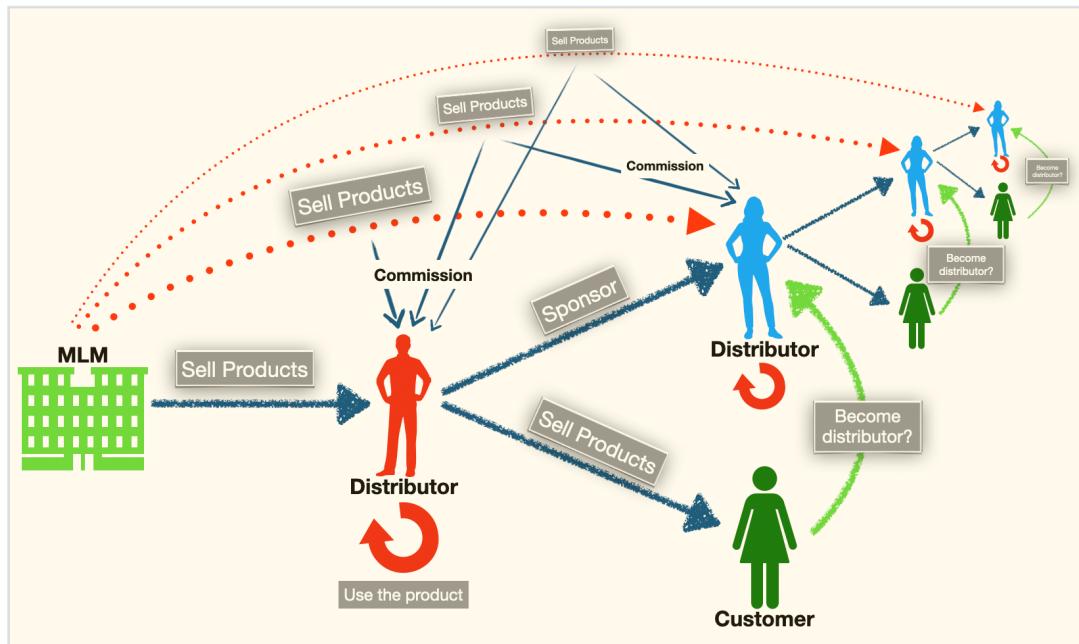# Exploring a Social Selling Framework to Support the Acquisition Process of Customers and Partners within a Multilevel Marketing Environment

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A thesis submitted in partial fulfilment of the requirements of Edinburgh Napier University, for the award of Doctor of Business Administration

Submitted February 2021

Abstract

<u>Aim</u>

The aim of this study is to explore the potential for Multilevel Marketing Companies (MLM), to actively support and stimulate the recruitment activities currently managed by the distributors of the MLM Company. To date word of mouth (WoM) has been the means, by which distributors of MLM companies, have managed the daily recruitment activities to develop their customer as well as partner base. However, this study intends to explore the potential for application and use of electronic word of mouth (eWoM) and how it may be adopted as a methodological approach to support and improve the distributor's productivity in recruitment activities, establish a qualitative standard within the distributorship and limit the generation of health & income claims as well as association to pyramidal schemes, that affect negatively the image and turnover, limiting market growth opportunities of the MLM company.

<u>Literature</u>

Review of the literature suggests that WoM applied to a social media channel environment, called also eWoM, can reach a much broader audience in less time through a viral distribution of the information, allowing a better monitoring and measurement than WoM, thus improving transparency and control for the MLM company. Currently there is no evidence in literature relative to the central production of content to be used to generate eWoM, for a multitude of distributors.

<u>Research Design</u>

The research reflects a personal interpretivist epistemological philosophical approach, underpinning the non-acceptance of the set of believes, that recruitment cannot be influenced proactively by the MLM Company. Furthermore, through fifteen qualitative interviews of successful distributors and the analysis of a set of secondary data, the intention is to understand how distributors manage the art of offline recruitment creating the bridge to centrally develop content distributors can share on social media channels, reflecting a familiar working process, therefore limiting the risk of a possible rejection.

Analysis

Analysis shows the key aspects WoM should reflect when applied electronically within a social selling environment (Dobele, 2007; Goldenberg, 2009; Golkar, 2015; Kaplan and Haenlein, 2011), also reflecting the ideal sequence the acquisition process should follow to generate a follow up the distributor can implement to develop his customer base. This process can be supported (Barnett, 2004; Reingen, 1986) by the MLM Company allowing a better control and transparency of the acquisition activities performed in the market by the own distributors (Coughlan & Grayson, 1998; Keep & Nat, 2014; Sullivan, 2012).

Findings

Findings suggest a framework for MLM companies to guide and support the acquisition activities of new customers and/or business partners managed by the distributors, merging the knowledge obtained from the literature review (Kaplan & Haenlein, 2011; Goldenberg, 2009; Gladwell, 2000) as well as from the interviews of 15 successful distributors of the MLM company. The particularity of the suggested framework starts from an existing ideal offline acquisition process adding the key criteria necessary to be successful within a social selling environment (Feick & Price, 1987; Dobele 2007; Eyal, 2001).

Key words

Multilevel marketing, network marketing, distributor, word of mouth, electronic word of mouth, acquisition, viral, duplication, canvassing, social selling, digital content, standard, interpretivist, qualitative research, two-stage data research, design, coding.
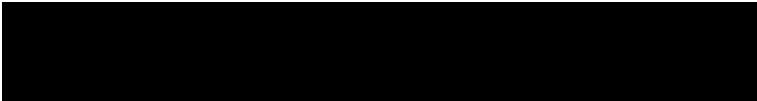
Acknowledgments

Declaration

I declare that this Doctorate of Business Administration thesis is my own work and that all critical and other sources (literary and electronic) have been properly acknowledged, as and when they occur in the body of the text.

Signed …

Florian Kaufmann   February 2021

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Chapter 1 - Introduction

1.1 Introduction

The chapter starts with the positioning of the thesis within the multilevel marketing (MLM) industry explaining what motivated the researcher, to choose this topic; research aim and research questions follow. The presentation then of an organizational framework the thesis will follow is explained. The chapter ends with a brief overview of the content of the chapters that follow.

1.2 Background

Multilevel marketing called also network marketing, is based on a people to people business relationship (Coughlan et al., 2007) managed exclusively by the distributors of an MLM company. Distributors are sales representatives acting as independent entrepreneurs, purchasing and selling the products of the MLM company. Since the beginning of the existence of network marketing, MLM companies have limited itself in the definition of a "basic rule framework" called company policy (CP), which regulates the partnership with the distributor and between distributors (Sullivan, 2012). This framework leaves the distributor completely free to decide when and how to promote marketing and sales initiatives to attract the attention of potential new customers and/or new business partners, interested to develop an entrepreneurial business (Coughlan & Grayson, 1998). As a consequence, MLM companies do not have a typical standardized framework for acquisitional purposes to attract new customers and/or business partners in the market but, reflect thousands of different approaches, put in place by the distributors (Peterson & Wotruba, 1996).

1.3 The "Personal Why" of the Research

For more than 75 years, the MLM industry considers "normal" or "as given", the acquisition of new customers and/or business partners, as an exclusive distributor's matter. While in every other industry: the knowledge and management of customers, is considered strategically an asset to "understand influence and control", here it is literally "outsourced" to the distributor force. Probably, when MLM started (1945), this represented the only feasible alternative, as the reason why MLM companies developed further from a classical direct selling approach, was due to the introduction of government policies (e.g., Social Security) which formalized the employer/employee relationship (Keep & Nat, 2014). As a result, direct selling firms clarified the role of the salesperson (Williams, 1948) to be that of an independent contractor (Peterson & Albaum, 2013). Today in the 21st century, many things have changed, and a more contemporary perspective should question, if this approach makes still sense or, if a support provided by the MLM Company in terms of content, which can be shared by distributors through social media channels, could help the distributor in becoming more trustful and professional, avoiding the typical network marketing pitfalls as well, therefore enhancing his market penetration efforts. This on the other hand should provide more turnover, which finally represents the same goal the MLM Company has. Basically, the classical win-win! That is the personal motivation of the researcher in this study, to question the holy grail of the network marketing business model, exploring the opportunity to give the MLM Company more influence in developing the customer base through the distributor force.

1.4 MLM Business Model

The business model of MLM companies is based on the generation and development of distributors (also called partners) as unique and exclusive sales channel to promote and sell the products and the related development of an entrepreneurial activity and therefore income opportunity (Keep & Nat, 2014; Oksanen, 1999).

A network marketing organisation can be defined as an organisation, which depends heavily or exclusively on personal selling, and that rewards sales agents for (a) buying products, (b) selling products, and (c) finding other agents to buy and sell products (Coughlan & Grayson, 1998; Peterson & Wotruba, 1996; Sullivan, 2012). Typically, network marketing companies specialize in the sale of products related to the beauty, health, sport and nutritional market segment as well as services (MLM, 2020). An idea of the MLM business model (based on the MLM Company taken as reference for this study) can be inferred from the Canvas (Osterwalder & Pigneur, 2010) in Figure 1.1.

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Subcontractors for the production of nutritional products as well as beauty products Raw material suppliers International Aloe Science Council	Selling through an MLM business structure innovative high-quality Aloe (and non) based products as well as promoting a business opportunity based on the sale of the products	Products: to provide high quality Aloe based products, innovative nutritional products and beauty products	Offline sales: own distributors Online sales: end customer	Product: Independently from the social situation (status/class) and basic normative orientation any person interested and believer in the natural power of Aloe Vera Gel Business: People aiming to find a rewarding and flexible business opportunity based on a risk-free entrepreneurial activity, being recognized for their personal achievements
	Key Resources Distributor network Aloe gel (patented)	Business: to provide a fair, flexible, turnover-based, inheritable and risk-free entrepreneurial business opportunity	**Channels** Offline: MLM-Distributor-Customer Online: MLM-Distributor-Customer as well as MLM-Customer	
Cost Structure Vertical integrated production chain Distributor network payed on sales commission		**Revenue Streams** Sales revenues generated selling directly products to distributors as well as selling products online to end customers (still paying also commission to distributor)		

Figure 1.1: Canvas example (Osterwalder & Pigneur, 2010) MLM Company

1.5 Justification

While the typical offline customer approach, limited the opportunity to implement a standardized customer acquisition framework, due to the different personalities and mind sets of the distributors, the development of an additional online acquisition process of customers, if properly supported by the MLM Company, and due to the transparency online processes enable (Reingen, 1986), could provide a standardized more efficient approach model. This is what the research wants to explore and support, providing a standardized online customer acquisition framework, that puts the MLM

company in the driver seat with the possibility to actively influence and monitor the acquisition process. The literature review will provide the opportunity to verify the following questions:

- What are the key elements to consider when creating word of mouth (WoM) to stimulate the message gets viral?
- Are there qualitative elements in terms of content that allow to make more interesting a message and support virality?
- Are there customer segments to approach first to support virality?
- What is known regarding how a potential customer elaborates and reacts to the stimulus of a message or piece of information?

These questions will permit to understand through the literature review not only how to build successful WoM, but also eventual limitations researchers encountered, during their analysis of criteria to consider, while producing effective WoM. The literature review will reveal gaps in terms of:

- Context, due to the absence of the MLM industry as industry reference to explore
- Method, depending on the focus in literature to generate eWoM at personal or company level but not centrally as service to optimize the efficiency and productivity of the own sales force (distributors) in the field, creating a standard and avoiding typical collateral effects due to a direct control of the information spread in the market
- Methodology, by following an approach that starts from identifying an existing ideal offline WoM sequence through which develop an ideal online WoM sequence, while in the literature review approaches identified do not consider possible synergies between offline and online WoM.

1.6 **Research Aim and Objectives of the DBA**

The study will focus the attention on the way MLM companies are managing through their distributors, the acquisition of new potential customers and/or

business partners in the market (Leonardi, 2010). It will question the validity, efficiency as well as connected risks to a traditional canvassing or door to door technique (Leonardi, 2010; Poyfair, 2017; Sullivan, 2012). Further it will propose a new additional online framework based on social selling (Verma et al., 2015), that supports a direct influence and control of the MLM company on the process as well as introduction of a standard, contributing to increase the quality and efficiency of the distributors activity (Moncrief, 2017).

<u>Research Aim:</u> *Provide a conceptual framework for MLM companies, to guide and support acquisition activities of new customers and/or business partners managed by distributors:*

- *through the production and implementation of successful online content*
- *stimulating and supporting distributor's eWoM activities*
- *aligned to the offline WoM process to avoid potential rejections.*

The related objectives matching the aim are:

<u>Obj.1:</u> Critically evaluate from the literature review, theory, and consumer behaviour models in the areas of eWoM and the development of content to attract new customers and or business partners.

<u>Obj.2:</u> Through the combination of methods, identify from interviews with distributors, their use of online support material provided by the MLM company, and the knowledge acquired through the literature review, how to develop successful eWoM content.

<u>Obj.3:</u> Generate an eWoM content framework that is aligned with the successful customer acquisition process sequences constructed out of the interviews, to contribute to knowledge and practice.

<u>Obj.4:</u> Generate guidelines that can be applied by MLM companies to develop standard content to be used as eWoM and limit typical MLM pitfalls as well as increase distributor competence in the market.

1.7 **Research Design**

The thesis follows a subjectivism approach accepting the limitation that every subject gives the meaning to an object, therefore agreeing on the principle that every subject can have a different interpretation (Crotty, 1998). The importance of interpretation freedom, influenced by a fast evolution of consumer behaviours driven by social selling trends, is reflected also in the decision to follow an epistemological interpretivism perspective (Crotty, 1998), looking for culturally derived and historically situated interpretations of the social life world. As Max Weber points out, it is about "understanding, verstehen", which is needed in the human and social sciences, not about "erklären, explaining" based on causality (Crotty, 1998; Weber, 1970). The thesis following Weber's "ideal type" looks to identify an ideal sequence of behaviours followed by distributors during their offline acquisition process, translating then this ideal type into a contemporary social selling sequence, reflecting the knowledge elements identified during the literature review.

1.8 **Organizational Approach of the Research**

To facilitate the identification of the different characteristics WoM and eWoM should reflect, enabling a combination with the MLM habits as well as offline WoM characteristics identified through the interviews of successful distributors, the need for an organizational framework of the thesis to follow was identified. The aim of the organizational framework in the research was to discover an optimal knowledge and practice based starting point for the identification of the key parameters the MLM company might consider, while developing standardized content for the distributor force. A kind of red thread to assemble the different parts identified during the development of the research study.

The organizational framework (Figure 1.2) is composed of different blocks: The MLM habits block, the eWoM characteristics block and the customer attraction block.
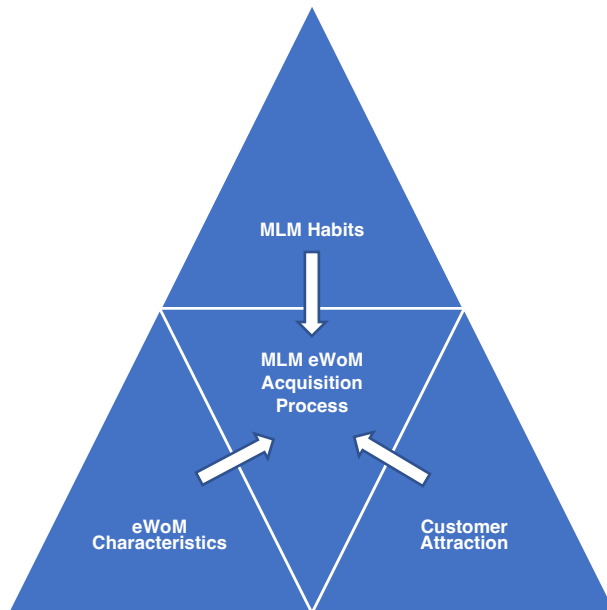
Figure 1.2: Organizational framework of the thesis

Each single block will identify key aspects that will flow then into the fourth block called MLM eWoM acquisition process, where the key aspects found in the literature review will eventually be merged with the learnings from the interviews of fifteen successful distributors. This will contribute to define a reference model for MLM companies interested to generate standardized content distributors can share on social media channels, leveraging eWoM advantages (compared to present WoM) and reducing the risk of typical MLM pitfalls, due to a direct management and influence of the information spread by distributors.

MLM Habits Block

The block identifies the habits the MLM industry follows to promote and develop the business model, find customers (Peterson & Wotruba, 1996) and/or partners (distributors) acting as independent entrepreneurs. The understanding of the MLM habits, are of key relevance, as any idea, innovation, change the MLM company wants to pursue, needs to be planned, bearing in mind the functioning of cause-effect characteristics of this busines model. Any form of ignorance of these habits will have as probable result the rejection of the idea independently how good or efficient the idea might be.

eWoM Characteristics Block

This block starts with the explanation of the significance of WoM and continues with the presentation of the evolution of WoM through social media channels generating eWoM. The literature review is used as source to understand advantages of eWoM compared to WoM and research examples of successful eWoM identifying possible parameters, to reflect in any tentative to generate content to be shared on social media channels. The result of this block will be the identification of actors to involve, to increase the effect of eWoM, as well as qualitative criteria, information shared as eWoM should reflect.

Customer Attraction Block

The block is dedicated to the understanding of consumer behaviour theories that kindle the interest of a potential customer, generating attraction versus a product, brand, or person. The aim of this block will consist in evidencing attributes consumer theories identified and understand if the MLM company as well as the distributor have a realistic chance to influence together these attributes, providing therefore an important element to reflect not only in the production but also in the sharing of content.

MLM eWoM Acquisition Process Block

The final block merges the key findings of the previous blocks adding the learnings from the two-stage data approach: 1) interviews of fifteen distributors in the Germany, Austria and Switzerland area, 2) first performance data results.

1.9 Overview of the Research

The first chapter introduces the reader to the context of the study, seeking to provide understanding of the goals the study wants to pursue and explaining the organizational framework the study will follow while researching the different qualitative elements of WoM. Chapter two focusses through the literature review on the fundament of MLM, which is the use of word of mouth (WoM) to develop the business and how the adoption of WoM within a social

media environment, creating electronic word of mouth (eWoM), could further support the business expansion. In chapter three evidence of the philosophical perspective which impacts the research as well as the methodology followed in identifying important knowledge practices is presented. Thereafter chapter four brings together the set of elements identified within the literature review, the ideal sequence of offline WoM obtained through the interviews of successful distributors and practical examples of content developed centrally by the MLM Company to support the customer acquisitions process managed by distributors. It is a sort of bringing together the different puzzle elements identified in the previous chapters, defining an output that can represent a guidance for the MLM Company on how to leverage contemporary sources for their own business goals. Finally, chapter five merges the aim and objective of the research and outlines the contribution to knowledge and to practice outlining a framework composed by a set of guidelines as a model to follow for the MLM industry. This part also contains recommendations for possible future studies that can built on the present research and integrate the prospected path with further facts which can support the MLM industry to reach the next quality level.

1.10 **Summary**

The chapter positions the research aim, objectives, and thesis within the MLM business model introducing the organizational framework the thesis will follow. A brief description of the chapters follows, providing a read thread of the arguments presented. In the next chapter the conceptual framework the thesis will follow is presented.

Chapter 2 - Literature Review

2.1 **Introduction**

The previous chapter illustrates the organizational framework the research will follow (Figure 2.1) and the way it is organized in building blocks. The literature review starts by presenting the MLM industry and continues then, by outlining the main characteristics WoM has to include (eWoM and Customer attraction blocks) in order to become effective when applied electronically within a social media environment, becoming eWoM (Kaplan & Haenlein, 2011) and attract potential customers.

2.2 **MLM Habits Block**

This block will present the MLM industry, evidencing the main characteristics of how MLM companies have structured their business organization, as well
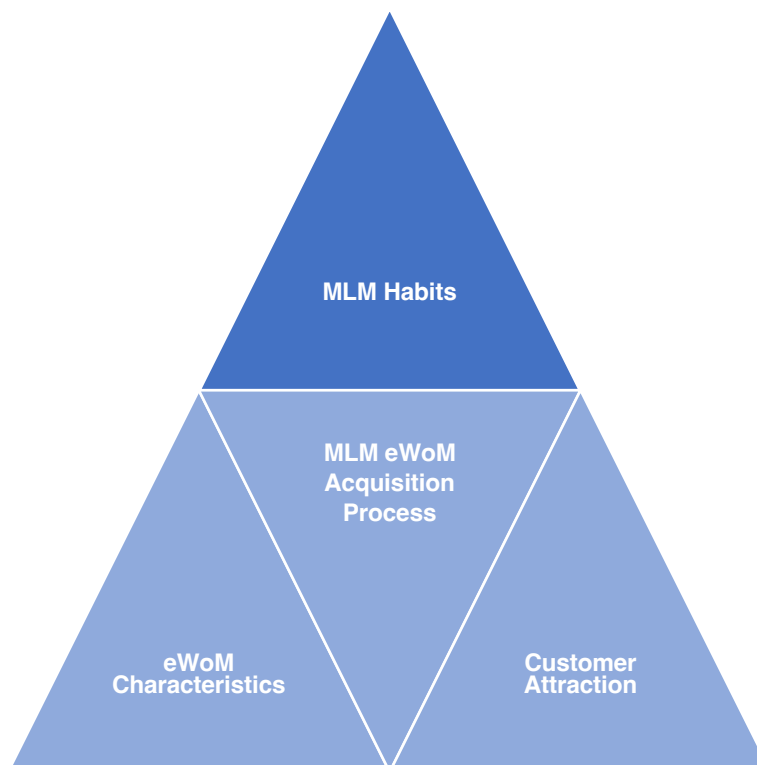
Figure 2.1: Organizational framework – MLM Habits

as rules and habits of this very particular industry.

2.2.1 **Historical Background**

MLM has its own origin in the Direct Selling business approach (Sullivan, 2012). Direct selling (DSA, 2020) can be defined as "face to face selling away from a fixed retail location" (Peterson, 1996). It is a form of getting in contact with a potential or existing customer apart from the physical presence of a retail location. The direct selling industry was built on an assumption of leveraging an individual's social networks to create successful sales opportunities (Leonardi, 2010). Figure 2.2 shows how MLM companies give an impulse to the distributor force through the legal framework represented by the company policy (CP) and marketing material, leaving to the distributors, the acquisition
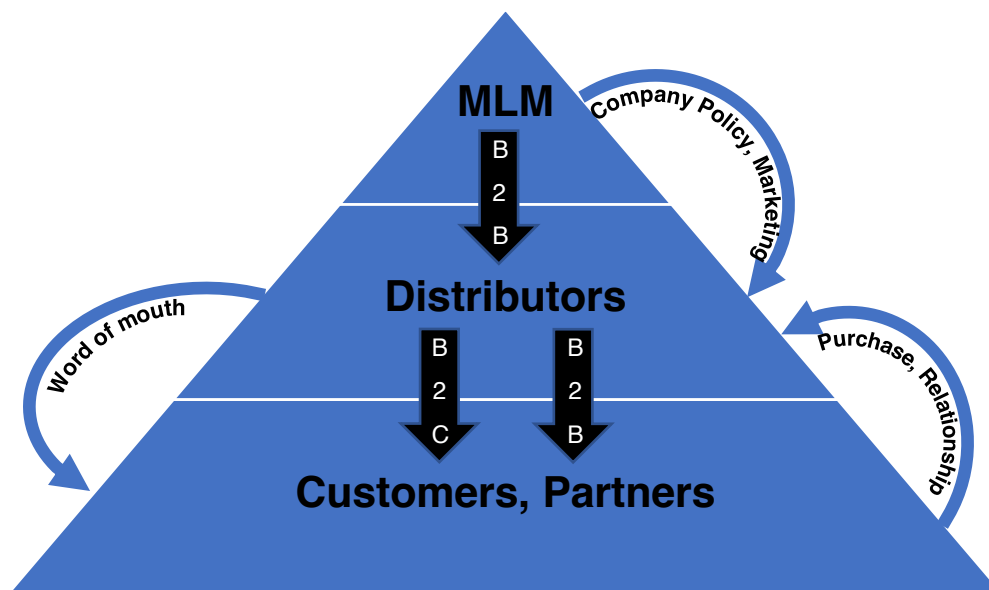
Figure 2.2: The MLM business and communication model (Coughlan & Grayson, 1998; Fergurson 2017)

activities of new customers and/or business partners. Direct selling enabled during the early 20th century to bridge the selling tradition of the itinerant peddler into a new era. While peddlers travelled great distances to sell primarily unbranded products to customers, direct selling salesmen went "door-to-door" and "house-to-house" selling regionally and nationally branded

products in an increasingly urbanized environment (Friedman, 2004). The direct selling approach was viewed from companies at that time as a way to reduce in the short-term excess of inventory (Mayberry, 1991). Later-on the 1930s brought lower household income and a large pool of available labour, it also brought government policies (e.g., Social Security) which formalized the employer/employee relationship (Keep & Nat, 2014). As a result, direct selling firms clarified the role of the salesperson to be that of an independent contractor (Williams, 1948).

In 1934 Nutrilite, known as the California Vitamin Company, was founded and adopted in 1945 a form similar to the direct selling example but with some features which finally represent the characteristics of an MLM Company. Both traditional direct selling, particularly the party plan, and the MLM model rely heavily on selling to friends, family, co-workers and neighbours (Grayson, 2007), since the early days where Direct Selling expanded firms were looking for salespeople to recruit for a variety of situations. College students for example were recruited as early as 1913 for summer selling and Fuller Brush (American company founded in 1906 producing brushes) recruited African-American male teachers from segregated high schools to sell in segregated markets (Friedman, 2004). In the economical challenging 1930s, twenty-seven Eastern colleges- including Harvard, Dartmouth, Princeton, Yale, Williams, Brown, Columbia, and MIT – signed a statement discouraging "the practice of door-to-door salesmen trading upon their college connections to make sales," (Coughlan & Grayson, 1998; Keep & Nat, 2014; The New York Times, 1932). The growth of direct selling brought with it some complaints; the Federal Trade Commission (FTC) recorded 17 of them in 1920 (Nation's Business, 1920). To allay concerns, the modern door-to-door salesman was characterized publicly as different from the peddler, "a shabby, furtive and seedy individual" (Curtis, 1925). Disreputable "door openers," such as fake surveys and opinion polls, and the "box-top" approach, a bait and switch that substituted a lesser brand after opening with a known brand, caused the National Association of Direct Selling Companies, precursor to the Direct Selling Association, to work with the Better Business Bureau in 1949 on an industry code of conduct (Keep &

Nat, 2014; The New York Times, 1949). In Florida store retailers produced full-page ads warning against "the Stranger Who Raps on Your Door" (Curtis, 1925). Today many things have changed and MLM is a well-established industry with an annual turnover of $192 billion worldwide and 118 million people working in the sector (WFDSA, 2020). Companies such as Amway, Herbalife, Nu Skin, Forever Living Products, Party-Light, PM, Mary Kay, Jeunesse, just to make some examples (Figure 2.3), use multilevel marketing as business model (DSN, 2019), selling different categories of products: nutritional components, juices, beauty products, food supplements and many others.

2019 Rank	Company	2018 Revenue
1	Amway	$8.80B
2	Avon Products Inc.	$5.57B
3	Herbalife	$4.90B
4	Infinitus	$4.50B
5	Vorwerk	$4.30B
6	Natura	$3.67B
7	Nu Skin	$2.68B
8	Coway	$2.5B
9	Tupperware	$2.0B
10	Young Living	$1.9B

Figure 2.3: Top 100 MLM worldwide in 2019 (DSN, 2019)

2.2.2 Fundament of the MLM Sales Approach

This paragraph has a preparatory function for the following eWoM characteristics block as well as supporting the understanding of the outcomes from the interview section in Chapter 4. The literature review for this purpose will be used to put a magnifying glass on the way typically distributors in an MLM environment acquire new customers and or business partners.

<u>Origin</u>

While specifically in an MLM environment no comparable elements were found and represent therefore a gap in the literature review, an interesting similarity was found in the so-called canvassing technique. The term canvassing can be linked to political campaigns as the systematic initiation of direct contact with individuals. Canvassing can be done for several reasons: grassroots, fundraising, community awareness. Campaigners knock on doors to contact people personally; it is used by political parties and issue groups to identify supporters, persuade the undecided, and add voters to the voters list through voter registration, and it is central to get out the vote operations (Harvill, 2017). As we can observe from this first definition, this corresponds exactly to what distributors do within an MLM environment: "systematic initiation of direct contact with individuals". The origin of the term is an older spelling of "canvas", to sift by shaking in a sheet of canvas, hence, to discuss thoroughly (Hugh, 1911). An organized canvass can be seen as early as the elections in the Roman Republic. In those campaigns, candidates would shake the hands of all eligible voters in the Forum (Vishnia, 2012). Green and Gerber (1999) in a rigorously controlled experiment that produced a substantial turnout boost from canvassing in a municipal election in New Haven, Connecticut, tested which techniques are most effective. Foot canvassing was the most effective contact method, increasing turnout by about 7 percentage points, while phoning boosts it by 2.6 points. Other contact techniques such as direct mail, robocalls, and email had small undetectable effects (Green & Gerber, 2019). In a similar way, door-to-door (DTD) represents a canvassing technique that is generally used for sales, marketing, advertising or campaigning, in which the person walks from the door of one house to the door of another, trying to sell or advertise a product or service to potential customers (Brandenburg, 2020); this sales technique is also called direct sales and is used for many multi-level marketing products (Poyfair, 2017). The definition of the Direct Selling Association regarding "direct selling" confirms the match with the canvassing techniques: direct selling is a business model that offers entrepreneurial opportunities to individuals as independent contractors to market and/or sell products and services, typically outside of a fixed retail

establishment, through one-to-one selling, in-home product demonstrations or online (DSA, 2020). The particularity of direct selling consists in the sales activity from one person to another in an environment that is not a permanent retail location, mostly door-to-door in case of a B2C business (Duffy, 2005).

Similarities

There are several similarities when confronting canvassing or DTD sales with the way a distributor in an MLM organisation performs costumer acquisition. Both use an argument to connect with the potential customer and focus the sales activity on products that present a certain level of explanation regarding the way they are used. For that reason, the salesperson (distributor) needs to understand the individual circumstances of the potential customer before recommending an appropriate offer (Sullivan, 2012). Another similarity is the offer of extensive sales training and ongoing support, regular updating to training, testing on legal requirements, rules and regulations, support during sales, coaching to further improve and central administration (Sullivan, 2012). There are even similarities relative to grey areas of DTD sales like the reputational issues connected to the use of this sales channel. Unsolicited contact or the engagement in a conduct that is perceived misleading, deceptive or pressure tactics. Traders using the door to door channel are often impacted negatively by these issues, regardless of the professionalism of their own operations (Sullivan, 2012). Further interesting similarities could be found in the sales interaction of DTD sales that connect to what is written later in this chapter relative to the MLM pitfalls.

Psychology

Sales interaction starts at the moment when a salesperson initiates communication with a potential customer (Cicala et al., 2012). The particular psychology of the sales moment when a salesperson approaches a new potential customer adopting a direct selling technique, is expressed very well by Fergurson (2017). The direct selling technique starts in the moment a salesperson approaches a potential client. Since there is no brick-and-mortar store to assist in validating a seller, the consumer lacks the traditional signalling cues that aid in assessing the salesperson. Salesperson

appearance becomes therefore the consumer's initial source of judgment. Effectiveness in sales interactions is defined by the degree in which the "preferred solutions" of salespeople are realized across their customer interactions. Sales interactions begin when salespeople initiate communication with potential buyers for the purpose of obtaining a sale and ends when salespeople discontinue communications (Weitz, 1981).

Process

Due to the fact, that a sale is typically not the outcome of only one meeting, the realistic goal for salespeople should be to obtain subsequent interactions with prospects in order to develop a profitable relation (Weitz, 1981). This is another element which will be addressed in detail in the outcomes of interview analysis (Chapter 4), where distributors use the follow up to add a key interaction in which the potential customer will grant the amount of time the distributor needs to explain in detail what he has to offer in terms of products and or business opportunity. In a situation of an initial contact, source credibility needs to be established to avoid that further communication becomes ineffective (Dholakia & Sternthal, 1977; Wilson, 1976). The cognitive response theory suggests that in the case of buyers, their own-thought activation is that the primary interest of the salesperson is the sale of the product. These own thoughts will reduce acceptance of the salesperson's message. However, if the buyer perceives the salesperson to be credible, then their own thought activation would be reduced, increasing the buyer's acceptance of the message (Sharma, 1990). This aspect can also be recognized within the findings of the interview session where distributors use the cold acquisition approach to become familiar to the newly met person and use then the follow up to deliver the key message (Chapter 4).

2.2.3 Organization

A distributor is legally an independent entrepreneur, who has decided to use the products and/or business opportunity of a network marketing company (after signing a contract with the company) to build up a business (Lee et al.,

2016; Peterson & Albaum, 2013). The distributor is allowed to sponsor other people, who are becoming part of the own team so that they can repeat the same activities: sell the products and promote the business opportunity (Coughlan & Grayson, 1998; Lee et al., 2016). The sponsoring process is contractually regulated, which means the person who agrees to be sponsored becomes part of the team of the sponsor (Peterson & Albaum, 2013).

The process of building up a team, showed in Figure 2.4, is called the "duplication process"; duplication because every person the distributor sponsors becomes also active in consuming and/or selling the product and/or sponsoring other people thus duplicating the time effort in building up a team as well as buying and selling products (Coughlan & Grayson, 1998; Lee et al., 2016; Peterson & Albaum, 2013).
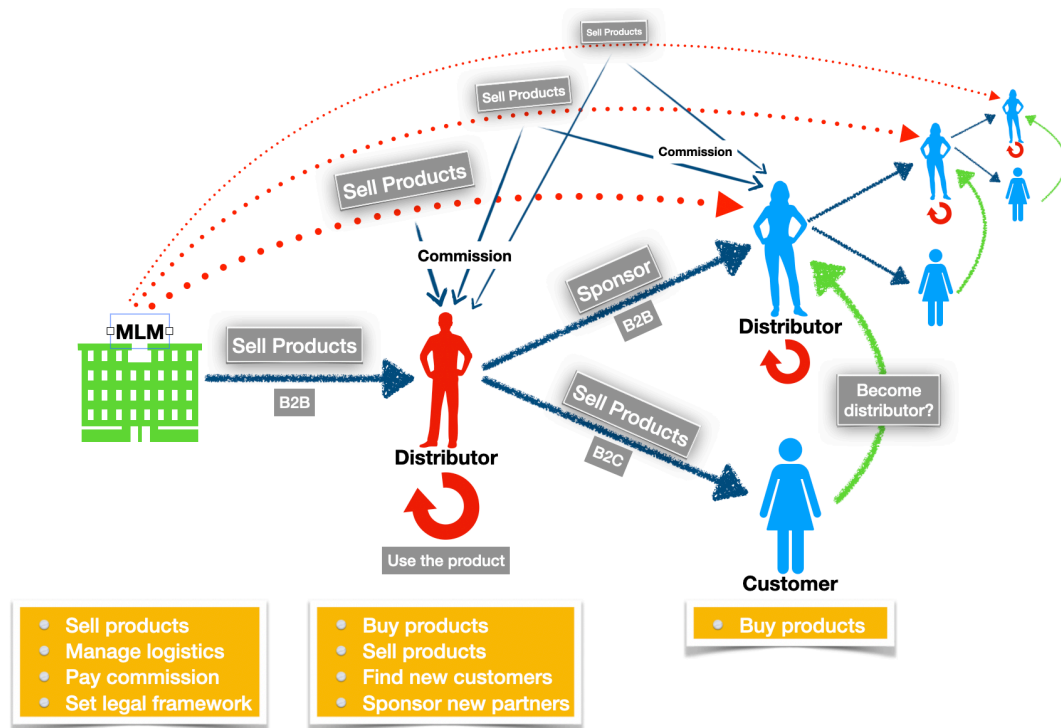
Figure 2.4: MLM business flow (Coughlan & Grayson, 1998; Lee et al., 2016; Peterson & Albaum, 2013)

2.2.4 Compensation Plan

The distributor who recruits a person, receives the benefit of a commission paid by the network marketing company every time the sponsored person buys

or sells products. The larger the team the distributor develops, the higher the number of products bought and sold and thus the commission perceived at the end of the month (Coughlan & Grayson, 1998; Peterson & Albaum, 2013). The result of this process, if successfully applied, determines an exponential growth of the distributor business as well as a very positive business development for the network marketing company (Peterson & Wotruba, 1996). The payment of the commission repeats every month based on the products which are bought and sold and continues also if the distributor decides to retire (also called passive income); the commission is paid a life-long and can be inherited (Peterson & Albaum, 2013). What makes network marketing particular is that, a distributor will not benefit only from personal turnover but also from the entire turnover the team (in general up to the third level) of distributors he sponsored (Muncy, 2004). That is why it is of key importance in a network marketing environment to continuously support and further develop the team of sponsored distributors.

2.2.5 Structural MLM Strengths and Weaknesses

The architecture of a network marketing organization reveals how the development of a team promoted by a distributor, is driven, and managed mainly by distributors. There is no interference from an MLM Company side (Sullivan, 2012). The only legal framework existing is the company policy of the network marketing company, which regulates the basic rules of how a distributor needs to behave, the way a team can be developed, the structure of the commission paid on the products bought and sold as well as the incentives related to the achievement of specific turnover targets. Any personal development as well as acquisition of further distributors is managed in complete autonomy by the distributor organisation (Peterson & Wotruba, 1996). These typical MLM organizational elements together with other characteristics, can represent on one side a positive growth potential but at the same time also a risk. The positive aspects or USPs, can be defined as "MLM leverage features". The term "leverage" is chosen for purpose, as a correct application of organizational, marketing and sales forces (distributors) can

initiate an exponential business growth. The main leverage features a typical MLM organisation can rely on are (Coughlan et al., 2007; Leonardi, 2010; Sullivan, 2012):

a. Every distributor is also the best consumer
b. Daily use of the product
c. Size of the distributor community
d. Income as a percentage of generated sales
e. Duplication

All these elements are important assets for the MLM company (Coughlan et al., 2007, Leonardi, 2010; Sullivan, 2012) as they promote a continuous flow of product consumption (point a.), enable a perfect knowledge of the use of a product enhancing the service aspect versus customers (point b.), use the community to create excitement and qualified presence on the territory (point c.), develop a highly efficient independent performance-based sales force (point d.) and finally, utilizes distributors to duplicate automatically and without investments from company side, the business at local level (point e.).

At the same time, these freedom and peace of mind often causes as consequence, that distributors in order to reach a higher and faster turnover, develop sales strategies which are not in line with the company policy of the network marketing company and even worse, not respectful of the existing legal rules in the market (Keep & Nat, 2014).

<u>Health Claims</u>
Typical examples of bad behaviour are health claims used to sell the products of the network marketing company which represents clear forbidden claims. A health claim occurs when a distributor in order to sell more and quicker a certain product declares, that the product has certain healing properties although there is no tested evidence of that (Keep & Nat, 2014). Health claims can boost exponentially the turnover of a distributor.

Income Claims

A second type of bad behaviour are claims regarding income promises. In this case a distributor advertises the opportunity to become distributor promising easy to reach income revenues which are unrealistic. Both types of wrong behaviour are characteristic of an MLM organization as they enable a distributor to reach the success in a shorter amount of time (Muncy, 2004). Both situations also represent a high risk for the MLM Company which can lose certain products or get under media and or legal pressure due to an unethical management of the business.

