

## Is there life in viral marketing?

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### Table of contents

Is there life in viral marketing? .....	1
Just what is viral marketing? .....	1
Legal constraints .....	3
Can viral still reach millions to boost consumer marketing? .....	4
Is viral relevant for business-to-business marketing? .....	6
Coming next .....	6
References .....	7
Dave Chaffey – Contact details .....	7

It's a couple of years now since many marketers were briefing agencies to include a viral element in their campaigns in the hope the campaign would 'go viral'. Some well known examples were banned, thus speeding their popularity. Some even suggested that getting the campaign banned was in the brief. Examples from this golden era of viral marketing include the Microsoft X-box launch viral of a baby ejected from its mother on its inexorable trip to the grave; the John West Salmon dancing bear and that MTV Headrush exploding head video I couldn't bear to watch. Some of these campaigns reached millions in minutes.

But was this just a brief craze, or is viral still relevant? Some of the issues we will explore in this E-Marketing Insights column are:

- Just what is viral marketing?
- What legal constraints are introduced by the new Privacy and Electronic Communications Regulations Act in force from December 11<sup>th</sup> 2003?
- Can viral still reach millions to boost consumer brands?
- Is viral relevant for business-to-business markets?

We will look at the success factors for viral campaigns for B2C and B2B organisations.

### Just what is viral marketing?

Like most buzz words 'viral marketing' means different things to different people. A viral marketing execution certainly needs to create a buzz to be successful. The two main forms of viral marketing are best known as 'word-of-mouth' and 'word-of-mouse'. Both rely on networks of people to spread the word.

Since this is the *E-marketing Insights* column of *What's New in Marketing*, we will be concentrating on the second viral variety – online viral marketing. Online viral is more efficient in terms of speed than offline viral since it uses e-mail to rapidly transmit the virus. Witness the rate at which e-mail-based computer viruses such as SoBig.F spread to millions of computers. But viral can be a force for the good. Anti-spam software Cloudmark ([www.cloudmark.com](http://www.cloudmark.com)) which uses a collaborative approach to filter out e-mail has nearly a million 'spam fighters' using its service yet has only been released for a matter of months.

The Cloudmark example shows that that often 'word-of-mouth' works best with 'word-of-mouth'. Word-of-mouth tends to give a wider reach since most of us spend more time offline than on and perhaps there is more chance of the virus taking hold. If you want to read more about word-of-mouth, read Seth Godin's *Unleashing the Idea Virus* (Godin, 2001) or Malcom Gladwell's excellent *Tipping Point* (Gladwell, 2000). The Tipping Point is when the viral message increases exponentially once it moves beyond the initial people it is seeded with.

The benefits that created such a buzz around viral marketing amongst marketers in the last few years can be summed up in one long definition:

'Viral marketing uses a **powerful offer** transmitted via a **network of people** to **reach** a large audience **cost effectively** to **generate prospects, build brand awareness** and so **increase sales**'

Examples of viral marketing which build awareness through video clips from brands such as Virgin, T-Mobile and Microsoft are viewable at DMC ([www.dmc.co.uk](http://www.dmc.co.uk)). For example, Mazda has commissioned several awareness building campaigns based around humorous video clips for new car launches.

### Refer-a-friend

'Generate prospects' refers to the use of viral campaigns to build up a permission-based house e-mail list which can then be used to convert interest to custom. This simply needs a referrer (the originator) of the message and a recipient – best known as 'refer a friend' or 'forward to a friend'. The marketer then sends a message to the recipient telling them about the offer and persuading them to opt-in. For example, Chaffey (2003) describes how Virgin Atlantic offered 'Free Flights for Life' and the viral effect enabled them to gain more over 100,000 new list members.

To make a viral campaign happen, Justin Kirby of viral marketing specialists DMC ([www.dmc.co.uk](http://www.dmc.co.uk)) suggests there three things are needed (Kirby, 2003):

1. **Creative material – the 'viral agent'**. This includes the creative message or offer and how it is spread (text, image, video).
2. **Seeding**. Identifying web sites, blogs or people to send e-mail to start the virus spreading.
3. **Tracking**. To monitor, the effect, to assess the return from the cost of developing the viral agent and seeding.

When we think of online viral marketing we tend to think of e-mails being used to pass the message on from one person to the next. But as we will see, the web site is often also an important part of e-mail marketing. In *Total E-mail Marketing* (Chaffey, 2003) I distinguish between these types of viral e-mail techniques.

