Deconstructing Emotional Strings of Speakeasies

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I. Introduction

Until a few years ago, one could hear people talking about Speakasia .Aunts, uncles ,retired personnel , housewives found a new wave of life , respect and independence with SpeakAsia. Approximately 1.2 million Indians had invested money into SpeakAsia . Hundreds and thousands of people were earning from SpeakAsia .Critics who tried to prove that the company was another MLM were bogged down by the clamour of supporters .It was April, 2011 and the company`s business was booming in India. The company had hired Lowe Lintas for their TV campaign  during the IPL season , they published public notices to prevent people from spreading 'rumours' ,newspapers were flooded with costly half page ads . All the hype and publicity finally caught mainstream media `s attention and tables have finally turned, but the question remains " Why did SpeakAsia become so popular in India ?

II. Literature Review

"It is difficult to conceive of any problem social scientists might be interested in that would not deeply implicate human value (Rokeach ,1973).Allport ,1961 , conceptualised value as beliefs upon which a person acts by preference. Hofstede 1980 defines values as a broad tendency to prefer certain states of affairs over other. Online shopping , different from tradition shopping , has a unique feature of uncertainty ,anonymity and lack of control and potential opportunism (Sonja & Ewald, 2003).Customers also do not know how the retailer will deal with the personal information collected during the shopping process (Sonja & Ewald,2003).Therefore, trust is also one of the important factor in the buyer –seller relationships in electronic commerce (Sonja & Ewald ,2003).Trust is also one of the most frequently cited reasons for consumers not willing to purchase online (Lee & Turban ,2001) & plays a crucial role in facilitating online transaction.

The Technology Acceptance Model (TAM) , developed by Davis ,1989, is one of the most influential research models which predicts the intention of use & acceptance of Information System /Information Technology by individuals . TAM points out that two particular beliefs –Percieved Ease of Use (PEOU) & Percieved Usefulness (PU), to represent the antecedents of system usage in TAM.PEOU is defined as " the degree to which a person believes that using a particular system would enhance his or her job performance and PU is defined as " the degree to which a person believes that using a particular system would free of effort "(Davis , 1989).

Trust is a social psychological sense, is the belief that other people will react in predictable ways. In brief , trust is a belief that one can rely upon a promise made by another (Pavlov,2003). In the context of e-commerce , trust beliefs include the online consumer`s belief & expectations about trust related characteristics of the online seller (Mc Knoght & Chervancy,2002). The technology itself –mainly the internet –has to be considered as an object of trust (Shankar et.al,2002)

Speakasia was not the first MLM to operate in India . Amway has been operating in India for quite sometime now. However , Indian failed to differentiate between a MLM scheme and a pyramid scheme . Firms using an MLM approach offer a range of products and services , many involving repeat product purchases (Ella , 1973) that are designed to foster positive deelings among purchasers over time (Kustin & Jones , 1995). Backacs 1997 ; Grant 1988 b have recognised the structural similaritites between MLM & pyramid scheme . Peter J.Vander Nat & William .W.Keep have provided a quantitiative approach to distinguish between two acitiveis . Pyramid schemes perpetuate a fraud on consumer not unlike false advertisement , misleading price claims and other disruptive marketing practices . They prompt actions based on a suggested marketing opportunity that does not truely exist or that is not accurately portrayed in firm`s marketing communication. In doing so , pyramid schemes caue consumers to misallocate resources and divest interest away from competing products and services.

The papaer begins with a short introduction to MLM and pyramid scheme enclosing the mathematical model that differentiates legitimate MLM from protypical pyramid scheme developed by Peter . J.Vander Nat &

William .W.Keep. This paper explores the key success factors of Speakasia and the key characteristics of Indian hidden workforce.

MLM :-Direct Selling association 2013;May 1979 ; Perterson & Wtruba 1996 defines MLM as a form of direct selling involving non-store retailing based on face to face communication between a selling representative and a potential buyer. Proponents of direct selling point to low fixed costs compared with operating retail stores , valued social representatives and customer & the persuasiveness of potential selling (Frenzen & Davis 1990; Greeco 1996). The MLM approach limits some negative aspects of traditional direct selling while enhancing the role of entrepreneurship . By rewarding current distribution in heirarchial fashion for sales made by theit direct and indirect recruits , the MLM firm (the parent company) shifts the burden of recruiting and training new people onto the existing sales force (Sherman 1991).

The structure and terminology of compensation plans vary but all provide the distributor with rewards from retail sales and from the sales (or purchases) of those they recruit . (Nicholas 1995; Poe 1995 ; Scott 1992) Pyramid Scheme : As per Peter.J.Vander Nat and William .W.Keep , the distinction between Pyramid scheme and MLM evolved from legal discussion during (FTC vs Koscot 1975) in USA . Under Koscot pyramid scheme in an arrangement in which participants pay money "in return for which they receive the right to sell a product and the right to receive in return for recruiting other participants into the program rewards that are unrelated to sale of products to ultimate users". In the Webster vs Ommitrition Internation Inc. 1996, the court viewed the Koscot test (i.e. recruitment rewards that are unrelated to ultimate users as the sine quo non for pyramid determination.

