute the sampling process

During this step in compiling the sampling plan, the target population, sampling frame, sampling unit, sampling technique and sample size are outlined (Burns & Veeck, 2020:248).

Table 4-10 summarises the research study's sample plan.

Table 4-10: Sample plan for the research study

Sampling	Description
Target population	Males and females aged 18 years and older, currently receiving an income from one of the ten identified health and wellness MLM businesses in South Africa, with a minimum requirement of being an active distributor for at least six months before completing the questionnaire.
Sampling frame	Not possible to obtain for this research study (see section 4.3.3.2).
Sampling method	Nonprobability sampling techniques were used to identify respondents for the research study. The three nonprobability sampling methods used include convenience, referral, and quota sampling.

Table 4-10: Sample plan for the research study (continued)

Sampling	Description
Sample size	The planned sample size was to obtain 350 usable questionnaires divided equally among the ten health and wellness MLM businesses.
Extent	South Africa
Time period	1 June 2022 to 20 July 2022
Sampling frame	Not possible to obtain for this research study.
Sampling method	Nonprobability sampling
Sampling technique	Convenience-, chain referral-, and quota sampling.

Source: Researcher's own construct

After the execution of the sample plan, the researcher can start with step 9 in the marketing research process – collecting the data (Burns & Veeck, 2020:284).

4.3.9 Step 9: Collect the data

The following step in the marketing research process involved collecting the data using the questionnaire designed in step 7 (Burns & Veeck, 2020:284). As previously mentioned, for this study, a computer-administered online questionnaire using Google Forms was used to collect the primary data. During step 9, the researcher was responsible for the identification of distributors in the ten identified health and wellness MLM businesses operating in South Africa and who met the requirements based on the questionnaire's screening questions. Potential respondents were identified and communicated with using social media platforms (Facebook, Facebook Messenger, WhatsApp Messenger, Instagram, and LinkedIn).

During the research study, 440 questionnaires were collected, of which 51 were discarded as a result of nonresponse or not qualifying. Therefore, a total of 376 questionnaires were usable. The goal was to collect 350 usable questionnaires. The data was collected from 1 June 2022 until 20 July 2022.

4.3.10 Step 10: Analyse data

After data has been gathered during the marketing research process, data is turned into information that can tell researchers important information about an industry (Sontakki, 2010:1). When preparing data to be analysed, researchers should check whether all the questionnaires are acceptable and complete, and utilise the screening questions to ensure only qualified respondents participated in the research study to increase the precision of the collected data

(Malhotra, 2020:420). Hereafter, data should be cleaned to ensure there are no interviewer fraud, suspicious response patterns or data entry errors present in the data (Mooi *et al.*, 2018:99).

During this research study, the collected data was captured, analysed, and interpreted by the NWU's (Potchefstroom Campus) Statistical Consultation Services using the Statistical Package for Social Sciences (SPSS version 27). A total of 51 questionnaires were discarded as respondents did not qualify to participate based on the screening questions. There are five data analysis techniques used in marketing research: descriptive, inference, difference, association and relationship analysis (Burns & Veeck, 2020:316). For this research study, descriptive and inferential testing was used.

A sample profile was compiled using the demographic information given by the respondents to determine the profile of all the respondents. For the research study, the means and frequencies of the sample profile were calculated.

4.3.10.1 Reliability and validity

Reliability and validity are two equally important aspects of research instruments (Ursachi *et al.*, 2015:680). The reliability of research indicates the degree to which the measurement of the research produces consistent results and is free from errors (Marczyk *et al.*, 2005:10; Roopa & Rani, 2012:276). Therefore, to show that the research conducted is reliable, the systematic error should be zero (Mooi *et al.*, 2018:38). There are three methods to measure reliability in a research study (Clow & James, 2013:267):

- **Test-retest reliability** is when a researcher measures a construct twice while using identical scales to ensure the outcome is similar to the first test (Mooi *et al.*, 2018:41).
- **Alternative-forms reliability** is when two different tests are performed on the same respondent to ensure both deliver consistent results (Clow & James, 2013:268; Roopa & Rani, 2012:276).
- **Internal consistency reliability** is the most common test in research to assess the reliability (Mooi *et al.*, 2018:41). This includes measuring one instrument and testing it on different samples to form a total score (Clow & James, 2013:268).
- **In this study**, the internal reliability of the constructs (distributor satisfaction, trust, and loyalty) was determined by using Cronbach's alpha coefficients. According to Malhotra (2020:287), a value of less than 0.6 indicates the absence of internal consistency reliability.

Validity refers to how the research is measured and whether the questions asked are measuring what they are supposed to measure (Marczyk *et al.*, 2005:106). In the absence of consistency, inaccurate results and assessments will be made in the research study (Matthes & Ball,

2018:211). Therefore, to show the research conducted is valid, the systematic error should be small (Mooi *et al.*, 2018:38). According to Malhotra (2020:288), there are five forms of validity:

- **Content validity (or face validity)** is used to assess whether the items used to measure the constructs are adequate (Clow & James, 2013:270). Likewise, Malhotra (2020:288) states that content validity measures the representativeness of the scales used during the research study.
- **Criterion validity** examines whether the measurement scales are performing as expected during the research study and about the other selected variables (Malhotra, 2020:288). Also, criterion validity can refer to which extent the independent variables are associated with one another in the analysis (Mooi *et al.*, 2018:319).
- **Construct validity** observes how a measure reliably measures and represents a unique concept (Babin & Zikmund, 2016:283).
- **Discriminant validity** measures the extent to which a finding does not correlate with the other constructs in the research study (Malhotra, 2020:289).
- **Convergent validity** is the degree to which there are correlations among the different constructs researched (Clow & James, 2013:271). Therefore, during convergent validity testing, multiple measures should deliver one consistent result (Babin & Zikmund, 2016:283).

In this research study, content, construct, convergent and discriminant validity were determined. To determine the content validity, previous scales were adapted from prior research discussed in the literature review in Chapters 2 and 3. Construct validity was determined by using a confirmatory factor analysis (CFA). Convergent validity was determined using standardised factor loadings, standard errors of the effect sizes, as well as the p-values and the CR and AVE values were determined. To ensure discriminant validity, the AVE values were determined for each statement under investigation.

The following section provides a discussion on the CFA used during this research study.

4.3.10.2 Confirmatory factor analysis

During a multivariate analysis of variance (MANOVA), two or more dependent variables are measured (Malhotra, 2020:519). During this research study, three dependent variables (distributor satisfaction, trust, and loyalty) are measured, and therefore the multivariate analysis of variance is deemed necessary.

During this research study, two frequently used factor analyses, i.e. the CFA and EFA, were used.

- **The confirmatory factor analysis (CFA)** is used to determine whether a construct is consistent (Mooi *et al.*, 2018:394). Additionally, the CFA allows a researcher to test the relationship between the hypotheses that have been observed during the research study (Malhotra, 2020:695). For this study, SPSS 27 was used to conduct the CFA analysis, to evaluate the factor structure of the data and to test for validity.
- **The exploratory factor analysis (EFA)** identifies the underlying factors to show the correlation of variables in a research study (Malhotra, 2020:707). During an EFA analysis, the relationship between constructs does not always have to be distinct and sometimes can show a weak relationship (Mooi *et al.*, 2018:266). For this study, SPSS 27 was used to conduct the EFA analysis to identify the relationships between the constructs investigated in the research study.

Furthermore, different statistical tests are completed to determine the fit-of-measurement framework during the research study. Table 4-11 provides a discussion of the fit indices that were used during this study of the measurement model.

Table 4-11: Fit indices

Type of fit indices	Description	Recommended cut-off value
CFI	A comparative fit index (CFI) factors in degrees of freedom (df) for model complexity, where values vary from 0 to 1. CFI is least affected by the sample size, and therefore is popular to be used in research studies.	>0.90
Chi-square	The chi-square test analyses the differences in covariance matrices statistically. However, the chi-square increases with the sample size and the number of observed variables, introducing a biased model fit.	<5.00
TLI	The Tucker-Lewis index (TLI) is similar to a CFI, but importantly the index is not normed, and values can fall outside the 0 to 1 range. A model with a good fit index value is close to 1.	>0.90
RMSEA	The root means square error of approximation (RMSEA) compares the actual covariance with the predicted covariance. The RMSEA adjusts the chi-square values by factoring in the degrees of freedom and the sample size for the research study. The lower the value indicated by the RMSEA, the better the model fit.	<0.08

Source: Adapted from Malhotra (2020:700)

4.3.10.3 Structural equation modelling (SEM)

A structural equation modelling (SEM) analysis is used in research studies to test both the measurement theory and the structural theory (Malhotra, 2020:697). Furthermore, a SEM analysis investigates whether there are linear, causal, direct or indirect relationships among the variables (Phakiti, 2018:459). It is important to consider the number of respondents required in order to conduct SEM, because it is quite sensitive to sample size (Hair *et al.*, 2014:557). Therefore, Malhotra (2020:699) suggests that a sufficient sample size ranges between 200 and 400 in order to conduct a SEM. Table 4-12 summarises the steps to perform a SEM analysis during research.

Table 4-12: Steps to perform a SEM analysis

Step	Description
1	Define the individual constructs
2	Specify the measurement model
3	Assess measurement model reliability and validity
4	Specify the structural model whether the measurement model is valid
5	Assess structural model validity
6	Draw conclusions and make recommendations if the structural model is valid

Source: Adapted from Malhotra (2020:697)

Subsequently, SEM diagrams are used by researchers to illustrate the complex relationships between various constructs (Phakiti, 2018:465). A good measurement fit is essential for obtaining useful results from SEM (Malhotra, 2020:699). Usually, an acceptable SEM starts with a literature review to establish construct definitions for the research study (Hair *et al.*, 2014:557). A comprehensive literature review is presented in Chapters 2 and 3, which were used to establish the measurement theory of the constructs investigated. Thereafter, it should be determined if the measurement model is reliable and valid (Streiner, 2006:322). As discussed in section 4.3.3.1, the reliability of this research study was determined by conducting a CFA. Consequently, a SEM analysis was done where the structural model was analysed. During a SEM analysis, if single-headed directional arrows can be drawn between the constructs, it indicates structural hypothesis (Malhotra, 2020:699).

During this research study, a SEM was conducted to measure the relationships between the theoretical model and hypothesised relationship in this study.

4.3.11 Step 11: Communicate the insights

When the data is analysed, the researcher can conclude the findings of the research (Marczyk *et al.*, 2005:14). This is defined as step 11 of the marketing research process, as illustrated in Figure 4-1. In this research study, Chapter 5 will present the results of the data and Chapter 6 will interpret and discuss the results.

4.4 CONCLUSION

In conclusion, Chapter 4 provided a detailed discussion of the research methodology used in this research study. The marketing research process, suggested by Burns and Veeck (2020:40) presented in Figure 4-1, was used as a guideline to discuss the research methodology followed during the research study. Thereafter, the research problem and objectives were presented and based on these objectives, a descriptive research design was deemed fitting for this research study. Subsequently, quantitative data collection will be used to collect data, which will be empirically analysed to test the hypotheses and achieve the set-out objectives.

During this research study, data was collected using computer-administered questionnaires, where data was collected from active distributors of the ten identified health and wellness MLM businesses in South Africa. After the data was collected, descriptive analysis, exploratory factor analysis, and structural equation modelling were used to analyse and interpret the collected data. Chapter 5 will present the data and include the results and major findings of this research study.

CHAPTER 5

EMPIRICAL RESULTS AND FINDINGS

5.1 INTRODUCTION

In Chapter 5, the data is discussed and presented from the data analysis as discussed in Chapter 4. The chapter commences with the sample realisation rate of this study, whereafter, an overview of the sample of respondents who participated in the research study will be given. Followed by the reporting of descriptive results, and the reliability and validity of the measurement scales used. Afterwards, the hypotheses of this study will be addressed and discussed by presenting the standard multiple regression analysis. In conclusion, a summary of the main findings according to the secondary objectives is provided.

5.2 SAMPLE REALISATION RATE

The study was conducted amongst distributors of health and wellness MLM businesses conducting business in South Africa. Since no sampling frame was available, non-probability sampling methods, which included convenience, chain referral and quota sampling, were used as indicated in Chapter 4 (see section 4.3.8). The researcher identified potential respondents and invited them to partake in the study, using social media platforms (Facebook, Instagram, WhatsApp Messenger, and LinkedIn) where the respondent advertised their business. Thus, using convenience sampling to obtain potential distributors and together with keeping the predetermined quotas of each MLM business in mind. Table 5-1 summarises the questionnaires completed and the sample realisation rate for this study.

Table 5-1: Sample realisation

MLM business	Targeted sample	Attempted to participate	Did not qualify to participate	Qualified and participated	Realised %
Annique	35	43	4	39	111.43
Avon	35	41	5	36	102.86
Doterra	35	38	3	35	100.00
Herbalife	35	41	3	38	108.57
Mannatech	35	46	11	35	100.00
NuSkin	35	48	7	41	117.14
Oregano Gold	35	42	6	36	102.86
Truvy	35	39	4	35	100.00
Tupperware	35	42	4	38	108.57
Young Living	35	47	4	43	122.86
TOTAL	350	427	51	376	107.43

As previously mentioned in Chapter 4 Section 4.3.7.2., the questionnaire started with screening questions used to determine if the respondents qualified to complete the questionnaire. The minimum requirement to participate includes the respondent being an active distributor, older than 18 years of age, who currently receives an income from one of the ten identified health and wellness MLM businesses in South Africa. To ensure the representative of each MLM business, the researcher had to obtain a quota of 35 illegible questionnaires for each MLM business identified. As seen in Table 5-1, a total of 427 questionnaires were completed which is more than the required 350. The number of qualifying questionnaires is 376, which excluded the questionnaires that did not qualify to participate based on the screening questions provided. Furthermore, from the 427 completed questionnaires, 51 were discarded due to incomplete responses, resulting in a response rate of 107.43%. The final sample of 376 falls in the minimum sample size range (300-500) for conducting data and SEM analysis (Burns & Veeck, 2020:259). Thus, the sample realisation rate can be considered reliable. The following section provides a discussion of the sample profile.

