



**Interactive  
Advertising  
Bureau**

IAB Platform Status Report:

# **User Generated Content, Social Media, and Advertising — An Overview**

April 2008



*A series of papers that will lead the way to a vigorous  
and healthy industry with commonly adopted terminology,  
practices and standards.*

## Contents

<b>Executive Summary</b>	<b>1</b>
<b>What is User Generated Content?</b>	<b>1</b>
History	1
Today Review Sites	1
Blogs	4
Wikis	5
UGC & Online Advertising Networks	5
<b>What is Social Media?</b>	<b>5</b>
Social Media Platforms	5
Social Networks	6
Content Sharing	6
Widgets	7
<b>Impact on the Advertising Landscape</b>	<b>7</b>
Comparisons to other forms of advertising	7
<b>Trends in UGC Advertising</b>	<b>8</b>
“Overlay” Video Ads	8
Conversation Targeting	8
Custom Communities	8
Dedicated Channels	9
Brand Profile Page	9
Branding Wrappers	10
Widgets	10
<b>Challenges and Opportunities</b>	<b>12</b>
Empowering Marketers to Shape the Discussion	12
Identifying Rewards versus Risks	12
Experimentation	13
<b>Who is the IAB UGC &amp; Social Media Committee?</b>	<b>14</b>

## Executive Summary

In 2008, if you're not on a social networking site, you're not on the Internet. It's as true for advertisers as it is for consumers. Social networking is the ultimate manifestation of user generated content, and as such, holds more potential for growth than any other form of content on the Web today.

User Generated Content (UGC) and Social Networks are transforming the media ecosystem. Gone are the days when power rested in the hands of a few content creators and media distributors. Gone are the days when marketers controlled the communication and path between advertisement and consumer. Today's model is collaborative, collective, customized and shared. It's a world in which the consumer is the creator, consumer and distributor of content. Today there are over a billion content creators and hundreds of millions of distributors. The proliferation of quality, affordable technology and the popularity of social networks and UGC sites have forever changed the media landscape.

Yet fears and unanswered questions keep brands and agencies from taking full advantage of this dynamic, prosperous new environment. This paper will set out to alleviate as many of those fears, and answer as many of those questions, as possible. First, we will explore the development and examples of UGC, then move on to explain the various social media models available today and how some brands have explored these unique consumer experiences.

## What is User Generated Content?

User Generated Content (UGC), also known as consumer-generated media (CGM), refers to any material created and uploaded to the Internet by non-media professionals, whether it's a comment left on Amazon.com, a professional-quality video uploaded to YouTube, or a student's profile on Facebook. UGC has been around in one form or another since the earliest days of the Internet itself. But in the past five years, thanks to the growing availability of high-speed Internet access and search technology, it has become one of the dominant forms of global media. It is currently one of the fastest growing forms of content on the Internet. UGC is fundamentally altering how audiences interact with the Internet, and how advertisers reach those audiences. In 2006, UGC sites attracted 69 million users in the United States alone, and in 2007 generated \$1 billion in advertising revenue. By 2011, UGC sites are projected to attract 101 million users in the U.S. and earn \$4.3 billion in ad revenue<sup>1</sup>. Still, obstacles remain that prevent advertisers from taking advantage of this dynamic new medium.

## History

### Early Forms of UGC

UGC has been a staple of the peer-to-peer experience since the dawn of the digital age. The earliest forms arrived in 1980 with Usenet, a global discussion network that allowed users to share comments and experiences of a given topic. Early versions of Prodigy, a computer network launched in 1988, also facilitated user discussions and comments, as did early versions of AOL.

The late 1990s saw the rise of "ratings sites," which allowed users to rate subjects based on any number of criteria, from physical appearance (ratemyface.com and hotornot.com) to professional competence (ratemyprofessors.com). These spread quickly across the Internet, and brought with them controversy over the impact they could have on the lives of private people often unwittingly exposed to public scrutiny. Such controversies have increased as UGC sites have become more common and influential.

Another early form of UGC are forums; areas within content websites that allow readers to communicate with each other around topics related to the content. Even in this era dominated by social media sites, forums continue to be robust, controlled areas of user content. For example, CondeNet sites incorporated forums as early as 1995, and they are still excellent areas for marketers to research opinions and general trends.

## Today Review Sites

One of the more relevant types of UGC sites for consumer brands is review sites, where consumers share their brand experiences in order to help others make more informed purchasing decisions. Most of these

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1 EMarketer, "User Generated Content: Will Web 2.0 Pay its Way?" June 2007

sites are grouped by category, such as electronics, automotive and tourism, to name a few. They are generally well moderated and can be very brand friendly to the company that respects their culture and is willing to participate.

In October 2007, a Nielsen study found that consumer recommendations are the most trusted form of advertising around the world. Over three-quarters of respondents from 47 markets across the world rated recommendations from consumers as a trusted form of advertising. Compare that to 63% for newspapers, 56% for TV and magazines, and 34% for search engine ads<sup>2</sup>. Review sites are frequently where consumers go to find those recommendations, making them an important place for marketers to have a voice.

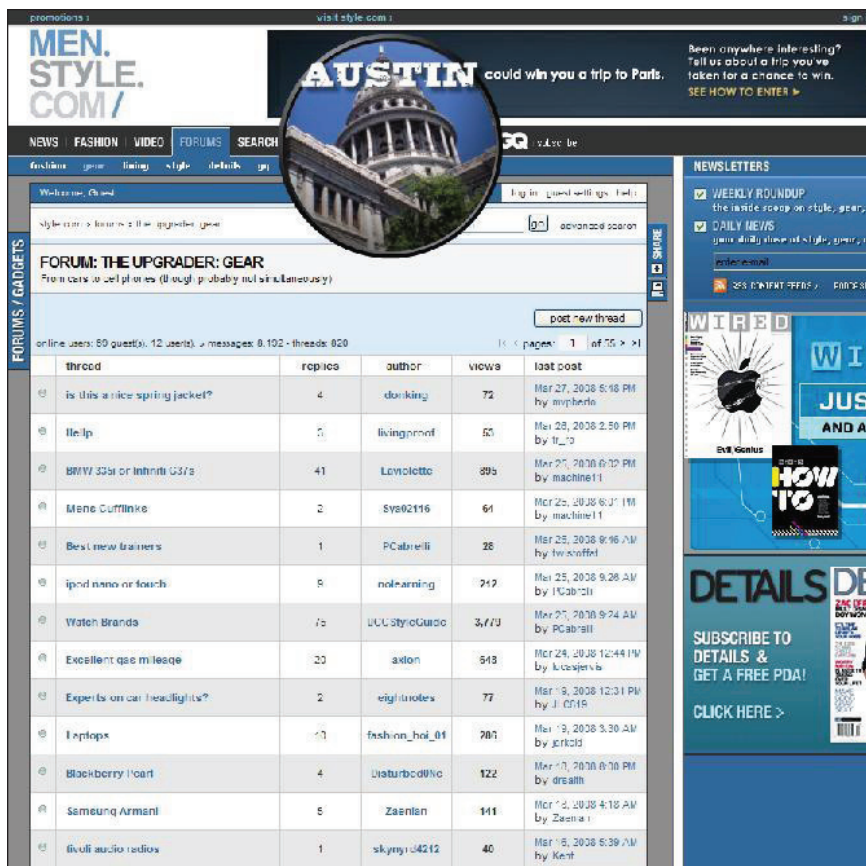


Figure 1 - Example of a Review Site: men.style.com

Following are some examples of prominent review sites:

