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FACULTY OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

THE EFFECTIVENESS OF NETWORK MARKETING IN ENHANCING MARKET SHARE. A CASE OF DOVES ASUARANCE COMPANY

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STUDENT NUMBER: R132663Z

**SUBMITTED TO THE MARKETING MANAGEMENT DEPARTMENT IN
PARTIAL FULFILMENT OF THE REQUIREMENTS OF BCOM DEGREE IN
MARKERTING MANAGEMENT**

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APPROVAL FORM

THE UNDERSIGNED CERTIFY THAT THEY HAVE READ AND RECOMMEND TO
MIDLANDS STATE UNIVERSITY FOR ACCEPTANCE, DISSERTATION ENTITLED:

**THE EFFECTIVENESS OF NETWORK MARKETING IN ENHANCING
MARKET SHARE.**

A CASE OF DOVES ASUARANCE COMPANY

SUBMITTED BY R132663Z IN PARTIAL FULFILMENT OF THE REQUIREMENTS OF
THE BACHELOR OF COMMERCE HONORS DEGREE IN MARKETING
MANAGEMENT (HMRK).

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RELEASE FORM

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DECLARATION

This research is dedicated to my lovely mother M Satande and brother O Marowa. You are the best.

ABSTRACT

The study aimed at assessing the effectiveness of network marketing in enhancing market share of an organisation in the funeral sector in Zimbabwe. Doves Morgan was losing market share at a very alarming rate despite employing competitive strategies. The company therefore introduced Shiri plan network marketing strategy. The study therefore analysed the effects of referrals on market share, the commissions paid to network marketing agencies had an effect on market share through network marketing was likely to improve the market share of an organisation and lastly analysed the effects client prospecting on market share. The research used descriptive and explanatory research designs in finding the data. The study was conducted using a sample size of 40 respondents. Respondents were interviewed and completed questionnaires. The research findings were that commission given for recruiting new customers was attractive to non-members. More, so referrals have increased the market share of Doves because when agencies go out to source the customers those customers also refer others as well. Lastly client prospecting does not increase market share because most prospects promise that they will come and join the plan but they do not honour their promises. The study recommend that Doves Morgan should increase the amount of commission that is given to sales agencies for recruiting new members this is because money motivates people to get new assures for the Shiri plan. Most importantly under the referral system Doves Morgan should also use online referral system such as web browser on the websites.

Table of Contents

APPROVAL FORM	i
RELEASE FORM.....	ii
ACKNOWLEDGEMENTS	iii
DECLARATION	iv
ABSTRACT.....	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
CHAPTER 1	1
GENERAL INTRODUCTION.....	1
1.0 Introduction	1
1.1 Background of the study	1
1.2 Statement of the problem.	3
1.3 Research objectives.....	4
1.4 Research questions.....	4
1.5 Significance of the study.....	4
1.6 Assumptions.....	5
1.7 Delimitations.....	5
1.8 Limitations	5
1.9 Chapter summary	6
CHAPTER TWO	7
LITERATURE REVIEW	7
2.0 Introduction.....	7
2.1 Referral marketing	7
2.3 Examining referral commission rewards on market share.....	17
2.2 Client Referrals Quickly Build Rapport	20
2.4 Effects of Client Prospecting on Market Share.....	22
2.5 Chapter summary	25
RESEARCH METHODOLOGY.....	26
3.0 Introduction.....	26
3.1 Research design.	26
3.1.1 Exploratory research design.....	27
3.1.2 Descriptive Research Design	28
3.2 Target population	28
3.3 Sampling methods and techniques.....	28

3.4 Sample Size.....	30
3.5 Sampling Procedure	30
3.6 Sources of Data	30
3.7 Research Instruments	31
3.8 Data Collection Procedure and Administration	32
3.9 Validity and Reliability of research instruments	32
3.10 Data Presentation and Analysis Tools	32
3.11 Chapter Summary	33
DATA PRESENTATION, ANALYSIS AND DISCUSSION	33
4.0 Introduction.....	33
4.1 Response Rate	33
4.2 Demographics	34
4.3 Effects of referrals on markets share	37
4.4 The effectiveness of commission rewards in increasing market share	38
4.5 The effect of client prospecting on market share.....	40
4.6 Summary	41
CHAPTER 5	42
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	42
5.1 Conclusions.....	43
5.2 Recommendations.....	44
APPENDIX: A.....	49
RESEARCH QUESTIONNAIRE: FOR DOVES MORGAN SALES AGENCIES	49
APPENDIX B	52
RESEACH QUESTIONAIRER: FOR DOVES MORGAN CUSTOMERS	52
APPENDIX C	55
MANAGEMENT INTERVIEW GUIDE	55

LIST OF TABLES

Table 4.1: Response rates for questionnaires.....	25
Table 4.2 Response Rate for Interviews	26

LIST OF FIGURES

Fig 4.3 Gender Responses.....	27
Fig 4.4 Age responses	28
Fig 4.5 Tenure responses	29
Fig 4.6 Referrals	29
Fig 4.7 Commission based	30
Fig 4.8 Client Prospecting	31

Definition of terms and abbreviations

Network marketing- is a direct selling method in which independent agencies serve as distributors of goods and services and are encouraged to build and to manage their own sales force for recruiting and training other independent agencies.

Market share -percentage of total sales volume in a particular industry captured by a company, brand or product.

SBUs -strategic business units.

CHAPTER 1

GENERAL INTRODUCTION

1.0 Introduction

This chapter is concerned with providing a summary and introduction to the whole research. The chapter commences with an introduction and the background upon which the research was conducted. This chapter also looks at the background of the study statement of the problem and research objectives. Research questions, assumptions, delimitations and significance of the study was also included.

1.1 Background of the study

As a means of survival most companies came up with innovative ways or marketing strategies and the use of network marketing has been such one innovation by companies to acquire customers. Network marketing is defined as a direct selling method in which independent agencies serve as distributors of goods and services and are encouraged to build and to manage their own sales force for recruiting and training other independent agencies (Taylor 2004). The major aim of network marketing has been identified as the need by companies to increase market share. Stimpson (2010) defines market share as a percentage of total sales volume in a particular industry captured by a company, brand or product. Mushipe (2010) adds that market share is calculated by taking the sales of a company over a period of time and dividing them by the total sales of the industry over the same period.

Some researches have been carried out globally on network marketing. For example, Tamang (2008) carried out a research on the role of network marketing in India. The research found that network marketing increases the income and demand of the non-timber forestry producers. Another research was carried out in Iran by Ghorbani (2006) focusing on the role of network marketing in international logistics companies' business development and the findings were that network marketing results in increased profit and reduction in promotional cost. However, besides the above researches and more not mentioned here none could be found focusing on the effectiveness of network marketing in enhancing the market share of

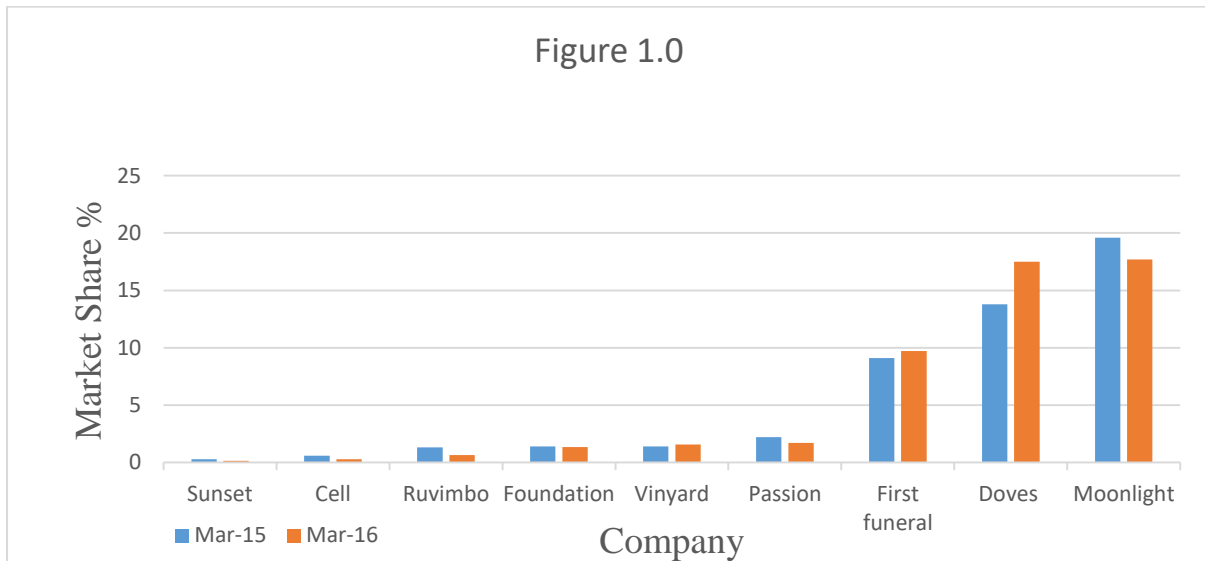
an organisation in the funeral assurance industry. This research therefore attempts to provide empirical evidence on effectiveness of network marketing in improving the market share of a funeral assurance company.

Network marketing has been a successful strategy of marketing products locally, regionally and internationally. Internationally, Tianshi from Pakistan is known all over the world and is one good example of a company that has been engaged in this form of marketing to sell its medicinal products. The company has been able to acquire customers as well as expand into international markets (Tianjin 2008). Another company that has successfully adopted network marketing is Avon which sell beauty products in over 100 countries (Justin 2016). Closer to Zimbabwe is Table Charm from South Africa which sells kitchenware and other home related products. Table Charm uses network marketing and it has expanded to international markets which include Zimbabwe and Zambia. Its market share has grown considerably (Michael 2016).

Doves Morgan Funerals services was established in 1902 and was the first funeral services. Network marketing however, is new in the funeral assurance sector company to be established in Zimbabwe. In 2016 the company had four strategic business units (SBUs) specialising in the provision of digital funeral services and funeral assurance products. Being the first company to be established in Zimbabwe Doves enjoyed a large market share up to 2008 when new players started to enter the industry (Company records 2015).

The graph below shows new entrants in the funeral assurance industry and their market share in 2015 and the business quarter of 2016. Market share is measured by the total number of customers.

Figure 1.1 market share (number of customers)



(Source IPEC Funeral report 31 March 2016.)

The figure above shows the market share of nine companies. From the above figure Doves market share in 2015 was 13% and rose to 17 % in 2016. Moonlight had the highest market share in 2015 of 19% and fell to 17% in 2016 and sunset had the lowest market share of 0,5% in 2015 and it remained stagnant at 0,5% in 2016. On 29 November 2015 Doves Funeral Assurance Company launched a plan called Shiri. Anyone subscribing to the Shiri plan had the opportunity to earn a referral rebate through referring other interested parties to join the Shiri plan. If an agent recruited three people, they would earn \$20 immediately then later earn a monthly commission of \$0.50c per recruit. The Shiri plan was meant to increase customers for Doves funeral assurance. No research has been done to establish if the network marketing strategy by Doves contributed to an increase in the number of customers for Doves. This research therefore attempts to provide empirical evidence on the extent of the effectiveness of network marketing in enhancing market share of a company.

