

VIRAL MARKETING WHITEPAPER

KEN MCARTHUR, BEST-SELLING AUTHOR OF IMPACT: HOW TO GET NOTICED, MOTIVATE MILLIONS, AND MAKE A DIFFERENCE IN A NOISY WORLD.

WHY VIRAL MARKETING MATTERS

Viral Marketing can mean the difference between 10 customers and 30 million and yet most marketers completely ignore the key factors in viral marketing when building their marketing campaign. More importantly, most marketers fail to build those key elements into the very fabric of what they are creating.

As with most business factors, if it's an afterthought, it's most likely too late to be effective. On the other hand, if you build key viral factors into everything you create, the results can be dramatic.

- One Red Paperclip was a blog where the author started with a single red paperclip and traded his way up to a house, documenting his steps along the way.
- The Blair Witch Project movie cost a about \$350,000 to produce and went on to gross nearly \$250 million worldwide, giving it the highest profit-to-cost ratio of any film in history due to its viral marketing campaign.
- AMC launched Mad Men Yourself, an avatar creator that allowed you to make a stylized '60s version of yourself. The site received half a million visitors in the first week and the Season 3 premiere saw record ratings.
- Office Max's "Elf Yourself" viral campaign attracted more than 39 million unique visitors in the U.S. alone and 100 million unique visitors world-wide.
- BMW launched a series of eight high-cost, high-production short films released on BMW's website. Within the first four months of release, the films attracted over 11 million views and sent BMW sells up 12%.
- The "Bear Fight" videos have gone on to attract an astonishing 300 million Internet views according to the BBC.
- The Halo game series incorporated alternate reality games (ARG) into the very core of its marketing efforts. Halo 3's ARG "Iris" attracted millions of users and helped the video



game achieve the biggest entertainment debut in history - collecting more than \$170 million in the first few days of release.

- At the time of Obama's inauguration in January 2009, the President had 13 million people on his email list, 3 million online donors, 5 million friends on more than 15 different social networking sites including 3 million friends on Facebook, 8.5 million monthly visitors to MyBarackObama.com, nearly 2,000 official YouTube videos (with more than 80 million views and 135,000 subscribers), and more than 3 million people signed up for his text messaging program.



FIRST A VIRAL STORY FROM THE BOOK ON CREATING IMPACT

Excerpt from Ken McArthur's Best-Selling Book, **Impact: How to Get Noticed, Motivate Millions and Make a Difference in a Noisy World.**

Let me tell you about a lonely, young man who had a real impact with a cardboard sign. Even though this man had an impact on millions of people, we still don't know his real name to this day. The young man prefers a simple anonymous life, so he calls himself "Juan Mann." Juan Mann is just a play on words, pronounced "one man."

CAN ONE PERSON MAKE A DIFFERENCE?



Juan Mann returned to Australia from living in London, where he had broken up with his fiancée, and seen his parents divorced and his grandmother taken ill. Juan's family and friends were scattered across the world and he was lonely.

One night Juan went out to a party and something little happened. A stranger came up to him and gave him a hug. No big deal, but somehow, the simple hug made Juan feel as if he were a king. In fact, he felt that the hug was the greatest thing that had ever happened to him. It also gave him an idea.

The idea was a little different. Okay, maybe more than a little different. The idea seemed strange even to Juan, but the idea grew on him. Six months later after getting his hug, Juan decided to fight his loneliness with his idea. He decided to give away hugs to strangers in the mall.

Juan is young, but he isn't crazy. He didn't feel that he could walk up to a stranger without any form of introduction and give him or her a hug, so Juan held up a sign with the words Free Hugs printed on both sides. Juan was pretty nervous, but kept holding up his sign and hoped that at least one person would take him up on the offer. For the first 15 minutes no one did.

People stared at him as if he was more than a little crazy. They hurried by, trying not to look him in the eye. Juan started to wonder if his idea was as crazy as it sounded. It went on that way for a while. Finally, a little old lady gave him his first hug, looked him in the eye, and smiled. Something changed.

It's a proven fact that smiles are contagious. After the first hug, more people started to smile and others were encouraged to join in the hugging. As more people smiled, more people were hugged, and soon there were multiple people hugging each other and laughter started to



spread throughout the mall. For every person who got a hug, five walked past with a smile on their face. People who had been walking around the mall, feeling lonely and isolated, were connected and laughing, and they felt better. It made a real difference, if only for that moment.

