

QUALITATIVE MARKETING RESEARCH FOR THE CONSUMER BEHAVIOUR SPECIFIC TO THE MULTILEVEL MARKETING SYSTEM

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Abstract: *This study was made in order to identify consumer behaviour specific to multilevel marketing system and to analyse the factors that make them buy through this system. The aim of the research was to gather information about the behaviour of Romanian consumers on the market of modern distribution systems, to identify their opinion and their satisfaction with the systems, the purchasing frequency, the allocated budget, but also how important these systems are in their lives and what benefits they bring.*

Keywords: *behaviour, consumers, multilevel marketing, focus group.*

1. Introduction

Multilevel Marketing refers to the action of distributing, selling, or offering products or services through multiple levels of independent agents. These agents receive commissions, bonuses, discounts in exchange for sales of products or services, or if the agent recruited other people. Also, in Multilevel Marketing, agencies receive bonuses and commissions from the sales made by those they recruited, plus those recruited by these new agents (Bennet, 1988).

Multi-level marketing (MLM) is strictly speaking not marketing but a form of direct sales with special features, of which recruitment is fundamental (Multilevel Marketing, 2019).

It has been achieved conducted a qualitative study to observe the opinion of some respondents from Brasov about these multilevel marketing systems, if that influences their life and if so, how.

Qualitative research was realised on the topic: "Opinions, attitudes, beliefs, and knowledge of the population of Brasov regarding the modern distribution systems". The group interview was chosen, as a qualitative marketing research method.

The focus group is a qualitative research method, and it has different forms that are ranked according to duration, number of participants and the link between the

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participants. The focus-group method involves a broad discussion on different themes with a particular group of subjects, which can last from one hour to about two hours. The participants are carefully selected and must respond to several requirements such as: knowing relatively well the issue to be debated; to be open to such a discussion; there is a homogeneity of the group in terms of age and level of training (Constantin, Tecău, 2013).

Considering the fact that there are many uncertainties among consumers in Romania about modern distribution systems, named multilevel marketing systems, it is considered necessary to carry out a qualitative marketing research among them.

2. Hypotheses and Objectives of Qualitative Marketing Research

The objectives of the qualitative marketing research are the following:

1. Identifying the frequency of purchase of products and services through modern distribution systems among the people of Brasov.
2. Determining the budget allocated by the people of Brasov for the consumption of products and services through modern distribution systems.
3. Identifying the factors that cause the people of Brasov to buy products and services through modern distribution systems.
4. Identifying the opinion formed by the people of Brasov about the products and services offered by certain multilevel marketing companies.
5. Identifying the degree of satisfaction expressed in the offer of products and services given by the modern distribution systems in the city of Brasov.

The hypotheses of the research are the following:

1. Qualitative research subjects acquire products and services in general from online environment because they are more convenient and faster.
2. The subjects' view about modern distribution systems is a good one, but they feel that too much has to be invested in gain or success.
3. For the subjects, the most important criteria that drive them to buy products and services through modern distribution systems are the prices of products and services, the company's reputation and the quality of products and services.
4. Multilevel marketing is a concept widely heard and understood by the subjects, but they appeal to this system from need or habit, not a preferred way of purchasing products and services.
5. The main difference between modern distribution systems in Romania and those in other countries is their size and diversity, mainly Romanian companies following their examples, but the Romanian population is not so educated about them.

The qualitative research method represented by the focus group was employed for the purpose of studying consumer satisfaction.

Within the group interview:

- the subject is not an individual, but a group;
- the number of participants may vary, depending on purpose, topic and population category: min. 3-4 - max. 10-15 so that all participants have time to express themselves, and each intervention can be recorded;

- all aspects that ensure quality are common with the individual interview (interest for experiences, opinions, experiences, etc. of the subjects; open character; nondirective approach; etc.).

