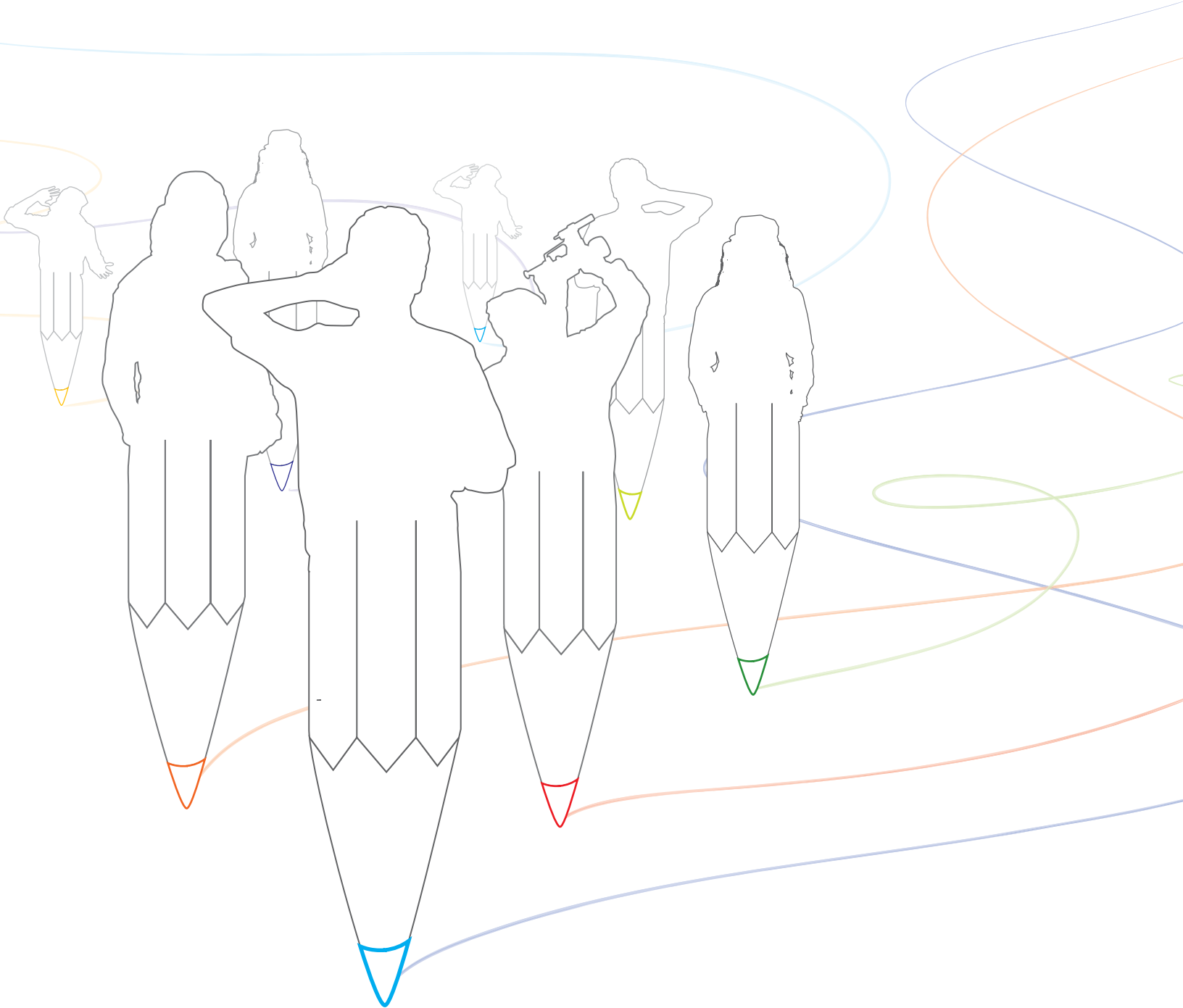


TRENDMARKER

A monthly brief for executives that highlights, explains, and discusses an idea, media innovation, market trend or invention that offers marketing and communications opportunities.

JULY 2006



ME-MEDIA

The Explosive Growth of
User-Generated Content (UGC)

UniversalMcCANN

‘You’Tube

Me-Media is turned on.

Rapid advances in digital technology make it possible for anyone with a computer and a digital camera to create multimedia content that can potentially be viewed by millions of people. This multimedia content created by individuals who are independent of a content-generating company is called **User Generated Content (UGC)**.

