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HEALTH AND WEALTH:

DIETARY SUPPLEMENTS, NETWORK MARKETING

AND THE COMMODIFICATION OF HEALTH

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ABSTRACT

Dietary supplements overall constitute a multibillion-dollar industry in the U.S. today. This dissertation investigates a heretofore poorly-documented aspect of the burgeoning dietary supplements industry: network marketing. Network marketing, exemplified by companies like Amway as well as a host of smaller, less well-known companies, operates within the so-called "grey economy." Hawai'i ranks second in the nation in the percentage of network marketing distributors relative to its population. Network marketing works at the grassroots level of existing social networks to promote and sell its products, making it the ideal setting in which to do social science research. Semi-structured and structured interviews were conducted with members of three companies. Aside from gathering baseline data on products used, health conditions addressed by these products and the structure of each company, interviews and product promotional material were analyzed using text analysis. Results of this research show that while perceived efficacy of network-marketed products is an important motivator in becoming a product distributor, factors such as control over one's health, creation of a support community through shared efforts, and economic opportunity are also important. Finally, analysis of themes in product advertising simultaneously reflect as well as inform network marketers' beliefs and desires for autonomy in the spheres of finance, personal life, and health.

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CHAPTER 1

THE SOCIAL LIVES OF DIETARY SUPPLEMENTS

Vignette

Colonel Marks sat in the waiting room of the Medical Specialties Clinic at Tripler Army Medical Center, a very large and very pink stucco complex that looks over Pearl Harbor in Honolulu, Hawai'i. The clinic offers outpatient treatments in hematology, oncology, rheumatology and chemotherapy. In 1994-95 I conducted interviews with patients in the clinic, researching their use of non-biomedical therapies. Colonel Marks was there for cancer treatment. She had been diagnosed with cancer only a few months earlier and had already undergone chemotherapy embolization in an attempt to control the tumors in her intestines. At that point, she was still feeling well and was dressed to play golf after her appointment; since her retirement as an army nurse, golf was one of her favorite pastimes. She and her husband (also retired military) married quite late in life, and were inseparable.

Despite her casual attire, Col. Marks still looked as if she were in the military: the golf shorts pressed, the shirt tucked just so and a terry-lined visor was set regulation-straight on short hair. "I feel wonderful now, but I was a nurse myself and I know what is going to happen to me," she said matter-of-factly. "When I go back to the Mainland, I'll feel good for a while, then all of a sudden things will start to go downhill. It's going to be horrible. Fluid will start to accumulate in my abdomen as my disease progresses, and the doctors will want to insert a tube to relieve the pressure. Do you know what the people who have that done look like? They look like the walking dead, and they smell like they are slowly dying." She stopped for a minute to collect herself, looking toward the door for her husband, who had dropped her off and gone to find a parking place for their car.

"My husband is in denial, and I need to prepare him for what I know is going to happen. But he wants me to try anything that might help me. When I was in the hospital, we met a couple who suggested that I take blue-green algae and some other herbal medicines. I'm really hesitant to try these things – as a nurse, I probably know too much for my own good. The doctors recommended that I get a second chemo embolization, but it couldn't be done because I had a liver infarction. That's when I decided I would try the herbs. I'm not sure what good they'll do, but I will do it to please my husband, as long as they don't make me sicker."

As we talked, a black man sitting across the room watched us intently. I recognized him as someone whom I had interviewed a month earlier. He was

there with his wife, who was Filipina and also a patient at the hospital. Just then, Col. Marks' husband, a big, bluff man who clearly adored his wife, walked in. After a brief introduction, Col. Marks sent her husband back to their car to get 'that book on algae' for me. When he returned, they explained: "It's called Klamath Blue-Green Algae. If you become a distributor, you can get a discount on their products and you can sell them to make money."

"How much did this kit cost?" I asked. "Two hundred and fifty dollars," she replied, "but if it could help me, then that's not too much." Pointing to the man who had been listening in on our conversation, Col. Marks said, "I learned about it from Mr. Williams over there. His wife was in the hospital at the same time that I was."

Mr. and Mrs. Williams came over and joined the conversation: "So, Colonel, did you start taking those herbal medicines I told you about?" She replied, "Well, no. I've been hesitant to take them because I don't know what is in them and they might be harmful." "Oh, no," asserted Mr. Williams, "My wife has cancer, but we both take the algae. These herbal medicines are all natural. I don't think they could hurt you at all."

Like most interviews at the clinic, ours ended when a nurse called Col. Marks back for her appointment. I saw her a few more times before she returned to the Mainland and I lost track of her. Before she left, she offered to give me the Blue-Green Algae membership kit. "I'm never going to use it," she said.

Overview: Statement of Purpose and Hypotheses

The discussion with Colonel Marks encapsulated trends in the U.S. health care system of the late 20th century: in a country where biomedical health care is available to many, a substantial number of people have turned to non-biomedical therapies, combining them with biomedical treatments. In particular, dietary supplements – a new class of products that is neither food nor medicine, but something in between – have come to the fore as a source of health and wealth for entrepreneurial health consumers.

I situated this study in the state of Hawai'i for several reasons: Hawai'i has one of the most accessible health care systems in the U.S., but it also has an ethnically-diverse population with a variety of traditional healing modalities. Why would Hawai'i residents choose to use dietary supplements when so many options were already available to them? Further, why would they join network marketing companies that began to spring up in the mid-1990s throughout the United States? A convergence of factors, I argue, contributed to this situation, not only in Hawai'i but in the U.S. as a whole.

One little-documented aspect of health commodification is the rise of network marketing firms selling dietary supplements. In order to study this phenomenon in Hawai'i, I selected three network marketing firms: Amway, Tahitian Noni International and Nutrition for Life International. Dietary supplements marketed through network marketing companies fit well in a world where medicines, health care and even human bodies and body parts (Scheper Hughes and Wacquant 2002) have become commodities to be bought and sold.

Although network marketing firms have existed in the United States for almost half a century, their association with dietary supplements as a saleable product is the result of 1994 legislation that reclassified potentially pharmacologically-active products as a new kind of "food," and thus virtually beyond the kinds of regulations required of pharmaceuticals and proprietary medicines. I use an analytical framework that borrows from the theoretical orientations of critical medical anthropology, consumer theory and

pharmaceutical anthropology in order to illuminate the context of dietary supplement use by network marketers in late 20th century Hawai'i.

My encounter with Col. Marks and the other patients who discussed blue-green algae was puzzling. Why, for example, did Col. Marks spend \$250.00 for a package of products that she was not sure were effective, and never intended to use? Why was Mr. Williams, who introduced Col. Marks to the company, so convinced that the product was effective that he persuaded Col. Marks and her husband to join the company?

I argue that the success of network marketing organizations lies in their ability to use human social relationships, combined with the lure of "health and wealth" and the appeal to compelling "American" values such as freedom, virtue, religiosity, patriotism and self-improvement (Holmes and Holmes 2002), in order to sell products which become imbued with those qualities. Products and "the system" (the company or organization) become powerful vehicles for visions of personal growth, health and success.

All three of these companies were active in Hawai'i in the late 1990s, and featured dietary supplements in their product line. Amway is the largest and oldest of the three; NFLI is about a decade old, and Morinda was founded less than a decade ago. There are no data available on the number of network marketing companies who currently operate in the state of Hawai'i, but it is safe to say there are at least several dozen who include dietary supplements as their primary product or who have a line of dietary supplements.

These companies are unique in the way they market their products: goods are not purchased from a store, but are sold by a trusted neighbor, friend, fellow church member, or family member. Network marketing is just that: it exploits existing friendship, work, and family networks in order to sell products. Health-related products, because they deal with issues of great concern, are already heavily value-laden. In network marketing, yet another layer of values envelops the product: the trust, support and caring of family and friends.

The nexus of network marketing with health throws the capitalist nature of the Western health care system into high relief. As the health care delivery system has become increasingly corporatized and health itself has become a commodity, the activities of network marketing try to “solve” this loss of control over one’s health care decisions via capitalism. Under the guise of resistance to an exploitative corporate health care and economic system, network marketing reproduces the same system of exploitation at a local level, a process that recalls Bourdieu’s concept of social reproduction (Bourdieu et al. 1990).

That interview with Col. Marks, recounted in the vignette above, was a turning point, prompting me to change my original dissertation research, an ethnobotanical and ethnopharmacological investigation of traditional Hawaiian and other complementary medicines used for HIV/AIDS, in order to study network marketing companies that sell dietary supplements. I believe that it was no coincidence that such an interview took place in 1995, just one year after the passage of the Dietary Supplements Health and Education Act (DSHEA). This

legislation opened the floodgates for the release and marketing of “herbal medicines” such as the blue-green algae that Col. Marks bought. By the time fieldwork for this dissertation was underway, almost five years had elapsed since the passage of DSHEA; a review of this legislation’s impact after five years found that the FDA received 5,678 claim requests for dietary supplements over that time period (Blumenthal and Steele 1999: 38).

Over the year that I spent at Tripler, patients pulled out brochures, bottles and packets for me to see, explaining excitedly how THIS product was going to help them: chemotherapy and surgery were merely adjuncts to the cleansing and curative effects of their miracle product. As if that wasn’t enough, they also added that they got a discount on the products they bought because they had joined the company that sold it, making a profit by selling the product to others. The underlying message was that patients and families could turn misfortune into fortune by using and selling these products.

Sadly, over that year at Tripler Hospital, I followed many of these same patients as they came to the realization that neither their miracle products nor biomedicine would save them; they lost the energy needed to sell the products and, like Col. Marks, abandoned the idea of a miracle cure from the realm of dietary supplements.

Were they wasting their time and money selling these products instead of pursuing other, more productive, activities? One might suggest that their entrepreneurship a positive sign that they were taking a proactive approach to

their health, but at what cost? I could not help but wonder how else they might have spent those last months of their lives had they not been spending hard-earned money on expensive products¹ or trying to recruit friends and family into the network with them.

Patients in the Medical Specialties Clinic were not, of course, representative of the larger population of those who use and sell dietary supplements via network marketing. Most of the people I interviewed over the course of my fieldwork were not extremely ill; they were, as far as I could tell, healthy enough to regard their marketing activities as a part- or full-time job and to spend a great deal of time and energy in that pursuit. And, network marketing existed long before passage of the DSHEA. However, the stories I heard from chronically ill or terminal patients were more tragic, and I was galvanized to investigate the phenomenon of post-DSHEA network marketing companies and their distributors, and why they became so successful in Hawai'i in the late 1990s.

This research experience convinced me that an investigation of the pharmacological effects of these medicines, as people revealed to me they were using them, would be difficult, if not impossible. First, people reported that they took dietary supplements in combination with other supplements as well as prescription drugs. They also took suboptimal doses in order to save money, or megadoses in hopes of curing their illnesses.

1

Unlike pharmaceuticals, most insurance companies do not cover dietary supplements.

The most intriguing trend that I noticed was that some people bought the products, even going so far as to become distributors, but only took the medicine for a short time before abandoning it. Like Col. Marks in the opening vignette of this chapter, some bought expensive starter kits (samples of the range of product lines with new distributor information) but never used them. Although some individuals expressed dissatisfaction with the product as a reason for abandoning it, others' enthusiasm remained undampened.

These observations suggested that people buy network marketing products for a variety of reasons, not the least of which is that they are buying an **idea**, something that symbolizes a goal that they want to attain: health, financial independence, the ability to make their own health decisions, purity, etc. This is not to say that ethnopharmacological studies of these products' chemistry and physiological activity would not also yield valuable data; indeed, many dietary supplements have either been assessed or are in the process of being assessed by both ethnopharmacologists and pharmacologists (Mahady et al. 2001; Yalpani 1997).

A Note on Terminology

The term "complementary" is used here to denote a wide array of health-seeking behavior and products that, may or may not be sanctioned by biomedical practitioners. The line between various modalities is becoming increasingly blurred, as evidenced by the incorporation of such practices in the

curricula of US medical schools (e.g., Daly 1997; Faass 2001), and coverage of some products and services by third-party health insurance. I use the acronym “CAM” throughout to denote “complementary and alternative medicine.”

The term “integrative” medicine as defined by National Center for Complementary and Alternative Medicine (NCCAM) refers to modalities that have been proven safe and effective by scientific standards, and thus could be, or have been, incorporated into the practice of biomedicine. Integrative medicine does not adequately cover the practices and products of the network marketers studied here, though arguably attaining biomedical “legitimacy” is a theme that runs through much of the materials from these companies. This is not surprising, given that these companies are embedded in a culture that grants primacy to bioscientific explanations of disease and healing.

I use the term “dietary supplement” or “supplement” to cover a broad range of foods, beverages, topical creams and oils and plant- or animal-based products sold in bulk, capsule or pill form. This agrees with the definition used by the Office of Dietary Supplements at the National Institutes of Health, which is itself based on the definition from the 1994 Dietary Supplements Health and Education Act (DSHEA). According to DSHEA, a dietary supplement is a product other than tobacco that:

1. is intended to supplement the diet;
2. contains one or more dietary ingredients (including vitamins; minerals; herbs or other botanicals; amino acids; and other substances) or their constituents;

3. is intended to be taken by mouth as a pill, capsule, tablet, or liquid;
and
4. is labeled on the front panel as being a dietary supplement. (Office of Dietary Supplements 2003)

Other classes of products are discussed in the literature as well, including functional foods, nutraceuticals and even cosmeceuticals. These include foods, dietary supplements and cosmetics that contain constituents that show scientifically-demonstrable physiological effects; in the case of functional foods, the food item must have a proven health value that goes beyond its nutritive value. However, these classes of products are not yet recognized as legal categories² liable to regulation separately from FDA and DSHEA regulations covering foods in general and products that are labeled as dietary supplements. These categories are not at all clearly-defined, particularly given the dynamic nature of pharmacological research. For the purposes of this dissertation, I use the terms “dietary supplements,” “supplements” or “nutraceuticals” interchangeably, defining them in the broadest sense of the terms.

Introduction: Buying your Way to Health and Wealth

In the U.S. of a few decades ago, “natural medicines,” “herbal medicines” and other non-biomedical therapies were considered the province of a small group of health food fanatics or counter-culture advocates who seemingly had

²

In 1999, and later in 2001, the Nutraceutical Research and Education Act (NREA) was proposed, which would regulate nutraceuticals separately from dietary supplements. This legislation has not yet been approved (Mulry 2000).

never left the 60s. The local health food store or co-op sold a few “teas,” tinctures, etc. from a relatively small selection of plainly-packaged products lining a shelf next to bins of bulk grains and beans. A visit to the health food stores of today can overwhelm the uninitiated. Instead of the small, earthy and locally-owned establishment of the past, the customer walks into a large, brightly-lit store, perhaps a nationally-owned chain like GNC (General Nutrition Centers). One or more aisles might be devoted to a dizzying array of capsules, throat sprays, pills, “teas,” creams, powders and “power drinks” made from plants, minerals, animal organs, hormones, enzymes, bee pollen etc., all wrapped in colorful, eye-catching packages designed to lure the customer to buy one competing brand over another. And the customer profile has changed, too: people from all walks of life, income levels and ideologies purchase these products, which have become increasingly sophisticated. Instead of bins holding bulk quantities of leaves, flowers or bark that must be measured out, steeped and strained, for example, modern supplements come in attractive packaging and formulations similar to pharmaceuticals. They are convenient and easy to take, and often have flavorings to mask unpleasant “medicinal” tastes.

But one need not go to the health food store to buy natural medicines: the local drug store and grocery store sell them, too. The neighbor down the street is an Amway distributor offering a complete line of vitamins and other “nutraceuticals.” Dietary supplements are hawked on late-night television

infomercials and all the customer needs is his credit card, a phone and the toll-free number. The Sunday paper includes cents-off coupons for “all natural” medicines to relieve varicose veins, lower cholesterol or improve energy. The companies who offer these coupons can afford commercials on network television and the large cable channels as well as print ads in magazines and newspapers. Their products are aggressively advertised and marketed.

Venerable network marketing firm Amway, once known as a “detergent and soap” company, now devotes much of its product line to dietary supplements.

Because network marketing is part of the “grey economy,”³ however, the nature and prevalence of use of these products (especially for smaller, less-established companies) are poorly-documented. Although a great deal of information is available in print and on the internet for these various network marketing companies (much of it negative material generated by distributors who had a bad experience with the company), these companies do not rely heavily on national advertising campaigns – they rely on word of mouth to recruit new distributors⁴.

3

According to Quinion (1998), the grey economy refers to “commercial activity which is not recorded in official statistics, but which is not actually illegal” whereas the “grey market” refers to “informal channels of trading, unsanctioned by manufacturers or regulators.” Network marketing, but not pyramid schemes, appears to belong to *both* the grey economy and grey market.

4

However, this began to change over the course of the research, as all three companies began to heavily utilize the internet to advertise and market their products, as well as to recruit new distributors; these people could theoretically never see the person who posted the website.

Dietary supplements occupy a grey area – neither fully food nor fully drug. They are a category ripe for manipulation in marketing, claims in advertising and in healing. I have placed them in the context of complementary medicine and more specifically within the field of pharmaceuticals (despite the fact that dietary supplements are subject to quite different Federal regulations) because they reflect, and are sensitive to, the forces of commodification rife in the national and global community today. Indeed, their very ambiguity makes them perhaps even more subject to manipulation by consumers: if it is food, it cannot be unsafe; if it is “natural” it cannot be harmful; if it is associated with a traditional culture (however one defines traditional) then it must be effective. Below, I discuss some of the ways that social scientists have argued material goods influence cultural meanings.

The term “commodification” is used so frequently in the literature that its definition now seems to be assumed. Commodities are defined as goods and services that may be bought or sold on the market; thus, commodification (sometimes called commoditization) refers to the process by which products (goods) or services that were not initially considered as profit-making become subject to market forces, such as price competition, advertising and so forth.

In *Social Lives of Medicines* (Whyte et al. 2002), a play on Appadurai’s *The Social Life of Things* (1986), the commodification of health is defined as “...the term often used to denote the increasing use of pharmaceutical products

to restore and maintain health" (2002:79). While this is clearly true, the commodification of health is a much more systemic, pervasive phenomenon.

As American culture becomes more commodified and shaped by advertising, the influence that advertisers wield in shaping knowledge and demands for goods needs to be clarified and analyzed. Whereas "service fields" such as medicine and the law were once considered morally beyond the manipulation of advertising, the past decade has seen lawyers aggressively advertise their services on the television, radio and in print and physicians, health insurance providers and health maintenance organizations (HMO's) follow suit. Accordingly, patients are encouraged to see themselves as "consumers" of health care instead of passive recipients of physicians' ministrations.

Literature on consumer behavior typically revolves around consumables such as soap, clothing, food and luxury items. Although proprietary medicines and dietary supplements certainly fall into this category, the dietary supplements industry has transformed these products into another class of luxury items, with access to health being perhaps the ultimate luxury. This has spilled over into the realm of pharmaceuticals, as American consumers are bombarded on radio, television and in print with advertisements for prescription pharmaceuticals. Such advertisements were once found only in pharmacy and biomedical trade journals, aimed at the pharmacist and physician. Now, the patient is encouraged to "ask your doctor" for a particular brand-name pharmaceutical.

Commodification of Health Care in the United States: Foundations

Biomedicine's preeminence in the United States was, in a way, sealed in 1910, by publication of a report entitled *Medical Education in the United States and Canada*, funded by the Carnegie Foundation for the Advancement of Education. The author of this report was Abraham Flexner, who had previously authored a critique of the American college system, was commissioned by the Carnegie Foundation to analyze the status of the U.S. medical school educational system. Flexner's analysis – really an exposé – sharply criticized a number of schools of medicine; as a result, seven percent of the 168 schools Flexner critiqued soon either closed or merged (Hiatt and Stockton 2003: 37).

Speaking of Flexner's methods, Hiatt and Stockton note:

He sought data on five points for each of the schools: (1) entrance requirements and adherence to them, (2) the size and training of the faculty, (3) the sum and allocation of endowment and fees to support the institution, (4) the adequacy and quality of the laboratories as well as the training and qualification of the laboratory instructors and (5) the relationships between the school and associated hospitals. [2003: 38]

Graduates of schools that received low marks in Flexner's evaluation, in some cases, could not receive certification from state licensing boards for the practice of medicine (Baer 2001: 37). Following publication of this report, Flexner was hired by the Rockefeller Foundation to make recommendations and administer monies for biomedical research, further cementing the dominance of scientific medicine (Brown 1979).

Formerly competing non-biomedical practices, then, were effectively marginalized, operating outside the sphere of biomedicine. This had always been the case for folk and indigenous medical systems in the U.S., such as African-American folk medicine, Appalachian folk medicine, Hispanic/ Latino folk medicine and Native American healing systems. Over the next century, the standards set by Flexner's report and the AMA, whereby practitioners gained licensure via standardized instruction, became the *sine qua non* for non-biomedical systems to attain some degree of legitimacy. Indeed, this has happened or is happening for some fields of non-allopathic medicine, such as osteopathy, chiropractic and acupuncture (Baer 2001).

Caplan (1989) disagrees with this, suggesting that this transition to commoditized health care actually occurred much earlier, and that it was not necessarily linked with capitalism, but the struggle between domestic health care (DHC) and health care providers such as hospitals, physicians and pharmacies. Caplan argues that at the end of the 19th century, the professional physicians (AMA) and druggists (APA; American Pharmaceutical Association) became concerned about the low status of their professional members, who had to compete with various kinds of self-care, including wildly popular patent medicines. Likewise, people relied on home care of the ill rather than hospital care, which was seen as a last resort for the poor (Caplan 1998: 1140).

Concerted political and legislative action on the part of the AMA, APA and other professional organizations resulted in a number of actions, most notably

the passage of the Pure Food and Drug Act of 1906, which effectively killed the patent medicine industry. Over the next few decades, Caplan found that use of hospital and physician services, rather than home health care, increased dramatically.

The AMA victory included three primary ideological dimensions: (1) the steady decline of patent medicine advertising; (2) the proliferations of publications praising professionalized medical care and criticizing DHC; and (2) a major shift in public preferences away from DHC and toward the purchase of medical care. With regard to the first, many of the nation's leading editors and publishers, as part of a national 'truth in advertising' campaign, stopped accepting advertisements from the patent medicine industry (Caplan 1998: 1144).

Bringing the discussion up to the present day, Caplan argues that in Marxian terms, the commodification of health care today is represented by the corporatization of the practice of medicine and medicines themselves, largely as a result of cost containment efforts. As employers turned to HMOs as a way to control their costs for worker health care, physicians have lost much of their power and have become wage laborers themselves: employees subject to corporations for reimbursement for the care they provide. At the bottom of the heap, however, lay the wage laborers, who "...are receiving corporatized medical care increasingly limited by profit constraints" (Caplan 1998: 1146).

One of the outgrowths of this process of commodification unforeseen by Caplan (though he does predict "a class struggle" against corporate capitalism) is the rise of the patient-as-consumer. The transition of health care and medicines into commodities has indeed fostered the consumer mentality.

As Baudrillard has argued, in modern societies consumption has become institutionalized, not as a right or pleasure, but as a *duty* of the citizen. Further, people consume not only goods, but also human services and therefore human relationships. Indeed, virtually everything becomes an object of consumption . . . In a culture saturated by the mass media, the symbolic realm itself is 'consumable'; that which we consume is not so much what is signified by the message but the message itself (Henderson and Peterson 2002: 2).

The passage of the DSHEA in 1994, relaxation of regulations surrounding advertisements of pharmaceuticals, and the aggressive marketing of medicines and services has spawned an environment where the advertising, buying and selling of medicines and medical services has become common. "Mass media advertising expenditures for prescription drug products have increased fiftyfold in the years between 1989 and 1996" (Moore and Newton 1998). Regarding the trend toward increasing self-care with over-the-counter drugs, Stoller observes: "How the FDA, industry and consumers respond to this challenge – where dietary supplement claims and drug claims have different evidence standards but may be perceived by the consumer as indistinguishable – will be a principal defining force for self-care in the next 5 years" (Stoller 1998: 139).

Based on telephone surveys of its members, the Direct Sales Association estimates that the number of persons joining network marketing organizations

doubled between 1994-2002, from 6.2 to 13 million salespeople (Direct Sales Association 2003).

From the physician's point of view, the transformation of medicine into a commodity has ramifications for professional practice and health care delivery. Indeed, Pellegrino (2000) and Detrano (2001) comment on the changing behavior of physicians as they compete for ever-shrinking profits. Pellegrino observes:

Some of the social factors stand out as especially pertinent in our times. First is the defection of physicians, themselves, from medical ethics – from Medicare fraud to medical error to conflicts of interest in research. Then, there is the commodification of health care as a product like any other, left to the ethos of the marketplace, to competition, commercialization and profit making...the end result is a physician who is an employee whose loyalties are divided between organization and patient, and whose self-interests are pitted against the patient to curb costs or make profits (Pellegrino (2000: 148).

Detrano offers commentary on the practice of medicine “based on scientific evidence versus medicine based on evangelical marketing,” in discussing the boom in expensive, but not necessarily medically warranted, diagnostic testing over the past two decades (Detrano 2001). Likewise, Rylko-Bauer and Farmer (2002) view the trend toward market-based medicine and managed care with alarm, questioning whether the logical outcome of allowing market forces to dictate health care delivery in the United States will result in a state of “managed inequality” (Rylko-Bauer and Farmer 2002: 476), with quality healthcare becoming the privilege of the wealthy few.

This discussion is necessary in order to understand where complementary medicine is situated within Western society today, its reception and evaluation by the biomedical community, and how marketing and advertising appeals have been shaped by a standard of what is “real” medicine. Although complementary medicine is now widely distributed throughout the Western world, my discussion is centered on the culture of the contemporary United States.

Statistics on Network Marketing in the U.S.

Although reliable statistics are not readily available, Len Clements, former editor of MarketWave Newsletter (called ProfitNow after Clements sold it to entrepreneur Charles Huckaby in 1995), conducted surveys on MarketWave subscribers and other Network marketing distributors over a period of five years (Clements 1999). Clements used a combination of personal interviews, questionnaires passed out at marketing seminars, polls of MarketWave subscribers and phone conversations and other survey data in order to compile statistics on network marketing distributors.

Estimates for the number of network marketing distributors in the U.S. in 1999 ranged from 4.5- 15 million. Clements estimated that there were approximately 4.5 million network marketing distributors in the United States, a conservative estimate given that some in the network marketing industry claim that more than 15 million persons participate in network marketing schemes.

This figure is artificially inflated, since many distributors work for 2-3 different companies, either at one time or over the duration of their career. The Direct Sales Association (DSA) estimated that there were 8.5 million salespeople in 1996, a figure which has climbed steadily from the 5.5 million estimate for 1992 (Direct Sales Association 1999). The DSA estimated that US retail sales for its member groups was 21 billion dollars for 1996 (up steadily from 14 billion in 1992). Table 1.1 shows the top and bottom ten states by percentage of distributors according to Clements, who arrived at these figures after surveying over 5000 persons, tallying the states to which they belonged, and correcting the data by total state population.

Table 1.1 : Network Marketing participation by state (Clements 1999)

<u>State</u>	<u>%</u>	<u>State</u>	<u>%</u>
Nevada	4.68%	Vermont	1.44%
Hawai'i	4.18	Ohio	1.39
Florida	4.11	Kentucky	1.37
Colorado	3.92	Nebraska	1.26
Arizona	3.77	Delaware	1.17
Utah	3.76	S. Dakota	1.08
Washington	3.15	Mississippi	1.04
Oregon	3.09	Iowa	1.01
Arkansas	3.03	W. Virginia	0.08
Massachusetts	2.98	Iowa	0.03

Clements' statistics need to be approached with care, since they are extrapolations based on a survey of approximately 5000 people. For example, these statistics mean that there are approximately 24,000 Network marketing

distributors in the City and County of Honolulu alone (i.e., 4% of a total adult [over 19 yrs] population of 600,000).

Clements found that "... the top 2.5% (top 10) of all network marketing companies (by size) comprised 68% of all the distributors. They averaged 464,100 distributors each, whereas the other 390 companies averaged only 5,717" (Clements 1999). Although Clements did not list these 10 largest companies, some of the largest network marketing companies belong to the Direct Selling Association (DSA) and are listed (along with their product lines and primary marketing strategy) in Appendix II. A number of large U.S. companies also employ network marketing strategies but do not belong to the DSA, including MCI and AT&T (e.g., the Friends and Family Calling Plan).

Literature Review and Analytical Framework

A small body of literature exists on network marketing, and is reviewed below. Moving from network marketing, I consider past and current literature on non-biomedical therapies in the Western world, now called complementary or integrative medicine. In particular, I focus on two primary concerns in the study of such therapies: efficacy and motivation. Finally, I discuss the safety of dietary supplements.

Social Science Studies of Network Marketers

Much of the academic literature on network marketing is concentrated in the fields of business, marketing and advertising. In the social sciences, sociologists appear to be most interested in network marketing, and no anthropologists have published on the topic. Nicole Biggert, a sociology and management professor at the University of California at Davis, wrote *Charismatic Capitalism: Direct Selling Organizations in America* (1989), an investigation of why women (primarily) choose to join network marketing firms. Not surprisingly, her interviews revealed that women with children are initially drawn to network marketing because it gives them the flexibility to work out of their homes and to set their own hours. Husbands and entire families may eventually get drawn into network marketing because of the profit potential and the job autonomy it offers. Biggert, only half joking, comments that by virtue of this now somewhat dated book, she is the nation's recognized "expert" on network marketing and is frequently invited to do television and radio shows on the subject.

Since Biggert's slim volume was published, few other detailed studies of network marketing have been published. Frenzen and Davis (1990) published an article on network marketing firms who use the "home party" strategy (e.g., Tupperware) for marketing their products. Frenzen and Davis found that people were more likely to purchase products from someone that they knew well and with whom they had ongoing social ties and obligations. Gabbay's 1995

sociology dissertation *Social Capital in the Creation of Financial Capital* studied the relationship between interpersonal ties (social capital) and entrepreneurial success (financial capital) in the context of Network marketing networks. His findings reiterate those of Frenzen and Davis, noting that the most successful entrepreneurs in Network marketing cultivate their business/social networks as a means of maximizing monetary profits. Coughlan and Grayson (1998) investigated the different compensation plans offered by network marketing organizations, and how different profit potentials affect network growth.

Some of the more interesting research in network marketing has come from studies done abroad. Wilson published a study entitled "The Empire of Direct Sales and the Making of Thai Entrepreneurs" (1999), a fascinating look at why such quintessentially American modes of selling appeal to particular individuals in Thai society. Merrilees and Miller (1999) compared direct selling techniques ("drivers of effectiveness") in Chinese vs. Australian cultures. They found that although relationships based on mutual obligation, *guanxi*, were more formalized in China, network marketers' success in Australia was also dependent upon networks of social obligations.

Finally, a study by Bhattacharya and Mehta (2000) investigated whether network marketing organizations do indeed exert a kind of cult-like control over the behavior of their members (something that they are frequently accused of doing), in light of the fact that distributors remain with organizations despite the fact that membership seldom equates with large profits for most distributors.

