

## The Effectiveness Multi-Level Marketing on Member Growth of Online Application "Minuha" in Lampung

Mukarson Aribowo<sup>1</sup>, Anggalia Wibasuri<sup>2</sup>,

*Institute of Informatics and Business Darmajaya, Z.A. Pagar Alam St., Bandar Lampung 35142, Indonesia*  
*mukarson@gmail.com<sup>1</sup>, anggalia.wibasuri@darmajaya.ac.id<sup>2</sup>*

**Abstract:** During the Covid-19 pandemic, any company must do an innovative idea to run a business and market the products. One of them is taking advantage of the MLM business strategy. Many people still have a negative stigma about MLM marketing strategies, even though MLM is a marketing strategy. In MLM, the seller benefits from product marketing and compensation from other salespeople under him who are recruited (downline). The MINUHA program is a masterpiece created by the nation's children to raise the economy of the Indonesian people, especially in Lampung through programs to be compiled on the Marketing Plan. Minuha application has five stars rating on google play store and it has been downloaded +500 times and has member growth with members of more than 200 people.

**Keywords :** Multi-Level Marketing, Member Growth, Online Application "Minuha",

### 1. INTRODUCTION

The economic hardships in the midst of a pandemic are exploited by individuals to generate additional money. The COVID-19 pandemic has brought many changes to people's lives. Not a few people have decreased their income due to COVID-19. In fact, many were laid off and affected by layoffs (PHK). When people lose their livelihoods, one of the solutions is to become a business actor. Apart from the quality of the product, the MLM business is one of the business opportunities that is currently being pursued again because of the attractive commissions offered. MLM provides flexibility in terms of time, from the side of capital. The capital is not large compared to, for example, we build a restaurant.

According to the American Marketing Association (AMA), marketing is an organizational function and a series of processes for create, communicate, and provide value to customers and to manage customer relationships in a way benefit the organization and its stakeholders (Kotler & Keller, 2009).

In MLM everyone can become a distributor. Income as distributors are obtained when they can sell or invite others to join to become a distributor which is usually called a downline. In MLM there is a career path and the more income you get (Rosmala & Kresna, 2013). Multilevel marketing has two forms of network system that is run by Multi level marketing company namely binary system and solar system (Handini, 2016).

The Ministry of Trade noted that until 2019, as many as 6 million people had joined the Multi Level Marketing (MLM) business, with 18 trillion rupiah in revenue generated in 2019. However, in a pandemic situation, the Asosiasi Penjualan Langsung Indonesia (APLI) saw an increase in the number of members who joined in this industry. The general chairman of APLI Kany Soemantoro said that the MLM business in the third quarter of 2020, which grew 10 to 20 percent compared to the second quarter, was in line with the growth of joining members. Minuha is an application created by the nation's children which is developed to meet their daily needs. Until now Minuha has had a good response in the community. Minuha application has 5 stars rating on google playstore, has been downloaded +500 times and has members of more than 200 people. Some of the products offered is: Electronics and Gadgets, Health and Beauty, Sports Equipment,

Fashion, Property, Cars and Motorcycles, Bike, Food and Drink, Machine, Office supplies, Agricultural Products, Animal Husbandry Products. Biological Containment Products, Technology Innovation Products, Product Book / Ebook, and many other Products. Not only offers products, Minuha also offers service features such as purchasing prepaid electricity vouchers, phone pulse, internet packages, and many more that can all be done in one Minuha application. Minuha also has a good rating on the google play store with 5 stars and quite good reviews from users.



