



A Comprehensive Analysis of the Impact of Viral Marketing on Goods and Services and Its Correlation with Product Cannibalization

Andrews Christopher Fernandez 

Department of Commerce, St. Albert's College (Autonomous) Ernakulam, India

Orcid Id: [0009-0004-9891-7403](https://orcid.org/0009-0004-9891-7403)

Email: andrewsfernz1998@gmail.com

Received: 18 January 2024 **Revised:** 24 February 2024 **Accepted:** 06 March 2024 **Published:** 20 March 2024

ABSTRACT: When COVID-19 spread across the globe, people everywhere are learning to cope up with a new way of living. Meanwhile, people are spending way more time online in their mobile phone/laptop/pc etc., than ever before, which still exists even after the downfall of COVID-19. Digital means has become a solution, a means to satisfy an individual's basic needs such as food delivery from restaurant, buying products via e-commerce online shopping etc. but also to be in contact with friends and family, entertainment and acquisition of information, goods and services normally accessed physically and in person are now possessed by digitalized ways. However, the advent of lockdown has dramatically increased the size, availability, and profile of the digital audience, now bringing in those people more traditionally accessed offline. Not only that, it has also changed their buying behaviours, expectations, their consumption of content and the way they expect to be interacted with as customers. As more businesses enter the online marketplace, the competition for traffic becomes even greater. For this reason, digital marketing is critical in building brand recognition and increasing traffic to business websites a comprehensive digital marketing strategy starts with creating a search-optimized website and includes an active social media presence. The pandemic and lockdown of 2020 has strong-armed even diehard traditionalists into embracing digital, simply to remain connected to the outside world. The phenomenon of "Product cannibalization" also enters into the scenario secretly in order to exist and develop due to these strong digitalized usage of people across the globe. To "cannibalize" means to "eat its own flesh" but in the context of marketing it refers to the tremendous change in the goods/service on its own for its survivability, growth and to excellent profit.

In the contemporary business landscape, characterized by the omnipresence of digital technologies and the aftermath of global disruptions, this research delves into the intricate dynamics between viral marketing strategies and the phenomenon of product cannibalization within the framework of the "New Normal." As organizations increasingly adopt viral marketing techniques to amplify their reach and engage with diverse consumer segments, understanding the nuanced implications on the product lifecycle becomes imperative.

This study employs a multidimensional approach, combining qualitative and quantitative methodologies to scrutinize the intricate interplay between viral marketing campaigns and product cannibalization.

The research aims to provide a comprehensive understanding of the evolving consumer preferences and purchasing behaviours in the digital era, with a focus on the unintended consequences of viral marketing, such as product cannibalization. By examining case studies, conducting surveys, and utilizing data analytics, the study seeks to unearth patterns and trends that can inform strategic decision-making for businesses navigating the complexities of the modern marketplace.



Key findings are anticipated to contribute not only to academic literature but also offer actionable insights for practitioners in marketing, branding, and product management. The implications of this research extend beyond immediate business concerns, touching upon societal changes, technological advancements, and the ongoing transformations in consumer expectations, thereby providing a holistic perspective on the evolving dynamics of commerce in the New Normal.

KEYWORDS: Viral marketing, Digitalization, Product cannibalization, New Normal, Digital marketing.

1. INTRODUCTION

COVID-19 is the first major global crisis since digital marketing became mainstream, never before have we faced a situation like this with such access to information about how customer behavior is changing and evolving. The half of the people on earth now uses social media. And that number is still growing. People are also using a wider variety of social media platforms than ever before. Most people sign up for Facebook, Instagram, YouTube, and other social platforms looking to connect socially, but they also use social media to look up reviews, check out new products, and see how different brands interact with their followers.

Viral Marketing

Viral Marketing typically starts with the marketer or consumers, creating some form of electronic content such as a video or a photo, the main aim of which is brand building. Nowadays marketing messages in Facebook and WhatsApp are very eye-catching which instantly gets the attention of the receiver. The web address for the electronic content is made available to internet users, who after viewing the content will decide whether they want to pass the web address to their friends. If the web address gets forwarded and the internet users receiving it also keep passing the web address along with the electronic content has the potential to reach a large group of internet users at an exponential rate.

Types of Viral Marketing

Viral Marketing Messages will go to everyone with whom that user interacts when each user starts using the service or product. The types of information or message going viral is classified as

- Organic Viral Marketing (Unintentional Viral Marketing messages)
- Amplified Viral Marketing (Intentional Viral Marketing messages).
- Organic Viral Marketing

This type of viral campaign starts and goes something like a virus without any intention from the marketers or with little input from the marketers. This is also termed as Unintentional or in-the-wild Viral Marketing messages. Usually this will happen when the consumers desire to share their over exciting information about any brand,

products or services to their friends and relatives, when the message is intriguing, fun or valuable for others. Like positive comments, consumers also vent their bad experience to their networks.