Their findings suggested that distributors who do stay with these organizations do so based on the positive social aspects and contacts fostered by these groups, relationships that are increasingly less common in a “more urbanized and fragmented society” (Bhattacharya and Mehta 2000: 369).

Most of these authors address the issue of motivation, insofar as it relates to why people join network marketing firms. Biggert in particular fleshes out the discussion through the use of personal narratives by network marketing distributors and their families. Gabbay’s study was set in a firm that sold smoke detectors and fire alarms. Neither of these investigations – Gabbay’s especially – relates as well to companies where the product is health-related, though one might argue that smoke detectors appeal to buyers’ protective instincts for their families and prized possessions. The products the companies I studied sold fall under the category of “high involvement goods” (McCracken 1988: 111): goods that are simultaneously utilitarian but which have marked cultural significance.

In short, the body of literature on network marketing, particularly marketing of dietary supplements. While companies such as Amway always sold lines of supplements – vitamins, in particular – it was not until the passage of the DSHEA in 1994 that the path was opened for this novel means of entrepreneurship, one that combined the mutual aims of health and wealth.

Dietary Supplements and Complementary Medicine

Though sales figures are not available for network marketing alone, dietary supplements overall constitute a multibillion-dollar industry in the U.S. today. Eisenberg et al. (1993) estimated that in 1990, Americans spent \$13.7 billion on non-biomedical therapies and that 34% had used some form of these therapies. In less than a decade, these figures had increased to \$21.2 billion spent and 45% of the population had used at least one non-biomedical modality (Eisenberg et al. 1997).

Efficacy, Safety and Motivation

Much of the literature related to dietary supplements revolves around questions of efficacy, safety and motivation. These are primary concerns: does the product contain pharmacologically-active ingredients that produce the desired effect? If so, what are those ingredients and how do they work? Related to efficacy are studies of the potentially harmful effects of dietary supplements, and the possibility for adverse interactions between supplements and pharmaceuticals. Other researchers have investigated the reasons why people take dietary supplements. I will provide a selection of the literature related to efficacy and safety, followed by a survey of the literature on motivation.

Efficacy and Safety

Much inquiry is focused on the pharmacological potential of these products: are they effective, harmful or useless? As dietary supplement use becomes even more widespread, and polypharmacy more common, these fears are well founded. In a review article entitled "CAM Research Attempts to Separate Wheat from Chaff," Voelker notes that "Another part of the reason for interest by traditional physicians is disturbing new findings about some therapies. A study last year showed that St. John's wort reduces blood levels of the protease inhibitor indinavir" (2001:156). Voelker quotes David Eisenberg, one of the leading biomedical researchers in the use of CAM in the U.S.: "This is a smoking gun," Eisenberg cautioned. "Herbs and supplements that are available, often without regulation, are causing clinically adverse events that may be lethal" (2001: 156).

Eisenberg's concerns are supported by Ang-Lee et al. (2001), who surveyed the literature for the most popularly-used dietary supplements ("herbal medicines") in order to investigate potentially harmful interactions with perioperative care, such as "...myocardial infarction, stroke, bleeding, inadequate oral anticoagulation, prolonged or inadequate anesthesia, organ transplant rejection, and interference with medications indispensable for patient care" (Ang-Lee et al. 2001: 208). Noting research by Kaye et al. (2000), where of the 32% of patients who reported using dietary supplements, more than 70% failed to inform their physicians of their use of dietary supplements during pre-

operative counseling, Ang-Lee et al. stress the potential for life-threatening problems as supplement use increases in the United States. Ang-Lee et al. investigated the pharmacological literature for eight plant-based medicines: echinacea, ephedra, garlic, ginkgo, ginseng, kava, St. John's wort and valerian, looking specifically for compounds that could produce potentially harmful effects.

Complications can arise from these herbs' direct and pharmacodynamic or pharmacokinetic effects. Direct effects include bleeding from garlic, ginkgo, and ginseng; cardiovascular instability from ephedra; and hypoglycemia from ginseng. Pharmacodynamic herb-drug interactions include potentiation of the sedative effect of anesthetics by kava and valerian. Pharmacokinetic herb-drug interactions include increased metabolism of many drugs used in the perioperative period by St. John's wort (Ang-Lee et al. 2001: 208).

A recent (24 June 2003) voluntary recall of the dietary supplement VIGA (or VIGA FOR WOMEN) by the FDA points out another dietary supplement-related problem: adulteration of supplements with unlabeled drugs. Viga was advertised by marketers as:

...a sensual blend of nutrients just for women and was developed after listening to our customers desires for a product that worked just as good as the popular prescription medication, and Viga for men, but for women instead. And all-natural, of course! This extraordinary product was developed to help regulate hormone levels, stimulate sex drive, enhance female libido, and increase circulation in the right places (HerbalRemedies.com).

VIGA's advertising claimed that it contained "all natural" ingredients, including "Dong quai, Avena Sativa, Sarsparilla Root, Siberian [*sic*; probably Siberian ginseng], Maca, Damiana, Black Cohosh, False Unicorn, Asparagus, Artichoke,

Mexican Wild Yam and Yohimbe” (HerbalRemedies.com). In this case, the supplement was adulterated with sildenafil, the active constituent of Viagra™, which is contraindicated for individuals using nitrates for heart disease, as it causes a potentially “life-threatening lowering of blood pressure” (FDA 2003).

The increased likelihood of pharmacological interactions between CAM products and prescription medicines is of such concern that Wetzel et al. (2003) have called for medical schools to include studies of CAM. However, they recognize that implementing such change is made more difficult by the fact that the curricula are already full, and that there is resistance on the part of some faculty to teaching about questionable practices. As well, there is concern that legitimizing CAM could lead to malpractice suits for physicians who incorporate CAM therapies into their practices (Cohen and Eisenberg 2002).

Recent controversies over two popular supplements, ephedra and kava, point to effects ranging from hepatotoxicity to death in some users, and call for clinical studies of supplements before they are allowed to be sold on the market (Anonymous 2003; Fontanarosa et al. 2003). Other aspects of efficacy also relate to the practice of complementary medicine. For example, Kaptchuk (2002) suggests that the standards applied for scientific assessment of medicines, i.e., randomized controlled trials are not necessarily applicable for the range of CAM therapies.

The term *placebo effect* is taken to mean not only the narrow effect of an imitation intervention but also the broad amalgam of nonspecific effects present in any patient-practitioner relationship, including attention;

communication of concern; intense monitoring; diagnostic procedures; labeling of complaint; and alterations produced in a patient's expectancy, anxiety and relationship to the illness (Kaptchuk 2002 817; emphasis in original).

Kaptchuk contrasts the biomedical view of efficacy (designated "fastidious efficacy") with the anthropological concept of "performative efficacy," where the full context of healing experience, such as "...belief, imagination, symbols, meaning, expectation, persuasion and self-relationship" (2002: 818).

In addition, ethnopharmacologists in anthropology investigate the intersection of cultural beliefs, expectations and behavior with the physiological effects of these products. Importantly, ethnopharmacologists and pharmaceutical anthropologists (discussed below) stress the necessity for investigating the full spectrum of behavior and practices that surround the use of medicines (Etkin 1994, 1996; Etkin and Tan 1994; Etkin et al. 1999; van der Geest et al. 1996; Whyte et al. 2002).

The common thread running through the biomedical literature is the assumption that the salient feature of non-biomedical therapies is pharmacological. That is, if people *buy* products, then they *use* (ingest, apply, inhale etc.) them. And if they *use* them there are potential physiological consequences. The focus, therefore, is on the final event of a complex decision-making process that begins with the consumer surveying his options, choosing a product, purchasing that product and only then (perhaps) using the product. The decision to buy a particular product, however, is also shaped by factors such as

advertising, packaging and the influence of family members, friends or co-workers who recommend these products.

Motivation

In the early years of research into complementary medicine, it was assumed that users of non-biomedical therapies eschewed the use of biomedicine on moral, economic and/or cultural grounds. Fulder (1988: 30) termed this group “refugees” from biomedicine. Ethnographic research conducted in the 1990s showed that far from avoiding biomedicine, complementary medicine users were likely to pick and choose from a wide variety of practitioners and medicines, based on perceived effectiveness, economical constraints, etc., rarely using either one or the other exclusively. O’Connor (2002: 55) examined the CAM literature of the 1990s, finding that most studies concluded that although CAM users tended to report poorer health than non-users, they generally had health problems that were not easily treated by biomedicine. Far from being “desperate,” as some early studies asserted, CAM users were making a rational choice in the light of biomedicine’s inability to address their concerns.

A primary reason that consumers turn to complementary therapies relates to the ethic of “self help” or “personal responsibility” (Ina 1998; Jahnke 1998; Kelner and Wellman 1997; Vuckovic and Nichter 1997; Weeks 2001), where individuals take a proactive approach to their health. Jahnke (2002: 464)

observes that investigations on the nature and prevalence of complementary medicine show that only a small percentage of reported therapies were provider-based; instead, respondents most commonly report activities that reflect self-care and preventive medicine (use of dietary supplements, meditation, exercise, etc.). Bezold predicts that “managed self care” will become the norm in the future, suggested by three trends:

- consumers’ willingness to take charge of their health;
- growing desire among providers to encourage self-care and to practice demand management;
- insurers, self-funded employees, and capitated providers who now have greater incentives to promote self-care [Bezold 2002: 710].

O'Connor (1995: 30) identified some other common elements of what she terms vernacular health belief systems, including: 1) an emphasis on ultimate, rather than proximate cause in diagnosis and healing; 2) the importance of balance or harmony; 3) an emphasis on clearing out blockages, toxins etc.; 4) vitalism (the idea that the body has its own life force that promotes health and healing); 5) the interpretation of some disruptive states as desirable, e.g., rashes indicate disease resolution (toxins, impurities are leaving the body) or diarrhea indicates the purging of impurities, toxins, or parasites. These elements are common in belief systems worldwide, even in areas where biomedicine is the predominant system of healing. In the case of network marketing of dietary supplements, lectures, advertising and other promotional

materials put out by companies may reinforce or introduce these elements into the population of distributors and consumers.

Burstein et al. (1999; see also the commentary by Holland 1999) presents a contrasting view of CAM users: instead of the self-directed, proactive consumer/patient, Burstein et al. found that use of complementary therapies may signal patients' inability to cope with the stress of disease. Burstein followed a group of women diagnosed with early breast cancer, some of whom used alternative medicine, over a period of 12 months. Holland comments:

The women all had similar quality-of-life scores at base line, and all women can be expected to have physical and psychological problems after receiving a diagnosis of breast cancer. Nevertheless, the surprising finding was that three months after the diagnosis, new users of alternative medicine could be differentiated from nonusers and from women who had used alternative therapies in the past: they had more evidence of depression, lower levels of sexual satisfaction, a greater fear of recurrence of disease, and more frequent and more severe somatic symptoms. By 12 months after the diagnosis, all the women in the study reported less psychological distress, but the new users continued to have diminished sexual satisfaction and fears of recurrence of cancer (Holland 1999: 1758).

Although a study by Verhoef et al. (1999) reported similar findings in a study of brain cancer patients, it is not clear how common such "markers for distress" are in the general population (both healthy and sick) of CAM users. As Burstein notes, women who had previously used alternative medicines did not continue to report the levels of psychological dysfunction as new users, suggesting that CAM was used as a way of coping with deeper underlying problems.

One of the most interesting findings related to motivation comes from a 1998 study by Astin (1998). A written survey was sent to 1035 individuals living throughout the U.S. in order to test three primary hypotheses:

People seek out these alternatives because (1) they are dissatisfied in some way with conventional treatment; (2) they see alternative treatments as offering more personal autonomy and control over health care decisions; and (3) the alternatives are seen as more compatible with the patients' values, worldview, or beliefs regarding the nature and meaning of health and illness. Additional predictor variables explored included demographics and health status (Astin 1998: 1548).

Multiple logistic regression analysis of the completed surveys found that users of CAM were not necessarily dissatisfied with conventional biomedicine, but chose to use CAM because they found it to be more in keeping with their personal beliefs and values. However, the most interesting facet of Astin's study came as the result of a question on the survey asking respondents whether they had ever had a "transformational experience that changed the person's worldview" (Astin 1998: 1548). Although Astin does not elaborate on the nature of such as "transformational experience," respondents who answered this question in the affirmative were much more likely to use CAM, as were those persons who are categorized as "cultural creatives". This question of a "transformational experience" will be explored further in Chapter Five, as it relates to personal histories/ narratives of multilevel marketers.

Complementary Medicine as a Challenge to Biomedicine

Implicit in much of the literature, particularly the medical literature, is the fear that complementary medicine poses a threat to medical hegemony:

The erosion of Western biomedicine is discernible as a legitimate social process. Not only is there some despair in its inability to 'cure' the ever increasing number of chronic diseases, but its apparent lack of success in other spheres, such as psychiatric illness, creates a sense of despondency among its adherents. There is also an increasing awareness that financial investment in health research is not necessarily rewarded by increasing life expectancy nor does it necessarily lead to greater general health. For example, the affluent West has quite specific diseases that are not shared by the disease profile of developing nations, and yet immigrants from developing countries lose little time in developing the diseases common to their host country, including ischaemic heart disease and hypertension, for example (Jones in press: 4).

The persistence of non-biomedical healing systems points to a thread of resistance to "orthodox" medicine, as well as to the fact that the health care delivery system has been unable to address the concerns of all segments of the population, particularly those related to "class, race, ethnicity and gender," as Baer's subtitled text puts it. Bates (2000) comments that rather than posing a threat to biomedicine, the positive aspects frequently attributed to alternative medicine, such as patient-centeredness and a more holistic view of health (e.g., attention to diet, overall lifestyle, etc.) may be traced back to more classical (prescientific) paradigms of healing, and could be profitably integrated into the practice of biomedicine.

Nevertheless, the tension between scientific, evidence-based medicine and the many "alternatives" existing today continues, leading to fear that

individuals will avoid objectively beneficial health practices, such as vaccination against infectious diseases (Ernst 2002). At the same time, integration of formerly “alternative” therapies continues within biomedicine, and practices and practitioners once thought to be marginal to biomedicine are becoming, in Dew’s words (Dew 2000: 1785), “deviant insiders.”

Analytical Framework

I relate distributors’ motivations for joining network marketing companies to an complex of economic, legislative and social factors, including: the state of Hawaii’s faltering economy, changes in the regulation of dietary supplements, and the increasing commodification and consumerization of the health care industry in American culture. The first *general* theoretical approach that I use is that of critical medical anthropology, but this study also has biocultural implications, in that it reveals another, rarely-documented context in which people come into contact with biologically-active substances. My intention is not to do a formal Marxist analysis of the exploitative nature of network marketing -- though I will discuss elements of that -- but to attempt to understand the context in which this behavior occurs.

A second, related, theoretical approach that I use is that of pharmaceutical anthropology, a term coined by Sjaak van der Geest and Susan Whyte (1988) to describe anthropological studies of the “...production, marketing and prescription [of pharmaceuticals] to distribution, purchasing, consumption,

and finally their efficacy” (van der Geest et al. 1996: 153). Although van der Geest and colleagues’ investigations have focused largely on the impact Western pharmaceuticals have when they are introduced into the ethnomedical systems of other countries, their context-based approach is eminently applicable for a study of pharmaceuticals (or dietary supplements) in a Western context.

Critical Medical Anthropology and Consumption Theory

How can a study of network marketing, which many might consider the proper province of business or of sociology, also be anthropology? Critical medical anthropology (CMA), particularly through the studies of the political economy of health, offers an answer. As Baer et al. (1997) note, CMA investigates the power relationships inherent in the Western, capitalist system of medicine at both the macrolevel (global, national) intermediate (institutional) and microlevel (smaller groups, the individual). An analysis of network marketing involves elements from all three of these levels: the macrosocial, where national political and economic forces shape the pharmaceuticals, supplements and health care industry; intermediate, the individual network marketing firms that distribute dietary supplements through chains of “independent business owners”; and the microlevel, where the individual, day-to-day, lived experience of belonging to a network marketing firm lies.

Likewise, studies of modern culture and consumption, including classic studies by Douglass and Isherwood (1979) and McCracken (1988) offer models

that allow us to frame “the world of goods,” in dynamic, rather than static terms. Material goods, whether they satisfy basic human needs or the need for display of social status, are imbued with meanings that are manipulated and transformed through the social process (Douglass and Isherwood 1979: viii).

Inspired by an essay by the 18th century French philosopher Denis Diderot, McCracken (1988:118-123) suggests the term “Diderot Unities” to describe how personal or group identity is created and conveyed through particular groupings of material goods. Products get their meaning by virtue of their being embedded in a system of cultural meanings, where they become associated with cultural categories such as ethnicity, class or gender. Sets of goods with similar associations then form groupings that McCracken calls product complements (McCracken 1988:120-121). The cultural interpretation of these goods can also be transformed and take on new meanings as culture changes, or such transformations can be the result of conscious actions. McCracken points to commercial advertising as a potent force in creating and transforming product complements.

Network marketing, like commercial advertising and marketing, also manipulates cultural meanings in order to give its products and distributors a specific, meaningful image. It is no coincidence that Nutrition for Life, International’s distributor magazine was called *Lifestyles*; what network marketing companies are selling, even more than their products, is a lifestyle. Harking back to the discussion above about the rising popularity of dietary

supplements over the past few decades, one can see how the image of dietary supplements has changed over time and become associated with a different set of cultural meanings. “Herbal” teas, “natural” products and organic foods, once the province of an anti-materialist counterculture in the United States, are portrayed by network marketers as an integral part of a lifestyle associated with wealthy, successful individuals – or those who would like to be.

Nichter and Vuckovic also suggest that buying and using health-related products may be part of a strategy to cope with the fast-paced lifestyle in the United States today. They sum part of the appeal for what they call “token commodified care” in this manner:

Token commodified care as a sign of affection in the face of time constraints and environmental adversity needs to be considered when assessing patterns of food supplement and tonic use. In many parts of the developed as well as the developing world, changing modes of production have reduced the amount of time available for personal care of children and the elderly. Traditional diets have also changed and talk of food adulteration is rampant. Pharmaceutical advertisements accentuate such concerns. Examples abound of advertisements for food supplement drinks, tonics, purifiers, and digestive aids which are associated with loving care in the world defined by limited resources, increased competition, and a detrimental natural environment (1994: 296).

This idea that medicines are simultaneously pharmacologically-active products as well as objects imbued with social meaning echoes Nichter and Vuckovic’s concept of token commodified care, and introduces Karl Marx’s idea of “commodity fetishism” where an obsession with goods is the only means of control that those who are economically disenfranchised can exercise. Lang and Gabriel, citing Bauman and Baudrillard, observe that “...much modern

consumption unfolds in the realm of seduction, where goods are not chosen for their uses but act as objects of fantasy” (Lang and Gabriel 1995: 38).

Consumer theory, in relation to network marketing, presents an interesting problem in that the person who uses the goods is also the same person who is selling the goods. Thus, the seller cannot be seen as merely a passive consumer and target of advertising; he participates actively in both realms. How much does the marketer believe in his own products? He uses them and he sells them; the advertising is more than an advertisement.

The study of consumption as communication proceeds from the cultural values of goods and the meanings which they embody. Economic (exchange) values ultimately derive from cultural values, not from biological or social ‘needs’, as Mukerji (1983:13) observes:

One cannot sell objects that do not have meaning to other people... People need only find ways to make objects meaningful to make them economically valuable (without necessarily depending on the meanings of their creators).

Thus, the powerful cultural messages that are presented and mutually reinforced through the multitude of information channels that exist in network marketing -- personal contact, the media, advertising and education – help to create shared meanings that justify the sales and consumption of the company’s products. As Falk notes:

If consumption consisted simply in the satisfaction of basic needs or in the rational application of tools and instruments, advertising would have no other function but to inform people where they can obtain the tools they

require for need-satisfaction, how they should use these tools, on what sort of terms they are available and what sort of effects they have. In other words, advertisement would be plain consumer information, in the most fundamental meaning of the term. However, as a function of modern 'consumer society', consumption is much more than that; and the same goes for the advertisement, which today is much more than the announcement or public notice of the early nineteenth century in which potential 'customers' were informed about the existence and availability of specific goods (Falk 1994: 151).

Although network marketing employs advertising, it is also based on face-to-face interactions in the form of promotional and training meetings as well as in the arena of personal sales. These kinds of transactions are effective in part because they occur within existing social relationships where trust has been established, and do not necessarily imply an exploitive relationship between seller and buyer. In fact, these informal, "friend-to-friend" means of disseminating product information and recruiting new buyers are so effective that large corporations such as telecommunications giants AT&T and MCI adopted the model.

Pharmaceutical Anthropology

Whyte et al. distinguish the study of pharmaceutical anthropology from ethnopharmacology, which they describe as having a focus on the "biochemical properties and effects of 'indigenous' medicines (while recognizing the importance of people's own conceptions about these medicines)" (2002:5). It was the groundbreaking work of ethnopharmacological researchers such as van der Geest (1988), Etkin et al. (1990) and Etkin (1992), who investigated local

reinterpretations of Western pharmaceuticals in developing countries, as well as the work of Johns (1990) that helped to lay the foundations for pharmaceutical anthropology.

Following Appadurai (1986), Whyte et al. propose that pharmaceuticals (and related products) should not be considered static *materia medica*, but as social objects with “biographies” (2002:13) that include a life history starting with production and moving through a life cycle of marketing, prescription, distribution, consumption and an afterlife, i.e., the medicine’s effect on the body. Each stage in this cycle is an appropriate setting for ethnographic consideration; after all, medicines live their lives within particular social contexts where their meanings can be manipulated and transformed. A proper “ethnography” of medicines, then, would take into account some or all the contexts that a medicine moves through over its life cycle.

Some of the contexts that Whyte et al. (2002) investigate range from Western industrialized countries to the developing world. At the level of individual consumption, Whyte et al. studied Dutch women’s use of antianxiety medications and suggest that these drugs offer the women a short-term sense of control over their lives. Their investigation of “injection doctors” and other informal vendors of pharmaceuticals (Whyte et al. 2002:79-132) demonstrate some of the perils inherent in globalization of pharmaceuticals.

Dietary supplements, like pharmaceuticals, have life histories and social lives. Supplements that are produced, distributed and used within the context of

network marketing have very busy social lives indeed! This dissertation focuses on the intermediate stages in the life cycle of dietary supplements: marketing, distribution and consumption.

Dissertation Organization

The organization of this dissertation is designed to lead the reader from a general discussion of the anthropological approaches I used to investigate the phenomenon of network marketing to a more specific discussion of network marketing and how it was expressed in the context of late 20th century Hawai'i. Chapter One discusses the anthropological approaches that I found useful in conceptualizing and analyzing network marketing. Chapter Two is a brief introduction to the research setting, discussing why the state of Hawai'i is a particularly good choice for a study of this kind. Chapter Three is an overview of the methodology of this research, the study population and specific methods that were used to collect data. In Chapter Four, I introduce some of the themes that emerged over the course of the research that help to explain the appeal of network marketing. Chapter Five relates what it is like to belong to a network marketing organization, how the companies are structured, how new members are recruited, and why these organizations continue to be so popular. Chapter Six considers ideas and controversies suggested by the data, relating them to emergent definitions of health spawned by commodification, as control of medicines has seemingly escaped the control of biomedicine and the scientific

community to become yet another aspect of the marketplace. The final chapter, Chapter 7, is a synopsis of the research, including a discussion of its shortcomings, ideas for future research and the study's contribution to understandings of the complexities of health care in contemporary Western culture.

Summary

In an increasingly commodified world, critical medical anthropological theory and consumer theory allow us to investigate and explicate facets of this complex phenomenon. One little-documented aspect of health commodification is the rise of network marketing firms selling dietary supplements.

Although network marketing firms have existed in the United States for almost half a century, their association with dietary supplements as a saleable product is the result of 1994 legislation that reclassified potentially pharmacologically-active products as a new kind of "food," and thus virtually beyond the kinds of regulations required of pharmaceuticals and proprietary medicines. I use an analytical framework that borrows from the theoretical orientations of critical medical anthropology, consumer theory and pharmaceutical anthropology in order to illuminate the context of dietary supplement use by network marketers in late 20th century Hawai'i.

CHAPTER 2

HAWAI'I ON THE CUSP OF THE MILLENNIUM: CONTEXT

Vignette

CATCH A RIDE ON THE E-COMMERCE WAVE BECOME PART OF A NEW, REVOLUTIONARY GLOBAL ELECTRONIC WORLD!

*You have the opportunity to become part of the biggest private franchising network to **ever** hit the web... This corporation has partnered with industry leaders and other top companies from across the country to develop an unparalleled **online shopping** and business experience that **will, without a doubt** be **the** dominant player on the web in the next millennium. (Excerpt from an Amway distributor-produced flyer posted on the University of Hawai'i campus in 1999; emphasis in original).*

Introduction: Geographic Setting and a Brief Historical Background

The state of Hawai'i consists of a chain of volcanic islands located approximately 2400 miles to the west of the state of California (Figure 2.1). Total land area of the state is 6,450 square miles, including both inhabited and uninhabited islands and shoals (Armstrong 1983: 11). The human population is concentrated on seven main islands: Ni'ihau, Kaua'i, O'ahu, Maui, Moloka'i, Lana'i and the island of Hawai'i, also known as the Big Island. An eighth main island, Kaho'olawe, does not have a substantial population. The islands with the highest population density are O'ahu, where the state capital, Honolulu, is located, and the island of Maui. Of all the states in the United States of America, Hawai'i is unique for several reasons: Hawai'i was granted statehood within

living memory (1959); it is one of the most ethnically-diverse states in the union; and, it is the only state that was once an independent kingdom.

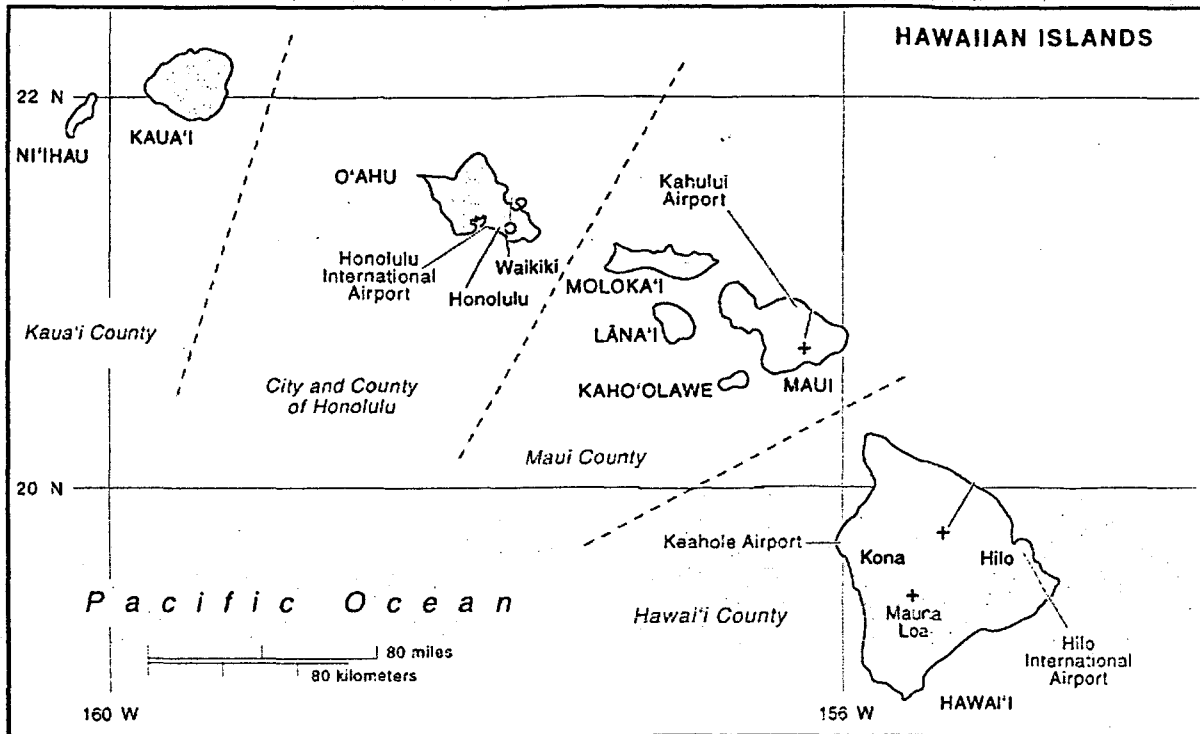


Figure 2.1: Major islands of the State of Hawai'i. Adapted from a map by the Institute for Astronomy, University of Hawai'i (2003).

The latter, seemingly benign, statement masks a brief but tumultuous history⁵. The short century that followed the founding of the Hawaiian Kingdom

⁵

The discussion here is meant to be brief; for a fuller discussion of Hawaiian prehistory and early history, the reader is directed to Kamakau 1992 and Kirch

witnessed the overthrow of the traditional social-religious *kapu* system; decimation of the native population due to introduced diseases; exploitation of the islands via the fur, whaling and sandalwood trades; the forced overthrow of the last ruling monarch, Queen Lili'uokalani, in 1893 by citizens of the United States of America and its subsequent history as a U.S. territory dominated by the plantation system. When steamship, then air, travel became accessible to a wider range of people, Hawai'i entered its final incarnation as a tourist destination. The legacy of colonial domination, cultural disruption and transformation into tourist attraction have all acted to shape the face of Hawai'i today.

The islands of Hawai'i were originally settled in the sixth century A.D. by Polynesian voyagers, and a thriving civilization based on fishing and agriculture developed. At the time of European contact in A.D. 1775, the archipelago consisted of a series of chiefdoms, with chiefs controlling entire islands or portions of islands. The traditional economic organization of the islands at the time of European contact was based on the *ahupua'a* system, series of transects that typically encompassed an entire valley in a wedge-shaped tract stretching from the coast to the head of the valley. Each *ahupua'a* was managed by a *konohiki*, or overseer, appointed by the chief to supervise subsistence activities within that territory, and to collect tribute for the chief in the form of agricultural products and other goods.

1985; 2002.

The boundaries of these chiefdoms shifted constantly as warring chiefs fought for control of territory; when Europeans arrived, one of the ruling chiefs of Hawai'i, Kamehameha, seized the chance to use the superior military power of the newcomers to consolidate his rule and to become paramount chief by 1810. Following his death in 1819, his widow, the chiefess Ka'ahumanu, declared the overthrow of the traditional *kapu* system; in the following year, the first Christian missionaries arrived and the islands slowly became Christianized.

The State of Hawai'i

Over the course of the 19th century, European and American settlement in the islands steadily increased even as the native population decreased. Large plantations dedicated to the growth of cash crops such as sugar cane, then pineapple, dominated the economy and immigrant labor from Asia and Europe was brought in to work on these plantations. These successful operations, located in the well-watered portions of the islands, were owned by a few wealthy American landowners. In 1893, a group of these wealthy landowners overthrew the Hawaiian monarchy, and the islands were annexed to the United States and remained a territory until the residents voted for statehood in 1959. The islands' Pacific location made them strategically important for the United States, which has maintained a strong military presence in the islands since their annexation. Large military bases are found on virtually all the main islands, and the military is a major economic, social and political presence in the state.

