



EFO705 Master Thesis

Multi Level Marketing products in Thailand

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Also, the potential successful MLM products should also have distinctive uniqueness, easy to explain and demonstrate, specialized offering, product quality, repurchasing nature, non technical after sale service and high effectiveness. In addition, there is more possibility of success in Thai MLM market if newly launch products are imported product (exotic products) compare to products which are produced in Thailand due to belief, attitude and perception of many Thai consumers.

Keywords

Multi level marketing, MLM, network market, product classification, product characteristics

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1. Introduction

1.1 Multi level marketing

As many people always seeking for the easy and possible ways to be riches, then multi level marketing (MLM, also known as *network marketing*) is introduced. In fact, MLM has been existential for more than 50 years (Carmichael, 1995). As multi level marketing has rapid growth in the last few decades, it brings us an attention to its schema as mentioned by Chen, Chen and Cheng (n.d.). It offers “get rich quick” opportunity for anyone who participated in those multi level marketing companies as mentioned by Sarker (1996). Moreover MLM companies promote that if you join their business, you can gain high salary within a short period and also become independent in financial within a few years as mentioned by Bloch (1996).

The term “multi level marketing” was defined by many researchers such as; as mentioned by Sarker (1996), MLM or network marketing means selling products or services via a trading plan which works on more than one level. Another explanation, MLM companies do not sell products through a normal distribution scheme and retail stores but selling through individual person, friends, colleague and even strangers. Then, those individual people would become a company’s members and receive commission when they make sell to others in another level as mentioned by Bloch (1996). Moreover another research has mentioned that MLM is a marketing activity that a company has to sell products through irregular distribution channel. A company usually sells products through independent salespeople who further have the responsibility to find new members and expand the market, then gets reward such as bonus in return as mentioned by Chen, Chen and Cheng (n.d.).

So, the authors defined the term “multi level marketing” as another level of distribution approach strategy. To describe; an MLM company distributes products and services through independent salespeople who have the responsibility to sell products to other people, and also recruiting new members (as known as down-lines). Those salespeople will get commission paid from both direct sales you made by yourself and sales made by their down-lines as well as mentioned by Bloch (1996). (see more explanation in the theoretical part, 2.1 multi level marketing)

1.2 Multi level marketing in Thailand

MLM has entered into Thai market approximately 40 years ago. The first company was a leader of food storage products in Thailand. Tupperware was the first company which used home party strategy to sell their products in Thailand. Direct selling strategy has been adopted because it was an effective strategy to sell products as customers can make their purchase so conveniently. Consequently, it was popular in woman society. In that time, direct sale normally used demonstration as a tool to attract customers' attention. However, direct sale strategy has been widely used by many companies, both local and international company in Thailand. MLM's products are mostly consumer products such as cosmetic and nutritional supplements. Wide ranges of consumer products and reasonable price are offered to stimulate consumers' purchasing (What is MLM, 2009).

In 1978, Avon Cosmetic (Thailand) Co., Ltd. was established. Then, its 22nd branch was launched in Bangkok where the Single Level Marketing (SLM) has started in Thai direct sale market. Avon's beauty and cosmetic products have been presented and sold via Avon's retailers in each province. Customers who are interested Avon's product can order and purchase directly at home (TDSA, 2009).

Single level marketing (SLM) became popular about 10 years after 1987 when Multi Level Marketing's company entered Thailand. Avon Cosmetic (Thailand) Co., Ltd. was fully using Multi level marketing (MLM). They have sold consumer product which retailers get revenue and commission from their sale volumes. Retailer's income is more or less varying with effort in both sale volume and sponsorship. Hard working person would be able to make higher revenue and step beyond (MLmbusinessschool, 2009).

Income from MLM business has risen in every company so the number of MLM companies in Thailand increase amazingly. Thai Direct Selling Association (TDSA), established on 13 October 1983, includes MLM business into TDSA. TDSA joined hands with World Federation of Direct Selling Associations (WFDSA) which has MLM's associations in 50 countries around the world. WFDSA has influence over MLM's direction in Thailand according to its supportive information and MLM's law for Thai entrepreneurs in 2002 (MLM in Thailand, 2009).

Currently Thailand has faced with political within country so MLM business faced with economic crisis but it is still growth and gain sale volume from this business because each company try to develop and stimulate retailer's performance to working hard to compete with company's competitor for disengagement from political affect in Thailand. Two big MLM company in Thailand is Amway and Giffarine can gain sale in the market with the volume of 13,300 million and 4,600 million respectively in first quarter 2010. Amway and Giffarine have planned to expand their business and adapt some strategy to approach and gain more market share in the rest of this year. In the second quarter in every year is low season of direct sale so every company plan to encourage customers by offer special promotion to motivate purchasing from their customers. (MLM, 2010) (For more detail see appendix A, figure 1)

1.3 The research of multi level marketing products in Thai market

Currently as there are various kinds of MLM products in the market, consumer would have better chance to decide whether to buy or join as distributor in one of those. Moreover, it's because almost of the products available through conventional distribution can be adapted to sell in MLM either (MLM product, n.d.). In some cases, many products were more successful in MLM rather than selling through retail stores as usual such as supplementary food, it becomes one of the most popular MLM products in Thai market now. The reason behind the success is, consumers usually do not notice or be aware of buying and using supplementary food but in MLM, this product can be presented and created awareness directly to the consumers. (Supplementary food, 2010)

Nevertheless not every product would be suitable with MLM model; in fact there must be some characteristics to describe how the suitable product with MLM should be. To study more in detail on this topic, the authors have set the strategic and research questions as below;

1.4 Strategic question

“What kind of product would MLM be a good strategy for newly launch in Thai market?”

1.5 Research questions

1.5.1 How to classify MLM products in Thai market?

1.5.2 What product characteristics of MLM business are the most successful in Thai market?

1.5.3 What kinds of product are the most suitable in MLM and/or store retailing?

2. Theoretical framework

2.1 Conceptual framework

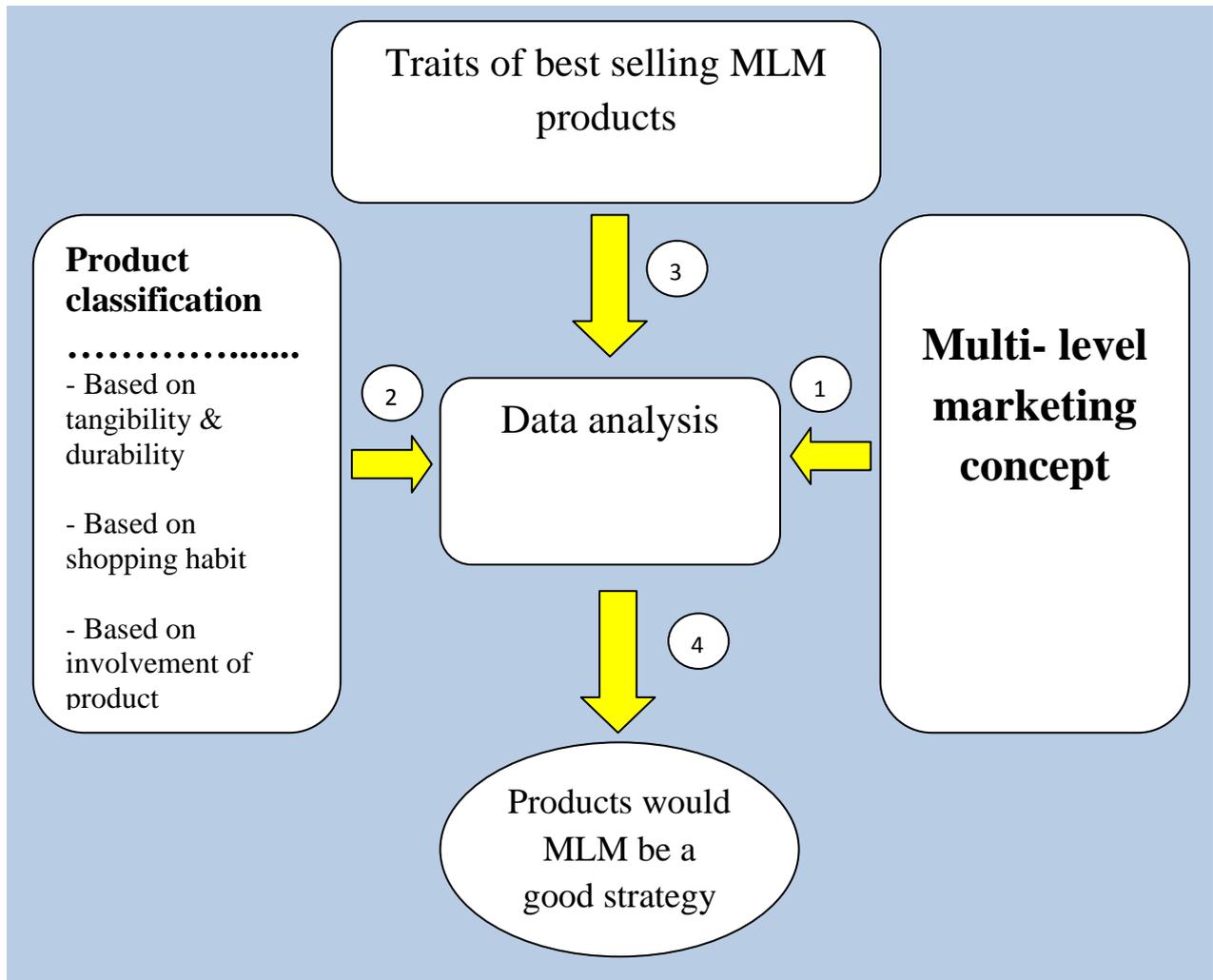


Figure 2: Conceptual framework model

Source: The authors' model

This conceptual model illustrates the use of theories in the research. To be able to understand multi level marketing and find the suitable products for newly launch in Thai market, *multi level marketing concept* was adopted to analyze the current Thai market and products. Then the *product classification theory* was used to classify successful MLM products from the data the authors found into different characteristics such as durable or non-durable goods. Also, the authors would analyze the traits of those successful MLM products such as should MLM products always have high quality, according to *traits of best selling MLM products* of Chen, Chen & Cheng (n.d.).