**CNet**

Founded in 1993, CNet is a Web site designed to help consumers make more informed electronics purchasing decision. Its editors provide their own reviews and post videos that aim to “demystify” everything from cell phones to digital cameras to DVD players. Alongside that professional content, however, are user reviews. Users are asked to rate products on a scale of 1-10, and are also invited to compose their own reviews, which are compiled into a separate section. The average user ratings are compiled by the site and displayed on a product’s front page.

As the Christmas shopping season got under way in November 2007, CNet ranked as the 15th most visited site on the Web, according to comScore Media Metrix, suggesting that huge numbers of consumers are consulting peer reviews before making major electronics or technology purchases.

**Edmunds.com**

Edmunds follows a similar model as CNet, but for automobiles. The editors of Edmunds post their own auto reviews, as well as pictures and specifications (see Fig 2). Meanwhile, a separate link takes readers to its “community areas,” where users share their automotive ownership and purchasing experiences. Edmunds has maintained this online community since 1996, and it is moderated. All content posted to the site is reviewed by Edmunds’ staff within 24 hours, and offending material is immediately removed.

According to a 2007 CapGemini study, 29% of Web surfers use consumer-to-consumer (C2C) sites such as Edmunds, blogs or Internet discussion groups when researching information during the vehicle shopping process, up from 21% in 2006<sup>3</sup>.

2 The Nielsen Company, “Online Global Consumer Study,” October 2007

3 Cap Gemini, “Cars Online 07/08: Understanding Consumer Car Buying Trends,” October 2007

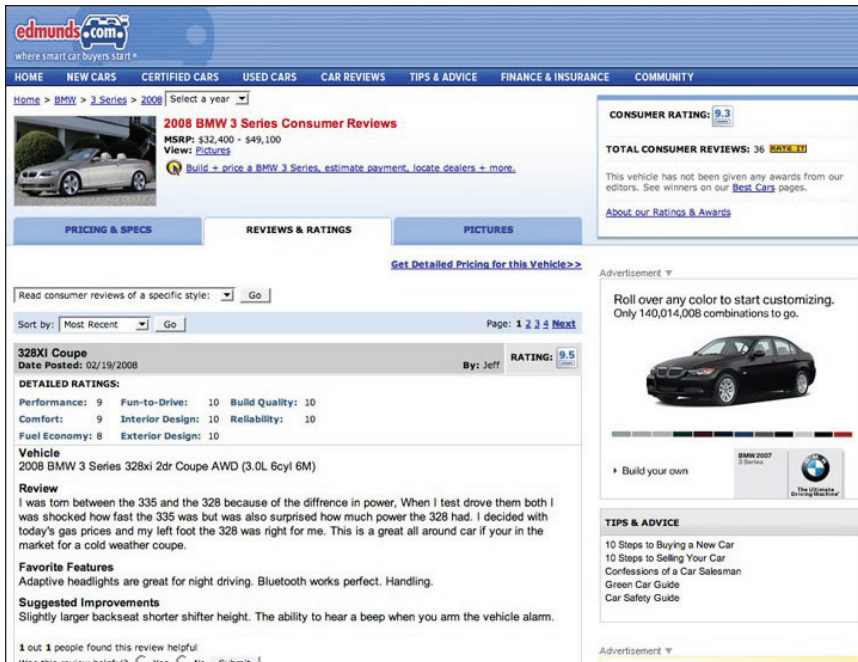


Figure 2

Both sites represent attractive advertising opportunities for obvious reasons: consumers are there because they are in the market for a particular product, and they are interested in learning more. However, the free-flowing opinions provided by members of the general public—who are as likely to dislike any given product as they are to praise it—can be intimidating. This is why it's important to understand that most reviews sites don't allow anyone to submit content without agreeing to certain standards or "user agreements." A typical user agreement includes a promise to post no defamation, profanity, threats, or

illegal or inappropriate content. Users are told that they are legally responsible for whatever content they post, and are warned to behave accordingly.

It is also important to know that review sites like CNet.com and Edmunds.com do not rely on the honor system. Both sites include moderators who review uploaded content, either before it is posted or within 24 hours, and immediately remove anything that can be construed as a violation of the user agreement. Other users are also given the opportunity to easily submit complaints about others' comments that they feel may be out of line.

According to an Edmunds executive, less than 1/10 of 1 percent of all user comments are deleted, and only a small percentage of those are for profane or derogatory language (most are the result of salespeople posing as customers).

So while review sites by nature foster an honest, consumer-led discussion about product and service experiences, they are not the "wild, wild West". While advertisers cannot be guaranteed they won't be advertising alongside a negative comment about their brand, they can reasonably assume their ad will not sit next to profane or defamatory content.

**Epicurious.com**

According to a CondeNet executive, of the almost 100,000 recipes in Epicurious.com's database, 92% have ratings and/or comments. In addition to these reviews, over half of the recipes in the Epicurious database are

