NETWORK MARKETING THROUGH BUZZ MARKETING STRATEGY

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ABSTRACT

‘Buzz marketing’ is known as ‘Word of Mouth’ or ‘Viral’ marketing. Word of Mouth Marketing Association (WOMMA) defined Word of Mouth as “Giving people a reason to talk about the products and services, and making it easier for the conversation to take place”. Buzz or Viral marketing strategy means spreading positive information about a company from one person to the other, often utilized by smaller firms. Almost all companies and marketers would like to optimise i.e. by minimise the costs and maximise the revenues. Such companies practices “Least selling expenses, No Advertisement expenses, No Celebrities, Minimum sales force, No overheads, and other related expenses”. Of late many traditional companies diversified into Direct Selling and Multilevel marketing by using Buzz marketing strategy. Buzz marketing is fast growing ‘Low-cost method’ of getting a message out as well as efficient to the producers and consumers. When a customer is satisfied, he/she will refer to known people by giving positive Word of Mouth for example Titanic movie, Good restaurant experienced, etc. Using ‘Feed back’ method of ascertaining feelings from existing customer whether they are satisfied or not? ‘Chain letters’, e-Word of Mouth like ‘Tell a friend button’, ‘forwarding e-mail messages’, interest groups in the ‘Chat rooms’, social networking websites like ‘Orkut’, etc. Network marketing companies like Amway India Enterprises and Hindustan Unilever Network adopts the same concept of Buzz marketing strategy. Many times the prospective customers, goes unnoticed, like Print and Electronic media bombarding with product promotions, buzz marketing proved is effective.

Key Words: Buzz marketing, Word of Mouth, Viral marketing, Network marketing

1. www.buzzmarketing.com  
2. www.womma.org  
INTRODUCTION

This paper deals with ‘Buzz Marketing’ which means ‘Telling’ about products to others, and the problems and perspectives of buzz marketing in the Network marketing context. It also focuses on marketing strategies for buzz marketing campaigns which harness the amazing power of ‘word-of-mouse’ by exhibitions and road shows. ‘Opinion Research Corporation International’, New Jersey, online shoppers speak about their online buying experience, usually satisfied customers tell five to six people only, whereas dissatisfied customers tell about their experiences to around twelve people. Buzz marketing in Network marketing happens by one-on-one meetings, sometimes one-to-many, revealing satisfaction about the Network products and showing the business plan to earn potential income. To promote business by buzzing, Up line Network distributors also arrange Business Support Material such as Audio Cassettes, Video Tapes, e-books etc to their prospective down lines. The application of buzz marketing are many such as Exhibitions, Road shows etc for boosting sales and also internet based marketing techniques to tell to known people. Buzz marketing is in the nascent stage and rapidly evolving area and further empirical research is needed.

BUZZING ABOUT ADVANTAGES OF NETWORK MARKETING

(1) Work From Home
(2) Royalty Income
(3) International Business Opportunity
(4) Low Investment and High Returns
(5) Time, Security and Money

According to the World Federation of Direct Selling Association (WFDSA) Network Marketing is defined as “A dynamic, vibrant, rapidly expanding channel of distribution for the marketing of products and services directly to consumers.”

Direct selling involves the marketing of products and services directly to consumers in a face-to-face manner, away from permanent retail locations.

LITERATURE SURVEY

Nicola Yankov (2007) explained that the paper’s intention is to deal with the issues of the comprehensive multi level marketing integration. It is a conceptual view over the different

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4 Kiki Kaplanidou, and Dr. Christine Vogt “The Role of Word-of-Mouth and How it can be used to develop competitive advantage for a destination”, www.travelmichigannews.com
5 Opinion Research Corporation International, New Jersey USA
aspect of the integration process on different levels. The author presents some basic principles of internal and external integration of the marketing inside and outside the business systems. In this regard the business organization network (BON) is also an object of approaching. It is suggested an integration methodology to be used for the conceptualization and development of the integration process. Another aspect of the paper is the presentation of models for vertical and horizontal markets and marketing integration beyond the boundary of the business systems. Some of the problems of marketing networking process are also discussed in the article.