2.2 Multi level marketing concept

First of all, it is important to always notice that “*MLM does not have any involvement or relation with chain letters*” and “*MLM is not what known as pyramid selling*”. Since the beginning MLM concept is actually based on a very basic principle called *a family tree*, the expansion is passing down the line in which the information is needed to continue the development from one generation to another (Carmichael, 1995, p.2). To explain multi levels marketing clearly, the authors have separated into two levels as follows;

Figure 1(see appendix A, figure 1) as mentioned by Carmichael (1995), it illustrated the whole company’s distribution process start from the producer until end users (This is only a process of an assumed MLM company). To begin with, as any MLM company must have their own brand of products, a MLM company would sell their products to another individual distributors ([1] in the figure 1). At first, individual distributors must become product users, then expand the products to other interested consumers ([2] in the figure 1). At this level, some consumers might be interested and want to become company’s distributors (these people would be called as *down-line* of the first distributor). These down-lines will further sell products to other and expand company’s business network ([3] in the figure) (Carmichael, 1995, pp.10-15).

Moreover, MLM distributors can gain money from company by two ways. First, distributors can get commission from sales (*The commission is actually paid not only for direct sales you made by yourself, but from sales made by your recruits also*) as mentioned by Bloch (1996). Another is reward of creating or expanding the business network.

In figure 2 (see appendix A, figure 2) as mentioned by Carmichael (1995), it shows how MLM distributors usually work with other members or recruits and earn the reward. If you are a MLM distributor, you are responsible for two things; first is to sell products yourself as described above and another is to recruit your down-lines to become parts of your network. In the beginning you will be a product user and if you like using those products, you may decide to become a MLM company distributor and recommend those products to other people. Then, you will present and/or sell products to your friends, neighbors, colleagues, acquaintances or even strangers. If they buy for own use then we call them as *end users*, but if they want to apply for distributors, we call them as *down-lines*. Your

responsibility to the *down-lines* is to share your knowledge about products, how to sales them and also, the way to create their down-line network ([1] in the figure 2). In this level you will have chance to gain bonus for your promotion (as becoming an up-line with particular amount of down-line as company's requirement). The bonus or reward is usually paid in money with different rates depend on your level. Then, the second level distributor will train and share knowledge to the next levels ([2] and [3] in the figure 2) (Carmichael, 1995, pp.16-20)

In additional according to Carmichael (1995), the concept of MLM model is to expand and increase the number of product users by making them *believe* in the product. Then, the consumers will *change* from regular product they usually use such as soap, toothpaste, skin care to be MLM product instead. It's because as more they buy, they can be able to get higher percent of discount from the company. Moreover, if they have down-lines, they can gain the commission from what down-lines purchased too.

2.3 Product classifications

For marketers it is necessary to know what type of products they are selling because each category of products has their own characteristics which would match perfectly on some particular marketing strategy. According to a famous fundamental book of marketing called "Marketing Management" (Keller and Kotler, 2006), products can be classified as follow;

According to the book Marketing Management, products can be categorized based on two factors. Firstly *based on durability and tangibility*, products can be divided into 3 different sub-types; nondurable goods, durable goods and service. Secondly *based on shopping habits of consumers*, there are 4 different sub-types which are convenience goods, shopping goods, specialty goods and unsought goods. Moreover there is another useful product classification which is *based on involvement of products*, it divides products into high involvement and low involvement products (see more detail in appendix B, 1 product classification)

2.4 Traits of best selling MLM products

In late 1990s Chen, Chen & Cheng, researchers from Taiwan have studied on what are the traits among best selling MLM products. In order to find out, the researchers analyzed based on 13 best selling items such as nutrition foods, cosmetics products, household cleaning and so on. Finally, they discovered the traits among best selling MLM product as follow; 1).easy to explain and demonstrate 2).distinctive uniqueness 3).high effectiveness 4).multi function 5).specialized offering 6).high product quality 7).long product and market life cycle 8).non technical after sales service 9).high relative price 10).high market familiarity and 11).repurchasing nature (see more detail in appendix B, 2 traits of best selling MLM products)

3 Method

3.1 Topic selection

As currently MLM business becomes better known and popular in Thailand and also many people are seeking for good business opportunities during the recession, then MLM is now become one of great choice for them. The first interest on this topic came from the experience since the authors were in home country, Thailand; the authors were invited by acquaintances several times to become distributors of MLM companies. After participated in some relative events with MLM companies, the authors had gained some more knowledge about multi level marketing. Nevertheless, what the authors had learnt from many MLM companies was not strong enough to make ourselves joining with any one of those companies. The reason was almost of multi level marketing companies were trying to present themselves only on the positive side, but the truth was every business has risk to fail. Then, that was the time the authors started to realize what really MLM was, how it worked and were there any negative side and risk beside that?

After that the authors began to search for the truth information; first discovery was that not all of those were MLM companies, some of them tended to be in term of what people call *pyramid selling* which was illegal by law nowadays. Moreover, many of those companies selling very similar kind of products such as food supplement, cosmetics and consumer goods, but was those actually good to sell in MLM? and what suitable products should be.

While the authors were studying in international marketing program; the authors started to realize about products of international company especially in MLM. It was good to also study this research in international aspect, then it would be beneficial not only the main target audience but also the foreigner companies who were looking for new market opportunities (The global top 50 MLM companies, 2008).

3.2 The literature review

The authors used literatures from many sources such as university online database, books, article journals and internet websites to support in this research. There are few steps of searching information as follow;

The authors began searching for books from library in Sweden and also via LIBRIS, finally the authors found one called *Network & Multi level marketing* (Carmichael, 1995). This book was really useful for the authors to clearly understand MLM. Internet websites was also be one of good choices for authors to learn more about MLM and also, current MLM situation in Thailand. The information from some organization websites were very useful, accessible and more reliable such as Thai Direct Selling Association (TDSA) and World Federation of Direct Selling Associations (WFDSA).

Next, the authors started searching for the article journals to be used in the theoretical part. The authors began with the online database in Mälardalen University website. It linked to many good database sources such as Emerald, JSTOR, Business insight, CIA-The world factbook and so on. But the most frequently the authors use were Emerald, Googlescholar and JSTOR because they contained many article journals, researches and other studies within an easy search. In those databases, the authors use keywords such as “MLM”, “Multi level marketing”, “Network marketing”, “Product classification”, “MLM product”, “Product characteristics”, “Pyramid Selling”, “Exotic product” and “Thai direct sales product”.

The article journals the authors got were helpful to support in theoretical framework such as “Multilevel marketing: what’s the catch?” written by Brain Bloch. His work had well explanation about how investors can earn money from joining MLM business and also the truth about catching customer of MLM distributors because in some organization the product itself is less important than the selling approach strategy.

Besides the article journals, the authors found a useful book from Mälardalen University called “Marketing Management” (Kotler and Keller, 2006). The book explained clearly how to classify products in the market into different groups as appropriate. This theory will be often used to analyze the information in the thesis.

3.3 Data collection

The data collection was mainly based on a book called *Researching and writing a dissertation: A guide for business students* by Fisher (2007). Moreover, there were another 3 books which the authors always used as a guide line in the method part which are; 1).*Marketing research: An integrated approach* by Wilson 2).*Marketing research: An applied approach* by Malholtra & Birks and 3).*Marketing research* by Wong Toon Que

To begin with, the authors decided to conduct a qualitative research by individual depth interview with experienced multi-level marketing distributors and a manager of Thai Direct Selling Association. It was to gain information about what were the successful MLM products in Thai market currently and comparing them with retailing distribution. The information from interviewees would be useful to find the shared attributes among those successful products which could lead to answer the research and strategic questions. In addition, the interview would be conducted via the telephone due to long distance.