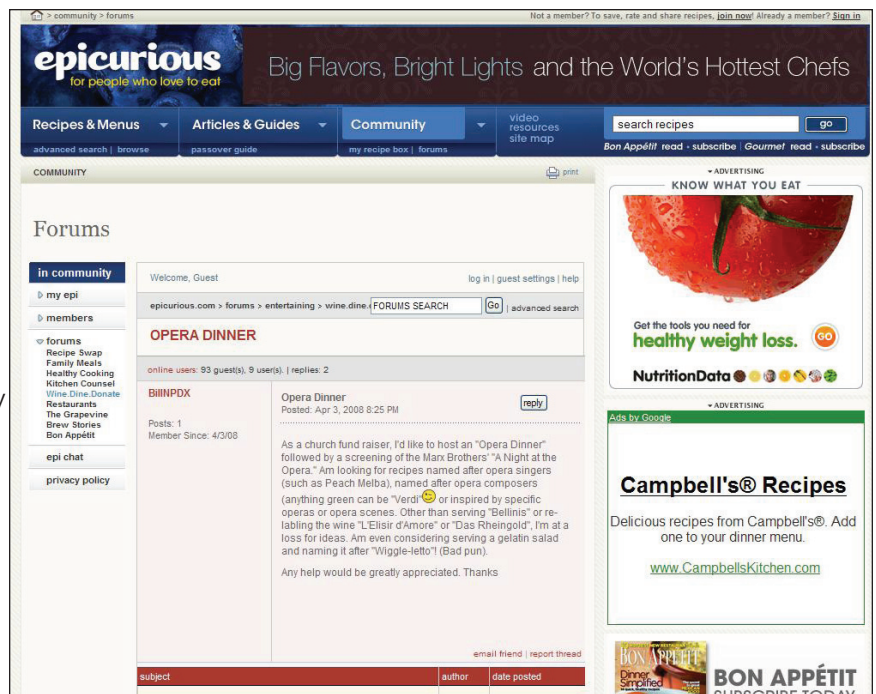


Figure 3

user submitted—a fine example of user generated content where questionable content isn't a consideration (see Fig 3). This passionate group of foodies can now connect with each other via a section of the site called My Epi; a place for chocolate-lovers, for example, to unite, share recipes, ingredients and ideas. Self-formed communities such as this provide advertisers with unique targeting opportunities providing natural relevance.

## Blogs

The advent of blogs was considered a tipping point for UGC. It was the moment when UGC went from a small but significant component of the Internet experience to a predominant source of entertainment, information, and debate.

Although blogs had been around in one form or another since the mid 1990s, it was the 1998 launch of Open Diary that turned them into a UGC phenomenon. Open Diary was one of the first providers of blogging software, and the first to facilitate user comments. Allowing readers to reply to blog entries allowed for the kind of freewheeling interaction that is today the hallmark of blogging and UGC in general.

Blog is short for Weblog, a term that denotes a personal diary or journal maintained on the Web. In its purest form, a blog is just that, a personal journal maintained by an individual, updated frequently, and viewable by anyone on the Internet. The entries generally appear in reverse chronological order, meaning the most recent is at the top of the page and others can be found by scrolling down, with archived entries available through links at the bottom or sides of the page. Blogs have always spanned a wide range of content. Some consist of little more than weekly updates about one's pets, while others become hotbeds of political discussion, even influencing debate on a national scale.

But as "pure" blogs gained popularity, media companies and corporations began to appropriate their style and themes. Publications like The New York Times and Newsweek launched blogs on which their reporters shared casual observations. Soon even CEOs of major corporations were blogging, usually as a form of public relations.

As of December 2006, 19% of the fastest-growing private companies in the U.S. reported use of blogging as a form of communication<sup>4</sup>.

Today, some of the most popular blogs are maintained by corporations that make a profit through advertising. Perhaps the best example is Gawker, a network of blogs that include some of the Web's most popular sites. Its namesake, Gawker.com, is a running commentary on New York media, celebrities, and culture, written in an acerbic, often profane tone, that's become a must-read for New York media professionals. The Gawker network also boasts Deadspin (sports), Consumerist (packaged goods), Wonkette (politics), and Fleshbot (adult industry).

While it is sometimes argued that sites like Gawker.com, or the Huffington Post are not true UGC because they use salaried contributors or take submissions from media professionals, they do retain one hallmark of blogs that mark them as a major UGC platform: user comments. Because users are invited to leave remarks below each post, they foster freewheeling conversations that frequently take on a life of their own. These conversations become a permanent addendum of the original posts, and are often as much of the entertainment as the post itself (some sites, like Gawker, allow comment by invite only in an effort to ensure a higher level of discourse). While these comments are usually moderated, and slanderous or overly profane material can be edited out, most of the more popular blogs are hesitant to use that authority.

A 2007 study found that 38.4% of Internet users believe that expressing personal opinions is the key element in separating blogs from other online media. Other factors include: writing style (28.2%), editorial freedom (26.3%) and layout (25.8%). That same study found that 30.8% of blog readers read more than three blogs regularly – and of the blogs they read most often, 68.3% of respondents said they read them daily<sup>5</sup>.

4 EMarketer, "User Generated Content: Will Web 2.0 Pay its Way?" June 2007

5 Vizu Answers/Advertising Age "Blog Readership Report." March 2007

## Wikis

In its most basic sense, a Wiki is collaboration, a Web site built through the contributions of many individuals. Though not all wikis are open to everyone—indeed, many require some kind of membership or qualification to contribute—they are in many ways the most democratic manifestation of UGC. These individuals may never meet, or live in the same country, or even communicate, but the principle behind wikis is simple: All the world's expertise, knowledge, and creativity can be harnessed through Internet collaboration.

The most instructive and well-known example of a wiki is Wikipedia, the free online, publicly editable encyclopedia. Launched in 2001, it has quickly become one of the most prominent—even trusted—reference sites on the Web. As of December 2007, it boasted more than 2 million articles in 253 languages, making it the largest encyclopedia ever. Nearly every article on Wikipedia is publicly editable, and changes appear immediately, though only registered users can create new articles. For the most part, accuracy and “neutrality,” a key principle behind Wikipedia, are enforced by the community. There is, however, a hierarchy of volunteer editors, who, at the top levels, have the authority to delete content and lock articles.

## UGC & Online Advertising Networks

Online media consumption is increasingly dispersed across a variety of web sites. One result is the movement of some online advertising dollars to an increasing number of vertical sites. For example, Avenue A/Razorfish's 2007 spend was distributed across 1,832 websites—more than double the 863 properties on which the agency purchased media in 2006<sup>6</sup>. User-generated content sites—predominantly blogs and “owned and operated” sites—play an important role in niche ad networks such as Glam Media, iVillage's Sugar Network, and MarthaStewart's Lifestyle Network. Social networking sites and user-generated content destinations have great potential for a network's demographic, behavioral, or psychographic targeting, providing the quality audience reach that advertisers demand and allowing for a greater degree of inventory monetization.

As AvenueA/Razorfish's 2008 Digital Outlook Report states, “One related area to watch closely is the growth of vertical ad networks. Martha Stewart Living's lifestyle network and Forbes' Audience Network are two recent examples of strong brands extending their reach by building out ad networks. It is a reasonable extension for brands and helps the smaller sites and blogs within a vertical network gain needed exposure with large advertisers. Look for more vertical ad networks in the year ahead

## What is Social Media?

The promise of UGC is now being hyper-realized with social media. Sites like MySpace, Facebook, and YouTube represent the convergence of user commentary with video, photos, and music sharing, all presented in a simple, user-friendly format, allowing participation on a mass scale.

According to an April 2007, iProspect/Jupiter Research study, the most frequently visited social networking sites are visited by approximately one out of every four Internet users at least once a month.<sup>7</sup>

## Social Media Platforms

Facebook pushed the door open wider to User Generated Content when it launched its application platform on May 24, 2007. Facebook's platform is an API that developers can use to create widgets that can easily be distributed on Facebook. To encourage take-up, Facebook's platform strategy allows developers to keep the revenue they generate through traffic to their applications. Almost a year later, there are nearly 20,000 applications available on Facebook, most created by thousands of 3rd party developers.

