# SAME SYSTEM, DIFFERENT OUTCOMES:

## *A Case Study of Amway Distributors in the United States and India*

***A Teaching Case Study in International Business***

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## Abstract

This case study examines why two individuals who join the same multi-level marketing (MLM) system under structurally identical conditions can arrive at markedly different outcomes over time. Using Amway — one of the world's largest direct-selling companies — as the primary context, the case follows two hypothetical distributors: one based in New Jersey, United States, and one based in Mumbai, India. Both join Amway simultaneously, access comparable training resources, and operate within the same global compensation plan. Yet after several years, their income levels, rank progression, and perception of the business opportunity diverge substantially.

The case presents four potential explanations for these differences: individual work ethic and time commitment, engagement with formal training and mentorship systems, cultural and economic context, and the structural characteristics of the MLM compensation model itself. Rather than prescribing a single conclusion, the case is designed for classroom use, inviting students to analyse competing explanations and develop evidence-based arguments. The case is appropriate for undergraduate or graduate courses in international business, entrepreneurship, global marketing, or business ethics.

***Keywords:*** *multi-level marketing, MLM, Amway, international business, direct selling, entrepreneurship, cross-cultural business, distributor outcomes*

## 1. Introduction

Multi-level marketing (MLM), also known as network marketing or direct selling, is a business model where independent distributors earn income from both their own product sales and the sales generated by people they recruit. Over time, MLM has expanded from being mainly based in the United States to becoming a global industry operating in more than 100 countries. According to the World Federation of Direct Selling Associations (WFDSA), the industry generated around $167.6 billion in retail sales in 2023 and involved about 102.9 million independent representatives worldwide (WFDSA, 2024).

Even with this scale, MLM remains highly debated. Some people see it as an opportunity for entrepreneurship and personal growth, especially in places where traditional jobs may be limited. Others argue that the structure tends to favor those at the top, meaning most participants earn little or even lose money (Taylor, 2011; Wrenn, 2023). Both views are supported by research, which makes it harder to reach a clear conclusion.

Rather than trying to settle that debate, this case focuses on a more specific question: why do two individuals who start in the same MLM company under similar conditions experience such different outcomes? This question connects closely to international business, since it involves how global systems interact with local economic and cultural environments. By comparing two distributors working in different countries, the case helps explore how context can shape results in ways that are not always obvious.

## 2. Background: The Global MLM Industry

### 2.1 How Multi-Level Marketing Works

At a basic level, MLM is a distribution model. A company produces or sources products and depends on a network of independent distributors, instead of traditional retail stores, to sell those products. These distributors are not employees. They usually buy products at a lower price and resell them, keeping the difference as profit.

The “multi-level” part comes from the fact that distributors can also recruit others and earn income based on the sales generated by their network, often called a “downline.” This creates two sources of income: personal sales and group performance.

This structure is also where much of the debate comes from. When recruitment plays a large role in earnings, some critics argue that the system can start to resemble a pyramid scheme rather than a normal business (Keep & Vander Nat, 2014). In the United States, the Federal Trade Commission (FTC) distinguishes legal MLMs from illegal schemes based on whether income mainly comes from real product sales or from recruitment.

### 2.2 Industry Scale and Major Players

The direct-selling industry is large and still growing. The United States and the Asia-Pacific region — including countries like China, India, South Korea, and Japan — make up a major share of global revenue. Some of the biggest companies include Amway, Herbalife, Avon Products, Nu Skin Enterprises, and Natura & Co.

Growth has been especially noticeable in developing economies, where MLM can offer a relatively low-cost way to start earning income without needing significant capital (Patil, 2024).

Research has looked at many aspects of the industry, including compensation structures, competition, and expansion strategies. One consistent finding is that outcomes vary widely — not just between companies, but even among individuals within the same company.

## 3. Company Overview: Amway

### 3.1 History and Business Model

Amway — short for "American Way" — was founded in 1959 by Jay Van Andel and Rich DeVos in Ada, Michigan. What started with a single cleaning product has grown into a global company selling hundreds of products across health, beauty, and home care categories. In 2022, Amway reported about $8.1 billion in revenue, making it one of the largest companies in the industry.

