

From the Guest Editors: Special Issue on Online User-Generated Content

Advertising with User-Generated Content: A Framework and Research Agenda

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In the spirit of this Special Issue theme, we start with the definition of user-generated content (UGC, also called consumer-generated media) offered by Wikipedia, itself a classical example of UGC: “Consumer generated media encompasses opinions, experiences, advice and commentary about products, brands, companies and services—usually informed by personal experience—that exist in consumer-created postings on Internet discussion boards, forums, Usenet newsgroups and blogs. CGM can include text, images, photos, videos, podcasts and other forms of media.”

User-generated content is omnipresent in e-commerce today, and its rapid growth has created some of the most successful digital brands, such as YouTube and Wikipedia. It also is quickly becoming a viable electronic medium as massive numbers of Internet users flock to UGC Web sites to consume content generated by “ordinary” people. In the United States, 63 million people read at least one blog a month, and 24 million visit YouTube (Fulgoni 2007). A recent industry research report also reveals that consumption of UGC has reached levels comparable with traditional media, such as commercial radio and regional newspapers in the United Kingdom (*Marketing Week* 2007).

Despite UGC's extraordinary growth, advertisers and agencies remain hesitant to embrace this unproven media wholeheartedly, citing concerns such as fear of intruding on a "consumer" environment, a lack of understanding of UGC users and their behaviors, and lack of control over the context in which their advertising gets exhibited (Clark 2007). In summary, advertisers' wait-and-see attitude toward this new media seems mostly due to a lack of understanding of the characteristics and functioning of this new media.

Given the quick rise of UGC, yet its limited encounters so far with the realm of commercial advertising, it should come as no big surprise that little academic research attempts to grasp the implications of this media for advertisers as they reach out to online consumers. However, if the field of UGC advertising is to move beyond blind exploration, a comprehensive analysis of its business model and the interactions among its key stakeholders must be conducted so that advertisers can formulate an appropriate strategy for advertising in this new media.

Our editorial serves two purposes. First, we survey the burgeoning domain of advertising in UGC to provide a comprehensive analysis of the key issues of this field. Second, we discuss how the articles in this special issue help advance our understanding of this field.

Defining and Classifying UGC

In the UGC media environment, consumers produce, design, publish, or edit content that makes this medium vibrant and attractive. Consumers thus sit at the center of a UGC advertiser's strategy planning process, because the media would be a barren land for advertising without the active participation of consumers. Although little systematic research explores users' motivations for participating in the UGC media environment, existing studies on consumer creativity (e.g., Berthon et al. 2007) seem to indicate that their motivations for engaging in content creation activities may not be purely economical. Moreover, as one of the papers in this special issue argues, UGC must be acknowledged as distinct from electronic word of mouth (eWOM), because they represent distinct phenomena.

To fine-tune the academic conversation, we provide a typology of UGC. Prior studies (e.g., Hagel and Armstrong 1997) of online communities (a precursor to UGC media) classify user motives into two broad categories: rational (e.g., information, transactions) and emotional (e.g., relationships, fantasy). Expanding on their topology, we categorize UGC according to the main purpose for which Internet users participate in UGC activities: Rational motivations may include sharing knowledge with the world (knowledge sharing) and advocating a particular stand toward an issue (advocacy); emotional motivations may include building social connections with friends, relatives, or other Internet users (social connections) or entertainment (self-expression). Furthermore, according to the level of communal involvement in creating UGC, we can group UGC into two types: that created (largely) through group collaborations and that created mostly by individual users. We

summarize our classification typology in Table 1, which also contains examples of UGC Web sites.

Table 1. Typology of UGC Classification and Exemplars

		Psychological Motivation for Engaging in UGC Creation			
		Rational		Emotional	
		Knowledge Sharing	Advocacy	Social Connections	Self-Expression
Platform base	Group	Wikis (e.g., Wikipedia)	Issue-centric communities (e.g., Rachel Ray Sucks Community)	Multiplayer online games (e.g., socio town)	Virtual presences (e.g., secondlife)
	Individual	Blogs by experts (e.g., askanexpertblog.com)	Consumer reviews (e.g., Epinions)	Social networking sites (e.g., MySpace, Facebook)	Consumer creative inventions (e.g., Jumpcut)

This typology for UGC serves as a useful starting point for gaining a better understanding of UGC and should guide further research in this area.

Stakeholders in the UGC Advertising Environment

Although the UGC advertising environment still may be viewed as a media environment, it differs from traditional (or even other online) advertising environments in important ways. We therefore examine the interrelationships among the major stakeholders in the UGC advertising environment, including advertisers, media owners, and users.