Developers include individuals working out of bedrooms and dorms as well as venture-funded production companies such as Slide, RockYou, and iLike. While these applications themselves are a form of UGC, many are also designed to allow individual users to express themselves—their favorites, likes, dislikes, recommendations, etc. In November 2007, Facebook took another significant step by further opening its platform so these applications, previously only available on Facebook, could also run on other social networking sites, such as competitor Bebo.

6 Avenue A | Razorfish 2008 Digital Outlook Report

7 iProspect/Jupiter Research, “iProspect Social Networking User Behavior Study,” April 2007

In October 2007, Google debuted a social media platform initiative called OpenSocial. OpenSocial is described as a common set of APIs for building social applications across multiple sites. Sites including MySpace, Orkut, Linked-in, Hi5, and Plaxo have joined this initiative. OpenSocial hopes to attract developers and applications based on the vast distribution potential of its combined members' user base of more than 200 million users. Many Facebook developers are working to adapt their applications to OpenSocial, while others are developing apps specifically for OpenSocial. In February 2008, MySpace launched its platform, based on OpenSocial; Hi5 has also done so and others are expected to follow.

Social bookmarking allows consumers to share their favorite Web destination or content with others by submitting links to a public or semi-public forum. Three widely known social bookmarking sites are Digg, Delicious, and Reddit. Here consumers can browse (and comment on) links and content submitted by others, giving greater exposure to the most frequently shared items. As publishers and portals add these features to their content and in turn, those preferences can be tied to a user's profile page, it becomes one more way that users can express their interests to their peers.

### Social Networks

Online networks like MySpace, Facebook, Bebo, and LinkedIn represent some of the most dynamic and promising manifestations of social media yet. These sites allow for networking on a grand scale, where individuals can connect with others based on offline friendships, shared interests, common professional objectives, or mutual acquaintances.

When users join a social networking site, they are given a page on which they can create a profile. They are urged to enter personal information such as hometown, work history, hobbies, favorite movies, interests, etc. They can then upload photos or link to other Web pages that interest them. This information is displayed on their profile page, and users are given the option of making the page public, or viewable only to those within their network.

Profile pages serve as launching pads from which users explore these social networking sites. They can search for other individuals, or find people with common interests. Users who identify others they want as part of their networks invite one another to be "friends," and such networks are displayed for others to see and browse. In this way, global networks of people with friends or interests in common are born.

Like blogs and review sites, social networks allow users to place comments, photos, videos and Web links on each others' pages, thereby sharing information and interests with dozens, hundreds, or thousands of people—depending on the size of one's network—with a single click.

### Content Sharing

Where social networks allow users to share all manner of content and media with one another, sites like YouTube and Flickr allow them to share a specific kind of content. For example, YouTube is a site where users can upload and view videos of almost any kind. Flickr serves the same purpose for photos. Here, content is the focal point, where users don't need to create a page to participate, and if they do, those pages need not contain much, if any, personal information.

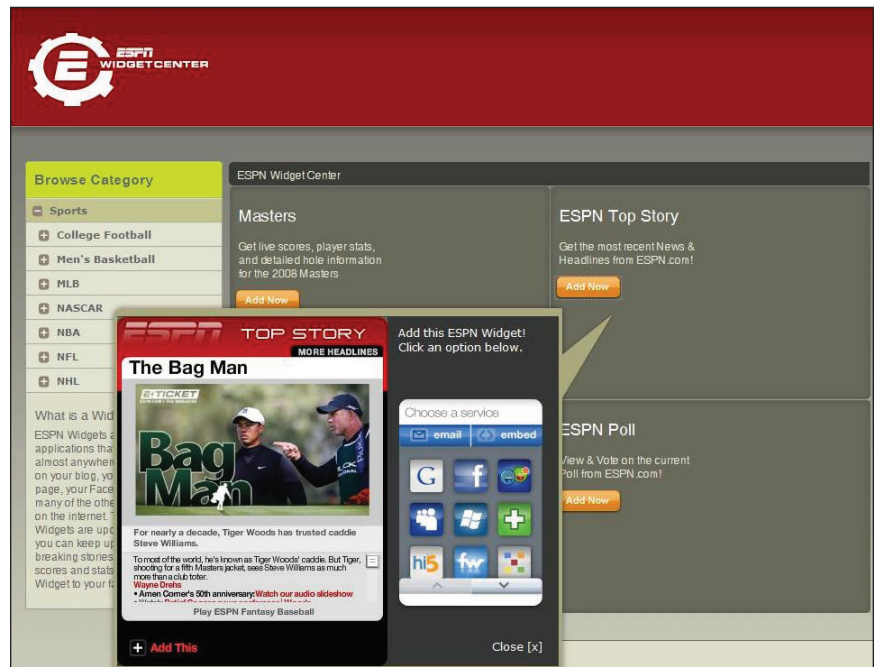


Figure 4



Like many other UGC sites, YouTube and Flickr allow users to post comments regarding others' content. This again fosters a freewheeling exchange of ideas and opinions—sometimes polite, sometimes not.

### **Widgets**

Widgets, portable applications that allow both users and sites to have a hand in the content, have recently become a popular form of brand or news distribution. The publisher is able to control the content and the user is afforded the luxury of placing that content on his or her page, be it a blog or social networking profile. Users can also simply pass the widget on to friends. (See Fig 4 for example)

Publishers have started to recognize the value of this new type of content syndication. Widget distribution platforms, such as Clearspring, provide the publisher with the infrastructure and distribution channels in the form of a plug-and-play system, rendering lengthy contracts and syndication partner deals unnecessary. A publisher who has created a widget can upload the widget onto Clearspring and elect to which sites and formats (e-mail, social networking sites such as Facebook or MySpace) they wish to make the widget available. The platform then manages code conversion and listing the widget in application directories.

Just as the widget and content is portable, so too is the advertising on the widgets. Generally, a publisher can elect to pay a usage fee to the platform distributor and sell the advertising or they can elect to have the platform distributor sell the advertising for a revenue share. Alternative to advertising in and around widgets embodying content, widgets can be the advertising message itself. For examples of how advertisers are developing their own widgets, see section IV.

### **Impact on the Advertising Landscape**

UGC and social networking as a major force on the Internet represents the greatest opportunity and challenge to marketers since the advent of the Internet itself.

In the larger eco-system, social networking and UGC sites have provided high-value advertising inventory and audience segments needed to capture more of the market share and targeted audience reach that advertisers demand, e.g. Microsoft's investment in Facebook, Google's acquisition of YouTube, and News Corps.' acquisition of MySpace.

