THE ANALYSIS OF PRODUCT TRAITS AND INNOVATION PROCESS OF MULTI LEVEL MARKETING BUSINESS AT TALK FUSION

by:
Sutrisno Suwarno

Faculty of Economics and Business
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: ninoreyzky@ymail.com

ABSTRACT

Multi Level Marketing Business nowadays is rapidly growing. In recent years, there have been so many new Multi Level Marketing Business coming out with their own specific offers and products. One of the advantages of MLM Business is the contribution it makes to economic growth. It makes it possible for the national income to continuously grow. The objectives can be achieved from this research are to examine product traits and innovation process of Talk Fusion. Theories supporting research are: product traits and innovation process. The population for this research is the customers of Talk Fusion in Manado with small numbers of sample which to be taken based on demographic and characteristics differences that exist. The conclusions are: (1) there are 9 products of Talk Fusion, which are Video E-mail, Video Newsletter, Video Conferencing, Live Broadcasting, E-Subscription Form, Video Auto Responder, Video Share, Video Blog, and Fusion Wall; and (2) Talk Fusion has selected video as their innovation and it is different with the other MLM Business. Talk Fusion choose video as their innovation because they can predict in the future that all the people will mostly use video as communication channel and later on media social will be dominated by video online.

Keywords: product traits and innovation process

INTRODUCTION

Research Background

Multi Level Marketing Business nowadays is rapidly growing. In recent years, there have been so many new Multi Level Marketing Business coming out with their own specific offers and products. Multi Level Marketing or MLM is a marketing function in which sales people are paid for their personal contribution as well as for the contribution of the persons they recruit into the function or process (Choudhary, 2013). The sales people have to find some people or they usually named it as down-line so they can get profit from the people they recruited as their contribution. It will also happen to the down-lines if they can add some more people below them and so on. One of the advantages of MLM Business is the contribution it makes to economic growth. It makes it possible for the national income to continuously grow. The idea enables people to create new friends and relationships. The people they recruit and those who recruit us can be our friends. They will offer us business as well as personal support.

This combination of franchising and direct marketing shows up when we look through the main characteristic of network marketing. Network marketing determines face-to-face selling from a fixed retail location. Most of Network Marketing Organization (NMO) do not have a storefront or even advertise. So this kind of selling usually is done either person to person or person to a group. Some cases show that people prefer to join to a group because they probably think that member of the group can help them to develop their network and it can be easier to work in a team. It will also build a strong relationship between up-line and down-line so that they can create a solid team in order to reach the target. Chen et. al. (2008) explained that there are some of the common traits of MLM products but only a few products have been able to successfully create their brand names distinctively in the minds of the consume. Some common product traits are easy enough to explain and also demonstrate. In order to effectively convince the customer about product characteristics, direct sales people
often need to give a thorough benefits orientation explanation based on their offerings. Second is multi-functionality. In order to make their customer’s base wider, MLM Business companies are racing up in adding more features to make their offerings more attractive. People will be more interested with the added feature. Third is specialized offering. Certain special characteristics of the product can often help an MLM Business company in creating a distinctive brand name image. Fourth is market life cycle. A product when introduced to the market, generally goes through several sequential stages from introduction, growth, maturity, and then to decline.

Product Traits of MLM Business generally attract people as a consumer. MLM Business has products which consist of Cosmetic, Fashion, Medicine, and the latest popular one, likely booming, emerging discussed, and being popular is a video based MLM, Talk Fusion. It has become so popular now especially in North Sulawesi. Everybody talk about it. Talk Fusion has a good new innovation of MLM Business channel product and service. Referring to marketing channels, the concept of innovation must be viewed in the context of a double layer through expresses itself. In recent years, the innovation processes in marketing channels have occurred with high intensity and speed, especially following the changes by technology that allowed the adoption of more efficient organizational solutions (Musso, 2010). In study case of MLM Business Talk Fusion, they offered 9 products for people joining this MLM Business and each of it has its own traits and benefits. So people can have it all once when they join and become a member without any additional payment. It is like once in a lifetime. Talk Fusion also provides a new innovation of MLM Business channel that is based on the online video which is a new breakthrough in this era of globalization and technology. People can make their own video and can get profit as well.