It was good for Juan, too. Soon it was a weekly ritual. Every Thursday afternoon, Juan would leave his job to spend a few hours dispensing hugs in the mall. Apparently, there were lots of lonely people in the mall.

One of the people that took Juan up on his offer of a hug was Shimon Moore. Shimon was a member of a band called Sick Puppies. The band had managed to land a record contract and tour Australia, only to have the record label fold. At that point things weren't going so well.

When money started getting tight, Shimon needed a paying job. Playing with his band at night limited the options, so, for a year and a half, the 20-year-old musician worked odd jobs in his spare time. That's why Shimon put on a sandwich board sign advertising half-price shoes and trudged through Sydney's Pitt Street Mall. Shimon kept the job to fight mounting bills while his band struggled for recognition. Unfortunately, no one was noticing his band and he hated the part-time jobs.

In September, Shimon put on his sandwich board sign as usual and, as he walked the mall, he saw Juan dispensing hugs. Something about the smiling people compelled Shimon to go up and gave Juan a hug, and he asked him the same question everyone asks him, which is: "Why are you doing this?" Juan gave Shimon the same answer he gives everyone: "Because I like making people smile." Shimon thought it was the coolest idea he had ever heard in his life.

When Shimon met Juan he had just seen Morgan Spurlock's Academy Award-winning film, *Super Size Me*. The film is an exposé of the McDonalds fast food empire. Spurlock put his own body on the line, living on nothing but McDonalds for an entire month, and made a documentary film about the experience. Watching the film inspired Shimon to want to create a film of his own, so the next question was, "What should he film?"

Shimon thought Juan giving away hugs was something that deserved to be documented, and today he says, "If somebody hadn't recorded it, it would have been a crime." Shimon decided to film Juan and they became friends. Shimon borrowed his father's video camera to shoot footage, and they filmed one day a week for two months. That's when they started getting into trouble with the authorities.

Shimon and Juan decided to take Juan's hugging around to different parts of the city and soon found out that different authorities had different rules. They were not allowed to offer the hugs in some places because the authorities considered them a public liability problem. The authorities thought if anyone got hurt while Juan was hugging someone, the city could be sued,



so Shimon and Juan were told that they needed to purchase \$25 million worth of public liability insurance.

Purchasing insurance wasn't an option for the two young men, so they decided to start a petition drive to convince the city to allow them to give away free hugs. Shimon filmed the petition drive, and within a few weeks they had collected more than 10,000 signatures. Juan presented the petition to the City of Sydney council and Juan was allowed to continue giving hugs.

Then nothing much happened and life moved on.

Shimon's band wanted to move to Los Angeles, California, to get a bigger piece of a bigger pie. Shimon took out a loan from his father, as well as a personal loan. The band's manager lent them some money and they just kept borrowing money to make it happen. They moved to Los Angeles, lived in a two-bed apartment with four people, and ate pasta and noodles every day. They did a lot of practicing and rehearsing. Nothing had happened with hours of footage that Shimon and Juan had created together.

Juan was still in Sydney when his grandmother died and he was left to care for his blind grandfather. His head was spinning and he was alone again while Shimon was busy following his dreams in Los Angeles. Juan called Shimon to tell him about his grandmother's death and Shimon wanted to do something for him.

That evening, Shimon took a look at the footage that had been sitting useless for months. In a single long night he turned it into a short film accompanied by his own song, All the Same, which the band had recorded. The next morning Shimon sent it to Juan on a disc as a present with a note that read, "This is who you are."

SPREADING IMPACT

While Shimon was editing the film, the band walked in and suggested putting it up on the video-sharing site YouTube.com. He posted it on Friday night. By Sunday, the video had received a quarter-million views.

Once the video reached to a quarter-million views, YouTube.com took the video down to make sure the video had clearance from the band. Shimon had to sign a piece of paper giving YouTube.com permission to play the video and YouTube.com immediately featured the video on their front page.

Then the following happened:

- A producer from Good Morning America saw the video on YouTube.com.