Fig 1. The Appearance of Minuha website

Source: [www.Minuha.com](http://www.Minuha.com)

In an effort to increase the number of consumers and income, Minuha adopts the MLM strategy:

1. **Introducing:** Introduce your friends, friends and relatives to MINUHA's company and products, explain with your TEAM the advantages of MINUHA's products and their work systems.
2. **Sponsor Bonus:** If your friend or friend is interested and buys a product from MINUHA, you will receive sponsorship commission of Rp. 20,000, - (Twenty Thousand Rupiah).
3. **Development Bonus:** This point commission is obtained from the development of the network at each level to a maximum depth of 20 levels, for each additional member in the network, the commission for this point will be Rp. 2,000 per point.
4. **Sales Royalty:** This commission can be obtained every time a downline purchases a product up to a depth of 10 levels, the product is not from the registration package product, but other products sold. Nominal commission is a percentage of the product price, the opportunity to get this commission is very large, depending on the quality of the product. More often the downline buys the product, you will also get more sales commission.

## 2. METHOD

### 2.1. Research Type

This research type is quantitative research. Quantitative research is one type of research activity with the specifications are systematic, planned, and clearly structured from the start to the making of research designs, whether about research objectives, subjects research, research object, data sample, data source, and methodology (from data collection to data analysis) (Puguh Suharso, 2012).

### 2.2. Sample

The sample is a portion or representative of the population to be researched (Suharsimi Arikunto, 2010: 109). Sampling for research according to Suharsimi Arikunto (2010: 112), if the subject less than 100 people should all be taken, if the subject large or more than 100 people can be taken 10-15% or 20-25% or more. Because total population is more than 100, so a population study was carried out of which 150 people. The sampling used in this study is a non-

probability sample. Non-probability sampling is a technique where at the time of sampling that will not provide the same opportunity or opportunity for every member in a population to be selected as a sample (Maholtra, 2010).

Researchers used purposive sampling technique with the following respondent criteria:

1. Member of Minuha Online Application
2. Consumers with a minimum age of 15 years - 50 years

### 2.3. Data Analysis Method

The data analysis method is a process of grouping data based on variables and all respondents, tabulating data based on variables and all respondents, presenting data for each variable studied, performing calculations to test the proposed hypothesis (Sugiyono, 2017).

#### 2.3.1. Multiple Linear Regression Test

This analysis aims if the researcher intends to predict how the state (rise and fall) of the dependent variable (criterion), if two or more independent variables as predictor factors are manipulated (increase and decrease in value) Sugiyono (2017). So multiple linear regression analysis is carried out if there are at least 2 independent variables.

The multiple linear regression formula is as follows:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$$

Information:

- Y = Dependent Variable (Member Growth)
- X<sub>1</sub> = Independent Variable (Introduction Strategy)
- X<sub>2</sub> = Independent Variable (Sponsor Strategy)
- X<sub>3</sub> = Independent Variable (Network Development)
- X<sub>4</sub> = Independent Variable (Sales Royalty)
- A = Constants (Y value if X = 0)
- β = Regression coefficient (value of increase or decrease)

## 3. RESULT AND DISCUSSION

### Hypothesis Test

The effect of Introduction Strategy on Member Growth in Minuha Application:

H<sub>0</sub>= Introduction Strategy (X<sub>1</sub>) has no significant effect on Member Growth (Y) in Minuha Application.

H<sub>a</sub>= Introduction Strategy (X<sub>1</sub>) significant effect on Member Growth (Y) in Minuha Application.

The criteria for decision making are:

- a. If the value of t count > t table, then H<sub>0</sub> is rejected  
If the value of t count < t table then H<sub>0</sub> is accepted
- b. If the sign value < 0.05 then H<sub>0</sub> is rejected  
If the sign value > 0.05 then H<sub>0</sub> is accepted

The effect of Sponsor Strategy on Member Growth in Minuha Application

H<sub>0</sub>= Sponsor Strategy (X<sub>2</sub>) has no significant effect on Member Growth (Y) in Minuha Application.

H<sub>a</sub>= Sponsor Strategy (X<sub>2</sub>) significant effect on Member Growth (Y) in Minuha Application.

