The Social Media Marketing Tactics of Multi-Level Marketing Companies

by

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Multi-level marketing is most commonly defined as a marketing strategy where the company does not use employees or sell in stores but uses independent distributors who buy stock of the product such as leggings, essential oils, makeup or skincare product to customers and make commission based on sales and create their own network of distributors to help sell. The companies rely on this practice of hiring one distributor directly, who then acts as a sponsor of the 5 independent distributors they have recruited, who recruit 30 more independent distributors, and so on, forming an upline and a downline network of distributors. The people at the top of the network not only make commission based on selling products, but receive bonuses for recruiting above their monthly quota and when people in their downline make sales. While the law states that “if an MLM is not a pyramid scheme, it will pay you based on your sales to retail customers, without having to recruit new distributors.” And For an MLM to be compliant (i.e., legal and not a pyramid scheme), it must adhere to the 70% rule that “at least 70% of all goods sold must be purchased by non-distributors.” It’s extremely hard to track unsold product accurately, which means MLM’s can easily get away with having majority recruitment based income with low sale commission, and the company makes money on the distributors buying product. A few years ago people would have said going door to door and hosting product parties for your close friends and family. Today, it is more effective to sell the dream that MLM’s push, that you are a part of
not just a brand but a community, that you are business entrepreneur who is able to provide for yourself and your family. The companies will ask you to direct messaging your friends, family, former friends, people you hardly know, anyone with their DM’s open that you can build an interpersonal connection with and market this inaccurate dream because in reality, only a very small percent of retail direct sellers make a profit. They also have you follow a strict social media policy. One where negativity is not allowed and you must keep up an appearance of a lifestyle that many not be healthy or finically affordable. If you fail to meet these standards of both recruitment and marketing the brand, you can face social scrutiny from other direct sellers and from the company removing you. The pressure to present yourself and lifestyle and to commodify your interpersonal relationships for recruitment in a way you may not be comfortable with on social media is also very high from the company itself. This can result in rifts in social life and mental and physical health issues.

According to the Direct Sellers Association, a trade association in the United States that represents direct selling companies, primarily those that use multi-level marketing compensation plans, in their Industry Overview for 2020 they found, “Direct selling in the United States achieved record highs in 2020 for retail sales ($40.1billion), sellers (7.7million),and customers (more than 41.6 million) during 2020. By dividing the $40.1 billion in sales by the 7.7 million direct sellers, direct sellers averaged $5,208 in retail sales in 2020.” In a study called done by AARP called AARP Study of Multilevel Marketing: Profiling Participants and their Experiences in Direct Sales, “Survey respondents included 601 Knowledge Panel members who were direct sellers for one or more MLM organizations currently or sometime in the past, and 415 Knowledge Panel members who never participated in MLM before. Survey respondents
were asked basic demographic questions as well as questions about their experience and views of MLM.” The study found that “while multiple reasons were given, nine in ten (91%) respondents said at least one reason they joined was to make money, either from the sale of products and services or by recruiting others into the organization.” “Nearly half (47%) of MLM participants reported that they lost money”, “Over half (52%) of MLM participants said the company’s representation of achieving financial success was “not too accurate” or “not at all accurate”; and just over four-inten (43%) said that it was fairly or very accurate.”, “Two-thirds of MLM participants (65%) said that knowing what they know now, they would not join the same MLM company again.” and finally, “The three most common reasons for leaving an MLM were: finding it awkward to pitch friends and family (39%), not making as much money as they expected (36%) and not liking to sell all the time (35%)” Also found in the Direct Sellers Association 2020 Consumer Attitude and Entrepreneurship Study that 89% of direct sellers use social media. While this data is extremely important to showing the impacts of a life of a person who is a direct seller for an MLM, there are many people sharing their stories that paint a picture of what its really like to participate in Multi-Level Marketing.

