

Viral Marketing and Its Implications for E-Commerce

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INTRODUCTION

Ever since the appearance of new media and the creation of online commerce, business research has focused on the benefits of new technologies for marketing and sales. Research has shown that the Internet has affected different aspects of business processes, including key marketing aspects such as pricing, retailing and advertising (Datta, Chowdhury & Chakraborty, 2005). The widespread use of the Internet not only in the U.S., but also across the globe, has helped managers realize the advantages of this new technology, able to complement traditional word-of-mouth communication and to add an online viral way of communication with and among consumers (Datta et al., 2005).

The main benefits of online marketing are its capacity of reaching fast and with low-expenses a large segment of consumers, as well as its interactivity, leading to marketing efficiencies. Researchers and practitioners have noted that consumers are getting more involved with online campaigns that encourage individuals to pass along a marketing message to others by Internet or e-mail. In this case of Internet media, consumers value the non-commercial, non-pushy, personal sources of advertising information and messages received from their peers (Kirby & Marsden 2006).

However, research regarding viral marketing and social media has been sparse, with a rather limited understanding of the viral process, both from the point of view of researchers and practitioners (Allsop, Bassett & Hoskins 2007). Given the current state of research, we focus on studying aspects related to the nature, characteristics and evaluation of viral marketing, by analyzing how it works, the contexts in which it performs best, and the relationship between viral marketing and ecommerce.

VIRAL MARKETING

The origin of the term viral marketing is attributed to articles published in the 90s, when the Internet was starting to develop significantly, though there are different sources that receive credit for the term. Many published works attribute the formulation of the term “viral marketing” to Jurvetson and Draper (1997). The two authors used the term “viral marketing” to describe the free email service that Hotmail was providing at that time. In order to promote its services and spread the word about the availability of free email accounts, a message was included each sent e-mail from Hotmail noting that the company provides a free service available to anyone. Jurvetson and Draper’s definition of viral marketing is one of the most cited in the literature on viral marketing (Bampo et al. 2008; Cruz & Fill 2008; Datta et al. 2005; Fattah 2000; Petrescu & Korgaonkar 2011).

Other studies cite Harvard professor Rayport as mentioning the term in 1996 (Kirby & Marsden 2006; Shukla 2010), while others mention an even earlier use of the term in 1989, in a PC User magazine article referring to Apple computers - Macintosh (Kirby & Marsden 2006).

DOI: 10.4018/978-1-4666-9787-4.ch158

In this context, Jurvetson and Draper (1997) defined viral marketing as online word-of-mouth that is enhanced by the use of social networks. Other authors consider that viral marketing is the email use for word-of-mouth referral endorsement from one customer to other prospective customers. Moreover, viral marketing is also defined as the process of encouraging individuals to pass along favorable marketing information received online (Dobele et al. 2005) and as marketing techniques that use pre-existing social networks to produce exponential increases in brand awareness (Datta et al. 2005). Other studies consider viral marketing any form of electronic, online form of word-of-mouth (Anderson 2008; Cruz & Fill 2008). Bampo et al. (2008) define viral marketing as a strategy that encourages individuals to propagate a message, while Welker (2002) defines viral communication as cost reduced transmission of messages through environments that allow exponentially increasing diffusion of the message. Viral marketing is “a marketing strategy that encourages consumers to pass along messages to others in order to generate added exposure” (Plummer, Rappaport, Hall & Barocci 2007, p.263) or “a company’s activities to make use of customers’ communication networks to promote and distribute products” (Helm 2000, p.158). It relies on customers to pass forward the message using digital platforms (Helm 2000).

In the modern context of marketing and the Internet, there are many new terms used by marketing research and practitioners. Many of these terms are used interchangeably, even though the concepts of viral advertising, viral marketing, buzz marketing or electronic word-of-mouth each have their own meaning and characteristics (Petrescu & Korgaonkar 2011). Although the literature uses the terms interchangeably, we find differences between WOM, electronic WOM and viral marketing, making viral marketing a distinctive term on its own. First, WOM is usually local and slow, while viral marketing can be global and, in the instantaneous online platform, has an exponential growth potential (Datta et al. 2005). Second, we also accept Ferguson’s (2008) position, that the difference between viral marketing and WOM is one of cause and effect. Viral marketing, like influencer marketing programs and viral videos, builds awareness and buzz. Viral marketing generates word-of-mouth. Positive WOM, on the other hand, leads to trial and acquisition, and is the effect of viral marketing (Ferguson 2008).

CONTEXT AND CHARACTERISTICS OF VIRAL MARKETING COMMUNICATIONS

Viral marketing includes the online or offline activities performed by managers and marketers in order to make the message viral and have electronic WOM as its effect, with its exponentially growing message diffusion. It no longer represents only a marketing-to-consumer communication, but also a consumer-to-consumer communication, encouraged by marketers (Chiu et al. 2007). The control moves from the marketer to the consumer, but the marketer still maintains a role in trying to encourage consumers to communicate (Dobele et al. 2005).

A successful viral marketing campaign encourages individual consumers to forward marketing messages to others, which, thanks to the potential of the Internet, creates the capacity to have the message transmitted to thousands of consumers (Chiu et al. 2007; Dobele et al., 2007; Shukla 2010). Viral marketing possesses an epidemic message diffusion potential, since it can mobilize a community (Stanboulis 2003), given the wide access to information and communication online.

In this context, some brands can benefit more than others do from the impulse and effects of viral marketing, while companies need to focus, at the same time, on finding the right target in the social network.

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