

Viral Marketing

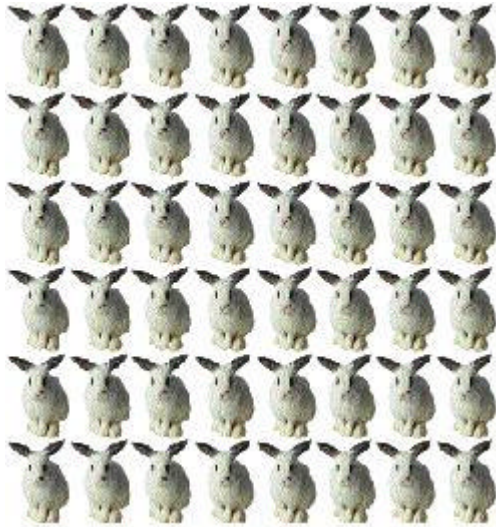
Making Your Message Multiply

Creating buzz with viral marketing

By Jennifer Schu

Viral marketing is a lot like "Six Degrees of Kevin Bacon" — the college-craze-turned-board-game that connects prolific film and TV actor Bacon with every other Hollywood performer in no more than six steps. Both can unite people fast, and can spread like wildfire.

Allegra Young, former director of strategy research for USAToday.com, knows first-hand the power of viral marketing on the Internet. During her four-year tenure with the online version of the popular daily newspaper, Young cut a "very affordable" distribution deal with free email service Hotmail to include a USAToday.com newsletter as part of Hotmail's Web Courier news-products offerings. Suddenly, "we had people all over the world reading it," Young says.



"One of my staffers was visiting El Salvador, and she had a complete stranger tell her he received it," Young recalls. "I was in the emergency room and the nurse helping me told me she got it."

Thanks to the deal, Young was able to add about 100,000 subscribers per month to the newsletter. By the time she left USAToday.com in the summer of 1999, daily circulation had grown to two million.

It wasn't all gained by word-of-mouth, of course, but e-marketers — like movie producers and gossipers — recognize and appreciate the power of a good referral.

Strictly speaking, viral marketing is defined as any advertising that propagates itself the way viruses do. For example, when Hotmail users send emails, they "infect" the recipients with the tagline at the bottom of their messages — one advertising, say, a newsletter or product. Or it can be a product promotion or other information that any Internet email users forward of their own volition to friends and acquaintances.

Known as "word-of-mouth" or — more appropriately — "word-of- mouse" marketing, viral marketing has proven to be an enormously successful, cost-effective way of creating buzz online for many companies.

Why it's popular

"Online marketing goals have become quite simple of late — lower costs and increased profitability," observes Brad Powers, executive VP of marketing and business development at eWomp, a Manhattan-based developer of electronic word-of-mouth technology platforms. "Viral marketing does just that."

Related Articles

- [eBay Bidders Talk Up their Deals](#)
- [e-PR Campaigns: Guerrilla Marketing Online](#)
- [The "dot-com bomb" Contest](#)
- [The Price of Buzz](#)
- [Selecting Your E-Fluentials](#)

At a time when email remains the main reason people go online — 93 percent of adults online in 2000 used email, according to a recent Jupiter Media Metrix study, while only 79 percent used search engines — viral marketing seems like an ideal way to reach a wide audience.

"Businesses can now employ their customers to spread the word cost-effectively using a combination of technology and incentives," says Powers.

A case study is Hotmail itself. In its first year and a half alone, the free email service acquired more than 12 million subscribers. During that time, the company spent less than half a million dollars on advertising, marketing and promotion. At the same time, rival service Juno spent nearly \$20 million on brand-awareness initiatives — and attracted only a fraction of Hotmail's subscriber base.

"With a creative email campaign and/or a promotion, we have seen viral campaigns become more successful in recent times," says Kristin Gabriel of eCom Communications, a Los Angeles-based PR firm.

Viral marketing targets include friends, relatives and business colleagues forwarding email to each other about issues, products, movies, contests and sales. As each person forwards to friends, the virus multiplies, increasing the original missive's reach by eightfold and more.

Viral marketing succeeds because friends usually trust the opinions of friends. "Once the referrals start, there is no telling how far the buzz will spread," says eWomp's Powers.