1. **Pass along e-mail viral**. This is where e-mail alone is used to spread the message. Towards the end of a commercial e-mail it does no harm to prompt the first recipient to forward the e-mail along to interested friends or colleagues. Even if only one in 100 responds to this prompt, it is still worth it. The dramatic growth of Hotmail, reaching 10 million subscribers in just over a year, was effectively down to pass-along as people received e-mails with a signature promoting the service. Word-of-mouth helped too.

Pass-along or forwarding has worked well for video clips, either where they are attached to the e-mail or the e-mail contains a link to download the clip. If the e-mail has the 'WOW!' factor, of which more later, a lot more than one in hundred will forward the e-mail.

2. **Web facilitated viral (E-mail prompt)**. Here, the e-mail contains a link/graphic to a web page with 'E-mail a friend' or 'E-mail a colleague'. A web form is used to collect data of the e-mail address to which the e-mail should be forwarded, sometimes with an optional message. The company then sends a separate message to the friend or colleague.

3. **Web facilitated viral (Web prompt)**. Here it is the web page such as a product catalogue or white paper which contains a link/graphic to 'E-mail a friend' or colleague. A web form is again used to collect data and an e-mail is subsequently sent.

4. **Incentivised viral.** This is what we need to make viral really take-off. By offering some reward for providing someone else's address we can dramatically increase referrals. A common offer is to gain an additional entry for entry into a prize draw. Referring more friends gains more entries to the prize draw. With the right offer, this can more than double response. The incentive is offered either by e-mail (option 2 above) or on a web page (option 3).

5. **Web-link viral.** But online viral isn't just limited to e-mail. If you click on any of the links in this article – that can also be considered to be online viral marketing or you could call it online PR. Links in discussion group postings or web logs which are from an individual are also in this category. Either way, it's important when seeding the campaign to try and get as many targeted online and offline mentions of the viral agent as you can.

## Legal constraints

We look at the law before exploring viral techniques, since in future, marketers operating in Europe will have to look carefully at the interpretation of the European Community law on Privacy and Electronic Communications in each member country. We will focus on the UK law.

**What follows is not legal counsel, but a brief summary interpretation of the latest law. Given that the law effectively evolves and clarifies as new cases are brought professional legal advice should be sought, particularly before embarking on a viral marketing campaign.**

The Privacy and Electronic Communications Regulations Act (PECR) in force from December 11<sup>th</sup> 2003 is published at:

<http://www.hmso.gov.uk/si/si2003/20032426.htm>

It is a surprisingly accessible and commonsense document – many permission marketers will be practicing similar principles already. Clause 22 to 24 are the main clauses relevant to e-mail marketers, but note that there are other significant clauses which should be read carefully by everyone whose web services place cookies on end-user computers. We will summarise the main implications of the law by picking out key phrases. The new PECR law:

### 1. Applies to consumer marketing (mostly).

22 (1) applies to '*individual subscribers*'. Individual subscribers means consumers

This sounds like great news for business-to-business customers and I have heard some business-to-business commentators and marketers take the view '*great, the new law doesn't apply to us*', but this could be dangerous. There has been adjudication by the ASA which found against a B2B organisation who had unwittingly e-mailed consumers from what they believed was a B2B house list. Distinguishing between those working for large organisations and small partnerships maybe difficult and what about the many business users who opt-in for business e-mail communications using their personal Hotmail or Yahoo! Mail account? The government has also indicated that the law is under review and could potentially be extended to business-to-business. Beware also since in some European countries where the law applies to both B2C and B2B.

### 2. Is an opt-in regime.

The new law applies to '*unsolicited communications*' (22(1)). It was introduced with a view to reducing SPAM or unsolicited commercial e-mail, although we all know its impact will be limited on spammers beyond Europe. The relevant phrase is part of 22 (2) where the recipient must have '*previously notified the sender that he consents*' to receiving commercial e-mail. The ASA CAP code (see below) refers to '*explicit consent*' this suggests that a proactive action at the point of opt-in is required. On a web profiling form this means actively selecting the option to receive e-mail by ticking a box.

### 3. Requires an opt-out option in all communications.

An unsubscribe method is required so that the recipient does not receive future communications. The law states that a 'simple means of refusing' future communications is required both when the details were first collected and in each subsequent communication.