Although the islands had been popular as a tourist destination in the mid-1900s, travel was expensive and limited to the wealthiest of travelers. Following statehood, the population of the islands grew as new residents arrived, and affordable airline travel made the islands a tourist destination within the reach of average, middle-class Americans. By the latter part of the 20th century, the state's three largest industries were tourism, the military and sugar and pineapple plantation agriculture (Armstrong 1983). In an analysis of the capitalist domination of the islands, Buck observes that:

In twentieth-century Hawai'i, capitalism evolved from colonial capitalism into the now-dominant structures of corporate capitalism. The colonial mode, which lasted through the 1930s, was economically and politically dominated by sugar interests; the later corporate mode, by tourism. The major ideological distinction between the two is that corporate capitalism is hegemonic and colonial capitalism was not. Under the colonialism of the territorial government, an oligarchy of sugar interests exercised almost total political and economic control over the islands, but power was not based on popular consent; under corporate capitalism, even though economic and political power is more diffuse, the majority of the diverse ethnic groups and socioeconomic classes of Hawai'i accept the existing social structure as natural, albeit not perfect (Buck 1993: 165).

Economy and Health Care System in the 1990s

By the time of my research – the late 1990s – the islands were in a state of financial crisis. The large sugar cane and pineapple plantations that had provided employment for so many residents began to shut down as cheaper products grown in other markets made it difficult for the Hawaiian planters to compete. The first Gulf War depressed tourist travel to the islands, and even after the war was over, worsening economic conditions in Japan and the

mainland U.S. (the two major sources of investment and tourism) affected the state's economy even further.

Hawaii's high cost of living is frequently referred to as the "price of paradise": in exchange for the beautiful island surroundings, permanent residents of the island must contend with higher prices on housing and most foodstuffs and other essentials, which have to be shipped in at a premium cost. A high cost of living in a tourist-driven economy also means that many island residents must work two or more jobs in order to make ends meet:

Recent astronomical increases in land and housing costs (a doubling between 1980 and 1990), caused primarily by a spurt of outside investment, mainly from Japan, have created economic problems not only for low-income workers but for the middle class as well. A headline in the *Honolulu Advertiser* of October 26, 1991, read: *Price of Paradise: 34% Higher Than Mainland* (Buck 1993: 172).

The relatively upbeat tone of the 2000 *Data Trends*, published by the Healthcare Association of Hawai'i (HAH), covering the years 1990-1998, was replaced by a somber 2002 update, which included the years 1999-2001. The HAH 2002 update notes that "Hospital mergers, downsizing, closures of community programs, increasing numbers of residents without health insurance and new concerns about bio-terrorism have all taken center stage" (Healthcare Association of Hawai'i 2002: 4).

Study Site: O'ahu

It was in this dynamic setting of economic downturn and shrinking health care options that the bulk of the ethnographic research for this dissertation was conducted, roughly spanning May 1998-1999. I chose the island of O'ahu, which encompasses the City and County of Honolulu, as the location for this study, as it is the most densely-populated region in the islands (Table 2.1) and thus allowed me to easily study a range of network marketing participants. I had also done fieldwork on O'ahu, investigating the use of traditional and complementary medicines, and had established a network of contacts.

Most of the field research took place within the urban setting of Honolulu on the leeward side of the island of O'ahu. I also traveled to smaller towns on the island, such as Halawa, Pearl City, Kailua and Kane'ohe to visit distributors in their homes or to attend distributor meetings in public venues.

The following profile of Honolulu uses statistics from the U.S. Census of 2000, as it was closer in date to my research than the 1990 census. The total population of the state of Hawai'i in 2000 was 1.2 million, with almost three-quarters of the population (876,156) residing in the City and County of Honolulu (U.S. Bureau of the Census 2000). Tables 2.1, 2.2 and 2.3 summarize this demographic information, comparing statistics for Honolulu County with that of the state in general as well as with the United States.

Median age of Honolulu residents was 36.2 years of age, and almost one-quarter of the population is under the age of 18. Approximately 13% of the city

and state's population is over the age of 65; in their 2002 update, the Healthcare Association of Hawai'i noted that over the past decade, the number of residents aged 85 and older has increased by 72 percent (Healthcare Association of Hawai'i 2002: 8). In addition, Hawai'i has the highest percentage of persons aged 65 and older in the entire nation (Healthcare Association of Hawai'i 2002: 8). Population density on the island of O'ahu is the highest in the nation, 1,460.8 persons per square mile compared to the national average of 79.6%. The majority of O'ahu's residents live in the sprawling city of Honolulu, concentrated in high- and low-rise apartment complexes, duplexes and single-family homes.

Table 2.1: Selected Demographic Characteristics, Residents of the City and County of Honolulu for the year 2000, Compared with U.S. (Source: U.S. Bureau of the Census 2000).

	Honolulu County	Hawai'i	U.S.
Total Population	876,156	1,211,537	281,421,906
Median Age	36.2	36.6	35.3
Persons under age 5	6.5%	6.5%	6.8%
Persons under age 18	23.8%	24.4%	25.7%
Persons 65 years old and over	13.4%	13.3%	12.4%
Persons per square mile	1,460.8	188.6	79.6

The census data on ethnicity (Table 2.2) fails to adequately capture the complexity of ethnicity in Hawai'i today; though only about 20% of respondents report belonging to two or more "races," a newcomer to the islands must learn a dizzying array of specific terms denoting ethnic background in order to navigate the social system. This attention to ethnicity, a source of both humor and strife,

is considered a holdover from the pre-statehood plantation system, where workers from many backgrounds were brought together to work in the sugar cane and pineapple fields.

Some “white” persons, for example, may be considered *haole*, or “foreigners,” whereas others – those who have lived in the islands for several generations and become acculturated – are considered *kama’aina*, or “children of the land.” Still other “white” people are descended from Portuguese immigrants who immigrated to the islands during the plantation era, and they are frequently glossed separately in the local category called “Portagee.”

Table 2.2: Ethnicity (“Race”) in Honolulu, State of Hawai’i and United States (Source: U.S. Bureau of the Census 2000).

	Honolulu County	Hawai’i	U.S.
White		24.3%	75.1%
Black or African American	2.4%	1.8%	12.3%
American Indian and Alaska Native	0.2%	0.3%	0.9%
Asian	46.0%	41.6%	3.6%
Native Hawaiian/ Other Pacific Islander	8.9%	9.4%	0.1%
Persons reporting some other race	1.3%	1.3%	5.5%
Persons reporting two or more races	19.9%	21.4%	2.4%
Persons of Hispanic or Latino origin	6.7%	7.2%	12.5%
White, non- Hispanic/Latino origin	20.0%	22.9%	n/a

The category “Asian” encompasses island-born Koreans, Filipinos, Japanese, Chinese etc., as well as more recent immigrants. Ironically, Native Hawaiians and other Pacific Islanders make up less than 10 percent of the islands’ population. Though almost 80 percent of those reporting to the census claim only one “race,” the reality is that less neat, as intermarriage is common between almost all of the ethnic groups that live in the islands. Often the

distinction drawn between individuals is whether one is “local” or not, a term that encompasses all ethnic groups and suggests full incorporation and understanding of island customs and standards of behavior.

Statistics on level of educational attainment show that over 80 percent of residents aged 25 and older have at least a high school education, and over one-quarter (27.9% for Honolulu, 26.2% for the state) have a bachelor’s degree or higher. Median household income for Honolulu was \$51,914.00 (\$49,820.00 for the state), and per capita income was around \$21,000.00 for both city and state residents (Table 2.3). Although average household and per capita income is higher than in the mainland U.S., cost of living is correspondingly higher.

Table 2.3: Educational Attainment and Income: Honolulu, State of Hawai’i and U.S. (Source: U.S. Bureau of the Census 2000).

	Honolulu	Hawai’i	U.S.
High school graduates, age 25+	84.8%	84.6%	80.4%
Bachelor's degree or higher, age 25+	27.9%	26.2%	24.4%
Median household money income	\$51,914	\$49,820	\$41,994
Per capita money income	\$21,998	\$21,525	\$21,587
Persons below poverty, percent	9.9%	10.7%	12.4%

Network Marketing: Why Hawai’i?

The state of Hawai’i has, for the past thirty years, offered the United States’ only universal health insurance program (Lewin 1993; Tisdale and Lieberman 2002). As mandated by the Hawai’i Prepaid Health Care Act, employers must provide health insurance for all employees who work 20 hours

or more a week. Health care is provided under the Quest program for those who are not insured by an employer, and who qualify for this program.

Youn (2003) reports that although Hawai'i had the lowest percentage of uninsured in the early 1990s, this percentage rose from 6.1% to 11.1% in 2001. This trend dates to the economic recession that hit the state in the mid-1990s and, more recently, with the economic impact of the terrorist attacks on September 11, 2001 (Sedensky 2003). Although joblessness was a contributing factor, employers also began using a strategy of employing only part-time (less than 20 hours a week) workers, or modifying workers' time reports to avoid paying health insurance costs (Youn 2003). The 1997 Federal Balanced Budget Act also impacted Medicare payments to the state, with local hospitals claiming that they had lost an average of \$195 million/ year due to budget cuts. Tighe (1999) estimated the percentage of uninsured Hawaiian citizens in 1999 was 13%, though this figure is probably closer to 10%, based on a three-year average calculated by the U.S. Congress Joint Economic Committee Democratic Staff for the 1999-2001 period (actual figure = 9.7%; 2002). This is still lower than the current U.S. average for the uninsured, which is 14.6%. (Sedensky 2003)

In addition to having one of the lowest rates of uninsured citizens in the nation, the multiethnic composition of Hawai'i also offers a variety of ethnomedical health care options drawn from those groups, from Traditional Chinese Medicine, traditional Hawaiian (and other Polynesian) medicine and

Filipino traditional medicine, to name a few. Dixon, Etkin and Nishimoto (1995) found that individuals from all ethnic backgrounds visited healers and used traditional medicines from their own as well as other ethnic groups, in addition to biomedicine. Network-marketed dietary supplements represent another option within a plethora of options.

Because of Hawaii's historical and cultural context, it offers a unique setting for studies of traditional health-seeking practices, and how new practices are incorporated into the system. At the time of this research, Hawai'i residents were able to choose from some of the most varied and accessible health care choices in the United States, ranging from the healing traditions of its many resident ethnic groups to the best in biomedicine. It seemed curious that with all these available options that individuals would choose to join mainland U.S.-based network marketing firms, and to buy expensive and often unfamiliar products. Yet, they did; Col. Marks, featured in the initial vignette, was one of many people who "jumped on the bandwagon" of network marketing in the mid-1990s. I was also surprised to see that the few statistics available suggested that the percentage of network marketers in Hawai'i was among the highest in the nation (discussed in Chapter One).

This research is placed within another unique context, as indicated by the chapter title: the cusp of the millennium. Aside from the "millennial madness" attendant to change to the new millennium, local and national concerns focused on the harmful effects of "Y2K" on computer systems and the chaos that might

ensue in the national infrastructure, so dependent upon technology. Related to this, in 1999 the internet commerce bubble had not yet burst, and the potential for earning magical, unlimited income from e-commerce seemed limitless (Y2K bug aside).

Only two years later, conflicting visions of millennial madness, phantoms of global technological breakdown and rosy hopes of becoming the next internet millionaire seem distant history, eclipsed by deadly reality: the terrorist attacks of September 11, 2001 and the ensuing war in Iraq. Still, the end of the millennium was an uncertain time, and in that not-so-distant past health, wealth and happiness seemed but a click, a handshake, a pill or draught of noni juice away.

Summary

A variety of factors converged in the latter part of the 1990s to make Hawai'i an ideal setting for a study of a new twist on health-seeking behavior: why did residents choose to join companies that sold dietary supplements in a state already replete in health care options? I believe that people who are already accustomed to moving easily between a variety of options find it easy to choose yet another option.

The choice to sell dietary supplements was given impetus through the decade as Hawaii's economy worsened, and residents looked for alternative sources of income. As noted in Chapter One, the influx of companies selling dietary supplements was aided by passage of Federal legislation, i.e., the

DSHEA of 1994. New companies formed to sell dietary supplements, and venerable firms added or elaborated lines of dietary supplements to their existing product inventories.

Economic downturns, aging of the population and changes in the health care system over the decade of the 1990s were national trends, certainly not unique to Hawai'i. But Hawai'i was appealing as a study site due to its colonial history and tourist-dependent economy. One of the results of Hawaii's colonial history is the ethnic diversity engendered by the plantation system, reflected in the multitude of choices in traditional healing practices. The tourist economy, fueled by images of islanders living a laid-back traditional lifestyle, allows a life of leisure for only a few Hawai'i residents. Tourists, who visit for a few days or weeks at a time, stay at hotels and visit restaurants are waited on by islanders who must work several jobs at low wages in order to live in the Islands year-round. When economic downturns in Japan and the continental U.S. ("the Mainland") reduced the number of tourists visiting the Islands in the 1990s, the local economy was hard hit, and there were few other employment options for residents: they were ripe for choosing network marketing as a source of income.

The Islands' portrayal as an idyllic paradise populated by "happy natives" is belied by colder historical factors such as social inequality, the legacy of colonialization and the plantation system, and economic marginalization due to reliance on the visitor industry. How would the phenomenon of network marketing be manifested in and transformed by this context?

CHAPTER 3

METHODOLOGY

Vignette

“Joe Sixpack doesn’t want to change his lifestyle. A bottle of noni lasts about two weeks, and it’s 40 dollars a bottle. Compared to cigarettes, that’s cheap. It costs, what, a hundred dollars a month to smoke? What’s 80 bucks a month to get some health?” Morinda distributor, interviewed 21 April 1999.

Study Population

The data for this dissertation were collected over approximately one year’s fieldwork (May 1998-May 1999) in urban Honolulu, Hawai’i. Honolulu was my primary place of residence since 1992 and I have been involved since that time in the investigation of knowledge acquisition and dietary supplements for a variety of projects (Dixon et al. 1995; 1999; Etkin et al. 2000; Logan and Dixon 1994).

In order to examine the workings of network marketing companies, I selected three companies of different sizes and ages, reasoning that companies would fall along a continuum from most institutionalized for the larger, more established companies to more dynamic and less institutionalized for the smaller, growing companies. These companies were: Amway and its nascent internet spinoff, Quixtar; Nutrition for Life, International (NFLI) and Morinda (Tahitian Noni). None of the three companies was based in Hawai’i itself; all three were based on the U.S. mainland.

The study population consisted of active and inactive distributors as well as prospective distributors from three network marketing companies, all located in Hawai'i. No attempt was made to select a representative sample by gender, age or ethnic identity; respondents were selected over the course of contacts made in the community of network marketers. Distributorships in the Network marketing companies I investigated, particularly Amway/Quixtar, were frequently shared by husband and wife partnerships. The resulting study population was a cross-section of the multiethnic population of Hawai'i, ranging from Caucasians, to local Japanese, to Chinese, Filipinos and Hawaiians. With the exception of two college students in their 20s, the rest of the study population ranged in age from the mid-30s to mid-50s. Although I met and spoke hundreds of peoples over the course of attending company meetings, I eventually used data from interviews with approximately 30 distributors for this research.

Unless the individuals I discuss are well-known public figures or have offered their opinions in public, I identify the persons I interviewed using pseudonyms. Because compensation level is so important in these organizations, I may also refer to individuals as an "Amway Direct," "NFLI Bronze," "Morinda Coral" and so on, or simply as a "distributor" when I am unsure of their level in the hierarchy. In fact, members of network marketing companies use this means of identifying distributors.

Study Sites

Research was carried out in a number of settings: informational meetings, organizational meetings and informal and more formal personal interviews. One of the companies (Amway) held much more frequent meetings than the others, due to the fact that several separate lines of sponsorship existed in Hawai'i. I chose to study two lines of sponsorship, International Leadership Development (ILD) and Worldwide Dream Builders (WWDB). Group meetings were also used to conduct interviews with individual distributors, either before or after the meeting as well as during breaks.

Meetings

All three companies held meetings of various types, although Amway holds the distinction for the greatest number and variety of meetings held. I attended open opportunity (recruitment) meetings at least once a week for each company, although I often found myself in Amway meetings up to 3-4 times in a given week. I taped most of these meetings, and also took written notes. I attended Amway meetings far more often and regularly than either of the other two company meetings, due to Amway's larger size, complexity, and variability in meetings. Morinda, as a smaller company, tended to have smaller opportunity meetings and with a far more standardized content. Unlike Amway, Morinda's distributors did not allow me to attend distributor-only meetings, so I was unable

to assess their motivational meetings for distributors. However, I was able to collect a large amount of relevant print and audiotape material for this company.

Group meetings for these organizations ranged from relatively small gatherings of less than 10 people, held in members' homes, to larger meetings of 30-50 people, intended to recruit new distributors or to discuss business and conduct training with existing distributors. Rarely, successful distributors from the mainland U.S. would come to Hawai'i to conduct large motivational or recruitment meetings in venues such as Blaisdell Arena or in hotels in Waikiki. These meetings attracted hundreds or thousands (in the case of Amway) distributors and prospective distributors from throughout the islands. Over the course of a year, Amway held two such large meetings, Nutrition for Life and International held one large meeting. Tahitian Noni (Morinda) came to Hawai'i in 1997 for one of its earliest promotional meetings at a hotel in Waikiki, and I attended that meeting as well. Meeting times ranged from 2-3 hours to 6-8 hour-long workshops, which could span several days. In all, I attended 24 different meetings for the Amway company (representing two different lines of sponsorship), 6 meetings for NFLI and 6 for Tahitian Noni.

The purpose of these interviews was to gain some insight into the reasons why people join a particular company, their personal history with the company (length of affiliation, the level attained within the company's compensation hierarchy, etc.), prior experience with other network marketing companies, the products they and their families personally used, and so forth

(see Appendix 1). The questionnaire was constructed approximately 3 months after fieldwork began, based on observation and preliminary unstructured interviews aimed at defining key questions and the appropriate formulation of questions. Although I formally administered the questionnaire to some interviewees, and filled it out as we talked, eventually the intimidating nature of the questionnaire obviated its usefulness, and I interviewed subjects without the questionnaire between us.

My purpose was not to obtain a representative sample of distributors from each company, as this was not feasible given the time and financial constraints of the study (although there is data from Clements 1999). Rather, I wished to speak in some depth to distributors, then use this interview data as a counterpoint to the wealth of other data sources I used in the research: testimonials, meeting materials, motivational tapes, web sites and product materials. Interview data shed light on how individual distributors' aspirations, experience and impressions of the company and its products reflected or deviated from the company's vision of itself as portrayed in corporate representations.

Methods

IRB/ Human Subjects Approval

This research was conducted as an outgrowth of an earlier National Science Foundation research project investigating the use of dietary

supplements in Hawai'i (Etkin et al. 1994), and was exempted from a separate IRB/Human Subjects Approval.

Participant Observation

Two possibilities for participant observation of network marketing companies presented themselves: one, I could pose as a prospective distributor and go through the process of recruitment, paying to join the company and then participate fully as a distributor; or two, I could be frank about my research interests from the very beginning and collect data without becoming affiliated with any company.

The first option was appealing, since it would give me status within a company and access to materials normally reserved for distributors alone. However, I resisted and for better or worse, resolved not to join any company for the duration of my fieldwork in the interests of avoiding any hint of deception (cf. Bernard 1995: 347-359). Not only was this less taxing financially, given the cost of joining and maintaining membership in three different organizations, it also absolved me of any hint of favoritism for one company or another.

Looking back, the decision not to become affiliated with any company proved a good one, as it became clear that while there might be an entity called "the company," the organizations that I was studying were made up of quite distinct entities that, had I unthinkingly joined one rather than another, would have limited my access to interviews -- or, at the very least, would have made

contact very uncomfortable. For example, International Leadership Development (ILD) and Worldwide Dream Builders (WWDB), two lines of sponsorship within Amway, were the products of a less-than-amicable split some years before. Had I chosen one line of sponsorship, as a distributor, I would have been constrained from sharing information between the two groups, a practice I avoided as a rule.

Nevertheless, as distributors became comfortable with me, I was able to gain access to a wide range of company materials and information generally reserved for distributors. I accompanied distributors to meetings, observed them with prospects, attended a variety of company functions (rallies, merchandise shows, parties, training meetings, product pick-ups etc.), and, not least of all, purchased and used a variety of products from each company.

Participant observation, according to Bernard (1995) can consist of direct or indirect observation; in this case, I participated in 36 meetings in much the same way that a distributor (or prospective distributor) would, even while making it clear to meeting participants and organizers that I was an anthropologist conducting research on network marketing. To do this, if I attended a meeting as someone's guest (which was the proper etiquette for "showing the plan" (STP) meetings, then I informed that person of my intentions, as well as informing the sponsor of the meeting that I was conducting research and got their permission to attend. The host of the meeting would typically introduce me

to the meeting attendees so that my presence and intentions were known and understood by all.

Some meetings were open meetings where anyone could attend, and on those occasions, I did not feel constrained to introduce myself to the meeting at large; however, if I struck up a conversation with someone, I would inform them of my research. I recorded almost all meetings on a tape recorder as well as by taking notes on a notepad; this behavior was not unusual at all, as most of the distributors recorded meetings themselves for future reference.

In this manner, I was able to find new interview subjects using the snowball sampling method described by Bernard (1994). To do this, I asked people whom I had interviewed whether they knew of anyone else who was willing to speak with me, or by introducing myself to new persons invited to meetings by distributors who knew me.

Participation at meetings also meant participating in discussions of life goals and dreams, filling out sheets explaining the company's compensation plan, as well as trying various products such as foods, beverages and therapeutic devices (such as magnetic bracelets, etc.).

Individual Interviews

A total of 28 interviews was conducted with distributors (individuals and couples). The objectives for doing individual interviews was to get to know individual distributors in order to find out why they joined this particular

company, whether they had belonged to other companies in the past, and which products they used. My rationale was that individual interviews could be compared and contrasted with the public pronouncements about the company and its products.

Interviews ranged from long, formal interviews lasting approximately an hour, to shorter interviews conducted during breaks or before and after meetings. Key informants were interviewed on multiple occasions (not counted here as different interviews). In addition to the prescribed questions, the structured interviews often included narratives of the subject's life history, their history with the company, and other factors they considered important aspects of their choice to join their particular company.

I also conducted short interviews with distributors before and after meetings, during breaks at meetings, in the car going to meetings (carpooling to meetings was common, as it constituted an ideal opportunity to "pitch" a prospect), or in the course of calling someone to see if they were willing to grant a longer interview. While the data collected in these shorter interviews was not as extensive as in the longer interviews, they were still invaluable sources of information. I also found that repeated short interviews eventually yielded enough information to constitute a full interview (i.e. the questionnaire), especially for people who were unwilling or unable to sit down for an hour or two at one time. Because these interviews were typically done "on the fly," some were audiotaped, but most were recorded as written notes.

Contacts for interviews were made not only at meetings, but through answering advertisements in the newspaper, calling numbers on flyers left in public places, and personal contacts with other distributors. Interviews were conducted in peoples' homes, on the phone, at my office, in coffee shops and fast-food restaurants: mindful that most of my subjects worked full time in addition to their network marketing activities, and acutely aware that they were assisting me with no hope of my joining their downline⁶, I tried to accommodate their schedules as much as possible. Although distributors were exceedingly talkative at meetings and in other company contexts, it was extremely difficult to find people who were willing to take the time to talk for 1 ½ -2 hours outside such settings. In four cases, I sent the questionnaire over email to busy distributors who vowed to complete it and send it back, but this tactic proved unsuccessful. I believe the structure of the questionnaire, with its open-ended questions, was intimidating to these subjects, who might have been more willing to fill out a questionnaire with yes/no kinds of questions. It was much easier to ask detailed questions in the context of a face-to-face conversation. I took written notes for all interviews and also audiotaped the majority of the same interviews.

⁶

“downline” refers to persons who are lower in the network hierarchy, whereas the “upline” consists of the upper tiers of an organization. For example, if I personally recruit (sponsor) four persons to join my company, then they are my direct downline and I am their direct upline. The person who recruited me initially is my upline as well as my downline’s upline, and so on.

Key Respondents

Over the course of fieldwork, I was able to develop relationships with several distributors in the Amway and NFLI organizations who were able to provide deeper insights into their own experiences with network marketing. The nature of network marketing required that I establish these kinds of relationships: with the exception of "open" meetings (meetings that any member of the public could attend), all other meetings required non-distributors (prospects or anthropologists) to be accompanied by a sponsor who was an active distributor with the company. Key respondents, though they may give an idiosyncratic, individual view of a culture (Bernard 1995), are useful to help clarify points that may not be clear to the anthropologist. My objective for relying on key informants was that they did give me a more personal insight into why people join network marketing companies and were also able to answer questions about the history of the company or line of sponsorship, information that was not readily available in documentary form.

In the case of Amway, I had one key respondent from each of the two major lines of sponsorship (Worldwide Dreambuilders and International Leadership Development) and a couple who were distributors for NFLI. In contrast, even though I attended meetings faithfully and became well-known to several distributors for Tahitian Noni, I never developed deep relationships with any of the members of this company. Distributors from this company did not engage in the same degree of social interaction as Amway or NFLI.

Text/Content Analysis

Text, or content, analysis is a traditional anthropological method used to define underlying cultural themes and categories of meaning in “texts” such as oral narratives, advertisements, stories, television shows, etc. (Bernard 1995: 339-347). The texts I analyzed were examined with an eye to understanding distributor’s motives for choosing a particular company and its products; I also compare and contrast the primary themes from my field data to some of the larger themes that other researchers have found for American complementary medicine users as a whole.

Text materials that I examined for content, themes and image representations included print media, such as flyers, motivational newsletters and books, catalogues and member magazines; audiovisual media such as motivational/educational video and audiotapes, and the internet sites for each of the companies (and for Amway, the different lines of sponsorship). I selected a sample of materials from each organization, looking at how “successful” distributors were represented via their life stories; advertisements for products and the text and imagery employed to portray them.

Testimonials for the effectiveness of the product and/or the system proved to be insightful narratives wherein distributors retrospectively examined, explained and “made sense” of their experience as a kind of journey. These narratives of experience generally took the form of a crisis (health, financial, marital etc.), presentation of a solution in the form of a product (and/or the

system), struggle to reform one's life/ regain health, resolution of the problem and subsequent life transformation. Individuals who had not advanced as far as others, looked to the testimony of successful distributors ("winners") who had overcome hardship and attained success as a source of hope and strength. These accounts of transformative experiences echo the findings of Astin (1998) for CAM users as a whole.

Testimonial narratives are an important part of the dietary supplements industry, but they are a double-edged sword for the network marketing companies. Companies attempt to control the kinds of claims that their distributors make for fear of breaking the law against unsubstantiated claims, but given the sheer number of sites and venues for claims this is almost impossible. The company must rely on having distributors agree to a policy against making unsubstantiated claims, which protects the company to some extent. Still, in 1998 Morinda (Tahitian Noni) settled a multistate suit that charged the company with making unsubstantiated claims, and agreed to pay \$100,000.00 to fund FDA investigations of the curative claims made in its promotional literature and in distributor testimonials (Food Ingredients Online 1998).

Product Promotional Materials and Packaging

Although FDA and FTC regulations constrain the kinds of claims that manufacturers are allowed to put on their products and in related promotional materials, these materials were still invaluable sources of information. Products

and product literature were tangible representations of the primary themes expressed by distributors, “grounding” what people said in a world of consumable foods, beverages, vitamin pills, cleansers and other products that provided an income for (some) distributors. I was particularly interested in which products distributors and their families personally used, and for what reasons they purchased those products. I also looked at the overall product line of each company as an expression of that company’s philosophy towards health and or business.

In talking with distributors, I explored why people chose to become distributors for one company rather than another; the reasons why distributors stay with (or leave) network marketing, and how people learn to “good” distributors by modifying their behavior and beliefs to fit a company ideal. I explored how the company and its products were represented in advertising, testimonials and other narratives. Again, I was not interested in the biomedical efficacy of particular products, except insofar as efficacy and scientific “proof” (to a greater or lesser degree) figured in product promotion.

Audiovisual Media

Both Amway (more accurately, the lines of sponsorship/ motivational organizations) and Tahitian Noni had significant libraries of motivational and educational audiotapes that were sold to distributors. I examined nine Amway audiotapes, nine Tahitian Noni audiotapes and two audiotapes from Nutrition for

Life International distributors, looking for themes such as purity and “naturalness” of supplements, as well as what kinds of motivational encouragement were given to distributors (wealth, success, individual achievement, etc.).

I was interested in seeing whether speakers and the people I interviewed simply reiterated points on the tapes, and if so, how influential were the tapes in shaping the information that distributors and buyers received? What claims (if any) for efficacy were made for company products, and how was efficacy expressed/ defined?

Company Websites

I monitored the company websites for Amway, Tahitian Noni and NFLI, as well as those for WWDB and ILD (Amway motivational organizations/ lines of sponsorship) over time to see whether (and how) information was presented regarding the company and its products, how products were advertised and so forth. In doing this, I could compare what individuals said in meetings and interviews with the company’s sanctioned information, as well as follow news and controversies (including legal actions) related to each organization.

Because corporate and individual web sites, as well as online discussion groups, serve as hubs of information for distributors (and researchers) I followed the development of web sites and discussions related to network marketing, and in particular, the three companies I studied. Corporate web sites are typically

organized into a public section that anyone curious about the company may access, and a section for distributors that is password protected. Opposition sites, posted by disgruntled former distributors and network marketing “watchdog” groups, provided a counterpoint to the relentlessly positive tone of corporate and distributor web sites. In particular, Amway seemed to have the most number of opposition web sites (at least 19; for reasons I will explore later). As a departure point to deeper discussion, I sometimes asked key informants to confirm or explain some of the rumors and issues presented in the opposition web sites. I also tried to find independent evidence which would either support or refute statements in the opposition web sites, in order to assess their reliability.

When I began this fieldwork, I anticipated that corporate and individual distributor web sites would be significant sources of documentary information on the history of a company, company growth, information about and changes in product lines, and so forth. My approach to these sites was as a simple “archive” of materials that I could use to supplement and compare to interview data. This approach was incredibly naive, and though I often despaired of being swamped with internet information, the “online” aspect of this dissertation proved to be one of the most fascinating aspects of the project.

First, I did not anticipate the transition from person-to-person marketing of products to online marketing, despite the popularity of other e-commerce sites such as ebay, Amazon, etc. However, in March of 1999, Amway announced that

they were planning a new e-commerce site, Quixtar, which would debut in the fall of 1999. The "9.1.99" project sent the Amway distributor community into a frenzy of activity, as old and new distributors alike scrambled to find out about the opportunity and began building new groups of distributors in anticipation of the September 1, 1999 launch date. In the summer of 1999, Nutrition for Life International also implemented an online ordering system for its products, but with far less fanfare than Quixtar did.

Corporate and individual web sites changed over the course of the year for a variety of reasons. Some changes represented refinements in web design in order to make a more attractive, "user-friendly" site or to accommodate changes in product line. These modifications were far less interesting than those content changes that were prompted by legal issues such as the severance of a major key distributor due to a class action lawsuit brought by his downline (NFLI), or lawsuits related to unsubstantiated claims (Morinda). These changes were object lessons in the control of information at the corporate vs the individual distributor level as companies attempted, with varying levels of success, to dictate individual web site content.