Pyramid Schemes

A third type of bad habit is when an MLM company creates a possibility of compensation which results from an endless chain of recruitment to the extent that some of these schemes were found by the courts to be pyramid schemes (Changing Times, 1971). A pyramid scheme relies on continual recruitment as a mechanism for generating compensation for participants. Basically, individuals who were recruited into an MLM company are paid for the only reason that they brought in another individual. The payment of a commission is therefore unrelated to any sales of products or services (Securities and Exchange Commission, 2013).

Threats and Market Limitations

All three situations so far described: health, income claims as well as pyramidal schemes, represent for a network marketing company a possible serious threat and need to be addressed by managers working in such an environment on an ongoing base (Keep & Nat, 2014; Muncy 2004). There are certainly situations, where the business case developed by a network marketing company did not respect (for purpose) the legal framework present in the market. These are limited cases and in general the outcome is, that the company declares bankruptcy and disappears from the market. However, most of the situations are related to an unethical and illegal behaviour promoted by single or groups of distributors. Normally when that happens, in the moment the situation becomes transparent also for the management of the network marketing company, most of the damage has already been done.

Typical consequences determine, that after a very positive but abnormal turnover growth, the number of complaints generated by the deceived customers as well as distributors are highlighted by the press and become viral in customer forums on social media channels, determining a general negative image of the MLM Company. Consequences are a sharp drop in turnover as well as mass escapes of distributors abandoning the sinking ship of the MLM Company. This trend can last also for longer periods of 5 and more years bringing the MLM Company to fight for its existence if not leading to bankruptcy (Harding, 2018; Taylor, 1999; Truth in Advertising.org, 2019). The daily challenge for the MLM Company is therefore, how to ideally combine and control these characteristics that can determine a growth momentum or be the cause of an abrupt long-lasting image and turnover crash. How would it be possible to enhance the leverage features and keep under control the potential risks so that the characteristics of the MLM business can produce further positive elements that complete this interesting and efficient business model? In the findings chapter, the research will give an answer to that question (Figure 2.5).
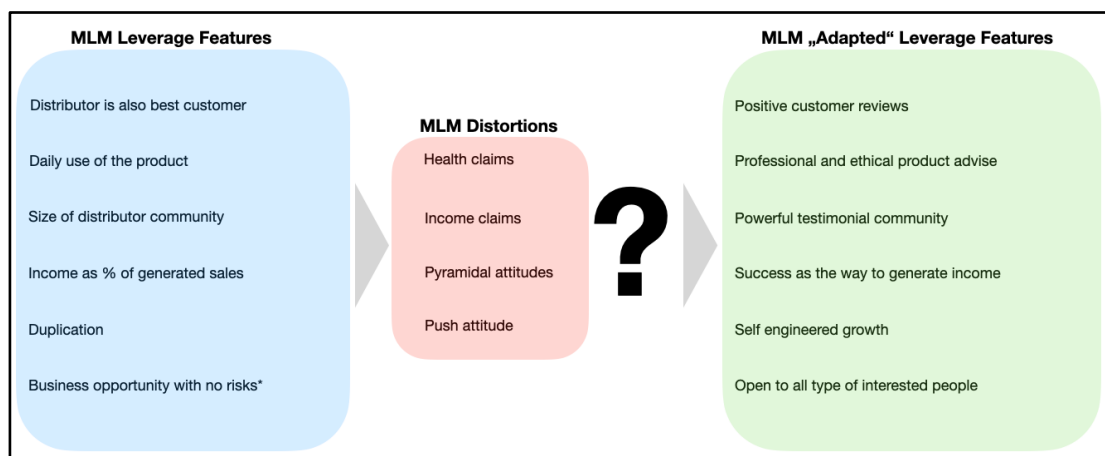
Figure 2.5: MLM Leverage features (Keep & Nat, 2014)

2.2.6 Distributor Involvement

A very important sales-marketing characteristic must be taken in serious consideration by managers of the sector, when planning evolutions or changes to the way the business is managed. Depending on the historical

circumstance, distributors consider the entire market like a "hunting reservoir", where "they" are the only ones to have the right to search for new potential customers (Coughlan & Grayson, 1998; Fergurson, 2017). Any tentative initiated by the network marketing company to remodel the way the business is organized could be seen as a threat by the distributor organization. This determines demotivation and automatically drop in sales (Fergurson, 2017). To avoid such a risk, managers of the network marketing company could consider the possibility to include the distributor force in this evolution process thus further strengthening the relationship with the sales force and avoiding the impression to work on the development of a parallel sales channel (Fergurson, 2017).

2.3 eWoM Characteristics Block

This block starts (Figure 2.6) with the introduction of the significance of word of mouth (WoM) identifying the key elements that make it so powerful and continues then with the opportunity if applied to a social selling sales approach to generate electronic WoM.
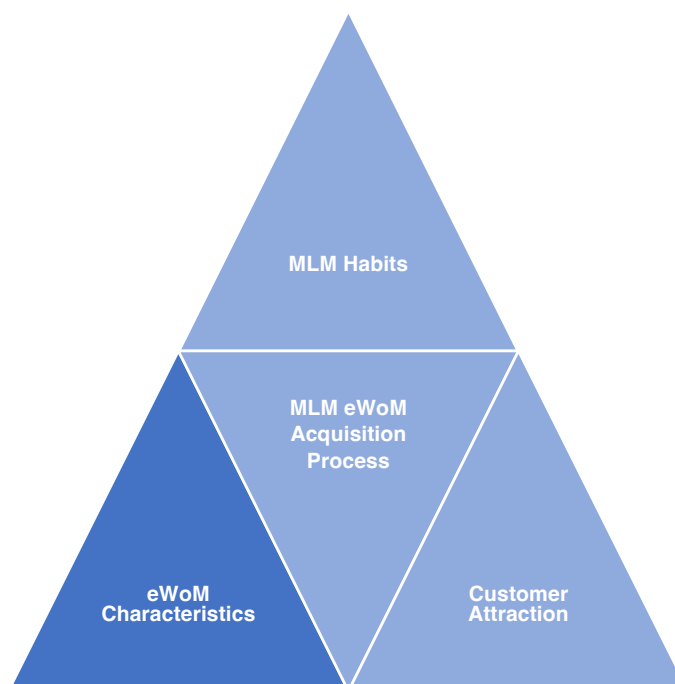
Figure 2.6: Organizational framework – eWoM Characteristics

2.3.1 **Word of Mouth (WoM)**

WoM can be defined as the sharing of information about a product, promotion, et cetera, between a consumer and a friend, colleague, or other acquaintance (Marketing Power, 2010; Stauss, 1997), and is evaluated in most of the existing literature, as one of the most powerful forces in the marketplace (Bansal & Voyer, 2000; Henricks, 1998; Marney, 1995), as well as highly persuasive and effective (Bristor, 1990). The Oxford English Dictionary defines WoM as "oral or written communication, publicity" (Ismagilova, 2017; Nyilasy, 2006). For Arndt (1967) WoM means an "oral person to person communication between a receiver and a communicator whom the receiver perceives as non-commercial, concerning a brand, a product or a service". Nyilasy (2006) identifies in this definition three fundamental aspects that characterize WoM: first, WoM is an interpersonal communication different from mass communication like advertising, second, the content should be commercial regarding commercial entities, products and brands, third, although WoM communications is commercial, communicators are not motivated commercially or at least this is what the receiver perceives. For Westbrook (2018), WoM is an informal communication directed at other customers about ownership, usage or characteristics of particular goods and services and/or their sellers. WoM is a potent communication form, and it is more potent than any marketing communication techniques that identify a sponsor (Nyilasy, 2006). On all known communication effectiveness variables, WoM scores better than advertising (Nyilasy, 2006). Researchers believe that WoM affects consumer's decisions more than market-created sources of information such as advertising, newspapers and sales staff (Godes, 2004). There are three different explanations in academic literature for the power of WoM: 1.) WoM communicators are better trusted as being parts of primary groups (Nyilasy, 2006), 2.) they are not attributed motives to sell (Anderson, 1998) and 3.) the way in which they communicate is vivid (Nyilasy, 2006). For Chan and Ngai (2015) WoM works only within network boundaries. WoM is the fundament on which network marketing companies built their existence and success due to the fact that WoM sales means savings on marketing and advertising costs (Herbig & Yelkurm, 1997). As seen in paragraph 2.2.4, in the MLM business

model, network marketing companies guarantee high levels of margin on the products sold to distributors as they are the ones, that in the network marketing model promote the products in the market and look for new customers. Having distributed (approximatively 50%) up front a consistent part of the total profit margin (Coughlan & Grayson, 1998), there is no possibility to invest additional money in advertising and promotion, therefore the only way to reach potential customers and future partners is to use WoM through the own distributors which does not represent a cost element for the MLM company. In highly efficient MLM business models, distributors are paid only for the generated turnover and represent therefore a variable cost element for the MLM company (Muncy, 2004). Another important factor to think about (paragraph 2.2.6) is that distributors consider the acquisition of customers their own domain, therefore any interference from MLM company side, by doing advertising activities, could be seen as an attempt to switch to a direct selling business model.

2.3.2 **Social Selling: the road to electronic WoM**

Studies have questioned the effectiveness of traditional prospecting techniques, such as cold canvassing in contemporary business (Moncrief, 2017). Several galvanizing environmental variables like global markets, technology, changing consumer habits, have changed sales, but none may shape the sales discipline as much as changes that are emerging because of social media (Moncrief, 2017). The sales environment is changing, and the change is coming because of a behavioural, technological, and managerial evolution (Anderson, 1996). Environmental changes are requiring sales organizations to make adjustments in marketing and sales strategies (Moncrief, 2017). Consumers are more sophisticated than ever before and are buying without the aid of retail sales personnel by accessing product information on their phones and purchasing with their phones (Verma et al., 2015). Consumers of today search, analyse, and compare product features, process, payment options, shipping information, and return policies before making an online purchase (Burke, 2002). These environmental changes require sales organizations to make adjustments in marketing and sales

strategies (Moncrief, 2017). This matches exactly the rationale for the current study which is explained in more detail in Chapter 4: the consciousness that the traditional canvassing approach of MLM companies through WoM needs to be adjusted in their marketing and sales strategies by embracing the opportunity social selling is presenting, converting a well-known and in the MLM community established marketing and sales tool like WoM into a more powerful and effective eWoM approach. Social media is transforming the consumer from a passive player into an active and controlling participant (Trainor, 2012). The costumer is more product knowledgeable because of social media, including web pages, blogs, and other tools (Moncrief, 2017). The amount of social media being implemented by the salesperson/sales organization is clearly increasing, but many organizations still lack a concentrated and consistent strategy; it appears that many of the basic sales skills taught in classrooms and in sales training will need to evolve to include the use of social media, and we are still learning how to effectively include social media strategy in the sales job (Moncrief, 2017).

In contrast to many traditional approaches, social selling is perceived by participants to be an effective way of approaching attractive leads and prospect in a non-invasive and more personal way (Agnihotri et al., 2012; Ogilvie et al, 2018). Agnihotri et al. (2012), describe social selling as a professional selling approach "predicated on the strength of social media allies within a social enterprise", emphasizing salespeople's use of social interaction-enhancing platforms for content-creation and networking. Social selling is the strategy of including social media in the salesperson's toolbox for the purposes of researching, prospecting, networking, and building relationships by sharing content and answering questions (Minsky & Quesenberry, 2016). Social selling is better understood as a selling approach which focuses on implementing digital marketing principles, including content marketing and social media marketing, at the sales force level (Felix et al., 2017). It is an approach where salespeople use digital and social channels to gain insights and develop relationships with potential prospects and current clients by sharing valuable content and maintaining active dialogue with the relevant

people through social channels (Ancillai et al., 2019). Social selling in a B2C environment can be defined as the identification, targeting and reaching out to prospective and existing customers through social media channels and social communities in an effort to engage them in conversations that result in a potentially mutually beneficial relationship (Belew, 2014). It is about managing the online community. It means that customers are online, discussing brands, products, and services, looking for insights and help to tackle work-related challenges. In the communities, people share information and insights for the common good of that community. It is also a place for discussions and helping others. Companies, as well as an individual seller, must find and build community. The strength of the community is that it is easier for prospects to approach sellers when they are ready (Wankel, 2016). It is first and foremost not selling through social media platforms but a way of leveraging social media channels to gather a core audience of clients, industry peers and prospects in order to lay a foundation of trust through thought leadership and mutual common interests (Ancillai et al., 2019).

Building relationships is one of the most strategic actions in social selling; it is equal to relationship building off-line (Shanks, 2016). Using a sales pitch and basing a good bit of that pitch on a product or service will not work anymore. Instead, social selling requires being more social (listening and conversing about the customer's needs) and much less about outright selling. It's a very soft sell, or perhaps a consultative sell (Belew, 2014). Analysis indicates that the first central facet of social selling is the acquisition of insights into prospects, existing customers and influencers through social and digital channels (Ancillai et al., 2019). The basic premise of social media is leveraged; that is, the ability to create and maintain a network of personal contacts through digital and social channels (Hennig-Thurau et al., 2010; Kaplan & Haenlein, 2010). A systematic application of social selling among salespeople might also affect a company's performance in the long-term through the combined effects of salesperson and customer related outcomes (Ancillai et al., 2019). Social selling can be used in all steps of the selling process from prospecting to closing sales and it should be an essential part of a company's

sales assets as it allows sellers to engage with customers and build social capital that would invite customers to interact, engage and build relationships with them (Säde, 2019). Sellers receive insights that allows them to adapt offering and sales pitch according to the buyer's needs (Agnihotri et al., 2017). Sales no longer control the flow of information in the buying process, the customer does (Säde, 2019). As buyers become more educated and informed, the sales process is less about selling the products but more about creating valuable relationship (Sharma & Sagar, 2018).

The Digital Sales Funnel works in a completely different way; it is no longer the salesperson or marketing department that decides to communicate with the individual, but rather prospects determine to engage with the company representatives. This is another key element that will be considered when approaching a possible solution of how to construct the online acquisition process (Chapter 4). What Sharma and other authors observe here, is the shift from a typical push attitude performed by a salesperson into a pull situation, where it is the customer that decides when and how to start interacting with the salesperson, basically a complete upside down of the sales process. When a prospect has started to engage the material the marketing or sales are able to provide them, the goal is to keep them engaged by providing them more content to learn from and engage with to build the relationship further until they become a customer (Leboff, 2016).

2.3.3 Social Media

Social media can be defined as a group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content (Kaplan & Haenlein, 2010). Social media is people having a conversation online (Darlington, 2010); the democratization of information, transforming people from content readers into publishers. It is a shift from a broadcast mechanism, one-to-many, to a many-to-many model, rooted in conversations between authors, people, and peers (Solis, 2010). Social media allows users to provide

their input on certain subjects and to interact with those around them in the way that pleases the individual (Nations, 2013).

Web 2.0 is a term that was first used in 2004 to describe a new way in which software developers and end-users started to utilize the World Wide Web; that is, as a platform whereby content and applications are no longer created and published by individuals, but instead are continuously modified by all users in a participatory and collaborative fashion (Kaplan & Haenlein, 2010). For Berthon (2008) the terms Web 2.0, social media, and creative consumers tend to be used imprecisely and interchangeably partly because they are closely related and are indeed interdependent but conceptually discrete. Pitt (2012) considers more useful to view Web 2.0 as a series of application progressions than as something new in and of itself. Rather than large organizations, it is individuals who have exploited the platform enabled by technology to assuage their unquenchable thirst for information. Instead of merely retrieving information, consumers now create and consume it, and hence add value to the website, loosely known as "social media" that permit to do so (Pitt, 2012).

This can represent an extremely interesting opportunity also for distributors of an MLM company as the chance to generate and address other subjects in a direct and easy to implement way, could represent an interesting communication channel with whom to address future potential customers. As seen in the MLM business introduction (Paragraph 2.2), although distributors are entrepreneurs, they behave like end customers and could therefore use WoM applied to a social media environment in a very useful way and at the same time be considered (as seen before) as part of primary groups (Nyilasy, 2006) without a not attributed motive to sell (Anderson, 1998) and typical of end costumers, communicate in a vivid way (Nyilasy, 2006). The era of social media as we understand it today probably started about 20 years earlier, when Bruce and Susan Abelson founded "Open Diary", an early social networking site that brought together online diary writers into one community (Kaplan & Haenlein, 2010). Facebook, Tweeter, Instagram, Myspace, Tik Tok, YouTube and many other platforms represent exactly the Web 2.0 world where users can interact with each other, can share information, instant messages or share

pictures or videos. The present data regarding the amount of people who use social media is impressive. The number of users in 2018 was estimated in 2.6 billion people while the evolution until 2021 is expected around 3 billion people (Statista, 2018). The region with the highest penetration rate of social networks is North America, with approx. 70% of the population, while in Western Europe the percentage goes down to 55% of the population (Statista, 2018); Germany 45%, Austria 49% and Switzerland 53%. On average a global internet user spends around 135 minutes per day surfing in social networks. Facebook is the first social network and has surpassed in 2017 the 2.2 billion monthly active user mark (Statista, 2018); Germany 31,8 millions , Austria 3,8 millions, Switzerland 3,8 millions. Twitter registered in 2019 152 million daily active user, Instagram 600 million user (2016), Tiktok has in the top 10 countries 289 million user and YouTube 2 billion user (Google source).

Online sales develop at a huge percentage rate. If we think that the U.S. Census Bureau started to track online sales only from the year 2000, that gives an idea on how recent this business channel is. The first statistics reported for the last quarter of 1999 showed that just 0,6% of the total retail sales were done online. This percentage has grown in the meantime to 8,1% in 2016 equal to $450 billions (Martin, 2017) and estimates of Forrester's report, "Forrester Data" expect for 2022 that e-commerce will account for 17% of all retail sales. According to Astound Commerce's research, more than half of the online shoppers are Millennial shoppers and 64% of them are prompted to visit a brand manufacturer's website after seeing and ad in a social media feed. 56% of the millennial shoppers interact with their preferred brands on social media every week and more than 36% make their purchases online.

According to Nielsen's annual Global Corporate Sustainability Report from 2015, 73% of the surveyed millennials indicated they would spend more money on a product if it's produced by a sustainable brand. Other data found on econsultancy.com (Charlton, 2015) indicates that: 61% of customers read online reviews before making a purchase decision and they are now essential for e-commerce sites, 50 or more reviews per product can mean a 4,6% increase in conversion rates, 63% of customers are more likely to make a

purchase from a site which has user reviews, site visitors who interact with both reviews and customer questions and answers are 105% more likely to purchase while visiting and spend 11% more than visitors who don't interact, reviews produce an average 18% uplift in sales.

2.3.4 **Electronic WoM (eWoM)**

Electronic WoM (eWoM) represents a type of WoM which is exchanged or passed electronically. Litvin (2008) based on the WoM definition of Westbrook (2018) defines eWoM as all informal communications directed at consumers through internet-based technology related to the usage or characteristics of particular goods and services or their sellers. eWoM is seen as more powerful than WoM although less personal, due to the fact that it has more reach and is publicly available (Hennig-Thurau et al., 2004). eWoM has two main advantages. The first lies in its higher diffusion speed (Xun & Reynolds, 2010) for new pieces of information. When WoM is exchanged using traditional face-to-face communication, diffusion is limited by the size of the social network each individual maintains (Kaplan & Haenlein, 2011). Given that, on average, people have only three close friends (Marsden, 1987) and a total social network of no more than 150 (Hill, 2003), chains of WoM communication and customer referrals tend to die out quickly. In contrast, WoM exchanged electronically can reach a much larger group of other customers. Second, eWoM is substantially easier to monitor than traditional WoM, which can only be measured using a relatively tedious process (Reingen, 1986). This allows for better analysis of the impact of eWoM on tangible business outcomes and, ultimately, the calculation of return on marketing measures. Ismagilowa et al. (2017) in their book "Electronic Word of Mouth in the marketing context", based on the previous eWoM definitions, give their own interpretation of eWoM as: "eWoM is the dynamic and ongoing information exchange process between potential, actual, or former consumers regarding a product, service, brand or company, which is available to a multitude of people and institutions via the internet".

What the application of Social Media can do to WoM therefore switching the "physical WoM" to an "electronic WoM" is defined very well by Kaplan and Haenlein (2011). For Kaplan and Haenlein, viral marketing allows firms to promote their products and services with very low budgets and still reach the same levels of awareness that are usually only achievable with high-frequency TV advertising (Kaplan & Haenlein, 2011). First of all, what does viral mean? Kaplan and Haenlein define as viral the application of social media to WoM, therefore creating eWoM. The expression viral is related to a company, brand or product when it is transmitted in an exponential growing way (Amblee & Bui, 2011).

There are two elements that define viral marketing: the first one is a growth of reproduction rate greater than one; this implies that each receiver passes the message to more than one other person. The second is the use of social media (Kaplan & Haenlein, 2011). For Hennig-Thurau (2004), eWoM is a kind of communication, that due to the fact that it is made available through the internet, can make visible to a multitude of people and institutions, negative or positive evaluations, opinions made by potential or existing customers regarding a product or service. For Kietzmann and Canhoto (2013) the type of communication doesn't need to be necessarily negative or positive but can also be neutral relative to a product, service, brand or company. eWoM has become in the meantime, a permanent element of the online marketing mix by contributing a great deal to the purchasing decisions of online consumers (Cheung & Thadani, 2012). This may be also beneficial for distributors in the MLM industry who are used to adopt WoM to develop their business. Applying WoM in an electronic way could generate an even higher number of potential customers for the distributor and therefore additional turnover for the MLM company. There is also another interesting element to consider regarding the advantages for distributors to use eWoM, which is identified by Phelps (2004): compared to traditional WoM, eWoM is more influential due to its speed, convenience, one-to-many reach, and its absence of face to face human pressure. This last element represents an important psychological aspect and very often one of the main obstacles a distributor needs to learn to solve. Many

never reach the level to manage it professionally and fail in their goal to become a successful distributor. The absence of pressure represents also an important result to avoid the typical MLM pitfalls (Paragraph 2.2.6).

Nielsen (2015) reports how consumers are in control of how they consume content and interact with brands and show that when making purchase decisions, internet users trust online reviews posted by unknown consumers (60% in Europe) more than they trust traditional media (less than 46% in Europe). User generated content (Cheung & Thadani, 2012) in the form of online customer reviews was found to significantly influence consumer purchasing decisions (Channel Advisor, 2010). WoM has been shown to substantially influence consumer attitudes and behaviours, and to be up to seven times more effective than traditional print advertising in impacting brand switching decisions (Cheung & Thadani, 2012; Katz, 1995; Lee & Youn, 2009).

Despite what one might initially think, WoM is not a pure altruistic behaviour: it offers advantages to the sender, as well as the receiver. For senders, WoM is an opportunity to help others and to improve their self-confidence in doing so (Phelps et al., 2004). For receivers, it reduces decision making time as well as risk (Chiu, 2007), as friends tend to be perceived as unbiased sources of information (Hennig-Thurau & Walsh, 2003; Kaplan & Haenlein, 2011). The WoM process can be explained as seeking social support for adoption or non-adoption and as risk reduction by group action: "if you'll buy, I'll buy" (Arndt, 1967). For Daugherty and Hoffman (2013) the emergence of social media has created a two-way many-to-many communication system empowering consumers to connect, create, produce, and share media content like never before throughout human history (e.g., Facebook, YouTube, Twitter, Pinterest, etc.). These Web 2.0 features have helped to transform consumers from passive observers to active participants with social media serving as an ideal platform for brand related word-of-mouth (Daugherty & Hoffman, 2013). Electronic WoM is considered the most important source in consumer's buying decision (Litvin et al., 2008). How can these advantages eWoM shows, represent an opportunity also within an MLM environment? The MLM industry since their start in early thirties (1934, Nutrilite first example of MLM

organization) has reached (MLM.com, 2019) in 2017 $189,6 billion worldwide (Germany $16,7 billions) with 116,7 millions distributors (Germany 884.000) leveraging the art of WoM through their distributors as the only feasible way to save on marketing and advertising costs (Herbig & Yelkurm, 1997) due to the type of business model used (Coughlan & Grayson, 1998). The use of WoM by distributors is a natural aspect because distributors although entrepreneurs think and behave like end consumers. Considering the limitations that WoM has compared to eWoM, it becomes clear the size of the potential this industry could achieve by embracing the opportunities eWoM offers in terms of speed, size and influence.

2.3.5 How to Leverage eWoM

Firms that endorse relationship marketing encourage or build communities around their branded products or services stimulating consumers to be actively involved in brand creation. These types of communities can act as strategic marketing resources and provide competitive advantages to firms by enhancing long-term customer bonds (Plangger, 2012). As formulated in the thesis aim, the goal is to provide a framework on how to guide and support its own distributors, through the development and usage of successful online content, that stimulates and supports the eWoM activities of the distributors. The creation of a community is therefore something the distributor will generate and drive to develop his business, while the definition and influence of that process can be managed by the MLM company, through the central development of standardized content.

What the literature review showed so far, is to understand how WoM is defined, and the advantages identified by the different research authors as well as the relation between WoM and eWoM. The research wants now to deepen the understanding of how to develop successful content, considering both the characteristics of the type of message, expectations of the receivers as well as other subjects involved in the sharing process on social media platforms. The real question therefore is: "what could be an ideal mix of conditions, to

allow the creation of viral marketing for distributors in the MLM industry, to attract new customers"? The term "viral" is intended as "the process of getting customers to pass along a company's marketing message to friends, family and colleagues" (Laudon & Traver, 2016) and is used to identify a qualitative aspect of the message; the first one is a growth of reproduction rate greater than one (Kaplan & Haenlein, 2011), this implies that each receiver passes the message to more than one other person. The second is the use of social media (Kaplan & Haenlein, 2011). Only an ideal match of these conditions will enable that something goes viral and contribute to increase the efficiency and productivity of the eWoM implemented by the distributors of the MLM company. Kaplan and Haenlein (2011) identify that in: "the right people need to get the right message under the right circumstance". Regarding the right people to focus on the process of getting an information viral there are 3 main categories we can identify:

- Market mavens (Feick & Price, 1987)
- Social hubs (Goldenberg et al., 2009; Kaplan & Haenlein, 2011)
- Salespeople (Gladwell, 2000)

Market Mavens (Feick & Price, 1987) are individuals who have information about many kinds of products, places to shop, and other facets of markets, and initiate discussions with consumers and respond to requests from consumers for market information. These can be seen as the first group of people to reach with a certain type of communication, a kind of marketplace influencer (Carter, 1955; Engel & Blackwell, 1982).

While there would be a clear benefit in putting the focus on these group of persons as the ones to reach first with a certain piece of information or communication, Feick (Feick & Price, 1987) identifies also the difficulty to target specifically with communication these group of persons as the research of Feick was not able to find a clear demographic profile that could support in this activity. At least some behaviour elements where identified that reflect a possible Maven profile. These are people that like to introduce new brands or

products to friends and like the idea to help people providing them with information about many kinds of products (Feick & Price, 1987). For that reasons people ask them about products as well as places where to shop (Richmond, 1977). They are also informed where the best buy is and where to shop certain products.

People see a Maven as a good source of information when it comes to new products or sales. Basically, in thinking about a Maven we should think about a person who has the information on a variety of products, who likes to share that information and also knows where the best buy can be done (Feick & Price, 1987; Guiltinan & Monroe, 1980; Kassarjian, 1981). On the other hand, when talking to that person, you not necessarily have the feeling that this person is an expert on one particular product. Mavens are distinct from opinion leaders and early purchaser (Feick & Price, 1987). Mavens are important as tipping points because they're on the leading edge of acquiring new information. They know things the rest of us don't. In a network of individuals, they're likely the first to know of a potential system change (Gladwell, 2000). The next level to reach is how to get in contact with so called social hubs. Once a Maven has recognized and experienced a certain product or service, we can speed up the process by getting in contact with social hubs due to the high number of social ties they have. The goal is to find an effective way to spread a certain information in the quickest way possible. Social hubs can be distinguished as innovator and follower hubs. Social hubs appear to adopt earlier because of their larger number of connections rather than innate innovativeness (Goldenberg et al., 2009). The significance to find and influence a social hub is therefore important for a company, as it enables to speed up the growth process and at the same time influences the eventual market size. For Goldenberg innovator hubs present the element of speed of adoption, therefore have more influence on the early market while follower hubs influence mainly the main market and have a larger effect on the overall market size. Social hubs have the advantage to know hundreds of different people and are able to serve as connectors or bridges between different subcultures facilitating the immediate transmission of information or messages

to hundreds if not thousands of other consumers (Kaplan & Haenlein, 2011). The third element to consider is that there can be situations where a market maven although receives the message earlier than others does not appear to be convincing while transmitting an information for several reasons. In this case the interaction of a so called "salespeople" can be useful to take the information from the market maven, translating the information making it more persuasive and relevant and then transmitting it to the social hub to achieve a high distribution of the information or message (Kaplan & Haenlein, 2011). Salesmen are the quintessential persuaders who can get people to make decisions and take actions that they ordinarily wouldn't take if left to themselves. These are people who have the ability to persuade in part because they can get the other person to root for them in the same way that an audience roots for a performer on stage (Gladwell, 2000). Figure 2.7 (Kaplan & Haenlein, 2011) shows the ideal interaction between the different messenger categories to create a viral message.
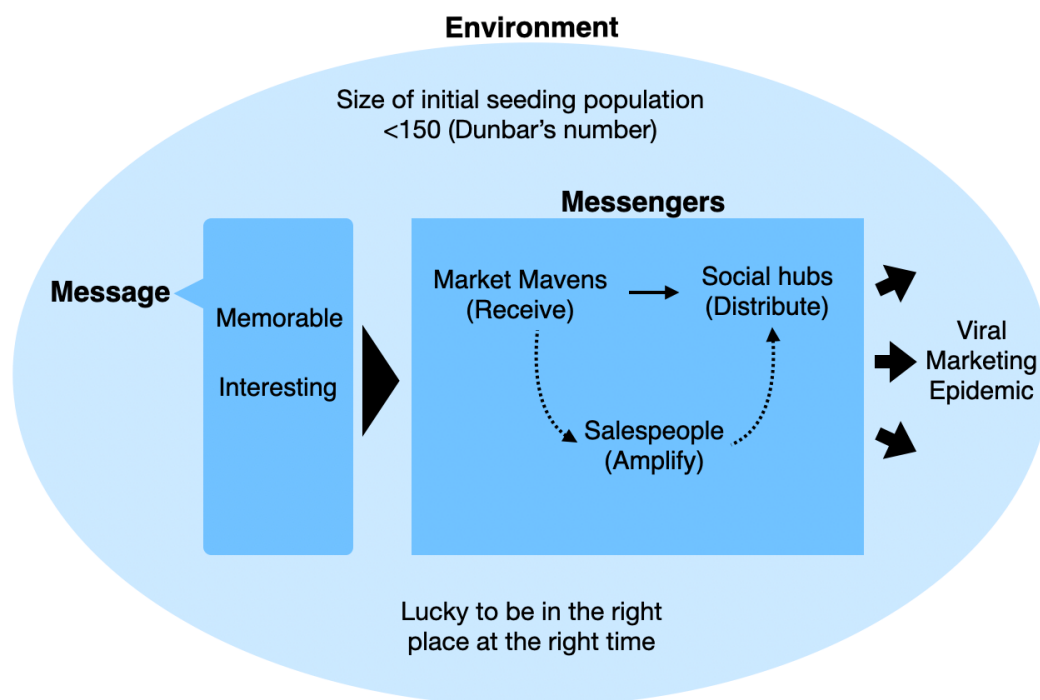
Figure 2.7: The three basic conditions for creating a viral marketing epidemic (Kaplan & Haenlein, 2011)

Finally, all relies on the content of the message, only if there is an interesting, surprising, intriguing content the effect of the combination between market maven, salespeople and social hubs can expand its total effect by getting the message viral.

2.3.5.1 <u>Leveraging eWoM Through the Right Emotions</u>

Viral marketing messages must build an emotional connection between the campaign and the recipient in order to ensure that the virus gets spread, therefore the message to become viral (Dobele et al., 2007) needs to contain one of the six primary emotions: surprise, joy, sadness, anger, fear and disgust. In order to be effective, viral messages need to contain the element of surprise (Rust & Oliver, 2000). But this is not enough, the element of surprise needs to be combined also with other emotions to become effective (Dobele et al., 2007). In combining different emotions, the intensity element if the campaign is going more or less viral is also linked to other important elements that need to be reflected in the campaign. For example, disgust and fear-based campaigns, are more likely to be adopted and there forwarded more by male than female recipients (Dobele et al., 2007).

Focussing on emotions is key to capture the imagination of the recipients but there must be also a clear idea of who we want to target. So, the target of people we want to receive should also be the ones that we are going to reach first with our message as the expectations are then that they pass on the viral marketing message (Dobele et al., 2007; Kaplan & Haenlein, 2011). Only if the campaign can build an emotional connection between the campaign and the recipients, we can achieve that the virus will be spread. On the six emotions that were analysed, "surprise" was the emotion that more than the others represented the dominant emotion identified by the consumers across the different campaigns analysed (Dobele et al., 2007). The emotion of surprise is generated when something is unexpected or mis-expected, with surprise resulting in responses of amazement and astonishment (Ekman, 1975). In trying to determine with the campaign an emotion, it needs to be ensured also

that this emotion is in line or better fits the brand of the company, and that again should also take in consideration the influence, that culture has on viral marketing campaigns (Dobele et al., 2007).

2.3.5.2 Leveraging eWoM Through the Right Pricing

It is vital that companies choose carefully which consumers should first pass on the viral marketing message, as the creation of viral networks depends upon these people (Helm, 2000). Regarding the possibility for a company to influence and control eWoM (Dina, 2006; Eyal et al., 2001), it is also important to consider that it is not necessarily the highly loyal customers who generate the important incremental eWoM, as one might expect. On the contrary it may be more impactful for the firm to target less loyal customers to participate in an eWoM campaign. Specifically, for a product with an initially low awareness level, an eWoM campaign is primarily beneficial to the extent that it results in the spread of information.

Very loyal customers are likely to live in social networks in which either others are also loyal to the firm or others are aware of but not interested in the firm's products. Both of these imply that eWoM from a less loyal customer is likely to have a bigger impact (Godes, 2009). Biyalogorsky (2001) focused the attention on the differences between lowering price and offering rewards as tools to motivate referrals. Lowering the price is attractive because the seller "kills two birds with one stone": a lower price increases the probability of an initial purchase and the likelihood of referral. Unfortunately, a low price also creates a "free riding" problem because some customers benefit from the low price but do not refer other customers. Free riding becomes more severe with an increasing delight threshold; therefore, motivating referrals through low price is less attractive at high threshold levels (Eyal et al., 2001). A referral reward helps to alleviate this problem because of its "pay for performance" incentive. Biyalogorsky defines as possible solution of the problem an optimal mix between price and referral reward identifying three regions.

When customers are easy to delight, the optimal strategy is to lower the price below that of a seller who ignores the referral effect but not to offer rewards. In an intermediate level of customer delight threshold, a seller should use a reward to complement a low-price strategy. In this region, the higher the reward offered, the lower the price discount offered. As the delight threshold gets higher in this region, price should be higher (to combat the free riding problem), and the rewards should be raised (to convince hard-to-delight customers to recommend). When the delight threshold is even higher, the seller forsakes the referral strategy all together. No rewards are given, and price reverts back to that of a seller who ignores referrals (Eyal et al., 2001). Mayzlin shows how the firm's creation of anonymous eWoM may be a profitable equilibrium strategy even when consumers are aware of the possibility that the firm is creating it (Dina, 2006). Another way to use eWoM is to change how people think and behave in their target market and get into the customer's mind (Rayport, 1996). One way to pursue this change is to seed customers with free samples of the own products. After a while, instead of free products, the seeding will continue with promotional messages that hopefully will go viral through eWoM (Golkar & Kaedi, 2015).

2.3.5.3 Leveraging eWoM Through Influential Nodes

As it is not possible to seed everyone in a social network a specific group of members need to be targeted. By choosing which group to focus on we need to select the members that can maximize the diffusion of the virus and therefore the viral marketing results. These members are called influential nodes (Golkar & Kaedi, 2015). To recognize these influential nodes a possible way is to consider the personality of the members.

Personality theories, or models, are metaphors for describing something which is intrinsically indescribable: the human personality. Following the big-five personality theory (Howard & Howard, 1995) we can divide personality into five traits, and according to these five traits we can describe every person's personality. The five traits are: negative emotionality, extroversion, openness,

agreeableness, conscientiousness (Howard & Howard, 1995). Negative emotionality refers to the number and strength of stimuli required to produce negative emotions in a person (Golkar & Kaedi, 2015). Extroversion refers to the number of relationships with which one is comfortable (Golkar & Kaedi, 2015). Openness refers the number of interests to which one is attracted and the depth to which those interests are pursued (Golkar & Kaedi, 2015). Agreeableness refers to the number of sources from which on takes one's norms for right behaviour (Golkar & Kaedi, 2015). Conscientiousness refers to the number of goals on which one is focused (Golkar & Kaedi, 2015). Following the findings from Ghasem-Aghaee (2003) the two traits that can affect the diffusion of a message in a social network are openness and extroversion. Extroverted members of social media networks face new messages eagerly, and less attempt is needed to encourage them to post the messages among their friends. The same for openness members that accept new messages more easily and therefore less attempt is needed to encourage them to post marketing messages. These two traits can affect the decision making of any person when they are considering a new message or a new product and as shown by Golbeck et al. (2011) can be estimated for every member of a social media network.

2.3.6 Summary of eWoM Characteristics Block

So far different key elements regarding on how to reach an effective spread of a content as well as how to construct eWoM were identified. These elements have a positive effect regarding the content spreading; the research will refer therefore as "boosters of viral marketing". These elements are important to be considered by the MLM company, in its attempt to develop content to be used by the distributors on their social media channels (Figure 2.8). While the identification of categories of actors like: mavens (Feick & Price, 1987) and salesman (Gladwell, 2000; Kaplan & Haenlein, 2011), seem quite difficult to be identified by the single distributor as well as the MLM company, nevertheless they represent important elements to be known while developing content material to spread on social media channels.