- A television audience of millions watched Juan at work when Good Morning America broadcast the video.
- Oprah Winfrey’s producer’s doctor saw the video and Juan was invited to appear on her show, Oprah. College student Yu Tzu-wei saw the video and started a campaign to “hug everyone in Taiwan.”
- “Free Hugs” days were scheduled in Australia, Italy, Canada, the United States, Switzerland, Belgium, England, and Denmark.
- News media featured students from McKendree College giving free hugs before Game Five of the World Series.
- It even spread to China where a 24-year-old man named ‘Baigu’ was detained by police in Shanghai, after copying the idea, for not having a permit to hold a gathering in a public place.
- The impact grew to influence entire governments.
- In order to combat discrimination against people infected with AIDS and HIV, the French government called on its citizens to embrace strangers who hoisted signs in the street offering free hugs.

THAT’S IMPACT.

But, people hold up cardboard signs every day. Why did Juan and Shimon have impact when so many other people have very little?

I’m going to show you exactly what the crucial differences are and how you can have massive impact on the same scale that Juan and Shimon did.

“If you want to have a big impact, solve a big problem.”—Ken McArthur

Anyone can get noticed. All you have to do is stand naked in Times Square dressed only in a cowboy hat. But if you want to have a big impact, you have to solve a big problem—or create one. For now, I’m going to assume that you don’t want to be the problem, so that means that you need to be looking for problems that need to be solved.

Juan Mann’s hugs solved a very real problem. Even in today’s connected world people are isolated. They are often separated from family and friends, and electronic communication is often impersonal and leaves us craving simple physical interactions. Society forces us to be proper and discourages public signs of affection. Juan Mann’s hugs gave lonely people permission to connect in a physical way that helped them feel better.

Juan felt the pain of loneliness and he was offered a solution, but it could have ended there. Juan could have done nothing. Sometimes people just figure out a solution to a problem and



keep it a secret. Sometimes they don't share it at all and that can have real impact. Imagine that you discover a cure for the common cold and only use it to fix your own sniffles. Maybe you just share it with a friend.

Juan could have just hugged someone at a party. It might have made that person feel better and may have increased the amount of hugs given out in the world. But, that's not what happened. Juan didn't go to a party; he went to the mall. That choice made a big difference.

Why would Juan choose to go to the mall? Most likely because that's where the people are.

We don't often think of a mall as a community, but it definitely is one. A group of people gathers and shares common interests and resources. Merchants sell goods and people purchase those goods. They may share a common language, a geographical area, an income level, political values, and even loneliness. They are in a "clump."

WHERE DOES IMPACT BEGIN?

So the first important action that Juan took was to identify an existing community where people who were lonely were "clumped."

But, identifying that community wouldn't have made any difference at all without more action. The impact that Juan had would have died with a single hug if Juan had never gone to the mall. Even if he had gone to the mall, it would be unlikely that he would have received any hugs without the use of his simple cardboard sign. It was a simple voice that carried through the mall his core message and got him noticed.

Still, Juan's impact would have died if he had given up after the first rejections. People weren't responding because they weren't sure that it was okay to respond. They needed to know that it was safe to hug Juan. Luckily, Juan was persistent and finally had his first hug from a very safe older lady. People saw that it was okay to smile and maybe even grab a hug of their own. As more and more people smiled and hugged, it became easier to join in because it was becoming apparent that people approved.

But, Juan's impact would have died in a single day if he hadn't decided to go back to the mall again. Each time Juan made a trip to the mall, he impacted more people and he became an identifiable part of the existing community of the mall. By repeating his actions on a regular basis, Juan became a respected part of that community and developed relationships that would grow the impact that he had and ensure that his dreams wouldn't die.

Shimon was a key part of the mall community and he brought some important new elements that would eventually increase the visibility and impact of Juan's hugs. By capturing the feelings



and emotions of people in the mall community and Juan's impact on video, Shimon was able to transfer the impact of the moment in a format that could be spread to millions of people.

If Shimon had never filmed the moment, Juan's impact would have been limited to a small mall community in Australia. As it turned out, the filming of the event focused attention on the event even in the moment as it was being filmed.

Shimon and Juan identified other places where people gathered and expanded into more communities. Hugging was spread into places that had never seen Juan giving out hugs. As each new location was added, the impact grew.

As a result of this growth, more attention was focused on Juan, and eventually that attention created controversy as local authorities began to worry about the impact that Juan's hugs were having throughout the city. Adding controversy to an event can be likened to throwing gasoline on a fire, and, if you throw enough on, you will definitely attract attention. The flames of controversy attracted key members of two more communities—the local government and local media—who spread the news through the entire city.

