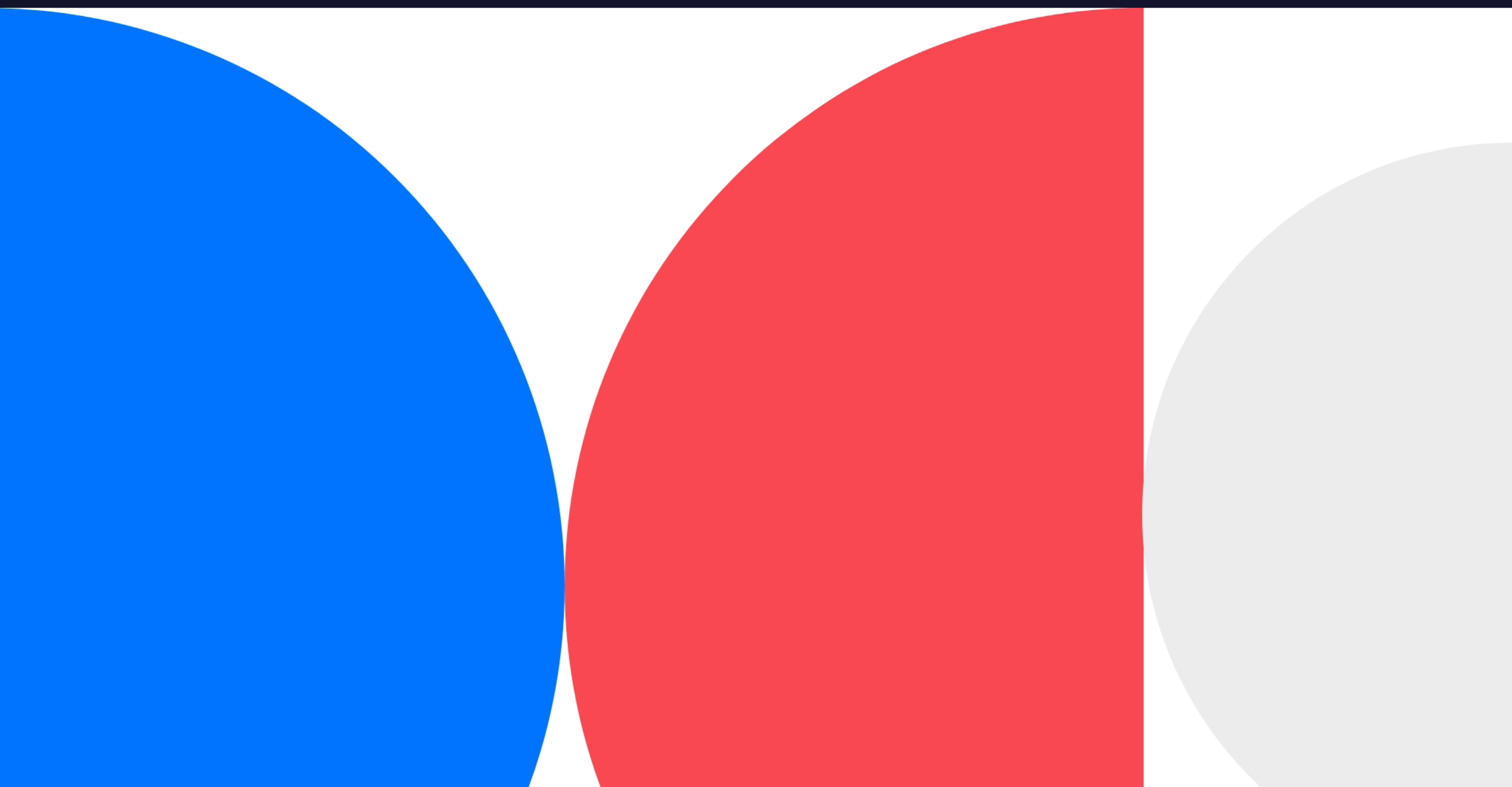Skeepers

LSE THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

User Generated Content (UGC)

Capturing, Managing & Monetising Consumer Voices

Index

EXECUTIVE SUMMARY

Nothing influences a person more than a recommendation from a *trusted friend*.

Mark Zuckerberg,
Chairman and CEO- Meta

The advent of UGC has equipped the consumer with a voice that was previously muted. The influence of consumers sharing reviews, feedback, and their experiences through electronic word of mouth (eWOM) in a digital peer-to-peer (p2p) mode through text, video, and images, establishes trust and authenticity that exceed the level delivered by traditional push-marketing by brands.

Not all UGC is created equal however: consumer produced UGC is 10 times more influential than influencer content and has emerged as the key facilitator of purchase decisions during and post the Covid-19 pandemic.

UGC has also disrupted and ushered in a step-change of the marketing paradigm with brands increasingly utilising UGC to acquire feedback before campaigns and employ the results to shorten release cycles and tailor their messaging and positioning.

The ubiquity of smartphones and social media platforms such as Instagram, TikTok, Facebook, YouTube, brand websites, forums, and personal pages has ushered in exponentially growing UGC. This is driven by Gen Y and Z as they continue to lead the creation of UGC, and a smaller but growing base of Gen X and baby boomers who have adapted to digitalisation and the use of UGC.

The continued multi-mode growth in UGC across platforms has created challenges for brands, as they assess how to cost-effectively manage the acquisition of UGC, its moderation, and a plethora of related issues including copyright, privacy, legal, quality control and others.

Best practice organisations are investing in the development of in-house UGC skills and adopting cloud based AI and ML UGC solutions that have proliferated over the past decade.

Leading UGC management solutions provide scalable, real-time content acquisition, rights management, analytics, metrics, and other functionality that enables the administration of UGC in an agile manner in real-time.

Ignoring UGC is not an option if brands strive to develop relevant marketing and positioning campaigns for competitive advantage.

To benefit from the significant opportunities provided by UGC they must however listen to the voice of the consumer before they can monetise the customer journey.

Author Biography

Dr Alexander Grous
Lecturer, Researcher

Dr Alexander Grous has been at The London School of Economics and Political Science since 2005 and is currently attached to the Department of Media and Communications, ranked #1 in Europe and #2 in the world.

Dr Grous undertakes teaching and research on UGC, Digitalisation, Digital Connectivity and Cohort Behaviour, and other areas. He has previously been engaged in the LSE's Department of Management and the Centre for Economic Performance (CEP), Europe's leading applied economic research centre.

Dr Grous has been researching UGC internationally since 2007 including in-country research, ongoing cohort interviews across countries, and brand engagements.

He continues to track and monitor this segment across consumers, brands, software solutions providers and technology enablers including through interviews, company engagements, and horizon scanning to track influencing social, economic, political, and other factors. UGC is nested within Dr Grous' extensive digital research and engagements including with global and local brands that are synonymous with b2b and b2c e-commerce and cohort consumption, leisure, and work behaviour.

Dr Grous has delivered high-profile research on digitalisation and its impact on cohort behaviour, the workplace and brands, including the **New Era in Experience** report released in 2021 that assesses these changes before and during the pandemic.

In addition, the Sky High Economics report trilogy is recognised as leading industry analysis on the role of connectivity and digitalisation in Air Transport globally with content that has won three international communications awards including: the **B2B Campaign Award** for Ogilvy-Inmarsat at the International Content Marketing Awards 2018, a **SABRE 2020 PR Award** beating 6,000 global entries, and the prestigious **2020 CIPR Award** in PR in Transport. Other high profile reports have included **The Transformative Effect of Cloud on Firm Productivity and Performance: Defining the Benefits and Impact of Cloud as a 21st Century Digital Enabler,** and **Modelling the Cloud Employment effects in two exemplary sectors in The United States, the United Kingdom, Germany and Italy.**

Dr Grous has released numerous reports on the impact of digital transformative including **Managing Every Mile: How to deliver greater return on investment,** and the impact on UK productivity, **The Power of Productivity.** Dr Grous has worked closely with a number of EU Government's on enhancing management practices, ICT use and digitalisation releasing a major report on Gipuzkoa, **Industrial Strategy in Practice: Innovation and Management Best Practices in the Automobile, Energy and Aerospace Clusters in Bizkaia.**

Dr Grous also maintains research in Health Economics, with this producing in one of the most downloaded reports from the LSE, **The British Cycling Economy** with over 22,000 downloads. In addition, **a report quantifying the socioeconomic impact of road traffic accidents** globally on children remains one the most comprehensive efforts of its kind and was launched by HM Queen Letizia of Spain, the UN and UNICEF in 2020.

