THE IMPACT OF USER-GENERATED CONTENT ON CONSUMER-BASED BRAND EQUITY

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Abstract:
Developed to address the challenges of the social web, this study aims to determine how consumers’ involvement in user-generated content (UGC) affects brand equity. The formation and testing of a conceptual model addresses a gap in the literature by exploring links between UGC, involvement and consumer-based brand equity. Based on previous research complemented by depth interviews with experts, co-creation, empowerment, community and self-concept were selected to represent the domain of UGC. The model was then empirically tested through data from 201 consumers responding to an online survey. The results provide support for managerial initiatives involving UGC campaigns for brand building. More specifically, the results indicate that co-creation, community and self-concept have a positive impact on UGC involvement. The data also supports that UGC involvement has a positive impact on consumer-based brand equity. The contributions of these research findings provide empirical evidence that has implications in building deeper relationships between consumers and brands.

Keywords: user-generated content, consumer-generated media, Web 2.0, involvement, consumer-based brand equity
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Introduction

Today’s brand communications are primarily taking place online with consumers shaping their own media experiences (Li and Bernoff 2008), making it more important than ever to understand the motivations and impact of online content creation (Berthon et al. 2008; Christodoulides 2009). User-generated content (UGC) provides an increasingly popular vehicle for brand conversations and consumer insights. It is estimated that by 2013 nearly 114.5 million Americans will create some form of UGC and 155 million Americans will be consuming it (eMarketer 2009). Yet, limited academic and industry understanding of the nature of UGC and its specific effects on brand equity diverts marketing practitioners from engaging with UGC in a way which is meaningful to the brand. The aim of this research is to develop and empirically test a model showing involvement in user-generated content influences measures of consumer-based brand equity (CBBE).

Consumer engagement in UGC is often credited with changing the landscape of the internet (Gray 2007), yet its ability to influence brands and benefit consumers has only recently begun to gain industry and academic attention (Goldsmith and Horowitz 2006). User-generated content can be considered somewhat niche, driven by long tail distribution (Anderson 2006, Daugherty et al. 2008), and is widely thought to be characterised by participatory inequality, where creation largely takes place among the few (Arthur 2006, Bannister 2006, Ochoa and Duval 2008). However, the number of consumers involved in generating content is rapidly increasing (Jaffe 2005), furthering the shift from a conventional publisher-centric media model to a more user-centric model (Daugherty et al. 2008). With the continued growth of online participation in content creation and sharing, consumers are exerting greater influence over products and brands (Jevons and Gabbott, 2000; Reigner 2007). Although the shift to a more user-centric model means there is growing interest in UGC from brand managers (Downing 2006), there is little academic work in the area, most of which is conceptual. This paper draws on previous research to develop a model of UGC and its impact on CBBE. The theoretical framework proposed is refined through qualitative interviews with experts and then tested through data from an online consumer survey.

Literature Review

User-Generated Content

Since UGC is an emerging field of study (Stockl et al. 2007), there is limited knowledge on the motivating factors of involvement in branded UGC. The OECD (2007) report defines UGC as content made publicly available over the internet, which reflects a certain amount of creative effort and is created outside professional routines and practices. Previous studies regarding user-generated content suggest consumers participate in content creation for a variety of reasons. Berthon, Pitt and Campbell (2008) conclude that consumers are driven to create their own ads for self-promotion, intrinsic enjoyment or to change public perceptions. Burmann and Arnhold (2008) cite a desire to collaborate,
information about other consumers, interaction and creativity as drivers of content creation. Krishnamurthy and Dou (2008) examine knowledge-sharing, advocacy, social connections and self-expression as psychological motivators of UGC involvement. Social drivers of UGC specified in the OECD report (2007) are the desire to express oneself and the development of communities and collaborative projects. Muniz and Schau’s (2007) work highlights that brand communities engage with UGC to fill a void left by conventional media, often giving brands a new identity. Although the literature suggests a number of drivers for UGC, it is important to note that no such person as an average UGC user exists (Ochoa and Duval 2008).

Our Conceptual Model

The overall objectives of the research are substantiated through our conceptual model shown in Figure 1. Considering previous works, this research proposes four constructs as the motivating factors of UGC involvement. Our model hypothesizes that i.) co-creation, empowerment, community and self-concept have a positive impact on UGC involvement, ii.) UGC involvement has an impact on consumer-based brand equity and iii.) and lastly a feedback loop is postulated allowing consumers perceptions of the brand to inform perceptions of co-creation, empowerment, community and self-concept.

