Virally Inspired: Gen Y Attitudes Towards Viral Stealth Marketing

Celeste Swanepoel, Ashley Lye, Robert Rugimbana, Griffith Business School, Griffith University

Abstract

The increasing use of viral stealth marketing as a contemporary marketing technique is not well represented in empirical research, particularly in examining consumers’ attitudes towards the ethics and effectiveness of viral stealth marketing. Capitalizing on the efficacy of the electronic medium, viral stealth marketing seeks to disguise the relationship between the individual(s) conveying the message and the organisation endorsing it. Whilst the ethics of stealth marketing in general have been debated, there is a gap in our knowledge pertaining to the viral (electronic) component of stealth marketing. This paper reviews the literature and presents proposals for further research regarding the ethics and effectiveness of this marketing technique as perceived by Generation Y.

Introduction

It is becoming increasingly apparent that the popularity of traditional advertising channels, in particular television, is declining. This is largely due to two inter-related trends. The first involves the release of new forms of technology for viewing television programs, such as digital video recorders and personal television recorders. These technologies allow viewers to copy material and edit out commercials, in the process severely restricting the success of conventional forms of advertising (Kaikati and Kaikati, 2004; Boyle, 2003; Spalding, 2006; Chiagouris, 2006). The second trend involves the growing popularity of the internet among the youth demographic which is ‘paving the way’ for greater possibilities for premium online content (Chenery, 2007). Of particular interest is the youth segment known as Generation Y (Gen Y) or the ‘internet’ generation. Whilst there is no consensus as to the exact range of birth years that constitutes Gen Y, in Australia it is generally accepted as comprising of those born between 1980 to 1994 (McCridle Research, 2006). Gen Y is considered an emerging market of potential customers with incredible buying power (Sullivan, 2003). Gen Y is averse to the status quo, preferring word-of-mouth recommendations from their peers to traditional marketing methods (Morton, 2002). Their proclivity for the internet (Pew/Internet and American Life Project, 2006) and particularly favouring social networking sites, (Lenhart and Madden, 2007) makes them highly susceptible to Viral Stealth Marketing (VSM).

One online marketing technique that has arisen as a consequence of these trends is VSM. VSM has been accentuated by consumers’ resistance towards excessive amounts of mass advertising and promotional ‘clutter’ (Kaikati and Kaikati, 2004; Spalding, 2006; Porter and Golan, 2006). The growth in popularity of online content appears to be related to the fact that it can reach consumers on a more personally relevant level to influence their buying behaviours (Solomon, 2004). Since VSM utilises a word of mouth (WOM) marketing communication approach, it has high credibility to the personal recipient as it is perceived as being ‘independent’ of the vested interest of the advertiser (Buttle, 1998).

Within the youth demographics, Gen Y consumers are said to be the most lucrative (Josefowisz, 2003; Sullivan, 2003) and spend in excess of $AUS 10 billion on electronic...
communication products per annum; more than any other generation (Sydney Morning Herald, 2005). Not surprisingly, they are reported to be increasingly adopting electronic communications as their norm, with social networking sites escalating in popularity for this segment (Lenhart and Madden, 2007; Hempel and Lehman, 2005). Electronic communication makes them increasingly susceptible to VSM. Despite this important reality, little is known about the attitudes Gen Y have towards this marketing technique. Significant unanswered questions include: Do they believe the approach to be ethical? What are the implications of these attitudes on their brand perception? Does this influence their intention to purchase? When one considers that the marketing discipline desires to adopt a socially responsible approach, whilst embracing innovative techniques such as VSM, practical research into consumer responses takes on even greater importance. The purpose of this theoretical paper therefore is to explore the ethics and efficacy of viral and stealth marketing and to develop ideas for exploratory research.

The Notion of Viral Marketing and How it Differs from Stealth Marketing

The term “viral marketing” was coined by Steve Jurvetson and Tim Draper from the venture capital firm Draper Fisher Jurvetson (DFJ) in 1996. The expression was used to describe the marketing strategy they developed for the free e-mail service Hotmail, where each e-mail originating from a Hotmail account was appended with the tag line “Get your private, free e-mail from Hotmail at http://www.hotmail.com” (Jurvetson, 2000, p.1). The analogy of a virus is used in this context to describe the exponential diffusion of information in an electronic environment and as such should not be confused with the connotation of a “virus” in the negative computing sense that is often associated with the spread of malicious disruptive software programs (Alexander, 2006, p.12). The viral spread of information can be compared to the analogy of a sneeze, which typically releases approximately two million particles (Porter and Golan, 2006). In a similar fashion, viral messages are spread exponentially from one consumer to the next. This latter argument is supported by studies which have shown that when compared to conventional media such as the telephone or other face to face interactions, the electronic medium allows for a much greater reach for a marketing message (Subramani and Rajagopalan, 2002). In keeping with the “sneeze” analogy, the number of individuals that can be connected by informational linkages easily and simultaneously is amplified by the use of interactive technology such as e-mail, web logs (commonly called blogs), chat sites, online bulletins and social networking sites.