The pyramid scheme as classified by Vander Nat and William .W.Keep involved distributors as consumers, recruiters and retailers . Pyramid scheme distributors however are recruiters first and focus less on personal consumption and retailing. The pyramid scheme do not even require completion of consumer sales before paying a reward for recruitment –a mover further characterised as " business income".As per Vander Wat and Wiliam Keep , pyramid scheme misrepresent potential earning.They use deceptive marketing communication designed to blur the true nature of opportunity.

Speakasia as a Pyramid Scheme : Speakasia involved multiple avenues of fraud . To promote growth , the organizers invariably misrepresented the potential earnings. The company quoted that customers could gains a total of $40 depending the referrals . However, new participants lacked the requisite information on their position in the pyramid. Peter.J. Vander Nat and William .W. Keep has recognised that there are some further issues related to pyramid scheme –among them , non –initial products , the requirement of large initial purchases and heavy purchases of business aids. Speakasia purported itself as a marketing research agency. This claim was denied by the companies themselves who admitted that they were never approached by Speakasia nor did they ever enrol themselves for their services .Speakasia also purported the customers to invest Rs 11,000 lumpsum to receive two surveys per week. The respondents would receive Rs 1000 in a week , cumulatively Rs 4,000/month and Rs 52000 per annum.

Panel members were to get Rs 1000 Back if they bought in additional members and Rs 3000 for two members. Further, the panel members were to get Rs 15 for each survey , taken by the person they referred. Of the pannelist wanted to continue to take the survey next year for free then that had to clear an exam or earn reward points worth $1000 in the first year. Of they failed to qualify the exam , they were required to subscribe to the agency for Rs 11000 for a second year of participation.

Speakasia also used deceptive communication which was designed to prove cover for the the true nature of the business.The compensation plan created a situation in which the majority of the participants could not obtain rewards .

As per the mathematical formula proven by Peter.J.Vander Nat and William .W.Keep to distinguish between an MLM and Pyramid Scheme , Speakasia clears proved itself to be otherwise i.e:

If $ARC/L=[(f=u)-f]/u=1.00$, then the organisation is a legitimate MLM

However in case of SpeakAsia,

If $ARC/L=[f-f]/u=0$ then all the rewards paid in connection with recruitment of distributors and have zero gross retail sales.

Where :

ARC = Actual Retail Sales

f = cost structure of the firm

u =upline rewards

L- Upline rewards paid by the firm when a distributor buys the product.

As SpeakAsia shut down ,many of the panellist refused to belief in the truth . For some , it was a temporary jolt to the business and were very hopeful of recovery. Participants also directed their anger against the authorities in the social media posts.So, how did SpeakAsia garner such a strong support .Lynch & Beck (2001)have showed that merely having access to a global consumer base does not mean that global buyers will be inclined to conduct transactions with the firm.

Understanding that the web consumer often exhibits non-rational behaviour that is hedonic or enjoyment-seeking (or stress-reducing) is a key component of understanding online consumer behaviour (Childers et al., 2002).

In order to understand the emotional strings attached with Speakasia , an interview exercise was conducted amongst SpeakAsia panelist comprising of 6 housewives and and 6 retired personnel. Schostak's (2006: 92) words, an interview "…is not a simple tool with which to mine information. It is [rather] a place where views may clash, deceive, seduce, enchant". Smithson (2000: 116) claims that "the use of focus groups as a quick data-gathering method, ending up with some 'sound-bite' quotations to illustrate themes, ignores the complexities of focus group behaviour" . In line with this, as recommended by various researchers (e.g. Bell, 1987; Kvale, 1996; Berg, 2007), interviewing should be adopted as a tool for social research as it facilitates obtaining 'direct' explanations for human actions through a comprehensive speech interaction.

III. Research Methodology:

The interviews were organised from 11/12/17 to 20/12/17 at Vaishali Nagar in Jaipur district. on the part of the interviewer to probe and expand the interviewee's responses" (Rubin & Rubin interviews -compared to questionnaires- are more powerful in eliciting narrative data that allows researchers to investigate people's views in greater depth (Kvale, 1996; 2003). semi-structured interview allows depth to be achieved by providing the opportunity, 2005: 88)

The sampling procedure followed was convenience sampling technique. The mean age of the women at the time of enrolment was 35 years. All of them were married having an average annual household income of Rs 8lacs The average bearing being 2 kids per woman. All of them were housewives.

The mean age of the men at the time of enrolment was 68 years. All of them were married & retired having an average annual income of Rs 4.3lacs The average number of dependents on the men was 1 member. All the men were resident of joint family.