1.2 Statement of the problem.

From 2008 to 2015 Doves market share dropped from 25% to 13 % after entry of new players like First Funeral and Moonlight in the funeral assurance sector. In an attempt to curb further loss of market share, Doves introduced Shiri funeral assurance plan, a plan based on network marketing. Subscribers to the plan were expected to refer 3 other customers at a compensation fee of \$20.00 as soon as the 3 referrals subscribed to the plan and a monthly

commission of \$0.50c thereafter. Did the network marketing strategy assist Doves to regain its market share? The research attempted to answer the aforementioned major questions.

1.3 Research objectives

- To analyse the effectiveness of referrals in increasing market share
- To examine if referral commission rewards have an effect on market share
- To ascertain the effectiveness of client prospecting on market share

1.4 Research questions

- Do referrals increase market share of the company?
- To what extent does commission based increase market share?
- How does client prospecting increase sales revenue?

1.5 Significance of the study

1.5.1 To the researcher

- This research broaden researcher's knowledge about networking marketing
- Helped the researcher to apply the knowledge of network marketing into practical situations after school
- The research assisted the researcher in partial fulfilment of Bachelor of Commerce Honours Degree in Marketing Management.

1.5.2 To the company

- The company Doves Morgan can use the findings of the research in areas that needs improvements
- The study helped provide vital information to the top management decision making and understand the importance of network marketing hence increasing the competitiveness of the organisation.

1.5.3 To the university

- the study provides useful literature for future research by fellow students and other researchers to come after me.

- Helped the university in assessing the student carrying out the research

1.6 Assumptions

- The researcher assumes maximum cooperation from respondents in giving honest and unbiased information.
- It also assumed that assurance on the confidentiality of questionnaire would encourage the respondents to give genuine and sincere responses without fear of being identified.
- Doves Morgan management gave maximum support during the research process
- This document also helped Doves Morgan to improve on its performance and succeed in the future.

1.7 Delimitations

- The research focused on the effectiveness of network marketing in enhancing market share. Thus, the research also focused on the way in which network marketing is being used by Doves Morgan.
- The researcher was limited to Harare and Gweru since these are the only places she can access information for the research from.
- Information used is from 2013- 2016.

1.8 Limitations

- The researcher was restricted to some confidential information of the company hence could not gather all the secondary data wanted to be used in the research. however, the researcher used the data that was made available by the company management.
- The sample size was small however, the researcher choose appropriate respondents to represent the target population
- Bureaucracy – release of some information required authorisation from several people within the management structure and this affected the set time frame.
- Management was not readily available. however, the researcher made prior appointments.

1.9 Chapter summary

This chapter gives an introduction of what the researcher attempts to achieve. It gives an indication of what the researcher focused on. The chapter introduced the research problem, the research questions and the various assumptions that prompted the researcher to conduct the investigation of network marketing on market share. This chapter also included the delimitations and limitations of the overall research study. The next chapter reviews relevant literature related to this study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter aimed to source information from various scholars by comparing, contrasting and commenting on issues of interest. The researcher borrowed from various authorities by acknowledging what other scholars have known about the research under study. Various definitions of networking marketing and market share have been provided by different scholars. However, there are factors in common such as referrals, commission and client prospecting which are determinants of network marketing. It was therefore the role of this chapter to focus on what scholars has revealed about networking marketing on enhancing market share relating it to current study. This chapter also looked at the concept of networking marketing, referrals on increasing market share, referrals commission, client prospecting and increasing market share. According to Sharp et al (2016), literature review is done for two main reasons which are to generate and refine research ideas since it demonstrates good knowledge of the research topic.

2.1 Referral marketing

Johnson (2016) defined referral marketing as a method of promoting products or services to new customers through what is termed referrals and is often done through word of mouth. These referrals often happen spontaneously but the business community can influence this through appropriate strategies. It is usually employed by a wide variety of businesses such as the retail, not for profit making, special stores, banks, restaurants and airlines lines just to mention but just a few. The most notable thing is that the majority of users are service marketers but not limited to them it is also revealing that products and goods are also applying the same strategies. The researcher also noted that referrals can also be influenced through various marketing strategies. Referrals can be effective in diverse businesses ranging from small-owner and entrepreneur companies, to large operations in nearly all industries thus the industry under study is part. Most organisations that offer products or services can implement referral marketing campaigns if they can sustain and ensure their success. The success rate may not be a case of discussion but the applicability of the strategy to all industries as part of the definition.

Whereas according to marketingschools.org (2012) even online companies can use referral marketing where it added that this form of marketing is highly effective in an online environment because of the increased popularity of social media and sharing sites such as linkedin, youtube and facebook. The definitions therefore are more explicit in the sense that they show some of the available platforms to promote sustained referral marketing. The major benefit of internet marketing is its ability to spread faster and to the wider audience than most offline marketing strategies. However, the researcher felt that the two are complimentary and can be also faster highly densely populated area where grapevine is source of reliable information.

Sherfield (2016) added to the discussion by agreeing that even nonprofits making organisations use referral marketing strategies to increase the publicity and convince more donors to support their cause. He further asserts that the most common referral systems used by non-profit making organisations is through the use of joint ventures where non-profit organisations partner for profit organisations who offers a percentage profit for each referral. It is imperative to know that marketing can also happen even if one does not make any conscious effort to help it but if one create something valuable and put it out to the market it's likely that people will talk about it and cannot talk either, he concludes.

The other definition by Taylor (2011) reflects that referral marketing is an organic process because it happens whether marketers get deliberately involved or not. He exemplified by saying that often tell friends about our experiences thus it is definite that people tell their friends about awesome products. If the process is organisational induced there is a difference in that it involves the implementation of incentives and tracking, and lots of careful study, where the challenge will be to ensure that these interactions are timely, useful and relevant. Consumers trust their friends more than retailers, but nobody stays friends for long with annoying people who constantly bombard everybody with irrelevant, annoying information. The researcher therefore is convinced that referral marketing is a deliberate or non- deliberate strategy that is premised on high quality products or services, which are priced at acceptable price that lead to clients telling each other about the good services or products he or she came across at a given firm.

2.1.1 Market share

Lee and Tsang (2011) postulated that market share represents a percentage of the market or industry's total sales that is earned by a particular firm over a specified period of time and is usually calculate by taking the company's sales over the period and dividing it by the total sales of the industry in relation to competitors. In another instalment Getty (2016) citing the business dictionary simplified the definition by submitting that it as a percentage of total sales volume in a market captured by a brand, product or company. Their submissions reveal that for a brand to have a calculateable market share it should be able to sale its products more than its competitors.

The Economic Times 10/10/2016 submitted that market share is measured as “Out of total purchases of a customer of a product or service, what percentage goes to a company defines its market share. In other words, if consumers as a whole buy 100 soaps, and 40 of which are from one company, that company holds 40% market share. There are various types of market share. Market shares can be value or volume. Value market share is based on the total share of a company out of total segment sales. Volumes refer to the actual numbers of units that a company sells out of total units sold in the market. The value-volume market share equation is not usually linear: a unit may have high value and low numbers, which means that value market share may be high, but volumes share may be low. In industries like FMCG, where the products are low value, high volume and there are lots of freebies, comparing value market share is the norm.”www.boundless.com (10/10/2016) agreed by adding that market share is calculate the percentage of some market share held by a company. they further submitted that market share is the key measure of competitiveness a dimension which was never submitted by other scholars. The submission adds a new sight to the definition where the researcher will rely upon in the tabulation and analysis of results.

The researcher therefore borrows heavily from the scholars that market share is an important indicator of strength for a business in its industry though there is no standard measure to determine it, the researcher will be using the sales rasion compared to competitors.

2.1 Effects Of Networking Marketing On Market Share.

According to Sherfield (2016) network marketing is a legitimate business that involves providing people with real, legitimate products they are seeking. He further asserts that people often get products they want at a fair price thus companies make a lot of money

through network marketing, financial benefits and market share are as result of dedicated work done by organisation selling real products and services. Therefore, network marketing is a proven system where the design, creation and expense the corporate team has gone through to enhance road map for increased market share. Whereas according to Johnston (2011), market share is depicted by the increase in the revenue that a company get within an industry as compared to others. Scholars are agreed that this is low cost sales strategy that organisations use to override existing links in communities and more often than not people enjoy massive growth of a firm by providing good services to customers who turn to be part time marketers for an organisation.

Taylor (2011) argues that the revenue collected may be as a result of pricing strategies and other sources of income but the determinant of a firm's market share may easily be determined by number of customers in an industry. His view is based on the fact that it is not just by having an effective network to gain desirable results but other factors are at play such as pricing and quality that entices customers. He further stated that networking is part of customer retention strategy that helps to increases market share. Determining market share is not the basis of this research but how does networking increase market share is the cornerstone of the current research. Teng et al (2014), agreed with Taylor (2011), by submitting that good customer care, having best relationship with customers perceive the relationship with customers and good image of the company the way customers perceive the organisation in a way increases market share of an organisation. Therefore, it is imperative to borrow the concept as some scholars agreed that network marketing has dividends in the same way word of mouth and direct marketing in personal focus. However, network marketing is deemed a competitive enhancing since the network may be part of the competitor thus it increases competition in the network. Haipola (2007), submitted that network marketing results in increased competition hence no sustainable customer base exists since the sales representative themselves are the majority of customers. It was however, found that the scholars focused much on the cosmetic services than in the funeral sector thus there is need to find out if the findings are applicable to the funeral sector.

Getty (2016) has a different view though it complements the above scholars when he submitted that network marketing is the basis for market leveraging rather than a scheme or pyramid that people contributing without any tangible products or services that are customer centric. However, he argued that despite the benefits accrued from network marketing its major disadvantage its promotion of devotion to use more hours to build those networks

which fruits will be accrued after a long period of hard work. Luo (2013) disagreed with Getty on the hours worked but said that network marketing is important in emerging markets hence where the level of environmental certainties is relevantly unstable. He further submitted that the firm's ability to engage in relevant and useful networking activities such as participation in trade, social and professional organisations as well the ability to exchange information with different stakeholders in the industry, can be a source of competitive advantage that will boost performance thus increasing market share. However, the outcome of networking activities on firm presentation is not straightforward. Whereas, networking can put forth direct influence on firm performance, it can also shape firm performance indirectly throughout a wide collection of business strategies, such as marketing, human resources. The available narrative primarily examines the relationship between networking and firm performance in the context of developed countries and inconclusive results have been found as have been found by Kandemir (2008) and Lencher et al (2008).

