

# Multi-level Marketing Organizations

## Executive Summary

In its simplest form, a multi-level marketing strategy encourages distributors to recruit new distributors by paying the existing distributors a percentage of their recruits' sales. The recruits are known as the distributor's downline, and all distributors also make money from direct sales. This report examines the Multi-level Marketing (MLM) strategy in depth, by first providing a brief historical background on business models and events leading towards its development within the United States, as well as a general overview of the current operating environment within MLMs.

The next section outlines a case study of Amway, an example of a successful MLM which has become one of the largest global retailers. An examination of Amway's organizational structure, more specifically its culture, stakeholders, communication channels, social responsibility and marketing strategy is given. The purpose of this case study is to provide both the negative and positive aspects of MLM structured organizations.

Although there exists a negative media bias towards such organizations due to concerns of legality through illegal schemes and lawsuits, stories of success do exist. Finally, an evaluation section is provided at the end of this report as a guideline for potential members who may be considering becoming distributors for an MLM organization. This guideline encourages potential distributors to carefully examine the product line, corporate management, compensation plan and quality of sales and training assistance of the organization in question, in order to maximize their potential successes.