- Amplified Viral Marketing

This type of campaign has been strategically planned. Consumers willingly become promoters of a product or service and spread the word to their friends. It can be tracked and quantified by the marketers. Amplified viral campaign can be in the form of the following,

Pass-along a message, it persuades the users to forward it to others. The message at the bottom of the e-mail prompts the reader to forward it to his contacts by highlighting suitable rewards/punishments for acting upon/inaction.

Intriguing or fun messages, Instead of giving generic profile about the companies' products and services, the company can give their information about the products and services in some funs, anecdotes or jokes. This shows entertained and funny messages can create and increase the chances of getting a response.

Interactive games or puzzles, viral campaign in the form of an interactive game to promote product or services.

Product Cannibalization

When a company decides to replace an existing product and introduce a new one in its place, regardless of its position in the market, Product cannibalization occurs... (I.e. the product's life cycle phase does not come into account). This is due to newly introduced technologies and it is most common in high tech companies. As all things in life there is negative and positive cannibalization. In the normal case of cannibalization, an improved version of a product replaces an existing product as the existing product reaches its sales peak in the market. The new product is sold at a high price to sustain the sales, as the old product approaches the end of its life cycle. Nevertheless, there are times that companies have introduced a new version of a product, when the existing product is only starting to grow. In this way the company sustains peak sales all the time and does not wait for the existing product to enter its maturity phase. The trick in cannibalization is to know when and why to implement it, since bad, late or early cannibalization can lead to bad results for company sales.

Unfavorable Cannibalization

Cannibalization should be approached cautiously when there are hints that it may have an unfavorable economic effect to the company, such as lower sales and profits, higher technical skills and great retooling. The causes of such economic problems are given below.

- The new product contributes less to profit than the old one: When the new product is sold at a lower price, with a resulting lower profit than the old one, then it does not sufficiently increase the company's market share or market size.
- The economics of the new product might not be favorable: Technology changes can force a product to be cannibalized by a completely new one. But in some cases the loss of profits due to the cannibalization is too great. For example a company that produced ready business forms in paper was forced to change into electronic forms for use in personal computers. Although the resulting software was a success and yield great profits, the sales of the paper forms declined so fast that the combined profit from both products, compared to the profits if the company did not cannibalize the original product showed a great loss in profits. The new product requires significant retooling: When a new product requires a different manufacturing process, profit is lower due to the investment in that process and due to the write-offs linked to retooling the old manufacturing process.
- The new product has greater risks: The new product may be profitable but it may have greater risks than the old one. A company cannot cannibalize its market share using a failed or failing product. This can happen in high-tech companies that do not understand enough of a new technology so that to turn it into a successful and working product.

As a result an unreliable product emerges and replaces a reliable one, that can increase service costs and as a result decrease expected profits.

OFFENSIVE CANNIBALIZATION STRATEGIES

Cannibalization favors the attacker and always hurts the market leader. For companies that are trying to gain market share or establish themselves into a market, cannibalization is the way to do it. Also cannibalization is a good way to defend market share or size. A usual practice is the market leader to wait and do not cannibalize a product unless it has to. It is thought that a company should acquire and develop a new technology that will produce a newer and better product than an existing one and then wait. Then as competitor's surface and attack market share, cannibalization of a product is ripe. Then and only then quick introduction of a new product into the market will deter competition, increase profits and keep market share.

But this strategy does not always work since delays will allow the competition to grab a substantial piece of the market before the market leader can react.

Defensive Cannibalization Strategies

Controlled cannibalization can be a good way to repel attackers as deforestation can repel fire. A market leader has many defensive cannibalization strategies that are discussed below.

- Cannibalize before competitors do: Cannibalization of a company's product(s) before a competitor does, is a defensive strategy to keep the competitor of being successful. Timing is the key in this strategy. Do it too soon and profits will drop, do it too late and market share is gone.
- Introduction of cannibalization as a means of keeping technology edge over competition: A good strategy for FMCG is to cannibalize its products as competitors start to catch up in terms of technology advancements. (For example "Intel Corporation" cannibalized its 8088 processor in favour of the 80286 after 2 ½ years, the 80286 in favour of the 386 after 3 years, the 386 in favour of the 486 after 4 years, the 486 in favour with the Pentium after another 4 ½ and so on). So the market leader dictates the pace and length of a product's life cycle. (In the case on Intel the replacement of 486 to Pentium took so long because competitors had not been able to catch up). Management of cannibalization rate through pricing: When the cannibalization of a product is decided, the rate at which this will happen depends on pricing. The price of the new product should be at a level that encourages a particular mix of sales of the old and new product. If the price of the new product is lower than the price of the old then the cannibalization rate slows down. If the opposite happens then the cannibalization rate is increased. Higher prices for new products can reflect their superiority over the old ones.

Minimization of cannibalization by introducing of the new product to certain market segments: Some market segments are less vulnerable to cannibalization to others. This is because there is more or less to lose or gain for each of them. By choosing the right segments to perform the cannibalizations of a product a company can gain benefits without losses and acquire experience on product behavior.