**4. Does not apply to existing customers when marketing similar products.**

This commonsense clause 22 (3) (a) states that previous opt-in is not required if the contact details were obtained during the course of the sale or negotiations for the sale of a product or service. This is sometimes known as 'soft opt-in'. While this is great news for retailers, it is unclear where this leaves Not for Profit organisations such as charities or public sector organisations where the concept of a sale does not apply.

Clause 22 (3) (b) refers adds that when marketing to existing customers the marketer may market 'similar products and services only'. Case law will help in clarifying this. For example, for a bank, it is not clear whether a customer with an insurance policy could be targeted for a loan.

**5. Contact details must be provided.**

It is not sufficient to send an e-mail with a simple signoff from 'The Marketing team' or 'Web team' with no further contact details. The law requires a name, address or phone number.

**6. The 'From' identification of the sender must be clear.**

Spammers aim to disguise the e-mail originator. The law says that the identity of the person who sends the communication must not be 'disguised or concealed' and that a valid address to 'send a request that such communications cease' should be provided. This implies that a teaser 'From' address should not be used and that a valid e-mail address to reply to should be available in the body of the e-mail (since often commercial e-mails are not sent from an address that accepts inbound e-mail).

**7. Applies to direct marketing communications.**

The communications that the legislation refers to are for 'direct marketing'. This suggests that other communications involved with customer service are not covered, so the opt-out choice may not be required here.

So where does this new law leave viral marketing. We will explore the options for each of the four types of online viral mentioned above for B2C and B2B below.

## Other legislation

The current law that e-marketers are talking about now, is in fact only one of a series dating from the 1998 Data Protection Act. To understand the marketing implications of all these laws, the CIM offers a course on E-marketing Law ([www.cim.co.uk/1153](http://www.cim.co.uk/1153)). Consumer marketers also need to heed the April 2003 Code of Advertising Practice from the Advertising Standards Agency (ASA CAP code). This has a broadly similar aim to the PECR

## Can viral still reach millions to boost consumer marketing?

My reading of the law is that it has drastically reduced the options for viral marketing in consumer marketing.

However, consumer brands being hauled up in front of the ASA for offline ads seems commonplace, indeed you can argue that if they don't, their agencies aren't pushing the envelope. But breaking the PECR is potentially more serious and not just because of the £5,000 fine and reputational damage. It is within the powers of the data protection commissioner to close down an organisations direct marketing operation until they are satisfied a problem has been rectified – far more damaging!

Of the four online viral options below, only the first remains legitimate. Options two to four would involve sending an unsolicited communication without prior consent, and this is now outlawed.

1. *Pass along e-mail viral.*
2. *Web facilitated viral (E-mail prompt).*
3. *Web facilitated viral (Web prompt).*
4. *Incentivised viral.*

But its not all bad since (1) Has proved popular for viral clips in the past and will continue to do so, with the right creative. But for (2) to (4), we may have to fall-back on traditional word-of-mouth – if the offer is good enough in (2) or (3) then the friend or colleague will be told verbally how great it is and will then visit the web site.

For options (2) and (3), HTML `mailto:` style hyperlinks can also be incorporated in e-mails and on web pages which will automatically open up the default e-mail package possibly with a preformed message, so the site visitor sends the message themselves. This approach is nowhere near 100 percent reliable since it is dependent on web browsers and e-mail packages used and how they are set up. So this is a less efficient method and the viral effect will be reduced.

Option (4) could be achieved through the use of a code which a friend has to pass on verbally, but can be redeemed when the friend enters their details although this would be a lot less effective. Alternatively the referred could still be prompted for the friends/colleagues e-mail address to be provided, but no message sent. Additional entries would be provided for each valid e-mail address provided. For the paranoid, the additional entry into the prize draw would be activated when the e-mail address entered by the friend on a subsequent visit matched with that supplied by the referrer!

To sum up, pass along or forwarded e-mails can still be used for consumers, but we will have to use message, creative and incentives to prompt traditional word-of-mouth transmission of the viral. Also work hard at PR – the right media mentions on TV, radio, print and web will dramatically boost reach when the viral agent is powerful.

### **Important update – added after article written**

At the end of November 2003, the UK Information Commissioner produced detailed guidelines for companies on how to comply with PECR. Details can be accessed here: <http://makeashorterlink.com/?X26862EA6>.

