Online consumer generated content it’s for real!
the rise of social influence marketing

Nuno Teixeira
Hélia Gonçalves Pereira
Pedro Dionísio
Instituto Universitário de Lisboa (ISCTE-IUL), BRU-IUL
Marketing, Operations and Strategy Department, Lisbon, Portugal

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Abstract:
The term consumer generated marketing arose with the massification of social media usage. The online world has countless possibilities and, commercially, there is growing awareness among both customers and companies of the promise and challenge of this new environment.

The main advantage of the internet for customers is that it is a new way of searching for information about products and services, and also of making comparisons and purchases easily and quickly. For companies, the commercial advantages are that it allows structural costs to be cut, a wider audience can be reached and it simplifies transactions, amongst other.

However, consumers and brands nowadays are well aware of the immense power of these digital tools as a source of expression and a way of sharing customer experiences; indeed, this informal word of mouth is becoming increasingly important as a communication tool based on social influence.

This paper strives to link these two concepts – consumer generated marketing and social influence marketing – by discussing how brands should adapt and benefit from it taking into account new business opportunities.

1. From the download internet to the sharing internet

Internet usage towards the end of its golden years in the 1990s, before the “.com” bubble burst, and at the turn of the century is very different from that of 2012. The Internet has revolutionized the way we communicate and relate with each other. E-commerce has emerged as a natural consequence of a new and exciting reality where accessing everything is just a click away. From products to services, or even ideas, all kinds of things (be they physical or virtual) can now be exchanged / acquired online. This online world is totally different from the “real world” and its specific characteristics, opportunities and challenges represent an interesting but complex object of study.

1.1. The download internet and the primacy of brands

After being used largely for emailing, internet use in the late 1990s was characterized by a massified consumer access to the websites of media companies and to diverse brands with institutional or sales websites. Consumers went online to gather information and, in some cases, to buy products and services – it was in this period that the Amazon boom took place.

At this time, brands built their websites in the knowledge that they were responding to a new information paradigm – they had to be accessible so that every consumer could find whatever information he/she wanted at any time and in any place. However, there was there little interactivity with consumers and, more importantly, companies were not exposed to the easy contact between the consumers commenting on their brands.

It was a time when brands still dominated the relationship with the consumers and, the unidirectional communication of traditional advertising still prevailed.
But Internet is no longer just a new technology but in recent years it has become a routine channel for information, communication, and shopping (Brashear et al., 2009). This new means of communication and transaction has introduced significant changes in our daily lives, creating new opportunities and challenges in a world that is in constant and rapid changing. The online world has endless possibilities, and commercially, both customers and companies are becoming increasingly aware of this new promising and challenging world. Customers benefit from the Internet mainly to search for information on products and services, compare them and as an easy and timely means of purchasing. For companies, e-Commerce allows cuts to be made in structure costs, a wider audience to be reached and easier transactions.

1.2. The sharing internet and the primacy of consumers

In the Web 2.0 and its set of platforms, the contents are no longer just placed by companies but by consumers. The impact of this new phase of the internet could not have been predicted; the riots of the Arab Spring in 2011 in which many of the demonstrations and protests were summoned through social networks, notably Twitter, are an example of this. This enormous change in consumers’ control of information and their willingness to get involved and participate, as clearly demonstrated in the proliferation of consumer movements, has led to some brands involving consumers, particularly the young, and calling on them to participate in consumer generated marketing.

2. The conversion of digital immigrants to online consumer generated content

Young people were the first to join social networks because, as digital natives, the electronic environment was completely natural to them; they had grown up in it and social networks were a way of satisfying their desire to share with other young people, known or unknown, regardless of physical distance, enabling them to be connected at all times. In fact it, it was only 2 to 3 years after young people started using social networks that it also became widespread among the so-called digital immigrants i.e. people who had not grown up or been educated in the digital medium but had to adapt to it as adults. The low cost of video production tools allowed simple consumers to become videos producers, some of which have gone viral thanks to their quality and relevance.

This adherence by the digital immigrants to social networks and online consumer generated content has forced companies to recognize that it was not simply a trendy phenomenon, or just for young people and they are now rethinking their marketing strategy to integrate social networks.

3. The need for blended marketing for companies

While the digital world came naturally to digital natives, digital immigrants were required to make some effort to adapt. Although everyone continues to have their life in the physical space, a new digital dimension has been added that is used to search for information, for entertainment purposes e.g. e games, and sometimes also for shopping.