Research Objectives

The objectives can be achieved from this research are:
1. To examine the product traits of Talk Fusion.
2. To examine the innovation process of Talk Fusion.

THEORETICAL FRAMEWORK

Product

Product can be defined as anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need (Kotler and Armstrong, 2001:90). Further, Kotler and Armstrong (2001:91) divide product into some product classification as follows:

- Consumer Products: those bought by final consumers for personal consumption. Marketers usually classify these goods further based on how consumer go about buying them.
- Convenience Products: consumer products that the customers usually buys frequently, immediately, and with a minimum of comparison and buying efforts.
- Shopping Products: less frequently purchased consumers products that customers compare carefully on suitability, quality, price, and style. When buying shopping products, consumer spend much time and efforts in gathering information and making comparisons.
- Specialty Products: consumer products with unique characteristic on brand identification for which a significant group of buyer is willing to make a special purchase effort.
- Unsought Products: consumer products that the consumer either does not know about or knows about but does not normally think of buying.
- Industrial Products: those purchased for further processing or for use in conducting a business. Also, product can divide into two product attributes as follows:
  - Product Quality: beyond quality level, high quality also can mean high levels of quality consistency. All companies should strive for high levels of conformance quality.
  - Product Features: features are a competitive tool for differenting the company’s product from competitor’s products. Being the first to introduce a needed and valued new feature is one of the most effective ways to compete.
Innovation

Gellatly and Peters (1999) explained that innovation is at the heart of economic growth and development. Piller et al. (2011) said that open innovation is the formal discipline and practice of leveraging the discoveries of unobvious others as input for the innovation process through formal and informal relationships.

Multi Level Marketing Business

Taylor (2000) explained that Multi Level Marketing defined as any marketing program in which participants pay money to the program promoter in return for which the participants obtain the right to recruit additional participants or to have additional participants placed by the promoter or any other person into the program participant’s down-line, tree, cooperative, income center, or other similar program grouping sell goods or services and receive payment or other compensation provided. Sreekumar (2007) said that once the member becomes part of the MLM network, as time and desire permits, he can try to expand his down-line network by making more and more members join the network.

Previous Research

Chen et al. (2008) found through in-depth analysis 11 common product traits, which are (1) easy to explain and demonstrate, (2) distinctive uniqueness, (3) high-effectiveness, (4) multi-function, (5) specialized offerings, (6) high quality, (7) long product life cycle, (8) non-technical after sales service, (9) high relative price, (10) high market familiarity, (11) repurchasing nature, are found to be the most dominant product-related factors that leads the popularity of a direct sales product itself. Charoenrungsiri and Oonsuphab (2010) found that the potential successful MLM business products should have unique features, easy to explain and demonstrate, specialized offering, product quality, repurchasing nature, non technical after sale service and high effectiveness. Musso (2010) found that the innovation processes arise from the interaction between channel members and in relation to the end customer.

Figure 1 Conceptual Framework

RESEARCH METHOD

Type of Research

This research uses qualitative research. In qualitative method, the scale of informant using statistical count is relevant, because the count is not necessarily able to answer the research problems existing in accordance to the actual situation.

Place and Time of Research

This research will be take place in Manado where the process of interview is taken on July 2013.

Population and Sample

The population for this research is the people who lived in Manado. This study just uses small numbers of sample which to be taken based on demographic and characteristics differences that exist. So, it will not have a specific number of informants.

Data Collection Method

There are two types of data that will be conducted in this research: (1) primary data which the information obtained directly from observation and interview process directly to the informant related to the
discussion of issues in the research problem. This information will be used as consideration in the process of problem analysis, which strengthens the evidence which the data information obtained by directly witnessing the response of the people; and (2) secondary data is the information from books, journals, relevant literature from internet, and also from previous research that have some similarities.

