ABSTRACT

Oriflame is an MLM based beauty company. Oriflame products are marketed using a direct sales system developed and operated by Oriflame members and other members of the network. Oriflame became the most discussed cosmetics on social media, reaching 55,259 conversations in the period of September 2020. Electronic word of mouth, which was formed by Oriflame as a product marketing program, was assisted by members. The compensation provided by Oriflame to Oriflame members encourages interest in continuing to make purchases and looking for potential customers to work together to get this compensation. The compensation offered by Oriflame does not necessarily mean that members will always purchase Oriflame products, which is marked by the large number of Oriflame members who have been inactive for a long period of time so that it will affect the compensation they will receive. This study aims to determine the effect of e-WOM on purchase interest through compensation for Oriflame products in the M3Network Medan community. This type of research is a quantitative study with descriptive analysis. The number of respondents in this study were 100 active members in the M3Network community under the Top One Oriflame Medan network obtained from the saturated non-probability sampling method. Data analysis in this study used the Partial Least Square (PLS) method with SMARTPLS 3.0 software. The results of this study are stated from the t-statistic value and R-Square which states that the Electronic Word of Mouth on purchase intention has a significant and positive effect as a direct effect. And Electronic word of mouth on purchase intention through compensation has a significant and positive effect as an indirect effect. Then the mediation effect in this study is Partial Mediation because there is no significant change between direct and indirect effects.

Keywords: EWOM, Compensation, Purchase intention