The criteria for decision making are:

- c. If the value of  $t_{\text{count}} > t_{\text{table}}$ , then  $H_0$  is rejected  
If the value of  $t_{\text{count}} < t_{\text{table}}$  then  $H_0$  is accepted
- d. If the sign value  $< 0.05$  then  $H_0$  is rejected  
If the sign value  $> 0.05$  then  $H_0$  is accepted

The effect of Network Development on Member Growth in Minuha Application

$H_0$  = Network Development (X3) has no significant effect on Member Growth (Y) in Minuha Application.

$H_a$  = Network Development (X3) significant effect on Member Growth (Y) in Minuha Application.

The criteria for decision making are:

- e. If the value of  $t_{\text{count}} > t_{\text{table}}$ , then  $H_0$  is rejected  
If the value of  $t_{\text{count}} < t_{\text{table}}$  then  $H_0$  is accepted
- f. If the sign value  $< 0.05$  then  $H_0$  is rejected  
If the sign value  $> 0.05$  then  $H_0$  is accepted

The effect of Sales Royalty on Member Growth in Minuha Application

$H_0$  = Sales Royalty (X4) has no significant effect on Member Growth (Y) in Minuha Application.

$H_a$  = Sales Royalty (X4) significant effect Member Growth (Y) in Minuha Application.

The criteria for decision making are:

- g. If the value of  $t_{\text{count}} > t_{\text{table}}$ , then  $H_0$  is rejected  
If the value of  $t_{\text{count}} < t_{\text{table}}$  then  $H_0$  is accepted
- h. If the sign value  $< 0.05$  then  $H_0$  is rejected  
If the sign value  $> 0.05$  then  $H_0$  is accepted

#### 4. CONCLUSIONS

Based on the research results, the conclusions of this study stated as follows:

1. Warungtetangamu.com was an online food and vegetable shop that was founded during the Covid-19 pandemic. It was an idea that emerged after the Indonesian Government's policy and the PSBB (Large-Scale Social Restriction) Regulation through the Ministry of Health (Kemenkes), namely by issuing a Minister of Health Decree number HK.01.07/MENKES/328/2020 concerning Guidelines for the Prevention and Control of COVID-19 in Industrial Offices and Workplaces in Supporting Business Continuity in a Pandemic Situation. It stated that people were no longer allowed to leave their homes to travel to offices, schools, let alone jostle to traditional markets to find daily necessities such as groceries and vegetables. The purpose of establishing this business was to contribute to the Government in overcoming the Corona Virus Disease disaster so that it did not spread quickly through community interaction to be caused by activities in traditional markets. Besides, warungtetangamu.com also helped the people of Bandar Lampung to get and meet their needs for food and vegetables without having to jostle in traditional markets, so it was not just getting a profit.
2. According to the Cartesian diagram, an analysis was produced that the satisfaction strategy in the right track, namely in quadrant I (+, +). It indicated that the tetangamu.com warung was a very profitable location and a good business opportunity so that they were able to take full advantage of the existing strengths and opportunities. The applied strategy in the current conditions supported an aggressive growth policy (Growth oriented strategy). Therefore, it also supported warungtetangamu.com to expand the business network and develop to maximize sales turnover.

3. warungtetanggamu.com must continue to carry out a customer satisfaction strategy by improving service quality and improving product quality, applying the 4P Marketing Mix concept, namely internal promotion, prioritizing product quality, prioritizing service, closeness to customers, and flexibility to reduce existing weaknesses such as no brand, no packaging, no complaint services to customers, payment facilities, and education to the suppliers in satisfying customers, warungtetanggamu.com must meet customer expectations. Services provided the customer expectations was able to result in a level of customer satisfaction such as providing complaint services to customers and adding payment facilities. warungtetanggamu.com was originally only Cash on Delivery (COD) via e-banking transfer media. It stated that they were originally only ordinary couriers who had to do cooperate with Delivery or Order Services, OJESA Services, and the like. Furthermore, warungtetanggamu.com was able to improve the needed quality of marketed products, such as creating brands, making good and hygienic packaging, continuing to provide good education to suppliers so that product quality remains high.

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