5.3 QUESTIONNAIRE FINDINGS

The following section provides a discussion on the primary data collected, whereafter main findings will be formulated to reach a conclusion.

5.3.1 Demographic profile

During Section A of the questionnaire, questions were asked to compile a demographic sample profile for the study. The sample profile included gender, the highest level of education, and current employment or education status. Table 5-2 summarises the sample profile and is discussed below to achieve the first secondary objective of this research study.

Table 5-2: Sample profile

Demographic variable	Frequencies (F)	Percentage (%)
What is your gender?		
Female	364	97.07
Male	10	2.67
Prefer not to say	1	0.27
What is your highest level of education?		
Matric/Grade 12 completed	149	39.73
Postgraduate degree (Masters or Doctorate)	17	4.53
Primary school completed	1	0.27
Some high school completed	18	4.80
Technical College diploma	46	12.27
University degree (B-degree or honours)	89	23.73
University or Technology diploma	55	14.67
Which one of the following best describes your current status?		
Full-time employed	146	38.93
Housewife or househusband	36	9.60
Part-time employed	17	4.53
Retired	11	2.93
Self-employed	142	37.87
Student	8	2.13
Unemployed	15	4.00

As indicated in Table 5-2, mostly females participated in this research study, with a total of 97.07% female participation, while only 2.67% of the respondents are male. Only 1 respondent (0.27%) chose not to disclose their gender. Furthermore, the majority of respondents only had a matric/Grade 12 completed (39.73%), while the least respondents completed primary school (0.27%). Interestingly, 89 of the respondents (23.73%) completed a university degree, 55 of the respondents (14.67%) completed a university or technology diploma, 46 of the respondents (12.27%) completed a technical college diploma and 17 of the respondents (4.53%) obtained a postgraduate degree. As further indicated in Table 5-2, the majority of respondents (38.93%) are

full-time employed, while 142 of the respondents (37.87%) are self-employed, and 9.60% of respondents are housewives and househusbands. Remarkably, 8 of the respondents (2.13%) are students, and 17 respondents (4.53%) are retired.

Based on the information provided in Table 5-2, the main findings concerning the sample profile for this research study are as follows:

Main finding 1:	The realised sample is all current and active distributors of the ten identified health and wellness MLM businesses across South Africa.
Main finding 2:	The respondents who participated in this research study are primarily females (97.07%), with matric/Grade 12 (39.73%) and a university degree (23.73%) and full-time employed (38.93%) or self-employed (37.87%).

During Section B of the questionnaire the respondents' satisfaction, loyalty and trust levels were questioned with a series of questions. Therefore, the descriptive statistics for this research study are reported in the subsequent sections.

5.3.2 Respondents' satisfaction with their MLM business

The objective of the satisfaction measurement was to determine the respondents' level of satisfaction towards their MLM business. Thus, indicating how satisfied respondents are with their MLM business. To determine the distributor's satisfaction levels, 3 statements from Kwee-Fah *et al.* (2016) were used. During the questionnaire, respondents had to indicate their level of agreement on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree). Table 5-3 provides a summary of the means and standard deviation (SD) for the statements measuring distributor satisfaction.

Table 5-3: Respondents' satisfaction with the MLM business

	Statement	Mean	SD
	Distributor satisfaction	5.20	1.03
DS1	The MLM business always shows interest in the concerns and needs of the distributors.	5.18	1.10
DS2	I feel my job as a MLM distributor is enjoyable.	5.25	1.12
DS3	I am satisfied with my overall experience with the MLM business.	5.18	1.14

It is evident from Table 5-3, that the respondents mostly agreed with the statement DS2 “*I feel my job as a MLM distributor is enjoyable*” (mean = 5.25 and SD = 1.12). However, the respondents also agreed with the statements DS1 “*The MLM business always shows interest in the concerns and needs of the distributors*” (mean = 5.18 and SD = 1.10) and DS3 “*I am satisfied with my overall experience with the MLM business*” (mean = 5.18 and SD = 1.10). Although the respondents least agreed with statements S1 and S3, the means scores are still towards the higher end of the agreement scale, indicating that respondents generally agreed with all the statements used to measure distributor satisfaction.

The main findings concerning distributor satisfaction are:

- | | |
|------------------------|---|
| Main finding 3: | The respondents agreed the most that the distributors feel that the job as a MLM distributor is enjoyable. |
| Main finding 4: | The respondents also agreed with the statements that the MLM business shows interest in the concerns and needs of the distributor and that the distributors are satisfied with the overall experience with the MLM business. |
| Main finding 5: | With regard to distributor satisfaction, the majority of respondents indicated that they agree with the statements used to measure distributor satisfaction. |

During a previous study by Kwee-Fah *et al.* (2016), five factors were used to test distributor satisfaction in the MLM business. These statements included testing the method of diffusing business opportunity, perceived quality of the recruitment process, perceived quality of training, perception of products and services and upline support. Each of the mentioned statements will be reported on individually in the subsequent tables and discussions.

First, the respondents' agreement with the MLM business' method of diffusing business opportunity were tested using 2 statements from Kwee-Fah *et al.* (2016). Respondents had to indicate their level of agreement on a series of questions on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree). Therefore, Table 5-4 provides a summary of the means and standard deviation (SD) for the statements measuring method of diffusing business opportunity.

Table 5-4: Respondents' method of diffusing business opportunity

	Statement	Mean	SD
	Method of diffusing business opportunity	5.10	1.09
DBO1	In my opinion, the existing rules, and procedures of the MLM business make the distributor's job easier.	5.01	1.19
DBO2	I am satisfied with the opportunity for advancement in the MLM business.	5.19	1.15

From Table 5-4, it is evident that the respondents mostly agreed with statement DBO2 "*I am satisfied with the opportunity for advancement in the MLM business*" (mean = 5.19 and SD = 1.15). However, respondents also agreed with statement DBO1 "*In my opinion, the existing rules, and procedures of the MLM business make the distributor's job easier*" (mean = 5.01 and SD = 1.19). While statement DBO1 represent the statement that respondents least agreed with, the mean score is still relatively high. This indicates that respondents generally agreed with the statements measuring method of diffusing business opportunity.

The main findings of the respondent's method of diffusing business opportunity are:

Main finding 6:	The respondents agreed most that distributors are satisfied with the opportunity for advancements in the MLM business.
Main finding 7:	The respondents also agreed with the statement that, the existing rules, and procedures of the MLM business make the distributor's job easier.
Main finding 8:	With regard to the method of diffusing business opportunity, the majority of respondents indicated that they agree with the statements used to measure the method of diffusing business opportunity.

Next, the respondents' perceived quality of the recruitment process was under investigation.

First, the respondents' agreement with the perceived quality of recruitment process were tested using 4 statements from Kwee-Fah *et al.* (2016). Again, respondents had to indicate their level of agreement on a series of statements, on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree). Table 5-5 provides a summary of the means and standard deviation (SD) for the statements measuring quality of recruitment process.

Table 5-5: Respondents' perceived quality of the recruitment process

	Statement	Mean	SD
	Perceived quality of recruitment process	5.03	1.08
PQR1	I felt comfortable with the way the person introduced me to the MLM business.	5.38	1.07
PQR2	I feel good about recruiting friends, relatives, neighbours, and co-workers.	4.89	1.43
PQR3	It has been good for me to recruit friends, relatives, neighbours, and co-workers.	4.53	1.59
PQR4	I was provided with the relevant information about the business opportunity before signing up.	5.32	1.15

It is clear from Table 5-5 that the respondents mostly agreed with statement PQR1 *"I felt comfortable with the way the person introduced me to the MLM business"* (mean = 5.38 and SD = 1.07), and PQR4 *"I was provided with the relevant information about the business opportunity before signing up"* (Mean = 5.32 and SD = 1.15). Furthermore, respondents also agreed with statement PQR3 *"It has been good for me recruiting friends, relatives, neighbours, and co-workers"* (mean = 4.53 and SD = 1.59). Although the respondents least agreed with PQR3, the means scores are still towards the higher end of the agreement scale, indicating that respondents generally agreed with all the statements used to measure perceived quality of recruitment process.

The main findings on respondent's perceived quality of recruitment process are:

- Main finding 9:** According to the respondents, they most agreed with statements that they feel comfortable with the way the person introduced them to the MLM and that they were provided with the relevant information about the business before signing up.
- Main finding 10:** The respondents also agreed that it has been good for them to recruit friends, relatives, neighbours, and co-workers.
- Main finding 11:** With regard to perceived quality of recruitment process, the majority of respondents indicated that they agree with the statements used to measure the perceived quality of recruitment process.

Thereafter, the respondents' perceived quality of training was questioned. The respondents' agreement with the perceived quality of training were tested using 3 statements from Kwee-Fah *et al.* (2016). Once again, respondents had to indicate their level of agreement on a series of statements, on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree). Table 5-6 provides a summary of the means and standard deviation (SD) for the statements measuring perceived quality of training.

Table 5-6: Respondents' perceived quality of training

	Statement	Mean	SD
	Perceived quality of training	5.29	1.07
PQT1	In my opinion, the trainers were well prepared for the training.	5.34	1.14
PQT2	I think the training addressed the important issues related to my job as a distributor in the MLM business.	5.28	1.14
PQT3	I feel that I have received the necessary amount of training in this MLM business.	5.23	1.14

Table 5-6 indicates that respondents mostly agreed with statement PQT1 *"In my opinion, the trainers were well prepared for the training"* (mean = 5.34 and SD = 1.14) and that the respondents also agreed with statement PQT3 *"I feel that I have received the necessary amount of training in this MLM business"* (mean = 5.23 and SD = 1.14). Interestingly, all three statements measured obtained a standard deviation (SD) of 1.14. While statement PQT3 represent the statement that respondents least agreed with, the mean score is still relatively high. This indicates that respondents generally agreed with the statements measuring perceived quality of training.

The main findings on respondent's perceived quality of training are:

Main finding 12:	The respondents agreed the most that the trainers are well prepared when presenting training opportunities.
Main finding 13:	The respondents also agreed that they feel that they received the necessary amount of training in the MLM business.
Main finding 14:	With regard to perceived quality of training, the majority of respondents indicated that they agree with the statements used to measure perceived quality of training.

Next, the respondents' perceptions of products and services were under investigation. The respondents' agreement with the perception of products and services were tested using 3 statements from Kwee-Fah *et al.* (2016). Once again, respondents had to indicate their level of agreement on a series of statements, on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree). Table 5-7 provides a summary of the means and standard deviation (SD) for the statements measuring perception of products and services.

Table 5-7: Respondents' perception of products and services

	Statement	Mean	SD
	Perception of products and services	5.40	0.90
PPS1	The MLM business has a channel for consumer feedback and response.	5.22	1.14
PPS2	The MLM business can provide complete information on its product/service.	5.62	0.83
PPS3	The MLM business provides a speedy response to my feedback and complaints.	5.38	1.08

Table 5-7 shows that the respondents mostly agreed with statement PPS2 *"The MLM business can provide complete information on its product/service"* (mean = 5.62 and SD = 0.83). It is noteworthy that respondents also agreed with statement PPS1 *"The MLM business has a channel for consumer feedback and response"* (mean = 5.22 and SD = 1.14). Although the respondents least agreed with statement PPS1, the mean score is towards the higher end of the agreement scale, indicating that respondents generally agreed with all the statements used to measure respondent's perception of products and services.

The main findings on respondent's perception of products and services are:

Main finding 15:	The respondents agreed the most that the MLM business provides complete information on its products and services.
Main finding 16:	The respondents also agreed that the MLM business has a channel for consumer feedback and response.
Main finding 17:	With regard to perception of products and services, the majority of respondents indicated that they agree with the statements used to measure perception of products and services.

Lastly, the respondents' upline support were questioned. The respondents' agreement with upline support were tested using 3 statements from Kwee-Fah *et al.* (2016). Again, respondents had to indicate their level of agreement on a series of statements, on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree). Table 5-8 provides a summary of the means and standard deviation (SD) for the statements measuring loyalty.

Table 5-8: Respondents' upline support

	Statement	Mean	SD
	Upline support	5.41	1.01
UP1	I think that my upline is competent in the job he/she is doing.	5.46	1.08
UP2	My upline always shows interest in the concerns and needs of his/her downline.	5.36	1.21
UP3	I felt comfortable with the person who originally recruited me.	5.40	1.13

It is clear from Table 5-8, that the respondents mostly agreed with statement UP1 *"I think that my upline is competent in the job he/she is doing"* (mean = 5.46 and SD = 1.08), while respondents also agreed with statement UP2 *"My upline always shows interest in the concerns and needs of his/her downline"* (mean = 5.36 and SD = 1.21). Despite the fact that respondents least agreed with statement UP2, the mean score is towards the higher end of the agreement scale and therefore, indicating that respondents generally agreed with the statements measuring upline support.

The main findings on respondent's upline support are:

Main finding 18:	The respondents agreed the most that the upline is competent in doing his/her job.
Main finding 19:	The respondents also agreed that the upline shows interest in the concerns and needs of his/her downline.
Main finding 20:	With regard to upline support, the majority of respondents indicated that they agree with the statements used to measure upline support.

After distributor satisfaction was examined and measured, the distributors' trust and loyalty towards the MLM business could be investigated. The next statements in the questionnaire

investigated distributors' loyalty towards their MLM business. The following section gives insights into the distributor's trust found in the MLM business.

5.3.3 Respondents' loyalty towards their MLM business

The objective of the loyalty measurement was to determine the respondents' level of loyalty towards their MLM business. Therefore, 3 statements from So *et al.* (2014) were used to determine the loyalty levels in a MLM business. Respondents were used had to indicate their level of agreement on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree) during the questionnaire. Table 5-9 provides a summary of the means and standard deviation (SD) for the statements measuring loyalty.