Figure 1: The Impact of User-Generated Content on Consumer-Based Brand Equity

Co-Creation

Vargo and Lusch (2004) describe co-creation as the consumer’s participation in the production of value at all points in the value chain. Muniz and Schau (2007) suggest allowing access to the value creation process and giving consumers the tools and encouragement to create UGC, which may further the perception of co-creation. Co-
creation encompasses all situations where consumers collaborate with companies or other consumers to generate value such as through online content (Humphreys and Grayson 2008). The growing number of brand-related conversations taking place online and on other multimedia platforms demonstrates a consumer interest in collaboration and co-created dialogue (Jaffe 2005, Wipperfurth 2005). Prahalad (2000) argues that consumers are no longer satisfied with experiences fabricated by companies; they want to shape experiences themselves through co-created content such as UGC. The consumer’s desire to collaborate mentioned in the OECD report (2008) can be linked to the Prahalad and Ramaswamy’s (2002) contention that dialogue is a dimension of consumer perceived co-creation.

**H1: The stronger a consumer perceives that a brand is co-created, the higher his or her involvement with UGC for that brand**

**Empowerment**

It is well established that consumer empowerment is activated and advanced by marketing efforts designed to satisfy consumer needs and wants (Wright et al. 2006). Wathieu et al. (2002) suggest three core influences on the consumer’s subjective empowerment experience, the ability to specify and adjust the choice set; progress cues in the consumer decision making process; and information about other consumers. Pires et al. (2006) ascertain that consumer empowerment requires that consumers have authority in decision-making. UGC enables consumers to connect in new digital spheres (Harrison et al. 2006), making them feel powerful and able to define brands on their own (Christodoulides 2009; Li and Bernoff 2008). The perception of control is considered a central theme to the experience of empowerment (Wathieu et al. 2002) and is shown to have high correlations with responsibility and choice (Wortman 1975). It is recognised that consumers use internet and content creation as a means to exert control over brands (Downing 2006). UGC involvement empowers consumers with insights about other consumers (Burmann and Arnhold 2008) and a forum to request greater choice (OECD 2007).

**H2: The stronger a consumer perceives that a brand is empowering, the higher his or her involvement with UGC for that brand**

**Community**

Muniz and O’Guinn (2001) describe a brand community as a specialised community structured around a set of social relations among admirers of a brand. A perceived sense of community is characterised through homophily and membership, both of which lead to a sense of belonging, likeness to others and identification (McPherson et al. 2001, McMillan and Chavis 1986). It has been noted that the social web enables communities, and that these communities do not passively consume, but interact to co-create brand value (de Chernatony and Christodoulides 2004) through activities like generating branded content. McAlexander et al. (2002) suggest that those highly integrated into brand communities are emotionally invested in the brand, have higher loyalty and
identify strongly with the brand. Among user-generated content, the role and growth of social networking sites has been overwhelming (Gangaharbatla 2008). It is noteworthy that UGC production is mainly driven by a community of ‘digital natives’ – a group of young, digitally skilled users who grew up using the internet and Web 2.0 platforms (Burmann and Arhnold 2008). Community development and interaction are cited as social drivers of UGC by the OECD report (2007), Burmann and Arnold (2008), and Kirshnamurthy and Dou (2008).

H3: The stronger a consumer perceives that a brand facilitates a community, the higher his or her involvement with UGC for that brand

Self Concept

Self-concept is a multi-dimensional, dynamic structure with implications on all aspects of social interactions (Markus and Wurf 1987). The self is composed of multiple dimensions - most notably the personality traits known as the big five (Thurstone 1934). Oh et al. (2008) postulate that UGC websites provide opportunity for individuals to express themselves through sharing preferences with others. Sirgy (1982) theorises that brands can become vehicles for self-expression, an integral part of self-concept. The social quality of UGC can also set the stage for self-presentation and new identity creation, rewarding users with recognition from their community peers (Jacobs 2008). This identity-based component of UGC is interpreted by Daugherty et al. (2008) as a consumer means to express attitudes and behaviours, which are agreeable to others. A consumer’s self-concept affects how a brand’s personality is perceived and highly preferred brands are in part shaped by the preferred personality of the consumers (Phau and Lau 2001). Gray (2007) argues that UGC serves consumers as a means for communicating who they are from their perspective. Representing the self is a primary driving force in consumer preference and choice (Ahuvia 2005, Belk 1988, Giddens 1991, Sirgy 1982).

H4: The stronger a consumer perceives that a brand expresses his/her self-concept the higher his/her involvement with UGC for that brand.

