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Social Media: The New Tool in Firms' Marketing Strategies

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Abstract

In this work project we discuss the advantages and disadvantages of social media as a marketing tool. Four international cases were analyzed to provide anecdotal evidence of how social and viral marketing have been used by four firms in very different industries. We reviewed empirical evidence on the topic to discuss the main components of viral marketing. We concluded that positive (electronic) word of mouth, short response time and seeding through high network value customers are the main drivers of the success of a viral marketing campaign. We also conducted a study of the Portuguese telecommunications industry, in particular, the mobile segment. We found that the three main players operating in this market have been using social media successfully as a marketing tool in a strategic approach to the 14-25 years old segment.

Keywords: social media; viral marketing; word-of-mouth; telecommunications industry

1. Introduction

The dynamics of the marketing interactions between firms and consumers are far different today than they were some years ago. The current socio-economic paradigm forces firms to be more interactive than ever on their approach to customers. Furthermore, the conventional model of advertising no longer satisfies customers' requirements of being involved with the firm.

Despite the efficiency of some old traditional marketing activities such as advertising in a newspaper or a commercial on TV, social media assumes an increasingly importance role in the promotion mix. The reason is simple: people "live" online. People use internet to connect, communicate, share, be informed and even buy, so firms are looking at social media as a new tool in their marketing strategies to create relationships with customers in an effort to reach a wider audience and, ultimately, to increase their products demand.

The goal of this work project is to study the role of social media in the overall marketing strategy of a firm. In particular we ask the following questions: Is it a strategic tool in a firm's marketing strategy or is it is just a small part of the integrated marketing communications campaign? Can social media and conventional media coexist in the same marketing plan? What are the benefits of using of using social media instead of more conventional tools? What are the risks? What are its main components? Is the cost-revenue trade-off of investing in this type of marketing compensative for firms?

There is a great deal of strategy present in how viral campaigns fit into a brand's overall marketing mix. The science is in hitting the sweet spot between viral tactical elements and overarching marketing strategy. Thus, the first goal of this work project is to understand how viral marketing fits in a firm's strategy to increase its profits. In order to shed some light on the particular role of traditional and social media, we review both the empirical and theoretical literature on the topic. We also discuss the main effects of advertising on profits using graphical analysis. Second, applying what we found in the first part of this work project, we examine how social media has been used in the Portuguese telecommunications industry as a marketing tool. In particular, we focus on the mobile segment, where the three main operators – Vodafone, TMN and Optimus – have been using this new marketing weapon strategically to approach to the young generation.

This work project reveals that for situations where social media is the core of the marketing communication of the firm – the cases of Yorn, Moche and WTF – viral marketing entails huge costs. However, there is also a higher value added per customer due to the high tuning of the campaign that justifies the investment.

The success of a viral marketing campaign depends on the ability of the marketers to manage correctly its main components. We found that word of mouth multiplies exponentially when the brand message is spreaded by customers instead of being the firm itself the seeder. If the seeders are opinion leaders and/or persons interested in the brand, this effect is even higher. Moreover, we found that using social media the spreading process is faster than under traditional marketing.

The remainder of this work project is organized as follows. Section 2 provides an overview of the two main marketing venues used by firms – traditional marketing and viral marketing. Section 3 compares these two marketing strategies making use of a graphical analysis. Section 4 presents anecdotal and empirical evidence on viral marketing. Section 5 focuses on the Portuguese case. The final section discusses the implications of our research and concludes.

2. Marketing Strategies

2.1. Traditional Marketing

Traditional media can be delivered to consumers through multiple vehicles: newspapers, magazines TV, radio and billboard. The content, frequency and timing of those elements are defined by the organization in collaboration with its advertising agencies, without the intervention of customers. According to Mangold and Faulds (2009), traditional media empowers the firm with a high degree of control under the information, since there is a minimal interference of customers. The flow of information outside the limits of the firm is confined to face-to-face dialogs among individual consumers, and so there is a minimal impact by third-party agents on the message that the firm wants to spread to the market.

The great power of control of the firm over the information may be good from the firm's perspective, as it avoids the distortion of the communication message and the emergence of negative feedback. However, from the consumers' perspective, it is not satisfactory. It does not fulfill the high level of dynamism demanded by customers. So, despite the positive effects that this type of media may have on marketing outcomes, the impact of traditional advertising on the purchase intention of the customers faces difficult times. Nail (2005) concluded that 40% fewer people agree that traditional advertisement is a good way to learn about new products, 59% fewer people report that they buy products because of their advertisements, and 49% fewer people find that advertisements are entertaining. It is time for firms to try to catch attention among consumers using much cheaper and interactive marketing strategies.

2.2. Viral Marketing

One of the alternatives to conventional marketing is viral marketing. There are numerous works addressing this phenomenon. According to Vilpponen et al. (2006), viral marketing is a form of word-of-mouth advertising in which certain consumers drive the marketing campaign, telling others about a product or service. Kirby and Marsden (2006) suggest it works just like viruses, since such strategies take advantage of rapid multiplication to disseminate the message to thousands – even to millions.

Although it can be done offline, with the emergence of Web 2.0, the potentialities of word of mouth multiply exponentially when we deal with its online component. In this case, Xia and Bechwati (2008) call it “word-of-mouse”, since the message is spreaded to their network of contacts through clicks. Among the numerous venues consumers use to broadcast their views, preferences and experiences, we have the blogs, discussion boards, chat rooms, consumer-to-consumer e-mail, consumer product or service ratings websites and forums, moblogs (sites containing digital audio, images, movies, or photographs), and, of course, social networking websites (Mangold and Faulds, 2009).

To build awareness and buzz online in these platforms, the involvement of customers is crucial. Jurvetson (2000) says that, involuntary, every customer ends up becoming a salesperson simply by using the product.

2.2.1. Advantages of Viral Marketing

Consumer endorsement

The first advantage is that consumers seem to be much more efficient to spread those messages than the firms just by themselves. While firms transmit a non-personal communication, word-of-mouth (WoM) conveys an implied endorsement from a friend. Phelps (2004) says that, when compared to traditional advertising, the consumer-to-consumer communication is more open and honest. Receiving the message from a friend empowers the product with credit and reliability: when consumers tell the message, the source is known by the message recipient, contrarily to the conventional advertising where it is the firm itself the seeder (Brown et al., 2007). Contrarily to traditional marketing, in viral marketing the communicator's motivation is pro-social – to educate or to help – rather than pro-business – to acquire new customer – and the scale of influence is significantly wider, as internet facilitates the access of information to a larger number of individuals (Van den Bulte and Wuyts, 2010). Here, marketers must have into account that the consumer component is a two-sided coin, and while a dissatisfied customer may spread the word to ten people through conventional marketing, using social media he has the tools to influence 10 million (Mangold and Faulds, 2009).