The company operates through Independent Business Owners (IBOs), who purchase products at a discount and resell them. They also earn bonuses based on both their own sales and the sales generated by their network. For higher-performing distributors, these bonuses can make up most of their income. Since the initial cost to join is relatively low, the business is accessible to many people worldwide.

### 3.2 Distributor Ranking and Compensation

Amway uses a tiered ranking system, where distributors move from entry-level positions to higher ranks such as Platinum, Emerald, and Diamond based on group sales performance. Moving up requires not just personal effort, but also a strong and active downline.

Studies suggest that while these systems can work well when focused on product sales, the emphasis on recruitment can lead to uneven income distribution (Coughlan & Grayson, 1998). Amway itself has faced regulatory attention, including a major FTC case in 1979 that confirmed its legality but raised concerns about how income opportunities are presented.

### 3.3 International Expansion

Amway operates in more than 100 countries and territories, making it one of the most geographically distributed direct-selling organisations in the world. International expansion began in the 1970s and accelerated rapidly during the 1990s into Asia — particularly China, India, Japan, South Korea, and Malaysia. Today, Asia-Pacific accounts for the largest portion of Amway's global revenue. India, where Amway entered in 1995, has grown into one of the company's largest national markets, with hundreds of thousands of registered IBOs across urban and semi-urban regions.

Despite using a standardised global compensation plan, Amway adapts its marketing strategy, product mix, and training content to local cultural and regulatory requirements. This localisation-within-standardisation approach is central to the case study, as it means that two IBOs operating under the same compensation plan may nevertheless experience substantially different business environments depending on their country of operation (González, 2016).

## 4. International Context: United States versus India

To understand why outcomes may differ between the two case participants, it is necessary to examine the broader economic, cultural, and regulatory environments in which they operate. The table below provides a structured comparison across four key dimensions relevant to MLM participation.

| United States (New Jersey) | India (Mumbai) |
|---|---|
| ECONOMIC ENVIRONMENT GDP per capita approx. $80,000 (2023). Mature consumer market with high household spending power. Strong e-commerce and digital payment infrastructure. Competitive labour market with alternative income opportunities widely available. | ECONOMIC ENVIRONMENT GDP per capita approx. $2,600 (2023). Rapidly growing middle class, particularly in urban centres. Expanding digital payment ecosystem (UPI). High youth unemployment in certain segments, creating openness to supplemental income models. |
| CULTURAL ATTITUDES Entrepreneurship broadly valued. Consumer scepticism toward direct selling is relatively high — MLM has faced significant negative press and regulatory scrutiny. Social trust in products often requires strong brand recognition. | CULTURAL ATTITUDES Business ownership carries high social prestige. Direct selling has a long cultural history in India. Relationship-based selling is culturally normalised. Strong aspiration among urban youth toward self-employment. |
| SOCIAL NETWORKING PATTERNS Larger networks but cultural emphasis on personal privacy and boundaries. Referral-based sales can encounter social friction. Digital outreach is common but competitive and increasingly saturated. | SOCIAL NETWORKING PATTERNS Family and community networks are densely interconnected. Referral selling leverages strong pre-existing social trust. Religious gatherings and extended family networks provide natural outreach channels. |
| REGULATORY ENVIRONMENT FTC regulates MLM companies actively. Business Opportunity Rule requires income disclosures. Multiple states have additional consumer protection statutes. Public income disclosure statements required for major MLMs. | REGULATORY ENVIRONMENT Prize Chits and Money Circulation Schemes (Banning) Act, 1978 governs MLM. Legal ambiguity between legitimate MLM and pyramid schemes has created operational uncertainty. Ministry of Consumer Affairs issued clarifying guidelines in 2016. |

These contextual differences do not predetermine outcomes — IBOs in both countries can and do succeed at all levels of the Amway plan. However, they create meaningfully different conditions within which individual effort, training engagement, and business strategy unfold. A distributor's ability to build a large downline depends not only on personal communication skills but on the density and openness of the social networks available to them — a factor that varies substantially between New Jersey and Mumbai.

