



Creating an Effective
Viral Marketing
Program

By Ivan Surjanovic & Tomislav Sudarevic

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www.ipowerlab.com
336-4974 Kingsway Ave
Burnaby BC V5H 4M9
+1-604-430-9877, office@ipowerlab.com

Praise for “Creating an Effective Viral Marketing Program”

Word of mouth, it is well known, is the most powerful and the least expensive marketing tool ever invented. The problem is how to do it right. The internet brought an unprecedented acceleration in the spreading of the word worldwide - contributing to the rise and demise of businesses in time spans that were considered pure science fiction only a decade ago. This book offers a comprehensive list of techniques to create viral campaigns and as such, is a powerful marketing tool to be used time and time again.

Lazar Dzamic, Digital Strategist, EHS Brann, London

"Why is it that some of the most important issues in business are often the very things that are forgotten first? This new e-book can help any business person to recapture the essence of what is important for developing, growing, and maintaining a business."

Professor Steve Brokaw, PhD, Marketing Department, College of Business Administration, University of Wisconsin, La Crosse, USA

Through the years I have known Ivan I have been privileged to see his Internet viral marketing magic at work. Here is a man who understands marketing and the Internet application thereof intimately, and his clients benefit all the way to the bank. I highly recommend this book. Viral Marketing, when instituted by wizard like Ivan, can exponentially grow your business.

Robin J. Elliott

President of Elliott Enterprises Inc, Vancouver, Canada

“Want to buy a business or skyrocket your sales? Talk with Robin J. Elliott - The Prophet of Profit, www.dollarmakers.com”

Most interesting and inspiring. this e-book, published first back in 2002, is one of the first books ever written on the subject of Viral marketing. At the same time the book is very unique: it provides a practical set of tactics and tools that you can implement in your own business right away”.

Dragan Varagic, International e-marketing consultant, Serbia, www.pretraga.rs

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A very BIG thank you to Ivan Surjanovic and Tomislav Sudarevic for his newest web-business/marketing e-guide "Viral Marketing". In their delightful new e-book you can expect to learn some marketing things you didn't know, discover some websites you may not have known about and realize some truly remarkable internet "tools" which can greatly benefit any business in any phase or stage. This book is very informative, easy to read, enjoy and apply. Thank you again for coming up with a fabulous book that I can add to my business library!

Laurel A. Hillton, International business coach, instructor and author, Laurel Hillton Business Coaching

Very interesting book and a valuable resource for any business or entrepreneur. Authors' observations about delighting the customer and viral marketing are very similar with what is known as "LoveMarks" in the advertising arena. It is about creating high respect / high love brands. It is not easy, but it is the right way of doing business. And it pays!

**Ivan Stankovic, President and CEO
Communis Bates, Balkan**

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About the Book

The first edition of this e-book was written and published by Ivan Surjanovic in 2002 under the title “Creating Your Own Viral Marketing Campaign” as one of the first books written on the subject at that time. A few years later, Ivan Surjanovic decided to further explore the subject of viral marketing and to do his PhD research on the application of viral marketing in the food industry under the supervision and mentorship of professor Tomislav Sudarevic. This book is a result of their joined efforts based on both primary and secondary research of hundreds of viral marketing programs around the world. Its purpose is to provide an overview and understanding of various viral marketing campaigns and their critical success factors, as well as to briefly describe the most important viral marketing principles, tools and techniques. We hope the book will provide useful “inventory” of various approaches to viral marketing and serve as an inspiration and guide for marketing managers and entrepreneurs when creating their own viral marketing programs.

The authors would like to express their gratitude to all marketing executives, consultants and business owners who participated in the research. In addition, a very special “thank you” goes to our families for their support and encouragement. Finally, we would like to welcome readers’ comments and suggestions as we are planning to expand our research.

1. Introduction

Isn't marketing strange? Some companies spend millions of dollars on their advertising budgets, and still fail. Others just do the things right and 'somehow' the word gets spread by millions. Hotmail initially spent only \$50,000 in advertising which was enough to prompt the viral growth of their service. Later they invested the total of \$500,000 which brought them their first 12 million customers. At the same time, their main rival, Juno Online Services, relied mostly on the traditional marketing and spent more than \$20,000,000¹. Which of the two company names can you recognize today?