### **Comparisons to other forms of advertising**

Traditionally, marketers have been able to buy time or space on fixed media in a controlled context. They knew where their ad would appear, what it would look like, and perhaps most important, in what context it would be seen. In other words, they could be guaranteed their message wasn't being delivered in a hostile or inappropriate environment. Today, such guarantees are harder to make, and that lack of control can be a source of great anxiety for marketers. But it also represents an unrivaled opportunity. ...

Advertising in UGC requires marketers to alter their approach. Instead of broadcasting one-way messages at their audiences, advertisers are compelled to engage in a conversation. Doing so carries risks, but failure to do so carries more.

#### **How does UGC offer something unique?**

While all advertising on the Web is interactive by nature, but UGC sites offer a unique and more complex level of engagement. Instead of inviting individual consumers into an environment of their own making, marketers advertising on UGC sites are entering a conversation initiated, maintained, and "owned" by consumers themselves. This requires those marketers to behave differently, or risk what can be very vocal disapproval from those consumers.

UGC and Social Networking isn't all "child's play" either. A Fall 2006 analysis by comScore Media Metrix showed that more than half of MySpace users were over 35 years old, and that 25-year-olds accounted for 71% of Friendster users. Separately, executive networking site LinkedIn, reports that its average user is 39 years-old and has an annual income of \$139,000.

The screenshot shows a forum page on Style.com. The main content is a list of forum threads under the heading "FORUM: SHOPPING". The threads are as follows:

Thread Title	Replies	Author	Date and Time
Looking for old posts?		Posted By: appadmin	Sep 7, 2005 10:05 AM
This season's colors	5	EmilyM12	Apr 8, 2008 2:04 PM by ClassicFashioni...
Bag of the Month 😊 -Plz Respond	5	coutureking9222	Apr 8, 2008 2:01 PM by ClassicFashioni...
Looking for a pair of shoes	2	Gothria	Apr 8, 2008 11:48 AM by Gothria
advice for trip to London	2	sarabean93	Apr 8, 2008 10:57 AM by Aoiffe
Versace's Destiny Jewellery Watch	1	coutureking9222	Apr 7, 2008 9:14 PM by oversizedungla...
Is the balenciaga motorcycle still "in"?	2	Memete	Apr 7, 2008 8:09 PM by coutureking9222
knee height gladiators...opinion please	0	bLair_m	Apr 7, 2008 6:40 PM by bLair_m
Sequin Dress website with great prices! Love it!	0	phultg1311	Apr 7, 2008 2:45 PM by phultg1311

An advertisement overlay is visible on the right side of the forum, featuring a Best Buy oven and the text: "GET BOTH VOGUE & LUCKY FOR JUST \$1 AN ISSUE Limited Time Offer! SUBSCRIBE NOW >".

Figure 5

video ads are still common, some UGC sites, including YouTube, now prefer "overlay" ads, such as the example in Fig 5. These are ads that pop up about 15 seconds into a video and only cover the bottom 1/5 of the screen, and disappear after a few seconds if the user doesn't click on them. If the user does select the ad, the video he or she was watching will pause, and the ad will play. The video will resume once the ad has ended. The idea behind overlay ads is to include advertising that doesn't interrupt, clutter, or delay the user's experience. See the IAB's Digital Video Platform Status Report or Digital Video Ad Format Guidelines for more information.<sup>8</sup>

### Conversation Targeting

A number of firms now offer services that allow you to place your Web ads next to relevant conversations, or identify those blogs and Web sites that most frequently discuss your product or category in the most favorable terms. For example, an SUV manufacturer could place banner ads next to conversations about 4-wheel-drive vehicles, or identify the most relevant blogs to send press releases to. These services vary in process and technology, but are all quickly becoming more accurate and nuanced. Many now even specialize in finding not only the most relevant conversations, but the most influential.

### Harlequin

Famous for its romance novels, Harlequin regularly issues "Romance Reports," polls that reveal interesting tidbits about the public's views on dating and love. When a recent report didn't drive the interest the company wanted, Harlequin recruited SEO-PR and Buzzlogic to help it focus more specifically on UGC sites with the most relevant conversations. Harlequin soon re-released the report to roughly 80 bloggers identified as having significant influence in the category. The report quickly became a major topic of conversation across these sites, until the Pink Heart Society, the leading romance blog, ended up publishing a 4-part series on the survey.

### Custom Communities

Custom communities provide a hub for brands to entertain and engage users through interesting content, unique assets, games, polls, quizzes, or contests. Off-site advertising drives consumers to these communities, where they can participate and pass along content they find interesting or valuable.

### Trends in UGC Advertising

Although many advertisers and publishers are still experimenting with ways to reach consumers on UGC sites, many techniques have become common practice. There are two ways for brands to leverage the UGC/Social Networking platform: by placing commercial messaging in and around the content or by becoming a part of the content itself. Following are a few prevailing methods for advertising on UGC sites.

### "Overlay" Video Ads

Both publishers and marketers have long struggled with a way to incorporate advertising into UGC video. One common early method was "pre-roll" video, a short ad that would run before the video itself. Although pre-roll

## Adidas

Launched in 2006, the Adidas custom soccer community on MySpace allows visitors to align themselves with one of Adidas' two models of elite soccer cleats. Users can post comments extolling—or defending—their chosen brand, and access product reviews, graphics, and information about professional soccer players who are on their "team." By giving consumers a chance to align themselves with a brand "team," Adidas forges a profound connection based on identity and personality.



Figure 6 - Adidas

## Dedicated Channels

Another version of a custom community is a dedicated channel. This is when an advertiser creates their own community on a content-sharing site like YouTube. Consumers can visit these sites and engage in all manner of branded activity, same as a custom community.