Research on the internet requires ingenuity, as web sites appear and disappear daily. I found that "bookmarking" a site was useless if the site was later abandoned, dismantled or modified by its owner. Site content was fluid, and unless I wanted to print out a copy of a site every day or week, information that was available one week might not be there the next week (or hour!).

Handling a huge volume of paper was not feasible, not to mention wasteful, so I was pleased when Adobe Acrobat introduced its new version, Acrobat 4, which “grabs” sites in their entirety from the web and preserves them in an image (pdf) format. I was thus able to get copies of web sites at different points in time, and document changes in content in that manner.

Following the launch of Amway’s Quixtar online company, and as competition online became more fierce, control of information on the internet has become even stringent. Network marketing company websites, once a treasure trove of information — favorable or unfavorable to the company — have begun to make some information available only to members. Password protection limits information on many aspects of the company, and allows the company to maintain control of “impression management” (Goffman 1959). Whether this actually achieves the control over information that the company desires is debatable, as site passwords and insider information are posted on Network marketing critique websites; the partisan nature of these websites throws into question the objectivity of their information. I have endeavored to make clear the source(s) of information on these three companies.

Summary

One of the aims of critical studies is to analyze the context of cultural behavior, in order to link it to larger issues of power, hierarchy and so on. Likewise, in order to understand the phenomenon of Diderot Unities (the linkage

of cultural meanings to sets of related goods), I investigated product packaging, brochures, and other materials produced by the company using text analysis, searching for important themes. Participant observation, interviewing and the use of key respondents allowed me to better understand the experience of being in a network marketing organization.

CHAPTER 4

THE APPEAL OF NETWORK MARKETING: THEMES

Vignette

On a warm summer evening, I visited the home of a young couple who were distributors for Nutrition for Life, International (NFLI). They were setting up their cramped living room for a sales presentation. While they scurried about getting flipcharts and refreshments, I sat at the dining room table and waited. Their toddler daughter watched "The Teletubbies" on television, singing the characters' syrupy-sweet songs. Her parents absentmindedly sang along with her as they worked. Apparently they had watched the show often.

My eyes wandered around the room, and I could see into the kitchen: rows and rows of NFLI food products lined the shelves. Soy muffin mix, soy brownies, soy pasta and soy cookie mix were stacked on top of the refrigerator. Antibacterial cleaning products and organic dishwashing soap, also sold by NFLI, kept all the kitchen surfaces clean. "I don't want my daughter to develop food allergies or get fat," the mother explained, "so I make sure that she only eats these good soy products that don't have so much sugar. It costs more to buy these foods, but remember: everything that we buy helps us to grow our business. They're easy to make, too; I just stir the mix with water and bake it. She loves the muffins and cookies. I also try to keep the house clean so my daughter doesn't catch all those colds you see the other children getting."

As she hurried to the back of the house to get extra chairs, I looked around the living room. Hand-lettered posters were taped to every wall: the organizational chart of their personal network, with the names of their closest friends and family directly below them; motivational sayings in orange block lettering, and pictures of the cars and houses that highly-successful distributors could earn from the company. NFLI had permeated every corner of their home and life.

The Appeal of Multilevel Marketing: Themes

The themes that emerged from analysis of the content of interviews, brochures, packages, web sites, motivational materials and presentations at promotional meetings were consistent with the salient characteristics of

complementary medicines elucidated in Chapter One; that is, a concern with purity and pollution, “naturalness,” and tradition and so forth.

Other themes emerged as well. For example, the importance of having time to spend with one’s family, taking control of one’s health, the reinforcement of traditional roles (the family, sex roles, religiosity and patriotism) and economic success all were important elements expressed in interviews, in meetings and in promotional literature. In fact, “freedom” and “control” were the overarching factors, whether the control was over health, job or family.

Related to the ideas of control and economic success is the concept of “displaced meaning,” a term McCracken used to refer to cultural meanings that have been “deliberately removed from the daily life of a community and relocated in a distant cultural domain” (1988: 104). Contemplation of coveted material goods such as cars, houses or dream vacations serve to bridge the gap between the way one’s life is *now*, and the way that one would *like it to be*, i.e., meaning is displaced from the present to the future. Displaced meaning may also refer to an idealized *time* when life was (or will be) perfect, such as the idealized families portrayed on U.S. television in the 1950s or a new millennium. The very material goods -- dietary supplements -- are the vehicle for achieving the Tahitian Dream, or being a Worldwide Dream Builder in the new millennium.

The themes that I explored, then, were: freedom; purity/ cleanliness; economic independence and a sense of control over one’s destiny; religion/ religiosity; displacement; family and traditional sex roles; patriotism and

biologization. I went through transcripts of 48 interviews and meetings, scoring statements related to each of these themes; Table 4.1 summarizes the percentage of those meetings and interviews where statements related to those themes were made. I did not include statements or images from company literature in these calculations, because this data was not systematically collected, but used to complement the interview and meeting transcript data.

Examples of statements related to these themes are listed briefly below, and discussed at more length later in this chapter.

Freedom:

“If you want to be free, you have to bug people” (Amway).

“Abe Lincoln freed the slaves in 1861 and we all volunteered to take this over in the 1900s” (Amway).

“Have freedom in your hearts and minds and don’t let others tell you what to do” (Amway)

Purity:

“This is nothing but pure juice, and it is healthy for you” (Tahitian Noni).

“Of course, I don’t recommend that you do this, but some of the old-time distributors used to drink the L.O.C. to prove how safe it was” (Amway).

“These soy foods don’t have fat or animal products in them, and they are good for you” (NFLI).

“Who has touched that payphone or doorknob before you?” (NFLI).

Economic Independence:

“No job is going to steal my freedom from me!” (Amway).

“People choose Amway because they want independence” (Amway).

“Even successful people need this opportunity – doctors and people with degrees are saddled with debt from loans that paid for that education” (NFLI).

“Health and wealth” (Tahitian Noni).

“I want to be in business for myself, not in the 9-to-5” (Amway).

Religion:

“God should come first in your life. Then your spouse, then your kids, your job and THEN Amway” (Amway).

“The more money that you make, the more that you can tithe to your church and use for charitable work” (Amway).

Displacement:

“Your whole family: your wife, your kids and you should tape pictures of what you are dreaming about on the refrigerator so that you can look at them.

My wife has a picture of a Rolls Royce up there – and she’s gonna get it, too” (Amway).

“A warrior knows his dream and is sure of it, and he knows that he is called to service” (Amway).

“If your dream is the moon, then e-commerce is the rocket ship that will take you there” (Amway).

“Live the Tahitian Dream” (Tahitian Noni).

“I’m planning on getting the car bonus, and then the house bonus” (NFLI).

“Health and wealth” (Tahitian Noni).

Family and Traditional Values:

“Wives, help your husband willingly, no matter how many times you have heard the plan” (Amway).

“Single distributors should only meet prospects of the opposite sex in a public place. Be sure to drive separate cars, too, to avoid any hint of impropriety” (Amway).

“Women must dress professionally: no high heels, no pants, no heavy jewelry or makeup. Be sure to wear close-toed shoes and your hair should be pulled back or pinned up” (Amway).

“Where were the parents of those kids at Littleton? They did not teach their children the American Dream” (Amway).

“Men are Born Conquerors” (Amway).

“Making \$50,000.00 means that your wife can stay home with the kids instead of working!” (Amway).

Patriotism:

“The American Dream doesn’t seem to be working for many people today, but it can if you attain financial freedom” (NFLI).

“The only thing that has kept America great is a passion for the future” (Amway).

A large eagle banner was draped over the stage, and American flags were everywhere at this Emerald Open meeting in Honolulu (Amway).

Biologization:

“The active component of noni, an enzyme called xeronine, was identified by Dr. Ralph Heinicke” (Tahitian Noni).

“These are some of the most powerful magnets that you can buy. Check out the website at Vanderbilt University in Tennessee where researchers are showing the amazing painkilling powers of MagnaBloc magnets” (Amway).

Because legal constraints also shaped what could be claimed in print or stated in some public venues (such as claims for earnings in recruitment meetings), the public/private dichotomy in information was particularly interesting. Testimonials are constrained within the bounds of DSHEA; nevertheless, individuals often made claims for curative powers for products. As long as claims are made in an informal setting, not disseminated in literature or on the internet, there is little that can be done to prosecute individual distributors.

Table 4.1: Themes Cited by Network Marketers and Percentage of Meetings/Interviews Where Themes were Mentioned (n=48).

Freedom	Purity	Control/ Economic Independence	Religion
19%	10%	73%	15%
Displacement	Family	Patriotism	Biologization
54%	27%	8%	52%

Economic Independence in Hawaii’s Hard Times

During the decade of the 1990s, the state of Hawai’i suffered from an economic recession, which started with the tourist slump following the first Gulf War. Hawaii’s higher cost of living compared to the mainland United States has

always meant that residents worked multiple jobs, but with jobs becoming more scarce, it is not surprising that people began to turn to network marketing as a potential source of income.

As one Hawai'i Diamond distributor remarked on the Quixtar-U.S. website, "People perceive Hawaiians as laid back and in a comfort zone, so the Sales and Marketing Plan wouldn't appeal to them. However, the cost of living is higher in Hawai'i than most places, so people need additional income. It's like anyplace else; the prospects are here, you just have to find them." (Quixtar-U.S. 2000). In fact, as mentioned earlier, at the time of fieldwork, Hawai'i ranked second in the nation in the percentage of network marketing distributors.

Economic independence was the predominant theme of all the company meetings, interviews and most of the company literature. A desire for economic independence was expressed in almost 75% of all the interviews and meetings I recorded. The mark of a successful distributor in all three companies was someone who had achieved, or was on the way to achieving, financial independence via "residual income" earned by developing a hard-working downline of distributors. *Amway's Achieve: The Magazine for Independent Business Owners* says it all: rather than being an employee, the aim is to become an independent business owner, with Amway one's primary business.

The cover of *Achieve*, as well as the cover of *Lifestyles* (Nutrition for Life International's magazine for distributors) and promotional literature for Morinda (which did not have its own magazine at the time of this research) all feature

images of happy families or couples engaged in leisure activities such as golfing, canoeing, fishing, playing tennis or relaxing in some exotic locale, and stories of their success are recounted in the magazines. The October 1999 issue of *Achieve*, for example, showed Triple Diamond couple Greg and Laurie Duncan and their children enjoying a day on the water, with the heading “Laughing, Living, Loving,” and the article inside was entitled “Life on their Own Terms.”

On a typical weekday morning in late July, most moms and dads are out making a living, and kids are enjoying their last month of vacation by playing video games or street hockey, or by cooling off in pools. On a similar July morning, Laurie Duncan is helping 13-year-old daughter Whitney understand a Shakespeare sonnet. Meanwhile, Greg Duncan and son Devin, 15, are discussing Devin’s paintball business. This is not your typical family. “This business allows us to define ourselves by family, not by our income,” says Greg. Laurie chimes in, “There’s nothing we do that doesn’t involve our children.”

Triple Diamonds Greg and Laurie Duncan are experiencing their dream – to live life on their own terms (VanderVelde 1999: 5).

The article describes how Greg and Laurie “made it” in the business: Greg quit medical school six months before graduating from medical school, inspired by a meeting where he was shown the Amway plan. His wife, then a dental hygienist, continued to work while Greg “built the business.” The story continues, saying that despite ridicule from his former medical school colleagues, Greg and Laurie quickly became direct distributors, then Emerald distributors.

One important benefit of this couple's success is that they are able to craft a family life that seems impossible in a society where two working parents is the norm. Once they became Emerald distributors, "...Laurie quit her job to work the business full time, and neither has looked back since" (VanderVelde 1999: 7). After years of hard work, the Duncans are financially independent, living in a beautiful cabin in Montana, where they home-school their children and spend their free time together playing in the outdoors. One point that this story fails to include is just how much time distributors, even high-ranking distributors, spend "working the business full time." The work has just moved from one venue to another.

Aside from the feature story on the Duncans, the rest of the issue (and other issues of this magazine are similar) is devoted to row after row of photographs of distributors – mostly couples – who have achieved the various milestones ("pins") of success in Amway. Under each smiling photograph is the name of the couple, what their current occupations are, who their Amway upline sponsor is, and where they are from. Interestingly, the portraits of successful distributor couples usually include a "glamor shot" of the wife (a posed shot of a woman, typically wearing evening attire with dramatic makeup and heavy jewelry).

Distributors pore through this section to see who has moved up a level, and who the successful upline sponsors are. Photographs are featured only for those who have achieved Direct status (now called "Platinum"); lower-level

achievements are recognized by listing the names of distributors, but they are not photographed and other information about them is not provided. This also provides incentive to have one's photograph featured in the magazine.

Nutrition for Life International's *Lifestyles* magazine is similar in format and message to Amway's *Achieve*, featuring interviews with successful distributors, and smiling photos of members who have reached particular milestones in sales and achievement, their stories, and favorite NFLI products.

The February 1999 issue of *Lifestyles* offered the story of new Platinum Executives Lester and Minnie Cannon, of California. According to the article, Lester Cannon is a 60 year-old ordained minister who had record of failed business ventures until he was introduced to NFLI by a friend. Now, through using and selling the company's products, success is no longer a dream:

Because they practice fellowship at a church where they are constantly shaking hands with people, they like to use Virahol® Antiseptic Hand Gel which triggers a lot of conversation about the opportunity. Their dream of retiring, while maintaining their present level of living, has set off a five year plan with Nutrition for Life into motion, with the hope of someday being financially free. "The only problem is we can't decide between a mobile or regular home," says Lester. "With Nutrition for Life providing us with a residual income, and as long as we have good health, our dream is to travel and share in missionary work," he says. "See you at the top!" (Markel 1999: 9).

The back cover of *Lifestyle* also features photographs of smiling distributors who have sold enough of the product and recruited new distributors to be rewarded with the new car or house that Pastor Cannon mentions, both important bonuses

in NFLI. Again, the message is clear: these people are just like you or your neighbors, and if they can do it, so can you.

The reality of “building the business” is that achieving this level of success takes an incredible amount of work, and this is attested to by the small number of high-level distributors in network marketing organizations, as well as the high number of people who eventually drop out of the business or become inactive distributors. Nevertheless, the stories of those who *have* made it despite the hard work and obstacles in their paths provide compelling examples to lower-level distributors. As one Amway Diamond distributor put it in a meeting in Honolulu: “You have to get free. No job I had was going to steal my freedom from me. Sure, getting here was hard; I had a rough time getting to the point of being a Direct. I worked full time and showed The Plan every night, no matter how tired I was. I spent more money on tapes than I had. But if the dream’s big enough, the facts don’t count.” (Amway Merchandising Clinic, 8 May 1999).

A young Honolulu couple who distributed NFLI products say that their dream is to achieve financial independence, but if not that, at least to be able to retire comfortably. “We want financial independence. At the university [of Hawai’i] people spend years getting an education, and then years paying off their student loans. Medical doctors go to school for many years, and then are in debt for years because of the cost of their education. But I know of an M.D. who retired in just two years after becoming an NFLI distributor,” said the wife.

Her husband continued, "How has America come to this? We were raised to believe that if you get a good education, get a job, work the 9-to-5, pay your bills and save money, you'll be O.K. This is especially hard in Hawai'i, where most people work three jobs. But with this business, even if you should have an accident, you still can get residual income" (interview, 22 May 1999).

Distributors for Morinda, in both interviews and in the few meetings that were held over the course of fieldwork, also emphasized the moneymaking aspects of the business, but less so than the more-established Amway or NFLI. While promotional materials for Morinda emphasize the "Tahitian Dream" and offer vacations to Tahiti for top-selling distributors, the profit aspect seemed much less important than the product. Distributors were confident in the product's uniqueness, quality and efficacy, and were less fixated on recruiting downline than selling a product that they believed in. The ability to be independent was appealing, though. As one distributor explained, "Network marketing is a business where you can have your own business. You can avoid the whole manufacturing hierarchy. It's nice to have supplemental income, but I am "set" – once you have enough money, you don't need more. My aim is to expand my mental and physical capabilities" (interview, 8 May 1999). A 52 year-old distributor, who had been affiliated with several network marketing firms before, but joined Morinda a little over a year before, commented in another interview: "Yes, there's talk about money, but it's more about the product. People are oriented towards what the product can do" (interview, 21 April 1999).

On a scale of concern with profit vs. product, Amway is clearly focused most directly on the financial aspects of network marketing, particularly recruiting new distributors (because so many leave the business, more must be constantly recruited) and selling motivational materials – to help recruit more distributors. Nutrition for Life International falls somewhere in the middle, with a (more or less) clearly-defined product line; however, financial freedom, independence and success are key themes in both meetings and in the literature disseminated by the company. The content of Morinda's meetings and promotional literature, at least at the time of this fieldwork, was heavily weighted towards the company's products and their healing qualities, with the drive for financial freedom and success a secondary, though still important, motive.

The Importance of Family: *Kinder, Kirche, Kuche*

The ability to spend more time with the family was a dominant theme in the Amway organization. Accordingly, this section discusses only the Amway groups I studied; this theme was not as prominent in NFLI or Morinda. Biggert (1989) argues that network marketing organizations (and she studied Amway extensively) use the family and its emotional ties as a means of building and strengthening the companies' organization.

In DSOs [direct sales organizations] where both men and women sell, such as Amway and Shaklee, there is very strong pressure for spouses to build an organization together. Recognition awards and promotions through status levels are often given to couples, not individuals.

Attendance at meetings by only one spouse raises eyebrows in some lines (Biggert 1989: 76).

A decade later, Amway is no different: some of the most successful distributors in the company are husband and wife teams, and this ideal is fostered through the constant display of couples in company literature, and when powerful couples come to speak at motivational meetings. A great deal of time is spent discussing how to “bring a spouse around” when one member of a couple becomes a distributor but the other is resistant; this is widely regarded as a recipe for disaster, if not divorce.

A distributor affiliated with International Leadership Development, an Amway motivational organization, commented that “The art of being professional is the art of having no time. When I ask someone ‘what is wealth to you?’ the first thing that people think of is the thing that they are usually short of. Think of having more time to spend with your children, to tend to their schooling and so on” (Interview: 1 June 1999).

A frequent theme at open (recruitment) meetings in either ILD or WWDB, was the change in the role of family in American life. The decade of the 1950s is looked upon with some nostalgia as a time when core American values were still upheld in the United States. “In the 1950s, Dad put in 40 hours a week to feed the family. Now, Mom works 60 hours a week, Dad works 60 hours a week and the debt load of Americans is 85%,” said a Diamond Direct distributor at a WWDB meeting (20 June 1999). At other meetings, speakers pointed to their own lives now that they had become successful. The surest sign of their

success, which was greeted with sighs of envy from the audience, was that their wives no longer had to work, but stayed home full-time with the children.

Indeed, the business was seen as a major factor in inculcating good values in one's children; not only do the children learn the value of hard work by emulating their parents, but they are less likely to go astray when there is a parent who is home full time. No fewer than three different speakers pointed to the then-recent tragic shooting at Columbine High School in Colorado as a consequence of the loss of traditional family values. "The United States used to be a nation of dreamers – personal freedom to succeed was why people came here. People today don't feel this. Those kids at Littleton did what they did because they did not have a dream – neither did their parents" (open meeting, 23 June 1999). Another distributor interpreted the Columbine shootings in slightly different way: "The only thing that kept America great was a passion for the future. Those kids in Colorado – did they have a dream? No way! They didn't want to do what their parents did" [i.e. work hard for a living] (4 May 1999).

Traditional values such as traditional gender roles and church attendance are also emphasized in Amway. Emerald Distributors Dale and Joanne Eggers headed a huge all-state meeting for the Worldwide Dreambuilders organization in Hawai'i for two days in May of 1999. On Sunday, a special church service was held for distributors in the morning, followed by an afternoon of motivational speeches and activities. Dale and Joanne took turns speaking, with Dale deferring humorously and affectionately to his wife: "Now, here's the person you

all *really* came to see!” as the audience applauded. Joanne gave some tips for involving the whole family in making their business successful, emphasizing the importance of harmony in the home. “Battle the battle, not each other,” she exhorted the audience. When Dave returned to the stage, he went to a flip-chart and reminded the crowd that success is important, but one’s priorities have to be clear. On the flip-chart, he wrote:

God

Spouse

Family

You

Job

Amway

As Eggers put it, God should be the most important thing in your life, and the business the last. Husbands and wives should try to “out-serve” each other, because harmony in the home translates into harmony in the business. The importance of God and church is also emphasized, albeit subtly, by the frequent comments by successful distributors that they tithe a portion of their income to their churches.

At one meeting for distributors only, the wife of a Diamond Direct spent almost an hour speaking to the women in the audience about proper attire for meetings. Distributors were chided for either failing to set a good example by their own attire, or for failing to tell potential recruits how to dress when

sponsoring distributors brought them to meetings. Over-done makeup, garish jewelry, and provocative attire were not professional, and encourage men to look at women as sexual objects rather than as business equals. Likewise, pants were not proper attire for women: suits or tasteful dresses, worn with hose and close-toed shoes, hair pinned up or back, and restrained makeup and jewelry completed the “look” of a female Amway distributor. This advice was clearly taken to heart; at large and small meetings alike, Amway distributors (male or female) were easily identified in their dark suits, dress shoes and briefcases.

The division of male-female roles was also apparent in smaller, in-home meetings; typically, the wives of the distributors hosting the meeting stayed in the background and prepared snacks and drinks for the break, while the husbands set up the ubiquitous flip chart, promotional videos and showed the plan. However, it is important to point out that there are some successful single distributors, both male and female, though the model of couples working together is clearly the ideal.

The Role of Physicians and Science in Network Marketing

The ability of scientists and physicians to appreciate the healing powers of supplements was a consistent theme. Scientists and physicians were used as a means of validating the efficacy of a company’s products, thus giving the products and the company legitimacy, a process that Gordon (1988) has called “biologizing.”

Taking Control of My Health: Role of the Individual and the Doctor

The topic of medical costs as well as the inability of biomedicine to address some health concerns was a common theme. In 1998, prior to the beginning of formal fieldwork for this dissertation, the first large convention announcing the Morinda business opportunity was held in a Waikiki hotel. There I met a Honolulu distributor, who had her own local radio show dedicated to noni⁷. A middle-aged, attractive and energetic woman, she had become a distributor after learning about Morinda at a UFO convention in Tucson, AZ. She used noni to improve her activity level, something that medical doctors had not been able to help her with: "Going to the doctor is expensive," she explained, "and besides, it doesn't work. What we have to understand is that patients can control their own lives. People have to take a personal responsibility for their health and change their lifestyle" (interview, 19 March 1998).

One tape (now a book) popular in the network marketing community, though not affiliated with any of the three companies studied here, is entitled "Dead Doctors Don't Lie," by large animal veterinarian and naturopath Joel Wallach (see also Wallach and Lan 1999). A distributor from another company gave me this tape, but it was mentioned by many others in the network marketing community, and is in wide circulation. After justifying his experience doing autopsies on "454" species of animals and 3000 humans, Wallach opines:

⁷ This radio show aired Saturdays on KWAJ, Honolulu, 1080 AM.

If you don't invest in yourself to the tune of a buck a day [for vitamins and minerals], then you are going to invest in the lifestyle of an M.D. somewhere. Well, I believe, because we've made doctors wealthy between...1776 and the second world war, the U.S. government spent \$80 million on health care and health care research studies and right now we're \$1.2 trillion a year for health care and it's free – we all know it's free, right ...we're supposed to believe it's free, right? ... And tell you what, if we used the human-type medical system for the agricultural industry and livestock, your hamburger would cost \$275 a pound. On the other hand, if you used the agricultural health system on animals for humans, your monthly insurance premium for a family of five would be \$10.00 a month (Wallach n.d.).

Wallach's contention is that "dead doctors don't lie" because they take their own advice, and because of that, they die – so why should patients believe them? His solution is, as the radio show host (above) said, for patients to take control of their own health; and by taking care of oneself with lower-cost supplements, save substantial amounts of money.

In contrast to the emphasis on traditional family values, gender roles and religious belief that was so prominent in Amway and its motivational organizations, an emphasis on control of one's health was not a particularly prominent feature of Amway discourse. For distributors of NFLI and Morinda, however, control of health was a primary issue. The role of physicians and other health care providers also emerged as an important theme related to control of health, efficacy of medicines and, strangely enough, validation of company products.

Nutrition for Life's product line is heavily weighted (as its name suggests) nutritional products, especially soy-based meat analogs and low-carbohydrate

products for diabetics or those who fear getting diabetes. "Cancer and heart attacks are so common today, but they can be easily treated with good nutrition. Now that we have a baby, it's even more important to us. I could have saved my dad's life, if I had known earlier that NFLI has so many products to treat diabetes" (interview, 22 May 1999). This same young couple bought all the lines of NFLI soy-based foods and whey drinks for their young daughter, so that she could grow up to be healthier. "Diabetes runs in our families, and foods today have so many additives that can cause allergies in children, that I want to make sure that my baby eats foods that are good for her. She will learn how to eat healthy foods from a young age, and not eat all that junk that young people eat today," said the mother (interview, 22 May 1999).

Indeed, at the parties hosted by a prominent NFLI distributor on the windward side of O'ahu, the epidemic of diabetes suffered by the Hawaiian population (not only Hawaiians, but Filipinos, Chinese and so on) was an important selling point for lower-fat, soy-based foods. Almost everyone at these parties knew someone in their families who had diabetes or cancer, and the food products and supplements offered by NFLI were touted as a solution.

Science as Validation: Using the Ambiguity of Science to Good Effect (Biologization)

One might expect that sellers of health-related products such as filtration systems, dietary supplements, healing magnets and health foods would be tarred by the same brush that many complementary medicine users have been in the past: that is, they are hostile to the biomedical establishment. In fact,

physicians are prominently represented among network marketers (particularly Amway) that in 1997, the American Medical Association met and issued a report that said "...physicians should not sell non-health-related goods from their offices and other treatment settings" (Gianelli 1997).

Physician-spokesmen tout the healthful properties of products, (particularly noni), lending their prestige to the products. While it may be true that "dead doctors tell no tales" (to paraphrase a popular tape by Dr. Joel Wallach), when it comes to network marketing, live doctors tell a great many tales.

Physicians are prominently represented in Amway publications, not to endorse the healing qualities of Amway products, but as successful distributors. Executive Diamond Dr. David Humphrey, known as "Dr. Dave" in the International Leadership Development Organization, was working as a physician when a ward clerk invited him to go to a meeting sponsored by Jack Daughery. As the ILD website recounts:

At that time, in spite of the heavy demands of a medical practice and hospital commitments, David was considering business opportunity (sic) costing hundreds of thousands of dollars. He could invest thousands or he could take a shot at global and network distribution for a very small investment. He is very thankful he chose this business. Independent business ownership has afforded his family the opportunity to build a lifestyle and a life.

David, April, children John and Erin, and their dogs reside on a three acre, waterfront estate near Seattle, Washington on the edge of Lake Washington. It is perfectly suited for the needs of David, April and the children, with plenty of room to play, roam, and entertain. With freedom from his medical practice due to their independent business, David now

has the flexibility to spend quantity and quality time with his family and friends (ILD Profiles of Success website).

Here, the Amway message is somewhat mixed: a great deal of emphasis is placed on the idea that anyone can be a successful distributor, yet some of their most successful distributors were successful professionals before going into the Amway business. That a successful professional would forego a prestigious career to pursue network marketing gives network marketing a certain prestige; as well, note that in Dr. Humphrey's narrative, his medical career was taking time away from his family and leisure activities. Distributors who read this see that even well-paid physicians (businessmen, etc.) desire to "get free" from long workweeks that leave them virtual strangers to their families.

"Doctors" of many types figure prominently in the Morinda organization, but in a slightly different role. Health care practitioners such as physicians, naturopaths, chiropractors, research scientists and nurses are brought in to extol the virtues of the noni fruit and to demonstrate that its healing powers are supported by scientific evidence. One of the co-founders of Morinda is John Wadsworth, a food scientist, and a driving force behind Morinda is Dr. Ralph Heinicke, a biochemist and electrical engineer who was the first (and only) person to identify the mysterious alkaloid "xeronine," purported to be the active chemical ingredient of noni. In an interview for *Health News*, an advertising flyer devoted to noni, Heinicke says:

I have seen the compound found in noni work wonders. While I was still investigating its possibilities, I had a friend who was a medical research scientist administer the proxeronine to a woman who had been comatose

for three months. Two hours after receiving the compound, she sat up in bed and asked where she was.

Xeronine also acts as a pain reliever. A man with very advanced intestinal cancer was given three months to live. He began taking the proxeronine and lived for a whole year, pain free” (Heinicke 1996: 4).

So, not only Heinicke but a “medical research scientist” supports the use of noni for apparently hopeless medical conditions.

Morinda also sells a variety of tapes narrated by doctors, many of whom also appear on distributor websites such as Healthdiscovered.com, which has an entire section devoted to “Doctors Testimonials.” Here, three family practice physicians, four M.D.s (unspecified), two chiropractors, a pharmacist, a veterinarian, a biochemist, an osteopath, a naturopath and a homeopath all offer brief endorsements for the product. In one Morinda tape, Dr. Mona Harrison offers to tell “What Every Doctor Should Know,” and in another, Dr. Scott Gerson extols the power of noni to heal. Almost all Morinda sites reference the dissertation research Dr. Anne Hirazumi (“Annie” Hirazumi in many sites) on noni’s ability to shrink Lewis Lung carcinoma in mice (Hirazumi 1997).

Far from denying that biomedicine can heal many ills, the subtext of these tapes is that if *only* biomedical doctors knew about noni, that they would use it, and that “noni is not voodoo medicine” (Harrison in “What Every Doctor Should Know”). McClatchey observes,

In modern society, which is dominated by a bioscience paradigm, claims of efficacy need to be linked to specific chemical causes and mechanisms of action. Heinicke provided both of these elements in one fell swoop. Without these supporting ‘scientific’ findings, *M. citrifolia* fruit products

would probably not have developed as rapidly as they have. It is interesting that although the rationale for turning to natural products is to avoid perceived harshness, reductionist and 'unnatural' attributes of synthetic medicinal products, people still have a desire to know why a natural product works and expect that rationale to include a bioscience explanation of activity. (McClatchey 2002: 119).

It is this very lack of consensus and ambiguity surrounding dietary supplements and other popular forms of medicine vis-a-vis scientific measures of efficacy that are used to such good effect in marketing, as Dixon et al. (1999) and Etkin and McMillan (2002) and McClatchey (2002) note. In this light, it matters little that no other scientist aside from Dr. Ralph Heinicke has been able to isolate "xeronine" experimentally. Heinicke's advanced degrees, along with the fact that he was able to publish his initial findings in an academic journal (*Pacific Tropical Botanical Bulletin*; Heinicke 1985), and because no unified studies of noni have been performed using human subjects, leave open the possibility that he may be right. Almost all promotional material for the company shows an impressive schematic showing how proxeronine in the noni fruit is converted into xeronine in the body, though independent corroboration for the existence of either of these compounds has never been found.

