

AARP Study of Multilevel Marketing: Profiling Participants and their Experiences in Direct Sales

2018

Marguerite DeLiema
Doug Shadel
Amy Nofziger
Karla Pak

Sponsored by the AARP Foundation

Copyright 2018
AARP Research and Strategic Analysis
601 E Street
Washington DC 20049
Reprinting with Permission

AARP is a nonprofit, nonpartisan social welfare organization with a membership that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. AARP does not endorse candidates for public office or make contributions to either political campaigns or candidates. We produce AARP the Magazine, the definitive voice for 50+ Americans and the world's largest circulation magazine with over 37 million readers; AARP Bulletin, the go-to news source for AARP's millions of members and Americans 50+; and our website, AARP.org. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the US Virgin Islands.

Table of Contents

BACKGROUND	2
OVERVIEW OF THE STUDY	2
METHODS.....	3
EXECUTIVE SUMMARY	3
DETAILED SUMMARY OF SURVEY FINDINGS.....	4
LIFETIME PREVALENCE OF MLM PARTICIPATION IN THE UNITED STATES	4
SOCIODEMOGRAPHIC CHARACTERISTICS OF MLM PARTICIPANTS.....	4
ENTRY INTO MLM	5
INVESTMENTS, PROFITS, AND LOSSES IN MLM	8
EXPECTATIONS OF FINANCIAL SUCCESS	10
CHOOSING TO LEAVE.....	11
CURRENT FINANCIAL STATUS	12
DISCUSSION	13
APPENDIX A: DETAILED METHODOLOGY REPORT	15
KNOWLEDGEPANEL METHODOLOGY INFORMATION.....	15
ADDRESS BASED SAMPLING RECRUITMENT.....	15
HOUSEHOLD MEMBER RECRUITMENT	16
SURVEY SAMPLING FROM KNOWLEDGEPANEL.....	16
AARP MULTILEVEL MARKETING SURVEY ADMINISTRATION	17
RESPONSE RATES	17
SAMPLE WEIGHTING.....	18
APPENDIX B: ANNOTATED SURVEY INSTRUMENT	20
ACKNOWLEDGEMENTS	39

AARP Study of Multilevel Marketing: Profiling Participants and their Experiences in Direct Sales

Background

Multilevel marketing (MLM), or network marketing, is a type of direct selling in which branded products are purchased from a corporate producer and sold through various levels of independent contractors. Members make commissions off of the products or services they sell to retail customers, and also from the sales made by their direct and indirect recruits (their “downline”). Companies like Tupperware, Mary Kay, and Amway popularized the MLM business model beginning in the 1960s and continue to the present day. MLM companies have recently experienced a renaissance due to the ease and low cost of social media marketing and expansion into emerging markets across Latin America and Asia. According to the Direct Selling Association (2017), 20.5 million Americans participated in MLM organizations in 2016 with over \$36.12 billion generated in retail sales. This is a 4.8% increase from 2014.¹

Despite the popularity of direct sales, some MLM companies have come under increased scrutiny from regulators. In 2016, the Federal Trade Commission settled a multi-year lawsuit with Herbalife in which the government questioned some of their marketing practices. They admitted no wrongdoing but paid a \$200 million fine and agreed to change some of their practices that make participants less dependent on recruiting other sales people in order to make money. Critics of the industry argue that many MLM organizations make it difficult for most participants to earn the kind of money that companies represent they can make. Proponents of MLM organizations say that business is booming and for millions of Americans, direct selling can be a smart way to earn extra income or to support oneself by owning one’s own business.

Overview of the study

This report addresses two research questions. 1) Identify the percentage and demographic characteristics of American adults who have participated in MLMs during their lifetimes; and 2) Understand why participants join MLMs and how well they do financially as a result of that participation. The answers to these research questions will inform efforts to educate consumers about the potential advantages and pitfalls of MLM participation.

¹ <http://www.dsa.org/docs/default-source/advocacy/direct-selling-fact-sheet.pdf>

Methods

A survey was administered to more than 1000 participants belonging to the GfK KnowledgePanel, the largest online panel that uses probability-based sampling techniques for recruiting a nationally-representative sample of Americans. This sampling frame allows researchers to produce statistically valid estimates that are generalizable to the US population. Survey questions were developed based on ideas expressed by focus group participants in Seattle and Orange County (N=51 current or former MLM direct sellers) and on previous literature regarding MLM participation.

Survey respondents included 601 KnowledgePanel members who were direct sellers for one or more MLM organizations currently or sometime in the past, and 415 KnowledgePanel 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. See Appendix A for a more detailed description of the methodology.

Executive Summary

How prevalent is MLM participation in the United States?

The survey found that about one in thirteen (7.7%) adults 18 years of age and older in the United States have participated in at least one MLM organization during their lifetime.

Why do participants join MLM organizations and is it profitable?

The survey asked participants why they joined an MLM organization. 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. While four in ten (43%) said one reason they joined was to purchase products at a discount, only one in ten (9%) said purchasing products at a discount was the **only** reason they joined.

On the question of making a profit or loss:

- Nearly half (47%) of MLM participants reported that they lost money.
- One in four (27%) MLM participants reported that they broke even (made no money).
- One in four (25%) MLM participants reported making a profit.

Who Participates in MLMs?

- Almost half (48%) of first-time MLM participants were between ages 18-25. The average age of a first time MLM participant was 29 years old.

- MLM participants were more likely to be female than non-participants (60% versus 51%).
- More MLM participants had some college or a bachelor's degree (66%) compared to those who were never involved in direct sales (60%).
- Three-quarters (75%) of the MLM participants had no experience in commission-based sales prior to becoming involved in MLM.
- Over four in ten (44%) MLM participants worked at it for less than 1 year.

How do participants feel about the support provided by MLM companies?

- 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-in-ten (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.
- 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%).

Detailed Summary of Survey Findings

Lifetime prevalence of MLM participation in the United States

Among the 7,917 GfK KnowledgePanel members who were screened in September 2017, the lifetime prevalence of MLM participation in the United States was 7.68% \pm 0.66%. This represents the proportion of Americans who have ever worked as direct sellers for an MLM organization. Among the 601 sampled respondents who stated that they had participated in MLM, 15% were currently direct sellers with an MLM organization.

Sociodemographic characteristics of MLM participants

Products sold by MLM companies typically include health, wellness, and beauty products, as well as home care and household durables. As such, MLM companies typically recruit more women into the sales force than men. This was reflected in the results of the survey, where the majority (60%) of MLM participants were female. Survey respondents' racial/ethnic demographic breakdown roughly corresponds to that of the United States, as shown in the

table below. There were no significant differences in race or ethnicity between MLM participants and those who never participated in MLM.

Ethnicity	MLM Participants surveyed	Current Population Survey, March 2017
Non-Hispanic White	63%	64%
Black	13%	12%
Hispanic	17%	16%

Current and former MLM participants tended to be well-educated, married, working as a paid employee, and living in a house owned by a person in their household. The table below shows respondents' answers compared to non-participants; all significant differences are indicated.

	MLM Participants	Non-participants
EDUCATION		
■ Less than high school	10%	11%
■ High School	24%	29%
■ Some College	37%	28%
■ Bachelor's degree or higher	29%	32%
MARITAL STATUS*		
■ Married/Living with partner*	72%	65%
■ Widowed	4%	4%
■ Divorced/Separated	14%	10%
■ Never married*	11%	21%
EMPLOYMENT STATUS*		
■ Working as paid employee*	55%	49%
■ Working- self-employed	12%	7%
■ Not working- retired	18%	25%
■ Not working- all other reasons	16%	19%
HOUSEHOLD INCOME		
■ \$0 to \$49,999	36%	35%
■ \$50,000 to \$99,999	44%	31%
■ \$100,000 or more	33%	34%

*indicates significant difference at $p < .05$

Entry into MLM

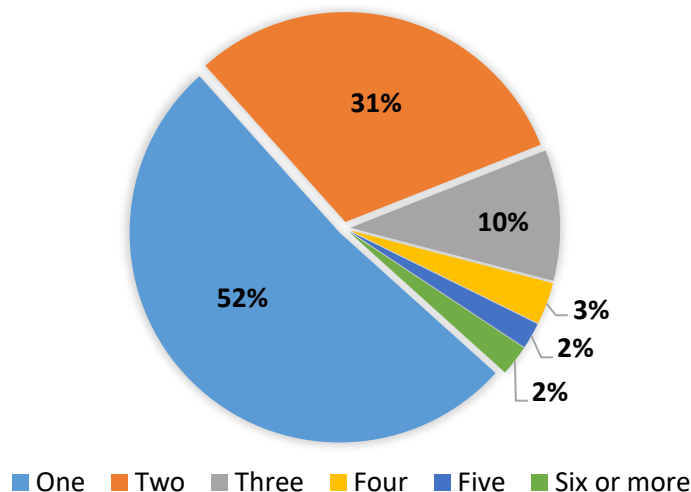
Results from the survey indicate that many participants (45%) join their first MLM company in their 20s. The average age of respondents when they first joined was 29 years old (SD=10). However, survey participants joined at a wide range of ages, between 14 and 71.

