Network marketing organizations: Compensation plans, retail network growth, and profitability
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Abstract (Document Summary)
Network marketing organizations, or NMOs, are retail selling channels that use independent distributors not only to buy and resell product at retail, but also to recruit new distributors into a growing network over time. Commissions and markups on personal sales volumes, and net commissions on the personal sales volume of downlines are the methods of compensation commonly used to motivate NMO distributors. A decision model of the growth of a retail NMO has been developed, analyzed and calibrated. Descriptive and prescriptive insights show how compensation and other model parameters affect distribution motivation, sales and network growth and profitability.