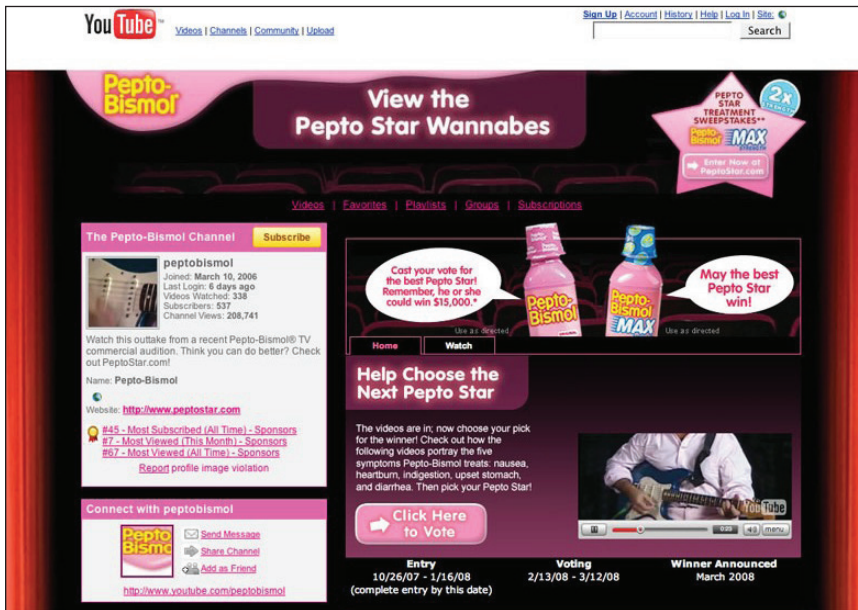


Figure 7 - Pepto-Bismol / YouTube

## Pepto Bismol

In 2007, Pepto Bismol introduced its own channel on YouTube called "Be the Next Pepto Star." (YouTube.com/PeptoBismol) The company asked users to create one-minute videos of themselves singing about the ailments the product counteracts (heartburn, nausea, etc.) The site even provided graphics and music to help people create the best videos they could. Other users could then view the videos and leave comments. In 2008, the winner will be given \$15,000. Pepto Bismol is just one example of an advertiser creating its own

interactive community on YouTube by inviting consumers to have fun with its brand.

## Brand Profile Page

Perhaps the most common method of advertising on social networking sites is creating a profile page. An advertiser simply creates a page for its product, much as an individual would for himself. This page can be used to provide all sorts of materials and information, from demonstration videos to graphics that other users can use to decorate their own pages. This also allows other members to include your page in their "friend" network, or tag themselves as a "fan."

### Fred Claus

To promote its November 2007 movie Fred Claus, Warner Brothers created a profile page on Facebook. Visitors to the page could watch the trailer, play games, join a discussion group, enter a sweepstakes, and download graphics to decorate their own profile pages. They could also post comments to the page. Most of the comments were users saying they liked the movie, though some expressed their disappointment. Still others used it to find answers to questions, such as the name of songs from the movie, or release dates overseas.

### Branding Wrappers

One surefire way to get noticed on a UGC site is a branding wrapper or "skin." (See Fig 8) These wrappers transform a social network's landing page into a 360-degree branding experience, complete with wallpaper, photos, video, music, and links. A user logging onto MySpace, for example, would find the home page fully dedicated to a single brand or product, and could easily engage with that marketer even before entering her password. On Bebo, one click allows users to make the sponsored community skin their own, turning them into a true advocate of the brand to their personal network with every interaction.

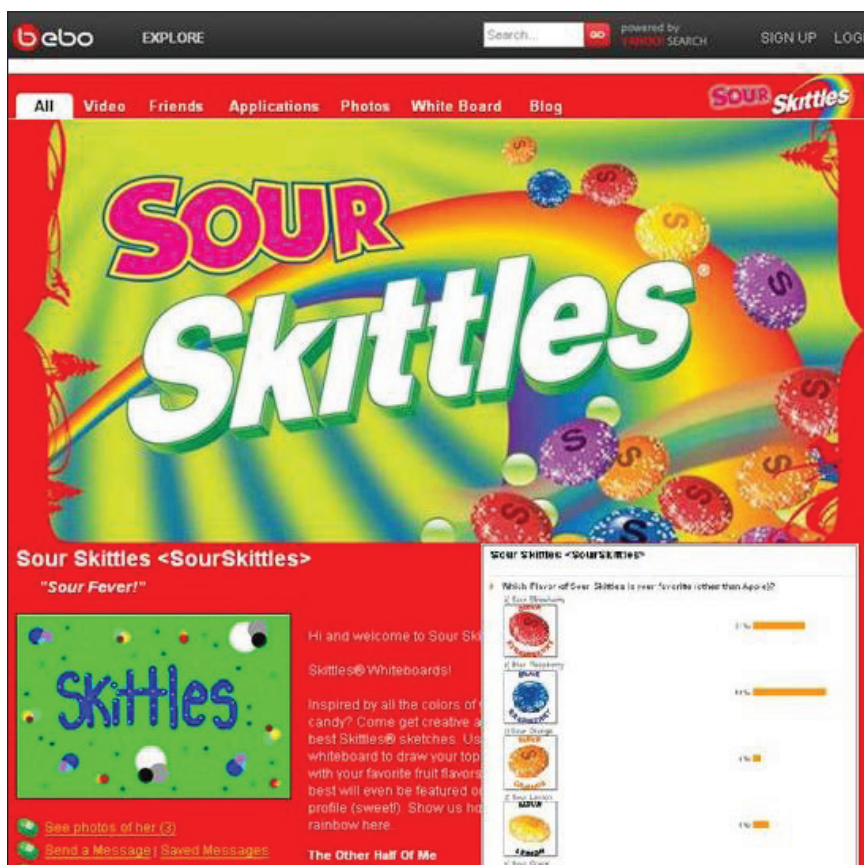


Figure 8

This method guarantees that each of the millions of users who log onto a social networking site on a particular day will be greeted by your advertisement. And because it does not impose obstacles or extra steps to reaching one's profile page, it is considered a non-intrusive social networking advertising platform.

### Widgets

Widgets are small programs that users can download onto their desktops, or embed in their blogs or profile pages, that import some form of live content. For example, a basketball blogger can place an ESPN.COM widget on his blog that displays up-to-the-minute NBA rankings. Or a skiing blogger can embed a widget from Weather.com that always displays weather conditions in Aspen. Widgets first became prominent in 2007, and are still rapidly gaining popularity. The key is helping UGC enthusiasts offer their readers some unique content. Most are eager to identify themselves with a brand that can make their blogs or profiles more dynamic.