Table 5-9: Respondents' loyalty towards their MLM business

	Statement	Mean	SD
	Loyalty	5.23	1.26
LO1	I intend to stay with the MLM business	5.34	1.30
LO2	I am committed to the MLM business	5.20	1.34
LO3	I would be willing to stay a distributor of the MLM business even if they increase their prices.	5.15	1.35

From Table 5-9 it is evident that respondents mostly agree with statement LO1 "*I intend to stay with the MLM business*" (mean = 5.34 and SD = 1.30) and the respondents also agreed with statement LO3 "*I would be willing to stay a distributor of the MLM business even if they increase their prices*" (mean = 5.15 and SD = 1.35). Although the respondents least agreed with statement LO3, the mean score is still towards the higher end of the agreement scale, indicating that respondents generally agreed with all the statements used to measure distributor loyalty.

Therefore, the main findings on respondent's loyalty towards their MLM business are:

Main finding 21:	Respondents generally agreed that they are willing to stay with the MLM business.
Main finding 22:	Respondents also agreed that they would be willing to stay a distributor if the MLM increases their prices.
Main finding 23:	With regard to distributor loyalty, the majority of respondents indicated that they agree with the statements used to measure loyalty.

Thereafter, distributor trust was investigated during the questionnaire. The subsequent section provides a discussion on the findings of distributors' trust towards the MLM business.

5.3.4 Respondents' trust towards their MLM business

The objective of the trust measurement was to determine the respondents' level of trust towards their MLM business. To determine trust, 4 statements from a previous study were used (Verhoef *et al.*, 2002). Respondents had to indicate their level of agreement on an unlabelled six-point Likert scale (where 1 is strongly disagree and 6 is strongly agree) during the questionnaire. Table 5-10 summarises the means and standard deviation (SD) for each statement measuring respondent's trust.

Table 5-10: Respondents' trust towards their MLM business

	Statement	Mean	SD
	Trust	5.46	0.93
TR1	The MLM business can be relied on to keep its promises	5.48	0.99
TR2	The MLM business puts the consumer's and distributor's interests first	5.38	1.00
TR3	The MLM business keeps the promises that it makes to me	5.48	0.98
TR4	I can count on the MLM business to provide a good service	5.51	0.93

From Table 5-10 it is evident that respondents mostly agree with statement TR4 "*I can count on the MLM business to provide a good service*" (mean = 5.51 and SD = 0.93). Respondents also agreed with the statement TR2 "*The MLM business puts the consumer's and distributor's interest first*" (mean = 5.38 and SD = 1.00). While statement TR2 represent the statement that respondents least agreed with, the mean score is still relatively high. This indicates that respondents generally agreed with the statements measuring method of diffusing business opportunity.

Therefore, the main findings on respondent's trust towards their MLM business are:

Main finding 24:	Respondents generally agree that their MLM business can be relied on to keep its promises and that the MLM business keeps its promises.
Main finding 25:	Respondents also agree that the MLM business puts the consumer's and distributor's interests first.

Main finding 26: With regard to distributor trust, the majority of respondents indicated that they agree with the statements used to measure trust.

The subsequent section provides a discussion on the reliability and validity of the measurement instrument used during this research study.

5.4 RELIABILITY AND VALIDITY ASSESSMENT

Reliability and validity are two equally important aspects of research instruments (Ursachi *et al.*, 2015:680). It is imperative to use the most relevant, valid and reliable items of the measures during a structural equation modelling analysis (Malhotra, 2020:699).

For this research study, the reliability of the measurement model was evaluated through the calculation of Cronbach's alpha values and construct reliability values. Furthermore, the validity of the measurement model was assessed by testing for evidence of construct, convergent, discriminant and construct validity.

5.4.1 Reliability testing

The reliability of research indicates the degree to which the measurement of the research produces consistent results and is free from errors (Marczyk *et al.*, 2005:10; Roopa & Rani, 2012:276). The reliability of the measurement model, which consisted of the constructs under investigation (distributor satisfaction, the method of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training, perception of products and services and upline support, loyalty, and trust) was conducted through a confirmatory factor analysis (CFA).

5.4.1.1 Confirmatory factor analysis (CFA)

Despite the measures used in this study being derived from existing research, the scale items were tested for reliability. The leading method to measure internal consistency reliability is using Cronbach's alpha, where the measurement usually varies between 0 to 1, with a higher value indicating higher reliability of the data (Mooi *et al.*, 2018:280). According to Malhotra (2020:287), a value of less than 0.6 indicates the absence of internal consistency reliability.

Therefore, to assess the reliability of each construct in this research study Cronbach's alpha coefficients were determined for the constructs. Table 5-11 presents Cronbach's alpha values of the variable's distributor satisfaction (DS), method of diffusing business opportunity (DBO),

perceived quality of recruitment process (PQR), perceived quality of training (PQT), perception of products and services (PPS), upline support (UP), loyalty (LO), and trust (TR).

Table 5-11: Cronbach’s alpha values

Construct		Cronbach’s alpha values
Distributor satisfaction	DS	0.902
Method of diffusing business opportunity	DBO	0.848
Perceived quality of recruitment process	PQR	0.827
Perceived quality of training	PQT	0.929
Perception of products and services	PPS	0.844
Upline support	UP	0.857
Loyalty	LO	0.942
Trust	TR	0.966

From Table 5-11, it is evident that all the Cronbach’s alpha values for this research study, are above the recommended value of 0.7 and range between 0.827 and 0.966. Therefore, based on Cronbach’s alpha values presented in Table 5-11, all eight constructs investigated in this study can be considered highly reliable.

Hence, the main finding concerning the reliability of the measurement scales are:

Main finding 27: All measurement scales assessed in this study have good internal consistency and can be considered reliable, as Cronbach’s alpha values are above the suggested recommended value of 0.70.

5.4.2 Validity testing

The validity of the measurement model, which consisted of the constructs under investigation (distributor satisfaction, the method of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training, perception of products and services and upline support, loyalty, and trust) was assessed through fit statistics, content, construct, convergent and discriminant validity.

5.4.2.1 Model fit

Different statistical tests are completed to determine the fit-of-measurement framework during a research study. During this research study, chi-square, degrees of freedom, Tucker-Lewis's index (TLI), comparative fit index (CFI) and root mean square error of approximation (RMSEA) will be measured. Table 5-12 presents the fit statistics of the measurement model.

Table 5-12: Fit statistics of the structural model

Fit index	χ^2	df	χ^2/df	TLI	CFI	RMSEA
Model	715.959	255	2.81	0.901	0.916	0.063
Recommended values			<5.00	>0.90	>0.90	<0.08

Source: Adapted from Malhotra (2020:700)

As presented in Table 5-12, the CFA results show that the chi-square/degrees of freedom (χ^2/df) ratio is 2.81. Compared to the maximum cut-off value of <5.00 (Malhotra, 2020:700), this value is lower. It is also evident from Table 5-13 that the CFI and TLI exceeded the recommended values of greater than 0.90 (Malhotra, 2020:700), as the values are 0.901 and 0.916 respectively. Lastly, the RMSEA for this study was calculated as 0.063, which is less than the guideline of <0.08 (Malhotra, 2020:700) and hence this statistical tests indicate that the research study has an acceptable model fit.

Hence, the main finding regarding the measurement model fit statistics can be formulated:

Main finding 28: The model fit statistics calculated using a CFA, for the measurement model indicate an acceptable model fit.

5.4.2.2 Content and construct validity

Malhotra (2020:288) states that content validity measures the representativeness of the scales used during the research study. While, construct validity observes how a measure reliably measures and represents a unique concept (Babin & Zikmund, 2016:283).

Content validity was obtained during this research study, by using previously validated measurement items in the questionnaire that were previously proven to be valid and reliable.

Table 5-13 shows the measurement studies used in this research study.

Table 5-13: Measurement studies used

Construct measured		Authors	Study
1	Distributor satisfaction	Kwee-Fah <i>et al.</i> (2016)	Driving Distributors' Satisfaction in Multilevel Marketing (MLM) Companies
2	Loyalty	So <i>et al.</i> (2014)	The Role of Customer Engagement in Building Consumer Loyalty to Tourism Brands
3	Trust	Verhoef <i>et al.</i> (2002)	The Effect of Relational Constructs on Customer Referrals and Number of Services Purchased From a Multiservice Provider: Does Age of Relationship Matter?

Source: Researcher's own construct

Further, the results of the CFA (Table 5-11) examined the convergent and discriminant validity of this research study. Accordingly, it can be concluded that construct validity was also obtained.

Therefore, the main findings regarding the content and construct validity of the measurement model are as follows:

Main finding 29:	The measurement items measured what they planned to measure and accordingly, content validity was obtained.
Main finding 30:	For each construct measured, the relevant measurement items related to the construct share a high level of variance, which provides evidence of construct validity.

5.4.2.3 Convergent validity

Malhotra (2020:289) states that convergent validity is the degree to which one measure of a construct correlates positively with another measure. The standardised factor loadings, standard errors of the effect sizes, as well as the p-values (significance values) for each statement of the investigated variables, are herewith presented below in Table 5-14

Table 5-14: Standardised factor loadings, standardised errors, and significance values

Variable	Measurement items	Std. loading	Std. error	p-value
Distributor satisfaction	The MLM business always shows interest in the concerns and needs of the distributors	0.79	0.02	0.001
	I feel my job as a MLM distributor is enjoyable	0.89	0.01	0.001
	I am satisfied with my overall experience with the MLM business	0.94	0.01	0.001
Method of diffusing business opportunity	In my opinion, the existing rules, and procedures of the MLM business make the distributor's job easier	0.81	0.02	0.001
	I am satisfied with the opportunity for advancement in the MLM business	0.91	0.01	0.001
Perceived quality of recruitment process	I felt comfortable with the way the person who introduced me to the MLM business	0.51	0.04	0.001
	I feel good about recruiting friends, relatives, neighbours, and co-workers	0.92	0.01	0.001
	It has been good for me recruiting friends, relatives, neighbours, and co-workers	0.89	0.01	0.001
	I was provided with the relevant information about the business opportunity before signing up	0.60	0.04	0.001
Perceived quality of training	In my opinion, the trainers were well prepared for the training	0.90	0.01	0.001
	I think the training addressed the important issues related to my job as a distributor in the MLM business	0.92	0.01	0.001
	I feel that I have received the necessary amount of training in this MLM business	0.89	0.01	0.001
Perception of products and services	The MLM business has a channel for consumer feedback and response.	0.77	0.02	0.001
	The MLM business can provide complete information on its product/service	0.82	0.02	0.001
	The MLM business provides a speedy response to my feedback and complaints	0.85	0.02	0.001
Upline support	I think that my upline is competent in the job he/she is doing.	0.74	0.03	0.001
	My upline always shows interest in the concerns and needs of his/her downline.	0.77	0.03	0.001
	I felt comfortable with the person who originally recruited me	0.75	0.03	0.001
Loyalty	I intent to stay with the MLM business	0.93	0.01	0.001
	I am committed to the MLM business	0.94	0.01	0.001
	I would be willing to stay a distributor of the MLM business even if they increase their prices.	0.90	0.01	0.001

Table 5-14: Standardised factor loadings, standardised errors, and significance values (continued)

Variable	Measurement items	Std. loading	Std. error	p-value
Trust	The MLM business can be relied on to keep its promises	0.91	0.01	0.001
	The MLM business puts the consumer's and distributor's interest first	0.93	0.01	0.001
	The MLM business keeps the promises that it makes to me	0.96	0.01	0.001
	I can count on the MLM business to provide a good service	0.95	0.01	0.001

*Note: $p < 0.001$

From Table 5-14, it is evident that the factor loadings of all measurement variables are noteworthy and above the recommended threshold of 0.50, which indicates that all factors loaded significantly on their respective constructs and can be retained in the framework. Additionally, all measurements are significant since $p < 0.001$.

Therefore, the main findings about the factor loadings of the measurement items can be formulated.:

Main finding 31: All standardised factor loadings of the measurement model loaded significantly and could be retained in the measurement model.

In addition to investigating the factors loadings of the research study, the convergent validity, the construct reliability, and average variance extracted (AVE) of the measurement model can be calculated. For that reason, Table 5-15 summarises the CR (composite reliability) and AVE (average variance extracted) values for each construct measured in this research study.

Table 5-15: Test for composite reliability (CR) and convergent validity (CV)

Construct	CR	AVE
Satisfaction	0.91	0.79
Method of diffusing business opportunity	0.85	0.74
Perceived quality of recruitment process	0.83	0.56
Perceived quality of training	0.93	0.81
Perception of products and services	0.85	0.66

Table 5-15: Test for composite reliability (CR) and convergent validity (CV) (continued)

Construct	CR	AVE
Upline support	0.80	0.57
Loyalty	0.94	0.85
Trust	0.97	0.88
Acceptable value	> 0.70*	> 0.50*

*Source: Recommended values from Malhotra (2020:289)

As indicated above, Table 5-15 indicates that the CR values ranges from 0.83 to 0.97, which indicates a strong internal consistency, as these values are all above the threshold value of 0.70 (Babin & Zikmund, 2016:283). Additionally, the AVE values should be greater than the recommended norm of 0.50 (Malhotra, 2020:289) and as indicated in above, this research study AVE values ranges from 0.56 to 0.88. In light of these findings, as well as the findings from the factor loadings and construct reliabilities, it can be concluded that the latent variables of the research study are reliable and show good convergence validity.

Hence, the main findings concerning the CR and AVE values of the measurement model can be summarised as follow:

Main finding 32:	The CR values indicate a strong internal consistency.
Main finding 33:	All eight constructs of the measurement model have strong reliability and convergent validity.

5.4.2.4 Discriminant validity

The latent variables were tested for discriminant validity to determine their distinctness. According to Rönkkö and Cho (2020:11) and Malhotra (2020:289) discriminant validity is present in a research study when the absolute value of the correlation between the measures is distinct enough. As indicated in Table 5-15, the AVE for each construct was the above-shared variance between any two constructs. Therefore, indicating evidence of discriminant validity.

Hence, the main finding regarding the measurement model discriminant validity is:

Main finding 34: Correlation matrix and AVE values indicate discriminant validity for all eight constructs of the measurement model.

5.4.2.5 Summary of model validity

Validity is crucial in any research study because, in the absence of consistency, inaccurate results and assessments will be made during the research study (Matthes & Ball, 2018:211). Furthermore, Table 5-16 summarises the overall mean scores for the eight constructs (distributor satisfaction, method of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training, perception of products and services, upline support, loyalty, and trust) measured during this research study.

