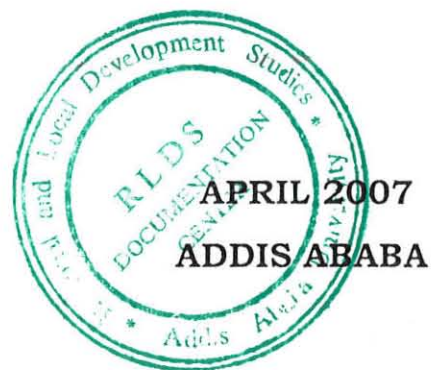


ADDIS ABABA UNIVERSITY  
SCHOOL OF GRADUATE STUDIES  
INSTITUTE OF REGIONAL AND LOCAL DEVELOPMENT  
STUDIES

THE SOCIO-ECONOMIC IMPLICATION OF NETWORK  
MARKETING IN ADDIS ABABA:  
THE CASE OF GOLD QUEST INTERNATIONAL.

BY  
BEHREDIN MENSUR

A thesis submitted to the School of Graduate Studies of  
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and local development studies



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## Acronyms

**BOM:** Business opportunity Meeting

**E-card:** Electronic card

**E-commerce:** Electronic commerce

**FTC:** Federal Trade Commission

**GQI:** Gold Quest International

**MLM:** Multilevel Marketing

**NWM:** Network marketing

**PPS:** Product based Pyramidal Scheme

**QI:** Quest International

**QSC:** Quick Start Commission

**SGM:** Safeguarding Mechanism

**SAIC:** State Administration of Industry and Commerce

**UV:** Unit Volume

**WB:** World Bank

**WFDSA:** World Federation of Direct Selling Association

## Operational definitions

**Circle of Influence:** The people around us who accept anything we say without deeper understanding of the matter or individuals who trust us very much.

**Commission:** A compensation fee paid either in money or in other forms by the company to an individual who advertises and makes the company to sell the product or service.

**Down-line:** All of the NWM distributors who are recruited under a given distributor and from whom are generated overrides on product sales.

**E-card:** A company card like credit cards which have an amount used for purchasing a company's product.

**E-commerce:** All financial and economical transactions that take place electronically.

**Foreign exchange:** Transaction of international monetary business, as between governments or businesses of different countries or money drawn from one country to be paid in another country.

**Legal framework:** Legal and administrative regulations which can be seen as fundamental for any activity.

**Numismatic:** Products that have limited edition and collectable.

**Participants:** Individuals who engaged in the business network marketing. For this paper it has the same meaning with Promoters, Distributors, and Salespeople.

**Quick Start Commission:** A commission paid after 1UV product sold in both sides (left and right) for the first time. In GQI the amount is 50 USD, which is paid in advance and will be reduced from the 250 USD (3left and 3right) commission later.

**Recruitment:** The practice of identifying and adding new members to the network.

**Tax:** A contribution for the support of a government required of persons, groups, or businesses.

**Up-line:** The direct line of distributors who are above a given distributor in the NWM distributor hierarchy and receive overrides from his/her sales or purchases. For the paper it has the same meaning with sponsor.

**Unit Volume:** The value/volume a specific product or service occupied based on the companies labeling.

**Words of Mouth Advertisement:** Is the informal exchange of positive and negative information between individuals about a particular product or service.

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# The Socio-Economic Implication of Network Marketing In Addis Ababa: The Case of Gold Quest International

## Abstract

*The purpose of this study is to assess the general socio-economic implication of network marketing in Addis Ababa. Due to the youngness of the industry in the country, hardly any studies have been made on this area; therefore, this study was initiated to fill the knowledge gap that exists in this particular area and it was conducted by taking the sample participants of Gold Quest International (GQI). This company is one of the pioneers NWM Companies in Ethiopia.*

*The objective of this study is to briefly assess the general socio-economic implications of network marketing in Addis Ababa with special reference to Gold Quest international. In doing so, the economic contribution of the business, in the form of taxes and employment opportunity, and the social implication as to what societal values the customers get/lose from the technologies and knowledge transfer were assessed*

*To achieve this objective, both qualitative and quantitative research methods were used. The study involved 96 participants of the business, five case studies and a group discussion.*

*The result of the study shows that most NWM business participants are young, male, unmarried and educated. The business created employment opportunity and personal development for them. Moreover, as the majority of respondents indicated, the business helped them build new relationships and even strengthened their previous relations. Almost all participants (97%) of the business documented that they did not get financial benefit, which was their major reason for their involvement in the business. The business does not have rules and regulations for its activity in the country.*

*It is concluded from the study that network marketing helps create many important societal values if it is done with its true concepts. In this regard, it is also observed from the focus group discussion that individuals should join the system to use the product and/or service as their primary objective then the financial benefit comes afterwards. Moreover, it is recommended that existence of rules and regulations for its activity in the country will help develop the business and help the participants to acquire its benefits.*

# 1 INTRODUCTION

## 1.1 Background

Globalization is an accepted phenomenon of the 21<sup>st</sup> century. It refers to increasing global connectivity, integration and interdependence in the economic, social, technological, cultural, political, and ecological spheres which increasingly binding people and the biosphere more tightly into one global system (wikipedia,2006).

Globalization leads toward flexible, dispersed production, fast growth of new communications and information technologies, and the increased mobility of capital and labor (Marina et al, 2001). The fast development of technology, combined with increased global competition and more stringent customer demands put strong pressures on companies to improve the quality of their products and processes. The pressure to do more with less inevitably forces companies to focus on few, unique, hard to imitate and distinctive core competencies, by establishing a customer network to sell and advertise their products and services (Omta et al, 2001).

Customer network has a tremendous power to get potential customers' attention and sell products in a market that is over-saturated with product messages. After all, recommendation from a trusted friend or family member is the best way to convince a potential customer to purchase a new product or service. As a result, companies are increasingly turning to customer network as a panacea in a market where there is increasing competition for customers' attention, and where communication channels and market segments are highly fragmented (Marina et al, 2001). Customer network has a central part in network marketing, since, customers are forming networks and help the company's to sell its products and services through the recommendation they made for other individuals.

Network marketing consists of two words; network and marketing. Network refers to interaction or engagement in informal communication with others for mutual support; and marketing refers to the act of buying and selling in the market. Thus, network marketing is a process of selling products, services, information or business opportunities through personal or individual relationships with family, friends, coworkers and a variety of others. The main focus is not only on selling the particular commodity, but also encourages the purchasing parties' involvement in selling the product or services for others. In return, these people often receive discounted products or services as well as monetary compensation; usually the more people an individual get involved in this method of self benefiting product distribution, the more benefits or rewards he/she receive. Therefore, network marketing is not necessarily about personally selling a lot of product, although some distributors do. It is about using, recommending and selling the product and finding a lot of others to do the same (Richard B. 2004). Hence, distributors in network marketing have two key functions, namely selling the products and recruiting new distributors to do the same.

Direct selling, the forefather of NWM, originated in the mid 1800's in the United States. However, it was only since 1929 that NWM had its beginning. In that year the term friendship marketing was coined. In 1934 a company called "Natrillite products" was formed. It was in 1959 a major court victory was won against the Federal Trade Commission validating the legitimacy of NWM. At that time, some industry standards and guidelines were introduced and since then they have become formalized.

According to Kim (2006), in the past, business leaders have dismissed NWM as an inferior sales distribution channel. Today it is known as a legitimate, very powerful and respected way to distribute products and earn substantial income in most developed countries. It has grown into one of the driving force of the 21st century's economy. It is now regarded by many business leaders as a business of the future and above 3000 companies around the world use this type of

strategy. In USA only, there are more than 1,000 network marketing firms distributing over 50 billion USD a year in goods and services (Richard, 2004). As WB, statistics indicates about 50 percent of all world trade transactions will be carried out through NWM method by 2010.

However, NWM is also one of the most problematic business models as well. It is because most NWM programs' show all the defects and characteristics of a pyramidal scheme.

Pyramidal schemes, as currently defined by Wikipedia (2006), are plans which:-

1. "Concentrate on the commission you could earn for recruiting new distributors", and which
2. "Generally ignore the marketing and selling of products and services"

In this case, a few at the top of the pyramid will benefit at the expense of the investments in product purchases by those in down-line. Though, considered benign by many, its insidious and corrupting influence and financial and social harm suffered by participants is considerable. It is argued that the number of illegal pyramidal schemes has grown rapidly all over the world especially since the last 15 years.

## 1.2 Statement of the problem

Network marketing is based on the concept that all individuals have their own circle of people they know from circumstances of their daily lives and each of these people will have their own circular acquaintances, colleagues, families and friends. The summation of the network justifies that everybody will have a big domain of potential customers to advertise a particular product for and start his/her own business with them.

Literatures reveal that NWM is not a new business idea for our planet. It was started 5 decades ago. In Ethiopia, there are few network marketing companies that started their business for different reasons. However, it is hard actually to pinpoint when exactly NWM has started in the country. According to Izra (2007), NWM introduced in the country by a Philippine citizen in 2002; at that time, 20 individuals were involved. However, the business was not long lasting at that time because the Philippine does not return after he went to his country. NWM has got the country's public recognition after an Ethiopian captain brings in the GQI business again in 2004.

Recently there are 21, 15 domestic and 6 foreign, network marketing companies in the country (Izra, 2007). Gold Quest International, my seven diamonds, Best net, Dxn, Gentle Net, Amega global, Ethio ammoy and Adolis are some examples of NWM companies that are found in Ethiopia. However, the most widely distributed NWM company in the country is Gold Quest International (GQI).

GQI a multinational company licensed in British Virgin Island (BVI) as Gold Quest international in 1998. As the company practices NWM, GQI sells its products and services directly to customers, by customers' promotion through e-commerce, thereby saving media advertisement cost; it shared with its customers in the form of commission paid by binary plan. Binary plan is a multilevel marketing

compensation plan, which allows customers to have only two front-line distributors (Reese, 1997).

In Ethiopia, it is estimated that more than 10,000 individuals are participating in GQI. Even if, there is no legal protection for the agreement between the company and the customers in the country's legal framework the number of GQI participants were growing very fast in the early stages. However, nowadays the business is not moving as fast as in the early period.

As the business/industry NWM/ is new for our country, Ethiopia, there were many debates conducted at different places like Addis Ababa University regarding its socio-economic implications on individuals' life as well as on the society as a whole. The controversy on this matter seems unending and so is the number of people that ally themselves in either of the wings are increasing.

Some say NWM it has negative implications for the country development by:-

- Shifting human resource from productive sectors and seriously affects the productive capacity of the country. Professionals that are expected to bring some changes for their country are leaving their job to promote a product or service of a company.
- A few at the top of the pyramid will profit at the expense of others. Many people entering the business (seem) do not benefit from it. At the end of the day it will create social crises.
- The product sold in this business does not cost that much. In a debate held in Addis Ababa University, may 2, Ato Shewalemaw Menji, from National Lottery Administration, said that " the watches that are worth 100 USD are sold for 570 USD reaping 470 USD under the pretext of giving commission is beyond

unfair". Therefore, it makes the business a pyramidal scheme and it shifts saving that could have been used for productive purpose.

- If the company is a foreign based, the money invested to buy the products or services may increase foreign exchange loss. As a result there will be an increase in the prices of essential imports like petroleum and pharmaceutical.

On the other hand, some say it has positive implications for countries development by mentioning the following points:-

- Even if, it has a foreign exchange loss in the short term, seeing foreign exchange only does not lead us whether it has a negative or positive effect; we have to examine the other benefits (personal development, employment opportunity, diffusion of technology, knowledge, helping other, and creating many important social values) it provides to individuals and a society as a whole.
- In the end, there is a possibility of gaining; from the earning of foreign exchange by expanding the business abroad so that, there will be only foreign inflow.
- It is a result of globalization; we could not avoid. Therefore, we have to use it in a way that would benefit our country.

Therefore, I think, it would be responsible to critically analyze the multifaceted aspects of the matter. To the best understanding of the researcher, there is hardly any type of research done in this area. so, this study will fill the gap of knowledge in this respect of the socio-economic implication of NWM in Addis Ababa.

## **1.3 Objective of the Study**

### **1.3.1 General objective**

The primary objective of the study is to briefly assess the general socio-economic implications of network marketing in Addis Ababa with special reference to Gold Quest International.

### **1.3.2 Specific objectives**

The specific objectives of this research are:

- ✓ To assess the economic implication from the contribution of the business to employment and taxes.
- ✓ To assess the societal implication as to what societal values the customers/societies get/loss from the technologies and knowledge transfer.
- ✓ To assess the public attitude and perception towards the business.
- ✓ To assess the position of the business in the legal framework of the country.
- ✓ To assess the impacts of the business on some members' lives.
- ✓ To assess what factors determine the entry and stay in these types of businesses?

## **1.4 Significance of the study**

It is hoped that the study will minimize the gap of knowledge on the socio-economic implication of network marketing and will serve as a stepping stone for others who need to pursue further studies on the subject. Most importantly, it is expected to signify the socio-economic implication of network marketing for the country from the outset that government bodies and participants can take precaution ahead. Moreover, the socio-economic implications identified will expect to deliver an important yardstick for policy makers.

## **1.5 Limitation of the study**

In due course of processing the research, the following limitations were occurred. First and foremost, there is only few research articles that deals with the socio-economic implication of network marketing, as a result the study does not incorporate empirical researches made both in local and in other countries. In general obtaining empirical studies or secondary information in this regard was very difficult. Lack of exact information about how many participants found in the business was also a secondary problem faced while determining the sample size of the study. Thirdly, since the scope of the research is only limited to studying Gold Quest International (time and financial constraints) out of those 21 network marketing companies found in Ethiopia the findings might be subjected to error of generalization against other NWM companies. Above all, it might be difficult to appraise the implication of NWM on the participants and the countries population as a whole due to the newness of the business in the country.

## **1.6 The study setting**

The study is delimited to assessing the socio-economic implication of network marketing in Addis Ababa. Because of time and resource constraints, as well as the manageability issue it was decided to not attempt with all areas/cities in Ethiopia where GQI participants are found. The study area, Addis Ababa, is selected for the research due to the fact that, it is the capital city of Ethiopia and so many facilities like internet and the like are available as compared to other cities; resulting, great proportion of participants of the business to be in Addis Ababa. The other reason for the choice of this specific city is my familiarity for Addis Ababa since I am living in Addis Ababa. Last but not least, most NWM company's head offices are found in Addis Ababa.

## **1.7 Organization of the paper**

The paper examined the socio-economic implication of network marketing in Addis Ababa with special reference to Gold Quest International. The reports of the paper are logically organized in the following manner.

The paper is structured into five sections. The first section draws attention to the background of study, statement of the problem, objective, significance, delimitation and limitation of the study in order.

The second section provides a review of related literatures on the subject. In this section, the motive behind the emergence of network marketing as a recent marketing strategy pursued with the definition and characteristics of NWM, theoretical formulations of the socioeconomic implication of network marketing are dealt with.

The third section of this paper explained the different methodologies employed to collect the data and the data analysis tools used for the study.

Data analysis and discussion of the results were presented in the fourth section of the paper. The last section concludes the whole discussions and gives some recommendations accordingly.

## **2 LITERATURE REVIEW**

This chapter contains two broad sections. The first part deals with reviewing the literatures on network marketing. In the second part the major theoretical views on the socio-economic implication of network marketing will be discussed.

### **2.1 Literature on network marketing**

In this part, the conceptualization of terms, the development history of network marketing, abuses in network marketing, Gold Quest International, and countries experience in network marketing specifically Gold Quest will be discussed related to the objective of the paper.

#### **2.1.1 Networking and Marketing**

A network is a set of relationships, which contains a set of objects (in mathematical terms, nodes) and a mapping or description of relations between the objects or nodes. The simplest network contains two objects, 1 and 2, and one relationship that links them (Charles, 2004). According to Jason (2004), Network is defined as the personal relationships, which are accumulated when people interact with each other in families, workplaces, neighborhoods, local associations and a range of informal and formal meeting places. Moreover, networks are looked upon as the total of actors within one industry and/or between related industries, which can potentially work together (Omta et al, 2001).

If you ask dozen experts the question what is marketing? You are likely to get dozen different answers as the term "marketing" is connected with a variety of disciplines; the common theme that surrounds the vast majority of marketing definitions is that marketing is the planning and implementation of almost everything an organization does to facilitate an exchange between itself and its customers. According to Douglas (2003), Marketing is the process of planning

and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals.