But in fact, there are some disadvantages to the online world vis-à-vis the offline world; the lack of social presence and insecurity is an example of this as it makes people feel apprehensive about online shopping and companies are therefore in a constant frenzy to understand how to get round the problem (Pereira et al., 2012). What companies with an online presence want to understand above all is what makes an individual shop online or not, and also why one online shop is chosen over another.

But this is not always easy as consumer behavior and online consumer behavior in particular is not stable or linear, changing according to many variables. In this context, appealing sites – with mash up maps, web cams and video content -can and will play an important role in going where the customer is, as opposed to waiting for the customer to look for the information as in traditional paradigms.
For companies, the digital component was often created outside of the marketing department and, even today, many organizations have failed to match the supply of products and services, pricing, and communication in the digital medium with that of the physical. Companies’ strategies for the physical and digital mediums must be blended and integrated because consumers have always blended the two and they have obviously noticed the discrepancy between the companies’ approaches.

In fact, a blended offer is essential in the decision process for longer decision processes in particular because the consumer frequently has a ROPO (Research Online Purchase Offline) performance and sometimes the reverse when the online price is better.

This gathering of information is needed to reduce cognitive dissonance and uncertainty so that a decision can be made that is seen as reasonable. The consumer uses internal information that is the result of previously acquired knowledge and experiences and external information (Solomon, 2009). To understand the differences in the purchasing process resulting from the nature of the product type, Nelson (1974) classifies products as having "search" or "experience" qualities. The search qualities can be determined by checking or evaluating the product prior to purchase, while experience qualities can only be confirmed after purchase and use.

Nelson therefore concludes that experiential products are more difficult to evaluate prior to purchase and that consumers rely more on recommendations. They tend to seek more information before taking a decision on these products. King and Balasubramanian (1944) and by Senecal and Nantel (2004) underlined this – the latter specifically in relation to the computer mediated environment.

Previous studies have proven that the social side of shopping is related to positive emotions (Jones, 1999; McGrath and Otnes, 1995) that result in positive outcomes (Hassanein and Head, 2007). Developing that side of the online shopping experience has been a concern for online vendors and several studies have been conducted to find how social presence can be induced in online sites (e.g. Wang and Emurian, 2005; Hassanein and Head, 2007; Cyr et al, 2007).

Other dimensions besides sociability contribute to the consumers’ online shopping experience. According to Wang and Emurian (2005), both utilitarian (efficiency, timely and without irritation (Childers et al, 2001)) and hedonic (fun, playfulness and entertainment) benefits have a positive influence on the online buying experience and Web site patronage. It has been proven that hedonic benefits have a stronger impact on female customers, who give more value to the emotional side of shopping (Wang and Emurian, 2005; Cyr et al, 2007).

According to Kotha, Rajgopal, and Venkatachalam (2004), one way or another, investments in the provision of an online buying experience represent a viable long-term competitive advantage since the shopping experience leads to consumer responses such as satisfaction and purchase behavior (Fiore and Kim, 2007).

4. Marketing in social networks

Given the increasing use of the internet in almost every aspect of human relations, consumers’ use of social networks will expose them to comments and inputs from other consumers through websites, blogs, forums, chat, and emails (Henning-Thurau et al, 2004).

Over 50% of internet users in Europe are linked to brands and this channel is impacting the consumers’ decision process. For example, 70% of travelers are active members of a social network, two thirds of whom are Facebookers. Video Contents are now responsible for 60% of online traffic and a number of studies claim this figure will rise to 98% just in the next two years. According to Universal Mc Cann (2012), a distinctive characteristic of social networking is that it incorporates functions from different platforms, such as video as photos, blogging and mobile, and is an important source for consumers to share all types of content and adopt it as a personal expression platform.
Backstrom et al. (2006) analyzed the formation of groups in large social networks and concluded that the initial growth is fueled by early adopters who transfer their offline contact networks to online. They also concluded that individuals are more likely to join up if their friends are already there and if there is a prior relationship, i.e. the logic of movement en masse and social influence— the need to be where others are.

Since the emergence of social networking, companies have started using these networks as a marketing tool. Indeed, this was essential as a means of survival given that the overwhelming majority of cases used business models in which the consumer does not pay to join.

4.1. The traditional marketing tactics in social networks

The most intrusive traditional marketing tactics, such as advertising, were the first to arrive in social networks. The different shaped displays are common and their advantage over the website for advertisers is that the ads can be targeted to a specific audience in social networks, in line with the information that the actual consumer gave when signing up for the network.

Along with advertising, other forms of marketing communication that companies were accustomed to using in the physical space and traditional sites, such as sponsorship and public continue to be used.