Interview Discussion Report:

A) Awareness about SpeakAsia

Response: Respondents were contacted by friends and relatives for enrolment into SpeakAsia. The respondents had heard about the company from various sources including friends and relatives . Some of the respondents were approached on multiple occasions. Repetition of plausible statement increases a person belief in the referential validity or truth of that statement (Hasher et.al 1977) "*I knew my nephew would never bring up a bad proposal to me . I felt comfortable and trusted him blindly*". In adults, 'secure attachment' can be measured by a composite variable that provides a general definition of 'social skill' because it includes the following: ease in approaching others, feeling of comfort when being approached by others, and a lack of worry if dependent on them, or if being abandoned by them (Mikulincer & Shaver 2010, p.27).

B)Motivation to join SpeakAsia

Response: All the housewives credited support of family members as the main driver for enrolment . All of them were also driven by the fact that SpeakAsia required little effort and promised them enhancement of overall household income. *" I thought I could also earn and contribute to the household expenses. I could help my children live a better life"*

The retired men were enchanted by the fact that they found easy employment and they could regain their work life again. *"I felt I had a lot of market value and hence found SpeakAsia as a wonderful employment opportunity".*

C) Experience with SpeakAsia

Response: All respondents rued that in the initial phase the flow of payment was good and timely settlement of claims was provided. However, towards the fag end all of them started having problems with the settlement of dues.

D) Contribution to household income

Response: The housewives & the retired men on an average contributed approximately 5%- 7% to the overall household expenses .

E) Response of household member on extra earnings

Response: The housewives were showered with extra attention by the family members. *" I was looked up to as a role model in y family, someone who could manage both house and work together". My husband also appreciated the contribution made by me".*

The retired men were looked upon with a sarcastic view as the source of income was always doubted by children . *"I was dissuaded from pursuing it further as children felt that the source of income was not creditable. However, my wife supported me and felt proud of the new source of income."*

F)Feeling of having contributed to increase in household income
Response: All the respondents felt good about the increase in household income .

G) Reason for feeling good
Response: The housewives gained a sense of self respect from the earnings of SpeakAsia.   *"I too was a proud bread winner for my family. I liked the feeling of having of being respected by my husband and children "*
The retired men gained a sense of comfort from the earnings.*"I gained a sense of pride of having found employment after so any years of retirement".*

H) Source of awareness about SpeakAsia going bust
Response: Majority of the housewives came to know through news channel (Aaj Tak). The retired men came to know about the news through their children.

I)Feeling of knowing that SpeakAsia would be defunct
Response: All the respondents were in a state of disbelief . The retired men called their relatives to confirm the news and know about the chances of recovery. In many cases , they were shown the news clippings which assured them of the return of investment.

J) Attitude of family members towards the respondent after SpeakAsia became defunct
Response: Majority of the housewives faced sarcasm and humiliation at the hands of relatives. *" I was told that money matters are not my cup of tea, so I should stay away from them".* The retired men struggled to justify their decision to their children , though their spouses were quite supportive in this phase. *"My wife told me , it was okay to fail, afterall we haven't lost all ."*
It becomes quite clear from the above exercise that for the housewives and retired men who had enrolled for Speakasia , strong urge to be recognised and a contributor to household income became a strong factor for enrolment . Speakasia came up with a heavy emotional laid advertisement featuring housewives , retired personnel . The advertisement stuck a deep chord with the target segment as this group of the Indian society struggles to gain recognition and respect as individuals. The advertisement blurred the true nature of Speakasia`s offering by focussing on the self respect of the individual. Heavy enrolments were registered by the firm following the release of advertisements .For many who had already enrolled, the advertisements only served to reduce the cognitive dissonance.
SpeakAsia , thus was able to achieve the brand loyalty of Indian housewives and retired men by serving the self actualisation need. In an era where 90% of start-ups fail , pyramid schemes like SpeakAsia offer a lesson of catapulting a brand to the pinnacle of brand loyalty by serving customer`s secret needs.
Successful new products and services are those which meet a specific consumer need (Griffin et al., 2009;Leonard and Rayport, 1997)
The market research methods of surveys and focus groups are commonly employed in investigations of consumer needs which aim to generate insights Mitchell, 2005). However, these research techniques are believed to be ineffective in the identification of more subtle and subconscious needs, which may be unrecognized by the consumer or difficult to articulate (Deszca et al., 1999). This result in series of hidden consumer needs which remain unidentified by traditional market research methods (Goffin and Lemke, 2004; Goffin and Mitchell, 2005). The identification of consumers' hidden needs has the potential to stimulate the discovery of new opportunities for the development of a product (Deszca et al., 1999; Leonard and Rayport, 1997) by highlighting newly recognized and previously unfulfilled needs for products to meet through tailored functional specifications and user benefits. T

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