Marketing facilitates the exchange between buyers and sellers. The exchange process takes place when two or more parties give something of value to each other to satisfy needs or wants. Ultimately, marketing exchange exist because it is beneficial to both parties, whether it be cash in exchange for products or products exchanged or bartered for other products.

Moreover, Marketing is applicable to businesses, big and small, that range from the world's most admired companies, to family owned small business. It applies to a variety of economic sectors, whether they are agricultural, manufacturing, or service-related.

### **2.1.2 Social networking**

Social networking is a branch of social science that applies to a wide range of human organizations, from small groups of people to entire nations (Jason, 2004). Social networks can be best defined as the intricate webs of relationships by which an individual participates in the larger world. Each relationship links an individual to another individual or groups of other individuals, friends, organizations, institutions, or communities. In this way, social networks create the context in which people live among fellow human beings (Marina et al, 2001). Weenig and Midden (1991) describe a social network as "an aggregation of individuals who may or may not be linked to each other by communication ties" (p. 735).

These social network relationships are organized around certain dimensions of life called domains. Family, work, culture, geography, identity, interests, and shared values are among the most important domains by which networks are structured. According to Marina et al (2001), each domain includes a set of nodes or clusters. A node is a single relationship in the network, whether it is with an individual or a group. A cluster is a group of such relationships, a set of nodes organized around common principles. For example, work is an important domain of life, in which social networks are used as a communication as well as product distribution channel.

In addition, they play an important role as communication channels between the companies and consumers and among consumers themselves. Understanding the dynamics of social networks is critical to the success of several aspects of companies' operations. It can tell the organizations who their customers are, and more importantly, what they want. Who their customers include in their networks and who they leave out tell businesses much about their customers' values, beliefs, interests, and lifestyle preferences (Marina et al, 2001).

### **2.1.3 Marketing through social networks**

Social networks have provided great benefits to the field of marketing. Social networks and their patterns of relationships are a fundamental fact of market behavior and can be used effectively as a basis for marketing strategies (Jason, 2004). Companies increasingly turning to use social networks for marketing, to get potential consumers' attention and sell their products and services in a market where there is increasing competition for customers' attention, and where communication channels and market segments are highly fragmented (Marina et al, 2001). Companies pursuing such marketing are currently leveraging word of mouth capabilities of social networks, that is, using them as communication channels. After all, recommendations from a trusted friend or family member from

someone in the social network are often the most important way to convince a potential customer to purchase a new product or service (marina et al, 2001).

In social network marketing, where roles, relationships, and boundaries are blurred, a friend is not just a friend but also an advertiser, a product endorser, and sometimes a salesperson where the roles of consumer and advertiser often merge, and social relationships become intertwined with commercial transactions (Marina et al, 2001). Because of its tremendous power to get the attention of consumers and to sell products in today's crowded market place social network marketing spreads so fast and spontaneously and becoming holy-grail for many companies.

Network marketing entails distribution of products and services through a network of independent business people who, in turn, either take care of the distribution themselves or recruit others to do so [Phipps and Yoram, 1994]. This is one example of using social networks for marketing (Jason, 2004).

#### **2.1.4 Network marketing**

Network marketing is a marketing strategy, in which, products are sold directly to consumers without intermediary retail stores through a network of distributors/salespersons. Each distributor recruits and trains additional distributors and will earn commissions on their sales, as well as on the sales he or she makes (Spitzer, 1996). As Nichols (1995); Mark (1996); Phipps and Yoram (1994) defined, network marketing is the movement of products or services from the manufacturer to the customer directly through distributors. It entails distribution of products and services directly to end user customer network.

NWM as defined by the FTC (1996), any marketing program in which participants pay money to the program promoter in return the participants obtain the right to; (1) recruit additional participants, or to have additional participants placed by the

promoter or any other person into the program participant's down-line; (2) sell goods or services; and (3) receive payment or other compensation; provided that: (a) the payments received by each program participant are derived primarily from retail sales of goods or services, and not from recruiting additional participants nor having additional participants placed into the program participant's down-line, and (b) the marketing program has instituted and enforces rules to ensure that it is not a plan in which participants earn profits primarily by the recruiting of additional participants rather than retail sales.

Network marketing also known as, "multi level marketing", "structural marketing", or "multi level direct marketing" is best described as a direct selling channel that focuses heavily on its compensation plan (WFDSA, 2003).

Network marketing offers the opportunity for individuals to conduct a business without having to bother with expensive resources such as physical plant or retail storefront, warehousing, employees, advertising, or other costs typically associated with running a business. In network marketing, individuals share information and develop personal and professional contacts. They are rewarded for sharing information that results in product sales. Moreover, it empowers individuals to build their own networking sales organizations from their personal and professional contacts, which also empowers everyone to do the same, creating exponential growth of their network (Stewart, 2006).

This marketing concept seeks to create and sustain mutually satisfying long term relationships, which benefit the company as well as the customer. In network marketing, a sales group is formed by the same group of distributors who continue to recruit or sponsor newcomers. As new distributors join the network, first they have to test the products or services for themselves. As a result, it creates market for the companies' products and services. On the other hand, the customer benefited from this kind of marketing by receiving commission in two ways, first, the distributor receives commission from the sales he makes and

secondly from the sales of those people whom his/her down-line sponsored (Caughlan and Grayson, 1998).

Companies are increasingly turning away from traditional advertising that is, from sending mass messages into the marketplace and hoping their target audience receives them to a newer type of marketing that involves facilitating conversations among their targets. The conversations (often about the benefits and values of a company's product or services) are seeded with a few leaders in the target market who start the conversation by telling a few more people, who tell a few more, and so on, which is known as words of mouth (WOM) advertising (Marina et al, 2001). WOM is a core element of network marketing, as it focuses the success of network marketing or product efficiency through the sharing of experiences with friends; it significantly influences product evaluations and purchase decisions of individuals'. Without the success of either the network marketing business or the products, it is likely to be difficult for any NWM organization to continue to stay in the business and expand since WOM has been shown to be more powerful than printed information because WOM information is considered more credible.

Moreover, for companies, NWM is a more efficient marketing strategy for doing their business. Because they do not pay for marketing, distribution or sales until after the sale is made and the product is delivered. Compare that to traditional marketing where a company can spend millions of dollars on advertising, as well as all costs associated with an employee based sales force, such as benefits, support staff, communication, travel and office, before any product is sold (Greg, 2006). However, traditional advertising definitely gives a company more control over message content and dissemination. Obviously, when companies place advertising in magazines or run commercials, they have full control over how long the message will run and a good indication of what audience will be viewing the message. NWM does not offer companies this same security. Once a

message released, there is no real way for marketers to know who is hearing their message, the way in which it is being conveyed, and how long it will run.

### **2.1.5 Abuses of NWM**

Abuses of exponential growth haunted network marketing for years and it is still misunderstood by many people because NWM is one of the most problematic business models which shows all the defects and characteristics of a pyramidal scheme (Tyler, 2006). Today there are many legitimate NWM Companies. However, "money games", cleverly disguised as legitimate NWM opportunities still exist. Despite the increase in popularity of network marketing worldwide, the terms pyramidal scheme and network marketing confuse most people. The similarity between them (network marketing and a pyramid scheme) is that both offer an incentive for every new participant to introduce others (Berry, 1997), to avoid being burned, it is crucial to us to understand what constitutes a pyramidal scheme.

A pyramid scheme is a fraudulent system of making money based on recruiting an ever-increasing number of "investors." The initial promoters recruit these investors, who in turn recruit more investors, and so on. The scheme is called a "pyramid" because at each level, the number of investors increases. The small group of initial promoters at the top requires a large base of later investors to support the scheme by providing profits to the earlier investors (Spitzer, 1996). A pyramid schemes as currently defined by Wikipedia, 2006 is a non-sustainable business model that involves the exchange of money primarily for enrolling other people into the scheme, usually without any product or service being delivered.

According to WFDSA (2003), pyramid selling is fraud. The mechanism of so called "investment" or "trading" schemes uses a geometric progression of recruits to allow the promoters at the top of the pyramid to enrich themselves through the payments made by recruits to such scheme.

A pyramid schemes have changed over time from their earlier type that did not sell products or services to more complex schemes that do offer products and services (WFDSA, 2003; Wotruba, 1995). Pyramid schemes, in which no products are offered, are easy to identify, and they seldom last long without law enforcement shutting them down. Nevertheless, when products are offered, and when consumers are presented with an income “opportunity” with multiple levels of “distributors,” it is not easy for some to decide whether or not it is in fact an exploitive product-based pyramid scheme. Unfortunately, some of the most damaging programs manage to escape legal action (Tyler, 2006).

According WFDSA (2003), pyramidal schemes are not “commercially sustainable” because they have no real trading in viable goods or services:

Early pyramids were readily identified and proscribed because of their lack of tangible products. Subsequently fraudulent schemes have attempted to deceive the public and avoid prosecution by asserting that they are genuine businesses operating multilevel marketing plan since they ‘sell’ goods and services.

The pyramid concept in MLM is seen in multiple layers of distributors, with lower level distributors contributing income to an up-line who may have little to do with a given sale. The up-line distributor in NWM may get as much or more of a return per sale (in commissions and bonuses paid by the company) as the front line distributor who actually sells the product because MLM compensation systems reward front line (Tyler, 2006).

Pyramidal selling companies have created chaos, resulting in the public’s holding negative views of direct selling in the industry as a whole (Berry, 1997; Barnowe and McNabb, 1992; Kustin and Jones, 1995; Bloch, 1996).

### 2.1.6 Gold Quest International/ Quest International

Quest International Ltd, a multinational organization headquartered in Hong Kong was established in 1998. It is now operating in more than 120 countries along with other 23 wholly-owned subsidiaries involving in many varied business sectors including retailing, travel & leisure, luxury products, interactive marketing, telecom & technology products, financial services and corporate investments, media, training and education and business consulting (QI front page, 2006).

As the company practices NWM, GQI sells its products and services directly to customers, through e-commerce, thereby saving media advertisement cost, which shared with its customers in the form of commission paid by binary plan. Binary plan is a multilevel marketing compensation plan, which allows customers to have only two front-line distributors (Reese, 1997).

The payment for the products and services is made through e-commerce by using e-cards. E-cards are found in two forms, first through up-line sponsors who have a commission in the form of e-cards and secondly from individuals living in other countries, in which, the company has an office. The purchased product then will be sent by post agencies like DHL, UPS within 30-45 days for the purchaser.

The company pays a commission of 41.6 USD per 1UV's an individual or his/her down-line partners sold. However, to protect itself from bankruptcy the company uses safeguarding mechanisms to pay commission for its customers. The SGM's are

- **Balancing:** A company will sent a 250 USD commission cheque for an individual who sold 3UV in his/her right and 3UV in his/her left ( $6 \times 41.6 = 250\$$ ).

- E-vouture: The company forces its customer to buy a 250 USD product or service from the company after he/she receives 1250 USD commission.(1250\$+250\$company e-card)
- Flush off: The company's daily maximum payment is 3000 USD (36left and 36 right). The UV's sold above the explained amount per day will be flash off.

The company sends the commission in two forms.

- 1) In cheques through post office and then changed to birr in National Bank.
- 2) In E-cards to purchase the companies product and service.

### **2.1.7 Countries experience in NWM; Gold Quest**

Today there are thousands of network marketing companies operating throughout the United States, Canada, Mexico, South America, United Kingdom, Europe, Australia, New Zealand, Israel, Japan and the Pacific Basin. Little Malaysia alone has more than 800 active network marketing companies. Network marketing is reported to be a \$100 billion dollar industry, internationally (Stewart, 2006). However, countries around the world adopt the policies of strict regulation, limitation or prohibition of network marketing activities. For example;

**China:** China banned the industry in order to protect the rights of customers, to promote fair competition, and to protect the economic order of the market and social stability. The SAIC document no. 46 issued by Chinese government in April 1998 stated that "multi level marketing / network marketing has a number of harmful characteristics" and they largely developed into an illegal operations like 'rat club' and 'pyramidal selling' which are generally prohibited by international

society and caused serious harm to the economic order and social stability.

**Japan:** Network marketing had been banned for 10 years by the Japanese government before the letter granted the activities of network marketing in some remote areas.

**Nepal:** Nepali government banned the Nepal operations of Hong Kong based numismatics company Gold Quest International Ltd. by issuing a notice early February 2003. The central bank followed suit by issuing another notice at the end of the month. Meanwhile, two high level officers of Gold Quest have been arrested and case filed against them at the district court of Katmandu (Theshutmouth, 2006).

**Iran:** LONDON, October 26 (Iranmania) - The global numismatics company Gold Quest has seen a 90-% decline in its activities in Iran following a Tehran court ruling that put an end to its illegal business. Studies show that some 75 % of members, who have paid their membership fees completely, have not earned any money at the end of the day. Because of this, the Gold Quest office in Tehran has been closed, adding that the Telecommunications Company of Iran (TCI) has also been ordered to filter the online business' Internet sites.

**New Zealand:** MLMs are legal in New Zealand, pyramid schemes are not. In a pyramid, earning money relies solely on recruiting new people into the scheme; those on higher levels earn more than those below, but ultimately it becomes impossible to recruit enough people for newcomers to make money. MLMs, on the other hand, offer a commercially viable product and the opportunity to earn a living through repeat sales.

**Singapore:** Network marketing / multi level marketing in general is prohibited in Singapore.

**Sri Lanka:** The central bank of Sri Lanka announced, it was planning to take tough action against the NWM firm's (GQI) over 4,000 customers, who are accused of violating the countries exchange control laws by allowing third party transaction through credit cards after entering the scheme.

**Western and European counties:** These countries in general have a very strict set of law to limit and regulate network marketing / multi level marketing activity.

**Ethiopia:** In Ethiopia, as explained earlier, there are very few network marketing companies, around 21 in number. The most widely NWM company in the country is GQI. There are no rules and regulation for the activities of these kinds of businesses in the countries legal framework. As a result, the business is not done legally and products are not imported freely. According to Izra (2007), most of these companies are taking license or work permit as a commission agent or agent for a foreign company not as a network marketing company. Moreover, the government announced GQI and some other NWM companies as illegal and unlawful for their operation in Ethiopia and takes measures like holding the participants product in customs authority.

Regarding the activity of the GQI business, it is decreasing; however, the business is still ongoing. Moreover, the numbers of domestic network marketing companies are increasing.

### 2.1.8 Conceptual framework for the study

NWM, as explained above, is a process of selling products or services through personal or individual relationships with family, friends, coworkers and a variety of others. This marketing strategy creates a mutual benefit for the company as well as for the individual distributors in the network.

Its socioeconomic implication is multifaceted and the interaction between these two key dimensions that are network marketing and socioeconomic condition of host population presented in this simple analytical framework.

Network marketing has a micro as well as macro level socioeconomic implication in the country. At micro level the impacts are in individuals; knowledge, education, attitude, personal relationship and development, income, salesmanship, etc. The macro level, however, is summation of micro level impacts, like aggregate employment opportunity and tax for the country.

In network marketing, individuals have a chance to build and strengthen friendly-relationships with other individuals in the network, since it provides meeting opportunities and working atmosphere in teams for them to achieve their individual dreams. However, their friendly-relationship may decrease with external groups outside from their network as a result of giving more time for the business and for individuals in the business.

Trainings and education are basic activities in NWM and have a positive impact on fostering personal development. In addition, NWM facilitates the transfer of technology through diffusion. It creates extra income and employment opportunity on a full-time or part-time basis. On the other hand, people may quit their jobs hoping they will get better benefits from the business. Seen from the point of view of taxation, NWM businesses are difficult to be taxed because it is difficult to know exactly how much an individual obtained from his commission. In

general, NWM has many positive as well as negative impacts on individual life and a society as a whole.

This research tries to see the socioeconomic implication of network marketing from composition and structure of networks. Composition of networks refers to network size, network heterogeneity, mean frequency of contacts and the percent of contacts who are friends. It will help to identify who the participants are regarding age, sex, educational status, religious belief, ethnic background and so on. Structure of networks refers to density of link among network members. Such an analysis seeks to understand how the properties of networks affect what happens in individuals and to individuals regarding their previous life (occupation, relationship, perception ...) in general.

The framework focuses on the socioeconomic implication of network marketing, acknowledged environmental influences (cultural, institutional and legal) and distinguishes between positive and negative outcome of the business.