¹ Skrob, J. (2005), Open Source and Viral Marketing, The viral marketing concept as a model for open source software to reach the critical mass for global brand awareness based on the example of TYPO3, University of Applied Science Kufstein, Austria

According to research done by Sisodia, Wolfe, Sheth², today's consumers particularly love 28 well known companies such as "Amazon", „Starbucks”, „Google”, „Harley Davidson”, „Southwest Airlines”, "Whole Foods". As a matter of fact, these companies are truly loved by all who come in contact with them - customers, employees, suppliers, environmentalists, the community, even governments. The authors show that those "firms of endearment" have been not only more profitable, but they spent *less* on marketing compared to their rivals. They are also "wonderful for investors, returning 1025% over the past 10 years, compared to only 122% for the S&P 500".

We all know that the word of mouth has been the single most powerful marketing instrument for a long time. Why, then, we marketing professionals spend so little time on it?

Here is our guess:

- Maybe it is easier to spend money on advertising, than to come up with a new word of mouth strategy
- Maybe we are afraid to face resistance by challenging the conventional wisdom
- Maybe we just do not have such a big idea
- Maybe we do not believe strongly enough in the power of a great product and the wow factor.
- Maybe we simply do not know how to create the wow factor and delight our customers

As a matter of fact, the most powerful known marketing instrument, word of mouth, just got more powerful today. Thanks to the Internet, you just need one mouse click and few seconds to spread the word around the world. On top of that, word of mouth now lasts "forever" as most of our conversations are now recorded online!

The purpose of this book is to help you harness this tremendous power of word of mouth "on steroids", primarily by using online strategies and tactics.

2. Viral Marketing Defined

The term "viral marketing" has been used widely over the last fifteen years, yet it has often been confused with a number of terms such as "buzz marketing," "word of mouth marketing," "e-word of mouth marketing (eWOM)," "word of mouse marketing," "evangelist marketing," "network marketing," "referral marketing," "guerrilla marketing" and similar terms.

During our research of viral marketing cases, we have seen quite a few viral marketing programs that took place even before the Internet era, yet they did meet the above criteria

² Sisodia, R.S., Wolfe, B., Sheth, J.N. (2007), *Firms of Endearment: How World-Class Companies Profit from Passion and Purpose*, Wharton School Publishing, New Jersey

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of "exponential growth." The viral marketing examples of Apple's Mac computers, Polaroid instant cameras, Volkswagen's Beetle, Tupperware dishes, MCI's Friends & Family Program, Harley Davidson motors and similar other examples come to mind. In the food industry, examples of viral programs before the Internet include the Coca Cola contests (dated back as far as 1916!), the Pepsi Challenge, or Amway and Forever Living's MLM marketing programs. However, it is fair to say that the viral marketing concept received full attention with the emergence of Internet technologies.

The term was first introduced by Steve Jurvetson and Tim Draper³, the founding investors of Hotmail, who considered viral marketing to be "the special catalyst for Hotmail's torrid growth". They used the term viral "not because any traditional viruses are involved, but because of the pattern of rapid adoption through word-of-mouth networks".

According to Ralph Wilson⁴, one of the first authors on viral marketing, viral marketing describes any strategy that encourages individuals to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence. According to Wilson, off the Internet, viral marketing has been referred to as "word-of-mouth," "creating a buzz," "leveraging the media" or "network marketing." But on the Internet, for better or worse, it's called "viral marketing."

The Word of Mouth Marketing Association⁵ offered a broader definition of viral marketing as a type of word of mouth that involves "creating entertaining or informative messages that are designed to be passed along in an exponential fashion, often electronically or by email". WOMMA's definition did not narrowly focus on the Internet or on electronic means, although this is what "often" makes things more viral. Similarly, Laudon and Traver⁶ in their definition did not even mention electronic media, but rather described viral marketing broadly as "the process of getting customers to pass along a company's marketing message to friends, family, and colleagues".

Based on the above, as well as on the analysis of real life viral marketing cases, we would like to suggest the following (broader) definition of viral marketing:

"Viral marketing is any marketing program designed to achieve exponential growth by spreading marketing effects from customer to customer".