Information on empirical studies that seek to investigate the effect of network marketing on market share are still scant thus the benefits accrued in a few researches done in developed countries can be an important baseline. Therefore, it is a major aim of this research to deal with this gap in order to expand the boundary of research on the networking activities of firms. More explicitly, this research seeks to examine the interrelationships among networking, marketing activities, and firm performance, given that more pragmatic evidence on this line of research.

Lee and Tsang (2011) started by submitting that network marketing is one of the key elements of business since it has direct effects on the growth and performance of an organisation thus it increases market share. Therefore, a network encompasses all activities carried out by network actors, by analysing how relationships are created, maintained and managed as well as the most important aspect which is information, money and friendship. Conway and Jones, (2016) added that improvement in marketing activities can be effectively achieved through the use of networks. Hill and Wright (2010) concurred by submitting that network marketing has been found to be effective in providing firms with necessary and reliable information that helps the firm to cope up with environmental uncertainties a point highlighted by Luo (2013) that it is more effective and useful in uncertain markets), and make effective marketing decisions More explicitly, networking actions can assist firms to generate new, situation-specific ways of coping with unstable environments.

On the other hand Eisenhardt and Martin, 2010, Miles and Darroch, (2009), said that the major role of network marketing is to acquire, retain, and create value for customers. Scholarly submissions are not very divergent but are more complimentary as the information provided indirectly suggests that network marketing is the basis for emerging markets marked by uncertainty only that some scholars are not clear on methods of building a network. In addition Bjerke and Hultman, 2012 and Morris et al., (2012) submitted that network marketing offers firms a way to access critical resources both tangible and intangible such as finance and knowledge. The essence of network marketing is captured by a number of scholars in different forms but the outcome seem to be the same. Tsang, (2016) added that with the help of networks firms can mobilise and leverage the resources embedded throughout the network and take advantage of resources developed in connected relationships. Whereas Kandemir et al., (2016) also added to the notion that empirical evidence suggests that networking has played an important role in emerging markets. These submissions assist the researcher to know that firms substantially depends on the strength of relationship in their networks and on the capacity of their networks to provide necessary support and resource which are relevant and essential in sustaining the network continuity.

In previous researches done in developed countries it was found out that there is a positive correlation between network marketing and organisational performance. For instance Bonner et al. (2015), found out that strategic networking is certainly correlated by firm performance as calculated by sales growth, market share, market development, and product development. Similarly, Kandemir et al. (2016) also found out that the alliance orientation is positively related with the alliance network performance and market performance of firms. In addition, Sorenson et al. (2008) establish a positive relationship between collaborative network orientation and firm performance (i.e., profitability, overall performance, profit growth, and market share). Nevertheless, Sawyerr et al. (2013) found mutually a positive relationship and no relationship between network activities and firm performance such as net income after sales tax, sales growth and return on investment.

Some scholars focused much on international relationships especially in the Atlantic world where they have varying findings. Babakus et al. (2009) identified a positive relationship between domestic and foreign networking and export performance of manufacturing SMEs in the Nordic region thus network marketing is broad and vary from organisation to organisation. Whereas, Ostgaard and Birley (2016) postulated that network marketing has

both negative and positive relationships with growth in sales and profitability. Concurring with Birley is Lechner et al. (2016) who also submitted that network marketing should not be adopted using a wholesale approach since it has both negative and positive effects since it is difficult for many companies using this strategy to break even early as well as sales share thus market share remains low as expected in a given period in unions.

on the other hand, some scholars are still sceptical about adopting network marketing as a growth strategy in enhancing sales and market share. Keriv et al (2009) postulated that there is a positive relationship between transnational network marketing and business survival thus there is increased turnover and market share. Whereas Watson (2007) submitted that network marketing is more effective in ensuring company survival and market share but affects return on investment negatively.

2.2 Effects Of Referrals On Market Share

Brush (2016) postulated that referral marketing is all about spreading the word about a product or services through a business's existing customers and not through traditional advertisement. The existing customer does not just spread a word without having been satisfied by the service therefore, it is only possible for someone to spread the word if she or he witnessed the good side of the service. Whereas Haipola (2007) concurred and added that it is more purposive word of mouth which occurs when individuals tell each other about a business. He further asserts that this form of marketing can also be classified under viral marketing since the ultimate results for such marketing strategies where people inform each other about a firm's products or services. A typically example of referral marketing is an advert on YouTube advertising spices where sales increases by 107% with a record 23million views in 36 hours. Their submission inclined that the marketing stimulus should resonate with the needs and wants of customers thus they are more of testimonials by well served customers who will be doing the work for the organisation independently at no costs. Mustafa (2009) agreed by also submitting that in marketing referrals are more effective in increasing sales since they are more of testimonials from the "exorcised", where he was trying to show that the customer will be getting first hand information from a satisfied customer. The researcher understands and is of the view that referrals are effective but how do you make them effective remains a lingering question which scholars seem to be not concerned about or else there is no formula to having referrals.

According to Jahnsen (2009), referrals are more effective to increase market share of an organisation, it was further submitted that it is more effective in the internet through web browser and similar technology in increasing brand awareness and revenue. The researchers seem to be more focused on the developed world where the internet evolution has reached the climax in the business environment, where most of the transaction and adverts are done online through pop-ups, interstitials and referral websites but in the local context it is the people who spread the word of mouth. Mutema (2015) argued that the rise of Nyaradzo funeral services was as a result of referrals and testimonies from beneficiaries thereby rising to be the holder of the largest market share in the country. His submission seems to be answering the worry by the researcher for the quest of knowledge on rightful platforms to increase market share. Mustafa (2009) seem to be also of the view that the internet is the best platform to initiate referral market with his example of a research where sales increases with 107% and views clocked 23 million in 36 hours, likewise Johnson (2009) again in his submission he submitted it is more effective on the internet. Zhang (2011), concurred by adding that referrals increase market share when it is done online other than using word of mouth. The scholars were more focused much on online marketing or online network marketing in increasing referrals and ultimately increasing market share. Verhoef (2015), has a different version but agreed that referrals increase market share by means of word of mouth he mentioned word of mouth due to their nature in providing a face to face conduct with the new customers. Mackinsey (2016), has a similar notion to Verhoef (2015) where it propounded that referrals consist of 20-50% of all purchase decisions. However, Mackinsey did not specifically dispute the facts but did not also clearly show how the referrals are done either online or face to face. The major lesson learnt is that in services provision or product, the nature of the service and how the recipient got satisfied with the service determines his or her intention to share the experience likewise a product that performs to satisfactory can accrue sales from referrals.

On a complimentary view Mackinsey (2016) postulated that if one is to ask reasons behind a purchase, one is sure to get a lot of response pointing out that many of them were influenced the opinions or inputs of others. In so doing marketing induced consumer to consumer word of mouth generates more than twice the sale of paid advertising in categories as diverse as skincare and mobile phones. The findings however, were limited to those categories thus it will only be applicable to the assurance industry after this research has confirmed or rejected the proposition. The only difference between marketing induced referrals and paid

advertisements is that there are highly visible, besides being visible there are awards and blogs dedicated to celebration newsworthy events, whereas in contrast a recommendation from a trusted friend is low key which contributes to real sales that determines the market share.

The New York times September 7 (2015), highlighted that 65% of all new business comes from referrals which if translated means two thirds of consumers make purchases because someone they know or trust have recommended a particular product or service. the paper added that study after study has indeed proven that referral marketing is one of the best forms of marketing when to sales and conversion of prospects to customers. May (2011) agreed to the notion when he submitted that referrals and word of mouths are words that can be used interchangeably, where he submitted that it is all about purchasing products based on someone else's opinion or influence thus it is the bedrock of increasing market share. Whereas Haipola (2007) concurred by only adding that it's a powerful marketing channel because people often trust the opinions of other people in their lives and those whom they respect whether they are family friends, social media influencers or big stars such as role models. The authorities' debated much on the basic means of achieving a market share without linking these referral sales to market share, however it is explicitly that market share is achieved through having a bigger chunk of the market thus it is recommended to have such marketing induced referrals.

The Harvard Business Journal (2016) simplified the aspect of referral marketing by deducing it into our day to day living where they attributed our daily reliance on advice from friends on watching a TV show, movies to rent and even restaurants to go likewise as consumers we have the passion to share our stories, the products we buy or the brand we choose and this is magnified if the buying experience or products are exceptional. There are also reasons as to why referral marketing is powerful and have the capacity of increasing market share.

2.1.1 Precision Targeting`

Taylor (2011) propounded that paid adverts usually miss the precision with referrals since they target the right audience. The basis for every marketing activity is to convert prospects into clients thus targeting the right audience increases the chance of increasing sales which in turn contribute to market share. His sentiments are shared by Haipola (2007) who is of the

view that a marketing campaign is premised on two key components which are a great message and lesser targeting. They are of the view that for every marketing campaign to be effective it should be able to identify its target with a message that addresses their real problems that is a message that resonates with them. Therefore, referrals play a critical role where connected individuals can share information in a way they both understand which if they agreed to the sales stimulus are likely to influence each other to purchase the products or services. The major benefits of referrals are that they are discussed in the social settings where people discuss matters that affect them to their peers who in turn provide solutions by referring them to those whom they know can provide solutions to the problem. Teng et al (2014) summed up by adding to the duo when he said referrals and word of mouth marketing tend to be much more of targeting because people tend to know their friends and the social audience very well thus they are very much at an advantage as compared to marketing agencies. Zhang (2015) concurred as well and added that it helps in the spreading of the brand message more effectively than most of the other marketing channels. It is imperative to note that referral marketing can effect positive results by targeting the right audience as compared to conventional advertisements which target everyone but not everyone requires the product or services. The researcher also noted that cost of advertisement are minimum as it all to do with actual sales where one will only benefit if he or she manages to convince his or her peers to do business with an organisation, one is not paid for creating brand awareness or brand visibility but those are accrued benefits by the organisation which are a non-paid form of advertisement.

2.1.2 Trust Factor

It is a critical component to gain from human kind, trusting someone means investing a treasure that is of immense proportion. Zhang (2015) submitted that trust goes a long way when it comes to convincing a prospect into being loyal or buying a product. Therefore, failure to gain trust from a prospect it will be difficult to get their attention likewise we as customers do not listen to that person. According to the Harvard Business Journal (2016), customers find it difficult to trust sales people on commission such as those in the insurance and assurance business whom customers more often than not had doubts about the authenticity of their words due to lack of trust. He further stated that with referrals the sales pitch usually comes from someone you either know well such as a friend or a family member,

sometimes it might be coming from a trusted blogger. Such sales translate into a bigger market share creating a viral marketing.