Age first joined	<20	20-29	30-39	40-49	50+
Percentage of	15%	45%	23%	11%	5%

participants					
--------------	--	--	--	--	--

Slightly over half of the respondents (52%) were members of just one MLM organization in their lifetimes, 31% participated in two, and 17% participated in 3 or more. Figure 1 shows details on the number of MLM organizations respondents had joined in their lifetime.

Figure 1. Number of MLM organizations participants have joined in their lifetimes (n=601)

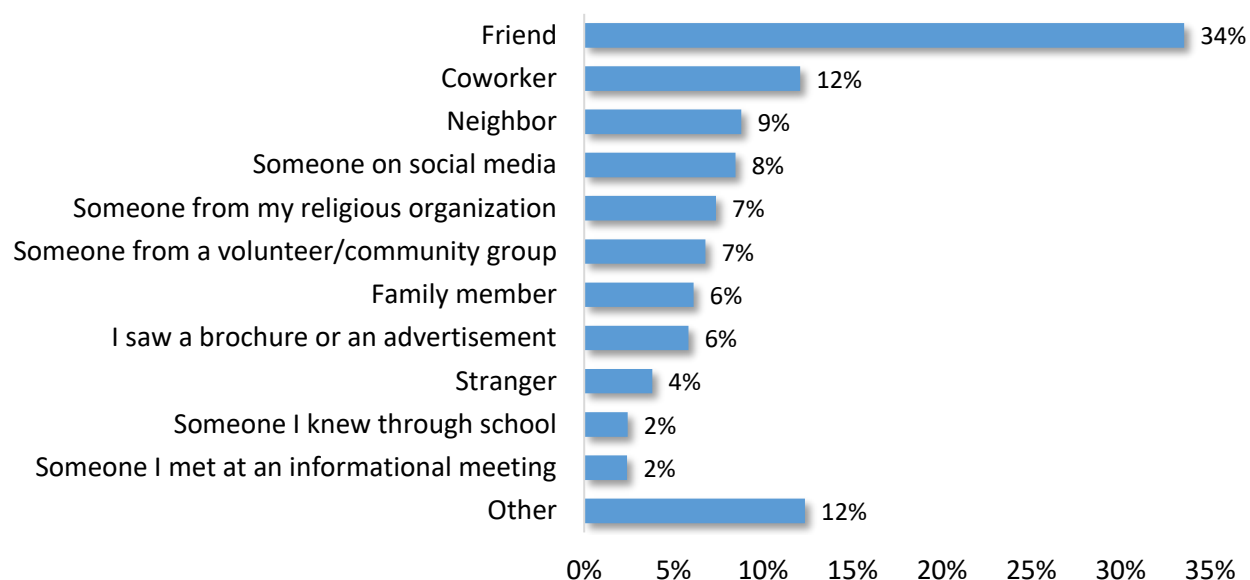


Nearly two in five of the 601 MLM participants did not report the name of the first MLM company they joined. Of those who did, the most common MLM companies represented in the sample were Amway (103 respondents), Avon (48 respondents), Mary Kay (38 respondents), Tupperware (15 respondents), Pampered Chef and Shaklee (both with 12 respondents), Melaleuca (11 respondents), and Herbalife (10 respondents). The remaining respondents were distributed among 77 other MLM organizations.

When asked why they decided to join these MLM companies, 63% reported that they joined to make money by selling the product or service to others, 23% wanted to make money by recruiting others to sell, and 43% wanted to purchase the company's products/services at a discount for personal use. Only 9% of respondents joined exclusively for the discount. Despite that the majority of respondents (91%) hoped to make money through direct selling, three quarters (75%) of them had no prior experience in sales where their income was primarily based on commissions.

As shared in the focus group interviews, many MLM companies advise direct sellers to market to their friends and relatives first as potential customers and prospective recruits. This was illustrated by the survey results, where one-third (34%) of the MLM participants were recruited by a friend and 12% were recruited by a family member. Figure 2 below shows other ways participants were recruited to join their first MLM organization.

Figure 2. How participants were recruited to join the MLM organization (n=601)



Survey participants were asked about their life circumstances when they first became involved in MLM. Forty percent were working in a full-time job and wanted to earn an extra income, 16% were stay-at-home mothers or fathers, 12% were students, and 11% were part-time employees looking to earn extra income. They also reported a range of major life events occurring in the six months prior to joining. These included moving to a new area (13%), losing a job (9%), graduating from high school or college (9%), having a baby (12%), being in a significant amount of debt (14%), and other major life experiences. Forty-two percent of respondents had no major or negative life events in the six months prior to joining the MLM organization.

Household income was generally low when participants first became involved in direct sales, which may be due to the fact that many started when they were in their mid to late 20s. Before they joined, 56% made less than \$35,000 per year, 17% made between \$35,000 and \$49,999, 14% made between \$50,000 and \$74,999, and 13% made \$75,000 or more. These numbers are not adjusted for inflation.

Among the 415 survey respondents who never worked as a distributor for an MLM company, 180 (43%) stated that they had been approached before but declined to participate. The most common reason was that respondents thought the business opportunity they were being recruited for was a scam (60%). Other common reasons for not becoming an MLM participant were not liking to sell things (54%), feeling that the commission structure mostly benefited those at the top (42%), already having a job (39%), not thinking they would be successful (35%), and market saturation (27%). Figure 3 details all responses for declining to join an MLM.

Figure 3. Reasons for refusing to join an MLM organization (n=180)



Non-participants who were approached to join an MLM company attended community meetings and events more frequently than those who had never been asked to join, and also had significantly higher household income and education. No other significant differences in lifestyles or demographic characteristics were found.

Investments, profits, and losses in MLM

All MLM ventures require some upfront investment from the participant before he or she can earn money. Investments include purchasing inventory, marketing materials, and paying for training seminars and events. Two-thirds (66%) of the MLM participants invested less than \$1,000 for all inventory purchases, training, and materials during the period in which they were involved with the organization. Another quarter (24%) spent between \$1,000 and \$4,999, 11% paid \$5,000 or more, and 23% did not remember how much they invested. Only four individuals reported spending over \$50,000.

In addition to financial investments, MLM participants have to invest their time to sell the company's products/services, expand their network, and/or attend training events and seminars. During an average week, participants reported that they worked an average of 13.3 hours. There were no gender differences in the number of hours worked but African Americans worked significantly more hours on average (mean=18.4) than participants from other racial/ethnic backgrounds. The number of hours worked was positively correlated with the amount of money the participant invested overall ($r=0.22$, $p<.001$), indicating that participants who spend a lot of money to grow their business also invest more of their time.

Only a quarter of MLM participants (n=156) made any profit during the entire time they worked for the MLM. Fourteen percent of the 601 MLM participants made less than \$5,000, 6% made between \$5,000 and \$9,999, 3% made between \$10,000 and \$24,999, and 3% made \$25,000 or

more. Only three individuals, *half of one percent*, reported profits of \$100,000 or more. All of these three individuals worked as direct sellers for the company for more than 5 years (and one person for more than 20 years) and put in between 10 to 40 hours of work per week. One of the individuals reported that he founded the organization.

Two hundred and eighty-five MLM participants (47%) reported that they lost money by joining. Among all 601 MLM participants in the sample, 41% lost less than \$5,000, 3% lost between \$5,000 and \$9,999, and 1% lost more than \$10,000 in the MLM business. Twenty-seven percent claimed that they broke even (total investment=total income).

While profits were positively correlated with number of hours worked ($r=0.27$, $p<.001$), so were the amount of losses ($r=0.27$, $p<.001$). Similarly, the amount of money invested was positively associated with profits ($r=0.17$, $p=.037$) as well as with losses ($r=0.21$, $p<.001$), suggesting that the difference between financial success and failure in MLM cannot be determined by how hard a person works or how much money he or she invests in inventory and training.

Figure 4 shows the average hours worked per week by profit and loss amounts. This figure only includes people who made or lost up to \$24,999 because the number of people who lost more or less than those amounts was very small. Figure 5 shows a breakdown of profits and losses.