Low-cost marketing strategy

The second advantage inherent to this type of communication are the low costs involved: first, as individuals forward the brand message involuntary, they do it for free (Woerndl et al, 2008); second, the platforms through which the brand communicates – such as Youtube, Hotmail or Facebook – allow seeding the messages with no costs associated – in several formats, such as video, e-mail or photos. For example, the British charity organization Comic

Relief gathered 1.16 Million participants in its main money-raising campaign, the Red Nose Day, just by launching a viral online game called "Let it Flow", (Van der Lans et al, 2010). Just as non-profits, the effect is also amplified to small firms and start-ups. Zarrella, Dan "*Social Media Marketing Book*" (2009) explains that, as by adding social media to their marketing mix, firms with small budgets can easily reach a much larger audience, while still keeping their marketing costs low.

High tuning

Third, viral marketing enables firms to manage the entire "spectrum" of the campaign: those who seed, see and (may) forward the message (Van den Bulte and Wuyts, 2010). Facebook is the most flagrant example: on Facebook marketers can almost select person-by-person, filtering those who access the message by criteria of age, gender, location, etc. This high tuning on selecting the customers increases the added value by contact, at least when compared to traditional marketing activities where marketers cannot filter those who may access the message. In one sentence, it is easier to filter who sees your post on Facebook than who watches your TV ad.

2.2.2. Disadvantages of Viral Marketing

Intangibility

In general, it is difficult to measure the impact of social media on the performance of the firms[1]. Hoffman and Fodor (2010) say that the intangibility of the measurements discourages CEOs to invest on social media because they demand evidence of potential ROI before allocating money to online marketing campaigns. This happens because social media involves variables that are not controlled by the marketer: customers, word-of-mouth, time, internet access, etc.

According to Hoffman and Fodor (2010), the short term perspective "Show me how my company's tweets will improve sales next quarter" is diminutive, since online relationships involve "conversations" and it takes time to measure the impact of those contacts. The same author defends that the most trustworthy method that firms can use to perspective their returns from social media investments is to evaluate consumer behavior parameters that reflect awareness, brand engagement, word-of-mouth fluctuations over time and purchase intention. Among those indicators, and depending on the platform we are talking about, we have the

[1] This is still a controversial topic. Several authors advocate that online advertising can help marketers to build large databases containing detailed customer behavior. For Van der Lars et al. (2010), in online campaigns the effectiveness can be monitored accurately, since marketers can directly observe when a specific online ad generates a visitor to the viral campaign. Bonfrer and Drèze (2009) defend the potential of viral marketing on allowing marketers to measure when customers open an e-mail, while Moe (2003) defends the same feature but for the pages they visit.

number of visits, number of clicks, page views, number of fans, number of Facebook/Twitter updates about the brand, etc.

Having discussed its advantages and disadvantages, the next section discusses the main components involved in a viral marketing campaign.

2.2.3. Components of Viral Marketing[2]

E-Word-of-mouth

As we have seen before, word of mouth facilitates the spread of the brand message among consumers and empowers that same message with credit as it is a friend (or someone you know) selling the product and not the firm itself. The term word of mouth is not a new concept. In fact, word of mouth is the oldest form of marketing communication, dating back to when Eve recommended the apple to Adam (Fay, 2006).

Social media may be intended as an exponential matrix for the potentialities of this old marketing tactic. According to Camarero (2011), contrarily to face-to-face contacts, the circulation of the message through a purely digital channel multiplies the viral effect in terms of scope, speed and ease of spreading the message. This process is called electronic word of mouth. From now on, to facilitate our discussion, we will refer to electronic word of mouth simply by word of mouth. Phelps et al. (2004) and Rosen (2000) define it as a communication process involving online conversations between consumers, concerning their experience of a particular product or service. East (2005) says that, during this process, the consumer – the receiver – in turn becomes a broadcaster.

Seeding Acceptance and Viral Acceptance

How viral the campaign will be will depend on the ability of the marketers to manage the acceptance of the campaign within the marketplace. Two components may be used to measure the reception of the campaign: viral acceptance and seeding acceptance. According to De Bruyn and Lilien (2008), viral acceptance is the probability that a given customer will join the campaign after receiving a viral message – in the form of e-mail, SMS, video, online game, etc. Seeding acceptance represents the probability that a given customer will join the campaign after receiving an invitation by seeding – through banners, as an example (Van der Lans et al., 2010). The acceptance ratios of these two components will depend on the consumers' motivations to pass along the message, and on the ability of the marketers to manage accurately the seeding/viral process.

[2] In section 4.2. – Empirical Evidence – we will discuss how each of those components can contribute to an effective viral marketing campaign.

Customer Value and Network Value

When seeding the message to the marketplace, marketers should filter those consumers who may be the ones capable of influencing their network of contacts to accept and forward the message. To do that, marketers have to take into account two components on the consumer side: the customer value and the network value.

Domingos (2005) defines costumer value as the expected profit from sales attributed to a given customer, having into account the lifetime of the relationship between that customer and the company. This value helps marketers on deciding which customers to influence. Let us focus on a specific product. We will have those consumers more likely to buy that product, and those who would probably not buy it. Among those who are more likely to buy it (and even among those who do not buy it), we will have those who may influence the others to buy that product – the *influencers* – and those who may be influenced to buy it – the *influenced*. The conclusion is that customers are not created equal. Renee Dye (2000) says some of them have a disproportionate ability to shape public opinion. This expected increase in sales to others that results from marketing is called network value of each customer. By selecting customers with high network value, firms can reach a wide range of customers and increase the opening and forwarding rates of the campaign.

Response Time

The success of a given viral marketing campaign will always depend on the influence speed of the process. This component is a consequence of the response time of consumers. The rapidity to spread the brand message will depend on the ability of the marketers to manage the timing, frequency and content of that same message.

3. Graphical Analysis

In this section we provide a brief graphical analysis to compare the effects of traditional and viral marketing on the cost structure of a firm.

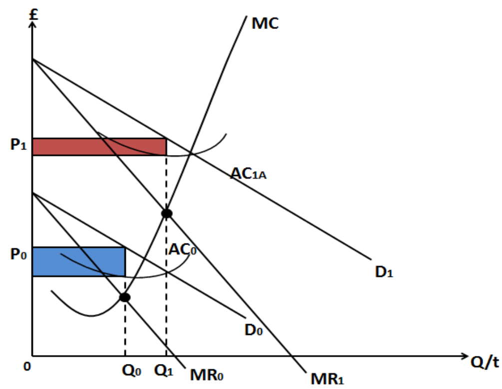
Consumer's preferences play a key role on determining the demand of a good. Because one good can invoke different responses in different people, each consumer will attach a different value to the good. To attract a broader audience, marketers try to convince customers that the good they offer is the best choice in the market. One form to do it is through advertising[3]. Firms advertise to convince consumers that their product is different from the many substitute products available. Advertising provides valuable information to consumers to enable them to

[3] Firms use advertising as a form of product differentiation. Facing the threat of rivalry from other firms which produce close substitutes to their own range of products, firms advertise to reduce the product substitutability and possibly create a new market for their products. According to *The Economics of Business Strategy*, Lipczynski and Wilson (2004), this type of competition strategy is likely to be less harmful than price reductions.