It is worth noting that, according to our definition:

³ Jurvetson, S., Draper, T. (1997), Viral Marketing phenomenon explained, retrieved from http://www.dfj.com/news/article_26.shtml in 2012

⁴ Wilson, R. F. (2000), The Six Simple Principles of Viral Marketing, E-Commerce Consultant Web Marketing Today

⁵ Word of Mouth Marketing Association, "WOM 101" – e-book" retrieved from <http://womma.org/wom101/wom101.pdf> in 2010

⁶ Laudon, K.C., Traver, C. G. (2002), E-Commerce: Business, Technology, Society, Addison Wesley, Boston

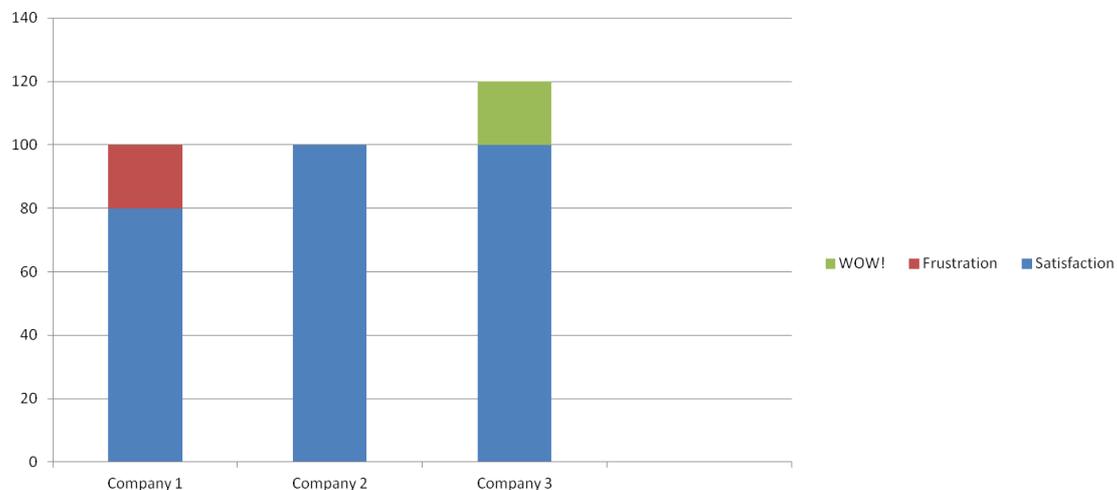
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- a) The exponential growth is required for any marketing program to be considered "viral."
- b) Viral marketing is based on spreading marketing effects from customer to customer. In other words, viral marketing is just one type or special case of word of mouth marketing which happens when the number of customers grows exponentially.
- c) Viral marketing takes place both online and offline. The difference is not in the media; the difference is in the intensity.

3. Wow Factor: The Heart Of Viral Marketing

Have you ever thought about what the "wow" really is? When does the "wow" happen? Can we measure the "wow" factor at all?

Like humour, "wow" is a psychological phenomenon, which makes it more difficult to define or quantify. To define "wow", we looked at the definition of frustration: "a gap between reality and expectations." We will define "wow" as a "negative frustration" or as "a positive difference between what you get and what you expect".



We live in the age of "wow" and word of mouth. According to research done by Ed Keller⁷, the average American consumer participates in "121 word-of-mouth conversations, in which specific brand names are mentioned 92 times per week".

⁷ Keller, E. (2007), Unleashing the Power of Word of Mouth: Creating Brand Advocacy to Drive Growth, Journal of Advertising Research, Vol. 47, Issue 4

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Given the new market environment, businesses should now adopt a new orientation as well: the orientation on achieving "wow" by exceeding expectations. Let's have a look at the evolution of management's orientation. As the supply and demand equilibrium changed over time, so did the focus of management:

Time	Until 1950s	1950s-1960s	1960s-2000s	Today
Main Focus	Product	Production	Sales	Marketing
Motto	"If you can make it, you can sell it."	"Push, push, push!" ("Sell, sell, sell!")	"Discover and satisfy the need!"	"Surprise and delight!"

The last big shift (marketing orientation) took place fifty years ago. Since then, the market has changed again. The supply has grown even bigger relative to the demand: customers are now literally overwhelmed with thousands of products and choices. They are in charge. As a result, to stay competitive businesses today must make an extra effort beyond simply "meeting customers' needs". They have to exceed expectations. They need to surprise and delight their customers.