Haipolar (2007) has once said referral are critical to gain trust since studies have time and again shown that people almost always trust these people over generic advertisements and sale pitches carefully crafted by the brand themselves. Neisen (2016), supported the remarkable potential of referral marketing where he observed that people are four times more likely to buy when referred by a friend. On a divergent view, Taylor (2011) submitted that it is only a tool for professionals to tap into the power of consumer recommendations to achieve exceptional results. He added that referrals are more effective for services especially the banking and insurance sector though they focused on the banking sector in their research a sign of research overlap without evidence. However, the Harvard Business Journal (2016) has a different view altogether on where it is appropriate to use referral; marketing. They postulated that referral effect applies to other industries since it is more beneficial for products and services that consumers might not appreciate at first glance and in those industries where it's hard to identify valuable prospects that add to the market share.

2.3 Examining referral commission rewards on market share

Borowsk and Daya (2014) defined commission reward pay as a share that an employee receives in settlement for intermediation in selling of the products or services. Mays (2011) postulated that commission rewards referrals increase market share through agents who will be working hard so as to achieve targets so that if they reach the target they will get more rewards. Whereas Robertson (2014) supported that referrals commission rewards increase the market since it empowers the employees to recruit new customers as well as creating awareness to the consumers. This therefore shed out light that referral commission increases the market share of an organisation in a way that agents will be working hard to improve their commission at the same time increasing the number of customers for a business. Their views only highlighted that commission based referrals increase market share but were not clear on how and the way of recruiting the agents. There are independent agents who will only get a share after they have provide a sale and the full time engaged sales personal who will get the basic benefits with or without sales which raises the question of the motive to sale.

However, Coughlan and Grayson et al (2008), share the same opinion when they agreed with Mays (2011) and Robertson (2014) that commissions and mark ups on personal sales increase

sales volume, and net commission on the personal volume of down liners motivate distributors to a greater extent. Their view show or try to explain the shortcomings of the above views where they have added Mays (2011) and Robertson (2014)'s submissions by highlighting that it is only through the benefits accrued that motivate employees or agents to perform better thus they strive to increase sales per individual thus maximising the sales directly benefit the organisation through increased market as well as gaining competitive advantage through a chain of referrals riding over established relationships. In the African community those who refer someone are very aware of their needs and would have assessed the situation and can convince their colleagues on the packages that resonate with their needs. They advised that organisations should recruit more people to increase profit and the network of their target market since the recruitment will capture different agents from the diverse background. However, his submission captures a lot of attributes which makes it difficult to ascribe the sales volume and market share to commission based referrals.

On a divergent view Neisen (2016) supported by Harvard Business Journal (2016) are of the view that the backbone of all referrals emanate from trust thus induced trust based on commission will be difficult to attain. Trust is a condition of having faith in belief or something that one relies on. If one trust someone or an institution he or she can confide his problems to that individual. Neison (2016) gave an example of a bank which he said if people do not have confidence in it they are not likely to entrust their savings with the bank since they feel they can lose their treasures. Trust is built over time thus if organisations engage commercial agencies they may have limitations in accessing a certain market or niche which they have never done business with. The researcher is of the view that referral sales agents need not to be in any formal contract with the organisation but they will be benefits one will accrue if the sale is made through referral, the purchaser will disclose the refer and the person will be phoned to come and collect his or her commission or will come and inquire about his or her dues after consolidation on sales accrued. The independence will provide a wide net to ensure that anyone who believes is connected to anyone who matters will act thus increasing the sales agents simultaneously expanding the market and the market share. Haipola (2007) propounded that by saying that it is difficult to gain trust from nowhere since studies from time to time have shown that the salesmanship type of referrals is seen as being manipulative and cohesive hence they are not sustainable to have predictable market share. His assertion is viable if the organisation decides to hire sales agents based on academic qualifications and not on the network one is linked to as well as the business that an individual can generate.

Therefore, providing independent basis for individuals to prove themselves will bring more business than limiting to a certain group of trained sales personal.

Zhang (2015) differed with other scholars when he submitted that in most cases those who will be engaged will be in quest of higher rewards thus they have a mammoth task in identifying the right target. As Naison (2016) has earlier submitted that trust is not gained easily by strangers but a process of continuous engagement and sharing of private information where a person will be knowing what exactly an individual or a certain community requires thus making it easy to convince that individual to make a purchase, a sale to the organisation. Whereas, The Harvard Business Journal (2016) added to the notion by providing a specific example in the assurance and insurance industry as typical examples of businesses that are often affected by referral market due to the lackness of trust. The lack of trust is driven by the perception that they provide false information hence they don't deserve to be honoured with trust. Zickmond and Zathenal (2011) devised a service triangle to help organisation to deal with customer expectations and management views where in most cases they is always a service gap that erode trust and confidence among service providers.

Scholars are not convinced that referral reward commission are effective if they have an identity of strangers in the picture. Ross (2016) agreed to the version when he said most scholars seem negative to the idea of commission rewards referrals since in most cases organisations tend to recruit professional marketers who want to take a living from the marketing job rather they prefer a commission as often used in the healthy sector where an independent person refers a number of people to get a reward. His views are also shared by Darmon (2016) who submitted that there are a number of ways in which commission rewards referrals are paid but intense debate often arise on the nature of referrals since referral marketing is more designed for those goods or services that are not easy to sell. In business terms goods that are difficult to sell are regarded as unsorted goods since a person will know of the need of the product after having been informed. Dhingra (2015) has a similar view on the issue of commission rewards referrals when she postulated that referrals sales should be done in such a way that does not offset the benefits through failure of an organisation to contain costs. The researcher learnt that there is need to balance operation costs and sales accrued thus the costs of sales should not exceed the income generated therefore, it is tiresome task to come to the decision of having commission based sales.

On a divergent view, Kim (2011), submitted that commission rewards referrals pushes people or the agents to exhaust all channels that are reachable and accessible through overt and covert means. His view was also supported by Stephen (2016) who argued that commission rewards referrals are very effective in service marketing such as insurance, life assurance and medical services but at times those who are commissioned will focus on the benefits while ignoring the tenants of marketing ethics where some benefits are exaggerated. In such circumstances if the information is proved to be incorrect they are a possibility of accruing bad reputation and brand switching through the same referrals but in this case it will be strong word of mouth aimed at portraying negative aspect of the organisation. Kotler (2006) once submitted that a disappointed customer will tell more than ten times the people a satisfied customer relays his or her satisfaction to. In line with this argument it is imperative to take caution when dealing with commission based referrals.

The National Aids Council Bulletin March (2016) submitted that the promotion of medical male circumcision at one point increased due to commission rewards on referrals but they suddenly decreased, where they attributed the decrease to the increase in the bargaining power of the agents as they demand more than a t-shirt which serves to only promote the interest of the organisation. Zhang (2015) submitted the same view at one point when he argued that it depends with the benefit accrued, if the benefits being accrued or promised by the organisation are deemed too little it is possible that the agents or prospective agents will fold their hands and ignore the call to service. he added that if those on commission reward referrals are fully engaged by the organisation they will focus on other activities rather than the ones they were engaged to do. The researcher therefore borrows that in commission reward referrals there is a lot of work that need to be done starting from the engagement of referral agency to the information they provide to the general clientele if it is not harmful to organisational reputation.

In any sales industry, referrals can either make or break a business. At the very minimum, a referral is a recommendation. However, when it is done properly, a referral represents high-quality leads that can be much easier to close. There are a number of factors that entices referrals and the following were identified

2.2 Client Referrals Quickly Build Rapport

Kim (2011) posited that in sales, especially real estate, it's imperative for your prospect to trust you. One of the best and most efficient ways to build this trust is for you to be introduced to the prospect by a mutually trusted party. A prospect is much more likely to trust and become interested in your business if they have heard about a positive experience from a trusted source. It pays significant dividends to offer incentives for referrals to encourage loyal customers to talk about your business and the benefits it has to offer.

Johnson (2016), concurred by submitting that this type of word of mouth marketing creates much more interest in you as a real estate agent, and can be much more effective than other marketing efforts, including cold calling. Simply put, the word of a satisfied friend will entice more clients because it is coming from a reliable source. Though the research was done in the real estate it is of significance in the current research as trust remains a key issue in commission based referrals. Zhang (2015) once propounded that in the absence of trust in unsorted goods it is difficult to make sales thus it is easy to get trust through commission based referrals.

2.3.2 Client Referrals Have Cost Benefits

Real estate agents and firms can also utilize referral programs to increase profit margins. According to Zarhorsky (2016), referred customers are more likely to purchase services at full price because of the trusted, positive review. When it comes to any business, this potentially means higher selling prices and higher commissions. Simply put, referred customers are commonly less sensitive to price. As a result, the majority of referrals can result in a much higher profit margin because they are pre-sold based on your client's credibility and trust.

2.3.3 Client Referrals Stay Longer

Johnston (2016) submitted that according to a study conducted by Goethe University published in Forbes, client referrals are 18% more likely to stay with your business than other customers. The study traced the referral program of a German Bank over three years and found this number to be consistent. While the reason client referrals have a higher level of retention may be debatable, it can more than likely be due to the increased level of trust with you as an agent.

2.3.4 Client Referrals Increase Satisfied Customers

When you effectively utilize a client referral program for your business, you will build a network of satisfied customers that will essentially do the lion's share of your marketing. Stephen (2016) agreed to the notion when he submitted that it is only through commission based referral that enables one to build satisfied customers. He explained his assertion by saying that the person who refer will have been satisfied hence he or she works tirelessly to ensure that the person he or she referred get the best of the service.

2.3.5 Show Clients You Care

Word of mouth marketing or client referrals present the ideal opportunity to let you clients know you care about their opinion. It sends the message to prospective buyers or sellers that you care about the relationship (Kim 2011). More importantly, it shows clients that the firm will go above and beyond to gain their satisfaction because only satisfied clients will refer their friends and family members. In any case, as the business grows and develops, it's important to make sure one implement an effective client referral system to foster productive and profitable long-term client relationships.

Client referrals are one of the best ways to save money on advertising and grow any business. One can use word of mouth marketing to create huge networks and an excellent level of customer loyalty (Kim 2011). While simply asking for referrals is one way, it works best to offer your current customers an incentive to refer their friends and family.

2.4 Effects of Client Prospecting on Market Share

Researchers as Darmon (2016) are of the view that prospecting does not increase market share but plays a significant role in recruiting clients since it increases the customer base if prospects decide to join the organisation as customers. Whereas Kim (2011) submitted a different view when he said prospecting customers are more of potential customers at the disposal of the organisation that can only be affected by the ability of the organisation to turn prospects into customers. The two scholars seem to coincide and diverge simultaneously, they have not shown their distaste of prospecting rather they say it's the only way to gaining customers who will in turn be the organisation's clients a who form part of the market share.

Ross (2016) posited a different scenario when he argued that prospecting may be justified by marketer as a response to marketing stimulus hence they demand payment for that which ultimately increases sales costs without returns. Shar (2016) disagreed with this proposition as he submitted that business to business companies' emphasis sales leads prospecting due to uncertainty over the global economy and buyer behaviour. His sentiments are shared by Biggs (2016) who also emphasised that bigger companies in the developed world have changed their priorities from only sales to generating business leads as their number one sales and marketing priority as of 2012. He further asserts that generating quality leads is difficult as only 49% of quality leads can generate a reasonable proportion of sales that may assist in developing customers. Manju (2016) also submitted that most companies lack resources hence they don't consider prospecting a competitive advantage thus they focus on sales likewise researcher are not more concerned about the relationship between prospecting and market share hence the view that it is of no significance to market share. The researcher is also of the view that it is not practical to separate prospecting from market share this is the bases for generating sales leads.