## 5. The Case Scenario

### 5.1 The Participants

The following scenario is illustrative. The two participants — referred to as Marcus and Priya — are composite profiles constructed from patterns documented in academic research, FTC income disclosure data, and industry reports. They do not represent any specific individuals.

**Marcus — New Jersey, United States**

Marcus is a 31-year-old logistics coordinator who joins Amway after attending a business presentation hosted by a colleague. He is motivated by the prospect of building a long-term supplemental income stream and commits fully to the BWW (Britt Worldwide) training system from day one. BWW is the leading independent training organisation for Amway IBOs in the United States, offering seminars, weekend rallies, leadership conferences, books, and audio programmes designed to guide distributors step-by-step through the business. Marcus attends every BWW event available in his region, purchases all recommended training materials, and follows his upline mentor's guidance closely. He invests 15–18 hours per week into the business alongside his full-time job and applies the BWW prospecting and recruitment scripts consistently. Within his first year, Marcus has registered 14 active IBOs in his downline. After three years, Marcus has reached the Platinum level, earns $900–$1,500 per month in performance bonuses, and credits BWW as the backbone of his growth — describing it as 'the blueprint that tells you exactly what to do and when to do it.'

**Priya — Mumbai, India**

Priya is a 29-year-old with a bachelor's degree in commerce who joins Amway after being introduced to the business by her uncle, an established IBO in Pune. She is motivated by the aspiration to supplement her household income and build financial independence. However, BWW — the structured training organisation widely available to IBOs in the United States — does not operate in her region of India. Priya has no access to formalised seminars, leadership conferences, or the step-by-step mentorship programmes that BWW provides. She relies instead on occasional informal advice from her uncle, basic Amway product materials, and her own initiative. Despite investing 10–12 hours per week and making genuine efforts to reach out within her family and social network, Priya struggles to build a consistent downline. After three years, she remains at the entry level, earns the equivalent of $150–$300 per month in bonuses — inconsistently — and expresses frustration that she works hard but does not know what she is doing wrong. She describes feeling 'stuck without a roadmap.'

## 5.2 Divergent Outcomes After Three Years

After three years in the same global MLM system, Marcus and Priya have arrived at starkly different positions across three measurable dimensions, as summarised in the table below.

| Dimension | Marcus — New Jersey, USA | Priya — Mumbai, India |
|---|---|---|
| Monthly Income (Year 3) | $900–$1,500 in bonuses. Consistently profitable. Growing month-on-month. | Equivalent of $150–$300/month. Inconsistent. Barely covers business costs. |
| Rank Achieved | Platinum IBO. 14+ active downline distributors. On track for Emerald. | Entry-level IBO. Downline of 3–4 distributors, mostly inactive. |
| Perception of Opportunity | Strongly positive. Credits BWW training as the foundation of his success. | Frustrated and uncertain. Works hard but lacks structure and direction. Considering quitting. |

These differences raise the central analytical question of this case: are Marcus's and Priya's divergent outcomes primarily a product of their own choices and behaviours — or are they shaped by forces outside their individual control? And if both factors matter, in what proportion? These are not merely questions about two individuals. They reflect broader debates about how global business models interact with local economic and cultural systems, and how equitably the costs and benefits of those models are distributed across participants.

## 6. Key Factors for Analysis

The following section presents four distinct analytical frameworks through which students may interpret the divergent outcomes described above. Each framework draws on evidence from the case and from broader research. No single framework is presented as the definitive explanation — students are encouraged to weigh and integrate these perspectives.

