

# **FACTORS THAT INFLUENCE DISTRIBUTOR SATISFACTION WITHIN MULTI-LEVEL MARKETING IN SOUTH AFRICA**

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## **ABSTRACT**

**Purpose of the study:** Limited research has been done in South Africa's MLM industry, particularly pertaining to distributor satisfaction and the factors that influence distributor satisfaction. This study aims to determine the factors that influence distributor satisfaction within multi-level marketing (MLM) in South Africa.

**Design/methodology/approach:** The study considered existing literature and was quantitative and descriptive in design. Non-probability convenience sampling was used to draw the sample through self-administered online questionnaires via Google Forms, which resulted in a total of 376 questionnaires collected for data analysis from distributors of health and wellness MLMs in South Africa.

**Findings:** A standard linear regression analysis was also conducted. Results indicated that the method of diffusing business opportunity, the perceived quality of the recruitment process and the perception of products and services predict distributor satisfaction within health and wellness multi-level marketing (MLMs) in South Africa.

**Recommendations/value:** It is crucial for health and Wellness MLM businesses in South Africa to improve their distributor satisfaction.

**Managerial implications:** Health and wellness MLM businesses in South Africa who want to improve their distributor's level of satisfaction can focus on improving the method of diffusing business opportunities and aim to improve the perception that the distributors have of the recruitment process as well as products and services.

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**Keywords:** distributor; distributor satisfaction; multi-level marketing (MLM);

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**JEL Classification:** M31; M12

## 1. INTRODUCTION AND BACKGROUND TO THE STUDY

Globally, the MLM industry has grown in popularity and is becoming an appealing and important industry (Mahapatra *et al.*, 2021; Tajti 2021). MLMs, also known as network marketing or direct selling, are businesses that recruit independent distributors to market and sell their products to customers (Groß & Vriens 2017; Mather *et al.*, 2017; Nga & Mun 2011). Consequently, the business cuts out the middleman and sells to customers directly, which saves money (Mahapatra *et al.*, 2021).

Growing MLM industries are creating job opportunities since anyone from any background can become a distributor, and training can be provided when starting at an MLM business (Choudhary, 2013). The primary motivation for joining an MLM, however, is to benefit from the additional income that can be created while continuing to work a full-time job and taking only little financial risks to launch a business (Mahapatra *et al.*, 2021). Since financial security is achievable for eager and motivated distributors, MLM enterprises provide distributors with a viable alternative to the corporate workplace (Burch, 2016). It is worthwhile to investigate the footprint of the MLM ecosystem in South Africa because an MLM business model has benefits for the distributor, particularly in terms of generating additional money and obtaining entrepreneurial experience (Heng & Ng, 2020). This is especially important in developing countries such as South Africa, where the high unemployment rates and MLMs give people the opportunity of becoming financially independent (Li *et al.*, 2016; Nga & Mun 2011). Furthermore, distributors now have the opportunity to market and sell to millions of individuals globally due to the flexibility of working from home and the growth of the Internet and social media platforms (Bala & Verma 2018).

Therefore, it's critical for MLM businesses to understand that to meet sales targets and ultimately succeed over the long term in this competitive industry, it's fundamental to offer value for both customers and distributors (Purcaru *et al.*, 2022). Given that distributors are in charge of finding new distributors and keeping them inspired to sell the products of MLM businesses, it is evident that distributor satisfaction is essential to the success of an MLM business (Kwee-Fah *et al.*, 2016; Mahapatra *et al.*, 2021). The primary objective of the study is, therefore, to determine the factors that influence distributor satisfaction within multi-level marketing (MLM) in South Africa. This study effectively adds to the multi-level marketing literature in a number of ways, including determining what factors can increase distributor satisfaction within health and wellness MLMs in South Africa.

## 2. RESEARCH PROBLEM, PURPOSE AND OBJECTIVES

MLM businesses, therefore, can significantly contribute to economic development while also improving living standards and teaching critical interpersonal and communication skills (Choudhary, 2013), especially in a developing country such as South Africa, where high unemployment rates are negatively impacting the economy (Nadlifatin *et al.*, 2022; Sere & Tchereni, 2020). As a result, unemployed people can earn extra money by joining an MLM business (Jain *et al.*, 2015). This means that the satisfaction of distributors is essential for the success of MLM businesses since distributors are in charge of finding and inspiring new distributors, as well as marketing and selling products for the MLM business (Kwee-Fah *et al.*, 2016; Mahapatra *et al.*, 2021).