Perhaps the most attractive feature of viral marketing as a marketing technique is that it utilizes pre-existing social networks to engender exponential increases in brand awareness. This proposition raises questions about some of the claims made by traditional theories of consumer behaviour, such as rational choice theory, which present humans as individualistic and explain their behaviour in terms of a conscious interpretation and evaluation (Satz and Ferejohn, 1994). The theory of “memetrics” challenges the rational choice viewpoint, suggesting that “contagion rather than conscious choice” is a more appropriate approach for understanding consumer behaviour (Marsden, 1998, p.363). The theory of contagion, and indeed, the notion of viral marketing, is explained by the manner in which ideas and activities are spread in an ‘infectious’ manner to influence consumers’ attitudes and behaviour. It is on this novel premise that VSM is presented as a tool for stimulating a “mind virus” among consumers (Marsden, 1998, p.365).

Importantly, whereas viral marketing is generally regarded as a legitimate and ethical marketing technique; shill or stealth marketing involves people who are paid to promote a
brand, product or service surreptitiously, in that they do not disclose their relationship with the organisation promoting it (Balter and Butman, 2006). The primary difference between viral marketing and VSM is the non-transparency of the latter’s marketing approach. Stealth marketing approaches are typically implemented in three ways: physically (a celebrity may be seen with the brand), verbally (through conversation), or virally (using an electronic medium) (Kaikati and Kaikati, 2004). At least one form of stealth marketing is the electronic spread of promotional material using electronic word of mouth (EWOM) (Porter and Golan, 2006; Thomas, 2004). Although viral stealth marketing is becoming increasingly prevalent, with well respected brands such as Sony and Walmart engaging in this technique (Freeman 2007), these important, emerging, alternate stealth marketing approaches are yet to be empirically investigated.

The Pervasive and Evolving Nature of Word of Mouth Communication

Both viral marketing and viral stealth marketing are predominantly based on word of mouth (WOM) communication, which is widely accepted as an important and influential marketing concept (Brown and Reingen, 1987; Davidow, 2003). The nature and role of WOM as a communication tool is referred to in social information processing theory (Subramani and Rajagopalan, 2002) and social network theory (Granovetter, 1973). Both theories posit that people acquire information and obtain cues for action and behaviour from their social network, through informal channels of communication such as word of mouth.

Perhaps one of the most interesting trends in WOM communication is its evolving nature. Traditionally WOM communication has been described as a face-to-face interaction where none of the individuals represent a marketing source (Arndt, 1967; Bone, 1992; Stern, 1994). Whilst traditionally WOM was presented as a relatively ‘objective’ form of communication, more recent literature introduces a more ‘subjective’ notion of WOM communication in the form of businesses intervening to stimulate and control WOM activity through the use of incentives or rewards for referrals made by individuals (Buttle, 1998; Carl, 2006; Thomas, 2004; Balter and Butman, 2006; Subramani and Rajagopalan, 2002; Porter and Golan, 2006; Ozcan, 2004). This is precisely how viral stealth marketing works.

Questions About the Ethics of VSM

The ethics of the stealth marketing tactic are a source of debate (Langer, 2005). In response to ethical concerns about undercover marketing, the Word of Mouth Marketing Association (www.womma.org) was created (Carl, 2006). On its website it states that, “Any practice intended to deceive people is unethical and should not be used.” From an ethics philosophy point of view, the WOMMA statement appears to adhere to the deontological position of absolute rules and ideas for how to conduct a business (Langer, 2005), while VSM as a marketing device lends itself to utilitarian philosophical interpretations (also known as ‘situational ethics’) whereby each context and practice is assessed in terms of its contribution to overall utility (Mill, 1863). In other words both ethical world views apply to the VSM ethics debate (Langer, 2005).

Langer suggests the VSM ethics debate be discussed from a deontological perspective by referring to the communication ethics matrix, (Nebenzahl and Jaffe, 1998). This model embraces the important concepts of disguise and obtrusiveness in order to help determine the ethics of a given communication. In this context disguise refers to how concealed the source
or sponsor is, and *obtrusiveness* determines how prominent the promotional message is when compared to the communication source (e.g.: a chat with a friend or a scene in a movie). As stealth marketing seeks to disguise both the source and the promotional aspect of the message, from a deontological perspective it can be argued that it represents one of the least ethical marketing communication techniques (Langer, 2005).

By comparison, the ethics of VSM become more difficult to judge when examined from a utilitarian perspective. This is because a gap may exist between the intentions and the effects or outcomes of this marketing approach, when targeted at adult consumers who reside in developed societies that expose them to a wide range of media. For the majority of adults living in such environments, it is often unclear whether or not they would actually perceive the marketing message to be sponsored by a commercial source (Langer, 2005). For this reason it has been argued that consumer research is required to determine the proportion of respondents who are ‘deceived’ by a stealth marketing message to indicate the ethical outcome in terms of overall utility to society (Langer, 2005). This argument notwithstanding, it may be plausible to presume that adult consumers are generally media savvy and are able to ignore the vast majority of advertisement clutter in the marketplace, and will “tune out” when stealth marketing has “crossed some ill defined line” (Kaikati and Kaikati, 2004, p.20); in other words ethical consideration per se may not be significant for adult consumers.