Andrew Alexander and Alex Nicholls (2006)\(^8\) conducted a detailed study and their study aims to investigate the value of a network perspective in enhancing the understanding of the business to consumer marketing of high-involvement product categories. The problem lies in finding a comprehensive theory of ‘word-of-mouth’ and other marketing-related social interactions. To find whether the consumers are stimulated to promote or even sell a product to other. To check whether ‘word-of-mouth’ is indeed an effective way to deal with consumer scepticism towards advertising. Insights into the marketing and psychology of personal influence would enable marketers to improve the effectiveness of their efforts aimed at increasing customer referral and (positive) word-of-mouth.

In other words “Word of mouth, brand loyalty, acculturation and the American Jewish consumer”, Jeffrey Steven Podoshen (2006)\(^9\) explores if there is a difference between American Jewish consumers and American non-Jewish consumers in the use of word of mouth and brand loyalty in response to the purchase of durable goods (automobiles). Additionally, this article aims to explore if there is a difference in the use of word of mouth and brand loyalty among American Jews with differing levels of acculturation.

Thomas R. Wotruba, Stewart Brodie & John Stanworth (2005)\(^10\) in their study examined turnover among its salespeople is a significant issue for direct selling firms because attrition

\(^8\) Andrew Alexander and Alex Nicholls, “Rediscovering consumer-producer involvement A network perspective on fair trade marketing”, European Journal of Marketing Vol. 40 No. 11/12, pp. 1236-1253, 2006


impacts the size and continuity of revenue generation by a firm’s sales force. While turnover rates in direct selling are high overall, turnover rates and intentions to quit differ significantly between multilevel (ML) and single level (SL) forms of direct selling organizations. This study examines whether specific demographic and behavioural/attitudinal characteristics of direct salespeople correspond to differences in turnover between ML and SL salespeople. For many demographic variables there are significant differences between ML and SL salespeople, but none of these differences correspond to differences in quitting intentions. There are also significant differences between ML and SL salespeople on the behavioural and attitudinal variables studied. Analysis revealed that the relationship between some of these variables and quitting intentions differed substantially between ML and SL salespeople. These variables included job satisfaction, organizational commitment, perceived image of direct selling in the marketplace, and the importance of the job characteristics of work rewards and career growth. Specific managerial implications follow from these findings.

Forehand and Grier (2001)\textsuperscript{11} research on persuasion knowledge and skepticism states that word-of-mouth may be seen as a means of coping with consumer’s skepticism towards marketing and advertising, but it is conceivable that the effectiveness of interpersonal influence decreases when the recipient perceives the influencer as being motivated extrinsically rather than intrinsically. Within the marketing literature, word-of-mouth is merely seen as a component of diffusion. Studies focusing explicitly on the design of marketing actions that create and stimulate word-of-mouth is unaware. Customer referral and other marketing-related social interactions take an important place in the literature on loyalty and CRM, but have not yet been investigated from behavioural point of view.

**OBJECTIVES:** Following are the objectives of the study

1. To analyze six demographic variables of *Amway India Enterprises* and *Hindustan Unilever Network* distributors –
   
   1.1 Demographic variables
   
   1.1.1 Age
   1.1.2 Gender
   1.1.3 Educational Qualification
   1.1.4 Marital Status
   1.1.5 Occupation and
   1.1.6 Monthly Income

Description of variables: From the data collected the following observations made, which includes dependent and independent variables.

The combined data demographic description

Age:
46% of network distributors belong to 18 to 30 years age group.
30% of network distributors belong to 31 to 40 years age group.
24% of network distributors belong to above 41 years age group.

Gender:
66% of network distributors are Woman category.
34% of network distributors are Man category.

Educational Qualification:
50% of network distributors are College graduates.
26% of network distributors are Professional students.
24% of network distributors have done Schooling.

Marital Status:
66% of network distributors are married.
34% of network distributors are unmarried.

