NOT YOUR MOTHER'S PYRAMID SCHEME

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INTRODUCTION

- Pyramid Schemes, Multi-level Marketing, and Influencer Marketing
- Social Media and Purchasing Decisions
- Researching Purchasing Decisions
- Financial Literacy
- Ideal of Entrepreneurship
HOW DO THEY COMPARE?

PYRAMID SCHEME
• Recruit members
• Not always a product
• Harder to prove compared to a Ponzi Scheme
• Illegal

MULTI-LEVEL MARKETING
• Recruit members
• Distribute product
• Can include direct sales
• Some can be pyramid schemes

INFLUENCER
• Distribute product
• Paid by brands upfront or commission
• Parasocial experience
"...MLM companies sell their products or services through person-to-person sales...If the MLM is not a pyramid scheme, it will pay you based on your sales to retail customers, without having to recruit new distributors. Most people who join legitimate MLMs make little or no money. Some of them lose money. In some cases, people believe they’ve joined a legitimate MLM, but it turns out to be an illegal pyramid scheme that steals everything they invest and leaves them deeply in debt...Pyramid schemes are scams. They can look remarkably like legitimate MLM business opportunities and often sell actual products, maybe even ones you've heard of. .."
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<th>HIGH PROFILE EXAMPLES</th>
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<td><strong>PYRAMID SCHEME</strong></td>
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<td>Burn Lounge</td>
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<td>Games—Airplane Game, Flower Game</td>
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<td><strong>MULTI-LEVEL MARKETING</strong></td>
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INFLUENCER AS A CAREER

- **BLS Demonstrator**: "Demonstrate merchandise and answer questions for the purpose of creating public interest in buying the product. May sell demonstrated merchandise."

- BLS estimates 40,680 workers, $36,990 mean annual salary

- O*Net Online **Demonstrator** also includes titles such as "Brand Ambassador" or "Field Merchandiser"

- $5b industry in the US
US Influencer Marketing Spending Share, by Platform, 2019-2024

% of total influencer marketing spending

Note: payments made to influencers or their representatives to promote products and services primarily on social media and other platforms featuring user-generated content; excludes noncash payments such as free products or trips; excludes paid media

Source: eMarketer, July 2022
TOOLS TO RESEARCH PURCHASING DECISIONS

- Mintel
- EMarketer
- Passport
- Trendwatching.com
- Simmons
- AdAge
IDEAL OF ENTREPRENEURSHIP
WANT TO LEARN MORE?

- The Dream Podcast
- John Oliver MLM
- FTC Pyramid Scheme v MLM
- Anti-MLM social media
THANK YOU!

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