Unfortunately, viral marketing is not referred to explicitly in these guidelines. However, it is thought that a future update to the guidelines will refer to it. Comments from marketers who have spoken to the office of the Information Commissioner specifically about viral marketing suggest that the new law may not restrict viral marketing as much as suggested above. The comments suggest that all viral options apart from 4 may be permissible although strict interpretation of the law suggested that only 1 and 5 are permissible. In other words, forward-to-a-friend viral links from web site or e-mail will remain permissible except when the provision of the friends name is in return for an incentive, such as an additional entry into a prize draw.

### **Success factors for B2C virals**

Success depends on the viral agent, transmission mechanism and seeding process. We have seen that the law has limited our options on transmission, so we will now look at the viral agent and seeding.

A successful viral agent relies on achieving that elusive 'WOW!' factor. WOW! doesn't have to mean smut, although a visit to sites which index the mosty popular virals such as Punchbaby ([www.punchbaby.com](http://www.punchbaby.com)), the Viral Bank ([www.viralbank.com](http://www.viralbank.com)) or the Lycos Viral chart (<http://viral.lycos.co.uk>) shows that this remains popular. In fact, good old-fashioned humour is the main attribute of the top listings in the Lycos chart. But, whether it's a video-clip, prize draw offer, a well executed game, a fun quiz, smutty office anecdote or royal intrigue – it has to have that WOW! factor. Its basically down to value – whoever forwards the message will not want to be seen as spamming their friend or colleague, so it must have some form of 'unique' value. For Virgin Atlantic, the value was 'Free Flights for life'. A prize draw with this offer drew over two hundred thousand responses. Details on the motivational aspects of viral marketing are available from iMediaConnection (2003).

Some ad-based virals are simply re-purposed ads for TV broadcasting. In the US ING Direct have pre-viewed new ad launches before their offline broadcasts, for instance. Kirby (2003) suggests that a better approach is 'advertainment' where the product is incidental to the humour. Of course, there is a danger that the brand association may be reduced by this approach. There is also the danger that the humour may not match your audience. This is why one of the Mazda clips featured an out-of-control golf-cart rather than a clip of Kylie! Many marketers and agencies fear this lack of control in targeting, and this is perhaps a reason why viral marketing has not developed in the US.

Seeding does not simply involve sending an initial e-mail to a small group of promiscuous people (Seth Godin called these 'sneezers') in the hope they will pass it on. For maximum reach, a viral clip or offer should be accessible from as many relevant as sites as possible – not only viral chart sites, but also online newspapers, comedy sites, web logs and discussion groups.

## **Is viral relevant for business-to-business marketing?**

A brief scanning of the law would suggest that all four viral options remain open to business-to-business marketers, but as mentioned above, great care is needed for 2, 3 and 4. The problem is that the organisation cannot be certain that the e-mail is not forwarded as an unsolicited e-mail to a consumer or 'individual subscriber'. One approach would be to exclude obvious non company addresses such as hotmail.com, but there are still hundreds of ISPs offering e-mail addresses so they couldn't all be checked for. Another approach would be to make clear in the 'refer-a-friend' messaging that the person the referred person MUST be a person working for an organisation otherwise it will breach the privacy law. But this is clearly not watertight.

In practice, many B2B marketers may decide that caution is best and resort to the techniques described above for B2C.

## **Success factors for B2B virals**

How do we get that WOW! factor for B2B viral e-mails. We can't really expect to create anything business related that's going to make anyone fall off a chair, but we do have to have some impact.

Similar success factors of great viral agent and targeted seeding also apply to business-to-business markets.

Prize draws still work in many business-to-business sectors – a free lap-top, PDA or digital camera will get good responses. The problem is list quality. Are the respondents actually in your target market. Its not a big problem though if the offer is clearly limited to a particular profession. For example, 3M Health Care offered consumer gadgets to health care professionals, but clearly stated that entry was dependent on job title and workplace.

Quizzes can also work if they are centred around knowledge about a profession – people love proving they're best.

Information-based agents can work surprisingly well – a listing of new store openings collated from several sources soon found its way around retail store managers when it was seeded to this limited sized business community.

## **Coming next**

In the next edition of WNIM – integrating e-marketing into marketing campaigns. We will concentrate on strategic issues such as budget allocation, cross-media integration and frequency rather than the creative.

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