Social media and its implications for viral marketing

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Abstract

Social media presents potentially seductive opportunities for new forms of communication and commerce between marketers and consumers. As advertisers typically want to find some way to follow their target audiences, many new media opportunities are presented to advertisers. However, we are still social media pioneers. While the boom in social marketing appears persuasive with an estimated 70% of consumers visiting a social website for information, other research points out that 90% of WOM conversations still occur face to face or by phone, and only 7 percent occurs online. In contrast to traditional advertising media such as television, there are measurement and consumer behaviour modelling issues that will need to be addressed before marketers that measure and manage their media investments will be able to fully embrace the opportunities and navigate the risks presented by social media. Ultimately, advertisers will be forced beyond the "old-school" approaches to adopt many of the principles and techniques of relationship marketing in order to effectively use social media and likely the multiple niche co-creation of products and services.

Keywords: social media, new media, marketing communication, viral, word of mouth

Introduction

In the last decade there has been a major shift from traditional media. The second generation of Internet-based applications (i.e. "Web 2.0") or what Shih (2009) calls the fourth revolution, in which users generate and control communication, holds great promise to significantly enhance marketing efforts with viral marketing campaigns (Thackeray et.al. 2008:2). This technology presents opportunities for relationship building, not only peer to peer but also between

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marketers and their customers (Harridge-March and Quinton 2009:171). Recent studies show that the corporate adoption of social media by the fastest growing US corporations is now at record pace (Barnes 2008:74). Yet, because of the novelty and potential effectiveness of Web 2.0, some marketers may be enticed to prematurely rely on social media in promotional plans. This paper discusses whether social media is able to consistently generate effective viral word-of-mouth for brands and products?

Marketers and the social bandwagon

Marketing communications practitioners are inundated with new ideas and technologies that often provide great promise but do not live up to their hype. In an era when the media is fragmenting and advertisers are critically questioning the cost and effectiveness of older media, particularly among younger and male demographics, the data indicates a strong surge in social media use advertisers. For example, Nielsen estimate there are 142.1 million US, 46.6 million Japanese, and 31 million Brazilian consumers who accessed social networks and blogs in December 2009 alone (WARC 2010a). In Australia, the Internet reaches a potential audience of over 11 million users of which more than 70% use a social network; Facebook has over 6 million registered users and Twitter has 800,000 registered followers (Comscore 2009) Moreover, the McCann tracker study (2008) found that active users reading blogs grew from 54%-77% within two years. The number having written a blog increased from 28% to 45% and also notably people watching video clips online jumped from 32% n 2006 to 83% in 2008 (Smith, 2009). Kaplan (2001) further suggests the transition of social media to a significant marketing communications medium is due to a combination of; technological drivers such as bandwidth; economic drivers such as user access to more tools to develop User Generated Content (UGC); and social drivers such as the generation of IT savvy youth recently become consumers with purchasing power. (Kaplan, 2010). However, the social media are no longer the domain of Generation Y; older generations are heavy social networkers with Facebook's largest demographic now women aged 55 and older (Angel & Sexsmith 2009, p.2). If the maxim that advertisers will ultimately follow audiences holds, then social media's appeal to expansive and difficult to reach audiences should somehow translate into commercial success for marketers and social media operators.

Indeed, social media's influence promises some sort of marketing communications revolution: for instance, global brand Pepsi will not be advertising during the Super Bowl, instead opting for a digital social media campaign they say will "help their customers better understand what Pepsi stands for" (WARC, 2010b). By contrast, Pepsi's main competitor, Coca-Cola, will run two spots during the Super Bowl, yet these advertisements will direct viewers to social media sites linked to its charitable activities (WARC, 2010b). Consumers searching online for information about a product, or brands, not only gain access

to corporate marketing materials, they now also have access to product reviews, opinions and commentary from other consumers (Smith, 2010).

Social media is also building a business case for driving purchasing behaviour with research by EDI (2008) showing that a majority of consumers surveyed relied on various types of social media websites as much as company websites for product and brand information and that nearly half of those made a purchase decision based on what they gathered. However, although social media applications are controlled by users, trend data is not yet conclusive with respect to who is generating, and accessing information (Thackeray et.al. 2008, p.341).

How consumers interact with social media has become crucial to marketers. One stream of research suggests the existence of a "loyalty ladder" in social networking communities that splits users into categories such as: "lurkers" (those who are reticent to contribute to sites); "tourists" (those who post comments but demonstrate no commitment to a network); "minglers" (those who post with no regularity or frequency); and "evangelists/insiders" (those who are enthusiastic, expert and regular in their contributions) (Harridge-March & Quinton 2009, p.176). Other researchers split users into slightly different sets, for example: "social clickers" (users who communicate with friends and create content on message boards and review sites); "online insiders" (avid online shoppers who vocalise product preferences); and "content kings" (young men addicted to online entertainment) (Riegner 2007, pp.439-440). These groupings demonstrate the complexity and lack of uniform measurements for marketers targeting users of social media. By contrast, the established media like television offer well established and accepted means to measure and manage marketing campaigns that facilitate investment in marketing communications campaigns.

