

## Chapter 20

# Searching the Effects of Viral Marketing via Customer-Based Brand Equity on Purchase Intentions

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### ABSTRACT

*The internet has presented marketers with diverse methods to interact with their target market, and viral marketing is one of those low-cost methods. The purpose of this study is to explore how viral marketing impacts purchase intentions through customer-based brand equity (CBBE) on the basis of models proposed by Aaker and Keller. Social media is one of the essential indicators that influence customers to purchase intentions. However, brand loyalty, one of the important components of CBBE, is studied in terms of customers' purchase intentions. This study focuses on identifying the role of viral marketing in developing positive brand equity in customers' mindsets. A comparison of previous and present CBBE models are also presented in this study.*

### INTRODUCTION

Viral marketing is marked as an important term in marketing theory. The word viral is derived from the word virus, spreading and multiplying quickly from person to person. According to the past studies of Cobb-Walgren, Ruble and Donthu (1995), Christodoulides and Chernatony (2015), Petrescu, Korgaonkar and Gironda, (2015), Hayes, King, and Ramirez (2016) viral marketing is a strong tool that enables to create curiosity in the possible sales, hence increasing its brand equity. The present study seeks to find

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out if there is any link between viral marketing and brand equity. Whereas it has been observed that marketing needs are required to be more financially accountable. Owing to this fact there is a need to study the brand's equity's influence on consumers' purchase intention. Consequently, the relation between viral marketing and purchase intention will also be studied.

With internet usage of about 460 million people, Asia ranks the highest in the world. Highest internet penetrations are reflected in developed areas such as North America, Europe, and Australia (Miniwatts Marketing Group, 2017). This indicates that viral marketing has strongly impacted in these parts of the world whereas growth level has shown increased internet usage trends in less developed areas such as Africa and Latin America. Africa has reflected about 900% growth which shows users' acceptance towards attractive marketing activities (Miniwatts Marketing Group, 2017). Viral marketing has provoked innovative methods of low cost and effective advertising. Eventually increasing the target audience widely and broadly but at a very low cost (Gallaughier, 1999).

This paper aims to discuss and give a more comprehensive understanding of the viral marketing concept and its impact on the brand equity of the firms with strategies of new product offerings in the market. The core focus is to discuss the significance to evaluate the impact of viral marketing on purchasing intentions and patterns through customer-based brand equity for a firm that wants to achieve a competitive advantage.

By doing so, this research intends to answer the following questions;

RQ1- Is there any relationship between Viral marketing and CBBE?

RQ2- How Viral Marketing in firms can create an impact on consumers' purchase intentions (brand loyalty)?

By providing the relationship between viral marketing and consumer-based brand equity it would empirically examine the relationship between consumers' perception of brand equity towards the intentions to purchase.

Various research scholars have presented their definitions; however, Helms's, (2000) viral marketing approach defines as a piece of information communicated and transmitted via emails to potential users in the social circle (Zakaria & Abdul-Talib, 2011). Viral marketing is key to online advertising, as it stimulates purchase intention. Viral marketing is a predominantly exciting part of research as, even with its global usage, it is a novel unexplored area of marketing. Hotmail, Burger King, Holiday Corporation, and The Blair Witch Project are successful marketing campaigns. Therefore, it is concluded that viral marketing can be used for marketing various industries starting from entertainment to information. Some of the evidence also suggested that viral marketing campaigns work well when it is precise and free. These campaigns are based on three models such as the promotions model, the incentive-based model, and the loyalty-based model. Viral marketing is a two-edged sword, as it can be negative or positive contingent on the circumstances. Although viral marketing is considered to be low-cost methods when it comes to digital marketing the tracking results are costly. In this digital era, though spreading the words to millions around the world through consumers is possible, however, companies who opt for this approach, of course, should remember the ills of marketing too. It provides supports to various marketing activities at its best yet this bug has its worst side too.

Keller (1991) suggested that the role of the mediator is strongly acted by Brand equity for viral marketing and consumer purchase intentions. Primarily it helps in firming the advertising-purchase intention association in two of the factors of viral marketing. Furthermore, the negative effects of viral marketing

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