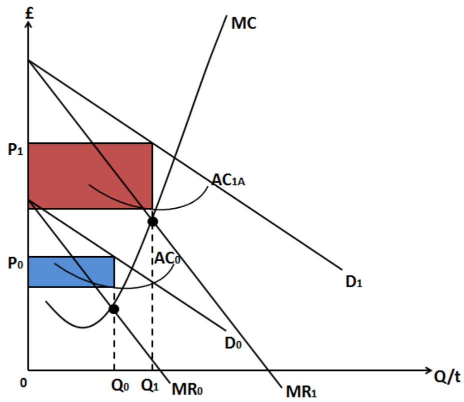
make informed choices and, if successful, it increases the number of consumers who prefer the good to competing products at each price. In sum, paid advertising and favorable word-of-mouth increase consumers' taste for a good and may also increase consumer loyalty.

The benefits of a marketing campaign can be represented graphically through a shift on the demand curve: advertising shifts the demand function upwards and to the right and makes it more inelastic[4]. Advertising also entails costs, which can be captured by a change in the total average cost curve of the firm. Whether the net effect of a marketing campaign is positive depends on the shifts of these two curves. Graph 1 and Graph 2 explain intuitively the impact of traditional and viral marketing on the cost structure of two firms and its subsequent effects on the demand.

Graph 1: Effects of traditional advertising on Firm A's profitability



Graph 2: Effects of social media advertising on Firm B's profitability



Let us assume that Firm A only invests on traditional advertising and Firm B only invests on social media and that both firms generate the same shock on the demand side through advertising – that is, the magnitude of the shift and the variation on the elasticity of the demand after advertising are the same for both firms. For illustration purposes, we also consider that both firms implement successful advertising campaigns and that the advertising expenditure is worth it – graphically, that advertising increases demand proportionately more than it increases the total average costs.

Before advertising both firms face the same downward sloping demand curve (D_0) and corresponding marginal revenue curve (MR_0). Firm A and Firm B maximize profits where MR_0 equals MC, producing at output level Q_0 and charging price P_0. The blue shaded area shows firms' profit before advertising – which are the same for both firms.

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[4] Advertising is particularly efficient under conditions of oligopoly and monopolistic competition. It appears to be less efficient when we deal with perfect competition – as the demand is very elastic and there is high degree of substitutability between the products – and under monopoly – where the firm already faces an inelastic demand curve and has substantial control over the prices it charges.

After advertising, both firms incur in an additional cost. Since advertising is a fixed cost, the marginal costs curve (MC) does not change. However, the average total cost curve shifts upwards on the amount of the fixed cost of advertising – from AC_0 to AC_{1A} for Firm A, and from AC_0 to AC_{1B}, for Firm B. Demand shifts from D_0 to D_1 for both cases, given our assumptions. Both firms now maximize profits where the new marginal curve (MR_1) equals marginal cost (MC), producing at output level Q_1 and charging price P_1. The red shaded areas in Graph 1 and Graph 2 represent Firm A's profit and Firm B's profit respectively. Both firms make higher profits after advertising than they did before. As we can observe from the graphs, Firm B's red shaded area is higher than Firm A's one. This happens because Firm B will incur a lower increase in the AC from 0 to 1, since viral marketing involves lower fixed costs than traditional marketing.

The next section reviews existing evidence regarding viral marketing.

4. Existing evidence

There are several well known examples reported in the popular press where social and viral marketing have been put into place by firms in very different industries. In this session, we provide anecdotal evidence for four industries: the Starbucks' case of 2009, the Super Bowl case, the 2014 Oscars case and the Broadway case. Even though these examples provide anecdotal evidence of the role that viral and social marketing has nowadays, it is also important to understand whether this new tool is successful and what are the most important components driving its success. In order to do that, we also look for empirical evidence to understand which components can be responsible of implementing an effective viral marketing campaign.

4.1. Anecdotal Evidence

The 2009 Starbucks Case

In 2009, to respond to a McDonalds' campaign suggesting a commoditization of coffee, Starbucks launched a huge online/offline viral marketing campaign. It was the first time the firm used marketing strategically. While McDonalds was familiarized with this type of aggressive marketing campaigns over the years, Starbucks's premise was that customers only went to their stores because of the store experience and that investing on advertising was unnecessary.

According to Miller, Claire "New Starbucks Ads Seek to Recruit Online Fans." *New York Times* (2009), the campaign done by Starbuck in 2009 was the biggest marketing effort the firm had undertaken until there, and that year may be considered as the turning-point in the brand mentality of the firm. Until then, Starbucks did not believe in advertising: contrarily to big multi-million dollar companies that might spend up to 10% of their sales revenue on advertising, the success of Starbucks had nothing to do with this kind of practice.

Karolefski, John. “Conquering New Grounds” *Brand Channel* (2002) says that Starbucks’ formula, more than depending on mass marketing campaigns, has to do with loyalty and convenience. The firm combines the personal approach – based on the creation of a store-concept: a place where people can network, relax, and enjoy the simple pleasures of a cup of coffee – with a cluster strategy that pretends to have “a Starbucks on every corners”[5]. For Starbucks, being in the right place is important since customers are not going to visit often unless it is convenient. The firm privileges location and experience before advertising.

However, in 2009, Starbucks used social media to fight a megalomaniac $100 million campaign done by McDonalds attacking the competition and promoting its new line of McCafé coffee drinks. According to Miller, Claire “New Starbucks Ads Seek to Recruit Online Fans.” *New York Times* (2009), even though its general message focused on quality, the campaign was oriented according to what the younger audience values in Starbucks stores: a trendy, fashionable place with internet “to hang out”. Starbucks explored this strong social media connection between the brand and the young generation, telling its message to this new generation of coffee drinkers and then recruiting them to retell the story online. The firm promoted online initiatives such as YouTube videos and a photo contest on Twitter, challenging people to find and photograph posters spreaded among six major cities in the U.S.A to then upload them on Twitter. As part of the campaign, Starbucks also sponsored a television commercial on “Saturday Night Live”, which was later posted online. According to Miller, Claire (2009) “New Starbucks Ads Seek to Recruit Online Fans.” *New York Times*, three days later it was the fourth most viewed video on YouTube, with people mentioning Starbucks on Twitter every eight seconds.

The firm was able to reinforce brand identity in an inexpensive way recruiting fans to share and spread the brand’s message online. They did not have to spend millions of dollars for advertising because the millions of fans they already have on Facebook and Twitter did all the advertising for them. This shows how effective viral marketing can be as a low-cost marketing strategy and how powerful word of mouth can be to increase the buzz around the firm’s message. Contrarily to the past, where Starbucks hardly used marketing, by introducing the novelty of social media the firm potentiated the online assiduity of the consumers in the benefit of the brand. In the end, the viral acceptance of the campaign was intrinsic to consumers and not only to the brand.