Figure 4. Average hours worked per week by profits and losses. (n=552)

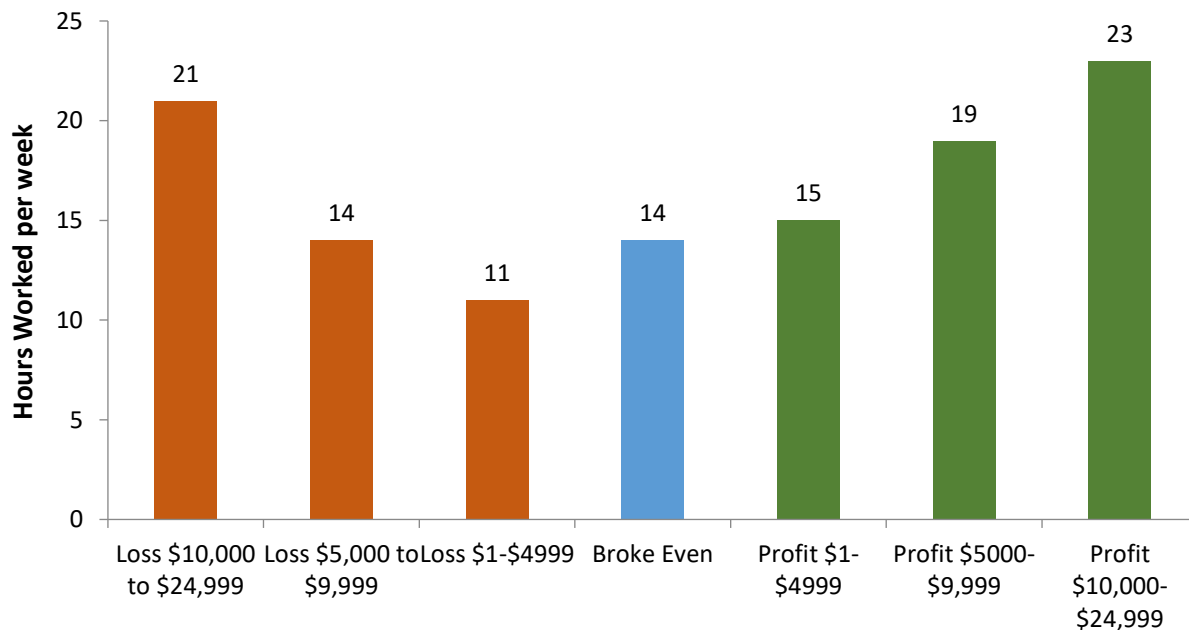
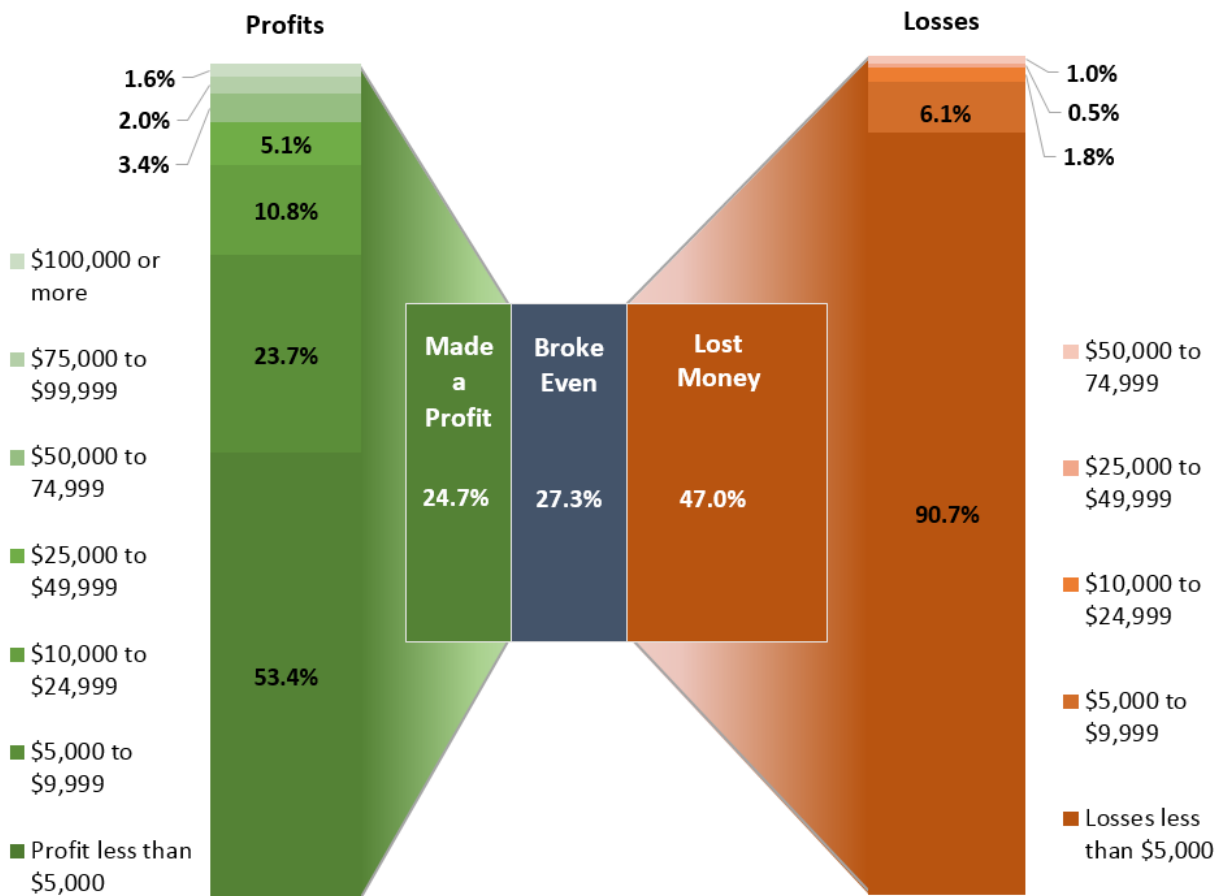


Figure 5. Profits and losses reported by current and former MLM participants (n=601)



Expectations of financial success

More than half (54%) of the 601 MLM participants reported that the MLM company's representation of their chances of achieving financial success was not too accurate (36%) or not at all accurate (18%) while about one-third (33%) reported it was fairly accurate and one-in-ten (10%) reported it was very accurate. While over half-stated that the chances of achieving success were not accurate, only about four-in-ten (40%) felt that they had been misled by the company's description of their chances of achieving financial success. Over half (57%) said they did not feel the company misled them.

Participants were asked whether they received a copy of the company's compensation plan prior to joining. Forty-seven percent had not. Among the 53% who did receive it, the majority (58%) read all of the compensation plan and 17% read some. The majority of the participants felt that the compensation plan was "somewhat fair" (45%) or "very fair" (25%), while about a quarter did not feel it was fair. Among those, 18% felt it was "somewhat unfair" and 8% felt it

