

# The New York Times

December 25, 2006

## Online Chat Is a Grapevine That Yields Precious Fruit

By KAREN J. BANNAN

When MD Moms was introduced to market baby skin-care products a year ago, it had plenty going for it. The founders are pediatricians who are also mothers. The company has a strong distribution strategy and the baby products are cleverly packaged. But there was one thing lacking, a marketing budget.

Dr. Diane Truong and Dr. J J Levenstein, who came up with the idea after fielding requests for such products from their patients, decided their marketing strategy should take its inspiration from the same source. That is why Dr. Levenstein tapped into her personal and professional relationships.

“For us, it started unintentionally. The doctors got a few of their patients and friends involved in the creation. Knowing that they were part of it, they couldn’t wait to spread the word,” said Daina Nadler, the company’s director for marketing and sales. “By the time we launched we had a built-in client base. We hit our Year 1 distribution goal by the end of the first month.”

Soon after, the founders took their word-of-mouth marketing one step further, giving out products to mothers with the hope that they would mention them on Internet message boards and parenting Web sites. The strategy worked. MD Moms’ products were popping up in online discussions.

Word-of-mouth advertising — sharing information with friends, relatives and colleagues to propagate interest in a company or product

— has been around for decades, but with the advent of the Internet, it has taken on new life. Companies like MD Moms are using online message boards and chats to get the word out for little or no cash investment. Web logs, e-mail newsletters and chat rooms have also become vehicles for promotion.

These strategies work because people are increasingly turning to those they trust for product advice and suggestions, said Ed Keller, the chief executive of the Keller Fay Group, a word-of-mouth market research and consulting firm based in New Brunswick, N.J. Consumers value the opinions of those they know more than any prepared marketing message on television or in a print publication, he said.

“Word-of-mouth marketing is more important today than it’s ever been,” Mr. Keller said. “It’s not so much about traditional media anymore: print, radio or TV. The word of friends and family is valued 1.5 times more than it was in the 1970s. Consumers are more confident in taking decision in their own hands.”

And buzz marketing isn’t just for new brands or products. It can also work well for established companies.

Pete Buscani, the executive vice president for marketing of LaRosa’s Pizza, successfully used buzz marketing during the last holiday season. The company, which has 59 restaurants throughout Kentucky, Indiana and Ohio, wanted to persuade its customers to order online. LaRosa’s also wanted them to suggest its pizza and Italian food to friends and family.

The company had already spent a significant amount on broadcast advertising, with a disappointing payoff, so Mr. Buscani in conjunction with his online advertising agency, HyperDrive Interactive in Cincinnati, and an e-mail service provider, ExactTarget, turned to the Web.

They came up with an e-mail newsletter that contained links to an online game. Another prominent feature was a forward-to-a-friend button. The e-mail message went to more than 60,000 people, and more

than 25,000 played the game, Mr. Buscani said, which asked players to catch falling pizzas.

While the e-mail reach was impressive, even more important was that it helped LaRosa's Pizza attract more than 4,900 new customers in December 2005 alone. In addition, the company increased its online order volume this year to about 10 percent of its total business, from just 1 percent.

Part of the reason that LaRosa's Pizza and MD Moms had such success may be their size, one analyst said. While companies of all sizes use buzz marketing, it is often most effective for smaller business, said David Hallerman, senior analyst with eMarketer, a research firm.

"Customers feel they have much more of a personal relationship with small businesses than they would with a larger corporation," Mr. Hallerman said. "That's why small businesses can use word of mouth as an orientation tool to isolate their best customer — it's more PR than it is advertising. It gets people thinking and increases awareness."

Still, there are several crucial points that anyone trying such a program should keep in mind, said Andy Sernovitz, the chief executive of the Word of Mouth Marketing Association, a trade group in Chicago.

The most important thing, he said, is be honest. Too often, companies try to start word-of-mouth campaigns using people who have been paid to spread the message. If word of that gets out, it can do far more harm than good.

A better option is to use a blog or e-mail message sent to customers, and make it easy for them to borrow elements of that message, Mr. Sernovitz said. For example, provide silly or unusual content or Web links to special offers or coupons.

"If you want someone to talk about you, you have to give them something to say," he said. "It's like stone soup: everyone throws something in and the message gets richer and richer. Don't talk in press

releases about what you're selling because people already know what you do."