Research Methodology & Background

The LSE Team has been researching UGC, digitalisation and consumer behaviour globally across cohorts (alpha, Gen X, Y, Z, baby boomers), brands and solutions providers since 2007.

This encompasses in situ engagement with C-Suite leaders and other managers and staff in brands and organisations, with analysis of their activities, strategies, management practices and results, including UGC.

This is complemented by ongoing pre and post pandemic interviews on consumer digital behaviour, UGC, and other trends in the UK and across a number of countries. LSE research encompasses both published and unpublished material acquired on an ongoing basis including through in-country activities in EMEA, Asia Pacific, the Americas, and India.

The results affirm that UGC has accelerated in use, volume and acceptance by both consumers and brands, concomitant to, or most likely as a result of, the increased digitalisation of work, society, and leisure that the Covid-19 pandemic hastened.

These are often longitudinal, spanning longterm engagement and addressing multiple digitalisation themes, and encompass many leading brands including Amazon/AWS, Microsoft, Adobe, McKinsey & Co, KPMG, Boots, Vodafone, BskyB, BBC, Motorola, Monzo, Vidsy, A Cloud Guru, Barclays, RBS/NatWest, Freshworks, Asprey, WBX, and others.

Summaries from the LSE research are utilised in this report and complemented where applicable by secondary UGC research from academic sources.

These support the results obtained to date and the direction of observed trends for UGC utilisation by brands and consumers. UGC remains an active area of research, nested within digitalisation and its continued impact.

1

The Evolving UGC Market

UGC has shifted the branding and communication paradigm from the conventional one-way mode controlled by brands, to a multi-dimensional, p2p communication where a brand, product or service is no longer what the consumer is told it is, but rather, it is defined by what consumers tell each other it is.[ii]

Peer reviews, opinions and content create trust and authenticity, providing a voice for the customer that has step-changed in pace since the mid 2010's and is aligned to the accelerated digitalisation observed in workplaces, brands, cohort behaviour, led by Gen Y and Z.[iii]

Through eWOM, UGC is generated and shared via text and video on social media, brand websites, user groups and other platforms encompassing customer reviews, feedback, blog posts and hashtags, with instant, borderless content distribution. **The accelerated rate of change for UGC creation and utilisation by both brands and consumers has been facilitated by:**

(i) greater social and commercial acceptance of UGC, and: (ii) the development of cloud enabled AI and ML UGC solutions with the functionality required to manage and utilise an exponentially increasing volume of content.

Over time, the initial cumbersome hard-coded approach to the development of UGC and its management has been replaced by vendors providing agile, cloud based solutions operationalised through APIs, apps, and readily configured UI, UX, with recognition that consumers are now content creators and can create, amend, or delete UGC, depicted in Figure 1.[iv]

Customer voices captured and driving brand strategies

Consumer experience drivers   Word of 'mouth'   'Trust'

UGC Solution Evolution

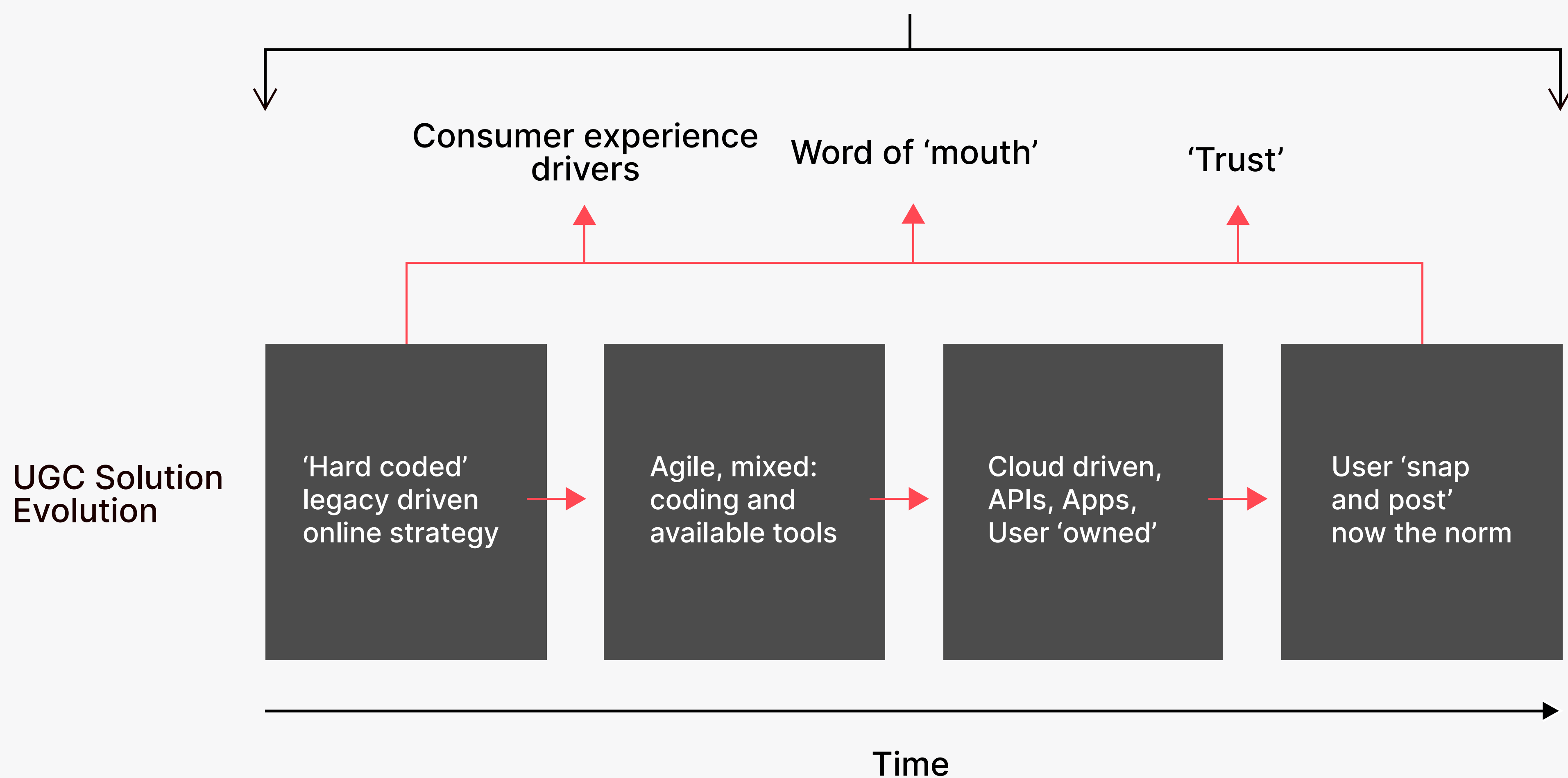| 'Hard coded' legacy driven online strategy | → | Agile, mixed: coding and available tools | → | Cloud driven, APIs, Apps, User 'owned' | → | User 'snap and post' now the norm |

Time

Figure 1: The Evolving UGC Market

The development of UGC has simplified, with content creation initially occurring through the use of websites that required coding skills, investment, and a significant time commitment.