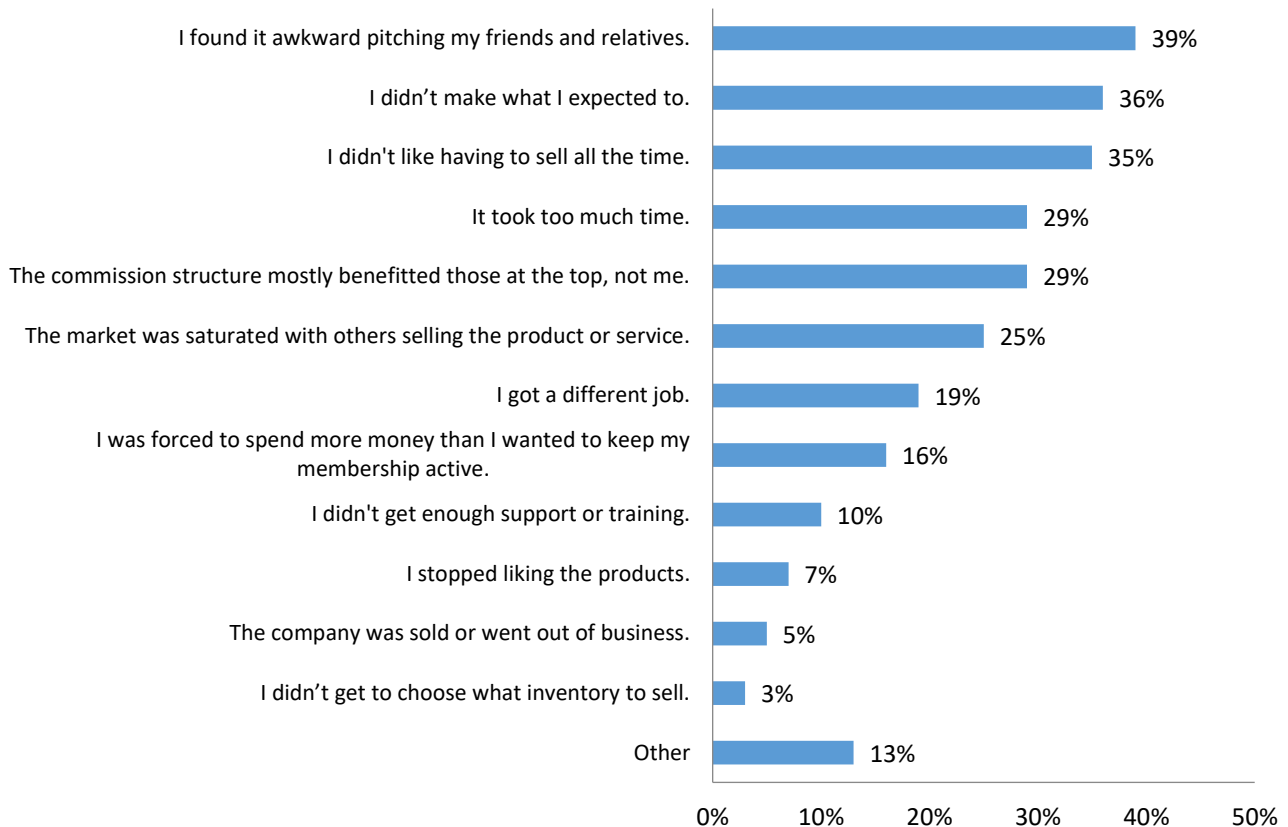
was “very unfair”. There were significant differences in fairness ratings based on whether the respondent initially received a copy of the plan. Among those who received the compensation plan, 86% rated it as “somewhat fair” or “very fair” compared to only 58% among those who did not receive it (*Rao-Scott* $\chi^2=55.9$, $p<.001$).

Only 40% of MLM participants received a copy of the company’s income disclosure statement, a document that provides insight into how much direct sellers earn in commissions each month or each year. In addition to answering whether they received a copy of the statement, participants were asked to rate how accurate the company’s income disclosure statement was based on their personal experience. Of the 40% who received it, only 16% (37 people) felt that it was very accurate. Fifty percent stated it was fairly accurate, 24% claimed it was fairly inaccurate, and 9% percent reported that it was not at all accurate. Similar to findings regarding the compensation plan, accuracy ratings were significantly more positive among the participants who received the income disclosure statement prior to joining than accuracy ratings among those who never saw the income disclosure statement (*Rao-Scott* $\chi^2=17.3$, $p<.001$).

Choosing to leave

Fifteen percent of the respondents who participated in MLMs were currently working as direct sellers (8% of the full study sample), and about half of them were still with the same MLM company they initially joined. Among those who were no longer involved in MLMs, the most common reasons for leaving were feeling that it was awkward pitching to friends and relatives (39%), not making what they expected to earn (36%), not liking having to sell all the time (35%), that it took too much time (29%), that the commission structure mostly benefitted those at the top (29%), and that the market was too saturated (25%). These sentiments were also expressed by the former MLM participants in the focus group interviews. Figure 6 details all responses from MLM survey respondents who have left direct selling.

Figure 6. Reasons for leaving an MLM organization (n=510)



Participants were asked whether being a direct seller with the MLM organization impacted their relationships with close friends and family members. The majority stated it had no impact (57%). About one-quarter of respondents said that it had either a very positive (9%) or somewhat positive (16%) impact; and about one-in-six said it had either a very negative (4%) or somewhat negative (12%) impact on their relationships.

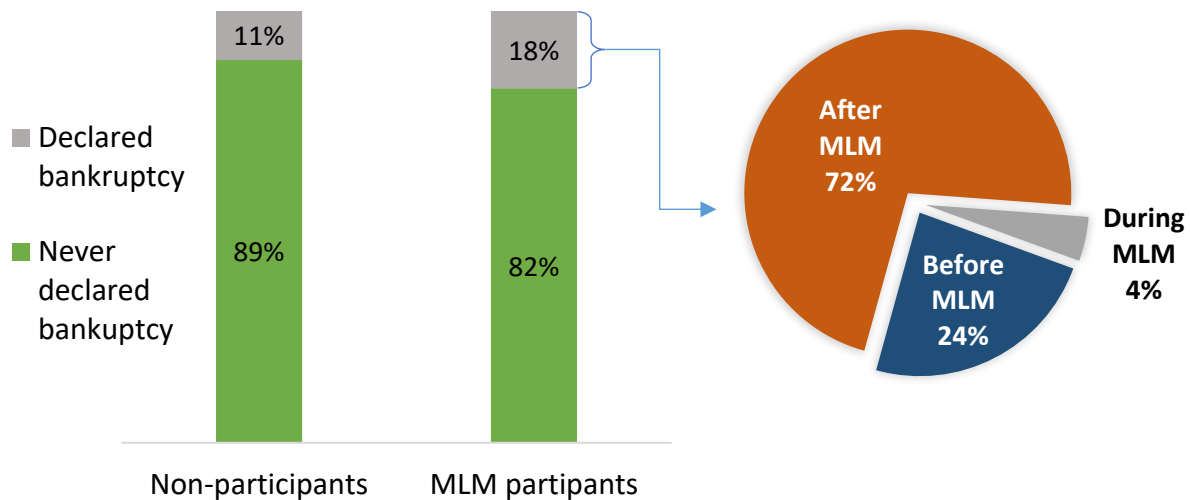
Knowing what they know now, 65% of the MLM participants would not join the same MLM organization that they first became involved with compared to 16% who would re-join. When asked whether they would be interested in joining a *different* MLM organization, 62% said no and 25% were not sure. Thirteen percent said yes.

Current financial status

Significantly more MLM participants have declared bankruptcy at some point in their lifetimes compared to non-participants (18% versus 11%; *Rao-Scott* $\chi^2=7.50$, $p=.006$). Among the 118 MLM participants who declared bankruptcy, 24% declared before they were involved in direct sales, 72% declared following their involvement, and 6 people (4%) declared bankruptcy during the time they worked as a direct seller for an MLM company. While this study is not able to

determine whether bankruptcy is causally related to direct selling, it suggests that those who participate in MLM face greater risk of negative financial outcomes than those who are not involved.

Figure 7. Lifetime differences in declaring bankruptcy between MLM participants and non-participants (N=1,016).



Discussion

The aim of this study was to learn about the experiences of current and former MLM participants. Roughly 1 in 13 Americans have participated in an MLM organization at some point during their lifetimes. Individuals enter into direct sales for many different reasons but nearly all are hoping to earn supplemental income working part time. Findings reveal that about one-quarter of participants make a profit (25%), about one-quarter of participants break even (27%), and nearly half lose money (47%). These findings bring into question a common element of many MLM companies' pitch that participants can make a significant income working only part time. Just like any entrepreneur, new members must invest significant amounts of money, time, and energy to grow their independent direct sales business, but even with hard work and dedication the income is not guaranteed (see Figure 4).

Several pieces of consumer education can be drawn from this study. Focus group participants provided important advice for anyone considering a job in direct sales. The following action steps can help consumers differentiate MLM opportunities from illegal pyramid schemes and guide them in evaluating whether or not the opportunity is worth their time and financial investment:

- Ask for a copy of the company's income disclosure statement. Check to see if it includes information on participant turnover rates and statistics on the number of direct sellers who earned \$0. If it does not include this information, ask for it.

- Speak to members who recently joined to learn their perspectives on the organization rather than listening only to top sellers who may have joined early on.
- Read customer and member testimonials online.
- Search to see if there are any complaints about the company on the Federal Trade Commission's and Better Business Bureau's websites.
- Ensure that all inventory purchases are fully or partially refundable.
- Ensure that there are no minimum inventory requirements to keep membership active or to be eligible for commissions. This avoids the pressure of "inventory loading."
- Determine that direct sellers have complete control over what inventory they choose to purchase from the company to re-sell.
- Ensure that upline sales representatives are available to provide guidance, training, and mentorship.
- Research the market to determine if it is saturated with other direct sellers.
- Research competitors who might offer similar products/services at better prices.