The volume of UGC continues to expand at a rapid pace – a single video site, YouTube, has 50,000 videos uploaded per day. And UGC is not limited to just video content; it is often seen as text (blogs, personal web pages), audio (podcasts), or photos (Flickr, Photobucket). The size and growth of the “outsider media” world of UGC is starting to dwarf “traditional/insider media.”

Insider Media	Outsider Media
350 magazines launched in US in 2005 (Source: MPA)	26 Million new blogs tracked in 2005 (Source: Technorati)
40,000 terrestrial radio stations globally (Source: CIA)	48,000 podcasts (Source: Feedburner)
5,000 original US TV shows broadcast per day (Source: UM Estimate/UC Berkeley)	50,000 video uploads per day (YouTube)

The rapid growth of available UGC is due to:

- *Penetration of media capture devices – IDC reports that 50% of mobile phones shipped in 2006 will have a camera, increasing to 75% in 2007.*
- *Broadband penetration - now even heavy video files can be uploaded with relative ease.*
- *Search engines allow even niche pieces of content to be discovered aided by the increased embrace of descriptive meta data tags.*



The expansion of UGC creation and usage is capturing the interest of advertisers. But while many marketers continue to show interest in UGC as a potential place to experiment with advertising they are also wrestling with issues that challenge broader UGC marketing usage. The next section takes a closer look at the marcom opportunities and issues of UGC.

Key Facts

- Over 35% of US adult Internet users (48 million people) have posted online content. (Source: Pew Internet & American Life Project, May 2006)
- People accessing on a home broadband connection are more than 1.5 times more likely to post content than those accessing on dial up (Source: PI&ALP, May 2006)
- 9.4MM blogs tracked in April 2005, 35.3MM by April 2006 with 75,000 new blogs being picked up each day (Source: Technorati)
- 1% of US online consumers actively listen to podcasts, while 27% express an interest. 12 million US households forecasted to be active podcast listeners by 2010 (Source: Forrester Research)



The Diet Coke & Mentos Experiments



Opportunities/Issues for Marketers

Advertising within UGC

Pre-packaged advertising inventory varies greatly in the UGC space. For the most part, however, the advertising opportunities mirror those offered by established media brands:

- Online display ads
- Custom sponsorships
- In-stream video/audio commercials

The challenge with advertising within UGC is that individual pieces of content tend to have very small, niche audiences. For example, we estimate that the average blog receives less than 10 readers per day. Consequently, UGC aggregators like YouTube, Federated Media, and Revver have emerged to bundle UGC to provide scale. Even aggregators, however, tend to have limited amounts of inventory.

Advertising response rates within active blogs tend to be lower than within content that has less of a community orientation. This is consistent with the low response rates seen from online advertising in other locations where an active dialogue is taking place like chat rooms, IM, and web-based email.

There is also a tender issue regarding much user generated video content; it is often the case that users will illegally use copyrighted material in their videos. This can be a potential problem for a brand that links pre or post roll content to a video containing illegal use of material.

Bottom Line: *There continues to be much experimentation about how to effectively advertise in UGC targeted communities. Blog aggregators have had encouraging initial results when asking bloggers to discuss the sponsor, much like a live DJ reads on radio.*

Understanding and Motivating Generators

Universal McCann recently partnered with leading user video sites to conduct a first-of-its-kind examination of Generator Motivations. Known video generators were surveyed on their demographics, video generation habits, and attitudes towards brands & advertising.

Key Findings:

- Generators skew young (72% under 25) and male (86%) beyond the skews of the overall visitors to the host sites.
- Generators are prolific content creators with 57% making mul-

tiple videos per month and 48% doing so in less than one hour per video.

- 61% upload original staged/scripted content.
- 73% of Generators strongly or somewhat agree that they “notice Internet advertising” vs.. just 21% of M18-24.

Beyond establishing the Generator profile as young, media savvy men, the Generator Motivations Study revealed some eye-opening insights about their willingness to incorporate a brand in their content:

- 57% said they already had or would be willing to feature brands in their videos
- The number one motivation (62%) to do so was for personal recognition
- Cash was a close second (60%)
- Pre-existing attitudes about brands would also motivate video generation either for brands the Generator likes (54%) or dislikes (12%).