Operational Definitions of Research Variable

- Product traits are the products that have been able to successfully create characteristic distinctively in the minds of the consumer (Chen et al., 2008).
- Innovation process refers to the key features of inputs to and outputs from an innovation strategy, it is comprised of several elements, the objectives that new products process and business routines are designed to address, along with the array of success, both external and internal, that contribute to their development (Gellatly and Peters, 1999).

Data analysis method does not use statistical measurement in qualitative research. In order to know and understand about consumer behavior and customers’ perspective in decision making of product choice, the valid data from direct observation are needed. It will need correct and honest answers from the informants in order to produce an accurate result in the research objective.

Data Analysis Method

Qualitative Method

The analysis method used in this research is Qualitative Method that used form of word as a descriptive study. A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation (Sekaran and Bougie, 2011:105). It is based on the collecting data in the process of interview and observation, where the research uses direct experience in collecting data and examine the valid answer from the research. In qualitative research, the problem will be better understood and more reliable, because in the process of research was made by asking questions and witnessed directly the response of the people to perform an activity.

RESULT AND DISCUSSION

Result

Interview Results

This research uses qualitative method and interview as the tool to get information. The populations of this research are the users of Talk Fusion in Manado. The sample took six people of Talk Fusion users. In the first step, researcher was prepared the questions before the interview. The questions are about Product Traits and Innovation Process of Talk Fusion.

The first informant named Arnet Saweduling, he joined Talk Fusion since October 10, 2012. His ranking on Talk Fusion is Diamond Elite. The first time he knew about Talk Fusion was from his best friend in Surabaya. After the recommendation of his friend, he joined it. According to him, there are so many functions of Talk Fusion products depend on each product that he used. For example video e-mail, he can brand himself or market his business to all people. He also said for those who has a business, they can easily market their product by using video e-mail. He said that the characteristic of Talk Fusion product is a communication with video base, the way to use the product is really simple because he could easily learn it from the tutorial with PDF format in Talk Fusion’s website that he can freely download. He felt that the most superiority of Talk Fusion products is because there is no competitor yet and also he never found the weakness yet. He got the benefits of the products such as from the product itself, financial profits, and sharing profit. Now he has income about 250 million per month. According to him, the innovation of talk fusion is the way to change the world of how people communicate because Talk Fusion combine the whole communication by video and it will become a future trend not a present trend. He said innovation by Talk Fusion is really important for communication and it
presents a great contribution to the world. Talk Fusion will always innovate and later on Talk Fusion will launch two new products and he is really excited for it.

Second informant named Joe Sinaulan, he joined Talk Fusion since November 26, 2012. His ranking on Talk Fusion is Gold to 1 Star. First time he knew about Talk Fusion was from Arnet and then he joined after that. In his experience, the function of Talk Fusion products, for example, as an online media promotion. Basically, all of Talk Fusion products are in online system. He said that for the new comer, using the product is simple, we just need to login and there will be tutorial as a guideline. In his opinion, each of the Talk Fusion products has a great superiority and until now there is no weakness he found from his experiences using Talk Fusion Products. The only weakness comes from outside the product like slow internet connection. He said “The advantage is it can help us to promote and broadcast ourselves or to promote our business”. “The power of the product to attract people is fabulously strong I guess” he said. According to him, the innovation of Talk Fusion is to change the way of world communication because the era is on the way there and this innovation is really necessary for people life. He said “in my vision the innovation of Talk Fusion will last forever because now the era goes to the world of online system”. There will be two new products as new innovation, including Website Builder and Movie Maker.

Third informant named Dian, she joined Talk Fusion since May 26th, 2013. Her friend recommended her to join. For her, after she joined Talk Fusion and she uses the products, she finds it easier to communicate. She mostly uses video e-mail and it can be operated only if there is internet connection. She got much satisfying benefit after using the product and also she can establish a close relationship with her friends. There has been no weakness of the product because by these products she can save her time and gain a lot of knowledge. According to her, the innovation of Talk Fusion is always excellent because it is really influenced and give benefits to all people. She said “this innovation is really necessary and because of this innovation people can help each other in the way of communication”. In her opinion, this innovation will last for a long time because Talk Fusion will always do the revolution.

