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Telecommunications

MULTI-LEVEL marketing, which imitates the Amway and Tupperware sales model, has made it into the telecommunications business.

US carrier ACN is hitting Australia with plans to sign up thousands of relationship-based sales representatives.

The company resells fixed-line capacity from MCI, Telstra and Optus, and plans to enter the mobile and internet markets at a later stage.

ACN, of Detroit, which started 10 years ago as a sales agent for long-distance carrier LCN International, expanded later to Canada and Europe and now sells gas and electricity in the US and has moved into the US local-call sector.

ACN has been trawling Australia for representatives to market its local and long-distance business, holding a series of seminars in Sydney, Melbourne, Perth and the Gold Coast in an effort to secure a marketing network before launching services in November.

The company's marketing material is heavy on hype, selling potential representatives on ``unlimited residual income potential'' and ``lives transformed''. The website features endorsements from US sales people, including one who writes: ``ACN is the first real team I've played for since my last days of college football -- everyone plays together''.

Successful reps can earn titles such as vice-president, and membership of the Circle of Champions.

Managing director Martin Paech said 6000 aspiring sales representatives had attended the events and a ``significant number'' had signed up to the network.

The company has 50 staff at its North Sydney offices to support the network.

``The business will operate with call-centre staff to support the representatives and customers, and the reps will have access to a global system to help them manage their businesses,'' Mr Paech said.

``We are confident that this is a new distribution model that will sell.''

The company works on a classic multi-level marketing model, paying commission for each customer signed up, as well as on the performance of downline sales representatives recruited.

The company is promoting incentive trips for top sales people.

When a representative signs a customer, the transfer form is faxed to ACN, the signature confirmed, and the provisioning order sent to the relevant carrier.

Mr Paech said relationship was a key to successful direct selling.

The company requires that its reps have links to their customers, and prohibits cold-calling and door-to-door sales.

``The independent sales representative is building their own business and outsourcing the other functions,'' he said.

``We have strict policies requiring warm selling -- they must have a relationship.

``We have strict policies to ensure the representative knows the rules of the road.''

Mr Paech said ACN had ``zero tolerance'' towards slamming, or unauthorised customer transfers.

Telecommunications analyst Paul Budde said relationship marketing had never been tried with telecommunications in Australia.

``There's not a lot of loyalty in the market, and that can be exploited by ACN,'' he said.

``Look at things like Tupperware -- there is room for this sort of sales organisation.''

Mr Budde said ACN's biggest challenge was recruiting a large network within a short space of time.

``If you look at direct-selling operations, if you're a serious organisation you can be very successful,'' he said.

``The problem with telecommunications is not the technology, the problem is with sales and customer service.

``Their success depends on how many good-quality people they can attract.''

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