Chapter 15

Viral Marketing via Social Networking Sites:
Perceptions of Students in a University Environment

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ABSTRACT

This chapter focuses on the role of social networking sites in viral marketing through a case study in a university environment. Over the last years, companies are using alternative channels including social networking sites to promote their products. The specific channel provides the opportunity to connect with customers and achieve marketing objectives. The study aims to gather the perspectives of students on social networking sites as a form of marketing and draw on their views to establish implications and practical recommendations for marketers. By using questionnaires and focus groups interviews, the study ascertained that companies which were active in social networking sites developed a positive effect on customer attitudes, particularly brand perception, but had little to no effect on the actual customer behaviour patterns. It is also concluded that social networking sites suggest an efficient alternative channel for marketing purposes.

1. INTRODUCTION

The advancement of the social web over the last years has brought an unprecedented amount of organisations into a dilemma, that is, to utilise the online environment so as to reach their customers more efficiently and effectively, or to remain loyal to the traditional ways of reaching their marketing objectives? Indeed, organisations are using online environments and social networking sites to connect with their customers and promote their offers; this type of informal communication whereby a company uses the communication networks of the customers to promote products and/or services is known as viral marketing (Helm, 2000).

However, to date, there has been very little empirical research on the contribution of social

networking to viral marketing. Gaining insight into such a phenomenon is important since marketers need to find out the possible ways of using forms of new media such as social networking sites to obtain the maximum anticipated benefits (Weber, 2007). Although the web is a valuable source of information regarding the ways marketers utilize social networking as a means for viral marketing, there are issues arising concerning the form of short blogs, simple how-to guides, or steps to instant marketing success. In particular, they do not provide justified evidence or real results to prove their recommendations. This chapter deals with the aforementioned issues and contributes to both the social networking and marketing literatures since it explores the ability of the social networking to overcome problems associated with the one-way nature (Pitta, 2005) of advertising, providing thereby marketers with suggestions as to how pitfalls of classic marketing channels can be avoided.

Since the focus of marketing has been towards the consumer in e-business (Hagel & Rayport, 1997), it is vital to get the view of customer and see the issues from their perspective. Hence, an empirical study is essential so as to shed light into the correlation of social networking and marketing, as well as the specific characteristics of social networking that make it an efficient channel for promotion of products and services. To gain insights on the way social networking enables viral marketing, a study was conducted at the University of A1. Using questionnaires and focus group interviews, data were gathered regarding the perspectives of students, who are active members of social networking sites, and draw on their views on this form of marketing to form conclusive recommendations for marketers.

The chapter is structured as follows: after a review of the corresponding literature on viral marketing and social networking, the objective of the chapter is presented and the methodology is discussed. It follows the results of the study and a discussion on the implications of social network-

ing for marketers including recommendations. The chapter ends with a presentation of the main research findings, the limitations of the research and future research avenues.

2. AN OVERVIEW OF VIRAL MARKETING AND SOCIAL NETWORKING PHENOMENON

2.1 Viral Marketing

Viral marketing, often used interchangeably with the term word-of-mouth marketing, has been defined as "a form of peer-to-peer communication in which individuals are encouraged to pass on promotional messages within their social networks" (Bampo et al., 2008, p. 273) or a process which "uses electronic communications to trigger brand messages throughout a widespread network of buyers" (Dobele et al., 2005, p. 143). However, there seems to be a continuing debate as to whether the aforementioned term coincides with word-of-mouth marketing, which has been stated in the literature as the most effective, yet least understood marketing strategy (Misner, 1994). Indeed, this is reflected in the literature (e.g. Helm, 2000) where it is stated that viral marketing is the act of managing online word-of-mouth. For the purpose of this chapter, viral marketing is defined as: *online network enhanced communication through which customers promote a supplier, or their products or services*. The process generally involves the supplier contacting only the first few adopters, and from then on the customers act as intermediaries (Helm, 2000).

The history of viral marketing goes back to 1997, introduced by Steve Jurvetson and Tim Draper when free web-based email service, Hotmail, was pioneered (Jurvetson & Draper, 1997). These researchers invented the name because of the evidence related to its speedy adoption through word-of-mouth networks. In the case of Hotmail, each email which users sent out to their

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