Various factors can have an influence on distributor satisfaction, including the method of diffusing business opportunity, perceived quality of the recruitment process, perceived quality of training, perception of products and services, and upline support opportunity (Kwee-Fah *et al.*, 2016).

Therefore, the objective of this study is to determine the factors that influence distributor satisfaction within health and wellness MLMs in South Africa.

## 3. LITERATURE REVIEW

The literature review will focus on distributor satisfaction and the various factors that can influence this in the health and wellness MLM industry. This includes the method of diffusing business opportunity, the perceived quality of the recruitment process, the perceived quality of training, the perception of products and services and upline support.

### 3.1 The South-African MLM industry

Due to a rise in health consciousness and altering lifestyles, consumer preferences have dramatically changed (Singhal, 2017). In 2020, the MLM industry saw the emergence of two prominent niches: wellness (36.2%) and cosmetics/personal care (26.2%) (WFDSA, 2020). MLMs took advantage of the pandemic's enhanced health consciousness and desire to spend in wellbeing by using social media (Crimmins, 2021; Bradley & Oates, 2021). The health and wellness MLM industry is anticipated to quadruple in size due to increased consumer awareness in an era of easily accessible health information (Costanzo & Costanzo, 2019; Kaur & Kumar, 2020). However, this growth is accompanied by worries about overselling and unproven promises (Keep & Nat, 2014). MLM health and wellness sales soared during COVID-19 and maintained momentum by adjusting to changing consumer priorities (Hayes,

2021). Market saturation has fuelled the growth of international MLM, which frequently thrives during economic downturns and provides income prospects even to those with lower levels of education, especially in areas where unemployment is a problem (Franco & Gonzalez-Perez, 2016). MLM plays a crucial role in job creation, particularly in emerging nations, addressing issues with unemployment and economic expansion (Tajti, 2021). High unemployment and slow growth in South Africa led to MLM participation as a means of generating revenue (Jain *et al.*, 2015). However, the effects differ depending on the socioeconomic setting, being more evident in developing countries (Tajti, 2021). MLMs have the capacity to improve the status of women and close gender disparities (Scott *et al.*, 2012). The appeal of MLMs is their ability to supplement income, offer reduced products, and provide an alternative to traditional employment (Heng & Ng, 2020). In light of this context, the research focuses on South Africa's health and wellness MLM industry with the goal of analysing its socioeconomic, economic, and employment ramifications. The study looked at the following 10 identified MLM's as illustrated in Table 1.

Table 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)
Organo 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)

### 3.2 Distributor satisfaction

Distributor satisfaction is defined as the perception of the performance and service of an MLM business in terms of various elements, including the products, upline, or downline, that is equal to or better than the expected outcome (Ali *et al.* 2021; Homburg *et al.* 2002; Kim 2010; Omolade & Otori, 2020; Ruefenacht, 2018). Distributors who are satisfied with the MLM business are more likely to keep promoting it and suggest its items to their customer networks (Mansouri & Unanoğlu, 2022). Various factors can influence distributor satisfaction, including the method of diffusing business opportunity, perceived quality of the recruitment process, perceived quality of training, perception of products and services, and upline support (Kwee-Fah *et al.*, 2016). These factors will subsequently be discussed.

#### 3.2.1 The method of diffusing business opportunity

The first purchase made by the distributor constitutes the diffusion of the business opportunity in MLM businesses, which is how the MLM business conveys the business opportunity to the distributor (Mansouri & Unanoğlu, 2022). Following this purchase, the distributor will be in charge of finding an active downline for the MLM business and selling the products (Mansouri & Unanoğlu, 2022). According to Lee and Loi (2016), the main factor influencing distributor satisfaction with the MLM industry is the business opportunity. As a result, it is crucial for MLM businesses to disseminate the finest business opportunities to the distributors and to continuously ensure that the necessary information is delivered.

Since a compensation scheme that pays the distributor makes it more appealing to prospective MLM distributors, motivating distributors to succeed necessitates distributor satisfaction (Kwee-Fah *et al.*, 2016). In light of this, 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.*

#### 3.2.2 Perceived quality of the recruitment process

During the recruitment process, a distributor approaches a prospective recruit and provides them with more information about the MLM business opportunity if the prospect is interested (Mansouri & Unanolu, 2022). The long-term success of MLM businesses depends on distributor recruitment (Koroth & Sarada, 2012), and therefore, distributors are urged to actively seek out new distributors in order for the MLM business to grow (Heng & Ng, 2020). The recruitment process creates opportunities for employment that are widely accessible and boosts the economies of especially developing countries like South Africa (Nadlifatin *et al.*, 2022).