KEY INFLUENCERS

Let's admit the fact: There are key people in every community. Those people can make sure that your ideas and solutions spread quickly through the group that they influence. In some cases these groups are massive. As the local government and local media began to notice what was going on, key people within these groups started to spread the message through their influence.

EMOTION

Juan Mann had an emotional story to tell. As the controversy increased, key influencers repeated that story to more and more people. The intensity grew as Shimon and Juan leveraged their existing relationships with people touched by their efforts. They created increasing social proof that their actions were appropriate and desired. Their efforts were rewarded with an official approval from the city. Juan and Shimon had made a big impact on a city.

And then it all died down and might have gone completely away. The video sat unused, the controversy was over, the local media and the local government stopped talking about Juan, Shimon headed off for Los Angeles, and things went back to normal.

DISTRIBUTION CHANNELS



That all changed when Shimon, in a single night, edited the video, added the unimaginable power of music to the visual impact of Juan at work changing lives, and introduced it to a larger community called YouTube.



THE BACKGROUND OF VIRAL MARKETING

The term "viral marketing" is a relatively recent addition to the lexicon of marketing. Jeffrey Rayport popularized the term in the 1996 Fast Company article "The Virus of Marketing," and Tim Draper and Steve Jurvetson of the venture capital firm Draper Fisher Jurvetson used the term in 1997 to describe Hotmail's practice of appending advertising to outgoing mail from their users. Draper's use of "viral marketing" in web-based e-mail to geometrically spread an Internet product to its market was instrumental to the successes of Hotmail and Yahoo! Mail.

LET'S TAKE A LOOK AT AN IDEA THAT SPREAD TO 30 MILLION PEOPLE IN LESS THAN 30 MONTHS AND SEE IF YOU CAN SPOT SOME OF THE PROPERTIES THAT MADE THE IDEA SPREAD.

Sabeer Bhatia was born in India in 1968. He came to the United States in 1988 to study at Caltech, and after graduation moved to Stanford to pursue graduate work. At Stanford, Sabeer attended brown-bag lunches where entrepreneurs such as Scott McNeally and Steve Jobs spoke and he caught the entrepreneurial bug.

Sabeer decided to take a job at Apple Computer and met Jack Smith, and together they moved to a startup called FirePower Systems. At FirePower Systems, Sabeer and Jack were working on cranking out processors used to help build PCs, but after two years the company wasn't doing much. The manager who had hired them had left the company, so they started looking around for new ideas.

The Internet was just beginning to blossom, and two of Sabeer's colleagues had some amazing success starting a little company called Yahoo, so they started working on a Web-based database that they called Javasoftware. Sabeer and Jack put together a business plan and started to take it around to various venture capitalists, but they weren't getting very far. People kept asking them what their revenue model was. The truth was—other than advertising to the users of the service—they didn't have much. Advertising on the Internet was still a new idea and they were having trouble convincing anyone that it would really work.

Sabeer had an old e-mail account at Stanford and Jack had an AOL account, and each day they would dial into their e-mail accounts and exchange e-mails about their project. One day they came to work only to discover that the company had installed a new firewall. The firewall prevented them from dialing out and reaching their personal e-mail accounts. However, Jack and Sabeer could still reach any Website on the Internet, which made them ask, "What if we could access our e-mail from a Website?"



Sabeer and Jack realized that their new idea was much bigger than their original idea of creating a Web-based database system, but they felt that the original idea was more likely to get funding. They also realized that their idea was very simple and were worried about someone taking the idea. What would happen if they went to a venture capitalist who turned right around and told Netscape? After all, Netscape was just starting to build an e-mail system into their software. They were two hardware geeks with no management experience and no software experience. Who was going to fund them, anyway?

Torn between the two ideas, Sabeer and Jack continued to work full-time, and spent nights and weekends on the new product. Eventually, Sabeer (who was single and didn't have a lot of expenses) offered to give Jack half of his salary, so Jack could work full-time on the project. They planned to pitch the database idea and keep the e-mail idea in their back pocket until they found someone that they could trust.