Other questions to ask oneself before joining include:

- Am I committed and prepared to work *full-time*?
- Do I enjoy working in sales?
- Am I comfortable and willing to approach friends and family members as potential customers and prospective recruits?
- Am I comfortable and willing to approach strangers as potential customers and prospective recruits?
- Am I passionate about the product/service I will be selling to others?

Signs that an MLM may be a pyramid scheme:

- The focus of the company is on recruiting new members, not on selling a product or a service. (Retail sales are unrelated to financial rewards.)
- The emphasis of training is on wealth generation and participant recruitment, not on how to sell the company's products or services.

Sufficiently researching the company and fully understanding the compensation plan will not guarantee that a prospective MLM participant will make a profit, but it may give her extra time to assess her odds of success before committing.

Appendix A: Detailed Methodology Report

**The following information about the KnowledgePanel® was adapted from a document provided by GfK. This information is also available at their website: <http://www.gfk.com/products-a-z/us/knowledgepanel-united-states/>

KnowledgePanel Methodology Information

KnowledgePanel® is the largest online panel that relies on probability-based sampling techniques for recruitment; hence, the largest national sampling frame from which fully representative samples can be generated to produce statistically valid inferences for study populations. Our panel provides samples with the highest level of representativeness available in online research for measurement of public opinions, attitudes, and behaviors. The panel was first developed in 1999 by Knowledge Networks, a GfK company. Panel members are randomly selected so that survey results can properly represent the U.S. population with a measurable level of accuracy, features that are not obtainable from nonprobability panels (for comparisons of results from probability versus nonprobability methods, see Yeager et al., 2011).

KnowledgePanel's recruitment process was originally based exclusively on a national Random Digit Dialing (RDD) sampling methodology. In order to improve the representation of the panel, GfK migrated to using an Address Based Sampling (ABS) methodology via the Delivery Sequence File (DSF) of the USPS for recruiting panel members in 2009. This probability-based sampling methodology improves population coverage, and provides a more effective sampling infrastructure for recruitment of hard-to-reach individuals, such as young adults and those from various minority groups. It should be noted that under the ABS recruitment, households without Internet connection are provided with a web-enabled device and free Internet service.

After initially accepting the invitation to join the panel, participants are asked to complete a short demographic survey (the initial *Core Profile Survey*); answers to which allow efficient panel sampling and weighting for future surveys. Completion of the core profile survey allows participants to become active panel members. As in the past, all respondents are provided the same privacy terms and confidentiality protections.

GfK operates an ongoing modest incentive program to encourage participation and create member loyalty. Members can enter special raffles or can be entered into special sweepstakes with both cash rewards and other prizes to be won.

Address Based Sampling Recruitment

The DSF-based sampling frame we use for address selection is enhanced with a series of refinements – such as the appendage of various ancillary data to each address – to facilitate complex stratification plans. Taking advantage of such refinements, quarterly samples are selected using a disproportionate stratified sampling methodology across the following four strata:

1. Hispanic households with at least one 18 to 24 year-old

2. Remaining Hispanic households
3. Remaining households with at least one 18 to 24 year-old
4. All remaining households

Adults from sampled households are invited to join KnowledgePanel through a series of mailings, including an initial invitation letter, a reminder postcard, and a subsequent follow-up letter. Given that a subset of physical addresses can be matched to a corresponding landline telephone number, about 5 weeks after the initial mailing, telephone refusal-conversion calls are made to nonresponding households for which a telephone number is matched. Invited households can join the panel by:

- Completing and mailing back a paper form in a postage-paid envelope
- Calling a toll-free hotline phone number maintained by GfK
- Going to a designated GfK website and completing the recruitment form online

During the initial recruitment survey, attempts are made to recruit every household member who is at least 13 years of age to become an active member. For teenage household members, consent is secured from a parent or legal guardian, and no direct communication with teenagers is attempted prior to obtaining consent. While surveys can be conducted with teens directly, in most instances teen surveys are conducted by first selecting a sample of active members who are parents. This parent route alternative, while slightly more expensive, makes it possible to reach a more representative sample of teens.

Household Member Recruitment

For all recruitment efforts, during the initial recruitment survey, all household members are enumerated. Following enumeration, attempts are made to recruit every household member who is at least 13 years old to participate in KnowledgePanel surveys. For household members aged 13 to 17, consent is collected from the parents or the legal guardian during the initial recruitment interview. If no consent is given, no further direct communication with the teenagers is attempted.

Survey Sampling from KnowledgePanel

Once panel members are recruited and profiled by taking our Core Profile Survey, they become eligible for selection for client surveys. Typically, specific survey samples are based on an equal probability selection method (EPSEM) from the panel for general population surveys. Customized stratified random sampling based on profile data can also be carried out as required by the study design to reduce screening costs for rare subgroups.

The general sampling rule is to assign no more than one survey per week to individual members. Allowing for rare exceptions during some weeks, this limits a member's total assignments per month to four or six surveys. In certain cases, a survey sample calls for pre-

screening, that is, members are drawn from a subsample of the panel (such as females, Republicans, grocery shoppers, etc.). In such cases, care is taken to ensure that all subsequent survey samples drawn that week are selected in such a way as to result in a sample that remains representative of the panel distributions.

AARP Multilevel Marketing Survey Administration

The survey consisted of two stages: 1) initial screening to identify whether respondents have participated in a Direct-Selling/Multilevel Marketing program; and 2) the main survey with the study-eligible respondents. To qualify for the main survey, a panel member must have been at least 18 years of age. Qualifying respondents were put into two cells – MLM and Non-MLM – based on the initial screening question. Once assigned to a survey, members received a notification email letting them know there was a new survey available for them to take. This email notification contained a link that sends them to the survey questionnaire. No login name or password is required. The field period for the AARP study on multilevel marketing began on September 9th, 2017 and ended on October 3rd, 2017.

After three days, automatic email reminders were sent to all non-responding panel members in the sample. Participants completed the AARP study on multilevel marketing in 6 minutes (median).

Response Rates

As a member of the American Association of Public Opinion Researchers (AAPOR), GfK follows the AAPOR standards for response rate reporting. While the AAPOR standards were established for single survey administrations and not for multi-stage panel surveys; however, we use the Callegaro-DiSogra (2008) algorithms for calculations of response rates for KnowledgePanel surveys. Typically, completion rate for KnowledgePanel surveys is about 65% with possibility of minor variations due to survey length, topic, and other fielding characteristics. In contrast, virtually all surveys that employ nonprobability online panels typically achieve completion rates that are in low single digits. This means aside from the fact that nonprobability panels are inherently not representative of any known populations, the effective size of KnowledgePanel ($35,750 = 55,000 \times 0.65$) would be equivalent to a nonprobability panel with 1,787,500 members that on average secures completion rates close to 2%.

Of the 1,048 completed cases, 1,016 cases were determined to be valid and included in the final analyses. There were 32 cases, identified by AARP, that were removed from the final dataset due to the following reasons: 1) completed the survey in less than 2 minutes; 2) straight-line responses (no variability in answers to all psychological questions); 3) participant refused to answer more than 30% of questions; 4) incongruent responses on two or more questions (e.g., reported joining an MLM after graduating high school and reported age at that time as 67 years old); 5) incoherent free-response answers.

Table 1. Response rates for AARP study on multilevel marketing participation

Number of Assigned Panelists	15,583
Study-Specific Average Panel Recruitment Rate (RECR)	11.9%
Study-Specific Average Household Profile Rate (PROR)	63.8%
Study-Specific Average Household Retention Rate (RETR)	39.6%
Number of Total Study Completes	7,949
Study Completion Rate (COMR1)	51.0%
Number of Study Break-offs	127
Study Breakoff Rate (BOR)	1.6%
Number of Qualified Completes	1,048
Study Qualification Rate (QUALR)	13.2%
Cumulative Response Rate	3.9%

Sample Weighting

Once the study sample has been selected and the survey administered, and all the survey data are edited and made final, design weights are adjusted to account for any differential nonresponse that may have resulted during the field period. Geodemographic distributions for the corresponding population are obtained from the CPS, the American Community Survey (ACS), or in certain instances from the weighted KP profile data. For this purpose an iterative proportional fitting (raking) procedure is used to produce the final weights. In the final step, calculated weights are examined to identify and, if necessary, trim outliers at the extreme upper and lower tails of the weight distribution. The resulting weights are then scaled to aggregate to the total sample size of all eligible respondents.