Similarly, to entice prospects to join the MLM business, similar extra benefits, such as distributor discounts and incentives, should be offered (Heng & Ng, 2020). Previous studies have shown that a distributor's recruitment strategy and the distributors' level of satisfaction after being hired impact whether a prospect is willing to be recruited (Kwee-Fah *et al.*, 2016).

In light of this, it is hypothesised that the perceived quality of the recruitment process may impact distributor satisfaction. Therefore:

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

### **3.2.3 Perceived quality of training**

The opportunity to build personal skills is one of the main benefits of MLM businesses (Choudhary, 2013; Roman *et al.*, 2021). As a result, MLM businesses should create strategic training programs to instruct distributors in the areas where they lack knowledge and abilities in order to guarantee effective outcomes (Kwee-Fah *et al.*, 2016). In order to develop and strengthen a distributor's competency and raise the success rate, a high-quality training program is necessary (Keong & Dastane, 2019). With proper training, new recruits will feel more at ease as they understand the process and have the necessary knowledge with the MLM business and products (Keong & Dastane, 2019). A distributor's capabilities are also greatly improved through sales training, which raises distributor satisfaction. Furthermore, training will improve a distributor's ability to persuade potential customers and have an effect on distributor satisfaction (Kwee-Fah *et al.*, 2016). A quality training program is therefore necessary, according to prior studies, to develop, enhance, and reinforce a distributor's competency and raise success rates (Keong & Dastane, 2019).

In light of this, 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.*

### **3.2.4 Perception of products and services**

MLM businesses sell goods and services directly to customers by means of their network of distributors, which means that MLM products are not normally sold in physical locations (Kwee-Fah *et al.*, 2016; Roman *et al.*, 2021). Since products can be sold to the distributor's friends and family, MLM becomes more appealing to distributors (Heng & Ng, 2020). In order for distributors to consistently secure consumers and sales, they must have a thorough understanding of the goods and services available on the market (Ruefenacht, 2018).

Customers are more likely to be pleased with products that offer good value, are purchased from reliable sources, are practical, and have adequate knowledge and research behind them (Joshni, 2014). Customers will be more inclined to trust an MLM business if it offers high-quality goods and services and produces better and more inventive products every year (Roman *et al.*, 2021). As a result, the business will have a stronger reputation with customers. Additionally, MLM businesses should focus on adding value, promoting membership recruitment, and word-of-mouth advertising (Heng & Ng, 2020).

Customers and distributors are more likely to be satisfied with an MLM business if it offers high-quality goods and services and creates new, improved items every year (Roman *et al.*, 2021). Instead of just talking about the compensation plan, the distributor will be considerably more successful in persuading prospects to join if they concentrate on the benefits and innovation of the product (Kwee-Fah *et al.*, 2016). This will, in turn, have an impact on distributor satisfaction.

In light of this, 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.*

### 3.2.5 Upline support

In the same MLM network, the individual who brought the new distributor into the MLM business becomes the distributor's upline (Mansouri & Unanolu, 2022). The upline is in charge of finding, educating, and guiding the downline; in exchange, the upline is paid for the volume the downline generates (Koroth & Sarada, 2012; Nadlifatin *et al.*, 2022). To ensure a successful long-term business for the upline and downline, support, inspiration, direction, and help should be continuously provided (Kwee-Fah *et al.*, 2016; Loi, 2015). Similar to this, a distributor's upline must assist them because they frequently deal with them directly rather than management (Isa *et al.*, 2012), which is important for morale, motivation, training, development, and mentoring. Importantly, for each party to meet its objectives and get financial rewards, a healthy relationship between the upline distributor and the downline is essential (Kwee-Fah *et al.*, 2016; Mansouri & Unanolu, 2022). As a result, Lee and Loi (2016) discovered that a distributor's performance and level of satisfaction in an MLM business are influenced by the support they receive from their upline. Since the downline depends on the upline for support and encouragement and because friendships are certain to form, the relationships between the upline and downline are particularly strong in the early stages of