Occupation:
41% of network distributors are Housewives.
25% of network distributors are Govt. Employees.
20% of network distributors are Business people.
6% of network distributors are Agriculturists.
6% of network distributors are Professionals.
3% of network distributors are ‘Other’ category.

Monthly Income:
37% of network distributors earn Rs.20,001 and above.
34% of network distributors earn less than Rs.10,000.
29% of network distributors earn between Rs.10,001 to Rs.20,000.

Age * Monthly Income Cross Tabulation

<table>
<thead>
<tr>
<th>Age</th>
<th>Monthly Income</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low (Less than Rs.10,000)</td>
<td></td>
</tr>
<tr>
<td>Youth (18 to 30 years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>111 (54%)</td>
<td>75 (43%)</td>
<td>276</td>
</tr>
<tr>
<td>Middle Aged (31 to 40 years)</td>
<td>52 (25%)</td>
<td>64 (37%)</td>
</tr>
</tbody>
</table>
54% of lower monthly income belongs to youth
43% of Medium monthly income belongs to youth
41% of higher monthly income belongs to youth

Cross Tabulation

Gender * Monthly Income Cross tabulation

<table>
<thead>
<tr>
<th>Gender</th>
<th>Monthly Income</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less than Rs.10,000</td>
<td>Rs.10,001 to 20,000</td>
<td>Above Rs.20,001</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men</td>
<td>80 (39%)</td>
<td>53 (30%)</td>
<td>69 (31%)</td>
<td>202</td>
<td></td>
</tr>
<tr>
<td>Women</td>
<td>126 (61%)</td>
<td>120 (70%)</td>
<td>152 (69%)</td>
<td>398</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>206 (100%)</td>
<td>173 (100%)</td>
<td>221 (100%)</td>
<td>600</td>
<td></td>
</tr>
</tbody>
</table>

Observations:
61% of lower monthly income is by the woman network distributors
70% of medium monthly income is by the woman network distributors
69% of High monthly income is by the woman network distributors

HYPOTHESES OF THE STUDY
In order to find out the factors influencing the customer's level of attitude towards the Network products, the following hypotheses have been formulated.

INFLUENCING FACTORS

I. Hypotheses No.1 (H₀₁) Demographic variables Vs. Level of Satisfaction (χ²)
H₀₁: Socio-economic and demographic factors of distributors belongs to Amway India Enterprises and Hindustan Unilever Network distributors; have no significant impact on the ‘Level of satisfaction’
H₀₁₁: ‘Age’ has no relation with ‘Level of satisfaction’
H₀₁₂: ‘Gender’ has relation with ‘Level of satisfaction’

111
Ho1.2: ‘Gender’ has no effect on the ‘Level of satisfaction’
Ha1.2: ‘Gender’ has effect on the ‘Level of satisfaction’
Ho1.3: ‘Education qualification’ has no effect on the ‘Level of satisfaction’
Ha1.3: ‘Education qualification’ has effect on the ‘Level of satisfaction’
Ho1.4: ‘Marital status’ has no relation to the ‘Level of satisfaction’
Ha1.4: ‘Marital status’ has relation to the ‘Level of satisfaction’
Ho1.5: ‘Occupation’ has no relation to the ‘Level of satisfaction’
Ha1.5: ‘Occupation’ has relation to the ‘Level of satisfaction’
Ho1.6: ‘Monthly Income’ has no impact on the ‘Level of satisfaction’
Ha1.6: ‘Monthly Income’ has impact on the ‘Level of satisfaction’

RESEARCH METHODOLOGY

For the purpose of data collection a structured questionnaire was designed to distribute 1032 Network marketers belongs to Amway India Enterprises and Hindustan Unilever Network from Hyderabad and Secunderabad. Six hundred valid responses received out of 1032 distributed questionnaires were considered for data Analysis, by using SPSS 18.0 version with appropriate statistical tools like descriptive statistics and inferential statistics for obtaining accurate results. Descriptive statistics and Inferential statistical are used as follows:

