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Brands, Friends, & Viral Advertising: A Social Exchange Perspective on the Ad Referral Processes

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Abstract

Advertisers worldwide are designing advertising with an eye toward viral activity particularly within social networking sites such as Facebook. Yet, little is known about the social processes at play when ads are shared. Taking a consumer-centric approach, this study investigates the social processes central to ads going viral within the Social Web. Conducting a national online experiment, the intertwining roles of brand relationships, interpersonal relationships, and sharing motivations in the social exchange of advertising are explored by testing two proposed referral decision-making processes: referral and referral acceptance. Results suggest that brand relationships and interpersonal relationships impact referral of ads within SNSs, and brand relationships interact with sharing motivations to impact decisions; specifically, brand relationships are conduits for ensuring reciprocal altruism in exchange, but their influence is tempered within stronger interpersonal relationships. Practical and theoretical implications are discussed.

Keywords: Viral advertising; Viral video; Viral video advertising; Brand relationships; Interpersonal relationships

Introduction

Viral video (VV) advertising offers brands the ability to create brand messages and seed them through trusted personal contacts (e.g., Facebook fans; Dobele, Toleman, and Beverland 2005; Godes and Mayzlin 2004). With this in mind, advertisers worldwide are designing campaigns with an eye toward encouraging viral activity for their brands (Southgate, Westoby, and Page 2010). For example, *Advertising Age*'s *Top Viral Video Ad Campaigns* chart in 2014 included brands from 22 countries ranging from global brands like *Coca-Cola* to regional brands such as *Thai Life Insurance* (see Visible Measures 2014).

Social networking sites (SNSs) are particularly important VV advertising platforms for two reasons: (1) SNSs contain the interactive, network-based channels for brand video dissemination, and (2) trustworthy consumer–brand relationships can be developed through engagement between consumers, their friends, and brands (Kaplan and Haenlein 2010; Mangold and Faulds 2009). Greater social emphasis by marketers heightens the need to understand the social processes at play when ads "go viral."

In contrast to traditional paid media advertising (e.g., television commercials), the VV earned media environment is characterized by viewer pull and control rather than advertiser push (Hsiao and Chuang 2009). While it is well-documented that interesting content enhances sharing intentions (e.g., Southgate, Westoby, and Page 2010), the literature provides little insight into the role of the brand that originates the content or the interpersonal ties through which the brand content is shared. Interpersonal relationships have been touted by several scholars as important influencers of viral activity (e.g., Chiu et al. 2007), yet VV advertising studies have yet to empirically

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address this in the published literature. Likewise, brands have been widely accepted as active, social actors participating in reciprocal exchange relationships with consumers (e.g., Fournier 1998). However, literature examining the role of consumer–brand relationships in viral advertising is sparse. Specific questions arise including: (1) how does the brand factor into the decision to refer ads to others and accept ads from others? (2) how do interpersonal relationships impact the decision? and (3) do brand and interpersonal relationships interact to influence social processes? Understanding how viral sharing works will help advertisers facilitate viral activity through better program design, more appropriate content creation, and a more informed seeding strategy.

Published viral advertising research to date has focused primarily on creative message effects (Berger and Milkman 2012; Brown, Bhadury, and Pope 2010; Dobele 2007; Golan and Zaidner 2008; Southgate, Westoby, and Page 2010; Teixeira 2012), sharing motivations (Chiu et al. 2007; Phelps et al. 2004), delivery platform effects (Moran and Gossieaux 2010; Woerndl et al. 2008), and reach comparisons to traditional paid media advertising audiences (Nelson-Field, Riebe, and Sharp 2012). These studies exclude two vital actors in the VV advertising social process: the brand and the consumer.