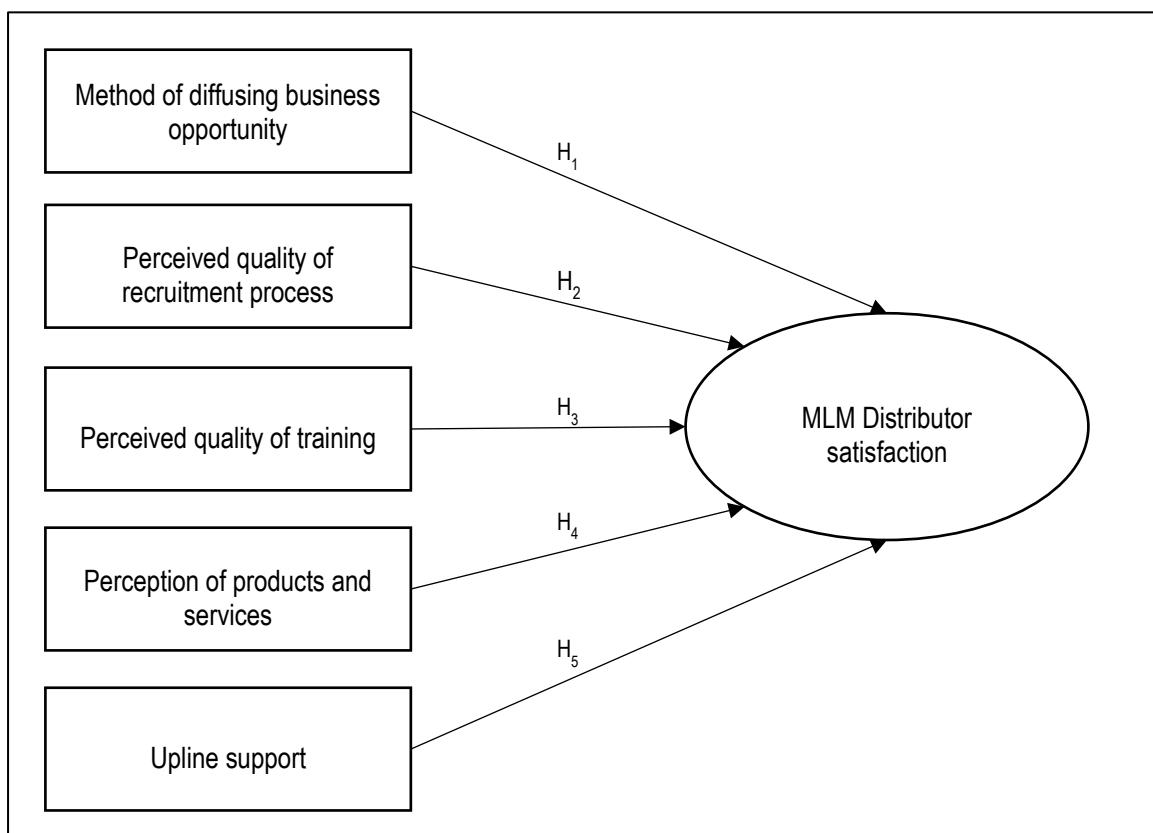
recruiting (Koroth & Sarada, 2012). To effectively launch the business and make it sustainable, the upline must exert influence on and assist the new hire (Keong & Dastane, 2019). According to research by Koroth and Sarada (2012), a distributor is more likely to be satisfied with the business prospect if they receive more upline support.

In light of this, it is hypothesised that upline support may impact distributor satisfaction. Therefore:

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

From the above discussion, the conceptual model is illustrated in Figure 1.

**Figure 1: Factors that influence distributor satisfaction within multi-level marketing in South Africa**



Source: Conceptual model

#### 4. RESEARCH METHODOLOGY

After careful consideration, it was determined that a descriptive research design was required to gather the primary data for this study. The target population comprised of existing active distributors of one of the top ten South African health and wellness MLM businesses who are at least 18 years old. The respondents must have been a distributor for their MLM business for at least six months in order to qualify.

The Protection of Personal Information Act of 2021 (POPIA, 2021), which guarantees the non-disclosure and privacy of information in South Africa, also made it impossible to get a sample frame for this research project. So, to find potential volunteers for this research study, a nonprobability sampling technique was adopted. There were three nonprobability sampling techniques used: convenience sampling, chain referral sampling, and quota sampling. Data was collected by means of a computer-administered survey, where the scale of distributor satisfaction was developed by existing scales from Kwee-Fah *et al.* (2016). The gathering of the data occurred in the months of June and July 2022, where a final sample size of 376 had been realised.