3.3.1 Primary data

First of all to ensure that the collected information would be useful and reliable, the authors chose to have in depth interview with experienced MLM distributors in Thailand. The authors decided to select 5 interviewees from different five top MLM companies in Thai market (Members of TDSA, n.d.) Also, they consisted of both foreign and Thai MLM companies or products (some products are made in Thailand even the companies are from abroad). Moreover, each interview would take about 15 – 20 minutes to go through all questions on each topic (see individual depth interview questions in appendix C, 2.question for the interview)

Below are the criterions to select the interviewees;

1. The interviewees must have been doing MLM business as the distributors continuously for at least 6 months. This is because the authors need strong support information for analysis, so this is one criterion to ensure that they have adequate experience and knowledge to answer the interview's questions.

2. All the interviewees must be doing business for different MLM companies because people from the same company might have the similar experience due to the same products they are selling.

Here are the selected interviewees; they are all experienced MLM distributors from the different top MLM companies in Thailand such as Amway, Aviance, Nuskin, Aimstar and Giffarine. Moreover as the authors would like to study in international aspect on MLM products from foreign and Thai company topic also, 3 of those selected interviewees were from foreign MLM companies and another 2 were from Thai MLM companies (Aviance and Giffarine).

Below is the list of 5 selected interviewees;

1. Ms.Phatsucha Rotarayanon, Aviance (Unilever), Thailand
2. Ms.Duangkamon Kahasatien, Giffarine, Thailand
3. Ms.Antika Laojirakorn, Amway, Thailand
4. Ms.Nattanart Chuariyakul, Aimstar, Thailand
5. Ms.Phatgamon Phuksawan, Nuskin, Thailand

Also, another special interviewee was Ms.Sukanda Chunchacharachai, manager of Thai Direct Selling Association (2010). TDSA was a non private organization where established to support any direct selling companies in Thailand.

3.3.2 Secondary data

The secondary data were collected mostly from the internet and books. Internet was an easy way to find wide range of needed information from around the world. Also many of them can be accessed for free even from both internal and external data sources of MLM companies in Thailand. To begin with the internal data sources via the internet, there were many sources which can be reliable and easy to access such as Thai Direct Selling Association official website (TDSA.org), and Thaimlmjob.com (a non-private website to share the knowledge about MLM businesses and products in Thailand). The World Federation of Direct Selling Associations official website (WFDSA.org) could provide the authors better knowledge and current MLM situation in the world. Moreover MLM companies' official websites in Thailand were very helpful and mainly focused on Thai market such as aimstarnetwork.com (Aimstar Company), amway.co.th (Amway Company) and aviancethailand.com (Aviance Company).

Furthermore for external data sources, the authors searched from online databases such as Google, Google scholar, Emerald, JSTOR, Business insight and CIA-The world factbook. The authors selected these online databases because they were very easy and useful to find related information to MLM business and products, also the authors could access those via the links in Mälardalen University library website without any additional cost.

Moreover, the secondary data could be found from some books in the university library. Even if the needed books were not available in the university library, the authors could search for available books in other library in Sweden via Libris (libris.ke.se). It was very helpful to reduce the authors' time spending and extra costs.

3.4 Scope of study and limitation

As this research mainly focused on products which suit with MLM in Thai market, the authors tried to avoid bias which might happen because of the presentation of interviewees during the interview by setting the scope of the answer and always follow the structure. In addition, due to the different time zone between where the authors lived (Sweden, GMT +1) and the interviewees located (Thailand, GMT +7) (timeanddate.com), it created some difficulty for interviewing sometimes. For example most interviewees were willing to have interviews during 9 a.m. to 11 a.m. Thai time but it may be uncomfortable for the authors to have interviews from 4 a.m. until 6 a.m. in Sweden.

4. Findings

4.1 The successful of products between distribution through MLM and retail stores.

According to the information from Thai Direct Selling Association (*TDSA*, the independent entity where established by the cooperation of MLM companies in Thailand), currently there are 27 MLM companies members. Moreover, almost half of those are foreign MLM companies where usually have to import products from their home countries. In addition in order to become a member of *TDSA*, any MLM companies have to meet qualification requirement of *TDSA* such as the company has to operate for at least 6 months and the revenue must come from selling product mainly not from hiring new members (*pyramid selling*) (Ordinary members, n.d.).

Currently, cosmetic product in Thailand had high competition which best sellers for cosmetic product were sunscreen, anti-aging cream and whitening cream including with product contains ingredients with herb as well. In 2009, sale volume of cosmetic product from local and imported brand was over 33,000 million Baht. It grew about 4-5% from the previous year where 30% of sale volume came from counter brand and 70% came from direct selling. Cosmetic products continuously grew because a lot of women consider the beauty and health as their fundamental. Consumers also consider the price and quality before making the decision because cosmetics were also extravagant products (Kasikorn research center, 2009).

Cosmetic products were popular products sold in MLM because the characteristics of cosmetic products matched with MLM strategy. Moreover cosmetics products in MLM would consider reaching their potential consumers by using demonstration. It was showing products' benefits and innovation to consumers such as Artistry brand from Amway Company tried to promote their products by showing the effectiveness of product from innovation (Artistry, 2010). Artistry was a cosmetic brand from MLM company that it becomes the one of top five world cosmetic brand which it showed that cosmetic product from MLM company also get good response and popular for customers. (Information from

Euromonitor) In Thailand Artistry is the number one sale volume in cosmetic brand when compared with cosmetic counter brand (The New Era of Amway, 2008).

In Thailand, brand counter of cosmetic product has about 100 brands both local and import brand which price and quality are also different. (Cosmenet, 2009) Cosmetic product has many classes which it depends on price and quality including with brands as well. Many brands are imported from foreigner country such as SHISEIDO, CLINIQUE, MAC, NARS, Bobbi brown etc. Many products also produced and sell as local brand such as BSC, BENSE, Guan-Im cream etc. Each brand need to adapt their marketing strategy to support economic crisis and political problem which it effect with customer's making decision including with competition between foreign and local brand as well. Many counter brands try to offer special promotion to customers for approaching their target sale volume (Kasikorn research center, 2009).

In Thailand houseware product in 2009 fell during the first 10 years. It is decrease to 1.5-3.5% from last year because of purchasing power reduced, political problem and economic crisis. Each company needs to adapt their strategy to compete with competitor in home furnishing market. Every company tries to offer special promotion and discount product to appeal their customer for stimulation of customer purchasing power. Almost houseware products will sell via shop or department store because they need to display product to customer for big product but some MLM company also add houseware product into MLM Company for diversity of product category. (Thailandpages, 2009)

Houseware product in MLM company includes automotive preservation, household cleaning, agricultural and kitchenware products. Houseware product has not important role in MLM business because sale volume is not satisfied. Almost MLM company would like to add houseware products for creation the variety of products to their customers such as Amway company created I-Cooked brand as kitchen ware product from their company but it's not successful if compare with cosmetic or supplement nutrition product but they got successful with automotive preservation product (Gotomanager, 2006).

Kitchenware product market is still growth from last year because. Almost kitchenware product will sell via shop and department store such as Zebra Stainless Steel, Seagull brand, Utensil Crocodile brand, Verasu etc. These brands have produced in Thailand

and import brand such as Kitchen N Things, Veranda and Jaguar etc. Many kitchenware Companies promote their product via cooking TV program. They will give kitchenware equipment to TV program and moderator needs to use these equipments as demonstration to viewers (Thannewsonline, 2007).

Skincare market in Thailand is very large because it has sale volume for this product about 4,530 millions baht of total skincare product in Thailand. (Marketingoops, 2008) It has high competition in this market so each brand try to find selling point to attract their customers such as whitening skincare, original skincare or advanced benefit skincare. Innovation is also important for skincare product because each brand need to use innovation to response customer's requirement such as Nivea produced nivea for men to reach the new target market in Thailand which it got good respondent from men consumers (Marketingoops, 2008).

Skincare product is also popular in MLM product like supplement nutrition and cosmetic product. Some MLM company sale skincare product as a main for product in their company such as Nu skin company. Although Nu skin product will focus only skincare product but sale volume is satisfied. The performance of Nu skin product in the first and second quarter in 2009 sale grew 15% when compared with the same quarter in last year which the growth of new members increase about 60% in June and sales growth 30% of sale volume. From sale volumes that grow continually, it is make Nu skin has profit increased about 30-40% from sale volume of company (Komchadluek, 2009).

Almost Skincare product will sell via supermarket and convenience shop because it easy to use and they use advertisement to promote their products because it will directly reach to their target market. Many skincare products are imported from Foreigner companies such as Nivea, Vasaline, Victoria Secret, Tea three, Bath and Body etc. It has some local brand such as Chula cream, Praee, Vnature, Vasane etc. Almost Thai brands will use herb mix as ingredients for build the differentiation from foreign competitor brand (Jeban, 2009).