Regarding the other characteristics like emotions (Dobele et al., 2007) and pricing (Godes, 2009) these are certainly important criteria that the MLM company can consider while producing content for the distributors and distributors as well can adapt and tailor made, based on the social media forums or type of persons they follow and are interested to start interacting with.
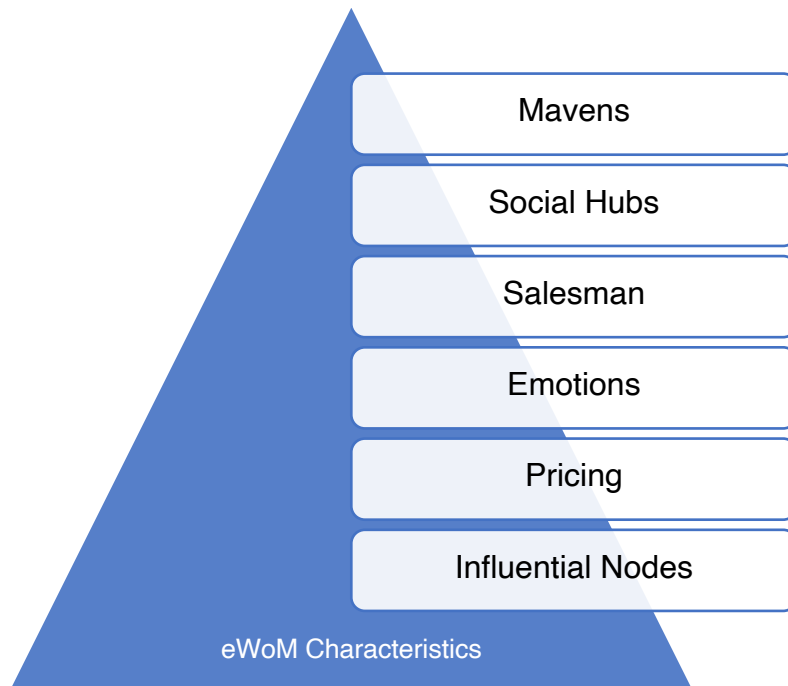
Figure 2.8: Organizational framework: eWoM Characteristics

The identification of influential nodes (Golkar & Kaedi, 2015) following the personality of the members seems also a domain that goes more into the area distributors can consider and follow.

For the MLM company this aspect can certainly be reflected in the content production but finally needs to be matched with the right choice of node operated by the distributor. If the node selected will not match with the right content the equivalent personality of the member, the effect in terms of virality will be low.

2.3.7 **Selection of eWoM Characteristics Block**

After having evidenced in the previous part the knowledge elements that have an impact on eWoM virality the research moves on to the next step which is selecting the options resulting from the literature review relative to eWoM characteristics. In doing so a decision has been made to consider only those elements that present the following criteria:

- can be identified in the market and influenced following the results emerged from the literature review
- can be managed by both the MLM company and the distributor, in the way that both have not only the capacity to identify the booster element but also to leverage the positive virality effect of it

Only if both forces work in unison, the valence of the centrally defined content by the MLM company, will have an impact through the sharing activities of the distributor.

In case of the "boosters", Mavens (Feick & Price, 1987; Gladwell, 2000) and Salesman (Kaplan & Haenlein, 2011), as referenced by the different authors, the complexity in identifying for example a Maven is considerably high and the research was not able to identify through the literature review, indisputable criteria to reach this type of influencers. This represents a gap, as the identified characteristics are not sufficient to identify where there is the presence of a Maven. Regarding salesmen, while the MLM company certainly has the standing and importance to capture the interest of them, this needs to be considered questionable if implemented by a distributor while sharing the MLM content. Similarly, to the difficulty found in determining the presence of a Maven, also in case of a salesman, the absence of clear criteria to use to individuate a salesman represent a gap.

Opposite case for the pricing. Due to the way network marketing is constructed, the MLM company has only the possibility to move along the list price level while it is the distributor that has the real capacity to reduce pricing in the market by affecting his margin structure. The gap found in this case is

related to a lack of focus on the MLM industry. Different authors contemplated in the research, focused on typical retail business environments while no considerations were found on the MLM industry. That leaves to social hubs, emotions and influential nodes the remaining booster elements that can be effectively addressed in unison by the MLM company and distributor. Although researchers did not focus on the MLM industry, the elements considered in both social hubs and influential nodes are sufficient to be addressed and utilized by the MLM company to be used to influence virality. Figure 2.9 summarizes on one side the information the literature review was able to gather relative to the booster elements identified within the eWoM characteristics block as well as the booster elements selected due to their capability to be identified and leveraged by both the MLM company and distributor.

	Social Hubs	Emotions	Influential Nodes
Reference	Goldenberg - 2009, Kaplan and Haenlein - 2011	Dobele - 2007, Ekman - 1975	Golkar - 2015, Golbeck - 2011, Howard and Howard - 1995
Definition	Important due to the high number of social ties they have. Can be distinguished as innovator and follower hubs	Message to become viral needs to contain one of the six primary emotions	Influential nodes are persons that can maximize the diffusion of a message
Utility	Spread information in the quickest way possible. Serve as connectors between different subcultures facilitating the immediate transmission of information	Emotions capture the imagination of the recipients but the target (customer) of the message must be clear	Identification through the big five personality traits: negative emotionality, extroversion, openness, agreeableness, conscientiousness

Figure 2.9: eWoM characteristics: booster selection

For each booster element identified, the main authors that searched for these boosters are reported indicating the definition as well as utility in identifying the booster.

2.4 Costumer Attraction Block

In the previous paragraphs, the literature review has analysed and evaluated the eWoM characteristics block finalizing a selection of so-called boosters the

MLM company together with the distributor will be able to use, influence and manage to generate virality, through the production of standardized content executed by the MLM company and shared by the distributor. In the following paragraphs, we will proceed with the next level of knowledge layer understanding more in dept what kind of content attracts the consumers attention and why. This is represented within the organizational framework as the "customer attraction" block (Figure 2.10).
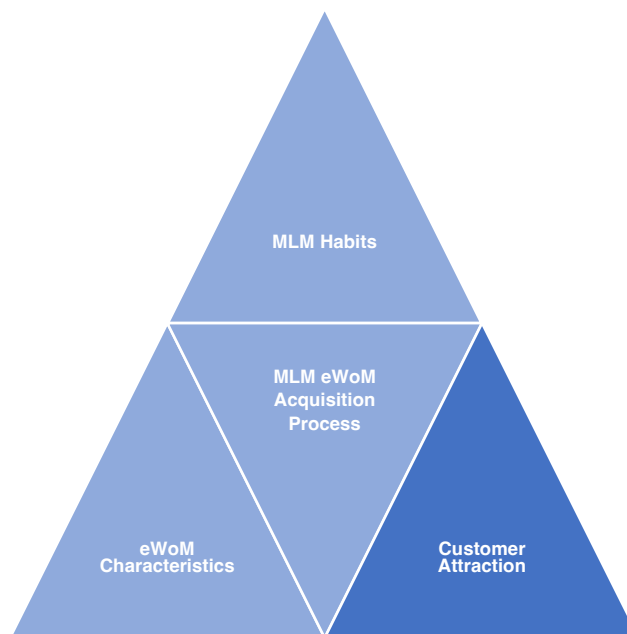
Figure 2.10: Organizational framework: customer attraction block

2.4.1 Customer Attraction Theories

Customer attraction theories (Figure 2.11) analyse the customer perception of eWoM from different perspectives. The Market Level theory anchors the fundament of the theory on the retail sales generated emphasizing the effect of customer reviews (Chevalier & Mayzlin, 2003; Hong et al., 2017; Hu et al., 2008; Senecal & Nantel, 2004). Some authors differentiate on the importance of external and internal reviews (Hong et al., 2017), others on the rating part of reviews (Chevalier & Mayzlin, 2003) as well as on the quantitative and qualitative aspect of reviews (Hu et al., 2008; Senecal & Nantel, 2004). The outcome in terms of knowledge to apply in the research is that customer reviews are essential in guiding and influencing customers purchasing

decision. The usability of this part of theory for MLM companies is quite important as customer reviews basically are priceless, therefore the only investment for the MLM company is to provide an online system (shop, website, landing page) where customers can leave a review. In the case of a customer review, we are "one step beyond" of the thesis aim, which is to provide a framework for MLM companies on how to generate centrally content to be used by distributors to acquire new customers.
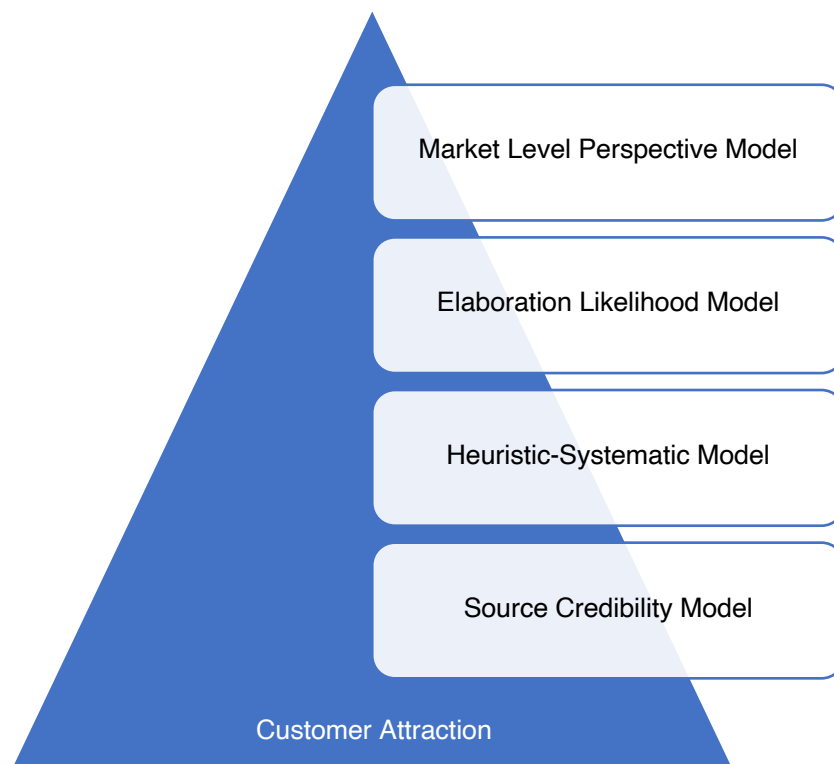
Figure 2.11: Organizational framework – Customer attraction block

A step beyond as a review means that the potential customer was acquired as customer as he has already purchased a product of the MLM company. The importance of the review must be seen in the confirmation valence the review can give to a potential customer addressed by a distributor of the MLM company spreading centrally developed content.

On the other hand, the individual level perspective theories, connect the behaviour of a potential customer in terms of message (eWoM) elaboration received from a specific source to a specific category of products. The anchor

of the theory in this case is not represented by a generated sale (as in the Market Level Theory) but by a generated conduct. The Elaboration Likelihood model (ELM) puts the emphasis on the skills the potential customer has in elaborating an information (Cacioppo, 1984). The higher the skills level of the person the lower the impact of the eWoM as the person will consider more sources of information. The content of the source plays an important role in the acceptance of the source; compelling content enhances persuasion while weak one obtain the opposite effect (Cacioppo, 1984). This tendency has been also observed in the use of reviews. Depending from the different levels of expertise of potential customers different types of review messages are preferred and the number of reviews for a certain product are a more important factor for novices than for experts (Park & Kim, 2008).

In the Heuristic-Systematic model (HSM) the behaviour of a potential customer can be determined by a heuristic processing of the information or by a systematic one (Chaiken, 1980). While the heuristic processing uses knowledge-structures that are learned and stored in memory (Chen et al., 1999), therefore requiring minimal cognitive effort (Chaiken, 1980), the systematic processing requires a comprehensive and analytic, cognitive processing of judgment-relevant information (Chen et al., 1999). When the content is highly involving, the potential customer will apply a systematic approach while in case of a low involving content he will adopt a more economic heuristic strategy (Chaiken, 1980). The Source Credibility model (SCM) puts the emphasis on the source that produces a content. The acquisition and retention of factual information for example by a potential customer is not affected by the trustworthiness of the source producing the content but related to differences in learning ability (Hovland & Weiss, 1952). On the other hand, in case of an opinion the most important factor was the degree of acceptance of the source that expressed it (Hovland & Weiss, 1952). What Hovland found was, that the acceptance of a content does very much depend from the trustworthy or untrustworthy of a source, except for factual information, and that after four weeks the two sources become almost identical for the receiver of the content (Hovland & Weiss, 1952). To similar results

came also Hu and Zhang (2008) and found that changes in online reviews are associated with changes in sales.

2.4.2 **Selection of Customer Attraction Block**

The market and individual level perspective theories identify aspects relative to the content and source of an information that are very important to be considered by the MLM company while developing centrally content to be used by the distributor:

a. Importance of customer reviews in influencing customer decisions that positively affect retail sales performance (Chevalier & Mayzlin, 2003; Hong et al., 2017)

b. Content should be structured in a compelling way as the more skilled customers are, the less effective for them eWoM will be as they will look for more sources to compare (Cacioppo, 1984). A highly involving content has also the advantage that the potential customer will apply a systematic approach in evaluating the content, therefore applying a comprehensive and analytic cognitive processing of the information (Chaiken, 1980)

c. Less skilled persons will be much more interested and open to eWoM therefore also the amount of content (reviews) will play a significative importance (Cacioppo, 1984). This opens an opportunity for the MLM company also in terms of what type of potential customer segments to address. The more precise the selection of the group of persons to address with the content the better features the content has to include can be identified and finally stronger the effect eWoM will have on the potential customer addressed

d. The trustworthy of a source plays a fundamental role in the acceptance of a content (Hovland & Weiss, 1952), therefore the MLM company can position the effectiveness of the content at a completely different level than the single distributor could do. By offering centrally content (online magazine) to the distributor, who has the opportunity to share it on

social media channels, the MLM company can reach an image transfer to the distributor in terms of source trustworthiness and significantly increase the impact of eWoM on a potential customer.

As applied previously for the eWoM characteristics block (Figure 2.9) the same approach can now be done for the customer attraction block (Figure 2.12).

Figure 2.12: Customer attraction: customer behaviour model selection

The selection of which customer behaviour model to actively consider is based on the capability, that both MLM company and distributor can act in a complementary way. For these reasons the elaboration likelihood model (Cacioppo, 1984; Lee et al., 2008; Park & Kim, 2008) as well as the heuristic-systematic model (Chaiken, 1980; Chen et al., 1999) present both characteristics that are difficult to actively reflect and include in the development and sharing of content both for the MLM company as well as for the distributor. This represents a gap as in both these two theories, the action of both the MLM company and the distributor is passive and not actively

controllable, because the outcome is related to the type of personal engagement the approached potential customer will apply to the received message. It is therefore irrelevant for the MLM company interested to produce centrally content to be shared by the distributor as it cannot be monitored in efficiency and productivity.

That leaves to the market level (Chevalier & Mayzlin, 2003; Hong et al., 2017) and source credibility (Hovland & Weiss, 1952; Lowry et al., 2013) theories the opportunity to consider their findings and influence elements to be addressed by the combined force of the MLM company in developing suitable content that reaches the interest of the potential costumer and the distributor in sharing the content.

2.5 The MLM Content Funnel

In the previous paragraphs the review has analysed eWoM characteristics from the capacity these elements have to generate a viral effect on a certain information. Furthermore, the customer attraction block, through the evaluation of several model theories evaluating the capability to attract the attention of a customer, has enabled the research to identify key aspects the MLM company should consider in the aim of developing centrally content to offer as support to own distributors while developing their customer as well as business partner base.

The key elements selected through the literature review to be considered by an MLM company, while developing centrally standard content are therefore:

- Social hubs
- Emotions
- Influential nodes
- Market level theory
- Source credibility theory

Matching together the selected elements allows to define a kind of funnel the research will define as "the MLM content funnel" (Figure 2.13), which contains the key elements to consider while producing content that should get a chance
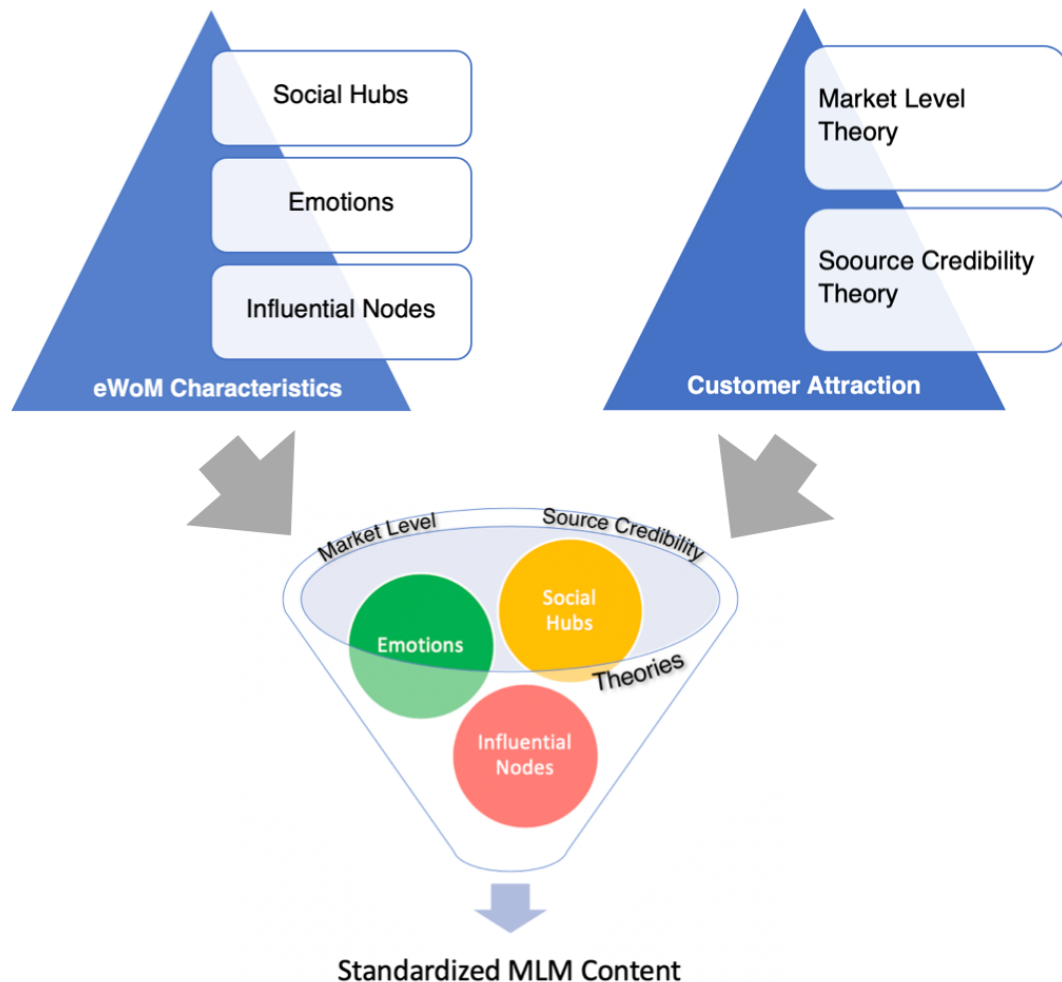
Figure 2.13: The MLM content funnel

to be accepted and considered by existing and potential customers as well as business partners and that could become viral if used properly on social media channels. Furthermore, the use of such content will support the MLM company together with the distributor to avoid the typical MLM pitfalls as well as increase overall the productivity and efficiency related to the acquisition activities of new customers as well as business partners. The MLM content funnel represents the outcome of the literature review and constitutes the first element of the conceptual framework the thesis will consider for the central production of content. This first element needs now to be matched with the knowledge that

will arise, from the interviews of successful distributors, to create a unique process that will be recognized as familiar by the distributors therefore avoiding possible rejection risks.

2.6 Gaps within the eWoM Literature

The review now moves to understand and identify if there are gaps in the literature relative to the application of eWoM generated by a third party (MLM company). By developing the arguments relative to the gap, the following structure will be followed:

- Theory
- Context
- Method
- Practice

<u>Theory</u>

The literature review shows how WoM has been analysed from different philosophical, conceptual, quantitative, qualitative as well as organizational angles (Coughlan & Grayson, 1998; Chevalier & Mayzlin, 2003; Dobele, 2007; Fergurson, 2017; Grayson, 2007; Gu, 2012; Hennig-Thurau, 2004; Kaplan & Haenlein, 2011). Independently from the direction of the approach all authors agree on the effectiveness that WoM has if compared for example to the classical way of advertising a product. What the theory does not refer to or has not focused so far is if content can be produced centrally for example by a company (MLM), applying the criteria mentioned in the literature review and then used by a third party (e.g. distributors) to reach potential customers (receivers) in the market, generating a positive effect on sales for the source (distributor) that shared the content as well as the company (MLM) that created the content. It was not possible to find similar examples in the literature review evidencing a possible Gap. This aspect can represent a very important valence for the MLM company as "feeding" distributors with centrally developed content

to be shared on social media channels, can improve the efficiency and productivity of the MLM distributors in acquiring new customers.

Context

The context regarding the literature review on WoM reflects a typical retail context independently if applied in an offline or online modus. Many researches have focused their attention on online book sales (Hong et al., 2017) also called low-involvement product sales (Chevalier & Mayzlin, 2003; Senecal & Nantel, 2004), others on video game sales (Feng & Xiaoquan, 2010) as well as pure online services (Wilson, 2000). There are also a significant number of examples based on famous brands like Pepsi or Nike and many more (Rayport, 1996). All these examples reflect a well-known retail organization in which the company uses an offline presence, like for example own shops or franchise system, combined with an online presence or purely online presence.

The way to get attention from existing and potential customers on products or services, is based on a typical advertising system mixed or integrated with an eWoM attempt to get things viral (Golkar & Kaedi, 2015; Hennig-Thurau, 2010; Kaplan & Haenlein, 2011). What is missing and represents therefore a Gap, is a focus on the MLM industry as study context. That can be seen as a paradox as the MLM business per definition is since ever 100% dependable from WoM as there is no use of the typical retail storefront presence as well as advertising activities; everything is based on the distributor motivation (Coughlan & Grayson, 1998).

Method

The method found in the literature review is represented by both a quantitative as well as qualitative study approach but with a clear prevalence of quantitative studies (Hong et al., 2017; Hu et al., 2008; Senecal & Nantel, 2004). Approaches that start from the observation of successful offline WoM, finalized to the acquisition of potential customers, and that can be translated then into

online WoM could not be identified by the research in the literature review (Feng, 2010; Hong et al., 2017; Senecal, 2004). Researchers focused directly on eWoM examples without considering possible evolution steps between offline and online WoM (Hong, 2017; Hu, 2008; Liang and Huang, 2000).

This does not represent a surprise, as the sales approach followed by an MLM company is different compared to a classic retail business environment. This represents another Gap in terms of method followed, the research identified as well as the absence of an approach method relative to eWoM generation applied to the MLM industry.

Practice

The finding of the literature review reveals how the process followed in researching successful examples of WoM (Feick & Price, 1987; Gladwell, 2000; Kaplan & Haenlein, 2011), applied to a social media environment (Dobele et al., 2007), independently if qualitative or quantitative based, reflect an observation of an eWoM example. This means that there is no continuity or also no interaction between an example of offline WoM that worked in an offline-modus and therefore was tested and then applied in an online-modus.

The research develops a different path compared to the results of the literature review. This choice is also influenced from the situation and reality, that distributors of an MLM company are self-employed and follow their own entrepreneurial idea and intuition. It is key therefore, to follow a logic that is known, accepted and in constant use by the distributor to avoid a rejection. For this reason, the practice approach followed, instead of beginning with an observation of how examples of eWoM perform, starts with examples of successful ways of offline WoM within an MLM environment, identified through a qualitative interview-process. This represents in the sequence and logic followed another Gap compared to what was identified with the literature review.

2.7 Research Questions

The research focusses on the initial process of contacting new potential customers/business partners within an MLM industry environment. "WoM" as we have seen, is the fundament on which network marketing companies built their existence and success due to the fact that WoM sales means savings on marketing and advertising costs (Herbig & Yelkurm, 1997) and as there is no use of the typical retail storefront presence as well as advertising, everything is based on the retail sales force motivation (Coughlan & Grayson, 1998). As a result of the literature review process, a set of questions the research needs to focus on become relevant to fulfil the thesis objectives:

1. What is the "possible and adequate ideal type" (Weber, 1970) of offline WoM structure in an MLM environment related to the first contact/follow up with a potential customer/business partner?
2. What are the characteristics the "possible and adequate ideal type" (Weber, 1970) of offline WoM needs to possess to become effective, therefore viral within a social media environment (Dobele et al., 2007; Kaplan & Haenlein, 2011)?
3. How can the MLM company contribute to support the acquisition activities of their distributors in generating effective pieces of eWoM to be used by the sales force?

2.8 Summary

The literature review illustrates and supports the power of eWoM and criteria the message must include to become viral. It also identifies in social selling the direction to develop distributors from a dated canvassing technique. The advantage in doing so is, that the well-known WoM principle still represents the base from which to generate eWoM. The MLM content funnel represents the outcome of the literature review the research will use in combination with the outcome of the qualitative interviews to define the criteria of the standardized, centrally developed, MLM content. The following chapter

contains the philosophical background in terms of ontology and epistemology that the thesis follows in developing and explaining the aims and objectives of the thesis. It explains the reasons that motivated the researcher to address these subject as well as the perspective adopted in interpreting existing research information and developing new ones.

Chapter 3 - Methodology

3.1 Introduction

This chapter reveals the theoretical architecture of the research design as well as methods, explaining under which philosophical stance the researcher sees the world, how that impacts on the way the content of the research is presented and in which way from an idea, a cognition, related to the own business environment, it represents an opportunity to challenge and go beyond established credos, opening new growth perspectives for the MLM business model.

3.2 Ontological Perspective

 "Objectivist? Constructivism? In between? This is the problem", citing a famous Shakespeare drama (Hamlet). Ontological assumptions are concerned with what we believe constitutes social reality (Blaikie, 2000); claims and assumptions that are made about the nature of social reality, about what exists, what it looks like. It coincides with the answer to the question "what is the nature of the social and political reality to be investigated" (Hay, 2002). For Lewis (Grix, 2002, page 54):

"It is impossible to engage in any sort of ordered thinking about the social world without making a commitment (if only implicitly) to some sort of social ontology, because any attempt to conceptualise social phenomena inevitably involves the adoption of some picture of the nature of social being".

Our ontological position, whether we know it or not, is implicit even before we choose our topic of study (Grix, 2018). Examples of ontological positions are those contained within the umbrella terms "objectivism and constructivism"; while the former one asserts that social phenomena and their meanings have an existence that is independent of social actors, the latter one asserts as an alternative, that social phenomena and their meanings are continually being accomplished by social actors (Bryman, 2016).

The thesis focusses the attention on a particular industry, the network marketing industry (MLM) which grounds its main column on Word of Mouth (WoM); WoM has found on social media platforms, a natural way to spread, become viral (Kaplan & Haenlein, 2011) and therefore attract much more potential network marketing fans than in the past. Nothing is like before: geography or where I am, time or when can I reach somebody, are completely up-side-down and changed due to the digitalization and communication changes process in place. What is valid today, could not be any more tomorrow. This is where the thesis follows a subjectivism approach, allowing to consider trends, as moments that exist today but could not exist anymore tomorrow; as results that can be successful today but not anymore tomorrow. Volatility in terms of changing trends is strong and confronts us with new situations to deal with. The subject gives the meaning to an object therefore every subject can have different interpretations of an object (Crotty, 1998).

Today a multitude of subjects can converge for a limited amount of time on a certain object and then to another one and so on. It is in the observation of this continuous change, in the variability, that a subjectivism approach allows to accept this and considers it as an important phenomenon (Crotty, 1998). Subjective interpretation, geography, time and personal experience, all key factors that in a subjectivism approach can maximise their value and acceptance.

3.3 Epistemological Perspective

Consumer behaviour in general has changed and is changing rapidly due to the drive and speed, social media communities (Moncrief, 2017) exercise on each single product or shopping experience, as well as conditioning others perception regarding the use of a product or service. We live in a world where the access to a product or service experience made by somebody, is within seconds accessible and influences more and more our own purchase decision (Verma et al., 2015). That is exactly where the importance of interpretation freedom, plays an important role in the research and the development of the arguments and findings reflect an interpretivist attitude when we talk about the

nature of knowledge to apply. This type of interpretation will enable the research to get rid of this stiff corset, that for too many years has limited the evolution of a network marketing business approach.

A positivist epistemological approach has already in the definition of it something difficult to reflect in the study. The fact that positivist comes from the conclusion that it is something that is posited or a study of the given (Crotty, 1998), which views the world as existing independently of our knowledge (Guba et al., 1998). It comes from what is observed by a scientific observation carried out by way of the scientific method (Crotty, 1998). Positivists believe that there are patterns and regularities, causes and consequences, in the social world just as there are in the natural world (Denscombe, 2002; Grix, 2018). In this sense the perception of Karl Popper in his principle of falsification, makes a clear revelation (Popper, 1963). For him it is the continuous process of conjecture and falsification done by scientists that brings it to the point. Not a matter of discovering but more making a guess and then find out that they cannot prove the guess is wrong therefore it's true (Popper, 1963). For Karl Popper, a scientific truth is a provisional statement.

For Thomas Kuhn, the set of beliefs of a scientist is a paradigm that establishes the parameters and the boundaries for scientific research (Kuhn, 2012). But then, it comes a moment, where somebody has the courage or the intuition that the paradigm is probably not correct and a new discovery or finding comes at the surface (Crotty, 1998). Do we need to accept something that it is provisional or even worse to hope that somebody has the courage to question it so that we can go to the next step of truth? If we take all these elements then from the thesis perspective, it is better from the beginning to allow the "limitation" of a personal interpretation that reflects a certain geography in a defined time and experience.

As Michael Crotty affirms (1998, page 67): *"the interpretivist approach looks for culturally derived and historically situated interpretations of the social life-world"*. That corresponds to the type of research followed in the thesis. It is about "understanding, verstehen", as Max Weber points out, which is needed in the human and social sciences. This is not about "erklären, explaining"

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based on causality which is more focussed on a positivist approach typical of natural sciences (Weber, 1949). Weber like Windelband and Rickert rejects the real distinction between natural reality and social reality positing only a logical distinction between them but on the other hand does not feel that this necessitates the use of different methods in researching these two realms of being (Crotty, 1998). In the case of nature, science is looking for consistencies, regularities, the law (nomos) that obtains. In the case of human affairs, in historical studies, for instance, we are concerned with the individual (idios) case. Windelband looks for what is nomothetic when talking about natural science and what is idiographic when talking about human and social sciences (Crotty, 1998). Similarly for Weber both the natural sciences and the human and social sciences may be concerned at any given time with either the nomothetic or the idiographic uniqueness and historicity are manifest in nature as well as humanity, while general covering laws may explain human behaviors as well as natural phenomena (Crotty, 1998). For Weber, as far as human affairs are concerned, any understanding of causation comes through an interpretative understanding (verstehen) of social action and involves an explanation of relevant antecedent phenomena as meaning complexes. This role ascribed to "verstehen" implies a difference in outcome in comparison with the natural sciences therefore the causation that the social scientist seeks to clarify is at best "adequate" rather than "necessary" (Crotty, 1998).

The research aims to understand, why for example a cold acquisition is executed in a certain way. Observing or listening to what are the key factors that drive this process and therefore allow to perceive why a distributor has chosen this type of approach; probably after having tried several others and kept the one that worked better for him. "Better for him", another important element to consider and reflect. As Romans used to say, "all roads lead to Rome", in the same way, different approaches will work precisely similar and guide to success. It is possible and desirable, to depict a kind of better or "ideal" practice. In a certain way a main road to follow when approaching an acquisition of a potential customer. While in Weber's (1949) "ideal type", the methodology is his principal diagnostic tool (Crotty, 1998), is a heuristic device

for the precise purpose of amassing empirical data; in the research the "ideal type" is designed by a qualitative approach.

Through several interviews of successful distributors, who belong to the top 20 distributors in three different markets in terms of turnover achieved, the thesis aims to depict an ideal type: a sequence of behavioural and explicative actions that bring the distributor, to perform at its highest level while managing a cold acquisition with an unknown person. By splitting the entire cold acquisition process in different micro-moments, the coding technique applied as method, will look for recurring patterns based on the answers of the interviewed distributors. Putting together then the different micro moments in sequence, will represent an ideal type to follow although depending on different actions of different distributors.

As such, we come back to the notion of ideal type intended by Weber: "the ideal type never exists in reality but can serve as a useful model to guide the social inquirer in addressing real-life cases and discerning where and to what extent the real deviates from the ideal". It reveals, what Weber tells us is "possible and adequate" (Crotty, 1998; Weber, 1970). In the thesis the single "micro moment" identified as common pattern between the interviewed distributors, certainly exists in reality but it is the sum of the different micro-moments that cover the entire cold acquisition process that do not exist in reality as one sequence to follow and represent therefor an "ideal type" as intended by Weber (1970).

3.4 **Axiology Perspective**

The personal values or axiology reflected in the research are of a managerial perspective. The research reflects an over 25 years managerial experience in the automotive industry as well as more than 10 years of experience in the network marketing one with particular focus in the finance, distribution, sales and marketing area. The study process has profoundly changed the approach method of the author in understanding "verstehen", (Weber, 1949) starting through an internal interpretative epistemological journey and continuing with the support of the literature review. The belief for an effective and productive

management result, stayed. This is important to enhance as any process or solution needs to reflect a cost-efficiency matter. A good process if not matching the criteria of cost effective needs to be questioned and improved so that it can give the expected results. From this perspective it is important to understand the axiology of the author as it impacts on the proposed and expected results. The final goal here, is to achieve an increase in productivity, in efficiency of the recruitment process of potential customers that one day can become successful distributors as soon as they realize the power of Word of Mouth (Kaplan & Haenlein, 2011).

3.5 **Research Design**

The research aims to identify characteristic WoM sequences as well as contents used by successful distributors in promoting the products and/or the business opportunity of the network marketing company that can be applied within a social selling approach. Research questions are important in the research process because they force us to consider that most basic of issues; what is that we want to know (Bell et al., 2018). The interviews were all realized before the starting of the first Covid 19 escalation beginning of 2020. At that time no distributor would ever had imagined that his typical acquisition routine, would be turned up-side-down and that the questions of the interview, that could have seemed in some way futuristic, would become the state of the art of his daily routine. The data gathering method was based on interviews that presented the following criteria:

- Qualitative
- Inductive
- Semi structured
- Iterative
- Open
- Product and business oriented
- Geographical oriented

A qualitative interview has the advantage to escort the interviewed person step by step on a trip that represents his/her world of daily activities (Huberman et al., 2014). Qualitative data puts the emphasis on people's lived experiences and are fundamentally well suited to locate the meanings people place on events, processes, and structures of their lives and for connecting these meanings to the social world around them (Huberman et al., 2014). Qualitative data can be described as an "attractive nuisance" (Miles, 1979) due to the fact that it is reach, full, earthy, holistic, real; their face validity seems unimpeachable, it preserves chronological flow where that is important, and in principle, offer a far more precise way to access causality in organizational affairs. But this attractivity, can become at the same time an increase in complexity when collecting and analysing the data as the methods of analysis are not well formulated (Miles, 1979). This format enables to better pursue the logic and sequence the distributor followed as well as the mental process that was used to elaborate a decision.

The interview format allows, from the way the answer is structured, to identify key elements of the acting process and through several interactions to better bring to surface, what the interviewed person wanted to express what the words used did not. Applying an inductive approach, enables to discover recurrent phenomena in the stream of field experiences and find recurrent relations among them (Huberman et al., 2014). These working hypotheses are modified and refined progressively as the field work of the interview progresses (Huberman et al., 2014). To reach the best possible knowledge of how distributors interpret the art of acquisition, an important step was represented by the selection of the sample.

3.6 Sample

The sample form reflects a purposive sampling approach in the way that participants were selected in a strategic way, based on their relevance to the research questions (Bell et al., 2018). The sample of distributors chosen for the interview was geographically as well as business oriented. The reason of

these two perspectives is fundamental as it also influences the type of strategy followed by the distributor. The importance of a product and/or business focus was related to the way distributors in a market focus their attention more to a product driven business development or to a business opportunity driven approach (table 3.1).

	Germany				
Profile	D1	D2	D3	D4	D5
Country	Germany	Germany	Germany	Germany	Germany
Years experience	>10	<10	<10	>10	<10
Age	>50	<30	<50	>50	<40
Focus	Business	Business	Product	Business/Product	Product
	Austria				
Profile	A1	A2	A3	A4	A5
Country	Austria	Austria	Austria	Austria	Austria
Years experience	>10	>10	>10	>10	<10
Age	>50	>30	>50	<50	<40
Focus	Product	Product	Business	Product	Product
Profile	CH1	CH2	CH3	CH4	CH5
Country	Switzerland	Switzerland	Switzerland	Switzerland	Switzerland
Years experience	<10	<10	<10	>10	>10
Age	<40	<40	>50	>50	<50
Focus	Business	Business	Business	Business	Business

Figure 3.1: Interviewee profile

In a product driven approach, the goal of a distributor is to build confidence and trust by giving the approached person the opportunity to experience the product. During this phase knowledge as well as experience relative to that product are shared by the distributor based on his daily use of the product. Once confidence, trust, and surprise in terms of positive experience has been reached by the new approached person, the distributor proceeds with the second step, explaining how it is possible by simply using WoM, to start an own business, selling products and sponsoring people, that are also interested to start an entrepreneurial activity.

In a business-driven approach, the distributor looks for people that could be interested to start an additional business opportunity, in most of the cases additional to a typical employee job type. Due to the flexibility MLM allows in terms of time and location (from home), the new approached person is totally flexible and can match his present job with the additional daily hours he needs

to start a MLM business. The further element that no investment is needed makes the business approach very appealing. The research decision to select as sample different types of approach (product and or business) was to reflect eventual possible differences depending from the type of approach that could be relevant for the research questions (Bell et al., 2018). For these reasons, the sample covered three different markets. Austria is typically 100% focused on a product type approach (this means that the distributor will generate leads focusing on the quality and positive effect the use of a product can give), Switzerland on the opposite is business driven (this means that the distributor will generate leads focusing on the advantage to create an own business and become entrepreneur using the products and network marketing business structure). Germany is in the middle which means partly on product and partly on the business. The sample size chosen covered 5 distributors for each market, therefore a total of 15 interviews. The decision relative to the size, reflected on one side the intention to reach the starting point of informational redundancy and at the same time to support a deep oriented analysis (Onwuegbuzie & Leech, 2010).

With informational redundancy it is intended the moment where during the interview session the interviewer realized that the content of the answer was reflecting a type of answer similar to those gathered in precedence. That moment can be identified approximatively after the 10th interview. As interviews followed the time availability of the distributor, a random order of the type of interview (product or business focus) was naturally followed, evidencing although randomly executed, that independently from the type of approach the technique used in approaching the interest of a potential customer and/or partner was very similar if not identical. Nevertheless, it was decided to continue also with the remaining interviews, as the random approach in doing the interviews, could finally present unexpected differences in the type of answer and therefore contribute to the research questions. The selected distributors were chosen from the Top 20 distributors list (top distributors list MLM company DACH region) in terms of total turnover realized. To guarantee the quality and performance level of the selected distributors a

timeframe of three years was chosen to secure that the selected distributors would have performed for a longer period.

3.7 **Method**

The method follows a three-step-approach. First, the pilot study focusses on identifying a possible logical structure to follow during the interview session to stimulate a realistic representation of the acquisition process as well as in terms of sequence. Second, a discussion on the two staged process of the main methods is used to collect the data presented. Stage one includes a focus on the conducted interviews while stage two focusses on the tool identified to share standardized content.