The Statistical Package for Social Sciences (SPSS) program (version 27) was used to edit, analyse, and calculate the primary data, which was then transferred to the NWU (Potchefstroom Campus) Statistical Consultation Services.

To create a sample frame for this research project, the frequencies were determined. Furthermore, to describe respondents' distributor satisfaction with their MLM business, descriptive statistics (means and standard deviation) and inferential testing were utilised. Using a CFA as well as construct, convergent, and discriminant validity, the data's validity was verified. Additionally, Cronbach's alpha coefficient values were used to assess the constructs' reliability. The study's hypotheses were then put to the test utilising customary linear regression analysis.

## 5. FINDINGS OF THE RESEARCH

In this section, the findings of the research is explained in terms of the demographic profile of the respondents who participated in the study, the respondent's satisfaction with the various factors influencing distributor satisfaction and the hypotheses testing.

### 5.1 Demographic profile of respondents

The majority of the respondents in this research study were female (97.07%), had completed high school/Grade 12 (39.73%), had a college degree (23.73%), and were either working full-time (38.93%) or self-employed (37.87%).

### 5.2 Respondents' satisfaction with their MLM business and factors

The objective of the satisfaction measurement was to determine the respondents' level of satisfaction towards their MLM business. Three statements from Kwee-Fah *et al.* (2016) were utilised to calculate the distributor's satisfaction ratings on a six-point Likert scale with no labels, where 1 represents strongly disagree, and 6 strongly agree. The means and standard

deviation (SD) for the statements measuring distributor satisfaction are summarised in Table 2.

**Table 2: Respondents' satisfaction with the MLM business**

	Statement	Mean	SD
	<b>Distributor satisfaction</b>	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 an MLM distributor is enjoyable.	5.25	1.12
DS3	I am satisfied with my overall experience with the MLM business.	5.18	1.14

Source: Own compilation compiled

Table 2 shows that most respondents (mean = 5.25 and SD = 1.12) agreed most with the statement DS2 "I feel my job as an MLM distributor is enjoyable". However, the respondents also agreed with the statements DS3 "I am satisfied with my overall experience with the MLM business", and DS1 "The MLM business always shows interest in the concerns and needs of the distributors" (mean = 5.18 and SD = 1.10). average scores are still around the higher end of the agreement scale, showing that respondents generally agreed with all the statements used to measure distributor satisfaction.

Five factors were employed to evaluate distributor satisfaction in the MLM industry during a prior study by Kwee-Fah *et al.* (2016), including 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 factors is illustrated in Table 3.

Table 3: Factors influencing distributor satisfaction

	Statement	Mean	SD
	<b>Method of diffusing business opportunity</b>	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
	<b>Perceived quality of recruitment process</b>	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
	<b>Perceived quality of training</b>	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
	<b>Perception of products and services</b>	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
	<b>Upline support</b>	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

Source: Own compilation compiled

With regard to the method of diffusing business opportunity, the respondents largely agreed with the following statement: DBO2: "I am satisfied with the opportunity for advancement in the MLM business" (mean = 5.19 and SD = 1.15). In contrast, respondents also concurred

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with 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).

In terms of the perceived quality of the recruitment process, respondents were required to rate their agreement with a set of items on a six-point Likert scale, with 1 representing strong disagreement and 6 representing strong agreement.

With regard to the perceived quality of the recruitment process, table 3 shows that the majority of respondents agreed with PQR1, "I felt comfortable with the way the person introduced me to the MLM business", and PQR4 "I was provided with the relevant information about the business opportunity before signing up" (mean = 5.38 and SD = 1.07) respectively. The responders (mean = 4.53 and SD = 1.59) also concurred with PQR3: "It has been good for me recruiting friends, relatives, neighbours, and co-workers." The means scores are still around the higher end of the agreement scale, showing that respondents generally agreed with all the statements used to measure the perceived quality of recruiting process, even if respondents least agreed with PQR3.

In terms of the respondents' perceived quality of training, the majority of respondents agreed with PQT1, "In my opinion, the trainers were well prepared for the training", and PQT3 "I feel that I have received the necessary amount of training in this MLM business" (mean = 5.34 and SD = 1.14) respectively. It's interesting to note that the standard deviation (SD) for all three statements examined was 1.14. Although statement PQT3 was the one that respondents agreed with the least, the average score was still quite high. This shows that the statements measuring the perceived quality of the instruction were widely accepted by the respondents.