Although Thailand faces with economic crisis but consumer product still continually grow because consumer product is necessary product. In January 2010, ministry of commerce reported that sale volume of consumer product increase about 4.1% from last year

(Buranthaveeknoon, 2008). Each brand of consumer product tries to use diversity of product as the strategy to compete with competitors such as Procter and Gamble Company Olay brand from facial foam to soap cream and Lion Company created “Honest” brand for powdered detergent to compete in powdered detergent market. Lion Company focused to distribute this brand to upcountry. Almost consumer product brands will produce variety of product such as Uniliver’s product is dishwashing liquid, powdered detergent, ice cream, soup, shampoo, tooth paste etc (Uniliver, 2010).

MLM is not important role in consumer product because this kind of product will distribute via retailers. As consumer product has high sale volume so each MLM company would like to create consumer product with MLM brand to gain market share for this kind of product such as Amway has Glister toothpaste and detergent etc. MLM company would like to sell consumer product because it is the product that require continuously purchasing. If MLM company can pull customers of consumer product from retailers, they will gain market share as well (Manager online, 2008).

Big consumer brand is subsidiary company from foreign company such as Uniliber, Procter & Gamble and Nestle etc. For Thai brands of consumer product such as Parrot soap, Twin lotus tooth paste etc. Almost consumer product will sell product in convenience shop and supermarket because this kind of product is easy to buy (Bangkokbiznews, 2010).

4.2 The difference between foreign and Thai products

As Ted Levitt (1985) has predicted few decades ago, the global competition will play as a big influence on increasing the number of consumer markets. It is partly true but because the technology advance also has a big impact on spreading out of foreign product. As mentioned by Klein (1998), consumers might think of products from some certain countries have inferior quality compare to their local product. Moreover, when some particular domestic products are not available, consumers have no choice but to buy *exotic goods*.

In addition while some consumers might prefer foreign products and regard them, on the other hand some others might have negative attitude toward exotic product which can arise from many sources as mentioned by mentioned by Nijssen, Douglas & Bressers (1999). In this case as Thailand is concerned as a low level of technological development country, Thai people tend to be interested in products from developed countries. They are also willing to pay a higher price for foreign products for some reasons such as superior image of product, higher quality and country of origin (Pornpitakpan, 2000).

Thai's MLM companies has to competed with foreigner because many foreign companies entry to Thai MLM business. Product is the main things that each company needs to compete with others. Some company import product but some company produce product by themselves. (myaimstar, 2009) Some customer trust in quality of foreign company than Thai but some customers believe that Thai product suit with Thai customer. Although the authors cannot exactly find information to specific the consumer's perception but we will use information from sale volume of MLM companies in Thailand. After we compared, we found that sale volume and diversity of product in foreign company was higher than Thai company so feed back from Thai customers have been good with them. Quality is the main factor that almost customers' always comparing and basic perception will trust for each product so international products has been popular than local product (myaimstar, 2009).

If sale volume from foreign company will higher than product from Thai company but some product which Thai is expert than other country. Each country will expert in different product such as Thai herb is the product that Thai companies can sale more than foreign

company because Thailand has integrity of resource. Some products, Thai company need to improve to compete with foreign company such as kitchen ware or de-aerator because foreign company develop and has innovation to improve their product. The strength of foreign product is innovation of product because foreign company will consider to research and develop product all the time so almost products from foreign company will have selling point is new innovation and uniqueness as the appeal point to customers. Thai product need to adapt knowledge from environment and create new innovation for increase purchasing's motivation from customer (Arip, 2009).

4.3 The result from interview

Below are the information from the interview of 5 different MLM distributors and one Thai Direct Selling Association manager. We chose this group sampling because each person has high experience and successful in MLM business. They can give some important information that related with our thesis and bring this information to analyze. The result is written based on each question for better understanding.

4.3.1 The most popular MLM products among Thai consumers

The most popular one is supplementary food follow by cosmetics, consumer products such as toothpaste and soap, household cleaning products such as detergent, skin care, household machine such as water purifying and air filter machine. Besides there are some product very popular for particular brands such as skin care machine from *Nuskin* called “Biophotonic scanner” and water purifying of *Amway*.

4.3.2 The reasons why those popular products have good acceptance from Thai consumers

First of all, those products are truly good in quality such as high quality of ingredients and material of the machine. In MLM, it's very important that people must really believe in the quality of product because the consumers will keep re-purchasing product also. Secondly, those products can be used by anyone mostly. Third, they are already proved by many users that they are really effective and work well. Moreover, those popular products are usually demonstrated to the consumers directly, then consumers would be interested and believe before they buy even sometimes they do not need. Some interviewees believed that Thai people will normally have very strong attitude whether they like or dislike immediately if they have chance to try or test products by themselves.

Moreover, those products also have good innovation which makes consumers believe they are different from products available in retail stores. For long-lived products such as water purifying and air filter machine, they are durable and not many problems occur during the use.

4.3.3 The different acceptance between foreign MLM products and Thai MLM products among Thai consumers

From Thai MLM company distributors' perspective; consumers normally make the decision mainly based on product quality followed by company and brand's reputation. As both Thai and exotic MLM products have high quality standard, then consumers would have almost the same perception toward products. Even though from the interviewees' experience, some consumers still believe that the foreign MLM companies' products should have better quality and ignore Thai MLM products. It is due to some Thais' attitude that good products should be made in developed countries such as U.S., Japan and Europe countries.

On the other hand, there are also groups of people who tend to be more interested in buying product of Thailand. The main reason is products made from Thailand should be more suitable with Thai people especially in some particular type of products such as skin care and cosmetics. As Thais' skins are not the same as European, American or some Asians, thus some Thai people would tend to buy and use more Thai products.

In addition from foreign MLM company distributors' perspective, consumers usually do not doubt on the product quality, uniqueness and innovation because most of foreign MLM companies who entered Thailand are famous international companies such as Avon, Amway and Nuskin. But actually foreign MLM products do not gain much higher competitive advantage than Thai MLM product because other factors have to be involved such as promotional campaign, consumer's need, consumer's past experience, and so on.

4.3.4 The products which can be adapted to sell through MLM in Thailand (Non current MLM products)

All interviewees had the same opinions that almost of products available in the market can be adapted to sell in MLM business. Some recommended products from interviewees such as dairy consumed product (staple goods) such as milk, bread and drinking water. It's because people usually buy these products from supermarkets or nearby stores, just adopts them to sell through MLM. Moreover if MLM company can provide good service such as home delivery for drinking water bucket, consumers may be more interested to buy through MLM because MLM also give the reward to the users and commission for hiring new users either.

4.3.5 The products which might have good sales through store retailing but not on MLM

The interviewees have given some opinions according to their experience that some products might be difficult to expand in MLM for instance; products which require specialized users such as medical instrument, very high involvement products which normally have price such as real estate, housing and car. These kinds of products might not work well in MLM due to the individual need, limited demand, requiring skillful users and unaffordable of consumers.

4.3.6 Selling service in MLM

Usually the service is always included during the process of selling MLM goods. To sell service as a main product in MLM, it might be hard for any company to do so due to the limitations. For instance a company where sells the service as a primary product might have to face with problems such as non-variety of service compare to goods, limited service demand of individual need, and complication that the service must always be existence at the time customers purchased and consumed.

Due to the law and regulation, there is no restriction to sell service but the prospective company must be clear on what they are doing, even though it can be a misconception of MLM business model. To say in another way, the interviewees have agreed that it could be harder and complicated to sell service as main product compare to tangible goods. Moreover it requires quite large organization to be able to provide all selling service to consumers. The interviewees also suggested that selling goods in MLM still be the most effective and common to do so compare to service.

4.3.7 The products which are prohibited by Thai law and regulation for MLM

According to Ms.Sukanda, the manager of Thai Direct Selling Association; In Thailand, all selling products are controlled and inspected by an organization of Thai government called “*Office of the consumer protection board*” (OCPB). In order to protect consumers effectively from unstandardized products, OCPB always follow the Thai consumer protection regulations such as *Consumer Protection Act, Direct Sale and Direct Marketing Act, Product Liability Act* and so on (*see more information about the consumer protection act at ocpb.go.th*)

In addition, fertilizer and alcohol drinks are currently prohibited by *Thai Consumer Protection Act*. They cannot be sold in multi level marketing business because Thai government does not want to encourage people to drink alcohol actually. Moreover, fertilizer’s buyers are normally orchardists or farmers who have very limited budget and buy products only they need, it might be unfair or cheating them instead if there is fertilizer sold in MLM. In the past, fertilizer also used to be one of products from the case of illegal pyramid selling in Thailand.

