

Profiting From Viral Marketing

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Looking at the incredible success of hotmail, super friend whazzup videos and other viral marketing techniques, I decided to do some investigation on viral marketing, how and why it works, and how and why it doesn't work. Many people tout the amazing spread of viral marketing messages, but what company has truly profited from viral marketing? So I asked the question: Can anyone give me an example of where viral marketing actually generated massive sales growth?

First, let's start with the concept of viral marketing: viral marketing is simply a new way of describing an old concept: Word of mouth. Word of mouth sells everything from movies and books to search engine technology. Viral marketing takes word of mouth, and applies new tools and techniques in order to spread the word about a product or service. The big difference between viral marketing and word of mouth is reach: word of mouth is local, viral marketing can be global. The other difference is that with viral marketing the message becomes the object which is spread, not the recommendation for the product or service. This differentiation is key, which illustrates the breakdown between word of mouth and viral marketing. Viral marketing is not as effective as most people say it is. Many people seem to feel that this is the only type of marketing they need to do, it's free and it will bring in millions. That's true, but only if you are called PayPal, Napster or Amazon.com and have the money to back up your viral campaign with traditional marketing.

Word of mouth is a specific recommendation for a specific product or service based on a request, or an extremely positive experience with a product or service.

Viral Marketing concentrates on brand awareness, as opposed to recommending a specific product or service: it can only be used to spread awareness of a product or service, not to sell the product or service. Viral Marketing is not marketing: it is more akin to advertising.

To illustrate, here are a few attributes of successful viral marketing:

1: The message you are spreading must be free

While you can spread the word about things that cost money, unless they have a small niche or very compelling story, they will not spread as easily as things that are free. For example, can you imagine Hotmail (the prime viral marketing example) spreading as fast or as far if you had to pay for

it when you signed up? Or PayPal?

2: The message you are spreading is easy to spread (such as forwarding an email)

Objects are easier to spread when they are self contained, and the spreader can spread the object using a familiar tool, like email. Refer a friend forms are good too, but if something can be made into an object, from a video clip to a URL it can be passed faster, because the spreader can use familiar communications tools to do the spreading.

3: The thing you are spreading is interesting or funny, or provides value

The item has to appeal to the audience it is going to. If it doesn't then no one will forward it.

4: Spreading the thing does not reward the spreader (very important)

While this point is flexible, it truly differentiates a viral campaign from an affiliate program. The item to be passed must have enough value in it so that the spreader spreads it of their own accord, with no monetary incentive. If there is an incentive, then we have to call the spreaders motive into question. Would they have spread the virus had there been no monetary incentive? If so then the object will have little value to the recipient.

For example, in the UK last year, Virgin sent out an email to 25 people, offering two free theater tickets to the recipients and to anyone they could refer. They had 20,000 available tickets and they ran out in three hours. This is a good example of viral marketing. It met all four criteria above, but as stated before, it raised awareness of Virgin; it did not help sell theater tickets. Virgin got press, attention, their message was spread, but did they make any sales directly related to the viral marketing piece? This is unknown. Did they spend a ton of money to buy those tickets: yes, unless they owned the tickets. If you go by the adage that viral marketing is advertising, it's OK, because the main purpose of advertising is brand awareness.

Viral Marketing = Brand Awareness

So that's the nutshell: there is no direct connection with viral marketing and sales, just like there is no direct connection between advertising and sales. However, there are ways in which you can build a connection between viral marketing and sales.

A Two Tier System

The two tier system: give away a subset of your product for free, but charge for the "full version" or give away a free version of your product and sell an enhanced pay version. For example, lets say that you give away a free monthly newsletter on topic X which is 8 pages long, then charge a fee for a "extra" or "expanded" version of the newsletter, which is double or triple the length with more information. The danger here is that this could backfire if you provide the wrong balance of features in the pay vs. free version. For example, readers of the pay version may find enough value in the free version and not enough additional value in the pay version in order to keep subscribing.

A Giveaway System

In this example, you are a garden tool retailer. You email a few people on your opt-in list and tell them they qualify for a free packet of seeds. You give them a link to a choice of 10 or twelve types; let them choose the ones they want. You then send out the free seeds with some sales material - you tell them to tell their friends to claim a packet of seeds in the same way by hitting the web site. You may lose money on the seeds, but could be the first company they will think about when they

see that sunflower in their garden. They may think of you when their shovel breaks. If not seeds, send something else. You do not have to send out expensive items. Seeds as in the example will go in the mail with a few flyers and a small catalog.

A Discounting System

What if the free thing that you are spreading is a discount for your product or service? In my opinion, this is the most effective method to tying sales to your viral marketing system. For example, let's say that you sell computer training manuals. You send a note to your opt-in email list, go to this website and sign up for a 20% off coupon on any book sale. When they hit the site, encourage them to refer this offer to a friend, where they can enter a friend's email address in order to send them the 20% off offer as well. Ensure that the person who is doing the sending does not get a discount just for sending, but only for signing up. When the friend signs up, they can do the same to their friends. Don't worry about the amount of coupons this type of campaign eventually generates: every coupon which goes out could lead to a sale so the more, the merrier.

Conclusion

Not every product or service can be sold via viral marketing. Viral marketing sometimes involves an expense but when used effectively, it can reduce your costs. Remember that viral marketing is NOT about making more sales, but a branding exercise. It doesn't have to be a product that is custom designed to spread virally, it just has to be something worth talking about.

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Chris has 17+ years of experience in internet, information technology and business development with web design, wireless, high-speed internet, cable television and entertainment firms. His current site features over a thousand experts ready to give advice on 1000+ topics

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