

## **Consuming the Consumer-Generated Ad**

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**Introduction:** In 2008, PepsiCo was among the first to place consumer-generated advertising (CGA) in the mass media, selecting not only a primetime slot, but the most expensive and far-reaching medium that advertising has to offer: the Super Bowl. The business press has been quite favorable toward CGA as a solution to pressing marketing problems: CGAs cut through the clutter with resonant and engaging messaging at lower costs (Creamer 2007; Mills 2006). But high profile CGA mishaps including numerous parody-heavy CGA campaigns have led many professionals to debate the wisdom in leaving brand communications in consumers' hands (Neisser 2006). Without empirical evidence of proven effectiveness, the risks of the CGA paradigm loom large.

**Purpose:** Although decades of research have yielded significant knowledge regarding consumer responses to firm-sponsored advertising (See Brown and Stayman 1992), little is known about consumer reception of CGAs. Our multi-method inquiry addresses this fundamental question: Do CGAs have advantages over traditional company-sourced ads and why?

### **Hypotheses:**

**H<sub>1</sub>:** CGAs generate more favorable advertising responses than traditional company ads.

**H<sub>2</sub>:** Consumers perceive CGAs as more credible and trustworthy than company ads.

**H<sub>3</sub>:** Consumers perceive organic CGAs as more credible and trustworthy than contest-generated CGAs.

**H<sub>4</sub>:** Consumers identify more with creators of CGAs than with the companies or agencies that make ads.

**H<sub>5</sub>:** Regardless of actual quality levels, ad quality judgments are more favorable for CGAs than for company ads.

**H<sub>6</sub>:** CGAs are more engaging than company ads.

**Study Design/Methodology:** We designed a multi-method, multi-study research program to empirically investigate whether and how CGAs work. The first two studies utilize experiments and focus on the potential micro-psychological advantages of CGAs. The first experiment uses a one factor, between subjects design, and manipulates three ad sources: organic CGAs (created naturally by brand evangelists), competition CGAs (created to win company-sponsored competitions), and traditional ads (company-sponsored and agency-created ads). This experiment uses a national sample of 270 adults to test whether CGAs generate more favorable responses than company ads (H1) and to inform the roles of source credibility, identification, and engagement processes in driving CGA effects (H2, H3, H4, and H6). The second experiment manipulates ad quality to investigate its role in CGA effectiveness (H5). The experiment involves a 2 (source condition: ad identified as CGA versus no source given) X 2 (high versus low ad executional quality) between-subjects design. A total of 196 adults aged 18-22 comprised the sample. The experiments include a broad set of 21 open- and closed-end dependent measures that includes traditional response metrics (e.g.,  $A_{ad}$ ,  $A_{brand}$ , purchase intent), a multi-faceted engagement construct, and cognitive responses. Our third study offers a content analysis of CGAs in a natural viewing environment to provide deeper insight into people's interactions with CGAs. We studied ten CGAs uploaded to youtube.com spanning a range of categories (cars, personal care, snack food, video entertainment, and computer software), involvement levels

(high versus low), and advertising strategies (informational, humor, and image-based). Our dataset included one month of viewer conversations within YouTube for each posted ad, yielding a total 867 unique postings across the 10 ads. Our analytic goal was to illuminate and amplify the ways in which consumers interfaced with CGAs so as to derive insight into the processes driving CGA effects.

**Findings:** Experimental evidence shows that: (1) CGAs generate more favorable ad responses than company ads; (2) CGA out-performance derives partly from source credibility advantages though trustworthiness does not explain all our effects; (3) Perceived quality advantages contribute to CGA effectiveness as they do for traditional company ads; (4) Identification with the source does not drive CGA performance; and (5) Increased cognitive, emotional, personal and behavioral engagement distinguishes CGAs from company ads. Our content analysis of CGA responses uncovers social engagement as a central facet of CGA engagement, and the ad creator as a key stakeholder in this interactive process of consuming CGAs.

**Contribution and Implications:** Our research supports practitioner assumptions of CGA as a powerful communication tool. Support for engagement (Brodie et al. 2011) as a central process is consistently strongest: CGAs engage on cognitive, personal, emotional and, most importantly, social levels. In our data, people do not care if semi-professionals make CGAs to win contests: what they are interested in is that the ad came from the people and not the firm. Future research on exactly how the ad creator facilitates engagement is warranted. Research can also explore the relative effectiveness of the various process mechanisms, and test causal relationships implied in our results (e.g., credibility→engagement→CGA effects).

## References

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