5. Analysis

5.1 Product classification

From above finding's information, authors found out that we should classify each product into distribution channels for easy to analyzing and reading. We classify product to successful product into both MLM market and retails market, successful only in MLM market and successful only in retails market. We classify each product into MLM market and store retailing based on sale volume, customer's awareness and popularity. Authors collected interviewees' information (primary data) and information from secondary data to analyze. Almost of products in MLM business will distribute via retails channels before established MLM strategy so MLM companies need to consider that how to motivate customers to purchase their product and gain exist customer from store retailing as well. Almost MLM companies have own product and brands but they still would like to find out the strategy to increase their sale volume because MLM strategy is the best solution to stimulate sale volume and build product's differentiation in the market.

Product classification analysis

Product category	Products which are successful in both <i>MLM</i> and <i>retailing</i>				Products which are more successful in MLM compare to retailing		Products which are more successful in retailing	
	Cosmetics	Consumer product	Household product	Skincare	Supplementary food	Machine for healthiness	Medicine	Personal vehicle
Durable			/			/		/
Non durable	/	/	/	/	/		/	
Service								
Convenience goods		/						
Shopping goods	/		/	/	/	/		
Specialty goods								/
Unsought goods							/	
High involvement	/		/	/	/	/	/	/
Low involvement	/	/		/	/		/	

Table 1: Product classification analysis (developed by the authors)

To begin with as the shared attributes among three groups of products the authors have analyzed can refer to what the characteristics of suitable product for MLM should be, the authors would describe the analysis step by step based on each product classification important factors; durability and tangibility, shopping habits, and involvement of product.

5.1.1 Based on durability and tangibility

According to table 1 above, most successful MLM products (*cosmetics, consumer product, household product, skincare* and also *supplementary food product*) have the same shared attribute as ***non-durable goods***. Then, this group of products should have the highest possibility to match with MLM compare to another two *durable goods* and *service*. Nevertheless it does not mean that all non-durable goods can be successful in MLM such as medicine can be an example of non-durable products which should be more successful in retailing according to the interview data (shown as purple color in the table).

Moreover, both household product and machine for healthiness are also successful in MLM market in Thailand. They both shared the same attribute based on durability and tangibility as ***durable goods***. In fact beside non-durable goods, it can be durable goods which also work well with MLM strategy. Anyway according to the finding data, durable goods still have less number of products in MLM than non-durable goods due to many factors. For example the durable goods (e.g. water purifying machine, air filter and self skin checking machine) may have higher average price compare to most non-durable goods which may lead to more difficulty in selling. Anyway, some durable goods might be hard to sell in MLM such as the vehicle (e.g. cars and motorcycles) because they have very high price. Also with the very high price, they require consumers who have strong need and demand to buy them and that could limit the further market expansion.

According to finding information, ***service*** has the lowest possibility to suit with MLM strategy due to many limited conditions. For example if a company wants to sell service as the main MLM product, it require pretty huge investment to make it happens due to the complexity of providing service process (As the service provider and the receiver must be available at the same time and place, it requires lots of human resource because a worker can only do one work at the time)

5.1.2 Based on shopping habits

From finding, the information shows that most successful products in MLM have the same attribute which are *shopping goods* (first group; products which are successful in both MLM and retailing + second group; products which are more successful in MLM compare to retailing). The shopping goods can match well with MLM because shopping goods are what consumers have to search for when they need (not just go to convenience stores nearby in most cases); thus as normally MLM business maximally provide the product information to consumers and direct selling to the customers, consumers may be easier to find, make the decision and purchase products compare to the retailing process.

Moreover according to finding, there are also some reasons that might dilute the shopping goods on MLM such as sometimes consumers do not go to department store only for buying products but they want to spend time together with their family or friends, in this point MLM Company would find it hard to offer to consumers.

Beside shopping goods, it is followed by *convenience goods* which can possibly match with MLM strategy in Thai market. As shown in the table1, consumer product (such as shampoo and toothpaste) is a successful product in both MLM and retailing.

On the opposite, *specialty goods* and *unsought goods* might not be good products to sell in MLM. From primary data, consumers usually do not like to buy *specialty goods* (e.g. car, motorcycle and painting) through MLM. It's because when people are looking for some exclusive or special product they need, it seems that they will go straightly to those particular special stores of products they want. When consumers are buying specialty goods, many consumers expect to get the feeling from those exclusive stores to make them believe that they are buying something special not just regular products.

In addition, *unsought goods* probably are the most difficult things to sell in MLM due to many reasons. Firstly as unsought goods are the products which usually consumers never look for or do not care about; it is hard to persuade them to buy since the beginning especially in MLM which focuses on the big market compare to other types of products above. From

the table 1, medicine is not what consumers are often looking for unless they need those to cure their illness or just keeping them for future non expectation.

5.1.3 Based on involvement of product

According to table 1, even high or low involvement product are capable to be successful in MLM. But in depth, *low involvement product* tends to be easier to persuade consumers to buy in MLM compare to high involvement product due to cheaper price as mentioned by interviewees. As in table 1; some products can be categorized as both high and low involvement depending on the detail of products in each category and individual perspective, they all must have high quality standard due to the MLM concept which mainly focus on actual product quality not the forcing technique.

Besides, *high involvement products* are also a good attribute of suitable products with MLM. From finding, some high involvement products of particular brands can be very popular and have high sales volume even they are expensive because they can exactly answer what consumers are looking for. For instance, even the water purifying machine “e-Spring” from Amway is very expensive almost 700 Euro (exchange rate on May 27, 2010 at 40 Baht/ 1 Euro) (exchange rate.com) but lots of consumers are buying it every day because they concern on the effectiveness of high quality product over the expensive price as mentioned by interviewees.

After all, the most suitable products for MLM should consist of these following attributes; 1).It should be *non-durable goods* 2).Also, it should be *shopping goods* 3).Both *low and high involvement products* are good, but tend to be more low involvement products due to the repurchasing frequency, easily sold and few after sales service required.

5.2 Traits of best selling MLM products

Moreover, the authors also have analyzed further from those successful products in MLM (as shown in table 1; cosmetics, consumer product, household product, skincare, supplementary food and machine for healthiness) in order to find out the characteristics that suitable product for MLM should also have. This analysis is based on the research of Chen, Chen & Cheng (1990s) and both primary and secondary data finding, the suitable products of MLM should also consist of these 7 characteristics;

5.2.1 Easy to explain and demonstrate

As mentioned by the interviewees, many current popular MLM products also have this kind of characteristics. For example, detergent as one of household products category (from table 1), consumers are willing to buy it because they could see the demonstration of detergent from salespeople by themselves. As many kind of products can be explained via demonstration, it is a chance for consumers to learn how to use product correctly also. Without this trait, many products might not be able to gain attention from consumers well.

Another example from secondary data, cosmetics is one of the most popular MLM products using demonstrate technique to stimulate consumers to buy the products. Anyway, easy to demonstrate and explain product should have better chance gain the competitive advantages over the competitors.

5.2.2 Distinctive uniqueness

From finding data, some bestselling MLM products are very unique in design, benefit or even availability. Supplementary food is a good example of how uniqueness of products can build high sales volume. When consumers are looking for healthy food product, they would interest more on the product which do not look the same or similar to other brands even the package. The data showed that products which have high uniqueness could possibly gain higher interest from consumers such as e-Spring (water purifying from Amway).

5.2.3 High effectiveness

From the interview; they all said that without the effectiveness, people would not re-purchase those products again. If the product works less than what salespeople have promoted, it might also affect the image of that brand also. The Effective should match with consumers' expectation or sometimes could be higher than expected. Some type of MLM products can be showed through the demonstration also such as detergent, skincare product and facial cleaning product.

5.2.4 Capable specialized offering

It would be better if a product can be easily adapted to special offering such as promotional campaign. According to the finding, many types of successful MLM products can easily added special offering to gain higher attention from consumers. Refer to Ms.Duangkamon, the special offering could be adding promotional campaign to the product. For example, price discount can be apply to consumer products easily.

5.2.5 High product quality

None of the interviewees could refuse that good product quality is very important for MLM products. From the concept of MLM, all MLM products should have high quality otherwise consumers would not believe in what salespeople are telling. According to the primary data, machine for healthiness such as water purifying machine was good accepted by Thai consumers.

5.2.6 Non technical after sale service

As many complex products require good after-sales service especially in expensive products. It could be too complicated for end users if they have to find out the way to fix it by themselves or even asking for after-sale service from those companies. Many kind of product in MLM do not require technical after sales service at all such as cosmetics, consumer

product, skincare and supplementary food. From the table 1, an unsuccessful product such as vehicle, is needed technical after sales service absolutely.

5.2.7 Repurchasing nature

From the interviews, MLM business cannot grow without re-purchasing from consumers. Moreover, re-purchasing could lead to create brand loyalty and higher sales volume. Many MLM companies were trying to motivate consumers by many techniques, one of the main purposes is to stimulate consumers to buy more.