Fourth informant named Reny, she joined Talk Fusion since February 7, 2013. Her ranking on Talk Fusion is Gold. She knows Talk Fusion from her friend. She said “as a whole, the function of all Talk Fusion products as a new forms of communication. People are able to communicate from a long distance through a video without have to pay and spend much money. She said “how to operate it is really simple, we can use smartphone, laptop, or ipad that connected with internet”. Because in Indonesia internet connection is not as fast as in the other countries so Talk Fusion Products is not 100 percent implemented and it might be a weakness of the product itself. In her opinion the benefit of the product is she does not have to buy a ticket to go out of country just to meet face to face with her friend, she’s only using the video by Talk Fusion products. About the innovation she said “Talk Fusion always notices every single technology development in communication, this is because Talk Fusion products are always up-to-date”. Innovation that has been developed by Talk Fusion always adapts to the development and human needs. Because of that, it is really necessary to improve quality of human life. According to her, this innovation really helps us to communicate and stay connected with other people and this innovation will be last for a long time. Later, Talk Fusion will launch new products, including Website Builder and Video Movie Maker.

Fifth informant is named Bitner Sasela, he joined Talk Fusion since January 2013. His ranking on Talk Fusion is 2 Star. He know Talk Fusion from his close family and also friend. According to him, Talk Fusion products make him easier to communicate with people, whenever and wherever he wants and also he can do a face to face talk without having to spend transportation costs for visiting his family house and friends. The characteristic of Talk Fusion product is a video based. To use the product, he purchased Talk Fusion ID and after that he can directly enjoy all the products as required. He said that the superiority of Talk Fusion product is that he can use all the nine products as a promotion media, in other words, he can promote himself in media communication online. Moreover, every product that he used is can be shared in the thousands of social media. At least it is cheaper than he has to spending his money to make brochures. He experienced weakness, but in his opinion the weakness is in the people itself who have not realize about where the era leads and they do not prepare themselves to know about technological evolution. He said “the benefit to the user is every time we recommend people to buy Talk Fusion product, we will get commission and we can use all the products for media promotion for our business”. The power to attract prospective user is really big because Talk Fusion has vision to change the world of people communicate, cheaper, easy to use and not restrict people to join because in Talk Fusion we can get commission like money. About innovation, he said that Talk Fusion change the way
of how the world communicate with video because communication through video is way better and quite easy to operate. This innovation is really important because it can save user time. According to him, this innovation will last for a long time, because now is the beginning and Talk Fusion will always innovate and make a new breakthrough in the future.

Sixth informant is named Ahmad Adam, he joined Talk Fusion since March 2013. His ranking on Talk Fusion is Silver. First time he know about Talk Fusion is from his family and after that he joined. According to him, Talk Fusion products has a large function for him, he can use all of the Talk Fusion products for his needs and it really helps him. Basically, the real function of Talk Fusion is to promote himself and also to facilitate him to do a communication. The characteristic of Talk Fusion products is a video, all of them are video based. The way to operate the product is simple, he can learn from the tutorial easily. Basically the way to use the product is with log in our ID and after that we can directly use it. He said that the superiority of the product is to facilitate him to communicate each other and also as his promotion media. He is also said there is no weakness yet of Talk Fusion products. The benefit for him is he can make a birthday greetings through a great way using video e-mail and send to his friend. About the innovation he said that the process of innovation is step by step because in the future much of people will use video as their communication media. He said “This innovation is really necessary to change the way of how world communicate”. He confessed that using Talk Fusion makes him proud because he used it before it becomes a trend in the future. He felt more exclusive than the others and hi-technology. In his opinion, this innovation will last long because Talk Fusion will always innovate and later world will be faced the new era communication with online video.