3.7.1 **The Pilot Study**

From the pilot study (Malmqvist et al, 2019), that was performed before the final research study, several elements emerged which allowed some modification of the final structure of the interview questions before starting with the main study interviews. First, an explanation of what the precise scope of the interview was, was explained to the participants, giving precise boundaries to avoid similar problems as in the pilot study (Appendix 3). Although the pilot used an open interview structure keeping questions as generic as possible and allowing any possible kind of flow evolving during the interview (Bell et al., 2018), it revealed that allowing too much flexibility and openness to the different personalities proved contra productive, as the distributor was overwhelmed by that flexibility and tended to move away from the focus of the study:

- The open structured interview skeleton did not work as expected. The interviewed person drifted from the subject of the question following a direction that created inefficiency
- The open structure also stimulated considerations that were not in line with the question and touched other elements that were not part of the research's interest.

However, a second key aspect that emerged from the pilot study was the lack of consciousness from distributor side of how his own sales process was structured and built on subsequent steps, to reach the key moment of the follow-up, where he would have enough time to present the product mix and/or the business opportunity. Based on this evidence and considering the outcomes gained from the literature review, some of the questions were amended to depict a logical path the distributor might follow in explaining his way to approach the follow up.

This also supported closer attention on the two key moments a distributor goes through, while approaching somebody new: the first cold approach and the subsequent development to reach the follow-up step. The interview, therefore, after the test of the pilot study, was kept in a semi structured (Bell et al., 2018) format, giving more precise borders and limitations to the scope of the questions. A semi structured interview has also the advantage to limit the introduction of bias (Phellas et al., 2011). These could emerge from the way in which questions are asked, or in the personal characteristics of the interviewer, or in respondents wish to give business desirable responses (Phellas et al., 2011). The interview format was open, meaning that due to the type of answers and personality of the interviewed person, it kept the door open to capture other important elements that spontaneously could emerge during the interview (Bell et al., 2018).

3.7.2 **Stage One: Interviews**

The research followed a two-stage data collection approach. It is important to stress, that the qualitative data-gathering method represents the principal one while the evaluation allowed by the quantitative data, is secondary in terms of importance as well as sequence (Morgan, 1998). The first type of data is represented by interviews of fifteen distributors living and working in Germany, Austria, and Switzerland. The development of this type of data was planned from the beginning of the thesis, considering the opportunity to reflect, whatever the outcome of the literature review would have been, a type of

approach, a sequence, known and familiar to the distributor although implemented in offline modus.

The interview scope with the fifteen distributors was to focus on two precise moments:

1. Cold acquisition or first contact with an unknown potential customer or business partner
2. Generation of a follow up contact to present the product portfolio and or business opportunity

As "first contact" it is intended the moment where a distributor of a network marketing company has decided to approach a person he or she does not know and has never met before (Sullivan, 2012). This type of contact is called also "cold contact". As this is something the distributors chosen for the research project master in a very efficient and productive way, the aim was to understand how such a cold acquisition develops during a personal physical approach to define a similar process in case the approach would be electronical. A second key element the interview wanted to understand was how the same distributor during the first "cold" approach, is preparing the base to master the second appointment where he will be able to get the attention of the newly approached person and therefore the needed time to present in detail the advantages of using the products and or present the business opportunity (Sullivan, 2012). As we can observe from the type and content of the questions (see Appendix 3) the logic followed reflects an interpretivist approach (Crotty, 1998) and links to the literature discussion. This is outlined in the following Figure 3.2. The intention was to understand the mechanism used and pursued in a specific moment by the distributor to reach the goal of getting the first contact with an unknown person and generate enough interest to reach also the second goal of a follow up with the newly met person. The interpretivist approach is conscious that this observation reflects a specific moment of scrutiny (the first contact and follow up) and that this moment is unique in terms of space and time. This is exactly what the study wants to understand, different distributors acting in different countries, in different

situations (very much influenced also by personal attitude, knowledge and psychological status). Are there common elements, steps, that can be recognized in several distributors participating in the interview?

Literature Category	Question	Authors
Canvassing	1,3,6,7	Hugh (1911), Green & Gerber (2019), Brandenburg (2020), Poyfair (2017), DSA (2020), Duffy (2005), Sullivan (20212), Cicala (2012), Fergurson (2017), Weitz (1981), Sharma (1990)
WoM	2,3,6,7	Ismagilova (2017), Nyilasy (2006), Arndt (1967), Westbrook (2018), Anderson (1998), Ngai (2015), Coughlan & Grayson (1998)
Social Selling	4,5,6,8	Moncrief (2017), Anderson (1998), Verma (2015), Trainor (2012), Agnihotri (2012), Minsky (2016), Felix (2017), Ancillai (2019), Wankel (2016), Shanks (2016), Belew (2014), Leboff (2016),
eWoM	4,5,6,8,9	Kaplan & Haenlein (2011), Litvin (2008), Westbroock (2018), Hennig-Thurau (2003), Amblee&Bui (2011), Kietzmann & Canhoto (2013), Cheung & Thadani (2012), Phelps (2004), Arndt (1967)

Figure 3.2: Literature/Interview Questions links

If yes, these elements (Crotty, 1998) can be identified and used to define an ideal practice as intended by Weber (1970), to test also in an electronic environment that can benefit from the efficiency of eWoM (Kaplan & Haenlein, 2011). The ideal practice identified in offline modus, will be then enriched with the findings from the literature review regarding how eWoM should be applied to become viral.

The combination on one side of the elements of successful eWom with the way successful distributors manage the art of cold acquisition as well as follow up, will permit to enable an ideal process of how to implement in a successful

way WoM in an electronic environment on social media platforms. The increase in the use of eWoM by distributors will have for the network marketing several advantages:

- Increase in general performance of distributors determining a possible potential augmentation in turnover and therefore in the market penetration of the products sold

- Optimization of the entire cold acquisition and follow up process by introducing and improving centrally an ideal practice of eWoM supported by the network marketing company

- Performance improvement of the distributorship by creating a centralized standard derived as "ideal type" from several successful distributors and used by distributors interested to emulate them

- Brand awareness increase due to the improvement in quality obtained by a standard approach in the electronic social media environment

- Increase in transparency by switching from offline into online modus allowing the network marketing company to intervene in a much more effective and time efficient way in case of illegal behaviour of distributors in developing the business (Keep & Nat, 2014)

- Reduction and control of possible risks determined by distributor's illegal behavioural comportments (Keep & Nat, 2014)

3.7.3 Stage Two: first impact of eWoM approach

The second stage of the data gathering strategy, that finally lead to a two-stage data approach (Bell et al., 2018), was not planned from the beginning but emerged during the literature review phase. During the second year of the DBA, the researcher, as Managing director of the MLM Company (for the markets Germany, Austria, and Switzerland), inspired, and intrigued by the knowledge gathered during the literature review process on eWoM and the impact on consumer perception, decided while further working on his research, to start in parallel testing these findings. That is where the idea to use an online

magazine, obtained from the conversion of an existing paper magazine was born and implemented as ideal format to prepare on a regular base articles, which could be easily shared by the distributors on their social media channels with a simple click. That corresponds to the moment where the study decided to follow a two-stage data approach. Consequently, first examples of standardized content were provided by the MLM Company (see Appendix 8 for details). However, after the first interviews, further learnings resulted from the knowledge gathered through the interviews, were included, and considered in the way the standard content was determined as well as the argument.

3.8 Analysis

The data collected with the interviews was structured and organized to reach the result of a homogenous base necessary to be used to identify key elements of the acquisition technique and sequence, followed by the fifteen distributors selected. Google data referring to the tool identified to support distributors with standardized content was analysed using the Google Analytics analysis tool.

3.8.1 Interview Analysis

Stage one of the analysis refers to the interview process that was analysed from a qualitative point of view using the coding content analysis technique. A code is a label that assigns a symbolic meaning to a descriptive information compiled during the interview and represents a researcher-generated construct that symbolizes or "translates" data (Vogt et al., 2014) and thus attributes interpreted meaning to each individual data for later purposes of pattern detection. The definition of a code will be determined following a four-step analysis approach:

1. Identification of the most significant portion of answer from the interview limited to the asked question

2. Standardization of the description selected to focus on the situation element

3. 1st codification aiming to express an action

4. 2nd codification aiming to express a concept of action

Following this strategy has the advantage of standardizing different patterns used by distributors to answer a question, based on their experience, by extracting the meaning which is the key component of the entire action. The interview content was coded following this coding sequence:

1. Process coding as 1st step

2. Concept coding as 2nd step

The process coding technique used gerunds exclusively to connote observable and conceptual action in the data (Huberman et al., 2014). The concept codes system means that macrolevels of meaning are applied to the data interview. A concept represents therefore a word or a short phrase that symbolizes a suggested meaning broader than a single item or action. In a certain way a bigger picture beyond the tangible and apparent (Huberman et al., 2014). A concept suggests an idea rather than an object or observable behaviour (Huberman et al., 2014). Once the coding has been completed, the following step was to proceed with the interpretation of the results by looking for recurrent patterns.

A pattern can be described as a recurring element or sequence the distributor followed during the approach. Patterns don't just happen; we construct them from our observations of recurring phenomena (Huberman et al., 2014). Identifying a pattern allowed a better understanding of the strategy followed during the approach. The pattern recognition enabled to find out in what way, during the cold acquisition and the follow up session distributors acted in similar ways:

- Similar sequences followed in gathering information
- Similar types of approach used

- Similar sequences in bringing supportive arguments to their action
- Similar steps in performing both the cold acquisition as well as the follow up

Finally, similarities were merged to define a hypothesis of ideal offline approach to be combined with the key elements found in the literature review to perform an effective online approach.

3.8.2 Stage Two: Data Analysis

Stage two of the analysis is referred to the online magazine (appendix 8, 9) identified as suitable social selling carrier of standardized information to support the acquisition activities of the distributors. Examples found relative to the adaptation of newspapers and or magazines from a print to an online platform, where the reader can inform himself, helped to identify in the existing monthly paper magazine, the MLM Company was using since years, a valid channel to provide digital content to the distributor force. Furthermore, choosing a well-known tool had the advantage to avoid any rejection risk from distributor side as well as facilitate the sharing of digital content on social media channels. Digital news media distinguish themselves from traditional media in a number of ways: they are interactive; they offer convenience in the form of easy access, searchable features and the ability to cross-reference through hyperlinking, drop down menus, and pop-ups, using multiple windows, and in a combination of graphics, animation and other multimedia (Barnett, 2004). Electronic publishing is becoming increasingly important. Electronic publishing means publishing of material in electronic form, requiring an electronic device, an application, and some form (one or two-way) of connection (Peurell, 1994). Diffusion (social change), is a process by which something new (innovation) spreads (time) throughout (communication channels) a population (social system or market segment), including technological, political, economic, cultural, and behavioural factors (Hall & Khan, 2003).

An interesting example is represented by the business model of most pure-play digital media companies which is to pursue substantial audiences by

publishing free content that was optimized to go viral through social platforms. Facebook, Google, Yahoo, MSNBC represent a good example of how the free content publishing, contributed to develop these companies into the biggest platform aggregators (Nielsen/Netratings, 2007; Rosoff, 2019). Customers nowadays can choose among three channels for consuming content: offline, online, and mobile. This decision is not exclusive; that is, they may also use more than one channel (Winter & Alpar, 2018). An important aspect is relative also to the age of consumers of digital news, as 14-29 years-old show the highest results in online-paper penetration (67 percent). This also represents an important target the MLM Company wants to reach, refreshing the own distributor force with young personalities that bring motivation and are used to communicate on social media platforms. This short overview of digital information supports the intention of the research to convert an existing and well-known information tool within the MLM community like the monthly paper magazine, into an online magazine and to use it as a kind of digital channel to provide on a regular base content to be shared by the distributors of the MLM company.

The selection of the online magazine was therefore interesting as it allowed reflection on the eWoM criteria selected through the literature review as well as leveraging the content through a social selling strategy supporting the development from a dated offline canvassing approach. During this stage, the researcher wanted to understand if there was a possibility to follow the interactions the content published on the online magazine was undergoing. During the weekly discussions with the external software house, finally emerged the possibility to insert a "pixel" (a tracking code) within each article published on the online magazine, enabling first considerations relative to the aim of the thesis, understanding which articles were particularly interesting for customers and/or what type of interaction the article went through also from a distributor activity perspective. The recording of these interactions enabled to understand, how the content shared by the distributors was able to generate leads of potential customers for the distributor. As the MLM company on which the research is based, implemented years before an online shop system,

where each distributor could apply for this service and receive a dedicated shop address where to channel interested customers, the use of the data collected through the pixel allowed also to track if the interest of the information shared by the distributor, was able to convince the potential customer to decide to visit his online shop and purchase a product. It is important to add, that the most significant data gathering moment via the pixel was affected by the Covid 19 period reflecting not any more an offline approach (which was not possible due to the restrictions of that period) but an online one.

3.8.3 Data Preparation for Analysis

The data collected through interviews with fifteen highly successful distributors across Germany, Austria and Switzerland was prepared, structured, and formatted following a first and second coding process approach. The outcome of the qualitative interview is a recorded sequence of questions and answers (Malmqvist et al, 2019) following the scheme prepared on the results experienced with the pilot study. All the interviews were executed in German language, to allow the distributor to use his native language and therefore avoid any possible misunderstanding or less accurate content. The interview took in average 40 minutes showing a positive impact of the changes that were adopted after the experience with the pilot study (Morris, 2015). Explaining precisely the scope of the interview before starting the interview and reinforcing the structure of the interview adding further questions, has allowed a much more precise focus on the specific area of the acquisition as well as follow up process (Guest et al., 2013). The recorded interviews were sent to a professional translation service specialized in academical translations that delivered as final product a Word file in English language. This document was checked with the original audio file and then analysed applying the coding technique as explained previously. The Figures in the Appendices 5-6-7 represent the result of the data preparation process and also the base on which the pattern identification was executed.

The aim of the data structuring was to perform a standardization of the answer content, extrapolating the meaning from the situation the answer was related. Figure 3.3 shows the structure followed when analysing a single interview.

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D1			

Figure 3.3: Meaning extrapolation

Structure:

1. <u>Key statement:</u> the exact phrase taken from the interview that most of the entire answer identifies a decision therefore an action. Due to the semi-structured interview format (Bryman, 2016), the distributor had the flexibility, to construct his answer in the way he preferred; telling in a descriptive way, what in that precise moment was going on in his mind.

2. <u>Descriptive standard statement:</u> extrapolation of the meaning from a particular situation. Due to the intuitive and unstructured type of answer received (in step 1), it was necessary to rephrase the outcome, evidencing in a descriptive way, what exactly the intention of the distributor was. What did he want to achieve in that exact moment with the type of reflection he had in his mind observing a person? This second step allowed to create a first important "definition" of the real intention of his approach, evidencing his sales approach characteristics. An example will enable to better understand this first step. Let's take the answers received from two different distributors:

    a. *I look for cute people who are dealing with their clients, or who are smiling or making someone laugh… because I like to work with people who are cute. I wouldn't make a step forward to someone not cute*

    b. *The basis with me is that when a person has a positive aura, when she has a friendly personality, looks "business-like" or somehow has something unique which gives me the itch of wanting to know that person*

Keeping the answers in this way (Huberman, 2014), would be very difficult if not impossible to generate any kind of logical understanding of what was the real thought the distributor had in his mind. In both situations what the distributor was thinking is to recognize if around him there were situations that could represent an opportunity to approach a new person. Step two therefore, through the use of a standard description like *"the distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach"*, extrapolates the real intention of that moment.

3. Process code: 1st codification aiming to express an action based on the descriptive standard statement. This process coding technique is used to evidence an observable and conceptual action in the data (Huberman et al., 2014). This third step, due to the use of the coding technique, allows to express in a more precise way a process the distributor is following. In the example in step 2, the description used to recognize the real intention of the distributor, is expressed in step 3 as a process: "identifying an opportunity".

4. Concept code: 2nd codification aiming to express a concept of action based on the process code. Through this 2nd codification an additional focus or macrolevel of meaning is applied on the answer (Huberman et al., 2014). The third and last interaction translates a process into a concept supporting further the final goal of recognizing a pattern. The process therefore expressed in step 3 as "identifying an opportunity" becomes in step 4 the concept: "observe". What the distributor is doing is observing what surrounds him. Independently if he was 1.) looking for cute people, 2.) looking for people with a positive aura, 3.) looking for people that smile back 4.) looking what people put in their shopping cart, and many others, he is simply observing, as this will finally support his decision of who and how to approach a new potential customer and/or business partner. This is the first step of his sales tactic. In the exact same way, the steps that follow are identified and made comparable.

5. <u>Distributor:</u> refers to one of the 15 distributors that were interviewed; D indicates that the distributor focusses his main business activities in Germany, A in Austria, CH in Switzerland.

Applying the above structure permits now to list all 15 interviews in a homogenous way (Figure 3.4), allowing to translate a descriptive content into a structure organized in macrolevels of key moments that reveal and evidence,

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D1			
I look for cute people who are dealing with their clients, or who are smiling or making someone laugh… because I like to work with people who are cute	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
I have with me a fantastic travel document in two languages. German and English that capture the interest	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
I will immediately say, that was a perfect service from him. Have a look on my card, you can see my social networks	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
I am being honest, the person handling the Market Forever conversation has no idea on what it is going on. In that card it is written only Career 2.0 and my name	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
If you are willing to build your future on your own, want more quality time, or want to get more money, or want to have more flexibility in your job, then add me to your contacts and feel free to message me	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
I focus my conversation on how the things are going and what results were seen in a specific time period. And if someone is close to the place I am living, I don't hesitate to start personal meeting with	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Figure 3.4: Example of interview content structuring

an action, an intention and materialize a logical sequence followed by the distributor that defines his key selling characteristics. Figure 3.4 contains an example of how the content of the interview was structured. For the complete content Figures see Appendices 5, 6, 7.

3.9 **Ethical Considerations**

Considering the ethical principles (Appendix 1), a business research should reflect and respect in order to avoid transgressions, the logic followed by Diener and Crandall (1978) to identify the different aspects was considered:

- Is there harm to participants?
- Is there a lack of informed consent?
- Is there an invasion in privacy?
- Is deception involved

3.9.1 **Harm**

There are different possible forms of harm (Diener & Crandall, 1978); physical harm, harm to participant's development or self-esteem; stress; harm to career prospects or future employment and inducing subjects to perform reprehensible acts. One of the major possible ethical risks identified before starting the interview session, was the one related to the position of the interviewer as this could become a potential source of harm in the form of stress or due to career prospects. As the interviewer is the Managing Director of the MLM Company and the interviewed person is in a business relationship with the company, considerations of how to guarantee an honest and transparent environment that stimulates unbiased answers were analysed.

The first thing before starting the interview, was to give a full and comprehensive information regarding the different role the Managing Director (interviewer) was taking during the interview. The goal during that phase was to reach the result, that the interviewer was not seen any more as a Managing Director but as a researcher interested to understand how certain processes work and are stimulated to reach certain results. The interviewer explained the goal of the research as well as the academic environment where it takes place. Observations during the pilot study, regarding the reaction of the interviewed person showed, that this initial explanation reached the goal to position the interviewer in a different perspective, from Managing Director to researcher.

3.9.2 **Informed Consent**

The principle of voluntary informed consent seeks to ensure that prospective research participants are given as much information as possible about a study in order to be able to make an informed decision about whether or not they wish to participate in it (Bell et al., 2018). The participant was given prior to the interview a full explanation of what the focus of the research will be, adding also details on how the research is constructed as well as the criteria that are considered to reach an academic qualitative standard.

3.9.3 **Privacy**

The right to privacy is a tenet that many of us hold dear, and transgressions of that right in the name of the research are not regarded as acceptable (Bell et al., 2018). Privacy is very much linked to the notion of informed consent, intended in the way the participant was informed about his or her involvement and the use of the data collected. The privacy element connected to the research was reflected by considering of how to instil the necessary trust in the interviewed person's mind so that she or he would feel confident, that whatever was said during the interview, was kept confidential and therefore also possible best practices developed in years of experience would not become public. The solution adopted was to give to each interviewed person a signed document containing a clear description of how the content of the interview was kept anonymous and confidential.

3.9.4 **Preventing Deception**

Deception occurs when researchers represent their research as something other what it is (Bell et al., 2018). In this case, a particular perspective angle was considered, that could also be related to deception. The issue that was considered, was how to avoid that during the question the interviewer, due to his knowledge of the business and overview of the different types of business approaches, could unconsciously suggest the answer. The solution was managed by preparing a script containing a road map regarding the questions as well as clarification text to better explain the sense of the questions.

3.10 **Research Architecture Summary**

If we consider all the different elements (Figure 3.5) relative to the research design just explained and combine them together, we obtain an overview of the architecture of the research. This backbone is the bearing structure of the entire study, from the origin of the research idea to the definition of the aim and objectives and finally the development of the content. Each piece builds

on the previous and intersects with the following one adding solidity to the backbone structure and giving continuity to the flow of the arguments.
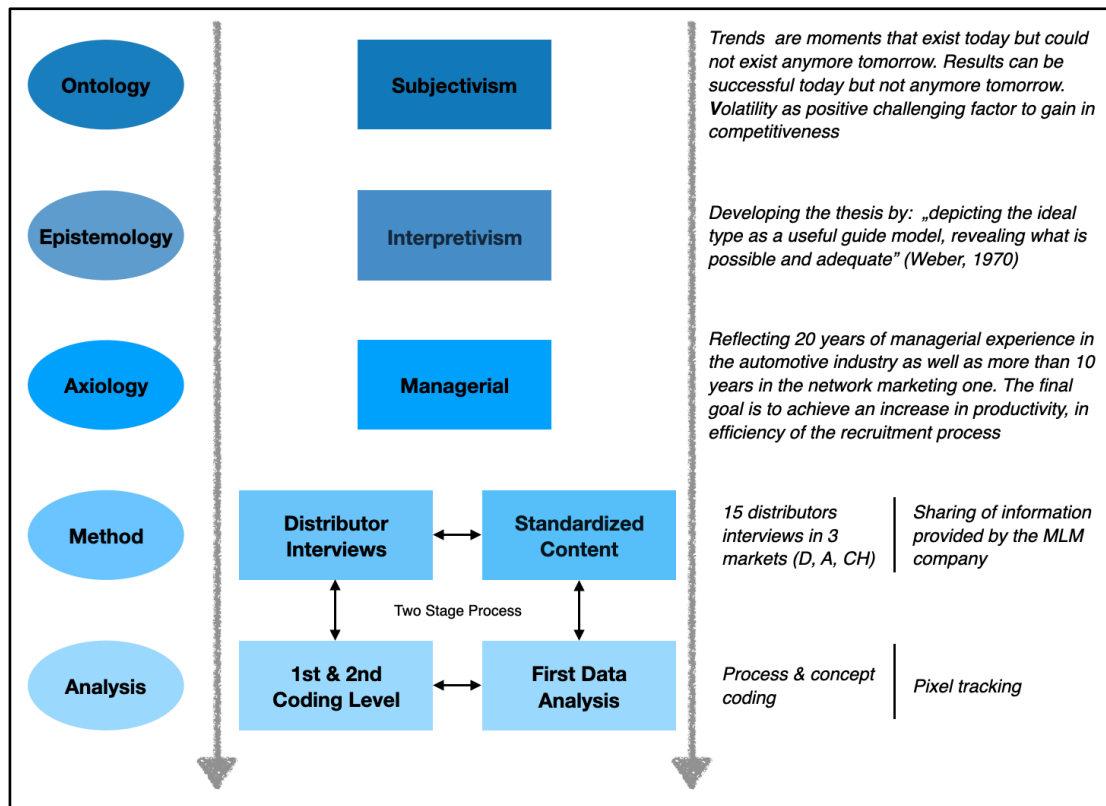
Figure 3.5: Research architecture

3.11 **Summary**

The methodology chapter has presented the theoretical stance that represents the fundament of the entire research indicating the researcher's perspective in developing the research study. The methodological approach as well as data collection techniques chosen were discussed and related to the content of the interviews. In the following chapter the findings from the interviews as well as secondary data from the use of the online magazine are explained and merged with the knowledge in terms of key eWoM elements identified during the literature review.

Chapter 4 - Findings & Discussion

4.1 **Introduction**

This chapter follows three different sequential phases, each one building on the previous one, to develop the outcome of the study: 1.) starting with the results which emerged from the interviews of the fifteen distributors of the MLM Company, 2.) then the presentation of the first results relative to the offer of standard content to distributors, 3.) subsequently, adding the characteristics and functionalities of the selected carrier to support the eWoM activities of the distributors and finally, matching these outcomes with the knowledge elements in terms of eWoM characteristics gathered through the literature review.

4.2 **Organizational Framework: MLM eWoM Acquisition Process**

In the previous chapters the following blocks discussion were addressed within the literature argumentation:

a. **MLM habits** relative to the relationship between the MLM company, the distributors, and the customers (Chapter 2: literature review)

b. **eWoM characteristics** relative to the potential of WoM when shared on social media channels (Chapter 2: literature review)

c. **Customer attraction** relative to the way eWoM can influence costumer behaviour (Chapter 2: literature review)

The research is now addressing the development of the last element of the conceptual framework defined for the study to devise a new MLM eWoM acquisition process for the industry as well as for the distributors. The aim of the research in the following step, is to bring together the knowledge and findings of all three areas and build on the outcomes of the research through the interviews and the first results obtained from the use of the data (obtained from the pixel) relative to the central production of content, to support the acquisition activities of the distributors in approaching new customers and/or

business partners. This information represents the fourth building block of the organizational framework developed for the research. This central block (Figure 4.1) will be developed following three main phases:

   a. Findings Phase 1: WoM Specs
   b. Findings Phase 2: Carrier Specs
   c. Findings Phase 3: Content Specs
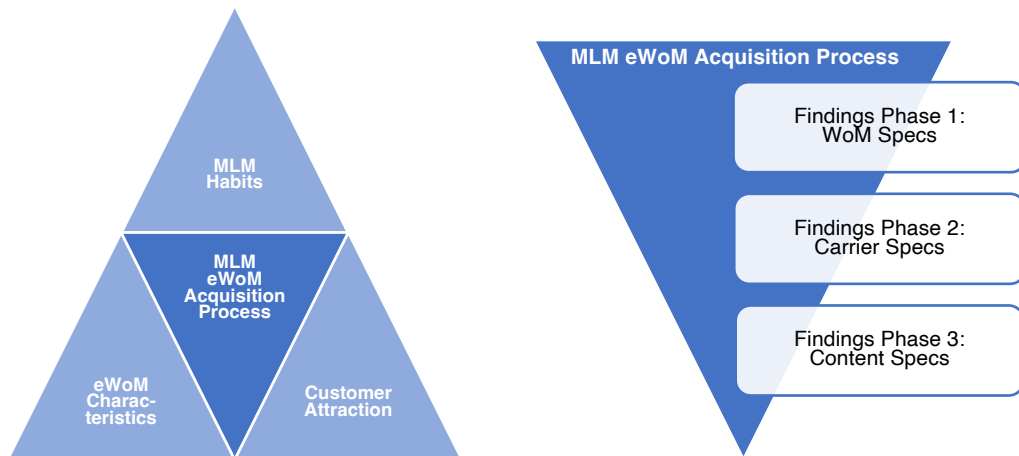
Figure 4.1: Organizational framework: MLM eWoM acquisition process

Findings Phase 1: WoM specs represent the characteristics offline WoM shows as from the outcome of the research interviews of fifteen highly successful distributors of the MLM Company in the Germany, Austria and Switzerland region.

Findings Phase 2: Carrier specs covers the features the research has followed in selecting the appropriate digital carrier to provide centrally standardized content to be shared by the distributor.

Findings Phase 3: Content specs merges the results of the WoM and Carrier specs area with the knowledge gathered from the eWoM and Customer attraction area.

4.3 **Findings Phase 1 - WoM specs**

This section contains a classification of the different types of acquisition approaches followed by the interviewed distributors. The aim of this section is to verify, based on the answers gathered from the interviews of the distributors, if there is a similar sequence followed in the approach technique and the content of the arguments used to acquire a new customer and/or business partner.

4.3.1 **Acquisition process**

From the interviews, it was possible to deduct a sequence of actions that evidence a specific behaviour, distributors put in place, based on the answers they receive during their approach to a new person. The first evaluation element that can be identified following the process adopted by the different distributors, is the general argument focus point selected. Using the coding technique, three main arguments emerged from the analysis of the interview transcriptions:

1. argument with product
2. argument with business
3. argument generic (neither on product nor on business)

<u>Argument with product</u>

With this type of approach, the distributor choses to develop the entire argument chain based on observations and claims aimed to generate an interest in the contacted person to get more information regarding a product that could satisfy a possible need:

"…I look for example the shopping cart to discover if it is somebody that takes care of the body and cherishes the life and health…". (Respondent A3)

The final goal of this first contact is to convince the potential customer to be open to accept a following appointment where more and concrete information will be available to better understand the advantages of the product:

"…in the first few face-to-face interactions, my goal is getting an appointment. Building a basis of trust and finding more out about the other person and giving information about myself too…". (Respondent A3)

"…my focus is on product therefore I focus on the needs the person has in terms of products that can solve or support a certain issue…". (Respondent A2)

Argument with business

Here the distributor chooses a different argument chain, focussing on the business opportunity. The aim is to capture the attention of the newly met person and address his attention on the possibility of initiating an entrepreneurial business opportunity and benefit from the freedom to be in the driver's seat of how to organize the own time and generate an income:

"…are you somewhere from this region? And when the person says, "yes I am from this region" then you can safely get into that topic "oh yes, that's interesting because I'm working on my business here in this region…". (Respondent CH5)

In this type of argument chain, the distributor is following the goal to develop an own team of persons which show the interest to also promote the selling of the product to build a business around it:

"…I am looking for such powerful women for my team and you are just the type of person I imagined for teamwork…". (Respondent CH3)

This type of approach focused on developing a business is called also "the duplication process". The duplication process consists in the goal to find other people that are also interested in promoting the business opportunity therefore increasing (duplicating) the amount of time somebody is working on the

promotion of the activity or selling of products (Gonzales, 2008). With the business approach the distributor will show the newly met person how to generate an additional income (working part time) using the leverage of the duplication process (creating an own team of people that also promotes the product and business opportunity):

"…if you are willing to build your future on your own, want more quality time, or want to get more money, or want to have more flexibility in your job, then add me to your contacts and feel free to message me…". (Respondent D1)

Argument generic (neither on product nor on business)

In the third type of sequence the focus of the distributor stays generic with the clear purpose not to manifest any type of direction in a product or business argument:

"…and then somewhere a compliment about the outfit, about the great necklace that woman has or what I positively noticed about that person, something that's really honest…". (Respondent D4)

Distributor's aim

Independently from which direction the distributor follows, the aim is to convince the person to be interested to get more information and therefore to be open for a first appointment. In the research, this moment is defined as the "follow up". The follow up represents a key element of interest for the distributor as in that session the relationship with the person was already established (so it is not any more a "cold" acquisition) and agreed to meet a second time, which means there was a signal of interest:

"…when I notice that it's going well, then I say….it's definite ,there has to be a reason as to why we met today…then I briefly mention that I want to meet with them personally to talk about a business opportunity and about cooperation…". (Respondent D4)

Figure 4.2 presents now the sequence of the findings that emerged from the interviews in terms of steps the interviewed distributors follow every time they start an acquisition process finalised to generate a new customer and/or business partner (see appendix 5-7 for complete overview of the coding and pattern process).
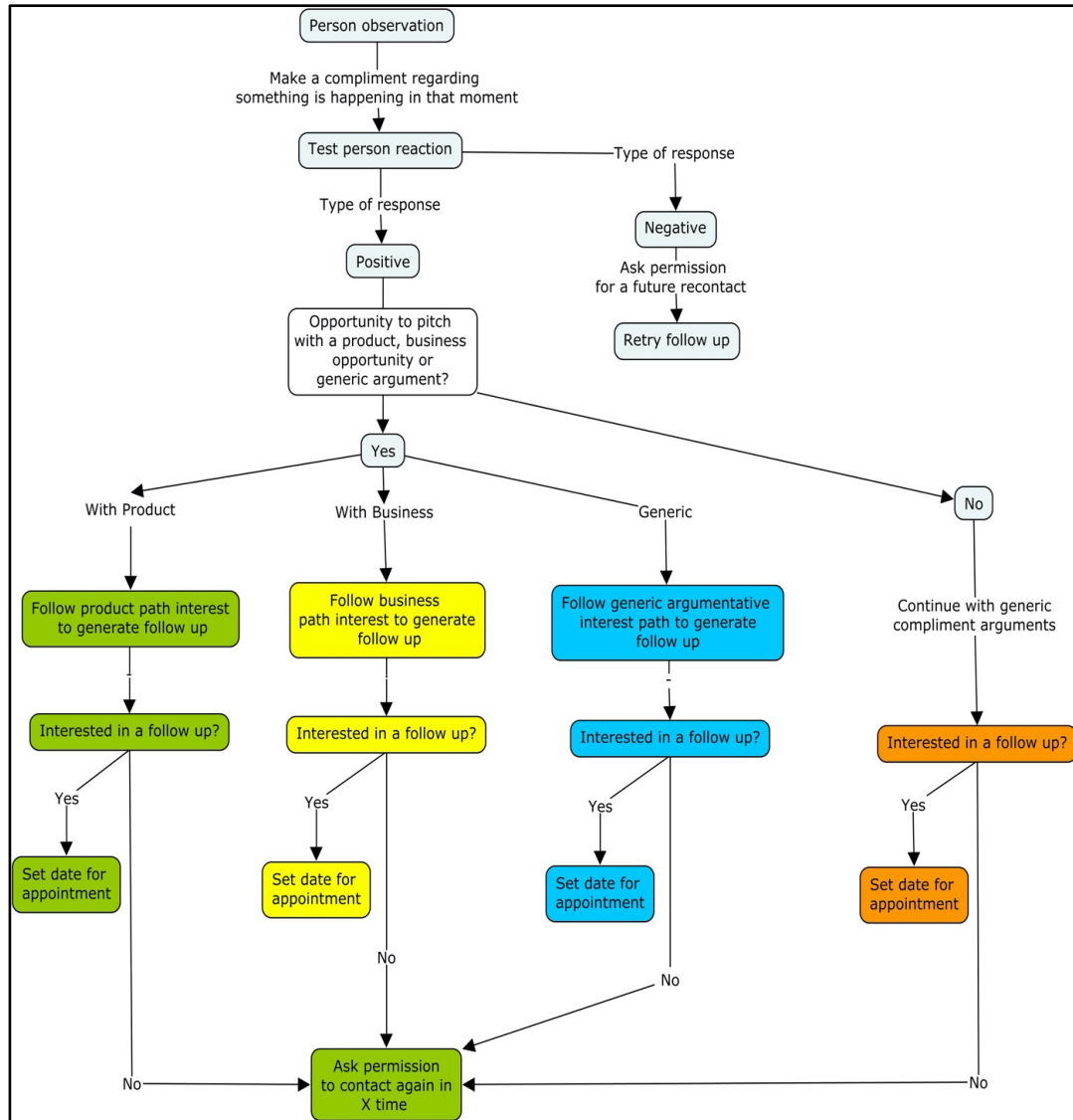
Figure 4.2: Acquisition process findings

The goal of the approach, following the flow chart, is to get a positive reaction of the person and reach the result to arrive to a second appointment called "follow-up", where the distributor will be able to get the most valuable resource possible: time and attention from the approached person to focus on a product or business offer.

The flow chart indicates, how from the information gathered from the interviews, the sequence is the same independently from the content of the main argument (with product, business or generic) followed by the distributor. Interesting to observe also, that the routine followed always contains the loop in case the approached person answers not to be interested. This particular type of situation was called "managing a NO". A "NO" is a clear answer the contacted person gives, which expresses a lack of interest for the situation or argument described by the distributor:

a) No thank you, I am not interested
b) No thank you, "at the moment" I am not interested

The answers gathered show, that in most of the cases a "NO" is interpreted by the distributor as a temporary element, therefore it should never be taken as final:

"…when someone just shuts that door then I do leave it at that. But in general, I always get the phone number. And if it doesn't come to an appointment, I still stay on them. I invite them to an event and if that also doesn't work then I give out a test touch or I do stay on them in regular intervals without being annoying…". (Respondent D4)

This sequence is also included in the flow-chart and represents an extremely important element as it allows the distributor to have a second chance maybe in a near future to address again the person:

"…I personally send the person on a regular base messages, where I signalize that I am missing this person or that it is as while I am not hearing from that person…". (Respondent A2)

As the "NO" is interpreted by the interviewed distributors as a temporary statement, the difference between (a) or (b) is not important at all. A temporary statement means that today it is "NO" but in one month, one year or longer the contacted person could be reached again and maybe then, it is the right time to generate a new customer or business partner. All fifteen interviewed distributors succeeded in the process, to leave the approached person in a

way that a future contact would still be possible. Some left their visit card and encouraged the person to contact him again whenever interested, some others asked if they could contact the person again after a while or left a Facebook link where the contacted person can observe and follow him. Result: all distributors managed to keep the door a little bit open for a possible future contact. This shows that also the worst-case scenario of a "NO" represents a result which is positive for the distributor and motivates him to continue in his activity of addressing new people. Continuously generating new leads, this is the essence of MLM companies; that is the reason why a well-known claim used in the network marketing business says that: "growth is generated by new people joining the MLM business model as customer and/or as business partner".

4.3.2 **Coding the Acquisition Process**

The coding approach used for structuring the data as graphically represented in figure 4.2, allowed the separation of an action from its context, therefore enabling to understand if the action was recurring between the different interviews and if a common red thread could be identified in the sequence of arguments which followed. The context in which the distributor is performing his/her acquisition is of marginal importance as it reflects, following the answers from the interviews, simply a kind of personal preference mostly related to an environment where he feels comfortable. The application (Figure 4.3) of the coding technique following a 1st and 2nd framing process allows now,
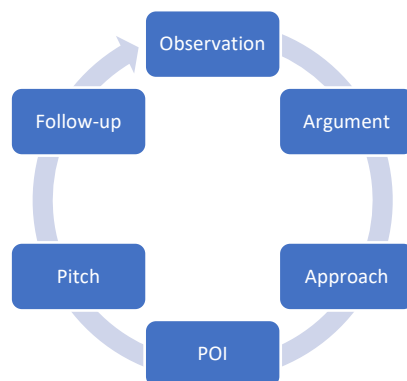
Figure 4.3: Acquisition process

besides from the context, to express and identify a series of actions followed by the distributor: Figure 4.4 shows the results emerged from the coding of the

	OBSERVATION				
	D	A	CH	DACH	%
I look for somebody smiling back	2	1	2	5	33%
I Look for appearance aspects of the person like charisma and/or personality	2	3	2	7	47%
I Look for appearance aspects of the person like health (+/-) elements			1	1	7%
I use landing pages, videos, books to attract peoples interest	1	1		2	13%
Total	5	5	5	15	
	ARGUMENT				
	D	A	CH	DACH	DACH
I elabborate a compliment indipendently from what the person is doing	3	2	1	6	40%
I elaborate a compliment related to what the person is doing		2	4	6	40%
I elaborate an information that I am looking for skilled people for my sales team	1			1	7%
I create the content in a way that people recognize their argument	1	1		2	13%
Total	5	5	5	15	
	APPROACH				
	D	A	CH	DACH	DACH
I approach the person making a generic compliment	2			2	13%
I approach the person making a compliment related to what the person is doing	2	3	2	7	47%
I approach the person and inform him that I am looking for skilled people for my sales team		1	3	4	27%
The person approaches me	1	1		2	13%
Total	5	5	5	15	
	POI				
	D	A	CH	DACH	DACH
A conversation about generic aspects takes place		3	2	5	34%
A conversation about family and or hobbbies takes place	2			2	13%
A conversation abbout job and or business opportunity takes place	2	1	3	6	40%
Others	1	1		2	13%
Total	5	5	5	15	
	PITCH				
	D	A	CH	DACH	DACH
Person is interested in feeling better?	1	3	2	6	40%
Person is interested in a similar lifestyle?	1			1	7%
Person is interested in an entrepreneurial business opportunity (more money and or flexibility and ore time)?	3	1	3	7	46%
Others		1		1	7%
Total	5	5	5	15	
	FOLLOW UP				
	D	A	CH	DACH	DACH
Explanation of the type of benefits and support the product can give	1	2		3	20%
Explanation of the business opportunity	3		4	7	46%
Explanation of both the product & business opportunity	1	2	1	4	27%
Explanation of the possible lifestyle		1		1	7%
Total	5	5	5	15	

Figure 4.4: Answer analysis

interviews identifying the focus areas as well as arguments followed by the distributor to generate a new customer and/or business partner. Each argument is reported as a percentage on the total answers received (always 15).