Eventually, Draper Fisher Ventures invested \$300,000 on the project. Sabeer and Jack decided to call their system HoTMaiL—the uppercase letters spell out HTML—and the new Web-based e-mail service launched on July 4, 1996.

In less than six months, the Website attracted more than 1 million subscribers. Within 30 months, Hotmail was the world's largest e-mail service, with more than 30 million active members. Just to put that number in perspective, Canada took 400 years to reach a population of 31 million people. That's a lot of people in a very short time.

THE GROWTH WAS SO EXPLOSIVE THAT DRAPER FISHER VENTURES INVENTED A BRAND NEW TERM—VIRAL MARKETING—TO DESCRIBE THE GROWTH EXPERIENCED BY HOTMAIL.

The new term captures the nature of ideas that grow with the speed and unstoppable momentum of a cold virus. Imagine your own idea reaching that many people in a 30-month period. What would it take to duplicate Hotmail's numbers for your own idea?

The impact of Hotmail—as is the case with all things that affect millions of people—was a result of many different factors. Hotmail solved a real problem that millions of people were having. It was reliable, fast, and easy to use, and the idea itself was simple. People could grasp the idea instantly, which is a crucial factor in making ideas move rapidly and massively.

All of those factors are important if you want to achieve maximum impact, but the key element in Hotmail's success was a simple hyperlink at the bottom of each e-mail. The hyperlink advertises the service and invites you to tell your friends about it. Every e-mail sent out by the system increases the visibility and the number of users.



The key to any viral marketing is that you make it easy for people to spread the word. All that users had to do was send e-mails—something that they were already doing—and the rest happened automatically.

Viral marketing is really an Internet-enabled form of word-of-mouth marketing, which has been around for as long as mouths. What the Internet does is speed up the process, because now it is even easier and faster to spread the news about anything.

VIRAL MARKETING DEVELOPED AROUND THE IDEA OF MEMETICS.

Richard Dawkins' 1976 book *The Selfish Gene*, popularized his theory of memetics based on an analogy with Darwinian evolution.

Dawkins' fans describe memetics as an approach to evolutionary models of cultural information transfer.

Dawkins describes meme, which is analogous to a gene, as a "unit of culture" (an idea, belief, pattern of behaviour, etc.) which is "hosted" in one or more individual minds, and which can reproduce itself, thereby jumping from mind to mind.

Dawkins sees one individual influencing another to adopt a belief as an idea-replicator reproducing itself in a new host.

Dawkins says, a meme's success may be due to its contribution to the effectiveness of its host.

Doug Rushkoff wrote about how a "susceptible" person becomes "infected" with an idea and shares the idea with others "infecting them."



WHY IDEAS SPREAD

Dan Zarrella, social media scientist offers the following eight elements of contagious Ideas as common characteristics of contagious ideas across mediums and centuries.

SEEDING

The initial group of people exposed to your meme are your seeds. The size and influence of this group will determine how many people will see your content in the second generation.

NOVELTY

Francis Heylighen's work on applied memetics specifically lists distinctiveness as a criteria required for an idea to be contagious.

Zarella's research has shown that news is the type of content shared most often online.

INTUITIVENESS

Unless a person understands an idea, they're not very likely to pass it on.

RELEVANCE

Our minds have sophisticated filtering mechanisms that strain out anything that's not relevant to us. Zarella suggests you use a tactic like combined relevance to make large groups of people believe you made something just for them.

UTILITY

"...the more valuable the sentiment or activity the members exchange with one another, the greater the average frequency of interaction of the members..." –Social Behavior as Exchange, George C. Homans

SOCIAL CASCADES

"One means we use to determine what is correct is to find out what other people think is correct... We view a behavior as more correct in a given situation to the degree that we see others performing it" -Robert Cialdini

Social media allows us to broadcast our choices and opinions in public and create social cascades, take advantage of this and showcase your burgeoning social cascades.



INFORMATION VOIDS

Rumors tend to spread most contagiously in the presence of information voids.

Zarella suggests, "As a marketer you should find information voids and fill them."

PROSELYTISM

Zarella says, "Perhaps the most complex and successful memes in human history have been religions, and one of the most important elements of the contagiousness of religions ideas is the fact that nearly everyone of them values the duty of believers to spread the word.

The evangelism hook is implicit, subtle and powerful."