Most intelligent companies have already figured this out. Take, for example, Apple's exciting products and delightful in-store experience. Or Google Gmail's surprisingly large free storage. Or KLM's "random acts of kindness". Or Volkswagen's "fun theory" (www.thefuntheory.com).

According to Gallup research, shoppers who were emotionally connected to a supermarket spent 46% more over a one-month period than shoppers who were satisfied but lacked an emotional bond with the store. Our own research of seventeen selected companies from FORTUNE's World's Most Admired list showed that the admired companies were actually more profitable: compare their ROI of 7.12% to FORTUNE 500's average of 3.80% in 2010.

To learn more about the wow factor check out Ivan's presentation on "Creating WOW! through Inspiration" on the recent TEDx event: <http://www.youtube.com/watch?v=KKcn4FVsdv8> .

4. Lessons From Successful Viral Marketers

Let's have a look at some viral marketing cases and see what we can learn from them.



Lessons From Successful Viral Marketers

Before The Internet

Viral Product or Campaign	Description	Critical factors contributing to viral growth
Tupperware	Food storage solutions for housewives	<ul style="list-style-type: none"> • Tupperware parties
Amway	Hundreds of health, personal care and house cleaning products	<ul style="list-style-type: none"> • Multilevel marketing
Apple / Mac	Easy to use, intuitive computer. Superior design. Different.	<ul style="list-style-type: none"> • User friendly product / Awesome design / Wonderful experience <p>(Mac users have probably been the best brand evangelists ever ("You get to love your Mac every time you turn it on"))</p>
VW Beetle	Fantastic new look of VW Beetle delighted millions	<ul style="list-style-type: none"> • Unique, exciting product design
Polaroid Camera	First instant photo camera. Wasn't it cool to share the pictures with your friends right after taking them?	<ul style="list-style-type: none"> • Convenience: time is of essence, now is always better than later.
Starbucks	More than a coffee shop: "extension of home"	<ul style="list-style-type: none"> • Unparalleled environment, positive energy, friendly service, and, of course: a great product.
Palm	Dream personal digital assistant	<ul style="list-style-type: none"> • Helpful, user friendly, enjoyable product
MCI – Friends & Family	Telecommunication company	<ul style="list-style-type: none"> • Personal network of friends and relatives used as new customer basis ("MCI Friends and Family Circle")

On The Internet

Viral Product or Campaign	Description	Critical factors contributing to viral growth
Hotmail (www.hotmail.com)	Free personal e-mail account.	<ul style="list-style-type: none"> • New service (web based e-mail) • Free service • Self-promotion: a standard signature at the end of each e-mail message ("Open your free e-mail account at Hotmail")
Bluemountain Greeting Cards (www.bluemountain.com)	Online greeting cards	<ul style="list-style-type: none"> • Easy to send and share: at the end of each e-card, there was an invitation to the recipient to send his/her own greeting card to his / her friends
PayPal (www.paypal.com)	Alternative payment method (a substitute for credit cards)	<ul style="list-style-type: none"> • Satisfying the need (peace of mind, security) • Viral component: requires the other party to be registered with PayPal, too
Amazon (www.amazon.com)	The world's biggest online bookstore.	<ul style="list-style-type: none"> • Ultimate, premier product resource in its category • Delightful web site experience • Built-in viral marketing tools (affiliate marketing program, recommendation engine, etc.)
Skype (www.skype.com)	Online VOIP telephone	<ul style="list-style-type: none"> • Built-in viral marketing tools (requires the other party to be registered with PayPal, too) • Significant cost savings

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ICQ (www.icq.com)	Instant messaging system	<ul style="list-style-type: none"> • New communication tool at a time • Free • Self-promotion (built-in virality: requires the other party to register)
Facebook (www.facebook.com)	Social networking	<ul style="list-style-type: none"> • Addressing fundamental human needs for social life, communication and ego gratification
Twitter (www.twitter.com)	Social networking / microblogging	<ul style="list-style-type: none"> • Addressing fundamental human needs for social life, communication and ego gratification
eBay (www.ebay.com)	Online auction site	<ul style="list-style-type: none"> • The biggest store on earth. • Superior user experience: easy to find, buy, bid, sell and – tell a friend!
YouTube (www.youtube.com)	Online video site	<ul style="list-style-type: none"> • Superior service / the largest world's storage of videos • Built-in viral marketing tools ("embed", "Create your own channel", etc.)