When formulating your e-PR strategy — either on your own, or with the help of professionals — first make sure that your product or service is suited to viral marketing. Viral marketing is not about mass marketing but about finding the right niches — the clusters of people who share the interest or profession who will feel compelled to forward your message.

The teen market is strong, since teens love sending and receiving email and often share similar interests, such as rock groups or clothing brands. Other excellent niche markets are hobbyists, sports fans and stay-at-home moms. All of these groups are heavy email users. Certain business-to-business niches work as well, as long as your message is perceived as having true value that will bring benefit to its recipients.

"What is most interesting is that it is a self-selecting," says Powers of eWomp. "The right person seeing the right messaging, offer or product will naturally self-select others who have interest in igniting a spiral of 'buzz' around [it.]"

"We have found that it is the right offer to the right audience...that gets the viral cycle started."

One of the first great viral-marketing successes was "The Blair Witch Project," a low-budget film that became a hit largely through word-of-mouth generated over the Internet.

Other viral successes include Blue Mountain Arts' online animated greeting cards and PayPal, an online person-to-person payment service. When someone receives a Blue Mountain card, he or she has to visit the site to open it. Those who do are likely to send a free card themselves.

PayPal benefited by offering cash referral bonuses to existing PayPal users who encouraged a friend or acquaintance to sign up for the service. For a short time in 2000, it even gave new members a cash bonus. Today, PayPal is the most successful online payment service on the Web, mostly due to email word-of-mouth.

Road Runner Sports benefits from online communities of runners — who tend to be among the most affluent group of Internet users — who forward each other emails about the e-tailer's regular Web specials.

The impetus for people to spread an email or Web-site referral is often an offbeat prize or incentive, such as a walk-on role in a movie. Example: eWomp, which develops customized referral pop-up windows on its clients' Web sites, generated 60,000 referrals for Wizard World, an online pricing guide for comic books, baseball cards and other collectibles. The prize was a walk-on movie role in a film that appealed to Wizard World's core audience. For every friend referred to the contest, the original contestant would receive an additional entry.

The promotional pop-up window was designed so that the original contestant could easily forward the information as an email to his or her friends. Many other companies have similar promotions on their Web sites, all designed to increase referrals.

"It's the nature of the prize that motivates people," says Powers. "Something niche or novelty seems to spark a lot of referrals. Winning a million dollars is nice, but is it really specific to your demographic?"

Viral marketing can work in the business-to-business world as well. Onvia, an online B2B solutions provider, and IBM Small Business are working together with Qbiquity, a provider of relationship marketing software and services, to increase site registrations for a small-office sweepstakes. "The Onvia/IBM promotion is a major initiative, and with Qbiquity's help, it's delivering tangible results," says Alicia Nakamoto, director of strategic marketing at Onvia. "The conversion rate for referrals has been astounding: 50 percent for the U.S. program and 41 percent for the Canadian program."

Hot-topic issues are clearly launch-pads for viral e-marketing. According to a report by the Congressional Management Foundation (CMP) and George Washington University, citizens are swamping elected officials with word-of-mouth inspired emails. According to the report, Congress received around 80 million emails last year. The report pinpoints the start of the email explosion as December 1998, at the beginning of the Clinton impeachment hearings. The study noted similar spikes following other major political upheavals, such as the presidential election recount of November and December 2000 and the nomination of John Ashcroft for attorney general earlier this year.

As portal deals and other strategic partnerships sputter, viral marketing may be the ticket for generating buzz without breaking the bank.

"Bottom line, an electronic word-of-mouth platform is essential for any online marketing arsenal," says Powers of eWomp.

Tom Dugan, CEO of New Gate Internet, an online marketing agency agrees: "True viral marketing gives audience members free branded information or content so appealing that they actively spread it to their family and friends — providing geometrical marketing growth for a fixed cost. When done right, the value is unbeatable."

Links List

Following are URLs of groups and companies mentioned in this article.

www.ecomcommunications.com

www.emanuel-rosen.com

www.ewomp.com

www.gregoryfca.com

www.horngroup.com

www.jmm.com

www.newgate.com