If you want a reader to buy something, or take some action, you have to ask them to. The same is true with contagious content. You must, implicitly or explicitly ask your readers to spread your content for you.

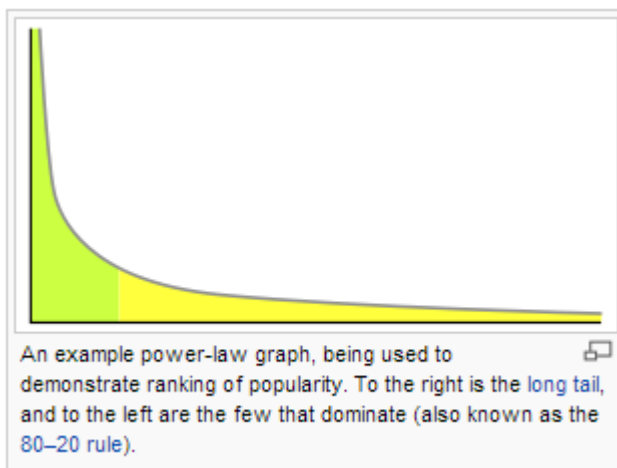


KEY ELEMENTS

In Epidemiology, if the basic reproductive rate is greater than one it qualifies as an epidemic which is the kind of effect that viral marketing describes. In viral marketing that reproductive rate is called the viral coefficient.

Using the viral analogy in viral marketing, if each infected user shares the idea with more than one susceptible user on average the number of infected users grows according to an exponential curve often known as a power law curve.

POWER LAW CURVE



In statistics, a power law is a functional relationship between two quantities, where one quantity varies as a power of another. For instance, the number of cities having a certain population size is found to vary as a power of the size of the population.

These distributions seem to hold true over a wide variety of physical, biological, and man-made phenomena which follow a power law curve.

Some of these power law curve distributions include the sizes of earthquakes, craters on the moon and of solar flares, wind speeds, the foraging pattern of various species, the frequencies of words in most languages, frequencies of family names and many other quantities.

PARETO PRINCIPLE

The reason power law curves are so important to marketing is the leveraged effect of the Pareto Principle.



The Pareto principle -- also known as the 80–20 rule -- states that roughly 80% of the effects come from 20% of the causes.

Business-management consultant Joseph M. Juran suggested the principle and named it after Italian economist Vilfredo Pareto, who observed in 1906 that 80% of the land in Italy was owned by 20% of the population; Pareto developed the principle by observing that 20% of the pea pods in his garden contained 80% of the peas.

This principle is often applied to business as in the often repeated , "80% of your sales come from 20% of your clients".

Mathematically, the 80-20 rule roughly follows a power law distribution (also known as a Pareto distribution) for a particular set of parameters, and many natural phenomena have been shown empirically to exhibit such a distribution.

THE EIGHT TYPES OF VIRALITY

According to Uzi Shmilovici, CEO and founder of Future Simple, there are eight types of virality.

- Inherent virality - a person gets no value from the product unless other people use it as well.
- Collaboration virality - a person can get additional value from collaborating with other people
- Communication virality - the product is used to communicate with other people, some of which might be potential users.
- Incentivized virality - offering an incentive to spread the word
- Embeddable virality - the ability to take a piece of content and embed it anywhere on the web, with a link back to the original website.
- Signature virality - users display a "powered by" signature
- Social virality - existing social networks broadcast your message to your social graph the fact that you are using it.
- Word of mouth virality - people are spreading the word about the product just because they enjoyed it, it's free, or they think it's cool.

YOUR VIRAL GROWTH RATE (OR "K" OR "R-ZERO" OR "VIRAL COEFFICIENT").

Terms like "K-factor" (contagion) and "R-zero" (reproduction rate) were taken from science and medicine and are now used to describe the growth rate of viral marketing.

Yee Lee, of Stanford University, identified two of the key factors in determining marketing virality:



- Distribution: how many people, on average, will an “infected” host make contact with while the host is still “infectious”?
- Infection: how likely is a person, on average, to also become “infected” after contact with a viral host?

Multiplying those two factors together produces your viral growth rate (often called “K” or “R-zero” or “viral coefficient”).

$$I * CR = K$$

- I = Invitations
- CR = conversion rate of invitations
- K = viral coefficient

According to Lee ...