Over time, the emergence of blogs, templates and other modes reduced the requirements for coding and web skills, but UGC development was often undertaken by more digitally experienced and determined consumers.[v]

In the current milieu, creating and posting UGC occurs instantly via a 'write, snap and upload' approach driven predominantly by Gen Z and Y utilising social media including Facebook, X, Pinterest, Instagram, TikTok, You Tube, brand sites, and other platforms. Gen X and baby boomers are beginning to find a voice through UGC, contributing to the growing pool of content produced.[vi]

The ubiquity and exponential growth of UGC has also compounded the complexity for brands as they address the voice of the consumer in a growing volume of content and commensurate issues including intellectual property rights, negative and inappropriate content, moderation, and others.[vii]

2

UGC: Escalating the Voice of the Consumer

UGC provides a voice for consumers to share experiences through eWOM that builds trust and authenticity in the process.

UGC began to gather momentum in the early 2010's with brands 'eavesdropping' at first, before accepting and adopting this content within their campaigns and strategies:[viii] "User-generated content has become a powerful force in shaping brand perceptions in the digital age....the multifaceted role of UGC in influencing how consumers view and interact with brands."[ix]

The escalation of UGC represents a fundamental shift in how consumers and brands behave and interact: marketers are leveraging UGC to build trust, credibility, and loyalty, enabling them to monetise the voice of the customer.[x] LSE research pre and post the COVID-19 pandemic highlights the exponential shift in the role played by UGC in the customer journey:

- Before the pandemic, in early-mid 2010's, 30-55% of consumers consistently sought eWOM reviews before purchasing, with 75% searching intermittently when purchasing.[xi]

- Today, 95% of consumers consider online reviews before purchasing and 99% intermittently search UGC across reviews (text and video) blog posts, social media, and feedback.[xii]

- UGC is now driving the customer journey, shifting the control from brands to the consumer spurred by around 40% and 50% of Gen Z and Y respectively who consider themselves to be content creators, and between 5-10% of Gen X and baby boomers, and growing.[xiii]

LSE | S

The COVID-19 pandemic accelerated the use of UGC and reflects the trend towards enhanced data use by brands, with leading online retailers such as Boots UK highlighting: "Covid for us has definitely created an imperative to accelerate digital retail. It has been hugely important for us, and the decisions about digital have sped up significantly. It has really impacted our bricks and mortar business and created an imperative for us to improve the online experience.

You can see that in the change of mix in our sales pre-Covid and post-Covid."[xiv] Brands that recognise and harness the value of digital data and exhibit best-practices, including retaining investment, innovation and UGC use, fall into 25% of organisations that are thrivers: they embrace new ways of working, are aligned to market trends, have engaged leadership across the organisation, and view UGC as a strategic tool.

These organisations possess the strongest potential to emerge in a strong competitive position following external shocks.

Around 40% of organisation are hiders: they scale-back their operations due to external shocks such as the pandemic or economic downturns but maintain adaptability to enable post-recession growth. These organisations maintain a UGC focus, but often with reduced investment and resources.

The remaining 35% of organisations are survivors: they undertake the most significant changes, most often cost-focused, reducing investment, innovation, and the use of digital departments, tools, and data with limited or no use of UGC. These organisations display the lowest probability of emerging from external shocks or to remain viable in the medium or longer term.[xv]

3

Shaping Brand Engagement & Product Strategies

Best practice organisations embrace UGC and a new ways of working facilitated by UGC:[xvi]

- **Understanding UGC:** leading organisations employ dedicated UGC resources; senior leadership promotes the significance of UGC as a key marketing tool; the organisation is coherent in aligning processes, campaigns, reporting, and other operational factors around UGC.

- **Cloud based UGC tools:** technology supports UGC use; brand management and product strategies utilise feature rich UGC tools to manage content and the growth in the challenges that UGC brings including the volume of content generated; legal/copyright issues; negative content; data manipulation, content extraction; rapid analysis of content, 'packaging', and use including posting, re-sharing, and insertion into a brand's website, product, service, or other area.

- **Rapid campaign releases:** strategic use of UGC streamlines campaign management and accelerates product releases through the negation of multiple variable testing; UGC feedback delivers consumer reactions; campaigns can be altered in real-time with agility and accuracy utilising results obtained through UGC without the requirement for multiple variable testing.

These factors reflect the shifting locus of product control from brands to empowered consumers with many brand managers accepting this transference of control, depicted in Figure 2: "Marketers have assisted in a real power-shift from the organisation to the consumer. Consumers are now in control of a series of variables which were previously managed by managers."[xvii]

Between 2010-2019, brands controlled marketing and defined strategy, 'pushing' their campaigns with a lower reliance on UGC as an influencing variable.

The Marketing Department defined and segmented the user base in addition to selecting digital channels and defining offline activities, with campaigns taking longer to test, amend and launch.[xix]

This trend altered as the decade progressed, with the pandemic accelerating the shift to the empowered consumer and reversing many of the tenets observed in brands in this previous decade, creating prosumers: more professionally engaged, informed, and content-generating consumers using eWOM to share their experiences and influence others and the brands they engage with.[xx]

Between 2020-2024, UGC adoption accelerated by brands as they utilised UGC and 'pulled' key messaging, shortening product release cycles and defining more relevant marketing and messaging.[xxi]

Figure 2: The shifting power dynamics of UGC between brands and consumers [xviii]

Brands: 2010-2019

- Higher influencing power
- 'Push' messaging–to the consumer
- Internally defined communication
- Lower UGC reliance
- Consumer voice defined by Marketing Dept
- Digital channels/offline defined by the brand
- CRM tests campaigns and amends (low/no UGC factored)

Brands: 2020-2024+

- Lower influencing power
- 'Pull' messaging–by the consumer
- Consumer defined communication
- Higher UGC reliance
- Consumer voice drives Marketing Dept
- Digital channels/offline complement UGC
- CRM tests campaigns and amends (higher UGC factored)

4

UGC Growth

4.1 Defining the Consumer Journey Through eWOM

The UGC market continues to evolve. Content sharing platforms such as TikTok and Instagram provide UGC makers with modes to create content rapidly, with concise UGC replete on social media platforms and websites, aligning to the short attention window of younger cohorts in particular.[xxii]