### Factor 1: Work Ethic and Time Commitment

One initial explanation for the outcome gap might focus on effort: both participants invest meaningful time in the business. Marcus commits 15–18 hours per week and Priya commits 10–12 hours per week — a difference, but not a dramatic one. Research on MLM outcomes consistently identifies time investment and behavioural consistency as strong predictors of distributor advancement (Chopra et al., 2024). Yet in this case, Priya's comparable effort does not translate into comparable results, which suggests that effort alone is an insufficient explanation.

This raises a critical question for students: if both participants are working hard and genuinely committed, why does one advance and the other stagnate? The work ethic framework cannot fully account for the divergence here, which pushes the analysis toward structural and contextual factors — particularly the presence or absence of a formal training system.

### Factor 2: Training Engagement and Mentorship

The most compelling explanation for the outcome gap may be the presence or absence of the BWW training system. Marcus, operating in the United States, has full access to BWW — a structured, step-by-step independent training organisation that provides Amway IBOs with seminar programmes, leadership events, recruitment scripts, and mentorship hierarchies. He attends every available event and follows the system completely. Research on MLM performance consistently links engagement with structured training systems to higher distributor retention, faster rank advancement, and greater downline productivity (Chopra et al., 2024).

Priya, by contrast, operates in a region of India where BWW does not have an established presence. She has access only to basic Amway product materials and informal guidance from her uncle — a well-meaning but unstructured form of support that cannot replicate the systematic coaching, goal-setting frameworks, and community accountability that BWW provides. This structural gap means that regardless of how hard Priya works, she lacks the roadmap that Marcus follows. Students should consider whether the absence of BWW in India represents a gap in Amway's international support infrastructure — and whether the company bears responsibility for ensuring that IBOs in all markets have access to equivalent training resources.

## Factor 3: Cultural and Economic Context

A third framework considers whether the cultural and economic context in India may itself act as a hidden barrier for Priya, independent of her training access. India's MLM regulatory environment has historically been ambiguous — the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 creates legal uncertainty that can make prospective recruits hesitant to join, and consumer awareness of MLM scams is growing in urban centres like Mumbai. Additionally, while dense social networks in India can be an asset for referral selling, cultural norms around financial privacy and family dynamics can also create resistance when personal relationships are used as recruitment channels.

For Marcus, the United States provides a well-established legal framework for MLM, a culture of entrepreneurship and side-income pursuit, and a consumer base already familiar with direct-selling brands like Amway. These conditions, combined with the BWW training infrastructure, create a more supportive overall environment for IBO growth. Research by González (2016) and Patil (2024) highlights how national context shapes MLM diffusion — and this case suggests that the direction of that advantage is not always what students might initially assume.

### Factor 4: The MLM Compensation Model Itself

A fourth framework focuses not on the individuals or their environments, but on the structural design of the MLM compensation model. Critics — including Taylor (2011) and Wrenn (2023) — argue that the mathematical structure of most MLM compensation plans makes it statistically improbable for the majority of participants to earn meaningful income, regardless of effort or context. Income disclosure statements published by Amway indicate that the median U.S. IBO earns very modest monthly income, and that a very small proportion of participants account for the majority of performance bonus distribution.

Proponents counter that this income distribution mirrors the distribution found in conventional small business ownership, commissioned sales, and entrepreneurship generally, where a small number of high performers generate disproportionate returns. Under this view, the issue is not the model itself but the risk disclosure and expectation management at the point of recruitment. Students should evaluate whether Amway's income disclosure practices — and those of the industry more broadly — are sufficient for prospective IBOs to make fully informed decisions (Direct Selling Association, 2023).

## 7. Discussion Questions

The following questions are designed for use in a business classroom discussion, written assignment, or case analysis exercise. Students should draw on evidence from the case, course readings, and independent research.

1. Based on the evidence presented in the case, which of the four analytical frameworks — work ethic, training engagement, cultural context, or the MLM model itself — do you find most persuasive in explaining the outcome gap between Marcus and Priya? Provide specific evidence from the case to support your position.

2. If you were advising Priya at the moment she joined Amway, what would you tell her about the risks she faces — specifically the absence of BWW training infrastructure in her region? What practical steps could she take to compensate for this gap? How would your advice differ if you were advising Marcus, who has full BWW access?