Amway plays on just this same ambiguity and the experimental nature of science in its advertising: In an advertisement for Nutrilite Echinacea with *Astragalus* entitled "Real Flower Power," the reader is assured "*Something* in echinacea works. But scientists can't agree which chemical, or what combination of them, works with our body's natural immune system."

Accompanying the text is a colorful photograph of echinacea flowers and a sophisticated-looking chromatograph profile, showing the chemical “fingerprint” of raw echinacea compared to the Nutrilite supplement.

Influence of Personal stories: Compelling and Persuasive Models

The personal, dramatic story lies at the heart of network marketing’s appeal. Whether it is the story of overcoming a health crisis, financial or personal hardship or a dramatic change in career, these stories of upline leaders overcoming difficulty provide inspirational models for distributors who might be struggling with the same problems. The importance of narrative in bringing meaning to an experience of illness and suffering forms a huge corpus of work in medical anthropology (cf., Kleinman 1995; Mattingly and Garro 2000).

The ability to look back on a personal or health crisis and make sense of it is certainly an element of the stories told within the context of network marketing. The compelling story introduces and reinforces the conviction in the minds of both the storyteller and the listener that the company’s products are efficacious. But what of the stories of personal triumph over financial hardship and making a success of oneself in network marketing? In a review of storytelling within the context of business organizations, Boyce (1996) found that corporate storytelling and mythbuilding are key elements in the creation of a corporate identity.

As the story of a company leader's rise to prominence against all odds is told and retold, it attains the status of myth, serving as both a model for individual development, but group identity. In Chapter Five, I review some of the personal narratives and corporate myths told in Amway, NFLI and Morinda.

Because network marketing firms that feature dietary supplements have a dual aim – health and wealth – it is not surprising that testimonials appeal to either or both sides of the organization's objectives. Another aspect of control of one's health lies in control of what lies outside the body, and what is allowed to enter the body: the common themes of purity and pollution.

The World is a Dangerous Place: Germs, Purity and Control

Now folks, I want you to think when you stop listening to this tape, the next door handle you touch, the next menu you pick up in a restaurant, the next ATM machine you use, the next water fountain, the next flush handle, the next doorknob going out of a public restroom – *could potentially be infected*. Don't put your hands in your mouth, and soap and water simply isn't enough. Pick up the phone right now and call to get the Enviro-Defense System for you and your family's health and protection. This is Kevin Trudeau with what I think to be startling information – and powerful information – for the health of you and your family. Call right now (*Pay Phones, Doorknobs & Shopping Carts: Don't Touch One Until You Listen to this Tape!*).

This tape advertises the Virahol® system, a collection of antibacterial gels and soaps that are sold through Nutrition for Life International.

Distributors send the tape to people who have seen flyers or ads with the compelling "Don't Touch One Until You Listen to this Tape!" tagline. The distributor's name, contact number and distributor identification number are

taped onto each cassette so that buyers can contact the distributor for the product. The narrator on the tape is Kevin Trudeau, once a major distributor and shareholder in the company; although he was ousted from the company in 1998, his taped "interview" with the developer of this disinfectant product continued to be distributed.

The content of the tape plays on fears that dangerous germs, including HIV, can be found anywhere and endanger your health or your loved ones' health. In an increasingly impersonal world, who knows what sort of person has touched and polluted public, shared objects such as telephones, shopping carts or common doorknobs? Even worse is the fear that one might ingest these pathogens, by putting an infected hand to one's mouth, or ingesting them in other particularly horrifying ways, suggested by an NFLI distributor website:

Do you really know what germs may be lurking on the surfaces around you? Doctors tell us that microorganisms dwell on every surface that is exposed to human contact - in water, dirt and air. For example did you know:

Some of the worst surfaces for germs are: doorknobs, grocery carts, whirlpools and water fountains. In the average bed mattress, millions of tiny creatures find their home. The bowls of free unwrapped mints sitting near restaurant cash registers are frequently laced with traces of urine.

Protect yourself with Virahol Enviro Defense System, a hospital-tested, USDA and EPA-approved disinfectant that's totally safe to humans, pets and the environment. (Nutrition for Life 2000)

The world *is* a dangerous place, and fear of infectious agents, particularly in the wake of the AIDS epidemic, antibiotic-resistant bacteria, *E.coli*-tainted foods, reemerging infectious diseases as well as the use of disease agents in war, is not unjustified.

Between 1980 and 1992, the US death rate from infectious diseases increased 58% (including only people for whom the primary cause of death was an infectious disease). The increase was not only due to deaths associated with AIDS but to pneumonia and septicemia in other patient populations. Furthermore, the incidence of acute otitis media increased 64% among children between 1982 and 1991, and otitis media diagnosis was the most commonly recorded emergency department diagnosis in 1992. Antibiotics are now the second most commonly prescribed category of drugs (Cassell and Mekelanos 2001: 601).

Public bathrooms, telephones and grocery store shopping carts are one thing, but are you safe in your own home? A glossy Amway brochure, printed on cardstock, shows a beautiful two-story frame house with lush landscaping. Under the photograph is the caption "Your house may be making you sick." The brochure, advertising Amway's expensive air filtration system, ominously proclaims "What you can't see can hurt you."

Whereas NFLI played on fears of germs lurking outside in public places, Amway warns that the "real danger isn't from stepping outside, it's from sleeping, eating and just plain living inside, where most of us spend upwards of 20 hours a day" ("Your House May Be Making You Sick" 1999). The brochure juxtaposes photos of a peaceful bedroom, one without the filtration system, and one with the system sitting next to the bed, featuring the caption "Now you can breathe easy."

Even if you and your family feel well, that's no guarantee that you are safe from these pathogens, as the brochure points out: "In some people, airborne contaminants cause an immediate reaction – runny nose, watery eyes, scratchy throat, chronic cough, headaches. For most of us, though, they simply collect in

our bodies, making us more susceptible to health problems that may not appear for years” (“Your House May Be Making You Sick” 1999).

Keeping the body pure by taking only pure, natural medicines is also a key component of controlling one’s health. The brochure for Amway’s venerable Nutrilite vitamins exhorts users to “HARVEST THE POWER OF NATURE WITH DOUBLE X. IT’S JUST AS NATURE INTENDED,” and warns that “Although we may look healthy on the outside, on the inside it’s another matter. Yet you can undo the damage. Watch your diet, exercise and take DOUBLE X Multivitamin/ Multimineral Supplement”. Yet, how do you know that you are getting a natural supplement?

Here’s proof! How can you tell for certain that there are the natural plant materials in DOUBLE X? Take the ‘sniff test’!

1. Fill a glass half full of lukewarm water and drop in a Hardcap® and a mineral tablet. Notice how quickly they begin to break apart, releasing their ingredients.
2. Once they’ve disintegrated, sniff the water and inhale the scent of newly mowed grasses, acres of bright-green alfalfa, and freshly-tilled earth. One sniff and you’ll have no doubt – DOUBLE X contains beneficial phytonutrients.

Try the ‘sniff test’ (sic) with other multivitamin supplements like Shaklee. What do you smell? Nothing! That’s because we add beneficial phytonutrients to our supplements. The others don’t. That’s the Nutrilite difference (Amway 1998).

Amway’s products are advertised as being natural, organic and highly-concentrated for safety and value. Apocryphal stories abound about Amway distributors “in the old days” (1960s-1970s) would drink Liquid Organic Cleaner (L.O.C.) to show buyers how safe the product was. This appeal to value, as well environmental consciousness and purity is a compelling reason that many

distributors pointed to why these products, though expensive, were actually a better bargain than their retail counterparts.

Summary

The images painted by personal testimonials, in interviews, in advertising, in promotional/educational literature and in recruitment meetings reveal the complexity surrounding definitions of health and wellness today. While the themes of financial independence and freedom cross-cut all three companies' ideologies, each company represented a unique configuration of concerns that make it clear that a great deal of variety exists between these organizations. The organizations either attract, or try to mold, persons who are a good "fit" with the goals and beliefs of that company.

The core message, expounded by each company is reinforced via attendance at meetings, clothing regulations and other behavioral controls, as well as through constant delivery of the message via advertising and other company materials. In some cases, the products that a company sells have become of secondary importance to recruiting new members and selling motivational materials; the products themselves symbolize an allegiance to one's sponsor and as a means of bringing new members into the organization. This is particularly true of the almost half-century-old Amway Corporation, though its original core line of products (cleaners and vitamins) adhere to common themes such as purity and naturalness.

Control over one's life, family and health also emerged as a dominant theme in all the organizations. Meeting with like-minded individuals and buying and using products that can help one achieve these goals reinforces the belief in one's own agency. The cover from a 1999 Nutrition for Life International magazine featured a group of men and women are gazing upwards, eyes alight and faces illuminated as though some celestial light was shining on them from above. To one side, in block letters is written FREEDOM, and teasers for articles inside the magazine proclaim "Get Out of the Rat Race!"

Testimonials for the healing qualities of particular products also play an important part in keeping distributors motivated to use and sell products; while it is good to make money, it is also admirable to help others. Likewise, the personal struggles and triumphs of distributors, particularly successful distributors, to overcome financial, personal and medical difficulties also become part of the message to members of these organizations. In combination, the feeling that one is actually helping others (or oneself) as well as paving the way to financial independence, is a powerful motivator. The fact that distributors who are "winners" once struggled just as you, the new distributor are now struggling, inspires one to press on despite obstacles.

Finally, rather than ridiculing the biomedical establishment, it was surprising to see just how sensitive these organizations were to receiving validation through science. The language and images of science, as well as the approbation of scientists such as physicians (and quasi-professional

practitioners) was much sought after and used to great effect. It is clear just how much biomedical and complementary modalities overlap in the minds of a large segment of the population, and how much scientific measures of efficacy are valued.

As McCracken (1988) and Vuckovic and Nichter (1997) note, goods, whether they are televisions, cars, pharmaceuticals – or dietary supplements – are associated with a lifestyle and imbued with symbolic value that may take on an even greater importance than the good itself. The themes that I extracted from meetings and interviews, as well as from print and audiotaped materials are not mutually exclusive, but are tied together in constellations of meanings that represent the dreams of distributors for good and happy lives. This may in some way explain why people remain with an organization despite the fact that they make little money, or why they buy and curate a company's products but never use them.

Using McCracken's analysis (1988: 21), I suggest that the antimicrobial gels and cleaners, soy foods, dietary supplements and the trappings offered by these companies – cars, houses, and wealth -- appeal to key values such as control, order, health and the desire for material abundance and economic success. These items are bridges between what is real (everyday life) and ideal (what it should be like). In Chapter Six, I explore what it is like to join and work within a network marketing organization, chasing that dream of the ideal life.

CHAPTER 5

PROSPECTING, PARTNERING, PROSPERING: THE EXPERIENCE OF NETWORK MARKETING

Vignette: Three Contrasts

Setting 1: the lush windward side of the island of O'ahu. One of the lines of sponsorship for Nutrition for Life, International is holding its monthly dinner for distributors and prospects. I have invited a friend, who is something of an expert in soyfoods, to accompany me. Away from the light pollution of Honolulu, the stars in the twilight sky are clearly visible as we drive up to park on the spacious side lawn of a sprawling house. The grounds of the house include a large tropical garden and a fenced pool; its vista features a spectacular view of the Ko'olau Range, rising vertically from the valley floor like a green curtain. Hawaiian music, laughter and the smell of foods drift through the night air as we walk to the meeting. Some people are wearing casual shorts and sandals and some are in dressy island wear, long flowered dresses with ruffles at the neckline and hem for the women, tropical print shirts and khaki pants for the men.

One of the hosts greets us with a hug and kiss: "Aloha, aloha! Welcome to auntie's house! Grab a plate and get something to eat, the meeting won't start until everyone's had a chance to taste all these delicious foods." As we move down the buffet line, she urges us to try all the dishes. "That's the soy protein chunks there, we put it in the Chinese chicken salad instead of chicken. It tastes the same, but it's so much better for you. And try that chili, its from one of our quick meals, and it is made with soy, too. Don't forget to try the soy brownies, they are really ono" (tasty).

About a hundred people are socializing and eating on the house grounds, but it is not crowded. After eating our fill, "talking story" (chatting) and touching base with some of the people I had interviewed before, the meeting starts: "Welcome, welcome and aloha, everybody! Wasn't the food great? Wouldn't you like to live a healthier life and make an independent living as well?"

Setting 2: One of the industrial districts located outside Honolulu. In a stark warehouse where the Diamond Direct distributors, a young couple, rent space for their inventory of Amway products, a meeting has been underway for about an hour. A group of about 35-40 people have been sitting in rows of uncomfortable chairs, listening, and a bead of sweat rolls down the back of my neck. I'm wearing my "Amway outfit," or what for me is as close as it gets to "regulation" wear for women at meetings: dresses or skirts, hosiery and closed-

toed shoes. In my case, all I can afford on a graduate school budget is a polyester-blend, dark green pantsuit with hideous gold-braided trim, knee-high hose, and shoes that make my feet hurt after an hour or so. Hosiery, closed-toed shoes and polyester seem to me a special form of torture in Hawaii's warm climate.

"O.K., let's take a little break and get up and stretch our legs. There are refreshments in the back for you all." We get up, unkink our backs and move towards the rear of the room, where our hostess is ladling Activ8™ vitamin-laced fruit punch into small cups. Chocolate coated Positrim™ meal replacement bars are cut up into lilliputian squares and arranged on plates. Hot and sweaty in my polyester suit, I wash down a couple of pieces of the meal replacement bars with several cups of the punch. The taste and smell of the watery punch remind me vaguely of the liquid pediatric vitamins hospitals give children. After gulping down a few cups of punch, I retreat outside to the water fountain to slake my thirst; though they may not intend it, the glances of our hostess and some of the distributors remind me how expensive the punch and meal bars are.

Setting 3: A condominium on the outskirts of Waikiki. I walk into the lobby of the condo and give my name to the security guard. Seeing that my name is on the list of visitors for the meeting that evening, he shows me to one of the recreation rooms just off the swimming pool. Chairs are lined up in neat rows, and a few people are scattered around the room. At the front of the room, a table is set up and on top of the table is a towering pyramid of Tahitian Noni bottles. A poster behind the bottles shows an incredible photograph of a tropical island paradise: blue water, a white sandy beach and swaying palm trees silhouetting a beautiful woman with flowers in her hair. "Live the Tahitian Dream," the poster says.

The meeting does not seem to have a distinct beginning or end; people drift in and out throughout the proceedings. Some of them are neighbors who have apparently been here before. None of this appears to perturb the host and hostess, who have built a thriving business in less than six months.

At the break, we are invited to look at the brochures, books and products displayed in the front. There are no refreshments (probably a good thing, I think to myself, considering how noni tastes) and no real socializing: it's all about the product.

The Experience of Network Marketing

From the perspective of critical medical anthropology, the relationship between a company and its distributors occurs at the intermediate level of analysis of social and economic relationships in cultural systems (cf. Baer et al. 1997:30-32). The emphasis here is on hierarchy: companies create their own hierarchies based on milestones of achievement, such as sales volume. As distributors move up the hierarchy (or down) they assume new social roles within the company, roles that are connoted by new forms of dress, prizes, honorific titles and symbols of rank. Whatever one's social position is in the class system outside, these companies portray themselves as meritocracies: distributors are offered the chance to live the American -- or at least the Tahitian -- Dream.

Regardless of the compensation structure a company has, promising upward mobility through the ranks to all, its *true* structure is a pyramid⁸: a few powerful people at the top profit through the efforts of legions of low-level distributors who support the few at the top of the hierarchy. Not surprisingly, there is a high turnover rate at the initial point of entry into a company.

At the lowest levels, a high turnover rate is not particularly harmful, as new distributors are easily replaced. Once a distributor begins to move up in the hierarchy by building a downline of distributors, then the social and financial

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By this, I do not mean to say infer that the companies I discuss here are pyramid schemes, which are illegal. The structure, however, is pyramidal.

commitment is greater. The elites within organizations, represented by company executives and high-ranking leaders in lines of sponsorship, induce distributors to stay by appealing to deeply-held cultural values, i.e., the themes of freedom, independence, patriotism, success and religiosity. The elites' message is conveyed in company-produced literature, by the rewards given to those who move up in the hierarchy and in the public pronouncements of high-ranking distributors. Accordingly, I provide profiles of some of these high-ranking persons, how they "made it," and how they use their success to recruit new distributors and shape the identity of distributors in their downline.

At the microsocial level of analysis, I try to convey the lived experiences of distributors as they attempt to integrate themselves into network marketing firms, using examples from my fieldwork. This was probably the most interesting aspect of the study because while few lower-level distributors were objectively successful (as indicated by financial success and movement up the hierarchy), most believed that they *would* be, given enough time and effort.

Concepts from consumption theory, particularly McCracken's concept of Diderot Unities (discussed in Chapter One) and displaced meaning (McCracken 1988:109-115), are also relevant here. The company and its products project an image, the promise of a lifestyle, that gives distributors the chance to create a new identity.

Goods serve as bridges when they are not yet owned but merely coveted. Well before purchase an object can serve to connect the would-be owner with displaced meaning. The individual anticipates the possession of the

good and, with this good, the possession of certain ideal circumstances that exist now only in a distant location (McCracken 1988: 110).

As this new identity exists largely within the context of the company, it is a strong inducement to stay in the company. I suggest that the *kinds* of goods that these companies sell also makes it difficult for distributors to leave: if distributors joined a company because they believed that the product can truly help people, then unless their faith in the product is shaken, it must also be difficult to leave the company. In terms of cultural value, there is a world of difference between a telephone card – a product often sold in network marketing – and a medicine that one believes has curative powers.

From the perspective of pharmaceutical anthropology, network marketing organizations offer a rich setting in which to study the movement and meanings of medicines at the levels of marketing, distribution and consumption. As stated earlier, in some instances the very “things” of *materia medica* – the supplements themselves – seem to recede under the shadow of the network marketing system: the products are a means for advancement, prestige and financial success. Yet, while the products *could* be any commodity, they are not: medicines are special commodities that make them eminently marketable in an ever more medicalized world.

Network marketing exists on several levels: on the one hand, members of an organization present the company and themselves in a formal manner, congruent with the ideals of that company. For example, formal representations

occur in the context of public and private meetings, on internet sites and in company magazines. Goffman (1959) likened this behavior to a dramatic play, where actors perform on stage for an audience, creating a character and shaping the audience's impression of the characters. For network marketers, this formal, idealized image of the company and its representatives includes elements such as the story of who founded the company and how it was founded, the ideals espoused by the company, the nature of the company's products, moral character of the company's major distributors and the possibilities for financial and personal success.

Distributors and potential recruits are acculturated into the new culture of the organization, allowing them to create a new social identity – “distributor” – projected by specific styles of clothing (cf. McCracken and Roth 1986), mastery of company jargon, product display and use and so forth. A successful distributor is one who presents himself or herself in a manner that is most congruent with the ideal image of the company. Goffman calls this image the ‘front,’ “...that part of the individual's performance which regularly functions in a general and fixed fashion to define the situation for those who observe the performance” (1959: 22).

The struggle to build and maintain proper image formed a large part of the informal conversations that I had with distributors, particularly distributors within the Amway lines of sponsorship. As an older, established company, Amway has had the time to develop well-defined subgroups and hierarchies within its far-

flung lines of sponsorship. While NFLI or Morinda may not exhibit the same level of hierarchy, or exert the same degree of social control over its members, they nevertheless project a “front” that is reflected in their distributors’ behavior.

Why is it important to learn how to become a good “actor” within these companies? Since compensation is tied to location within the organization’s hierarchy, successful integration within the company helps to forge alliances with people who will assist in moving one up the ladder. However, simply describing the companies as hierarchies or even as businesses in the classic sense of the term does not capture the full experience of network marketing organizations. Biggert’s (1999) sobriquet, “charismatic capitalism” captures the personal aspect of these groups well.

The message of network marketers may not be subtle, but neither is it simple. Distributors are inculcated into a complex society with its own special terminology, hierarchy, sets of rituals, imagery and compelling themes of personal autonomy, spiritual growth and financial well-being. What typically begins as a one-on-one encounter (the “pitch”) becomes, for at least some network marketing companies, an initiation into the subculture of that company.

A “good” distributor’s commitment to company culture is evident from how quickly that person “buys into” (meant in both senses of the word) the company by following prescribed rituals, language, dress codes and standards of performance. In contrast, distributors who are having a difficult time in the

business are asked to examine every aspect of their behavior in order to determine what it is that is standing between them and success.

This chapter reviews the historical background of the organizations in this study, some of the notable individuals associated with the larger organization, as well as within the local groups that I studied, and the structure of these groups. My intention is to provide some idea of what it is like to join and belong to a network marketing organization. I also explore some of the themes that pervade the world of network marketing as a means of trying to understand the attraction of network marketing.

Company Products, Structures and Compensation plans

What is Network Marketing?

Network marketing is a kind of *direct sales*; that is, items are exchanged directly from seller to buyer without the presence of a store. Grimes and Reese define network marketing as a kind of direct selling where:

...a person, firm, corporation or other business entity...sells, distributes, or supplies for consideration goods or services through independent agents, contractors, or distributors at different levels. Participants may recruit other participants, (and) compensation to participants is paid as a result of the sale of such goods or services, or the recruitment, actions or performance of other participants (Grimes and Reese 1996)

This is best shown by a hypothetical scheme (Figure 5.1; below) in which “you” join a multilevel company; in turn, you recruit Albert, Brian and Cathy.

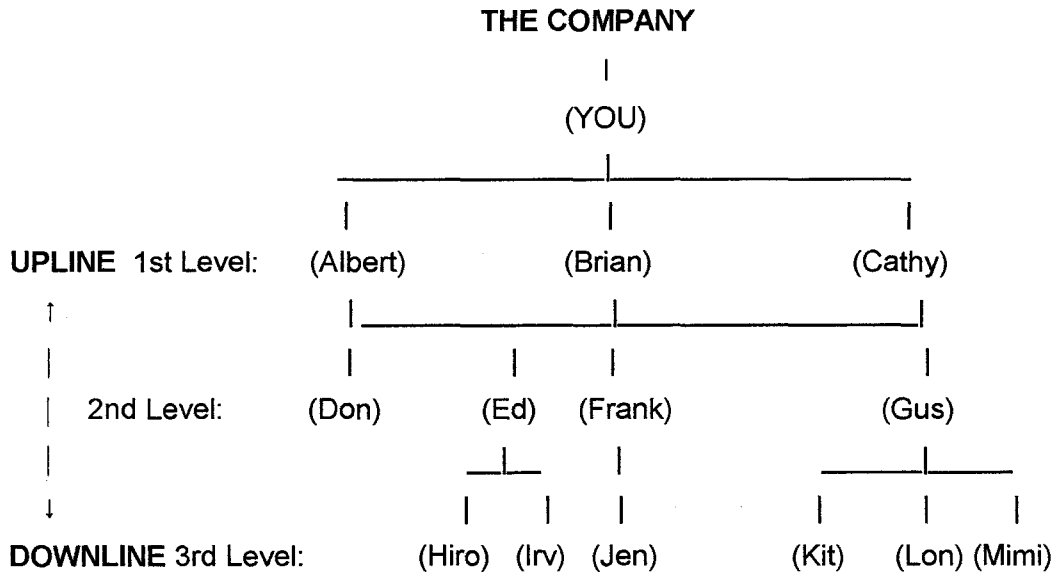
Albert, Brian and Cathy are your “first level,” and you receive a percentage of the profits from whatever you sold them (actual compensation plans vary by company). If Albert, Brian and Cathy become distributors, you may receive a bonus and a percentage of their profits. Albert, in turn, becomes a distributor and recruits Don; Don is on your second level and Albert’s first level. You receive a portion of both Albert and Don’s profits, and Albert receives a percentage of Don’s. In turn, a portion of all levels’ profits (including yours) go to the company itself.

As you can see, it is preferable to join the company early in its formation so that you are part of the uncrowded “upline” rather than the crowded “downline.” At a certain cut-off point, you will stop receiving a percentage of your downline’s profits (usually after the third or fourth levels), although the company receives a percentage of *all* distributors’ profits. Note that in Figure 5.1, Don has failed to recruit anyone into his own downline, whereas all the other persons on the second level. It is in the upline members’ best interest to ensure that the distributors below them remain active, particularly those in the levels directly below them, or they will not get a percentage of that person’s profits.

Because of the negative connotations of “multilevel marketing” (which conjures up images of pyramid schemes, which are clearly illegal), multilevel marketing is euphemistically described as “friendshipping,” or “network marketing” (NWM) (Kalench 1994: 26). I use the term network marketing

because it is less cumbersome than “multilevel marketing” and characterizes the interpersonal nature of these companies better than the term “multilevel”.

Figure 5.1 : Hypothetical Multilevel Marketing “Pyramid” (three levels deep).
Adapted from: MLMStartup.com (1999)



In summary, the “typical” network marketing company works on the following principles:

1. The company recruits “first level” distributors to sell their products and to recruit new distributors.
2. First-level distributors sell products to customers, and receive a dividend on their sales once they reach a particular level (“personal volume”).
3. First-level distributors may also recruit (sponsor) new distributors (prospects). This begins the building of the multilevel system. Sponsors receive a percentage of the sales that the people they sign up make; thus, the original distributor moves to a position “upline” of those persons that he signs up “downline.”
4. The people who are downline of the original distributor may become “upline” distributors once they sign up additional distributors. They receive a

portion of their downline's profits and all the persons upline (all the way to the company itself) receive a portion of the downline's sales.

5. There is a limit, however, in most companies on how "deep" a multilevel organization may be built. The parent company usually stops paying out a percentage of sales as soon as a first-level distributor's downline goes deeper than about 6 levels.
6. Because most of the active buying and selling occurs at the lowest level (newest distributors), it is in the upline's interest to cultivate his downline to sell as much as possible in order to maintain maximum profits.

Legal Aspects of Network Marketing

Network marketing has expanded to the extent that there are lawyers who specialize exclusively in network marketing law (cf., Grimes and Reese 1996). In conjunction with other consumer protection laws, there are Federal and State statutes defining and regulating the activities of network marketing programs, pyramid schemes, buying clubs and other companies with a potential for consumer fraud.

Network marketers of dietary supplements must comply with the regulations of several Federal agencies, in particular, the Food and Drug Administration (FDA) and the Federal Trade Commission (FTC). The FDA and its regulations oversee the *labeling* of dietary supplements, whereas the FTC regulates product *advertising* (Federal Trade Commission, Facts for Businesses 2003). Product labeling includes "...packaging, inserts, and other promotional materials distributed at the point of sale" and advertising includes "...print and broadcast ads, infomercials, catalogs, and similar direct marketing materials," including the internet (Federal Trade Commission, Facts for Businesses 2003).

The Georgia state statute's (Georgia Code 10-1-410) definition of what constitutes a multilevel marketing program is representative of most states' statutes:

"Multilevel distribution company" means any person, firm, corporation, or other business entity which sells, distributes, or supplies for a valuable consideration goods or services through independent agents, contractors, or distributors at different levels wherein such participants may recruit other participants and wherein commissions, cross-commissions, bonuses, refunds, discounts, dividends, or other considerations in the program are or maybe paid as a result of the sale of such goods or services or the recruitment, actions, or performances or additional participants. (Grimes and Reese 1996)

Such programs are legal, while similar schemes ("pyramid schemes") are not. Illegal schemes "reward participants, either directly or indirectly, on the basis of recruitment or enrollment of other participants rather than compensating them for sales of products or services to end consumers" (Grimes and Reese 1996). The state of Hawaii's revised statutes (Div. 2, Title 26, Chapter 480 Part I s 480-3.3; Monopolies: Restraint of Trade - Antitrust Provisions) regarding "endless chain schemes" concur with Grimes and Reese's definition of pyramid or endless chain schemes. Unlike pyramid schemes, which are clearly fraudulent, network marketing programs operate by offering a tangible product or service.

Network marketing companies (and their distributors) that advertise and sell dietary supplements are also subject to Food and Drug Administration regulations regarding health claims for supplements. In 2000, the FDA clarified its original 1994 DSHEA regulations regarding "structure and function" claims in supplement labeling; in short, these regulations prohibit companies from making

unsubstantiated medical claims for dietary supplements. Companies cannot claim that a product treats or cures a specific condition such as cancer, but can legally claim to “support” the function of an organ or system.

Marketing vs. Advertising

Since both marketing and advertising impact the choices that people make in dietary supplement use, it would be well to distinguish these two terms. In common use, marketing and advertising may be used interchangeably, but in the business world they are distinct phenomena. According to Wells et al. (1995:87), marketing refers to “business activities that direct the exchange of goods and services between producers and consumers.” That is, how do goods and services move through the society in order to reach the person(s) who use them?

Advertising, on the other hand, is that subset of marketing involved with persuading persons to purchase and use a product. There are many ways to reach the consumer, and Wells *et al.* (1995:12-13) outline eight distinct ways of persuading people to buy products, using various routes: brand, retail, political, directory, direct-response, business-to-business, institutional and public service advertising.

Network marketing is a combination of retailing and direct selling (direct-response). Network marketing’s brand of retailing is called non-store retailing, where “...the exchange between the manufacturer/retailer and the consumer takes place outside the traditional retail store” (Wells et al. 1995:720). Direct

sales or direct marketing refers to "...the sale of a consumer product or service in a face to face manner away from a fixed retail location" (Wells et al. 1995:13). Distributors sensitive to charges that the industry is rife with "pyramid schemes" prefer to call what they do "direct sales" rather than multilevel or network marketing.

The "Hook:" Unique Products

Some of the products most commonly offered by network marketing companies include long-distance telephone cards and health and beauty products, including dietary supplements. Table 5.1 shows the major product categories and percentage of retail sales each category represents. It compares data from 1996 (the year closest to passage of DSHEA for which data were available) and 2003, showing an increase in two categories: wellness and leisure/ education.

In order to make their business more competitive, network marketers (like any business) must distinguish their products in some way as unique. One of the easiest ways to do that is to include some unusual, exotic ingredient in the product or to claim that the formulation of the product is special.

For instance, when Kelly Olsen, Morinda's vice president of sales and marketing, came to Hawai'i to promote Morinda in its earliest days as a company, he claimed that the microencapsulated formulation of Morinda's vitamin pills was unique, because the pills broke down completely in the stomach and were thus more bioavailable. The proof? Reports that plumbing

systems in major U.S. cities were becoming clogged with undigested vitamin pills that were passing straight through hapless consumers (Meeting, July 1998). He may have emphasized that aspect to a Hawai'i audience, because noni is such a familiar product in Hawai'i; the exotic nature of the noni fruit is a selling point on the mainland U.S.: this is clear from the corporate website's main page, dubbing Tahitian Noni the "exotic health discovery from French Polynesia" (Tahitian Noni 2003).