Observation

This is the starting moment, independently from the situation, if the type of approach was "built" or "spontaneously" driven, where the distributor is looking around to identify a situation that enables him to establish a first contact with a potential customer or business partner. The OBSERVATION represents an extremely interesting approach strategy as it takes a situation that is happening exactly in that moment and uses the occasion to take the first contact with an unknown person. In this way, the contact will be supported by an existing element that facilitates the approach (reducing the probability to get as answer an immediate No). The strategy to choose an existing situation to refer during the approach, enables the distributor to propose his contact in a more natural way for the selected person but also for the distributor himself, and makes the type of approach feeling less "cold" but more "tepid":

"…I look if a person has a positive aura, when she has a friendly personality, looks business like or somehow has something unique which gives me the wish of wanting to know that person…". (Respondent D4)

"…I observe the person and focus on the body language, this reveals if the person has some disfunctions, pain or problems, then I openly address this situation and ask if the person wants to improve that…". (Respondent A1)

"…I look for eye contact, I might smile at someone, and if the person smiles back at least somebody noticed me…". (Respondent A2)

A tepid approach has a very important psychological importance for a distributor as doing a cold acquisition is something not every distributor is able

to master in a professional way. The opportunity to switch from the beginning, from cold to tepid, by simply observing a situation is a very important facilitating element to consider:

"…if I see that the person has a specific problem on the skin or maybe a visible health-problem I am going to prioritize the product…". (Respondent CH4).

There were three main arguments identified in the interviews the distributors chose to follow to approach a new person while observing a group of persons:

a) I look for somebody smiling-back
b) I look for appearance aspects of the person like charisma and/or personality
c) I look for appearance aspects of the person like health (+/-) elements
d) I use landing pages, videos, books to attract people's interest

Results: 33% followed approach type (a), 47% type (b), 7% type (c), 13% type (d).

<u>Argument</u>

Once the distributor has identified a person to address, he needs to develop an approach argument that allows him to introduce himself in a natural way. By "natural way" it is intended a generic argumentative approach where the receiver has no perception that it is finalized (if all the sequence of actions will be successful) to introduce him to a product and or a business opportunity (Nyilasy, 2006):

"…a nice compliment where I notice if the person is willing for a conversation…". (Respondent D4)

"…could be a health or financial issue. Mostly an approach based on a physical issue that can be solved with our products…". (Respondent A2)

The arguments identified were:

a) I elaborate a compliment "independently" from what the person is doing
b) I elaborate a compliment "related" to what the person is doing
c) I elaborate an information that I am looking for skilled people for my sales team
d) I create content in a way that people recognize their argument

Results: 40% followed approach type (a), 40% type (b), 7% type (c), 13% type (d).

Approach

To increase the probability of a successful contact the technique used by all the interviewed distributors was to insert a positive statement of appreciation related to the moment where the approach took place. This could be related to all sorts of aspects: from the way a person is dressed or styled, the type of product chosen in a supermarket, the place frequented, an opinion or claim expressed, personality. Basically, there is no limit to what the positive statement can be related. The "compliment" is in a certain way a kind of "door opener" that legitimates the reason why the distributor is addressing the identified person:

"…I address the person directly, could be after an eye contact, could be because I heard the person saying something interesting…". (Respondent A3)

"…for example, in a supermarket I would ask it the person could help me find the exact product he also has in the shopping cart…". (Respondent A4)

"…if I am on an occasion then it is given to ask: how do you like the occasion or why are you here?". (Respondent D2)

The main arguments identified were:

    a) I approach the person making a generic compliment

    b) I approach the person making a compliment related to what the person is doing

    c) I approach the person and inform him that I am looking for skilled people for my sales team

    d) The person approaches me

Results: 13% followed approach type (a), 47% type (b), 27% type (c), 13% type (d).

POI

POI or point of interest follows immediately the approach moment. Between the two steps there is only a reaction of the contacted person that the distributor uses to reinforce the effect of the compliment. In a certain way the POI allows the distributor to confirm or better to reinforce the approach using the piece of information received from the contacted person as a result of his compliment with the outcome to perform an even more tailor-made compliment reaching the result of a more personalized comment:

"…I give the person the product as a gift and tell, that I work with these products and that I'd be happy about some feedback…". (Respondent CH5)

"…they are surprised that I recognized from their body language that there is something wrong or atypical and then they want to know how I did to feel well…". (Respondent A1)

The type of conversation identified were:

    a) A conversation about generic aspects takes place

    b) A conversation about family, interests or hobbies takes place

    c) A conversation about job and or business opportunity takes place

    d) Others

Results: 34% followed approach type (a), 13% type (b), 40% type (c), 13% type (d).

Pitch

This is a key moment that if successful will contribute to give the distributor a very important resource when talking to somebody: time. Time to explain what the distributor has to offer, a product or a business opportunity. The "pitch" if granted by the new met person, represents a moment of success for the distributor. The pitch is basically the moment during the first contact, where the distributor, if successfully applied, was able to generate enough interest to receive from the receiver the opportunity of a second appointment called "follow-up", where he will have the time and attention from the receiver to explain in detail his proposal. This proposal could be a product placement or a business opportunity to join his team:

"…if during the conversation I realize that the person is interested then I say that I would like to tell more, about that subject and that I think the person could fit very well into my team…". (Respondent A3)

"…oh, I have to go now, can we quickly exchange Facebook or phone numbers?". (Respondent CH3)

"…I try to invite them to an event where they can talk to other people that are in a similar situation…". (Respondent D4)

If the contacted person shows interest after the "pitch", it can represent the beginning of a long-lasting relationship that generates an important turnover for the distributor. In cases where the contact person shows no interest to follow up the proposal made by the distributor, it can still be considered a

success as a "No" today can become a "Yes" tomorrow and most important, the contact is established, therefore it is not any more a "cold contact" but a "warm contact" now. The pitch concludes the acquisition process. This is the moment where the distributor can succeed in the goal to meet the person again and perform the FOLLOW UP or to receive a "no thank you" which means the acquisition did not succeed but could eventually in the future. The types of positive outcome identified from the interviews were:

a) Person is interested in feeling better
b) Person is interested in a similar lifestyle
c) Person is interested in an entrepreneurial business opportunity (more money and or flexibility and ore time
d) Others

Results: 40% received feedback type (a), 7% type (b), 46% type (c), 7% type (d).

Follow-Up

The time occurring between the APPROACH and PITCH moment is very short. In the mind of the distributor there is the consciousness, that probably he will have less than 5 minutes to conclude the first contact and reach the result to receive a YES regarding the planning of a second appointment: the FOLLOW-UP. The limited amount of time is not only related to the moment the first contact is established; normally a typical situation on a street, in a supermarket, beauty salon, at a restaurant, bar or similar. It is also related to a specific willingness of the distributor to keep this moment as short and spontaneous as possible to reach the goal to keep a touch of interest and mystery in the mind of the approached person. It reflects also the awareness of the distributor, that the approached person has limited time to listen to him and that the level of attention of the person is low for the type of explanation the distributor wants to communicate. That is the reason why the first contact has the goal to simply establish enough interest to reach the planning of a second appointment: the FOLLOW-UP. Typically, 30 to 60 minutes where the

distributor has the full attention of the contacted person and is not limited by a time constraint that else would have compromised the establishment of the first contact:

"…we focus on the question sheet the person has answered…". (Respondent D3)

"…look I have done this in four and a half years, I was in a similar situation...". (Respondent D5)

"…I start with the lifestyle I was able to reach thanks to this opportunity…". (Respondent A3)

During the FOLLOW-UP the distributor has the unique opportunity to catch up from the information received during the first contact, ask additional questions to better understand the type of interest of the person and then explain in detail a product that could match the expectations of the person, or a business proposal related to the sale of the products of the MLM company the distributor works for:

"…always a compliment or praise for what they mentioned in the last conversation and then I can hack exactly at that point and ask….is that still important for you?". (Respondent D2).

The type of focus in terms of arguments used during the FOLLOW UP were:
    a) Explanation of the type of benefits and support the product can give
    b) Explanation of the business opportunity
    c) Explanation of both the product & business opportunity
    d) Explanation of the possible lifestyle

Results: 20% received feedback type (a), 46% type (b), 27% type (c), 7% type (d).

The possible outcomes of the FOLLOW UP are:

I. The person is fascinated by the type of support/benefit the product gives

II. The person is fascinated by the type of flexibility, time management, independency, money the business opportunity allows

III. The person is not fully convinced

IV. The person says "no thank you"

In case (I) the distributor was able to show and transmit the full advantages in terms of daily support "look better and feel better" the product gives. The result will be a potential new customer who starts to buy the products from the distributor. If managed in an intelligent way this customer could become sooner or later also a business partner that spreads via WoM the advantages of the product and supports, the duplication process. In case (II) the distributor was able to hit the nerve and fascinate the new lead with the advantages network marketing offers without the danger to get into a financial risk. The outcome will be a new business partner that, first of all, will start using the product himself and secondly will implement the duplication process spreading via WoM the product and business opportunity. In case (III) the new lead is not fully convinced, probably he was influenced by negative press articles he found in the net or by friends or parents that had the same exposure. This is not a negative thing as explained before in the managing a "NO" part. Exactly the same can be said for case (IV) where the only difference is represented in the intensity of rejection of the new lead.

4.3.3 Additional Key Findings

During the interview, several contact arguments and strategies were touched to better understand, if there were concern areas that the distributor did for purpose try to avoid or not to mention. Interestingly enough, those that in a normal retail environment, would probably represent features to be addressed as key elements to generate trust and awareness, were deliberately not mentioned by the distributor.

These two areas were:

- The company-name
- The type of business

100% of the interviewed distributors answered that during the cold acquisition process they decided deliberately not to mention the name of the company. The reason was that giving the name of the company, the contacted person has immediately the opportunity once at home to google it. The concern was relative to the possible negative information the new lead could find about the type of business e.g., MLM business the company uses to sell the products:

"…I don't say anything about the products, the company, what I do. I want him to ask me…". (Respondent D2)

"…I stay very neutral; my goal is only to further get in contact with that person…". (Respondent D4)

"…no never, it is all about sharing a certain lifestyle, only during the follow-up other elements like the company or the products are touched…". (Respondent A3)

A second reason was related to possible negative comments of ex distributors presented in interviews done by journalists of newspapers or broadcasting companies on the MLM business:

"…as a general rule, it's better to avoid talking about the company since you never know what kind of approach that person had with another member…". (Respondent CH4)

 In this second case the concern was that the new contacted person could easily, once at home, google the name of the company and then land on negative press reviews. The same result regarding mentioning the type of business. Also, in this case, 100% of the distributors indicated that during the first approach they deliberately avoided to mention, that the business opportunity was within a network marketing environment, due to the negative

information present in the net and the general negative image network marketing has as business typology. Both type of explanations collected during the interviews, confirmed the critical environment the MLM industry needs to manage on a daily basis (Keep & Nat, 2014). It also confirmed the thesis point, that negative press related to health claims, income claims as well as association to pyramidal schemes represents a consistent impediment and barrier for a type of business which is absolutely fascinating and effective from a flexibility, efficiency and low risk point of view (Keep & Nat, 2014).

Electronic support from the MLM company

During the interview, a part was dedicated to receiving input regarding ideas of how the MLM company could provide electronic material to the distributor to support the acquisition of new customers and or business partners. The feedback gathered showed, that the online acquisition as well as follow up are practices that are performed in an offline way by two thirds of the interviewed distributors. Only one third of the interviewed distributors confirmed to perform on a regular base an acquisition or follow up in an electronic way (interviews were taken before the explosion of the Covid 19 pandemic). The two thirds that are not used to perform an eWoM while asked how the MLM company could support them in developing an eWoM, were not able to answer and said they need time to understand how and if this approach could work for them:

"…I almost don't do that at all. I don't think I have a single business partner here, but if I really have a business partner online, it was either a contact with whom I had an interview, a social presence or…". (Respondent D2)

"…That for me is too time consuming. In the time where we message back and forth-. In that time outside I'd already spoken to three other people…". (Respondent D4)

The one third that is already performing eWoM answered, that there is no difference in doing an offline WoM or an eWoM:

"…I think so, yes. I think it would be the same online. Just starting with friendliness and compliments, in that way social media is perfectly developed…". (Respondent A4)

Regarding the type of support, they wished to receive from the MLM Company, answers were at basic level showing a knowledge based on learning by doing implementing formats normally applied in offline modus. Most of this group answered that they would appreciate more short videos produced by the MLM Company about the lifestyle offered:

"…I think we have all we need from the company: Yours, brochures and so on…". (Respondent A2)

"…For this area, it would be very important, in the form of video clips maybe, to have communication that can develop through distribution…". (Respondent A4)

4.3.4 Discussion - Ideal Offline WoM

From the answers gathered during the interviews, it was possible to identify a connection between the outcome of the literature review and the elements identified during the offline acquisition process. This is done by a three-stage analysis process: first, through the depiction of a flow-chart (Figure 4.2, page 86) emerged from the answers gathered during the interview. Second, through the coding of the answers, extrapolating the content from the context, an ideal sequence of the MLM acquisition process is obtained (Figure 4.5 page 102). Third, by clustering the coded answers and following the information flow of the acquisition process, a more efficient and easy-to-implement sequence is represented by the offline wheel (Figure 4.6 page 104).

Regarding in general the sequence followed to approach a person, we can find a direct correlation with the canvassing or door to door sales approach (Brandenburg, 2020; Poyfair, 2017); the only difference is represented by the

fact that the approach of a potential customer as well as the follow-up takes place in an environment that is not a permanent retail location (Duffy, 2005). Exactly the same happens for the sales sequence, arguments (Sullivan, 2012), as well as communication (Cicala et al., 2012). Even the challenges described during the interviews reflect characteristics identified in this type of selling technique (Fergurson, 2017). Regarding the type of message distributors adopt to make the first contact, that reflects what was described by Dobele (2007) with the message should contain emotional elements like the element of surprise combined together with another emotional element like for example fear. Fear is an emotional element, distributors often use when approaching new customers: fear of not following a healthy diet, fear of not taking daily the needed vitamins to compensate our lack in eating healthy food, fear in losing the opportunity to start a highly rewarding business opportunity and so on. Further elements can also be found in what Golkar and Kaedi (2015) identified as those members within the customer group that can maximize the spread of the message ergo of the virus. The idea the distributor has in mind (as from the interviews) while contacting a new person, is always to understand in what measure the person has the possibility to access further members of his community. Based on the results collected from the interviews it was possible to draw a best practice approach flow regarding how, with which sequence and content the ideal (Weber, 1970) offline WoM flow type should be executed.

This ideal type represents a best practice of offline WoM reflecting the answers from the interview session of fifteen top performer in Germany, Austria and Switzerland (Figure 4.5). Following Weber's definition: "the ideal type never exists in reality but can serve as a useful model to guide the social inquirer in addressing real-life cases and discerning where and to what extent the real deviates from the ideal" (Weber, 1970), the single pieces expressed during the interview are combined together defining how an ideal type of offline WoM should be executed. While it can be considered an ideal type, when the intention is to perform an offline WoM, it needs to be considered temporary when evaluated from an eWoM ideal type. Temporary because in addition to the ideal offline WoM type we need to integrate the findings from the literature

review regarding successful characteristics of eWoM. In the best practice evidenced in Figure 4.5 two sub-moments were included that were manifested
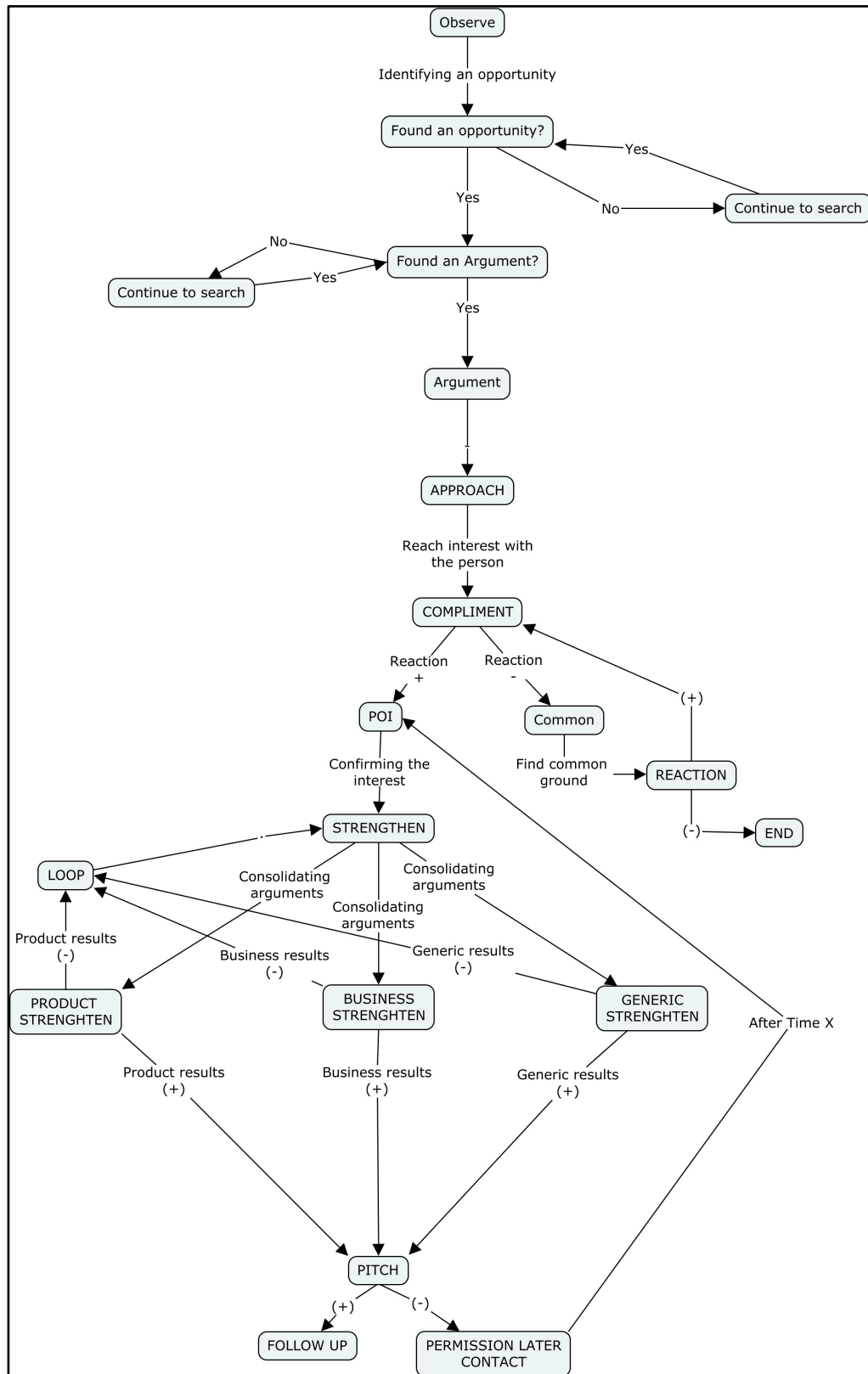
Figure 4.5: Best practice offline WoM

during the interview. The first one is identified with COMMON and locates within the APPROACH part after the distributor has expressed his compliment to the addressed person. This is a type of loop the distributor is looking for in case the approach does not reach the person and there is a reaction of lack of interest. In this case the distributor tries to play his last card in the sense to find an argument or observation that finds a common ground between him and the approached person. If successful, the approach can continue if not that is the end for the acquisition tentative. The second sub-moment is the STRENGTHEN moment and is located within the PITCH part. During the PITCH the distributor is looking for additional arguments based on the feedback of the person after the COMPLIMENT has taken place. Identifying additional arguments will allow the distributor to increase the probability of a successful PITCH and facilitate the goal to succeed in reaching the FOLLOW-UP.

Exclusion of Cost Intensive Online Promotions Tools

An element the thesis is also not interested to consider are the use of advertising solutions that are cost intensive for the distributor. The use of Google, Facebook, Amazon advertising words and many others, independently from the type, could certainly represent an effective way to promote and spread information regarding a product or business opportunity. These tools are nothing else then the modern online version of the classic print and TV advertising. The cost impact is considerable and follows in most of the cases a cost per click (cpc) fee. It also forces the distributor, once started with that strategy, to keep a continuous investment as once the investment is interrupted very soon the promotional impact will return to the original starting point. The use of so-called influencers follows exactly the same logic. These testimonials use the power of having a certain number of followers, to attract companies to be willing to pay consistent amounts of money, to place their products or services within the broadcast of their daily life on social media channels. Also, in this case, nothing else than the modern version of print and TV ads. What the thesis is looking for, is to leverage the distributor community,

reflecting their satisfaction regarding the product that is consumed and the lifestyle the business opportunity offers.

Offline WoM Wheel

In Figure 4.3 (page 88) the themes elaborated by the interviewed distributors are listed following the sequence that emerged from applying the coding and pattern recognition technique. From Figure 4.5 (page 102) representing a flow chart with the ideal steps and sequences an offline acquisition within an MLM environment should follow, a more practice and dynamic-oriented representation can be obtained through the development of the "offline WoM wheel" (Figure 4.6).

Figure 4.6: Offline WoM wheel

The wheel represents the end result of phase one and constitutes an ideal type in terms of offline best practices identified through the interviews of fifteen successful distributors applied as defined by Weber (1970). The peculiarity of an ideal type of approach reflects a one to one approach (Arndt, 1967). The distributor develops with this technique step by step his customer and business partner team. For each single person contacted, following the acquisition process: observation, argument, approach, POI, pitch and follow-up, the distributor has applied the sequence adapting, like a tailor adapts a suit to the body of a customer, the content of his approach. In every interview the indication received was relative to a single approach, never a group or mass approach. This is very time consuming and implicates as well, a high level of self-confidence of the distributor, every time he receives a "NO" and needs to restart from zero with another potential lead.

4.3.5 WoM Specs Summary

The analysis of the interview material through the coding technique enabled to draw the acquisition and follow-up process of offline WoM for a distributor. From a typical flow chart representation perspective, the offline WoM wheel was developed, permitting a more practice and dynamic-oriented representation. The wheel is the findings outcome from phase one and represents an ideal type in terms of best practices applied as defined by Weber (Weber, 1970). In the next section the elements relative to the carrier used to share the standardized content are presented.

4.4 Findings Phase 2 - Carrier Specs

This section explains the criteria followed in deciding what type of carrier to use, to support distributors with standardized content, enabling a simple and efficient sharing of content on social media channels and contributing to reduce the risks of the MLM pitfalls (as seen in Chapter 2).

4.4.1 Functional Business Characteristics

When evaluating the type of carrier the MLM company could use to increase the efficiency of the acquisition/follow-up process of their distributors and at the same time reduce the risks (e.g. MLM pitfalls) of not allowed claims (Keep & Nat, 2014), it was key to reflect on an important aspect of the MLM business model: the USPs or unique selling proposition (taken from the MLM Company internal publication) features a typical MLM system has compared to other retail models (Leonardi, 2010; Sullivan, 2012). Only a solution that reflects these USPs (see Chapter 2) and enhances these features can fully leverage them and contribute to a significant result. As seen in the literature chapter, eWoM can give the MLM company a higher degree of control as it is in written or in video format and therefore identifiable (Reingen, 1986).

The thesis following on one side the existing distributor habits together with the findings from the literature review relative to the advantages of social selling (Anderson, 1996; Moncrief, 2017), has chosen the online magazine as carrier, due to the supporting functions this digital information tool (Barnett, 2004) can provide in helping the work of the distributor, the right acceptance within the community of distributors and the possible support provided in the reduction of the distortion of the MLM USPs (Reingen, 1986). Figure 4.7 shows how the positive USPs are negatively impacted by distortion elements (Coughlan & Grayson, 1998; Keep & Nat, 2014) and the opportunity to further enhance the USPs by introducing a content filter. The content filter as the word says should be in the position to reduce, to filter the potential danger of not allowed claims (Keep & Nat, 2014), that is one of the goals the research wants to reach with the implementation of a centralized standardized content. The general approach of an MLM company policy for example, is to identify certain forbidden situations and enhance the message that these behaviours are forbidden and if applied they could conduct to a warning or even worse to a termination of the distributorship (Keep & Nat, 2014). Similarly, the function of a crawler is to identify forbidden claims in form of posts and evidence that. In both cases the origin is always a "negative" claim or behaviour. There are no limits to the creativity of criminal claims, attitudes and or behaviours.
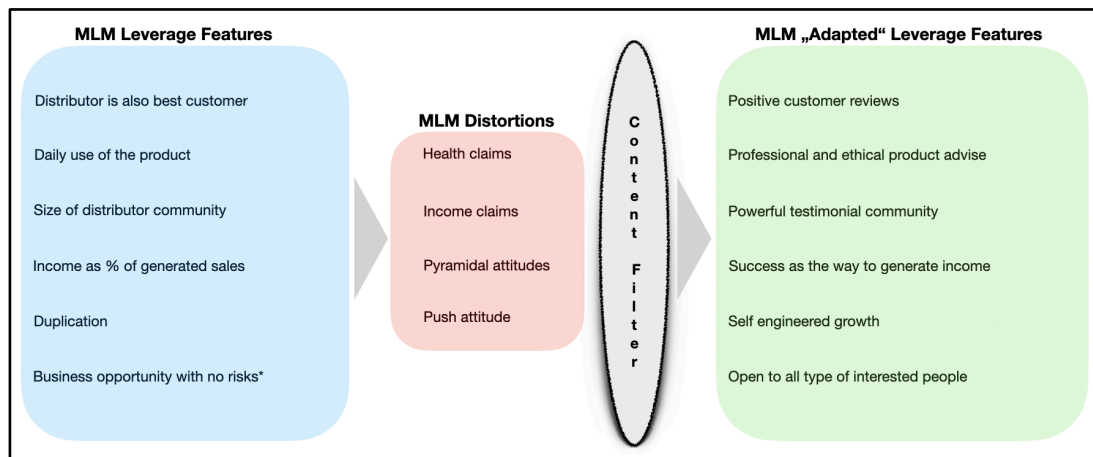
Figure 4.7: MLM Leverage features (Keep & Nat, 2014)

For each prohibition level a sub-level will be identified thinking that this is allowed because not explicitly forbidden. For this reason, the thesis content filter will not be focused on negative elements or forbidden claims but on positive "pieces" of information that will reflect the maximum of ethical and legal content possible to use. In other words, arguments like sale or promotion claims will be expressed filling the maximum level of what is possible to say in terms of legally allowed and ethically correct. Another important feature the type of carrier (Appendix 8) needs to fulfil is to be accepted by the community of distributors (Sullivan, 2012). As distributors are the channel through which the MLM company will be able to find new consumers and business partners, any kind of initiative, independently how good or effective, will fail miserably if not accepted or better implemented by the distributor community (Coughlan & Grayson, 1998). Typical offline supports produced and used by the distributor community (source MLM Company for the DACH region) are product brochures and flyers, business opportunity brochures, training brochures, catalogues, and periodical magazines. All these type of information tools, are not only well established but also accepted within the distributor community (Sullivan, 2012).

After the first year of the research start, the instrument of the monthly magazine was identified as the ideal carrier to support with online content the distributor community. The main reasons to choose this tool was due to the

periodical (monthly) renewal of the content that makes it always up to date, the already established habit from distributor side, to read the magazine as source of interesting information to use (Minsky & Quesenberry, 2016) as well as the possibility to use digital control tools to verify the correct use of the available information. To fulfil both the typical use of a magazine as source of information as well as give support in terms of content to use in eWoM activities, the author of this research as Managing Director of the MLM Company decided to convert the "paper format" of the magazine into an online magazine. The online magazine had the goal to address not only distributors of the MLM company but also generic readers and potential consumers, using therefore the world wide web to widening the horizon of the magazine (Barnett, 2004; Hadenius, 1999; Turpeinen, 2000).

4.4.2 Carrier Working Flow

The flow-chart in Figure 4.8 shows how the idea of the online magazine was implemented within the MLM company. Flow description:

1. Load: The MLM company prepares content articles for the online magazine. In average eight new articles per month, on different topics like: wellness, weight-management, lifestyle, nutrition and beauty are drawn up by an external freelance journalist. Articles are available in the languages of the region the project was implemented: German, French and Italian. All articles reflect and observe the legal rules in terms of health and income claims and are in line with the use of information provided by the company policy of the MLM company.

2. Search: The distributor follows the online magazine on a daily, weekly base, reading articles to keep himself/herself up to date, regarding trends and preferences in the market and searching for interesting topics to share on social media channels.

3. Share: The distributor whenever visiting the online magazine logs on his own magazine. These simple steps allow him, once interesting content is identified, to share directly the article from the own (Ramanathan et al., 2017) magazine.
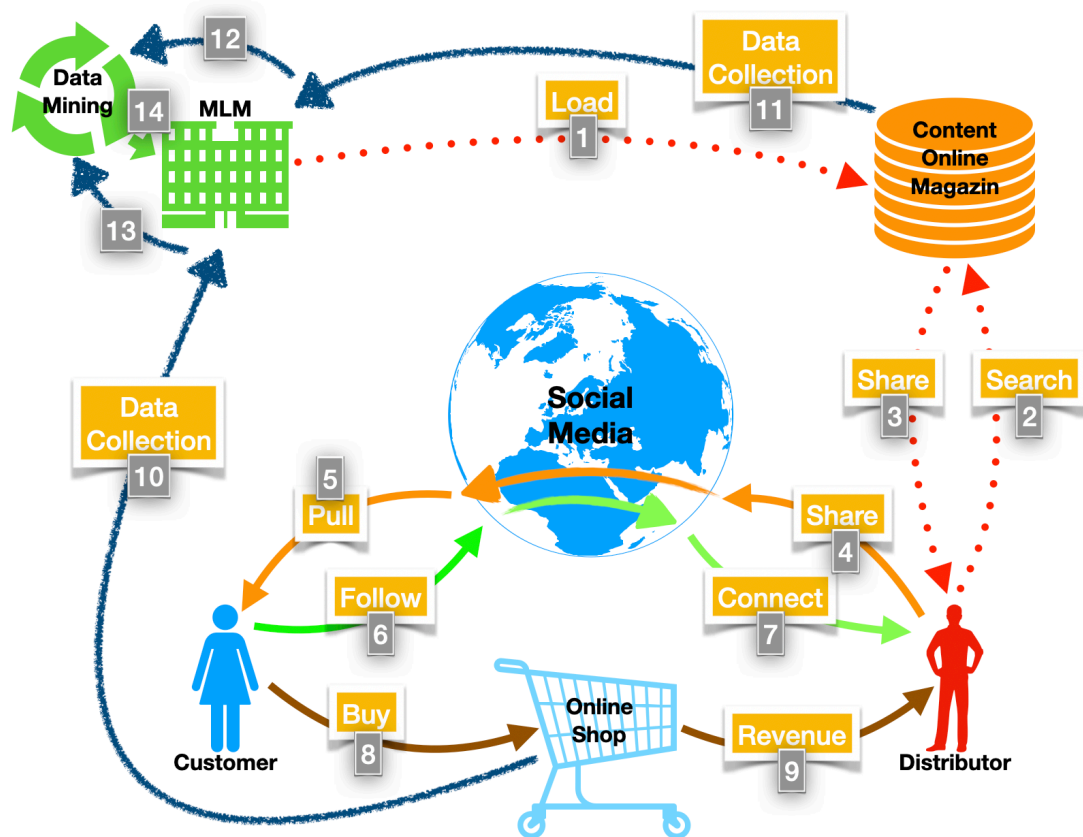
Figure 4.8: Online magazine flow description

4. Share: The content is shared through different social media channels, e.g., Facebook profile. The sharing buttons present on each article allow with a simple click to generate a vaccinated link that can be shared in different ways. There is also a simple copy link available, allowing the distributor to insert the link in any type of communication, from a simple e-mail to a more elaborated newsletter

5. Pull: The content of the online magazine articles is prepared in a way to recall certain topics, reflecting specific trends to get the attention of potential customers. The logic followed here is exactly the opposite of the typical MLM one, as it pulls the attention of a potential customer towards the distributor, facilitating a more natural evolution of a possible dialog and putting the distributor in an easier to manage psychological situation than in the push acquisition process of the offline approach

6. <u>Follow:</u> The potential customer starts following the distributor through his posts on social media profile developing with the time a feeling of community (Goldenberg et al., 2009; Kaplan & Haenlein, 2011)

7. <u>Connect:</u> The potential customer is attracted by the information the distributor shares and decides to follow him on a regular base ad or ask for more information regarding the topic followed. A natural pull situation is put in place

8. <u>Buy:</u> The potential customer can decide in any moment if he is interested to purchase the products mentioned in the article

9. <u>Revenue:</u> The distributor receives in real time the revenue from the MLM Company for the product purchase made by the new customer

10. <u>Data:</u> By providing the full service, the MLM Company takes away from the distributor all the risks connected to the transaction and also reduces to zero the financial cash flow needed by the distributor

11. <u>Data:</u> The MLM Company manages the entire multi-shop system related to the online shop and benefits from the data access related to the customer's purchase behaviour

12. <u>Data:</u> The same happens with the online magazine content service because this tool is managed and powered by the MLM Company

13. <u>Data:</u> The data flow is analysed to understand which article was shared by distributor and the related generated sale

14. <u>Data:</u> In this case the data analysis can provide the understanding of the customer product preferences

Matching together the data flows from the online magazine and the online shop the MLM Company gains full transparency on the arguments that attracted the interest of the potential customers and the related purchase behaviour. This data is collected and used to further refine the content of the online magazine and improve the shopping experience.

4.4.3 Discussion - First Performance Results

After the start of the research in 2017 the online magazine carrier was developed and started within the MLM Company (Germany, Austria and Switzerland). In these last two years a series of data monitoring activities were optimized and implemented allowing to track a consistent amount of data regarding the use and implementation of the online magazine carrier by the MLM company and the distributors (for a complete overview see Appendix 9). The data was used as additional research data that completes the two-stage data analysis approach and allows to get a first indication of the potential of the online magazine as content support for the acquisition process of potential customers (Figure 4.9).

Indicator	Value (monthly)
visitors	19.147
sessions	32.446
page views	145.628
conversions to shop	962
conversions to shop	2,97%

Figure 4.9: Online magazine: monthly values from July 18th, 2019, until May 2020

As shown in the above Figure 4.9, the magazine was able to reach a consistent number of visitors creating almost 1.8 million-page views on a yearly base, that represent for the MLM Company in the DACH region (Germany, Austria, Switzerland) an extremely interesting and useful exposition of the own brand and products. An interesting question that could arise now is, how much time does a distributor need to invest to actively use for his business the standardized central content made available by the MLM Company? To answer this question, the most active distributor in the use of the online magazine opportunity was interviewed. The interview was done beginning of June 2020 and the data contained in the answers relates to the time between January 1st, 2019, and end of May 2020. This distributor used the combined

activity of his own website with his Facebook account. His use of the online magazine was concentrated once a month when he prepared 30 articles, one article per day to be shared. Thanks to a feature Facebook offers, he could plan in advance which article to share and this for a period of 30 days. His goal was, that every day a new article is shared on his Facebook account. To organize the articles (selected from the online magazine) for the following 30 days (30 articles) the distributor invested 2 hours every month.

In the period considered in the interview (17 months), the distributor investing two hours per month succeeded to receive the interest of 230 potential customers in average every month, who decided due to the article he shared to click on the article and visit the online magazine of the distributor. The research went a step further and verified how many of the potential customers that clicked on an article decided then also to buy the promoted product. The conversion rate for the period July 18th, 2019, until May 2020 was 1,96% which means that of the 230 potential customers that read an article of the online magazine 4,5 of them became customers of the distributor. The time investment of 2 hours generated 4,5 customers (in one month). Considering the average purchase amount of € 106 (online shop) the 2 hours invested generated a turnover of € 477.

4.4.4 Carrier Specs Summary

The selection of the online magazine reflects on one side the habits distributors have in reading information relative to the business and the advantage to offer information in a digital way to enhance usability transparency and efficiency related to social selling. The online magazine becomes in this way the content filter to keep integral the MLM leverage features avoiding the typical MLM distortions (Keep & Nat, 2014; Oksanen, 1999). In the next paragraph the elements identified in the WoM and content specs are combined with the findings emerged from the literature review and selected in the content funnel.

4.5 Findings Phase 3 - Content Specs

Considering the elements so far developed and researched, the study wants now to put together the different findings elements so far identified:

- Offline WoM wheel (from phase 1)
- Online magazine carrier (from phase 2)
- MLM content funnel (as from the result of the literature review)

The next step will be to use the knowledge of the offline WoM wheel and determine the type of sequence that should be followed during an online acquisition process.