Table 2. Recruitment for AARP study of MLM participants based on March 2017 CPS data

Age	*18+ US Population		MLM Qualified Respondents		Non-MLM Qualified Respondents	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Age 18-29 Male	25880028	10.56	34.97933	5.82	45.25503	10.9
Age 18-29 Female	25779066	10.52	53.59526	8.92	44.08312	10.62
Age 30-44 Male	30032567	12.25	47.19458	7.85	52.41039	12.63
Age 30-44 Female	31046380	12.67	102.9071	17.12	51.07093	12.31
Age 45-59 Male	31063805	12.67	72.18979	12.01	52.86728	12.74
Age 45-59 Female	32682362	13.33	103.0817	17.15	54.06354	13.03
Age 60+ Male	31276747	12.76	84.85626	14.12	52.54358	12.66
Age 60+ Female	37361992	15.24	102.196	17	62.70612	15.11

Race/Ethnicity	Frequency	Percent	Frequency	Percent	Frequency	Percent
White, Non-Hispanic	1.57E+08	64.03	378.7341	63.02	266.2907	64.17
Black, Non-Hispanic	28907499	11.79	80.4255	13.38	48.3901	11.66
Other, Non-Hispanic	17071366	6.96	30.21723	5.03	30.51194	7.35
Hispanic	39023388	15.92	101.1192	16.83	65.78786	15.85
2+ Race, Non-Hispanic	3180585	1.3	10.50388	1.75	4.019389	0.97

Income	Frequency	Percent	Frequency	Percent	Frequency	Percent
Under \$25,000	36931360	15.07	82.38637	13.71	63.06332	15.2
\$25,000-\$49,999	48590442	19.82	132.1869	21.99	81.59186	19.66
\$50,000-\$74,999	42444614	17.32	115.7627	19.26	71.25323	17.17
\$75,000-\$99,999	33883611	13.82	75.07921	12.49	57.8651	13.94
\$100,000-\$149,999	41644737	16.99	104.2795	17.35	70.30731	16.94
\$150,000 and over	41628182	16.98	91.30536	15.19	70.91918	17.09

Education	Frequency	Percent	Frequency	Percent	Frequency	Percent
Less than High School	27148850	11.08	58.92143	9.8	46.34849	11.17
High School	70908370	28.93	143.3521	23.85	121.617	29.31
Some college	69985386	28.55	223.09	37.12	115.6355	27.86
Bachelor or higher	77080340	31.45	175.6365	29.22	131.3991	31.66

Note: All data are weighted and trimmed. Design Effect (MOE 95% level): 1.2088 /MOE \pm 3.4

Appendix B: Annotated Survey Instrument

**Topline Questionnaire
Direct Marketing / MLM Survey
Project number: 310.209.01505.1**

Reading Notes:

Weighted data shown

Unless otherwise specified, unweighted bases are as follows:

- Total MLM=601
- Total non-MLM=415

Other notes:

- All % as whole numbers
- Black font
- Include base N when not entire sample

Base: all respondents

Prompt

S01 [M]

Which of the following have you ever done?

Yes (Respondent Punched item)		
	MLM	Non-MLM
1. Worked as a distributor with a direct selling or (MLM) company	100	0
2. Provided care to a disabled or ill friend or family member	61	45
3. Taken out a loan	85	66
4. Volunteered your time	74	54
5. None of the above	0	16

Base: all respondents

A01 [S per statement]

Please read the following statements and tell us how strongly you agree or disagree with each one.

Strongly/Somewhat agree		
	MLM	Non-MLM
1. I like to keep my eyes and ears open for emerging business opportunities that no one has heard about yet.	49	36
2. I don't mind taking chances with my money, as long as I think there's a chance it might pay off.	48	44
3. I am the type of person who would much rather be my own boss and own my own company than work for someone else.	62	55
4. I believe that the best way to achieve financial freedom is to own your own business.	61	47
5. I am the kind of person who gets very excited when I hear about a new, potentially lucrative business opportunity.	45	30

6. I am the kind of person who would much prefer to have a stable 9-5 job with predictable income.	67	78
--	----	----

Somewhat/Strongly disagree		
	MLM	Non-MLM
1. I like to keep my eyes and ears open for emerging business opportunities that no one has heard about yet.	51	64
2. I don't mind taking chances with my money, as long as I think there's a chance it might pay off.	51	56
3. I am the type of person who would much rather be my own boss and own my own company than work for someone else.	38	45
4. I believe that the best way to achieve financial freedom is to own your own business.	39	53
5. I am the kind of person who gets very excited when I hear about a new, potentially lucrative business opportunity.	55	70
6. I am the kind of person who would much prefer to have a stable 9-5 job with predictable income.	33	22

B Reward Responsiveness & Drive

Base: all respondents

B01. [S per statement]

Next, please indicate how much each statement describes you.

Very true/Somewhat true for me		
	MLM	Non-MLM
1. When I get something I want, I feel excited and energized.	91	90
2. When I'm doing well at something I love to keep at it.	97	93
3. When good things happen to me, it affects me strongly.	90	87
4. It would excite me to win a contest.	92	89
5. When I see an opportunity for something I like I get excited right away.	81	74
6. When I want something I usually go all-out to get it.	66	62
7. I go out of my way to get things I want.	62	58
8. If I see a chance to get something I want I move on it right away.	70	66
9. When I go after something I use a "no holds barred" approach.	47	44

Somewhat false/Very false for me		
	MLM	Non-MLM
1. When I get something I want, I feel excited and energized.	9	10
2. When I'm doing well at something I love to keep at it.	3	6
3. When good things happen to me, it affects me strongly.	10	13
4. It would excite me to win a contest.	8	11
5. When I see an opportunity for something I like I get excited right away.	19	26
6. When I want something I usually go all-out to get it.	34	38
7. I go out of my way to get things I want.	38	42
8. If I see a chance to get something I want I move on it right away.	29	34
9. When I go after something I use a "no holds barred" approach.	53	56

C Materialism Values

Base: all respondents

C01. [S per statement]

Please indicate the extent to which you agree or disagree with the following statements.

Somewhat agree/Strongly agree		
	MLM	Non-MLM
1. I admire people who own expensive homes, cars, and clothes.	23	20
2. The things I own say a lot about how well I'm doing in life.	32	34
3. I like to own things that impress people.	17	15
4. I try to keep my life simple, as far as possessions are concerned.	65	64
5. Buying things gives me a lot of pleasure.	44	41
6. I like a lot of luxury in my life.	26	23
7. My life would be better if I owned certain things I don't have.	32	31
8. I'd be happier if I could afford to buy more things.	37	39
9. It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	40	36

Somewhat disagree/Strongly disagree		
	MLM	Non-MLM
1. I admire people who own expensive homes, cars, and clothes.	52	50
2. The things I own say a lot about how well I'm doing in life.	37	35
3. I like to own things that impress people.	62	61
4. I try to keep my life simple, as far as possessions are concerned.	12	10
5. Buying things gives me a lot of pleasure.	25	29
6. I like a lot of luxury in my life.	48	47
7. My life would be better if I owned certain things I don't have.	41	42
8. I'd be happier if I could afford to buy more things.	35	35
9. It sometimes bothers me quite a bit that I can't afford to buy all the things I'd like.	39	39

D Persuasion Questions

Base: all respondents

D01. [S per statement]

Below are a series of statements that have been used to describe various business opportunities. After reading each statement, please indicate how interested you would be to hear more about the opportunity.

Extremely/Very interested		
	MLM	Non-MLM
1. This opportunity will help you build your own business and allow you to decide when and how much you work, freeing you from dependence on others.	24	17
2. Once you double your income from this opportunity, you can quit your job, work twenty five hours a week, and create more wealth than you ever dreamed of.	26	19
3. Our company signed on 8,000 independent contractors in 2010 and now there are over 130,000 independent contractors worldwide with hundreds earning over a million dollars a year from their home-based business.	17	16
4. Some of the biggest stars in Hollywood, from Meryl Streep to Dolly Parton to George Clooney, have used our health and beauty products. Now you can use them too and make a good living while you do so.	10	6
5. Some of our top sales persons were making over \$10,000 per month within the first two years of joining our organization. With a little hard work and ingenuity, you can do the same and experience the financial freedom that is a core part of the American dream.	19	13
6. This opportunity allows you to enjoy the confidence of working with a supportive and trusted company that has been in business for over 50 years.	26	20

Not very/Not at all interested		
	MLM	Non-MLM
1. This opportunity will help you build your own business and allow you to decide when and how much you work, freeing you from dependence on others.	35	43
2. Once you double your income from this opportunity, you can quit your job, work twenty five hours a week, and create more wealth than you ever dreamed of.	40	46
3. Our company signed on 8,000 independent contractors in 2010 and now there are over 130,000 independent contractors worldwide with hundreds earning over a million dollars a year from their home-based business.	43	48
4. Some of the biggest stars in Hollywood, from Meryl Streep to Dolly Parton to George Clooney, have used our health and beauty products. Now you can use them too and make a good living while you do so.	67	69
5. Some of our top sales persons were making over \$10,000 per month within the first two years of joining our organization. With a little hard work and ingenuity, you can do the same and experience the financial freedom that is a core part of the American dream.	45	54
6. This opportunity allows you to enjoy the confidence of working with a supportive and trusted company that has been in business for over 50 years.	27	32

E MLM Transactional Questions

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E01. [S]

Earlier you mentioned having participated as a distributor with a direct selling or multilevel marketing company (MLM) that gave you the chance to purchase products at a discount, make money by selling products to others and/or recruiting others to sell products for you as part of a business.

