

**Multi-Level Marketing Distributors and their Deceptive Advertising on Social
Media: A Case Study of a Particular Multi-Level Marketing Company and their
Distributors Operating in South Africa**

by

Rachel Hopley

[REDACTED]

Submitted in partial fulfilment of the requirements for the degree BA Honours in
Strategic Brand Communication in the module

Research [REDACTED]

Vega School of Brand Leadership

Supervisor: Simon Grainger

Word count: 12111

DECLARATION

I, Rachel Hopley, hereby declare that the Research Report submitted for the qualification BA Honours in Strategic Brand Communication degree to The Independent Institute of Education is my own work and has not previously been submitted to another University or Higher Education Institution for degree purposes.

A solid black rectangular box used to redact the signature.

Signature

13 December 2020

Date

ACKNOWLEDGEMENTS

First and foremost, I would like to express my sincere gratitude to my lecturer, Carolanda Du Toit, as well as my supervisor, Simon Grainger, for providing guidance and assistance throughout the process of compiling this research dissertation.

Thank you to my loving and supportive parents, Mom and Dad, for giving me the opportunity to explore my passions and fulfill my dreams. Your endless love and encouragement have been my biggest motivators. To my grandparents, Nanna and Granddad, thank you for providing me with assistance and giving me the determination to succeed.

To my brother, Matt, thank you for always making me laugh and cheering me up, even through the tough times.

A big thank you to my friends, who have been pillars of strength and support during these challenging but exciting times. Your enthusiasm has kept me motivated throughout this whole journey.

To my caring and loving boyfriend, Brett, and his family, thank you for always giving me that extra push to achieve anything I set my mind to. Your constant support and encouragement have kept me believing in myself, even during the most overwhelming times.

ABSTRACT

Multi-level marketing (MLM) is a direct sales business model which has been built upon a system whereby individuals are rewarded for contributing to the sale of products or the delivery of services through a network of distributors (Failla, 1996). With the amount of deceptive marketing communications that online consumers are exposed to nowadays, the chances of finding a business opportunity that is authentic and genuine are very rare.

This study investigates MLM firms and their recruiters' and distributors' use of advertising communications online, using a particular MLM company operating in South Africa as a case study. For the purpose of keeping this study ethical and protecting the identity of this company, it will be referred to as "Company A" in order to avoid damaging the company's public image. Social media has become a popular channel for distributors to communicate with and recruit potential distributors; a downside to this is that lies and exaggerations have become more common. The purpose of this study is to explore the MLM industry from a South African perspective with regards to how the use of social media as a recruitment channel has led to deceptive marketing communications online. Furthermore, this study seeks to explore ways in which South African social media users can be more aware of deceptive marketing communications and able to identify these online.

The methodology of this study took a qualitative approach, where exploratory data was collected in the form of an online survey as well as one-on-one online email interviews. The rich data and findings that were revealed in this study led to a deeper understanding of and insight into "Company A", with real behaviours and opinions being shaped by both consumers and past recruiters and distributors who have personal experience with the brand. Various recommendations were given in order to assist MLM firms in coming up with a more ethical way to recruit potential distributors through social media.

From the research conducted, it is understood that the online behaviours and activities of certain "Company A" distributors has had a negative impact on consumers, as many perceive MLM to be a pyramid scheme based on their individual experiences. "Company

A” is an example of an MLM company that promises people across the globe an opportunity to gain financial independence; however, consumers are becoming more aware of unauthentic online business opportunities. This study contributes towards a deeper understanding of a modern South African perspective of MLM distributors and extends on existing research in terms of the ethical issues related to MLM firms.

LIST OF FIGURES

Figure 2.2.1 Interpersonal Deception Theoretical Model	7
Figure 2.3.2 Triangular Model of Traditional Relationships in Direct Selling	11
Figure 2.3.3 A Communication Model for Deception Detection	13
Figure 2.3.4 Representation of a Model Displaying an Organisational Genealogy of Anna's Uplines and Downlines	15
Figure 4.2.1.1 Communication strategy used to contact potential prospects	30
Figure 4.2.1.2 Contact Platforms and Methods	31
Figure 4.2.1.3 Respondents' Feelings Towards the First Point of Communication Received	32
Figure 4.2.2.1 Daily Assignments for Distributors and Recruiters of "Company A"	34
Figure 4.2.2.2 Participant's Reasons for Not Wanting to Join "Company A"	35
Figure 4.2.2.3 Distributors' Online Business Activities	37

TABLE OF CONTENTS

DECLARATION	I
ACKNOWLEDGMENTS	II
ABSTRACT	III
LIST OF FIGURES	V
CHAPTER ONE: INTRODUCTION AND OVERVIEW OF RESEARCH	
1.1 INTRODUCTION	1
1.2 RATIONALE	1
1.3 PROBLEM STATEMENT	2
1.4 PURPOSE STATEMENT	2
1.5 RESEARCH QUESTION	3
1.6 RESEARCH OBJECTIVES	3
1.7 CHAPTER OUTLINE	3
1.8 CONCLUSION	4
CHAPTER TWO: LITERATURE REVIEW	
2.1 INTRODUCTION	5
2.2 THEORETICAL FOUNDATION	5
2.3 KEY CONCEPTS	8
2.4 CONCLUSION	17
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY	
3.1 INTRODUCTION	18
3.2 RESEARCH PARADIGM	18
3.3 RESEARCH APPROACH AND DESIGN	19
3.4 POPULATION	20
3.5 SAMPLING	20
3.6 DATA COLLECTION METHODS	21
3.7 DATA ANALYSIS	25
3.8 SUMMARY	27
CHAPTER FOUR: RESEARCH FINDINGS AND INTERPRETATIONS	
4.1 INTRODUCTION	29

4.2 INTERPRETATION AND DISCUSSION OF FINDINGS	29
4.3 VALIDITY, RELIABILITY AND TRUSTWORTHINESS	38
4.4 CONCLUDING REMARKS	39
CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS	
5.1 INTRODUCTION	40
5.2 OBJECTIVE ONE	40
5.3 OBJECTIVE TWO	42
5.4 ANTICIPATED CONTRIBUTION	44
5.5 SUGGESTIONS FOR FURTHER RESEARCH	45
5.6 ETHICAL CONSIDERATIONS	45
5.7 LIMITATIONS	46
5.8 CONCLUDING REMARKS	46
REFERENCE LIST	48

ANNEXURES

ANNEXURE A: ETHICAL CLEARANCE	57
ANNEXURE B: INFORMED CONSENT	59
ANNEXURE C: SURVEY QUESTIONS	62
ANNEXURE D: INTERVIEW SCHEDULE	64
ANNEXURE E: PARTICIPANT RESPONSES	65
ANNEXURE F: CONCEPT TABLE	77

CHAPTER ONE: INTRODUCTION AND OVERVIEW OF RESEARCH

1.1 INTRODUCTION

With fake news infiltrating social media channels, investment scams are increasing and consumers are becoming more and more cautious about the brands they choose to associate themselves with (Collier, 2019). There is a definite need for an enhanced understanding of multi-level marketing (MLM) distributors within the context of the South African market as well as the correlating deceptive marketing communication they use on social media, which has an adverse effect on candidates.

This study explores the use of social media as a channel used by MLM companies to recruit new distributors. The argument made is that current “Company A” distributors make use of deceptive advertising online, using Instagram and Facebook, in their efforts to recruit new prospects. As a result, consumers struggle to identify authentic and genuine business opportunities on social media.

1.2 RATIONALE

Amidst a tough economic climate, South Africans are seeking out MLM companies in order to achieve some level of financial freedom (Collier, 2019). In today’s society – where the balance between a home life and a working life is a rising battle – the MLM industry is a unique and attractive proposition (Du Toit, 2017).

As a business model, MLM is proven to be flawed, unfair and deceptive; a study led by Taylor (1990) suggests that it is a systematic problem that is the epitome of deceptive acts and practices. In 1994, the Federal Trade Commission ordered “Company A”, a leading MLM company, to cease misrepresentations of distributor earnings (Romboy, 1994). “Company A” has a history of unethical business practices and misleading claims in a bid to influence potential participants to buy into the brand, and the issue with this is the negative effect that it has on consumers. Distributors play an important role in MLM

firms as they have two main functions, the first being selling the company's products or services, and the second recruiting potential new distributors (Koehn, 2001).

Such a perspective is yet to be thoroughly addressed, especially within the context of the South African market. Therefore, the identified gap in research has led to this study, which explores the mislead marketing communication by assuming a South African MLM distributor's point of view to analyse any misleading activity on social media platforms. Since current distributors rely heavily on these channels to sell and recruit, a study aimed at investigating "Company A" distributors within the South African market and discovering misleading market practices used to recruit candidates is relevant.

1.3 PROBLEM STATEMENT

As the MLM industry continues to grow, so does distributors' use of social media as a recruitment channel, and so too does the infiltration of fake news and the rise of investment scams (Collier, 2019). Social media has become a way for distributors to sell and recruit for MLM companies. However, there is a need for an enhanced understanding of MLM distributors in the South African market and the effect of correlating misleading marketing communication on social media on potential distributors,

1.4 PURPOSE STATEMENT

This study aims to explore South African distributors of "Company A" and the deceptive marketing communication on social media and discuss the adverse effect this communication has on potential candidates from an ethical perspective. The research will also aim to deliver new and more up-to-date insights into the mindset of South African social media users by making them more aware of misleading marketing communication. Finally, this study will focus on providing MLM companies with possible guidelines to follow when using social media to communicate with potential distributors.

1.5 RESEARCH QUESTION

What is the effect of deceptive marketing communications on social media by South African “Company A” distributors on potential candidates?

1.6 RESEARCH OBJECTIVES

Research objective 1:

Gain a deeper understanding of MLM firms and their activities on social media from a distributor’s perspective within the context of the South African market.

Research objective 2:

Contribute to existing knowledge around the ethical challenges faced by consumers when contacted by a distributor through social media channels.

1.7 CHAPTER OUTLINE

Chapter one: Introduction and overview of research

This chapter highlights the background and problematisation of the research topic, whereby the rationale for the research is discussed. Alongside the research question and objectives, the purpose of the research is provided.

Chapter two: Literature review

In the following chapter, two theories which aim to heighten the understanding of various concepts are presented: multi-level marketing, direct selling, deceptive advertising, distributors and social media. A review of secondary research relating to the study is

provided, whereby relevant studies from authors of research papers are discussed; this forms the basis of a theoretical framework linking to the research study.

Chapter three: Research design and methodology

This chapter introduces the methodological process in terms of executing the research. The research approach and design, as well as the population and sampling parameters, are introduced. Various data collection and data analysis methods are explained in relation to the research paradigm.

Chapter four: Research findings and interpretations

Chapter four includes the presentation and interpretation of the findings from the research conducted using an online survey and one-on-one online email interviews. The two research objectives are used to guide the collection of data, which is presented in the form of word clouds and graphs.

Chapter five: Conclusion and recommendation

This chapter draws on the conclusions and recommendations from each objective by looking at the findings that were revealed in both the literature as well as the primary research. Further suggestions and recommendations for each finding are discussed.

1.8 CONCLUSION

There is no doubt that, as a business model, MLM poses major issues in the online space in particular. This study aims to unpack MLM as a whole, and determine what the activities of those on social media from a distributor's perspective are within the context of the South African market. Chapter two introduces the review of literature and shapes appropriate theoretical models and frameworks which support the research study.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

While research concerning MLM and deceptive advertising on social media from a brand and consumer perspective has been conducted, a perspective that is yet to be researched in greater depth is that of a South African social media user. The theoretical frameworks and concepts that have been discussed throughout this paper aim to make South African social media users more aware of deceptive advertising. As the social media space continues to evolve, it is important to understand how social media users can be protected from the unforeseen consequences of deceptive advertising on the platforms they use.

2.2 THEORETICAL FOUNDATION

Two theoretical frameworks will be used to understand South African “Company A” distributors’ motivations behind using deceptive marketing communication on social media, with the main problem being that South African social media users struggle to identify authentic and genuine business opportunities online due to the number of MLM distributors who are deceptive in their advertising. The two theories discussed below will be used and interpreted throughout this study to produce various supporting arguments. While neither of the theories pertains directly to MLM, it is important for the research to consider the effect that deceptive marketing communication has on the recruitment of potential “Company A” distributors.

2.2.1 Interpersonal Deception Theory

The first theory pertaining to this study is Interpersonal Deception Theory (IDT). In their study, Buller and Burgoon (1996) explain that there are various possible motivations behind every deceptive act. The IDT theory, therefore, will play a key role in understanding the motivations behind South African “Company A” distributors’ deceptive marketing communication on social media. IDT was formulated to study deceptive

communication in context and create guidelines for how these are examined within the context of interpersonal encounters (Buller and Burgoon, 1996). It is suggested that, in most cases, people are more concerned with an individual's motivation behind determining deception rather than their actual actions when interacting with people who are less than honest. Buller and Burgoon's (1996) Interpersonal Deception Theory is relevant to this study as it holistically sets the foundation on which all knowledge concerning the motivations behind South African "Company A" distributors creating deceptive communication on social media (Hopley, 2019) will be constructed. It can be assumed that the main motivation for these deceptive acts is attaining a specific goal, which could be the intention to recruit new distributors as well as to sell "Company A" products.