Although networking is generally perceived as community characteristic result from interaction, it is usually measured by asking individuals and aggregates their replies.

## **2.2 Theoretical overview of socio-economic implication of network marketing**

### **2.2.1 The positive view of network marketing**

#### **2.2.1.1 Network marketing for training and education**

Training and education are a daily and critical activities to any network marketing organization (Berry, 1997; Mesweli and seargent, 2001). As mentioned by Berry, (1997), in network marketing, distributors are involved not only in selling, but also in educating and training other distributors since they can receive compensation from their sells and also through sales generated from their down-lines.

Trainings in NWM includes product and company knowledge; analysis, selection and follow up prospective distributor; the training of trainees, technical training and trainings on business management, personal development, leadership, money and time management, building relationships etc. Distributors joining the networking from different cultures and educational backgrounds require training to reduce the gaps between their mindsets and levels of ability.

Trainings provided in these are likely to enable distributors to gain more knowledge and improve their skills required to expand their network as well as their personal life. According to Nichols (1995), these trainings and educations help the sales people to be ethical and upright when they give live commercials in presentations and business opportunity meetings (BOM) and also help them provide information about the company and create excitement among the prospective distributors in areas such as financial prospects, job security, and personal challenges and growth. Moreover, it enables the sales people or distributors to learn distinctive skills, attitudes and knowledge that are helpful for professional development and carrier management (Wilson, 2000; Merrilees and Miller, 1999). Therefore, distributors must be well trained in order to present the

benefits and special features of the products they have to offer and also to do the business well (Berry, 1997).

On the other hand, each person in a network represents an area of knowledge, idea or expertise, which can be tapped for work or personal use. In network marketing individuals functioning in teams to achieve their personal/individual dreams, in doing so, there will be sharing of knowledge, ideas and expertise between individuals in the network as a result there will be an increase in individual knowledge in general. Though the knowledge available to anyone person increase exponentially, as it shared with others in the network (Marina et al, 2001).

In general from the above literature it can be said that the knowledge of individuals who are participating in such kind of business will increase in two ways, one; from the trainings and educations given in the business to enable them to do the business well; and second, from sharing of knowledge, ideas and expertise between individuals in the network.

#### **2.2.1.2 Networks as vehicles for diffusion ideas, information and technologies**

In their roles as communication channels, social networks serve as powerful vehicles for the diffusion of new ideas, products, and practices. According to Gambardella (1992), interpersonal networks influence individuals both in coping with the uncertainty of new ideas and in convincing others to adopt innovations.

Weenig and Midden (1991) found that the number of ties individuals and groups have are of high importance for information diffusion. They state:

The number of existing ties within a communication network indicates the availability of routes for information diffusion and hence the probability that the information reaches a random network member; after all, the larger the number of ties in a network, the more alternative routes will be available for information diffusion (1991: 735).

In addition, with the emergence of the Internet and advances in network technology, network marketing has entered a new era of rapid expansion. Through the Internet and intranets (intra-organizational networks or customer networks based on Internet and Web technology), information can be exchanged among business partners with ease and convenience.

As work increasingly becomes information driven, creating meaning out of the massive flow of data and information available is imperative. Individuals are increasingly finding that they cannot go it alone, that they must go to different people in their network to get certain information. These Personal contacts play critical roles in obtaining information (Matthew, 2003). Social networks serve as important information channels. Significantly, the information passed through social networks is not just raw data, but filtered information; that is, information that has undergone the scrutiny and analysis of trusted members of the network. This process of exchanging filtered information is particularly important in the purchasing cycle for many products and services (Marina et al, 2001).

In network marketing Word of mouth advertisement becomes a much more powerful communication channel. In the information age, the Internet broadens the reach of social networks and facilitates the fast diffusion of information within and among communities. As Misner (1994) states, e-commerce is the major tool for network marketing transactions and it is through internet this transactions held, as a result, the business create the opportunity for an individual to get acquainted with internet and it is one of the recent technological achievements

#### **2.2.1.4 Employment opportunity**

The changing work place has demonstrated that there is no security in the traditional corporate structure and career path. In the United States over 3,100 jobs are lost each day due to downscaling. Automation and technological advances are streamlining business and changing entire industries. Millions of people will be out of work. Thus, network marketing provides job opportunity for them (Greg, 2006).

For those who have permanent jobs, network marketing as part-time effort can provide a financial cushion of residual income to protect oneself from financial struggle. According to a recent Wall Street Journal, survey mentioned in Greg (2006) found that 80 percent of the work force wants to own their business and 40 percent would like to work at home. This is exactly what network marketing provides. People are searching for ways to build a future that develops leadership and provides a balance in their lives for their families and each other.

#### **2.2.1.5 Extra income / Financial freedom**

Network marketing is an opportunity for someone who is not doing well financially to make some money maybe even a lot of money (Richard, 2004). It offers a residual income stream that can continue long after people have stopped working (Kim, 2006). According to Tyler (2006), MLM companies promise a path to financial freedom in such away that products or services are sold direct to customers via a network of sales representatives, who may also be encouraged to recruit more people, who recruit more people and so on. With a solid team under an individual, group commissions passing to his/her "business centre".

With MLM, large (leveraged) incomes can be produced by recruiting a down-line (network) of multiple layers of distributors upon which a distributor can draw

commissions and bonuses, the amount depending on the type of compensation plan and the size and character of one's down-line. Such an organization can be built from one's own home without the expenses and complications typically associated with other types of businesses (Richard, 2004).

#### **2.2.1.6 Salesmanship**

Most NWM companies provide individuals with extensive materials teaching, how to "persuade" others to join. Indeed the whole existence of these companies is based on their expertise in persuasion, and as seen many times, their representatives can indeed be very convincing, of course, the techniques of persuasion can be very useful in business and made other areas of life. So even if individuals lose money, at least they may develop a useful skill, salesmanship (Jacobs, 2000).

### **2.2.2 Negative views on network marketing**

#### **2.2.2.1 Only the top's will benefit**

The nature of most network marketing companies is that older members will be rewarded by profits from sells of newer members. If individuals work hard, sell skillfully and are one of the early joiner you may indeed make a profit. Unfortunately, if they work hard, sell skillfully, but are late to join, it is practically impossible to make enough sales to make a profit (Jacobs, 2006). According to Tyler (2006) in legitimate businesses, it can be said that the more time and money one invests (risks) in the business, the more likely it is that success will be achieved. But with recruiting NWM's, with the exception of the first ones in and those at the top of the pyramid, the more one invests, the greater the losses.

Moreover, most NWM compensation plans create extremely high leverage for the top persons in the hierarchy of participants. NWM leverage refers to the concentration of payments (commissions, bonuses, etc.) from the company to

top-level "distributors," who profit hugely from the efforts and purchases of a multitude of "down-line" participants recruited beneath them. In highly leveraged NWM programs (which includes most NWM's), approximately 99.9% of recruits lose both time and money. Generally, the greater the leverage for top participants in the distributor hierarchy, the higher the loss rate for their down-line (Tyler, 2006). According to Greg (2006) in MLM, the person at the "top" is the one who makes the most money and in most cases will always make the most money. However, in a good NWM company, individuals must have the potential to earn more than their sponsor, if he/she builds a larger business than they do.

In addition, NWM business structure can support only a small number of financial winners. If a 1,000-person down-line is needed to earn a sustainable income, those 1,000 will need one million more to duplicate the success. How many people can realistically be enrolled? Much of what appears as growth is in fact only the continuous churning of new enrollees. The money for the rare winners comes from the constant enrollment of armies of losers. With no limits on numbers of distributors in an area and no evaluation of market potential, the system is also inherently unstable (Robert, 2006).

In general, for almost everyone who invests, NWM turns out to be a losing financial proposition. Less than 1% of all MLM distributors ever earn a profit and those earning a sustainable living at this business are a much smaller percentage still.

#### **2.2.2.2 Psychological, social and spiritual harm**

Multi-level marketing (MLM) companies promote such dreams take charge of your life, work the hours you choose and earn unlimited amounts (Jacobs, 2006). These programs, however, adopt cultist patterns in recruitment and retention of members, becoming a rather closed society. Marriages are terminated, and other important relationships are often disrupted by single-minded recruitment efforts.

Also, the evolution of “NWM junkies” has been observed, with traits of addiction similar to those for other addictions. In addition, disturbing tendencies to move away from ethical and charitable attitudes to more materialistic and greedy motivations often becomes apparent (Tyler, 2006).

### **2.2.2.3 Makes to think friends business-wise**

In network marketing friends and relatives are the natural prospects. Those who love and support an individual will become his/her lifetime customers. Therefore, the commercialization of family and friendship in MLM marketing programs are a destructive element in the community and very unhealthy for individuals involved. People do not appreciate being pressured by friends and relatives to buy products. Trying to capitalizing upon personal relationships to build a business can destroy one's social foundation.

Doing business with friends was regarded as unethical in the past, but according to Berry (1997), due to the changing demand of society, retailing and trading have gained more respect, and thus doing business with friends and within social groups has become more acceptable since the early 1980s.

Since the compensation plans of most MLM marketing system is weighted towards recruitment, instead of retailing of products, the system encourage individuals to think of friends and relatives as potential sales target rather than as people they respect and love. It is a feature of capitalist society that unpleasant people working hard to convince us to buy things we do not want surround us. The greatest tragedy hit these systems is bankruptcy and suicide at the end (Jacobs, 2006).

Moreover, recruitment became unethical if one uses the same concept to recruit one's friend's friend to do likewise and thus obtaining overriding commissions on behalf of these friends of friends (Bloch 1996). When the business expanded through each distributor, each new distributor will bring another set of friends in

the network .Thus the network will continue to grow with the multiplying effect of each distributor being sponsored and this will cause a continuing growth in the network of friends of friends.

In general, there are even more people who view NWM negatively, either because they tried it and failed, or because they know someone who has and failed. Therefore, they assume it is bad. The other reason it gets a bad reputation is due to its pyramid shape. We have all heard stories about illegal pyramid schemes that only make those people at the top of the pyramid rich. There have been some disreputable NWM companies who set up their businesses as illegal scams, but the majority of NWM opportunities are just that, real opportunities (Bruxvoort, 2005).

### **2.3 Why people join NWM**

As Wotruba and Tyagi (1992) explained, distributors will hold different ethical concern and work motives from different backgrounds who are attracted to join the business. Some distributors might view the business as a means of building self-esteem, making friends, proving ones entrepreneur skills, or simply learning about business world while other distributors focus differently in terms of job efforts, sales productivity, and ultimately achieving the goals and objectives of the business organization. As King and Robinson (2000) mentioned, very low cost of entry with the potential for larger incomes, as compared to other business, draws people who have high expectations of making money with little work, who have no experience in operating their own business, has no money for marketing, have no experience in selling, have unrealistic expectation on how long it takes to build a business. As Eskender (2005) explained in his article the 100+ reasons why people join NWM (QI), the major reasons are financial freedom, meeting new people, personal development, own business, helping others, time freedom, leaving legacy, global connection and retirement.

Moreover, Flexible working hours is a perfect vehicle for busy professionals to get started in developing an alternate income stream because a network marketing business can be built around an existing schedule (Kim, 2006). According to Greg (2006) individuals involved in NWM because somebody cared enough about him or her shows them the awesome opportunity of network marketing.

On the other hand, some unethical distributors may use the banner of network marketing by providing false but interesting business opportunities to earn override commission or benefits on behalf of their friend's and also to gain an income flow from the efforts of others without having to work directly for one's own income (Tyler, 2006; Bloch, 1996).

In the country, the implications of network marketing were not studied well, as a result no empirical studies found on this issue. To this effect, this thesis focuses on the socioeconomic implication of network marketing in Addis Ababa. In particular, it tries to prove the impact of training, education and experience, and financial benefit (if any) from network marketing businesses on individuals' life.

## **3 RESEARCH DESIGN AND METHODOLOGY**

### **3.1 Research design**

The research design used was case study. It is used because it is efficient to achieve the objective of the research. A questionnaire was prepared to conduct interview and the aim was to obtain information about individual's perceptions, opinions, experiences and particular knowledge regarding the challenges and successes they have faced in starting and maintaining their business. The aspect of network marketing that is taken includes the relationship, income, personal development, financial reward, job opportunity etc.

#### **3.1.1 Source of data**

In order to conduct this study primary and secondary data were used. For the secondary data, different published and unpublished reading materials like; books, journals, internet resources etc. were used. However, due to the youngness of the business in the country hardly any empirical studies were found. For the primary data, different data collection tools were employed, like questionnaire, interview (both formal and informal), and group discussion.

##### **3.1.1.1 Questionnaire**

To collect the necessary information from the sample population, two sets of questionnaire containing both open-ended and close-ended types was designed and administered to the sample population. This method of data collection is used because of the nature of questionnaire for a wide coverage of many respondents and it can be easily quantified and analyzed. 4 individuals who have had considerable exposure to data collection were recruited as data collectors for the study and orientation was also given to them. The questionnaires were

mainly filled in seven Quest Net centers. The researcher checked the accuracy of data collection both on the spot and at the end of the day. Hence, the necessary feedback was communicated to data collectors

### **3.1.1.2 Interview**

As it provides richer information while collecting data from respondents, interviews were conducted. Interviews were framed in a manner that provide all valuable information on the socio-economic implication of NWM and give possible recommendation. The interview was conducted with key informants; these key informants are leaders of their respective centers whom the people think they benefited more as compared to most participants.

### **3.1.1.3 Focus group discussion**

As it is helpful to air out the research problem intensively and to generate valuable alternative solutions from the subjects that was studied, focus group discussion seems the best resort that comprehensive information was gathered. In this course of action, concerned and engaged individuals were given open floor to briefly discuss the issue. In the meantime, the researcher facilitated and shapes the discussion being as a moderator. The group discussion was held in piazza in one of the Quest Net participants' office around 'Anbessa pharmacy' with 9 individuals on August, 2006.

## **3.2 Sampling technique and sampling size**

There are around 21 foreign and domestic NWM companies found in the country, Ethiopia. Hence, the study was conducted on GQI. GQI was selected purposely due to; it has the largest number of participants, around 10,000 individuals, as compared with other NWM companies found in the country. It started its activity

in the country earlier than others did. The startup capital of GQI is much higher as compared to others. It is a foreign NWM company and has experiences in other countries as well. Most domestic network marketing companies established recently is based on the experience obtained from GQI and it is time and money consuming to incorporate all NWM companies found in the country. In general, it is because of GQI the concept NWM acquire its recognition in the country's population.

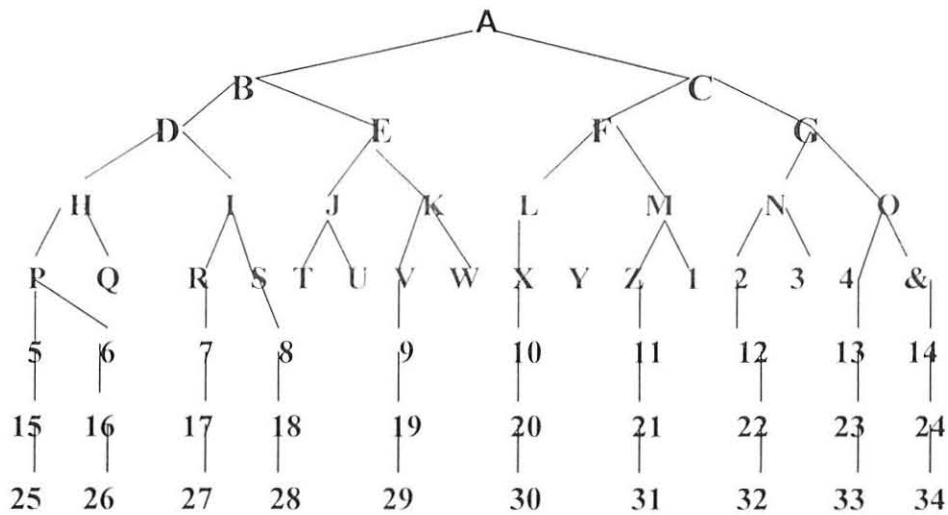
To select representative sample from GQI random assignment was employed and 96 participants were surveyed. Hence, samples taken in this method are representative and possible to generalize. The sample size could seem small; however, the socioeconomic characteristics of the participants are similar. Due to this, homogeneity among the participants, generalization about the population from the sample participants did not affect the reliability of the outcomes of the study.