The advantages of the focus group are that:

- it offers the respondent the possibility to express in detail their feelings, opinions and attitudes;
- the costs are relatively low;
- they may generate ideas of interest that have not been initially taken into consideration;
- interaction and group dynamics can stimulate answers: sometimes a focus group is the best approach for a delicate theme or for closed subjects (the fact that others talk may also stimulate them to speak);
- allows face to face / confrontation of a variety of experiences and opinions across the globe an issue of interest;
- is recommended for topics or new issues that have not been investigated in the population (Exploration function, less used to deepen the information or hypothesis testing).

3. The Research Methodology

Respondents were carefully chosen to participate in the focus group because they have to meet certain conditions and have purchased at least once, products and services through modern distribution systems. Eight persons were invited to the focus group meeting.

The conditions for participation were the following:

- the respondent should live in the city of Brasov;
- the respondent should not have participated in another market survey in the last 6 months;
- the respondent should not work in one of the following areas: marketing, press, psychology, sociology, information technology;
- the respondent should be aged between 21 and 30;
- the respondent's income is between 1450 lei and 4500 lei;
- the respondent is a university graduate.

The meeting took place in Brasov on October 10, 2018, between 17:00 and 18:30.

Discussions within a focus group take place through a logical scheme: from general, to particular and specific aspects, and from their synthesis again to general, from simple to complex, and vice versa.

First, the group members are in a position to talk freely about the acquisition of the desired products and services. Next, the members of the group are keen to discuss, in depth, the proposed theme, namely modern distribution systems and multilevel marketing systems. Then the discussion points to the topics in the interview guide. The open questions are used, with only the big topics being discussed, the rest of the questions being asked only if they are not dotted by the subjects.

4. The Results and Interpretation of the Qualitative Data Received

Group discussions are recorded audio and video and then analysed in detail. Video recording is particularly important because it illustrates the expression of the face, movements of the body, hands, head, aspects that express some mental states, emotional reactions, attitudes that are important for later analysis.

The most important method of analysing results is content analysis.

A qualitative focus group research was conducted. Following the achievement of the qualitative focus group research entitled "Opinion on modern distribution systems", in which eight respondents participated, the vertical analysis is carried out:

Subject 1 considers that when buying products and services, the most important factor is saving time. He generally purchases the products and services he desires from the online environment because it is more convenient and faster, and regarding modern distribution systems, he is very pleased with them, considering them convenient ways of purchasing products. The frequency of purchasing is approximately 3-4 times a year.

Subject 2 purchases products and services from stores, supermarkets and sometimes from the internet. He prefers a certain way of purchasing products and services, that is, the one directly from stores because he thinks it is very important to see what he is buying. Regarding modern distribution systems, he considers it a waste of time for those involved and that a lot of time has to be invested so that they can make a profit. He does not necessarily buy through these methods, and the purchasing frequency is once in a few years.

Subject 3 purchases online products and services because he considers it simpler and can check their prices on other sites in a short time. The view of the topic 3 about modern distribution systems is a good one, it orders products in this constant way, because it regards them as quality products and produced at super offer. Subject 3 purchases products and services through these systems at least every 1-3 months.

Subject 4 prefers to buy online because he has time to think, can buy at anytime, and it's easier to choose the most wanted products and services. Usually, the products and services are bought directly from the store or through online orders from various sites. He does not think that a modern distribution system is a good idea and does not consider it to be a good selling method because it takes a lot of time. The subject sometimes has the impression that the person presenting the products insists a lot. The purchasing frequency of subject 4 through these systems is once or twice a year, when he truly needs something.

Subject 5 tends to buy products and services from physical stores and does not prefer a particular way of purchasing them. As for modern distribution systems, subject 5 has no opinion, because they are indifferent to itself, considering that he can live without them, and rarely buy products and services in this way.

Subject 6 tends to buy his products and services online, which is the preferred way because it feels easy and fast. The opinion of modern distribution systems is a very good one, providing products and services in a moderate way and allocating a monthly budget of about 100 lei / month, as can be seen in Table 1.