From the assumptions about interpersonal communication and deception set out by Buller and Burgoon (1996), a theoretical model of deception, containing a total of 18 propositions, was formulated. These propositions describe an iterative process whereby the enactment of deception by one conversational participant provokes a cascade of moves and counter moves, resulting in the progression of mutual influence by both parties in the conversation (Buller and Burgoon, 1996). On the one hand, these moves are aimed at achieving success in deception by adapting the deceptive message in order to uphold its seeming truthfulness; on the other, they are aimed at achieving success in detection, which ultimately describes the discerning of a message's credibility, as well as that of the sender, and, eventually, the arrival at interpreted meaning. These actions may be "run off" easily and at a level of consciousness deemed to be low and that does not require significant cognitive or physical effort, as most people know how to carry on a conversation (Buller and Burgoon, 1996). This model has been rigorously tested in experiments which address the nature of the deception that has been displayed under interactive circumstances. What should be noted here is that one particular reason why deception is such a challenge is because deceptive processes are subtle. This is determined by several factors, as seen in Figure 2.2.1 below:

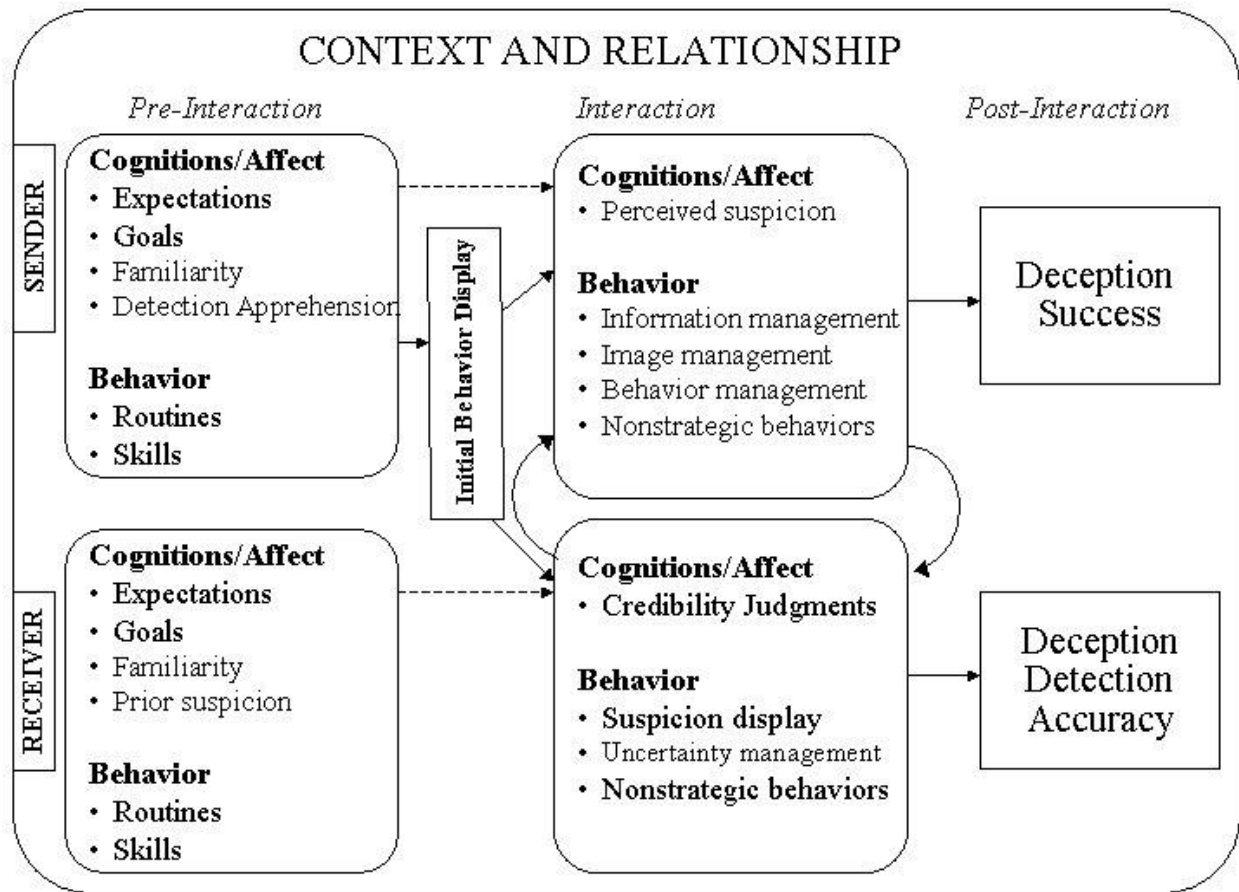


Figure 2.2.1: Interpersonal Deception Theoretical Model (Buller and Burgoon, 1996)

The rise of new communication technologies has exerted a major influence on users' ability to distinguish truthful information from deceptive messages, which goes beyond face-to-face deception. This is due to the availability or lack of feedback, as well as the opportunities to edit or personalise content, which ultimately facilitates a greater evasion of deception detection (Buller and Burgoon, 1996). The approach to these issues from a communication perspective should help researchers yield unique insights beyond those which have been obtained from models that focus on reducing deception to intrapersonal phenomena. It is expected that by centering attention around communication practices themselves (including the psychological and social factors that influence them) our understanding of interpersonal deceit will be enriched and clarified.

2.2.2 Information Manipulation Theory

The second theory applicable to this study is the Information Manipulation Theory (IMT) (McCornack, 2009). In his study, McCornack (2009) examines why deceptive messages come across as deceiving and suggests that there is a strong possibility of the sender being able to manipulate certain information in order to mislead the receiver. The theory states that narrators are able to exploit assumptions regarding the quality, manner, quantity and relevance of information by manipulating information that is of their own so as to mislead the listener (McCornack, 1992). Although this theory does not pertain directly to MLM, it will set the foundation for understanding how South African “Company A” distributors manipulate certain information in the form of direct and indirect communication on Instagram and Facebook to recruit potential “Company A” distributors. McCornack (1992) emphasises that the reason deceptive messages function deceptively is because they covertly violate the principles that govern conversational exchanges; this is not made apparent to the receiver, who is, therefore, misled by his or her assumption. This theory can be used to support the argument that the sender (which, in this case, refers to South African “Company A” distributors) manipulates certain information through media channels to influence receivers on the other end.

2.3 KEY CONCEPTS

2.3.1 Multi-level marketing

As a way of escaping poverty and debt in tough economic times, South Africans are seeking out MLM companies in an effort to achieve some level of financial freedom and independence without the restrictions associated with having to work in an office (Collier, 2019). In today’s world, where the balance between home life and work life is a rising battle, the MLM industry is a unique and attractive proposition, especially for those who dream of being their own boss (Du Toit, 2017).

Failla (1996) defines MLM as a direct sales system in which individuals are rewarded for contributing to the sale of products or the delivery of services through a network of distributors. Simply put, MLM can be described as a business model which has been built on a system that rewards individuals who have made a direct impact on or contribution to the overall sale of products or delivery of services (Failla, 1996). Such a business model is commonly referred to as a direct selling model, pyramid sales or even a pyramid scheme, whereby sellers are compensated for any sales that are generated by the individuals which have been recruited. Muncy (2004) explains that this type of recruitment process often involves independent distributors networking on a personal level with a potential salesperson through multiple levels of interaction.

Koehn (2001) studies the ethical issues that are associated with MLM companies and explains that many consumers find themselves being manipulated into making uninformed decisions due to MLM firms exaggerating the benefits that their company's products offer — especially on social media. On a global scale, MLM has been proven to be flawed, unfair and deceptive as a business model; a study by Taylor (2011) suggests that it is a systematic problem that is the epitome of deceptive acts or practices. Feedback from participants around the world further suggests that the MLM industry as a whole is extremely viral, predatory and harmful to those who are persuaded into thinking of it as a part-time business opportunity and source of income. This, however, is not justified as it has been proven that in order to build and maintain a large enough downline to meet expenses and, ultimately, make a profit, MLM requires full-time and long-sustained effort from its participants (Taylor, 2011).

In order to fully illustrate the essence of MLM, Bogdan and Wadlewski (2013) explain that it is necessary to look at it from two perspectives. The literature points out that the first of these the point of view of a producer or company, for which MLM is a way to introduce a new product into the market without bearing an influx of costs associated with promotions (Otto and Olczak, 2007). The second is the point of view of the independent distributor, for whom MLM is a business model that does not require a concept and is not associated with the risk of investing in capital, both of which are required when engaging in typical

business activity or franchising (Otto and Olczak, 2007). Such an approach to MLM makes it possible to define the business model as a method of distribution of products in which the costs that are usually associated with advertising and marketing activities are covered at the time of the actual sale.

2.3.2 Direct selling

The direct selling economy adds to people's lives by giving them the opportunity to achieve some level of financial independence without the limitations of having to work in an office. This is a unique and attractive proposition, especially in a modern society where balancing home and work lives is becoming a rising battle, particularly in single-parent families (Du Toit, 2017). Peterson and Wotruba (1996) define direct selling as a system which uses "face-to-face selling away from a fixed retail location". Direct selling is a business model which relies on the power of a firm's independent distributors to communicate the value of its brand's products or services, rather than on more traditional marketing activities (Peterson and Wotruba, 1996). Lilyquist (2018) describes this system as one that eliminates several middlemen involved in the product distribution process, and instead of products being sent to a regional distribution centre and wholesaler, they are sent straight from the manufacturer to a direct sales company, and from there to a sales representative, who then approaches consumers individually.

In a study conducted by Ferrell, Gonzalez-Padron and Ferrell (2010), the researchers use a triangular model to depict a typical direct selling structure, as seen in Figure 2.3.2. The literature explains that three traditional relationships in direct selling guide the process: 1) The direct sales company, 2) The direct sales representative, and 3) The consumer. Ferrell, Gonzalez-Padron and Ferrell's (2010) study illustrates a typical direct selling structure which begins with direct sales companies providing product sales aids and training to a group of independent sales representatives who, in turn, share information through face-to-face demonstrations of the products on offer (Ferrell, Gonzalez-Padron and Ferrell, 2010). Thereafter, customers place product orders with the direct sales representatives, who may have inventory themselves and so are able to deliver products

directly to the consumer or who may process the order through the direct sales company for products to be delivered. On the left-hand side of the triangular model is the relationship between the direct sales company and the consumer. What ultimately facilitates this relationship is the marketing of the brand image itself. As previously stated, the marketing of a brand often occurs through a firm's group of independent distributors, who communicate the value of that brand's products or service offerings (Peterson and Wotruba, 1996).

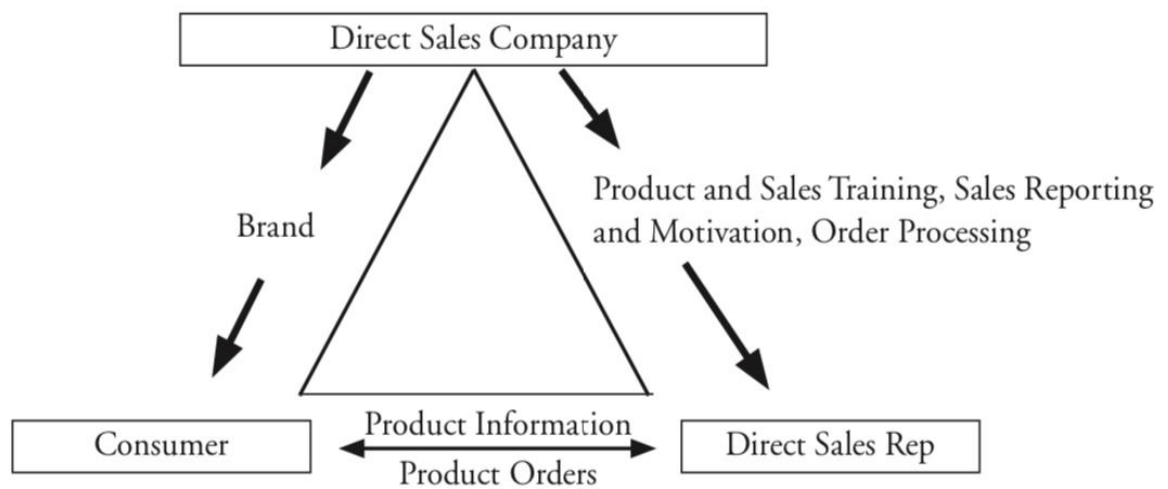


Figure 2.3.2: Triangular Model of Traditional Relationships in Direct Selling (Ferrell, Gonzalez-Padron and Ferrell, 2010)

2.3.3 Deceptive advertising

The understanding of deceptive advertising in this paper is important. Rivera (n.d.) describes deceptive advertising simply as the promotion of misleading, confusing or blatantly untrue statements when advertising a product or service. Deceptive advertising is something that has been around since the beginning of time and is still common today. Aaker (1974) explains that while it is sometimes done innocently, it is also practiced with

the intent of deceiving a consumer or group of consumers. A study by Shimp (2003) elaborates on this and explains that deceptive or misleading advertising often creates and perpetuates stereotypes which results in people purchasing things they may not necessarily need. Deceptive advertising communications can be considered an unethical and possibly illegal marketing practice (Mack, n.d.) and it is often those companies whose primary goal is profit that tend to make use of deceptive, unethical and misleading marketing – whether it be through hiding costs, omitting important facts or using false images – in a bid to influence customers and get them to buy into the brand (Durden, 2018).

Many consumers are manipulated into making uninformed decisions, and this often results in them wasting money on items that do not actually bring any value to their lives due to brands contradicting or concealing the truth of their products and/or services (Durden, 2018). The United States of America was the first country to implement rules and policies regarding deceptive advertising, with a ruling by the Supreme Court stating that false or misleading advertising is not protected under the First Amendment to the United States Constitution, which, among other things, protects the freedom of speech (Demaine, 2012). The Federal Trade Commission (FTC), an independent agency of the United States, has undertaken promoting consumer protection as its principal mission. Ultimately, the FTC has the responsibility to take action against those businesses, like “Company A”, which have engaged in deceptive advertising practices; businesses may also take the same actions against competitors for practicing deceptive advertising (Demaine, 2012). Aaker (1974) was the first to articulate that certain advertisements may mislead consumers. He goes on to explain that deception occurs when the reality of the situation differs from the output of the perceptual process, affecting buying behaviour in a way that is to the detriment of the consumer (Aaker, 1974).

Tsikerdekis and Zeadally (2014) examine deception in the online world and use a deception model proposed by Madhusudan (2003) to classify various online deception techniques. Madhusudan (2003) outlines two basic models, which have been developed based on Interpersonal Deception Theory (Buller and Burgoon, 1996), discussed earlier

on in this paper. Madhusudan (2003) presents a communication model, as seen in Figure 2.3.3, which illustrates the structural aspects of a communication interaction through sub-models of the message and information content as well as the information source (the sender) and the information sink (the receiver). The work by Madhusudan (2003) focuses on text-oriented communication interactions, such as email conversations or chatroom dialogues, where the possibility of deception can be identified. The model illustrates a sender (M_s) who encodes the content of the information (M_w) and places the message through an information channel (M_c). The receiver (M_r) then accesses the channel either on cue or autonomously and thereafter the message is decoded before a proceeding action is initiated. Deception can be said to have occurred when a receiver's expected model differs from the received model (Madhusudan, 2003).

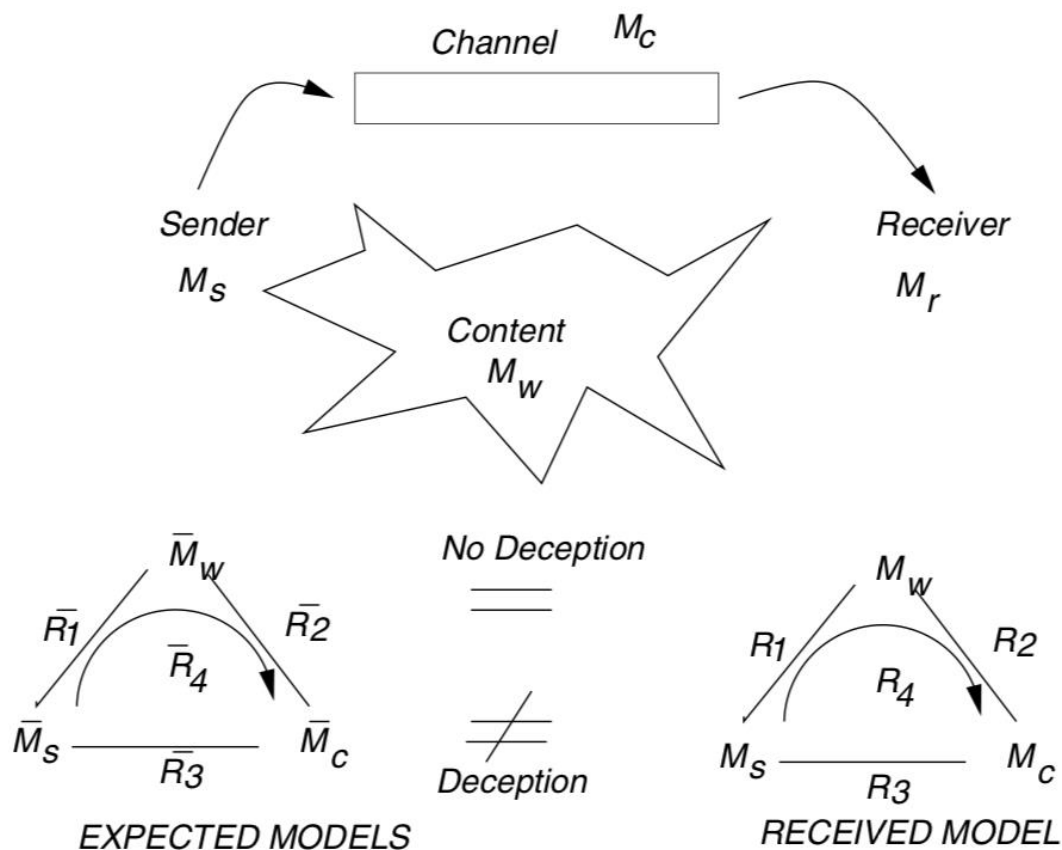


Figure 2.3.3: A Communication Model for Deception Detection (Madhusudan, 2003)

2.3.4 Distributors

Distributors play an important role in MLM firms as they perform two main functions, the first being the selling of the firms' products or services, and the second the recruiting of potential new distributors (Koehn, 2001). Under the MLM model, distributors can potentially create their own business by recruiting an entirely new network of other distributors, who will then go on to recruit more distributors, creating a "downline" of direct and indirect recruits. Keep and Vander Nat (2014) show that along with the purchasing and selling of products, training can also be developed and sold by one distributor to another. Put simply, a downline describes all distributors who are able to recruit new distributors and, in turn, recruited distributors can recruit new ones, too. Koehn (2001) refers to distributors who recruit new prospects as uplines of new recruits; Enblad and Öhlander demonstrate this in a 2019 paper.