"With real-world viruses, the infectious period has very dramatic outcomes ... If $K=1$, then the host basically passes the virus on to one new person before either the host dies or the virus is expelled. Either way, if $K=1$, then the host exactly replaces him or herself in the population of infected people before becoming non-infectious."

The K-Factor becomes very important.

- If your K-factor equals one you will have no growth and no decline.
- If your K-factor is greater than one your userbase is growing virally and exponentially.
- If you have a K-factor less than one your userbase is exponentially decaying.

CYCLE TIME

The virality coefficient is important, but even more important is the cycle time.

The cycle time is the average time it takes from the moment that one of your users performs a viral action to the moment that a new user signs up because of this very action.

David Skok of Matrix Ventures devised a formula to calculate the amount of users you will get after a period of time based on the Virality Coefficient (K) and the Cycle Time (ct).

$$C(t) = C(0) \frac{(K+1)^{t/ct} - 1}{K}$$

In this formula $C(t)$ represents the number of customers at time t , K represents the viral coefficient, and ct represents the cycle time.



David's formula boils down virality to the optimization of two variables: maximize K and minimize ct.

THE FOUR VIRAL MARKETING OBJECTIVES

Yee Lee offers four levers to pull on in order to increase virality:

- Increase the percentage of “active hosts” who actively make contact with uninfected people
- Increase the contact rate for each active host (average number of contacts per time period)
- Increase the duration of each active host’s infectious time period
- Increase the likelihood that contacts turn into infections (i.e., infection conversion)

MEASUREMENT

It is very important to be able measure results.

Key metrics include invitations sent, the length of time in which they continue to send them and what the conversion rate into a new user is.

METHODS FOR OPTIMIZING VIRALITY

- Require users to invite more people to participate before they can participate.
- Give your users multiple methods to share.
- Incentivize people to invite others.
- Simplify to make it easy to invite more people.
- Integrate user-to-user messaging to generate activity and awareness
- Leverage user generated content and media.
- Minimize the number of steps to invite friends.
- Use social proof to accelerate acceptance.
- Single-step invite flows
- Address book importers
- User-to-user messaging
- Collaborative filtering for content recommendations

PRIORITIES



The viral coefficient is important, but even more important is the cycle time, because in David Skok's formula, cycle time is the exponential factor and you will get exponentially better results by concentrating on shortening the cycle time.

Increase the level of contact and length of activities before concentrating on raising the percentage of people inviting others and the conversion rates.

Lee says, "the best you can do is to get 100% of hosts to invite other people, or 100% of contacted users to become infected," but in contrast the "Contact Rate and Activity Duration are theoretically unbounded. So as a viral marketer, you should explore the upper limits of how rapidly you can grow your viral contacts before circling back to optimize conversion rates."

TARGET BENCHMARKS

Lee offers these target benchmarks for viral marketing campaigns...

- Active Users above 50%
- 5% to 40% of users active on any given day.
- 8+ repeat visits per month per user
- Net conversion rates from invites-to-infections in the range of 5% to 8%
- K-Factor / R-zero / Viral Coefficient - 1.4 – 2.1 (or higher)

SNP ALGORITHMS

Bob Gerstley was among the first to write about algorithms designed to identify people with high "social networking potential.]"

Gerstley employed SNP algorithms in quantitative marketing research.

Social networking potential (SNP) is a numeric coefficient, derived through algorithms to represent both the size of an individual's social network and their ability to influence that network. A close synonym is the Alpha User, a person with a high SNP.

SNP coefficients have two primary functions:

- the classification of individuals based on their social networking potential, and
- the weighting of respondents in quantitative marketing research studies.



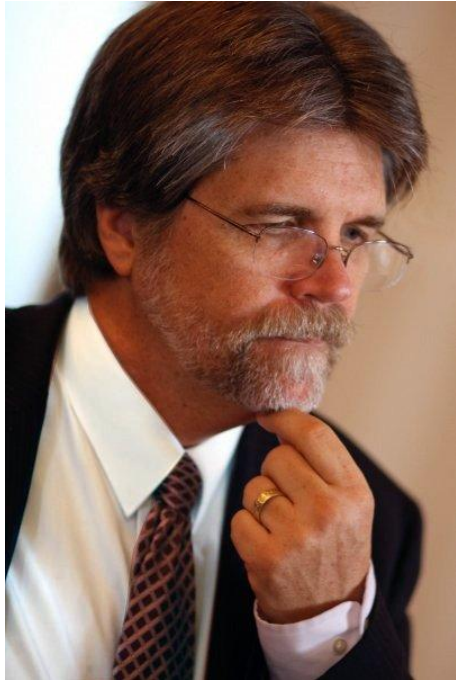
By calculating the SNP of respondents and by targeting High SNP respondents, the strength and relevance of quantitative marketing research used to drive viral marketing strategies is enhanced.

