

What's the Buzz About Buzz Marketing?

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There's a new marketing catchphrase that's getting rave word-of-mouth reviews. From articles in the popular press to conversations in the classroom, huge companies to boutique marketing firms, suddenly it seems you can't talk about new products without addressing 'buzz marketing.' "People are buzzing about buzzing," says Wharton marketing professor Barbara Kahn. "People think it's cool. There is something almost empowering about the idea of being able to 'buzz' your way into the products people buy."

Buzzing: What Is It?

Put simply, buzz marketing is the practice of gathering volunteers to try products, then sending them out into the world to talk up their experiences with the people they meet in their daily lives. The idea is that the more people see a product being used in public, or the more they hear about it from people they know and trust, the more likely they will be to buy it for themselves.

Of course, word-of-mouth has long been the way that many people find their favorite products, or learn about a new favorite movie, book or restaurant.

"For years, people recognized the power of word-of-mouth in convincing, influencing, affecting consumer behavior," says marketing professor Jerry Wind. "It has more credibility than traditional advertising." But it's a fairly recent

development for companies to try to create a structure around the practice, to harness and direct the way that word-of-mouth spreads -- and to attempt to measure its effect on sales once the 'campaign' is complete. "Buzzing isn't really new. The hype about these different kinds of buzz agents is what's new," says Kahn.

In practice, buzz marketing can take several different forms. Some companies identify particular types of people to do their buzzing for them. Known as 'mavens' (for readers of Malcolm Gladwell's Tipping Point) or 'influencers' or 'early adopters,' these are the people who naturally set cultural trends, who define what is cool before the rest of the world even realizes it exists. "Gladwell put it in terms that everyone understood, but basically there are people out there who can tell what's cool and what's not. We all know them -- the people who tell us about great restaurants, or who have cool clothes before we do," Kahn says.

"To make buzzing really work, I do have to believe that the person I'm listening to is discriminating, that he or she knows something I don't. Otherwise that person is not giving me anything new."

Procter & Gamble pioneered this approach on a large scale by recruiting hundreds of thousands of 'maven' teenagers to create buzz about new products -- some as mundane as toothpaste. "P&G started this idea of manufacturing word-of-mouth," says Wind. "They recruited a quarter million teens to talk about their products. Now they are in the process of recruiting mothers to do the same thing because they have suddenly realize that word-of-mouth is a powerful thing."

Other buzz marketers rely less on natural trendsetters and more on 'connectors.' "If they really want something to spread -- to see not just a slow diffusion but a big jump in awareness -- you go to the connectors," Kahn says. "Oprah is the king of all connectors. Basically these are people who have bigger rolodexes than the rest of us. They have lots of contacts in different circles, so word will spread. Fast."

But Does It Work?

Buzz marketing stands in direct contrast to traditional television or radio advertising -- the classic 'mass marketing' approach that is based on the premise of broadcasting a message as widely as possible, assuming that this is the best way to reach the largest possible number of interested consumers. Buzzing, which might also be described as 'micro-marketing,' assumes that a person-to-person marketing message is much more powerful because it is so personal -- and that it could potentially reach more people than a broadcast message, if only it is buzzed about in great quantity by people who have very long contact lists and no qualms about promoting products to anyone who will listen.

Wind points to a survey performed by CNW Marketing Research on the 15 largest U.S. television markets as evidence of why buzz marketing is becoming so important to companies today. It found that...

... more than half of the ads for cars, credit cards and pet-related products are ignored by television viewers.

In addition, 42% of ads about home products are ignored, as are 45% of fast food advertisements. The numbers are far worse in the case of viewers with personal video recorders such as TiVo. For that group, 95% of fast food ads were skipped, as were 68% of car ads, 80% of pet product ads, and 94% of financial product advertisements. "The 30-second commercial is becoming less and less powerful. We have to realize that most of the money spent on advertising is being wasted, so advertisers have to look for others sources and ideas for marketing their products," Wind says.

That's why Vespa turned to buzz marketers to ride its scooters around town and talk up their 'cool factor' when they debuted, and why Ford loaned its new Focus cars out to buzz agents for the first six months of its launch. In each case, companies looked for ways to gain high visibility and personal recommendations through buzz.

