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ADVANTAGES AND PROSPECTS OF MULTI-LEVEL MARKETING

Multi-Level Marketing (MLM) is a marketing concept that suggests the creation of a network (multi-level), organization aimed at promoting products and services from the producer to the consumer through direct human contacts with people.

MLM history dates back to 1945, when American entrepreneurs Lee S. Mytinger and William S. Casselberry became national distributors of «Nutrilite Products», basing their work on principles of network marketing.

MLM systems are created for distributing products, goods or services. In each network structure a "force" in the form of money comes from below up and in this way the distribution network is created. Unlike the commercial travelling network, it brings profit not only from sales done by a person alone but also from sales by people he/she involves.

Sales are typically made on a buyer's "territory". Having sold a particular product to the buyer, the distributor offers him the certain percentage for finding new customers, who are in their turn offered the same and so on. In this way, a multi-level network of buyers-sellers (partners, consultants, independent agents) is created.

Network Marketing is a real industry as it is a method of sale which is currently and will be widely used in the near future. Many of 500 world's largest companies invest in the system, and 54 million people are already employed in it.

Today, network marketing is represented in over 120 countries and employs more than 6,000 companies in the world. According to forecasts by 2015 the number of MLM-companies in the world will have risen to 30,000.

The positive features of MLM which attract a lot of people around the world are as follows:

- 1) Flexible schedules (for students, housewives);
- 2) Unique business (you are successful only when you help others) ;
- 3) Highly profitable business with minimal investments (for start – ups);
- 4) Minimal risks:
- 5) No intermediaries (there is only a distributor between producers and consumers);
- 6) Freedom (you yourself determine the amount, time and place of your activity, the possibility of combining MLM with other business activities);

- 7) A powerful incentive for self-development (the possibility to master a new profession quickly);
- 8) Comfortable conditions for work;
- 9) The constant growth of new business connections;
- 10) The creative nature of the work.

An MLM manager's main task is to spread information on a company's products and business opportunities. The relevance of network marketing today directly depends on the development of information technologies, which provide ample opportunities for developing such business. As the Internet is the information space with a set of tools for transmitting and processing information flows, MLM and the Internet are literally made for each other. No wonder, a new business model is being created nowadays – synthesis of MLM and online commerce, which is one of the most promising industries of the present and which must be studied and used in practice.