Bottom Line: *Approaching the right communities, with the right tone and incentives can motivate users to generate content featuring brands.*

EGC: Employee Generated Content

Corporate blogs differ from a corporate website in that they are usually authored by an individual, have an informal writing style, and stimulate community discussion threads. In June 2005, eMarketer reported that only 4% of S&P Companies had a publicly available blog.

As a sector, technology companies have most aggressively embraced employee blogging. Microsoft has gotten much acclaim and high traffic from its Channel 9 (<http://channel9.msdn.com/>) network of employee blogs targeted to software developer customers. Jonathan Schwartz, the CEO of Sun Microsystems, has also been recognized as a pioneer when it comes to transparent, honest executive blogging (<http://blogs.sun.com/roller/page/jonathan>).

Bottom Line: *The challenge with both dedicated employee blogs and employee participation in third party blogs is that it is tough to do halfway. Readers will not come back if the content is clearly regurgitated PR messaging. On the other hand, employee bloggers need to be mindful of building the overall company brand and protecting intellectual property.*

Influencing Generators

Numerous marketers now extend PR outreach to bloggers. Most blogs lack the reach of professional media but they often speak to early adopter communities. Blogs like Boing Boing and Engadget have developed such a following that inclusion in their content will have a dramatic traffic on the mentioned brands' web site.

Bottom Line: *Despite the lack of an established media brand, people trust blogs. And although more numerous to reach than professional journalists, bloggers often have a positive response to simple access to privileged information. A USA Today poll found that readers reported word of mouth had more influence on purchase decisions than any type of paid communication. Companies like BzzAgent and New Media Strategies now have bloggers on their payroll who will post content for clients.*

Stimulating Brand-Inspired Content

The holy grail of user generated marketing is found when consumers make positive content on behalf of brands. To date this has largely happened in various brand-specific promotions. Sony Pictures, for example, recently partnered with YouTube to solicit user generated trailers for the recent Adam Sandler movie, Click (<http://www.youtube.com/group/click>). The Converse Gallery was a pioneer in inviting Chuck Taylor brand aficionados to submit user videos (<http://www.converse.com/index.asp?bhcp=1>).

Outside of these tightly controlled environments, there is much user generated content that features brands. This can include everything from positive product reviews on C/Net (http://reviews.cnet.com/4520-12420_7-6477104-1.html) to unsolicited creations like the infamous Mentos+Diet Coke experiment (<http://www.eepybird.com/dcm1.html>).

Bottom Line: *The tantalizing part of asking for people to speak on behalf of brands is the endorsement that comes from an authentic voice. Although Brand Inspired Content may not always positively reflect the brand (i.e. the infamous Chevy/Global Warming user created commercial), people want to create/comment on popular content; providing them with the tools to do so stimulates viral marketing.*

Copyrights

Much of the user generated video content being posted violates copyrights. 47% of respondents in the UM Generator Motivation Survey reported uploading "other" content beyond the original programming options they were given. Even a home movie with a popular sound track is an infringement. Sites that store user videos do so under the Digital Millennium Copyright Act which allows service providers to enable copyright infringement provided that they have no knowledge of the infringement and take down any infringing content when it is brought to their attention. That means that review of the often risqué and illegal user content will be relegated to automated or community based filters rather than done by human staff of the host. Advertising-appropriate safe harbors are being created by having humans review and scrub only the most popular raw content before inserting adjacent ads.

Bottom Line: *Leading repositories of UGC are actively cooperating with big copyright holders to police their services. However, as the footprint of UGC expands, it will become increasingly difficult to spot all infringements. As third parties increasingly monetize infringing content the pressure will increase. Obtaining clearances for what appears in user videos and the role of the Screen Actors Guild are also festering issues.*



Making Yourself Known

Finally, there is the challenge of getting significant exposure to UGC. Expecting content to be passed along virally or to hope that low cost seeding will stimulate significant viewership is a common misconception. The relatively small exposure within UGC communities can be offset somewhat by targeting outreach to know influencers – whose willingness to share their own opinion provides a multiplier effect to successful communication.

Bottom Line: *Marketers attempting to harness UGC must bring their own distribution.*



At The End of The Day...

The expansion of UGC is fueled by powerful underlying forces that show no signs of letup:

- *Human desire to share their unique POV*
- *Ease of media capture, manipulation, and distribution*
- *Ability for companies to create a media asset with no cost of production*

The two-way relationship with the generating community requires a nuanced and flexible approach from brands. With the appropriate commitment, UGC presents a powerful medium to echo and amplify overall brand communication.