Subject 7 tends to buy their products and services online or directly from the store. The preferred buying mode is from the online environment because it is comfortable as the subject can also carefully study from the comfort of his own home the details and attributions of the products or services he wants to purchase. In addition, buying from the online environment features the possibility to return that product for any reason within 30 days. The modern distribution systems that are known to him are far from the past pyramid schemes, in a good way. There are currently a dozen big competitors on the market that do not seem to slow down their growth too soon. Subject 7 sees modern distribution systems as good service in many ways but prefers others. He buys through these systems as little as possible and if he does, it happens from necessity or ease.

Subject 8 purchases products and services from the online and offline environment. The preferred way to buy is from the online environment because he is a comfortable person. As for the modern distribution systems, his opinion is not so good and considers the multilevel marketing systems an unreliable source to do shopping. He does not understand why someone has to pressure him into buying a particular product. He's a comfortable person, he does not like being disturbed. Modern distribution companies seem like sects. As a rule, he does not buy products through systems, his girlfriend deals with this, but occasionally purchases, about once a year, a Herbalife protein shake, as can be seen in Table 1.

Table 1

The frequency of purchase and the budget allocated per month by the respondents

	Subject 1	Subject 2	Subject 3	Subject 4	Subject 5	Subject 6	Subject 7	Subject 8
The frequency of purchase	3-4 times per year	Every few years	At least every 3 months	Once or twice a year	Rarely	Rare	As little as possible	Once a year
Budget allocated per month	100-150 lei	0 lei	15-20 lei	25-30 lei	0 lei	100 lei	60-80 lei	10 lei

5. Conclusions

The free discussion highlighted the preferences of the respondents regarding online purchasing, 7 out of 8 subjects shopping online through the online system and 6 of them ranking this system as a preferred way to shop. Subject 1 states that it is convenient and fast, Subject 3 declares that it's simpler and can compare the price on other sites in a shorter amount of time, Subject 4 thinks that he can buy anytime and it is easier, Subject 6 considers that it is easier and faster, Subject 7 believes it is comfortable and he can also carefully study from his own house the details and attributions of the products or services he wishes to purchase, and Subject 8 states he is a comfortable person and therefore prefers online shopping.

Many views were expressed against modern distribution systems. Subject 8 even stating they were annoying and considering them a sect because of their disturbing way of presenting products and services. Subject 1 said that in commercial centres in Braşov he felt annoyed by Avon representatives. Subject 2 considers that these systems are a waste of time for those involved because it invests too much for earnings and Subjective 4 considers it a long-lasting method and the people who present their products insist very much.

Subject 7 sees them as a good service in many ways but prefers others, trying to purchase products and services as little as possible, except for cases of necessity or too much lightness.

Instead, Subject 3 has a good opinion of modern distribution systems, believes that the products offered are of high quality and often buy them on offer, buy at least once every 1-3 months and spends about 15-20 lei monthly for products from Avon and Oriflame. Subject 6 frequently buys products from these systems, pretending Herbalife and allocating monthly 100 lei for products.

Analysing the responses of the focus group participants, we can see that the respondents see a modern system of distribution, namely an MLM system, as an easy and convenient way of purchasing prongs and services, a method based on sales from catalogues and sales of various produced through face-to-face presentations to put more pressure on the consumer. They see a pyramid on which Avon counsellors are based, followed by those who give the catalogue to customers, then there are their higher coordinators in the pyramid and so on up to the top of the pyramid. Earnings can potentially increase at each level according to the results of that level.

Subjects give examples largely to Avon and Herbalife, and remember when they were young and some ladies came to their mothers with some nice-looking books and thinking their motto should be: You sell – You win!

When it comes to a modern distribution system and more precisely to a multilevel marketing system, the subjects are thinking about pyramidal sales systems and about people coming to the door to present to the clients miraculous products.

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