Table 5.1 : Major Network marketing Product Groups Arranged by Percentage of Sales they Represent (1996 vs. 2003)*

	<u>1996</u>	<u>2003</u>
Home and family care products (cleaning products, cookware, cutlery, etc.)	34%	33.5%
Personal care products (cosmetics, jewelry, skin care, etc.)	29%	28.2%
Services and Other	18%	15.5%
Wellness	13%	15.4%
Leisure and educational	0.6%	7.4%

Source: Direct Selling Association (1999; 2003).

Company Structure: Hierarchies, Roles and Recognition

Once an upline distributor maintains a particular level of personal volume (pv) plus sales from his downline, he may move through different levels within the company, usually designated by the names of precious stones or metals (jade, diamond, pearl etc.). These high achievers receive certain benefits, including bonuses and gifts, from the company and must assiduously work to

keep all the people in their downline active, while maintaining their own volume of personal sales.

Compensation plans vary from company to company, with some companies limiting how "deep" (number of levels) a distributor can build his downline and still receive compensation. And, while it may seem counterintuitive to recruit distributors who will be your competitors, network marketing companies explain that you receive a proportion of the sales of your downline members who are also distributors (to a certain limit). Critics of network marketing point out, however, that simple mathematics shows the error of such schemes: even in the largest of cities (and, realistically, most people work only within their neighborhood and surrounding neighborhoods), the geometric progression of distributors dictates that once 10 people each sign up 10 distributors, who themselves sign up 10 distributors, and so on, a saturation point is quickly reached. Unless you sign on as a distributor in the upper portion of the pyramid (even though network marketing is more accurately depicted as a set of overlapping matrices, the end result is still a pyramid), your chances for making much of a profit are slim. Most persons at lower levels drop out quickly and are quickly replaced (if the company stays in business for a number of years, as Amway and a handful of other large companies have), and money flows primarily to the owners of the company and the persons who signed on as distributors early in the company's development.

Company Profiles

Distributors choose to join a company for a variety of interrelated factors: the personality of their sponsors, personality of the company's owners, the kinds of products the company sells and the compensation plan offered by the company. The hierarchy, compensation plan, and history of these companies is key to understanding how each has developed its own corporate personality. Because network marketing companies are based on person-to-person encounters, it is vital to maintain a "good image." I found that the three companies I studied carefully manipulated their images through public relations efforts, bringing lawsuits against detractors⁹ and judicious editing of web sites: often what is edited out of sites is much more revealing than what is left in the site¹⁰. The importance of charismatic leaders who serve as examples of

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One of the most prominent legal entanglements began in 1995, when rival soap manufacturer Procter & Gamble accused a prominent Amway distributor of spreading false rumors over Amway's AmVox (telephone message relay system) about P&G's connections with Satanism. Suits and countersuits were filed over the ensuing years, until in 2001 the Supreme Court refused to hear Amway's appeal of a lower court ruling (*Amway v. Procter & Gamble*, 01-29) that such rumor-mongering is not covered by the right to free speech.

¹⁰

For example, in 1999 NFLI severed all ties with one of its leading distributors, television infomercial personality Kevin Trudeau after a 1996 lawsuit alleging that he had operated an illegal pyramid scheme came to light, although NFLI was not related to the illegal scheme. For almost six months after Trudeau's departure, the NFLI website continued to mention his name as a selling point for the company, and included verbatim accounts of news reports of the scandal that led to his departure. As the company's profits grew, Trudeau's name was expunged from the website and on-site links to news reports were not accessible without a password.

“winners” in the business is nowhere more evident than in the legends that surround the lives of a company’s wealthiest or most flamboyant distributors; new distributors are typically introduced to “the company” through the example of that company’s prominent distributors. For better or worse, the company becomes conflated in the minds of distributors with the most influential and successful members of the company.

Amway

If you ever had a dream, a goal so lofty it held a special place in your heart, then you know what's at the heart of Amway. Our history shows we're a business of successful entrepreneurs who found a way to reach our goals and help others do the same. (Amway Corporate Web Site, 1999).

Amway is the largest and most established of the three companies and the amount of information on this company is more than can be summarized here. Although I briefly introduce the corporation and its workings, it should be clear that my fieldwork was conducted within entities called “lines of sponsorship,” which operate quasi-independently of the corporation itself.

As Amway grew in size, and as influential direct distributors developed their own lines of distributorship, distinct subcultures evolved within the far-flung Amway network, headed by charismatic direct distributors known as “black hats” (Klebnirov 1991). Although these powerful distributors sold Amway products to their downlines, they also sold tapes, books and other educational/ motivational materials (“tools”) that were not produced by Amway, but by the line of

sponsorship and other sources. It is estimated that sales of these kinds of materials constituted the largest percentage of profits going to direct distributors – none of which had to be shared with the home corporation. This kind of activity was not sanctioned by Amway, though it was allowed to continue until recently, when Amway “gutted” a huge line of sponsorship, Team in Focus. In response to an inquiry regarding the abuse of tools, Amway said: “Because distributors produce and sell their own business support materials, we don’t know how much they make from them” (Amway Corporate Web Site 1999).

Much of the considerable (and well-founded) criticism of the company is actually centered on the activities of some of these lines of sponsorship, though one could argue that a corporate sponsor bears the responsibility for the actions of its members, independent business owners or not. Amway *has* intervened to curb illegal or unethical activities by distributors when they can show that the company’s code of ethical business behavior has been breached.

Company History and Product Line

Amway’s headquarters are in Ada, MI, and Honolulu is one of eight North American Regional Service Centers. The founders of Amway, Richard DeVos and Jay Van Andel, “The Dutch Twins” in company folklore, had been friends and partners in a variety of business ventures since they attended the same private Christian high school in Michigan. DeVos and van Andel got their start in direct sales as distributors for Nutrilite Products, a vitamin company

founded by California chemist Carl Rehnberg in 1949. Rehnberg was a manufacturer's representative in China, in the 1920s; during his stay, he was imprisoned by revolutionary forces in a detention camp in Shanghai. The sparse diet served to the prisoners inspired Rehnberg to develop his line of special dietary supplements:

He was forced to apply his nutritional theories when he and hundreds of other foreigners were confined by revolutionary forces in Shanghai. During his year - long ordeal, he fortified his meager diet with crude soup he concocted with plants and grasses. He even added rusty nails to the soup, in the hope that beneficial minerals would leach into the broth. (Nutrition Gallery 1999).

Another version of this story has Rehnberg adding animal bones that he had scrounged to this soup (Klebniov 1991). Rehnberg returned to the U.S. in 1927 and began experimenting with the components of what would become Nutrilite Products in 1934.

By 1941, C&M, a California company formed by William Casselberry and Lee Mytinger, was selling Nutrilite XX (Double X) vitamins. Casselberry and Mytinger used an innovative marketing scheme that not only "paid a bonus of 3% on sales of people they personally sponsored into the organization" (Biggart 1989: 44), but allowed successful distributors to break away and form their own selling groups once they had sold \$15,000.00 worth of product (Biggart 1989: 44-45). Successful distributors who "broke away," took all those whom they had sponsored as part of their organization (now known as the "downline").

This new business venture, one of the earliest network marketing companies, thrived until the 1950s, when management problems made it difficult for distributors to ensure a steady supply of products. In response to this, two Michigan Nutrilite distributors, Dave VanAndel and Rich DeVos, formed a group called the American Way Association in 1959.

The American Way Association sold not only Nutrilite, but products that VanAndel and DeVos manufactured themselves (Biggart 1989: 45) -- as legend has it -- in their bathtubs at home. Their first product was L.O.C. (Liquid Organic Cleaner; originally called Frisk), followed by SA-8 laundry soap. From these prosaic beginnings, Amway's reputation as a company that sells "soap and hope"¹¹ was founded. Amway now sells 1099 different products, ranging from a complete array of home and personal care products, including dietary supplements. By the late 1990s, Amway claimed to have a total of 3 million independent distributors worldwide, with global sales of \$7 billion in FY 1997¹² (Amway Corporate Website 1999).

The health and beauty products line in Amway now includes not only the original Nutrilite "Double X" vitamins, but a variety of dietary supplements and

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In 1982, Amway was profiled in an episode called "Soap and Hope" on the television news magazine 60 Minutes.

¹²

After fieldwork for this dissertation was completed, corporate restructuring created a new parent company, Alticor, with three divisions: Amway (global direct sales); Quixtar, Inc. (internet arm of the business) and Access Business Group, LLC (a business services company; Alticor Corporate Website 2003).

“health foods,” (such as the meal-replacement bars, vitamin drinks and low-calorie weight loss foods), which constitute approximately one-quarter of the sales volume of Amway. Aside from that, Amway now sells such a variety of products that they can no longer be defined by organic cleaners, supplements or “health foods:” the crux of Amway is that it sells a *philosophy*, a fact that made incorporation of Amway into this study simultaneously frustrating and fascinating.

Company structure: Lines of Sponsorship and Compensation Plan

The compensation plan for Amway is known as a “stairstep breakaway” plan. On the face of it, the compensation plan is deceptively simple, though in practice it is often difficult to follow. Under this schema, one distributor sponsors a new distributor, thus forming the base of an upline (sponsor) and downline (new distributor). All products are assigned two values: Point Volume (PV) and Business Volume (BV), with Amway’s “core” (traditional) products garnering the most favorable PV/BV ratio. Upline distributors earn a percentage on the total business volume of their line of sponsorship, and from this percentage they pay their downline distributors a portion that is based those individual distributor’s sales.

There is no limit on the number of new distributors that one may sponsor, but uplines are encouraged to motivate their downline members to progress upward in the hierarchy of sales, sponsoring more new members and

“deepening” the pyramid structure of the group. Once an upline distributor consistently earns at a particular level, he or she can “break away” to become a direct distributor, i.e., one who is allowed to buy items directly from Amway for resale, rather than depend on a sponsor to order them.

Distributors have the discretion to sell Amway items at wholesale (what they paid for an item) vs. retail value (heavily marked up), but while selling at a lower price may seem an attractive way to encourage customers to buy the product, it results in less profit for the distributor. In order to receive a bonus percentage on sales, a distributor must earn at least 100 PV in a month, and maintain that volume in order to continue earning a percentage.

This ability to move up in a hierarchy and to compete for increasing points and profits is one of the motivating and appealing characteristics of Amway, though it can also be one of the least appealing aspects when distributors are constantly embroiled in a cycle of recruiting new members, getting them to buy products, selling products to retail customers, maintaining and motivating one's various levels of distributors, delivering products to buyers, tracking sales and writing bonus checks to one's downline, and finally, attending meetings to learn how to be a better independent business owner (IBO).

This would not seem too daunting a task unless one considers that most distributors hold at least one full-time job in addition to their Amway distributorship. I interviewed only one couple who derived all of their income from Amway; all the other persons whom I met were either employed full or part-

time, or were unemployed and looking for a job, even as they tried to start an Amway business.

Despite this, the lure of moving up a competitive hierarchy, to reach higher and higher levels of achievement is strong. Amway's own documents for new distributors state that the average active IBO earns \$88.00 a month (and only 41% of all distributors are active distributors). While Amway does not release this kind of information, a former distributor counted the number of new high-ranking distributors in the company between 1992-1998 that were featured in Amway's monthly magazine, the AmaGram. In the U.S. as a whole over that six-year period, 199 persons attained Diamond status (10 in Hawai'i) and 772 (5 in Hawai'i) Emerald status. Fewer than 50 people attained higher statuses such as Crown Ambassador or Double Diamond between 1992-1998. To be fair, this former distributor hosts an anti-Amway website (Amway: the Other Side of the Plan¹³), and admits that these figures are approximate; however, his counts of new high-ranking distributors were derived directly from Amway publications.

Few distributors make it as far as the Direct distributorship, much less the highest achievement, Crown Ambassador, an achievement that requires the person not only to sponsor three lines of sponsorship at the 21% bonus level, but to sponsor at least 20 groups that earn at the 21% bonus level for 12 months within the fiscal year.

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In 1999, Amway went on the offensive against this particular website as well as other similar websites, filing subpoenas for copies of their files as evidence in its ongoing legal battles with Proctor & Gamble.

Compassionate Capitalism: Amway's Promise

Amway's image is summarized in the name of the company and the American Dream success story of its founders, a story that distributors try to emulate. By starting out humbly, setting initially small goals, and selling products as prosaic and wholesome as soap and vitamins, one can achieve success. Anyone can succeed in the business, the story goes, given enough effort and time: it is the *American Way*.

Amway's core product line and the life histories of its founders clearly show a focus on health care products, but the company has evolved beyond that into what some have described as "charismatic capitalism" (Biggert 1989), or as co-founder DeVos calls it, "compassionate capitalism" (DeVos 1993). The products remain important, but the recruitment of new distributors, ongoing motivation and education of distributors in the "Amway philosophy," and the advancement of distributors through the various levels of the Amway business take precedence over identification with a particular product line.

In this light, I approached the analysis of Amway using these two lines of study: one, the advertising and marketing of their health care products and two, the expression of a more global view of "health" as a function of personal and financial freedom that distributors believe they will achieve as a result of joining the company.

Nutrition for Life, International (NFLI)

Company history and product line

Compared to Amway, Nutrition for Life is a relative newcomer to the world of multilevel marketing. According to company literature, the company is approximately 15 years old, founded by partners David Bertrand, Jana Mitcham and Tom "Big Al" Schreiter.

Bertrand and Mitcham were originally affiliated with a direct marketing company called Consumer Express in Lake Charles, Louisiana, specializing in *Aloe vera* products. Bertrand and Mitcham were partners with food technologist Greg Caton, who claims to have been the founder of Consumer Express as well as of NFLI (Caton n.d.¹⁴). In 1984, Consumer Express executives bought out another small network marketing company, Nutrition for Life, and adopted that name for the new company. Nutrition for Life specialized in bulk, soy-based foods that could be stored for long periods of time. Nutrition for Life is unusual in that it is a publicly-traded company ("NFLI" on the NASDAQ); Amway is privately owned (although it is public in Japan).

As Consumer Express, and later as NFLI, the company has been plagued by association with less-than-scrupulous associates. This seems to be one of the pitfalls of network marketing given its entrepreneurial appeal: it attracts speculators who move from company to company. A key associate in Consumer

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Caton's battles over control of Consumer Express led him to leave the business and become an outspoken critic of network marketing (Mills 1996).

Express was the now-notorious Bill Gould, a long-time network marketing “heavy hitter” (Mills 1996), who was permanently barred in 2000 from taking part in any network marketing business following the shutdown of his last venture, Equinox (FTC et al. vs. Equinox International et al. 2000). Kevin Trudeau, who can be seen on his infomercial “news” show, *A Closer Look*, which promotes a variety of health products, was an early very successful NFLI distributor. *A Closer Look’s* set and format is modeled heavily after the set of Larry King’s CNN television show, including staged phone calls from the television viewers. Trudeau was also a 13% shareholder in NFLI, but was investigated by the Illinois state attorney general in 1996, under suspicion of operating an illegal pyramid scheme for a different company (Wall Street Journal 1996). As noted earlier, NFLI and Trudeau severed all connections in 1999, just as I was beginning fieldwork with the NFLI.

Nutrition for Life’s product line is almost as large as Amway’s core product line, offering a huge catalog of 300-400 products overall, encompassing a variety of vitamins and other dietary supplements, cosmetics and toiletries, water and air filters, cleaning products and foods. The food products that they sell are primarily soy-based: packaged meals that look (and supposedly taste) like their unhealthy, meat-laden counterparts and baking products. These products particularly appeal to vegetarian consumers and those with allergies to gluten, or who are following a low-carbohydrate diet. NFLI also features a wide range of foods, drinks and sweetening agents aimed towards diabetics.

Supplements are also a primary part of the product line, including a line of children's vitamins shaped like gummi bears and the Grand Master formula, with "74 trace minerals and vitamins that makes you feel like you're 16 all over again, but with better judgement!" (Big Al Schreiter, meeting 7 July 1999).

The emphasis in this product line is to allow members (and customers) to replace almost every item in their homes with a healthier, purer alternative, even as they make a healthy profit on sales and a percentage from their own purchases. Following the idea of cleanliness and purity, NFLI also offers a range of cleaning products for the home as well as antibacterial cleaning gels for the hands (Viraguard); one of the early advertisements to draw customers and distributors to buy NFLI cleaning products consisted of flyers pasted up on telephone booths around local shopping centers: "Pay Phones, Doorknobs & Shopping Carts: Don't Touch One Until You Listen to This Tape!" A call to the number on the flyer yielded a cassette tape with information on "pay phones, doorknobs" etc. on one side, and a pitch on the other ("They Laughed When I Used This Tape to Make Money, But When They Saw the Results, They *Begged* to Get In!").

Structure of the Company and Compensation Plan

Unlike Amway, NFLI offers a matrix compensation plan; that is, one's immediate downline can never be "wider" than four distributors. If you recruit more distributors, then they "spill over" and are automatically sponsored by one

of your four downline distributors. While this would seem to be ideal compared to Amway's infinitely wide first level, what it means in actuality is that one must choose one's first four downline members wisely; even one non-producing member means a loss of potential bonus income. For the NFLI distributors whom I interviewed, the all-important first tier of members was occupied by close and trusted family members and friends who could be encouraged and nurtured.

Another difference between Amway and NFLI is that distributors could reach a higher level quickly by buying their way in to make "Executive Status." Normally, one reached executive level only after logging sales totalling \$1000.00 or more; however, a person could become an "ERA" (Executive Right Away) with a \$199.00 investment: \$49.00 for a membership kit and \$150.00 in products, which one can use or sell for a profit. Persons who are an ERA are allowed to buy products at a discount directly from the catalog or from an NFLI distribution center, if there is one where the ERA lives. In 1999, NFLI opened a distribution center in Honolulu, one indicator of the company's success in the islands. In addition, for each new ERA he or she personally enrolls, the upline receives a bonus.

Distributors move up a hierarchy based on sales volumes. Organizations (lines of sponsorship) that earn higher sales volumes qualify the higher-ranking individuals in the group for a higher status in the company, thus earning additional cash bonuses or other bonuses, such as a new car or even monthly payments towards a house. These higher levels include:

- Silver Status: first tier of the matrix is filled by four executives, each purchasing at least \$100.00 a month
- Gold: eight personally-sponsored executives
- Platinum: eight personally-sponsored executives, with the group earning at least \$2000.00 a month in sales.
- 1-Star Platinum: achieved when one executive in your line of sponsorship also achieves platinum status;
- 2-Star Platinum: achieved when two executives in your line of sponsorship also achieve platinum status (and so on, to 4-Star Platinum status).
- 5-Star Platinum: achieved when seven executives in your line of sponsorship also achieve platinum status;
- Presidential Platinum: achieved when 15 executives in a line of sponsorship also achieve platinum status.

The matrix structure of a Presidential Platinum Executive must be huge in order to have 15 individuals, each of whom sponsor eight executives, and who generate at least \$2000.00 in sales volume per eight executives and their Platinum Executive. The monthly NFLI Newsletter puts it this way:

Platinum is rare because 10 tons of ore must be mined to produce a single ounce of platinum...Platinum is the most precious of distributors. Platinum is rare because hundreds of people must be shown the plan to produce a single platinum. It takes months, even years, to develop a distributor into a platinum. In addition, platinums are the most durable of all distributors, resisting the tarnishing effects of *dream stealers!* (*Anonymous 2002:7; emphasis added*)

How many Presidential Platinum Executives are there in the organization? Not that many; one of the founding members, Dayle Maloney (author of *I Could Have Quit \$7 Million Ago: Proof – Nice Guys Do Finish First!*) is a Presidential Platinum. It does not take too much imagination to see that in a state as small as Hawai'i, there can be very few Presidential Platinums. Thus, only those people who seized the opportunity and began building networks early have the

true potential to progress that far within Hawai'i. A survey of NFLI promotional materials in 2003 showed only four Presidential Platinums in the entire organization, of which one is founding member Maloney.

One distinct difference between Amway and NFLI is that although NFLI had different lines of sponsorship in Hawai'i at the time of my research, they were not as well-developed or institutionalized as the competing lines of sponsorship in Amway (also see discussion, below, of Worldwide Dreambuilders and International Leadership Development). I suspect that had NFLI survived longer (it declared bankruptcy in the summer of 2003), it might have formed similar structures centered around successful distributors, as two competing lines of sponsorship did exist in Hawai'i at the time of my research. However, in no way did they resemble the well-oiled machines that Amway lines of sponsorship had, with their own sets of literature, media and training systems.

Germ-free, Soy-ful and Snoreless: NFLI Image and Lifestyle

Like Amway, NFLI emphasizes the opportunity for distributors to achieve financial independence and success through owning their own business. Like Amway, consumable products with a high turnover rate and potential for future sales are emphasized, but with NFLI, the combination of antibacterial cleansers, vitamins and food products form a set of product complements (McCracken 1988:119) that suggest a coherent ideology.

Much of the appeal of the NFLI product line addresses a suite of common fears that emerged over the decade of the 1990s, most notably the increased

number of aging Baby Boomers, rising rates of diabetes and obesity and an obsession with germs that led some to call the U.S. a “disinfectant nation” (Kolata 2001). The specter of the Y2K computer bug, which many feared would cause a breakdown in the infrastructure of the U.S. when some computer systems were unable to change to the new millennium, also led some distributors to suggest that NFLI’s soyfoods were an ideal product to stock in the event of disruption in the food or power supply.

Distributors of NFLI products, then, could build a lifestyle that allayed their fears of aging, infection by germs, and unhealthy food even as they achieved success selling products to people who shared those concerns¹⁵. As Tom “Big Al” Schreiter told a roomful of distributors at a Waikiki Hotel, NFLI’s products are “different and unique – people really need them, especially the food!” (Meeting, 10 July 1999). In fact, Big Al exhorted the assembled distributors to “eat your way to success,” even as you get healthier on their low-sugar, high-soy protein foods.

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One unusual product that was heavily promoted by NFLI distributors was a spray called SnoreLess that supposedly alleviated the noise associated with snoring by lubricating the back of the throat. While it is difficult to explain why a snoring remedy is included in NFLI’s product line, many similar products came out around the same time as SnoreLess did, perhaps in response to media attention to the problem of sleep apnea. Of course, SnoreLess did not cure the root cause of sleep apnea, which is most common in obese persons, but it certainly could have made the episodes of alternate snoring and gasping for air quieter.

Tahitian Noni (Morinda)

Morinda is a privately-owned company, originally based in Orem, Utah. In 2003, the company moved its base to the nearby city of Provo, Utah. According to the company website, Kerry Asay, the President of Morinda, got his start in network marketing in the 1970s-80s with the successful Nature's Sunshine Company, another dietary supplements network marketing company. Likewise, his older brother Kim, who serves as Vice President of Operations, was VP of Sales at Nature's Sunshine for over a decade before moving on to his own venture.

Credit for the development of Tahitian Noni goes to two food scientists, John Wadsworth and Stephen Story, who serve as VP of Manufacturing and VP of Research and Development, respectively. A promotional story by Fred Ball of Zion's Bank, in Utah, tells the story of the company's founding thus:

Several years ago in 1994, food scientist and Utah native John Wadsworth was given a gallon of noni juice from a friend. The juice smelled horrible and tasted almost as bad, yet those who tried the juice noticed an improvement in their health. So, John set out to find the fruit, which he mistakenly called nono. After roaming the jungles of Tahiti, John and his guide found only a variety of native mosquitoes called nono. Even after learning of his error, John didn't give up, and on his way out, he found himself gazing across forests rich with *Morinda citrifolia* trees, the bearers of noni fruit (Ball 2003).

The company's VP of Marketing is Kelly Olsen, whom I first met in 1997 when he offered one of the first business opportunity meetings in Hawai'i at a large gathering in a Waikiki hotel.

Morinda began selling its products via network marketing in 1996, and the company now claims a half-million distributors worldwide. March 1999 was a record sales month, with wholesale sales totalling \$22 million. Since expanding into the global market several years ago, the company is now known as Tahitian Noni International (TNI).

Morinda's original, and core, product is Tahitian Noni Juice, a sweetened and flavored version of the traditional fermented noni (*Morinda citrifolia*) fruit juice that became popular in Hawai'i in the late 1980s and early 1990s (Dixon et al. 1998; McClatchey 2002). When Tahitian Noni first began, its only product was the Tahitian Noni juice (made from the fruit); within a year or so, hand and body creams were introduced, using the seeds of the noni fruit. In short order, a variety of diet "smoothie" type drinks were introduced, and Noni Hoa™ vitamin and mineral supplement capsules. Although Morinda has expanded its product line to include vitamin supplements, weight loss products, skin creams and shampoos, its identity remains rooted in products made from noni.

In fact, their product line is ingenious in that almost all parts of the noni tree are incorporated into the products. Rather than extracting the fruit juice and discarding the pulp and seeds, the oil from the seeds is used in emollient products, and the fruit pulp is used to make a fiber supplement (Tahitian Noni® Fiber Complex). Leaves and roots are part of the formula for the Noni Hoa™ vitamin formula.

Unlike Amway and NFLI, Morinda does not necessarily sell a “lifestyle,” but focuses on the qualities of its products. Accordingly, personal testimonials play a large role in convincing customers to buy the product and/or to become a distributor (Etkin and McMillen 2003). Traditionally, testimonials have not been required to adhere to the strictures that restrict product claims on company packaging and other official materials, and thus provide valuable insights into the reasons why people choose to use this product.

Company Structure and Compensation Plan

Tahitian Noni’s compensation plan is a modified version of a unilevel system; again, it is complex, but allows distributors to recruit an immediate “downline,” which in turn recruits their own “downline,” creating what Morinda calls a genealogy (which is interesting, given the company’s location in Utah, home of the Church of Jesus Christ of Latter-Day Saints, well-known for its interest in genealogy).

Distributors earn commissions on the earnings of their downline, up to eight generations, counted by points related to sales volume. Higher sales volumes in a genealogy mean that distributors near the top move up from the lowest (distributor) level to successively higher compensation levels, beginning with Coral (120 pts/mo) to Jade (personally sponsors three Corals, earns at least 4,800 pts/mo through six levels) to Pearl (personally sponsors three Jades, earns at least 24,000 pts/mo through six levels) and Diamond Pearl (personally sponsors three Pearls, earns at least 24,000 pts/mo through six levels). This

sounds relatively simple, but in fact it becomes more complex, as the company also “pushes up” (they call it dynamic compression) profits for genealogical levels that are over eight levels deep, distributing those profits to distributors in the upper levels.

Complex as it is, it is fortunate that distributors do not have to keep track of compensation. The company keeps track of sales and issues compensation and bonus checks to distributors. This stands in contrast to Amway, where Direct Distributors were responsible for doling out proper compensation to their downline, a practice that could lead to difficulties if one’s upline were less than scrupulous. However, the complexity of all these compensation plans might also lead the cynical to conclude that this is designed to be confusing, so as to keep distributors in the dark on the company’s profits, as well as to keep distributors motivated to increase profits and move up in the hierarchy of the organization.

A Simple Formula: Noni juice and the Tahitian Dream

Like other network marketing companies, Tahitian Noni representatives assert that their company offers the opportunity for financial independence. This was not as large a component of their company’s teachings, though the financial opportunity formed the backdrop to public presentations. Promotional tapes for Tahitian Noni emphasize the “health, wealth and happiness” offered by the product, which is touted as nothing short of a miracle cure for chronic and acute illnesses.

What *is* the Tahitian Dream? If one is to believe the posters for it, then the Tahitian Dream is the chance to travel to the islands of the South Pacific, to relax on a sandy beach or to take a sail on pristine blue waters. One of the bonus incentives offered by Morinda is an all-expenses-paid vacation to French Polynesia, which is awarded to top-producing distributors. As the corporate website puts it, the chance to travel to the South Pacific is a “once in a lifetime” event, so the Tahitian Dream must be more than physical travel. In a classic example of displaced meaning, distributors I interviewed say that it is the *chance* that one might get to travel to such an exotic locale: or as the corporate website puts it, the opportunity to “control your destiny” (Tahitian Noni International 2003).

The Experience of Network Marketing from the Trenches: The Downline

The discussion, to this point, has been centered primarily on the hierarchy, products and compensation plans for three network marketing firms and how the company represents itself through corporate literature such as its websites and brochures. This is the public “face” or image of the company; it is interesting in itself, but what of the voices of distributors? The next section turns to the everyday (and not so everyday) people who attempt to live the dreams offered by the companies and how their own images are transformed via the powerful messages projected by the company, in interactions with others in the hierarchy, and via their own use and sales of the company’s products.

New distributors are attracted to and inculcated with the company's philosophy through culturally-important themes such as the "self-made man" (or woman), financial success, freedom or "getting free," cleanliness and purity, and the restoration of the "traditional" values and the family. No single company tried to promote or embody every one of these values, but all three companies appealed to cultural values as a means of attracting and keeping distributors.

Amway

Of all the companies investigated, Amway stands out for the sheer complexity of its structure, training system and hierarchy. As one of the oldest network marketing companies in the U.S., it has had decades to evolve this structure; indeed, much of it has grown beyond the guidelines and control of the Amway Corporation. "Lines of Sponsorship" (Table 5.2), large organizations headed by influential uplines and identified as "families," are the face of Amway.

Over the course of a year, I attended numerous meetings of both lines of sponsorship. Meetings range from small, in-home "plan" meetings of a handful of persons to larger meetings (Nuts and Bolts; Product Merchandising Clinics), to larger "plan" meetings numbering 50-several hundred, to very large gatherings of the lines of sponsorship called "functions." As the Quixtar launch date grew nearer over the summer of 1999, meetings focused more intensively on recruiting distributors for the new venture.

The following sections provide an ethnographic sense of the experience of attending network marketing meetings. As a non-distributor, my access was limited largely to “open” meetings, though key respondents were able to give more of an insider view of what membership in these groups was like. Over the course of the year, the two competing lines of sponsorship aggressively tried to recruit me as a member; however, I refrained from joining either as a member until about a week before I left Hawai’i, so that I could keep in touch with what was happening online for follow-up.

Worldwide Dream Builders (WWDB)

Of the two lines of sponsorship I studied, WWDB is the oldest, founded approximately 27 years ago by Jack Daughery and Ron Puryear, both Diamond Distributors. In 1995, ILD split away from WWDB, with Puryear staying on with WWDB and Daughery forming ILD. Each line of sponsorship jealously guards its training secrets and protects its distributors from being “picked off” by other groups, yet at the highest levels, leaders have intricate histories with one another. For example, Network 21's Jim Dornan and Jack Daughery worked together to teach “ILD-type” techniques to Network 21 distributors, even though they belonged to different lines of sponsorship.

Table 5.2: Amway/ Quixtar Lines of Sponsorship*

<u>Line of Sponsorship/abbrev.</u>	<u>Leader</u>	<u>Primary Location/Base</u>
Britt World Wide (BWW)	Bill Britt	Southeastern U.S. ("Bible Belt")
Worldwide Dream Builders (WWDB)	Ron Puryear	Pacific Northwest/W.coast
Globalnet	Larry McCracken/ Jack Daughery	West Coast
International Leadership Development (ILD)	Jack Daughery	West Coast
International Network Associates (INA)	Jim Floor	West Coast
Markerman Productions (MMP)	Jody Victor	?
Network 21 (N21)	Jim Dornan	West Coast/ international
<u>Groups below under the purview of the Dexter Yager group:</u>		
EDDinfo	Don Storms	East Coast
Biznet	Fred Harteis	MidAtlantic; also international
Pronet	Hal Gooch/Tim Foley	Southeast Coast; Florida; Latin America
United Ventures	Tim Bryan/Serg Vallee	Northeast U.S.; Francophone Canada
WorldWide Diamonds	?	?
Team of Destiny (TOD)	Orrin Woodward	Michigan
Interbiz	?	?
T&E International	?	?
Team InFocus (broke from Quixtar Mar. 2002)	Barry Joye/Gerry Betterman	?

