



S U N D A Y

## Get the basics right

**By the end of today you will know:**

- The background to viral marketing and what it is exactly
- Why viral marketing can be so successful
- How viral marketing works and its benefits
- The pitfalls to watch out for

We will start the week by looking at some of the basics behind viral marketing, from what it is and how it works, to why it has become such a powerful communication medium. From here you will be able to appreciate and understand why this relatively new technique is receiving so much attention.

To begin, let us define viral marketing. We do not want to get hung up on lengthy and complex definitions, but it does make for a good starting point. For our purposes viral marketing will be defined as:

The voluntary spread of an electronic message from one consumer to one or many others, creating exponential and self-perpetuating growth in its exposure.

Over the next 7 days our focus will be to consider viral marketing as the activity of forwarding *electronic messages* from one consumer/user to a number of other people. These electronic messages can take a number of different forms. The most common by far is e-mail.





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### **Viral marketing: an overview**

The principles on which viral marketing are based are not new, we have been spreading viruses for years. Think about this:

When was the last time you recommended a good film that you had already seen to a friend?

Or

Have you ever given a friend the telephone number of a good restaurant for an important dinner date?

#### *Things you may have recommended:*

- A holiday destination
- A clothing shop
- A restaurant, bar, café
- An airline
- A medical specialist
- A vehicle make or model
- A garage
- A business supplier
- A book, film or music album

These informal suggestions form part of a referral process known as 'Word of Mouth' (WOM) – passing on information to a friend or associate based on your own experience.

A few years ago, before the internet and e-mail came along, viral marketing was being called WOM and in fact, apart from the distribution method, there is not a lot of difference between the two. There are many examples of the latest trend



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or fashion being spread, not by multi-million pound television advertising campaigns, but rather by individuals simply talking about it, seeing it or hearing about it and creating a ground swell of interest. Think of the phrases, *'I was reading . . .'*, *'I've just heard . . .'* or *'Have you seen . . . ?'* This is where it starts! Cast your mind back to crazes such as the Rubik's Cube, Cabbage Patch Kids and more recently Micro Scooters, Absinthe and Pokemon – all of these products owe much of their success to WOM marketing. WOM marketing can, when successful, be a marketer's dream ticket; consumers drive brand awareness and product demand themselves.

In many ways the easiest way to understand viral marketing is to consider it as 'super-charged Word of Mouth over the Internet'. I receive a piece of communication from a friend, associate or company, I like what I see so I tell others by forwarding the electronic communication. It all happens at the click of a button, which explains another name for viral marketing; 'Word of Mouse'.





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### Background to viral marketing?

Viral marketing, as we know, has actually only been around for a few years and only a few savvy marketers have fully taken advantage of its potential. It has become the marketer's latest buzzword, mainly because of some well publicised success stories, such as Hotmail, Levi's Flat Eric and Virgin cinema tickets, to name just a few.

The term viral marketing was first coined by Steve Jurveston of venture capital (VC) firm, Draper Fisher Jurveston. Jurveston and his partners were the venture capitalists behind Hotmail, and it was their idea to add the now infamous tag line '*Get your free, private email at Hotmail*' on to the end of each message. With this, the automatic digital referral process was recognised.

Jurveston initially referred to this process as viral marketing in a 1997 issue of Netscape's newsletter describing the phenomenal success of Hotmail. The term has grown in popularity ever since – Iconocast even gave viral marketing the award for *Internet Buzzword of the Year* in December 1998!

Viral marketing offers marketers an additional weapon in their armoury. On shoestring budgets, successful viral marketing campaigns can increase sales, improve market penetration or market share and enhance brand awareness.

Many of these marketing objectives could be achieved through one traditional marketing communications media such as advertising, direct marketing or PR or through a combination of them. However, viral marketing offers a unique opportunity to supplement (or even replace) these traditional activities with a campaign that offers results at a



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uniquely low cost, targeting an audience with near-limitless reach.

### *The wrong sort of virus*

This book is about the positive outcomes that can be achieved through viral marketing initiatives, however connotations of the word viral or virus can create all sorts of unpleasant images. Today, the word is also synonymous with computer viruses – bugs that travel around global computer networks in a matter of minutes, often causing havoc and losing millions of pounds in computer downtime. Code Red, Melissa and the Love Bug are just some of the more well-known examples we hope you have not had the misfortune to experience.

Naturally our use of the word viral is about embracing new technologies and using customer advocacy to drive awareness, interest and demand – something all together more positive.