Table 5-16: Overall mean scores

Construct	Statements	Overall mean score
Distributor satisfaction	Statement 1 - 3	5.20
Method of diffusing business opportunity	Statement 4 – 5	5.10
Perceived quality of recruitment process	Statement 6 – 9	5.03
Perceived quality of training	Statement 10 – 12	5.29
Perception of products and services	Statement 13 – 15	5.40
Upline support	Statement 16 – 18	5.40
Loyalty	Statement 19 – 21	5.23
Trust	Statement 22 -25	5.46

The statements were each measured during a computer-administered questionnaire using an unlabelled six-point Likert scale (where 1 represented strongly disagree and 6 strongly agree). As evident in Table 5-16 above, all eight constructs are moderately positive since all the mean values vary between 5.03 and 5.46.

Hence, the main findings on the overall mean scores are indicated below:

- Main finding 35:** The overall mean scores for distributor satisfaction are above the mid-point of the measurement scale, which indicates that distributors are overall satisfied with the MLM business.
- Main finding 36:** The overall mean scores for the method of diffusing business opportunity are above the mid-point of the measurement scale, indicating that distributors are satisfied with the method of diffusing business opportunity.
- Main finding 37:** The overall mean scores for the perceived quality of the recruitment process are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perceived quality of recruitment process.
- Main finding 38:** The overall mean scores for perceived quality of training are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perceived quality of training.
- Main finding 39:** The overall mean scores for the perception of products and services are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perception of products and services.
- Main finding 40:** The overall mean scores for upline support are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the upline support.
- Main finding 41:** The overall mean scores for loyalty are above the mid-point of the measurement scale, which indicates that distributors are loyal to the MLM business.
- Main finding 42:** The overall mean scores for trust are above the mid-point of the measurement scale, which indicates that distributors trust the MLM business.

To conclude the research study's validity, Table 5-17 summarises this research study's validity findings.

Table 5-17: Summary of the research study's validity

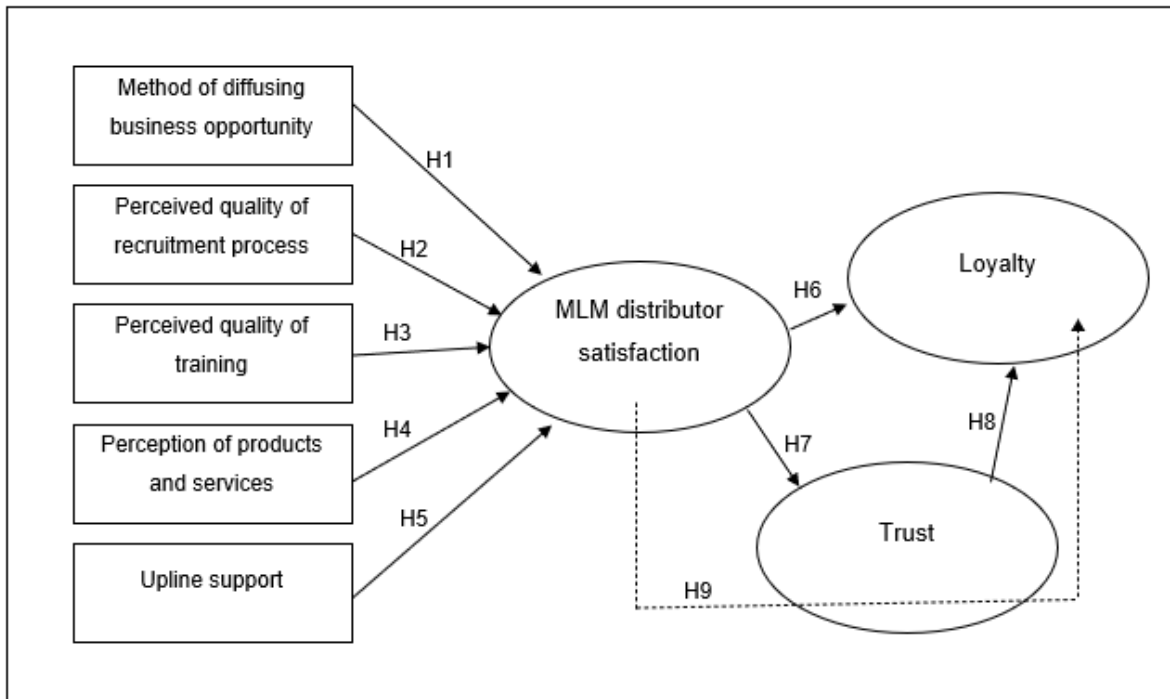
Validity	Measurement used	Main finding
Content validity	<ul style="list-style-type: none"> Previously validated measurement items were used in the questionnaire. 	Main finding 29
Construct validity	<ul style="list-style-type: none"> The relevant measurement items related to the construct share a high level of variance. 	Main finding 30
Convergent validity	<ul style="list-style-type: none"> Standardised factor loadings, standard errors of the effect sizes, as well as the p-values (significance values) for each statement were investigated. The AVE and CR values were determined for each statement. 	Main finding 31 - 33
Discriminant validity	<ul style="list-style-type: none"> The AVE values were determined for each statement. 	Main finding 34

Therefore, based on the above discussion and Table 5-17, it can be argued that both reliability and validity of the studies' measurement model was obtained during this research study.

5.5 STRUCTURAL EQUATION MODELLING (SEM)

The theoretical model and hypothesised relationships between the constructs of study, as discussed in Chapter 4 and presented below in Figure 5-1, were empirically tested by using a structural equation modelling (SEM) analysis.

Figure 5-1: The conceptual model



Source: Researcher’s own construct

Table 5-18 provides a summary of the hypotheses that were formulated for this research study.

Table 5-18: Hypotheses formulated for SEM

Hypotheses for SEM
H ₁ : The method of diffusing business opportunity has a positive and significant impact on distributor satisfaction.
H ₂ : Perceived quality of the recruitment process has a positive and significant impact on distributor satisfaction.
H ₃ : Perceived quality of training has a positive and significant impact on distributor satisfaction.
H ₄ : Perception of products and services has a positive and significant impact on distributor satisfaction.
H ₅ : Upline support has a positive and significant impact on distributor satisfaction.
H ₆ : Distributor satisfaction has a positive and significant impact on loyalty.
H ₇ : Distributor satisfaction has a positive and significant impact on distributor trust.

Table 5-18: Hypotheses formulated for SEM (continued)

Hypotheses for SEM
H ₈ : Trust has a positive and significant impact on distributor loyalty
H ₉ : Distributor satisfaction has a significant positive indirect impact on loyalty towards the MLM business, as mediated by trust.

5.5.1 Structural model assessment

The analysis for the research study continued by specifying a structural model and adding regression to the measurement model in line with the research hypotheses summarised in Table 5-16. A structural equation modelling (SEM) analysis are used in research studies to test both the measurement theory and the structural theory (Malhotra, 2020:697). Therefore, an SEM analysis can be used to determine the relationship between constructs as well as test the total goodness-of-fit of the research model. A decent measurement fit is essential for obtaining useful results from SEM (Malhotra, 2020:699). Table 5-19 presents the fit statistics of the measurement model.

Table 5-19: Fit statistics of the structural model

Fit index	X ²	df	X ² /df	TLI	CFI	RMSEA
Model	715.959	255	2.81	0.901	0.916	0.063
Recommended values			<5.00	>0.90	>0.90	<0.08

Source: Recommended values from Malhotra (2020:700)

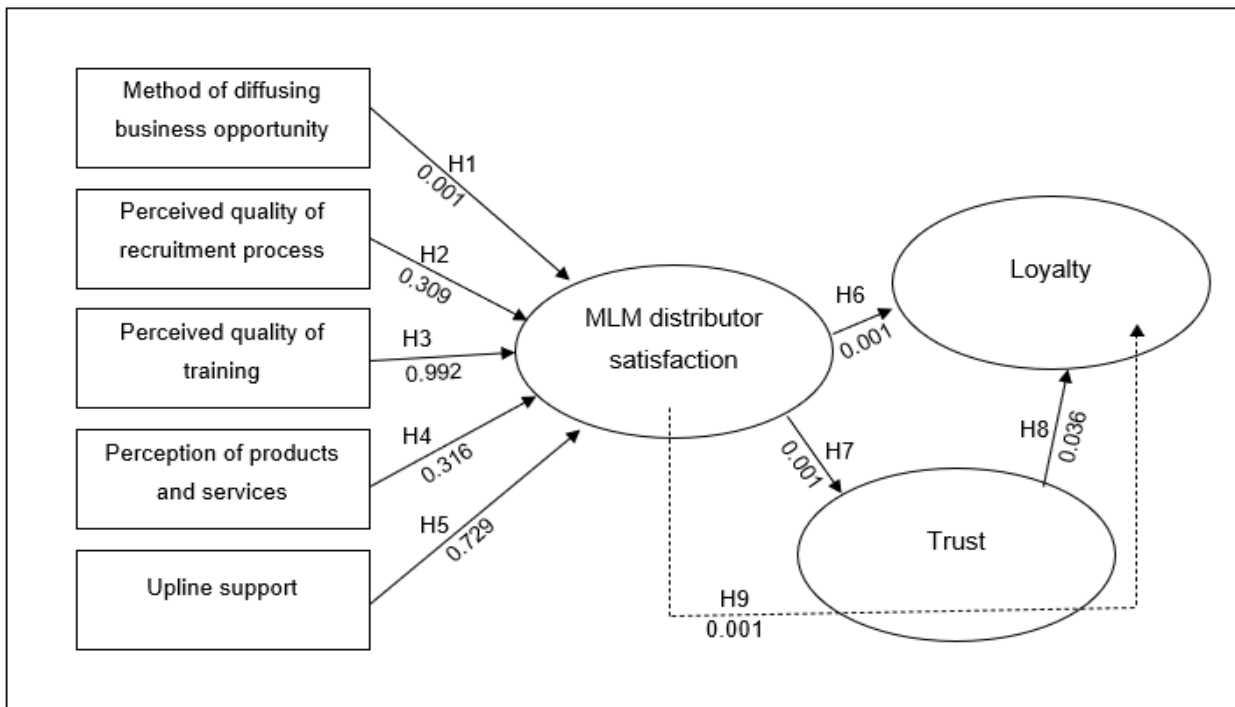
As presented in Table 5-15, the CFA results show that the chi-square/degrees of freedom (X²/df) ratio are 2.81. Compared to the maximum cut-off value of <5.00, this value is lower. It is also evident from Table 5-19 that the comparative fit index (CFI) and Tucker-Lewis's index (TLI) exceeded the recommended values of greater than 0.90, as the values are 0.901 and 0.916 respectively. Lastly, the Root mean square error of approximation (RMSEA) for this study was calculated as 0.063, which is less than the guideline of <0.08 and thus indicates an acceptable model fit. Consequently, the SEM analysis could be performed.

5.5.2 Hypothesis testing

After a model fit of the structural model has been achieved, the hypothesis could be tested. Therefore, the structural model with the regression weights for each specified relationship can be further investigated.

Figure 5-2 provides a summary of the regression results obtained during the research study.

Figure 5-2: Structural model estimation



Source: Researcher's own construct

During the SEM analysis, the direct effects obtained during the research study can be seen, if single-headed directional arrows can be drawn between the constructs it indicates structural hypothesis. Consequently, Table 5-20 summarises the direct effects obtained during the SEM-analysis.

Table 5-20: Hypothesis testing: The direct effects

Hypothesis	Relationship	Std. β	S.E.	p-value	Result
H ₁	Method of diffusing business opportunity → Distributor satisfaction	0.74	0.14	0.001	Significant
H ₂	Perceived quality of recruitment process → Distributor satisfaction	0.10	0.10	0.309	Non-significant
H ₃	Perceived quality of training → Distributor satisfaction	0.00	0.11	0.992	Non-significant
H ₄	Perception of products and services → Distributor satisfaction	0.12	0.12	0.316	Non-significant
H ₅	Upline support → Distributor satisfaction	0.04	0.10	0.729	Non-significant
H ₆	Distributor satisfaction → Loyalty	0.71	0.09	0.001	Significant
H ₇	Distributor satisfaction → Trust	0.85	0.04	0.001	Significant

Table 5-20: Hypothesis testing: The direct effects (continued)

Hypothesis	Relationship	Std. β	S.E.	p-value	Result
H ₈	Loyalty → Trust	0.21	0.10	0.036	Significant
H ₉	Distributor satisfaction → Trust → Loyalty	0.01		0.001	Significant indirect effect

The regression results revealed that method of diffusing business opportunity had a significant positive impact on distributor satisfaction ($\beta = 0.74$; S.E. = 0.14; $p < 0.001$; supporting H₁). However, a non-significance impact is found on H₂ to H₅ (p-values > 0.001 ; p-values between 0.309 and 0.992) and thus, indicating that perceived quality of recruitment process, perceived quality of training, perception of products and services, and upline support has no impact on distributor satisfaction. Next, distributor satisfaction shows a positive and significant impact on the construct loyalty ($\beta = 0.71$; S.E. = 0.09; $p < 0.001$; supporting H₆) and the construct trust ($\beta = 0.85$; S.E. = 0.04; $p < 0.001$; supporting H₇). Additionally, a positive and significant relationship are found between loyalty and trust ($\beta = 0.21$; S.E. = 0.10; $p = 0.036$; supporting H₈).

Interestingly, the data revealed two significant indirect effects. First, a significant indirect effect was found between distributor satisfaction and loyalty being mediated by trust ($\beta = 0.01$; $p < 0.001$; CI [0.18, 0.30]; supporting H₉). Second, an indirect effect was discovered between the diffusion of business opportunity, the MLM business, trust, and loyalty ($\beta = 0.01$, 95%; CI [0.13, 0.34]).