Enblad and Öhlander's (2019) representation of a model proposed by Biggart (1989), which displays an organisational genealogy of Anna's uplines and downlines, is presented in Figure 2.3.4. Distributors receive compensation from the MLM firm directly based on how much they and their downlines sell and recruit. Furthermore, individual distributors may also qualify for discounts on their purchases, which are dependent on how many products they purchase at once. The level of compensation is also dependent on the targets specified by the MLM company or based on the volume sold. If distributors and their downlines fail to reach the specific targets which have been put in place, they receive little to no compensation (Keep and Vander Nat, 2014).

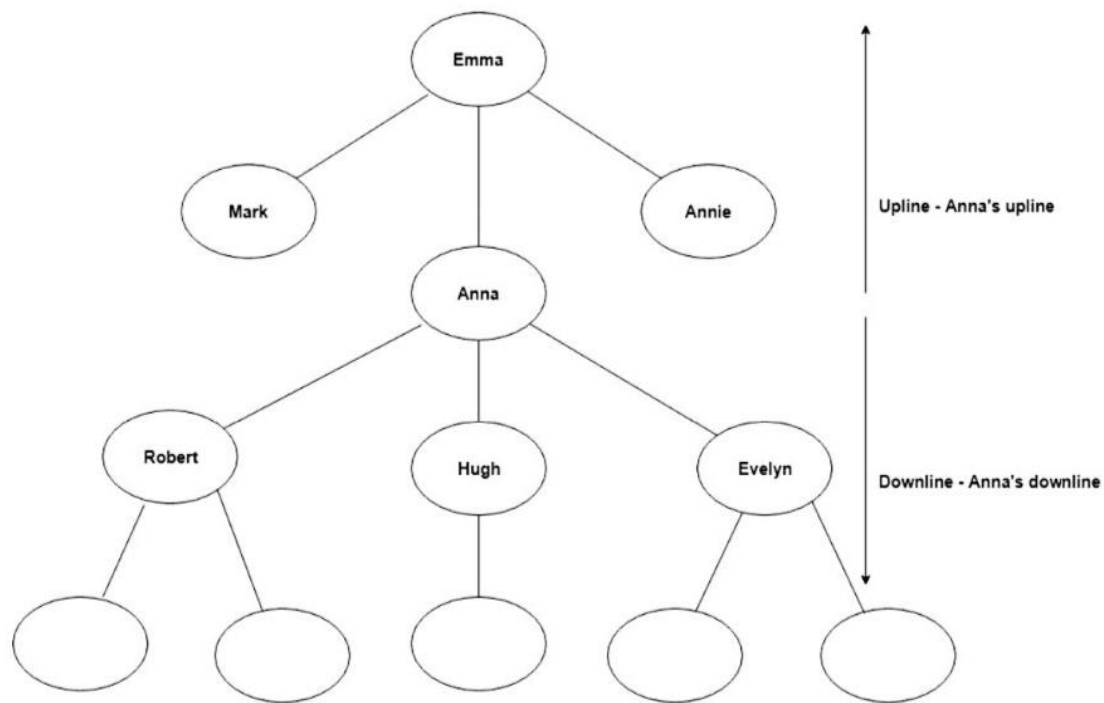


Figure 2.3.4: Enblad and Öhlander's (2019) Representation of a Model by Biggart (1989) Displaying an Organisational Genealogy of Anna's Uplines and Downlines

Bloch (1996) believes that while MLM certainly has many advantages to offer its distributors, many people in our society consider the activity of recruiting individuals in MLM schemes as socially and psychologically unacceptable. Based on various MLM marketing principles, distributors are told that they need to approach all consumers and never to make judgements or assumptions about who they think would be likely or unlikely to be interested in and buy the product or service on offer (Bloch, 1996). The problem with this is that, to a degree, many MLM distributors run the risk of jeopardising their entire network of friends and acquaintances, while the big drawback here is that commission is not only paid on the direct sales that a distributor makes themselves, but on the sales that their fellow recruits make, too. Bloch (1996) explores this further and explains that if a distributor gets a friend to join, that distributor earns a commission not only on the friend's purchase but from the sales that friend makes to their friends as well. In theory, distributors can make a fortune as the process is one that expands into a multi-layered

network. Chonko, Wotruba and Loe (2002) point out that as a result of distributors having their “own business”, they are independent, which means that companies do not have the power to influence the ethics behind the sales force.

2.3.5 Social media

As an industry, MLM relies heavily on social media to motivate independent distributors to build a sales network that translates to an exponentially growing group of people who make a direct impact on the company (Utz, 2005). As the industry continues to grow, so too does the use of social media as a channel to recruit new distributors. While the benefits of building a network of entrepreneurs on social media are endless, lies, exaggerations and digital deception are increasingly becoming more common.

As the social media space continues to evolve and expand with a diverse set of tools and technologies, deception continues to be facilitated and grown through the Internet. A study by Utz (2005) elaborates on this by effectively explaining that a wide assortment of role plays, deceptions, half-truths and exaggerations has been triggered by the characteristics of the online world, which is partly due to the absence of visual and auditory cues. While we may not exactly be anonymous on the Internet, Utz (2005) proposes that, due to physical distance and low social presence, we are more likely to feel less inhibited and less likely to be detected as practicing deception. Bigné, Aldás, and Andreu (2008) explain that more retail and service industries are starting to focus on the nature and role of technology in the direct selling marketplace as a way to enhance a company’s productivity and to ensure that business-to-consumer relationships are sustained on a long-term basis.

The proliferation of online platforms available today, such as Facebook and LinkedIn, has presented the opportunity to facilitate ease of interaction between distributors and consumers, transforming traditional technology such as e-mail into a more social, threaded communication platform (Tsikerdekis and Zeadally, 2014). However, in saying this, Bernoff and Li (2008) argue that these online technologies can impact direct selling

companies in two ways: First, the rate at which friends are gathered online has accelerated the number of distant contacts the average person holds due to network marketing; second, customers are beginning to define their own perspective on companies and brands, drawing power from one another to obtain what they need as they do so (Bernoff and Li, 2008).

2.4 CONCLUSION

With many South Africans seek out MLM companies, more MLM companies operating in South Africa in particular need to be constantly alert of how consumers are interacting online and on social media. As online business opportunities remain an attractive proposition for many, deceptive marketing communications have become more prominent, which can have a detrimental effect on the future of MLM brands. This dissertation aims to explore the complexity of MLM firms, with a particular focus on an MLM firm operating in South Africa, and the effect that their online communications have on consumers, and what overall effect this has on the brand itself.

CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

This chapter introduces the research methods that will be used to conduct qualitative research, whereby the entire research strategy will be outlined. This chapter introduces the research paradigm, which all research will be based on, as well as the population and sampling parameters, the data collection methods and, finally, the data analysis methods that will be used.

3.2 RESEARCH PARADIGM

3.2.1 Interpretivism

The selected paradigm for this study is interpretivism, as the research is focused on obtaining an understanding of South African “Company A” distributors and their deceptive practices on Instagram and Facebook in the form of online marketing communications. Stahl (2013) describes interpretivism as a concept that makes sense of complex and emerging situations by attempting to understand certain phenomena through the meanings which have been assigned to them by individuals in specific circumstances and contexts. The researcher will be able to gain further insight into the behaviour of South African “Company A” distributors through an interpretivist lens, as well as look at how distributors’ behaviour has been influenced by their surrounding social world on social media channels. The interpretivist paradigm pays great attention to the richness of complexities of people within their social aspects and activities and therefore improves the researcher’s overall understanding in relation to the study (Du Plooy-Cilliers, 2017).

This study is qualitative in nature as it looks to understand the influence that deceptive marketing communication has on South African social media users’ intentions to become a “Company A” distributor. The interpretivist paradigm is, therefore, the most appropriate framework for this study as its purpose is to explore the effect that deceptive marketing

communication has on potential candidates from an ethical perspective, rather than provide law-like explanations for deceptive communication. In order to fulfil the purpose of this study, it is important that the researcher understands the meanings which have been associated with the phenomenon by making sense of the participants and their various responses. According to Henning, Van Rensburg and Smit (2004), participation, collaboration and engagement are three key words pertaining to this particular methodology.

Within an interpretive approach to a study, the researcher is a participant observer who engages in the activities rather than one who stands above or outside these activities, and recognises the meanings of the actions as they are expressed in specific social contexts (Carr and Kemmis, 1986). For the purposes of this study, the researcher will engage in social media activities by conversing with “Company A” distributors on Instagram and Facebook to identify the different actions and approaches each individual employs when recruiting a potential candidate online. This will allow the researcher to make sense of the meanings behind the actions of “Company A” distributors towards South African social media users and understand what feelings these individuals may have towards the brand after being in contact with a recruiter for the first time.

3.3 RESEARCH APPROACH AND DESIGN

To take a closer look into the minds of “Company A” distributors and social media users in South Africa, qualitative data collection methods such as ethnography will be used. Qualitative research focuses on understanding the qualities and meanings associated with people in their social worlds rather than measure and quantify certain phenomena, as quantitative research sets out to achieve (Du Plooy-Cilliers, 2017). Exploratory research will be conducted in order to fill a gap in the research by providing an in-depth understanding into a group of people involved in a particular phenomenon with the aim of unravelling key concepts and finding new insights.

Smaller sample groups will be studied in the forms of an online survey and email interviews, all of which will allow the researcher to uncover common factors, beliefs and variables amongst the participants, which, in turn, will allow the researcher to draw relevant and insightful conclusions. The researcher will, therefore, look at directly observing and interacting with subjects of the given population. By analysing the synthesis of experiences, the researcher will be able to provide an in-depth description of the experiences to shed new light onto the relevant topics and discover new insights, which falls in line with the purpose of this study (Saunders & Lewis, 2018). The topics that will be explored include deception, ethics, and social media practices in MLM, with a specific focus on “Company A” distributors in South Africa.

3.4 POPULATION

The research parameters for this study included both former and current “Company A” distributors and recruiters as well as individuals who had been contacted by a “Company A” representative in the previous six months. These two groups consist of females between the ages of 19 and 25 who use Facebook and Instagram on a daily basis. These women fall into the Millennial subgroup, which is an important user group to consider, as its members are starting to earn more money and are becoming more comfortable with spending it online (Moran, 2016).

3.5 SAMPLING

Non-probability, purposive and convenience sampling was used while undertaking research for the purpose of this study. A total of two sample sizes were carefully selected based on the relevance of the individuals in terms of the population and research question characteristics. The first sample involved ten female participants between the ages of 19 and 25 who had previously worked as a distributor for “Company A”. The second sample group included 20 females between the ages of 19 and 25 who had been contacted by a “Company A” representative in the past six months.

In line with the nature of qualitative research, purposive sampling allowed the researcher to use the research question in order to determine which characteristics were important to this study. The characteristics of this particular study, therefore, fit the profile of young female “Company A” distributors within South Africa. Non-probability sampling is a method that is used when it is almost impossible to determine an entire population, and due to this particular study being small-scale by its nature, the identified population could not be defined with any degree of accuracy (Pascoe, 2014). While the samples used in the study represent the population parameters, the sample groups were selected based on the researcher’s judgement due to the entire social media user population not being accessible (Pascoe, 2014). In addition to the above sampling methods, convenience sampling was also used as the researcher chose the population elements that were easily available and convenient at the time (Maree, 2016). This is an easy and inexpensive way to gain insight into the underlying feelings of young South African females who have been contacted by a “Company A” representative over the likes of Facebook and Instagram.

3.6 DATA COLLECTION METHODS

One of the most important stages in conducting research is the collection of data (Kabir, 2016). Data collection is the process of gathering information in variables of interest and then measuring them in an established, systematic fashion that then enables the researcher to answer the research questions, test the hypotheses and, ultimately, evaluate the outcomes (Kabir, 2016). The goal of collecting data is to capture quality evidence which can be translated to the examination of rich data that can thereafter facilitate the building of a credible answer to the proposed research question or questions. The data collection methods that were used in this study consisted of a combination of both primary and secondary data collection.

3.6.1 Secondary research

For the purpose of this study, secondary data was collected through desk research and document analysis. This type of research seeks to review previous research findings in order to gain a broad understanding of the field; it was extrapolated through online resources including textbooks, journal and newspaper articles, and case studies (Travis, 2016). The reason for examining and using existing literature relating to this particular research topic was to research what has already been done and what knowledge currently exists about the topic in order to find a gap in the research.

In the case of collecting secondary data for the purposes of this research, existing information was studied to get a better understanding of MLM as a whole. During the course of the collection of this secondary data, various literature was studied to explain certain phenomena to support the collection of primary data. Key words such as deceptive marketing, multi-level marketing, social media and distributors were used when searching through literary databases which included Google Scholar and The Independent Institution of Education's Space Repository. Only the most relevant factors were taken into consideration when presenting the theoretical framework. For instance, when presenting Buller and Burgoon's (1996) Interpersonal Deception Theory (IDT), only two factors were taken into consideration based on their relevance to this particular study.

In order to limit the risk of unsound interpretations, a critical approach was taken when searching for secondary research. The following criteria were taken into account when collecting secondary data: the author's credibility and reputation, the accuracy and truthfulness of the study, the content and objectivity of the source, and the timeliness of the source (Paul and Elder, 2010).

3.6.2 Primary research

Contrary to secondary data, the collection of primary data in this study considered the research questions, with the intention to help answer them (Saunders & Lewis, 2018).

For the purpose of keeping this study ethical and protecting the identity of the particular MLM company used throughout this paper, all research respondents were made aware that the company in this study would be referred to as “Company A” to keep information confidential in order to avoid damaging the company’s public image.

The research tools used for the purpose of primary qualitative data collection included an online survey and one-on-one email interviews. These two methods were exploratory in nature, which means that the research questions were open-ended, which ultimately enhanced the credibility of the research conducted (Maree, 2016).

3.6.2.1 Online survey

A modern and effective way to conduct surveys is through an online platform like Survey Monkey, which can gather information from a series of both open-ended and closed-ended questions (Ainsworth, 2020). Online surveys are a systematic way of gathering data from the chosen sample group, which, in this case, was 20 individuals between the ages of 19 and 25 who had been contacted by a “Company A” representative in the previous six months. An online survey was conducted through Survey Monkey to collate information from these individuals. Ten open-ended questions were asked, and data from the answers are still in the process of being collected and analysed in order to obtain greater insight into these individuals and their opinions, attitudes and behaviours towards “Company A” as a brand. This online survey was shared on Instagram and Facebook, and was limited to females between the ages of 19 and 25 in order to be more credible.