4.5.1 From Offline to Online

The offline WoM wheel as seen before, represents the outcome of the interviews or the ideal sequence successful distributors follow while acquiring new potential customers or business partners (Figure 4.10). As we have seen from the interviews, in all the different steps, it is the distributor that plays an active role in guiding the cold acquisition process. This active role (Chapter 2: the MLM model) can lead to distortions if pushed to the excess.
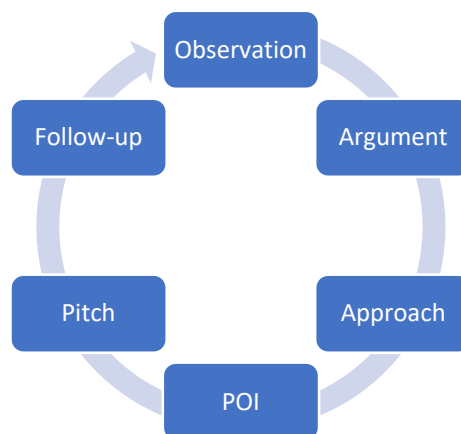

Figure 4.10: Offline acquisition process

The different types of distortions identified were (Keep & Nat, 2014; Sullivan, 2012):

a) Health claims

b) Income claims

c) Pyramidal attitudes

d) Push attitude

In Figure 4.7 we have defined the MLM leverage features that can be enabled by applying a content filter, therefore maximizing these positive features. The content filter as seen previously has been identified in converting an existing paper magazine into an online one. This online magazine receives fresh content on a monthly base and supports the distributor activity in the acquisition process of potential customers. By establishing this content filter and stimulating the online activity of the distributor through the online magazine (and online shop), the distributor can follow now two possible ways of getting in touch with potential customers (Bristor, 1990; Westbrook, 2018): the well-known offline acquisition process (Poyfair, 2017) through the steps of the offline MLM wheel and/or the online acquisition process using the content filter tool supported by the MLM Company. By applying the same known steps of the offline process to the online process, generating a type of social selling activity, this is how an ideal (Weber, 1949) online acquisition process for the distributor could become, reflecting the elements that were identified in the literature review as supportive and stimulating of the virality of a message (Figure 4.11).
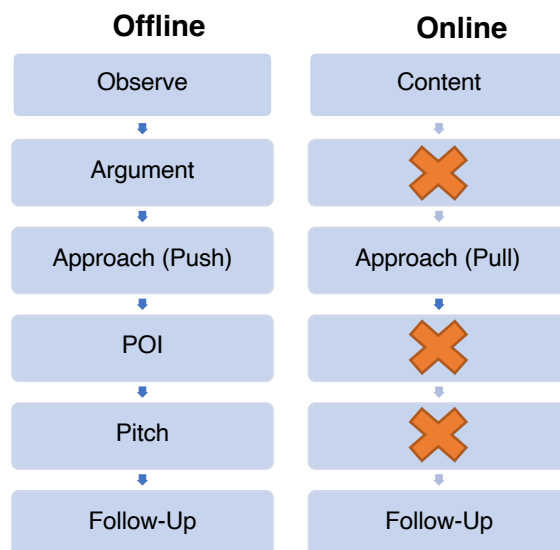
Figure 4.11: From offline to online

As we can see from Figure 4.11 the application of the offline process to the online process becomes considerably shorter, easier to implement for the distributor and with the advantage compared to the offline process that it can reach more than one person due to the visibility of social media channels and virality effect typical of social media channels (Kaplan & Haenlein, 2011). The use of the digital content as information to share with a click reflects also the principle seen in the literature review: "consumers of today look up, analyse, and compare product features, process, payment options, shipping information, and return policies before making an online purchase" (Burke, 2002). Social media is transforming the consumer from a passive player into an active and controlling participant (Trainor, 2012). Figure 4.12 shows how specific steps can be skipped or modified while going from offline into online. Observing the result of the conversion process from offline to online significant elements for the distributor needs to be evidenced:

(1) The "observe" moment is completely skipped (Trainor, 2012). Inverting from push to pull, this step becomes obsolete. What the distributor does now is to focus on the type of content he can find on the online magazine and choose the content based on the type of customer segment he wants to reach or address.

Figure 4.12: From offline to online

The "observe" is an extremely delicate moment as it is the step before the distributor is approaching a person he never saw before. A psychological challe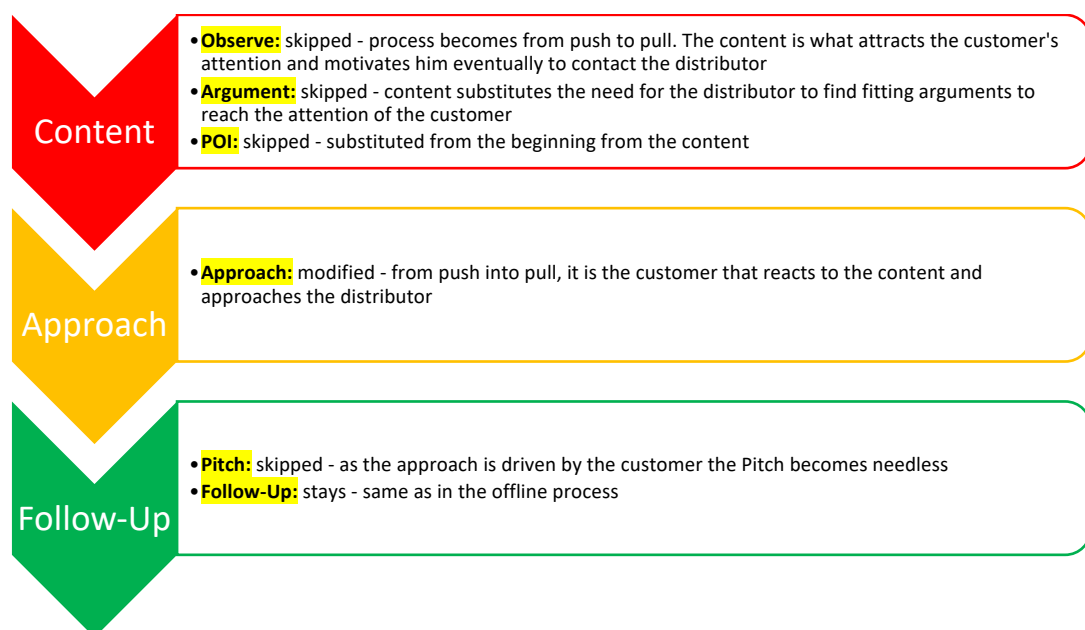nging moment for many distributors and very often one of the knock-down points because they are not able to generate new customers.

(2) The "argument" step is converted and substituted by the selected content. As Belew (2014) observes: social selling in a B2C environment can be defined as the identification, targeting and reaching out to prospective and existing customers through social media channels and social communities in an effort to engage them in conversations that result in a potentially mutually beneficial relationship. The argument is substituted by the content selection shared by the distributor. The direction is the opposite determining a pull of the customer versus the distributor through the content.

(3) "POI" is also skipped as covered by the content. Another important psychological factor the distributor does not need any more to master. The "approach" step changes completely going from a push direction into a pull one. It is no longer the salesperson or marketing department that decides to communicate with the individual, but rather prospects determine to engage with the company representatives (Leboff, 2016). This changes completely the rules of the acquisition process. In the moment the customer approaches the distributor, the distributor knows automatically that the customer was stimulated by the distributor's shared content. This represents an important message for the distributor as he knows at this point that the interest of the customer was reached. Sales no longer control the flow of information in the buying process, the customer does (Säde, 2019).

(4) The "pitch" is skipped becoming needless as in the moment the customer approaches the distributor this represents the confirmation the distributor typically receives during an offline approach with the pitch.

(5) From the "approach" moment with inverted direction (from push to pull) the distributor can reach directly the "follow-up" step explaining in detail the advantages of the products he sells.

Figure 4.13 shows the final outcome moving from offline to online; the main big change and advantage is the possibility to shift the distributor approach from an old canvassing style type to a modern social selling one, basically from push to pull. The research will define this sequence as: online MLM sequence. In the next step, as the carrier to use was already identified in the online magazine, the research will focus on evidencing the characteristics the content funnel identified through the literature review should have in order to produce centrally standard content.
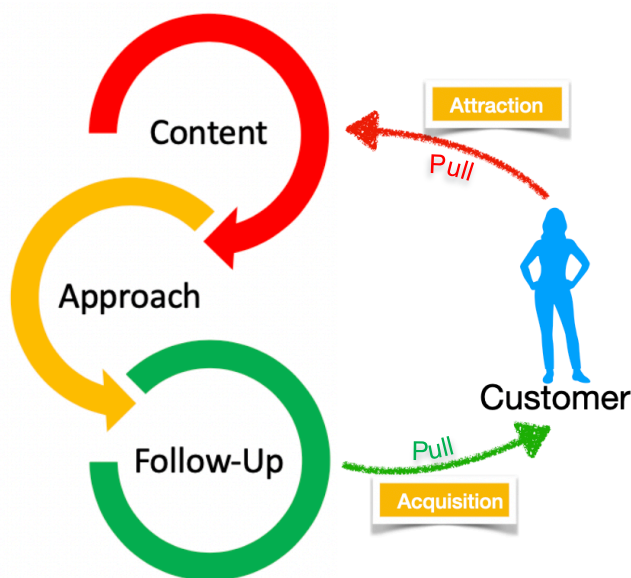
Figure 4.13: Online MLM sequence

4.5.2 MLM Content Funnel

In this section, the last part of the research will be dedicated to answer the aim of the thesis: provide a framework for MLM companies, to guide and support acquisition activities of new customers and/or business partners managed by distributors:

- through the production and implementation of successful online content

- stimulating and supporting distributor's eWoM activities
- aligned to the offline WoM process to avoid potential rejections.

The result of the literature review (Chapter 2) was the definition of the MLM content funnel which (Figure 4.14) covered the following four key elements to reflect while generating eWoM in the form of standardized content to support distributor's acquisition/follow-up activities:

1) Typology of the content of the article: emotions (Dobele et al., 2007)
2) Message booster: social hubs (Gladwell, 2000; Kaplan & Haenlein, 2011)
3) Customer segments used as referrals: influential nodes (Golkar & Kaedi, 2015)
4) Customer perception, reaction to the stimulus generated by 1+2+3
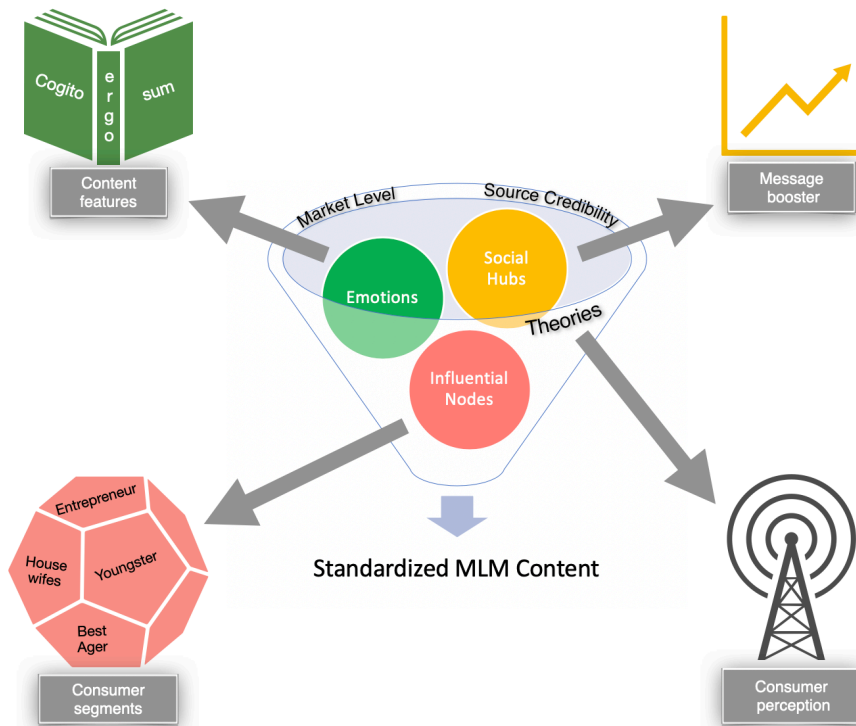
Figure 4.14: MLM Funnel Elements

1.) Typology of the content of the article: emotions

Regarding the emotions area, the content prepared by the MLM company should contain one of the primary six emotions (Dobele et al., 2007) to enable

that the content shared by the distributor, reaches the interest of a potential customer and has a chance to become viral therefore addressing an exponential number of customers: surprise, joy, sadness, anger, fear, disgust. The "surprise" emotion has shown to be the most effective one but needs to be combined also with other emotions (Dobele et al., 2007). The selection and combination of the different emotions needs to be implemented by the MLM company, keeping in mind what kind of customer target group the article should reach. In this way the MLM company has the optimal possibility to create specific content that can be shared by the distributor and reach the targeted customer group. The final goal of the content should be to create an emotional connection between the article and the targeted consumer group (Dobele et al., 2007; Ekman, 1975). Depending on the seasons and related behaviours the season brings, e.g., in winter times our skin is more challenged due to the cold temperatures, there are an infinite number of possibilities for the MLM company to develop interesting content around that subject and capture the attention of potential customers by creating an emotional connection.

2) Message booster: social hubs

Social Hubs represent another important element identified in the MLM content funnel (Figure 4.14) which could allow the MLM company together with the distributor, to reach the goal that a specific information is amplified, boosted in its magnitude by capturing the interest of social hubs (Goldenberg et al., 2009). Social hubs are important due to the high number of social ties they have and because they can spread a certain information in the quickest way possible (Kaplan & Haenlein, 2011). As we already saw with emotions also in this case both the MLM and the distributor have the possibility to reach different social hubs depending not only on the type of customer segments addressed e.g., best agers looking for products to support a dynamic journey but also the type of message included in the shared article. Depending on the product the MLM Company wants to focus there are many ways for example to promote with an article, a healthy and effective way to keep the focus during the day for a best ager or simply addressing the freedom to be able to do a walk while enjoying

the day. There is no limit to the creativity the MLM and the distributor can play in addressing the right social hub and leverage the ties of it (Kaplan & Haenlein, 2011) spreading the content as much as possible.

3) Customer segments used as referrals: influential nodes

Similarly, to what we have seen with emotions, the MLM and distributor have the chance to leverage the effect of eWoM content based on the personality of customers therefore activating certain groups (segments) of customers instead of others in the spread of a content. These groups are called influential nodes (Golkar & Kaedi, 2015) and a way to distinguish or identify them is to address their personality. Personality can be divided into five traits (Howard & Howard, 1995): negative emotionality, extroversion, openness, agreeableness, conscientiousness. Addressing customers with an extroverted and/or openness personality can contribute to spread the content in a quicker and easier way than addressing one of the other personalities (Golbeck et al., 2011; Oren & Ghasem-Aghaee, 2003).

4) Customer perception, reaction to the stimulus generated by 1+2+3

The two consumer theories identified in the MLM content funnel: (a) market level theory (Chevalier & Mayzlin, 2003; Hong et al., 2017; Hu et al., 2008; Senecal & Nantel, 2004) and (b) source credibility theory (Cheung & Thadani, 2012; Hovland & Weiss, 1952; Lowry et al., 2013) add important elements that need to be considered in the aim to generate standardized content to be shared on social media channels. The first key element to consider from the market level theory is the importance to generate customer reviews of the products of the MLM company as they have a consistent impact in influencing existing and potential customers in their purchase decision (Chevalier & Mayzlin, 2003; Hong et al., 2017; Senecal & Nantel, 2004). This opportunity can be reached by combining the effort of the MLM company in creating the necessary software platform that supports customer reviews, e.g., allowing them on the official online shop with the stimulation supported by the distributor in asking the customer that made a purchase in his shop, to leave a review. This type of review is called internal eWoM (Hong et al., 2017) and has an

important impact on product sales. Similarly, also external eWoM reviews (e.g., CNET) placed on external customer review platforms are important to influence customer purchases. While for internal reviews the MLM and distributor should focus on the amount of reviews present for a certain product in case of external reviews it is important the valence of the review (Hong et al., 2017). For external reviews an important role can be played by the MLM Company, addressing for example external independent review platforms and offering actively the product to test as well as giving background and usage information (Chevalier & Mayzlin, 2003; Hu et al., 2008).

The next key element to consider comes from the source credibility theory or that the trustworthy of a source plays a fundamental role in the acceptance of a content (Hovland & Weiss, 1952). If the source plays a fundamental (Cheung & Thadani, 2012) role, than there are three important supportive arguments to consider regarding the centralized standardized production of content by the MLM company: (1) trustworthiness of the MLM company, (2) trustworthiness of the online magazine and, (3) trustworthiness of the distributor.

1.) Trustworthiness of the MLM company

The MLM Company that follows ethical principles (Sullivan, 2012) and local regulations has a completely different standing than the distributor. The MLM company is owner of the brand and can use in most of the cases decades of positive growth at global level to explain the heritage and trustworthiness. Alone the size of the annual turnover (hundreds of millions of dollars if not billions) puts the MLM company under a totally different light than a single distributor, in most of the cases linked just to his local business environment.

2.) Trustworthiness of the online magazine

The use of an online magazine as megaphone to spread content and attract customers interest has a multiple advantage (Hennig-Thurau et al., 2010; Kaplan & Haenlein, 2010):

a. Positive image transfer from the MLM to the online magazine
b. Establishment of a trustful and attractive content source to use on a regular or occasional base

c. Absence of health claims, income claims and pyramidal sales aspects (Keep & Nat, 2014)

d. Nullification of the particularity of network marketing as the online magazine presents the content in a neutral way like any other retail company therefore keeping out from the content the "special features" of how MLM sales works

e. Establishment of a standard in the market as source to be shared by the distributor force of the MLM company (Sullivan, 2012)

3.) Trustworthiness of the distributor

The distributor is the actor that in this entire concept benefits most from the content:

a. He benefits from the image transfer of the MLM company through the sharing of information centrally developed for him (Sullivan, 2012)

b. He benefits from the global position the MLM has, not limiting anymore his presence to only his own local environment

c. He benefits from the professional way the content is offered: market research based and contemporary (Ogilvie et al., 2018)

d. He neutralizes all the complex and or negative issues that escort the MLM business (Agnihotri et al., 2012)

e. He receives the chance to position himself in a more "retail driven" way, augmenting the chance to be accepted by a larger group of potential customers (Minsky & Quesenberry, 2016)

4.6 **Discussion: The Organizational Framework "Red Thread"**

The research has presented with the organizational framework (Figure 4.15), a structured approach to cover the information elements necessary to pursue the aim of the study: provide a framework for MLM companies, to guide and support acquisition activities of new customers and/or business partners managed by distributors:

• through the production and implementation of successful online content

• stimulating and supporting distributor's eWoM activities

- aligned to the offline WoM process to avoid potential rejections
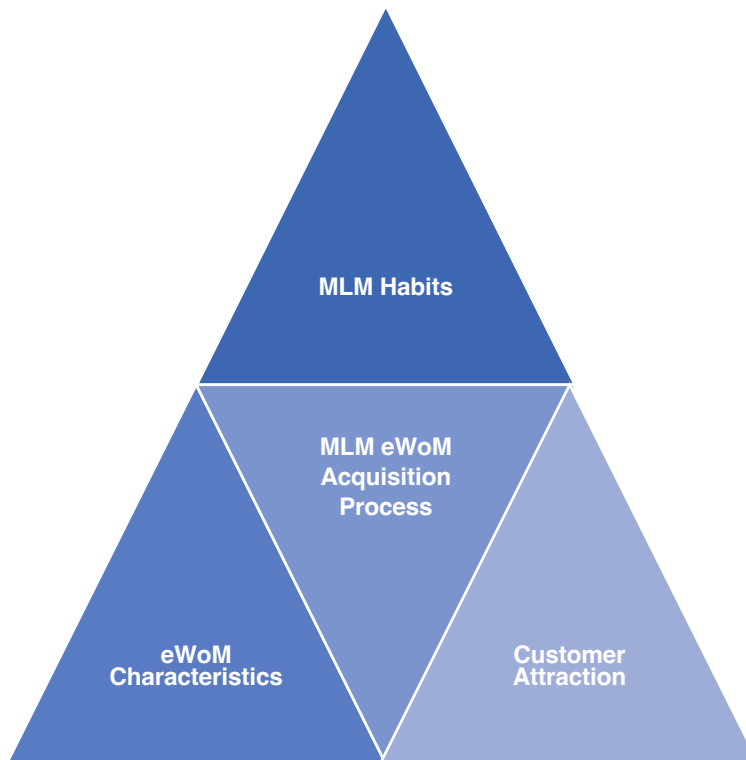
Figure 4.15: Organizational framework

Through the development of the organizational framework, each single area has been analysed identifying the key elements that the MLM company could consider, while pursuing the goal to centrally generate content to be shared by their distributor force. The result of the multitude of available options in terms of elements that can or cannot used or influenced by the MLM company are represented in Figure 4.16. These represent the resources the research was able to identify through the literature review as well as the interview session.

Through a selection process based on the findings in the literature review as well as what the MLM and the distributor can manage and or influence together, the single resources were selected and represent the outcome of the research (central triangle) in terms of MLM eWoM acquisition process. The graph shows how the elements identified through the interviews and literature review are used as knowledge input for the eWoM acquisition process and how combined together within that block can be used to generate an output in

terms of content the MLM makes available to the distributor force, to be used on social media channels.
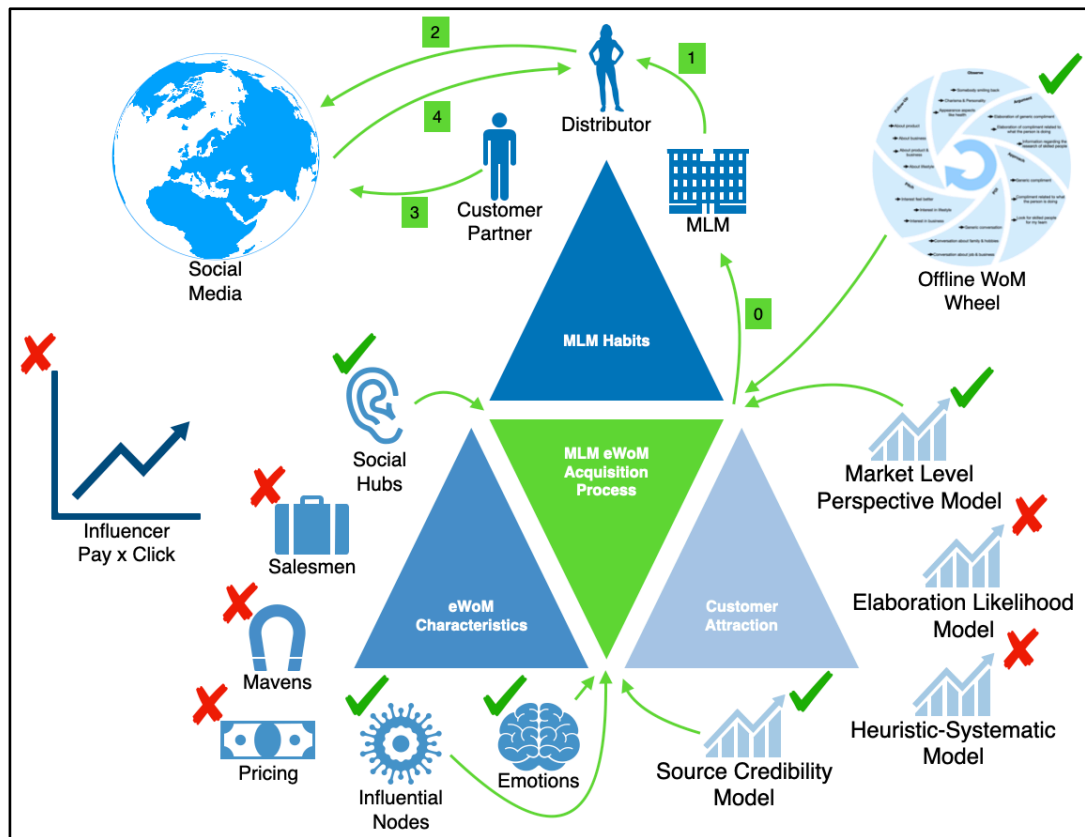
Figure 4.16: Selection of the available resources & opportunities

The "MLM Habits" block has presented the working environment of MLM companies, evidencing strengths and weaknesses of this business model (Coughlan & Grayson, 1998; Herbig & Yelkurm, 1997; Keep & Nat, 2014; Sullivan, 2012). The weaknesses represent one of the elements the research wants to solve with the idea of the centrally defined content.

The "eWoM characteristics" block was identified through examples taken from the literature review structural and content elements that facilitate the spread of WoM when applied electronically generating eWoM (Dobele et al., 2007; Ekman, 1975; Goldenberg, Han et al., 2009; Kaplan & Haenlein, 2011). The "Customer Attraction" block has presented different theory models that analysed consumer perception and behaviour under the exposure of eWoM and identified key elements the MLM company and or the distributor can

influence through the construction of content and sharing of information (Cheung & Thadani, 2012; Chevalier & Mayzlin, 2003; Hong et al., 2017; Hovland & Weiss, 1952; Hu et al., 2008; Liang & Huang, 2000; Lowry et al., 2013; Senecal & Nantel, 2004).

Finally, the "MLM eWoM acquisition process" block through the outcome of the qualitative interviews of fifteen distributors in three different markets of the MLM Company (for the markets Germany, Austria and Switzerland) has allowed to define an ideal model of offline WoM finalized to the acquisition of customers and/or business partners. The research identified in the canvassing sales approach similarities relative to the sequences focused during the interviews (Brandenburg, 2020; DSA, 2020; Duffy, 2005; Poyfair, 2017). Combining the offline ideal model with the outcomes from the literature review relative to eWoM, the research has defined the content specs the MLM company should consider when developing content and has also tested the carrier specs (online magazine) of how to make it centrally available for the distributors.

From the offline WoM wheel the logic of the arguments (interview questionnaire Appendices 5, 6, 7), distributors follow in the process to acquire new customers, has enabled the determination of which order to follow in case of an online acquisition supported by the content generated by the MLM company. An online application of the process is considerably easier to implement for the distributor due to the content he already receives and just needs to select as well as enabling through the social selling approach the possibility for potential customers, to allow a more friendly and non-invasive way (Burke, 2002; Trainor, 2012) for the customer to show interest (Agnihotri et al., 2012; Ogilvie et al., 2018).

The use of the centrally developed content has the advantage that it is developed by the MLM company and is in line with all the legal local requirements (Sullivan, 2012). Any possible MLM distortion, if the content is used correctly without any alteration, brings to the result that health and

income claims as well as association to a pyramidal system are excluded (Keep & Nat, 2014). The additional advantage for the distributor is, that using the eWoM approach facilitates the acquisition of potential customers, due to the fact that the message is spread to a multitude of potential customers and the message can impact even more if it goes viral (Kaplan & Haenlein, 2011).

During the period January 2019 to mid 2020, the study tested the results of supporting with centrally developed content the activities of the distributors. No one of the possible distortions were registered by anyone of the distributors using the available content by sharing the articles of the online magazine. This represents a very important result for the MLM company as well as for the involved distributors. Finally, the results evidenced from the literature review in terms of MLM content funnel allowed to define the characteristics the content should have in terms of emotions (Dobele et al., 2007; Ekman, 1975), type of customers and communities to reach (Golbeck et al., 2011; Golkar & Kaedi, 2015; Kaplan & Haenlein, 2011), to enhance the viral effect (Kaplan & Haenlein, 2011).

The emotions area (Dobele et al., 2007) can be maximized by adding to the component "surprise" also an additional emotional component (out of the six identified) therefore enhancing the attractivity of the content in terms of article within the online magazine. Selecting an appropriate article argument, the MLM Company and distributor can reach together the result to get the attention of social hubs (Goldenberg et al., 2009) therefore profiting further from the spreading of information enabled from these entities, due to the number of social ties these hubs have and the reference they represent for a multitude of people (Kaplan & Haenlein, 2011). Addressing customers with an extroverted and or open personality can contribute to spread the content in a quicker and easier way than addressing other type of personalities (Golbeck et al., 2011; Oren & Ghasem-Aghaee, 2003). Any attempt to generate customer reviews (Chevalier & Mayzlin, 2003; Hong et al., 2017; Senecal & Nantel, 2004) could be enhanced and facilitate as internal and external reviews as showed in the market level theory, has the power to influence customers in their purchase

decision. By establishing the online magazine carrier, the MLM can reach the important goal to establish trustworthiness for the MLM Company as well as for the distributor using the carrier. Trustworthiness as seen in the source credibility theory plays a fundamental role in the acceptance of the shared content (Hovland & Weiss, 1952).

The research outcomes have now presented a potential online MLM sequence (Figure 4.13), starting from the WoM specs, passing through the identification of the ideal offline WoM sequence (Figure 4.5) and finally developing the more practical offline WoM wheel (Figure 4.6).

The MLM content funnel (Figure 4.14) was assembled through the knowledge, gathered from the literature review, explaining how the MLM company can implement the single elements of the funnel, going backwords from the theory to the practice. The application of the contents from the MLM content funnel were explained, showing how they contribute to generate a typology of information that corresponds to a standardized content the MLM can give to the own distributor network as support to be shared on their social media channels. This step has not only the advantage to improve the productivity of the single distributor (as he does not need anymore, to invest time in producing own information) but also to generate a content filter (due to the correct definition of content made by the MLM company) that will enable to maximise the positive characteristics of the MLM leverage features (Figure 4.7). Bringing together the elements of the online MLM sequence with those of the MLM content funnel will enable now to conclude the entire sequence and bring the entire process under the umbrella of the MLM eWoM acquisition process. This process contains all the elements the MLM company should consider if interested to develop centrally standardized content to support the sharing activities of the own distributor network and maximise the MLM leverage features. Figure 4.17 shows the different steps the research has put in place to arrive to the final outcome. The blue shaded rectangle area on the left represents the path developed through the interviews of fifteen distributors of the MLM Company. From the coding of the answers received, a first best

practice (flow chart) in terms of ideal MLM offline acquisition process was developed. This was then used to obtain a more dynamic oriented representation or: the offline WoM Wheel. Through the offline MLM wheel the following step was then to obtain the ideal online acquisition process sequence which represented the first input (red oval area) for the MLM eWoM acquisition process.
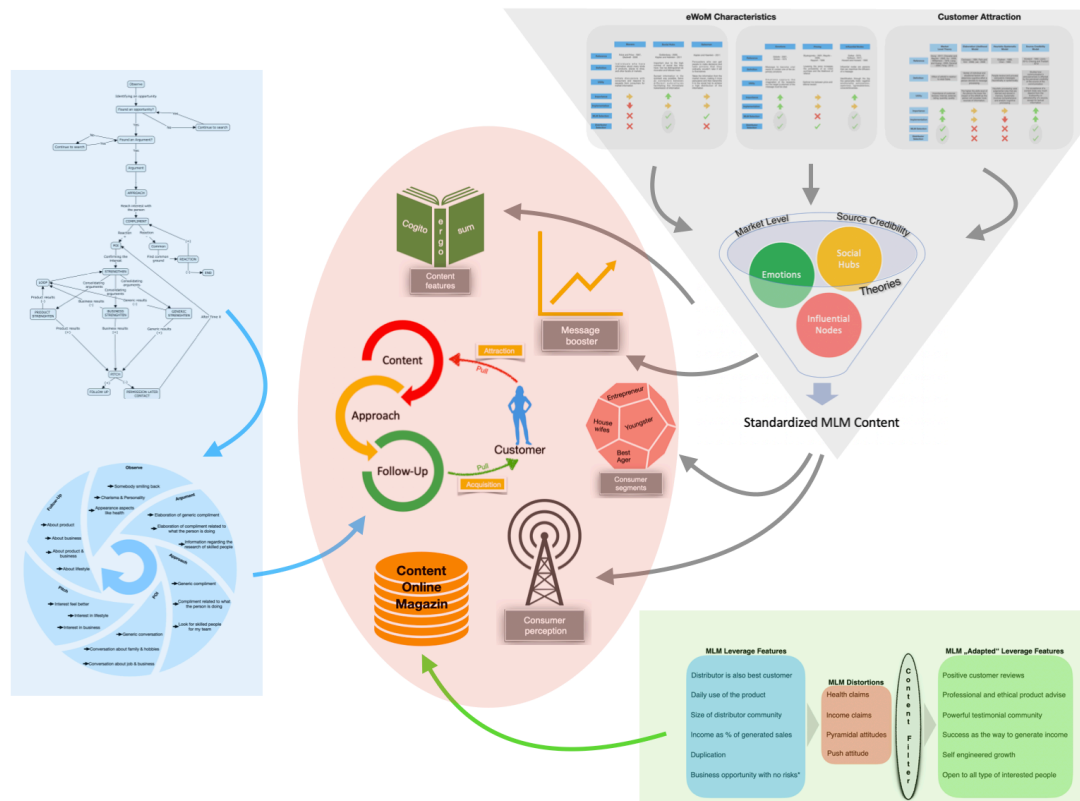
Figure 4.17: Assembling of the MLM eWoM acquisition process

The next part (green area bottom right) was to identify the carrier to use to "transport" the centrally developed content distributors can share through the social media channels they use. The online magazine was chosen as ideal carrier in terms of efficiency as well as transparency and control in avoiding the typical MLM pitfalls (Chapter 2). A first performance analysis of the online magazine was possible, by using the data made available by the use of a pixel inserted in each piece of information contained in the online magazine. The outcome and contribute to the second input for the MLM eWoM acquisition

process (red oval area) is therefore in terms of the online magazine. The third and last contribution in terms of input for the MLM eWoM acquisition process is represented (grey triangle up right), by the characteristics the standard content to support the distributors should have.

This part was obtained from the literature review and contributes (red oval area) in terms of message boosters, content features, customer segments and consumer perception. The red oval area (Figure 4.17) or MLM eWoM acquisition process represents the aim of the research which is finalized graphically in figure 4.18.

Figure 4.18: MLM eWoM acquisition process

4.7 Summary

The chapter has presented the outcome of the interviews with fifteen distributors of the MLM company within three different markets, Germany, Austria and Switzerland sketching the ideal (Weber, 1949) sequence of actions that characterize an offline acquisition of a customer in an MLM environment.

From this sketch a more praxis-oriented representation has been developed and enriched with the knowledge from the literature review contributing to identify the online MLM sequence. Finally, the MLM content funnel individuated through the literature review was matched with the online MLM sequence supported by the online magazine carrier contributing to define the MLM eWoM acquisition process, containing the key elements a MLM Company should consider while developing centrally standardized content. In the next chapter results and recommendations are discussed.

Chapter 5 - Conclusion and Recommendations

5.1 Introduction

In the previous chapter the results from the interview session with distributors of the MLM company has contributed to determine an ideal (Weber, 1949) sequence of offline WoM in an MLM environment. Further on, adding the findings gathered from the literature review, the research defined the elements in terms of content, duplicators and customer attraction, the MLM company should use to generate centrally standardized content (Figure 4.18). In this chapter the conclusion of the study with the answers to the research questions will be presented as well as recommendations for further studies.

5.2 Thesis Aim

The aim of the research was to provide a framework for MLM companies, to guide and support acquisition activities of new customers and/or business partners managed by distributors:

- through the production and implementation of successful online content
- stimulating and supporting distributor's eWoM activities
- aligned to the offline WoM process to avoid potential rejections.

Following the organizational framework presented in the introduction chapter, as logical guidance approach to identify aspects necessary to generate a viral development of a piece of information, the literature review enabled to identify key elements (boosters) as well as theories that indicate how to capture the customer's interest. The results from the interviews contributed to define an ideal offline way for MLM companies to acquire new customers and/or partners. The MLM eWoM acquisition process (Figure 5.1) brings all these elements together and represents the conceptual framework MLM companies could follow to develop an additional social selling channel based on eWoM which contributes also to avoid the typical MLM distortions in terms of health and income claims as well as association to pyramidal schemes, turning the

typical push attitude in generating new customers and/or partners into a pull approach typical of a social selling environment.

Figure 5.1: MLM eWoM acquisition process

5.3 **Objectives**

Obj.1: Critically discuss from the literature review, theory and consumer behaviour models in the areas of eWoM and the development of content to attract new customers.

Content and consumer behaviour theories (Figure 5.2) were analysed and selected in the literature review explaining how the application of social media to WoM determines eWoM (Kaplan & Haenlein, 2011). Based on the principle "the right people need to get the right message" (Kaplan & Haenlein, 2011) an organizational framework (Figure 5.3, triangle A) was developed focusing in the literature review on the eWoM and costumer attraction area. The eWoM characteristics block (Figure 5.3, triangle B) contains the booster elements that can generate a viral development of content. Booster elements identified in

terms of people to reach are market mavens (Feick & Price, 1987), social hubs (Goldenberg et al., 2009; Kaplan & Haenlein, 2011) and salespeople (Gladwell, 2000).
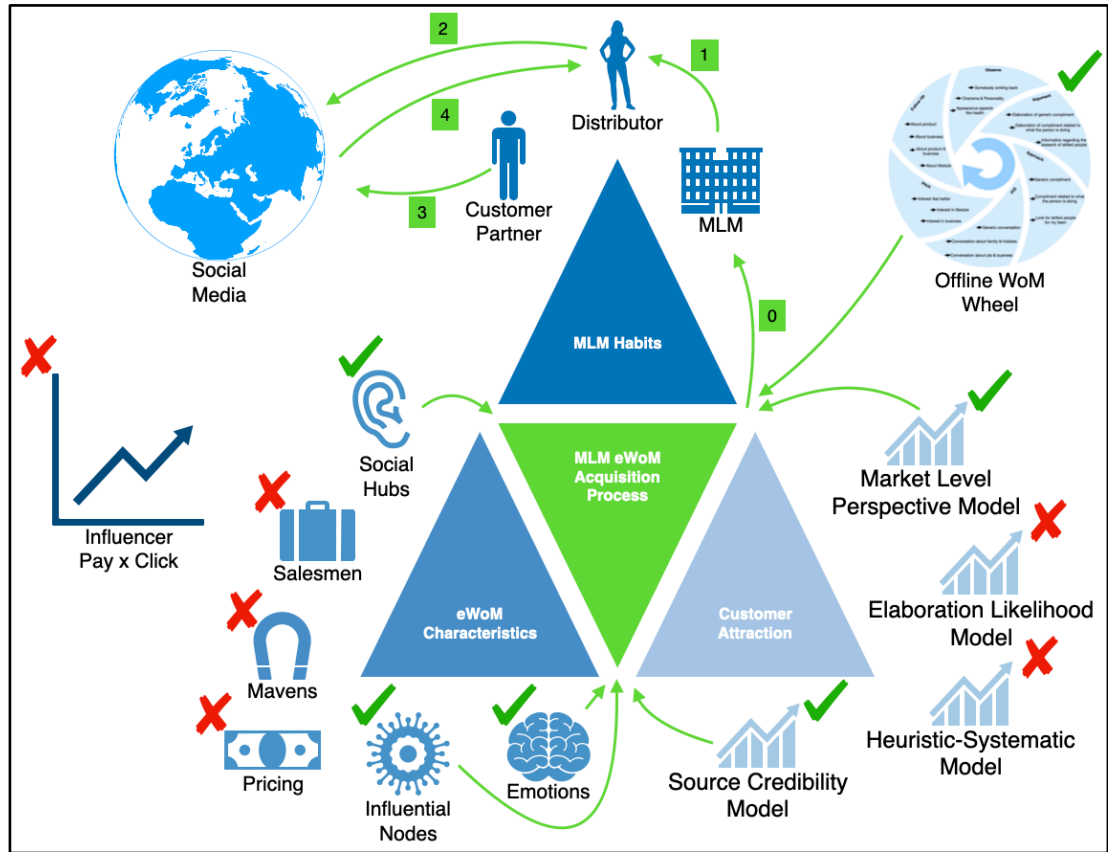

Figure 5.2: Selection of the available resources & opportunities

Further booster elements where identified in terms of emotions (Figure 5.3, triangle B) intrinsic in the content (Dobele et al., 2007), pricing and type of (Eyal et al., 2001) costumers or so-called influential nodes to reach first in
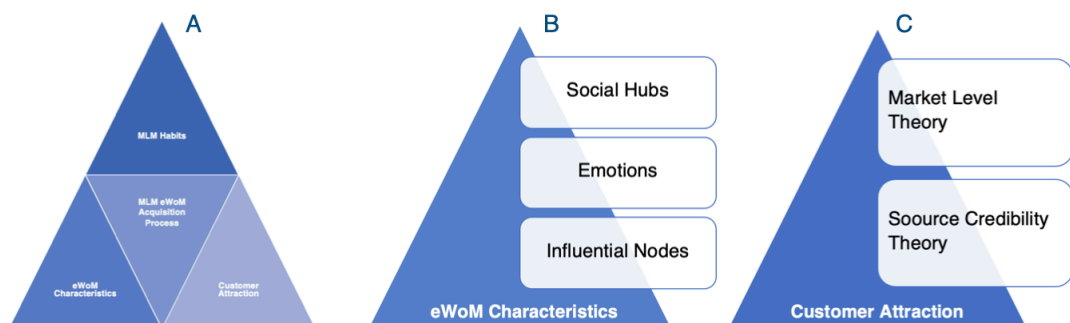

Figure 5.3: Content and consumer behavior theories

order (Golkar & Kaedi, 2015) to accelerate the spread of the message. Social hubs, emotions and influential nodes were the three boosters selected, depending on the capacity of the MLM Company and the distributor together to effectively manage these boosters (Figure 5.4).