Nevertheless the good effects of these initiatives on generating awareness and word-of-mouth, it is important to mention the difficulty to measure the financial effectiveness of the

[5] According to Statistic Brain – a trusted research provider to Forbes, CNN and New York Times – in 2012, Starbucks operated more than 17,500 coffeehouses all over the world, with 60% of those stores located in the U.S.

campaign. Miller, Claire (2009) “New Starbucks Ads Seek to Recruit Online Fans.” *New York Times* touches the point: a follower on Twitter or a like on Facebook does not necessarily translate to a daily coffee drinker.

The Super Bowl Case

Just as Starbucks, other firms have been using this tool. The Super Bowl Case illustrates the potential of combining social media with one of the major sports event in the world. The Super Bowl – the final game of the National Football League (NFL) in the United States – is known as the most watched American television broadcast. According to the American channel CNBC, the four most-watched broadcasts in U.S. television history are Super Bowls.

For this reason, Super Bowl stopped being just about the game itself a long time ago. Nowadays, it is about the ads, the half time show and the social media reaction. Beasley et al. (1998) suggest that Super Bowl viewers watch the half-time advertisements as much as – if not more than – the game itself. In 2013, advertisements were seen by 108.4 million in the United States alone (Kim et al, 2013). The numbers multiply exponential if we have in account that the show is broadcasted for more than 200 countries. Due to its high audience levels, Super Bowl is one of the biggest showcases for firms, with millions of viewers all around the world. Super Bowl advertising generates enormous interest, buzz and word of mouth, so, in terms of reach, it is more advantageous for firms to have their name associated with Super Bowl than with any other event.

And now, more than ever, firms are exploring this phenomenon not only with TV ads, but extending this buzz to social media. A joint collaboration between Netbase and *Wall Street Journal* (Kim and Freling, 2012) points that 40% of 5,200 posts on Twitter and Facebook show interest in Super Bowl commercials right before the event. During the 2014 edition, according to an Adobe Digital Index research (2014), the term "Super Bowl" garnered 4.9 million mentions, more than 20 times its average, and Super Bowl advertisers largely surpassed the social media mentions of their competitors, with 6.2 times as many social mentions on the match day as they did for their 30-day average.

By combining TV ads with social media, firms were able to engage consumers and to shorten the gap between who “watches” and who “cares” about Super Bowl. Hanna et al. (2011) gives the example of the Super Bowl 2010 edition. The half-time commercials of that edition reached an average of 106,5 million viewers (Steinberg, 2010), but this huge share only corresponded to passive bystanders that do not feel a truly engagement with the event. This happens because this type of traditional advertising fails to capture the intimacy and engagement that it could achieve with social media. By extending their intervention to social media, firms are capturing more consumers and involving them in the Super Bowl experience.

This is the big difference between traditional advertising and online advertising. While the first focus on “reach”, social media focus on “engaging”.

Therefore, firms have the opportunity to capitalize on social media with this event. And the opportunity is not only for firms who bought an ad to place in the Super Bowl. The same source (Adobe Digital Index, 2014) says that JCPenney, despite having no TV ad air during the game, had 118,201 social mentions – more than 25 times its 30-day average (4726) – thanks to its aggressive and out-of-the-box live-tweeting strategy. So, just like JCPenney, even those firms that cannot afford the Super Bowl TV ad price tag – according to Nielsen (2012), the average cost of a 30-second Super Bowl spot has increased 7,900%, from $37, 500 in 1967 to $3,500,000 in 2012 – may take advantage of the incremental mobile and social traffic around the event to be part of it as well.

The 2014 Oscars Case

More recently, we have another example, just as the previous Super Bowl case, where social media was used in combination with an important event. In this case, we do not deal with a sports event, but with the major event in the film industry: the Oscars.

It was during the 2014 Oscars evening, when Ellen DeGeneres took a “selfie” that became viral. With more than 3 million retweets, the photo became the most retweeted photo ever on Twitter (Adobe Age, 2014). Samsung was the main winner of this episode, since the photo was taken with a Samsung Galaxy. It may seem it was a fortuitous movement, but the reason to be a Samsung and not an iPhone was not lucky. Elmer-DeWitt, Philip (2014) “Samsung's Oscar ads? $20 million. Ellen's selfie? Priceless” *Fortune – CNN Money* reveals this “selfie” was a carefully planned business arrangement between ABC, Hollywood, Samsung, and, of course, Twitter. The same article says that, to compensate the incredible buzz around the selfie, Samsung decided to make a $3 million donation to Ellen's charities of choice, which reinforces the involvement of the brand in this process.

Samsung has been an Oscar advertiser for the last five years, with multimillion expenses on the editions between 2009 and 2013. Vranica, Suzzane (2014) “Behind the Preplanned Oscar Selfie: Samsung's Ad Strategy” *Wall Street Journal* explains that, in the 2014 edition, Samsung paid ABC roughly $18 million for 5 minutes worth of prime-time ads plus unspecified consideration for product placement throughout the broadcast and Adobe Age. Despite the costly investment on the TV ads, it was only with this “selfie” that the firm experienced huge brand awareness.

With more than 2 million retweets in just a few hours, this Samsung movement provides anecdotal evidence that viral marketing can be effective as a fast spreading marketing tool, at least, much more efficient than traditional advertising. Twitter was the platform used to spread the “selfie” and the short response time of the “retweeting” process proofed to be much more efficient than the TV ads sponsored by Samsung during the same show. With this movement Samsung ensured the coverage of the awards focused almost more on the “selfie” than on the winners.

The Broadway case

One may say that Broadway is the Eiffel Tour of New York. Every year, millions of people visit New York just to attend a show in the avenue that has been the home of theater for the last 150 years. The Broadway League points that, in the 2013/2014 season, Broadway gathered more than 12 million theatergoers, generating an income of more than 1 billion dollars.[6] However, when we look to the attendance levels of the last decade, we see that the show faces some challenges in the future. Table 1 provides us the evolution of Broadway gross sales and attendance levels in the last ten seasons.

Table 1: Broadway Season Statistics (Source: The Broadway League)

Season	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Gross ($)*	$769	$862	$939	$938	$943	$1,020	$1,081	$1,139	$1,139	$1,269
Attendance*	11.53	12.00	12.31	12.27	12.15	11.89	12.53	12.33	11.57	12.21

*All values in millions

While gross almost duplicated during the last ten years, attendance barely changed – from 11.58 million in 2004/2005 to 12,21 million in 2013/2014. The stagnated evolution of the attendance during the concerned period suggests that the increase in sales was consequence of the higher average ticket prices and not of a consistent every-year-higher audience.

To not compromise the future, Broadway has the challenge of capturing new customers to the show. Davenport, Ken (2009) How Broadway Talks to its Audiences Using Social Media, *Mashable* has defined the main target of the firm as “55 Year Old Woman” and defends that Broadway producers have to do an effort to begin to speak in the new language of the new customers they want to capture: social media.