In addition, five case presentations were incorporated; they are helpful to know the effect of NWM on individual's life and for crosschecking the survey result. The individuals in the case study were selected purposely and based on their willingness to share their experience. In case studies the researcher tries to take sample respondents based on their stay in the business to represent all time ranges.

A group discussion also included due time and money constraint it was difficult to arrange more group discussion. The participants of the group discussion were 9 team members of Quest Net center found in PIAZZA; this center is selected because most Quest Net centers are occupied by 1 team members, however, this center is occupied by four teams in share and the samples are taken from each teams.

### 3.3 Techniques used in data collection

The data collection took 1 month and it was carried out in seven Quest Net centers found in Addis Ababa. Participating individuals, not the company, established these centers. In GQI, participating individuals who are in the same line in the network usually rent an office for the center of meeting and doing their business in teams. To clarify what meant by the same line refer the below graph.



*N.B; each variable in the graph represents the position of participants in the network.*

The participating individuals found inline D-H/I-P/Q/R/S-5/6/7/8-15/16/17/18-25/26/27/28 (individuals under C) and so on are some examples of individuals found in the same line.

The seven QN centers, where sample respondents taken, were found in 1) PIAZZA, Anbesa pharmacy 2) Giorgis 3) Kolfe, Ediget building 4) Zerihun building, 22 Megenagna 5) Atikilt-tera, Kelifa building 6) Bole 7) Medhanialem , Enkulal fabrica area.

Four different teams as one rented PIAZZA center and the remaining rented by one or two different teams.

One of my friends who is working the business GQI introduced me to some participant found in Piazza business center and with them I selected 34 samples randomly because in this center 4 different teams working in one center. The remaining samples are taken from the other centers.

### **3.4 Data type and analysis**

The process of entry was started immediately after the survey was completed. The study employed qualitative and quantitative data to achieve its stated objectives, for the closed and structured questions related to the basic socio-demographic characteristics of the subject of the study, SPSS 13.0 version was used to enter quantitative data and corresponding descriptive analysis was made.

By employing a qualitative methodology, the field notes were checked for accuracy and completeness then coded and recoded according to the theme of the study. These ideas were sorted and categorized into major theme for the major analysis methods for qualitative data. The analysis was made by describing the major findings of the fieldwork according to the theme of the study. Case studies also used to analyze the issues in depth.

## 4 DATA ANALYSIS AND DISCUSSION

### 4.1 Demographic and socioeconomic characteristics of respondents

#### 4.1.1 Age and Sex

The demographic characteristics of an individual have an important role in the analysis of the socio-economic implication of network marketing; because, it is the individual's who constitute social networks. In view of that, questions were arranged to assess the demographic characteristics like age, sex, marital status and educational background of respondents.

Table 1 Distribution of respondents by age category and sex

	Sex				Total		Cumulative %
	Male		Female				
	Count	%	Count	%	Count	%	
<=20	8	57.1	6	42.9	14	14.6	14.6
21 – 23	7	43.8	9	56.2	16	16.7	31.3
24 – 27	4	10	36	90	40	41.7	72.9
28 – 30	3	17.6	14	82.4	17	17.7	90.6
31 – 34	1	20	4	80	5	5.2	95.8
35+	0	0	4	100	4	4.2	100.0
Total	23	24	73	76	96	100	
Mean age of the respondents							<b>25.06</b>
Minimum age							<b>18</b>
Maximum age							<b>37</b>

Source: Own survey (2006)

The survey results indicate that mean age of the surveyed respondents was 25.06 and the age range extends from 18 as a minimum to 37, maximum. If we have a look at the age category of the respondents, 40 (41.7%) of the

respondents are found within the age category of 24-27. The next largest percentage, 17.7% (17 out of the 97 respondents) is within the age category of 28-30 years old. Only 4.2% respondents were found within the age category above 35 years.

From (table 1), When we see the cumulative percentage, more than 90% of respondents are 30 or below 30 years of age. This result concedes with the finding of Ernst & Young (2001). According to their survey, most NWM participants in Brazil are young with the average age of 29. From the above results we can conclude that most participants of the business are young, active and in their reproductive age. This may be because young's are proactive, dynamic, they have a better access to recent technological advancements and the interactive behavior they have with their peer groups.

When we look at sex of the respondents, the majority of respondents (76%) were males and the remaining (24%) were females demonstrating females participation in these business is considerably less. The low level of involvement on the side of females may be because of our societies; socio-cultural attitudes that discourage females to participate in this type of businesses that tie them from different people. The other factor could be because women mostly did not participate in productive work, which makes them to earn little or no money; as a result, acquiring startup capital became as difficult as compared to the men. Referring the findings of Ernst & Young (2001) also substantiates that NWM participants are predominantly male (75 percent).

#### **4.1.2 Marital status and Number of dependents**

With regard to the marital status, the majority of the respondents (84.4%) were single with the rest (15.6%) are married. The numbers of dependents that the respondents are responsible for, ranges from a minimum of zero to a maximum

of eight. However, the majority of respondents have no dependent. Respondents who have dependents of above six persons are only 4.2%. The remaining 18.8% and 6.3% respondents are, responsible for up to three and 3- 6 dependents respectively. These also strengthen the above implication, which stated that most participants, are young and most of them are dependent on their families.

Table 2 Distribution of respondents by marital status and number of dependents

Number of dependents		Unmarried	Married	Total
0	Count	6	62	68
	Percentage	8.8%	91.2%	70.8%
0 – 3	Count	5	13	18
	Percentage	27.8%	72.2%	18.75%
4 – 6	Count	3	3	6
	Percentage	50%	50%	6.3%
6 +	Count	1	3	4
	Percentage	25%	75%	4.2%
Total	Count	15	81	96
	Percentage	15.6%	84.4%	100%

Source: Own survey (2006)

#### 4.1.3 Religion and Ethnic background

Most literatures revealed that Individuals joining the networking have different religious and ethnic backgrounds.

Table 3 Distribution of respondents by religion and ethnic background

		Religion			Total	
		O. Christian	Muslim	Others	Count	%
Ethnic Background	Gurage	12	6	2	20	20.8
	Oromo	14	3	1	18	18.8
	Amhara	14	3	0	17	17.7
	Tigray	9	4	1	14	14.6
	Siliti	0	11	2	13	13.5
	Others	7	3	4	14	14.6
Total	Count	56	30	10	96	100
	Co%	58.4	31.2	10.4		

Source: Own survey (2006)

The survey result complies with the above, concerning religion, the majority of respondents (58.4%) have indicated that they are orthodox Christians, Muslims were 31.2% and the remaining 10.4% were from different religions. With regard to their ethnic background 21% were Gurage, 19% were Oromo, 17% were Amhara, 15% were Tigray, 14% were Silti and the remaining 14% were from other ethnic backgrounds. From these data, one can conclude network marketing provides a playground for all individuals from different ethnic backgrounds and religious beliefs to make such businesses.

#### 4.1.4 Educational status

Education and previous experience are useful in many businesses. The survey results for the level of respondents education showed that most (40.6%) of them have completed secondary school followed by 20.8% of having diploma. 11.5% of respondents have attended higher education with degree. Only 8.3% of respondents have no education.

Table 4 Distribution of respondents by educational status

Educational Level	Educational status	count	%	Cumulative %
	No education	8	8.3	8.3
Below secondary school	18	18.8	27.1	
Secondary school complete	39	40.6	67.7	
Diploma	20	20.8	88.5	
Degree and above	11	11.5	100	
<i>Total</i>	<i>96</i>	<i>100.0</i>		

Source: Own survey (2006)

Moreover, as we see from table 4, The business draws large number of individuals (40.6%) who have completed secondary school also pointing towards that NWM are alternative ways for those who cannot or possibly do not want to

continue further education by creating employment opportunity for themselves. In addition, the business is interlinked with information technology, therefore, to understand and use a computer efficiently and effectively, individuals' should know the languages used in it.

In general the greatest portion of respondents (91.7%) are educated they know at least the basic skills of reading and writing. This could indicate the fact that the business needs skill that would help the individual to understand the business. An individual has to read different materials, books and browse internet to be acquainted with the business and these activities need education.

## 4.2 Participation in the business

### 4.2.1 Work motive

The motivation of most MLM is the opportunity to make large amounts of income from minimal investment of time and money is the primary appeals of MLM (Tyler, 2006). In addition, running the business without large outlays of time or money, without office (working from ones home), furniture and literally begun working from their kitchen attract money network marketing professionals (Donovan, 2006).

Table 5 Distribution of respondents by work motive

Reason of involvement	Frequency	Percent	Valid %	Cumulative Percent
Parents/relatives were in this business	20	20.8	20.8	20.8
Thought profitable (Financial freedom)	33	34.4	34.4	55.2
To use the product	1	1.0	1.0	56.3
To be independent	10	10.4	10.4	66.7
easy to start	22	22.9	22.9	89.6
own boss	5	5.2	5.2	94.8
realize your ideas	5	5.2	5.2	100.0
<i>Total</i>	<i>96</i>	<i>100.0</i>	<i>100.0</i>	

*Source: Own survey (2006)*

The survey result for the reasons of joining the business showed that the majority of respondents (34.4%) were involved because they thought the business is profitable and to become financially free. The next higher percentage of the respondents (22.9%) said that their major reasons to involve in the business was that it was easy to start and it can be run without large outlays of time or money.

20.8% respondents answered they joined the NWM because their parents/relatives were in the business or somebody cared enough about them shows them the awesome opportunity of network marketing and they had no clear and deep understanding of the business. However, the truth should be anybody, friends and families, should only become part of the business if they understand the business well and if they see the opportunity for themselves just like others, it is then they have to join the business. Only one respondent gave a reply saying he joined because of the products, the product attracted him to join the business. The remaining 10.4%, 5.2% and 5.2% respondents give need for independence, realization of their dreams and ideas and own boss as their major reason for their involvement in the business respectively.

From the survey result, the following general conclusion could be drawn. In Addis Ababa, the reason for most individuals to participate in network marketing business was financial freedom.

#### **4.2.2 Startup capital**

In this business, the startup capital was used for registration and purchasing of a product or service. Almost all respondents reply that they invest their money to purchase a numismatic product (watches, pendants and coins). Mean capital for respondents is 5371.65 birr. The startup capital ranges from a minimum of 4240.00 to a maximum of 10170.00 birr. The capital investment in running the business like tea, coffee, mobile, transport and working place rent, etc expenses that would be invested in inviting/persuading friend/potential customer are excluded because it is difficult to know the exact amount.

Table 6 Distribution of respondents by amount and source of capital

Capital		Source of capital			Total
		Personal saving	Loan from family/friend	Credit institutions	
Amount of Capital	<= 4,920	6	11	0	17
	4,921 – 5,000	2	14	0	16
	5,001 – 5,500	3	28	0	31
	5,501 – 5,540	2	0	0	2
	5,541 – 5,700	4	12	0	16
	5,701+	9	3	2	14
Total		26	68	2	96
Mean capital					5,371.65
Minimum capital					4,240
Maximum capital					10,170

Source: Own survey (2006)

As indicated in table 6 the source of capital for most participants was money on loan from their family, friends or relatives, which is 70.8 %. The remaining 27.1% and 2.1% respondents brought their startup capital from their personal saving and micro - credit institutions respectively.

Obtaining this capital was a difficult task for most participants 58.9% respondents said it was difficult to obtain the startup capital. 30.5% respondent indicated that it was not difficult not easy to obtain the finance. Only for 10.5% respondents, obtaining finance was an easy task. From this, we can conclude that obtaining 5000 birr is difficult in countries like Ethiopia accordingly the startup capital for this business is a little bit higher from the economic standard of most population.

Table 7 Distribution of respondents by the difficulty to obtain the startup Capital

		Difficulty to obtain			Total
		Easy	Not easy not difficult	Difficult	
C1 (Banded)	<= 4,920	0	4	13	17
	4,921 – 5,000	3	3	10	16
	5,001 – 5,500	1	8	22	31
	5,501 – 5,540	0	2	0	2
	5,541 – 5,700	3	6	7	16
	5,701+	3	6	5	14
Total		10	29	57	96

Source: own survey (2006)

### 4.2.3 Products

As explained above the startup capital was used for purchasing of company's product and services. The products sold by the company are numismatics (watches, pendants and coins), vacations, technological and nutritional products. Their price ranges from a minimum of 10USD to a maximum of 10,800USD (See annex II).

Most respondents purchased numismatic products (watches, pendants and coins) of the company with an average of 5371.65 birr to get involved. From the survey result the majority (64.6 %) of respondents said, the product they purchased is not proportional with the price it costs. The remaining 35.4 % respondents indicate that the product, the company offer, is compatible with its price.

Table 8 Distribution of respondents' belief on the compatibility of the price for the product

		Frequency	Percent	Cumulative Percent
Compatible price for products	Yes	34	35.4	34.5
	No	62	64.6	100
	Total	96	100.0	

Source: Own survey (2006)

There are a couple of reasons that made the majority to think the products and services offered by GQI are not compatible with their prices.

- First, they tried to sell the products here in the country's souvenir shops and other places; surprisingly, the price was reducing almost by half from its original price.
- Secondly, they knew what their 5000.00 birr would buy for them in the country and it was incomparable to the price of GQI numismatic products.

On the contrary, the respondents who refute the previously stated statement saying that the products and services that are sold by the company are reasonable to their price tags by putting forward these reasons;

- Most people compare the company's numismatic product with other ordinary and normal products, which is not correct. If one compares the company's (GQI) product with other numismatic company's product, the price is very much less and reasonable.
- The company is not putting to the market only watches, pendants or coins but there are other products and services of technological, vacation and life style categories. Therefore, we have to consider the entire products and services GQI offer when we compare GQI product with other companies' products.

Based on the response from the research questionnaire, the price of GQI products and services is high for countries middle class population. However, they deserve the amount in other places, as one respondent said, "The products may not have a market in the country like Ethiopia but they deserve the amount the company sold". Having a market and having a price are two different things. Therefore we can say that GQI product prices are high and do not have a market in the country. Moreover, it was interesting to note that most individuals joined GQI business not to use the product or the service but to use the other benefits the business.

#### **4.2.4 Time the participants give for NWM**

Since employees work eight hours a day, and another eight hours per day goes for sleeping, a remaining discretionary eight hours daily are available. One employee might decide how to use this time, which amounts to 56 hours per week (8 hours x 7 days) economically and financially. It can be used to start one's own part-time business or the like.

According to many literatures, network marketing business will offer individuals flexibility. An individual can decide the working hours, total time for work, when to work, and how to work. He/she make his/her own decision and do not follow others. Individuals can change or modify the time and process.

Table 9 Distribution of respondents by the time they give for NWM

	Time (hr/day)	Frequency	Percent	Cumulative
<b>Time They Gave for the Business</b>	<= 1.00	34	35.4	35.4
	1.01 - 3.20	29	30.2	65.6
	3.21 - 5.40	20	20.8	86.4
	5.41 - 7.60	10	10.4	96.8
	9.81+	3	3.2	100
	<b>Total</b>	<b>96</b>	<b>100.0</b>	

Source: Own survey (2006)

According to Wotruba (1989), most participants have done the business network marketing on a part-time basis. The survey result has the same conjuncture with this. As indicated in table 9 the majority (35.4%) of respondents are doing the business for less than 1 hour per day, as a part-time business. 30.2% and 20.8% respondents answered that they are doing the business for 1.01-3.20 hours and 3.21 – 5.40 hours per day respectively. When we see the cumulative percentage, 86.4% of the participants are doing the business for less than 5.4 hours per day as in a part-time basis. 10.4% of participants are doing the business for 5.41-7.6 hours per day. It is only 3.2% respondents reply they have doing the business for above 9 hours a day, almost in their full-time. However, all respondents indicate they are doing the business as they like, they do not have fixed working hours per day it is their average time investment.

At this time, the majority of respondents indicate that they are decreasing their time investment for this business by decreasing their business presentations,

business trainings and meetings and focusing on their previous/other business due to the current condition of the business.

From this data, one can conclude that network marketing in Addis Ababa is done as a part-time job without altering the daytime job. However, many individuals think the business shifts human resources from productive source that is mistaken.