Next, with regard to the respondents' perceptions of products and services, the respondents largely concurred with PPS2: "The MLM business can provide complete information on its product/service" (mean = 5.62 and SD = 0.83). It's notable that respondents (mean = 5.22 and SD = 1.14) agreed that "The MLM business has a channel for consumer feedback and response" in PPS1 was true. The mean score is on the higher end of the agreement scale, showing that respondents generally agreed with all the statements used to gauge respondents' perceptions of goods and services, even if the respondents least agreed with statement PPS1.

Lastly, in terms of the upline support, the majority of respondents agreed with the statement UP1, "I think that my upline is competent in the job he/she is doing" (mean = 5.46 and SD = 1.08), and they also agreed with the statement UP2 "My upline always shows interest in the concerns and needs of his/her downline" (mean = 5.36 and SD = 1.21). The mean score is on

the higher end of the agreement scale, showing that respondents generally agreed with the statements reflecting upline support, even if respondents least strongly agreed with statement UP2.

### 5.3 Hypothesis testing

The study's hypotheses were then put to the test utilising customary linear regression analysis. Table 4 and 5 indicates the model fit measures, the model coefficients and the assumption checks.

Table 4: Model fit measures and assumption check

Model	R	R2
1	0.846	0.716
	VIF	Tolerance
MDBO	2.89	0.346
PQRP	3.96	0.253
PQT	3.46	0.289
PPS	2.67	0.374
UP	2.13	0.470

Source: Own compilation compiled

From Table 4, it is evident that multicollinearity is not a problem as VIF > 4 and the tolerance is < 0.20.

Table 5: Model Coefficients of Distributor Satisfaction

Predictor	Estimate	SE	t	p	Stand. Estimate
Intercept	0.65317	0.1870	3.494	<.001	
MDBO	0.49110	0.0442	11.101	<.001*	0.52308
PQRP	0.23610	0.0525	4.497	<.001*	0.24799
PQT	0.03256	0.0496	0.656	0.512	0.03382
PPS	0.11952	0.0518	2.305	0.022*	0.10445
UP	0.00758	0.0413	0.184	0.854	0.00743

Source: Own compilation compiled

It is clear from Table 5 that the standard estimates indicate the strength of the relationships, and MDBO (0.52308), PQRP (0.24799) and PPS (0.10445) have the strongest influence. Similarly, the independent variables for  $MDBO < .001$  (method of diffusing business opportunity),  $PQRP < .001$  (perceived quality of recruitment process), and  $PPS < .022$  (perception of products and services) are statistically significant at  $P < 0.05$ . This means that the following Hypotheses can be approved/disproved, as illustrated in Table 6.