We posit that viral sharing decisions involve two separate social processes: referral and referral acceptance. Referral is the decision to introduce an advertisement to one's online network via posting; referral acceptance is choosing to expose one's self to a referred ad by electing to click on and consume the content. When considering whether or not to refer an ad to his or her online network, the potential referrer's motivations for sharing content and his or her relationship with the featured brand are proposed to impact the decision. However, referral acceptance is equally important in the process. When receiving a referral, consumers must decide whether or not to view content by taking into account the personal contact that is referring the brand content (interpersonal relationship) as well as their own relationship with the brand featured.

Conceptual Framework & Hypotheses

Social Exchange Theory

Social exchange theory (SET) provides a useful lens for examining viral advertising decision processes because of its application across three key areas: (1) interpersonal relationships, (2) consumer–brand relationships, and (3) content and information sharing. As viral advertising involves brand-generated information dissemination within online interpersonal networks, SET is particularly well suited to conceptualize the phenomenon (see also Hayes and King 2014).

As a social psychology theory, SET's seminal purpose is the conceptualization of how interpersonal relationships are constructed and maintained. Relationships develop over a series of satisfactory interactions between actors wherein reciprocal gift-giving occurs and participating parties equitably benefit (Cook and Yamagishi 1992). In the Facebook context, for example, Actor 1 may post content that Actor 2 "likes" or positively responds to via a comment; subsequently, Actor 2 may post content to which Actor 1 provides positive affirmation and so forth.

From the SET perspective, each exchange, such as this example, entails a perceived cost–benefit analysis whereby social actors evaluate the expected value of the potential exchange based upon their relationships with potential exchange partners (e.g., Frenzen and Nakamoto 1993). Costs and benefits can be both tangible (e.g., future quid pro quo) and intangible (e.g., reputation, self-worth) in nature (Blau 1964). An overall positive and equitable cost–benefit ratio over a series of interactions between Actor 1 and Actor 2 allows each of these people to develop an emotional attachment to their exchange partner generating trust in the relationship (e.g., Molm 1990). Further, each person assigns intrinsic value to their exchange relations using interactions to express themselves (Lawler, Thye, and Yoon 2000). Trust leads to commitment to the relationship as a mechanism to mitigate risk associated with the uncertainty of interacting with unknown exchange partners and to secure continued benefits (Molm, Takahashi, and Peterson 2000).

SET has also been extended to conceptualize brand relationships. The consumer–brand relationship (hereafter CBR) perspective conceptualizes brands as social entities taking on human characteristics and fostering relationships with consumers. Brands are viewed as active relationship partners engaging in reciprocal exchanges creating interdependence with consumers (Fournier 1998). Similar to interpersonal relationships, building CBRs requires multiple satisfactory interactions; brand satisfaction is an antecedent to brand trust through which personal connections to the brand occur. Brand satisfaction and brand trust, then, combine to determine the level of commitment the consumer has to the brand (Hess and Story 2005). Humans anthropomorphize brands and often use brands as a source of self-expression and definition as seen in interpersonal relationships (Bourdieu 1984; Brown 1991). So, just as interpersonal exchanges are functions of a perceived cost–benefit ratio, interactions with brands also involve analysis based upon previous interactions wherein the consumer seeks to maximize benefit and reduce uncertainty (Hess and Story, 2005; Morgan and Hunt 1994).

Brands are more active than ever in CBRs using channels such as Facebook and Twitter to frequently communicate with their customers. As active social partners, the brand and customer collaborate in the initiation, maintenance, and even destruction of the relationship creating interdependence (Fournier 1998). Brand relationships are likely to figure prominently into VV advertising sharing decisions.

The content shared is also crucial to consider. Constant, Kiesler, and Sproull (1994) draw upon SET in proposing an exchange and expressive theory of information sharing. The theory holds that the decision to share information (e.g., online video ad) within a technology-driven environment also involves a cost–benefit analysis wherein sharers seek self-expression and reciprocal benefits provided by relational partners.

In order to maintain relational equity (ensuring future sharing), the person sharing provides content beneficial to the receiver and the receiver supplies the sharer with tangible and intangible benefits. Information exchange is driven by reciprocity and the