Discussion

Product Traits

Talk Fusion has vision to change the way of how the world communicates and Talk Fusion has been choose a new breakthrough of media communication that is with the online video based. From the results that researcher has been explained before, researcher can conclude some points that can be measured in terms of utility, characteristic, operation, superiority, weakness, advantage, and power. Talk Fusion product traits of the 9 products are as follow:

1. Video E-mail
   - Utility: Sending e-mail with video based over than 150 contacts without limit.
   - Characteristic: There are video templates that has been provided from the product itself to record a video.
   - Operation: Uploading the video into Talk Fusion server and after that send to contacts.
   - Superiority: Can be send to everybody with no exception and user can found out who has received and watched their video from the notification.
   - Weakness: There is no weakness, only a matter of bad connection.
   - Advantage: As media promotion for business people, as business communication media, online business, branding product, and imaging.
   - Power: Great media promotion means in the future because next few years online media promotion will be dominant.

2. Video Newsletter
   - Utility: Making a newsletter with video based and send to all contacts.
   - Characteristic: There are many contents provided inside such as product information, the latest info, and invitation.
   - Operation: By choosing the existing templates that has been provided and then process, write, arrange and set the contents.
   - Superiority: The one and only video newsletter in the world and it is also allowed user to design the newsletter by their own.
   - Weakness: There is no weakness but previously Talk Fusion Logo in the existing templates could not be replaced.
3. Live Broadcasting
- Utility: Enable user to broadcast themselves through online channel to unlimited audience.
- Characteristic: The one-way communication by video. The audience can only see and hear the message, and then understand the point.
- Operation: Record the theme of discussion and send it to the audience. The number of audience is unlimited.
- Superiority: The audiences are not only Talk Fusion member, people who not join Talk Fusion can still watching.
- Weakness: The weakness is the product will not work if user do not install FlashPlayer application.
- Advantage: Delivering intent of the message to all the people in just once share.
- Power: Facilitate user in terms of self-broadcasting and no need a special cost for it.

4. Video Conferencing
- Utility: Making video conference with some people to talk about business, share presentation, or share video.
- Characteristic: The number of people who can receive our video is only few.
- Operation: Making video conference schedule, fill the meeting name, allow guest, submit, invite friends, process the link and done.
- Superiority: User is allowed to respond directly the video conference and can ask anything direct to the people.
- Weakness: Limited to 15 people only.
- Advantage: Facilitate user to do video conferencing with business partner and friends.
- Power: People nowadays will need an online communication.

5. E-Subscription Form
- Utility: As online guest book.
- Characteristic: Data fulfillment column that can be putted on the website.
- Operation: Pick the design, edit, and place the form into the website.
- Superiority: Can easily get customer database once in 24 hours.
- Weakness: There is no significant weakness that can be found.
- Advantage: User can quickly get the customer data automatically.
- Power: Facilitate user to collect more contacts.

6. Video Auto Responder
- Utility: Sending a video automatically to all contacts. It is a tool that capable to send video to all contacts automatically.
- Characteristic: Tool to facilitate user in order to send video e-mail.
- Operation: Make a new campaign, attach video e-mail, submit complete e-mail data, and we’ll get the notification if the video sent.
- Superiority: User do not need to control over, system will automatically work for it.
- Weakness: The weakness is the product must be installed first.
- Advantage: Users do not have to wasting time to control the video. It can be like an assistant that will deliver the videos.
- Power: It is not a visible product, so there will be no power to attract prospective user.

7. Video Share
- Utility: Sharing video to all social media such as Twitter, Facebook, or Tumblr.
- Characteristic: With just one click on share button and the video will be automatically shared.
- Operation: Connecting Talk Fusion with the social media and then just click the share button.
- Superiority: Share video to more than 200 social media in just one click.
- Weakness: There is no significant weakness.
8. Video Blog
- Utility: Posting video on private blog. Users are able to post their videos to their blog.
- Characteristic: Can attach video to blog page and visitors can directly click it away and play the video.
- Operation: Uploading video, get a code, copy and then paste the code to blog customization, after that, save and the video will automatically post.
- Superiority: Promoting story or business through blog.
- Weakness: There’s no weakness found on this product.
- Advantage: Broadcast ourselves, promote our product, useful for business and lifestyle as well.
- Power: Will help user in promoting, whether promoting business or promoting themselves.