An advertiser has two options when it comes to employing advertising in the UGC environment: It could provide professionally created advertising alongside content created by UGC users, or it could ask users of the UGC environment to create advertisements for the firm’s brand. If it chooses the second option, the advertiser and UGC users must interact in the advertising development process. Users offer their creativity to the advertiser, which connects with users by setting parameters for creations, rendering recognitions, or handing out financial rewards for those creations (Elliot 2008).

The role of the UGC media owner (i.e., the Web site that hosts the UGC) is less visible than that of owners of traditional media. Although the UGC advertiser still pays the UGC media owner advertising revenue (sometimes even lending a sense of legitimacy if the advertiser is a famous brand), the UGC media owner may have little to do (except serving as a platform) when the advertiser seeks advertising created by UGC users.

Finally, the roles of advertising users are more prominent and sometimes more complex than those in other media advertising. For example, instead of being passive consumers of media content, users of UGC media represent the lifeblood of UGC, and their behaviors may shape the advertising policies espoused by UGC media, such as in the form of collective petitions (Levy 2007). Thus, the UGC advertiser must place the UGC users at the core of its UGC advertising strategy planning, because these users count not only as creators of their advertising but also as integral parts of the UGC media. A recent article argues that UGC sites represent the “strategic denial of authority by commercial Web producers” (Jarrett 2008). In other words, several advertisers currently are repositioning their content to make it look similar to UGC and thus gain greater consumer acceptance.

Advertiser’s Acceptance of UGC Advertising

For advertisers to embrace the potential of UGC advertising fully, they must analyze key underlying factors of their perceptions of UGC media. Preliminary evidence from industry suggests that the biggest stumbling block remains the perceived appropriateness of UGC for advertising (Traymore 2008), either as a standalone medium or a platform to enlist advertising from UGC users.

The concern seems to stem from several related factors: the level of trust the advertiser puts in this brand new advertising medium, the level of risk tolerance the advertiser has in displaying ads next to potentially unsavory content and receiving candid advertising entries from UGC users, and the advertiser’s experience with this new medium (Holahan 2007). Although lacking quantifiable evidence, we believe that these three factors may jointly determine how willingly the advertiser embraces this new medium for advertising purposes.

In summary, our discussions help clarify the different types of UGC, stakeholders in the UGC advertising environment, and key factors that may affect an advertiser’s adoption of this new medium for advertising purposes.

Fitting the Pieces

This special issue opens with an article by Gangadharbatla pertaining to the issue of user motivation. Although user-generated content sites have been growing at an amazing rate, the motivation of participants in these sites remains poorly understood. This article contributes to the literature by exploring causal antecedents of user attitude toward social networking sites: Internet self-efficacy, need to belong, need for cognition, and collective self-esteem. Internet self-efficacy, need to belong, and collective self-esteem have significant and positive effects on attitude. Moreover, the study uncovers an interesting partial mediating relationship with respect to attitude. Thus, further work should expand the findings of this study to other populations and contexts.

The second study by Daugherty and colleagues also focuses on the issue of consumer motivations, yet their explicit focus is on the creation of UGC. They apply well-known findings from attitude theory to describe consumer motivations and reveal that ego-defensive and social components of attitude emerge as the most important. Theory development in an entirely new domain is a challenging task, but this article uses established theory to make its case. In so doing, it reestablishes the importance of classic literature while applying it to a novel context.

The study by Chu and Kamal provides an experimental investigation of the impact of perceived blogger credibility and the quality of arguments on consumer behavior. Although blogs are everywhere, we know very little about how consumers perceive what appears in these sites. The main finding of this study indicates that what matters is the interaction between blogger trustworthiness and argument quality. That is, “when perceived blogger trustworthiness is high, argument quality has a greater impact on brand attitudes than when perceived blogger trustworthiness is low.” This finding points to the impact of not just building reputation on the blogosphere but also providing high-quality content. Either blogger reputation or argument quality alone has a significant impact, but when combined, they have an even more dramatic impact on how consumers interact with blogs. A paucity of experimental work offers empirical investigations of online consumer behavior; these authors are to be lauded for their effort.

Finally, the last study by Morrison and Cheong provides an exploratory investigation of consumer attitudes toward UGC, in which they distinguish between content conveyed by

consumers and content created by consumers. This crucial difference should inform further research. The chief finding of their research reveals that user-generated content differs entirely from eWOM. Whereas eWOM frequently pertains to product recommendations, UGC generally focuses on pure entertainment—especially when it comes to video components.

The Future

As a first step toward painting a definitive picture of advertising in the user-generated content media environment, this special issue contributes to growing understanding of this new media environment and its potential for advertising. The domain of UGC is still evolving, and so must the advertising models and theory that go with it. Just as advertisers in this media environment are doing, academics are just beginning to explore the key mechanisms and processes that guide the operations of UGC advertising. It is our intention that this special issue serves as a catalyst for more in-depth, innovative research in this important domain of online advertising. The journey has begun.

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