5. Eight Strategic Principles of Viral Marketing

Before starting any viral marketing program, revisit some of the most important strategic areas of your project.

1. Design your product or service to be really new and useful, enchanting, virus worthy. **DELIGHT!** Think how you can **EXCEED** expectations.
2. **SELECT** carefully your **TARGET GROUP**. Choose your niche. Then, expose your product or service to the most influential users first.
3. **REMOVE ALL BARRIERS** to spread the word. Offer part of your service for **FREE**. Do not insist on your needs (e.g. avoid complicated registration procedures or forms, etc..) Instead, make it as easy as possible to sign up or spread the word.
4. Whenever possible, design the system so that one needs the **OTHER PARTY** to communicate with (e.g. Skype, PayPal, Facebook, ICQ). That is why the communication vehicles are the most viral products ever.
5. Whenever possible, plan a special **MARKETING BUDGET** to support your viral marketing efforts. This will help to start the ball rolling, and to ensure faster spread of virus. For example, you may want to run **PAID** opt-in e-mail campaign, or banner ad campaign. Additionally, any off-the web marketing campaign should include your site **URL** and an incentive for taking desired action on your site.
6. Make it easy for consumer to **SPREAD** the virus, by providing viral tools such as Tell a Friend, etc.
7. **REWARD** those who recommend your service/product. Actually, reward both parties, by discount, coupon, special gift, thank you e-mail, free e-book, etc.
8. **INNOVATE** and improve your product/service on a continuous basis. Feed the virus, otherwise it will die. Delight again and again!

6. Viral Marketing Tools and Techniques

Here is an "inventory" of some of the online tools and techniques that have been widely used by the leading viral marketers. All these tools proved to be effective in stimulating the **INTERACTION** and **CONVERSATION** with the company and / or between the

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consumers themselves. Check if any of these can work in your business. Remember, the creativity your only limit here: you can combine the tools any way you wish or even create completely new ways of fostering conversations and spreading the "virus" among consumers.

	Viral Marketing Tool	How does it work	Check if this technique is appropriate for your business
1.	TELL A FRIEND	email this URL to your friend	
2.	SEND A FRIEND / FORWARD THIS	e-mail this file, page or article to a friend	
3.	SEND / READ FEEDBACK	Send your comments or read what others have to say	
4.	FAX THIS	Fax this page to your friend	
5.	PLAY A GAME	Play a game online. Compete with a friend. Send this game to a friend	
6.	CONTEST	Participate in our contest: get a free vacation, annual membership, or our newest product. Let your friends know	
7.	JOKES, ANECDOTES, STORIES, LEGENDS	Post your own jokes or stories; read and share new ones daily	
8.	QUOTATIONS	Post your own thoughts or quotations; share this with a friend	
9.	e-BOOK	Get our free e-book .Feel free to distribute this e-book to your friends	
10.	eNEWSLETTER	Click here to sign up for our newsletter; recommend our e-newsletter to your friend. Or: create your own newsletter on our site	
11.	REFER A FRIEND REWARD	Share this with your friend and both of you will receive \$5 discount on your next purchase	
12.	DOWNLOAD THIS	Click here to download our catalogue, pricelist, brochure, annual report... as PDF (Portable Document Format) file.	