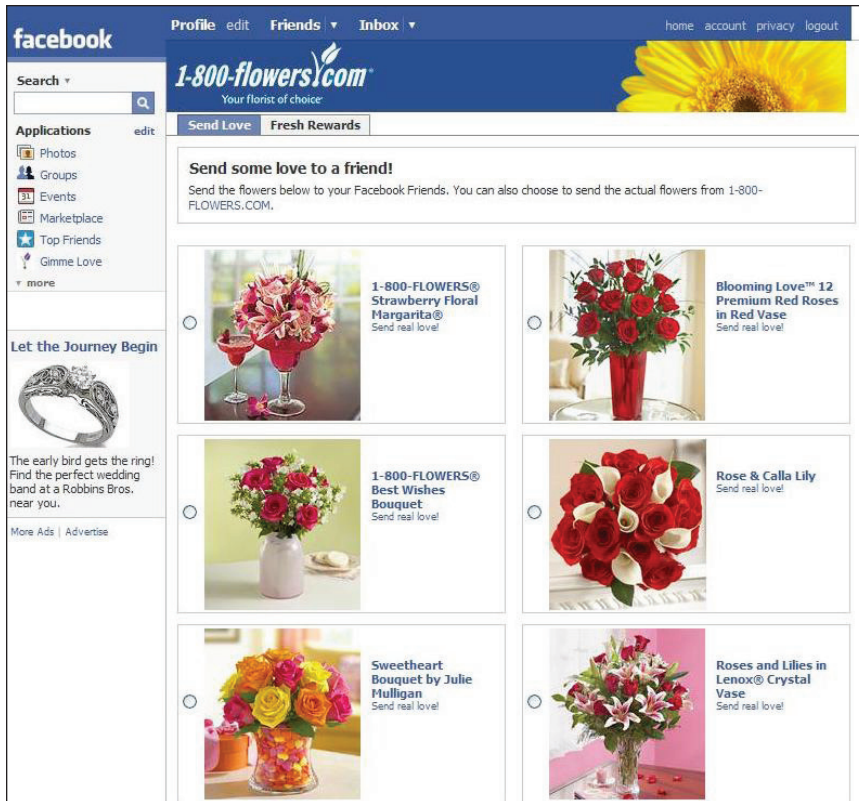


Figure 9 - 1-800-Flowers.com

### 1-800-Flowers.com

1-800-Flowers.com offers a widget on Facebook called “Gimme Love.” Users can embed this small application on their profile page and use it to send “virtual bouquets” to friends, or link directly to the retailers’ Web site. The widget also links Facebook pages with 1-800-Flowers.com accounts so that the two can share information and rewards points.

### General Mills

The General Mills widget allows users on CafeMom to share what they are making for dinner each evening and get inspiration from other moms who are also in evening meal planning model. The widget also features a recipe of the day from General Mills.

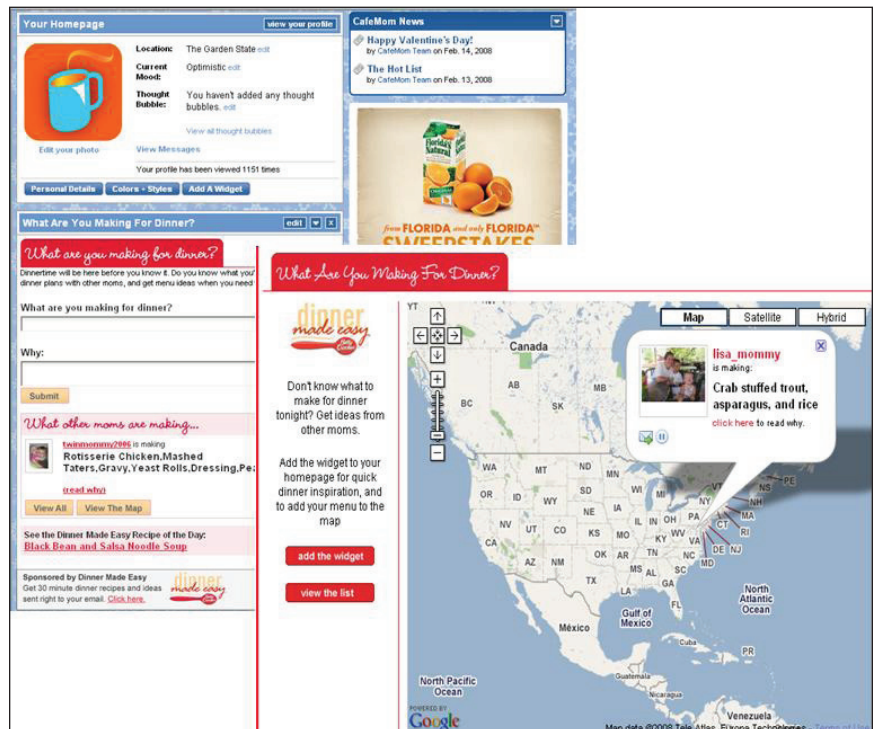


Figure 10 - General Mills

## Challenges and Opportunities

Today, brands of all sizes are eager to jump into the UGC/social networking environment. But doing so blindly—without clear objectives in mind—can lead to an unsatisfying experience. As with any new environment, it's important first to understand where you want to go and how you can get there before diving in. UGC/social networking offers brand-building opportunities far beyond what's available through traditional advertising, but taking advantage of those opportunities means first grasping some basics.

### Empowering Marketers to Shape the Discussion

Advertising in a UGC environment requires a radically different mindset from traditional advertising. Instead of controlling the environment in which consumers see their ads, advertisers must now become a part of it. UGC sites are by nature in constant flux, a freewheeling exchange of opinions and points of view, in which the advertiser is expected to be just another participating voice. Advertisers on UGC sites must be prepared to talk with, not to, its target audience, which means surrendering a degree of control over their brands.

#### Coca-Cola

Coca Cola's introduction to the world of UGC advertising was a rocky one. In June of 2006, a pair of performance artists scored a bona fide hit with a video featuring a series of geysers they created by dropping Mentos in bottles of Diet Coke. They were not the first to discover the chemical reaction that comes from dropping the mints into the soft drink, but they took the stunt to another, rather spectacular level using music, choreography, and well-timed explosions. Originally posted on Epybird.com, the video became a major hit on YouTube. When the media started taking notice, the two brands had very different reactions. Mentos embraced the spirit of the video, and held a popular contest asking to see consumers' best Mentos/Diet Coke geyser videos. Meanwhile, a Coke spokesperson dismissively told the Wall Street Journal that the "craziness with Mentos...doesn't fit with [our] brand personality." Coke quickly came to understand consumer's enthusiasm for the performance and embraced it by helping to drive viral distribution of the video and securing major media coverage on late night TV and elsewhere. In addition to generating high value/low cost media coverage, Coke was also able to identify a positive impact on sales. As Brandweek magazine later wrote, "For those looking to separate brands that understood the UGC movement from those who don't, it was a watershed moment. Consumers were shaping the brand personality independently of Coke."<sup>9</sup>

### Identifying Rewards versus Risks

The screenshot shows the 'U.S. Army' group page on Univision.com's 'Mi Pagina' social network. The page layout includes a top navigation bar with links for Home, People Search, Encuentra Amigo, Celebrities, Groups, Photos, Videos, Blogs, and Invite Friends. The main content area features a video player with the U.S. Army logo and the text 'ARMY STRONG.' Below the video, there is a section titled 'Sobre este grupo' with a paragraph in Spanish: 'Aquí nos reunimos para reconocer a los latinos en el Army. Si estás orgulloso de alguien en el Army, envíanos su foto, nombre y rango junto con una breve nota contándonos su historia. ¡Llévate tu orgullo en alto!' To the right of the main content is a sidebar with a section titled 'LOS REGALOS MAS POPULARES PARA BEBES Y NIÑOS' featuring images of sneakers, a toy car, and a stroller. The left sidebar contains group details, including a 'Public Group' button and a 'Group Owner' section with a quote: 'U.S. Army Quote: Florida mi pagina.univision.com'. Below this is a 'Recent Forum Posts' section with several posts from users like 'smilebig' and 'Hot!!!'.