#### 4.2.5 Length of time in the business

As we can see from table 9, the average time respondents have been in the business is 1year and 5 months. The involvement time of respondents extends from 1month as a minimum to 3years and 1 month, maximum. If we have a look at the time category, 37.5% of the respondents were found within the time category of 5months and 1.02 years. The next largest percentage, 26.0% (25 out of the 97 respondents) is within the time category of 1.55 year – 2.06 years. When we look at the cumulative percentage 86.4% of respondent were involved before 2 years indicating the business is young for the country. Only 3 respondents 3.1% were found within the time category below five month.

Table 10 Distribution of respondents by their stay in the business

Time(year)	Frequency	Percent	Cumulative Percent
<= .50	3	3.1	3.1
.51 – 1.02	36	37.5	40.6
1.03 – 1.54	19	19.8	60.4
1.55 – 2.06	25	26.0	86.5
2.07 – 2.58	8	8.3	94.8
2.59+	5	5.2	100.0
<b>Total</b>	<b>96</b>	<b>100</b>	
Mean length of time			1year & 5 months
Minimum			1 month
Maximum			3years & 1 month

Source: Own survey (2006)

In general, we can conclude that the business network marketing is young and new for our country. When we see the trend, on the number of participants with time category, around 3 years the idea NWM was fresh for our country as a result participation of individuals in the business was little. However, the participation was increasing since 5 months prior to data collection period (Sep-Nov/ 2006). It is in this time range the business raised the attention of the country's population, the media and the government. Afterward, the business was declining due to many reasons, which will be discussed later.

### 4.3 General Business Environment

#### 4.3.1 Business situation

The fast growth of individuals' involvement in the business GQI in the country raised the public as well as the government concern, and the media attempted to expose the advantage and danger of the business for the public. In view of this, questions were arranged to assess the general business environment in Addis Ababa. The data produced from the survey indicates that the current situation of the business is struggling to survive. The causes for the current situation explained in the below table.

Table 11 Causes for the current situation

Cause	Frequency	Percentage
Legality	44	45.8
Media	50	52.1
False information	22	22.9
Religious case	42	43.8
Affordability	23	24.0
Awareness of the people	26	27.1
Delay in product delivery	1	1
Market saturation	5	5.2
Low quality/standard of product	2	2.1

Source: Own survey (2006)

\*\* The table shows the counts on responses, the question has multiply response.

As we can see from table 11, the majority (52.1%) respondents said that it was due to bad or false information released about the business through media. In mass media's like radio and newspapers, to increase the public awareness about the business, there were discussions and debates. However, according to the respondents, most participants of the programs do not have a deep understanding about the business NWM or GQI and transfer information, without any study or research on pros and cons of the business, as a result, the current situation was happened.

45.8% indicate that it is due to legality issues. In the country, the business does not have rules and regulations for its operation in the legal framework. 43.8% respondents said it is because of religious case. Almost all Muslim, Protestant and some Orthodox Christian respondents indicate that their religious leaders disallow the business because individuals participating in this business mostly focus their hopes and dreams upon wealth as the answer to their prayers lose sight of genuine spirituality.

For 27.1% of the respondents, a major reason for current situation is the low level of awareness in the country's population about the business network marketing, as explained earlier; the business is new for our country's population only 3 years. 24% respondents cited affordability of startup capital, 22.9% and 1% respondents respond false information distributed by up-line leaders intentionally or unintentionally and delays in the delivery of company's products are the major cause for the current situation respectively. 5.2% respondents mentioned market saturation; however, market saturation is not a rationale for many respondents by putting reasons like birth rate, expanding the business abroad etc.

### 4.3.2 The seriousness of the problems

In section 4.3.1, the reasons for the current GQI business situation were discussed; the seriousness of the above causes based on respondents' confidence will be discussed in this section.

Table 12 Distribution of respondents' confidence by seriousness of the problem

Problems	No problem	Minor problem	Moderate problem	Major problem	Very sever problem	Total
	Count	Count	Count	Count	Count	count
Delay in product delivery	8	19	42	17	9	96
Low quality / standard	41	14	17	14	9	96
Awareness of the People		5	24	18	43	96
Media	1	5	30	35	24	96
Affordability	1	5	22	28	39	96
legality	8	12	16	33	25	96
False information	25	4	10	23	32	96
Market saturation	39	23	19	11	4	96
Religion	59	9	4	2	21	96

*Source: Own survey (2006)*

As indicated in table 12 the majority of respondents 43 (44.4%) put awareness of the people about the business as a very sever problem. Our population is only familiar with face-to-face transaction, 'paying the bills and taking the product paid for immediately'. However, NWM is a method of selling products and services through e-commerce. An individual will receive the products or services he/she purchased not immediately but after some time; as a result accepting this idea may takes some time by most people.

The second largest sever problem is affordability of products and services of GQI which is indicated by 39 (40.6 %) respondents. First, as mentioned earlier in section 4.2.3 the price of the company's product is high as compared to other

products. Second, even if the price is compatible with the company's product offer, 5000 birr for the majority of Ethiopian is far above the ground.

Media also a major problem indicated by 35 respondents. As indicated earlier, most participants of the programs and debates conducted on media provide their personal view without any tangible evidences/studies. Delay in product delivery was answered by 9 respondents as a major problem, because of the unavailability of rules and regulation, GQI products were not imported freely, the products reached to its buyer by the hosteses and by the persons coming from abroad after a while.

False information distributed by up-line leader whether intentionally or unintentionally also a major problem as indicated by 32 (33.3%) respondents. The information believed, the product will resalable to the company (only by reducing the shipment and handling fee equals 60USD) immediately, if an individual do not want to do the business is distributed by participating individuals intentionally or unintentionally to prospective customer. This information gives confidence for many individuals to join the business. However, in the company's policy and procedure such kind of agreement was not written as a result individuals are losing confidence on their up-line leaders and the company as a whole and decreasing their activities on the business.

25 %, 21%, 9% and 4% of respondents place legality, religion, low quality/standard of the products and services, and market saturation is major problem respectively.

#### **4.3.3 Competitive forces**

Competitive forces have a dramatic impact on marketing strategy. One competitor may lower prices in an attempt to capture more market share. Another competitor may invest more in research and development in hopes of generating new products and establishing their position in the market place. A

third competitor may begin to bypass traditional channels of distribution and sell directly to consumers through manufacturer owned retail outlets or conduct direct selling via the internet and etc, thereby strengthening the value of its brand and hopefully leading to increases in sales. Competitive forces can affect all aspects of marketing mix and marketing strategy.

According to the survey result, almost all respondents indicate that the major competitor for Gold Quest International is domestic network marketing companies. Recently the competition is increasing due to an increase in the number of similar business.

Table 13 Two most important advantages competitors have over GQI

Important Factors	First factor		Second factor	
	count	Percent	Count	percent
Better location	6	6.3	16	16.7
Better product delivery	3	3.1	13	13.5
Lower cost	70	72.9	9	9.4
Better access to business information	3	3.1	5	5.2
Compatible price for products	1	1	18	18.8
Better skill/training	1	1	7	7.3
Legality	12	12.5	28	29.2
<i>Total</i>	<i>96</i>	<i>100</i>	<i>96</i>	<i>100</i>

*Source: Own survey (2006)*

Questions concerning the two most important factors the competitors have advantage over Gold Quest International indicate that the majority (72.9%) said it is lower cost. Most domestic network marketing company's startup capital is between 300-600 birr only; it is affordable and inexpensive as compared to GQI therefore, these companies have a better opportunity to sell their products for many individuals and individuals have a confidence to invest in these company's because they will only loss 300-600 birr if the business fail. The second most important factor is a legality issue that is mentioned by 29.2% respondents. In the country, GQI does not have rules and regulations for its operation, however, most domestic network marketing companies obtained their legality as a commission agent. Therefore, individuals feel security when they work with these

company's because they have at least a license for working as a commission agent in the country. However, in general there are no rules and regulations in the legal framework concerning this kind of business.

When we compare the GQI products with that of its competitors by quality, price and model the majority respondents (58, 76 and 73 out of 96) indicate that GQI's products are much higher with that of the domestic network marketing companies respectively.

Table 14 Comparing GQI products with competitors

	No difference	Slightly higher	Much higher	Slightly lower	Much lower	Do not know
	Count	Count	Count	Count	Count	Count
Quality of material	8	11	58	5	2	10
Price	1	10	76	5	1	3
Model	3	5	73	1	10	3
<i>Total</i>	96	96	96	96	96	96

*Source: Own survey (2006)*

#### 4.4 Network marketing and socio economic dynamics

##### 4.4.1 Education, Skill and Training

Education has parallel correlation with growth and productivity of a business. Education for business is vital from the point of view of efficient use of market information and ability to analyze their future effects in the business. The survey result also indicates that educational practices or experiences respondents got have strongly supported their business of greatest number of respondents (89.6%) or influenced their business positively. However, only 10.4% (10 out of 96) has explained they do not get any benefit from the education. This implies that neither they get education, which complies with their business activity, nor they attend any education useful to their business.

If trainings are appropriately managed, it can assist lot of people who are inadequately skilled or lack the skills required for their business growth (Mulat and Wolday, in Wolday et al. 1997), the main purpose of training in NWM is to improve the knowledge of distributors and provide a plat form for distributors to provide prospective distributors or customers to a place so that they can learn more about the company and the product.

The training given for prospective customers include a presentation on the background of the company, its product and the compensation plan (the commission payment method), as well as the sharing of experiences of currently successful participants to motivate them to join the business. Former participants as well as the company gave these trainings. The company prepared regional events, like the one that is held in Sheraton Addis a year ago for about 800 individuals. These kinds of trainings are large on scale, attended by distributors from all over the country for the purpose of recruitment, promotion, and training; in these trainings, local leaders and company officials participate.

As we can see from table 15, almost all respondents took training before they joined the business. The training almost all 92.7% respondents obtained before their involvement is focusing on the company, product and compensation plan. 15.6% and 9.4% respondents took trainings on technical training and business management training in addition respectively. 7.3% respondents had taken training on personal development and how relationships are built easily. However, most participants have not taken trainings on leadership, marketing courses (how an individual invite a prospective customer and present the business...), money and time management before his/her involvement indicating that trainings given for participating individuals and prospective customer are different.

Table 15 Training respondents obtained before & after joining the business

Trainings					
		Count	Co%	Count	Co%
Training types	The company, product and compensation plan	89	92.7	43	44.8
	Technical training	15	15.6	-	-
	Business management	9	9.4	29	30.2
	Marketing courses	-	-	9	9.4
	Personal development	5	5.2	71	74
	Building relationships easily	2	2.1	43	44.8
	Leadership	-	-	68	70.8
	Money and time management	-	-	58	60.4
	Constructive training	Yes			93
	No			3	3.1

Source: Own survey (2006)

*\*\* The table shows the counts on responses. The question has multiply responses; an individual may take several training before or after involvement.*

The training that the participants obtained after joining the business is focusing on personal development, leadership and money and time management. As we see from table 15 the majority (74%) took trainings on personal development tracked by 70.8 about leadership, 60.4% on money and time management, 44.8% on building relationships easily, 44.8% on the company, product and compensation plan, 30.2% and 9.4% on business management and marketing courses respectively.

In relation to the importance of these trainings for their business, the majority of respondents 96.9% responded positive to the trainings. It gives them the proper guideline on what to present and how it should be presented. In addition, these trainings changed their way of doing their previous business as well. The rest 3.1% of the respondents replied the trainings do not have any importance for

them. This is may be because they are not doing the business after joining or they are either not getting the training, which is important, for doing the business.

Inline with the above matter, one general conclusion can be drawn with the indication that the trainings given in network marketing business are helpful for doing the business as well as in real life situations. A more general conclusion can also be extracted that one of the benefits on network marketing is getting life changing training.

### **Case presentation one:**

*My name is 'Muhaba Sorbela'\*\* I am 24 years old. I have a diploma in purchasing and supply management from Addis Ababa commercial college. I have been working in private company since five years ago.*

*Before two years one of my relative introduce me to NWM business which I do not have any hint about it. At that time, I was in need of money to do something very important on my life. The one who invited me to the business is my close relative so that I do not have any choice except to accept and start doing the business.*

*At that time I was able to pay the startup capital from my personal saving, this helped me to start the business immediately. The business was new and it was just the beginning. I have got a hope and motivation to do the business and fulfill my short and long term goals.*

*My first month business growth was normal and promising. However, when time goes it was not in my expectation. When I started, NWM my expectation was that NWM would brings me a faster income relative to other businesses. Therefore, I can solve my financial needs. But it did not happen, however, I have got a lesson that to have a financial goal and to achieve it by any means.*

*As far as my understanding of the business NWM have a lot benefits more than money. One of these benefits I got without my expectation is to have a lifetime friends. It is a gift to meet people and make them your close friends. In NWM, I have got friends who talk about life and about ideas.*

*The other benefit that NWM gave me is an opportunity to read books, to attend life changing trainings and practical experiences which I never have a chance to learn it in any other educational institutes. These parts of the business make me interested to explore more on these benefits. This enables me to do the business. Using these ideas, I am trying to change my life. NWM thought me new ideas about money and time management, vision, teamwork and many other related topics. It is a 'wake up call in my life'.*

*The bad experience for me in NWM was the one that happened with my few partners in the business. Due to the misunderstanding and/or the misinterpretation of information, they were expecting too much and fast incomes immediately. However, it does not happen as a result they try to blame the business and me, which affects our relation.*

*In general, in NWM I have got many benefits or experience. I was doing NWM business as part-time job and still am doing my day job so I can say that I lost nothing rather I benefited personally.*

*Even now if the populations understand the true concept of NWM, modified to our countries situation and done within the right ethics of the business. For me NWM is a better business idea.*

*At the end of the day, I am trying to apply what the business thought me and I am trying to put into action in other fields. I hope I will succeed because the education in NWM was practical. I really do not know what is going to happen next.*

*\*\* His real name based on his consent, Jan 2, 2007.*

#### 4.4.2 Financial benefit

Most NWM programs reveals a pattern of excessive incomes accruing to relatively few top distributors at the expense of hundreds and even thousands of down-line distributors who even with diligent effort go away empty handed (Tyler 2006). While others say, in linear income or in other jobs, individuals are paid when he/she work. However, in network marketing individuals will be paid even when they do not work. They will get residual income from the effort they put and work they did in the past. In this respect, questions were arranged to know how many of the participant benefited financially.

The data produced from the survey indicates that around 97% of the respondents do not benefit financially from the business in general. This is consistent with Richard (2004), according to him In NWM some individual distributors have earned and enjoyed long-standing residual income fortunes. Most individuals who pursue building a network marketing business, however, give up before they see the level of success they hoped for.

NWM businesses are commission business; individuals advertise a product for potential customers, if the customer buys the product, then he/she will get the commission for his/her advertisement. In this case, individuals' who sell a lot of product makes a lot of money. If not, they do not make much money. Individuals who build a good-sized down-line will increase their income exponentially. However, individuals who are not building a good-sized down-line will decrease and suffer their paychecks. If an up-line individual train his/her down-line and help them to succeed, then they will put money in the up-lines pocket. Therefore, we can conclude that down-line number is directly correlated with the financial benefit an up-line individual obtained. In relation with this, questions were arranged to know the number of down-lines the respondents has in order to estimate the financial benefit the respondent got.

Table 16 Number of down-line the respondent has

Number of down-line partner	Count	Percentage	Cumulative percentage
<= 2	16	16.7	16.7
3 – 7	14	14.6	14.6+13.5=
8 – 11	13	13.5	28.1
12 – 15	13	13.5	13.5+13.5=
16 – 27	13	13.5	27
28 – 92	14	14.7	14.7+13.5=
93+	13	13.5	28.1
Total	96	100	

Source: Own survey (2006)

From the survey result, the number of down-line partner the respondent's has ranges from a minimum of zero to a maximum of 4500. 13.5% of respondents have a number of down-line partners of 8-11, 12 -15, 16-27 and over 93. The largest numbers of respondents (16.7%) have below two Down-line partners. The second largest group falls under the number of 28 – 92 Down-lines.

As mentioned earlier, GQI uses binary compensation plan to pay commission for customers who qualified for commission. The primary limitation of GQI binary plan is that distributors must balance (3left &3right) their two down-line legs to receive commissions. If we assume the number of Down-line partners are found in balance in both sides (left and right) of the respondents. 16.7% do not get any financial benefit. 28.1% (14.6+13.5) % of respondents got an average of  $\leq$  250 USD and 27% respondents got a USD 250 to 1000 (average 625 USD). The remaining 28.1% respondents have got a USD  $\geq$  1000.