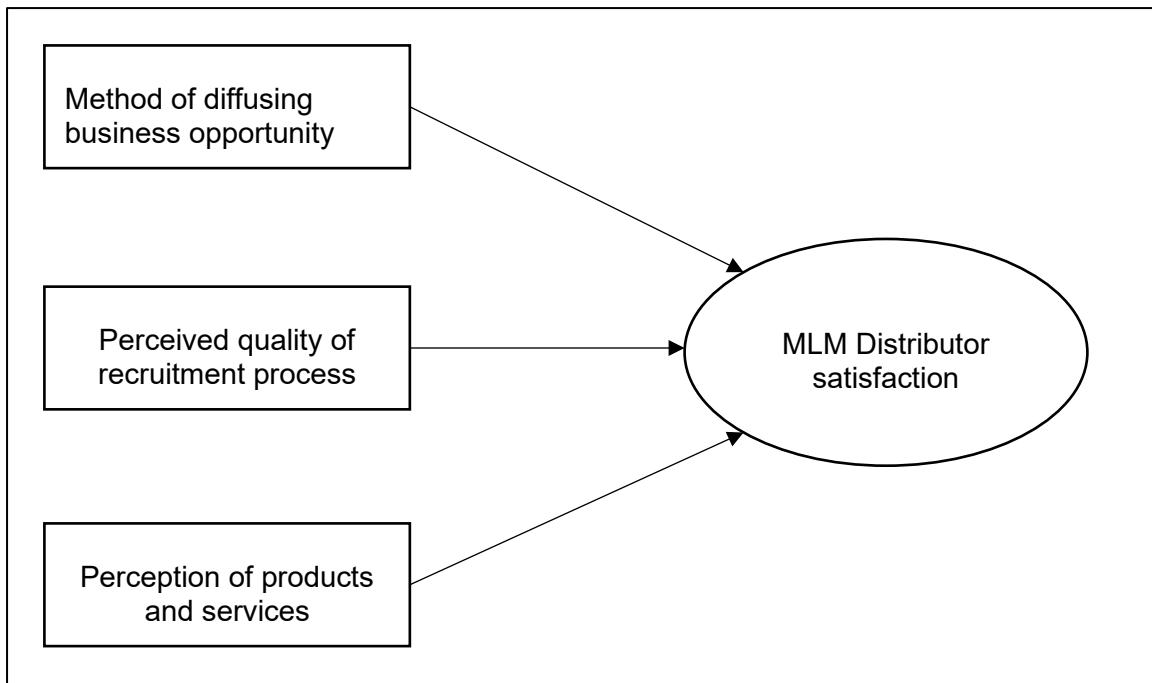
Table 6: Hypothesis testing

Hypothesis	Result
H1	Method of diffusing business opportunity has a positive and significant impact on distributor satisfaction.
H2	Perceived quality of the recruitment process has a positive and significant impact on distributor satisfaction.
H3	Perceived quality of training has a positive and significant impact on distributor satisfaction.
H4	Perception of products and services has a positive and significant impact on distributor satisfaction.
H5	Upline support has a positive and significant impact on distributor satisfaction.

Source: Own compilation compiled

The standard linear regression results revealed that MDBO (method of diffusing business opportunity, PQRP (perceived quality of recruitment process) and PPS (perception of products and services) had a significant positive impact on distributor satisfaction (supporting H1, H2 and H4). However, a non-significance impact was found on H3 and H5, indicating that the perceived quality of training and upline support has no impact on distributor satisfaction in South African health and wellness MLMs. This is also illustrated in Figure 2, which indicates the significant relationships.

Figure 2: The significant factors that influence distributor satisfaction within multi-level marketing in South Africa



Source: Own compilation

## 6. DISCUSSION, THEORETICAL AND MANAGERIAL IMPLICATIONS

Based on the findings, respondents indicated that they are currently satisfied with their MLM businesses. Furthermore, a standard linear regression was conducted to determine the influence that the method of diffusing business opportunity, perceived quality of recruitment process, perceived quality of training, perception of products and services and upline support have on distributor satisfaction. Based on the results, a theoretical contribution was made due to the fact that not all the factors (as tested in other countries), were found to be significant contributors to distributor satisfaction in South Africa. This means that the method of diffusing business opportunity, perceived quality of the recruitment process, and perception of products and services significantly positively impacted distributor satisfaction in South African health and wellness MLM businesses. In South Africa, the perceived quality of training and upline support that the distributors received did not significantly influence distributor satisfaction. This means that MLM businesses in South Africa who want to increase their distributor satisfaction can focus on improving the method of diffusing business opportunity, increasing the distributor's positive perception of the recruitment process as well as improving the perception that the distributors have of the offered products and services as these are predictors of distributor satisfaction in health and wellness MLM's in South Africa.

## 7. LIMITATIONS AND FUTURE RESEARCH

The theoretical limitations involve the limited number of academic articles and research on the MLM industry, especially with regard to the South African health and wellness MLM industry. Similarly, limited research has also been conducted to determine the influence of various factors on distributor satisfaction in the MLM industry. Furthermore, some empirical limitations include the fact that data cannot be generalised and a sampling frame was not available.

Future research can include a global MLM market and different MLM business categories. Furthermore, future research can also be done to determine distributor loyalty, distributor trust and the factors that can have an influence on them. It would also be interesting to determine the customer perception, brand loyalty, customer satisfaction and customer engagement with distributors of MLM businesses in South Africa or globally.

## 8. CONCLUSION

This article effectively adds to the multi-level marketing (MLM) literature in a number of ways. Firstly, the article advances knowledge of the factors that influence distributor satisfaction in the multi-level marketing industry in South Africa. The study also advances the theoretical understanding of distributor satisfaction and multi-level marketing in South Africa.

Consequently, within the health and wellness MLM industry of South Africa, the method of diffusing business opportunity, perceived quality of the recruitment process and perception of products and services were found to predict distributor satisfaction.

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