Are you currently working as distributor for a direct selling/MLM company?

	MLM	Non-MLM
1. Yes	15	0
2. No	85	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E02. [S]

How many different direct selling/MLM companies have you worked with in your lifetime?

	MLM	Non-MLM
1. One	52	0
2. Two	31	0
3. Three	10	0
4. Four	3	0
5. Five	2	0
6. Six or more	2	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E03. [O]

What was the name of the **first** direct selling/MLM company you joined as a distributor?

CONTACT AUTHORS FOR COUNTS AND PERCENTAGES

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E04. [M]

Who recruited you to join [AUTO-POPULATE FROM RESPONSE E03]?

	MLM	Non-MLM
1. Friend	34	0
2. Neighbor	6	0
3. Family member	12	0
4. Someone I knew through church or other religious organization	4	0
5. Someone I knew through a volunteer or community organization	2	0
6. Someone I knew through school	6	0
7. Coworker	9	0
8. Someone I'm connected with through social media	2	0
9. Someone I met at an informational meeting, seminar, or job fair	7	0
10. Stranger	8	0
11. I saw a brochure or an advertisement on TV	7	0
12. Other	10	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E05. [M]

Which of the following best describes the reason why you joined [AUTO-POPULATE FROM RESPONSE E03]?

	MLM	Non-MLM
1. I joined to make money by selling the product or service.	63	0
2. I joined to make money by recruiting others to sell the product or service.	23	0
3. I joined to use the product or service myself.	43	0
4. Other	5	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E06. [Q]

How old were you when you first joined [AUTO-POPULATE FROM RESPONSE E03]?

	MLM	Non-MLM
1. 14-17	4	0
2. 18-25	44	0
3. 26-30	18	0
4. 31-35	12	0
5. 36-40	8	0
6. 40+	13	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E07. [M]

When you first joined [AUTO-POPULATE FROM RESPONSE E03], which of the following best describes your life circumstances at the time?

	MLM	Non-MLM
1. Stay at home spouse	16	0
2. Single parent	6	0
3. Recently laid off from another job	4	0
4. Full-time employee looking for extra income	40	0
5. Part-time employee looking for extra income	11	0
6. Full-time employee looking to change careers	8	0
7. Student	12	0
8. Just graduated from high school	5	0
9. Just graduated from college	3	0
10. Recently left another job	4	0
11. Retired	1	0
12. Other	7	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E08a. [S]

In total, how long did you work as a distributor for [AUTO-POPULATE FROM RESPONSE E03]?

	MLM	Non-MLM
1. Less than 6 months	25	0
2. Six months to less than 1 year	19	0
3. 1 to less than 2 years	24	0
4. 2 to less than 3 years	13	0
5. 3 to less than 5 years	7	0
6. 5 years or longer	11	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E08b. [S]

And are you still working as a distributor for [AUTO-POPULATE FROM RESPONSE E03]?

	MLM	Non-MLM
1. Yes	10	0
2. No	90	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E09a. [Q]

When you first joined [AUTO-POPULATE FROM RESPONSE E03], what would you estimate was your total annual HOUSEHOLD income the previous year?

	MLM	Non-MLM
1. Below \$35,000	15	0
2. \$35,000 to \$49,999	6	0
3. \$50,000 to \$74,999	6	0
4. \$75,000 to \$99,999	5	0
5. \$100,000 or more	3	0
6. Don't remember	65	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes and said 2 DK in E09a

E09b. [S]

Your answer is important to us. Your best estimate is fine.

When you first joined [AUTO-POPULATE FROM RESPONSE E03], what would you estimate was your total annual HOUSEHOLD income the previous year?

	MLM	Non-MLM
1. Below \$35,000	51	0
2. \$35,000 to \$49,999	15	0
3. \$50,000 to \$74,999	10	0
4. \$75,000 to \$99,999	3	0
5. \$100,000 or more	1	0
6. Don't remember	19	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E10. [M]

In the six months prior to joining [AUTO-POPULATE FROM RESPONSE E03], which of the following life events had you experienced?

Scripter, randomize list.

	MLM	Non-MLM
1. Lost my job	9	0
2. Spouse/partner lost job	3	0
3. Moved	13	0
4. Retired	1	0
5. Death of a family member	5	0
6. Significant financial loss	5	0
7. Serious personal health problems	3	0
8. Graduated from high school or college	9	0
9. Got married	6	0
10. Got divorced	4	0
11. Serious health problems in close relative	3	0
12. Had a baby	12	0
13. Had a significant amount of debt	14	0
14. Other	3	0
15. None of the above	43	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E11. [S]

Prior to joining [AUTO-POPULATE FROM RESPONSE E03], how much experience did you have in sales where your income was primarily based on commissions?

	MLM	Non-MLM
1. None	75	0
2. Less than 1 year	7	0
3. 1 to less than 2 years	7	0
4. 2 to less than 3 years	3	0
5. 3 to less than 5 years	2	0
6. 5 years or more	5	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E12. [Q]

During an average week, about how many hours did/do you work selling [AUTO-POPULATE FROM RESPONSE ABOVE] products/services, expanding your network, and/or attending training events and meetings?

	MLM	Non-MLM
1. <10 hours	43	0
2. 10-19 hours	25	0
3. 20-29 hours	15	0
4. 30-39 hours	6	0
5. 40-49 hours	5	0
6. 50-59 hours	2	0
7. More than 60 hours a week	1	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E13a. [Q]

Approximately how much money in total did you spend on [AUTO-POPULATE FROM RESPONSE ABOVE] products, services, materials and trainings, either that you used yourself or that you sold to others?

	MLM	Non-MLM
1. Below \$1,000	15	0
2. \$1,000 to \$4,999	7	0
3. \$5,000 to \$9,999	1	0
4. \$10,000 to \$24,999	1	0
5. \$25,000 to \$49,999	0	0
6. \$50,000 or more	0	0
7. Don't remember	69	0
8. Prefer not to say	6	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes AND punch 2 in E13a

E13b. [S]

Your answer is important to us. Your best estimate is fine.

Approximately how much money in total did you spend on [AUTO-POPULATE FROM RESPONSE ABOVE] products, services, materials and trainings, either that you used yourself or that you sold to others?

	MLM	Non-MLM
Base Unweighted	435	0
Base Weighted	418	0
1. Below \$1,000	51	0
2. \$1,000 to \$4,999	17	0
3. \$5,000 to \$9,999	5	0
4. \$10,000 to \$24,999	2	0
5. \$25,000 to \$49,999	1	0
6. \$50,000 or more	1	0
7. Don't remember	23	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E14a. [S]

Thinking about the total amount of time and money you invested in [AUTO-POPULATE FROM E03 RESPONSE] compared to how much you ultimately earned, how did you make out financially in the end?

	MLM	Non-MLM
1. Made a profit (total income exceeded total investment)	25	0
2. Broke Even (total income was exactly equal to total investment)	27	0
3. Lost money (total income was less than total investment)	47	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes AND 14a = 1

E14b. [S]

Still thinking about the total amount of time and money you invested in [AUTO-POPULATE FROM RESPONSE ABOVE], how much profit did you make?

	MLM	Non-MLM
Base Unweighted	156	0
Base Weighted	148	0
1. Below \$5,000	53	0
2. \$5,000 to \$9,999	24	0
3. \$10,000 to \$24,999	11	0
4. \$25,000 to \$49,999	5	0
5. \$50,000 to 74,999	3	0
6. \$75,000 to \$99,999	2	0
7. \$100,000 or more	2	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes AND 14a = 3

E14c. [S]

Still thinking about the total amount of time and money you invested in [AUTO-POPULATE FROM RESPONSE ABOVE], how much money did you lose?