Variables used to calculate an individual's SNP include but are not limited to: participation in Social Networking activities, group memberships, leadership roles, recognition, publication/editing/contributing to non-electronic media, publication/editing/contributing to electronic media (websites, blogs), and frequency of past distribution of information within their network.

The acronym "SNP" and some of the first algorithms developed to quantify an individual's social networking potential were described in the white paper "Advertising Research is Changing" (Gerstley, 2003)

In 2004, the concept of the alpha user was coined to indicate that it had now become possible to identify the focal members of any viral campaign, the "hubs" who were most influential. Alpha users could be targeted for advertising purposes most accurately in mobile phone networks, due to their personal nature.





ABOUT KEN MCARTHUR

Ken McArthur, best-selling author of “Impact: How to Get Noticed, Motivate Millions and Make a Difference in a Noisy World,” has enabled thousands of people to achieve amazing impact by championing the philosophy that partnerships and collaboration build value for everyone.

Selected by Fast Company as one of the 20 Most Influential People Online, Ken’s powerful call to action, “The Impact Manifesto: You Make A Difference Whether You Want To Or Not” was selected for publication by Seth Godin’s brainchild “Change This” which places his manifesto in the company of manifestos written by Seth Godin, Hugh MacLeod, Guy Kawasaki, Chris Anderson, Jay Conrad Levinson, Tom Peters, Malcolm Gladwell and

Robert Scoble.

Ken's ground-breaking podcast, "The Impact Factor" shares advanced marketing techniques and powerful interviews with Seth Goldin, Craig Newmark and Brendon Burchard just to name a few of the remarkable thought leaders profiled.

Ken challenges us to realize we ALL have an impact – whether we want to or not – on thousands of people who we touch in our day-to-day lives by demonstrating that simple things make a HUGE difference.

The popular host of a series of live events that bring together top-level marketers, entrepreneurs, business owners, corporations and non-profit organizations to create multi-million dollar joint venture relationships – he creates incredible, intense impact for product launches and multi-million dollar profits in surprisingly short timeframes.

Regularly asked to speak at leading marketing events, he has managed product launches ranked in the top 400 sites on the Internet. Ken McArthur is also the creator of AffiliateShowcase.com, a pioneering affiliate program search engine and directory system and the founder of the MBS Internet Research Center, which conducted the world’s largest survey ever attempted on the subject of creating and launching successful information products.

Not satisfied to concentrate entirely on large organizations, Ken also works with select individuals to help them create a decent living utilizing the power of the Internet.



Ken was the official mentor for Sterling Valentine as he took his launch from ZERO to over \$100,000 in less than 8 days. Ken and Sterling documented the process as a “proof of concept” for Info Product Blueprint a massive home study course that is the “bible” of info product creation.

Ken offers top-level consulting as well as coaching and mentoring programs designed to help individuals, corporations and non-profit organizations reach masses of people using the techniques, tactics strategies and systems that he has developed specifically to help people spread their ideas, products and services around the globe.

Ken's Blog

<http://kenmcarthur.com>

The Impact Factor Podcast

<http://kenmcarthur.com/podcasts>

[Twitter](#) | [Google](#) | [LinkedIn](#) | [YouTube](#)



FURTHER READING

Jack Barrow: Satanic Viruses - The fall of the Roman Empire and how to bring it about, 1989

Seth Godin: Unleashing the ideavirus, 2001

Emanuel Rosen: The Anatomy of Buzz, 2002

Susannah Gardner: Buzz Marketing with Blogs For Dummies, 2005

Mark Hughes: Buzzmarketing: Get People to Talk About Your Stuff, 2005

Ron McDaniel: Buzzoodle Buzz Marketing, 2006

Stefano Calicchio: Pass the Virus! How to exploit the viral marketing to give an uproarious success to your own ideas, 2006