However, from the survey result most participants did not benefit financially until the survey was conducted and do not have an expectation to get it in future due to the current situation, mentioned in section 4.3. Only three participants responded they obtained what they expected related to finance.

Moreover, the majority of respondents who have a Down-line partners indicated that their Down-line collaborates/partners were not benefited financially from the business.

In NWM, most literatures reveal that individuals will obtain financial freedom within 2 years if he/she works hard. However, from the survey result the majority respondents (97%) including those above 2 years did not benefited financially indicating that making money in NWM requires extraordinary time commitment as well as considerable personal skill and persistence beyond the sheer hard work and talent required.

### **Case presentation two:**

*My name is 'Wabi Taddese'\*\*. I am 24 years old. I joined / signed up in Quest International business just before 1 year and 5 months.*

*I was a student before I signed up to this business in Bahirdar University. Just after my graduation, my friend told me about the business. After he finished his presentation, I was very glad about the business and I showed my interest to sign up but I was short of money to do that. I told my sister to help me and I promised to her I will pay it right after 6 months. She agreed to give me the money and I started the business.*

*After I joined the business, I tried all my best to do the business successfully for about 9 months I had nothing to do except this business.*

*It is said that 'success is a journey'. I believe it too. I could not say I am successful or I am not successful. When I was presenting the business to my prospects, I have been telling them that there are around 9 benefits of the business as I was presented too. Getting all of them is very nice thing but everybody will have at least three of them as a motivating factor before starting*

*this business. My primary motivating factors were financial freedom, helping people (others), personal development and time freedom.*

*As I explained earlier, I have been trying so much and I paid, a lot scarifies to get them. From the benefits I expected, I got two or more; which are the most of all I think. Joining the business was a turning point in my life.*

*It is after this business that I define my values, life principles and my dream/vision. Now I know what I have to be. Therefore, I will search ways that can make me what I want to be. 'If there is a will there is a way'.*

*Beside I have a benefit that I never expected, meeting new people. I have friends I never dreamed of before Quest Net. Meeting these people can make me to grow more and more. I can say we have similar dreams. So birds of the same feather flock together. They can help me to grow and I will too.*

*In my stay in the business, I dedicated 1hr a day to help others to make them to do the business.*

*All in all the business helped me to develop a winning attitude; which is the best of all but one thing not to forget is I feel my family lost there confidence on me . I afraid anybody not to ask me about the business I lost my faith in the business. This is because the people around me believe in big money, which I did not have. They need to see the money I earned from the business not the personal development I have.*

*Therefore, whenever they asked me about the money they gave me for the involvement in this business, I lied and I will lie until I pay them back by the mentality this business gave me.*

*\*\* His real name based on his consent, Jan 5, 2007*

#### 4.4.3 Employment opportunity

It is believed that network marketing create employment opportunity for those who do not have job and part-time job for those who have daytime job. Conversely, NWM make individuals to leave their work, shifts the productive human resource to unproductive sectors, and seriously affects the production capacity of the country. Concerning this, questions were arranged to know what the participants have been doing before their involvement and the business impact on their previous work.

Table 17 Distribution of respondents by previous occupation

Previous occupation		Still working		Total	
		Yes	No	Count	Co %
Working before involving in this business	Unemployed	-	-	20	20.8
	Daily wage laborer	1	2	3	3.1
	In school learning	11	13	24	25.0
	Working in a public sector	2	2	4	4.2
	Working in similar business	12	1	13	13.5
	Employed in un related business	18	4	22	22.9
	Working on unpaid family business	5	4	9	9.4
	Other	1	0	1	1.0
Total	Count	50	26		
	Percentage	65.8	34.2		

Source: Own survey (2006)

From the survey result, regarding the type of work they were engaged in prior to their involvement in this business is that; a good proportion of (25%) respondents had in school learning and 22.9% of the respondents had been employed in unrelated business. 20 Out of 96 are unemployed; they were not participating in any kind of business before. Only 4.2% of the respondents were employee in public sector. 3.1% were wage laborers and 13.5%were working in similar

business. One respondent said he is engaged in both learning at the same time running unrelated business. This shows the business created employment opportunity for 20.8% respondents and for the remaining participants the business created their own and additional business opportunity.

From the respondents who participated in any of the seven choices excluding the unemployed one, 65.8% continued doing their previous business after joining NWM. Out of the remaining 26(34%), 13 respondents were students and they were done with their education corresponding with doing the business. The remaining 13 respondents replied that they quitted their previous business because they thought NWM was profitable with full-time commitment.

From the result, one can conclude that NWM business is done as a part-time business for most participants who have jobs and created an employment opportunity for those who do not have job. Moreover, network marketing in Addis Ababa is done without altering the daytime job and not shifting human resource from productive source.

#### **4.4.4 Meeting new people**

In NWM, individuals can work with people from any country and working in different geographical areas. Individuals can contact them through the advanced communication method at any time and can have people working from different countries. Therefore, we can conclude meeting new people is one of the benefits of network marketing.

Table 18 Meeting opportunity with new people

	Response	Count	Percent
Is the business created opportunity to meet new people	Yes	94	97.9%
	No	2	2.1%
	<i>Total</i>	96	

Source: Own survey (2006)

According to the survey result almost all respondents (97.9%) said the business help them to meet new peoples from different ethnic background and religious belief. The remaining 2.1% indicate it does not help them to meet new individuals. It is because either they do not work the business after signed up or they joined the business recently.

Meeting this peoples enable the respondents to share their ideas, views opinions on different topics and help them to acquire different knowledge's and in formations.

**Case presentation three:**

*My name is 'Tsedey Hagos'\*\*, 22. I am working financial related things in a private company in my daytime and attend my college education in Accounting. Now I am a third year student. It has been one and half year since I started to work network marketing with a company called Gold Quest International Ltd. I was told and introduced by my close friend. He took me to their office and presented me the whole essence of the business within one hour. I was amazed by the business and as a result, I get my self-busy on searching for more information from other friends. Even I started to visit the office regularly to know more about the origin of NWM. At last I realized that I could it is a simple business to do. Moreover, I believed that this business could change my life very quickly.*

*In order to start this business a minimum of 5000 birr is needed and to have that money I either should ask my family or should get loan from my brother. Lastly, I asked my brother to lend me that amount. He was unwilling to do that since he could*

not understand the business. I strongly tried to convince him give me that money. He was tired of listening to my argument, now and then, and he determined to give me at last even if he was unsure of profitability of the business. 'I know that u will lose your money, so please do not ever ask me money for this business' was what he said to me. I assured him I will pay his money by doubling the amount. The moment I get the money, I went for registration without giving any concern for the type of the product. I did not even care about the delivery of my product since my prior objective was to begin the business as early as possible. I did not start the business for 2 months after I joined the business. I took various trainings sessions on the business to have a broad understanding about it. Within three months time I introduced the business to my best friend and she registered under my line after all I briefed her every thing about it. She did not have a clear picture of the business, but she developed confidence upon me as we agreed to work together and go for changing our lives.

I invited many people to join the business, they loved the business; some arranged to join while others simply attend the presentation and trainings and they disappear. In this situation, 7-8 months have passed. I was not disappointed by the business though I had great expectation form it. The experience I get from the business was beyond my expectation and I make my self believe that I can have the money if I worked hard. All I needed was the experience and sharing of ideas with friends.

Meanwhile, the business slows down, the training that would be given in daily basis lessened day after day. Finally, the training stopped and the office closed. Even some of our leaders went for other types of businesses. I had produced good friends of my life whom I think I would never depart from them since we had good as well unforgettable times in the business activities. Unfortunately, we all dispersed and I was questioning my self why that was happening since we all have had strong relationship. I know that there is no problem with the company. The company is even providing new products for its customers by making the business very simple ever before.

*I have had good impression of the business until now but I do not have a strong conviction on the business as ever before. I also think that the business was not studied well from the outset as what we are told will happen and what we see are to the contrary. In fact, I can say that I had every thing from this business though I could not earn money out of it. More than every thing, I found myself in the business. What is bothering my mind is my friend's money since she has extracted nothing from the business. I am hoping that I will pay compensation for her money sometime in the future. For the inappropriateness of the business, we all are blamed since we quit working the business without letting many people benefiting from it. Presumably, if the business is still going many people might be benefited or do many more might be hurt? I have no answer for this question. What I feel is I am not among those who are hurt, but from those who are benefited. Though I did not earn money from this business, I found my self in it, after all.*

*\*\* The name is fictitious for confidential, Feb 2, 2007*

#### **4.4.5 Friendly relationships**

Most literatures reveal that network marketing is very definitely a relationship business and each relationship typically starts out with two complete strangers or individuals who never met before. The relation building aspect of network marketing is of vital importance to the success of each individual member and to the team as a whole because building a friendly relationship with their business partners will create strength and long-term stability in once organization. After all individuals are working to build a long-term residual income, an income that, they want to last.

Table 19 Building relationships

	Response	Count	Percent
Building relationship/ strengthen the existing friendship	Yes	78	81.3
	No	18	18.7
	Total	96	100

Source: own survey (2006)

From the survey result, the majority (81.3%) of respondents indicated that NWM help them to build a new relationship with new people they met. Only 18.7% respondents answered the business did not help them build new relationship.

These relationships are important for most respondents in a way that it helps them to acquire new knowledge and they can support each other's in times of need.

#### 4.4.6 Friendship strength

Network marketing has an important role in promoting friendly-relationships between individuals who are working together to achieve their personal dreams. As we see earlier, it helped most respondents to build relationships with new peoples. However, outsiders may exclude from the use of the network resource.

Table 20 Respondents' friendship strength

		After both join			you sign, your friend not		
		Decrease	Same	Increasing	Decrease	Same	Increasing
Friendship strength	Count	16	24	58	71	18	7
	%	16.7	25	60.4	74	18.8	7.2

Source: Own survey (2006)

To the question concerning the effect of the business on the existing friendship, most (60.4%) respondents replied the business strengthened their existing friendship with their friends who signed up. Strengthening in their friendship is due to the increment of their daily contact for doing the business presentations, meetings and etc. 25% respondents indicate their existing friendship with their friends remained the same and for 16.7% respondents the business leads them to decrease their existing friendship, as a result of what the respondents told their friends before their involvement and what is happening was poles apart due to various causes explained in section 4.3.1 and 4.3.2.

In addition, as we see from table 20, most respondents (74%), replied that their friendships with their previous friends, who were not participated in the business, was decreased. It is either because the participating individuals gave most of their time for the business and for individuals who support them to do it or the participating individuals presents their business to their friends and may be rejected. As a result, it creates trust problem and raise a question of “why does not he believe me?” and leads them to decrease their existing friendship. 18.8 of respondents reply their involvement in the business did not affect their friendship. Only 7% respond their friendship was increasing.

#### **Case presentation four:**

*My name is ‘Kebede Mamo’\*\* I am 26 years old and working in family business.*

*I heard the business 2 years ago from a friend of mine whom I loved most. After he told me the business, I decide to get involved. I borrowed money from my brother. My brother gave me the money without deeper understanding of the business I remember what he said when he gave the money “I don’t understand the business well if you believe in it I will give you the money in the afternoon I have a confidence on you”. Then I joined the business after a week.*

*At that time my expectations was to become rich quickly after 5 or 6 months. When I see anything great like beautiful cars, homes and etc. I do not surprise that much because I have a confidence to buy them from the income I thought I would get soon from the business.*

*I told the business for more than 18 of my close friends. None of them was joined. I have an expectation that the business will move fast but it do not. However, even if the movement of the business was as I expected I received my*

*first 250USD after 2 and half month of signing up. This increased my trust on the business and I became committed.*

*We (me and my Quest friends) were rented an office and started doing the business in full concentration. Most of my down-line partners are my families and close relatives. They signed up because they trust me very much not the business. Before 8-9 months ago, the business was at good movement however, the business activity is decreasing due to different reasons.*

*I benefited financial from the business but not that much. Almost no families and close relatives who signed up under my network by trusting me were benefited financially. These create a tension on me. They do not think the company or I cheated them. They complain themselves for not doing the business.*

*The business gave me a little finance, more importantly it teaches me many important life educations on how I can easily interact with people it creates an opportunity to meet different peoples who have different ethnic background and religious belief. It gives me friends who I call them my hero's because they thought me many things they share many ideas and in formations.*

*Lastly, I am not getting what I expected to get related to finance. I do not have an expectation to get it in future from this business because of the current situation. However, I have a great belief in the business it will change the lives of many people If the conditions are corrected like its legality in the country and so on.*

*The thing, which I lost from the business, is my relation with my friends who did not join the business. It is decreasing. When they see me, I do not know the reason but they do not feel comfortable. I think this is because they have ashamed of themselves of not joining the business but it should not happening like that because they have a right to decide anything they like and Failing to get the startup capital is not only their problem.*

*To generalize, NWM gives me all things except financial freedom.*

*\*\* The name is fictitious for confidential, Feb 5, 2007*

#### 4.4.7 Credibility

Credibility is the belief or confidence that one party has in the reliability, integrity and honesty of another party. It is the expectation that the credibility one places in someone else will be honored or it is a relationship in which one party believes in another to be knowledgeable about a given subject. Credibility are essential When we building personal networks. People have to believe that an individual should know what he/she is talking about, that an individual should have accurate information and expertise. An individual will never create faith unless his/her sustained behavior parallels what he/she say.

Building credibility can take so long. People are waiting to see a long-term, consistent pattern of behavior that is congruent with what an individual have been telling them. As explained earlier most of the respondents brought their startup capital on loan from family, friends or personal contacts. When they took the money, they thought that they would pay it after a maximum of 5-6 months, and made a promise for their lender within 5-6 months. However, it was not occurring; they were not repaid their startup capital for the lenders.

Table 21 Returning startup capital

Startup capital		Returning loan		Total
		Yes	No	
Source of capital	Own saving	0	0	0
	On loan from family	11	57	68
	Credit institutions	1	1	2
Total	Count	12	58	70
	Co %	18.3	82.9	100

Source: Own Survey (2006)

*\*\*The total number of respondents was 96. Previously, as indicated in table 6, 26 respondents brought their capital from their own saving. That is why the total number here is 70.*

From the survey result the majority (82.9%) of respondents replied that they could not repay the money they loaned; as a result, they are unable to keep their promise they made before. Being incapable to keep their promise leads their lenders to drop their faith/trust on them and unwilling to lend any additional investment for any other business. Only 12 out of 70 respondents indicate they repay their initial loaned capital for their prospective lenders.

In general, most participants of the business were unable to keep their promise made of returning of the money in 5-6 months leads them; not to participate in other investment that needs capital because their family, friends or relatives will not ready to loan money. In addition, the respondents, themselves, lost their confidence for asking additional money for other investment. However, this problem is only for GQI because the startup capital of other NWM companies is low, not more than 600 birr.

#### **Case presentation five:**

*My name is 'Tadele Abera'\*\*, 26. I am an employee in a private company. I started the business 1.8 years ago. I was involved in the business because my close friend told me and I saw the opportunity.*

*It was hard for me to get the startup capital. Because I am working with my father and the capital for our business was a little bit above 5000. I tried to convince my father to invest this money in the business network marketing. However, my father does not agree with my idea. Finally, after a long trial my father gave me the money and started the business after 2 month I heard. At this 2-month time, I developed my knowledge and understanding of the business through reading and attending different trainings.*

*After joining the business all my families expense covered by me because, I took all the money and invested in the business. My father was sited at home (we*

close what our previous work). In general, all my families put their hope in the business and me.

At the beginning, my up-lines helped me by giving money and one down-line; it was a motivating activity for me at that time. I was doing the business in a full-time basis and in full concentration. I received my first QSC which is 50\$ after 3 week. It increased my trust on the business and to become committed.

Now I have a down-line more than 200. I got some financial benefits from the business. However, some friends whom I made them to involve and does not benefited from the business created a problem on me. They are calling now and then, said 'they want their startup capital back.' This is because I gave them a false information before they signed up unintentionally, which is, 'if they do not want to do the business then the company will return the startup capital invested for purchasing the product by reducing only the shipping and handling fee'. I gave this information not to put a confidence and signing up my friends but I heard just like that. I do not want to check the company's policy and procedure because from the company's policy and procedure, I believe and trust my friend who told me about the business.