On this debate Neisen (2016), postulated that competitive advantage for referral market emanates from the company's ability to have a thorough understanding of complementary or new high potential markets thus organisation have to seek external help to qualify leads thus company resources can focus on increasing the close ratio of new deals. Bulte (2016) advised companies to compliment targeting with effective prospecting through research, administration and actual sales calls. Bjeke (2015) once warned that if organisations rely heavily on external services and consultants it may lose focus which could it to follow cycles and trends that may be unrelated to the actual work of prospecting. However, Bjorn (2016) submitted that though they may be problems with prospecting if consultants are to do their job properly after acquiring intelligence on the potential market, appropriate secondary information they are guaranteed of greater rewards.

Harvard Business journal (2016) also concurred by having the following statements "Companies are well advised to follow some vital steps before working with external consultants in sales leads generation/prospecting. With the need to understand your prospects thoroughly, it is necessary to invest in business research, or market intelligence as it is also commonly known. As shown, gathering databases from local chambers of commerce, newspapers, professional organizations, trade directories, associations or export promotion

bureaus is simply not enough. You want to ensure the prospects are “‘warm’ to your approach.”

Conway and Jones (2016) have a divergent view from all the above scholars when they submitted that the most challenging business is the marketing of insurances thus they found out that 55% of their respondents consider prospecting as the initial step towards purchasing as it is their top trial. They further submitted that prospecting is more effective than the need for insurance, opinions of insurance products affordability 22%. In addition, Dickson (2008) submitted that for one to overcome the challenges in the selling of insurance products one has to bear in mind that there is no formula for prospecting but there are signs of progress as acquiring of new clients, and to do so, they necessarily open relationships. Therefore, prospecting is an art of opening new relationship that will allow one to possess the most important attribute which is trust which will lead to increase in sales and ultimately market share. Sonia (2008) concurred by adding that new business opportunities emanate from prospecting, opportunities that later turn into sales which makes prospecting a lifeblood of sales and sales are the determinants of market share.

Stephen (2016) contributed to the debate by adding that the first step towards improving sales results is only attainable through prospecting thus if organisation acknowledge the importance of it they are bound to enjoy the benefits. Munju (2016), agreed with Stephen (2016) and added that prospecting is a daily activity that requires enough time and energy. Prospecting has no actual formula or time but it’s a daily activity that can be done even if the firm has closed shop for weekend. The views are of essence to this research since it helps to know that calls can be done even during weekends to instil debate among decision makers. Their submission gives the researcher some valued lessons to the researcher where the researcher noted that if one is to have successful prospecting it should be done on a daily basis. Time and energy should be exerted towards prospecting in all gatherings or social activities where people will be formally and informally discussions, to enhance customer base, customer base is increased through sales thus sales can be increased at any gathering where the thinking of a certain group can be known through prospecting. Munju (2016) agreed to the notion that there is no actual time of prospecting but only time to develop products or services that meets the needs of a certain clientele by converting their voices into actual products or service.

Keriv and Dafna (2009) also suggested that it is necessary to have a weekly plan that provides for time to prospect. There are always new ideas that emerge in the market thus the company will not be affected by surprises and new concepts but it will increase the company's chances of pulling a shocker by increasing market share overnight through sustained word of mouth and referrals. Schindehute (2010) concurred to the validity of prospecting to increasing market share. He further defined prospecting as an activity of opening new relationship a concept that has been discussed before, however his view is more of upgrading earlier versions when he submitted that the focus is not on making new relationships but on the outcome of these new relationships. His submission teaches us that in prospecting our efforts should be more focused on opening new business relationships to identify potential new business opportunities. He left the readers a lot to do when he summed up by saying there are many ways of doing this and all of them are effective sometimes. His submission further clarified the worry of the research on the most appropriate way of prospecting which means a firm has to tailor-make its prospecting to come up with the ideal way of increasing market share in competitive environment.

In a related view Karande (2010) said for one to prospect well, there is need to focus time and energy on what works best in the current situation, but this should not be exclusive. Schndehute (2010), has also advised on the need to focus on what works better when he said organisations need to tailor-make what suit their situation. This therefore means if one is good in cold calling he or she should be assigned to do cold calling and this does not mean that particular firm or sales person should never use emailing, inbound marketing, networking, trade shows, conferencing and direct mail, referrals or social networking. One should therefore integrate all these activities to increase sales volumes simultaneously increasing market share.

2.5 Chapter summary

The chapter managed to highlight how different researchers attempted to solve the problem at hand in different ways but a lot of them coming to similar conclusions. However, in some of the variables there were no agreements on the validity of some variables as they were only proxy indicators to measure the effectiveness of some issues as the relationship of prospecting to market share where in other instances they were deemed ineffective while other scholars maintain that the two are interwoven and trying to separate them is unpractical.

The current research also strived to find if the benefits accrued in those areas can also be accrued in the industry under study. The next chapter focused on the way in which information was gathered from the preliminary levels of the research to data analysis and presentation which guided the conclusion and recommendations.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter gives a clear description of how the research was carried out. The chapter covers the methods, data collection tools, and strategies used to gather data. Thus, it shows the research design, target population, sampling methods, sample size, the data collection procedures and methods, validity and reliability as well as data analysis plan. Scholars such Korthari (2013) regards research methodology as the backbone for gathering pertinent information on a specific topic. The submission emphasis is on the need to come up with a logical and systematic way of harnessing data that corresponds with the way it is analysed.

3.1 Research design.

The research presents a guide or a plan which assisted the researcher to obtain information on the research questions. The design forms the basis of arranging of conditions that guides the researcher in the collection and analysis of data in a way that satisfies the research objectives.

In choosing a research design the researcher considered economic conditions as financial resources which guided the nature and type of data collection tools. The design forms the blueprint that act as a conceptual structure in collecting, measurement and analysis of the research as hand. Therefore, the design provided the platform to show how the researcher conducted the research from writing the objectives and should take into consideration what the study about, why and by whom to deal with relevance. In this research the researcher focused on exploratory and descriptive designs which were applied at different levels.

Research design is critical component in research hence the researcher used the research designs because they helped in facilitating the smooth sailing of the various research operations thereby having an efficient research possible with maximum use of both financial resources and effort.

3.1.1 Exploratory research design

The researcher used this form of design to discover new insights and ideas on the effectiveness of network marketing in enhancing market share. The form of design was chosen because it assisted in the formulation of a problem for more precise investigation and also for the formulation of the objectives. The researcher also decided to use the design because of its flexibility in allowing for the consideration of different aspects of the problem under study thus it increases familiarity with the research problem. It assisted the researcher to state the research problem on a broad note narrowing down to specific problem thus it allowed the researcher to choose a flexible way of gathering data.

However, the major emphasis of such studies is to discover new insights and ideas. Since it is qualitative method in nature it was used in the conducting of interviews in gathering accurate and relevant data on the research problem, more so it allowed the use of questionnaires and interviews in data gathering. It also allowed the inclusion of experienced respondents as it allowed for experience surveys where the background of the problem can be

built. The design helped to build the research problem by exploring new insights as well as assisting in the choosing of data collection methods.

3.1.2 Descriptive Research Design

The researcher used descriptive research to describe the characteristics of a particular response or group. Descriptive research design helped to develop or infer a picture on the behaviours or trends of a given group. The data gathered used questionnaires or interviews were used to describe events and patterns of relationships on different variables. It allowed for the description of data using tables in describing and analysing research questions that emanated from statistical analysis. In this regard the data analysed using statistical packages such as SPSS and excel was interpreted since diagrams or statistics means nothing to those who would benefit from the research without them being described.

The research design allowed the researcher to gather large quantities of data cheaply since it allowed the researcher to choose data collection methods as questionnaire and or interviews. Since the design ensures one to first have specific objectives it ensures that research questions were designed to access relevant information. The research design allowed the researcher to use data collection instruments that were consistent with the research which provides for data that was analysed using statistical methods.

3.2 Target population

According to Burns and Burns (2012), population is the total set of items or objects under consideration and is defined by some characteristics of those objects or items. The target population of this study comprises of 98 people.

3.3 Sampling methods and techniques

It is a plan for obtaining a sample from a target population. It also includes the use of a technique or the procedure that were used or adopted to select units to sample. Manoharan (2010) defined a sample as a portion of a population that is selected to be represented of the target population. A sample was used to choose a subset of the target population since the researcher could not study the whole population under study since it is large and can strain

the financial resources budgeted as well as the researcher's lack of capacity to analyse such a population and the time required to collect information would have exceeded the periodic delimitation.

The sample of this research consisted of sales agents, managers and customers or subscriber's. In selecting the respondents, the researcher used probability sampling method and non-probability. There are many forms of probability sampling such as cluster sampling, stratified, systematic and simple random sampling. Non probability sampling comprises of techniques such as convenience, judgemental, quota and snowball sampling. The researcher used simple random sampling, convenience, and judgemental sampling in choosing sample items.

3.3.1 Non Probability sampling.

Non-probability sampling comprises of techniques such as convenience, judgemental, quota and snowball sampling.

Customers

For customers the researcher used convenience sampling where by the researcher spread questionnaires to respondents available on that specific day. Convenient sampling helped the researcher to gather information from respondents in a limited time at a low cost.

Management

On management the researcher used judgemental sampling. The researcher phoned possible respondents and asked those who were free on the day of interviews and the researcher went on to conduct the interviews. Management was always busy with busy schedules the researcher was forced to do with those available. More so the management's qualifications and knowledge are presumed at par thus they provide relevant information.

Sales agency

Convenience sampling were used for sales agencies to ensure an equal representation of each unit. The researcher spreads all the questionnaires to the sales agents that were available on that day. Information was gathered at limited cost and gather all the information required.

3.3.2 Probability sampling

There are many forms of probability sampling such as cluster sampling, stratified and simple random sampling

customers

The researcher used simple random sampling to choose customer respondents, every customer who were there were selected no one was isolated. The researcher managed to avoid bias and increase validity and reliability of the research under study.

3.4 Sample Size

The researcher studied different ways of determining sample size from different scholars such as Lewis, Sanders and Thornhill (2009) who subscribed to the notion that 30 respondents for a finite population as 340 000 is possible where they base their argument on a research done on JNB seat capacity carrier per year. The researcher felt that the sample size determination is based on approximation hence the decision to use the Krejcie and Morgan Table of (2013).