Content strives to engender trust through authenticity. If consumers perceive that the content creator or content is not genuine, these outcomes can be diluted: [xxiii]
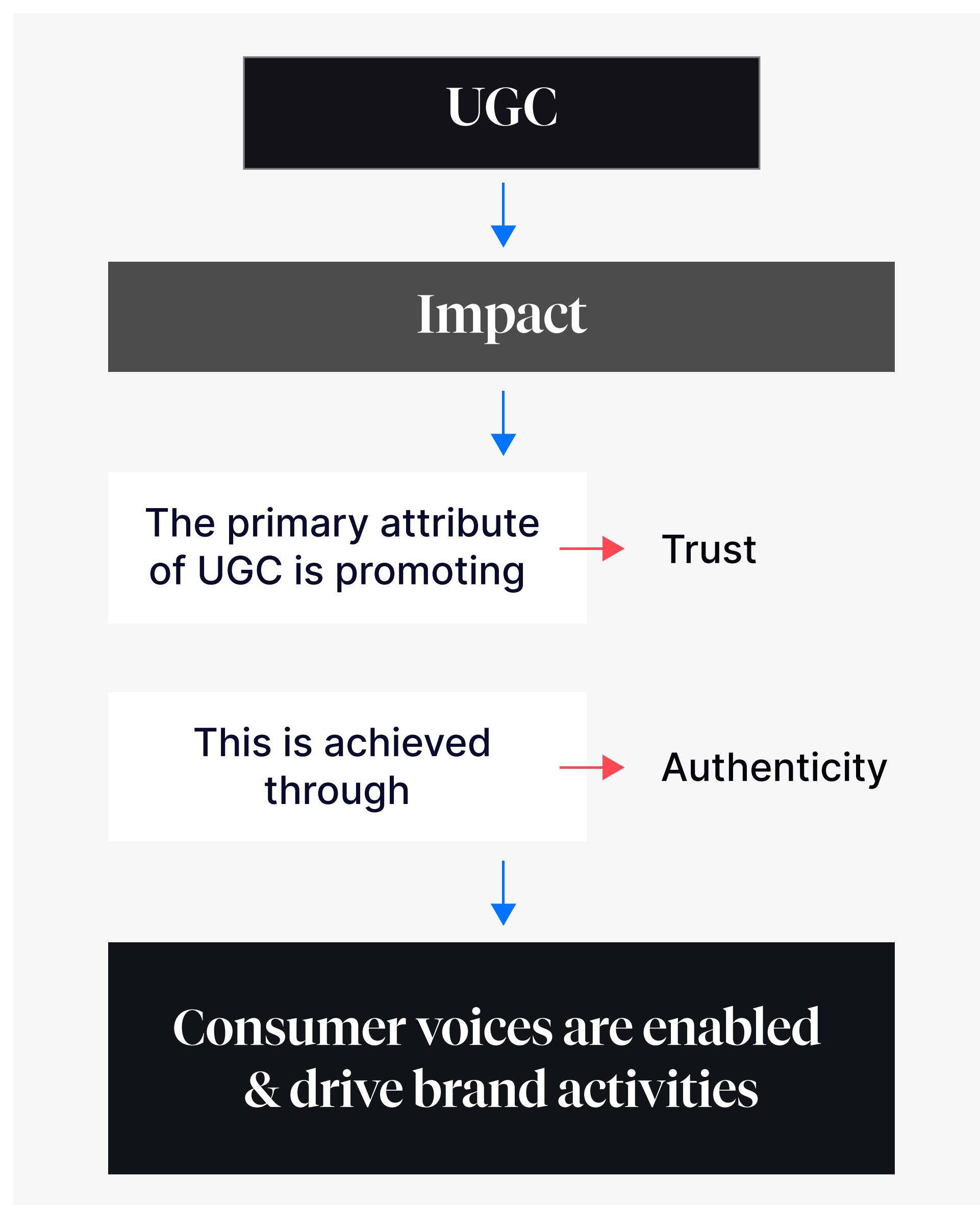
UGC has become more prevalent in defining the market actions, communication, and positioning of brands as they seek to generate the widest brand exposure utilising trust and authenticity:[xxiv]

(i) Influencing brand perceptions: "In particular, UGC has the potential to shape consumer brand perceptions and significantly influence a number of phases in the consumers' purchase decision process. While both firm-created and user-generated brand communication in social media influence brand perception, the latter seems to have a positive impact also on brand loyalty and perceived brand quality."

(ii) Defining marketing actions: "The effects of advertising and brand-related marketing actions in social media do not merely depend on the original message, but also on user content generated in the context of the particular message and social media channel."

(iii) Gaining wider brand exposure and user participation: "With a significant percentage of marketers spending substantial amounts on content annually, UGC presents an opportunity for brands with limited budgets to gain wider exposure and generate digital buzz for their marketing initiatives ."

(v) Building brand trust and authenticity: "UGC significantly impacts brand trust and authenticity, with consumers trusting peer recommendations more than traditional advertising... and plays a pivotal role in enhancing brand credibility, authenticity, and emotional connection among consumers.

Moreover, UGC contributes to building brand community within online platforms, fostering engagement and loyalty."

UGC has displayed considerable growth since the onset of the pandemic across all customer modes- social media, video content, blogs, and hashtags, incorporating reviews, and testimonials:[xxv] "User-generated content (UGC) has emerged as a crucial component of social media and internet platforms, significantly influencing consumer buying decisions."[xxvi]

The largest growth amongst consumers between 2020-2024 has been in video content with a 650% increase, followed by a social media content, encompassing text, video, images, followed by hashtags and blogs, depicted in Figure 3:

UGC Customer Modes		
Social media content	↑	+300%
Video content	↑	+650%
Blog	↑	+200%
Hashtag	↑	+240%

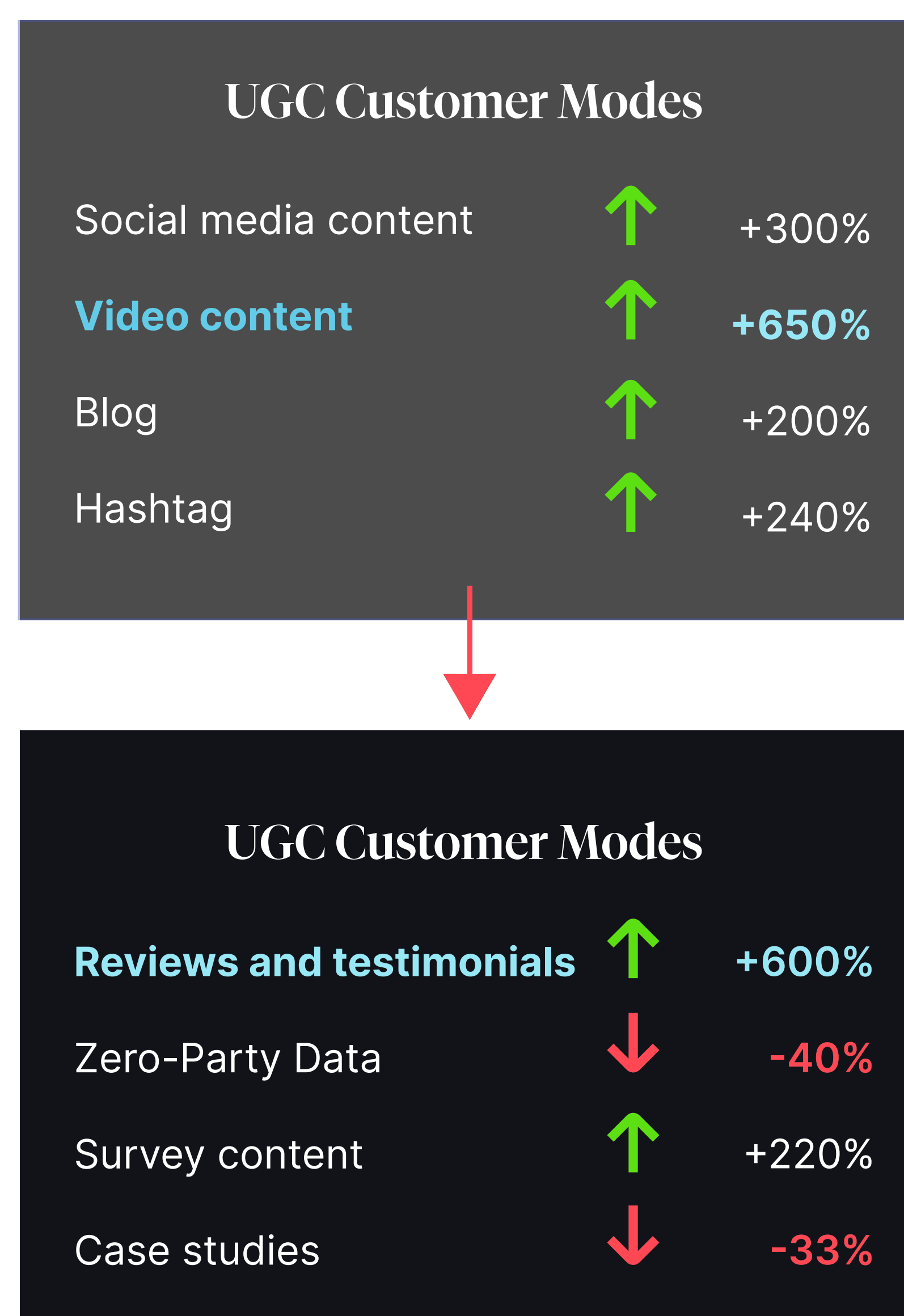| UGC Customer Modes		
Reviews and testimonials	↑	+600%
Zero-Party Data	↓	-40%
Survey content	↑	+220%
Case studies	↓	-33%

Figure 3: The Growth in UGC Customer Modes and Brand Use: 2020-2024[xxvii]

The use of UGC by brands has shown the largest increase encompassing reviews and testimonials across text, video, and images (600%), followed by content from surveys (220%).