### **E-mail and viral marketing**

The close link between viral marketing and e-mail is obvious and it is important that we realise why, in order to capitalise on potential viral success.

E-mail is the third most popular way for people to communicate, following face to face interaction and the telephone. This popularity stems from a number of advantages the medium can offer:



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- Instantaneous written word, both in creation and reply
- One-to-one, or one-to-many communication without the need for physical proximity
- Informality – e-mail has its own language and is becoming ever more relaxed, for example smilies :-) and saddies :-(

The uniqueness of e-mail is the cornerstone of viral marketing success.

### Is viral marketing the same as e-mail marketing?

There can be some confusion that viral marketing campaigns are in essence, e-mail campaigns under a different name. This is not true – the host medium provides a key similarity, but that is where the commonality ends. An e-mail campaign can have a viral element if it contains sufficient motivation to forward it on.

E-mail as a communication channel is perfect for the fast dissemination of information, which is a key factor in how viral marketing achieves the results it does. Within e-mail marketing there are many instances where this is not accounted for and opportunities to encourage a viral effect are missed. Below are two examples of e-mail campaigns that have been received in inboxes.

The first example includes a viral element by suggesting that we should recommend a friend and providing a mechanism



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to enable this, the second includes no such mechanic and does not enable the viral process.

*Example one: Circus Restaurant and paybox UK invitation*

Dear Richard,

**Circus Restaurant and paybox would like to invite you to an exclusive dining experience!**

Sign up to paybox and you will be entitled to enjoy a £40 three course evening meal with a complimentary glass of champagne for only £20 by paying with your mobile phone! Any evening from Monday, 19th of November until Friday, 7th of December 2001.

1. Sign up to paybox [here](#)  
Please allow two weeks for your application to be processed.
2. Reserve a table  
Telephone Circus Restaurant on (020) 7534 4000 quoting the "special paybox menu".

If you want to invite a friend, partner or colleague, **just forward this invitation.**

Please print out this email and bring it with you as confirmation of the offer.

THE TIMES, October 2001

*"perhaps the most innovative and flexible is the recently launched Paybox, backed by Deutsche Bank. The process is almost as fast as handing over cash"*

Any questions? Please do not hesitate to contact me.

We wish you a pleasant evening.

Yours sincerely

Elizabeth Cooper

paybox uk Ltd :-)))

Consumer hotline 0800 58 729269  
<http://www.paybox.co.uk>  
Knyvett House The Causeway, Staines TW18 3BA



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The example above features a 'send to a friend' option to encourage referrals, whereas our second example, a standard e-mail, or 'e-shot' as they are often known, has no such referral method.

*Example two: MAD.co.uk newsletter*

Dear Richard

For top editorial content in your industry, go to mad.co.uk every day for current and reliable news. With content taken from 12 leading industry titles plus a breaking news service throughout the day, mad.co.uk has all the news you need to stay ahead.

mad.co.uk has been first with many stories this month including the inside line on the future of Excite UK and job losses at Cordiant, Circle.com and IPC. Other stories broken by mad.co.uk since the start of August include The Body Shop's campaign against Esso, new account appointments by Jaguar and strategic marketing changes at BT Cellnet, to name but a few. We have also provided up to the minute commentary on the battle between Havas and WPP for control of Tempus.

—————Sponsors Message—————

Think differently about your world, think imaginatively about the challenge you now face, think hard before you choose an agency partner . . . Think!

Redefine your thinking.

<http://users.mad.co.uk/advert/default.asp?ad=38&id=21479> –

To subscribe at any level today go to

<http://users.mad.co.uk/advert/default.asp?ad=39&id=21479> –

All the team  
mad.co.uk

If you do not wish to receive further emails from mad.co.uk please click here

<http://users.mad.co.uk/users/nomoremails.asp?usr=21479>

Of course, there is a lot more to viral marketing than this, and day by day we shall uncover the key ingredients you should consider.



**S U N D A Y****Key benefits**

One of the fundamental elements of successful viral marketing is that messages are forwarded on to friends, family and associates who usually know the sender. The fact that a virus allows marketers to tap into people's existing networks, allowing them to take advantage of the trusting relationships that already exist, does much to explain the power of viral marketing. Who would you take advice from – a nondescript ad, website or brochure, or a personal message sent from a contact in your network of friends, family or associates? Consider when you check your e-mail and you see a mail from a friend. You will always open it, relishing the personal contact just as you would a letter or phone call.