The MLM’s will use social media to market using their direct sellers in 2 ways. The first is the promotion of the brand in a high frequency by promoting an image that can be damaging to their physical and mental health as well as their relationships. And second through the use of direct messaging on their social medias for recruitment, which is another way damage relationships occur. The MLM’s will give direct sellers social media guidelines to follow and they will most likely will outline that you are not to post any negativity. A former LulaRoe direct seller explained in an interview for the documentary LulaRich that she found out exactly what this
meant when she tried to find out what to do with the faulty leggings she received and her comment was deleted. She received a text telling her it she was not allowed to post any negativity about the brand online. Companies like Monat have faced multiple class action lawsuits for taking down Facebook groups that discussed how their products caused hair loss. “We were told very specifically, never post anything negative on your Facebook. No prayer requests, no talking about, I'm having trouble at this. No drama. Like you were supposed to filter your Facebook as though once you joined It Works all your problems went away,” a former It Works direct seller said in an interview titled People who sell for multilevel marketing companies look wildly successful on Facebook, but the reality is much more complicated by Insider. You are also encouraged to post a certain lifestyle to appear as if you are more successful than you actually are. As stated in the paper Wrenn, Mary V., and William Waller. “Boss Babes and Predatory Optimism: Neoliberalism, Multi-Level Marketing Schemes, and Gender.” “The main issue which I and many other people have with these companies is that they claim to be supporting female entrepreneurs and feminism, calling themselves ‘Boss Babes’ and ‘Momtrepreneurs’. They make outrageous claims such as 80 percent of women who earn over 6 figures a year are doing so through direct marketing. Posting an image on Instagram bragging about how they paid for their children’s dentist visit with their MLM ‘business’ implies that it is out of the ordinary for women to be earning their own money or that it is a rare achievement in itself. It almost feels as if feminism has taken a step backwards.” In the Insider interview, more direct sellers share their stories on this topic, saying: "There was one time that we went to the bank after my husband had gotten a, a good check at his work. We were all being told to post a picture of as much cash as we could to post on Facebook to talk about how it had been our bonuses this month," she said. "And I just remember us withdrawing every dollar that
was in the account basically — every hundred dollar bill — just to hold for a picture to say, 'Oh, you could be making this with It Works too.' Just to go back through the bank drive-through and put it back in the account.” Chrysti said she had a similar experience with LuLaRoe. She said she went on a vacation with her family and claimed on social media that it was because of her income from LuLaRoe, even though that was not the case. The mentality she describes among the other distributors was always "Fake it until you make it." Kristyn said she also made inaccurate claims on social media, and it's not something she is proud of. "I feel that I wouldn't have done that had I not had the pressure coming down from the people above me to sell the lifestyle and sell the dream," she said.” In a study titled **Deception and Self Deception An investigation of Multi-level marketing distributors and their deceptive practices on social media** the evidence they found concluded that “Six deceptive practices were identified: pretending to be consumers on other distributors’ posts, manipulating before and after pictures, lying and exaggerating about the benefits of the products, pretending to be potential recruits, falsely describing the benefits of the business opportunity and charging extra for shipping. Former distributors were more willing to blame other distributors for unethical behaviour than themselves, which may be due to self deception.” Those who do not keep up with these strict guidelines face the social repercussions from your upline and downline, and even removal from the company. “Those who leave the distributor network or fail to reach their goals of increased income, wealth, and economic security are portrayed as losers who did not work hard enough. If those same individuals speak out against the MLM structure and practices, they are ashamed of their individual failure and should be shunned by those who remain in the MLM community (Braun 2017; Naikoi 2020). Other critics of the MLMs program (including the distributor’s friends and family) are to be shunned as well by the distributor (Naikoi 2020). This is certainly
cult-like behavior.” (Wrenn, Mary V., and William Waller. “Boss Babes and Predatory Optimism: Neoliberalism, Multi-Level Marketing Schemes, and Gender.”)

Finally, the way that these companies have their direct sellers recruit is to use direct messaging on social media of not just your friends and family, but those you can build a connection with which sometimes means taking advantage of others unfortunate situations. As said by the author of Multi-Level Menace: Multi-level marketing companies use subtle influence techniques to capture and influence recruits—and you are at risk “Some MLMs prey on college students—a great way to cover your tuition fees, right? Military wives are targeted—they often have to make new friends when moving. Chronically ill people are also targets—make an income when you're too unwell to have a regular job. Young mothers at home are especially targeted, playing on their desire to be with their children and contribute to the household income.” A former Amway direct seller and author of Amway, The Cult Of Free Enterprise Stephen Butterfield describes how MLM’s commodify your interpersonal relationships as “Amway begins to change your life the first time you approach your friends and family members to sell them the product or recruit them into the business. Hitherto you related with them as friend, brother, sister, son, daughter. Now you are relating as a sales person to a customer. Friendship is no longer primary, it is a means to the end…” Butterfield goes on to describe how damaging it is to relationships to perceive them as a business opportunity which leads to isolation from your loved ones.

Multi level marketing companies rely on our human need to want to be a part of something, they advertise themselves as a way to find a community, provide for your family and to be an entrepreneur. But as stated in Wrenn, Mary V., and William Waller. “Boss Babes and Predatory Optimism: Neoliberalism, Multi-Level Marketing Schemes, and Gender.” “The main
issue which I and many other people have with these companies is that they claim to be supporting female entrepreneurs and feminism, calling themselves ‘Boss Babes’ and ‘Momtrepreneurs’. They make outrageous claims such as 80 percent of women who earn over 6 figures a year are doing so through direct marketing. Posting an image on Instagram bragging about how they paid for their children’s dentist visit with their MLM ‘business’ implies that it is out of the ordinary for women to be earning their own money or that it is a rare achievement in itself. It almost feels as if feminism has taken a step backwards. (Wood 2019, 5)” While the top make the most money from their downline, it causes those on the bottom to be pressured to keep trying and buying, and marketing. at the cost of your self image, both physical and mental health and your relationships. It begs the question that if even by some miracle you make a profit, is it really worth it?

Work Cited