To begin the process of online primary data collection through the use of surveys, it was important to have a clear research question which defined what the researcher wanted to find out. Based on this question, it was important to determine who exactly the target population to participate in the survey would be. Once the population and sample group were identified, the researcher designed the survey questions based on the main research question. The researcher considered what type of questions were going to be asked (these included a combination of open-ended and closed-ended questions), the

content of the actual questions, the structuring of the questions and, finally, the ordering and layout of the survey questions. The survey was designed using the online platform Survey Monkey, and thereafter it was sent to the sample group using Instagram and Facebook. The researcher determined in advance how many responses would be required to represent an accurate sample and settled on a total of 25 respondents, giving each individual a total of 3 weeks to complete the survey. Refer to Annexure C for a copy of the survey questions.

3.6.2.2 One-on-one email interviews

To understand individuals' experiences with "Company A", one-on-one email interviews were appropriate for the collection of primary, qualitative research. The best choice for the collection of empirical research was to interview former South African distributors and recruiters of "Company A". This process began with the researcher identifying what the objectives of collecting this primary research were and what information was needed in order to contribute towards the accuracy of this study. Conducting semi-structured interviews was best suited for this particular study as the researcher used a set of predetermined questions to which research participants could respond to in their own words. The researcher asked a total of 16 questions in an objective way and chose to conduct the interviews over the computer, using email to communicate.

A consent form to conduct one-on-one interviews over email was sent to each participant to confirm their participation and ensure their anonymity. The researcher originally wanted to conduct face-to-face interviews, however, as a result of the global Covid-19 pandemic, this type of data collection, along with various other data collection methods, is no longer possible or desirable for methodological reasons. Due to this particular reason, the collection of data has been delayed due to the lengthy process of collecting data online and research participants being hesitant to contribute towards the study based on their personal experiences with "Company A". A copy of the interview questions can be found in Annexure D.

A total of four one-on-one interviews were conducted via email in order to determine the attitudes, preferences and opinions of former “Company A” distributors and recruiters. This allowed the researcher to understand the behaviours and actions of South African “Company A” distributors, and the interviewer and interviewee were able to discuss certain experiences in a private setting. One-on-one interviews are a great way to look into individuals’ opinions, thoughts, feelings and experiences, which is extremely valuable when the topic of the questions relate to what the researcher is aiming to discover through a series of complex questions (Easwaramoorthy and Zarinpoush, 2006).

3.7 DATA ANALYSIS

The analysis of data in research translates mass findings into meaningful insights in order to describe, illustrate and condense the data (Bhatia, 2018). The two data analysis methods, which are still in the process of being completed, for the purpose of analysing the qualitative data uncovered in this study will be thematic network analysis and narrative analysis (The Open University, n.d.).

3.7.1 Thematic network analysis

A thematic network analysis is a simple data analysis method which organises qualitative data by unearthing themes in different text at different levels (Attride-Stirling, 2001). The aim of using this particular data analysis method is to illustrate the structuring of these themes with a representational tool such as a table. This analytic tool is valuable as it helps researchers explore the understanding of an issue relating to the particular research problem (Attride-Stirling, 2001). Once all of the data had been collected, the researcher made use of a thematic network analysis to explore the qualitative data in this study by making sense of the questionnaire responses and ultimately contributing towards the development of new impressions which can be interpreted in different ways (The Open University, 2019).

This particular data analysis took more of an exploratory approach when making sense of the research and therefore, contributing towards the development of new impressions which could be shaped and interpreted in different ways (The Open University, n.d.). The full process of a thematic network analysis can be broken down into the following steps which the researcher followed:

- Reduce or break down text,
- Identify common themes,
- Construct thematic networks,
- Describe and explore themes,
- Summarise thematic networks, and
- Illustrate patterns

The volume of raw data was collected from the online surveys and thereafter reduced through transcription and converted into a clear and succinct format (Bezuidenhout, Davis and Du Plooy-Cilliers, 2014). Participant responses taken from the online survey were typed out into a Word document so that the researcher could dissect text into segments using a coding framework. With the data clearly represented, the information was analysed, whereby the researcher interpreted the data and formulated additional analysable data, which was used as a tool to compare opposing trends or themes (Bezuidenhout et al., 2014). This process allowed the researcher to create links and impressions with regards to the subject matter. By refining the themes and arranging them in a table format, the researcher was able to construct thematic networks which identified common patterns or trends.

3.7.2 Narrative thematic analysis

A narrative thematic analysis is a method used to analyse data from qualitative sources such as interview and survey responses as well as observations from the field (Bhatia, 2018). This data analysis method was used to analyse the stories and experiences that had been shared by each individual to answer the research questions (Bhatia, 2018). A

narrative thematic analysis helped the researcher understand how the respondents represented themselves and their experiences to both themselves and to others through the stories which the research participants created. The primary focus in this case is the content within the text and, therefore this approach to data analysis was suitable when extrapolating data from the one-on-one email interviews (Butina, 2015).

Once the data from the one-one-one email interviews had been collected, the researcher made use of a narrative analysis method to analyse the stories that the participants had created. This assisted the researcher in understanding how the respondents represent themselves and their experiences to both themselves and to others (Bhatia, 2018).

The preparation of the data began with the researcher transcribing each interview response into a Word document after they had been completed. While transcribing the responses from the email interviews and the focus group, the researcher made notes of any rudimentary patterns or themes. Each response was combined into one document for each participant, with fictitious names assigned. The researcher then coded the data manually.

Thereafter, codes were placed into logical categories, which were either a clear word or a phrase which described a segment of the data. Through an inductive approach to the research findings, the researcher was able to identify themes and patterns which allowed for a better understanding of past and present “Company A” distributors. Finally, the researcher went on to interpret and make meaning of the data by studying the categories and their corresponding codes to identify any overarching themes or theories that provide insight into MLM companies, “Company A” in particular.

3.8 SUMMARY

The research process presented in this chapter adopted an interpretivist paradigm which aimed to explore the “what and how” of the research problem. In order to find out the perceptions and behaviours of consumers that had been contacted by a “Company A”

representative before, qualitative rich data in the form of primary and secondary research was conducted. Despite the limitations of the research, which are outlined in Chapter 5, the research and data collected was suitable to the study.

CHAPTER FOUR: RESEARCH FINDINGS AND INTERPRETATIONS

4.1 INTRODUCTION

The research questions formed in this study were constructed upon the existing theories identified and suitable data was collected and analysed using these theories. No hypothesis was formulated. However, two research objectives were used to guide the collection of rich, primary data to investigate the research problem. In this chapter, the data that was extrapolated from the online survey and one-on-one email interviews is presented below using both word clouds and graphs to visually represent the data in a clearer way with greater understanding.

4.2 INTERPRETATION AND DISCUSSION OF FINDINGS

Word clouds and graphs have been listed below using figures to present the findings according to the various themes which were discovered through the research. Each finding has been displayed according to how the online survey and one-on-one interview questions were asked to answer the objectives as set out in Chapter 1.

4.2.1 Research objective 1: Gain a deeper understanding of MLM firms and their activities on social media from a distributor's perspective within the context of the South African market.

This objective revealed various themes which were extrapolated from the one-on-one email interviews with past "Company A" distributors. These themes are "Communication strategy", "Forms of communication" and "Online perceptions".

4.2.1.1 Communication strategy



Figure 4.2.1.1 Communication Strategy Used to Contact Potential Prospects

Multi-Level Marketing (MLM) distributors rely heavily on social media to build a large network of salespeople who have a direct impact on the company, with a study by Utz (2005) explaining the use of social media as a channel to recruit new distributors. The responses to interview questions 7 and 8 relate to what Utz (2005) reveals in a study on the different types of deception and underlying motivation. As social media grows, the opportunities to distribute new candidates are endless.

From the research conducted in the one-on-one email interviews, five out of the seven past distributors admitted to using pre-prescribed messages which they would copy and paste to friends and family in order to sell “Company A’s” unique online business opportunity. One of the participants revealed that the company laid out daily tasks such as sending a minimum of ten messages a day to people with an appealing Instagram

aesthetic or through certain Facebook groups. There were two participants in particular who were not comfortable using the suggested method to message potential candidates online and instead went about communicating with prospects in their own, personal way. Another participant mentioned that she was “given examples by our ‘Company A’ recruiter to use in our advertising, so yes, we were handed a copy and paste message and we are added to a central private group on Facebook, where ‘Company A’ had posts for various products we could use to post on our group. I did use a personal way to contact people as I didn’t know enough of the products yet to try and sell them to individuals.”

4.2.1.2 Forms of communication

In a study by Ferrell, Gonzalez-Padron and Ferrell (2010), the literature explains that there are three traditional relationships that exist in the direct selling process.

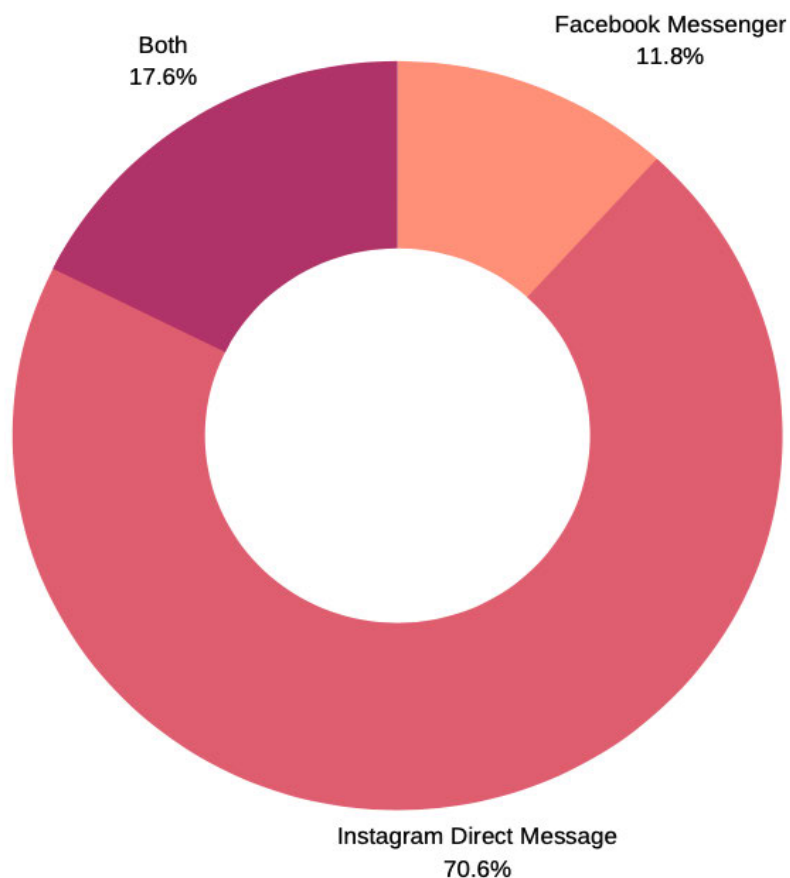


Figure 4.2.1.2 Contact Platforms and Methods

The data in figure 2.3.2 illustrates this process. Distributors have been trained to perform specific tasks and communicate with individuals over social media, primarily through Facebook and Instagram direct messages, in order to make sales. However, while social media is an attractive platform for many online business sellers, deceptive marketing communications, exaggerations and outright lies are prolific on the internet, which leads into the third theme: Online perceptions.

4.2.1.3 Online perceptions

As Bloch (1996) mentions in his study, while MLM firms have many advantages to offer distributors, many people throughout society have deemed MLM schemes and the recruitment aspect in particular to be both socially and psychologically unacceptable.



Figure 4.2.1.3 Respondents' Feelings Towards the First Point of Communication Received

The general consensus from the group of participants showed negative feelings towards “Company A”. Some respondents thought they had been selected based on a profile match process but later found the person prospecting did not have access to their personal profile. This made the process feel like a hoax. These influencers' intentions seemed to be more about “an extra income” than a genuine interest in the buyer or the products. Another respondent elaborated on this, and said that they “could see immediately that the message had ulterior motives”. Interestingly, two participants felt that they were “pretty excited” and “flattered” at first but these feelings soon turned to disappointment.

4.2.2 Research objective 2: Contribute to existing knowledge around the ethical challenges faced by consumers when contacted by a distributor through social media channels.

Prior to the research being conducted, the literature in Assignment 4 revealed deception in the online world, where researchers Tsikerdekis and Zeadally's (2014) made use of a deception model which was proposed by Madhusudan (2003). The purpose of using a model as such was to classify various online deception techniques. The literature by Madhusudan (2003) revealed that deception often occurs through text-oriented communications, such as social media conversations. Objective two uncovered three key themes, which are “Daily business activities”, “Attitudes towards MLM” and “Inauthentic representation of business opportunities and products”.

4.2.2.1 Daily business activities

The research conducted sheds some light on what the typical daily assignments are for distributors and recruiters of “Company A”. Whether or not representatives had the opportunity to try all of the brand's products before marketing them to consumers was also noted. The relevance of these two questions go hand-in-hand with objective two and aim to uncover the activities on social media by “Company A” distributors, which may be deemed to be deceptive.

A word cloud where the words are arranged in a vertical stack. The words are: 'Social media' (purple), 'Daily Facebook group' (pink), 'Adverts Market' (purple), 'Demonstrate Products' (orange), and 'Direct message' (purple). The words are of varying sizes, with 'Social media' and 'Adverts Market' being the largest.

Social media
Daily Facebook group
Adverts Market
Demonstrate Products
Direct message

Figure 4.2.2.1 Daily Assignments for Distributors and Recruiters of “Company A”

By looking at the word cloud above, one can draw conclusions from the answers of previous “Company A” Distributors. It is clear that daily assignments mainly consist of social media postings and advertising product demonstrations. One participant was reportedly required to do “daily posts naturally promoting that you work from home selling products and to message about 20 girls a day”. Another mentioned that “if one was going to take the business seriously, [one would] have to speak to a minimum of 10 people every day about the product, market it far and wide and arrange demonstrations as often as possible”.

“Company A” representatives are not guaranteed to get a response from each of the 20 individuals contacted per day, and so might feel the need to retain the connection with prospects who did respond. Because the distributors have been led to believe they can make a fortune through this multi-layered network process, the ethics behind the sales force is not an important consideration when promoting “Company A’s” products and business opportunities as a whole. Bloch’s literature (1996) explores this process further and explains that if a distributor gets a friend to join, that distributor earns a commission not only on the friend’s purchases, but from their sales, too.

4.2.2.2 Attitudes towards MLM

In question seven of the online survey, individuals who had been contacted by a “Company A” representative in the previous six months were asked whether or not they were interested in becoming a Distributor and/or Recruiter. Following this, individuals were asked to provide reasons for accepting or rejecting the call to join “Company A”. All respondents confirmed that they did not want to become a Distributor or Recruiter. This highlighted a major issue regarding the perceptions these individuals had about “Company A”.