4.2. Specific Digital Marketing tactics

Initially companies’ internet presence was made through institutional sites that usually had little interactivity. Nowadays, companies are taking a similar approach more similar to that of consumers with blogs and brand pages on Facebook. Digital marketing has also developed its own tactics that they acquire great importance depending on the product category:

- Search engine marketing, with emphasis on Google ads, in categories that the consumer does not have a strong preference for a brand and when searching for pricing options, e.g. hotels;
- The website affiliation programs, when the purchase is made online and the online seller is trying to attract new potential clients – this was the strategy followed by Amazon.

Given the large volume of online communication, to be effective it must be increasingly less intrusive and able to engage the consumer.

4.3. Brand communities

Social networks are an excellent means of contact and socialization on a topic that a group of people loves, regardless of their physical proximity. Kozinets et al. (2010) claim that social networks are communities and a space for sharing recommendations; they found that word of mouth in the community does not just increase or amplify the brand messages, but these messages and their meanings are systematically altered as they are incorporated in the community’s conversations, thus changing the very process of building associations and brand equity.

As a result, it comes as no surprise that the development of brand communities is often supported by the brands, as is the case of Harley Davidson and Vespa in motorcycles, Apple in computers, the Lomo in cameras, Bimby in kitchen machines or even Nutela in chocolates. The consumer reviews on the Internet are a powerful source of recommendation and Goldenberg, Libai and Muller, (2001) demonstrated that the process of consumer decision making is strongly influenced by e-wom.

Word-of-mouth (WOM) is probably the oldest means of sharing experiences and opinions about products and services, and it is usually described as an informal and independent exchange of information between individuals (Goyette et. al, 2010). Today, with all the communication possibilities created by the Internet, consumers only need to interact with their computers in order to share their products reviews online (Sen and Lerman, 2007). With the proliferation of online opinion forums, e-mail referrals and customers’ reviews encouraged by online stores, sharing information
about buying experiences has never been easier (Bruyin and Lilien, 2008).

Typically, e-WOM comes in the form of a product or service review, recommending or discouraging others to buy the product/service by setting out arguments in favor of or against the product (Sen and Lerman, 2007). Given its wider reach, electronic word of mouth (e-WOM) has an even greater power than traditional WOM (Goyette et. al, 2010). A study conducted in 2007 that compared the influence of online reviews for two types of product, utilitarian products, (e.g. dishwashers and other consumer durables) VS hedonic products (e.g. Music, concerts and movies), concluded that readers were more likely to consider using consumers’ reviews for utilitarian products in their decision-making. Moreover, when taking into consideration online reviews for utilitarian products, readers not only pay more attention to negative reviews but also trust them more (Sen and Lerman, 2007).

Despite the difficulty in controlling e-WOM, online retailers must take the great power of this element into consideration. Nowadays, it is not only easier for consumers to post their reviews of products online, but they are also protected by the anonymity of the Internet tools (Unsal, 2009); this fosters honest reviews that may not always be good for the company. In order to control as well as take advantage of the impact of e-WOM, managers must continuously monitor the Internet for word-of-mouth activities about their companies and use it as a tool in promoting products and services (Unsal, 2009). The importance of social networks is growing as they are a privileged space to place and access relevant information, in which "friends" serve as mediators and collaborative filters of the content that they should pay attention to. Consumers’ enthusiasm can be so strong that their passion turns them into fans and we can talk about tribal marketing.

The brand communities that may have been created or supported by the brands might be at some risk from a brandjacking phenomenon in which their fans take over the brand; this constitutes a real countervailing power in relation to the marketing initiatives of brand’s owners.

5. The mobile explosion

We follow the recent mobile internet explosion with smartphones; over 50% of consumers used mobile internet in the USA in 2017, and Europe is expected to follow suit. In 2017, sales of smartphones in the US rose by 87%, compared with a 3% increase in PCs (Futures Global Foresight (Computer Weekly, 2017)); this is creating a new trend that is helping to boost e-commerce: mobility. In fact, according to the same study, 10% of online buyers use their cellphones to search for the best prices online. This trend is particularly marked in travel products and services where 69% of corporate tourism books their flights using smartphones (New Media Trend Watch, 2017).

Georeferenciación, another consequence of mobility, is also assuming a leading role in the recommendation of products and services in terms of costumers’ geographic location, mainly using smartphones. According to JiWire (2011), 53% of Americans are willing to provide their location if in turn they are informed of the best prices available. The proliferation of new tourism applications for mobile devices, such as TripAdvisor, Ultimate Experiences form Lonely Planet, or 3rd Planet, proves that this is a fast growing trend.