Therefore, considering the SEM analysis' results presented above, the main results about the model fit of the structural model can be presented as:

Main finding 43:	The method of diffusing business opportunity has a positive and significant impact on distributor satisfaction.
Main finding 44:	Distributor satisfaction has a positive and significant impact on loyalty.
Main finding 45:	Distributor satisfaction has a positive and significant impact on trust.
Main finding 46:	Loyalty has a positive and significant impact on trust.
Main finding 47:	Distributor satisfaction has an indirect significant impact on loyalty when mediated by trust.

5.6 SUMMARY OF THE MAIN FINDINGS ACCORDING TO THE RESEARCH OBJECTIVES

The main findings of this research study are outlined in Table 5-21 concerning each secondary objective of the study.

Table 5-21: Summary of the main findings according to the secondary objectives

Secondary objective 1	
To provide an overview of the extant literature on:	
1 a) the main constructs of the study, namely, multi-level marketing, satisfaction, trust, and loyalty.	
1 b) and the various interrelationships between distributor satisfaction, trust, and loyalty.	
A theoretical background investigation of extant literature regarding MLM, satisfaction, trust and loyalty was conducted in Chapters 1 to 3 to address the first secondary objective.	
Chapter 4 provided an overview of the extant literature concerning the interrelationships between the constructs of the study.	
Secondary objective 2	
Compile a sample profile of the multi-level marketing distributors who participated in this research study.	
Main finding 1	The realised sample are all current and active distributors of the ten identified health and wellness MLM businesses across South Africa.
Main finding 2	The respondents who participated in this research study are primarily females (97.07%), with matric/Grade 12 (39.73%) and a university degree (23.73%) and full-time employed (38.93%) or self-employed (37.87%).
Secondary objective 3	
Determine the method of diffusing business opportunity of the MLM business.	
Main finding 6	The respondents agreed most that distributors are satisfied with the opportunity for advancements in the MLM business.
Main finding 7	The respondents also agreed with the statement that, the existing rules, and procedures of the MLM business make the distributor's job easier.
Main finding 8	With regard to the method of diffusing business opportunity, the majority of respondents indicated that they agree with the statements used to measure the method of diffusing business opportunity.

Table 5-21: Summary of the main findings according to the secondary objectives (continued)

Secondary objective 4	
Determine the perceived quality of the recruitment process of the MLM business.	
Main finding 9	According to the respondents, they most agreed with statements that they feel comfortable with the way the person introduced them to the MLM and that they were provided with the relevant information about the business before signing up.
Main finding 10	The respondents also agreed that it has been good for them to recruit friends, relatives, neighbours, and co-workers.
Main finding 11	With regard to perceived quality of recruitment process, the majority of respondents indicated that they agree with the statements used to measure the perceived quality of recruitment process.
Secondary objective 5	
Determine the perceived quality of training of the MLM business.	
Main finding 12	The respondents agreed the most that the trainers are well prepared when presenting training opportunities.
Main finding 13	The respondents also agreed that they feel that they received the necessary amount of training in the MLM business.
Main finding 14	With regard to perceived quality of training, the majority of respondents indicated that they agree with the statements used to measure perceived quality of training.
Secondary objective 6	
Determine the perception of products and services of the MLM business.	
Main finding 15	The respondents agreed the most that the MLM business provides complete information on its products and services.
Main finding 16	The respondents also agreed that the MLM business has a channel for consumer feedback and response.
Main finding 17	With regard to perception of products and services, the majority of respondents indicated that they agree with the statements used to measure perception of products and services.
Secondary objective 7	
Determine the upline support of the MLM business.	
Main finding 18	The respondents agreed the most that the upline is competent in doing his/her job.

Table 5-21: Summary of the main findings according to the secondary objectives (continued)

Main finding 19	The respondents also agreed that the upline shows interest in the concerns and needs of his/her downline.
Main finding 20	With regard to upline support, the majority of respondents indicated that they agree with the statements used to measure upline support.
Secondary objective 8	
Measure distributor satisfaction with the MLM business.	
Main finding 3	The respondents agreed the most that the distributors feel that the job as a MLM distributor is enjoyable.
Main finding 4	The respondents also agreed with the statements that the MLM business shows interest in the concerns and needs of the distributor and that the distributors are satisfied with the overall experience with the MLM business.
Main finding 5	With regard to distributor satisfaction, the majority of respondents indicated that they agree with the statements used to measure distributor satisfaction.
Secondary objective 9	
Measure distributor trust towards the MLM business.	
Main finding 24	Respondents generally agree that their MLM business can be relied on to keep its promises and that the MLM business keeps its promises.
Main finding 25	Respondents also agree that the MLM business puts the consumer's and distributor's interests first.
Main finding 26	With regard to distributor trust, the majority of respondents indicated that they agree with the statements used to measure trust.
Secondary objective 10	
Measure distributor loyalty towards the MLM business.	
Main finding 21	Respondents generally agreed that they are willing to stay with the MLM business.
Main finding 22	Respondents also agreed that they would be willing to stay a distributor if the MLM increases their prices.
Main finding 23	With regard to distributor loyalty, the majority of respondents indicated that they agree with the statements used to measure loyalty.

Table 5-21: Summary of the main findings according to the secondary objectives (continued)

Secondary objective 11	
Examine the interrelationships among the identified research constructs (satisfaction, trust, and loyalty) of this study.	
Main finding 27	All measurement scales assessed in this study have good internal consistency as Cronbach's alpha values are above the suggested recommended value of 0.70.
Main finding 28	The model fit statistics calculated using a CFA, for the measurement model indicate an acceptable model fit.
Main finding 29	The measurement items measured what they planned to measure and accordingly, content validity was obtained.
Main finding 30	For each construct measured, the relevant measurement items related to the construct share a high level of variance, which provides evidence of construct validity.
Main finding 31	All standardised factor loadings of the measurement model loaded significantly and could be retained in the measurement model.
Main finding 32	The CR values indicate a strong internal consistency.
Main finding 33	All eight constructs of the measurement model have strong reliability and convergent validity.
Main finding 34	Correlation matrix and AVE values indicate discriminant validity for all eight constructs of the measurement model.
Main finding 35	The overall mean scores for distributor satisfaction are above the mid-point of the measurement scale, which indicates that distributors are overall satisfied with the MLM business.
Main finding 36	The overall mean scores for the method of diffusing business opportunity are above the mid-point of the measurement scale, indicating that distributors are satisfied with the method of diffusing business opportunity.
Main finding 37	The overall mean scores for the perceived quality of the recruitment process are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perceived quality of recruitment process.
Main finding 38	The overall mean scores for perceived quality of training are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perceived quality of training.

Table 5-21: Summary of the main findings according to the secondary objectives (continued)

Main finding 39	The overall mean scores for the perception of products and services are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perception of products and services.
Main finding 40	The overall mean scores for upline support are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the upline support.
Main finding 41	The overall mean scores for loyalty are above the mid-point of the measurement scale, which indicates that distributors are loyal to the MLM business.
Main finding 42	The overall mean scores for trust are above the mid-point of the measurement scale, which indicates that distributors trust the MLM business.
Main finding 43	The method of diffusing business opportunity has a positive and significant impact on distributor satisfaction.
Main finding 44	Distributor satisfaction has a positive and significant impact on loyalty.
Main finding 45	Distributor satisfaction has a positive and significant impact on trust.
Main finding 46	Loyalty has a positive and significant impact on trust.
Main finding 47	Distributor satisfaction has an indirect significant impact on loyalty when mediated by trust.

5.7 CONCLUSION

The chapter provided the empirical results obtained from the data collection for this research study. The sample included 376 usable responses, which is the correct sample size range for structural modelling to be performed. It was established that respondents who participated in this study, adhered to the minimum requirements set out by the researcher to participate in the study. Therefore, respondents were active distributor, older than 18 years of age, who currently receives an income from one of the ten identified health and wellness MLM businesses in South Africa.

Various assessment methods were used to determine that the measurement scales used for this study are both reliable and valid with a good model fit statistic. Likewise, the SEM analysis indicated that the structural model presented good model fit statistics and that 5 of the hypotheses were positive and significant thus, five of the proposed hypotheses were supported during the research study. Chapter 5 concluded with a summary of the main findings according to the secondary objectives set for the study.

Next, chapter 6 will provide an overview, conclusions, and connections between the research objectives and the main findings of this study. Also, in chapter 6 some limitations experienced during the research study will be discussed and recommendations for further research will be made.

CHAPTER 6

CONCLUSION, RECOMMENDATIONS AND LIMITATIONS

6.1 INTRODUCTION

The final chapter of the research study presents the conclusions and recommendations regarding the influence of MLM distributor satisfaction on loyalty in South Africa and whether loyalty is affected by trust as a mediating factor. The conclusions will be drawn using a combination of the theoretical findings in Chapter 5, together with the literature review conducted in Chapters 1, 2 and 3. Chapter 6 further commences with an overview of the study, where the conclusions and recommendations will follow. Thereafter, the connections between the research objectives, literature questionnaire sections, hypotheses and main findings are discussed, followed by the limitations found in the study. The chapter will finish off with recommendations for future research studies to be conducted in the MLM industry.

6.2 OVERVIEW OF THE STUDY

As previously discussed in Chapter 2, the MLM industry is rapidly growing and becoming more attractive for people from all walks of life globally. The MLM business model encourages distributors to sell the MLM business' products and services for financial compensation by selling to friends, families, and co-workers, and to recruit an active downline to assist in increasing the monthly sale volume and team growth. Therefore, the MLM industry is playing a vital role in creating job opportunities, an entrepreneurial experience, an income, or a supplementary income for low-skilled and uneducated workers globally. However, the distributor remains utterly independent from the MLM business, as the distributor does not receive a fixed salary or any other benefits from the MLM business. A distributor can qualify for additional bonuses, travel and merchandise incentives from the business, as MLM businesses are big on rewarding the hard work of distributors. Furthermore, the MLM industry is attractive since there are relatively low costs to start the business, and little marketing skills are needed when starting an independent business. Noteworthy, distributors do not need any sales or marketing experience to start or succeed in the MLM industry. Additionally, MLM business opportunities are especially vital for the country's economic growth since anyone can start to earn an additional income in a matter of days. Therefore, due to the ease of job creation, the MLM industry can benefit developing countries significantly by increasing economic growth, job creation and entrepreneurial opportunities. Nevertheless, the MLM industry is facing different challenges daily to survive and thrive as an industry. As discussed in Chapter 2, section 2.3, as a result of the rapid growth of the MLM industry recently, the industry is faced with people mistaking an honest MLM business for a

pyramid scheme, and the MLM industry faces legal problems quite often. These negative views of the MLM industry significantly impact the success and face of MLM businesses globally. However, a distributor is responsible at the end of the day for creating their success and working team, and these negative views will influence the distributors' satisfaction, loyalty, and trust towards the MLM business. Therefore, MLM distributors and their businesses must distinguish themselves from negative views.

A further observation from the literature review is that an MLM distributor works on a commission determined by the group and sales volume generated monthly. Therefore, it is crucial to maintain distributor satisfaction in the MLM business. However, satisfaction is an ongoing process and should be measured continuously. The MLM business should therefore engage and ask for feedback from the distributors on an ongoing basis. As mentioned in Chapter 2, section 2.7, the factors influencing distributor satisfaction are different from employee satisfaction as distributors only work on a commission basis. The factors influencing a distributor's satisfaction include the method of diffusing business opportunity, perceived quality of the recruitment process, perceived quality of training, perception of products and services, and upline support. Furthermore, business patterns are shifting to where loyalty takes precedence over acquiring new customers for businesses, and consequently, the loyalty of MLM distributors is crucial to ensure the MLM business' success and long-term profitability. Nowadays, distributors use social media to attract new consumers and increase their monthly sales. Another essential point is that distributor loyalty is important since the MLM business wants a positive view of the business on social media platforms. Additionally, the distributor and MLM business are interdependent to obtain sales, success, and longevity. Moreover, trust is crucial in MLM businesses as the business wants distributors to commit to the MLM business and stop displaying switching behaviour. This will encourage distributors to preserve the relationship built over time and reward the distributors with secure and long-term success in the MLM business.

Following the background, problem discussion and literature investigation conducted in Chapters 1 to 3, this study aims to address the research gap in the MLM industry. To elaborate, this research study investigates the distributors of MLM businesses in South Africa. Subsequently, the primary objective of this study is to determine the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business. Furthermore, 11 secondary objectives (Chapter 4, section 4.3.3.2.) were formulated to assist in the realisation of the primary research objective and to explore the relationships of the constructs presented in the conceptual model presented in Figure 1-1. To collect primary data, the researcher chose ten health and wellness MLM businesses to further research to investigate the primary objective. These ten MLM businesses are Avon, Annique, DoTerra, Herbalife, Mannatech, NuSkin, Oregano Gold, Truvy, Tupperware, and Young Living.

Next, section 6.3 provides the conclusions and recommendations concerning the research findings and secondary objectives formulated for this research study.

6.3 CONCLUSIONS AND RECOMMENDATIONS

Eleven secondary objectives were formulated to support the primary objective of this study. These secondary objectives will now be discussed:

6.3.1 Secondary objective 1

Secondary objective 1

To provide an overview of the extant literature on:

- a) the main constructs of the study, namely multi-level marketing, satisfaction, trust, and loyalty.
- b) and the various interrelationships between distributor satisfaction, trust, and loyalty.

Secondary objectives 1a and 1b, presented above, were realised as follows:

- Secondary objective 1a involves the marketing constructs under investigation, namely distributor satisfaction, trust, and loyalty, which were addressed in Chapter 2 and Chapter 3.
- Secondary objective 1b relates to the interrelationship between the constructs that were attended to in Chapter 1. The study's conceptual model was presented in Chapter 1, Figure 1-1.

6.3.2 Secondary objective 2

Secondary objective 2

Compile a sample profile of the multi-level marketing distributors who participated in this research study.

- To achieve secondary objective 2, the demographic information of the respondents was obtained in Section A of the questionnaire. The respondents' gender, highest level of education and current employment status was established in this section. The conclusion, implications, and recommendations for this secondary objective are derived from main findings 1 and 2.
- The main findings about the demographic profile of the respondents who participated in this study were presented in Chapter 5, section 5.6 (main findings 1 and 2). Main finding 1 specifies that the realised sample are all current and active distributors of the ten identified health and wellness MLM businesses across South Africa. Main finding 2 specifies that the respondents who participated in this research study are primarily females (97.07%), with

matric/grade 12 (39.73%) and a university degree (23.73%), are full-time employed (38.93%) or self-employed (37.87%).