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13.	e-MAIL MULTIMEDIA BROCHURE.	Click here to get our e-mail multimedia brochure; share with your friends	
14.	REFERRAL (AFFILIATE) PROGRAMS	Sell our products via link on your own web site. Get 15% on any client referred from your web site	
15.	ONLINE FORUMS, DISCUSSION GROUPS, MAILING LISTS	Participate in the online forum; post your comments	
16.	LIBRARY	Click here to submit your article or e-book to our online library	
17.	NEWS	Post your news here	
18.	FREE SOFTWARE DOWNLOAD	Download free software, recommend it to your friends	
19.	E-CARDS	Create and send your greeting / promo cards for free	
20.	WEBINARS	Register for our online seminar or videoconference; invite your friends	
21.	SURVEYS / POLLS / QUIZZES	Vote now. Participate in our survey, or create your own survey for your friends. Take a quiz.	
22.	CALENDAR	Visit us frequently to get updates on new events. Post your own events here.	
23.	BOOKMARKING / SOCIAL BOOKMARKING	Bookmark this site for future use; share your bookmarks with friends	
24.	FREE REPORTS	Sign up to receive our special report on the industry trends	
25.	LOYALTY SCHEME	Collect points when purchasing our products online	
26.	FREE PRODUCTS AND SAMPLES	Get free products / samples; share them with your friends	
27.	DATABASE / ONLINE DIRECTORY	Submit your data to be included in our database	
28.	LINKS / LINK EXCHANGE	Add your link to our site	
29.	ADVICE COLUMN / ASK OUR EXPERTS	Post your question here - we will respond within 24 hours	
30.	PRESS CLIPS / PRESS	Get news about our business	

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	VIDEOS		
31.	EMBED THIS	Embed our video on your site	
32.	PHOTO GALLERY	Create and share your own photo gallery here	
33.	AUDIO LIBRARY	Create and share your own audio library here	
34.	VIDEO LIBRARY	Create and share your own video library/video channel here	
35.	EVENTS	Take part in our online event; meet new people with similar interests	
36.	INTERACTIVE VIDEO FILMS	Upload your name and photo here and play this personalized video	
37.	SOCIAL NETWORKING TOOLS (LIKE, FOLLOW, JOIN)	Follow us on Twitter or Ning. Like us on Facebook. Join us on LinkedIn.	
38.	RSS ("Real Simple Syndication")	Track our site updates and news through your favourite RSS reader	
39.	WIDGETS	Download our widget (e.g. weather widget, dictionary) for your computer	
40.	APPS	Download our website's app for your phone (e.g. stock updates, games, notes)	
41.	FILE SHARING	Share your recipes / poems / tools / MP3 files with other website users	
42.	BLOGGING	Get our news on the corporate blog; send us your comments	
43.	CHAT	Chat with our experts; chat with other consumers	
44.	INTERACTIVE / VIRTUAL TOURS	Experience our product or visit our premises by taking this virtual 3D tour	
45.	AUCTIONS / ONLINE MARKET	Post your own items for sale on our website	

7. Conclusion: Workshop on Designing Your Own Viral Program

Suppose you now want to design your own viral marketing program. Print out this book, and start answering the questions below. You may need to plan spending anywhere from a half day to several days on your strategic planning. Involve your team during this planning process, particularly when brainstorming various ideas how to exceed the customers' expectations and create the wow factor.

1. What is your company's mission? How does your mission have to change to reflect the shift to the new digital economy?

2. What are your marketing objectives? Make sure to be SMART (specific, measurable, attainable, relevant and time related) when stating your objectives.

3. Who is your target market? Describe your target customer niche. Describe your most important customers. Describe your most influential customers.

4. What is really extremely important to your customers?

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5. What will be your key product/service in the future? Which products have the best online and viral potential?

6. How can you outperform your competitors (other than by price)? How can you be different, unique? Can you create and dominate any new marketing (or product) category?

7. How could you EXCEED your customers' expectations? How can you create the wow factor? How can you get your customers to talk about you with their friends?

To start, brainstorm at least 10-20 ideas. Reward creativity during this process; do not judge your team's ideas (the evaluation comes later).

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 11) _____
- 12) _____
- 13) _____
- 14) _____
- 15) _____

8. Evaluate your viral marketing ideas listed in question seven and choose one to start with.

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9. What web tools / techniques (refer to chapter 6) can you use to make it easy to spread the virus?

10. How will you motivate your customers to spread the news or bring their friends? Are you going to use a financial reward, bonus, free information, free e-book, thank you letter, gift certificates... or anything else?

11. What barriers do you need to remove to ensure smooth virus transfer? What can you offer for free? What procedure can you simplify?

12. What is your viral marketing budget?

13. Finally, what is your viral marketing action plan? What is the first step? Who in your team will be in charge of each marketing activity?

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Do you have any comments? Would you like to learn more? Do you need help with creating or running your viral marketing program?

e-mail us to office@ipowerlab.com.