With the emergence of the digital era, it is no longer enough to have famous actors endorsing the shows and several third-party ticketing agencies working as intermediaries between customers and Broadway. Nowadays, more than ever, Broadway productions have to extend their social media presence to spread word of mouth and increase the online awareness around the show. And it appears that some of them are already doing it with some results.

[6] This information was collected from Broadway League – the official website of the Broadway Theatre industry. [available at http://www.broadwayleague.com/editor_files/broadway_statistics_at_a_glance.pdf]

Schmidt, Gregory (2008) Broadway's marketing turns interactive *The New York Times* explored the multiple online venues used by Broadway productions to engage customers. Nowadays, an increasingly number of shows is present on social networks. Shows like “In the Heights” and “Shrek” created the ultimate niche social network for their fans and, with that, were able to generate interest and sell tickets. Shrek, particularly, created its own social network which allowed the producers to identify their most powerful customers – those with the higher Network Value – and communicate with them constantly. “In the Heights”, by its side, to magnify its social media approach on Myspace, has upload 16 videos on Youtube starring the show’s protagonist. This proofed to be efficient to reach a niche audience that was not accessible through traditional marketing as Schmidt, Gregory (2008) reports that a lot of fans only went to New York to see the show because of the videos. This gives us anecdotal evidence that viral marketing can attract customers to Broadway.

Social media, just as in other segments, is helping producers to build a relationship with theatergoers. Producers, just as marketers, must have the sensibility to manage that process. The niche online network strategy only works with shows that have customer bases that are naturally designed to social media. That is, it may not be the best marketing strategy to create an online contest on Twitter promoting an old long-running show like Hamlet where the major part of the audience was born well before the PC era.

To conclude, we paraphrase Fulgoni, Gian (2011) What Social-Media Marketers Could Learn From Broadway *Adobe Age* when he says that the most powerful tool to convince customers to go to a show are the five magic words “You’ve got to see it!”. This is no more than offline word of mouth. What social media is doing is multiplying the offline buzz effect. Using social networks, the “five words” can be shared by a thousand times higher audience. Moreover, social media enables Broadway productions to know who exactly are their customers and, with that, solve the big challenge of tracking customer’s information that, without social media, was confined to third-party intermediaries in the act of selling the ticket.

4.2. Empirical Evidence

There is a common belief among marketers that campaigns become viral for luck. Unless marketers design a well-structured strategy to launch and manage the campaign, the most part of viral initiatives are likely to fail (Kalyanam, McIntyre and Masonis, 2007). In this subsection, we look for empirical evidence to understand which of the components mentioned in section 2.2.3 – Components of Viral Marketing – may be drivers of viral of viral success and responsible of implementing an effective viral marketing campaign.

Word-of-mouth

Numerous debates have arisen concerning the importance of word-of-mouth in driving viral marketing campaigns. Brown and Reingen (1987) and Cheung et al. (2007) say that word-of-mouth plays a decisive role in the formation of consumer's beliefs and attitudes. Godes and Mayzlin (2004) believe that, besides its important role on generating awareness around the product, word-of-mouth also serves as a leading indicator of that product's success. This last assumption gives significant empirical evidence for the hypothesized link between word-of-mouth and product sales.

Smith et al (2007) hold that this form of communication can potentially influence the purchase intentions and behavior of network members, and Villanueva et al. (2008) defend that customers acquired by word-of-mouth add more value in the long-term perspective than customers acquired under traditional channels, but there are several opponents questioning whether it has any real effect, pointing to the anonymity of the communicants (Guadagno and Cialdini, 2005) or the inexistence of physical or face-to-face interpersonal contact amongst the interveners (Gershoff, Broniarczyk, and West, 2001).

Seeding Acceptance and Viral Acceptance

For Van der Lans et al. (2010), seeding messages – banners, as an example – are expected to be less effective than viral messages – e-mails, as an example – that are sent by friends or other members of the network of the recipient. This happens because consumers are more likely to delete a message when they know it is from a marketer than when it comes from a person they know (Phelps et al., 2004). On the other hand, for Van den Bulte and Wuyts (2010) banners are more effective than e-mails, as marketers have the possibility to pay for each realized click on a banner. There is no consensus within the topic. The only absolute truth is that marketers should design accurately the content of those messages: a simple detail may be the difference to increase the acceptance. Phelps et al. (2004) studied consumers' motivations to pass along email and found that the most common motivation mentioned by respondents was the desire to connect and share with others. For Bonfrer and Drèze (2009), the crucial components to be included in the message are the subject line of the e-mail and the text in the e-mail itself, but, according to Biyalogorsky et al. (2001), extrinsic motivations such as monetary incentives and prizes may be more effective to increase the acceptance and persuade customers to forward marketing messages. Phelps (2004) defends that the message – e-mail or not – has a better chance of being forwarded if the information meets the viral consumers' thresholds for relevance. The same author says that message developers should consider that messages provoking strong emotions —humor, fear, sadness, or inspiration— are those that meet even most infrequent senders' thresholds for passing.

When we deal with political and sports convictions, it may be easier for people to become engaged and forward the message without any extrinsic incentives. However, when we talk about products that do not generate the same engagement naturally, it may be hard for the brand to create a viral message. Mangold and Faulds (2009) defend that designing the product with talking points and consumers' desire self image may help in this process. However, this is very costly, as the set of consumers may be very wide. For Van der Lars et al. (2010), it is much more cost-effective for marketers to influence a shorter number of initial customers to seed their viral marketing campaign. One way to do it is through seeding e-mails. The same authors say that seeding e-mails, as the starting point of the message, enable firms to disseminate the message to those customers in the mailing list that may be potentially interested in the campaign. Phelps (2004) defends marketers must send initial messages to as few as necessary so as to minimize the number of customers who receive company email. The key point is that those few initial seeders have to be influencer enough to then disseminate the campaign to their network of contacts.

Customer Value and Network Value

As we have already said, a given campaign does not become viral by luck. Luck had little to do with the appearance of a Samsung in the Oscars ceremony. Renee Dye (2000) defends that the easiest way to become viral is by selecting a strategic group of initial influencers – the vanguard group. For example, Abercrombie & Fitch only recruits popular students, usually members of college fraternities, as their high Network Value will certainly increase the probability that their friends wear A&F clothes, and in doing so, implicitly endorse the fashions. The same logic is applied to marketing campaigns featuring icons such as music stars, actors or famous comedians, due to their great power of influencing the mass groups of the market[7].

To be successful, marketers need to understand which and how many consumers they need to pass messages along and why. The bundle of initial seeded consumers is preponderant, as this group must have consumers with high Customer Value: those who will find the advertiser's information relevant enough to pass-along. Bonfrer and Drèze (2009) defend that the initial set of influencers must be customers who are in the mailing list of the firm, as they will be the ones more potentially interested in the campaign: opening rates decreases when customers are not interested in the campaign.

Phelps (2004) says that, based on the current findings, women are more likely than men to pass along email messages. Their high purchasing power and increasing online representation

[7] We will verify the success of using celebrity endorsement combined with social media when we focus on the Portuguese casein Section 5, where WTF recruited famous Youtubers to head the marketing campaign placed on Youtube (and also on TV).

must be consider has an opportunity for marketers to drive the message among online networks of women.