Not every product can be effectively marketed by buzz agents, however. "It has to be an interesting one," says Kahn.

"Products do have to live up to the hype, they do have to deliver. If these products aren't delivering coolness, this will not over time be a credible method."

According to Kahn, products that fit this description are fashion items and items of cultural interest such as TV shows, books and movies -- anything that connotes a sense of being 'in the know.' "They have to be products where value comes from the social interaction," Kahn says. "What you wear, what movies you go to, what things you read -- these are all influenced by social opinion. There are other things that I buy where I don't care what other people think about them. I like Sweet Tarts. I don't really care what anybody else thinks about Sweet Tarts. But I like to go to the 'in' restaurants, and I want to have read the book everybody's talking about. I want to know what everybody's talking about around the water cooler."

The fear for buzz marketing is that, however successful it may currently be, the effectiveness of the approach will inevitably be diluted through overuse and, dare we say it: too much buzz. "Right now it's a very nontraditional practice which makes it exciting," says marketing professor Peter S. Fader. "But look at pop-up ads and email marketing, which five years ago, when you saw them for the first time, seemed interesting. Now they are at the point of tremendous annoyance. They went from clever, path-breaking and really, truly creative to this incredible annoyance where now, people have just thrown out the baby with the bathwater. And there is no question that buzz marketing is poised to go exactly the same way.

"Buzz marketing needs to be used very judiciously for it to remain effective," he adds. "Otherwise people will become so skeptical and annoyed by it that they will become completely immune to the marketing virus that [marketers] are trying to spread." Fader doesn't think companies will succeed in preserving buzz marketing as an effective tool because they simply don't exercise restraint when they have discovered a new marketing approach. And perhaps even more importantly, Fader says, they regularly confuse useful marketing tactics for real marketing strategy.

"What people have to realize is that it's not a strategy. It's a tactic.

That's an important distinction," he notes. "Buzz marketing is one of many elements that a company should be doing when trying to get a new product out to market. It's a specialized tactic. But these days companies are relying on it too heavily, losing sight of what they really should be focusing on: strategy."

According to Fader:

The buzz about buzz marketing is analogous to the hype that surrounded the Internet in the late 1990s, when so many companies mistook the web and its technology for a new business 'strategy' rather than the sales and information channel that it is.

"Your strategy is what your overall approach is going to be. It's answering bigger questions such as, 'Are we trying to leak into the market slowly or are we trying to explode into the market all at once?' For example, there are very different sales patterns for movies, which explode, versus new MRI machines, which need to be eased into the market. Next, you ask things like, 'Do we start with a high price and bring it down? A low price and bring it up? Do we advertise slowly and spread out the message?' Those are strategic questions."

Once set on strategy, tactics come into play. "There could be a role for buzz building in both skim and penetration marketing strategies," Fader says. But buzz marketing should be combined with other forms of marketing to create a pattern of tactics that support the overall strategy. "It needs to be decided in concert with decisions about what other forms of both traditional and non-traditional forms of marketing should they be using, and exactly how much of the budget should they be spending on each form of messaging. Too many companies are starting with tactics and backing into them as a strategy. I'm a little afraid that people are

loading onto particularly small bandwagons such as this and losing sight of the larger, more important issue of resource allocation."

According to marketing professor David R. Bell, who conducted a study looking at retail purchase patterns for online retailer Netgrocer.com, "in general, we should expect the 'buzz effect' to be most prominent the first time a consumer tries a product." Netgrocer.com, he says, "ships nonperishable groceries using FedEx anywhere in the U.S., so we took a look at their customer data to see how their customer base evolved over both time and space." With traditional grocery stores, Bell says, customers can all be found within a 10 mile radius of the store. For an online store that ships anywhere, one might expect to see no geographic pattern at all. "What we found was that there were in fact very strong spacial clusterings: New customers came from the places where existing customers lived. It demonstrated very strong social contagion patterns - word-of-mouth. Your neighbor orders from Netgrocer.com, tells you about it, and you decide to try it, too."

Bell, however, also discovered something else: Word-of-mouth apparently has a shelf life.

"Before people try something once, they don't have their own experiences to make judgments, so they will try something based on what their social acquaintances tell them.

But for repeat customers, there was no spacial pattern at all because the decision to purchase again requires no input from others."