Sales agents 20

Subscribers / Customers 15

Management 5

3.5 Sampling Procedure

In choosing the sampling elements on simple random sampling the researcher issued out the questionnaires to all the respondents that were available at that day and they could complete. The same also applies to customers the researcher gives questionnaire to the customers that were available on the day of issues. In using convenience sampling, the researcher phoned possible respondents and asked those who were free on the day of interviews and the researcher went on to conduct the interviews.

3.6 Sources of Data

There are basically two forms of sources of data as postulated by Stimpson (2010) which are primary and secondary data.

3.6.1. Primary Data

Stokes (2010) postulated that primary data refers to new data collected specifically for the project through field research. Primary data is information that is specifically collected for the purpose of ongoing research or solely for that particular research. The source saves as first hand information. In this research questionnaires and interviews were used to gather both quantitative data.

3.6.2 Secondary Data

Korthari (2013), stated that secondary is data which already exists and can be collected by desk research. Secondary data was used to collect data about the effectiveness of network marketing as researched by other scholars. Stokes (2010) submitted that its information that was collected for other purposes other than the research at hand such as company reports on sales or challenges faced in the market, researches done previously which assisted to solve the current problem and what was not covered for literature review.

3.7 Research Instruments

The researcher used questionnaires and face to face interviews to collect data.

3.7.1 Questionnaire

The researcher used a questionnaire over other research instruments because its standardised format which made it easier for data analysis. The questionnaire carried closed ended questions only. A five-point Likert scale was adopted to measure the extent of agreement to the questioner terms. The Likert scale responses ranges from strongly agree to strongly disagree. The scale was used to measure the degree effect of referrals on market share. In addition, nominal scaled questions were used to gather demographic data.

3.7.2 Face to Face Interviews

The interviewer who was researcher in this context subtly probed informants to elicit more information and take notes, which was developed later. A face to face interview was conducted with Doves Morgan Company Management. Notes were written down in a notebook and was later developed and voice recording. The duration of the interview was 10 minutes. The instrument allowed the research to gather a lot of information within a short period of time.

3.8 Data Collection Procedure and Administration

Person and self-administered questionnaires were employed. The research made phone calls to Doves and made an appointment to meet sales agents. Questionnaires were distributed and collected instantly. Where respondents needed clarification the researcher helped. However, some of the questionnaires were dropped to the respondents' workplaces and collected after three days. On interviews the researcher made an appointment to meet management during lunch time and responses were noted down for further analysis.

3.9 Validity and Reliability of research instruments

Best and Khan (2003) contend that good questions should be reliable, thus providing consistent measures in comparable situations. The researcher ensured that the questions are valid based on the following points as given by Neumann (2011) it puts emphasis on avoiding joining two or more questions and avoiding leading questions which may influence the respondents, avoiding emotional language by using direct language and avoiding ambiguity by asking specific questions and lastly avoiding jargon, slang and abbreviations and avoiding questions that are beyond the women participation in leadership' ability. The researcher selected a sample of 10 youths for pilot study and final data was not be collected from the same respondents.

3.10 Data Presentation and Analysis Tools

Data presentation involves presenting findings in a logical and sequential way so that conclusions can be drawn from them. The data was presented according to research questions

and research objectives. Tables, pie charts and statistical graphs was used to present data. For qualitative data analysis, the analysis process can be divided into three main types: summarizing, categorization and structuring. In this research both summarizing and categorization are used. This study provided the quantitative analyses of the research findings so SPSS Version 20 was used to analyse the data to be collected. Descriptive statistics was used to for measuring location using mean and percentages.

3.11 Chapter Summary

The research methodology chapter discussed research design, population and sample of the study. It also gave an outline of data collection techniques, data analysis and presentation of data to be collected. This chapter make a clear pathway for chapter 4 which is data presentation and analysis.

CHAPTER 4

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter's main emphasis is on presentation, analysis and discussion of data. The data collected from the previous chapter were used in analytic aspect. SPSS and Excel were used to present and analyse the data. The chapter therefore displays data inform of pie charts and bar graphs. The researcher presented the data using research objectives. Respondents findings from management, subscribers or customers and sales agency were also used. The findings are in regard to assess the effectiveness of network marketing on enhancing market share.

4.1 Response Rate

The researcher issued out a total of 35 questionnaires to Doves Morgan. 20 questionnaires were for sales agencies and there was 100 % response rate, 15 questionnaires were for customers and 100% response rate was attained. However, for management interview guide was used and 5 managements were targeted and of the 5 managers only 2 managers were interviewed. The table below shows the responses rate for the collected data.

Table 4.1: Response rates for questionnaires

Respondents	Questionnaires Issued	Returned Questionnaires	Response rate%
Sales Agents	20	20	100%
Customers	15	15	100%

Source: Field Work (2016)

For the 20 questionnaires issued out to Doves Morgan company sales agency there was a response rate of 100%. The same also applied to the customers of the 15 questionnaires issued out to Doves Morgan customers 100% response rate was achieved.

Managers were asked questions using face to face interviews and the answers were written down by the researcher. Despite the appointment set with management. The researcher was able to interview 2 managers only because the other 3 were concentrating on other crucial activities. However, the researcher did not manage to get all the required information.

4.2 Demographics

This section represents the data collected to find out the effectiveness of network marketing on market share.

4.2.1 Gender

The researcher wanted to find out the gender of respondents. The results are shown in the figure below.

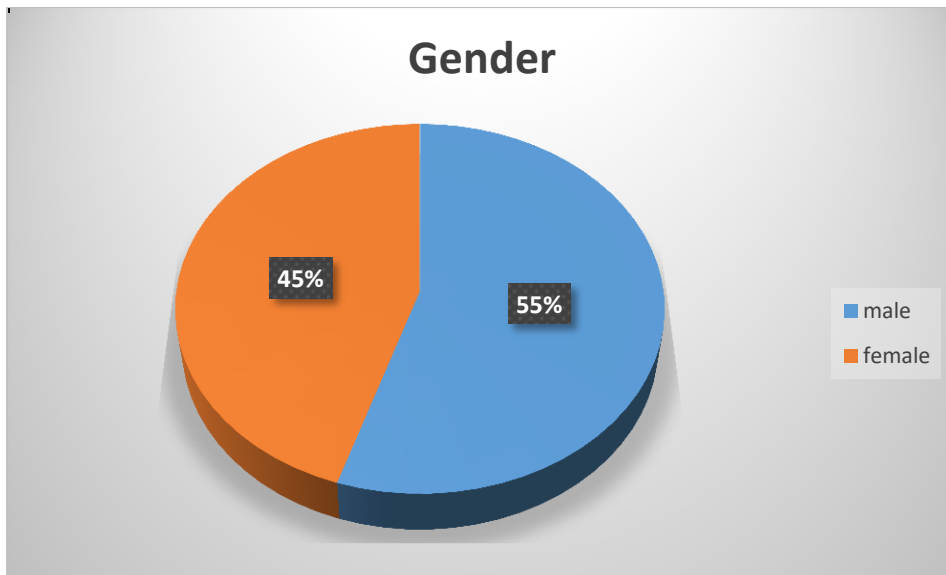


Figure 4.1 Gender Responses

The findings revealed that the majority of respondents represented by 55 % were females and the remaining 45% were males. This implies that more females are into network marketing than males. This assertion was supported by U.S. Direct Selling Association who postulated that 79,9 of network marketers are females.

4.2.2 Age

The researcher ought to find out the age of different respondents. The question was aimed at sales agency and the results are shown in the table below.

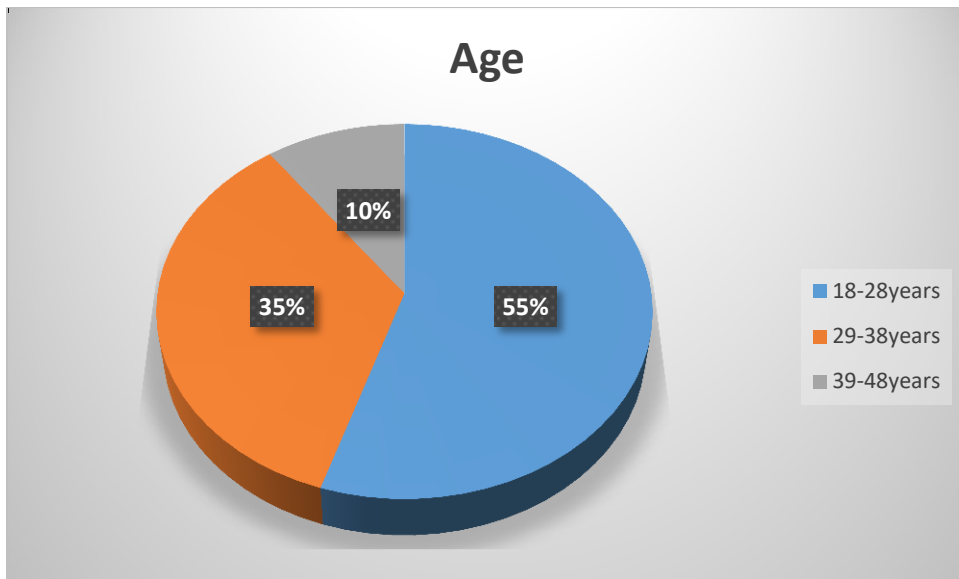


Fig 4.2: age responses

As depicted above 55% of the sales agencies are in the range of 18-28 years. This is because network marketing requires one's time and energy to partake the job since it involves a lot of movement looking for customers. Followed by 35% of the sales agencies ranging from 29-38 years with lastly 10% of the sales agencies is made up of people ranging from the age of 39-48 years.

This implies that elderly people are the ones who are much interested in funeral policies because it's by nature that as people grow old they begin to worry about the unknown future. As shown by the research results 60% of the customers who subscribe to policies are between the ages of 36 -40 years, followed by 26-35 years with 33,3% and lastly 6,7 % for the 18 -25 years

This was supported by management in an interview who added on to say that their targeted customers are elderly people as most of them are the ones who afford to comply with the requirements of paying monthly subscriptions.

4.2.3 Tenure

The researcher wanted to find out the period which sales agency were employed by Doves Morgan.