When a recipient chooses to forward any message they have received, they advocate or endorse its content, by associating their name with the message content. In this way, everyone who uses Hotmail becomes a brand advocate every time they send an e-mail, in essence Hotmail's own customers are doing the selling. Trusting relationships and personal affinity are vital to viral marketing – tap into these and watch your virus grow and grow.

These trusting relationships can occur in different strengths and tiers; e-mail creates and sustains secondary friendship levels and you may find yourself communicating with people who, in day-to-day life, you may not have the time or opportunity to keep in touch with. For the viral marketer, these second level contacts greatly increase the size and opportunity for an individual to forward a message.



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We can summarise some key benefits of viral marketing:

- The massive adoption of the internet has created an online population of millions, all of whom can be reached with the click of a button
- The speed in which the information travels cannot be matched by any other communication means. Its exponential effect is unique. Within seconds a message can reach countless people, spread all over the world
- The self-perpetuating nature of viral marketing means that the cost per direct contact is minimised. Take the example of Hotmail who, with a budget of only \$500,000, attracted over 10 million users in a single year, putting an acquisition cost per user below 5 cents each!



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- Viral marketing has a proven correlation between exposure and improved brand recall levels, website usage and customer loyalty unlike traditional techniques like advertising and public relations. This is mainly due to the referral process coming through established trusting relationships
- Viral marketing gives instant credibility to a company or product and is by far the most user-friendly type of marketing. This is driven by the brand advocacy created by sending on the message
- Viral marketing can be measurable, offering the marketer the opportunity to track and analyse how a campaign has performed

### Why do we refer?

We all subscribe to referral principles every day – it is human nature to pass on information of value and that has a shared interest. There is a ‘feel good factor’ in passing on a useful piece of information. For many years WOM has been a favoured marketing mechanic for generating loyal and profitable customer relationships; positive WOM delivers considerable benefits.

Viral marketing is most commonly undertaken for the benefit of the individual ‘infected’ – the benefit may be educational or entertaining, and whether it is intangible or tangible, the sender believes the recipient will receive gratification from being exposed to the virus.



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### **Natural vs. encouraged**

Viral marketing is increasingly a planned marketing activity. However, this is not always the case – even the best marketers do not always recognise what the consumer wants or what they may pick up on. Do you think the team behind Hotmail really expected the phenomenal success they enjoyed? The answer is no – they may have hoped for a strong uptake, but could not have foreseen such a record-shattering outcome.

There are essentially two types of viral marketing. The first covers campaigns that are meticulously planned and agonised over by organisations and creative agencies, such as the recent Spielberg *AI* viral campaign. This example is arguably the most complex viral campaign yet and is rumoured to have cost over \$1 million, the most expensive. Revolving around a host of websites identified in the film's trailer, the campaign requires a high level of user involvement and perfectly fits the description of 'encouraged'. Such campaigns are designed specifically with the user's interests and profile in mind.

Secondly there are those that are picked up more naturally, and without such a high degree of planning. Examples could include such things as messages passed between women alerting one another to the dangers of the date rape drug which was widely publicised in America after some women suffered such terrible ordeals. The shared interest (or in this case shared concern) meant that with little planning, the message travelled widely through a viral referral process.

Importantly, this example reinforces research that a bad customer experience will be communicated eight times,





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compared to a good experience communicated just once! The natural example epitomises this and is a warning of how a viral campaign can work against you, just as easily as it can work for you.

### **The viral dimension – how does it work?**

So what is the difference between viral marketing and say, advertising or even direct marketing?

When you place an advert in a magazine, its exposure is constant – you will know roughly how many people will see it from circulation figures and readership surveys. The exposure can vary on a number of factors – position, format, and colour – but broadly speaking, the level of exposure is planned to attain a certain level as an integral part of the media schedule. The same applies to a direct mail campaign – if you mail 20,000 contacts you can assume, fairly accurately, that around 20,000 contacts will be exposed to your message.

With viral marketing that level of exposure planning is removed. Initial distribution can be carefully considered (we will examine this further on Friday), and marketers can hope the campaign will take off. However, there is little that can be done to proactively define how many people, in total, will be exposed to the message. Viral marketing is not a science, but more of an art. If you are after accurate forecasting, then use another communication technique. The best you can do to help guarantee success is to follow the ideas and principles we detail in this book.

When successful, through the self-perpetuation of the viral marketing initiative, exposure of the message can reach levels





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unparalleled elsewhere in the marketing world. The exposure patterns of most viral marketing executions show strong elements of exponential growth. The early phases may be slow, but as a critical mass is reached, the exposure of the message increases spectacularly. This exponential trend gives viral marketing a unique ability to disseminate a message incredibly fast.