The consumer can be online 24 hours a day without losing mobility; this not only implies that businesses must be ready with a quick response but also that consumers are always in contact each other and can quickly spread their opinions about brand activity. From the consumer perspective, this new paradigm will help reduce the gap between personal and professional spheres and also lead to young people being more dependent on being constantly online. From the company perspective, it opens up new opportunities since the mobile phone is associated with geolocation and allows customers to be attracted to retail and catering offers and other local relevant content that is perhaps even filtered and commented on by friends and acquaintances.
6. Questions of privacy and ethics

According to Christiansen (2011), online consumer generated content can be developed in a non-intrusive way like Amazon with the sharing of product reviews; however, there are also examples of invasive practices like “flash cookies” that reinstate themselves even if a computer user has deleted the cookie file (Vega, 2010) or the digital-device finger-printing which tracks online activities to build profiles (Angwin & Stecklow, 2010). Christiansen (2011) claims these practices can have serious consequences in a person’s life, e.g. hiring or firing decisions, pricing and assessing risks by insurance companies, political pressures or the facilitating of all types of criminal attack.

As online marketing is vital to support internet activities, consumers must be protected so as to avoid the implementation of excessively restrictive regulations. The marketing industry must be able to proactively self-regulate and legislation ought to prohibit some more invasive practices like selling names and profiles without user permission.

7. New business opportunities

Gartner, a company specialized in technological studies, states that the future will be based on social networks which will increase their capabilities in terms of e-mail services and develop characteristics that promote intercommunication. As a result the e-mail will cease to be the primary means of communication by 2019. Content development by consumers in social networks brings new opportunities for companies in both communication and sales. There is a trend towards the emergence of a vast fabric of multinational micro entrepreneurs underpinned by social networking, mobile technology and open-source and co-creation. According to Universal McCann (2017), a distinctive feature of social networks is that they incorporate features from various platforms such as sharing videos and photos, blogging and mobile features, which means that they will increasingly be adopted by users to share all kinds of content and as a platform for personal expression.

Virtual meetings (video calls, video conferences and other events) doubled from 2008 to 2009 and it is estimated that the industry’s income will reach USD 18.6 billion by 2015. In light of this, emphasis should be given to storytelling in which consumers participates in the development of their own story, the SOLOMO - Social, Local and Mobile with contextually relevant communication, and even the rise of the experience associated with entertainment and games.

Ultimately, if Facebook is “the mapping of real relations for a digital world”, then the future may involve the joint mapping of network relationships and those of real people, their interactions, their lives. It would be like replicating the real world in a virtual world, opening up possibilities like our avatar working in our company in the virtual world with our colleagues’ avatars, all from anywhere with a mobile device and, for now, just a tap or click away (Brown, 2011). This underlines the trend and/or need of qualified resources in social networks and virtual worlds such as the growth of productivity and competitive advantages.

In fact, despite all the hype in social media, there are still many doubts about the ability of this “world” to fulfill all its promises. However, a signal of the growing importance of this channel is that 100% of the companies in the Top 100 advertisers in Advertising Age already have their own Facebook pages (Lipsman et al., 2012).

At the same time, Gartner also anticipates the growing importance of this medium by forecasting that the impact of social media in business is likely to be the same as that of the internet when it first appeared (Rozwell, 2011). He argues that all companies that do not use this strategy will be left behind Austin et al., 2012) because social media not only have a strong impact in brand communication but also in sales and customer support; moreover, they can also be used for research and development and recruitment, leveraging competitive advantages. Gartner’s forecasts indicate that the 20% of companies that are best able to use social media as a marketing tool by 2015 will be more profitable and leaders in their industries (Rozwell, 2011).

Moreover, security issues are increasingly a major concern for consumers; this can lead to greater resistance to linking and interacting with brands and giving personal data. As with other
online media, mechanisms to control spam and unwanted messages will steadily increase. Brands will have to reinforce trust and transparency if they are to overcome this issue.

Along with the growing number of companies and brands online, we can also expect a rise in the number of users; this will lead to an intensification of the links, which will make the networks richer in terms of information and, thus, more difficult to manage. In sales, this could be a good opportunity to take advantage of social commerce, leveraging the recommendation and purchase from known consumers and therefore increasing the likelihood of purchase by potential customers. Furthermore social networks can be used as new online stores as they are the websites where people spend most of their time. Given this context brands will have to develop their ability to socialize and differentiate so as to guarantee the success of this medium, and they must take a strategic approach to this (Ray, Muhanna and Barney, 2005).

Despite the challenges, Forrester predicts that social media will become increasingly central in all marketing strategies. This is a valid idea especially for more progressive and more mature companies in this medium (Ray, Muhanna and Barney 2005).

Bibliography


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