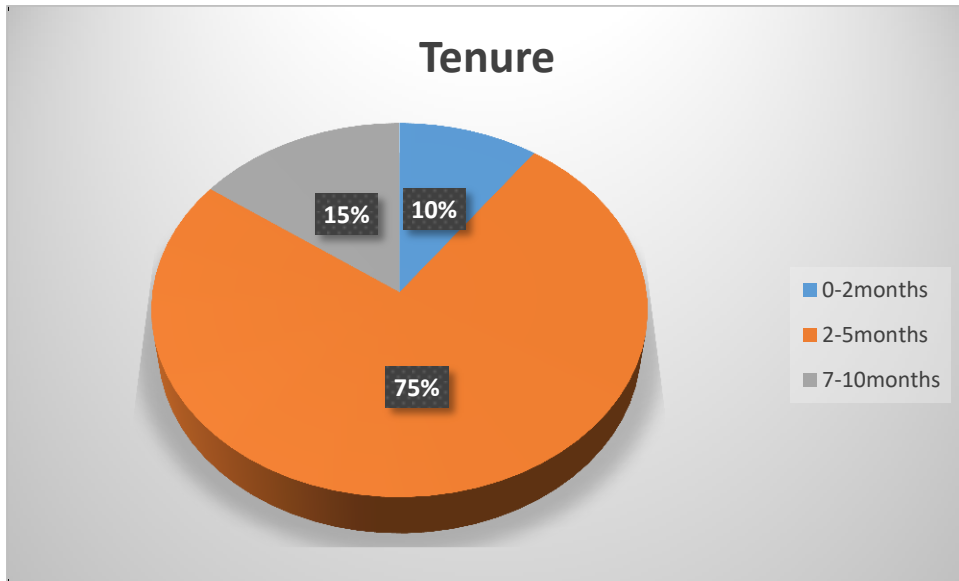


Figure 4.3 tenure responses

Results are showing that 10% of the sales agencies have been involved in network marketing for two months or less. The pie chart also shows that 75% of the sales agencies have been operating for 2-5 months followed by 15% who have been operating for more than 7 months. The results are shown in months because shiri plan is still new.

4.3 Effects of referrals on markets share

The research was conducted to establish if referrals as a network marketing activity increased the market share of Doves. The market share was established through the willingness of prospective customers to subscribe, refer new customers and ability to acquire customers. The responses are shown in the chart below.

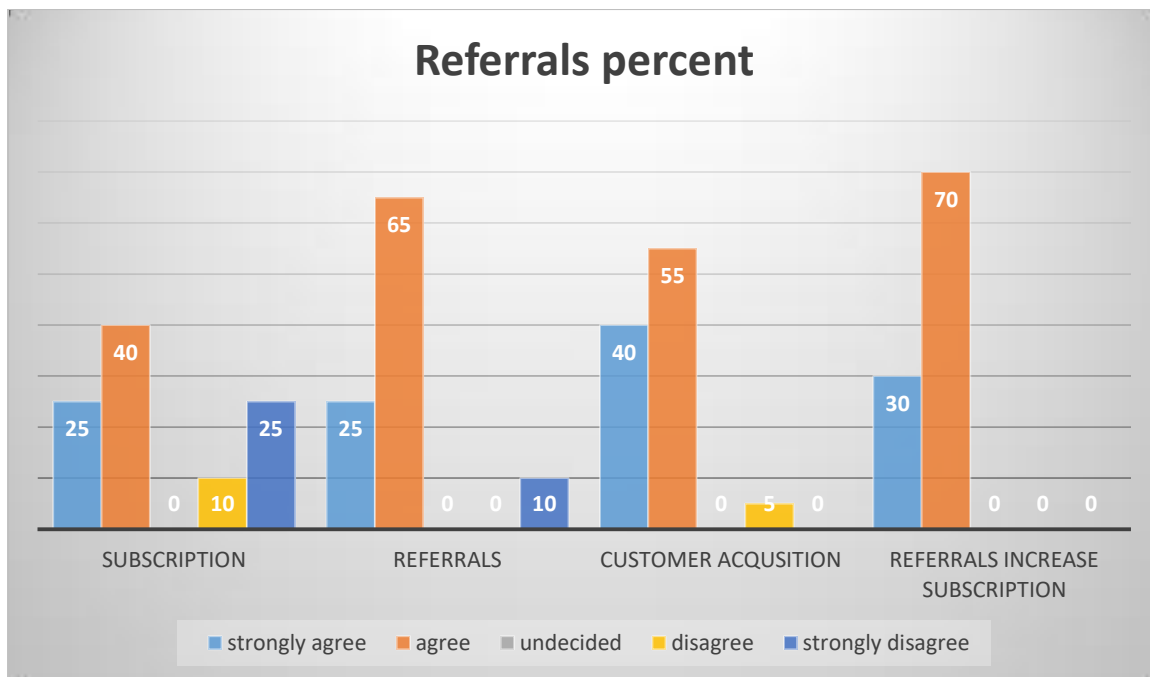


Fig 4.4: Referrals

65 % of the respondents were in agreement with the view that most customers approached by sales agents subscribed to the shiri plan. On the other hand, 100% of the recruited customers always referred new members to join the plan and 90% of the respondents confirmed. that as 25% strongly agreed and 65% agreed to that. 95 % of the respondents agreed that networking marketing assisted Doves to acquire new customers. The results of the research are in agreement with Jahnsen (2009) referrals are more effective in increasing market share of an organisation.

4.4 The effectiveness of commission rewards in increasing market share

This research sought to examine if referral commissions has an effect on the market share. The findings are presented graphically below.

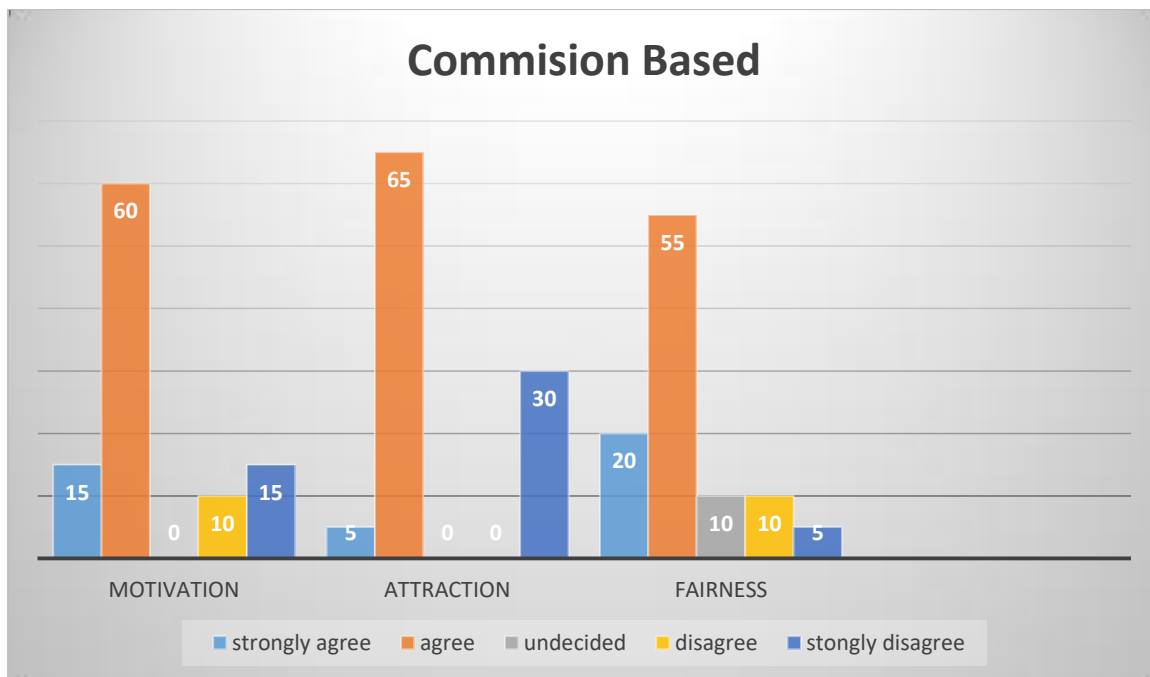


Fig 4.5: Commision rewards

With respect to referral commissions rewards the research attempts to determine if they motivated or attracts the sales agencies and new subscribers to recruit new customers. In addition, the research also established that the subscriptions were fair enough to attract new customers.

In this research 75% of the respondents agree that there motivated by the commissions they are getting to keep on recruiting others and finding more subscribers to the plan. Additionally, the commissions are very attractive to non- members so that they can join and 70% of the respondents have confirmed that as they have agreed in the questionnaire. 75% of the respondents also agreed that the incentive they are getting for each client they introduce to the plan is fair and its broadening the subscribers base.

The findings also go hand in hand with what has been postulated by Robertson (2014) who supported that referrals commission based increase the market since it empowers the employees to recruit new customers as well as creating awareness to the consumers. This therefore shed out light that referral commission increases the market share of an organisation in a way that agents will be working hard to improve their commission at the same time increasing the number of customers for a business

4.5 The effect of client prospecting on market share

The research sought to ascertain the effectiveness of client prospecting on market share, and the diagram below shows the percentages of the respondents.

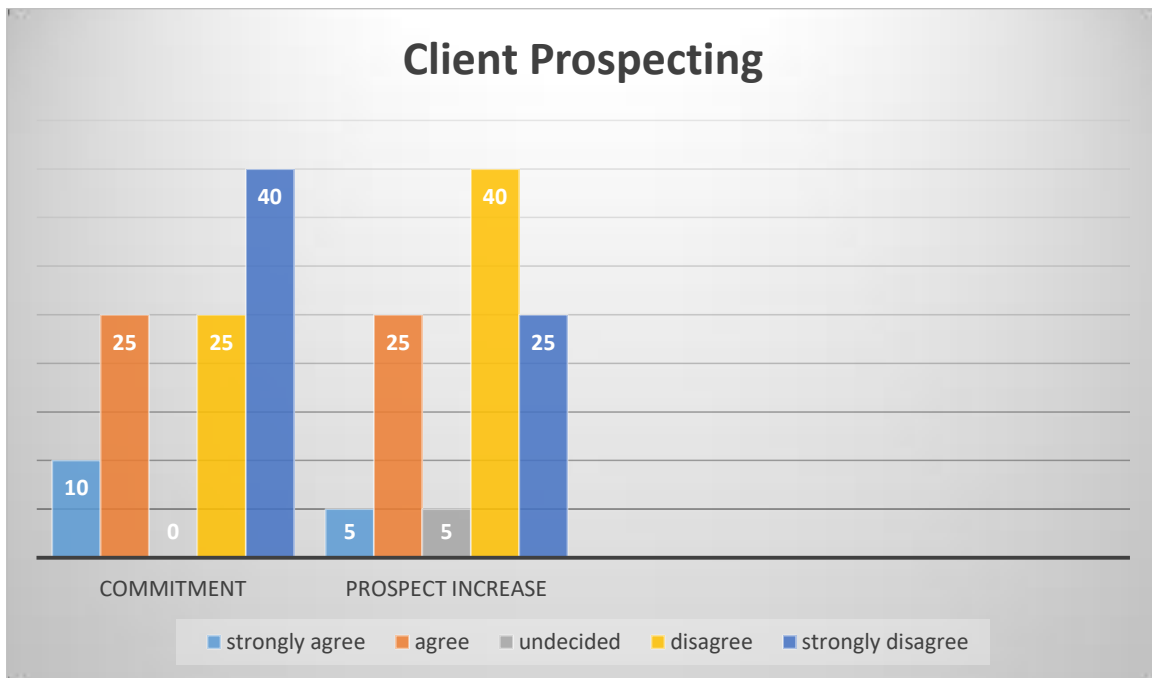


Fig 4.6: Client Prospecting

The research findings show that the 65% of the respondents did not agree with the view that the client promising prospects always join the plan. In addition to that 65% also disagreed that client prospecting increases customers subscribing to the Shiri plan. And the data is diagrammatically shown in the graph above.