Despite the growth in survey use, zero-party data excluding UGC showed a marginal reduction encompassing account registration data, email campaigns, consumer preferences, and other areas.

The use of case studies to promote products and services also reduced, with a shift by brands to the use of other UGC modes as key indicators of consumer brand attraction: "The results revealed that UGC is a stronger predictor of online brand advocacy than firm generated content...supported that the effect of digital content marketing types on online brand advocacy occurs because of customer engagement."[xxviii]

Over 60% of consumers trust comments posted or images provided by other consumers than those provided by brands or often, by influencers, with over 90% influenced in their purchasing by UGC in contrast to brand marketing or content.[xxix]

4.2 UGC Growth: Ensuring the Consumer is Heard

UGC is generated by consumers across multiple platforms including social media (YouTube, TikTok, Facebook, Instagram, others), brand websites, private and public user groups and forums with specific themes (e.g. cycling, travel, parenting etc), user-own platforms such as a personal website, and others.

The mix of UGC utilised varies by the mode used: UGC on major b2c sites such as Amazon are review and text focused with a lower use of video and images, but this is reversed on many social media platforms with video and images used to a high degree.

The content strategy and UGC mix is influenced by the target platform, with consumers varying their approach across platforms.

Limited available metrics indicate that 100 million videos and images are uploaded to Instagram daily from 500 million active daily users, and 100 million users who utilise Stories daily.[xxx]

In contrast, 34 million videos are uploaded to TikTok daily with over 1 billion monthly active users,[xxxi] with 350 million photos uploaded to Facebook daily, and 4.7 billion items shared daily.[xxxii]

You Tube has 122 million active daily users that watch more than 1 billion hours of videos daily, with these results surpassing UGC posting rates from a decade ago.[xxxiii]

This growth presents a number of challenges for brands and organisations seeking to harness UGC, including UGC collection, aggregation, legal and copyrights issues, analysis and other areas.[xxxiv]

The development of cloud based AI and ML solutions since over the past decade can assist brands manage these issues:

UGC collection growth 2020 vs 2024*

Influencers	↑	+450%
User generated video	↑	+367%
Hashtags	↑	+136%
Template offerings	↑	+200%
UGC platforms	↑	+127%
Tailored user communities	↑	+180%

UGC Main Platforms

Challenges in gathering, collating, analysing, using data, compounded as volume grows

UGC Tool Benefits
▶ Aggregation of content
▶ Refine, categorise content
▶ Real-time reporting
▶ Customised displays
▶ Analytics
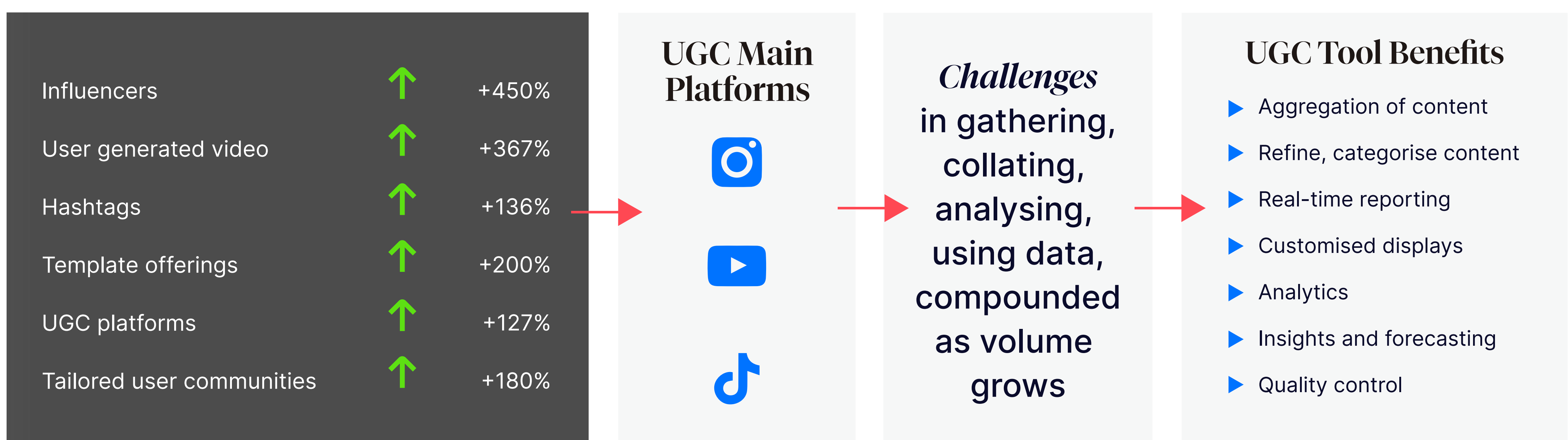▶ Insights and forecasting
▶ Quality control

Figure 4: The Growth in UGC Customer Modes and Brand Use: 2020-2024[xxxv]

Between 2020-2024, the highest growth in the collection of UGC by brands was from influencer content (450%) reflecting the trend in the use of influencers,[xxxvi] with a 17% increase in expenditure by brands in 2023 to $34 billion globally.[xxxvii]

Non-influencer UGC by consumers showed a 367% increase in use over the period, followed by templates (200%) and user communities (180%), followed by social media platform growth (127%) and brands seeking out and requesting content from a specific relevant user group, followed closely by hashtags and social media platforms.

UGC video continues to grow in usage and significance, with brands doubling their use to 80% over the period.[xxxviii]

The mix of UGC utilised by brands is in a state of flux with changes likely to continue until 2030 and beyond: [xxxix]

- Both influencers and UGC content creators will remain important for brands, but UGC growth and use by brands will continue surpassing the influence of influencers in defining customer journeys, with influencer UGC collection by brands likely to reduce further over time;

- Template offerings and tailored user communities are likely to reduce in collection with a crossover of these consumers into general UGC posing in social media and brand websites;

- UGC platform collection of content is likely to grow further as brands narrow their collection pool across this mode, direct acquisition, and influencers.

4.3 Managing the Challenges of UGC

Brands continue to face a number of technical, operational, and strategic challenges in utilising UGC:[xl]

	Requirements	Challenges
Technical	Scalable and cost effective	UGC acquisition, review and utilisation can involve a large number of brand resources and take considerable time to catalogue, filter and select.
	Quality Control	Maintaining a required quality standard for video, images and text, or the ability to enhance/harmonise quality to deliver a standardised quality.
Operational	Moderation and Inappropriate Content	Reviewing UGC manually against guidelines, policies, and filtering out derogatory and negative content, spam, is time-consuming, costly and can be error-prone and requires longer time frames for approvals.
	Copyright	High UGC volumes and micro-segmentation through the use of UGC growing content requires obtaining permission and releases from content providers.
Strategic	Legal	Privacy and data protection regulations must be complied with and can vary between regions with additional complexities cross-border.
	Brand Integrity and Consistency	Varied content and adhering to legal, quality, moderation and copyright requirements creates issues in maintaining brand integrity and consistency across heterogenous UGC and a plethora of variation in posted content.

These challenges have spurred growth in the UGC management solutions market that is estimated to grow from around $7 billion in 2024 to between $30-$45 billion by 2030.[xli]

To address the issues faced by brands, best practice UGC functionality enables the monetisation of the customer voice, with industry engagement since 2010 consolidating a number of factors that should be considered by brands when adopting a UGC solution and the core elements including considerations and benefits:

	Requirements	Challenges
Strategic	UGC Acquisition and Use Strategy	Define UGC strategy from macro and micro themes: understand the brand's awareness, ratings and reviews; utilise all relevant UGC (influencer and non-influencer marketing)/ a mixed approach..
	Solutions Type	UGC strategy drives the selection of an appropriate solution: scalable UGC; content aggregation; self-service; influencer platform; hybrid model.
	Cloud, Integration	Cloud is the benchmark technology for rapid, scalable, accessible UGC. Seamless integration enables rapid, low-cost, low-effort enablement of a solution.
	AI	Faster, time-reduction, bulk production, heavy-lifting, rapid content generation.
	Copyright	Platforms with built-in content rights facilitate rapid automated, audited task.