If the message is seeded to random customers, it may "die" in the beginning of the viral chain, as those customers may categorize such e-mails as spam and quickly delete them. According to Rigby (2004), the opening rates increase when e-mails are sent by friends. This happens because, at a time when consumers display ever-diminishing trust in firms and their advertising messages, receiving the message from a friend increases the acceptance ratio and it is likely to have more impact than traditional marketing.

To become viral, the subsequent levels of the viral chain should pass the message. Van der Lans (2010) mentions tools – let us call them inviting tools – such as the "Tell a Friend" or "Share Video" buttons that facilitate the viral process by making it easy to forward e-mails to friends. The number of friends achieved by those tools will then depend on the Network Value of the inviters.

Response Time

De Bruyn and Lilien (2008) say it is all about the influence speed of the process and defend that using internet the information flows rapidly. The Oscars case is a good example. The "selfie" was forwarded on Twitter more than 2 million times by the 3 hours the ceremony was done, achieving more than 3 million later. Social media enables firms to reach large numbers of customers in a short period of time. (Van den Bulte and Wuyts, 2010) say that, with viral campaigns, firms are able to decrease the response time of the campaign and spread the message faster. They just need to understand how to manage that process. Van der Lans et al. (2010) found evidence that the viral process is slower during weekends than during weekdays. Crittenden et al. (2010) mentions the importance of the smartphones' era in decreasing the response time. In fact, smartphones facilitated the instant access to online information with a location-based richness unheard of just a few years ago.

5. Case Study

This section presents a case study in the Portuguese telecommunications industry to understand how firms in this segment have been using social media as a marketing tool.

5.1. Players in the Market

There are several players operating in the market covering every segment of the telecommunications landscape: fixed, mobile, multimedia, data and corporate solutions. To simplify our discussion, we will focus on one particular segment of the industry: the mobile market. According to Donegan (2000), the cellular market is the more prominent component of Portugal's telecommunications landscape. The *Telecommunication Market and Regulatory*

Developments, European Comission (2012) projects that, in 2011, Portugal had the fourth highest mobile penetration rate in Europe.

According to *Portugal Country Profile*, MarketLine (2012), Portugal, with 16.71 million subscribers in 2011, had a penetration rate – the number of subscribers per 100 inhabitants – in the order of 157,75% (especially higher when compared to the poor fixed line penetration of 41,55% in the same year), even higher than the European Union average, in the order of 127%. Table 2 gives us an overview of the Portuguese mobile market and its main three network operators[8].

Table 2: Portuguese mobile communications market (*Source*: Cardoso et al (2007))

	TMN	**Vodafone**	**Optimus**
First year of activity	1992	1992	1998
Owner	Portugal Telecom	Vodafone Group	SonaeCom
Customers (in millions)	5,3	4,3	2,3
Liquid results (in millions of EURs)	109,9	169,3	45
Average Revenue per Use (in EURs)	22,8	25	21,9
Number of Employees	1188	1725	2306[9]

Note: All the numbers are for the year of 2005

TMN – now renamed to MEO – is the leading mobile operator owned by the incumbent PT. The firm initiated operations with in 1992, after winning in 1991 one of the two licenses to operate the digital technology GSM 900[10] (Grzybowski and Pereira, 2006). The other license was assigned in the same year to Vodafone, the second mover, which after entering the market gained revenue market share rapidly. Between 1992 and 1998 – the year of entry of Optimus – TMN and Vodafone shared the market in a duopoly. After the entrance of Optimus we observe an asymmetric split of the market. Chart 1 provides the market shares of these three operators in the mobile industry[11].

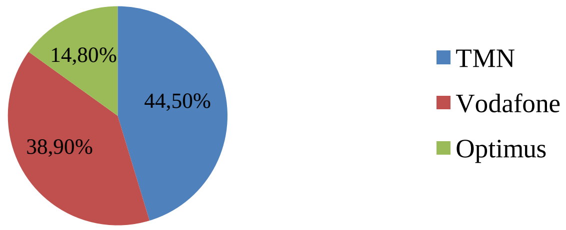
[8] Besides these three players, there are other three mobile virtual network operators (MVNO) : CTT - Correios de Portugal, S.A.; Lycamobile Portugal and ZON TV Cabo Portugal, S.A. Since the virtual operators present residual market shares – 0,3%, 0,4% and 1,1% respectively – we will only consider the mobile network operators (MNO) in our study: TMN, Vodafone and Optimus.

[9] Data from the total operations of SonaeCom.

[10] Previously, in 1989, the firm initiated operations with the analogue technology C-450 (Grzybowski and Pereira, 2006).

[11] Chart 1 considers mobile stations/user equipments assigned to postpaid, prepaid and hybrid plans.

Chart 1: Share of Active Mobile Stations of Mobile Telephone Service (Source: ANACOM (2013))



5.2. Strategies and Competition

In fact, this is one of the most volatile segments of the telecommunications industry, and the players involved are daily exposed to high pressures by the demand side. To respond to customers' needs, the three players have to continuously provide competitive services to fulfill the demand side needs and, with that, steal market share from a particular niche. This constant product-challenging has increased firms' rivalry and empowered the sector with a high degree of competition. When one firm gives an important upgrade to the market, the other players tend to follow the offer, which ended originating a substantial drop on the prices over the years[12]. Matias-Fonseca et al. (2005) report that, in January 1998, when there were only two players (TMN and Vodafone) operating in the market, the average price per minute on weekends and at night was 0.125€. After the entry of Optimus, this amount decreased to 0.025€. Although it may be resource-consuming for firms, the extra competition is beneficial for consumers: nowadays, we observe a substantial decrease in prices on the provided services, apparently with the same quality. For this reason, brands continue developing new and cheaper programs to differentiate their portfolio and, consequently, capture a wider audience of customers.

5.3. Yorn, Moche and WTF

A big share of the investment done by the three players on low-cost mobile services is targeted to the young generation. Within this particular segment, Vodafone, TMN and Optimus have a very particular positioning, owning tribal programs exclusively dedicated to the under-25 segment[13]: Vodafone owns Yorn, MEO has Moche and Optimus had TAG program and launched recently WTF. All of them work as "on net" subgroup programs, allowing its subscribers to talk to each others for free in exchange of a pre-paid monthly fee. By definition,

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We have the example of MIMO – the first pioneer pre-paid mobile plan – created by TMN in September 1995, which revolutionized the way people communicate. The success of the introduction of this add-on by TMN was then followed by Vodafone and Optimus, both moved from the possibility of opening their portfolio to every kind of customers – even low-income customers.