As I said earlier I benefited little (not as I expected) from the business financially, I invested all the money I got for my families need. However, the condition of the business now is not good and, I think it's due to its legality (The business does not have a legal framework in the country). Individuals joining the business were reducing. I received my last commission cheque six month ago. I do not have any other financial resources, even if I tried to work different things still now I did not get satisfactory result.

The business and I was my families only hope but because of the current situation, they started blaming me for investing the money in this business. They lost their trust, faith and confidence on me. Moreover, they did not want to hear

*what I am saying and they expect the money; they gave me to start the business, however at this condition I could not return the money because I do not have it.*

*In general, the business idea is good but the current situation is not. I joined the business by the expectation of getting financial benefit but I do not. I got another benefits like meeting new people, personal development and the like. My family's lack of trust, faith and confidence on me is the major thing that disturbs me most.*

*\*\* The name is fictitious for confidential Feb. 2, 2007.*

#### **4.5 Socio-cultural attitudes**

Network marketing, as social, economic, cultural and psychological implications in the context of the individuals' life; different individuals have perceived it differently. Participating individuals' perception is quite distinctive in some respect with those non participating individuals.

There are desirable and undesirable effects of the business resulting from NWM and likewise it is perceived both positively and negatively by the society. This thesis does not incorporate the views of non participating individuals, which may be the weak side of this research. However, it tries to see the public view from participating individuals' perception regarding the attitude of people towards the business.

##### **4.5.1 General public view towards NWM**

As described earlier, when we see the worldwide views in general in network marketing, Some outlaws making use of network marketing to sell fake and inferior products, smuggling products, caring out unfair competition, commuting fraudulent pricing and cheat peoples money to cause damages to the rights of the general consumers and reputations of certain enterprises as well as avoiding and stealing of tax, affects the normal economic order of the countries have

created chaos, resulting in the general public's holding negative views as a whole in network marketing. For example according to Berry (1997) such negative views of direct selling were shared by three out of four people in the United States who said they would not choose this industry as an occupation.

According to the survey result such a negative view is held by people in Addis Ababa; in a condition where the populations were not exposed that much for such pyramidal schemes. One reason it gets a bad reputation is due to its pyramid shape. We have all heard stories about illegal pyramid schemes that only make those people at the top of the pyramid rich. Secondly, the business NWM does not have rules and regulation for its activity in the countries legal framework as a result the business is seen as illegal. Thirdly, due to the newness of the business in the country and the way GQI up-line leaders share out information about NWM, most people view NWM as a system in which individuals are joining only for making money not to use the product or services.

In general, the numbers of network marketing companies are increasing in the country, domestic as well as foreign. However, the people see them as illegal and un-ethical business. Anybody (except participating individuals) does not recommend joining any kind of network marketing companies found in the country due the above mentioned reasons.

#### **4.5.2 Public view towards GQI**

Gold Quest International is a multi national company operating in more than 120 countries worldwide and Ethiopia is one of those countries where GQI operates. The company is viewed differently by participating and non participating individuals.

Table 22 Respondents view on GQI

	Response	Count	Percent
Do you trust GQI in all its transactions	Yes	87	90.6
	No	6	6.3
	I don't know	3	3.1
	<i>Total</i>	96	100

Source: Own survey (2006)

From the survey result the majority (90.6%) of respondents answered that they believe or trust the company in all its transaction activity. The company will send the purchased product properly if there are rules and regulations for importing such kind of goods; in addition, the company sends their commission cheque properly. 6% of respondents replied they did not trust the company because they did not receive their purchased products still and 3 % indicate that they are not sure of the company, they are in confusion.

Regarding the public view from participating individuals perception, indicates that in the country the company viewed by most people as an illegal and unlawful. It may be due to several reasons; one, the business does not have rules and regulation for its operation in the countries legal framework, second, they tried the business and failed, third, they know someone who has failed therefore they assume it's bad. In addition, they think that the government will take tough action and the business will stop soon.

In general, most participating individuals trust GQI in its all transactions. However, non-participating individuals view GQI as an illegal company operating globally to receive people's money by giving false hopes and promises and concerning the products, most people view GQI product as inferior and smuggled products especially the numismatic once.

#### 4.5.3 Public view towards participants

The socio-cultural environment mostly their parents, families and relatives of the majority (46.9%) respondents are discouraging and negatively influenced to stop from doing the business. It may be because most participating individuals are

young and dependent in their family, parents, and close relatives and these people knew the societies feeling about the business very well, as a result, they try to discourage their children from doing the business. For 30.2% of respondents their friends and business partners encouraged or positively influenced to do the business. For the remaining 22.9% the socio-economic environment do not have any impact on their business activity.

Table 23 socio cultural environment for the business and peoples perception

	Response	Count	Percent
socio cultural environment	Encouraging	29	30.2
	Discouraging	45	46.9
	No impact	22	22.9
	<i>Total</i>	96	100
Peoples perception as a Net-worker	Rich	23	24
	Thief	12	12.5
	Unlawful	19	19.8
	Dishonest	9	9.4
	Like previous	31	32.3
	Other	2	2.1
	<i>Total</i>	96	100

Source: Own survey (2006)

Regarding the perception of the people towards the participating individuals as a net-worker, from the survey result, the majority (32.3%) replied that they are viewed as previously. The next majority (24%) indicated that they viewed as very rich persons, and they are expected to cover all expenses when they entertain with their friends. It may be because most distributors make false claims about the financial benefit they acquired in order to attract people's attention. However, as we see earlier in subchapter 4.4.2 individuals benefited financially from the business are only 3.1%. 19.8% said they viewed as unlawful due to the legality issue of the business. 12.5% replied they perceived as thief who took peoples money. It may be as a result of taking the business as illegal and unethical practice like pyramid schemes. 9.4% viewed as dishonest. One reason for this is that distributors in NWM are independent contractors and are not involved in the "normal employer-employee relationships," making administration over them

difficult. However, it is these distributors who come into contact with customers. In general, we can conclude that, the society does not perceive network marketing as a respectable career.

#### **4.6 Rules and Regulations**

Network marketing also called Multi Level Marketing or MLM has been legally used for product distribution and compensating distributors for more than 50 years in USA. During this time, network marketing has repeatedly been upheld by the federal and state courts as a legal distribution and compensation method (Richard, 2004). The main objective of the business is selling viable products or services at a reasonable price. The concept attracts many individuals ethical, some not. Many network marketing companies have crossed the line legally and have been the subject of negative media, as well as civil and criminal penalties world wide.

Questions concerning of rules and regulations of the business indicate that there were no rules and regulation for its activity in the countries legal framework. According to the survey result, all participating individuals have doing the business without license or work permit. It is due to lack of readiness from the government to give license.

All respondent indicate that they do not pay tax. It is because of inefficient or discretionary tax administration system; however, there is a service charge in commercial bank in changing the commission cheque to money. Moreover, all respondents indicate that they are ready to pay tax from their income or from the product, they purchased if there is a law, which govern this kind of business. Almost all respondents are highly predictable of changes in rules, laws or policies relevant to the business. The government (specifically The National Lottery Administration of Ethiopia) announces the business as illegal through mass

media at different and takes measures by holding the participants product in customs authority. These measures were minimizing the activity of the business.

However, as indicated in subchapter 4.3.3, recently the number of domestic network marketing companies increasing rapidly in the condition where there is lack of or inadequate business premises, insufficient or discretionary tax administration, regulation related to customer protection and quality control and inability to use judicial system and the police to enforce contracts.

From this, it can be generalized that there is comparative backwardness of our regulatory system for this kind of business. Therefore, the government should provide a legal framework for NWM business either from the experiences of other countries or from the studies made in the country.

#### **4.7 Group discussion report**

The group discussion was held with nine individuals who participated in the business. Their length of time since joining the business ranges from 5month to 2.5 years. It was held in PIAZZA Quest Net Center on August 2006. The theme of the discussion were their reason of joining the business, what implication it have in their life, what they think of GQI and other NWM companies in generally based on their experience and the way how they will doing the business in future. Meanwhile, the researcher facilitates the discussion.

Almost all respondents indicate that their major reason for joining the business was to be financially free in the near future. However, their thinking was wrong because, from group discussion participants, only one individual obtained more than 50,000 birr as a commission from the business the remaining said they benefit little or nothing from the business financially.

Question concerning their perception about GQI indicate that they trust the company in its all transactions. The company's products and services have

compatible price. However, many people view the product and their price as not compatible due to, a wrong comparison of GQI numismatic products with other normal and ordinary products. Second, the product may not have values or market in the country because of images minted on them that does not represent our countries culture or population. Most people joined the business hoping to get rich quickly and buy a product that does not have values or meanings to them without a deep understanding, as a result, they blame the individuals who told the business and distribute false information about the industry. Inline with this, the number of network marketing companies increased and created major competition for their business. Lowering their startup capital and established by Ethiopian gave them an advantage over GQI. All these network marketing companies have an important contribution for countries population if they use the main objective of NWM, which is selling viable products or services at a reasonable price.

In future, most respondents indicate that they will do the business by telling the truth like the business is not a get rich quick, it needs their investment in time and money additionally from their startup capital. Individuals must join the business for using the products and services as their primary objective and using the opportunity as secondary objective.

The business created the opportunity to discuss and share their ideas information, and knowledge's on different topics with different people regardless of sex, age, educational status, religious belief and ethnic background. There are different trainings given by former participants and the company, these trainings have a direct positive influence on their personal life as a whole. Most participating individuals have doing the business in part-time basis. In general, the business is not a business only it is also an educational institute.

Finally, they indicate that the GQI business activity is decreasing due to legality, religious and many other reasons. The business is done in the country without rules and regulations. Therefore, the government should provide a legal framework for the activities of such kind of businesses.

## 5 CONCLUSIONS AND RECOMMENDATION

### 5.1 Conclusion

As indicated earlier, network marketing also known as Multi-Level Marketing or MLM, is a process of distributing products or services by using social networks or a network of independent marketers directly to the end customer. In this business, individuals' share information and develop personal and professional contacts. They are rewarded for sharing information that results in product sales and it empowers them to build their own networking sales organization from their personal and professional contacts, which also empowers everyone to do the same, creating exponential growth of their network. Thus, in NWM individuals can earn income from their successful efforts and the efforts of their network of business associates.

Network marketing has a history for more than 5 decades worldwide. Presently it is one of the most respected method of distributing products and services as well as one of the most problematic business model that shows all the defects and characteristics of pyramidal scheme in its compensation plan and structure. In Ethiopia, however, NWM do not have a long history. It is only around 3 years since the business started and received public recognition. Today there are around 21 domestic as well as foreign NWM companies in the country. Gold Quest International is one of the most widely known foreign network marketing company found in the country.

This study focused on the socioeconomic implication of network marketing in Addis Ababa with special reference of Gold Quest International, from those 21 NWM found in the country. Correspondingly, a total of 96 individuals, 5 case studies and a group discussion with 9 individuals were incorporated in the research.

As indicated in the analysis part the business draws large number of educated young males who are not married and are from diverse religious beliefs and ethnic backgrounds. There are different work motives for doing this kind of business like financial freedom, time freedom, meeting new people, personal development, own business, easy to start, to realize the dream and etc. Description results from the survey indicated that the major work motive for doing the business in Addis Ababa is financial freedom (thought profitable) tracked by its easiness to start; meaning that, it offers the opportunity for an individual to conduct the business without having to bother about expensive resources such as factory or retail store, warehousing, employees, advertising, or other costs typically associated with running a business.

The finding also indicated that the startup capital ranges from 4,200 to 10,170 birr, and used for registration and purchasing of company's numismatic products. However, as indicted by the majority, product prices are not compatible with the company's products offer. Moreover, the majority respondents brought their startup capital from their family, relatives and close friends on loan and by making a promise to return it after 5-6 months. However, as we have seen earlier, the majorities did not attain financial benefit and were not capable to keep their promise; as a result, the lenders lost their trust/faith on the borrower and became reluctant to lend any additional money for any other investments.

This study identified that most participating individuals have been doing NWM as a part-time business without affecting their daytime job. Consequently, it provides employment opportunity for those who are unemployed. It is also indicated that, the average time of involvement in the business is 1year and 5 months leading to the fact that the business is relatively new for the country. Currently, the situation of the business in Addis Ababa is struggling to survive. When we see the trend of the business, its activity is decreasing. The major reasons for this decline are terrible information released through media tracked by legality and lack of

awareness of most people about the business. However, the numbers of other domestic network marketing companies are increasing currently.

Moreover, NWM relies heavily on the daily activities of recruitment and training to make improvement in sells. Training was provided for the majority participants and has confirmed that the trainings they got helped them in doing their business as well as in their personal life in general. Inline with this, one general conclusion can be drawn with the indication that NWM is not only a business but also an informal kind of schooling, which teaches how to do business as well as how to improve our personal life. In addition, the business provides a good opportunity for participating individuals to meet new people from diverse religious beliefs and ethnic backgrounds that strengthen the harmony that existed in Ethiopia.

It has also been found out that the majority of participants did not attain any financial benefit from the business indicating that the business is not like what most of us think, becoming rich within a short period. Hence, the business requires time and hard work like all other business to be successful.

With regard to the public attitude towards the business, it is seen as an illegal and unethical business; as a result, they discourage the participating individuals from doing the business. Moreover, the surprising result is that the people perceived those who are doing the NWM, as ensuring financial freedom. It may be due to false claims made by participating individuals with the intention of attracting prospective customer.

In the country, the business did not have rules and regulations. The participating individuals are working the business without license or work permit, moreover, they do not pay any tax. Recently, the numbers of domestic NWM business are increasing. Individuals join the system without any protection or support for their agreement with the company in the countries legal framework.

To recapitulate what is included in this paper, it is important to know that this kind of business is new for our country with a playing field in which anyone can participate, regardless of sex, age, financial resource, religious belief and ethnic background. The business created an opportunity of meeting new people, helped to build friendly-relationship, created employment opportunity for those unemployed, added part-time job for those who have daytime work, and also provide training and education which is important and applied in our real life; Moreover, NWM use the internet, and it represents the opportunity to leap forward to the next stage of economic development, where value is created not just by resource endowments or manufacturing might, but also by knowledge, information, and the use of technology.

However, losing credibility and trust especially from those who lent the startup capital, being seen as unlawful by the society, obtaining financial benefit from the business requires an investment of time, money as well as working hard and working the business without rules and regulations may be the downsides of the business.

In general, network marketing is an important marketing approach, which helps to create many important societal values; however, it has to be done with its true concepts, selling viable and legitimate products and services with reasonable price through a network of distributors/salespersons. Individuals should ask themselves what the products and services are, what relevance the products have for me and for my friends around me before joining the system. Individuals should join the system to use the product or service as their primary objective and the opportunity as an additional benefit.

Moreover, this kind of businesses did not have rules and regulation in the country, indicating that the countries' legal framework is relatively backward in this respect; therefore, it should be updated. Be this as it may, incorporating the following recommendation is worthwhile for reducing/alleviating the mentioned problems and for using its good sides.

## 5.2 Recommendations

Based on the finding of the survey, the recommendations for this paper goes towards the impression that:

- NWM, as explained earlier, provides many benefits like personal development, meeting new people, employment opportunity, friendly relationships, and many more. Moreover, fostering the activities of those legitimate companies could help sell the domestic products through network marketing that facilitates the country's entrance into the worldwide network of e-commerce and marketing, which is inevitable in the near future. Hence, building favorable business environment enables the participants and the country in general to acquire these benefits. Therefore, the government should have a legitimate concern on the business and adopt well thought rules and regulations for these kinds of business activities either based on the current conditions and studies made on the country or from the experience of other countries.
  
- From the survey result, only one individual join the system to use the company product, the remaining join for other reasons. This may be the indicative that GQI products were not in the countries population interest. Therefore, marketers/distributors must be mindful of unintended social consequences; they must consider the impact their products and promotional campaigns have on customers and ask themselves if their products are in the best interest of society as whole.
  
- Due to the lack in the knowledge of NWM, the reason for most individuals to join NWM in the country is financial freedom; meaning they are joining the system for it commission. However, NWM is selling viable products or services at a reasonable price through a network of distributors. Thus, in

order to create a clear and deep understanding on issues related to its concept, characteristics, pros and cons and others; there should be an awareness creation programs like debates, discussions, panels organized by participants of the business, concerned government bodies and individuals, and other concerned actors.

- This study incorporates only those individuals who are participating in NWM, future studies can bring forward other dimensions of understanding to the point of topic discussed, other parts of the society, like those individuals who are not part of the NWM and concerned government personnel should be included in the survey. Moreover, due to youngness of the industry in the country hardly any papers have not been written. Therefore, more studies need to be done in order to provide a full knowledge on the subject matter.