	Requirements	Challenges
Strategic	Content Aggregation, Categorisation	Functionality enabling advanced search, filters, automated feeds/APIs for content acquisition and aggregation, pulling in UGC seamlessly. Dashboard driven, ease-of-use UI to enable categorisation based on filters and KPIs for reporting.
Strategic	Customised Displays	Flexible and changeable UI to enable changes over time for displaying required information, enhancing functionality and for bespoke changes if required.
Operational	Analytics, Real Time Reporting, Insights	Real-time analytics and reporting for customer preferences, segmentation, campaign effectiveness, conversions, product coverage, tracking at multiple levels to provide insights, forecasting, and reporting with extraction to file types.
Operational	Moderation	Considerably challenging requiring automated and manual elements to reduce filter by-passing through algorithms and AI flagging inappropriate content but one-size doesn't fit all requiring integrated UGC guidelines, policies, safety measures, content moderation layer (additional software if not embedded) and empowered moderation team for escalation.
Operational	Content Quality Assurance (CQA)	Combined manual and automated process requiring internal and/or external CQA and machine learning respectively to reduce content issues, improve quality standards, comply with applicable laws, and improve site stickiness.

Best practices are not homogenous across brands and are affected by the brand's market status (thriver, hider, survivor), funding, organisational structure, competitive position, and other factors.

The UGC solutions market is likely to continue innovating and utilising AI, ML, and other behavioural tools to optimise UGC content management, depicted in Figure 5:
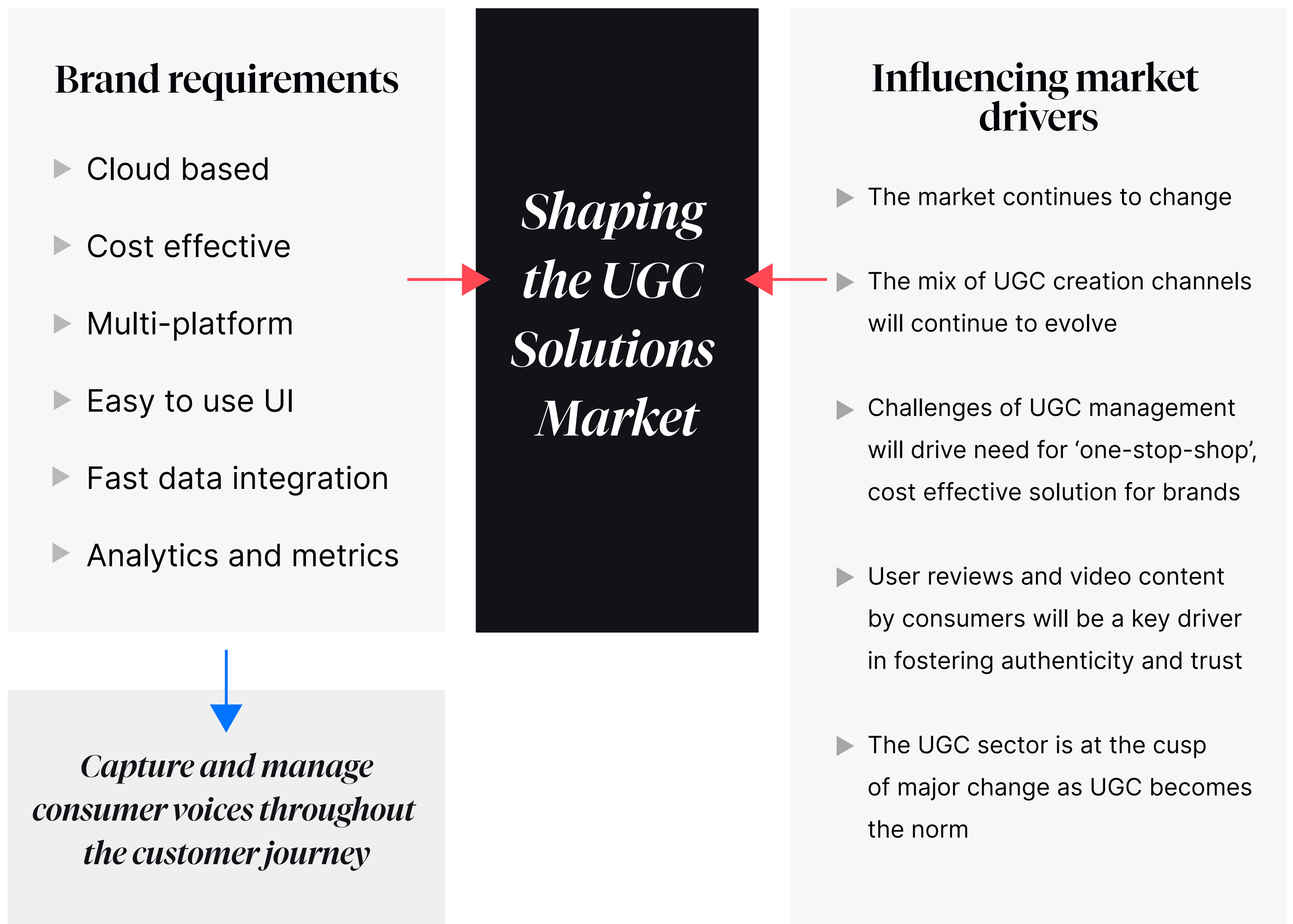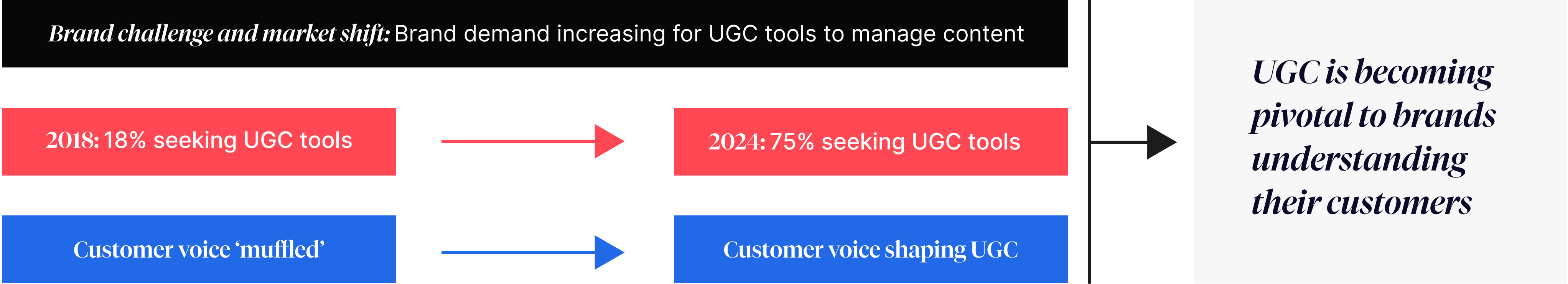
Brand requirements

▶ Cloud based

▶ Cost effective

▶ Multi-platform

▶ Easy to use UI

▶ Fast data integration

▶ Analytics and metrics

Shaping the UGC Solutions Market

Capture and manage consumer voices throughout the customer journey

Influencing market drivers

▶ The market continues to change

▶ The mix of UGC creation channels will continue to evolve

▶ Challenges of UGC management will drive need for 'one-stop-shop', cost effective solution for brands

▶ User reviews and video content by consumers will be a key driver in fostering authenticity and trust

▶ The UGC sector is at the cusp of major change as UGC becomes the norm

Figure 5: UGC Brand Requirements, Market Drivers, and the Consumer Voice [xlii]

The nexus between brand requirements and influencing market drivers will continue to shape the UGC solutions market and the degree to which the consumer's voice is heard in the customer journey.