[13] Tribal plans are used to create groups of customers that share the same interest in a given service. For this reason, they require a personal relation between the firm and the customer, sharing the same language and emotions (Cova, B., Kozinets, R., Shankar, A. (2007). Consumer Tribes. B.H. Catching).

these three programs suffer from structurally lower Average Revenue per User (ARPUs)[14], and as they keep on gaining popularity, a downward pressure on ARPUs is expected to continue. In the first quarter of 2011, 60% of the total mobile traffic was from tribal plans, but only 30% of the total mobile revenue was generated by those plans in the same year (ICP-Anacom)[15].

Despite their low profitably, telecommunications firms keep including this type of price discrimination for young customers in their portfolios. This happens because the approach to the young target is strategic: it is a segment with low purchasing power and it may not be a financially compensative target in the present, but it is a tactical positioning due to the added value and influence the young consumers will have in the future. In the present, Yorn, Moche and WTF's main intentions pass by promote the feeling among the targeted consumers of belonging to something special. Being Yorn, Moche or WTF is more than sharing the 91, 93 or 96 indicative. It is an opportunity of membership: the opportunity to be in a group of persons that share the same ambitions and living style (Santos, 2005). By adapting this positioning, the three brands are increasing the probability that customers will stay with the brand after 25 years old.

All the three programs – Yorn, Moche and WTF – exist as autonomous brands, independent of the mother-brand. This independence derives from the necessity of the brands to adapt to the irreverent, informal, funny, and relaxed communication of the young segment, incompatible with the more formal, paternal, moralist and conservator communication of the mother-brand. To fulfill the irreverence that the youth sector demands, these programs need a marketing and communication detached from the mother-brand.

5.4 Marketing strategies

The main venue used by firms to explore the irreverence of these tribal programs designated to the youth, without compromising the communication of the mother-brand, is through viral marketing. This happens because social media is the natural habitat for young consumers. Cisco Connected World Technology Report (2012) estimates that 87% of the generation Y has a Facebook account and 10% are always logged in. [16] 90% of this universe reveals that the first thing they do when they wake up is to check the e-mail and social networks. A third checks the e-mail and social networks on their smartphones every 30 minutes. Social media is intrinsic to

[14] The Average Revenue per User represents the average added value by each customer. It is calculated by dividing the total revenue by the number of subscribers.

[15] Source: http://www.anacom.pt/mobile/render.jsp?categoryId=345974andchannel=graphic.

[16] Generation Y is represented by college students and workers between the ages of 18 and 30. The report covered 100 respondents from each of 18 countries, for a total pool of 3600 respondents. The 18 countries include: United States, Canada, Mexico, Brazil, Argentina, United Kingdom, France, Germany, The Netherlands, Russia, Poland, Turkey, South Africa, India, China, Japan, South Korea, and Australia. [available at http://www.cisco.com/c/dam/en/us/solutions/enterprise/connected-world-technology-report/2012-CCWTR-Chapter1-Global-Results.pdf]

young customer's routines and brands are exploring this online assiduity to create relationships with the young segment.

Yorn, Moche, and WTF invest three times more in this type of marketing than the average of the other firms. While the major part of the firms attributes about 7/8% of the budget allocated to marketing to social media, Yorn, Moche and WTF's percentages are substantial above that value (Personal interview with Moche, 11/03/2014). There are even campaigns where these three operators invest as much in social media as in traditional marketing.

5.4.1. Vodafone and Yorn

To illustrate this, we go back to the year of 2000, when Telecel – now renamed to Vodafone – created Yorn. Yorn was launched as an autonomous product, independent of the mother-brand, with its own management, brand image and attitude. In that year, Vodafone ran a 10M€ huge viral marketing campaign to make its new line popular among the young generation: not only to convert young consumers to the brand, but also to give them the opportunity to live the spirit and irreverence of the brand. Music, surf and fashion were the three main flags, with the company promoting several initiatives dispersed all over the country: the YORN Sound System – a mega ambulant discotheque that, during two months, animated several universities and schools; the YORN surf clinics; workshops of skate, BMX, hip-hop, radio and other activities; and the sponsorship of Moda Lisboa. As part of the brand investment to become autonomous, launched the Vyrus – Yorn Shopping Attack, its first own store offering services in the areas of telecommunications, fashion, music, radio, bar, multimedia and others.

By adopting a cool, urban, random and unpredictable communication, below the motto "young and original", Yorn planted the desire of belonging to the community among its customers. According to the Report of Activity, *Vodafone* (2011), the notoriety level of Yorn within the younger segment surpassed 70% during the launch of the brand. The viral marketing campaign was able to generate awareness among the youth and the positive (offline) word-of-mouth contributed to increase the popularity within the younger customers. A big percentage of Yorn customers in the present were captured during that huge mega-launch in 2000.

5.4.2. TMN and Moche

In contrast to Yorn, Moche did not start as an independent brand. Moche appeared as a mobile low-cost tariff of TMN designated to the low-income – mainly young – customers in 2006/2007. In 2012, however, to respond to the irreverence demanded by the young segment, Moche assumed an autonomous positioning, independent of TMN – now renamed to MEO – and targeted only to the sub-25 audience. It was the beginning for Moche as an autonomous brand.

Since that moment, Moche reformulated its brand attitude, challenging the youth – the Random Generation – to be part of a "new way of living, a new disorder". To drive the message, Moche used multiple vehicles – TV, radio, web, cinema and Internet – and guided the communication by values of irreverence, spontaneity, creativity and freedom, reinforcing the gap to the mother-brand. The website followed this repositioning of the brand, assuming a completely autonomous management totally independent from MEO's and the online platform only allowed registrations from under-25 users. 5 months after its launch, the platform accounted 1.198.486 unique visualizations and 60.000 new registrations[17].

According to the PT Report (2012), after the repositioning of Moche, the market share of new subscriptions in this segment increased from 25% (more than two years before) to 59% (last 12 months of 2012). The brand achieved 1.623 subscribers in the first year as an autonomous brand, which represents a solid growth of 29,8% in comparison to 2011. Moreover, after one year of independent Moche, TMN became leader for the first time in the 10-14 years segment.

Among the several vehicles, the internet was the main vector used to catapult this new positioning. Here, to establish in the market and acquire new customers, the member-get-member initiatives assumed particularly importance to the brand. By running viral messages asking customer to bring friends to the brand, Moche has been using the potentialities of consumer endorsement to increase the acceptance of the campaigns. The best example is the "Se não queres pagar, traz amigos" campaign, where Moche used customers to recruit friends to the brand in exchange of prize incentives[18].

Contrarily to the major part of firms, where traditional is the core, the two pillars of Moche's communication were, since the beginning, the "online" and "on the field". Within the online component, almost all the budget went to social networks. Less than one week after the launch of Moche as an autonomous brand, its official Facebook page passed from 252.500 to 290.000 likes. Nowadays, the brand is present on YouTube, Facebook, Twitter, Instagram, Snapchat, Tumblr and 9GAG. Nowadays, according to Social Bakers (2014), Moche is the third most socially devoted brand on Facebook with an average response time of 235 minutes and a response rate of 98% in March of 2014, and the number 2 in the "Top 5 Twitter Brands by interactions" with 2379 interactions in the same period [19]. Table 3 shows the presence of the three operators on social networks.