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## Annex I

### Research questionnaire

### Addis Ababa University

### Regional and Local Development Studies

Dear respondent, I am doing research as part of the MA program I am studying in Addis Ababa University. The topic of my research is the socio-economic implication of network marketing in Addis Ababa; with special reference to Quest Net. This questionnaire is designed to obtain information about your perceptions, opinions, experiences and particular knowledge regarding the challenges and successes you have faced in starting and maintaining your business. Hence, I would like to thank you in advance for giving me your valuable time to fill in this questionnaire

#### TO BE FILLED BY THE ENUMERATOR

<b>ID1</b>	<input type="text"/>	Name
<b>ID2</b>	<input type="text"/>	Kebele
<b>ID3</b>	<input type="text"/>	House number
<b>ID4</b>	<input type="text"/>	Telephone

## A. RESPONDENTS' INFORMATION

A1	
----	--

Gender

- 1) Female                      2) male

A2	
----	--

Age (in years) \_\_\_\_\_

A3	
----	--

Ethnic background?

A4	
----	--

Religion?

A5	
----	--

Are you married?                      1) Yes 2) no

A6	
----	--

How many dependents you responsible for?

- 1) 0                      2) Up to 3                      3) 3-6                      4) above 6

A7	
----	--

What is your level of Education?

- 0) No education    1) Below secondary school  
2) Secondary school complete    3) Diploma  
4) Degree or above    5) others (specify) \_\_\_\_\_

A8	
----	--

How long is the duration of your involvement in the business?

A9	
----	--

How did you come up with the idea to involve in the business?

- 1) I am skilled in this business
- 2) Parents/relatives were in this business
- 3) I thought it is profitable
- 4) To use the product
- 5) To be independent
- 6) It is easy to start (no office, no furniture etc...)
- 7) To be your own boss – to seek the challenge
- 8) To do something new-realize your ideas/vision
- 9) Other (specify) \_\_\_\_\_

A10	
-----	--

Have you been participated/ trained in similar business before coming to this business? 1) Yes                      2) no

A11	
-----	--

If your answer for Q.A10 is yes, how long is the duration of the training? (In months)

- 1) Below 1 month                                      2) 1-6 months  
3) 6-12 months                                        4) above 12 months

A12	
-----	--

What were you doing immediately before you started this business?

- 1) Unemployed
  - 2) Daily wage laborer
  - 3) In school ( learning)
  - 4) Working in a public sector
  - 5) Employed in similar business
  - 6) Employed in unrelated business
  - 7) Running unrelated business
  - 8) Working on unpaid family business
- Others (specify) \_\_\_\_\_

A13	
-----	--

Are you still working what you were working before you started this business?

- 1) Yes                      2) No

14. If your answer for Q.A13 is yes, how? Specifically related to time (hr) allocated for the business per day?

A14.1	
-------	--

For your previous business? \_\_\_\_.

A14.2	
-------	--

For this business (NWM)? \_\_\_\_.

A15	
-----	--

If your answer for Q.A13 is no, Why?

\_\_\_\_\_

A16	
-----	--

Is your previous experience useful in your current business?  
1) Yes                      2) no

A17	
-----	--

If yes, in what way?

- 1) Related to finance    2) To develop experience in business  
3) To know people      4) Other (specify)\_\_\_\_\_

## B. EDUCATION, SKILLS AND TRAINING

**R1**  If you are educated, how has education influenced your business?

- 1) Influenced/supported my business positively.
- 2) Had a negative influence on my business.
- 3) Had no influence on my entrepreneurial career.

**R2**  Looking back to your education, which experiences have been particular useful/valuable or worthless for your business?

\_\_\_\_\_

\_\_\_\_\_

**R3**  Did you receive any business support (workshops, Trainings, Advise, Business Counseling, Mentoring etc.) before or during the start-up phase of your business?

- 1) Yes
- 2) No

**R4**    If your answer for Q.B3 is yes, which institution provided these services? (Multiple responses is possible)

- 1) The company
- 2) Former participants
- 3) Young entrepreneur club
- 4) Government
- 5) Other (specify) \_\_\_\_\_

**B5.** If yes, on which particular area have you been trained, mentored or counseled?

**R5.1**  Before starting the business?

- 1) About the company, product and compensation plan
- 2) Technical training
- 3) Business Management
- 4) Marketing
- 5) Other (specify) \_\_\_\_\_

**B5.2**

After joining the business?

- 1) The company, product and compensation plan
- 2) Personal development
- 3) Leadership
- 4) Money and time management
- 5) Building relationships
- 6) Business management
- 7) Marketing management
- 8) Other (specify) \_\_\_\_\_

**B6**

Have these support services/trainings been helpful and particular valuable or rather worthless for you and your business?

- 1) Yes
- 2) No

**B7**

If your answer for Q.B6 is yes, Please tell us in what way?

---



---

**C – FINANCE**

**C1**

How much was your start-up capital?

**C2**

How you raised the start-up capital?

- 1) Personal saving
- 2) Money borrowed from family or friends or personal contacts
- 3) Micro-credit institutions or informal lenders
- 4) Others (please specify)

**C3**

Was it rather easy or difficult to obtain financing?

- 1) Easy
- 2) not easy not difficult
- 3) Difficult

**C4**

For what purpose it was used? (Multiple choices are possible)

- 1) Purchasing a product
- 2) Purchasing an opportunity
- 3) For both
- 4) Other, please specify

**C5**

Do you think the product/opportunity you purchased costs that much?

- 1) Yes
- 2) No

**C6**  If your answer for Q.C5 is no, why do you think like that?  
\_\_\_\_\_

**C7**  To whom do you mainly sell the products/services? (Multiple answers possible)

- 1) My family, close friends and relatives
- 2) To consumer/end user other than the above.
- 3) For both
- 4) Other (specify) \_\_\_\_\_

**C8**  Number of down-line partners you have now in the business?

<b>C8.1</b>	<input type="text"/>	Left
<b>C8.2</b>	<input type="text"/>	Right

**C9**  What are the normal working hours per day for most of your partners \_\_\_\_\_ hrs?

**C10**  What are the normal working hours per day for yourself \_\_\_\_\_ hours?

**C11**  What are the normal working days per week for most of your partners' \_\_\_\_\_ day?

**C12**  What are the normal working days per week for yourself \_\_\_\_\_ day?

**C13**  What was your expectation (to get) when you came to this business?

- 1) Financial Freedom
- 2) Time freedom
- 3) Training and education
- 4) Meeting new people
- 5) Building relationship
- 6) Personal development
- 7) Realization of dreams
- 8) Other ( please specify)

**C14**  Did you get it / still now/?

	Type	Yes	No
C14.1	Financial freedom		
C14.2	Time freedom		
C14.3	Training and education		
C14.4	Meeting new people		
C14.5	Building relationship		
C14.6	Personal development		
C14.7	Realization of dreams		
C14.8	Other (specify)		

**C15**  If your answer for any Q. under C. 14 is no, Do you have an expectation to get it in future?  
 1) Yes                      2) no

**C16**  If your answer for Q.C15 is no, why?

---

**C17.** In your opinion how many percent (%) of your down-line partners benefited from the business? (Mark X on your choice)

Type of Benefit	Percent				
	0-10	10-25	25-50	50-75	75-100
C17.1					
C17.2					
C17.3					
C17.4					
C17.5					
C17.6					
C17.7					

**C18** Does this business give you an opportunity meet new people?

1) Yes

2) No

**C19** How is your relationship with your friends after you started this business? (Put X mark in your choice)

Relationship strength      Decreased      Stayed the same      Increased

C19.1 After you joined

C19.2 After both of you involved

**C.20** Is there anything you would like to add regarding the capital invested on this business? \_\_\_\_\_  
\_\_\_\_\_

#### **D. General Business Situation**

**D1**

Current situation of the business:

- 1) Critical (running with losses)
- 2) Struggle to survive (no loss no profit)
- 3) Growth (running with profits)

**D2**

Reason(s) for the current situation in your opinion?

(Multiple choices are possible).

- 1) Legality
- 2) False information
- 3) Media
- 4) Religious case
- 5) Affordability
- 6) Awareness of the population about NWM
- 7) market saturation
- 8) Delay in product delivery
- 9) Low quality and standard of product
- 10) Other (specify) \_\_\_\_\_

D3. How serious are the following problems to your business? (Use code: 0 = no Problems, 1 = minor problems, 2= moderate problem, 3 major problem, 4 = very severe problem)

D3.1		Delays in product delivery
D3.2		Low quality/standard of product
D3.3		Awareness of the people about the business
D3.4		Media
D3.5		Affordability
D3.6		Legality
D3.7		False information
D3.8		Religion
D3.9		Market saturation
D3.10		Other (specify) _____

D4  What is main source of competition in the markets you sell?

- 1) domestic NWM businesses      3) foreign NWM businesses  
 2) Traditional businesses      4) other(specify) \_\_\_\_\_

D5  Has competition for your business increased recently due to an increase in the number of similar businesses?

- 1) Yes      2) No

D6. What are the two important factors that give your competitors an advantage over your business?

D6.1		First Factor
D6.2		Second Factor

- 1) Better location      5) compatible price for products  
 2) Better product delivery      6) Better skill/training  
 3) lower cost      7) legality  
 4) Better access to business information      8) Other (specify) \_\_\_\_\_





**F7**  Who Discourage or negatively influenced you to stop the business? (Multiple responses are possible)

- 1) Parents & family
- 2) Friends
- 3) Career advisers
- 4) Media (TV, Radio, Internet) coverage of businesses and Businesspeople

Other: (specify) \_\_\_\_\_

### F. LAWS, RULES, AND REGULATIONS

**F1**  Do you have a license (work permit) for your business?

- 1) Yes
- 2) No

**F2**  How do you rate the process of getting a license?

- 1) Very difficult
- 2) difficult
- 3) easy
- 4) very easy

**F3**    If yes, what advantage you get form licensing? (Multiple answers allowed).

- 1) None, there are not any advantages
- 2) I can expand my business.
- 3) I would not have to hide (or bribe government officials)
- 4) Other (specify) \_\_\_\_\_

**F4**  If your answer for Q, E1 is No, why not? (Multiple answers allowed)

- 1) I do not need a license: my business is too small
- 2) No license is needed
- 3) The government is not ready to give license for the business
- 4) I do not know where to go or how to get license
- 5) Licensing too expensive (initial and renewal costs)

Other (specify) \_\_\_\_\_

<b>F5</b>	
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Did you pay any tax from the income you get from the business?

- 1) Yes      2) No

<b>F6</b>	
-----------	--

If your answer for Q.E6 is yes, how?

- 1) From your check      2) For the product you buy

<b>F7</b>	
-----------	--

If the answer for question no.D7 is no. why

- 1) you don't want to pay tax  
2) There is no tax system available for the business  
3) Other (specify) \_\_\_\_\_

<b>F8</b>	
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Do you regularly have to cope with unexpected changes in rules, laws or policies which materially affect your business?

- 1) Yes      2) No

<b>F9</b>	
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In your opinion, what is the degree of predictability of changes in laws, rules and policies relevant to your business?

- 1) Completely predictable    3) Fairly predictable    5) Highly unpredictable  
2) Highly predicable    4) Fairly unpredictable    6) Completely unpredictable

**THANK YOU VERY MUCH!!!**

# Annex 2 GQI Products and Services

## A Numismatic Products



Noble Diamond Cross Pendant (NDCP8)

Price: USD 990  
UV: 2.00

Add to Cart



Diamond Twist Pendant (DTTP8)

Price: USD 1,330  
UV: 3.00

Add to Cart



2005 Liberty Coin Pendant (LTP2)

Price: USD 490  
UV: 1.00

Add to Cart



Pope Benedict XVI and Pope John Paul II Coin Set (P7IC9)

Price: USD 480  
UV: 1.00

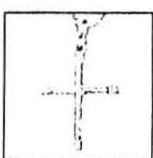
Add to Cart



Triumph Diamond Pendant (TDMP8)

Price: USD 1,330  
UV: 3.00

Add to Cart



Christmas Diamond Cross Pendant (C7CP9)

Price: USD 490  
UV: 1.00

Add to Cart



In the Sphere of Silence Ladies' Coin Watch (SPLW1)

Price: USD 990  
UV: 2.00

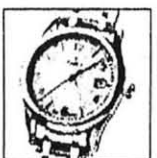
Add to Cart



Raindrops Diamond Pendant (RDDP8)

Price: USD 990  
UV: 2.00

Add to Cart



Cimier Watch Ladies C2401-YP012 (CWL12)

Price: USD 760  
UV: 1.30

Add to Cart



Wrist-Pilot Chronograph Watch (WPCW2)

Price: USD 520  
UV: 1.00

Add to Cart



Love Connection Combo Set (CWPS8)

Price: USD 1,490  
UV: 3.00

Add to Cart



The Direction to Kaabah Coin set (M7KC9)

Price: USD 490  
UV: 1.00

Add to Cart



Light of the World Commemorative Coin (L7WC1)

Price: USD 1,390  
UV: 1.10

Add to Cart



Eternal Love Coin (E7LC2)

Price: USD 490  
UV: 1.00

Add to Cart



Eternal Love Coin Pendant (ETLP2)

Price: USD 580

UV: 1.10

Add to Cart



Ayrton Senna Commemorative Gold and Silver Coin Set (A7NC9)

Price: USD 520

UV: 1.00

Add to Cart

## B Vacation services



Diamond Vacation Club Membership Plus (QVDV2)

Price: USD 10,800

UV: 21.00

Add to Cart



Pearl of Andaman I (QVPA1)

Price: USD 820

UV: 1.10

Add to Cart



Platinum Vacation Club Membership Plus (QVPV2)

Price: USD 5,900

UV: 13.00

Add to Cart



Rompin Nature Retreat (QVER3)

Price: USD 680

UV: 1.00

Add to Cart



Gold Vacation Club Membership Plus (QGVV2)

Price: USD 3,700

UV: 7.00

Add to Cart



Memento Combo Package (QVCB2)

Price: USD 688

UV: 1.00

Add to Cart

## C Technological Products



QuestTalk 100 (QTK01)

Price: USD 100

BV: 30

Add to Cart



QuestTalk 600 (QTB01)

Price: USD 600

UV: 1.00

Add to Cart



QuestTalk 50 (QTK02)

Price: USD 50

BV: 15

Add to Cart



iConnect Business Package (QTK06)

Price: USD 399

UV: 0.50

Add to Cart



QuestTalk 10 (packs of five)

(QTK03)

Price: USD 10

UV: 3

Add to Cart



QuestTalk 125 (OTB02)

Price: USD 125

UV: 0.20

Add to Cart

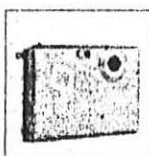


QuestTalk 65 (QTB03)

Price: USD 65

UV: 0.10

Add to Cart



QubePro (QSQB2)

Price: USD 400

UV: 0.50

Add to Cart



In-Voice Value Package (GTK17)

Price: USD 500

UV: 1.00

Add to Cart



Qube-Voice Combo (QSQS2)

Price: USD 660

UV: 1.00

Add to Cart

## D Food Stuff

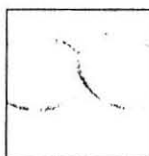


NutriSky - Box (SKYJ1)

Price: USD 75

UV: 0.08

Add to Cart



Bio Disc - Family Pack (AWC13)

Price: USD 600

UV: 1.00

Add to Cart



Amezua Elite Membership

(AWM03)

Price: USD 700

UV: 1.20

Add to Cart



Bio Disc and In-voice Account

Combo (AWCS7)

Price: USD 580

UV: 1.10

Add to Cart



Amezua Silver Membership

(AWM04)

Price: USD 1,090

UV: 2.10

Add to Cart



Bio Disc and NutriSky Combo

(AWEPI)

Price: USD 580

UV: 1.00

Add to Cart

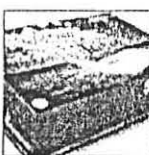


Bio Disc (AWC02)

Price: USD 330

UV: 0.50

Add to Cart



NutriSky - Carton (SKYJ6)

Price: USD 500

UV: 1.00

Add to Cart



Amezua Gold Membership

(AWM05)

Price: USD 2,400

UV: 3.90

Add to Cart