Compiled from Quixtar Amway Business Analysis (n.d.) and interviews with key respondents in Amway.

Fissioning in lines of sponsorship occurs for a variety of reasons; lawsuits reveal differences of opinion between members regarding how the company should be run. The split between WWDB and ILD was not marked by lawsuits, and members were reluctant to discuss the reasons; however, it appears that there was an essential difference in philosophy: WWDB is much more hard-driving and competitive, whereas ILD stresses cooperation, mutual support and Christian faith (WWDB also espouses Christianity, though church membership is not required).

Jim and Asako, Diamond Directs

Asako and Jim were a charismatic couple; at the time of fieldwork, they were Diamond Direct distributors in the WWDB organization. Shortly after I left Hawai'i in August of 1999, they attained an even higher status: Executive Diamond. The story of this couple's success was repeated at almost all meetings held by this group, and those who went to meetings more than once a week listened, in rapt attention, at each telling.

Their story is also featured on the Quixtar website along with the success stories of other Diamonds and other high-ranking "pins," so that struggling distributors could gain inspiration. According to the story, both Asako and Jim worked in the hotel industry in the 1980s, and were having a difficult time making ends meet. As Jim tells it, they lived in an apartment with no refrigerator, just a cooler on the floor for their food; he also drove a beat-up Toyota with no air conditioning. After finding out about the Amway opportunity in late 1987, however, their lives changed dramatically in a few years. Jim doesn't lie: he tells those assembled how hard it was to work full time at the hotel, then to careen down the highway, sponge-bathing as he drove, on his way to show the plan to a potential new distributor.

But those few lean years were worth it, it seems. Photos on the website show a smiling young couple strolling on the beach with their large family. They are the Hawaiian ideal of ethnic harmony and blending: in this case, a Japanese wife, a Caucasian husband and their brood of *hapa* ("half," in Hawaiian) children.

Photos of the inside of their new clifftop home are a far cry from a tiny efficiency apartment with a cooler for a refrigerator: huge picture windows frame a view of the Pacific Ocean in the distance. From the vantage point at the top of a sweeping staircase, a baby grand piano and tasteful furniture are arranged in a great room below. What you will not see in their house is a television set, something that they consider a harmful distraction for their six children, who are home-schooled by Jim's wife, who is now able to stay home full time with them.

In fact, as Diamond Direct distributors, Jim and Asako spent a great deal of time filling orders for their downline distributors and holding meetings for their line of sponsorship and potential recruits. At the time I knew them, Amway was also preparing to launch its new e-commerce venture, and established distributors were frantically signing up new distributors. Remember, the larger the downline, the larger the percentage of profits on sales trickles up to the head of the line of sponsorship. Beneath the image of serenity and leisure they tried to present, both Jim and Asako probably worked as hard as they had as struggling hotel workers; the profits were just greater.

WWDB Plan Meetings

The line of sponsorship within WWDB that I chose to study was headed by the same charismatic Diamond couple whose story is recounted above. The most basic meeting for all lines of sponsorship is called a "plan" meeting or "showing the plan" (STP). The purpose of plan meetings is to introduce the business concept ("plan") to prospective distributors, as well as to motivate and

inform current distributors (to get them “fired up,” a peculiar piece of Amway jargon that indicates enthusiasm).

I attended meetings that were held in Waikiki every Tuesday evening, in the offices of an attorney who was part of Jim and Asako’s downline, and on Saturday and/or Sunday afternoons in suburban area of Honolulu, at a large warehouse owned by another member of the couple’s downline. Part of the warehouse also served as a warehouse for Jim and Asako, who, as Directs, were allowed to store and sell Amway products directly to their downline (hence the term “direct”). The structure of a “typical” plan meeting includes the following:

1. informal chat, then introduction of the speaker, usually a successful distributor (“winner”)
2. Personal story of the winner
3. Motivational Speech and Exhortations on How to be a Success
4. Background information on Amway
5. Break
6. “The Plan” (how to make money)
7. Questions/Discussion

Regardless of venue, plan meetings typically started out with a recitation of Jim and Asako’s remarkable story, as a means of inspiring the audience. References to Amway, and appeals to join, were kept low-key at the beginning of the meeting for fear of frightening away prospective distributors, who were invited to attend by another distributor. In my case, I was invited to attend by one of my key respondents, a relatively new distributor who had been in the business for about a year.

The following narrative collapses a number of meetings in order to characterize a typical plan (STP) meeting. On Sunday afternoons, the regular business' employees are not working and the warehouse where meetings are held is quiet and empty. One of my key informants, Marie, and I carpooled to the warehouse to save on gas money, as the warehouse was far from where we both lived. As we drove through a fairly rugged industrial district, I was afraid that we had gotten lost, but Marie had been there before and wound her way expertly through the narrow, potholed streets and parked in a nearly-deserted.

As we got out of the car, other cars quickly pulled in to the lot and men and women tumbled out of their cars and walked briskly up the metal stairs and down the green industrial carpet to the meeting room. Most were well-dressed men and women in their 20s-50s, carrying briefcases or DayTimer books. They hurried by us, turning sideways to pass us in the hallway or sprinting past us on the stairs, excusing themselves as they tried to be among the first in attendance at the meeting. Fear of being late to a meeting was evident as distributors sprinted past us in the parking garage, running up the stairs and navigating the winding hallways to the conference room. Outside the room, these same people would slow down, straighten ties and jackets, take a deep breath and make their entrance into the room. Though friendly, they had a definite air of purpose and even tension as they found a seat in the front rows of the meeting room.

The meeting room itself was a large space with windows at one end and a dais at the other; on the dais was the ubiquitous flip chart, upon which speakers

furiously write notes and figures; and on the wall behind the dais are inspirational posters. The posters have encouraging images and sayings on them, some from the motivational series produced by a company called "Successories." For example, a poster might have a picture of an eagle flying over the mountains, with the saying "Excellence. Excellence is the result of caring more than others think is wise, risking more than others think is safe, dreaming more than others think is practical, and expecting more than others think is possible".

Both sides of the rooms are lined with rows of large cabinets, where Jim and Asako store their products for sale to distributors. Also in the back of the room is a long table where refreshments are served, and a crowded desk with a computer, videotape recorders and television set. Jim and Asako keep track of their business on the computer, and inspirational videotapes were viewed and copied on the video recorder.

Typical attire for attendees at all meetings included a dark suit, tie and dress shoes for men, and a dress or suit, hosiery and dress shoes for women. Some men dress in reverse-print aloha shirts¹⁶ and khakis, and a row of four to five Black Muslims were often there, neatly dressed in white shirts, pants,

¹⁶

Aloha shirts are brightly-printed, short-sleeved cotton shirts that are commonly associated with tourist and leisure attire in Hawai'i. They are usually worn untucked, with casual shorts or pants. However, a more tailored, tastefully-subdued-print shirt is considered acceptable business wear in Hawaii's warm climate: this is the "reverse print" aloha shirt, which is usually worn tucked in, with belted khaki trousers.

sandals and white lace-trimmed caps. "Prospects" were easily identifiable, for they dressed more informally, often in shorts and athletic shoes; however, distributors are expected to tell their guests to dress properly. Amway distributors who have achieved higher status are awarded lapel pins denoting their rank; wearing pins that show achievement is frowned upon at plan meetings, for fear of intimidating prospective distributors.

Another fear is that prospects will hear the name "Amway" and be frightened away. Because of the negative connotations that Amway holds for much of the general public (a fact recognized by interviewees as well as educational tapes produced by the lines of sponsorship), distributors never mention the name "Amway" at the beginning of a meeting. In the tape "Prospecting" by ILD distributor Don Ashlock, he likened the negative attitude of the American public to that of non-Christians towards missionaries who had aggressively proselytized them during the Crusades.

Once a prospect has decided to attend an Amway "plan" meeting, it may be an hour before the word Amway is even mentioned, and that in passing; with the push for Quixtar, the word "Amway" was touched on only briefly, and Quixtar's status as an independent entity emphasized. In one large Amway/Quixtar meeting, jammed into a small office meeting room in Ala Moana, it took about 1.5 hours for some of the prospects to surmise that they were at an Amway meeting.

Typically, the first hour or so of such a meeting emphasizes fulfilling one's dreams, the tough job market and economy, and so forth; then, after a break, the actual business opportunity is presented. Just before the break, several men in the audience angrily confronted the speaker with their suspicions, creating a stir in the room. The speaker quickly deflected their questions, wrapped up the first part of the meeting, and called a break. By this time, those who were discouraged left, but many in the audience remained, largely because they had already committed over an hour to the meeting, and their friends (who had recruited them to come to the meeting in the first place) urged them to stay and listen.

The ethnic composition of the meetings I attended mirrored the ethnic diversity of Hawai'i: most meetings were approximately one-quarter *haole* (Caucasian) and the rest a mixture of local ethnicities such as local Japanese, Portugese, Hawaiian, mixed ethnicities and a few African-Americans (most likely from the military bases in Hawai'i). It may be worth noting that Jim and Asako's upline (the person who recruited and groomed him for success) is a first-generation immigrant from Okinawa, who moved to Hawai'i and became a successful Amway distributor.

But why all the hurry? Coming in late, once a meeting is started, is frowned upon in this organization, for it is a sign that the distributor is not truly committed and professional -- that he or she is not a "winner." It was not uncommon for the speaker to upbraid distributors who tried to sidle in the door

late. Another advantage of being early to meetings was that you could choose a good seat (close to the front, to show interest), claiming it by placing your briefcase on it, then try to break in to the clumps of admirers listening to pre-meeting chitchat led by the Diamond Distributor. I usually tried to sit as close to the front as possible, and in the middle of a row of seats, to facilitate tape recording and watch the crowd.

Before the meeting, Jim usually stood on the dais, chatting informally with people in the audience, or huddling in a small group, talking to his biggest producers in the network. He was a large, powerful man: tanned, muscular and handsome, Jim looked as if he spent a good deal of time outdoors and at the gym. At the warehouse meetings, he might be dressed in an dressy reverse-print aloha shirt (defined earlier) or in a natty suit and tie; the aloha shirt helped the audience to identify with his story of going from hotel worker and surfing bum to successful businessman. His success was clear by expensive, yet understated jewelry: a heavy gold ring and a large Rolex watch. He was always relaxed and jovial, but not overly familiar.

After relating how he and his wife overcame incredible odds, debt and doubt to enjoying financial independence and a solid family life, Jim went on to discussing the company and how every person can achieve personal financial success.

“Work Smarter, not Harder”

The second portion of the meeting appealed to the audience’s need for both money and leisure time. For Jim, the answer was simple: harness the “power of the internet” and one can be transported back to the halcyon days of America, where Dad worked and Mom stayed home to look after the children. This emphasis on the internet and e-commerce became a dominant theme as the launch date for Amway’s e-commerce division, Quixtar, neared.

Pacing back and forth on the dais, his voice rising and falling dramatically, Jim laid out his argument: Americans’ incomes cannot keep up with the increasing cost of living. In the 1950s, Dad put in 40 hours a week to feed his family and all was well. Now, Mom works 60 hours a week, and Dad works 60 hours a week; even so, 85% of Americans are suffering under a load of debt. So, the key is not to work *harder*, but *smarter*. Working smarter means looking at economic trends and getting in at the right place, especially as it relates to technology. After all, the riches people listed in *Forbes* magazine’s 50 richest are the geeks. Why ? The power of the internet lies in e-commerce.

Contrast e-commerce (and the Amway model) with the traditional line of distribution of manufactured goods in the U.S. The traditional line of distribution includes an 85% markup; the manufacturer pays \$15.00 to make something, but with markup, the consumer ends up paying over \$100.00 for te same product. Costco and other warehouse clubs saved the consumer money, but the

shopping experience was not highly enjoyable. It shows that people are willing to go through a relatively unpleasant experience just to save money.

However, since the 1990s, the line of distribution can go from the manufacturer, to technology (the internet) and directly to the internet shopper, saving a significant amount of money. The internet is very good at getting sales information out to the public, 24 hours a day, 7 days a week. Unlike television advertising, internet advertising is inexpensive and does not appear in 30-second increments. What is the downside of the internet? It is weak at fulfilling orders: people are losing money hand over fist because they cannot fulfill all the orders coming in. The average amazon.com order is \$25.00 but it costs them \$28.00 to fulfill. Nevertheless, the online business is doubling every 90 days.

So, where does Quixtar come in? "Quixtar's advantage over amazon.com and other companies is that it is debt-free, and owned by successful businessmen Dick DeVos and Jay VanAndel, who also own LandQuest Developers, Hatteras Yachts, the Orlando Magic Ball Team and Amway," said Jim. At the mention of Amway, he said dismissively, "But we don't want to talk about soap today!" The older distributors in the room laughed dutifully.

Scribbling quasi-mathematical formulae on the board, Jim explained: "What *should* be the focus is Amway's ability to use its current distribution system to help fulfill all the orders that come in via e-commerce. Amway's distribution system + internet commerce = an unbeatable combo for success. And you gotta position yourself to ride that internet wave to success," noted Jim,

gesturing with his hand to imitate a surfboard gliding over the waves. After all, he says modestly, he is a multimillionaire today because he “rode the wave.”

Jim observed that Amway has moved from a product-driven business in its early years, to a member-driven business in the late 1980s. “You gotta be a dynamic person to lead a successful organization built around selling soap. Between 1959 and 1985, the company went from zero dollars to one billion dollars a year – that’s a lot of soap!”

Members of the audience listened intently to the story, taking notes or even recording the inspirational speech to review later. They may have heard it just the day before in another meeting, but it does not matter. The clincher to the first part of the meeting occurred about an hour into the meeting, when Jim dropped a bombshell about the company’s new venture: the largest first year launch of an internet business was \$200 million, but “experts say” that Quixtar should make \$5 billion in its launch year. The audience gasps as it contemplates the figure of \$5 billion in a single year. “Pretty incredible! Don’t you want to be a part of the wave of the future? Let’s take a break and we’ll talk more.” At that, the meeting breaks up; some prospective distributors, who have figured out that they are at an Amway meeting, take this opportunity to leave. Others stay with the distributors who brought them, curious to see how to join the business.

After a break, the last part of most plan meetings is the Private Franchising Review (PFR), which distributors provide to the prospects whom they invited to the meeting. Reviewing the PFR with new business prospects is

also known as “drawing circles:” here, the speaker, aided by distributors in the audience helping prospects through the booklet, describe how to make money in Amway. (Note: this is not an Amway document, but a booklet prepared by the Worldwide Group AKA Worldwide Dream Builders).

As the audience pores over the PFR, Jim comments that franchises constitute 1/3 of the U.S. economy. Although they were initially accused of being an illegal pyramid scheme, they are very common today. On the PFR, Jim asks the audience to compare regular employment to traditional franchising, as well as private franchising. The PFR goes over the 40/40 plan, that is the average person works 40 hours a week for over 40 years: “trading hours for dollars,” and the average person spends over 20% more than they make. Jim comments that the Worldwide Group has developed “more millionaires than any other business.”

Some of the circles on the PFR are filled with the names of six people whom distributors would feel comfortable asking to join the company. This is a joint adventure, and Jim calls out to people in the audience to come up with names. The excitement became palpable as people fill out a figure where one can “Design Your Own Levels of Success” which begins with a direct distributorship (YOU) and ends with “no limits” to the amount of money you can make. “Just imagine,” exclaimed Jim, “what will happen if you sign up six of your friends, who show it to four of theirs!”

As the excitement runs high, Mike points out that the audience should all “demand a SA4400 form from the person who brought you here!” In 1986, Amway was required by the Federal Trade Commission to provide the SA4400 (Amway Sales and Marketing Plan) to all prospective distributors, so that they were informed of how Amway income is actually earned, and how much an average distributor can expect to make. In this manner, they comply with the law, although few initial prospects believe these disclosures, given the amount of information with which they have been bombarded over the past few hours. As the distributors fill out the SA400, Jim explains how high-earning distributors become eligible to take a “special achiever’s trip,” such as a cruise to the company’s privately-owned Virgin Island Resort, Peter Island. Circles, dollar signs and incredible tales of success swirl around the heads of the audience: it all seems so possible. Could they tap into the American Dream?

“A Nation of Dreamers”

In April of 1999, a huge WWDB meeting was convened in Pearl City, a large town not far from Honolulu, near Pearl Harbor. This meeting was held in the Pearl City Cultural Center, and hundreds of people were in attendance. The basic structure and introductory portions of the meeting were similar, but the level of formality as well as excitement was much higher. People filled up the parking lot, and those who did not arrive early enough had to find parking spots

on the grass by the side of the road, dangerously close to ditches and slippery with the dripping rain that is typical of Hawai'i evenings.

The auditorium is packed with people, the men in black suits and women in black dresses or suits. At the perimeter of the auditorium stood a line of men in button-down suits with Amway name tags; initially, I believe that they are waiting in the back for their "prospects" (guests) to arrive, but no; they were handlers who helped keep the meeting in order. Jim commands the stage, dressed in a three-piece beige suit (this is what he terms his "Warrior Outfit"); he is much more formal than in the smaller meetings at his warehouse, and the crowd is wildly enthusiastic.

Jim skillfully goes over the same material he does in smaller meetings regarding the business opportunity. This evening, however, he adds some polemic to whip the crowd into a frenzy of cheers, applause and popping flashbulbs. He focuses on the loss of the American Dream. "The U.S. used to be a nation of dreamers! Personal freedom was the reason why people came here in the first place. People today don't feel this – think of what those kids at Littleton [Colorado; the Columbine mass-shooters] did. They did this because they don't have a dream and neither did their parents."

Warrior Dreams

One common images that cropped up, particularly in WWDB meetings, was the image of the "warrior." In the competitive, macho atmosphere of

WWDB, a “warrior” was someone who dressed professionally, faithfully attended all the meetings, aggressively showed the plan, and worked hard to move up the organizational hierarchy (This was also known as being “core”).

Warrior Nightmares: Marie

One of my key informants was a relatively new distributor, who had been in WWDB for about a year. She was in her early 30s, and moved to Hawai'i from the northeastern region of the U.S. with her family when she was a youngster. The whole time that I knew her, she was unemployed; her last job was working in a specialty store, but it had closed. She had been recruited into Amway by an acquaintance, and decided that as long as she was unemployed, she would spend her free time “building the business” in Amway.

Often, we would car pool to meetings together. I usually planned to devote the drive time to chatting with her about the business, but that was only effective when I was driving. If she drove, I was too terrified to speak; as she careened down the highway, she talked a mile a minute, ate, or checked her attire and makeup while changing lanes at speeds well over the limit. Her manic energy was charming in some respects, but it did not work in her favor, and she had a difficult time recruiting new distributors for her downline. In terms of local values, she was simply too pushy and too loud.

Because she was unemployed, she tried to economize on her spending, which meant that she was unwilling or unable to drive far in search of

prospective distributors. As a result, she had exhausted the pool of potential recruits in her condominium complex, and they tended to turn quickly and walk in another direction when they saw her coming.

When we went to meetings, I would circulate about the room beforehand, talking with people whom I recognized. Marie, whose sponsors were on their way to being successful distributors (though not yet direct distributors, they were senior to her), would try to catch the attention of her sponsors to talk with them about her activities over the week and to turn in orders from her customers. Unfortunately, she had not been doing well for a long time, and getting her sponsors to even acknowledge her presence was difficult as well as slightly uncomfortable. I found myself buying products that were far too expensive for my graduate school budget to help my key respondent "save face" with her sponsors; this only made me poorer, and helped Marie very little.

Marie had "bought into" the company, literally and figuratively. Before she was unemployed, she purchased a great many expensive items in order to accumulate personal volume points. These included several expensive air filter systems and a water filtration system; her storage drawers were full of cosmetics and healing magnet systems, and the kitchen was filled with foods and beverages purchased for "personal use," which is encouraged as a way of building sales volume. These items represented a substantial investment, particularly after she was unemployed. And, although she had bought the items

at a distributor “discount” price, making a profit by selling them would have meant to increase the price beyond what buyers were willing to pay.

As a result, Marie would often make a meal out of odds and ends of expensive Amway “health foods;” not a bad thing, but certainly not balanced. Why was Marie unsuccessful, despite trying to do all the things a “good” distributor does to be “core,” begging herself by buying huge amounts of goods?

An examination of some of the company values and standards of behavior helps to understand why Marie had difficulty. Even though single people, and even some single women, succeed in the Amway business, it is most advantageous to be a part of a couple. Single persons, particularly single women, are considered a potential threat to distributor marriages; the constant, close contact associated with WWDB’s countless meetings opened the possibility for inappropriate behavior (or at least the appearance of it).

Aside from that, how could a younger, single woman be a “warrior”? The same kind of aggressive behavior that was so attractive and key for Jim’s success was not as attractive in a woman. Marie had neither the support of family or husband, nor a wide circle of acquaintances to draw on for her downline. On one of our drives to a meeting, she wailed, “I don’t know why I can’t get ahead in this business! I try to be core, I’ve bought the products until I can’t buy any more and still nothing works.”

International Leadership Development (ILD)

Because Amway is such a large organization, it cannot be characterized by the behavior of one line of sponsorship; in contrast to the hard-driving techniques of WWDB distributors, the distributors in the ILD line of sponsorship were much less forceful. Meetings were small, held in local homes, and in a friendly, low-pressure setting. Certainly, many of the same recruitment techniques were used, but in a much more personable way.

Tom and Cathy, ILD Distributors

Tom and Cathy were a local couple whom I met through a friend. Tom was a University of Hawai'i alumnus, and was willing to help me with my research. In their early 40s, both of Chinese ancestry, Tom and Cathy had several young children and both had full-time jobs aside from their involvement in Amway.

At Home Instead of the Warehouse: ILD Meetings

In contrast to the WWDB meetings, the ILD meetings I attended were small, low-key and personal. Meetings were held in distributors' immaculately-kept homes; even though most distributors had children and pets, on the night of a meeting, they were seldom in evidence to disturb the meeting. Unlike Jim's wife, Asako, Tom's wife and the other hosts' wives, generally stayed in the

background during meetings. They emerged only during the break, serving snacks and chatting with their guests.

An Ethic of Helping Others

The content of the ILD meetings was almost identical to the WWDB meetings, i.e., the business plan, opportunities for growth, personal freedom and so forth, reflecting the materials disseminated from the parent corporation to the lines of sponsorship. Perhaps because the meetings were smaller and more intimate, the tone was much less strident and competitive. Tom always emphasized that he was in the business of “helping people attain their dreams” and cooperating with others to foster success.

Over the months that I knew him, Tom’s goal was to build his downline to the point that he would be able to “go direct” by the time that Quixtar was launched in September of 1999. As far as I know, this did not happen for him, perhaps because of ILD’s kinder, gentler approach to network marketing. Although he has stayed with Amway over the years since I knew him, he also branched out into other business pursuits; his philosophy is that Amway is not the only vehicle for success. As he explained to me, “Everyone’s looking for control in life. Nobody’s looking for an Amway business – they’re looking for time and money. Ambitious people will use as many avenues as possible to get what they want.”

Nutrition for Life International

Network marketing, island style

A “local” atmosphere was encouraged by NFLI, so different from the sterile warehouse or generic office suite setting characteristic of the local WWDB organization. Instead of distributors milling about in dark suits, carrying briefcases and Franklin Planners (the Amway “uniform”), NFLI distributors typically dressed in comfortable island “aloha wear.”

The product line was introduced via a sumptuous potluck-style buffet of all-soy foods, home cooked by distributors. Only after the food was largely gone and conversation lulled, was any serious mention of the business prospect introduced. Although Amway, and its promise of material success, was clearly successful in Hawai'i, the methods used by NFLI distributors in Hawai'i certainly seemed much more congruent to local island values and customs.

Dayle Maloney, Founding Distributor

In his motivational book, *I Could Have Stopped \$7,000,000.00 Ago*, Dayle Maloney and his co-authors comment on the hurdles that Maloney overcame to become a business success (Prokop 1998). Stricken with polio as a teen and blind in one eye, Maloney seemed an unlikely candidate for success. He got his start in sales in automobile and camper sales, not dietary supplements. Despite his handicaps, Maloney became a top salesman; however, he and his wife eventually fell deeply into debt. After a series of failed ventures, he stumbled

upon the network marketing opportunity offered by the partners who would eventually form NFLI.

Maloney makes no claims for NFLI's products curing his polio, bad eyesight or with helping him lose weight. Instead, his narrative, like Mike Woods' narrative, expresses the value of struggling to attain financial freedom. In itself, this may express a more holistic view of health, one that associates wealth with health.

The Reyes Family

The Reyes family, a young couple with a small child, were Filipino immigrants to Hawai'i. While Mr. Reyes worked full-time as a computer software designer, his wife attended college and worked part time. Mrs. Reyes was introduced to NFLI by a friend on Maui, who had diabetes and said that the company's products brought his blood sugar level to normal in just a few weeks. Impressed by his story, and concerned because her family had a history of diabetes, she joined the company without telling her husband.

Initially, her husband was resistant to the idea of joining a network marketing company, but when he, too, heard the diabetic friend's story he was convinced. Mr. Reyes' father died from complications of diabetes, and he said that he wished he had known about NFLI when his father was still alive. Mr. Reyes was also impressed when he went to a large meeting and met one of the company's most successful distributors, Tom Klesmit, a physician. "I realized

that even with all my specialized education, I was just spinning my wheels. What really hit home with me is when one of my friends died in an accident. He was the sole breadwinner in his family, and when he died, 100% of the family income was gone. That's when I woke up and smelled the coffee: it was time to take care of my future. Besides, how many other businesses can you start for just \$199.00?"

Morinda: Tahitian Noni

Like NFLI, Tahitian Noni's recruitment tactics were much more product-oriented rather than organization-oriented, as Amway's were. As one distributor put it, "Ultimately, the appeal is that it is product driven rather than market driven. Sure, there's talk about money, but it's all about the product. When the marketing plan is the most important aspect of the pitch, and the product is mentioned second, then they are scams" (interview, 21 April 1999).

Undoubtedly, Morinda's way was paved (at least in Hawai'i) by the fact that it is a well-known local medicine that has enjoyed several waves of popularity in the islands. Distributors are convinced through testimonials of miraculous cures that noni can cure almost any ill, as well as by its reputation for preventing illness. A chief selling point for Tahitian Noni is that distributors get a discount on products, and users who have no intention of selling Tahitian Noni for profit can still become distributors and keep themselves supplied at a discount. Like NFLI, Tahitian Noni meetings were generally informal, small and

low-key, with people casually coming and going from the room (behavior that would not be tolerated in the more formal Amway meetings).

Paradise in a Bottle

Thousands of years ago, sea-going people journeyed in great outrigger canoes to settle what is now known as French Polynesia. Space in the canoes was precious; they brought only what they needed to survive. *Morinda Citrifolia* (noni) was prized cargo in these canoes because of its healthful properties. Indeed it was considered queen of the 'canoe plants' used to establish the new villages (Tahitian Noni 2003).

Noni's image as an exotic and ancient plant medicine is a major selling point; at the same time, it becomes a thoroughly modern medicine as it is purified, flavored and packaged in bottles whose shoulders are rounded and nubbly like the noni fruit itself. According to the company website, the fruits are gathered from the pristine, rich volcanic soil of French Polynesia, far from the corrupting influences of civilization. That is its last contact with the "traditional" modes of preparation, which are less than aesthetic and not particularly tasty (Dixon et al. 1999).

The other side of noni, the high-tech side, begins with the identification of its purported active ingredient, xeronine, by Dr. Ralph Heinicke (discussed in Chapter Four). Tahitian Noni boasts that it controls the handling and processing of the noni from the tree to the bottle, and that the manufacturing standards of its processing plant are of the highest quality. They claim that the company's association with "noted scientists" (including Ralph Heinicke and Dr. Anne Hirazumi Kim, formerly of the University of Hawai'i) and oversight by the

International Noni Communication Council™ (INCC) give it an aura scientific objectivity, though the three-person board of directors of that body includes Dr. Heinicke.

The combination of ancient and thoroughly modern symbolic associations, the simplicity (clarity) of the company's message and the power of testimonials by noni users have made this company one of the most successful of the network marketing companies in the United States. The testimonial of Bob Smith, a successful new distributor, is representative of the kind of powerful, transformative story that is told in Tahitian Noni meetings.

Bob Smith

Bob Smith (pseudonym) is a middle-aged Caucasian man who moved to Honolulu from Texas in 1994. At the time of the interview (19 April 1999), he and his wife, Marge, had been distributors for 4 months and had become some of the most successful distributors on the island. He began his narrative by saying that "truth is stranger than fiction." Six months before the interview, he was in Virginia and began to suffer chest pains. When he went to the doctor, he found himself "wired for sound" (hooked up to diagnostic equipment) and shortly underwent quadruple bypass surgery. He recuperated for 6 months on the Mainland, then returned to Honolulu. However, the wound at his surgery site was having difficulty healing and he was in a great deal of pain. "When they

take your heart out and hold it in their hands, cut through muscle and so on, this is hard to heal.”

Bob’s friend, Jeffrey, heard that Bob was in pain and having difficulty healing. He called Bob and said that he should try noni – it was guaranteed to heal him. Unfortunately, the noni tree in Jeffrey’s grandmother’s house was bare of fruit for the first time; Jeffrey, who was a network marketer (but not of Tahitian Noni) called a friend who was a distributor, and Bob started taking the medicine. Within three days, all his pain was gone.

An added health bonus was that Bob’s Type 1, insulin-dependent diabetes also responded to the noni. Bob noted that because he has had this condition for 37 years, he is among the “last 1% of people who are still walking,” and his heart damage, as well as kidney damage, were due to his diabetes.

Bob’s doctors said that there was nothing they could do to help his kidneys; once his creatinine level reached 4%, he would have to go on dialysis. Pulling out a computer printout, Bob tells the assembled group that normal levels of creatinine are .8%; two years ago, his levels were 2.6%, one year ago they were 2.8%, and pre-surgery his levels were 3.0%. One week after he began to take noni, he went to the doctor and his bloodwork showed that his creatinine levels were down to 2.3% ; “I added 10 years on my life after only 5 days!” exclaims Bob. Bob’s testimonial amazes his audiences, and he also displays other stories of miraculous healings from noni. Clearly, the energy that he has

devoted to spreading the news about noni (and selling it) is due to his transformative experience following his heart surgery.

Summary

The experience of being involved in a network marketing organization, though the personality of each company varies, can be quite intense and best likened to joining a fraternity or religious organization. At first, learning how to dress, speak and behave properly are all-consuming; a whole new vocabulary describing compensation plans, product lines and company hierarchy must be learned. Hierarchy is particularly important, as “cross-lining” is not allowed in many organizations¹⁷ (that is, talking to distributors who are not in your upline or downline). Because of this, individuals are very conscious of others’ allegiances, and most conversations begin with “So, who’s your sponsor?”