	Social Hubs	Emotions	Influential Nodes
Reference	Goldenberg - 2009, Kaplan and Haenlein - 2011	Dobele - 2007, Ekman - 1975	Golkar - 2015, Golbeck - 2011, Howard and Howard - 1995
Definition	Important due to the high number of social ties they have. Can be distinguished as innovator and follower hubs	Message to become viral needs to contain one of the six primary emotions	Influential nodes are persons that can maximize the diffusion of a message
Utility	Spread information in the quickest way possible. Serve as connectors between different subcultures facilitating the immediate transmission of information	Emotions capture the imagination of the recipients but the target (customer) of the message must be clear	Identification through the big five personality traits: negative emotionality, extroversion, openness, agreeableness, conscientiousness

Figure 5.4: Boosters selection

Regarding which type of e-content attracts the consumer attention (Figure 5.5),

	Market Level Theory	Source Credibility Model
Reference	Hong - 2017, Chevalier and Mayzlin - 2003, Hu - 2008, Williamson - 1979, Liang and Huang - 2000, Senecal - 2004, Feng - 2010	Hovland - 1952, Lowry - 2013, Cheung and Thadani - 2012
Definition	Effect of eWoM in relation to retail Sales	Studies how communication's persuasiveness is affected by the perceived credibility of the source of the communication
Utility	Importance of customer reviews: internal, external, rating, quantity, quality	The acceptance of a content does very much depend from the trustworthy or untrustworthy of a source, except for factual information

Figure 5.5: Customer attraction model selection

triangle C) four different consumer theories were analysed and two selected:

I) The market level perspective theory (Chevalier & Mayzlin, 2003; Feng & Xiaoquan, 2010; Gu et al., 2012; Hong et al., 2017; Hu et al., 2008; Liang & Huang, 2000; Senecal & Nantel, 2004)
II) The source credibility model theory (Hovland & Weiss, 1952; Lowry et al., 2013)

Obj.2: Through the combination of methods, identify from interviews with distributors and their use of support material provided by the MLM Company, how to develop successful eWoM content.

Following Weber's definition: "the ideal type never exists in reality but can serve as a useful model to guide the social inquirer in addressing real-life cases and discerning where and to what extent the real deviates from the ideal" (Weber, 1970), the single approach pieces expressed during the interviews of fifteen highly successful distributors of the MLM Company in Germany, Austria and Switzerland, were combined together defining how an ideal type of offline WoM should be executed while acquiring a new potential customer and/or business partner. The result of the ideal offline WoM sequence is the "offline WoM wheel" (Figure 5.6).

Similarities in the way distributors follow the acquisition process could be identified in the literature review through the canvassing technique (Brandenburg, 2020; Duffy, 2005), which includes also the direct selling technique (DSA, 2020) adopted in the MLM industry. This type of technique is particularly helpful when selling products that request a certain level of explanation of how to use the product which again represents a perfect match with the MLM product range (Sullivan, 2012).
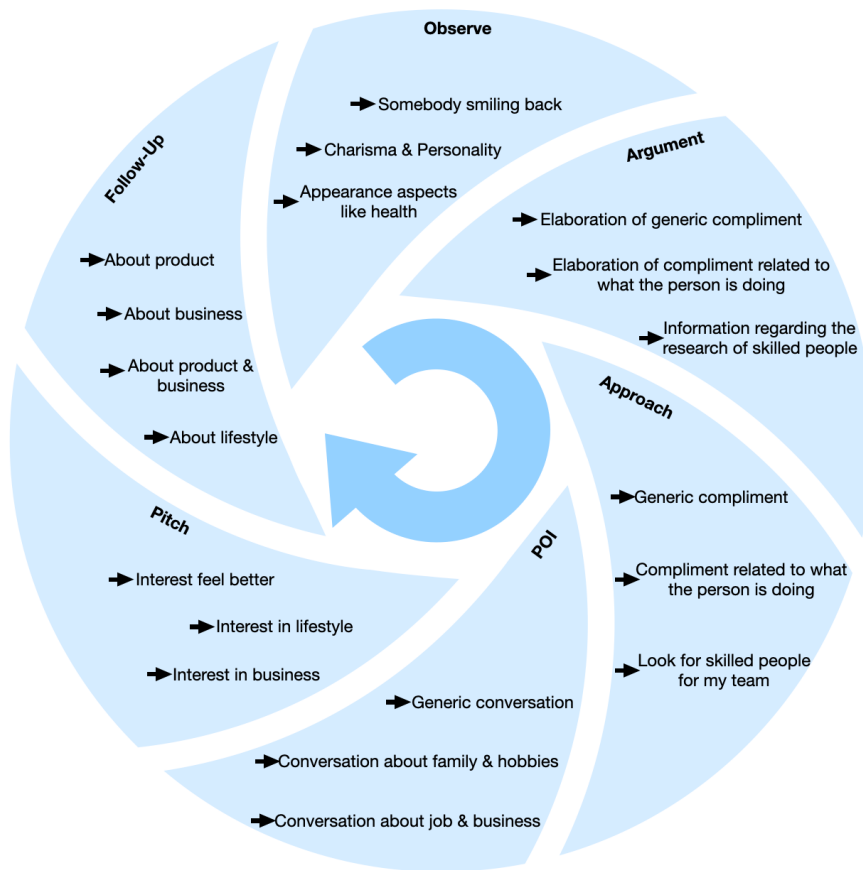
Figure 5.6: Offline WoM wheel

In the following step a digital carrier for the content to share by the distributor was identified based on the following characteristics:

a. being accepted by the community of distributors
b. being periodically updated in terms of content
c. being used as a primary source of information by the distributors
d. being perceived as interesting information source by potential customers
e. being able technically to allow an efficient and easy sharing of content

Based on these five key characteristics as well as the elements found in the literature review, regarding the advantages and functional rules of social selling (Burke, 2002; Moncrief, 2017; Verma et al., 2015), an already existing paper magazine was identified in the MLM Company as the ideal carrier of content, converting the format from paper to online therefore obtaining an online magazine. As Burke (Burke, 2002) observes: consumers of today look up, analyse, and compare product features, process, payment options,

shipping information, and return policies before making an online purchase. For Moncrief (2017), environmental changes are requiring sales organizations to make adjustments in marketing and sales strategies and Trainor (2012) adds that social media is transforming the consumer from a passive player into an active and controlling participant.

Through the offline WoM wheel (Figure 5.6) sequences and the use of the online magazine as carrier of content to support the acquisition activities of distributors, the online sequence of WoM was finally identified. As shown in Figure 5.7, one of the key advantages reached in the online MLM sequence is the conversion from a typical push process (offline MLM wheel) into a more effective (in terms of reached customers) pull or attraction sequence (Agnihotri et al., 2012; Ogilvie et al., 2018); this has also the advantage to be perceived by participants to be an effective way of approaching attractive leads and prospects in a non-invasive and more personal way which again is very often seen critically in an MLM environment (Keep & Nat, 2014).
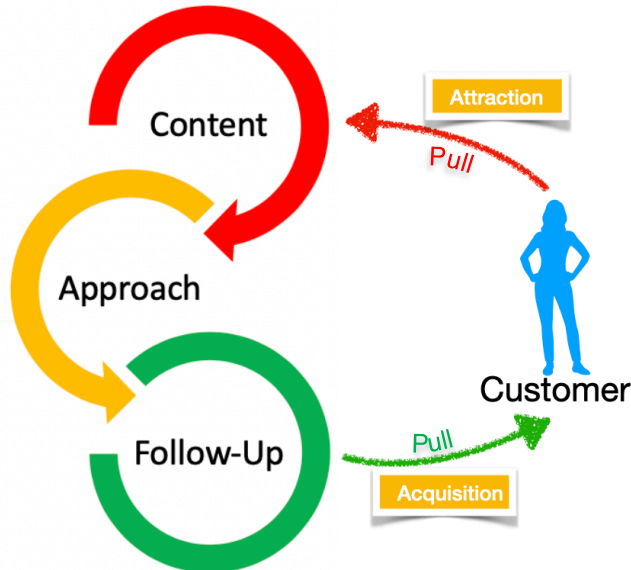

Figure 5.7: Online MLM sequence

Obj.3: Generate an eWoM content framework that is aligned with the successful customer acquisition process sequences constructed out of the interviews, to contribute to knowledge and practice.

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Through fifteen interviews with distributors of the MLM company, the ideal sequence of offline WoM was identified, while the literature review allowed to evidence effective ways of generating customer attention through electronic WoM (Hennig-Thurau et al., 2004; Kaplan & Haenlein, 2011). Through a combination of the findings from the interviews with the outcomes from the literature review an eWoM content framework was generated with the aim to pursue five main goals:

1.) Extrapolate an eWoM approach based on an already established and accepted offline working process of the distributor (15 interviews of highly successful distributors)

2.) Attract the attention of potential customers with specific content features (Dobele et al., 2007)

3.) Allow customer content segmentation (Golkar & Kaedi, 2015)

4.) Amplify the virality of the content by addressing message boosters (Goldenberg et al., 2009; Kaplan & Haenlein, 2010)

5.) Produce content that fits consumer perception (Cheung & Thadani, 2012; Chevalier & Mayzlin, 2003; Feng & Xiaoquan, 2010; Gu et al., 2012; Hong et al., 2017; Hovland & Weiss, 1952; Hu et al., 2008; Liang & Huang, 2000; Senecal & Nantel, 2004; Watts & Schneier, 2003)

The result is the MLM eWoM acquisition process (Figure 5.8) that represents a contribution to knowledge in the way the single elements are identified and combined following an eWoM sequence obtained from an ideal offline WoM, practiced by highly successful distributors of the MLM Company. The aim framework represents a contribution to practice in the way standardized content is developed centrally by the MLM company and made available on an online magazine to be shared through the social media interactions of the distributors of the MLM Company. This practice allows to turn a typical push driven approach into a pull one, allowing the distributor to reach at the same time a multitude of potential customers and enable the MLM Company through the development of standardized content, to limit the danger of the typical MLM pitfalls.

Figure 5.8: MLM eWoM acquisition process

Obj.4: Generate guidelines that can be applied by MLM companies to develop standard content to be used as eWoM and limit typical MLM pitfalls as well as increase distributor competence in the market.

The research has analysed in the literature review examples of relevant features eWoM should reflect to increase the acceptance and interest of potential customers (Dobele et al., 2007; Goldenberg, Han et al., 2009; Golkar & Kaedi, 2015; Kaplan & Haenlein, 2011). Out of these portfolio features, some were selected (Figure 5.9) depending on the capacity the MLM company "and" the distributor have, to influence or drive the content process. The outcome identifies the MLM content funnel an MLM company should follow when developing centrally content. This process will support the MLM Company in limiting risks related to the typical MLM pitfalls (Keep & Nat, 2014). By developing centrally standardized content, the MLM company can exercise a direct influence on what type of content a potential customer and or business

partner should receive (Sullivan, 2012) and at the same time avoid that the content contains any type of referral to health and income claims as well as pyramidal association (Keep & Nat, 2014).
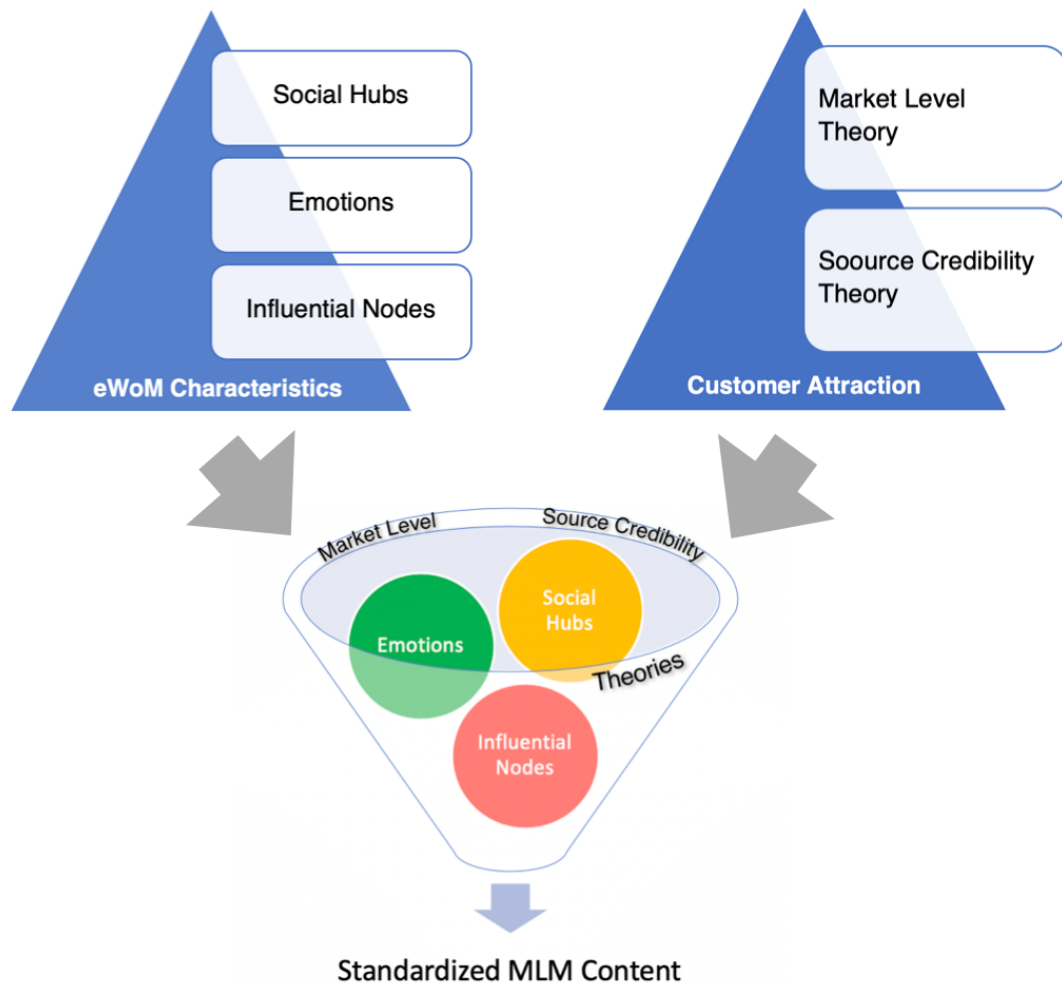
Figure 5.9: MLM content funnel

In the case a distributor would deliberately falsify a part of the available content, the MLM company has consistently more tools and ways, compared to the present offline WoM activities, to identify within a short amount of time the infringing distributor and act consequently.

Figure 5.10 shows how through the development of standardized content applied through a social selling mode (Moncrief, 2017) the MLM company could apply a filter to the claims and advertising information promoted by the

distributor and fulfil the goal to further enhance the positive features an MLM business model presents (Coughlan & Grayson, 1998).
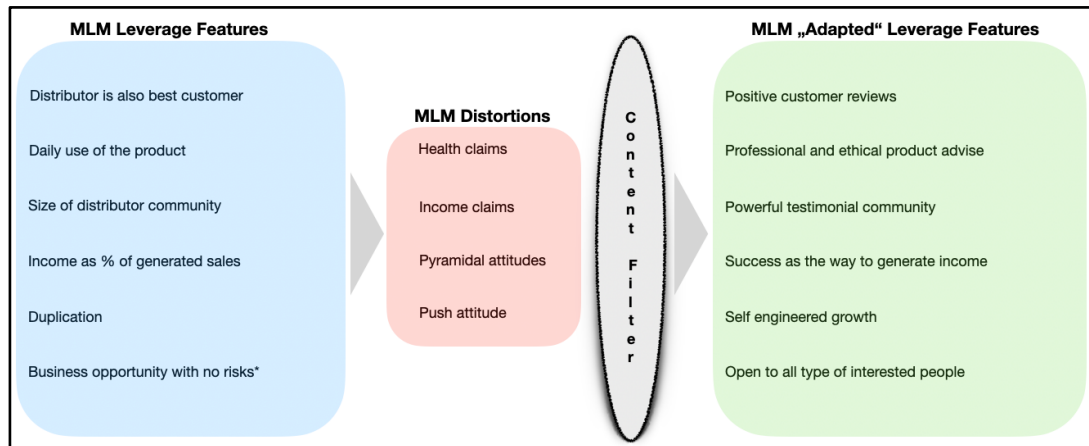
Figure 5.10: MLM Leverage features

Finally, the availability of standardized content, will support the different typologies of distributor skills facilitating a natural development of these skills, by offering on a regular base a best practice in terms of content to be shared on social media channels.

5.4 Contributions

5.4.1 Contribution to Knowledge

The literature review has evidenced how different research has focussed the attention on the opportunity to develop a social selling channel (Moncrief, 2017) within a typical retail environment. No examples could be found relative to the use of the same approach to create a similar environment also within a MLM business type. This research opens also for the MLM industry an opportunity based on social selling, demonstrating that the same type of approach to create eWoM can be applied also within an MLM environment and represents therefore a contribution to knowledge.

A further contribution is represented in the way the research was able to identify key elements to consider and reflect when generating eWoM. This contribution has evidenced how to add an additional sales channel based on

social selling to acquire additional customers and/or partners (Kaplan & Haenlein, 2011). Through the research and analysis of the subjects and elements that can exert a viral influence on social media channels, the research contributed to cluster three different typologies of factors (Goldenberg et al., 2009; Golkar & Kaedi, 2015; Kaplan & Haenlein, 2011) that are relevant to generate eWoM. First of all, experts (mavens, salesman) and communities (social hubs) that can expand in terms of duplicating a message the virality of it. Second, content features (emotions, pricing, influential nodes) that if reflected in a message can also support virality. Third, behavioural aspects affecting the customer that if also reflected in the message can trigger a higher or lower effect in terms of interest.

Connected to this contribution is also the approach proposed in selecting the influential elements, in terms of virality generation, that can effectively be triggered by an MLM company. The research proposed an approach based on the reachability and influenceability of these viral components combining the action of the MLM company together with the one of the distributors.

Another important contribution is represented by centralizing the production of content under the control of the MLM company (Sullivan, 2012) generating therefore standard content that gives the following advantages:

- Define a standard, distributors can use by simply sharing the content enhancing the professional appearance of the distributors from the customer perspective
- Optimize the time productivity of the distributor by keeping his focus on potential customers and/or partners
- Allow the MLM company a control on the content limiting the danger of health and income claims as well as the association to a pyramidal scheme (Sullivan, 2012; Keep & Nat, 2014) neutralizing, the typical MLM pitfalls through a direct development of content and claims

From the literature review no examples of central driven production of content to be shared on social media channels could be found.

Finally, the examples of other research, focussed on evaluating the effectiveness of a social selling approach, evidencing the pull sales approach typical of this channel, was used to develop an online process starting from an ideal offline approach determined through the interview of fifteen successful distributors, operating in the MLM business environment. The particularity of starting from an existing ideal offline approach represents a contribution to knowledge, because: 1.) it allows to create a better acceptance of the proposed process as it uses an already established ideal practice, 2.) it avoids possible rejections from distributor side, 3.) it contributes to modify his approach from a classical push to a more contemporary, effective and customer friendly pull experience that puts the customer in the driver seat. This type of process improves the professional market image of the distributor by guiding his online activities through the sharing of professional and marketing attractive content (Agnihotri et al., 2012; Moncrief, 2017).

5.4.2 Contribution to Practice

The contribution to practice presents a balanced approach (Figure 5.11) in combining offline elements with online ones. This balanced approach, starts
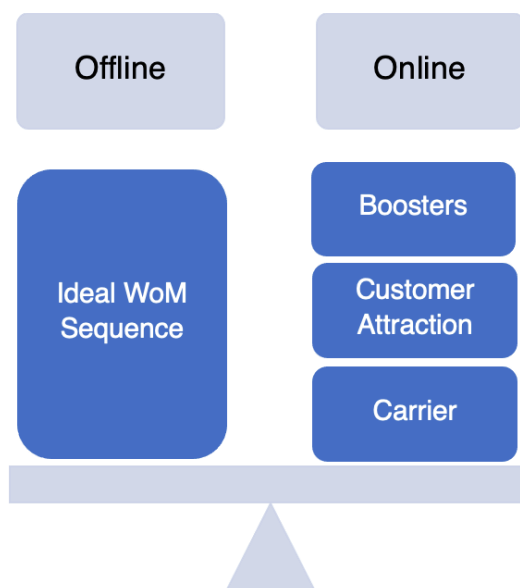
Figure 5.11: MLM Leverage Balanced approach

with the depiction of an ideal (Weber, 1949) sequence of offline WoM, through fifteen interviews of highly successful distributors of a MLM company, obtaining the first contribution to practice in terms of offline WoM wheel (Figure 5.6).

A second contribution related to the balanced approach, consists in matching the ideal offline WoM obtained with the knowledge gathered through the literature review. While in the literature review other researcher focussed on developing successful eWoM independently from previous offline WoM, the present research has established a connection between the ideal offline WoM sequence and the characteristics of viral eWoM:

1.) Identification of the emotions the content should include (Dobele et al., 2007)

2.) Identification of social hubs to support and speed-up the spreading of the information (Goldenberg et al., 2009)

3.) Selection on which customers to pass the message first (Golkar & Kaedi, 2015)

4.) Develop suitable content based on customer perception: market level theory, source-credibility theory (Cheung & Thadani, 2012; Chevalier & Mayzlin, 2003; Hong et al., 2017; Hovland & Weiss, 1952; Senecal & Nantel, 2004),

5.) Visual examples of the characteristics of an online magazine as well as features to facilitate the sharing of information executed by the distributors

This connection is key to leverage the experience in terms of ideal (Weber, 1949) offline WoM and to avoid the risk of a rejection in terms of acceptance by the distributors of the MLM company (Fergurson, 2017).

A third contribution is reflected in the example the research has developed to convert an existing magazine into a carrier to use to centrally produce standardized content (Moncrief, 2017; Trainor, 2012), creating an online magazine that allows to implement and use social selling and the identification

of key properties the content should reflect to become viral and attract the attention of a multitude of potential customers.

A fourth contribution is represented by the opportunity the central production of standardized content enables the MLM company to develop a type of content that is in line with the marketing principles of the company as well as with the legal rules of the market, avoiding any potential risk of health, income claims and association to pyramidal schemes.

5.5 **Recommendations**

The research has evidenced a new and innovative path for the MLM Company to increase the control on one of the most important and critical elements influencing the success of a company in the network marketing industry: the recruitment of new customers and/or business partners. During the period of the study (2017-2020), from January 2019 until the finalization end 2020, the model proposed was also tested using first available data regarding the use of the centrally developed content on social media channels. During this test period, although very particular for the MLM Company, due to the Covid 19 crisis and the related risks, that distributors use the situation to enhance the healing properties of the commercialized products to support the immune system, no cases of MLM pitfalls were registered. In particular Germany and Switzerland registered the highest turnover increase since the last fifteen years of their existence as well as number of interested customers and business partners who signed the contract with the MLM company to benefit from the products and business opportunity. Austria on the other side, did not show the same evolution. One of the possible reasons could be that the typology of distributors in that country were reluctant to accept an alternative and additional way to use the online magazine to develop online relationships with customers. Their reaction to the new proposed approach was, that network marketing is a people-to-people business that needs a personal offline interaction to be successful. This could be also the reason why Austria did not profit in terms of turnover development from the Covid 19 period but lost turnover as distributors chained to their typical offline way of developing

relationships with potential customers, were not used to do it electronically and were hit by the impossibility to meet physically people.

Regarding the selection of written content instead of video content, the decision was merely amenable to proceed with little steps to avoid any rejection risk from distributor side. As said before, evolution instead of revolution. Today after almost two years of confronting distributors with the possibility to use centrally developed content to share on social media has created an ideal humus of understanding and openness regarding the opportunity to generate new customers and or business partners also via the online way. Whilst this research is in the process to be concluded and submitted, the team of the MLM company in the DACH region is already considering how to make the next step offering in addition to the written content also video content to be shared. As usual in a healthy business environment, learnings, experience and successful examples taken from other business environments (literature review) are the ideal opportunity to prepare the next evolution step.

5.6 Limitations

Limitations are represented in the interpretation mode the study follows. The research reflects the consciousness that the findings are limited related to the geography of the study, focusing on three specific markets: Germany, Austria and Switzerland. The focus on the DACH region (Germany, Austria, Switzerland) had the peculiarity of a sample that evidenced differences in terms of product and business focus as well as cultural aspects which represents in a certain way an ideal premise regarding the applicability of this research also to other markets. The sample size (fifteen interviews) could be seen as a limitation, although as reported in the previous chapter, the starting point of informational redundancy (Onwuegbuzie & Leech, 2010) was reached approximatively after the 10th interview. Time as well represents a clear limitation, as the incredible speed that social media channels experience and that have an influence on customers and business partners can change from

one moment to another consistently the results and expectations of the study. Another limitation could be represented by the applicability of this research to other companies in the MLM industry. In particular, the type of relationship with the own distributorship could represent a clear obstacle to the introduction of a centralized content system. As explained in the literature review chapter, distributors in the MLM business, tend to consider the final customer as something they own and control. It is therefore a key aspect, to consider the type of relationship the MLM company has established with their own distributors, prior to any application of the research outcomes. Nevertheless, the route and arguments touched can represent an interesting example for other researchers that will follow.

5.7 **Future Research**

Future studies could use the experience and example of developing centrally content to support the acquisition process, to analyse in which way customers that reacted to the stimulus of the content shared by the distributors decided to purchase the product of the MLM Company or to join it by becoming a distributor. This type of check was unfortunately not possible, due to the limited time available. From first data gathered during the period 2019-2020, the conversion rate of customers following the articles of the online magazine and then purchasing in the online shop could be around 1,82%, the same value of paid advertising through Google (cost per click) registered in the same period of time. If this would be confirmed it could become an encouraging element to further analyse, as the investment for the distributor in terms of money is zero and in terms of time very limited (as seen in the interview of the most active distributor).

Another interesting aspect for further analysis could be the comparison between a supported acquisition process as the one presented by the research and the classic offline acquisition process. The difference in terms of productivity of the distributor could add interesting puzzle elements to the present research and further enhance the argument of online customer

acquisition. As indicated in the recommendations part, the conversion from printed into video content could represent a further enhancement of the acquisition activities of distributors of the MLM company allowing also to reach the younger customer segments that most of all are used to consume video information instead of a written one.

5.8 **Conclusion**

By taking the decision to place the usual understanding in abeyance and have a fresh look at things, setting aside all previous habits of thought and break down the mental barriers which these habits have set along the horizons of our thinking (Crotty, 1998), by "learning to see what stands before our eyes" (Husserl, 1931), by "deciding not to take our received notions for granted" (Wolff, 1984) and "break with our familiar acceptance of it" (Merleau-Ponty, 1962), the research has questioned what has been for more than 75 years, an unquestioned holy grail of the network marketing business model: the acquisition of new customers and or business partners is a distributor's matter!

Through the aim and objectives of the research, arguments were presented to better understand the challenge and opportunity for the MLM company to increase the influence on such an important and vital process.

Through examples of other industries and relative studies, criteria that support such a decision were evidenced and explained to be used as guideline and enable a better understanding of the opportunity.

Through the experience of a carrier like the online magazine a visual and working instrument in terms of content support were presented and analysed providing a concrete idea of how to take more influence on the acquisition process of new customers.

Finally, through an interpretivist philosophical approach, following the logic of an ideal type (Weber, 1949) the data and findings presented, contribute to knowledge and practice.

List of Appendicies

Appendix 1: Approval research integrity committee

The Business School
Edinburgh Napier University
Craiglockhart Campus
219 Colinton Road
Edinburgh, EH14 1DJ
SCOTLAND

18 April 2019

Application reference: ENBS-2018-19-026

Title of proposed research: Pilot Interview Project: Online Customer Relationship Building in a Network Marketing Environment

Dear Florian,

The revised application you submitted to the Research Integrity Committee has now been approved.

Please use the above application reference if you need to demonstrate that you have received ethical approval from the Business School Research Integrity Committee.

Good luck with your research.

Regards,

Matthew Dutton
Convener, Research Integrity Committee
m.dutton@napier.ac.uk
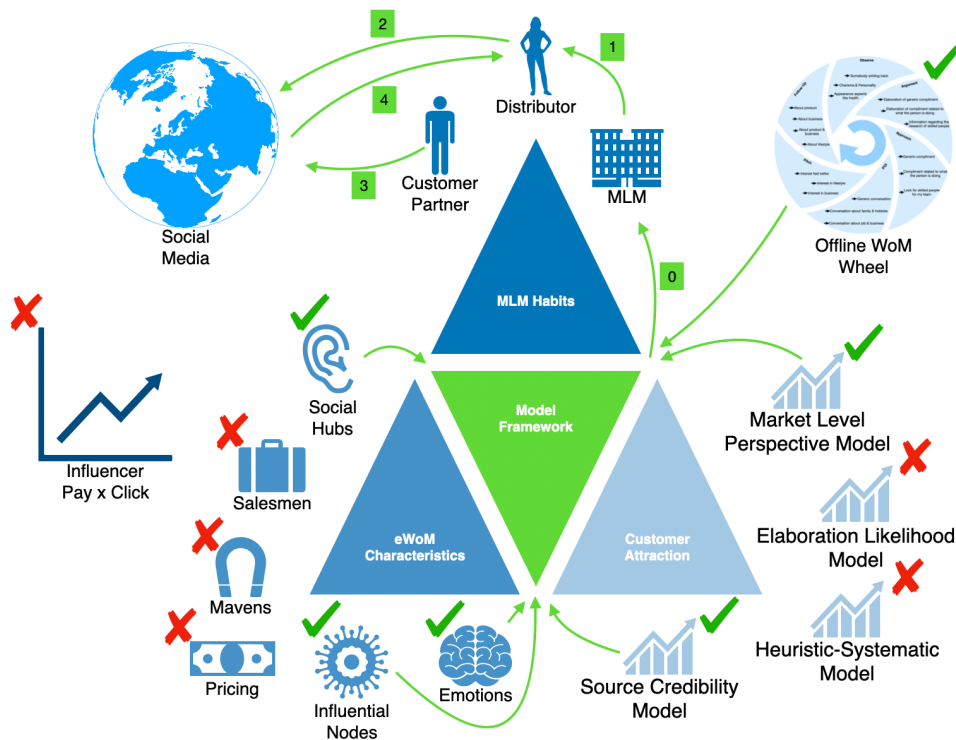
This study is about identifying a process framework on how to support the distributors of a multilevel marketing company with centrally developed content material using the social selling potential of electronic word of mouth. By establishing this kind of support, the MLM company has the opportunity to increase the level of productivity and professionality of the own sales network, gain more transparency and therefore control on the acquisition activities performed in the market and reduce the risk of the typical MLM pitfalls.

If you are passionate about this subject and are interested to get in contact with the author of this study, please use this e-mail:

florian.kaufmann@onlinehome.de.

Appendix 3: Interview introduction and explanation format

In the following series of questions, we are going to focus on a very specific and narrow part of the acquisition of new potential customers. We are limiting this part to two specific moments:

1. The first moment is when you approach for the first time a person you have never seen before. What is important is what type of considerations you reflect in your mind before approaching the person, this means the situation you analyse and what are the elements you focus that brings you to approach the person you just saw seconds before. Very important to consider is also the sequence you follow in your questions depending on the type of reaction of the person.

2. The second moment is relative to the way, after establishing the first contact, you build up your next appointment (the follow up) where the goal is to have plenty of time to explain in detail every aspect of the product/business you consider necessary. Please consider also in every moment elements that enable you to recognize if the person is really interested or not.

Interview questions

1. Please describe what kind of considerations you follow when observing a person, you never met before and what makes you decide to approach that person?

2. What kind of message do you use to approach the person and stimulate interest?

3. Do you make any reference to the products you sell, business opportunity or company you work for? If not, why?

4. How do you or would you manage a "cold acquisition" electronically?

5. What type of support in terms of electronic information material (articles, product/business brochures, others), would you consider helpful if provided by the network marketing company?

6. How do you decide, depending on the reaction of the person, if to propose a follow up or not and what are the elements you consider or mention to prepare the best pitch possible?

7. If the person does not want a follow up how do you manage the "No"? Will something follow?

8. How do you or would you manage a "follow up" electronically?

9. What type of support in terms of electronic information material (articles, product/business brochures, others), would you consider helpful if provided by the network marketing company you are working with and why?

Appendix 5: Coding Matrix German Distributors

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D1			
I look for cute people who are dealing with their clients, or who are smiling or making someone laugh… because I like to work with people who are cute	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
I have with me a fantastic travel document in two languages. German and English that capture the interest	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
I will immediately say, that was a perfect service from him. Have a look on my card, you can see my social networks	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
I am being honest, the person handling the Market Forever conversation has no idea on what it is going on. In that card it is written only Career 2.0 and my name	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
If you are willing to build your future on your own, want more quality time, or want to get more money, or want to have more flexibility in your job, then add me to your contacts and feel free to message me	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
I focus my conversation on how the things are going and what results were seen in a specific time period. And if someone is close to the place I am living, I don't hesitate to start personal meeting with	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D2			
The basis with me is that when I person has a positive aura, when she has a friendly personality, looks "business-like" or somehow has something unique which gives me the itch of wanting to know that person	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
I look for whethera nice compliment or a somewhat random sentence where I notice if the person is willing for a conversation. Or if she's somewhere completely else with her thoughts, but it depends on the situation. the person is smiling or able to smile.	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
And then somewhere a compliment about the outfit, about the great necklace that the woman has or what I positively noticed about that person, something that's really honest.	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
Firstly, it's something of the usual, then at some point we get to the kids and family, the job-. That goes always. And from the weather you get to sports to something which that person is interested in. And somewhere there's the health topic where I get a signal, or jobwise where I get a signal	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
I always play with open cards. And when I notice that it's going well then, I say "It's definite, there has to be a reason as to why we met today". Then I briefly mention that I want to meet with them personally to talk about a business opportunity and about cooperation or a business opportunity, it depends on what it is	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
I talk about a possible business cooperation or about health aspects and invite them to visit one of our regular events	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D3			
If someone is congenial, if I smile at someone and he smiles back at me so then I just ask. I also listen to conversations of others and try to understand if she is complaining about her job or about whatever	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
If I am in a new city, I say: "I am establishing a new team right now and you made a really good impression on me because of your positive personality. Are you open for a conversation with me? If I understand her complaining about her job or about whatever, yes, I approach this person and I ask if I overheard it correctly and that I, like I just said, might have an alternative for her if she is open to give me a few minutes of attention. I would love to fix a date because I just cannot explain in passing	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
I always pass a compliment; I definitely pass an honest compliment. "You made an impression on me because you have such a beautiful smile" or, "Your hair, where do you go to the hairdresser?" or, "You are so well-dressed. Maybe you could pass on some advice to me."	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
I don't try to reveal anything within the first conversation actually because it did not work for me. I try to really establish a foundation first. I say, "Look, we offer some events. Maybe you want to participate sometime? Join us with your husband so he can take part in it, too, and see how we work so that you can have a look at the people and how everything works."	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
The goal is always to get to a follow up. The entiure first approach is built to reach that result. That is the reason why I stay generic during the first approach not giving any precise information but stimulating the interest of the person indipendently if it is from a product or business perspective	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
I try to find out where the pain lies within them, if it is either money, their job, or the circumstances in general. And I somewhat try to take on the initiative and I say, "Look, I have done this in four and a half years. I was in a similar situation."	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D4			
It is based out of sympathy or because I am sharing a certain situation at the moment. I always address those who have the better style of clothing, who may be dressed a little more formal	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	OBSERVE
It is based on sharing a situation, beeing in the same place, attending the same event	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	ARGUMENT
I ask "why are you here?" because then I already get the first motivation reasons, the personal goals in part, simply the motivation of the person. Why is he doing what he is doing today?	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	APPROACH
My biggest goal in the very first conversation is that the person sees that he has someone with me who brings him a little bit closer to his goals, because then he is forever obliged to me, more or less, to say	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	POI
I contact the person again but never with a direct argument: I always do it via "Can I have your opinion?", "Do you know someone who-", "Can you think of someone", "This and that Subject, is that fundamentally interesting for you at all?"	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	PITCH
Always a compliment or praise for what they mentioned in the last conversation, so what I liked and if they didn't say anything, I relate it to their clothes. You usually always find something. If I got the first conversation right, I already know that someone wants a new car, wants to go on vacation more often, wants a new house, more time for the kids etc. Then of course I can hack exactly at the point and can ask "Is that still important to you? You told me this." Now they says "Yes, it is still extremely important to me. I still like the new car with my current job it doesn't work"," Have you ever thought about doing something new as a part-time job?".	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	FOLLOW UP

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
Distributor D5			
We use our landing pages, social media channels to catch the interest of the person. A typical pull approach	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	OBSERVE
The arguments are all related to feel good so health related issues	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	ARGUMENT
The first contact is etasblished by the person himself. Bbased on information he gathered he approaches us via e-mail or telephone	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	APPROACH
The interview via telephone follows, here important nutritional apsects are asked by us to better understand the needs of the person	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	POI
It is the person that decides if to have a second appointment. If yes we send a questionnaire he needs to fill. Answers are generic and there is no mention of the company or the products. We mention only that they are Aloe Vera based products	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	PITCH
During the follow up a complete check is done based on the answers of the questionnaire. If the person is interested to purchase the products we register him as it is less administrative work for us	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	FOLLOW UP

Appendix 6: Coding Matrix Austrian Distributors

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
A1			
I observe the person and focus on the body language	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	Identifying an opportunity	OBSERVE
The body language is the same for everyone and tells me what the person is looking for	Once a situation is focused the distributor identifies the arguments to approach a person	Finding fitting arguments	ARGUMENT
People are impressed by the way I was able to understand what they feel and ask questions	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	Establishing a contact	APPROACH
The fact that I am satisfied and feel well brings people to ask me how I do	Following the first contact the conversation starts in both directions providing additional important information to the distributor	Reaching interest	POI
I explain that I feel well because I drink Aloe and how this is linked to a business opportunity that generates wealth	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	Creating expectations	PITCH
I talk about the aloe and the business opportunity bringing the example of the Metro subsidiary	Full information is given regarding the product or business opportunity to generate a concrete action	Revealing the intention	FOLLOW UP