*Exponential growth*

### ***Tony Blair gets the viral message – fast!***

The speed of dissemination of one of the viral marketing games created for the UK elections in 2001 was carefully monitored by the authors after its launch two weeks before the country took to the Polls. ‘Crouching Tony Hidden Hague’, a Street Fighter style game was launched to a target database of 2000 contacts. Within 24 hours 15,000 different people had played the game in five continents.

What is more, the feedback loop was closed when a senior aide to Tony Blair called the game’s creators within six hours to say he would be showing the PM the game that evening.

### **The enabler – the growth and acceptance of e-mail**

As we mentioned earlier, viral marketing has been enabled by the growth of the internet and the use of e-mail. Therefore, it is important to understand how the habits of e-mail use and penetration have implications for viral success.



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We all recognise how prolific the use of e-mail is, most certainly everyone reading this book will have an e-mail account; in fact it is more likely that we will have at least two, one for work use and one for more personal matters.

### *Number of people online*

<b>World total</b>	<b>513.41 million</b>
Africa	4.15 million
Asia/Pacific	149.99 million
Europe	154.63 million
Middle East	4.65 million
Canada & USA	180.68 million
Latin America	25.33 million

Source: Nua Internet Surveys, August 2001

The number of electronic mail boxes around the globe is estimated at a staggering 891 million, with more of them now outside the US than within. In 2000, the number of mail boxes saw a growth figure of 67 per cent from 533 million in use at the end of 1999. What is more, the International Data Corporation (IDC) predicts the number of mail boxes to be around 1.2 billion by 2005.

With so many mail boxes around the world, it is no wonder that the number of e-mails sent on an average day reached 10 billion worldwide by the end of 2001. And there is no end in sight for this growth – by 2005, IDC predicts that over 36 billion e-mails will be sent every day. Our own research, conducted specifically for this book, revealed that 53 per cent of respondents send between 6–20 e-mails per day, while 28 per cent send between 21–50 e-mails per day.



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E-mail usage may be considerable but it is also enjoyable. Pew Research, in a recent study, discovered that 70 per cent of e-mail users look forward to checking their e-mail, with 40 per cent saying it is one of the first things they do in the morning, and a further 40 per cent indicating that it is one of the last things they do at night.

### ***'What is your No. 1 reason for going online?'***

Research company	No. 1 reason for going on online	% of response
Jupiter Communications	e-mail	92%
Forrester Research	e-mail	89%

### **Three key observations**

- As e-mail volume increases, there will be more e-mail noise and the user may begin to feel overwhelmed, therefore viral marketing success is by no means guaranteed
- People like e-mail; a viral marketer can take advantage of this but should be wary about spoiling someone's enjoyment!
- Understand your customers and how they act and use this intelligence to execute your campaigns

### **The pitfalls of viral marketing**

When you release your virus, you instantly lose control. Only the bravest marketers should attempt it. It is not for the weak hearted – half-baked or weak ideas simply will not work. Be brave and bold.



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It is also wise to remember that success is far from guaranteed because referral is such a personal decision. Campaigns that fulfil every success criteria have bombed, whereas campaigns that ignore all the recommendations have seen remarkable success. Viral marketing cannot be controlled and so it is important to think about how you can determine if your campaign has been successful.

Viral marketing is not appropriate for all products and all companies, and many consider it to be limited to larger brands with a focus on youth and fashion. Viral marketing for corporate organisations and those in the business to business sector is more difficult, but there are successes. The trick is not to come across as patronising, desperate or overtly 'salesy'.

### **Keep it legal**

Individuals, not organisations, drive successful viral campaigns. As an individual you do not need your friend's permission to send him or her an e-mail. However, as a professional marketer working on behalf of an organisation, you do need to fulfil a number of legal requirements in the initial dissemination of the message to your target audience.

### **It is not the Holy Grail . . .**

Viral marketing has been deemed by some as the answer to a marketer's prayers – a quick, cheap way to broadcast a message, drive awareness and generate hot leads. Yet, while viral marketing is a powerful marketing tool, it is by no



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means the panacea that some have made out. The advantages of a viral initiative will become clear over the following pages – as will the pitfalls – and the underlying theme of carefully planned research and targeting will come to the fore.

### Summary

Throughout the day, you should have gained a broad understanding of the basic principles and driving forces behind viral marketing. Hopefully you will have begun to see how viral marketing campaigns could be integrated into your own marketing activity. Tomorrow we shall look at how planning is essential for a successful viral marketing initiative.