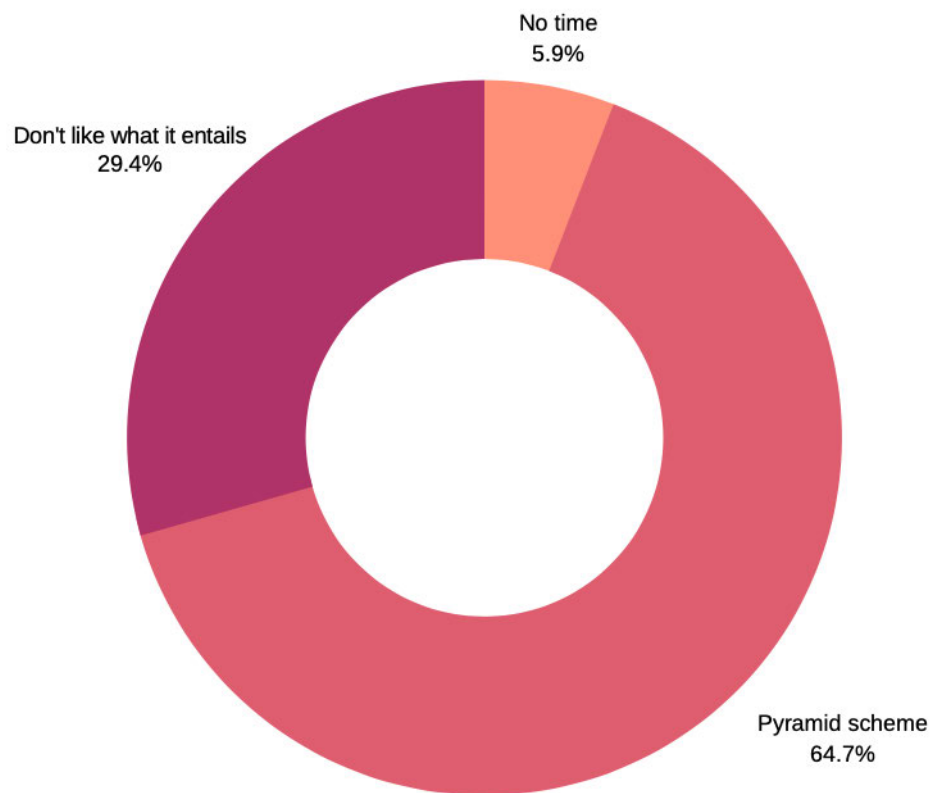


Figure 4.2.2.2 Participant’s Reasons for Not Wanting to Join “Company A”

A common code that came through in the responses was that many participants referred to “Company A” as a pyramid scheme. 11 responses (65% of all respondents) made such a reference. One participant felt the job had been glorified to such an extent that the MLM operation was able to brainwash people into believing that they, too, could become as

rich and successful as the top-performing distributors. The discussion continued that realistically, the market size is limited and, therefore, the ability to be in the top percentile is inherently limited. The participant in question remarked, “It’s a deceptive brand and a waste of time”. Another participant voiced a similar opinion, saying that she felt this business model preyed on the vulnerable who needed money and that this marketing method was outdated and mistrusted. Participants also cited their resistance to the possibility of annoying their peers with promotional communications. For another, it purely came down to a lack of free time, which suggests, to an extent, that being a distributor for a MLM company requires a lot of time and effort.

Taylor’s (2011) literature explains that a great deal of time and sustained effort is required for participants to profit from being involved in an MLM. Biggart (1989) elaborates on this by saying that, often, MLMs have no recruitment criteria at all. While anyone can be considered a suitable candidate for the job, many are not made aware of the time, money and effort they are required to devote to the job in order to succeed.

4.2.2.3 Distributor behaviours

Question 13 in the one-on-one email interview pertained to the brand’s products or the business opportunity it presented. Participants who had experienced some sort of deceptive advertising online were asked to elaborate on how they identified the behaviour as being deceptive.

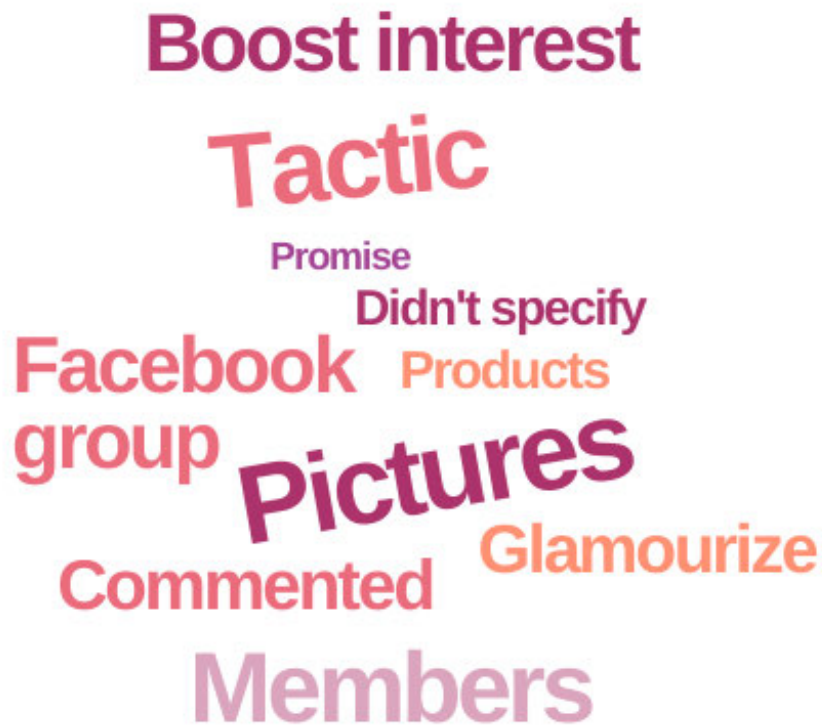


Figure 4.2.2.3 Distributors' Online Business Activities

All respondents suggested that there was a degree to which they experienced other distributors exaggerating the quality of products. One participant mentioned that one tactic used on Facebook was for distributors and recruiters to comment on products stating that they had just placed an order, that the product was of superior quality, or that it had worked well for them. The aim of these false claims and reviews was to boost sales. The literature in Koehn's (2001) study outlines the ethical issues associated with MLM companies. Based on the general tactics distributors use to market "Company A's" products online in the hopes of increasing sales or recruiting more distributors, many consumers might find themselves being manipulated into making irrational decisions due to MLM distributors and recruiters exaggerating potential benefits (Koehn, 2001).

Question 16 in the one-on-one email interview explored the perceptions of current "Company A" distributors and whether they thought other representatives practiced ethical marketing communications. While one participant in particular believed that the

products were good and the testimonials were authentic for the most part, others felt differently. One felt the marketing practices were unethical because the offering was overstated and a lot of information had been omitted. Another participant expressed that she felt that the job “was all about the money” and that they made it sound a lot easier than it was in reality. The last participant also felt differently, stating that she believes “Company A’s” online marketing efforts to be ethical and that she had friends who “recently began selling”.

4.3 VALIDITY, RELIABILITY AND TRUSTWORTHINESS

The foundation of good research is built on the trustworthiness of the data which has been used to make decisions (Eldridge, n.d.). An informed decision cannot be made when data cannot be trusted, and therefore the trustworthiness of the data can only be as good as the tools that have been used to collect the data for the purpose of the study (Eldridge, n.d.). Presented here are two additional concepts which are based on the trustworthiness of quantitative research: Validity and reliability. The validity of the proposed research study refers to data that can be seen as trustworthy and accurate.

When looking at qualitative studies, the concept of validity and reliability are more obscure as they are put in different terms. Trustworthiness, in this context, is more about establishing credible, transferable, confirmable and dependable findings (statisticssolutions.com, 2016). In terms of the research being credible, data triangulation has been used to prove that the research findings are both accurate and true. Data triangulation involves using a number of different methods, data sources and/ or theories which will support the phenomenon being studied (statisticssolutions.com, 2016). The research in this study is deemed to be transferable as the findings are applicable to a number of different situations and similar populations.

The research findings will be based on the various responses from the participants within the different sample sizes and can, therefore, be considered confirmable as the interpretation of the data has not been skewed to fit the personal motivations of the

researcher (statisticssolutions.com, 2016). Finally, the extent to which the study can be replicated by another researcher makes this research paper dependable, as there is data-rich information which make it possible to obtain similar findings to the ones in this study (statisticssolutions.com, 2016).

4.6 CONCLUDING REMARKS

The research from the online survey, one-on-one email interviews and the literature revealed a number of detailed findings and insights. It was found that the research conducted throughout this paper supports the literature of various authors, specifically with Utz' (2005) writing on social media, online sellers, lies, exaggerations and deceptive marketing.

It is understood from the research that the conduct of certain "Company A" distributors online has had a negative impact on consumer perceptions, with the reason being that many consumers view "Company A" as a pyramid scheme based on their deceptive acts through the likes of social media marketing communications. As the economic climate in South Africa has degenerated over time, many consumers have started to seek out MLM companies for their unique and attractive propositions of financial freedom. "Company A" is a prime example of a direct selling company that promises people around the globe an opportunity to gain financial independence; consumers, however, are becoming more conscious of online business opportunities. This leads to MLM companies having to better understand consumers and their opinions, as they need to create a more authentic experience online in order to remain an attractive business proposition.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The conclusions and recommendations of the research in this particular chapter sum up the key points of the research and highlight the significance of each finding. Various limitations are addressed and recommendations have been suggested for each research objective.

5.2 OBJECTIVE ONE

Gain a deeper understanding of MLM firms and their activities on social media from a distributor's perspective within the context of the South African market.

5.2.1 Findings from the literature

As discussed in Chapter 2, the MLM industry is a unique and attractive proposition, especially for those who seek financial independence and have dreams of being their own boss. However, in a bid to influence customers and get them to buy into the brand, distributors and recruiters are using deceptive advertising in the form of hidden costs, false information, and misrepresentative images (Durden, 2018). Distributors perform two main functions within an MLM firm, with the first being the selling of the brand's products or services, and then second the recruiting of new distributors (Koehn, 2001).

While MLM certainly has its perks, there are many people in our society who do not agree with the process of recruiting individuals (Bloch, 1996). Based on common MLM principles, distributors are encouraged to approach all consumers without any judgements or assumptions in terms of who they think would be likely or unlikely to be interested in the brand's products or services on offer. The issue with this, however, is that many distributors run the risk of jeopardising their relationship with their entire network of friends and acquaintances. Because distributors have their own freedom when

it comes to recruiting consumers, MLM companies do not have the power to influence the ethics behind the sales force which could be damaging to the brand (Chonko, Wotruba and Loe, 2002).

5.2.2 Findings from the research

Findings from the research elaborated on the findings from the literature but greater insight and understanding was revealed through the online survey and one-on-one interviews. The common theme among the research participants was that MLM distributors use social media as a common communication channel to recruit individuals. Distributors of “Company A” had a number of daily tasks suggested by the company, which included sending a certain amount of messages to potential prospects each day, along with regular visual postings. Half of the respondents mentioned that while they were encouraged to follow the guidelines introduced by “Company A”, they were not comfortable using the suggested methods of communication, such as a copy-and-paste message, and therefore went about contacting individuals in their own, personal way.

The process of promoting products on social media on a daily basis, and displaying product demonstrations as often as possible, has its downfalls. Individuals who had been contacted by a “Company A” representative revealed that the process distributors used to contact them felt like a hoax, as they could see immediately that the message received has ulterior motives. While the responses varied, the general consensus was that many show negative feelings towards “Company A”.

5.2.3 Conclusion

It is clear from both the findings in the literature and the findings from the research that the one main reason that MLM firms get a bad reputation is because representatives use deception to lure in new recruits. The issue with this is that many start to believe that MLM companies themselves support this type of unethical behaviour, when, in truth, they do not.

5.2.4 Recommendations

Going forward, the recommendation for MLM firms would be that the brand should start coming up with a more authentic way of recruiting individuals through social media. Instead of selling the opportunity to become rich, it is suggested that MLM firms disclose exactly what it is that they are selling. If distributors love the product and believe in what the brand stands for, their enthusiasm is enough to promote the company, which is undoubtedly a more effective way than making exaggerated claims. Good business conduct could benefit MLM firms, as consumers and recruits will not feel deceived, making them more likely to stick with the brand.

5.3 OBJECTIVE TWO

Contribute to existing knowledge around the ethical challenges faced by consumers when contacted by a distributor through social media channels.

5.3.1 Findings from the Literature

Multi-level marketing relies heavily on social media as a channel to motivate distributors to build their own sales network (Utz, 2005). While the benefits of building a network of entrepreneurs on social media are endless, the lies, exaggerations and deceptive advertising that takes place online has become more common. The literature revealed that due to the absence of visual and auditory cues online, deception continues to be facilitated, and the problem with this is that customers are beginning to build their own perspective of companies and brands based on their exposure to half-truths online.

A study by Durden (2018) concluded that it is often those companies whose primary goal is to make a profit that tend to make use of deceptive, unethical and misleading marketing. What is concerning about this is that more and more consumers are being manipulated into making uninformed decisions which often results in them wasting money on a brand's products or services, which do not bring them any value to their lives (Durden, 2018).

5.3.2 Findings from the research

Objective two uncovered three themes which were in line with what the literature revealed. These three key themes elaborate on “Daily business activities”, “Attitudes towards MLM” and “Inauthentic representation of business opportunities and products”. Various participants revealed that part of being a distributor for “Company A” required individuals to contact 10-20 people every day if they were going to take the business seriously. It is understood that representatives are not guaranteed to get a response from each individual, and therefore might feel the need to retain communications with prospects from whom they did receive a response. The ethics behind this sales force is put at risk as distributors have been led to believe that they can achieve financial freedom through this process.

More than half of the respondents who had been previously contacted by a “Company A” distributor were adamant that even after receiving communications, they were not interested in becoming a distributor or recruiter. Most of the respondents felt that the company itself is a pyramid scheme, with one participant particular revealing that they felt that the job had been glorified to such an extent that it felt as if the operation was brainwashing people into believing they could be as rich and as successful as a distributor who had been in the company for a few years. It can be concluded that most participants feel that the brand’s marketing and communication methods are outdated and cannot be trusted.

5.3.3 Conclusion

While almost anyone can be considered a suitable candidate for becoming a MLM distributor, many consumers aren’t made aware by recruiters of the amount of time, money and effort it takes in order to succeed. Based on the general tactics that distributors use that were revealed in the research, many consumers are finding themselves being manipulated into making irrational decisions. The problem with this is that it causes negative effects on the perceptions and attitudes consumers have towards the MLM

industry as a whole, and, in order to prevent this going forward, MLM firms need to develop a team of business builders who sell a solution that their customers need.

5.3.4 Recommendations

It is evident that one of the biggest challenges that MLM companies face today is convincing prospects why they should buy products from or join the brand. With many other brands online selling such similar products and services, consumers have a choice as to which brand they buy into. The recommendations suggest that MLM firms take the time to train potential distributors and recruiters by answering their questions and celebrating their successes on a personal level. In order to stand out and succeed in the MLM industry, brands should start looking at progressively training their distributors through a more constructive approach. By supervising distributors closely and on a more personal level, it is less likely that they will engage in fraudulent and deceiving actions when it comes to recruiting prospects online.

5.4 ANTICIPATED CONTRIBUTION

Throughout this proposed research study, there are unique opportunities to produce contributions across a number of different fields and disciplines. This research paper focuses on deceptive marketing communications within MLM companies, whereby “Company A” will be used as a case study. The research throughout this paper is centered on the study of what deceptive marketing is, which will help readers gain a better understanding as to why companies choose to make use of these unethical marketing practices. The long-term objectives of this study aim to:

- Lead to an enhanced understanding of the nature and characteristics of MLM companies who make use of deceptive/ misleading marketing communication;
- Improve the assumptions which clearly differentiate a MLM company from a pyramid scheme;

- Significantly reduce the number of brands using deceptive marketing communications as a means of financial gain;
- Lead to a key understanding of why individuals benefit from being part of a MLM; and
- Lead to the development of theories aimed at solving deceptive marketing communication in business practices.

