



USER-GENERATED COMMERCIALS FOR CONSUMER PACKAGED GOODS

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User-generated commercials (UGC) are an extension of user-generated content, which is considered the biggest trend in 2006. It got so big that *Advertising Age* named “consumer” the Agency of the Year 2006. Even though it began in online form, these commercials had progressed into the biggest event in advertising, the Super Bowl. In this paper I will demonstrate the success of UGC, its virtues and shortcomings, as well as some cautions for a company to apply the strategy.

In Wikipedia and Moskowitz’s articles, many companies in the consumer packaged goods industry (CPG) -- namely Pepsico’s Doritos, Nike’s Converse, and L’oreal Paris cosmetics -- have successfully implemented UGC through contests. Not only did these contests receive numbers of UGC submissions but the contests also were well-recognized and appreciated among the public audience. According to IAG Research, Doritos’ “Live the Flavor” was ranked number one as the best-liked Super Bowl ad. The commercial was created by Dale Backus and Wes Phillips, the winner of Doritos’ “Crash the Super Bowl” contest.

There are many reasons why companies, particularly in the CPG industry, should consider UGC as a good marketing strategy. First, it allows the company to measure the customer’s passion for the product or brand. It is clear that the more ads submitted, the more commitment the customers have for the product. Second, due to the fact that the content is created by customer, not the company, the customers can feel their impact and ownership towards the brand. Third, UGC is regarded as another efficient way to gain new insights on the product or brand, as well as to create customer engagement with the product. Last but most important, it requires less cost to implement. While huge-budget commercials created by agencies are viewed by many companies as generating a smaller impact on sales and less public interest, UGC is, on the other hand, a lot less expensive, and it also comes with integral audiences and high opportunity for supplementary public relations activities.

However, UGC is unlikely to ever replace ads created by agencies.¹ The reasons are as follows. First, the agency has worked closely with the company in developing and implementing a marketing campaign, thus the agency has more relevant knowledge on the positioning the company wants for its product. Second, the agency has more budget and resources, especially when it comes to celebrity endorsement ads, resulting in better quality commercials. Third, since most of the winners of UGC are actually creatives at other agencies or film students, they are not necessarily the target customers for the product. Moreover, this might also upset real target audiences who want to participate yet are unable to compete with the professionals in disguise.

In addition to the limitations previously described, there is a caution in executing UGC. It is inevitably dangerous to give the customer too much freedom. The company must define the optimal line that lets the customers express their thoughts while maintaining the suitable

¹ Moskowitz, Robert. Are Consumer-Generated Ads Here to Stay?
<http://www.imediaconnection.com/content/9521.asp>

impressions of the brand. As mentioned in Wendy Tanaka's article, "If you sell an SUV, you can wind up being branded as a destroyer of the planet."² One way to resolve this issue is not to allow every commercial in the competition. An example is Master Card's policy in which they only displayed appropriate commercials on their contest Website. This approach would require more human resources, capital, and time to manage.

In conclusion, UGC provides companies in the CPG industry an efficient tool to communicate with their core customers. Nevertheless, the company must keep in mind the weaknesses and risks involved in UGC. More companies will apply UGC in their marketing plans, and more measurable outcomes will be released, such as Sony's revenue from UGC to be released this year. We will be able to determine whether UGC is a profitable marketing investment for companies or not.

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² Tanaka, Wendy. *D.I.Y Ads*. <http://www.redherring.com/Article.aspx?a=20955&hed=D.I.Y.+Ads>