5.3 The attitude of Thai consumers toward foreign and Thai MLM products

According to consumers perception illustrated in empirical data, the authors would concur that the majority of Thais' consumer are preferred to purchase products which originated from foreign countries. Never the less, the reason is that the quality certified and the up to date technology that Foreign companies especially in MLM industry try so hard to marketing their product in several ways to encourage Thais' consumer purchase their products. Moreover, Thai people are normally not considering national products as priority when decided to consume. Thus, there is easily found in the MLM business that the companies which have exotic products are basically successful in Thais market.

There are several Thai MLM companies that established with successful in the market. But, it is a few compared to foreign companies with exotic products. It does not mean that Thais products have low quality. Even though the quality is better than others exotic products, the perception of Thais products in the eye of Thais consumer are still unrewarded.

In addition, there is some information from research study. The authors discovered a variety of products and annual sale volume of MLM foreign companies' progress in Thais market are increasing in recent years. Furthermore, the study is also show that the sale volume will gradually increase in the coming future. There is because the high perception feedback from Thais consumer toward those companies and products is getting enhanced. Therefore, some non-Thai companies who appreciated to establish business in Thai MLM industry are highly appreciated to get succeed in the market and possible to quickly gain customer recognition.

6. Conclusion

Regarding to the research questions, the authors would like to study about product that suitable both MLM and/or store retailing which we classify each product into each distribution channels. We found that cosmetic, consumer, household and skincare product are successful both market. Nutrition supplement and health machine are success only in MLM market. Medicine and vehicle are success only in store retailing which we classify based on sale volume, popularity and awareness.

The classification of product in Thai market is also important because it will show on basic characteristic in each product such as durability, tangibility, shopping habits and high/low involvement for product's classification. The most successful of MLM product in Thailand should has distinctive uniqueness, easy to explain and demonstrate, specialized offering, product quality, repurchasing nature, non technical after sale service and high effectiveness are product's characteristic for being accomplished in MLM business and reaching Thai target market. Exotic product is one factor for being MLM company's opportunity to success in MLM market than local product because customer will trust in product's quality.

From above information, we found that the suitable attribute of newly launch product in MLM market should be non durable and shopping goods. Almost MLM companies will sell the same products that already exist in the markets for easily to create customer's need and motivation for customer making decision. Non durable can creates frequently of customer's purchasing because product will be destroy after using so customers need to repurchase always when they need. MLM product should be shopping goods as well because customers need to compare many factors such as price, quantity and quality before purchasing which they need to spend of time for decision making and product advisor or seller is the important person to create customer's motivation as well. High or low involvement is not mainly factors because all products always have involvement with customers so high or low involvement, it is personal customer's feeling and depends on priority of customer's purchasing and decision. For durable and convenience goods also can be a part of MLM products as well because some of MLM product need to use in long term which it can refer as product's quality such as kitchenware and health machine. If MLM companies can create

product that used in daily life as convenience goods, it will has a good chance for MLM companies to expand market share and target group for awareness in this business. It will be a chance to success for MLM companies if it is exotic product or product from foreign company because it will get good customer's perception than local product.

7. Recommendation

According to analysis information, the authors would like to recommend this thesis for exist and new MLM company that would like to launch new product to Thai MLM market. They should focus on above product's characteristic information and study more about MLM nature in Thailand. For our recommendation, we would like to recommend product that has product qualification as basic characteristic for MLM product and it should match with characteristic of successful product in Thai MLM market as well. It would be better if MLM company import product from foreigner because almost people will trust in exotic product than local product.

Moreover, MLM company need to study life style of Thai people and find the new innovation product MLM companies should create product that fit with our above information and find out more strategy to make it successful. Especially foreign company, they need to study about feature MLM in Thailand and create the differentiation to customers for being a new alternative to Thai consumers.

In our study, the authors have limited time so our research was complete on a small scale. Our research would be useful with further research because we focus on product that would be a good strategy for newly launch in Thai market. It is also interesting to study about best selling of MLM product in Thailand or what MLM product suit with Thai consumer.

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Appendix 1

Product classification

According to a famous fundamental book of marketing called “Marketing Management” (Keller and Kotler, 2006), products can be classified based on the basic characteristics such as durability, tangibility and shopping habits as described below;

To begin with, products can be divided into three groups *based on durability and tangibility*. First ***nondurable goods***, tangible goods normally can be used or consumed only once or a few uses. Also, it refers to products which can be reduced in quantity during usage. For example; food, drink, shampoo, printed paper, lipstick and so on. As these products are purchased frequently, so the good strategy is to increase the availability in many locations, use intense advertising to attract and create customer preferences.

Second is ***durable goods***, they are also tangible goods which normally have long period of uses and do not require frequently purchase. For instance television, kitchenware, household furnishing, book, garment, machine tools and so on. These kinds of products usually require more personal selling and good service. Moreover, many of durable goods have higher mark up and take more time for consumers to make buying decision.

Third services, intangible such as education, insurance, haircut, legal advice, transportation, cleaning, banking and so on. The common characteristics of service are; first service cannot be transported and stored. Secondly, ***services*** are immediately perishable after finished. Third, services must be existence at the time they are purchased and consumed (Businessdictionary.com). Services normally concern more on supplier credibility, quality control and adaptability.

Moreover Kotler and Keller has also mentioned and described consumer goods classification *based on shopping habits* as follow; To begin with ***convenience goods***, consumers normally buy this kind of products frequently, quick decision making and with low effort (Kotler and Keller, 2006) Mostly they are inexpensive such as soap, newspapers, soft drink, candy, gasoline and most grocery item. Moreover convenience goods also includes

what people call *staple goods*, dairy or routine uses products such as bread, sugar, milk and so on (Businessdictionary.com).

Next, *shopping goods* are products that consumer normally compare on such as price, product quality, suitability and style during selection to purchase process. People usually spend time a while before making purchase decision. The example products are kitchenware, home furnishing, most of beauty products, clothing and used cars. Personal selling might have an involvement in some kind of shopping goods such as cosmetics; usually there are salespeople or product advisers at the cosmetic shops.

Third, *specialty goods* must have uniqueness in characteristics, brand or product enough to motivate an adequate group of people willing to spend money on them (Businessdictionary.com). In addition, specialty goods have nothing to do with making comparisons, buyers would spend time on only their wanted products. Also, it is unnecessary for this kind of product to have plenty of distribution stores as much as convenience goods but make sure that their potential customers knew exactly where they can find and purchase. Examples are cars, exclusive garment, rare paintings, exotic perfumes and stereo component (Kotler and Keller, 2006).

Lastly, *unsought goods* are products which people normally do not think of buying or do not recognize. The unsought goods usually require direct selling and good advertising to support such as life insurance and medicine cupboard (Kotler and Keller, 2006). Moreover some buyers might purchase without desire but due to the fear of adversity such as cemetery plots, coffin and gravestones (Businessdictionary.com).

Besides those categories above, another characteristic is based on *involvement of product* during selecting process and purchase. Any products can be classified within one of these groups; First *high involvement products*, buyers are prepared to invest time to consider and searching some information before making decision. For example, car, house, printing machine and computer. Another group is *low involvement products*; an opposite of high involvement products, they can be bought frequently with minimum effort and considerable time. Normally, they do not have any big impact on changing consumer's lifestyle or attitude (Babylon.com) (Businessdictionary.com)

Appendix 2

Traits of best selling MLM products

MLM or multi level marketing is the fastest growing in direct sale business. Each company should choose the right product that suitable with their current market to easily achieve target market in the future. Company should promote product a lot for showing company's potential. Research can help company to find fit product but they need to do it before entry because they can apply their strategy to compete with current competitors and give new alternative for customers. Although MLM business will use retailers network to expand customer base but quality and suitable product are very important because some product suit with some market but not some market. Researches are survey of customer's behavior and reduce the risk of failure. If company selected wrong product, it will end up with failure. Selecting product based on common sense because company should know demand direction for find applicable product with current market The eleven common traits are as follow; (Davis, 2010)

1). Easy to explain and demonstrate

From the MLM concept (Carmichael, 1995), one of the most important things of MLM distributor is that those must have a strong belief toward the products they are using. To describe from MLM concept, distributors must be product users in the beginning and if they like the products, then they will introduce and recommend them to others. As mentioned by Chen, Chen & Cheng (n.d.), the demonstration is a special technique for some types of products such as cosmetics and household cleaning to convince consumers to purchase by making them know more about product feature, quality, product effectiveness, advantages and how to use it correctly.

At first retailers should learn everything and prepare information to explain clearly about their product to their customers. They list question and answer for each one. Retailers know all information's involvement and selling point to compete with competitors. If they can attract the customers at first time, it will easy to open their mind to accept information that retailers would like to communicate with them. All retailers need to practice demonstration in

front of test audience. They are shown as expertise performance because it will lead to product's trust. Retailers assume that customers didn't know anything in their product and display to impress them. After finished the demonstration, they can keep contract for follow up with them later. (Nethopperz, 2008)

2).Distinctive uniqueness

As MLM products are normally not available in the retail stores; they should be able to distinguish between retail goods and unique MLM products from consumers' perspective. Moreover to sell through direct selling process, the products must also have something special which customers cannot find in regular goods. The distinctive uniqueness can normally found in high technology produced goods and such as water purifying, nutrition food, skin care product and so on as mentioned by Chen, Chen & Cheng (n.d.).