3. Amway uses a single global compensation plan across all markets. Do you believe this standardised approach creates equal opportunity for all participants, or does it structurally advantage participants in certain national contexts? What changes, if any, would you recommend to Amway's leadership?

4. Critics argue that MLM income opportunity presentations systematically overstate the probability of significant income. Proponents argue that income in any entrepreneurial model is unevenly distributed. Design a disclosure statement that you believe would give a prospective IBO genuinely informed expectations in (a) the United States and (b) India.

5. Priya describes feeling 'stuck without a roadmap.' To what extent is her struggle a result of personal effort, and to what extent is it a structural problem caused by the absence of BWW

training in her region? What obligations, if any, does Amway have to ensure that IBOs in all countries have access to equivalent training and support infrastructure?

6. BWW is available to IBOs in the United States but not consistently in markets like India. Marcus credits BWW as central to his success; Priya has no equivalent system available to her. Evaluate the ethical implications of this disparity. Does Amway have a responsibility to ensure all IBOs globally have access to equivalent training infrastructure — or is it acceptable for third-party systems like BWW to operate only in markets where they are commercially viable?

7. Using frameworks from international business — such as Hofstede's cultural dimensions, Porter's Diamond Model, or institutional theory — analyse how India's national environment may create conditions more favourable to MLM growth than those in the United States. Are these structural advantages permanent, or might they diminish as India's market matures?

8. Amway's own income disclosure data suggests the majority of active IBOs earn modest annual income from the business. Does this fact make Amway's business model unethical, or does it simply reflect the nature of entrepreneurial risk? Where, if anywhere, do you draw the ethical boundary between high-risk opportunity and exploitative recruitment?

9. Imagine you are a policy analyst at the Indian Ministry of Consumer Affairs. Drawing on the case, draft a brief policy recommendation on how India should regulate MLM companies. Your recommendation should balance consumer protection, entrepreneurship promotion, and clarity for legitimate direct-selling businesses.

10. Consider the gender dimension of the case. Priya is a young woman with childcare responsibilities who joins Amway seeking flexible income but struggles without formal training support. Marcus is a full-time employed man with full access to BWW infrastructure and advances steadily. How might gender, family responsibilities, and unequal access to

training resources intersect to shape who benefits from MLM business opportunities — and who bears the greatest risk when those opportunities underperform?

## 8. Conclusion

This case study has examined the divergent experiences of two individuals — Marcus and Priya — who join the same global MLM system at the same time and under structurally identical terms, yet arrive at substantially different outcomes across income, rank, and perception. The case does not offer a verdict on whether MLM is a good or bad business model, nor does it declare one of the two participants more deserving of their outcome than the other. What it reveals is that outcomes within a global MLM system are shaped by an intersection of factors — individual, cultural, economic, and structural — that cannot be disentangled by examining any single variable in isolation.

For students of international business, the case illustrates a foundational insight: the same global business model can produce fundamentally different outcomes across different national contexts, not because the model changes, but because the human and institutional environments through which it operates are profoundly local. This is true of multinational franchise systems, global technology platforms, and international financial products, as much as it is true of direct-selling networks. The analytical challenge is always to distinguish what is attributable to individual agency, what is attributable to structural design, and what is attributable to the environment in which the model is deployed.

The case also raises questions that extend into business ethics. When a global company operates a standardised compensation model across vastly different economic environments, who bears responsibility for ensuring that participants have realistic expectations and adequate protections? This question — of how international businesses balance global standardisation with local responsibility — is one of the defining challenges of twenty-first century commerce.

Marcus's story and Priya's story are not simply the story of two people who chose differently or worked harder than the other. They are the story of two people who joined the same global system but were handed fundamentally unequal tools to succeed within it. One had a structured, proven training infrastructure behind him. The other had only initiative and informal guidance. Understanding why those unequal conditions produced unequal results — and what responsibility a global company bears for that inequality — is the analytical task this case leaves open for discussion.

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