5.5 SUGGESTIONS FOR FURTHER RESEARCH

During the course of conducting this research, the emergence of various new aspects and thought-provoking ideas could be interesting to use in future studies. Through the research, it was discovered that there is a negative effect of distributors' tactics on consumers and their decision-making process when it comes to choosing whether to join a MLM company or not, with many perceiving the industry to be one that manipulates "vulnerable people to sign up and try to sell products". These perceptions have ultimately occurred as a result of the general tactics distributors use on a daily basis, and one that could be used in further studies to identify whether there is a more ethical way for distributors to go about their online marketing communication. In addition, the point of view of current distributors of MLM firms could also be researched to understand the psychology behind the deceptive marketing acts that take place in a MLM firm, and the effect it has on the mental and emotional wellbeing of individuals.

5.6 ETHICAL CONSIDERATIONS

Ethical considerations form a major part of research; therefore, it is important that the findings presented throughout the study are authentic and truthful (phdtudent.com, n.d.). Throughout this study, ethical procedures and techniques were implemented to ensure that the various respondents and general public were represented truly and used in the appropriate manner. Throughout this study, the following ethical procedures and techniques were implemented to ensure that:

- Participants were assured of strict confidentiality;
- Full consent was contained from each participant;
- No questions were asked which left the participant feeling discriminated against in any form; and
- The findings produced are authentic and credible (phdtudent.com, n.d.).

5.7 LIMITATIONS

The possible limitations of the proposed research study describe the particular influences that go beyond the researcher's control (phdtudent.com, n.d.). These particular influences are described as the conditions which place restrictions on the research methodology as well as the overall conclusions (phdstudent.com, n.d.). Due to time and location limitations, the focus group study may be confined to certain provinces and not the whole of South Africa. Moreover, the choice of using a survey as one of the data collection methods, may be limited in terms of it not being a truly random sample. Finally, a possible limitation may be that a number of respondents who previously worked at "Company A", may have considered the information requested by the researcher as confidential to them and the company as a whole and therefore may not be willing to answer at all (Hopley, 2019). Lastly, as a result of the global Covid-19 pandemic, face-to face interviews, focus groups and other data collection methods are no longer possible or desirable for methodological reasons, and therefore the collection of data may be delayed due to collecting data online as not all research participants will have access to Internet.

5.8 CONCLUDING REMARKS

The recruitment process which takes place in an MLM firm often involves individuals networking on a personal level with the potential sales person (Muncy, 2004). Unfortunately, however, as the MLM industry continues to grow, there are more companies using deceptive advertising to increase their profitability.

Deceptive marketing communications can be considered an unethical and possibly illegal marketing practice, with many consumers being manipulated into making uninformed

decisions. This results in consumers wasting money on items that do not deliver the promised value or quality of their products and/ or services (Durdan, 2018). While the literature presented in Chapter 2 mentioned similar findings, the outcomes gained through the research in this paper were based on South Africans specifically, whereas various points in the literature were generalised to a population at large.

From the primary and secondary research, it is evident that the MLM industry has been perceived to be a pyramid scheme due to the deceptive acts MLM distributors conduct online in hopes of making sales. There is useful information in this research which provides insight into where MLM companies are going wrong and how they can better understand online consumers in order to influence their overall decision when it comes to joining a MLM firm.

REFERENCE LIST

Aaker, D.A. (1974) 'Deceptive advertising,' in Aaker, D. and Day, G.S. 2nd (eds), *Consumerism*, New York, Free Press, pp. 137-157.

Bernoff, J, and Li, C. 2008. "Harnessing the Power of the Oh-So-Social Web," *Sloan Management Review*, 49 (3), 36–42.

Bezuidenhout, R., Davis, C. and Du Plooy-Cilliers, F. (2014). *Research Matters*. 1st edition.

Bhatia, M. (2018). Your Guide to Qualitative and Quantitative Data Analysis Methods - Atlan | Humans of Data. [online] Available at: <https://humansofdata.atlan.com/2018/09/qualitative-quantitative-data-analysis-methods/> [Accessed 17 October 2020].

Biggart, N.W. (1989). *Charismatic Capitalism: Direct Selling Organizations in America*. Chicago, United States: University of Chicago Press.

Bigné, J. Aldás, J.E. and Andreu, L. 2008. "B2B Services: IT Adoption in Travel Agency Supply Chains," *Journal of Services Marketing*, 22 (6), 454–464.

Bloch, B. (1996). Multilevel Marketing: What's The Catch? *Asia Pacific Journal of Marketing and Logistics*, 8(1), pp. 21-30. Doi: 10.1108/eb010267.

Bogdan, G. and Wadlewski, A. A. 2013. Multi-Level Marketing as a business model. *Marketing of Scientific and Research Organisations*. 7. doi: 10.14611/minib.07.01.2013.09.

Brodie, S., Albaum, G., Chen, D.F.R., Garcia, L., Kennedy, R., Msweli-Mbanga, P., Oksanen-Ylikoski, E., & Wotruba, TR. (2004). *Public perceptions of direct selling: an international perspective*. London, United Kingdom: University of Westminster Press.

Burgoon, J. and Buller, D. (1996). Interpersonal Deception Theory. *Communication Theory*, [online] 6(3), pp.311-328. Available at:
<http://dl.icdst.org/pdfs/files/fad45dd358c65bc944c90cf969a2a6f7.pdf>

Carr, W., & Kemmis, S. 1986. *Becoming critical: Education, knowledge and action research*. London: Falmer.

Chonko, L. B., Wotruba, T. R. & Loe, T. W. (2002). Direct Selling Ethics at the Top: An Industry Audit and Status Report. *Journal of Personal Selling & Sales Management*, 22(2), pp. 87–95. doi: 10.1080/08853134.2002.10754297

Collier, G., 2019. *Understanding Pyramid Schemes And Multi-Level Marketing*. [online] Moneyweb. Available at: <https://www.moneyweb.co.za/financial-advisor-views/understanding-pyramid-schemes-and-multi-level-marketing/> [Accessed 16 October 2020].

Davis, C. and Bezuidenhout, R.M. eds. 2014. *Research Matters*. Claremont: Juta, Chapter 2: 27-31. Thesis and Dissertation Survival. [online] Available at:
<https://www.phdstudent.com/Choosing-a-Research-Design/stating-the-obvious-writing-assumptions-limitations-and-delimitations/Page-2> [Accessed 5 November 2020].

Demaine, L. 2012. Seeing is Deceiving: The Tacit Deregulation of Deceptive Advertising. 45:719. Available at: <https://arizonalawreview.org/pdf/54-3/54arizlrev719.pdf>

Du Plooy-Cilliers, F. (2017). *Research matters*. 5th ed. Cape Town: Juta & Company Ltd.

Du Plooy-Cilliers, F. 2014. Research paradigms and traditions. In: du Plooy-Cilliers, F., Davis, C. and Bezuidenhout, R.M. eds. 2014. *Research Matters*. Claremont: Juta, Chapter 2: 27-31.

Du Plooy-Cilliers, F. 2017. Research matters. 5th ed. Cape Town: Juta & Company Ltd.

Du Plooy-Cilliers, F. and Cronje, J. 2014. Quantitative data collection. In: du Plooy-Cilliers, F., Davis, C. and Bezuidenhout, R.M. eds. 2014. *Research Matters*. Claremont: Juta, Chapter 12: 144-146.

Du Plooy-Cilliers, F., Davis, C. and Bezuidenhout, R. (2013). Research matters. 1st ed. Juta.

Du Toit, E. (2017). [South Africa] DSASA shows 35% growth in direct selling businesses amidst downgraded economy. [online] Africa Business Communities. Available at: <https://africabusinesscommunities.com/news/south-africa-dsasa-shows-35-growth-in-direct-selling-businesses-amidst-downgraded-economy/> [Accessed 13 February 2020].

Durden, O. (2018). Negative Effects of False Advertising. [online] Smallbusiness.chron.com. Available at: <https://smallbusiness.chron.com/negative-effects-false-advertising-25679.html> [Accessed 2 June 2020].

Eldridge, J. (n.d.). Reliability, Validity, and Trustworthiness [PDF]. Available at: http://samples.jbpub.com/9781284079654/9781284108958_CH12_Pass03.pdf [Accessed 1 July 2020].

Enblad, L., & Öhlander, E. (2019). Deception and Self Deception: An investigation of Multi-level marketing distributors and their deceptive practices on social media. Available at: <http://urn.kb.se/resolve?urn=urn:nbn:se:liu:diva-158218>

Failla, D., 1996. Podstawy marketingu sieciowego (Basics of Multi-Level Marketing) [in Polish], MLM International Polska, Łódź. p. 9

Ferrell, L. & Ferrell, O.C. (2012). Redirecting direct selling: High-touch embraces high-tech. *Business Horizons*, 55(3), pp. 273–281. doi: 10.1016/j.bushor.2012.01.004.

Ferrell, L., Gonzalez-Padron, T. L. & Ferrell, O. C. (2010). An Assessment of the Use of Technology in the Direct Selling Industry. *Journal of Personal Selling & Sales Management*, 30(2), pp. 157–165. doi: 10.2753/PSS0885-3134300206.

Henning, E., Van Rensburg, W. and Smit, B. 2004 Finding Your Way in Qualitative Research. Van Schaik Publishers, Pretoria.

Hopley, R. 2019. 'The Effect of Deceptive Marketing Communications on the Distribution and Selling of Advertised Products: A Study on "Company A" Operating as a Multi- Level Marketing Company', *INRS7311: Introduction to Research*. Vega School. Unpublished assignment.

Hopley, R. 2019. 'The Effect of Deceptive Marketing Communications on the Distribution and Selling of Advertised Products: A Study on "Company A" Operating as a Multi- Level Marketing Company', *INRS7311: Introduction to Research*. Vega School. Unpublished assignment [Accessed 2 June 2020].

Hopley, R. 2020. 'An Exploratory Study of Multi-Level Marketing Distributors and Misleading Marketing Communications on Social Media: A Case Study of South African "Company A" Distributors,' *RESE8419: Research. Assignment 1*. Vega School. Unpublished assignment [Accessed 29 May 2020].

Kabir, Syed Muhammad. (2016). Methods of Data Collection.

Keep, W.W. & Vander Nat, P. J. (2014). Multilevel marketing and pyramid schemes in the United States : An historical analysis. *Journal of Historical Research in Marketing*, 6(2), pp. 188-210. doi: 10.1108/JHRM-01-2014-0002.

Koehn, D. (2001). Ethical Issues Connected with Multi-level marketing schemes. *Journal of Business Ethics*, 29(1-2), pp. 153-160. doi: <https://doi.org/10.1023/A:1006463430130>.

Lilyquist, M. 2018. What is Direct Selling and Is it a Good Home Business Option?. [online] The Balance Small Business. Available at: <https://www.thebalancesmb.com/what-is-direct-selling-1794391> [Accessed 2 June 2020].

Mack, S. (n.d.). What Is the Worst Thing About Deceptive Advertising?. [online] smallbusiness.chron.com. Available at: <https://smallbusiness.chron.com/worst-thing-deceptive-advertising-23940.html> [Accessed 2 June 2020].

Madhusudan, T. 2003. On a text-processing approach to facilitating autonomous deception detection. p. 10. doi: 10.1109/HICSS.2003.1173789.

Maree, K., 2016. *First steps in research*. Pretoria. Van Schaik.

McCornack, S. (2009). Information manipulation theory. [online] Taylor & Francis Online. Available at: <https://www.tandfonline.com/doi/abs/10.1080/03637759209376245>

McCornack, S. A. 1992. Information manipulation theory. *Communication Monographs*, 59, 1-16.

Moran, K., 2016. *Designing For Young Adults (Ages 18–25)*. [online] Nielsen Norman Group. Available at: <https://www.nngroup.com/articles/young-adults-ux/> [Accessed 11 April 2020].

Muncy, J. A. (2004). Ethical issues in multilevel marketing: Is it a legitimate business or just another pyramid scheme? *Marketing Education Review*, 14(3), 47–53.

Oksanen-Ylikoski, E., & Wotruba, TR. (2004). *Public perceptions of direct selling: an international perspective*. London, United Kingdom: University of Westminster Press.

Otto J. and Olczak A. 2007. *Marketing w handlu i usługach*, Wydawnictwo Politechniki Łódzkiej, Łódź.

Pascoe, G. 2014. Sampling. In: du Plooy-Cilliers, F., Davis, C. and Bezuidenhout, R.M. eds. 2014. *Research Matters*. Claremont: Juta, Chapter 11: 132-144.

Peterson, R. A., Albaum, G. & Ridgway, N. M. (1989). Consumers Who Buy From Direct Sales Companies. *Journal of Retailing*, 65(2), pp. 273-286.

Peterson, R. A., and Wotruba, T. R. 1996. "What Is Direct Selling? Definition, Perspectives and Research Agenda," *Journal of Personal Selling & Sales Management*, 16, 4 (Fall), 1–16.

Phdstudent.com. (2019). Thesis and Dissertation Survival. [online] Available at: <https://www.phdstudent.com/Choosing-a-Research-Design/stating-the-obvious-writing-assumptions-limitations-and-delimitations/Page-2> [Accessed 10 April 2020].

Rivera, J. (n.d.). What Is Deceptive Advertising?. [online] LegalMatch Law Library. Available at: <https://www.legalmatch.com/law-library/article/what-is-deceptive-advertising.html> [Accessed 2 June 2020].

Romboy, D. 1994. FTC confirms it has reached a settlement with Nu Skin. [online] deseretnews.com. Available at: <https://www.deseretnews.com/article/330707/ftc-Confirms-it-has-reached-a-settlement-with-nu-skin.html> [Accessed 20 May 2020].

Saunders, M. & Lewis, P. (2018). *Doing Research in Business and Management - An essential guide to planning your project*. 2nd edition, Harlow, England: Pearson Education Limited.

Sekaran, U. and Bougie, R. (2013) *Research Methods for Business: A Skill-Building Approach*. 6th Edition, Wiley, New York.

Shimp, T. A. 2003. *Advertising, Promotion, and Supplemental Aspects of Integrated Marketing Communications*, 6th ed., Mason, OH: Thomson South-Western.

Stahl, BC. 2013. Interpretive accounts and fairy tales: a critical polemic against the empiricist bias in interpretive IS research. *European Journal of Information Systems*, [e-journal] 1(11), available through: Google Scholar database [Accessed 22 May 2020].

Statisticssolutions.com.(2016). What is Trustworthiness in Qualitative Research? - Statistics Solutions. [online] Available at: <https://www.statisticssolutions.com/what-is-trustworthiness-in-qualitative-research/> [Accessed 1 July 2020].

Taylor, J.M. 2011. *The Case (for and) against Multi-level Marketing Chapter 7: MLM's Abysmal Numbers*. Available at:
https://www.ftc.gov/sites/default/files/documents/public_comments/trade-regulation-rule-disclosure-requirements-and-prohibitions-concerning-business-opportunities-ftc.r511993-00008%C2%A0/00008-57281.pdf

The Open University, (n.d). 6 Methods of data collection and analysis. [online] The Open University. Available at:
http://www.open.edu/openlearncreate/pluginfile.php/74604/mod_resource/content/3/6%20methods%20of%20data%20collection.pdf?forcedownload=1 [Accessed 10 April 2020].