MLM company creates distinctive uniqueness's product for attract customer. Uniqueness creates differentiation of product between company and competitors because customers can remember product and offer alternative to their customers. Firstly, company should study about market need because customer want will lead to developing and concentrate what customers require from company. It is easy for company if they research market before entry to market because they will create product that matches with market demand. Although company will research for customer need, it can not confirm that they will success but company will know the actually customer need (Businessandentrepreneurs, 2009).

Secondly, every products need to face with competitors so company need to create distinctive for stand out from the rest. In some product, differentiation is not need because every company can response all customer's requirement so company need to add distinctive uniqueness via brand marketing, quality or service for offering to their customer. Thirdly, company should not set product at low price and expect to gain market share because it is full of risk and some people will though that quality will less than expensive product. The best way for price, product should offer discount period for attract customer. Fourthly, everything can be change so company should find the new alternative to reach their customer's requirement (How to Make Your Product Unique, 2009).

3).High effectiveness

It refers to the satisfaction of consumers after used. No one is willing to buy products which do not work as company said. Some products always use this trait as a main selling point such as skin care and household cleaning. These kinds of products are normally demonstrated to show the effectiveness of product by comparing before and after use. The more people immediately see the differences, they would believe as mentioned by Chen, Chen & Cheng (n.d.).

MLM business has high competition so they should increase quality and reliably for their product. Company should focus on customer's requirement for involve with purchasing decisions. Company should to concern following 3 factors to achieve the target market.

- Who are company's target markets?
- Which people within organization are responsible for dealing with each of these customer groups?
- How should company position the product in the eyes of their customers relative to similar products that might be available from other companies?

If company can answer the above question and fulfill customer's requirement, they will create the effective product and service that match with customer need (Sieg, 2009)

4).Multi functions

Consumers usually attracted by the products which have more benefits comparing to others in the same kind. For example soap, consumers may be interested on soap which can be used from head to toe more than regular body soap, in case that both have the same quality and price. Moreover to buy multi functions product, people might feel that it is worth their money more as mentioned by Chen, Chen & Cheng (n.d.).

5).Specialized offering

We can say that people love special deal or offer. Specialized offer should provide from time to time for customer's attraction. Company should provide discount, add value,

give-a-way etc. They should create special advertising campaign to appeal customer because company need to stimulate customer's purchasing when customers knew, they should response immediately. Company should design unique advertising and special offering can be directly targeted at a segment of your audience in a way that speaks more directly to them. Every special offering should be balance for company to keep base customer and get new target in market (Create a Special Promotion, 2009).

6).High product quality

MLM company can met customer's requirement and fulfill all customer's express by create high product quality. The important things to describe high product quality in MLM business is company define customer's satisfy and define accurately the needs related to design, performance, price, safety, delivery, and other business activities and processes will place a firm ahead of their competitors in the MLM market. Standard can help company to monitor product quality and customer will trust in company's product as well. In high competition market, quality is the one factor that each company tries to promote their product and compete with others but customers are the important person who decide and choose the product that fulfill their requirement and satisfy (Hkbu, 2009).

7). Long product and market life cycle

Product life cycle can be dividing in several stages by use revenue to generate.

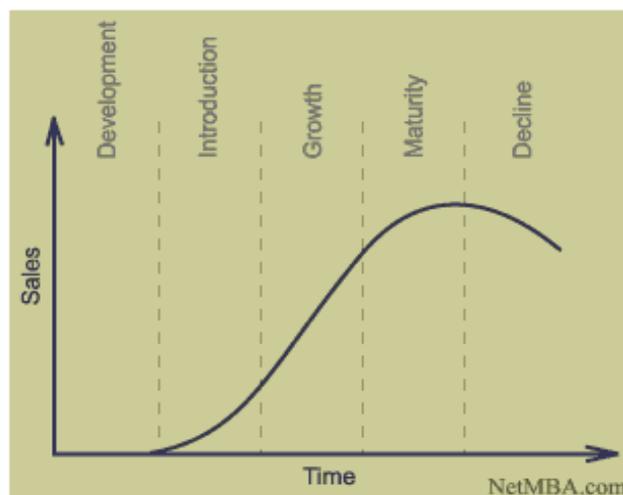


Figure 5: Product life cycle

Source: NetMBA.com

Introduction stage is the first time that MLM product to market. Company used a lot of money as cost to introduce and promote product to customers. Every MLM company will add marketing mix to this stage to create the marketing plan and compete to current competitor in their market. Growth stage is the period of revenue growth. MLM company should create brand preference and increase market share from their target. Maturity stage is the period that competitors try to develop their product for competition and gain market share from company so company should defend market share while maximize profit. Decline stage is revenue decline so company should create new product option to attract customer and gain market share again. (NETMBA, 2007)

8). Non technical after sale service

The technical after sale service is probably unnecessary for MLM product because most of them are easy to use products which do not consist of complex technical part. However as many MLM companies have concerned on this point, they have set up the service center to assist customers by providing information, giving some advice on particular needs and supporting distributors' MLM business as mentioned by Chen, Chen & Cheng (n.d.).

9). High relative price

Price setting is the important factor before launch product to market because price can change over time for many reasons. Company need to concern in cost based pricing, competitor based pricing and customer based pricing before set price. Price should add profit and cost to ensure that company will get profit from business. If product is high demand, cost will reduce because production cost will decline when produce a lot. (Bosse, 2009)

10. High market familiarity

MLM company should create familiarity with and confidence to their product for leading to purchasing decision because confidence in product based on experience and knowledge so familiarity and confidence are affect with customer attitude. Customer will choose the product that they familiarity so this is one factor for intention to purchase product from customer (Laroche, Michel, Zhou and Kim, 1996).

11. Repurchasing nature

Repurchasing is second purchase which customer still keeps buying the product. MLM company need to create strategy to motivate customer's repurchasing with their product. If customer repurchase product with company, it will show that customer's experience, satisfaction and preference can build relationship between customer and product. When customer's repurchasing, company expected to sales sustained over time, confirmation of the quality of their goods, brand loyalty from their customer. Repurchase can occur from 8 factors such as Inner order, experience satisfaction, same expectation, risk of disappointment, routine, durable, obsolescence, better product (Piana, 2007).

Appendix 3

Brief interviewees information

1. Ms.Phatsucha Rotarayanon, a MLM distributor of Aviance, Thailand (Unilever)

She has been doing MLM business as a distributor for Aviance Company for almost 2 years. Currently, she has about 3 active direct down-lines whom are helping her to expand the consumer network especially in Bangkok and provinces nearby.

2. Ms.Duangkamon Kahasatien, Giffarine, Thailand

She began to participate in Giffarine because of her friend's invitation. She decided to join Giffarine because she impressed in the product effectiveness of their products. Until now she was already in MLM for almost 2 years.

3. Ms.Antika Laojirakorn, Amway, Thailand

She has been working in MLM for Amway for approximately 4 years since she was studying in the university. She has very good knowledge about MLM and what people should do to success.

4. Ms.Nattanart Chuariyakul, Aimstar, Thailand

Even she just started doing MLM business only 6 months but her family has been doing this kind of business for almost 10 years already. She decided to join Aimstar because it is product made in Thailand, so it should be suitable for Thai people.

5. Ms.Phatgamon Phuksawan, Nuskin, Thailand

She is an expert on skin care product due to her own interest. She joined Nuskin since 5 years ago, so she has very good knowledge about Nuskin products and other companies' products also.

Besides above 5 interviewees, the authors had a chance to interview Ms.Sukanda Chunchacharachai, the manager of Thai Direct Selling Association via telephone. She has been working for TDSA for almost 10 years.

Appendix 4

Individual depth interview questions (via telephone)

1. What are the most popular MLM products among Thai consumers?
2. Why those products have good acceptance from Thai consumers?
3. How foreign MLM products may create different acceptance of Thai consumers compare to Thai MLM products?
4. What kind of product do you think can be adapted to sell through MLM in Thailand?
(The products which currently haven't sold through MLM)
5. What kind of product that might possibly have good sales through store retailing but not on MLM?
6. Can service be adapted to sell in MLM?
7. Are there any products prohibited by law and regulation?
8. What kinds of product are successful in selling both through MLM distribution and retailing?
9. What kinds of product are successful in MLM distribution more than selling through retail stores?

