

Marketing Buzz: Towards a Framework for Entrepreneurs

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Principal Topic

Word of mouth marketing, viral marketing, guerilla marketing are terms becoming popular in the marketing literature as marketing and promotional methods to increase the likelihood of a venture being successful in the marketplace. However, pick up any entrepreneurship textbook and chances are that the section on the marketing strategy only outlines a traditional marketing approach based around a standard marketing mix. This is surprising, given that case studies have outlined how many recent successful ventures have used innovative marketing methods other than traditional techniques to achieve success in the marketplace. Take for example, the case of Hotmail, where the company's advertisements on highly trafficked websites during its early stages offering "free email" resulted in dismal response rates (Dye, 2000), and it was only after the company actively messaged potential customers using messages at the end of emails that the venture's explosive growth resulted. The use of innovative marketing techniques is important from an entrepreneurship perspective given the need to leverage limited marketing resources in new ventures. Many of these techniques are low cost activities which may result in better returns than those obtained from more traditional techniques. Despite this, one of the major reasons for omission of information related to these marketing techniques is the lack of suitable guidelines for entrepreneurs who wish to pursue innovative marketing techniques (Gruber, 2004). This paper attempts to rectify this situation by providing a framework for entrepreneurial individuals to systematically consider their product or service and develop strategies to leverage scarce marketing resources more effectively.

Methodology/Key Propositions

Our basis for developing a framework is the Bass model for innovation diffusion, which although various modifications have been suggested over the years, still considers the diffusion related to two main factors being the degree of external influence (related to mass advertising) and the coefficient of internal influence which to a large extent is related to the "word of mouth" effect. While both are considered important in the marketing process, increasingly, the marketing literature suggests that "word of mouth" has an extremely powerful influence on the success of new ventures. For the purposes of this paper we use the term "product" to refer to both product and services. We propose a framework that can assist in developing a marketing strategy through an understanding of both the product and the market. The nature of the product is considered in terms of two criteria identified by Dye (2000) as being relevant to creating "buzz" or word of mouth effects, being firstly the uniqueness of the product (functionality, looks, ease of use, price etc) and secondly the visibility of the product. The characteristics of the products along these two dimensions relate to those identified by Rogers (1995) as being relevant to the rate of adoption of a product or service. Both the uniqueness of the product and its visibility will impact on the potential marketing strategy of the firm and the marketing mix relevant to maximizing the probability that the ventures will be successful. To a large extent, the uniqueness of the product forms the basis for the "product" and "pricing" component of the mix, while the visibility characteristics of the product forms the basis for the "promotion" and "place" components of the marketing mix. Our framework simultaneously considers position of the product or service along these two dimensions of uniqueness and visibility as well as the structure of the potential market. By considering these factors we develop a framework for entrepreneurs to make use of many of the innovative marketing

tactics mentioned in the literature in order to increase both the uniqueness and visibility of the product or service while taking the market structure into account.

Results and Implications

By considering both the nature of the product or service and the market structure, we develop a framework for entrepreneurs to systematically implement a range of innovative marketing techniques that can be applied in new ventures and go some way to providing a framework for intending entrepreneurs to bootstrap their way to success by leveraging scarce marketing resources through these innovative marketing techniques. We expect this framework to have immense practical significance for entrepreneurs undertaking new ventures.

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