Social media's viral marketing potential

Viral marketing, also known as word-of-mouth (WOM) or "buzz marketing", is the tactic of creating a process where interested people can market to each other (Subramahi & Rajagopalan, 2003, p.1). In this age of user-generated media, social media is not merely a marketing channel, it facilitates WOM. While Web 2.0 media presents communications and sales opportunities for marketers, it brings with it a potential and worrying lack of control of marketing messages.

Before constructing social media strategies, marketers must ask themselves: how can we engage consumers to promote products to specific communities it in a credible, controlled and cost effective way? Social media has provided consumers with their own voice, not as passive respondents as in their previous relationship with brands, but as active members of brand communities who have the confidence to come into the brand's "space". Marketers working with leading brands in social media suggest one solution may be "co-creation" – where marketers encourage users to become actively involved with a brand or product (Needham 2008, p.61). Thus, in order to develop loyalty with tech-savvy consumers, some marketers have decided to stop talking or selling "at"

them, and instead market with them. Some marketers incorporate this approach within "relationship marketing"; rather than focusing on transactional marketing, the aim is to build longer term relationships with customers, generating trust between buyer and seller so that loyalty develops (Harridge-March & Quinton 2009, p.174).

Online relationship marketing requires the facilitation of the processes of interaction, communication, dialogue and value (Harridge-March & Quinton 2009, p.174). Emerging social media tools for marketing include real-time video training and webinars that can provide marketers with applications more consistent with the social nature of the selling relationship (Oracle, 2009) by opening the relationship to a dialogue. Social marketing technologies also permit marketers to customise their messages and have a dialogue with customers. Moreover, the technological bases of online communication often enables better targeting of potential customers as the databases driving sites such as Facebook are able to segment audiences by variables such as demographics and interests, and even to map the emergence of online communities as targets (Gillan, 2009). However, the success of these media is contingent on considerable resources being allocated to their proper use and evaluation.

There are considerable and popular expectations that social marketing applications can result in extremely effective marketing. For example, Fisher (2009) concluded that of the 70 percent of consumers who had visited a social media site to get information; 49 percent of these customers made a purchase decision with this information they found and 60 percent of the respondents in the study said they are likely to pass on information they find online.

Other research prompts caution that the potential outcomes of online social marketing should not be overstated. For instance, the Keller Fay Group (2006) identified that while 90% of WOM conversations occur face to face or by phone, only 7 percent occurs online. Thus, WOM's real power remains outside Web2.0, where most conversations still take place. While people are apparently flocking to social networking sites and applications, they are not necessarily using social networking sites to get and exchange information on buying decisions, and are not very likely to buy products from companies advertising at such sites (Knowledge Networks, 2009).

Success in viral marketing hinges upon understanding the nature of knowledge-sharing and persuasion by influencers and responses by recipients in online networks (Subramani & Rajagopalan 2003, p.4). Online influencers should be viewed as knowledgeable helpers in the social network rather than as mere "agents" of the marketer. Schemes that make overt attempts to co-opt users to promote products and services may upset the status quo and reduce the effectiveness of the marketing approach to the detriment of both the marketer and users who may have benefited from the knowledge-sharing acts of influencers (Subramani & Rajagopalan 2003, p.5). Specifically, a key issue facing marketers is the source-credibility of online actors. Readers of user-made

commentary typically evaluate the opinions of complete strangers, and often readers are aware of this. A proxy for individual credibility should be identified in marketing campaigns (Brown, Broderick & Lee 2007, p.7).

Cautions of social media in marketing campaigns

As noted earlier, many marketers are risk adverse and experience has taught them to be reticent about consumer-generated media due to their inability to control the message. In one instance, pharmaceutical manufacturer Johnson & Johnson released an online marketing campaign via an online video about pain relief for women who carry their babies in a sling. Within hours, Twitter and the "blogosphere" exploded with negative commentary about the video's perceived denigration of motherhood. On top of this, the online discussions would also be communicated off-line and sometimes reach tradition media. Thus, over a single weekend, the volume and sentiment of the consumer-generated media brought down a well-planned advertising campaign (Baker 2009, p.2).

Related to the source credibility issue identified earlier, another hurdle for marketers is that customers will consider information if it is both useful and believable, but will react badly to sales-push messages that violate social networking's intrinsic qualities of socialization and trust (Angel & Sexsmith 2009, p.4). Making social networking sites overly commercial is risky, as users might turn away from the site if they feel their interests are being subjugated to those of advertisers; a warning issued by analysts to News Corp when it acquired MySpace, shifting it to a mass-market advertising platform giving brands the opportunity to both advertise and also interact with the website's users (Carter 2006, p.2). Similarly, creating fake blog entries is another example of how the misuse of social media can irritate consumers and harm brands. The now infamous "Walmarting across America" fake blog (or "flog" as it became known), came under severe criticism online after the ethical breach was exposed (Burns 2008, p.16). Poor execution brings poor results.