In the model, involvement is conceptualised as “the degree of personal relevance which a stimulus [in this case brand-related UGC] is perceived to help achieve consequences and values of importance to the consumer” (Peter et al. 1999). UGC involvement is considered a form of product involvement because branded UGC can be viewed as consumption-related activity (Burmann and Arnhold 2008). Product involvement, otherwise known as enduring involvement is the most commonly researched area of involvement (Michaeldou 2008) and has three plausible antecedents, factors related to the characteristics of a person; factors related to the characteristics of a stimulus; factors related to characteristics of a situation (Zaichkowsky 1986, Bloch and Richins 1983). One or several of these factors could affect the level of involvement with the stimulus in relation to the product (Hupfer and Gardener 1971). Category involvement in UGC also reviewed (Reigner 2007) considering some product categories have low brand
involvement and perhaps do not yield the same level of involvement or influence suggested by the conceptual model. Even though consumer-based brand equity is a well-established area of research (Aaker 1991, Keller 1998, Yoo and Donthu 2001, Pappu et al. 2005), there is little empirical evidence regarding to what extent consumer brand perceptions are affected by users creating online content. Nevertheless, trade publications suggest that brands who build a legitimate presence in the realms of UGC can carve-out relationship-building opportunities with consumers (Gray 2007). The current market is an active forum in which self-aware consumers play a role in creating and competing for value (Prahalad 2000). Consumer opinion leaders and content creators can offer significant value to marketers and advertisers (Cheong and Morrison 2008), because opinion seeking may signal purchase intentions (Bellman, Lohse, and Johnson 1999; Fong and Burton 2006). Conversely, negative UGC can have harmful implications for building and sustaining a brand’s equity, an issue compounded by notion that consumers of UGC often consider it more credible than professional content (Cheong and Morrison 2008).

H5: The higher a consumer’s involvement with brand UGC, the stronger his/her consumer-based brand equity for that brand.

Based on previous research, it was deemed necessary to introduce a feedback loop to the model suggesting that consumer-based brand equity in turn influences perceptions of whether a brand facilitates co-creation, empowers consumers, fosters a community and conveys the desired self-concept. For example, a consumer’s affinity or loyalty to a brand motivates them to want to co-create (Boyle 2007) through means such as UGC. Additionally, brand associations inspire further online dialogue in value creation (Prahalad 2000). Higher levels of brand awareness and association can prompt perceptions of choice and progress cues (Hoyer and Brown 1990), which are dimensions empowerment. A brand community is often the result of brand loyalty, positive associations and a perception of high product quality (Muniz and O’Guinn 2001). Brand loyalty and personality can also contribute to a consumer’s self-concept and function as a means for self-expression (Aaker 1995, Phau and Lau 2001)

H6a: The higher the CBBE, the stronger a consumer perceives that a brand is co-created.
H6b: The higher the CBBE, the stronger a consumer perceives that a brand is empowering.
H6c: The higher the CBBE, consumer perceives that a brand facilitates a community.
H6d: The higher the CBBE, the higher the consumer perceives that a brand expresses his/her self-concept.

Methodology

Research Design

Qualitative interviews were used to revise the conceptual model before consumer testing with an online survey. The face-to-face, semi-structured interviews utilised a judgment
sample of five industry experts with a specific knowledge of UGC and an expertise in the areas of branding, marketing, and advertising. An online questionnaire was subsequently developed targeting consumers engaged in online content creation. For this reason it was chosen that the recruitment of respondents was conducted through direct messages on a variety of UGC platforms such as blogs, social networks, video-sharing and photo-sharing websites. Example brands were selected based on their global nature and their likelihood for UGC engagement. Hundreds of searches were undertaken to identify individual examples of UGC about those brands using a range of different UGC types in line with the OECD (2007) report. By providing participants with an example of their own brand UGC, the need for participant recall is reduced and filtering of participants is more closely monitored. The survey was open for 11 days, during which roughly 760 survey invitations were sent out and 374 responses were counted. Once the incomplete responses were eliminated, the data showed 201 usable questionnaires (26.5% response rate). When split by gender, the sample is comprised of 57.7% male and 42.3% female. The majority of the respondents are *digital natives*, falling in the age range of 18 to 29.

**Measures**

Respondents began the questionnaire by identifying the brand they last created UGC about. This was labeled ‘Brand X’ and operated as a constant in most measuring statements. The UGC perception constructs were measured using five point likert scales of strongly agree to strongly disagree. Co-creation was measured through five items adapted from Prahalad and Ramaswamy (2002) and Vargo and Lusch (2004). Empowerment items were adapted from Pires *et al.* (2006), Conger and Kanungo (1988) and Hoffman *et al.* (2000). Community was measured by four items from McMillian and Chavis (1986) and Muniz and O’Guinn (2001). The five items for self-concept were adapted from Markus and Wurf (1987). Involvement was measured using Zaichkowsky’s (1993) 10-point scale semantic differential scale for involvement. The eight items used in testing CBBE were adapted from Pappu *et al.* (2005) and aimed to measure brand awareness, brand associations, perceived quality and brand loyalty using five point likert scales.