Descriptive statistics: On the basis of responses collected from the questionnaires, appropriate statistical tools applied. Descriptive statistical tools like Mean, Standard deviation, Henry Garret Ranking technique and Cross tabulations etc were used. These were followed by data analysis of Distributors Interest levels, Source of information, Network behaviour, Motivational factors

II. Hypotheses No.1 (Ho1) Demographic variables Vs. Level of Satisfaction (χ²)

Ho1: Socio-economic and demographic factors of distributors have no significant impact on the ‘Level of satisfaction’ of Amway India Enterprises and Hindustan Unilever Network distributors;
Ho1.1: ‘Age’ has no relation with ‘Level of satisfaction’
Age and Level of Satisfaction
The combined table indicates that Chi-square Value is \( \chi^2 = 149.350 \) (df=2: significant level=5%) Since the Calculated Value is greater than Table Value, which is 5.991, Null hypothesis is Rejected. Hence there was significant association between ‘Age’ and ‘Level of Satisfaction’.
Ho1.2: ‘Gender’ has no effect on the ‘Level of satisfaction’
Gender and Level of Satisfaction
The combined table indicates that calculated Value is \( \chi^2 = 43.107 \) (df=1: significant level=5%) Since the Calculated Value is greater than Table Value, which is 3.841, Null hypothesis is Rejected. Hence there was significant association between ‘Gender’ and ‘Level of Satisfaction’.
Ho1.3: ‘Education’ has no effect on the ‘Level of satisfaction’
Education and Level of Satisfaction
The combined table indicates that calculated Chi-square Value is \( \chi^2 = 15.165 \) (df=2: significant level=5%) Since the CV is greater than Table Value, which is 5.991, Null hypothesis is Rejected. Hence there was significant association between ‘Education’ and ‘Level of Satisfaction’.
Ho1.4: ‘Marital status’ has no relation to the ‘Level of satisfaction’
Marital Status and Level of Satisfaction
The combined table indicates that calculated Chi-square Value is \( \chi^2 = 8.069 \) (df=1: significant level=5%) Since the Calculated Value is greater than Table Value, which
is 3.841, Null hypothesis is Rejected. Hence there was significant association between ‘Marital Status’ and ‘Level of Satisfaction’.

**Occupation and Level of Satisfaction**

The combined table indicates that calculated Chi-square Value (CV) is $\chi^2=126.068$ (df=5: significant level=5%) Since the CV is greater than Table Value, which is 11.07, Null hypothesis is Rejected. Hence there was significant association between ‘Occupation’ and ‘Level of Satisfaction’.

**Monthly Income and Level of Satisfaction**

The combined table indicates that calculated Chi-square Value (CV) is $\chi^2=3.355$ (df=2: significant level=5%) Since the CV less than Table Value, which is 5.991, a Null hypothesis is accepted. Hence there was no significant association between ‘Monthly Income’ and ‘Level of Satisfaction’.

**Table No: I Combined table for Amway India and Hindustan Unilever Network**

<table>
<thead>
<tr>
<th>S. No</th>
<th>Variable</th>
<th>Network Marketing format choice (Overall)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Age (Ho1.1)</td>
<td>Null hypotheses ($H_0$) is Rejected</td>
</tr>
<tr>
<td>02</td>
<td>Gender (Ho1.2)</td>
<td>Null hypotheses ($H_0$) is Rejected</td>
</tr>
<tr>
<td>03</td>
<td>Marital Status (Ho1.3)</td>
<td>Null hypotheses ($H_0$) is Rejected</td>
</tr>
<tr>
<td>04</td>
<td>Education Qualification</td>
<td>Null hypotheses ($H_0$) is Rejected</td>
</tr>
<tr>
<td>05</td>
<td>Occupation (Ho1.5)</td>
<td>Null hypotheses ($H_0$) is Rejected</td>
</tr>
<tr>
<td>06</td>
<td>Monthly Income (Ho1.6)</td>
<td>Null hypotheses ($H_0$) is Accepted (Not Rejected)</td>
</tr>
</tbody>
</table>