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
A2			
I look for eye contact	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	Identifying an opportunity	OBSERVE
I look for whether the person is smiling or able to smile.	Once a situation is focused the distributor identifies the arguments to approach a person	Finding fitting arguments	ARGUMENT
I might smile at someone, and if they smile at me back, they have at the very least noticed me and recognised me.	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	Establishing a contact	APPROACH
Mostly an approach based on a phisical issue that can be solved with our products	Following the first contact the conversation starts in both directions providing additional important information to the distributor	Reaching interest	POI
In the way I listen and I am able to show him that I undestand his/her problem and use my knowledge to get into a situation I can give him advice of what to do	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	Creating expectations	PITCH
My focus is on product therefore I focus on the needs the person has in terms of products that can solve or support a certain issue	Full information is given regarding the product or business opportunity to generate a concrete action	Revealing the intention	FOLLOW UP

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
A3			
I observe the person, the bodylanguge, the way the person behaves.	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	Identifying an opportunity	OBSERVE
I look for example the shopping cart to discover if it is somebody that takes care of the body and cherishes the life and health	Once a situation is focused the distributor identifies the arguments to approach a person	Finding fitting arguments	ARGUMENT
I approach directly the person, I make a personal and honest compliment to the person which is rare in a stressful and anonimus world	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	Establishing a contact	APPROACH
Mostly an approach based on a phisical issues that can be solved with our products	Following the first contact the conversation starts in both directions providing additional important information to the distributor	Reaching interest	POI
In the first few face to face interactions my goal is getting an appointment. Building a basis of trust and finding more out about the other person and giving information about myself too.	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	Creating expectations	PITCH
It is about getting to know each other and sharing information. While saying goodbye you can give them a brochure, because it is full of products they have been buying	Full information is given regarding the product or business opportunity to generate a concrete action	Revealing the intention	FOLLOW UP

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
A4			
The environment and lyfestyle situation needs to be the right one that inspires me	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
If somebody whom I have eye contact and looks open and friendly then I approach him and speak to him	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
I address the person directly, could be after an eye contact, could be because I heard the person saying something interesting	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
I always tell them that I am selfemployed and that I love what I do and I could imagine that the person could also fit very well in my team	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
Approaching people in an environment I like or having listened to what the person said helps me to choose persons that are similar to me in their expectations. We start talking about the common lifestyle	Fitting arguments are presented to generate expectation and propose the follow up	*Creating expectations*	*PITCH*
I start with the lifestyle I was able to reach thanks to this opportunity. That I have found this company, where I can fulfill all of this. And I would like to introduce this company to them. And then I talk about Forever. First about network marketing, then about Forever and then about the products, and then again I get back into business once more	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
A5			
I create a window (in an electronic way) that attracts people	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
People approach us based on the type of window they see	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
The shop window always focuses on the product. If people see the window with continuity they will think that there is a business behind	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
People approach us directly due to what they see in the window	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
It is important to distinguish from the beginning who wants to be a customer and who not, that brings the best results. A customer wants to be treated only as a customer	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
First approach and follow up merge together if you do it electronically. It is the person that decides to contact us therefore in the moment he does that he has also the time	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Appendix 7: Coding Matrix Swiss Distributors

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
CH1			
I'm mostly focused on faces that are smiling at me	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
if you have eye contact with someone and that someone somehow smiles back friendly and so on.	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
I casually approach a person and spontaneously ask from where, which region she is or that I accidentally overheard she had a problem	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
I go more about her needs of finding something new, because she isn't satisfied with the product that she has I suggest to try mine	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
I give the person the product as gift and I tell that I work with these products and that I'd be happy about some feedback	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
The first two years I was more product based, but now it's more business. Especially for the people that are professionals, that have the education, that aren't really in the mood to be stuck somewhere 8 hours a day, it goes down well with them.	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

| Key Statement	Descriptive Standard Statement	Process Code	Concept Code
CH2			
I look for the charisma a person has	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
Does she have a straight posture? Does she have presence. Does she have a tension	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
Excuse me, may I ask you something? I made good experiences when I initiated it by crossing their path. And placing myself in front of that person	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
I just ask for help! "I am from around here. And I am about to expand my projects. In the area sports and health	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
I would like to know what the people around here think. Could you help me?	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
If it's a follow-up with someone I am still waiting for an answer from, regarding the video, I always like to bring across this urgency. In the sense the reduction of offer. I say listen, hello Sandra, I wanted to know if you have watched my video.	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
CH3			
I see someone, some behavior that makes me want to approach them or if there is something about her external appearance that appeals to me or stands out	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
for example a salesperson that served me nicely is also a reason to approach someone. Or in a course or special occasion	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
"How do you like the occasion?" or: "Why are you here?" and so on. On the streets I approach them with a compliment like: "Oh, you have a nice scarf." So, it's actually a compliment that I do	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
"I'm looking for such powerful women for my team and you are just the type of person I imagined for teamwork."	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
There is always that lack of time where it's like: "Oh, I have to go now so can we quickly exchange Facebook or phones?". I always get in contact with them again.	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
I send a video and tell them to take a look. And if they are still interested or tell me what they are interested in or what they liked then I arrange a personal meeting	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

| Key Statement	Descriptive Standard Statement	Process Code	Concept Code
	CH4		
It depends on the type of approach. Has the person a specifi problem on the skin or a visible health problem	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
I make observations to find out what the needs of the person are	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
I ask questions to better understand once I have identified the needs of the person	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
Depending from the answers I understand if to prioritize a product, if the person has a health issue, or the business if the person has a job problem	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
I always try to find a topic that gives value to that person. In other words, I try to build a relationship with that person in order to bring him or her on my purpose	Fitting arguments are presented to generate expectation and interest to get additional information and propose the follow up	*Creating expectations*	*PITCH*
A short schedule is crucial, even just 10 specific questions, you don't need much more. There might be a set of questions if you want, but it always depends on the person you're talking to.	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Key Statement	Descriptive Standard Statement	Process Code	Concept Code
	CH5		
I look for people where I feel a certain sympathy for	The distributor is looking around and catching up eventual dialogs of third parties to identify an opportunity that could fit an approach	*Identifying an opportunity*	*OBSERVE*
In the supermarket you look for something and you automatically approach the person asking where that is. "Can I briefly ask you something? Do you know where this and that is?"	Once a situation is focused the distributor identifies the arguments to approach a person	*Finding fitting arguments*	*ARGUMENT*
"Are you somewhere from this region?" and when the person says "Yes, I'm from this region" then you can safely get into that topic "Oh yes, that's interesting because I'm working on my business here in this region	The approach is based on doing a compliment/ mirroring/identifying a POI relative to a person so far unknown	*Establishing a contact*	*APPROACH*
Can I ask you if you know someone who is open minded to earn 500 to 1000 Euro on the side?" and that's how you're already in a conversation.	Following the first contact the conversation starts in both directions providing additional important information to the distributor	*Reaching interest*	*POI*
I ask if people are interested to test some products or if it's about business I give the link of my home page and if they are interested we can make a Zoom videocall	Fitting arguments are presented to generate expectation and interest to get aditional information and propose the follow up	*Creating expectations*	*PITCH*
I am constantly thinking from 1 to 10 on the relationship level, what is my standpoint with that person. In my opinion, if I am on level 8,9,10 then I can address the business, yet if I am on a level 2,3 then it's way too early to address the business or a certain product. The purpose of this is that they start using the products, integrate them in their daily lives and now want to purchase them	Full information is given regarding the product or business opportunity to generate a concrete action	*Revealing the intention*	*FOLLOW UP*

Appendix 8: Functionality of the online magazine

To avoid any possible rejection and the typical preconceptions against MLM companies, it was decided to use a neutral branding, avoiding explicitly any connection or reference to an MLM sales type distribution system.
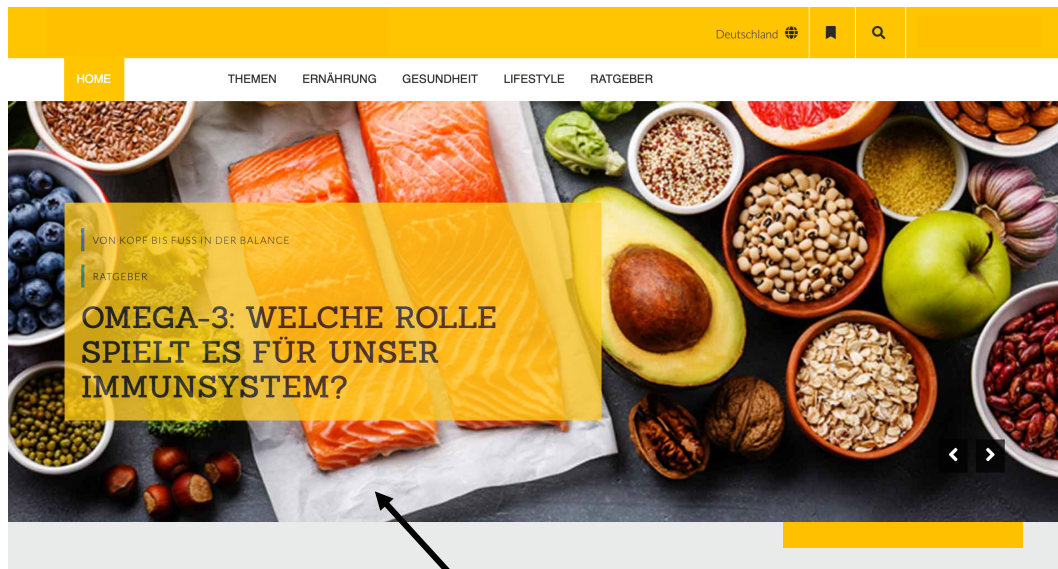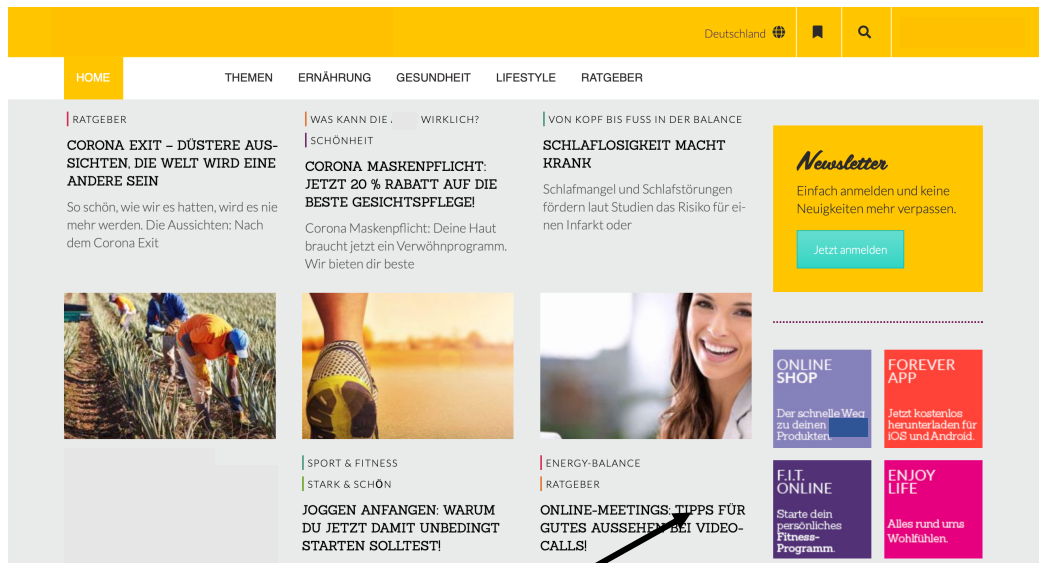

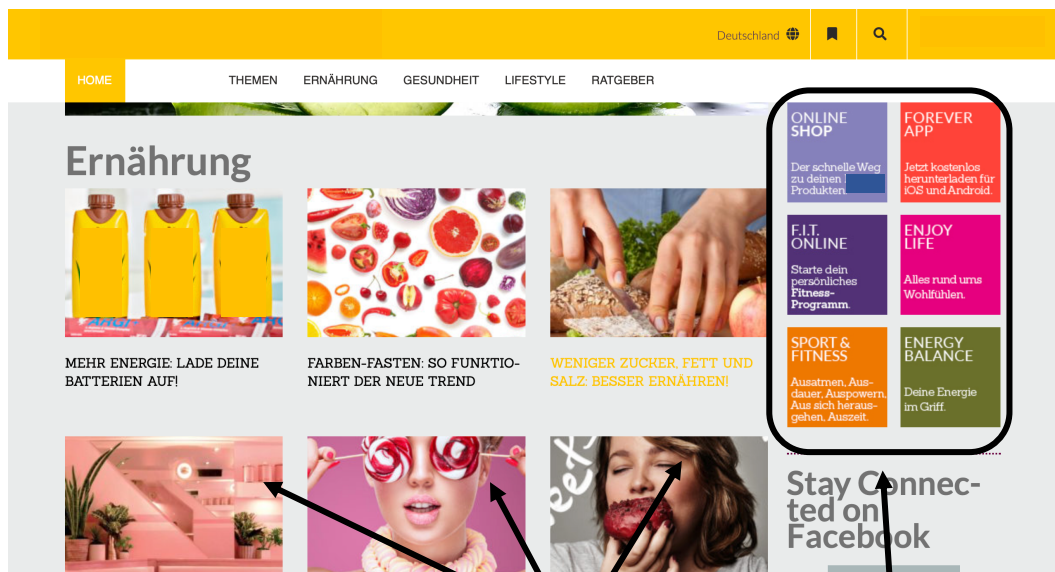Lifestyle articles on different topics
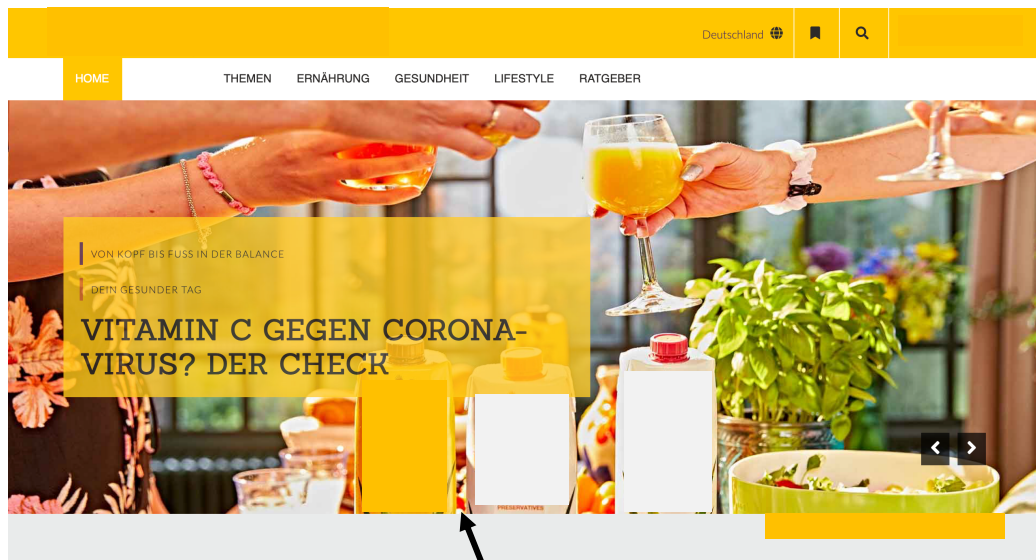
Lifestyle articles on different topics

The magazine was positioned as a content for energy balance, beauty, sport & fitness, weight-management, wellness and lifestyle. The magazine was

developed similarly to a web site, using as content management (Peurell, 1994) tool the open source application WordPress.

Lifestyle articles

Lifestyle articles   Lifestyle categories

Before launching, officially, the magazine, an amount of approximatively 60 articles covering the different areas were written, using an external free-lancer journalist. Articles were translated also into French and Italian as the project covered three markets: Germany, Austria and Switzerland. Each article has on the header "buttons", allowing an easy and quick sharing of the article: Copy link, E-mail, Linked-in, Pinterest, Google plus, Twitter and Facebook. The

distributor needs only to identify the type of article he is interested to share for a certain group of persons he wants to reach and simply click on the button. The article is immediately shared using the social media account of the distributor or copied on an e-mail that can be sent to any kind of person the distributor wants to get connected (Rosoff, 2019). Within the article, lifestyle arguments and information are enriched, by suggesting several products (chosen from the MLM product range) that give support to the type of situation reported in the article.
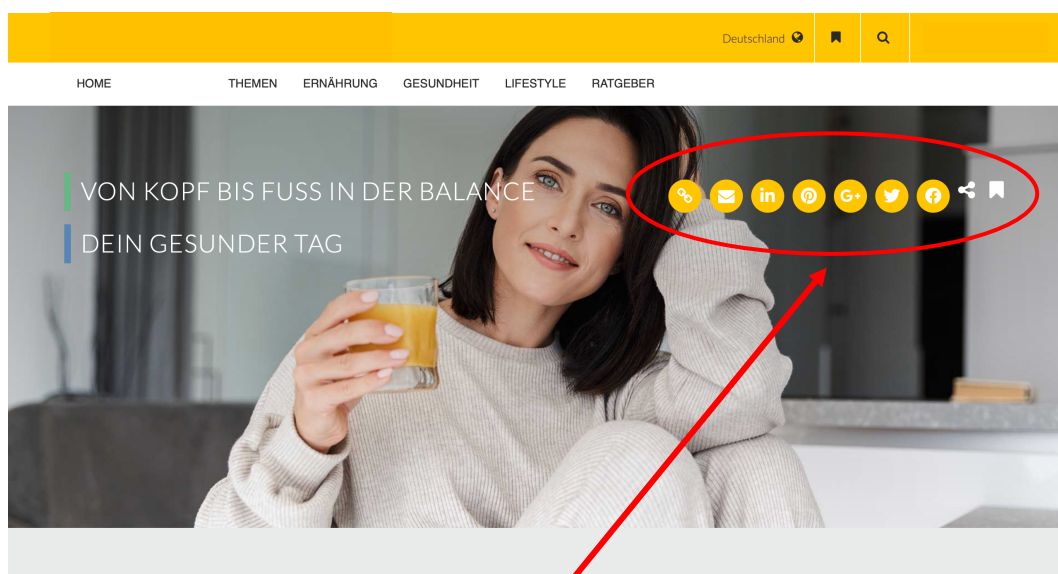
Sharing buttons for social media channels
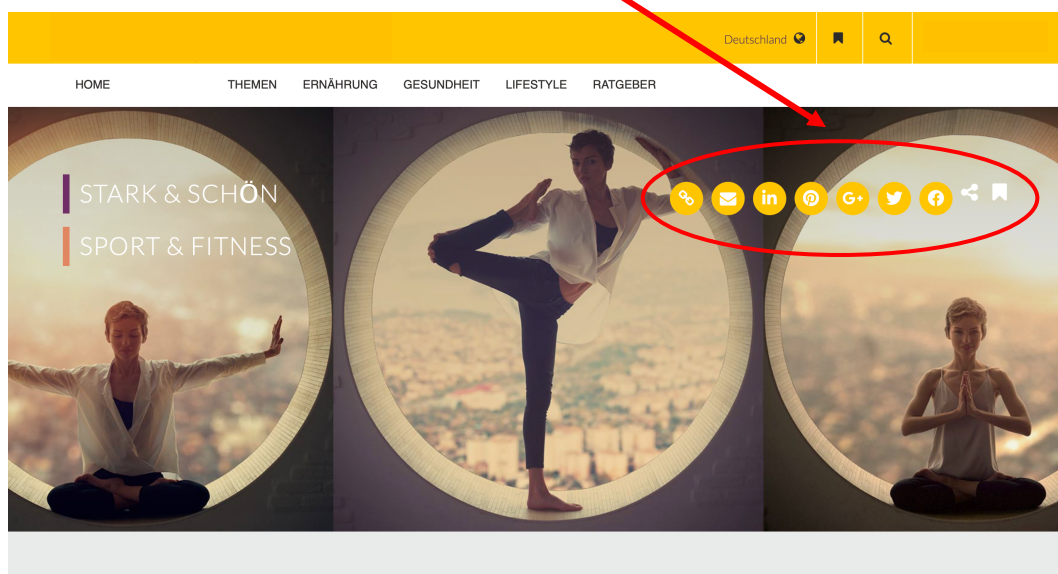
To give every distributor the possibility to develop his own potential readers (that can become costumers and or business partners) the online magazine was organized in a way that each single distributor had its own magazine. The content was the same but by creating many sub-magazines, it was possible to distinguish from which distributor the sharing article was coming. By simply asking each distributor to login his own magazine and then share articles, it was possible to add to each shared article the ID of the distributor being able therefore to track exactly the origin.
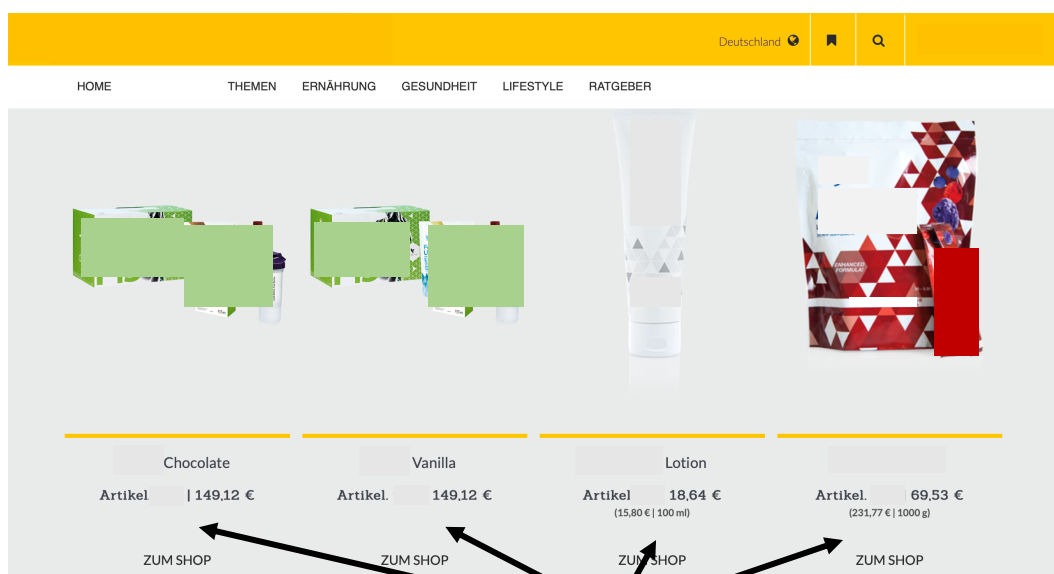
Product references at the end of each article
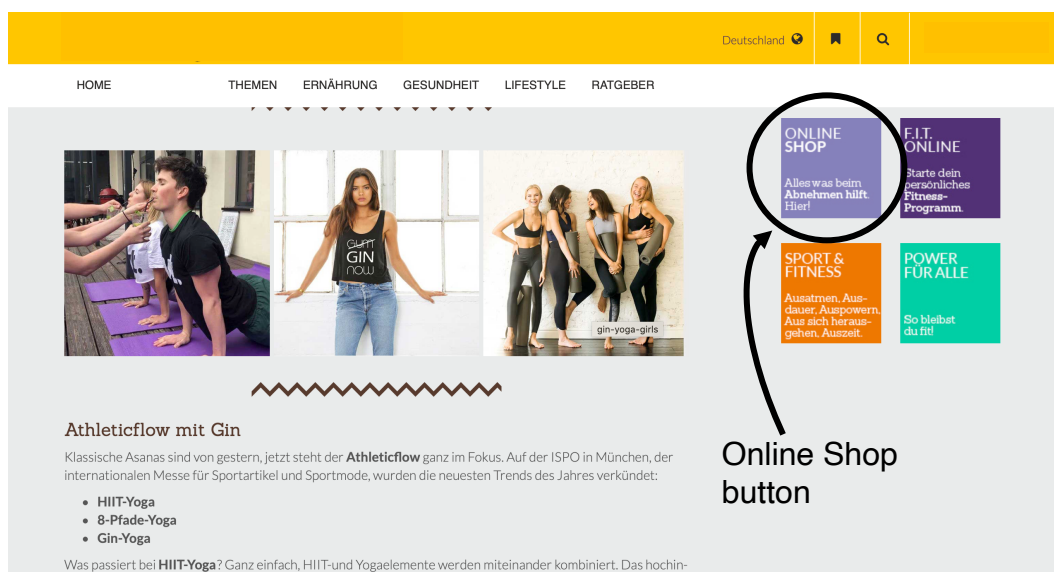
Online Shop button

This process of creating a unique link for each shared article was called "vaccination". For example, an article on how to reduce stress can be shared by 1.000 different distributors and through the "vaccination" become 1.000 times different as the link of the article contains the vaccine of the distributor that shared the link.
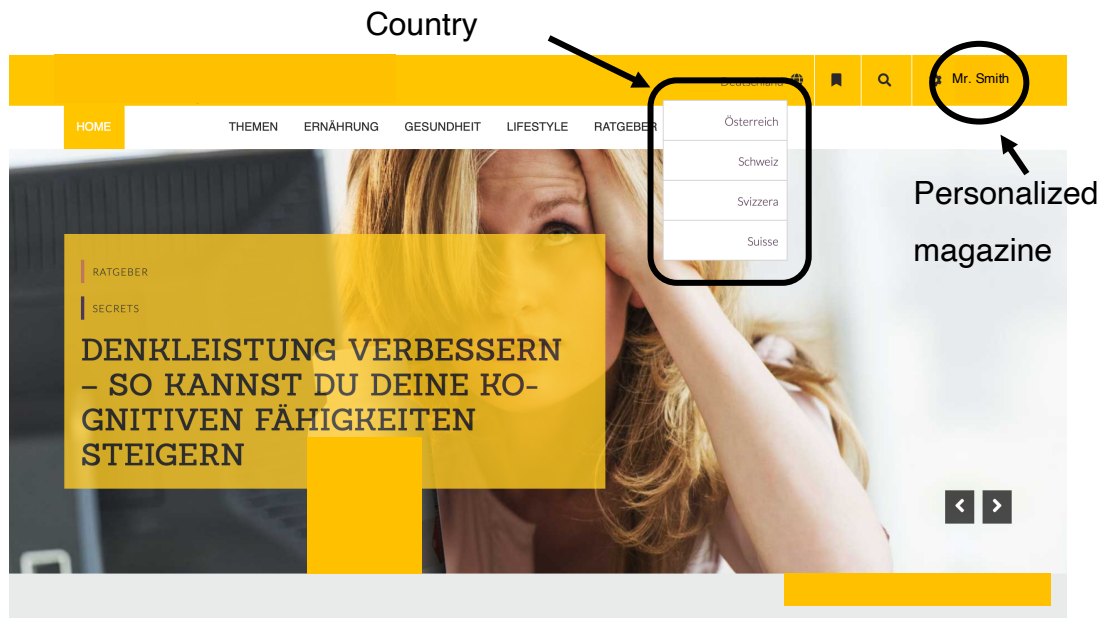
Why is the vaccination necessary? Because the first final goal of the shared article is to keep the reader that clicked on the link within the business environment of each single distributor. Distributors are entrepreneurs and therefore expect, that contacts they established online remain within their own business sphere. Any situation that could bring a reader to land on the magazine of another distributor would create a very difficult mistrust situation for the MLM Company. The second but probably even more important goal is to guarantee that in case the reader wants to buy the advertised products in the article, he will purchase the products from the distributor that shared the link. This can be achieved, as previously to the creation of the online magazine, the MLM Company developed an online shop with sub-shops allowing each distributor to have its own shop.

Performance of the online magazine

This appendix contains an overview of the most important indicators that could be identified introducing a pixel in every article written and shared by the MLM company. Due to this pixel, a kind of transmitting element that enables to follow all the interactions distributors realize by sharing an article on social media channels, first performance information in the period January 2019 until May 2020 of the established online magazine could be gathered. The year 2018 was used to fix bugs related to the vaccination process as well as optimizing the use of cookies to allow a correct tracking of the visitors of the online magazine. Starting with 2019 the data collected show a positive evolution of the number of visitors of the online magazine.

In average (Figure 9.1) 17.249 users visited every month the online magazine totalizing over 290.000 in seventeen months. Over two million pages were seen in the considered period. The data of new users is not reliable as every time a user of the magazine cancels the cookies on his computer automatically Google considers him a new user.
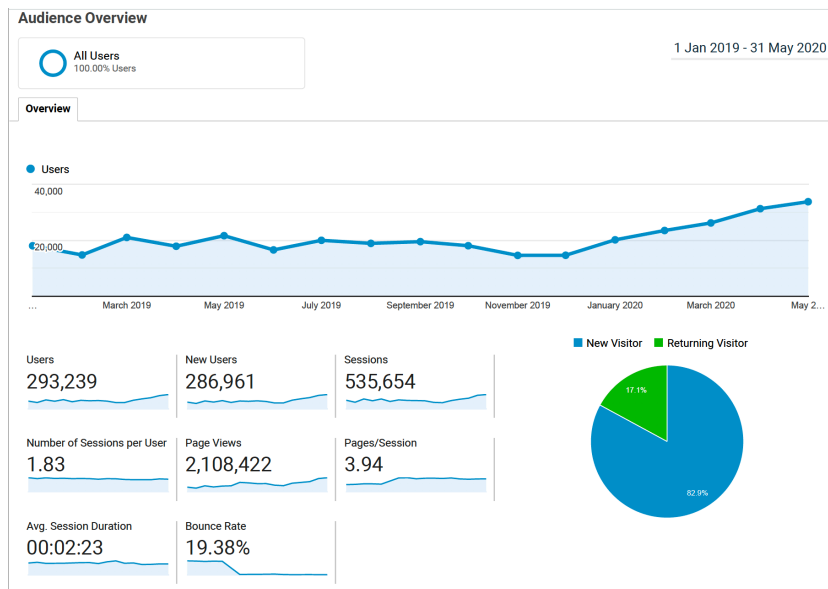
Figure 9.1: Online magazine users amount tracking

Based on a panel of 35% of the total visitors, the distribution of the demographics shows that 71% are female and 29% are male visitors (Figure 9.2). This corresponds exactly to the present distributorship mix where two thirds of them are female. The age distribution indicates that 50% of the visitors are between 25 and 44 years old with a presence also of youngsters (10% between 18 and 24 years old) and best agers (20% are over 54 years old).

Figure 9.2: Online magazine users demographics

Regarding the language selection of the articles published (Figure 9.3) more than 70% was in German, 6% in French and 5% in Italian.

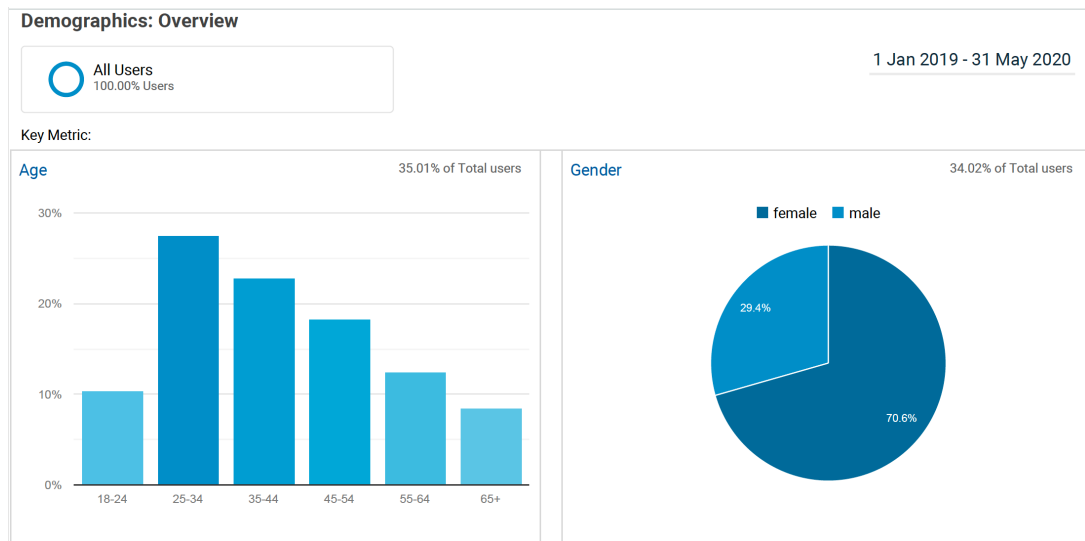| Language	Acquisition			Behaviour		
	Users	New Users	Sessions	Bounce Rate	Pages/Session	Avg. Session Duration
	293,239 % of Total: 100.00% (293,239)	**287,153** % of Total: 100.07% (286,961)	**535,654** % of Total: 100.00% (535,654)	**19.38%** Avg for View: 19.38% (0.00%)	**3.94** Avg for View: 3.94 (0.00%)	**00:02:23** Avg for View: 00:02:23 (0.00%)
1. de-de	**123,988** (41.93%)	120,924 (42.11%)	247,310 (46.17%)	18.91%	4.03	00:02:33
2. de	**32,448** (10.97%)	30,109 (10.49%)	63,580 (11.87%)	13.02%	4.76	00:03:17
3. en-us	**30,394** (10.28%)	30,268 (10.54%)	34,593 (6.46%)	34.09%	2.24	00:00:44
4. de-at	**29,876** (10.10%)	28,413 (9.89%)	61,209 (11.43%)	20.85%	4.04	00:02:14
5. de-ch	**23,197** (7.84%)	22,433 (7.81%)	42,836 (8.00%)	21.21%	3.77	00:02:02
6. fr-fr	**12,821** (4.34%)	12,857 (4.48%)	18,832 (3.52%)	16.22%	3.43	00:01:55
7. it-it	**10,987** (3.72%)	10,821 (3.77%)	17,588 (3.28%)	20.00%	3.97	00:02:28
8. fr	**5,011** (1.69%)	4,947 (1.72%)	6,448 (1.20%)	14.72%	2.91	00:01:35
9. it	**2,967** (1.00%)	2,885 (1.00%)	3,844 (0.72%)	13.01%	3.35	00:01:38
10. en-gb	**2,920** (0.99%)	2,877 (1.00%)	4,197 (0.78%)	17.32%	3.94	00:02:07

Figure 9.3: Online magazine article language

The location of the visitors (Figure 9.4) was as expected for more than 70% from the DACH region (Germany 44%, Austria 15%, Switzerland 14%).

Country	Acquisition			Behaviour		
	Users	New Users	Sessions	Bounce Rate	Pages/Session	Avg. Session Duration
	293,239 % of Total: 100.00% (293,239)	**287,153** % of Total: 100.07% (286,961)	**535,654** % of Total: 100.00% (535,654)	**19.38%** Avg for View: 19.38% (0.00%)	**3.94** Avg for View: 3.94 (0.00%)	**00:02:23** Avg for View: 00:02:23 (0.00%)
1. Germany	**128,206** (43.72%)	126,539 (44.07%)	258,521 (48.26%)	18.23%	4.14	00:02:39
2. Austria	**45,030** (15.35%)	43,356 (15.10%)	100,096 (18.69%)	19.08%	4.33	00:02:37
3. Switzerland	**40,769** (13.90%)	39,302 (13.69%)	77,825 (14.53%)	19.38%	4.09	00:02:27
4. United States	**29,757** (10.15%)	29,759 (10.36%)	30,398 (5.67%)	29.88%	1.78	00:00:07
5. Italy	**12,816** (4.37%)	12,694 (4.42%)	18,987 (3.54%)	20.54%	3.63	00:02:12
6. France	**9,890** (3.37%)	9,724 (3.39%)	14,016 (2.62%)	14.98%	3.52	00:01:53
7. India	**4,805** (1.64%)	4,792 (1.67%)	5,382 (1.00%)	24.27%	2.93	00:01:12
8. Morocco	**1,506** (0.51%)	1,498 (0.52%)	1,930 (0.36%)	18.55%	2.73	00:01:30
9. Spain	**1,029** (0.35%)	904 (0.31%)	1,843 (0.34%)	15.68%	4.37	00:03:22
10. Belgium	**939** (0.32%)	919 (0.32%)	1,381 (0.26%)	15.42%	3.37	00:02:02

Figure 9.4: Online magazine region article selection

Going more into detail, the data can now be used to understand from where the visitors who read articles in the online magazine were coming from. Almost 20% of the users (Figure 9.5) who visited the online magazine reached the magazine through a research they did in Google (called organic search).
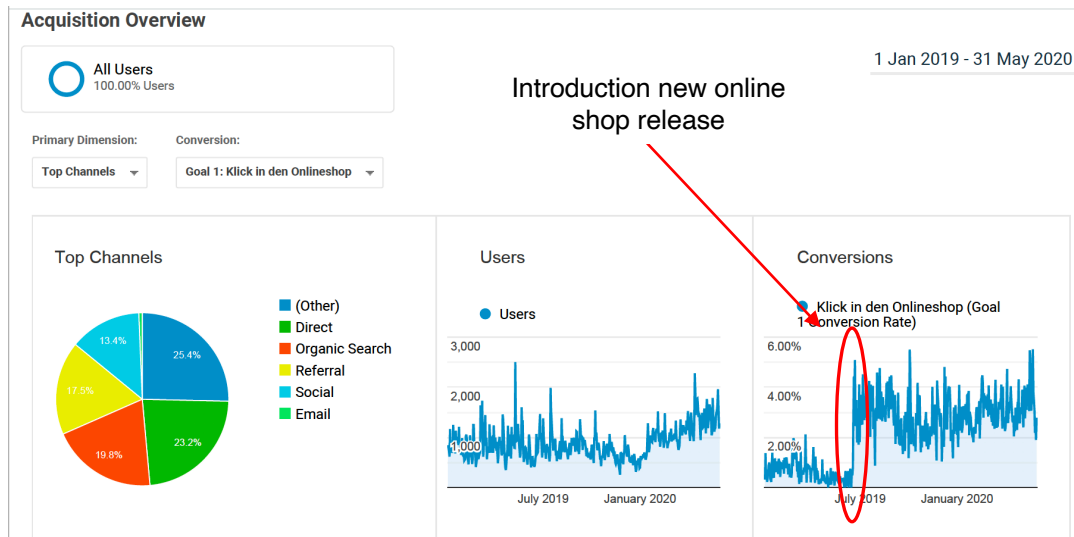

Figure 9.5: Online magazine source channels

Applying appropriate keywords for each single article published, this is an important opportunity for the MLM company to generate interest and become visible also without the intervention of distributors. The direct channel (23%) represents a situation in which the visitor directly received a link from a distributor that shared an article from the online magazine. Referrals (18%) are internet pages that link the visitor to the online magazine of which more than 78% come from own internet pages the MLM manages by itself. Other (25%), social (13%) and e-mail (1%) are activities generated directly by distributors that reached the goal to bring the visitor on the online magazine. The data shows that approximatively 2/3 of the traffic is generated by the distributor force and 1/3 directly by the MLM company.

The spike (Figure 9.5) registered on July 18th, 2019 is due to the introduction of a new release of the online shop. This contributed as shown in the graph, to improve the performance of the online magazine, in terms of conversion rate of visitors who decided after reading the article to visit the online shop of the

MLM company (or the vaccinated link of the distributor), by almost 185%. This shows also the potential of the online magazine if connected with other sources (online shop). The conversion went from an average of 1,04% (before July 2019) to an average of 2,97% (from July 2019 onwards).

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