5

Strategic Benefits & Drivers of UGC

UGC provides considerable quantifiable benefits to brands through the alignment of brand offerings to market demand. [xliii] An increase of almost 60% has been observed in brands actively seeking UGC management solutions between 2018-2024, reflecting the growing recognition of the consumer voice, with Figure 6 consolidating results across key indicators:[xliv]

Brand challenge and market shift: Brand demand increasing for UGC tools to manage content

2018: 18% seeking UGC tools → 2024: 75% seeking UGC tools

Customer voice 'muffled' → Customer voice shaping UGC

UGC is becoming pivotal to brands understanding their customers

UGC collection growth 2020 vs 2024*

UGC creation and impact

Conversion: 85% of consumers trust a brand that uses UGC.

Revenue: 80% of purchasing decisions are influenced by the use of UGC.

Self-promotion impact: 40% of consumers 'turned off' by excessive brand self-promotion and...

..3x as many prefer UGC to brand-own promotion.

Influencer impact down: UGC has 10x more impact than influencer content.

Loyalty up: 80% and 75% of Gen Z and Gen Y respectively show greater loyalty

to brands that use UGC with an average of 90% willing to provide their own UGC.

Instagram still strong: 66 % of Gen Z and 45% of Gen Y will prioritise Instagram Stories featuring UGC.

Brand benefits

Engagement rate up: Brands with 'good UGC' have 75-85% higher social media platform engagement.

Stickiness up: UGC enhances user stickiness (time spent on site) by 95%.

Digital Channel: Flux still evident in Brand digital channel choice: 80% of brands using Instagram

Reels, own website (50%) and TikTok (40%), Facebook (35%), Instagram Stories (30%), others.

Figure 6: The Growth in UGC Customer Modes and Brand Use: 2020-2024[xlv]

UGC brand use can directly enhance the monetisation of the customer journey through improved consumer engagement and loyalty.[xlvi] These are moderated by the notions of trust and authenticity from influencer and non-influencer UGC, with consumers influenced by UGC that is trusted.[xlvii] Consumers can distinguish between brand-own content, influencer and consumer posts.[xlviii]

The impact of influencers on consumer purchase decisions has reduced since the mid 2010's, but it remains both an important information source for many consumers and a relevant brand marketing tool: "Influencers, due to their perceived credibility and relatability, play a pivotal role in shaping consumer behaviour, but their influence depends heavily on the authenticity of their endorsements."[xlix]

Many brands are utilising UGC to tailor their communication messages, evolve their products, and deliver consistent brand positioning while being influenced by additional factors:

- **The volume of UGC content is rising exponentially** as consumers continue to post reviews, social media, video, and text -> brands are adapting by collecting and optimising content and tailoring their communication and marketing.

- **Content creation costs are rising ->** brands are increasingly adapting to efficiencies by listening to consumer voices throughout the engagement journey via UGC and utilising cost-effective UGC acquisition and use.

- **Gen Y and Z voices cannot be ignored** and remain the biggest content creators, but increasingly **Gen X and baby boomers** are posting UGC -> brands require the capability to acquire, assess, categorise and segment UGC expediently to establish requirements by cohorts and define appropriate messaging and communication.

- **UGC is posted across multiple modes ->** brands must manage disparate consumer voices and engage in multi-channel delivery of optimised UGC.

- **The volume of UGC content is rising exponentially** as consumers continue to post reviews, social media, video, and text -> brands are adapting by collecting and optimising content and tailoring their communication and marketing.

- **Content creation costs are rising ->** brands are increasingly adapting to efficiencies by listening to consumer voices throughout the engagement journey via UGC and utilising cost-effective UGC acquisition and use.

- **Gen Y and Z voices cannot be ignored** and remain the biggest content creators, but increasingly **Gen X and baby boomers** are posting UGC -> brands require the capability to acquire, assess, categorise and segment UGC expediently to establish requirements by cohorts and define appropriate messaging and communication.

- **UGC is posted across multiple modes ->** brands must manage disparate consumer voices and engage in multi-channel delivery of optimised UGC.

The successful acquisition, creation, and utilisation of UGC by brands enables the effective monetisation of the consumer voice and can underpin both short and long term viability.

6

Monetising the Voice of the Consumer: UGC makes Financial Sense

UGC has a positive effect on product popularity, sales, and purchase intention, de-risking the purchase decision and monetising the customer journey: "Compared with descriptions provided by e-sellers, consumers are more likely to trust information driven by users...UGC has become a credible information source for consumers to select products from massive choices provided by a large number of e-sellers".[l]

Minor regional variations have been observed in the use of UGC by brands, reflecting the type of UGC utilised,li with influencer UGC displaying the largest variation in use between regions but forecast to harmonise by 2030 as consumer UGC becomes the most trusted content.[lii]

Figure 7 depicts the monetisation path for UGC by brands and the regional variation in UGC use.

Asia Pacific reflects the most integrated use of UGC by brands across all UGC types, followed by EMEA with brands exhibiting a marginally lower reliance on influencer UGC, while the Americas utilise influencers and social media UGC to a greater degree than other regions with twice the density of influencers as Europe at 3%.[liii]

The monetisation of the consumer voice is moderated by the mix of UGC across reviews, feedback, blog posts and social media coverage.[liv] Paid Influencer reviews can create brand awareness while non-paid influencers reviews can facilitate trust through the perception of higher authenticity.[lv]

UGC is perceived to be around nine times more effective than influencer content in driving purchasing decisions, and 50% more trustworthy and 20% more influential than other media forms.[lvi]

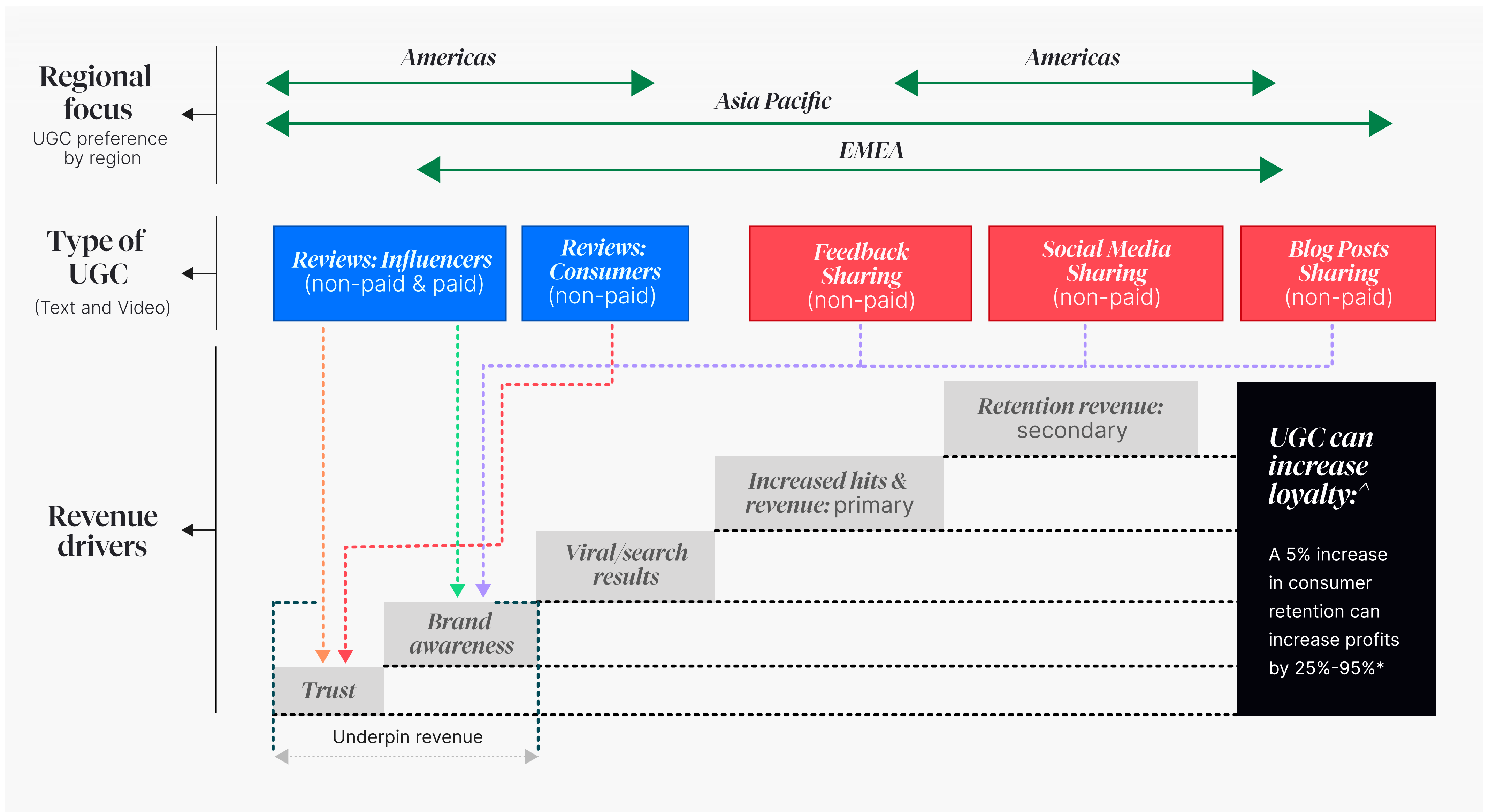# UGC Makes Financial Sense: Monetising the Voice of the Consumer