**Turnover and Compounded Annual Growth Rate (CAGR) of Organized Indian Direct Selling Association**

The revenues of an organized Direct Selling sector over nine years, $V(t)$ in the formulae, have been given:

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>Million INR</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>14,010</td>
<td>17,237</td>
<td>23,110</td>
<td>13,320</td>
<td>16,638</td>
<td>23,150</td>
<td>25,220</td>
<td>28,510</td>
<td>33,300</td>
</tr>
<tr>
<td>Simple Growth Rate (%)</td>
<td>23.03</td>
<td>34.07</td>
<td>-42.36</td>
<td>24.91</td>
<td>39.14</td>
<td>8.94</td>
<td>13.5 %</td>
<td>16.8</td>
<td></td>
</tr>
</tbody>
</table>

(t₀=2000-01 and tₙ = 2008-09) = 9 years;

**Source:** IDSA-Ernest & Young Annual Survey Findings 2008-09
The fifteen member companies of IDSA contributed sales turnovers of INR.18,840 Millions accounting for 62.24% to the overall Organized Direct Selling sector and 56.53% to total turnover during 2008-09. ‘Non-IDSA’ member companies contributed sales turnovers of INR.11,430 Millions (37.76%) to the organized sector and unorganized sector contributed for 34.29% to the turnover.

**Graph: Turnover of IDSA, non-IDSA member companies and Unorganized sector during 2009**

The top three countries by maximum sales turnover: USA, Japan and Korea

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Globally fourteen countries are doing business over one billion USD. It may be observed from the graph that Germany stood first rank with $11,628 Bn sales productivity per salesperson, Italy ranked the second with $10,626 Bn sales productivity per salesperson, and France ranked the third position with $9,475 Bn sales productivity per salesperson.

**Top rankers (IBOs) by Sales Productivity:** Germany, Italy and France

Most of the companies are trying to improve their ‘distributor satisfaction’ to have better growth and retain them as ‘loyal distributors’ by giving financial and non-financial incentives. In the Network marketing business, South India ranked first and followed by North India

**CONCLUSION**

1. ‘Word of Mouth’ through friends and relatives plays a dominant role in spread of Network Marketing of *Amway India Enterprises* and *Hindustan Unilever Network*.
2. *Amway* and *Hindustan Unilever Network* promotes individual ‘business opportunity’ through its direct selling approach of world-class network products. Most of the distributors collected information about *Amway* and *Hindustan Unilever Network* through the ‘Friends’ and ‘Relatives’, who are also distributors are in the opinion that the favourable products of the distributors are fast moving Network products. A majority of the distributors opined that the long-term association with *Amway* and *Hindustan Unilever Network* influences the distributors to pursue the business. The level of satisfaction has been measured with the help of five-point Likert scale technique and Henry Garret Rank technique. The demographic variables such as age, gender, education, marital status, occupation, and monthly income of the distributors of *Amway* and *Hindustan Unilever Network* products do not influence their level of satisfaction.
3. Consumers were unwilling to provide referrals unless there is some return.

**RECOMMENDATION**

Since ‘Word of Mouth’ promotion plays dominant role, friends and relatives are to be given incentive and celebrating “Get Together”, “Friendship days” and “Celebrations with known people” and total expenses were borne by the respective companies.
SCOPE FOR FURTHER RESEARCH
This survey can be extended to other parts of Andhra Pradesh and other states of India.

LIMITATION OF THE STUDY
The survey is performed in Hyderabad and Secunderabad.

REFERENCES
2. Kiki Kaplanidou, PhD student and Dr. Christine Vogt, “The Role of Word-of-Mouth and How it can be used to develop competitive advantage for a destination”, www.travelmichigannews.com; Opinion Research Corporation International, N.J.;USA Also see WFDSA International Statistics www.wfdsa.org/statistics/index.cfm, 2006
8. IDSA - Ernest & Young Annual Survey Findings 2008-09 www.idsa.co.in Indian Direct Selling Association