**Analysis**

Reliability analysis was first performed for each construct of the conceptual model and Cronbach’s *α* were as follows: co-creation .74, empowerment .61, community .77, self-concept .82, involvement .88 and brand equity .92. Cronbach *α* for empowerment although below the optimum level of 0.7 (Nunnally 1978), it was still higher than 0.6 and satisfactory for further analysis (Bagozzi and Yi 1988). To test the postulated hypotheses multiple regression analysis was run on SPSS 16.0. The analysis (see table 1) shows that co-creation (b=.2, p<.001), community (b=.18, p<.005) and particularly self-concept (b=.45, p<.000) have a positive impact on involvement. Although in the hypothesised direction (positive) the coefficient from empowerment to UGC involvement is statistically insignificant (b=.05, p>.344). The beta value associated with H5 verifies that involvement (b=.45, p<.000) has a positive impact on brand equity. The beta values for CBBE impact on co-creation (b=.51, p<.000), empowerment (b=.26, p<.000), community
(b=.43, p<.000) and (b=.37, p<.000) all provided support for a positive and statistically significant impact.

Discussion

H1, H3, H4, H5, H6a, H6b, H6c and H6d were all supported by the data (p<.05), yet H2 was rejected (beta=.05, p>.344). It is concluded that three of the four consumer perceptions – co-creation, community, and self-concept – have a positive impact on UGC involvement, and overall UGC involvement has a positive impact on CBBE. Although the existing literature suggests a logical correlation between the parameters of empowerment and involvement in UGC, the results show that empowerment does not have a statistically significant influence on UGC involvement. This disparity suggests that UGC is usually not the result of brand marketing efforts and therefore usually does not activate or advance consumer empowerment. One explanation may be that consumers who engage in UGC are already empowered to create their own content regardless of the inclusion of a brand. It was also uncovered that the facets of CBBE – brand awareness, loyalty, associations and perceived quality – have a positive impact on the initial four perceptions of UGC. The findings also indicate self-concept as the most significant (beta=.46) of the UGC driving consumer perceptions tested.

The findings provide support that involvement with UGC has a significant impact on brand perceptions and that again a highly regarded brand is likely to have a positive effect on consumer perceptions of co-creation, self-concept, community and empowerment. This is a strong message for brand managers involved in UGC campaigns that indeed these campaigns may enhance their brand equity. At the same time, the findings suggest that a brand with stronger brand equity is likely to lead a more involving user generated campaign through enhanced perceptions of co-creation, community, empowerment and self-concept. Marketers looking to involve consumers in UGC campaigns should foster a culture of co-creation that is reinforced through dialogue and continual consumer participation in value chain activities. In addition, marketers should build a sense of community around their brand facilitating relationships not just between brand and consumers, but more importantly amongst consumers themselves through platforms such as social networks. Finally, marketers are advised to develop an image of their brand that is congruent with its target audience’s desired self. The results of this research suggest that consumers are more involved with UGC pertaining to brands that help them define who they are.

This research project set out to determine the impact of involvement in user-generated content on consumer-based brand equity. Through the use of a conceptual model, the relationships between four initial consumer perceptions representing UGC, the involvement and CBBE were critically analysed. Armed with the insights from these research results, brand managers can utilise UGC to build CBBE through interactive strategy to improve brand positioning according to consumer wants and needs. For example, a marketing strategy encouraging self-expression through UGC and is related to a strong brand association would be a useful application of these research results.
Practitioners may drop very subtle reminders that consumers are in control of UGC-brand activities and focus more heavily on creating a strong sense of shared community that consumers identify with by championing branded UGC. The increase in CBBE caused by UGC involvement means consumers are more likely to consider a brand as part of their evoked set for purchase. Further study could include a more in depth look at the specific effects of UGC on brand loyalty and brand associations, since these measures of CBBE were prominent findings of the qualitative research. Research testing CBBE during the implementation of a UGC-led marketing communications campaign could also provide useful conclusions.
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Table 1: Regression Analysis Output

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<th>St. beta coefficient</th>
<th>t-value</th>
<th>p-value</th>
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<td>H2: Empowerment → Involvement</td>
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<td>.344</td>
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