The size of online communities is also a factor in the limitations of social media on generating online WOM. Many marketers are born in an era of mass marketing and are driven by the prospect of large and often hard to reach audiences viewing their campaigns. Paradoxically for these marketers, for online groups to be effective, there needs to be a finite size to each community (Phillips 2008, p.82). The concepts of "reach" and "mass media" needs to be reconsidered and new emphasis needs to be placed on "focused" "customised" marketing campaigns. For social media campaigns to be effective, the new commercial imperative dictates marketers need to belong to a large number of groups or communities, rather than merely rely on broadcasts to an online group with a large number of members. This recognises that both the cultural and emotional relationships are paramount (Phillips 2008, p.84), suggesting the need to continually monitor and truly belong to these forums rather than be users of mere convenience.

Opportunities for using social media to generate viral marketing

A real understanding of how WOM networks specifically work online, as opposed to offline, is particularly pertinent to contemporary marketing communications. To generate a sense of group mind-set and shared interests, online "brand communities" should include a wide range of interests that have a direct, but nonintrusive, connection with the brand (Brown, Broderick & Lee 2007, p.15). Ensuring that brand activity is relevant to a social network's core audience is crucial for advertisers wanting to tap into niche communities (Carter, 2006). For example, Procter & Gamble's successful promotion of its Tampax brands to teenage girls, was not by talking about tampons, but by creating an online community for teens that integrated peer networking with games, quizzes, music videos, service articles and a Q & A area. Just as they do in an offline mode, marketers need to think about their customer's problems and offer solutions (www.beinggirl.com).

Conceptual models have been developed to guide the process of "co-creation" with online consumers. One example is the DART model which comprises: "dialogue" (fostering meaningful dialogue with the consumer), "access" (providing a company's customers access to each other), "risk return relationship" (offering something tangible to the online consumer), and "transparency" (creating an environment to share valuable information) (Ramaswamy, 2008, p.3). Real dialogue with the consumer led to Unilever's ground-breaking online viral campaign 'Dove Campaign for Real Beauty'. Unilever were able to send the most relevant messages to consumers based on precisely what they were seeking and/or conversing about. However, critical evaluation of these models for their suitability for the time, place and products proposed should occur before they are used, and any model which promotes co-creation with consumers must find that segment of real ardent fans and create special programs and tools that will empower them to share that enthusiasm. While there are many prominent (even brilliant) examples of the successes of social media communications, there are many more failed campaigns buried deep in the online abyss.

Another area of opportunity for social marketing is "brand building" - connecting enthusiastic online brand advocates with the company's product development cycle (Ferguson 2008, p.181). Here, research becomes marketing; product developers are now using social forums to spot reactions after they modify an offer, a price, or a feature in a product or service. Such brand-managed communities can have real success. One well-documented example is IdeaStorm, Dell's community discussion and "brainstorming" website, which saw a measurable increase in sales following its launch, by providing a forum for meaningful dialogue and "to gauge which ideas are most important and most relevant to" the public (www.ideastorm.com).

Measuring social marketing

The often unanswerable prediction is whether online viral marketing campaigns will be effective in the short and long terms. Viral marketing is notoriously difficult to execute successfully and measure adequately. The quest for reliable metrics means that some marketers will shy away from implementing online viral tactics that draw only short-term attention (such as viral videos) to tactics that actually allow for prospect identification and capture of behavioural data (Ferguson 2008, p.181). Much of what happens in social marketing is little more than experimental, or simply about "insights" rather than metrics. Many marketers feel the need to "tick" the social media box and demonstrate how cutting edge they are, while the primary drivers of their campaign remain embedded in traditional media.

There is a need to effect a paradigm shift from a traditional "more is better" approach. While many social marketers fixate on volume metrics (website traffic, hit rates, click-throughs, time spent on-line, postings etc), successful social marketing often depends more on qualitative metrics for desirable signs of the tone, quality and customer benefit of the interaction (Angel, Sexsmith & Sexsmith 2009, p.6). These may include: unique visitors, interaction rates, relevant actions taken, conversation size , conversation density, author credibility, content freshness and relevance, audience profiles, unique user reach, and so on (Fisher 2009, p.191). Such metrics not only measure whether people are engaged, but how they are engaging. However, such metrics often need to be customised for individual campaigns and need be considered in the pre-launch phase, ideally incorporated in message testing.

Conclusion

Web 2.0 social media is a potentially powerful medium for finding key consumer influencers, engaging them, and generating brand advocates. However, in order to build viral campaigns and foster online WOM, trust must be established and subsequently reinforced in order to overcome any reluctance on the part of the would-be consumer. This means moving beyond "old-school" approaches to website advertising to embrace the principles of relationship marketing - building virtual environments in which customers can connect with each other to share insights and relevant information. One tactic for success is for brands to move away from the hard-sell to instead embrace the notion of "co-creation". By tapping into or creating their own online social networks, social media marketers can influence a brand community and potentially influence consumer behaviour. To capitalise on currently available opportunities, marketers need to find or establish real brand communities, listen to them, and then create special programs and tools that will empower potential and existing community members, rewarding existing consumers and eliciting behavioural change from

potential consumers. Perhaps advertising effectiveness in the rapidly digitalising world of television (and other audio and visual media) will be improved through the adoption of synergistic paradigms of multiple-niche co-creation.

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