Darmon (2016) is of the view that prospecting does not increase market share but plays a significant role in recruiting clients since it increases the customer base if prospects decide to join the organisation as customers. This therefore supports the findings from the field study. Before the implementation of shiri plan Doves market share was 13% and after the implication of shiri market share rose to 25%.

4.6 Summary

The chapter presents, analyse and discuss the findings of data collected over the research period. The data was presented in form of tables, bar charts and pie charts. Excel and Spss were used to analyse the data. Percentage and mean values were used on the presentation and interpretation of data; literature was also discussed in support of the data.in the data analysis the researcher was able to realise the impact of network marketing on market share. The next chapter is going to emphasise on summary, conclusions and recommendations.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Summary of findings

The purpose of this study was aimed at assessing the effectiveness of network marketing in enhancing market share of an organisation in the funeral sector in Zimbabwe. Doves Morgan was losing market share at a very alarming rate despite employing competitive strategies thus motivated the researcher to carry out this research. The company therefore introduced Shiri plan network marketing strategy. The Shiri plan was meant to increase customers for Doves funeral assurance. The study therefore analysed the effects of referrals on market share, the commissions paid to network marketing agencies had an effect on market share and through network marketing was likely to improve the market share of an organisation and lastly analysed the effects client prospecting on market share as part of its objectives.

Past researches have been carried out globally on network marketing. For example, Tamang (2008) carried out a research on the role of network marketing in India. The research found that network marketing increases the income and demand of the non-timber forestry producers. Another research was carried out in Iran by Ghorbani (2006) focusing on the role of network marketing in international logistics companies' business development and the findings were that network marketing results in increased profits and reduction in promotional cost. However, besides the above researches and more not mentioned here none could be found focusing on the effectiveness of network marketing in enhancing the market share of an organisation in the funeral assurance industry. And also, this researches have been carried out outside the country none was carried out in Zimbabwe.

Field research was conducted for doves Morgan customer's, sales agencies and management. The study was conducted using a sample size of 40 respondents with the researcher adopting the Krejcie and Morgan model to determine its sample size. Respondents were interviewed and completed questionnaires. The research used descriptive and explanatory research designs in finding the data. The secondary data sources which were used to gather data include Doves Morgan company records and annual reports.

The research findings were that commission given for recruiting new customers was attractive to non-members. More, so referrals have increased the market share of Doves because when agencies go out to source the customers those customers also refer others as well. Lastly client prospecting does not increase market share because most prospects promise that they will come and join the plan but they do not honour their promises in most cases the ones they would have told about the information are the ones who would make inquiries. The data was presented in form of tables, bar charts and pie charts. Excel and SPSS were used to analyse the data. Percentage and mean values were used on the presentation and interpretation of data literature was also discussed in support of the data. In the data analysis, the researcher was able to realise the impact of network marketing on market share.

5.1 Conclusions

Research results above made it easy for the researcher to present the following conclusion

5.1.1 Effects of referrals on market share

Referrals have increased the market share of Doves Morgan because findings show that when the agencies go out to source the prospective customers, the new customers in turn recruit other customers as represented by 90% of the respondents.

5.1.2 Examination of commission rewards on market share

Commission rewards have increased the market share of Doves Morgan because findings show that the commission given to for recruiting new members was attractive to non-members as represented by 70% of the results.

5.1.3 Effects of client prospecting on market share

The research concludes that client prospecting does not increase market share because most prospects promise that they will come and join the plan but they do not honour their promises. This is conducted from the 65% of the respondents that indicates that prospecting or promising clients do not come and join the Shiri plan.

5.2 Recommendations

In trying to address the challenge of falling market share Doves Morgan in its market, the researcher recommends ways that can assist the company to regain its market share. Basing on the research findings and conclusions, the researcher recommends that:

- Doves Morgan management should go on with using referrals as a way of recruiting new members because referrals has a positive impact on the market share of the company. In agreement to this Jahnsen (2009), postulated that referrals are more effective to increase market share of an organisation.
- Doves Morgan should ensure that the network marketing is a continuous process for the company to continue gaining market share. They management should not view this as a once off event. The company should also ensure the use of testimonials from the customers Mutema (2015) agreed to this as it also helped in increasing the market share of Nyaradzo funeral services.
- Under the referral system Doves Morgan should also use online referral system such as web browser or on their website. Mackinsey (2016) sited that online referrals can be effective way of increasing subscriber base. In support of that Mustafa (2009) seem to be also of the view that the internet is the best platform to initiate referral market.
- Doves Morgan should also make use of pop ups of internet frequently view sites like YouTube, Facebook so that a lot of people will join the plan so as to cope up with technological changes. This notion is also supported by (Mustafa 2009).
- Doves Morgan should also increase the amount of commission that is given to people after recruiting new members. Because money motivates people to get new assurers for the shiri plan. Robertson (2014) supported that referral commission based increase the market share since it empowers the employees to recruit new customers as well as creating awareness to the consumers.

5.3 AREA OF FUTURE RESEARCH

In the process of conducting the research the researcher found out that the following area could be of interest for future research; evaluation of organisational image on company performance.

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APPENDIX: A

RESEARCH QUESTIONNAIRE: FOR DOVES MORGAN SALES AGENCIES

My Name is R132663Z and I am currently studying at Midlands State University studying a Bachelor of Commerce in Marketing Management. I am carrying out a research on the effectiveness of network marketing in enhancing market share. I am kindly asking for your cooperation and participation in completing the questionnaire, all of which will be greatly appreciated. Your response will be required for academic purpose only and will be kept strictly confidential.

Instructions

1. In **Section A** please assist by entering with a tick on the most appropriate box and provide information needed.
2. Using the ratings provided below, answer the questions in **Section B; C and D** by ticking the appropriate box.

KEY Strongly Agree: 5, Agree: 4, Undecided 3, Disagree: 2 and Strongly Disagree: 1

SECTION A: Demographics

1. Gender

Male 1 Female 2

2. To which Age group do you belong?

18-28 years 1

+29-38 years 2

+39-48 years 3

3. How long have you been engaged in sales agency for Doves Morgan Assurance Company?

0-2 months 1 2- 5 months 2

5 -7 months

3

7 – 10 months

4

4. Indicate your sales region

Harare

1

Gweru

2

SECTION B: Referrals

Using the ratings provided below answer the question by ticking the appropriate box

5) Strongly Agree 4) Agree 3) Undecided 2) Strongly Disagree 1) Disagree

Questions	1	2	3	4	5
5.The customers I approach always subscribe to shiri plan.					
6.The recruited customers also refer other customers to join the plan.					
7.Referrals help to acquire new customers					
8.Referrals increase the number of customers subscribing to the Shiri plan					

SECTION C: Commission Based

Using the ratings provided below answer the question by ticking the appropriate box

5)Strongly Agree: 4) Agree 3) Undecided 2) Strongly Disagree, 1) Disagree

Question	1	2	3	4	5
9.The commission I am getting motivates me to get new assurers for the Shiri plan					
10.The commission given for recruiting new members is attractive to non-members to subscribe to the Shiri plan.					
11.The incentive I get from my down liners is fair for each client I introduce to join the plan.					

SECTION D: Client Prospecting

Using the ratings provided below answer the question by ticking the appropriate box

5)Strongly Agree 4) Agree 3) Undecided 2) Strongly Disagree 1) Disagree

	1	2	3	4	5
12. The promising prospects always join the plan					
13. Client prospecting increases customers subscribing to the Shiri plan					

Thank you for your time, stay blessed.

APPENDIX B

RESEACH QUESTIONAIRER: FOR DOVES MORGAN CUSTOMERS

My name is R132663Z and I am currently studying at Midlands State University studying a Bachelor of Commerce in Marketing Management. I am carrying out a research on the effectiveness of network marketing in enhancing market share. I am kindly asking for your cooperation and participation in completing the questionnaire, all of which will be greatly appreciated. Your response will be required for academic purpose only and will be kept strictly confidential.

4. **Instruction to respondents in Section A** please assist by entering with a tick on the most appropriate box and provide information needed.
5. Using the ratings provided below, answer the questions in **Section B; C and D** by ticking where appropriate.

KEY Strongly Agree: 5, Agree: 4, Undecided 3, Disagree: 2 and Strongly Disagree: 1

SECTION A. Demographics

1 Gender

Female

1

Male

2

2 To which age group do you belong?

18 – 25

1

+26 – 35

2

+36 – 40

3

3 How long have you been using Shiri plan?

0-2 months

1

3 -5 months

2

6 – 10 months

3

4 Indicate your business district

Gweru

1

Harare

2

SECTION B. Referrals

Using the ratings provided below answer the question by ticking the appropriate box

KEY 5) Strongly Agree 4) Agree 3) Undecided 2) Strongly Disagree 1) Disagree

Question	1	2	3	4	5
5 I always subscribe to Shiri plan					
6 I join the Shiri plan through sales agency influence					
7 I have also referred other customers to join Shiri plan					
8 I get to know about the Shiri plan through referrals					

SECTION C. Commission based

Using the ratings provided below answer the question by ticking the appropriate box

KEY 5) Strongly Agree 4) Agree 3) Undecided 2) Strongly Disagree 1) Disagree

Question	1	2	3	4	5
9 The monthly subscription I pay for Shiri plan is fair					
10 the commission given for recruiting new members is attractive to non-members.					
11 the incentive I get from my down liners is fair for each client I introduce to join the plan.					

SECTION D. Client prospecting

Using the ratings provided below answer the question by ticking the appropriate box

KEY 5) Strongly Agree 4) Agree 3) Undecided 2) Strongly Disagree 1) Disagree

Questions	1	2	3	4	5
12 I was a promising prospect at first and I join the Shiri plan afterwards.					
13 I take some time to join the plan after I have been approached by sales agency.					

APPENDIX C

MANAGEMENT INTERVIEW GUIDE

Introduction

The interviewer introduces himself and the purpose of the interview.

Management Background

- Can you tell me a bit about yourself?
- For how long have you been with Doves Morgan Funeral Assurance?
- What managerial position do you hold and other positions you held before if any?
- What are the roles and responsibilities for your job?

Questions

1 Does referrals increase market share of Doves Morgan Funeral Assurance?

2 To what extent does commission based increase market share of Doves Morgan Assurance Company?

3 How does client prospecting increase market share of doves Morgan Funeral Assurance company?

4 Are referrals an effective way of attracting customers?

5 Are there any changes on market share after the implementation of Shiri funeral plan?

6 Did you introduce Shiri plan a growth strategy?

7 Does shiri plan guarantee survival of doves Morgan Funeral Assurance in the foreseeable future?

8 Are you confident you are reaching all your audience through sales agency?

9 Do you think word of mouth is more profitable than other advertising methods?