9. Fusion Wall
- Utility: Media channel or social media of Talk Fusion.
- Characteristic: Users can decide whether the video will be posted on Fusion Wall or not.
- Operation: Simply go to Fusion Wall and find all the videos that has been uploaded by Talk Fusion members.
- Superiority: Can watch each other video by searching the video name.
- Weakness: Only intended to the member of Talk Fusion.
- Advantage: Easier for the user to see other video just by searching the name of the video.
- Power: Really practical in terms of its use.

Innovation Process
In Talk Fusion innovation process is a main factor to attract customer. Talk fusion do the innovation progressively so that they can always develop new products according to the needs of costumer. In the future people will mostly use video as their communication media, and it will make technological knowledge of people will increase. Few years later technology will be more sophisticated and people really need a communication media with hi-technology. Talk Fusion make a very necessary innovation to help people, through the innovation they expect that they can simplify the way people communicate. So, the innovation of Talk Fusion is in the beginning of the new era of communication, all the people who already enjoy Talk Fusion facilities and products are the first people who are in the first era of online communication so that they can feel more exclusive than the others. Then when the era comes, they are the people who had already been enjoying the innovation of Talk Fusion.

Talk Fusion claim that their innovation will last forever because they will always innovate, develop their technology, produce new product, and make a new breakthrough in the future. Talk Fusion will never stop to innovate, they are ready to compete if later there will be competitors. It is just a beginning to start and they just started it, there will be many more chances to innovate and there will be many ways to satisfy customer through the innovation. Talk Fusion just make some new innovation that are realized in three new products, they are Talk Fusion Connect which is a combination of Live Broadcasting with Video Conferencing and it can be use directly from our mobile device, Fusion Camera Movie Maker which is enable us to make professional video and high quality video, and Fusion Website Builder which is to facilitate us to make our own website page. Those are still on the process and will be launched at the end of the year. Talk Fusion will always innovate in future and they will always develop their products to satisfy and attract more people to join.
CONCLUSION AND RECOMMENDATION

Conclusion

Several conclusions will be described as follow: (1) There are 9 products of Talk Fusion, which are Video E-mail, Video Newsletter, Video Conferencing, Live Broadcasting, E-Subscription Form, Video Auto Responder, Video Share, Video Blog, and Fusion Wall. All of them can be used after purchasing the products or become a member of Talk Fusion and all the products can be used for lifetime. There is no significantly weakness found in Talk Fusion products, because from explanation above, all the products have their own advantages. But the only one weakness comes from outside the products that are the slow internet connection. If internet connection is bad, the products may not work properly; and (2) Talk Fusion has selected video as their innovation and it is different with the other MLM Business. Talk Fusion choose video as their innovation because they can predict in the future that all the people will mostly use video as communication channel and later on media social will be dominated by video online. Talk Fusion assumed this innovation is necessary to change the way of how the world communicate and they want to facilitate people in order to communicate each other. Several benefits of choosing the innovation are the people who join Talk Fusion directly enter the new world of communication that is video world before the video itself becomes a trend in the future. This innovation will last for a long time because later on in the future world will often communicate by using video which is now is not booming yet and Talk Fusion will always innovate to overcome the era.

Recommendation

Several recommendations are proposed as follow: (1) Talk Fusion products appearance are expected to be more attractive and easy to recognize than any other online media. This is to attract and get more people attention and keep the products on their minds; (2) Because famous free products out there are more sophisticated and progressive, Talk Fusion should be more prominent than the others. Talk Fusion products must able to get people attention and must be more famous than any other; (3) The price of the product or the fee to join expected to be cheaper and more affordable than now, so that all the people in all circle are able to pay or purchase the products. And this way will help to get much more prospective user in all circles.

REFERENCES


