

# Multi-Level Marketing

## How Does Multi-Level Marketing Work

Multi-level marketing, also known as MLM, is a business marketing strategy that many companies use in order to encourage current agents to perform while at the same time growing the team by recruiting and training new agents. This tactic of marketing helps boost the company's sales force not only from the sales of the primary agent, but also from the sales and profits of the agents they have recruited. For many companies, it can prove to be a valuable tool for not building revenue, but also for building their marketing and networking circles.

## Networking Marketing

Network marketing is a type of business that is known for its part time and flexible business practices. It is typically based on the recruit's effort and how far they can go with the product or service. Recruits are required to supply a low, upfront investment, which usually covers some sort of starter kit as well as product samples. From here, recruits are trained how to sell the product or service on their own, but are then encouraged to recruit other sales representatives and create a "downline". A downline is a process in which the original employee is paid for their sales, and then receives a portion of the sales from the people they recruit as well. As the recruited agents gain business, they can recruit representatives as well as earn revenue on their sales, continuing the downline.

Common network marketing companies:

- Avon
- Mary Kay
- Scentsy
- Tupperwar

## Agents Recruit New Agents

Similar to network marketing, one method of marketing is for currently trained agents to go out and seek new agents to join the team. When current agents recruit new agents to join the team, it is known as creating 'downlines'. As these new agents become part of the team and begin to succeed, not only do their profits benefit the company, but they also go to the agents who recruited them. In downlines, the recruiting agent receives some sort of stipend, usually a percentage, based on the sales of their downline agents. Then, the new agents become part of the sales and marketing team, each agent with his own unique talents and skills. In time, as these new agents become veteran employees, they too can be trained in recruiting new members, and will be able to bring new agents to the team and keep the cycle of recruitment going.