Table 6-1 presents the conclusions, implications and main recommendations pertaining to secondary objective 2. Following the main findings from Chapter 5, section 5.6, the conclusions, implications, and recommendations on secondary objective 2 can be stated as:

Table 6-1: Secondary objective 2: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
1.1	All the respondents who participated in this study are older than 18 years of age and active distributors of one of the ten identified health and wellness MLM businesses for at least six months before completing the questionnaire. Therefore, it can be concluded that the respondents who participated in this study form part of the sample population presented in Chapter 4, section 4.3.8.	Since most respondents have been with the MLM business for six months or longer, it can be reasoned that these respondents were in the ideal position to provide insights into distributor satisfaction, trust and loyalty towards their MLM business.	As the respondents are active in the MLM business, they have first-hand experience and knowledge about problems and opportunities in the MLM industry. Therefore, forming a valuable source of reference for MLM businesses.
2.1	The sample consisted of mostly female respondents with matric/grade 12 completed, with a university degree, who are currently full-time employed or self-employed.	From the composition of the sample profile, it can be reasoned that the distributors of MLM businesses in South Africa are mostly females. Furthermore, there is room to grow in the MLM industry as most respondents are full-time employed.	Based on the study's findings, it is possible that there are more females than men participating in MLM businesses. This can be a result of the additional income potential and work-from-home opportunity. Furthermore, MLM businesses should indicate the growth potential to distributors to possibly entice and convert distributors to leave their full-time jobs and only focus on their MLM business.

6.3.3 Secondary objective 3

Secondary objective 3

Determine the method of diffusing business opportunities of the MLM business.

Section 2.5.2.1 noted that the MLM industry has a distinctive strategy for promoting the business opportunity, products and services using word-of-mouth to someone the recruiter knows and trusts (usually a family member or friend). Furthermore, the diffusion of the business opportunity in MLM business includes the initial purchase made by the distributor, whereafter the distributor will similarly be responsible for selling the products and recruit an active downline for the MLM business. However, due to previous legal cases, pyramid schemes and aggressive selling techniques, recruits can form negative perceptions before joining the MLM. Lastly, the compensation plan should be emphasised when a new distributor is recruited to show the income and growth potential available in the MLM business.

The empirical results relating to the method of diffusing MLM business opportunities indicate that the respondents agreed most that distributors are satisfied with the opportunity for advancements in the MLM business (main finding 6). However, the respondents also agreed with the statement that the existing rules and procedures of the MLM business make the distributor's job easier (main finding 7). It is further noted in Table 5-16 (Chapter 5) that the majority of the mean scores were greater than 5 and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring the method of diffusing business opportunity. Consequently, with regard to distributor satisfaction, the majority of respondents indicated that they agree with the statements used to measure the method of diffusing business opportunity (main finding 8). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusions, implications, and recommendations about secondary objective 3 can be stated as:

Table 6-2: Secondary objective 3: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
2.1	The respondents agree that they are satisfied with the opportunity for advancements in the MLM business.	It is indicated during the study that distributors are satisfied with the opportunities the MLM business offers to advance by participating in the business.	Additionally, further research can be conducted to investigate what business opportunity offered by an MLM business motivates a person to participate in the MLM business and how the MLM can better the offerings.

Table 6-2: Secondary objective 3: Conclusions, implications, and recommendations (continued)

	Conclusion	Implication	Recommendation
2.2	The respondents also agreed with the statement that the existing rules and procedures of the MLM business make the distributor's job easier.	It can be indicated that the MLM business should investigate how the compensation plan and business framework can be adapted to simplify the job of the distributor.	The MLM business can include distributors when making changes to rules and procedures, to ensure that the distributors stay satisfied.
2.3	With regard to the method of diffusing business opportunities, the majority of respondents indicated that they agree with the statements used to measure the method of diffusing business opportunities.	The statements used by Kwee-Fah <i>et al.</i> (2016) to measure the method of diffusing business opportunities within an MLM business are relevant.	

6.3.4 Secondary objective 4

Secondary objective 4
Determine the perceived quality of the recruitment process of the MLM business.

As discussed in section 2.5.2.2 during the recruitment process, the prospect is approached by the distributor recruiting a downline; if the prospect is interested, the recruit is then taken to a routine meeting to learn more about the MLM business opportunity and products. Distributors are actively encouraged to recruit new distributors to ensure the success and longevity of an MLM business. Consequently, the MLM business should continuously train the distributor on how to recruit new distributors and keep the downline satisfied and engaged. It should be emphasised during the recruitment process that entrepreneurial individuals can earn a supplementary and passive income in an MLM business to attract more interest. Lastly, the recruitment process should be well designed by the MLM business to actively recruit new distributors as often as possible. The empirical results relating to the perceived quality of the recruitment process in an MLM business have indicated that the respondents mostly agreed with statements that they feel comfortable with the way the person introduced them to the MLM and that they were provided with the relevant information about the business before signing up (main finding 9). However, the

respondents also agreed that it has been good for them to recruit friends, relatives, neighbours, and co-workers (main finding 10). Furthermore, it was noted in Table 5-16 (Chapter 5) that the majority of the mean scores were greater than 5 and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring the perceived quality of the recruitment process. Therefore, with regard to the perceived quality of the recruitment process, the majority of respondents indicated that they agree with the statements used to measure the perceived quality of the recruitment process (main finding 11). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations on secondary objective 4 can be stated as:

Table 6-3: Secondary objective 4: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
3.1	According to the respondents, they most agreed with the statements that they felt comfortable with the way the person introduced them to the MLM and that they were provided with the relevant information about the business before signing up.	It is indicated that the distributors feel comfortable regarding how they were introduced to the MLM business. Furthermore, the MLM business does a decent job of providing distributors with the correct resources and information to recruit new distributors.	Although respondents feel comfortable with the way they are recruited into an MLM business, the MLM business can always improve in its recruitment process. Therefore, the MLM business can provide continuous training for distributors.
3.2	The respondents also agreed that it has been good for them to recruit friends, relatives, neighbours, and co-workers.	It is indicated that the MLM business should emphasise to distributors to recruit unknown contacts since distributors feel uncomfortable recruiting friends, family and known associates.	Additionally, the MLM business can provide better training to its distributors to increase their chances when recruiting family and friends into the opportunity.
3.3	With regard to the perceived quality of the recruitment process, the majority of respondents indicated that they agree with the statements used to measure the perceived quality of the recruitment process.	The statements used by Kwee-Fah <i>et al.</i> (2016) to measure the perceived quality of the recruitment process within an MLM business are relevant.	

6.3.5 Secondary objective 5

Secondary objective 5
Determine the perceived quality of training of the MLM business.

As discussed in section 2.5.2.3, the MLM business needs to invest in training its distributors to ensure long-term success and an improved sales force. The MLM industry offers distributors a viable opportunity to improve entrepreneurial, sales and interpersonal skills. The MLM business is responsible for providing education and training for its distributors with insufficient knowledge. Also, during the training process, it is important to ensure that recruits understand the compensation plan offered by the MLM business as this can become overwhelming and confusing to new recruits. Sales training has been proven to significantly enhance the distributor's success rate.

The empirical results relating to the perceived quality of training in an MLM business have indicated that the respondents agreed the most that the trainers are well prepared when presenting training opportunities (main finding 12). However, the respondents also agreed that they received the necessary amount of training in the MLM business (main finding 13). Additionally, it was noted in Table 5-14 of Chapter 5 that the majority of the mean scores were greater than 5 and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring the perceived quality of training. Consequently, with regard to perceived quality of training, the majority of respondents indicated that they agree with the statements used to measure perceived quality of training (main finding 14). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations on secondary objective 5 can be stated as:

Table 6-4: Secondary objective 5: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
4.1	The respondents agreed the most that the trainers are well prepared when presenting training opportunities.	It is indicated that the MLM business provides well-prepared and educated trainers during training opportunities.	The MLM business should ensure that the trainers are continuously trained to ensure a high level of education for its distributors. The MLM business must provide up-to-date and relevant training to new and existing distributors. This training will further enhance the success of an MLM business.
4.2	The respondents also agreed that they feel that they received the necessary amount of training in the MLM business.	Therefore, it is indicated that the MLM business should provide frequent training events for its distributors.	Furthermore, the MLM business should increase training opportunities by providing more frequent events for its distributors to learn from.
4.3	With regard to perceived quality of recruitment process, the majority of respondents indicated that they agree with the statements used to measure the perceived quality of recruitment process.	The statements used by Kwee-Fah <i>et al.</i> (2016) to measure the perceived quality of training within an MLM business are relevant.	

6.3.6 Secondary objective 6

Secondary objective 6
Determine the perception of products and services of the MLM business.

As previously discussed in section 2.5.2.4, detailed information and knowledge are needed by the distributor to successfully sell the products and services on offer, since the MLM business entails selling products and services directly to consumers through a network of distributors. The MLM's products and services are usually sold online, via a distributor to the consumer. Undoubtedly, knowledge of the products and services in the market is important and beneficial

as distributors need this information to confidently secure customers and sales. Distributors are more likely to be satisfied with products and services that are value for money, come from a trusted supplier, and have sufficient information.

The empirical results relating to the perception of products and services in an MLM business have indicated that the respondents agreed the most that the MLM business provides complete information on its products and services (main finding 15). However, the respondents also agreed that the MLM business has a channel for consumer feedback and response (main finding 16). Furthermore, it was noted in Table 5-14 (Chapter 5) that the majority of the mean scores were greater than 5, and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring the perception of products and services. Therefore, with regard to perception of products and services, the majority of respondents indicated that they agree with the statements used to measure the perception of products and services (main finding 17). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations about secondary objective 6 can be stated as:

Table 6-5: Secondary objective 6: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
5.1	The respondents agreed the most that the MLM business provides complete information on its products and services.	It is indicated that the MLM business provides complete and thorough information on the products and services on offer. Therefore, the MLM provides enough information for the distributors to feel comfortable selling the products and services.	MLM business should continue to ensure that enough information is given to distributors about its products and services. When the distributor feels comfortable selling the products and services, the success rate will increase.
5.2	The respondents also agreed that the MLM business has a channel for consumer feedback and response.	It is therefore indicated that the MLM business should open a method of communication for the distributors to communicate with the MLM business, head office and managers.	Furthermore, the MLM business should open a method of communication with the distributors, for the distributors to complain, and provide feedback and suggestions on how the MLM could better itself.

Table 6-5: Secondary objective 6: Conclusions, implications, and recommendations (continued)

	Conclusion	Implication	Recommendation
5.3	With regard to upline support, the majority of respondents indicated that they agree with the statements used to measure upline support.	The statements used by Kwee-Fah <i>et al.</i> (2016) to measure the perceived quality of training within an MLM business are relevant.	

6.3.7 Secondary objective 7

Secondary objective 7

Determine the upline support of the MLM business.

As discussed earlier in section 2.5.2.5, the upline in an MLM business is responsible for recruiting, train and mentoring their downline to achieve success. In return, the upline receives a commission for the downline's sales volume. Therefore, the person who recruited the new distributor into the MLM business becomes the distributor's upline in the same network. During the initial stages after joining an MLM business, the relationship be will close between the upline and the recruit. Consistent emotional support, motivation, relevant information, guidance, and assistance should be given constantly to ensure a successful business for upline and downline distributors. Importantly, previous research found that the positive relationship between the upline distributor and the downline is vital for each party to achieve set goals and financial incentives.

The empirical results relating to upline support in an MLM business have indicated that the respondents agreed the most that the upline is competent in doing his/her job (main finding 18). Nevertheless, the respondents also agreed that the upline shows interest in the concerns and needs of his/her downline (main finding 19). It was noted in Table 5-16 in Chapter 5 that the majority of the mean scores were greater than 5, and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring upline support. Consequently, with regard to upline support, the majority of respondents indicated that they agree with the statements used to measure upline support (main finding 20). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations about secondary objective 7 can be stated as:

Table 6-6: Secondary objective 7: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
6.1	The respondents agreed the most that the upline is competent in doing his/her job.	Therefore, the MLM business can ensure that the upline continues to support and motivate its downline using incentives or added commission.	MLM businesses can increase training events to better help uplines support, motivate and provide guidance to their downline teams.
6.2	The respondents also agreed that the upline shows interest in the concerns and needs of his/her downline.	The MLM business should educate their distributors who have a team under them, to better show support and concern for the downline's needs.	The uplines can use certain days of the week to just focus on their team's well-being.
6.3	With regard to upline support, the majority of respondents indicated that they agree with the statements used to measure upline support.	The statements used by Kwee-Fah <i>et al.</i> (2016) to measure upline support within an MLM business are relevant.	

6.3.8 Secondary objective 8

Secondary objective 8
Measure distributor satisfaction with the MLM business.

During Chapter 2, section 2.5, the literature review found that satisfaction is generally defined as the evaluation, feeling or attitude towards a product or service after the product or service has been used. Therefore, for this research study, distributor satisfaction is defined as the benchmark of a distributor, where the perceived performance and service of an MLM business, upline, downline, product or service are equal to or better than the expected outcome, and therefore, if the outcome is better than expected, the distributor would continue working for the MLM business. When satisfaction is achieved, a mutual relationship and understanding are formed between the distributor and MLM business and further transactions and interactions are likely to happen. Furthermore, distributors are responsible for motivating and recruit distributors into the MLM business. If distributors are dissatisfied, they will not hesitate to report the business to friends and family members. Therefrom the importance of distributor satisfaction.