Where minors are the recipients of these messages the difficulty in establishing the ethics of VSM is more challenging. It can be considered “unfair and deceptive” to disguise the commercial source of a marketing message targeted at children, as they have not yet developed the “cognitive defences” against persuasion found in adults (Kunkel et al. 2004, p. 21). On the other hand empirical findings of the effects of physical, verbal and viral “buzz marketing” to teenagers, show “there was no real evidence” of a moral dilemma when respondents were interviewed about this technique (Ahuja et al., 2007, p.156). Similarly, a related study of “street level” stealth marketing (Rigsby, 2004) affirmed that respondents aged between 19 and 34 found stealth marketing to be the least ethical, but most acceptable marketing strategy. This latter study showed respondents did not view products negatively when they were promoted via verbal stealth marketing techniques. This paradoxical finding was explained by the assumption that these young respondents may expect deception from marketers and that although they perceive stealth marketing to be unethical, they see it as a part of life. They may also prefer a marketing approach that is less obvious as a promotional message (Rigsby, 2004).

Whilst credible parties may debate the ethics of stealth marketing, ultimately it is the attitude of the consumer who is subject to VSM that should matter. This is important given that consumer attitudes towards the integrity and motives of VSM may have significant consequences for brand image and ultimately, consumer intentions to purchase. This argument assumes greater validity when viewed from the viewpoint that the perceived cause of an event influences the behaviour, emotions and expectations of the individual (Kelley and Michela, 1980). Attribution theory, which holds that social behaviour is influenced by the cognitive perception of the causes of events (Kelley and Michela, 1980), is a context by which the above argument can be best appreciated.

In this context consumers may perceive the VSM message to be unethical if they believe it was caused by deceptive or dishonest motivations by the advertising entity. Alternatively, they may perceive this tactic as ethical if they attribute the cause or motivation to be just and
fair. This perception of causality, in turn, has consequences for behaviour and emotions regarding the brand.

**Possible Area(s) for Future Research**

Clearly, it is in the best interest of marketing organisations to act in a socially responsible manner and to ensure their actions are not morally objectionable towards consumers (Lantos, 2001; McAdam and Leonard, 2003; Zairi and Peters, 2002). It follows therefore that it is important to examine the perceived efficacy of techniques such as VSM in order to determine their potential for business success.

Published research on viral stealth marketing is limited, particularly in respect to how Gen Y interacts with and perceives this technique. For example a literature review of VSM and Gen Y found one published study that was dedicated to a form of VSM called ‘Buzz Marketing’ (Ahuja et al., 2007). This latter study which employs a WOM, focus group methodology, reveals some interesting insights and contrasts in Gen Y beliefs. Apart from this study there appears to be a void with respect to studies of EWOM that utilise VSM approaches, particularly in examining the attitudes of Gen Y towards this communication mechanism.

For marketers to effectively utilise VSM marketing techniques for this important youth segment, a clearer understanding of Gen Y consumer attitudes towards VSM is required. Such a study would not only reveal what generation Y’s attitudes towards the ethics of this marketing approach are, but should also provide insights into their brand perceptions and resulting intentions to purchase.

These research possibilities require exploration in the context of those Generation Y consumers with access to electronic communications and who therefore may be susceptible to VSM. Implementation of this research will begin to address the identified gap in the literature on Viral Stealth Marketing.

**Discussion and Conclusions**

VSM is a relatively new premise that capitalizes on electronic social networks, utilizing the more credible means of word of mouth communication to prevail over traditional promotional ‘clutter’ in the marketplace. The nature of VSM seeks to present the marketing message as spontaneous and unsolicited, whilst disguising the true promotional source behind the campaign. This aspect of concealment gives rise to important questions regarding the ethics of VSM.

A review of the marketing literature reveals limited empirical research that examines stealth marketing and which primarily addresses the physical and verbal context. There is scope for further research on the electronic aspects of VSM, especially with respect to marketing’s arguably largest and most lucrative demographic segment, Gen Y, who are predominantly the targets of this novel technique.

The aim of this paper is to build a theoretical base for empirical enquiry of EWOM and EBuzz marketing through viral stealth marketing approaches and to explore the ethical debates surrounding it. The authors believe this enquiry must incorporate the attitudes of Generation Y consumers towards this marketing method from an ethical standpoint and the consequences these attitudes have on brand perception and ultimately, intention to purchase.
These are fundamental marketing questions that are relevant to the marketing sector to ensure their actions are socially responsible, as well as effective.
References