2. OBJECTIVES OF THE STUDY

- To study the back ground of Viral Marketing - Word of Mouth, Viral marketing and various channels/ platforms where the viral is going on.
- To identify the various elements used to measure the Consumers' attitude towards Viral Marketing.

3. RESEARCH METHODOLOGY

Research Design

A research design is a formal arrangement of conditions for the collection and analysis of data. The research design used in this project is descriptive and exploratory research to the impact of select social networking websites to facilitate the effectiveness of viral marketing (with special reference to Coimbatore city)

Method of Data Collection

The Primary Data: The Primary Data has been collected through Questionnaires filled by the respondents.

Secondary Data: In this study, the secondary data have been collected from various journals, internet, books, etc...

Sampling Technique: The sampling Technique used in this project is convenience sampling. It is chosen primarily based on convenience.

Tools used for Analysis

Simple Percentage analysis

Mean and standard deviation

4. ANALYSIS AND FINDINGS

Percentage Analysis

Table 1: Respondents' Regular Usage of selected five E-media Channels

Platforms	Users		Non-users	
	Frequency	Percentage	Frequency	Percentage
E-mail	317	57.2	237	42.8
SMS(Mobile Phones)	517	93.3	37	6.7
YouTube	166	30	388	70
Facebook	314	56.7	240	43.3
WhatsApp	431	77.8	123	22.2
referred Sources to Forward the Information about the product and services on E-media Channels				
Preferred source To forward	Forwarded		Not Forwarded	
	Frequency	%	Frequency	%
Family members	364	65.7	190	34.3
Friends	443	80	111	20
Colleagues	94	17	460	83
Neighbors	41	7.4	513	92.6

Table 2: Average Time Logon to Internet every week

Time Logon to Internet	Frequency	Percent age
2 days a week	121	21.8
3-4 days a week	123	22.2
5-6 days a week	87	15.7
Always	223	40.3
Total	554	100
Frequency of Forwarding time in a day		
1-5 times	144	26
6-10 times	151	27.3
11-15 times	92	16.6
16-20 times	32	5.8
More than 20 times	135	24.4
Total	554	100

Source: primary data - Questionnaire

Table 3: Mean and Standard Deviation

Factors Influencing Viral Marketing messages	Mean	Standard deviation
Influence of all messages	3.87	.890
Influence of Fun/humour pages	4.17	.734
Influence of Marketing /advertising messages	4.12	.891
Influence of Internet Blogs	3.58	1.112

Source: primary data – Questionnaire

5 FINDINGS

- The majority (93.3%) of the respondents are using SMS through Mobile Phones.
- Most (40.3%) of the respondents always log on to the internet.
- The majority (80%) of the respondents Preferred Sources to Forward Information about the product and services on E- media Channels.
- Most (27.3%) of the respondents forward general E-content a maximum 6-10 times in a day to their friends and family members.
- Most (28%) of the respondents' Displays on network sites affect purchase behaviour most.
- The mean values of five variables range from 3.58 to 4.17 with consistent standard deviation. It is concluded that the marketing messages on social networking sites possess more influence among the users.

6 CONCLUSION

This study helps in the fusion of viral marketing strategies with the ways to get the best interaction and develop an effective relationship with the organization. Viral marketing has become an incredible source of marketing and delivering good returns on strategic plans. This would be a powerful tool if it is associated with other marketing

communication approaches as it enables to spread of the message faster than any other existing medium.

REFERENCES

- Patel A., Howell, K. and Lancaster, G., (2017), 'An exploration of consumers response to online service recovery initiatives', "International Journal of Market Research", Vol., 59, Issue 1, pp., 97-115.
- Puneet Walia, Impact Of Viral Marketing On Purchase Decision In Cellular Companies, Sri Guru Granth Sahib World University, 2019
- Ozuem, W., Howell, E. and Lancaster, G. (2008), 'Communication in the interactive Market space', "European Journal of Marketing", Vol., 42, Issue., 9-10, pp. 1059-1083.
- Sharma, R., Influence of Guerrilla Marketing on Cell Phone Buying Decisions in Urban Market of Chhattisgarh A Study, Dr. C.V. Raman University, 2016.
- Alalwan., A. (2018), 'Investigating the impact of social media advertising features on customer purchase intention', "International Journal of Information Management", Vol., 42, pp. 65-77.
- Huang, E. (2012), 'Online experiences and virtual purchases intention', "Journal of Interment research", Vol., 22, No., 3, pp.252-274.

How to cite this Article:

Fernandez A (2024), A Comprehensive Analysis of the Impact of Viral Marketing on Goods and Services and Its Correlation with Product Cannibalization, Journal of Business Management and Information Systems, 11(SPI: Emerging Trends in Management), pp. 64-68.

DOI: <https://doi.org/10.48001/jbmis.2024.si1012> Copyright ©2024 QTanalytics India (Publications). This work is licensed under a Creative Commons Attribution-Non-Commercial 4.0 International License.