The empirical results relating to distributor satisfaction in an MLM business have indicated that respondents agreed the most that the distributors feel that the job as an MLM distributor is enjoyable (main finding 3). However, the respondents also agreed with the statements that the MLM business shows interest in the concerns and needs of the distributor and that the distributors are satisfied with the overall experience with the MLM business (main finding 4). During Chapter 5, it was noted in Table 5-14 that the majority of the mean scores were greater than 5, and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring distributor satisfaction. Consequently, with regard to distributor satisfaction, the majority of respondents indicated that they agree with the statements used to measure distributor satisfaction (main finding 5). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations on secondary objective 8 can be stated as:

Table 6-7: Secondary objective 8: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
7.1	The respondents agreed the most that the distributors feel that the job as an MLM distributor is enjoyable.	It was found that distributors overall feel the job is enjoyable in the MLM business. Therefore, it can be indicated that the MLM business does a decent job of making the business opportunity enjoyable for the distributors.	MLM business should continue to deliver an enjoyable experience to the MLM distributors. The MLM business can continue to offer incentives and branded merchandise to active and participating distributors. Competitions are a great incentive to inspire distributors to work harder, achieve ranks and recruit downline distributors.

Table 6-7: Secondary objective 8: Conclusions, implications, and recommendations (continued)

	Conclusion	Implication	Recommendation
7.2	The respondents also agreed with the statements that the MLM business shows interest in the concerns and needs of the distributor and that the distributors are satisfied with the overall experience with the MLM business.	Therefore, it can be indicated that the MLM should show more interest and concern in the distributors of the business. Furthermore, the MLM business should increase the satisfaction levels of all distributors with the experience provided by the MLM business.	However, the MLM business should engage with distributors to show that the business cares about its distributors. To increase the satisfaction between distributors, the MLM business can provide value and high-quality products and services that the distributors can be proud to sell. Additionally, the MLM business can improve its commission plan and business opportunity to simplify the process to success for a distributor. Lastly, the MLM business should continue to engage with the distributor to ask for complaints and feedback on improving the MLM business and experience.
7.3	With regard to distributor satisfaction, the majority of respondents indicated that they agree with the statements used to measure distributor satisfaction.	The statements used by Kwee-Fah <i>et al.</i> (2016) to measure distributor satisfaction within an MLM business are relevant.	

6.3.9 Secondary objective 9

Secondary objective 9
Measure distributor trust towards the MLM business.

During Chapter 3, section 3.2 found the literature findings concerning trust as defined as an altitudinal belief by a distributor that the MLM business will be reliable and fulfil promises made by the MLM business. Therefore, a trusting relationship is built from the first purchase onward. In this research study, trust is defined as an altitudinal belief by a distributor that the MLM business will be reliable and fulfil promises made by the MLM business. Previous research has proven that trust is a crucial component of building a successful and stable relationship in businesses and overcoming uncertainty. Likewise, another researcher found that the motivation for individuals to trust one another is one of the most noticeable variables in the success of any MLM business. Therefore, when there is a higher level of trust between the distributor and the MLM business, increased involvement with the MLM business is expected to occur, despite a potential risk for the distributor. Therefore, in a relationship between the MLM business and distributor, there should be mutual trust between the two parties to secure a relationship, long-term success and profitability.

The empirical results relating to distributor trust in an MLM business have indicated that respondents generally agree that their MLM business can be relied on to keep its promises and that the MLM business keeps its promises (main finding 24). Nevertheless, respondents also agree that the MLM business puts the consumer and distributor's interests first (main finding 25). It was noted in Table 5-14 (Chapter 5) that the majority of the mean scores were greater than 5, and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring distributor trust. With regard to distributor trust, the majority of respondents indicated that they agree with the statements used to measure trust (main finding 26). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations of secondary objective 9 can be stated as:

Table 6-8: Secondary objective 9: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
8.1	Respondents generally agree that their MLM business can be relied on to keep its promises and that the MLM business keeps its promises.	It can be indicated that the MLM business is reliable. This shows that distributors trust the MLM business wholeheartedly.	The MLM business should continue to ensure that they deliver on promises made to the distributors. Therefore, the MLM business should continue to deliver orders online, and provide incentives and competition prizes in a timely matter.
8.2	Respondents also agree that the MLM business puts the consumer and distributor's interests first.	It can be indicated that the MLM business sometimes does not put the consumer or distributor's interest first. This can make distributors unhappy with the MLM business.	However, the MLM business should increase communication with distributors and ensure to put the consumer and distributor's needs and interests first.
8.3	With regard to trust, the majority of respondents indicated that they agree with the statements used to measure trust.	The statements used by Verhoef <i>et al.</i> (2002) to measure distributor loyalty within an MLM business are relevant.	

6.3.10 Secondary objective 10

Secondary objective 10

Measure distributor loyalty towards the MLM business.

During Chapter 3, section 3.3 discussed the literature findings for loyalty. Loyalty is defined as a commitment or devotion from the distributor to repurchase a product or service offered by the MLM business, despite marketing or other situational influences. Previous research has found that the level of loyalty distributors show influences the success of the MLM business. More emphasis should be placed on relationships to build loyalty and differentiate the business from competitors. Furthermore, the distributor and MLM businesses are interdependent on one another to achieve future sales growth and longevity. Therefore, making distributors loyal is crucial to attaining success in the MLM business.

The empirical results relating to distributor loyalty in an MLM business have indicated that respondents generally agreed that they are willing to stay with the MLM business (main finding 21). However, respondents also agreed that they would be willing to stay a distributor if the MLM increases their prices (main finding 22). During Chapter 5, it was noted in Table 5-14 that the majority of the mean scores were greater than 5, and leaned towards the strong end of the agreement scale, which indicates that respondents tend to agree with the statements measuring distributor loyalty. Therefore, regarding distributor loyalty, most respondents indicated that they agree with the statements used to measure loyalty (main finding 23). Therefore, it can be concluded that the matters raised in the literature study are relevant to the MLM industry.

Based on the discussion above, the main findings from Chapter 5, section 5.6, the conclusion, implications, and recommendations on secondary objective 10 can be stated as:

Table 6-9: Secondary objective 10: Conclusions, implications, and recommendations

	Conclusion	Implication	Recommendation
9.1	Respondents generally agreed that they are willing to stay with the MLM business.	It was found that distributors are willing to stay with the MLM business. Therefore, it can be indicated that distributors feel a sense of loyalty towards their MLM business.	The MLM business should continue to offer good business opportunities, as distributors are willing to stay with the MLM business. Additionally, the MLM business should be careful to increase product and service prices as distributors are sensitive to price changes.
9.2	Respondents also agreed that they would be willing to continue as a distributor even if the MLM increases their prices.	Therefore, it can be indicated that the distributors are sensitive to price changes in the MLM industry.	However, business, production and operational costs change and the MLM business cannot use one price for the foreseeable future. The MLM business should notify distributors well in advance of any price changes. To avoid losing some distributors, the MLM business can increase prices slightly.

Table 6-9: Secondary objective 10: Conclusions, implications, and recommendations (continued)

	Conclusion	Implication	Recommendation
9.3	With regard to loyalty, the majority of respondents indicated that they agree with the statements used to measure loyalty.	The statements used by So <i>et al.</i> (2014) to measure distributor loyalty within an MLM business are relevant.	

6.3.11 Secondary objective 11**Secondary objective 11**

Examine the interrelationships among the identified research constructs (distributor satisfaction, trust, and loyalty) of this study.

Based on the literature review, the empirical investigation provided the main findings worth mentioning. Main findings 27 to 47 are associated with secondary objective 11.

- Regarding the reliability and validity assessment of the measurement model, it was noted that all the measurement scales assessed in this study have good internal consistency as Cronbach's alpha values are above the suggested recommended value of 0.70 (main finding 27, Chapter 6, section 5.3.2.1.).
- Regarding the model fit statistics of the measurement model, calculated using a confirmatory factor analysis (CFA), the measurement model indicated an acceptable model fit (main finding 28, Chapter 5, section 5.4.2.1.).
- Furthermore, the measurement items measured what they planned to measure, and accordingly, content validity was obtained (main finding 29, Chapter 5, section 5.4.2.2.).
- For each construct measured, the relevant measurement items related to the construct share a high level of variance, which provides evidence of construct validity (main finding 30, Chapter 5, section 5.4.2.2.).
- Concerning convergent validity of the measurement model, it was found that all standardised factor loadings of the measurement model loaded significantly and could be retained (main finding 31, Chapter 5, section 5.4.2.3.).
- Likewise, the construct reliability (CR) values of the measurement constructs indicating strong internal consistency exist for all constructs measured (main finding 32, Chapter 5, section 5.4.2.3.).

- Therefore, all eight constructs of the measurement model have strong reliability and convergent validity (main finding 33, Chapter 5, section 5.4.2.3.).
- The correlation matrix and AVE values indicate discriminant validity for all eight constructs of the measurement model (main finding 34, Chapter 5, section 5.4.2.4.).

Regarding the mean scores of the constructs under investigation (Chapter 5, section 5.4.2.5), the following main findings were found during the empirical investigation.

- Main finding 35: The overall mean scores for distributor satisfaction are above the mid-point of the measurement scale, which indicates that distributors are overall satisfied with the MLM business.
- Main finding 36: The overall mean scores for the method of diffusing business opportunity are above the mid-point of the measurement scale, indicating that distributors are satisfied with the method of diffusing business opportunity.
- Main finding 37: The overall mean scores for the perceived quality of the recruitment process are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perceived quality of the recruitment process.
- Main finding 38: The overall mean scores for perceived quality of training are above the mid-point of the measurement scale, which indicates that distributors are satisfied with perceived quality of training.
- Main finding 39: The overall mean scores for the perception of products and services are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the perception of products and services.
- Main finding 40: The overall mean scores for upline support are above the mid-point of the measurement scale, which indicates that distributors are satisfied with the upline support.
- Main finding 41: The overall mean scores for loyalty are above the mid-point of the measurement scale, which indicates that distributors are loyal to the MLM business.
- Main finding 42: The overall mean scores for trust are above the mid-point of the measurement scale, which indicates that distributors trust the MLM business.

During Chapter 1, section 1.5, the study examined potential interrelationships between the research constructs under investigation (including method of diffusing business opportunity,

perceived quality of recruitment process, perceived quality of training, perception of products and services, upline support, distributor satisfaction, loyalty, and trust). Based on the empirical investigation and the SEM analysis done in Chapter 5, section 5.5, the following findings, and significance can be made regarding the potential interrelationships between the constructs.

Table 6-10 provides a summary of the potential interrelationships, finding and significance pertaining to secondary objective 11 for this research study.

Table 6-10: Secondary objective 11: Potential interrelationships, findings and significance

Potential interrelationship	Finding	Significance
Method of diffusing business opportunity might have a positive and significant impact on distributor satisfaction.	Method of diffusing business opportunity does influence distributor satisfaction.	Yes
Perceived quality of the recruitment process might have a positive and significant impact on distributor satisfaction.	Perceived quality of the recruitment process does not influence distributor satisfaction.	No
Perceived quality of training might have a positive and significant impact on distributor satisfaction.	Perceived quality of training does not influence distributor satisfaction.	No
Perception of products and services might have a positive and significant impact on distributor satisfaction.	Perception of products and services does not influence distributor satisfaction.	No
Upline support might have a positive and significant impact on distributor satisfaction.	Upline support does not influence distributor satisfaction.	No
Distributor satisfaction might have a positive and significant impact on distributor loyalty.	Distributor satisfaction does influence distributor loyalty.	Yes
Distributor satisfaction might have a positive and significant impact on distributor trust.	Distributor satisfaction does influence distributor trust.	Yes
Distributor trust might have a positive and significant impact on distributor loyalty.	Distributor loyalty does influence distributor trust.	Yes
Distributor satisfaction might have a significant, positive indirect impact on distributor loyalty, as mediated by distributor trust.	Distributor satisfaction does indirectly influence distributor loyalty when mediated by distributor trust.	Yes

Taking into consideration the main findings from the empirical investigation, it is plausible to conclude that some hypotheses formulated for this study can be accepted. The following conclusions, implications and recommendations are made with hypothesis testing based on the research study's hypothesis.

Table 6-11: Secondary objective 11: Conclusions, implications, and recommendations

	Main finding	Implication	Recommendation
10.1	Main finding 43 The method of diffusing business opportunity has a positive and significant impact on distributor satisfaction.	Therefore, it can be indicated that the business opportunity plays a crucial role when new recruits choose which MLM business to join.	The MLM business should ensure that the business opportunities available are understandable and well marketed to new recruits.
10.2	Main finding 44 Distributor satisfaction has a positive and significant impact on loyalty.	It can be indicated that the distributor satisfaction levels will influence the loyalty levels of distributors in an MLM business. Therefore, based on this study's findings, the distributors will display loyalty as a result of satisfaction.	The MLM business can influence the loyalty levels of distributors by keeping the distributors satisfied in the MLM business.
10.3	Main finding 45 Distributor satisfaction has a positive and significant impact on trust.	It can be indicated that the distributor satisfaction levels will influence trust in an MLM business. Based on the study's findings, the distributor satisfaction will influence trust in the MLM business.	The MLM business should keep the distributors satisfied in the MLM business, since this will influence the trust level of the distributors.
10.4	Main finding 46 Loyalty has a positive and significant impact on trust.	It is indicated that loyalty will influence the trust levels in an MLM business. Based on the study's findings, the loyalty levels will influence the trust levels in an MLM business.	The MLM business should ensure that its distributors stay loyal towards the business, to increase the trust between the distributor and MLM business.
10.5	Main finding 47 Distributor satisfaction has an indirect significant impact on loyalty when mediated by trust.	Based on the study's findings, it can be indicated that distributor satisfaction will indirectly impact loyalty when mediated by trust in an MLM business.	As the MLM business is dependent on its distributors to ensure success and longevity for the business, the MLM business needs to satisfy its distributors to gain the distributors' loyalty and trust. Therefore, it is recommended that the MLM business should use this study's findings to gain insight into the distributors' feelings and attitudes towards the MLM industry in South Africa.

6.4 CONNECTIONS BETWEEN THE RESEARCH OBJECTIVES, LITERATURE QUESTIONNAIRE SECTIONS, HYPOTHESES, MAIN FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

This section will connect the formulated secondary objectives in Chapters 1 to 4 with the main findings. Ultimately, this section will conclude ‘whether the primary objective was achieved during the research study.