Figure 7: UGC Regional Preferences and Revenue Drivers by Type of Content [lvii]

Unpaid consumer reviews create trust in a brand, and in the process enhance brand awareness, while unpaid feedback, social media and blog posts can enhance trust and brand awareness:

"When consumers are asked about the attractiveness of the brand, ability to recall the concept strongly influences loyalty." [lviii]

The balance between the creation of trust and authenticity is determined by the nature of the UGC and the degree to which it is directional i.e. although not constituting a review, UGC can be a tacit endorsement of a product and create trust that can lead to a sale:

"User-generated content led to higher purchase intention compared to disclosed advertisement and brand posts." [lix]

The creation of trust and brand awareness reduces risk and concomitantly develops a stepped monetisation process that leverages viral posts and/or consumer searches following brand or product awareness.[lx]

This can result in a higher number of site visits to a brand that if converted generates revenue from this primary source (first-time purchase). A positive experience can lead to secondary revenue as consumers generate UGC with eWOM spurring others to make a purchase while resulting in retention revenue through loyalty, and an uplift in profitability.[lxi]

UGC that successfully produces engagement increases purchase behaviour:

"Such brand-building activities (UGC) may also increase connections with the brand and thereby increase the chance of future participation in engagement activities....the research adds to the growing literature on the importance of consumer engagement and validates the link between engagement and actual purchase behaviours."[lxii]

Summary

UGC has become the 'go to' source of influence for both consumers and brands, creating authenticity and trust.

Non-influencers have emerged as key actors in particular, re-aligning the marketing paradigm through UGC and positioning the consumer voice at the locus of marketing development in responsive brands.

Through the use cloud based solutions with AI and ML, brands can manage their UGC and rapidly assess content to deliver agile rapid campaigns that resonate the first time and reduce the testing of multiple variables.

As UGC use continues to grow across cohorts, this will be essential if brands are to manage the complexities inherent in managing and delivering products and services that are relevant. Failure to do so can dilute the significant opportunity that UGC offers and diminish a brand's competitive advantage.

Skeepers LSE

Want to know more about UGC ?

Talk to an expert

References

I. Story, L. (2007). Facebook is marketing your brand preferences (with your permission). New York Times. https://www.nytimes.com/2007/11/07/technology/07iht-07adco.8230630.html (accessed Nov 5, 2024).

II. Berthon, P., Pitt, L., Campbell, C. (2008). Ad Lib: When Customers Create the Ad. California Management Review, 50(4), 630. https://doi.org/10.2307/41166454

III. Grous, A. (2021). New Era In Experience. LSE Report.

IV. Banerjee, S., Dellarocas, C., Zervas, G. (2021). Interacting User-Generated Content Technologies: How Questions and Answers Affect Consumer Reviews. Journal of Marketing Research, 58(4), 742–61. https://doi.org/10.1177/00222437211020274

V. Shen, L., Zhang, Y. N., & Yue, S. F. (2020). An Investigation on UGC Adoption in Web 2.0 Environment: Antecedents and Consequences. American Journal of Industrial and Business Management, 10, 1058-1072. https://doi.org/10.4236/ajibm.2020.105070

VI. Sheldon, P., Antony, M. G., Warea, L. J. (2021). Baby Boomers' Use of Facebook and Instagram: Uses and Gratifications Theory and Contextual Age Indicators. Heliyon, 7(4). https://www.cell.com/heliyon/fulltext/S2405-8440(21)00773-8

VII. Li, Yahong, L., and Weijie, H. (2019). Taking Users' Rights Seriously: Proposed UGC Solutions for Spurring Creativity in the Internet Age. Queen Mary Journal of Intellectual Property, 9(1), 61-91. https://doi.org/10.4337/qmjip.2019.01.04

VIII. LSE research 2010-2024 incorporating brand engagement and consumer interviews.

IX. Lariba, C. (2024). The Role of User-Generated Content in Shaping Brand Perceptions. International Journal of Public Relation and Communication, 1(1), 25. https://forthworthjournals.org/journals/index.php/IJPRC/article/view/58

X. Ibid.

XI. LSE research 2010-2024 incorporating brand engagement and consumer interviews.

XII. Ibid and considerable academic studies including: K. Zhang, (2024). How Online Reviews Affect Purchase Intention: A Meta-Analysis Across Contextual and Cultural Factors. Data and Information Management, 8(2). https://doi.org/10.1016/j.dim.2023.100058

XIII. LSE research 2010-2024 incorporating brand engagement and consumer interviews, with research supporting trends: Vitelar, A. (2019). Management Dynamics in the Knowledge Economy, 7*(2), 257-268. https://doi.org/10.25019/MDKE/7.2.07

XIV. Grous, A. (2021). New Era in Experience. LSE Report; p. 46. https://www.lse.ac.uk/business/consulting/reports/new-era-in-experience

XV. Ibid.

XVI. LSE research, op. cit.

XVII. Montecchi, M., and Nobbs, K. (2017). Let It Go: Consumer Empowerment and User-Generated Content – An Exploratory Study of Contemporary Fashion Marketing Practices in the Digital Age. In A. Vecchi (Ed.), Advanced Fashion Technology and Operations Management (pp. 294-317). Hershey, PA: IGI Global. https://doi.org/10.4018/978-1-5225-1865-5.ch013

XVIII. LSE research 2010-2024 incorporating brand engagement and consumer interviews.

XIX. Ibid.

XX. Sheehan, B. (2010). Online Marketing. Lausanne: AVA Publishing, SA.

XXI. Ibid.

XXII. Helgesson, J., & Stojkovic, K. (2023). Consumer Attention Marketing Strategies: How do companies' perception of online consumers' attention span affect their digital marketing strategies? https://www.diva-portal.org/smash/record.jsf?pid=diva2:1763452

XXIII. LSE research, op. cit.

XXIV. Ibid; other research: P. Roma, Aloini, D. (2019). How Does Brand-Related User-Generated Content Differ Across Social Media? Journal of Business Research, 96, 322-339. https://doi.org/10.1016/j.jbusres.2018.11.055