[17] Information collected from Moche's website. [available at http://heyjudge.net/2012/moche-site.aspx]
[18] Information collected from Moche's website. [available at http://heyjudge.net/2012/moche-site.aspx]
[19] Information collected from Social Bakers's website. [available at http://www.socialbakers.com/reports/regional/march-2014-social-marketing-report-portugal-regional]

Table 3: The presence of the three operators on social networks

		Moche	Yorn	WTF
Facebook				
	Year of launch	2009	2010	2013
	Number of fans	617.173	168.683	117.345
	Fans growth by month	14.491	567	1.759
Twitter				
	Followers	3.218	-	1.976
Youtube				
	Subscribers	1.747	534	41.718
	Total views	3.269.284	1.184.139	5.620.702

Source: Data manually collected on Socialbaker.com
Date: Mai4th, 2014

5.4.3. Optimus and WTP

WTF, among the three, is the most recent player. The brand was created in 2013, as an attempt of Optimus to gain market share in the 14-25 years segment. The brand marks a rupture with the subgroup "on-net" plans such as Moche and Yorn – and even with its ancestral, the TAG program – by promoting the unlimited usage of online communication apps – such as Whatsapp, Skype, Viber and Facebook Messenger – and internet – Google, Youtube and Facebook. The offline communication, through SMS, is secondary. For this reason, the brand wants to penetrate in the Smarthphones' niche, particularly, in the 14-25 years segment where, according to the Zon Optimus Report (2013), the penetration of smarthpones (55%) is higher than in the average of the population (37%). WTF faces the challenge of capturing customers in a segment where Vodafone is the leader, with a market share of 47%.

To create and establish a unique relation with the target, the brand used a key communication. WTF's marketing strategy was based on celebrity endorsement, with the firm recurring to several famous Portuguese Youtubers to be the face of the campaign. By using Youtubers to communicate their message, WTF reached the thousands of followers these personalities have on Youtube and on the other social networks. For this reason, it is not strange that, despite its recent launch, WTF appears on Table 3 as the most engaging brand among the three on Youtube, with more than 41.000 and 5 Million views after less than one year of existence. Moreover, according to Social Bakers (2014), WTF is the leader in the ranking "Top 5 Youtube Brands by Subscribers" in March of 2013. WTF is positioned as an urban, irreverent and young brand, with an aggressive marketing communication online, mainly, on social networks. Even the own customer service is done via Skype and by online chatting.

5.5. Cost-Revenue Trade-offs

Now that we have presented the three operators, it is important to measure the cost-revenue trade-off of investing on social media instead of advertising on more conventional platforms.

The average investment on a viral campaign done by these three operators may ascend to 1M€. So, despite the already mentioned advantages of viral marketing as a low-cost process, reaching the target using social media may imply some costs. This happens because in platforms like Facebook there is a wide spectrum of profiles and it is required a relatively high budget to tune the reaching process accordingly to the target firms want to influence. The cost is high, but firms can almost select person by person, filtering by gender, age, location, university, etc. So, in compensation to the higher cost per profile, there is a high value per profile.

5.5.1. 2013 "Faz-me um Like" Moche Campaign

To understand the potentialities of this high tune, we focus on the 2013 "Faz-me um Like" Moche campaign, when the brand launched five TV ads that were also uploaded on YouTube. The communication used in the videos was provocative and dauntless. For reasons of confidentiality, we do not have values of that campaign, but we know that the engagement was much more efficient online than on TV. While on TV the brand was not able to filter the sub-25 audience, on Facebook Moche aligned the campaign with the target. By using Facebook tools to filter those consumers who might be interested in their product – those with a high Network Value – Moche increased the acceptance of the campaign. On TV, the brand suffered the impact of being exposed to a wider audience not familiarized with the type of language used in the videos. The important thing is that the campaign reached the target and created awareness online. According to the PT Annual Report (2013), in 2013, Moche continued its solid growth, with 1.926 thousands of subscribers in 2013, 18% more than in 2012. If we take into account that, in the same year, the pre-paid plans registered 133 thousands liquid unsubscribers, the success gains even higher proportions. Moche swam against the tide and the success of the brand is not independent of the communication strategy adopted by the firm.

The prevalence of Moche, as the most successful plan among the several others offered by TMN, may also explain why the ARPU of the firm decreased from 8,7 to 7,7 in 2013. Despite the bad effects this low ARPU may have on the short-run, if we take into account the long-run perspective, Moche is increasing the penetration of young customers that, in the future, will stay with the brand after being 25 years old.

6. Conclusions

This work project has examined the role of social and viral marketing in the firms' marketing tool box. The four international cases examined in this work project show that viral marketing can attract customers and generate word of mouth in different industries and for several purposes. All these campaigns did not become viral by luck.

The Starbucks case provides evidence of the effectiveness of adopting social media as a low-cost marketing strategy to fight very expensive campaigns such as the one promoted by

McDonalds. From the Super Bowl case we found that combining social media with traditional advertising is an effective way to increase the buzz generated by the half-time show (not only for those firms who advertise but also for those who do not have an advertisement placed on Super Bowl). The Oscars case, just as the Super Bowl one, illustrates the potential of combining social media with a big event with millions of viewers all around the World. The two million retweets achieved just during the Oscars support the idea that social media reduces the response time of marketing campaigns as the influence speed of the process is faster than in traditional marketing. Finally, the Broadway case illustrates how social networks are the main vehicle for Broadway productions to attract new customers and that offline positive word of mouth about the shows multiplies exponentially when amplified to social media.

This work project has also found empirical evidence that receiving the brand message from a friend has more impact than by receiving the message by the firm itself and it increases the acceptance ratio. It is therefore not surprising that the majority of the campaigns done by Yorn, Moche and WTF involve member-get-member campaigns where friends are the intermediaries in the marketing chain. Prize incentives can also be used by marketers as there is supporting evidence that they increase viral acceptance, which justifies the usage of online contests by the several firms presented in this work project.

Marketers must target viral consumers and opinion leaders who are interested in the products offered by the firm in order to increase the network of members involved in the campaign and their respective forwarding rates. Social networks are important in this process as they allow marketers to identify their most powerful customers – those with the higher Network Value – and communicate with them constantly. It is therefore not surprising that Yorn, Moche and WTF are at the top of the most devoted and engaging brands on social networking websites, cultivating a daily-based online relationship with their customers on Facebook, Twitter and on their own platforms/websites. Finally, the Moche "Faz-me um Like" campaign illustrates how social media confers high tune to the campaign and enables marketers to filter potential customers interested in the product – those with high customer value.

For situations where social media is the core of the marketing communication of the firm – the cases of Yorn, Moche and WTF – viral marketing scales to higher investment amounts. In these three cases, social media has been used strategically as a marketing tool to approach the communication of the brand to the youth, a segment that responds better to this type of marketing than to traditional one. The analysis of the collected data reveals that, in compensation to the high cost, there was a higher value added per profile.

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