Figure 11 - US Army

For some advertisers, creating a brand page on MySpace and inviting the general public to upload whatever it desires is akin to arming passersby in Times Square with spray paint to leave "comments" on their new billboard. But such fears fail to take into account the controls and regulations now commonly available to advertisers on UGC sites. Take for example the U.S. Army's experience with Mi Pagina, a social network launched in early 2006 by Univision.

#### U.S. Army

One of the U.S. Army's digital initiatives in 2007 was to create

a “MiPagina” profile on Univision in order to communicate with the Hispanic community. However, due to the nature of user generated content platforms it was necessary to make sure the content could be filtered to ensure the quality of the program. Univision offers individual moderating services for clients with such concerns but for much higher budget levels. As a result, Univision arranged for all submitted content to go first to Sensis, the agency in charge of managing the project. This gave the U.S. Army full control over its advertising environment without sacrificing the authenticity and interaction of user generated content

### **Experimentation**

A major obstacle to doing anything new is fear of the unknown. Many advertisers simply aren’t clear on how to go about UGC advertising, or are unsure of which solution will best fit their objectives. But advertisers who approach publishers with a desire to get started will find no shortage of eager, accommodating partners (see examples above).

One prevailing method of UGC advertising is to produce content that borrows the esthetic, the attitude and sometimes the distribution modes of actual UGC. This can be a tricky proposition, one that demands full transparency (i.e., not trying to pass off your content as actual UGC) and respect for the culture of UGC. But done correctly, it can help brands weave themselves seamlessly into conversations online.

#### **Ray Ban**

In May 2007, Ray Ban scored a massive YouTube hit with a video simply titled “Guy Catches Glasses with Face.” The grainy, amateur-looking video features a man repeatedly catching a pair of sunglasses with his face after his friend throws them from increasing heights and speeds. The video—which made no secret of its connection to Ray Ban or ad agency Cutwater—drew thousands of comments from users debating how the trick was pulled off. The 1 and 1/2 minute video was viewed more than 1.7 million times on YouTube in its first week, and inspired legions of satires and tribute videos.

Josh Warner, president of The Feed Company, Los Angeles, a viral “seeding” firm that helped circulate the video, explained the appeal of the video to Adweek in May. “You’re saying, ‘Am I getting tricked or not?’ So you watch the video to the end, maybe even one more time, and then pass it onto your friend for a second opinion. That’s true viral. It was fun to watch, like watching a tsunami of social conversation.”

The Ray Ban video shows how UGC audiences are receptive to brand initiatives that speak their language. By challenging the YouTube crowd without insulting their intelligence, RayBan became a very positive part of the conversation. Consumers sought out the video, passed it along and even contributed to it with their own videos. That’s the kind of engagement made possible only through UGC sites.

While Ray Ban’s effort speaks to the success possible when marketers speak the language of UGC, another effort from a fast food giant shows the pitfalls of not speaking their language--literally.

#### **Burger King**

In October 2006, Burger King and rap mogul Sean “P. Diddy” Combs launched their own “channel” on YouTube, DiddyTV. But in an early video, Combs misspoke when he said Burger King was “buying” the channel. The video received a torrent of dismissive comments calling both Burger King and Combs “clueless” and clearly interested only in exploiting YouTube for advertising purposes. Burger King quickly removed the video.

**Who is the IAB UGC & Social Media Committee?**

The User-Generated Content & Social Media Committee is dedicated to helping develop and expand the user-generated content and social networking space as viable and effective advertising platforms. They have been instrumental in shaping this report and will continue to help educate the marketplace on the strength of this interactive channel.

Chairperson: Heidi Browning, FOX Interactive Media

Member Companies	
Ad Infuse	DoubleClick, Inc.
Adify	Edmunds.com
Adobe Systems Inc.	Emmis Interactive
Adtegrity	Eyeblaster
Agency.com	Facebook
Akamai	Federated Media Publishing
AMC Group Online Media Services	Forbes.com
American Express Publishing	FOX Interactive Media
AOL	Friendster
Associated Content	Geary Interactive
Atlas	Gemstar - TV Guide International, Inc.
Audit Bureau of Circulations (ABC)	Glam Media
Aurix LTD	Google, Inc.
Autotrader.com	Grandparents.com
Batanga	Hachette Filipacchi Media
Bebo	Hanley Wood e-Media
BIA Information Network, Inc.	Hearst Magazines Digital Media
BlackArrow	HowStuffWorks
Blue Lithium	Idearc Media Corp.'s SuperPages.com
Bonneville International	Innovid
Break Media	Internet Broadcasting Systems
Brightcove	Interpolls
BuzzLogic	Jordan Edmiston Group, Inc.
Caring.com	Kaboose.com
Casale Media	Keibi Technologies
Cellfish Media	Kontera Technologies, Inc.
Cisco Media Solutions Group	Leapfrog Online
Claria	LexisNexis Martindale-Hubbell
Clearspring Technologies	Lifetime Entertainment Services
CNET Networks, Inc.	Local.com
CNN.com	M:Metrics
Cognizant Technology Solutions	Martha Stewart Living Omnimedia
Collective Media	Media Math
Compete, Inc.	Meredith Interactive Media
CondéNet	Metacafe
ContextWeb, Inc.	Metro Corp.
Cox Newspapers, Inc.	Microsoft Digital Advertising Solutions (MSN)
Critical Mass	Millennial Media
Dotomi	Millward Brown USA Inc.



Member Companies, continued	
MIVA Media	Scripps Network
Motive Interactive Inc	ShoZu
MSG Interactive	Sony Pictures Television
NBC Universal Digital Media	SourceForge Inc.
Net Pickle Inc.	SpotXchange
Newspaper Association of America	Steak Media
Nielsen Online	Taboola
NuRun	Tacoda
Oddcast	Terra Networks USA
Omniture	The Fifth Network
Orbitz Worldwide	The Sales Athlete
Origin Digital	Theorem, Inc.
Panache Technologies	Time Inc.
PBJS	Transpera
PerfSpot.com	True North, Inc.
PointRoll	Turn, Inc.
PricewaterhouseCoopers LLP	Univision Online
PureVideo	Video Egg
Q Interactive	VMIX
Quantcast	Weather Channel Interactive (Weather.com)
Range Online Media, Inc.	WeatherBug
Rapt	WebMD
Reed Business Information US	Whitepages.com
Reuters	World Wrestling Entertainment, Inc.
Revenue Science	WorldNow
Revolution Health Group	YuMe Networks
ROO	Zango
Sapient Corporation	Zeta Interactive
ScanScout	