Table 6-12: Summary of the linkages between the objectives, questionnaire content, hypotheses, main findings, conclusions, implications, and recommendations

Question in questionnaire	Hypotheses	Main findings	Conclusion	Implication	Recommendations
Secondary objective 1					
To provide an overview of the extant literature on:					
a) the main constructs of the study, namely multi-level marketing, satisfaction, trust, and loyalty.					
b) and the various interrelationships between distributor satisfaction, trust, and loyalty.					
-		Chapters 1-3			
Secondary objective 2					
Compile a sample profile of the multi-level marketing distributors who participated in this research study.					
Section A		Main findings 1 & 2	1.1-1.2	1.1-1.2	1.1-1.2
Secondary objective 3					
Determine the method of diffusing business opportunities of the MLM business.					
Section B Questions 4 & 5	H ₁	Main findings 6-8	2.1-2.3	2.1-2.3	2.1-2.3
Secondary objective 4					
Determine the perceived quality of the recruitment process of the MLM business.					
Section B Questions 6-9	H ₂	Main findings 9-11	3.1-3.3	3.1-3.3	3.1-3.3
Secondary objective 5					
Determine the perceived quality of training of the MLM business.					
Section B Questions 10-12	H ₃	Main findings 12-14	4.1-4.3	4.1-4.3	4.1-4.3

Table 6-12: Summary of the linkages between the objectives, questionnaire content, hypotheses, main findings, conclusions, implications, and recommendations (continued)

Question in questionnaire	Hypotheses	Main findings	Conclusion	Implication	Recommendations
Secondary objective 6 Determine the perception of products and services of the MLM business.					
Section B Questions 13-15	H ₄	Main findings 15-17	5.1-5.3	5.1-5.3	5.1-5.3
Secondary objective 7 Determine the upline support of the MLM business.					
Section B Questions 16-18	H ₅	Main findings 18-20	6.1-6.3	6.1-6.3	6.1-6.3
Secondary objective 8 Measure distributor satisfaction with the MLM business.					
Section B Questions 1-3		Main findings 3-5	7.1 7.3	7.1-7.3	7.1-7.3
Secondary objective 9 Measure distributor trust towards the MLM business.					
Section B Questions 22-25	H ₇ & H ₈	Main findings 24-26	8.1-8.3	8.1-8.3	8.1-8.3
Secondary objective 10 Measure distributor loyalty towards the MLM business.					
Section B Questions 19-21	H ₆ & H ₈	Main findings 21-23	9.1-9.3	9.1-9.3	9.1-9.3
Secondary objective 11 Examine the interrelationships among the identified research constructs (distributor satisfaction, trust, and loyalty) of this study.					
	H ₉	Main findings 24-47	10.1-10.5	10.1-10.5	10.1-10.5

6.5 CONTRIBUTION OF THE STUDY

The contribution of this research study is as follows:

- This study contributes to existing management and marketing literature by providing insights into the theoretical aspects of interest to this study, namely multi-level marketing, distributor satisfaction, trust, and loyalty.
- Results and conclusions are provided from the data collected. This information can be used by MLM businesses to understand the factors influencing distributor satisfaction, trust, and loyalty.
- Implications and recommendations from the literature findings and the empirical results can potentially be useful for the MLM industry and future studies.

6.6 LIMITATIONS

Unfortunately, the research study faced some limitations, which will now be discussed:

6.6.1 Limitations of the theoretical background

- A limited number of academic articles were found on the MLM industry, especially articles based on the South African MLM industry.
- Very little research has been conducted to determine the connections between satisfaction, loyalty, and trust in the MLM industry.
- Limited information was available to the researcher on the MLM industry in general.

6.6.2 Limitations of the empirical research

- The findings of this study are based on data obtained from respondents in the MLM industry, which limits the generalisability of the results.
- Due to the Protection of Personal Information (POPI) Act of 2021, this study could not obtain a sampling frame of the distributors within the MLM businesses. Therefore, a nonprobability sampling method was followed to obtain respondents.
- The convenience sampling technique was utilised, and therefore the sample frame was set out by the researcher using social media platforms (Facebook, WhatsApp, Instagram and LinkedIn). Therefore, the results and findings are not a representation of all the South African MLM distributors.
- No remuneration was offered to respondents, thereby decreasing the number of respondents willing to partake in the study.

- Due to voluntary participation and computer-administered questionnaires, respondents could abandon the questionnaire at any time, resulting in uncompleted questionnaires.

6.7 RECOMMENDATIONS FOR FUTURE RESEARCH

Here are the recommendations the researcher made for future research studies:

- The same study can be done but extended to the global MLM industry.
- The same study can be done with an additional focus on more of the marketing constructs, i.e., brand loyalty, purchase intent, customer satisfaction and service quality.
- Future research can focus on a variety of MLM businesses in South Africa. This research study only focused on the ten different MLM businesses chosen by the researcher, and therefore there are various MLMs not included in the study, i.e., Acornkids, Honey, World Ventures, and Amway.
- Future studies can aim to achieve a greater population by gaining access to databases of each MLM to ensure a better representation of MLM distributors in South Africa.
- Different demographic groups can have different opinions. Therefore, further research can study what the different racial groups' standing in the MLM industry is.
- Further research can study whether the age of distributors joining the MLM influences the success the distributor will have in the MLM business.
- Future studies can focus on the income generated from the MLM businesses and research whether the income distributors obtain distributor satisfaction influences.
- Further research can study the influence of customer satisfaction, loyalty, and trust towards an MLM business.

6.8 CONCLUSION

This chapter commenced with an overview of the study and consequently highlighted various aspects discussed in the previous chapters. Chapter 6 concludes the study, and therefore discussed each of the 11 secondary objectives in this research study with main conclusions, implications, and recommendations. Thereafter, a summary of the relations between the research objectives, questionnaire content, hypotheses, main findings, conclusions, implications, and recommendations was presented in Table 5-12. Finally, the limitations of the study were presented and recommendations for future potential research were made by the researcher.

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Remark: EndNote 20 was used to reference the sources used during this research study, as the program is reliable and helps to keep the sources organised. The use of this reference output programme is also supported and recommended by the NWU.

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APPENDIX A: FINAL QUESTIONNAIRE



Questionnaire number:

This survey forms part of a Master's study in Marketing Management at the North-West University (Potchefstroom Campus), with a specific focus on determining the influence of distributor satisfaction on loyalty and whether loyalty is affected by trust as a mediating factor within a multi-level marketing business.

There is no obligation to participate in this survey, and you may withdraw from it at any time. You will remain completely anonymous, and there will be no disclosure of data to third parties. The research results will only be used empirically for the written dissertation of the study and academic publications. Completing the questionnaire should take approximately 15 minutes of your time. You should evaluate questions from your point of view, and mark where appropriate.

Thank you in advance for your willingness to participate in this research.

Please contact Ms Kleynhans (Marizaan.12@gmail.com) for any inquiries.

Marizaan Kleynhans

NWU Ethics number: NWU-00669-22-A4

Screening questions:

Are you above the age of 18?	Yes	No
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Do you reside in South Africa?	Yes	No
---------------------------------------	-----	----

Please indicate at which MLM business are you a distributor? (Only choose one)		
Annique	Yes	No
Avon	Yes	No
Doterra	Yes	No
Herbalife	Yes	No
Mannatech	Yes	No
Nuskin	Yes	No
Oregano Gold	Yes	No
Truvy	Yes	No
Tupperware	Yes	No

For how long you have been a distributor for the MLM business?	
Less than six months	
6 months to one year	
One to two years	
Two to five years	
Five to ten years	
More than ten years	

If your answer is 'Yes' to all of the above questions, please complete the questionnaire.

If your answer is 'No' to one of the above questions, you do not have to complete the questionnaire.

SECTION A

BACKGROUND INFORMATION

The aim of this section of the questionnaire is for the sole purpose of developing a sample profile of the respondents.

1. What is your gender?

Male	1
Female	2
Prefer not to say	3

2. What is your highest level of education?

Primary school completed	1
Some high school completed	2
Matric/grade 12 completed	3
Technical college diploma	4
University of technology diploma	5
University degree (B-degree or honours)	6
Postgraduate degree (master's or doctorate)	7

3. Which ONE of the following best describes your current status?

Student	1
Self-employed	2
Full-time employed	3
Part-time employed	4
Housewife or househusband	5
Retired	6
Unemployed	7
Other (please specify):	8

SECTION B

Keeping your current MLM business in mind, please indicate your level of agreement with the following statements on a scale of 1 to 5, where 1 is '*strongly disagree*' and 5 is '*strongly agree*'.

Statement	Strongly disagree	2	3	4	Strongly agree
Distributor satisfaction					
<i>Method of diffusing business opportunity</i>					
The MLM business always shows interest in the concerns and needs of the distributors.	1	2	3	4	5
I feel my job as a MLM distributor is enjoyable.	1	2	3	4	5
I am satisfied with my overall experience with the MLM business.	1	2	3	4	5
<i>Method of diffusing business opportunity</i>					
In my opinion, the existing rules, and procedures of the MLM business make the distributor's job easier.	1	2	3	4	5
I am satisfied with the opportunity for advancement in the MLM business.	1	2	3	4	5
<i>Perceived quality of recruitment process</i>					
I felt comfortable with the way the person who introduced me to the MLM business.	1	2	3	4	5
I feel good about recruiting friends, relatives, neighbours, and co-workers.	1	2	3	4	5
It has been good for me to recruit friends, relatives, neighbours, and co-workers.	1	2	3	4	5
I was provided with the relevant information about the business opportunity before signing up.	1	2	3	4	5
<i>Perceived quality of training</i>					
In my opinion, the trainers were well prepared for the training.	1	2	3	4	5
I think the training addressed the important issues related to my job as a distributor in the MLM business.	1	2	3	4	5
I feel that I have received the necessary amount of training in this MLM business.	1	2	3	4	5
<i>Perception of products and services</i>					
The MLM business has a channel for consumer feedback and response.	1	2	3	4	5
The MLM business can provide complete information on its product/service.	1	2	3	4	5
The MLM business provides a speedy response to my feedback and complaints.	1	2	3	4	5

Appendix A: Final Questionnaire

<i>Upline support</i>					
I think that my upline is competent in the job he/she is doing.	1	2	3	4	5
My upline always shows interest in the concerns and needs of his/her downline.	1	2	3	4	5
I felt comfortable with the person who originally recruited me.	1	2	3	4	5
Loyalty					
I intend to stay with the MLM business.	1	2	3	4	5
I am committed to the MLM business.	1	2	3	4	5
I would be willing to stay a distributor of the MLM business even if they increase their prices.	1	2	3	4	5
Trust					
The MLM business can be relied on to keep its promises.	1	2	3	4	5
The MLM business puts the consumer's and distributor's interest first.	1	2	3	4	5
The MLM business keeps the promises that it makes to me.	1	2	3	4	5
I can count on the MLM business to provide a good service.	1	2	3	4	5

Thank you for your time!

APPENDIX B: ETHICAL DECLARATION



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30 May 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on 27/05/2022, the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-RERC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: The influence of distributor satisfaction on loyalty within Multi-level Marketing in South Africa: The mediating role of trust
Study Leader/Supervisor (Principal Investigator)/Researcher: Dr CC Williams – MCom in Marketing Management
Student: Kleynhans, M (28420853)

Ethics number:

N W U - 0 0 6 6 9 - 2 2 - A 4

Institution Study Number Year Status

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:

Commencement date: 30/05/2022

Expiry date: 30/05/2023

Risk: **Low**

Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

•

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

- *The study leader/supervisor (principal investigator)/researcher must report in the prescribed format to the EMS-REC:
 - annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and
 - without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.*
- *The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.*
- *Annually a number of studies may be randomly selected for an external audit.*
- *The date of approval indicates the first date that the study may be started.*
 - *In the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to request access to any information or data at any time during the course or after completion of the study;*

Appendix B: Ethical Declaration

- *to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process;*
- *withdraw or postpone approval if:*
 - *any unethical principles or practices of the study are revealed or suspected;*
 - *it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;*
 - *submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or*
 - *new institutional rules, national legislation or international conventions deem it necessary.*
- *Please note that the ethics approval of this application is subject to the Covid-19 protocols.*

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely,

**Mark
Rathbone**

Digitally signed by Mark Rathbone
DN: cn=Mark Rathbone, o=North-
West University, ou=Business
management,
email=mark.rathbone@nwu.ac.za,
c=ZA
Date: 2022.05.30 14:57:30 +0200

Prof Mark Rathbone
Chairperson: NWU Economic and Management Sciences Research Ethics Committee

APPENDIX C: LETTER FROM STATISTICIAN



Private Bag X6001, Potchefstroom
South Africa 2520

Tel: 018 299-1111/2222
Web: <http://www.nwu.ac.za>

Statistical Consultation Services
Tel: +27 18 285 2016
Fax: +27 0 87 231 5294
Email: suria.ellis@nwu.ac.za

31 October 2022

Re: Dissertation, Ms M Kleynhans, student number 28420853

We hereby confirm that the Statistical Consultation Services of the North-West University analysed the data of the above-mentioned student and assisted with the interpretation of the results. However, any opinion, findings or recommendations contained in this document are those of the author, and the Statistical Consultation Services of the NWU (Potchefstroom Campus) do not accept responsibility for the statistical correctness of the data reported.

Kind regards

A handwritten signature in black ink that reads 'SM Ellis'.

Prof SM Ellis

Associate Professor: Statistical Consultation Services

APPENDIX D: LETTER FROM LANGUAGE EDITOR

To whom it may concern

Cecile van Zyl
Language editing and translation
Cell: 072 389 3450
Email: Cecile.vanZyl@nwu.ac.za

16 November 2022

Dear Mr / Ms

Re: Language editing of dissertation (The influence of distributor satisfaction on loyalty within multi-level marketing in South Africa: The mediating role of trust)

I hereby declare that I language edited the above-mentioned mini-dissertation by Ms M Kleynhans (student number: 28420853).

Please feel free to contact me should you have any enquiries.

Kind regards



Cecile van Zyl

Language practitioner

BA (PU for CHE); BA honours (NWU); MA (NWU)
SATI number: 1002391