Figure 1

Unit: Billion Baht

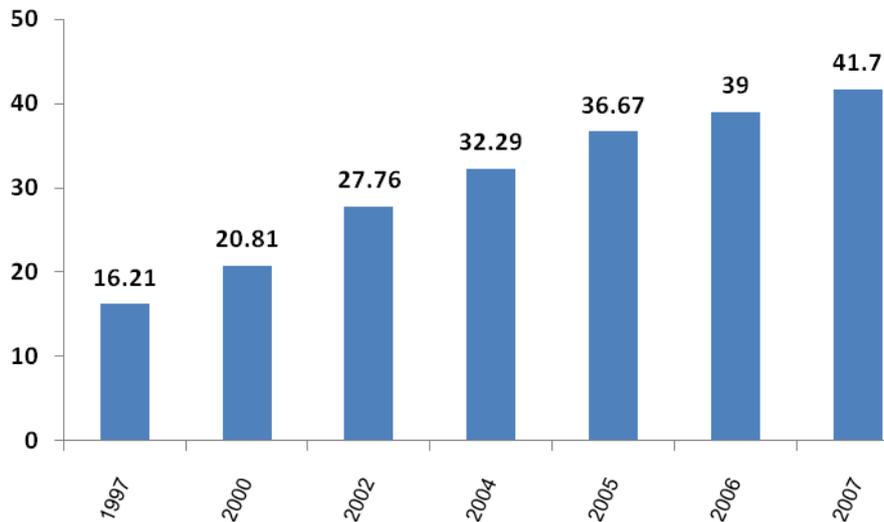


Figure 1: Total Market Value of Thai Direct Selling

Source: Thai Direct Selling Association (TDSA) (2008)

From the figure 1 above, although it showed overview of Thai direct selling so we can notice that revenue from this business is increased in every year. The sale volume of business direct selling continued growth since 1997 until 2007. Although this figure will combine every kinds in business direct selling but it can reflect the sale volume in MLM business as well (TDSA, 2008)

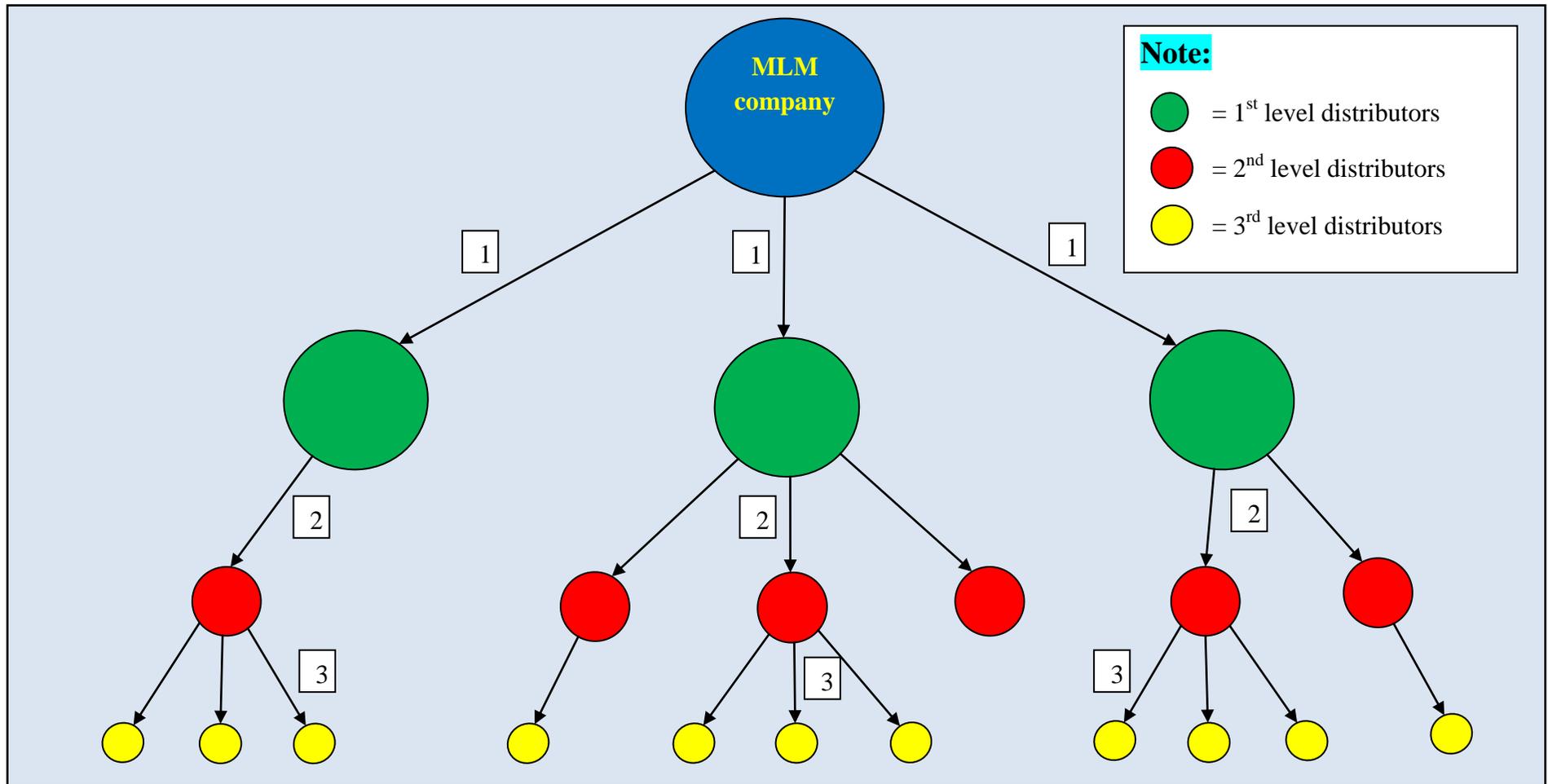


Figure 3: The MLM network expansion
Source: Carmichael (1995). *Network and multi level marketing*

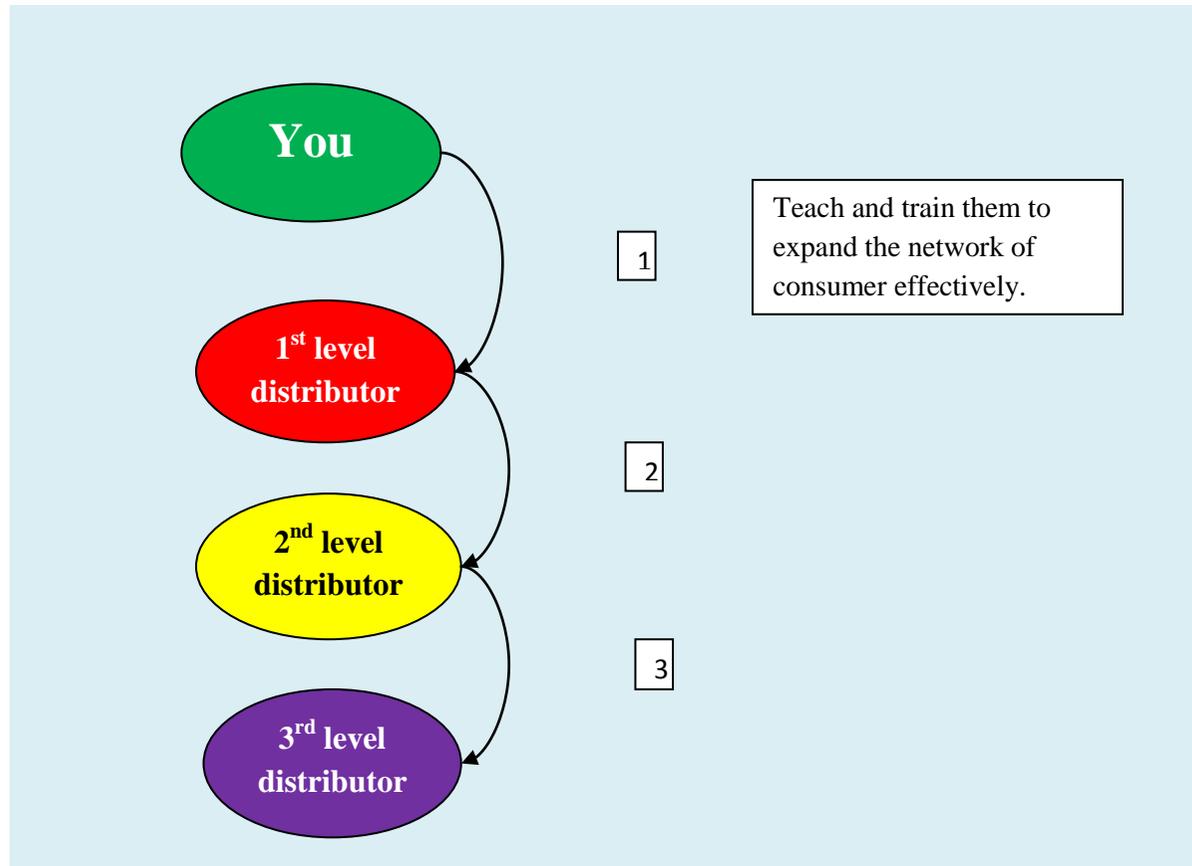


Figure 4: The down-line system of MLM
Source: Carmichael (1995). *Network and multi level marketing*