Travis, D. (2019). Desk research: the what, why and how. [online] Userfocus.co.uk. Available at: <https://www.userfocus.co.uk/articles/desk-research-the-what-why-and-how.html> [Accessed 19 June 2020].

Tsikerdekis, M. and Zeadally, S. 2014. Online deception in social media. *Commun.* 57 (9) 72–80. doi: <https://doi.org/10.1145/2629612>

Utz, S. (2005). Types of Deception and Underlying Motivation: What People Think. *Social Science Computer Review*, 23(1), pp. 49–56. doi: 10.1177/0894439304271534.

ANNEXURE A: ETHICAL CLEARANCE



10 August 2020

Student name: Rachel Christine Hopley

■■■■■■■■■■ ■■■■■■■■■■

Campus: Vega School Durban

Re: Approval of Bachelor of Arts Honours in Strategic Brand Communication Proposal and Ethics Clearance

HONOURS/PGDIP ETHICAL CLEARANCE LETTER

Your research proposal and the ethical implications of your proposed research topic were reviewed by your supervisor and the campus research panel, a subcommittee of The Independent Institute of Education's Research and Postgraduate Studies Committee.

Your research proposal posed no significant ethical concerns and your supporting documents and instruments are in order to proceed. We hereby provide you with permission to proceed with your research.

In the event of you deciding to change your research methodology in any way, kindly consult your supervisor to ensure all ethical considerations are adhered to and pose no risk to any participant or party involved. A revised ethical clearance letter will be issued.

We wish you all the best with your research!

GENERAL CONDITIONS TO BE FULFILLED IN RELATION TO RESEARCH

Permission is granted to proceed with the above study subject to the conditions listed below being met and may be withdrawn should any of these conditions be flouted.

Please note: The panel has not considered the merits, accuracy or ethical soundness of the research. The only merits examined are the use of The IIE as a sample.

Permission is granted subject to the following conditions:

1. The researcher(s) will need to obtain informed consent in writing from all of the participants in his/ her sample if the study is not anonymous.
2. The researcher(s) may only use the data collected for research purposes and in no other way.
3. Photographs of human subjects may only be taken if relevant to the research, informed consent was obtained, and even with informed consent, the photographs may not be published on any online platforms.
4. The researcher is responsible for supplying and utilising his/her own research resources, such as stationery, photocopies, transport, faxes and telephones and should not depend on the goodwill of the institutions and/or the offices visited for supplying such resources.
5. No names or identifying information of participants may be used within the research and the research must be voluntary.
6. Please make it clear that the information will not be used punitively in any way and participants may in no way be counselled/advised based on this.

Supervisor: Simon Grainger
10 August 2020

Campus Postgraduate Coordinator (CPC): Carolanda Du Toit
10 August 2020

ANNEXURE B: INFORMED CONSENT

Explanatory information sheet and consent form for participants

To whom it may concern,

My name is Rachel Christine Hopley and I am a student at Vega School Durban. I am currently conducting research under the supervision of Simon Grainger about “Company A” Distributors and their deceptive advertising on Social Media. I hope that this research will enhance our understanding of multi-level marketing companies and ultimately add new and updated insights into the mindset of South African social media users by making them more aware of misleading marketing communications.

I would like to invite you to participate in my study. In order to explain to you what your participation in my study will involve, I have formulated questions that I will try to fully answer so that you can make an informed decision about whether or not to participate. If you have any additional questions that you feel are not addressed or explained in this information sheet, please do not hesitate to ask me for more information. Once you have read and understood all the information contained in this sheet and are willing to participate, please complete and sign the consent form below.

What will I be doing if I participate in your study?

I would like to invite you to participate in this research because you are someone who has responded to my polls on social media about being contacted by a “Company A” distributor over social media in the past six months. If you decide to participate in this research, I would like to email you my questionnaire on Microsoft word. If you could please fill that questionnaire out and then email it back to me. You can decide whether or not to participate in this research. If you decide to participate, you can choose to withdraw at any time or to decide not to answer questions on the questionnaire.

Are there any risks/ or discomforts involved in participating in this study?

Whether or not you decide to participate in this research, there will be no negative impact on you. There are no direct risks or benefits to you if you participate in this study. If you find at any stage that you are not comfortable with the questions, you may withdraw or refrain from participating.

Do I have to participate in the study?

- Your inclusion in this study is completely voluntary
- If you do not wish to participate in this study, you have every right not to do so
- Even if you agree to participate in this study, you may withdraw at any time without having to provide an explanation for your decision.

Will my identity be protected?

I promise to protect your identity. I will not use your name in any research summaries to come out of this research and I will also make sure that any other details are disguised so that nobody will be able to identify you. I would like to ask your permission to record the interviews, but only my supervisor, I and possibly a professional transcriber (who will sign a confidentiality agreement) will have access to these recordings. Nobody else, including anybody at Vega School Durban, will have access to your questionnaire. I would like to use quotes when I discuss the findings of the research, but I will not use any recognisable information in these quotes that can be linked to you.

What will happen to the information that participants provide?

Once I have finished all questionnaires, I will write summaries to be included in my research report, which is a requirement to complete my Honours in BA Strategic Brand Communication. You may ask me to send you a summary of the research if you are interested in the final outcome of the study.

What happens if I have more questions about the study?

Please feel free to contact me or my supervisor should you have any questions or concerns about this research, or if there is anything you need to know before you decide whether or not to participate.

You should not agree to participate unless you are completely comfortable with the procedures followed.

My contact details are as follows:

Rachel Hopley

[REDACTED]

[REDACTED]

The contact details of my supervisor are as follows:

Simon Grainger

[REDACTED]

[REDACTED]

By completing the questionnaire, I agree to participate in the research conducted by Rachel Hopley about “Company A” distributors and their deceptive marketing communications on social media. This research has been explained to me and I understand what participation in this research will involve. I understand that:

- My anonymity will be ensured. My name and personal details will be kept private.

- My participation in this research is voluntary and I have the right to withdraw from the research at any time. There will be no repercussions should I choose to withdraw from the research.
- I may choose not to answer any of the questions that are asked in the questionnaire
- I may be quoted directly when the research is published, but my identity will be protected.

ANNEXURE C: SURVEY QUESTIONS

1. How did you find out about “Company A”?

- Through this survey
- Through a friend or family member
- On social media (Facebook, Instagram, Twitter etc.) On a search engine – I was searching Google Other (please specify)

2. If you have been contacted by a “Company A” representative in the last six months, on which platform did the representative contact you and how?

3. What were your feelings about the first point of communication from or with the representative?

4. Do you know anyone close to you (this could be a friend or family member) who has tried to sell you “Company A” products? If you answered yes, has your relationship with this person changed at all since they reached out to you? Please give a reason for your answer.

5. Have you ever been contacted by the same “Company A” distributor more than once? If you answered yes, how many times were you contacted?

6. On average, how many times have you been contacted by different “Company A” distributors over the last six months?

7. Are you interested in joining “Company A” to become a potential distributor and recruiter for the company?

- Yes
- No
- Maybe
- I’m not sure

8. What is your reason for wanting or not wanting to join the company as a sales representative?

9. When it comes to online business opportunities, what motivates you or discourages you when it comes to taking part?

10. What advertising practices on social media do you consider to be ethical and unethical?

ANNEXURE D: INTERVIEW SCHEDULE

1. How did you become a distributor and recruiter for “Company A”?
2. What was your first point of contact with a representative from “Company A”? And can you share which form of communication?
3. What was it about the business opportunity that you found attractive?
4. What were your daily assignments as a distributor and recruiter for “Company A”?
5. Before selling the products to individuals did you try all the products and if so, were they as good as you expected them to be?
6. How did you approach individuals when contacting them for the first time, and which platform did you use and why?
7. Did you use a communication strategy suggested by “Company A” (for example, a pre-prescribed “copy and paste” message) when contacting different individuals or did you approach individuals in your own personal way each time? And if so can you share how you did this and why?
8. Was there a particular group of people you were encouraged to recruit and sell to first (this could be friends and family for example). Please could you explain why or why not.
9. What was the general response like from the individuals you contacted?
10. After how long did you decide to opt out of being a distributor and recruiter for “Company A”, and what was your reason for doing so?
11. In what way did you make most of your income as a distributor? Was this mainly through selling or recruiting?

12.What were the general feelings that individuals had about “Company A’s” products after purchasing a product?

13.Did you ever experience other distributors from “Company A” exaggerating about the brand’s products in any way? If so, how did you notice this behaviour?

14.Do you feel that the communications you put out to the public about “Company A’s” products were honest, truthful and authentic? Why or why not?

15.Do you feel that the communications you put out to the public about “Company A’s” “business opportunity” were honest, truthful and authentic? Why or why not?

16.From your point of view, do you view other “Company A” distributors as practicing ethical marketing communications? Please provide an explanation for your answer.

ANNEXURE E: PARTICIPANT RESPONSES

Respondent A

1. How did you become a distributor and recruiter for “Company A”?

A friend who went to the same high school as I was distributing and recruiting all over her Instagram and so I asked her about Company A and she signed me up and “mentored” me.

2.What was your first point of contact with a representative from “Company A”? And can you share which form of communication?

It was over social media, on Instagram, through the direct messaging, I messaged my friend first to ask more about Company A because her posts intrigued me.

3.What was it about the business opportunity that you found attractive?

- Being able to work from home or anywhere really.
- Flexible hours because you choose how many hours to work – being a full-time student, it is hard to have a job and earn money because of lectures, so you can’t often find a half day job for instance.
- I personally love skincare and beauty, so it was exciting for me.
- The money you “can” earn that they advertise.
- Girls working with girls – I liked the idea of that.

4. What were your daily assignments as a distributor and recruiter for “Company A”?

There was nothing like “set” that you MUST do and if you do not then there’s consequences. It really was an individual thing, like if you choose to put the work in daily then that is fine, or weekly or monthly, it is up to you. Obviously, you are told the more work you put in, the more reward which is essentially sales which means money. So, I would say daily tasks would include posting “adverts” of the products on your social media (Instagram was predominantly used, but Facebook too), it was highly encouraged to personalize your posts so that they are unique and different and not the same as every other distributor. It was also encouraged to post about the company and find girls to join your team, so posting about the company in the hopes that girls ask more about it, or directly messaging girls to ask them to join.

5. Before selling the products to individuals did you try all the products and if so, were they as good as you expected them to be?

I did not try all the products because there are literally hundreds. But I did try the whitening [redacted] and very recently I got [redacted] a Lumi Spa (facial cleansing device). The [redacted] was good, but it is something you need to consistently use to see results, not just here and there, so I enjoyed it but it becomes a bit of an expense as a student to constantly buy. The [redacted] is fine, I did not get any “wow” aspect from it, just a good mist. I personally really enjoyed the [redacted] and still order and take them to this day. They are amazing for bloating and regulating bowels. The [redacted] far exceeded my expectations, which were already high, considering it was voted No1 in the world, so I was expecting a lot from this device, and it delivered for sure. It did what it claims and more, it is just an overall unexplainable experience and you must use it to understand. As someone who absolutely loves

skin care and always looking for something new to clean my face properly, this device is a serious game changer for skin care and just in the 2 and a half weeks I have used it, I am blown away with how my face looks and feels. On the other hand, it was given to me as a gift and it is an extremely costly device to buy, especially for a student, so I personally would never have been able to spend that kind of money and buy one for myself but if I did have the money, it would be a worthwhile investment.

6. How did you approach individuals when contacting them for the first time and which platform did you use and why?

Customers: Most communication with buyers was on Instagram in DM's. They would usually contact me first, by replying to a post or story, or just ask about products that they had seen.

Recruiting: I never went as far as to recruit other people. But I know it was encouraged to DM them on Instagram and present the opportunity to them.

7. Did you use a communication strategy suggested by "Company A" (for example, a pre-prescribed "copy and paste" message) when contacting different individuals or did you approach individuals in your own personal way each time? And if so can you share how you did this and why?

There were pre-prescribed messages provided but it is entirely up to you whether you use them or not, but it was encouraged to change it and personalise it. I never really used any of them, but I never went as far as to start recruiting people. So, if a customer wanting to buy products contacted me, I would just reply individually each time. But we were "taught" or "told" to take charge and message others on Instagram and that is mainly where a "copy and paste" message would be used but usually just changing the greeting.

8. Was there a particular group of people you were encouraged to recruit and sell to first (this could be friends and family for example), and why?

For selling to customers not really, posting on your Instagram I suppose targets friends and people you know though. In terms of recruiting, it was mostly just encouraged to find like minded girls who you feel would be beneficial to work with. I suppose mostly girls are "targeted".

9. What was the general response like from these individuals?

I personally never messaged girls to recruit but I think it was mixed responses from what I have heard. A lot of girls liked to "troll" the Company A distributors because so many started joining at one point, and many got irritated by the messages. But some girls joined from the messages they received so yeah.

10. After how long did you decide to opt out of being a distributor and recruiter for "Company A", and what was your reason for doing so?

I would probably say like 5/6 months. It became a chore for me, also there was a lot of judgement online from other girls who criticized the products and distributors, but many ended up trying the products eventually which I find ironic. I mostly stopped because I personally don't believe in selling something that I haven't tried myself, but most of Company A's products are extremely

costly for a student so I never tried out the more expensive stuff and therefore didn't advertise it. Also, there is literally no immediate income as "advertised" you only really make money when you recruit other people and earn commission off their sales. Which I never did so therefore no income, which to me says, I am basically advertising these products for free. So, I just stopped.

11. In what way did you make most of your income as a distributor? Was this mainly through selling or recruiting?

As mentioned above you only really start to make some sort of income once you have recruited people who are essentially signed up below you, and whatever sales those people make, you earn a commission off that. They don't lose any money, so it is not like a shared profit thing, they won't have to pay you anything from what they make, Company A essentially gives you a shared commission each time they make a sale.

12. What were the general feelings that individuals had about "Company A's" products after purchasing a product?

Majority enjoyed the products and repurchased them.

13. Did you ever experience other distributors from "Company A" exaggerating about the brand's products in any way? If so, how did you notice this behaviour?

I think in any marketing people glamourize products in order to sell them, I do think some people did do this and did not necessarily specify how to achieve what is being promised by a product. For e.g. the [REDACTED], you must continuously use it, day and night, daily to see results and then continue using it. It does not whiten right away but after consistently using it for a month, there is a noticeable difference. You cannot use it every second day and expect amazing results. Also, the [REDACTED] that were being promoted for weight loss which is not what they are for. I noticed that a lot which I did not agree with.

14. Do you feel that the communications you put out to the public about "Company A's" products were honest, truthful and authentic? Why or why not?

I always tried to be as authentic and honest as possible because as mentioned above, I personally do not feel comfortable promoting a product I have not personally tried and know works. So, I only posted about products I tried and enjoyed and knew I could sell honestly.

15. Do you feel that the communications you put out to the public about "Company A's" "business opportunity" were honest, truthful and authentic? Why or why not?

I do not think the way the company or opportunity is marketed is truthful as it makes a lot of promises and glamorizes the whole opportunity to be so incredibly attainable but there is a lot of steps and work needed to actually earn a comfortable income. It is advertised as a quick income and fun, easy job on the side. But it takes a lot to get to a place where you are earning a constant income and that is never fully explained before joining.

16. From your point of view, do you view other "Company A" distributors as practicing ethical marketing communications? Please provide an explanation for your answer.