"You will buy something if you liked it the first time. Period."

The Ethical Debate

For some, buzz marketing raises not just strategy questions, but serious ethical issues as well. In most cases when marketers talk about buzz marketing 'agents' they mean regular citizens who have volunteered to be product guinea pigs -- people who receive no financial compensation, but do get products in advance of their release to the general public in exchange for a promise to talk them up if they like them, and to provide feedback to companies about what they and others think. Sometimes, however, marketers blur these lines in their effort to create buzz, hiring actors to pose as Average Joes, similar to what Sony Ericsson did to promote one of its digital cameras.

Actions like these raise the question of whether there is something inherently unethical about buzz marketing itself. After all, even those 'buzz agents' who are not monetarily compensated do receive free products in exchange for their services, and few freely admit their status as agents to the people they are buzzing to.

For some, the ethical question amounts to just a vague twinge of discomfort when they realize a friend's excitement over a new product is part of an orchestrated corporate effort to create buzz on the street.

For others, it raises the specter of a paranoid future where corporate marketers have invaded every last niche of society, degrading all social interaction to a marketing transaction, where no one can be certain of anyone else's true opinions or intentions.

Wharton marketing professor Lisa Bolton is one of the hard-liners in the buzz marketing ethics debate. "I realize not all buzz marketing is subversive. Sometimes it's just a case of getting people on the street and getting the word out. But stealth marketing, where you don't know that something's part of a marketing campaign because people don't identify themselves as such? I think it's wrong.

It's unethical. Over the long term, when people find out, they will feel deceived and betrayed. Ultimately, it will damage a company's brand equity."

Bolton, who teaches consumer behavior at Wharton, recently discussed buzz marketing in her class. During the discussion several students identified themselves as buzz agents for various boutique marketing companies; some were currently aiding buzz marketing efforts for everything from forthcoming books to new consumer products. Most students were intrigued by the idea of buzz marketing, and few said they perceived any ethical conflict. "They claim that they only act as buzz agents for products they truly like; therefore, they aren't lying when they praise them. They seem to focus on what they are saying, not why they are saying it," Bolton says.

Still, the students don't identify themselves as agents unless directly asked and this is what makes the difference, according to Bolton. "Whenever the buzz agent doesn't identify himself upfront as a marketer, the customer interaction is deceptive and, therefore, unethical.

Research in psychology suggests that consumers are more readily persuaded when they do not know that the other person is trying to persuade them.

By not revealing their persuasive intent, the buzz agent is gaining an unfair advantage that undermines social interaction. We usually assume that other people, in ordinary discourse, are not trying to sell us something; when we know we are being marketed to, we can raise barriers to try and protect ourselves," she says.

Bolton's students changed their tune a bit when she proposed this scenario for them to consider: "At one point I said, 'So John, you're sitting in a bar and a cute girl chats you up and you're feeling like 'Oh wow, this attractive person is talking to me.' It's only after she's gone that you find out it's a marketing ploy. Suddenly they said, 'Yeah, I'd feel pretty bad, [like I had been] taken advantage of. Because now they are the victim.'"

Wind disagrees. "I don't see any ethical problem as long as the company provides the product to a person and that person is totally independent in terms of saying whatever they feel about the product to the customer. If we say, 'Here's the product and here's what to tell people,' then you're not allowing them to really express themselves. That's when it undermines credibility," Wind says.

"Consumers are more sophisticated than people give them credit for. Buzz marketing is like sampling; it's simply providing exposure to the product. You're not forcing them to buy anything; you're just exposing them to it. They are not stupid. They will try it and if they like it, they will do more research and maybe buy it themselves. It's useful. If they don't like it, they won't buy it."

Besides, adds Wind, relying on word-of-mouth marketing may actually force companies to create better products.

"Research shows that negative word-of-mouth is seven times more powerful than positive word-of-mouth."

This really forces people to have good products. Otherwise, when you turn people loose to say whatever they want, you could be in real trouble."

"In the end it's about cutting through the clutter," says Bolton. "When everyone starts to do buzz marketing, it will just add to the clutter. Then it will be about whoever has the most unique or effective campaign, whether it's a buzz campaign or not. It will be about what works. The rest is just noise."