This intensity of involvement and attention to hierarchy, uniformity in dress and so forth is most characteristic of Amway (or, more correctly, its lines of sponsorship), the oldest and best-organized of the three companies studied. Regardless of company, however, much of a person’s time can be monopolized simply by attending meetings, listening to motivational tapes and voice mail messages (for example, Amway distributors can subscribe to the AmVox voice mail messaging system and retrieve daily motivational messages from their

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The Amway Corporation itself does not recognize this concept of cross-lining; however, it is a common issue in Amway Motivational Organizations (lines of sponsorship, such as WWDB or ILD).

upline sponsors) and reading inspirational books, let alone prospecting for new distributors or selling the products.

During the period of my most intense fieldwork, for example, I attended meetings for Amway/Quixtar almost every night of the week, and sometimes two meetings in one day. At those meetings, the same people might show up on successive days to hear the exact message that they had heard earlier. The result of this compulsive meeting attendance, coupled with study of motivational materials, is to inculcate distributors with the primary message of the company/line of sponsorship: achievement, financial freedom, family values or the value of the product. This is evident in the apparent use of the same anecdotes, word choice and phrasing by those who call the meetings or compose the motivational materials. For their part, distributors replicate the message when speaking to prospective distributors, and the promise – the essential message -- of each company is replicated throughout the organization.

In contrast, NFLI and Tahitian Noni's recruitment tactics were much less meeting-oriented and more product-oriented. In large part, this is because distributors in these companies make most of their money from the sale of actual products, rather than the ancillary tools sold for profit by the Amway motivational organizations such as WWDB and ILD. As NFLI founding partner Dayle Maloney put it, "You don't really have to go to meetings! All they do is help you to speed up your path to success."

Although I was not able to go NFLI or Tahitian Noni distributor meetings, (I asked, but they did not give me permission to do so; in any case, they were not held as frequently as Amway meetings) those recruitment meetings I attended were much less formal and less hard-driving. For example, NFLI recruitment/ motivational meetings were often held at the palatial home of a successful distributor on the windward side of O'ahu (described in the opening vignette to this chapter). The Tahitian Noni meetings I attended were held on a weekly basis in the recreation room of a condominium complex, and were a bare-bones affair centered on the miraculous qualities and income-building potential of noni.

The three contrasting vignettes that opened this chapter encapsulate the range of company "personalities," corporate images that are shaped simultaneously by the projection of desired images by the company itself, and recreated and transformed through the activities of the distributors themselves, who form subcultures based on common interests, cultural backgrounds and concerns.

In Chapter Six, I consider the paradoxes of network marketing in Hawai'i, and try to tie together the disparate threads of commodities, class and meanings in the marketing of dietary supplements.

CHAPTER 6

HEALTH AND WEALTH AS A SIGN OF SUCCESS: MILLENNIAL VISIONS

Discussion and Conclusions

Heterodoxy as Resistance

The past few decades have seen an exponential growth in the interest in and attention paid to non-biomedical therapies, now most commonly glossed with the blanket term “complementary” or “integrative” in recognition of the fact that they seldom compete with or replace biomedicine, but are an adjunct. Indeed, Cassidy (1996: 10) argued that given the emergent heterodoxy in treatment options today, biomedicine itself has become but one of many “alternatives.” Supporting this, Weeks (2001: 5) noted that while only 12% of U.S. medical schools offered coursework in complementary medicine in 1993, that percentage rose to 60% by the late 1990s. In an update of their 1993 study, Eisenberg *et al.* estimate that close to 20,000 physicians now incorporate complementary therapies in their practices (Eisenberg et al. 1998). This transition, though seemingly swift and uncontested, has not been quite as simple as these statistics suggest. As Callahan observes:

How is sense to be made of the fact that a large and prestigious group of clinicians and biomedical researchers seems so utterly hostile to CAM while a large portion of the public (and the educated public at that) seems to attracted to it? Is it simply a case of the informed squaring off against the ignorant? (2002: vii).

While Callahan's characterization may still hold true for a portion of the healthcare community, Wolpe suggests that the situation is not so neat.

Instead of being in direct conflict with one another or undergoing a process of integration, biomedicine is co-opting and "scientizing" the practices of CAM because it makes economic sense to do so. "The emergence of CAM thus is a marketing phenomenon, but in the most noble sense of that word – it is a way to respond to society's demand to reinvigorate the 'art' of medicine, its attention to the subjective, ritualized, and mythological, under the guise of scientific scrutiny" (Wolpe 2002: 165). In his analysis of the history of alternative healing systems within biomedicine, Baer (2001: 3-6) concurs with Wolpe that biomedicine incorporates, modifies or rejects elements of non-biomedical systems in its practice, but does not grant it the power that Wolpe suggests. Rather, Baer sees the survival and evolution of alternative modes of healing, which are frequently associated with "...the lower-middle, working and even lower social classes" (Baer 2001: 5) as a kind of resistance against biomedical domination.

It is clear that in a multicultural, heterogenous, and increasingly consumer-driven society that a variety of health-seeking behaviors will arise, particularly as health care itself has become increasingly commodified. And, as biomedicine finds it difficult to cope well with chronic disorders and the resurgence of infectious diseases, it is forced to compete with the ever-growing variety of therapies that claim to successfully treat just those kinds of disorders.

With so many health options, why network marketing?

Perhaps dietary supplements and other health-related products marketed by network marketers are simply regarded as yet another option in a wide field of options from which health consumers in Hawai'i choose. The products offered by the network marketing firms address health problems that are not necessarily easily addressed by the other options, such as lack of energy, cancer, arthritis or diabetes; this is in keeping with other studies of complementary medicine use. These products are also heavily marketed to the "worried well" (in Vuckovic and Nichter's terms) – those individuals who are not sick, and want to keep it that way by controlling the purity of environment around their bodies as well as within their bodies.

Nichter and Vuckovic's concept of "token commodified care," rings true when one considers the almost compulsive attention to maintaining one's own health, and the health of one's family, by purchasing and consuming large quantities of expensively-priced vitamins, scientifically unproven supplements, expensive water and air purification systems and other goods.

One might also argue that successful distributors' ostentatious displays of wealth, expensive vehicles and lavish vacations spent with smiling family members and friends, and the obsession with being "free" suggests that simply having the time to enjoy life is as much of a concern as physical health for those who "buy into" the concept of network marketing.

A predominantly biomedical paradigm is assumed for the majority of educated, urban Americans; however, this biomedical paradigm coexists with traditional and emergent “folk” understandings of the body, of disease and of healing. In large part, this is a response to the abstractness and impersonal nature of biomedicine. As Emily Martin (1995) points out in *Flexible Bodies*, people perceive themselves as *whole bodies*, not as disembodied organs, spirits and minds. A desire for more involvement and control over one’s body and illness is also a large part of the alternative medicine movement. Disillusionment with the ability of biomedicine to deal with chronic diseases, HIV/AIDS and antibiotic-resistant bacteria also play a large part in the adoption of non-biomedical paradigms.

How does this apply to medicines, where biological and social needs overlap? In fact, very few of the distributors that I met over the course of this fieldwork were ill and in dire need of medicines; aside from that, only noni was reputed to have curative powers against serious illnesses such as cancer and diabetes. The attribution of curative powers to exotic “natural” medicines suggests a kind of magical thinking, even as their exotic characteristics (such as noni’s association with the mythical paradise of Tahiti) make them eminently marketable. “...Cultures project the ideal ‘good’ into mythic or utopian Otherness – to another time and/or another place (Paradise Lost or that to come). At the individual level of modern consumption the goods have a similar position – as

fixed points and material carriers for 'displaced meaning'" (Falk 1994: 141; see also McCracken 1988: 113).

Most of the products were aimed at preventive medicine: "my family has a history of diabetes, so I want to make sure that I don't get this disease, or my children." Thus, they could be freely taken by all who felt that they were in danger of becoming ill. Unlike prescription medicines, which are only available when a physician has diagnosed an illness, and only for a delimited length of time, these products can – *should* – be taken daily to ward off potential illness. As Vuckovic and Nichter wryly note, "'At riskness' has become a state, like illness, to be managed by medicine" (1997: 293).

"Side Effects" of the Commodification of Medicines

Aggressive marketing of prescription pharmaceuticals has resulted in cases where users were harmed by these drugs. For example, the weight-loss drugs Pondimin/Redux and Rezulin resulted in death and heart damage for a number of users, and with the rise of internet prescriptions, consumers are obtaining drugs (such as Viagra) that would have been contraindicated after a physician's examination.

The potential for side effects and the price of pharmaceuticals may make consumers more eager to use "safe, natural" alternatives. Illness and death have resulted from the use of ephedra-based dietary supplements, and products

such as “Herbal Fen-Phen,” “Herbal Viagra” and others designed to sound, if not work, like their prescription analogs.

To my knowledge, none of the products advertised by the three companies that I investigated has caused such dire side effects¹⁸, nor was it the purpose of this study to determine the chemical structure and pharmacological activity of the companies’ products, though it would be a useful study to do so. What I do argue, however, is that by their very ubiquity and apparent harmlessness as “dietary supplements,” that a wider percentage of the United States population is being exposed to novel chemicals and combinations of chemicals that they ingest as pills, capsules or drinks, wear as transdermal patches, or apply topically as creams and lotions. Little information exists on incidence and prevalence of use of dietary supplements obtained from network marketing organizations, but it is clear from this study that a large number of people participate in these groups and use their products.

Considering Social Efficacy

Whyte et al. (2002) assert that definitions of efficacy be expanded beyond the pharmacological effects of medicines to include social efficacy:

¹⁸

A report by Mueller et al. (2000) reports that noni juice, like other high-potassium beverages such as orange juice, should be avoided by persons with impaired kidney function.

The notion of social efficacy provides a way of understanding such habitual practices. They can be seen as the performance of treatment in a conventional and therefore recognizable way. People are acting in ways that make sense to them because they make sense to others. That sense is about exerting control, showing care, doing what is considered best. It is not necessarily about articulated models of illness or testing the effect of a substance on a sick body (Whyte et al. 2002: 35-36).

Recalling the first vignette featured in this dissertation, one can see that even though Colonel Marks may have never taken a single packet of Klamath Blue-Green Algae and experienced its putative effects, the compulsion to buy this product likely represented a degree of social efficacy. She knew, and her husband knew, that chemotherapy or surgery were only forestalling her inevitable death from cancer. In the absence of control over such devastating circumstances, the act of buying the product package was one means of control.

Paradoxes in the Study of Commodification of Health Care

Marxian analyses of the sort that Taussig, Baer and others present emphasize the role of class conflict and resistance against capitalist institutions in social change. In relation to medicine, the use of “alternative” medicine is seen as an act of resistance against the capitalist medical establishment, and the use of “folk” medicine as a simultaneous statement of cultural identity as well as an expression of unequal distribution of resources, so that the poor do not have access to the dominant medical system (capitalist biomedicine). Network marketing of supplements do not seamlessly fit a political economy of health model: network marketers simultaneously resist even as they acquiesce to the

primacy of biomedicine. Network marketed products are luxuries, priced beyond the means of those who are not middle-class or above.

The idea of class differences and class struggle is ostensibly upended in network marketing – in network marketing, anyone can make it, regardless of social standing and education. One need invest only a small amount of money (theoretically): the rest depends on motivation and the time to build a successful downline. Existing class structures are obliterated by the institution of a new system of social stratification based on achievement (e.g., Amway's "pin" system). Herein lies another paradox, however: those distributors with access to wealthier social networks should be the most successful, since they recruit from wealthier ranks. A study of the successful distributors on company websites supports this idea: most were well-educated professionals before they went into network marketing. This is not emphasized, however, and the classic success stories of a poor, ill-educated person who "pulls himself up by his bootstraps" are played up, no doubt because the majority of potential recruits are not among the social elite.

Creating Networks, Community and a Shared Body of Knowledge

The nature and quality of the networks that are built up around particular network marketing companies – their "personalities" – was an especially interesting aspect of this project. One result of network marketing is a gradual 'homogenization' of knowledge and beliefs about the product, "natural products"

in general, and the causes of health and disease. Oubré (1995) found a similar phenomenon occurred among AIDS patients who participated in a experimental trial of TCM (traditional Chinese medicine) at a California clinic; participants went through a kind of “learning curve,” learning a common body of knowledge based on non-biomedical theories about AIDS causation, symptoms, and treatment.

Homogenization of knowledge among distributors of a particular product was useful for the parent company, which, despite the fact that distributors are “independent” of the company, the company is still legally and ethically responsible for the actions of its independent distributors. Accordingly, companies instruct their distributors through the use of “tools” (videotapes, audiotapes, books and flyers) on proper business techniques, motivating and recruiting new distributors, as well as standardized product information. Typically, distributors are automatically sent a selection of “tools” each month, for a fee ranging from \$7.00-26.00, although additional materials could be ordered at any time.

Another powerful mechanism for the standardization and dissemination of knowledge about the company, business and products is the regular meetings that distributors attend. Distributors from all three companies hold meetings on a weekly basis at different venues, where distributors and prospects can come to learn about the company and the “business opportunity.” Other meetings are

open only to distributors, and instruct them on business techniques, introduce them to current and new product lines, new business regulations, and so forth.

Perhaps because of its size, Amway's distributors have perfected this aspect of the business. Once the company expanded far beyond its neighborhood beginnings in Michigan, groups of distributors began banding together in informal groups under particular Diamond Distributors (distributors who had attained a high level of success in the company) for the purposes of education, motivation and support. Membership in such groups is entirely voluntary, but belonging to the group provides a great deal of support, both emotionally – in helping to “build” one’s business; and monetarily – since all members of the group are committed to buying and using Amway products, ensuring profits for all in the group. In addition, membership in one group, “family” (as smaller divisions of the larger motivational group are called) provides an important sense of identity for members. Although all groups are under the aegis (but not officially recognized) of Amway, they have distinct personalities or philosophies of the goals and philosophy of being an Amway distributor, so new distributors may choose to be affiliated with a group/ family that they feel best represents their personal interests and “style.”

In contrast, during the time of this study, NFLI and Morinda had not reached the “critical mass” and maturity to develop comparable structures within their distributor organizations. Still, both companies provided educational/

motivational materials to their distributors and hold regular meetings on both local and regional bases for their distributors.

All three companies rely heavily on motivational literature produced by their own organizations (Amway, for example, has a division devoted solely to the production, recording and reproduction of motivational audiotapes and videos for its distributors), as well as a common body of general motivational literature by well-known authors such as Norman Vincent Peale, Og Mandino, Charles Paul Conn and Billy Graham.

Familiarity with the motivational literature was a key component in understanding and interpreting what distributors said individually and in meetings, because these materials formed the basis for public speeches and private “pitches” to join the company. It was clear that distributors gained much of their information and clarified their motivations for joining one company or another through the study of all these materials, and that becoming a distributor represented an overall change in their outlook on life (from being a “failure” to “being a success;” from being “selfish” towards “people helping people”).

The degree to which this standardization occurs became clear to me once I began to do interviews with people in different groups of the same organization; motivational anecdotes, examples, and even jokes were similar and, in some cases, mirrored videotape and print materials produced by the parent company. This standardization came to be even a little disconcerting, as I attended meeting after meeting where the same stories were repeated, often to the same

audience. Coupled with the fact that distributors are encouraged to study company motivational materials on their own time — materials which repeat essentially the same messages — as well as to “show the plan” themselves at least once a week, the message becomes deeply ingrained.

If one had to speculate on the primary reason that people stay in network marketing organizations for any length of time, despite the fact that average monthly income for most is around one hundred dollars, community would be that reason.

While Turner’s concept of *communitas* (Turner 1967) was originally applied to liminal persons going through rites of passage, and was not meant to be a long-standing condition, it is tempting to suggest that network marketing organizations, their distributors and even their products are profoundly liminal within the dominant economic system, and thus subject to the kinds of forces that foster a strong sense of community.

Network marketing firms are part of the “grey” economy, not part of the illegal “black” market, but always slightly suspect by the legitimate marketplace. So, too, are the members of the organization; company claims to the contrary, they are not genuine independent businesspeople, but something in between. Previous distinctions of rank are expunged in network marketing groups, and higher status is achieved based on accomplishments within that organization. Even dietary supplements themselves are liminal: neither food nor medicine,

they occupy some intermediate status until discredited or elevated to the status of “true medicine” once bioscientific efficacy is proven.

For network marketing distributors, the chance to discard previous social roles and limitations and to become a success without being encumbered by one’s past is a compelling motivator. Everyone wants to be “free,” and the vehicle for that freedom are the products the company sells. In one sense, it matters what the product is and what it does: medicines are powerful substances as well as symbols. Yet, in another sense, it does not matter -- the product is the means of obtaining freedom. The experience of network marketers, considered more in the realm of business rather than the object of anthropological study, highlights the paradox of 21st century culture, where health and medicines can be bought or sold, and access to health care considered a luxury for those who can best afford it. This study suggests that the trend towards commodification over the past decade has led to a broader definition of health, one where *health* and *wealth* are inextricably tied.

CHAPTER 7

SYNOPSIS AND SIGNIFICANCE

Introduction

Over the past few decades, ethnomedical studies have moved from investigations of traditional healing practices and *materia medica* in indigenous contexts to studies of the incorporation of Western pharmaceuticals into non-Western medical systems. As the world has gotten smaller, and once-exotic medicines are widely available in the Western world, a new class of products emerged by legal definition: dietary supplements. This category was created by U.S. Federal legislation in 1994, and since that time, the dietary supplements industry grew at a rapid rate (Blumenthal and Steele 1999: 38) until recent years, when the market has experienced a contraction (Israelsen and Aarts 2003). At the time of this dissertation's fieldwork, the market was going strong, and one manifestation of the industry's penetration into U.S. (and global) culture was the concomitant rise in network marketing firms selling dietary supplements.

Vuckovic and Nichter, in their prescient review of pharmaceutical practice in the United States, observed: "...contradictions related to medicine use abound in a social environment in which the pursuit of health has become a cultural project, and health has taken on a moral dimension associated with identity construction" (1997: 1285). Vuckovic and Nichter analyzed these changing patterns of use within a framework of two broad trends (the American idea of "more is better" and increasing doubts about the safety and efficacy of

conventional medicines), calling for more detailed studies of pharmaceutical use in developed countries, such as the United States. This call was taken up, and since that time, much more has been published on this subject (cf. Whyte et al. 2003).

But the social context of medicines encompasses more than pharmaceuticals: dietary supplements, proprietary medicines and traditional medicines all play a role in the choices that individuals make regarding their health, particularly in a nation where medical pluralism is fast becoming the norm. Network marketing of dietary supplements, one facet of health-seeking behavior in contemporary Western culture, represents the intersection of the increasing commodification of health, an ethic of self-help and identity construction through the purchase and use of medicines.

Although this study was set in Hawai'i, it probably could just as well have been set in any state in the United States. The explosion of interest in network marketing is a national (Coughlin and Grayson 1998; Gianelli 1997) as well as global (Bhattacharya and Mehta 2000; Merrilees and Miller 1999; Wilson 1999) phenomenon. However, the limited statistical information available on network marketing suggested that the state of Hawai'i ranked among the top ten states in percentage of network marketing distributors at the end of the 1990s, when the fieldwork phase of this dissertation was done.

I suggest that a combination of historical and economical factors converged at the end of the 1990s that encouraged Hawai'i residents to join

network marketing firms. Network marketing firms of all stripes are appealing, because they promise the chance to create a whole new identity -- that of the successful entrepreneur -- regardless of educational level or financial status, reinforcing and encouraging the drive for success via rewards and recognition. Companies that sell dietary supplements are doubly appealing because distributors believe deeply in the product, in a way that one cannot believe in other products that these companies also sell, such as telephone cards, cosmetics, cookware or plastic food containers.

Synopsis

Chapter One was entitled "The Social Lives of Dietary Supplements," a conscious reference to van der Geest and Whyte (1989), van der Geest et al. (1996) and Whyte et al. (2003), who focus on the incorporation and transformation of pharmaceuticals in Western and non-Western contexts. In this chapter, I explored how health has come to be increasingly commodified in the United States.

The professionalization of the medicine, which began in the early part of the 20th century was, in Brown's (1979) analysis, sponsored by the precursors of the large pharmaceutical firms of today. This process of commodification of medicine continued through the 20th century to the point that professional physicians have now become employees of large insurance companies (Caplan 1988) and pharmaceuticals and health services, once sacrosanct, are now freely hawked on television, over the radio and in print. Ironically, medicine in the

United States has come full circle to a new era of the traveling medicine show; indeed, physicians, whose “bottom line” has been reduced by restrictions on health care reimbursements, have turned to network marketing of dietary supplements to increase their incomes (Gianelli 1997).

Chapter Two summarized the setting for the dissertation, late 20th century Hawai'i. The economic and cultural factors that may have influenced the popularity of network marketing of dietary supplements that I outlined included the downturn in the economy following the First Gulf War; the loss of Japanese investment monies following Japan's own economic crisis and the high cost of living in a remote island chain where many supplies must be shipped or flown in. Network marketing offered people a chance to earn extra income, even as they stayed with their primary job. I also posed the question: why would network marketing of supplements be so popular in a state with so many health care options? First, the poor economy coincided with increasing health care costs and an aging state population, which may have led some to explore other options; and second, Hawai'i is a place where so many healing modalities are available, that people are more willing to add new medicines to their repertoire.

Chapter Three reviewed the methodology that I used for this study. Over the year that I studied this phenomenon, I attended meetings sponsored by the three companies I investigated, using interviews with distributors and key respondents to learn about the companies, their products and why people joined one company (or line of sponsorship) over another. I also used text and content

analysis to extract culturally-meaningful themes from meeting transcripts and product-related materials. These themes, I argued, are promulgated by the company as a means of shaping and standardizing distributors' beliefs about the company and its products, so that a unified message is presented. Of course, meaningful themes such as freedom, family values, cleanliness and purity, success and patriotism reflect the distributors' existing values, one reason that they are drawn to a particular company and its message.

The themes mentioned above are explored in Chapter Four. In addition, I also explored the way that physicians and science are used to validate the importance of the company's products. Although not strictly a "theme," charismatic leaders and persuasive personal stories played a large role in transmitting values such as freedom and success through dramatic personal experiences.

One of the longest chapters, Chapter Five, explored the experience of network marketing. I noted that if all medicines have social lives, then the supplements sold by network marketers have a social life that would make the busiest socialite's head spin. These products are embedded in a system where distributors must learn a company's hierarchy and peculiar compensation structure, its particular jargon, history and codes of dress and behavior in order to get to the point where they can not only buy, sell and use the products, but recruit others to buy, sell and use them.

The three companies, Amway (and the two lines of Amway sponsorship I studied), Nutrition for Life, International, and Tahitian Noni occupied points on a spectrum from most to least institutionalized. That is, Amway and its lines of sponsorship were incredibly complex, as one might expect from a company now a half-century old. Over time, Amway developed into far-flung lines of sponsorship, each with its own training systems and “families” of leaders, fissioning into new lines of sponsorship as ideological disagreements arose. I found that even though Amway had a core of products, including organic vitamins and cleansers, the products were largely overshadowed by a system that ran, not on the sale of products to non-Amway distributors (customers) but on constant recruitment of new members and the training of existing members. Nevertheless, the lines of sponsorship’s incessant meetings taught and reinforced an ideology that emphasized freedom, patriotism, materialism, and a set of family and gender values that can best be described as stereotypical to the 1950s.

What I found was that the ethos of “freedom” and unlimited potential for social advancement within the organization was belied by the fact that the existing class system was reproduced, for the most part, in the lines of sponsorship. The most successful distributors, with some exceptions, were those individuals who were most successful before they joined the company, i.e., physicians, businesspeople and the well-educated.

In contrast, NFLI and Tahitian Noni were less focused on the structure and hierarchy of the company than they were on the products each company sold. Although both of these companies held fairly regular meetings, they were not as strongly associated with maintaining a Byzantine company structure.

The emphasis on Amway and its distributors, too, might be attributed to the fact that the e-commerce bubble of the late 1990s had not yet burst, and at this same time, Amway's existing distributors were busily engaged in building their downline prior to the launch of the company's new e-commerce division, Quixtar.

Chapter Six ties together the themes from Chapter Five with the theoretical concerns outlined in Chapter One. The ubiquity of dietary supplements in the culture, and their ambiguous status – neither food nor medicine, but something in between – make them seem like relatively harmless items that can be used as freely as any food. Adding to their familiarity, these items are marketed by trusted friends, family or other associates who tell you that they are the highest quality and safest of products.

If these products do not always meet standards of pharmacological efficacy, then at least they meet the standards of social efficacy. They give their users a sense of control over things that are beyond their control: their health, the power of doctors and insurance companies over health care, the economy, their ability to advance in a social system that offers little advancement, and so on. The idea of social efficacy seems to offer a neat explanation, but paradoxes

arise: even as network marketers resist these forces, they acquiesce to them.

Does using dietary supplements make you a rebel against the medical establishment? Do network marketing firms really offer an opportunity for advancement or simply mirror the rat race outside? Are dietary supplements truly pure, natural and “traditional” when they are sweetened, stamped into pills, and divorced from their original formulations and contexts of use?

Health and wealth are central themes in these companies, yet few participants can objectively be said to attain either. Despite these paradoxes, I argue that all the companies I studied keep a core group of devoted distributors because they create communities of shared meanings and relationships, centered around groups of products and ideologies that provide a sense of identity.

Shortcomings and Directions for Future Research

In this project, I focused on a more phenomenological approach rather than more systematic, quantitative data collection. While this was effective for the portion of the research related to extracting thematic elements from different kinds of texts (meeting transcripts, interviews, product advertising, etc.), and analysis of the political and social setting of the research could be derived from archival studies, a more systematic approach to data collection would have yielded data that could have been compared to other studies of supplement use, both nationally and locally.

Future research on this subject is necessary. The lack of state and national statistical data on the number of network marketers makes it difficult to understand the true size of this business, though it is clearly a widespread phenomenon. Network marketing's association with pyramid schemes and other questionable practices as well as its declass  suburban image (think Tupperware parties, Avon or Mary Kay cosmetics) has kept it under the anthropological radar, an oversight that should be corrected. What few anthropological studies exist have been conducted largely outside the United States (Wilson 1999), despite the fact that contemporary anthropology has sought to de-exoticize ethnomedical studies (van der Geest et al. 1996).

While I was able to determine that people sometimes bought dietary supplements but did not use them at all, or used them in dosages contrary to directed use, I did not collect systematic data on administration and use. This kind of basic data is clearly called for if one is to counter (or support) claims of irresponsible supplement use in the biomedical literature (Ernst 2002; Izzo and Ernst 2001), or to investigate potential interactions between dietary supplements and other medicines.

As Whyte et al. (2003) point out, very few studies have been conducted on the production of pharmaceuticals, and this statement also applies to dietary supplements as they go from the field to factory. Few dietary supplements have standardized amounts of active ingredients (if those active ingredients are known) and gathering and processing play a large role in the final quality of

supplements. As well, the economics and politics of where natural products are collected for the global market in supplements should also be a focus of future studies: are indigenous populations adequately compensated for a company's collection activities? What impact do collection activities, or monocropping of source plants, have on local environments?

Significance

In Chapter One, I introduced McCracken's concept of Diderot unities. This concept was inspired by Diderot's humorous essay, describing the total lifestyle change wrought by the simple purchase of a new dressing gown. Once Diderot saw how shabby his other possessions were in comparison to his new robe, he gradually had to change his entire surroundings to make them worthy of the robe. In this same manner, network marketers create a new lifestyle and identity beginning perhaps with a bottle of vitamins, then moving on to foods, magnetic belts and bracelets, water purifiers, air purifiers and so on. Friends and family are drawn in to (or repelled by) this lifestyle transformation, as a person's life becomes increasingly defined by the company and its products.

Aside from their symbolic cultural value, dietary supplements are grounded in a physical reality: they have the potential for either beneficial or harmful physiological effects, on their own or in combination with prescription pharmaceuticals. Dietary supplements, unlike many pharmaceuticals, are not synthesized products: they are derived from natural products, particularly plants;

increased demand for these products places strain on plant populations .

Finally, in the never-ending search to find unique, competitive products to bring to market, companies are broadening their search to parts of the developing world as sources for supplement manufacture. Residents in these areas are drawn into the volatile global natural products market; despite the passage of the U.N. Convention on Biodiversity's guidelines for revenue-sharing in 1992, bioprospecting without adequate compensation continues in many parts of the world (Kilham 2000). For example, press releases from Tahitian Noni International report that TNI employs approximately 1.5% of the workforce in Tahiti; this may not seem like many people, but what will happen to these workers if the company goes out of business or another supplier of raw materials for noni juice is found?

One of the bright sides to the mass-marketing of some botanical products is that large companies such as Amway, NFLI or Tahitian Noni grow their own plants as a source of raw material for manufacture, or they depend on products for which there is a steady supply. By doing so, it is less likely that the species that they use will become over-exploited, as happened with natural products such as ginseng, echinacea and goldenseal in the early days of the supplement boom (Deneen 1999).

The possibility of harmful interactions between dietary supplements and other foods or medicines is a real one; the apparent harmlessness of these products, and the push to buy and use as many products as possible in order to

be a good distributor heightens the potential for polypharmacy. For example, the American Council on Science and Health (ACSH) reports that commonly-used supplements such as ginkgo, garlic or feverfew, all of which can inhibit blood coagulation, are contraindicated in people who are also taking anticoagulant drugs such as warfarin (ACSH 2000). The ACSH also reported that an American Dietetic Association survey found that persons aged 55 and older were also the heaviest dietary supplement users; this is significant since drug metabolism differs in older persons and because older people are also the heaviest users of prescription pharmaceuticals (see also Etkin and Ross in press).

This has admittedly been a preliminary study of network marketing and dietary supplements. My hope that the areas that need further work have been highlighted here, and that others will be inspired to investigate this little-explored phenomenon in the different directions that I have suggested.

APPENDIX I
STRUCTURED INTERVIEW QUESTIONNAIRE

Date: Time:

Location:

Name of Company:

Person Interviewed:

Approx Age:

Gender:

City/Island of Residence:

How long have you lived in Hawaii?

If less than 5 years, where did you live before?

Where were you born?

How long have you been affiliated with this company?

What level are you (jade, etc.)?

How long did it take you to achieve this level?

How did you hear about this company?

If it was through a person, how did you know this person?

What company products do you personally use (or have you used in the past?)

What products do your family personally use?

Can you tell me what you have found these products useful for?

Is anyone else in your family affiliated with this company? Y _ N _

If yes, who?

Have you ever been part of another network marketing company? Y N

If yes, which ones?

Which level did you attain at this company/ies: (past company)

Can you tell me why you left this company?(past company)

How did you learn about this company? (Past company)

What drew you to choose this company (current company)? What appealed to you?

Has anyone else in your family been a part of another network marketing company? Y N

If yes, which person(s)? Which company/ies? How long were they affiliated?

How would you sum up (current co's) philosophy?

What other comments would you like to add?

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