

Title: Question about stock dividend vs stock split

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I'm still unclear as to how a stock dividend is actually different than a stock split.

Investopedia defines a stock dividend as: "A stock dividend is a dividend payment to shareholders that is made in shares rather than as cash. The stock dividend has the advantage of rewarding shareholders without reducing the company's cash balance, although it can [dilute](<https://www.investopedia.com/terms/d/dilution.asp>) earnings per share."

<https://www.investopedia.com/terms/s/stockdividend.asp#:~:text=our%20editorial%20policies-,What%20Is%20a%20Stock%20Dividend%3F,can%20dilute%20earnings%20per%20share>.

Investopedia defines a stock split as: " A stock split happens when a company increases the number of its shares to boost the stock's [liquidity](<https://www.investopedia.com/terms/l/liquidity.asp>). Although the number of shares outstanding increases by a specific multiple, the total dollar value of all shares outstanding remains the same, because a split does not fundamentally change the company's value. "

<https://www.investopedia.com/terms/s/stocksplit.asp>

To me they sounds the same. A friend tried explaining it to me that a stock split in the form of a dividend means the company (GME) would be paying its share holders a reward in the form of more stocks, where as a stock split is the company giving permission to all brokers to make an adjustment on their holdings. (In the case of a 3:1 split ((not dividend)) it would increase all shares held by 3X it dilutes the price by 3X; but in the case of a 3X dividend would that also have the same effect of diluting the share price by 3X? OR would the price only dilute if shareholders then sold off portions of those dividends?

I'm just unsure how a dividend differs from a split. In both examples the total amount of shares increases but the market cap remains the same... so wouldn't the price dilute to the total amount of shares as per the market cap?