	MLM	Non-MLM
Base Unweighted	285	0
Base Weighted	283	0
1. Below \$5,000	90	0
2. \$5,000 to \$9,999	6	0
3. \$10,000 to \$24,999	2	0
4. \$25,000 to \$49,999	0	0
5. \$50,000 to 74,999	1	0
6. \$75,000 to \$99,999	0	0
7. \$100,000 or more	0	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E15. [S]

Prior to joining [AUTO-POPULATE FROM RESPONSE ABOVE], did you receive a copy of the compensation plan for the company?

	MLM	Non-MLM
1. Yes	52	0
2. No	47	0

Base: those respondents who received a copy of the compensation plan / punch 1 in E15

E16. [S]

How much of the compensation plan did you read?

	MLM	Non-MLM
Base Unweighted	311	0
Base Weighted	312	0
1. All of it	58	0
2. Some of it	37	0
3. None of it	5	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E17. [S]

How fair do you feel the company's compensation plan is/was to its representatives?

	MLM	Non-MLM
1. Very fair	25	0
2. Somewhat fair	45	0
3. Somewhat unfair	18	0
4. Very unfair	8	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E18. [S]

Prior to joining [AUTO-POPULATE FROM RESPONSE ABOVE], did you receive a copy of the company's income disclosure statement that says how much other distributors were earning, on average?

	MLM	Non-MLM
1. Yes	40	0
2. No	58	0

Base: those respondents who received a copy of the income disclosure statement / punch 1 in E18

E19. [S]

Looking back on it now, how accurate is/was the company's income disclosure statement based on your personal experience?

	MLM	Non-MLM
Base Unweighted	228	0
Base Weighted	240	0
1. Very accurate	16	0
2. Fairly accurate	50	0
3. Not too accurate	24	0
4. Not at all accurate	9	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E20. [S]

What type of impact has being a distributor for [AUTO-POPULATE FROM RESPONSE ABOVE] had on your relationships with close friends and family members?

	MLM	Non-MLM
1. Very positive	9	0
2. Somewhat positive	16	0
3. No impact	57	0
4. Somewhat negative	12	0
5. Very negative	4	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E21. [S]

Looking back on it now, how accurate is/was the company's representation of your chances at achieving financial success?

	MLM	Non-MLM
1. Very accurate	10	0
2. Fairly accurate	33	0
3. Not too accurate	36	0
4. Not at all accurate	18	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E22. [S]

Looking back on it now, do you feel the company mislead you in describing your chances at achieving financial success?

	MLM	Non-MLM
1. Yes	40	0
2. No	57	0

Base: those respondents who are NOT currently participating in MLM; E01 = 2 / No

E23. [M]

Which of the following are reasons why you left [AUTO-POPULATE FROM RESPONSE ABOVE]?

	MLM	Non-MLM
Base Unweighted	516	0
Base Weighted	510	0
1. The market was saturated with others selling the product or service.	25	0
2. The commission structure mostly benefitted those at the top, not me.	29	0
3. It took too much time.	29	0
4. The company was sold or went out of business.	5	0
5. I didn't get to choose what inventory to sell.	3	0
6. I found it awkward pitching my friends and relatives.	39	0
7. I was forced to spend more money than I wanted to keep my membership active.	16	0
8. I didn't like having to sell all the time.	35	0
9. I didn't make what I expected to.	36	0
10. I stopped liking the products.	7	0
11. I didn't get enough support or training.	10	0
12. I got a different job.	18	0
13. Other:	13	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E24. [S]

Knowing what you know now, would you join [AUTO-POPULATE FROM RESPONSE ABOVE] again?

	MLM	Non-MLM
1. Yes	16	0
2. No	65	0
3. Don't know	19	0

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes

E25. [S]

Knowing what you know now, would you join a different direct selling/MLM company?

	MLM	Non-MLM
1. Yes	13	0
2. No	62	0
3. Don't know	25	0

Base: those respondents who have NEVER participated in MLM / MLM DOV = 2 / no

E26 [S]

Has anyone ever asked you to join or participate in a direct selling or network/multilevel marketing company to sell products/services to others?

	MLM	Non-MLM
Base Unweighted	0	415
Base Weighted	0	415
1. Yes	0	57
2. No	0	43

Base: those respondents who have been asked to join MLM before / punch 2 in E26=2

E27 [M]

Why didn't you join?

	MLM	Non-MLM
Base Unweighted	0	180
Base Weighted	0	177
1. The market was already saturated with others selling the product or service.	0	27
2. The commission structure mostly benefitted those at the top, not new recruits like me.	0	42
3. I didn't have time.	0	17
4. I don't like selling things.	0	54
5. I already had a job.	0	39
6. I didn't like the products/services enough to sell them.	0	24
7. I wouldn't have received enough support or training.	0	6
8. I didn't think I could be successful or make a profit.	0	35
9. I had other work/family obligations that got in the way.	0	11
10. I thought the business was a scam/pyramid scheme.	0	60
11. Other	0	4

F Mindset & Behavior (part 2)

Now just a few questions for classification purposes...

BASE: Show IDEO if XIDEO = 9 (Missing)

F01 / Q11 [S]

In general, do you think of yourself as...

	MLM	Non-MLM
1. Extremely liberal	6	3
2. Liberal	9	15
3. Slightly liberal	10	8
4. Moderate, middle of the road	33	34
5. Slightly conservative	10	12
6. Conservative	26	22
7. Extremely conservative	7	5

BASE: Show REL2 if XREL2 = 9 (Missing)

F02 / Q27 [S]

How often do you attend religious services?

	MLM	Non-MLM
1. More than once a week	16	9
2. Once a week	24	21
3. Once or twice a month	11	8
4. A few times a year	16	18
5. Once a year or less	13	14
6. Never	19	30

Base: all respondents

F03 [S]

How often do you attend community events or meetings, such as organized social group gatherings, organized recreational activities, and local events?

	MLM	Non-MLM
1. More than once a week	10	8
2. Once a week	13	8
3. Once or twice a month	19	16
4. A few times a year	28	24
5. Once a year or less	12	16
6. Never	18	28

Base: all respondents

F04 [S]

How often do you use social media, such as Twitter, Facebook, Instagram, and Snap Chat?

	MLM	Non-MLM
1. Multiple times a day	49	41
2. Once a day	11	13
3. A few times a week	11	10
4. Once a week	5	3
5. 2-3 times a month	2	3
6. Once a month	1	2
7. A few times a year	4	3
8. Once a year	0	0
9. Never	16	24

Base: all respondents

F07 [S]

Who did you vote for in the last presidential election?

	MLM	Non-MLM
1. Donald Trump	41	38
2. Hilary Clinton	33	33
3. Jill Stein	2	1
4. Gary Johnson	3	2
5. Did not vote	15	22
6. Other	5	4

G Bankruptcy

Base: all respondents

G01 [S]

Thinking about your financial situation today, would you be able to cover at least \$1,000 in expenses in case of an emergency, not by borrowing the money or by putting it on your credit card?

	MLM	Non-MLM
1. Definitely yes	54	51
2. Probably yes	17	18
3. Probably not	12	13
4. Definitely not	16	18

Base: all respondents

G02 [S]

Have you ever had to declare bankruptcy?

	MLM	Non-MLM
1. Yes	18	11
2. No	82	89

Base: those respondents who have ever participated in MLM / MLM DOV = 1 / yes and G02=1 Yes

G03. [S]

Did you declare bankruptcy before, after, or during the period you worked as a distributor for [AUTO-POPULATE FROM RESPONSE ABOVE]?

	MLM	Non-MLM
1. Before	24	0
2. After	72	0
3. During	4	0

[INSERT STANDARD CLOSE]

END OF QUESTIONNAIRE

Acknowledgements

Numerous individuals participated in the planning and implementation of this project. Special thanks go to Jeffery Love from AARP's Research Department for overseeing all of the contracts for this project. Aishen Padilla and Julie Nepveu provided insights and support. Professor Stacie Bosley from Hamline University gave valuable feedback on survey design. John Pizzalato and Sheri Sturdy from *Fieldwork* recruited and screened focus group participants. Chris Fleury, Emily Sprague, Mansour Fahimi and Lisa Jackson from GfK led the programming and fielding of the survey and provided data reports. Amy Nofziger of the AARP Foundation provided funding for this research and helped coordinate focus group interviews.

AARP commissioned Marguerite DeLiema from the Stanford Center on Longevity to moderate focus groups, prepare the survey instrument, analyze data, and prepare the final report.