In terms of the advertising of the products, I do believe that the products are good and work and therefore the testimonies and reviews are ethical and honest, perhaps not always but in my experience they were. However when it comes to the marketing of joining the business and what you can look forward to, a lot of important information is left out and it is overly glamourized by the flexibility, how easy and quickly you can earn an income and work towards expensive holidays etc.

Respondent B

1. How did you become a distributor and recruiter for “Company A”?

My friend Erin started and I was curious so I messaged her and started up.

2.What was your first point of contact with a representative from “Company A”? And can you share which form of communication?

Instagram.

3.What was it about the business opportunity that you found attractive?

The beautiful products and to be able to work alongside any other commitment. I was looking to earn an extra income on the side of au pairing.

4. What were your daily assignments as a distributor and recruiter for “Company A”?

Do daily posts naturally promoting that you work from home and products and messages about 20 girls a day.

5. Before selling the products to individuals did you try all the products and if so, were they as good as you expected them to be?

Yes I did with most of the products. I loved the products and I enjoyed using them but they are just a little pricey for being a student.

6. How did you approach individuals when contacting them for the first time and which platform did you use and why?

I approached people with a nice Instagram feed on Instagram because I love Instagram and I am mostly on Instagram.

7. Did you use a communication strategy suggested by “Company A” (for example, a pre-prescribed “copy and paste” message) when contacting different individuals or did you approach individuals in your own personal way each time? And if so can you share how you did this and why?

I usually had a set message. Didn't really feel like I was so passionate about the business after a while. I know the whole company works but just wasn't something I found joy in. Started overthinking about it all.

8. Was there a particular group of people you were encouraged to recruit and sell to first (this could be friends and family for example), and why?

Mainly friends or people over Instagram.

9. What was the general response like from these individuals?

They were not interested.

10. After how long did you decide to opt out of being a distributor and recruiter for “Company A”, and what was your reason for doing so?

I decided both when I joined. Was exciting and I was ready to give it my all.

11. In what way did you make most of your income as a distributor? Was this mainly through selling or recruiting?

Selling to family.

12. What were the general feelings that individuals had about “Company A’s” products after purchasing a product?

Some loved and some didnt feel that they worked. They also said it was expensive.

13. Did you ever experience other distributors from “Company A” exaggerating about the brand’s products in any way? If so, how did you notice this behaviour?

Yes definitely. Just with certain pictures.

14. Do you feel that the communications you put out to the public about “Company A’s” products were honest, truthful and authentic? Why or why not?

Most of the products. I just feel that some work better on some people than others and just like certain foods respond better with some people so do the products.

15. Do you feel that the communications you put out to the public about “Company A’s” “business opportunity” were honest, truthful and authentic? Why or why not?

Yes I do but had self doubt most of the time because of the stigma based around Company A.

16. From your point of view, do you view other “Company A” distributors as practicing ethical marketing communications? Please provide an explanation for your answer.

Yes. Just to get a better understanding of how other girls have succeeded. But feel like it is important to use your own information and make sure you feel honest about what you are posting before you post.

Respondent C

1. How did you become a distributor and recruiter for “Company A”?

I saw a lot of advertising being done at the time on Facebook groups by other distributors looking for people who want to earn extra cash and want to or can work from home.

2. What was your first point of contact with a representative from “Company A”? And can you share which form of communication?

I contact a distributor on Facebook on one of their adverts, stated I'm interested in finding out more, and they then contact you over Facebook messenger.

3. What was it about the business opportunity that you found attractive?

Just making some extra money that was needed at that stage.

4. What were your daily assignments as a distributor and recruiter for “Company A”?

As it was early stages I never got to a point to recruit, but it was expected to make sales, and to try and add more people to like my Facebook group so I reach more people

5. Before selling the products to individuals did you try all the products and if so, were they as good as you expected them to be?

I did not try all the products, but I tried a product from most of the categories. I didn't find any of the products to work as well as the “customer testimonies” ever did, if really at all.

6. How did you approach individuals when contacting them for the first time, and which platform did you use and why?

All point of contact was mainly over Facebook. I first added my own Facebook friends and then advertised once or twice on Facebook groups. I approached some people at my work about the products I am selling. The person who recruited me taught us to create a Facebook group as the first biggest point of attracting potential customers and to make sales.

7. Did you use a communication strategy suggested by “Company A” (for example, a pre-prescribed “copy and paste” message) when contacting different individuals or did you approach individuals in your own personal way each time? And if so can you share how you did this and why?

We are given examples by our Company A recruiter to use in our advertising, so yes we were handed a copy and paste message and we are added to a central private group on Facebook where Company A had posts for various products we could use to post on our group. I did use a personal way to contact people as I didn't know enough of the products yet to try and sell them to individuals.

8. Was there a particular group of people you were encouraged to recruit and sell to first (this could be friends and family for example). Please could you explain why or why not.

We were encouraged to add our own Facebook friends and then as soon as possible to start advertising on Facebook groups.

9. What was the general response like from the individuals you contacted?

Most of them were unsure as they don't know the products and that they were too expensive for them.

10. After how long did you decide to opt out of being a distributor and recruiter for "Company A", and what was your reason for doing so?

I was a distributor for probably 6 months before opting out. Sales were slow and after using the products and realising they don't work so well, I lost faith in what I was selling. I also realised it was very much a pyramid scheme and I didn't support this.

11. In what way did you make most of your income as a distributor? Was this mainly through selling or recruiting?

I never recruited, so only as a distributor.

12. What were the general feelings that individuals had about "Company A's" products after purchasing a product?

I never received any feedback from people I sold products to, but they rarely came back so couldn't have been that great.

13. Did you ever experience other distributors from "Company A" exaggerating about the brand's products in any way? If so, how did you notice this behaviour?

It was a general tactic that distributors and recruiters from the same "pyramid scheme" were members of your Facebook group and whenever you posted an advert for a product they would comment on how amazing this product is, or how they just placed an order, or how it worked great for them. Everyone aided to make the products seem great to try boost interest and sales.

14. Do you feel that the communications you put out to the public about "Company A's" products were honest, truthful and authentic? Why or why not?

No. I won't say they are the worst, or they don't work at all, but I definitely never experienced that they worked as well as they made it sound to be. I used one product in particular for a few months as it was meant to help weight loss. Did nothing. Tried this special skin cream that would do wonders for various skin problems, never saw the results they posted in photos. So I didn't find them that honest and truthful.

15. Do you feel that the communications you put out to the public about "Company A's" "business opportunity" were honest, truthful and authentic? Why or why not?

No I do not. Everything about Company A and its team is dressed up to sound better than what it really is

16. From your point of view, do you view other “Company A” distributors as practicing ethical marketing communications? Please provide an explanation for your answer.

It was all about the money. It was advertised as making money while just using a computer. If you put the effort in, it was possible, but I don't think it is as easy as they make out to be. At the time I was recruited, a lot more distributors were out there, and customers are loyal, so you would have to look very hard to find customers. The margin you make on a product is already quite low, so you would have to make a big profit cut in an attempt to lure people from other distributors or get new customers. Being said, I don't think it's the most ethical marketing as each one was out to benefit themselves as much as possible.

Respondent D

1. How did you become a distributor and recruiter for “Company A”?

I was invited to a presentation by a good friend.

2. What was your first point of contact with a representative from “Company A”? And can you share which form of communication?

It was a presentation delivered by a distributor from the US at a venue in Somerset West

3. What was it about the business opportunity that you found attractive?

I loved the fact that it was a range of scientifically designed and clinically proven products to promote a healthy lifestyle and anti-aging technology utilising their [redacted] and the [redacted] backed by a company with a AAA rating that was socially responsible through their nutrition programme.

4. What were your daily assignments as a distributor and recruiter for “Company A”?

I wouldn't call them assignments but if one was going to take the business seriously you'd have to speak to a minimum of 10 people every day about the product, market it far and wide and arrange demonstration in use get together as often as possible. This was to show the astounding efficacy of the [redacted] and the ability to measure carotenoid antioxidant status in the body immediately just by scanning the hand

5. Before selling the products to individuals did you try all the products and if so, were they as good as you expected them to be?

I first tried the [redacted] which was amazing to say the least as it produced immediate results in reducing puffiness around the eye area, fine lines on the forehead and cheeks especially and also the neck. The [redacted] and the [redacted] together with the [redacted] followed and then the [redacted] range was introduced. Each product delivered exactly what Company A promised.

6. How did you approach individuals when contacting them for the first time, and which platform did you use and why?

Back then telephonic contact was a normal method of first time contact but at DM's we'd often make first contacts and follow up with a call to firm up appointments.

7. Did you use a communication strategy suggested by “Company A” (for example, a pre-prescribed “copy and paste” message) when contacting different individuals or did you approach individuals in your own personal way each time? And if so can you share how you did this and why?

It wasn't so much a copy and paste as actual training in how to deliver a sales pitch and dm.

8. Was there a particular group of people you were encouraged to recruit and sell to first (this could be friends and family for example), and why?

First friends and family and then mostly referrals because word of mouth advertising was such a personal thing and a very powerful tool.

9. What was the general response like from these individuals?

Disbelief as the **Salvage Sp** was an amazing tool that could literally iron out wrinkles and promote lifting of saggy skin before ones eyes.

10. After how long did you decide to opt out of being a distributor and recruiter for “Company A”, and what was your reason for doing so? They usually stayed and some people I was associated with then are still distributors.

The problem at the time was that world wide property market fell through the floor boards and some well known financial establishments actually collapsed and distributors couldn't afford their monthly auto-ship products any longer and Company A was pricey.

11. In what way did you make most of your income as a distributor? Was this mainly through selling or recruiting?

Absolutely sales and recruiting. Company A is a direct selling organisation even though they have become a really good innovations company in health and wellness now, they still rely on recruiting and sales for profit.

12. What were the general feelings that individuals had about “Company A’s” products after purchasing a product?

They loved the products they initially purchased so naturally began to explore the rest of the ranges.

13. Did you ever experience other distributors from “Company A” exaggerating about the brand’s products in any way? If so, how did you notice this behaviour?

There are always distributors in any field of direct selling that do this as they show themselves up...

14. Do you feel that the communications you put out to the public about “Company A’s” products were honest, truthful and authentic? Why or why not?

I did and still do. The **Salvage Sp** as mentioned earlier as well as some of the other products demo'd delivered immediate and visible, tangible results.

15. Do you feel that the communications you put out to the public about “Company A’s” “business opportunity” were honest, truthful and authentic? Why or why not?

At the time, yes until the autoships were no longer affordable and that's why I eventually packed it in.

16. From your point of view, do you view other “Company A” distributors as practicing ethical marketing communications? Please provide an explanation for your answer.

I do. Some of my associates from back then still sell the product and other friends have more recently begun selling Company A.

ANNEXURE F: FINAL RESEARCH REPORT SUMMARY DOCUMENT

Research Purpose/ Objective	Primary Research Question	Research Rationale	Seminal Authors/ Sources	Literature Review: Conceptual Framework	Paradigm	Approach	Data Collection Method(s)	Ethics	Anticipated Findings	References
This study aims to explore South African distributors of "Company A" and the correlating misleading marketing communication on social media and discuss the adverse effect this communication has on potential candidates from an ethical perspective.	What is the effect of deceptive marketing communications on social media by South African "Company A" distributors on potential candidates?	The gap in the research explores the misleading marketing communication by assuming a South African MLM distributor's point of view to analyse any misleading activity on social media platforms.	Collier, G Taylor, J. M Koehn, D McCormack, S Buller, D. B Burgoon, J. K Utz, S Ferrell, L., Gonzalez-Padron, T. L. & Ferrell, O. C Madhusudan, T. Enblad, L., & Ohlander, E.	Public perceptions of direct selling an international perspective Ethical Issues Connected with Multi-level marketing schemes Journal of Business Ethics Consumers Who Buy From Direct Sales Companies Journal of Retailing	The selected paradigm for this study is interpretivism, as the research is focused on obtaining an understanding of South African "Company A" distributors and their deceptive practices on Instagram and Facebook in the form of online marketing communications. The interpretivist paradigm pays great attention to the richness of complexities of people within their social aspects and activities and therefore improves the researcher's overall understanding in relation to the study	Qualitative study: Understand the influence that deceptive marketing communication has on South African social media users' intentions to become a "Company A" distributor. Population Former South African "Company A" distributors as well as individuals who have been contacted by a "Company A" representative in the past six months.	1. Online Survey 2. One-on-one email interviews	Participants privacy is prioritised; Full consent is contained from each participant; The findings are authentic and credible and can therefore be used as academic knowledge.	Many South African social media users have been contacted by a "Company A" representative over Facebook or Instagram, however are afraid to join the business opportunity due to the misleading marketing communications they have been exposed to.	Aaker, D A. (1974) "Deceptive advertising," in Aaker, D. and Day, G.S. 2nd (eds), Consumerism, New York: Free Press pp. 137-157. Bernoff, J, and Li, C. 2008. "Harnessing the Power of the Oh-So-Social Web," <i>Sloan Management Review</i> , 49 (3), 36-42. Bezuidenhout R. Davis C. and Du Plooy-Cilliers, F. (2014). <i>Research Matters</i> . 1st edition.
Research Problem	Secondary Questions/ Hypotheses/ Objectives	Key Concepts	Key Theories	Deception and Self Deception An investigation of Multi-level marketing distributors and their deceptive practices on social media	Ontological Analyse how "Company A" acts as a construction which influences how distributors interact with the social world on social media. Metatheoretical Collect qualitative data using previous findings and combining them with South African "Company A" distributors. Methodological Reveal insights into the subjective qualities of distributors.	Sampling	Data Analysis Method(s)	Limitations	Anticipated Contribution	Bhatia, M. (2018). Your Guide to Qualitative and Quantitative Data Analysis Methods - Atlas Humans of Data. [online] Available at: https://humansofdata.atlan.com/2018/09/qualitative-quantitative-data-analysis-methods/ [Accessed June 2020].
As the MLM industry continues to grow, so does distributors' use of social media as a recruitment channel, as does the infiltration of fake news and the rise of investment scams. There is a need for an enhanced understanding of MLM distributors in the South African market and the effect of correlating misleading marketing communication on social media on potential distributors.	Research objective 1 Gain a deeper understanding of MLM firms and their activities on social media from a distributor's perspective within the context of the South African market. Research objective 2 Contribute to existing knowledge around the ethical challenges faced by consumers when contacted by a distributor through social media channels.	Multi-level marketing Direct selling Deceptive advertising Distributors Social media	Interpersonal Deception Theory Information Manipulation Theory			Non-probability, purposive and convenience sampling methods. Females between the ages of 19 and 25 who use Facebook and Instagram on a daily basis.	Thematic Network Analysis: Used to explore qualitative data in this study by making sense of the questionnaire responses and ultimately contributing towards the development of new impressions which can be interpreted in different ways. Narrative Analysis: Analyse stories people have created which will help the researcher understand how the respondents are representing themselves, and their experiences to both themselves and others.	This study may be limited to conducting research online due to the national Covid-19 pandemic. Type of sampling method may affect the overall collection of data as there may be a possibility that unintentional bias occurs which could influence the data collected. There is a lack of accurate data relating directly to South African "Company A" distributors.	Add new and updated insights into the mindset of South African social media users by making them more aware of misleading marketing communications. Provide guidelines that MLM companies can follow when using social media to communicate with potential distributors.	Biggart N.W. (1989). <i>Charismatic Capitalism: Direct Selling Organizations in America</i> . Chicago, United States: University of Chicago Press.