

Toolbox



Marketing with **user-generated content**

Marketers who let a thousand flowers bloom risk losing focus.

Amy Guggenheim Shenkan and Bart Sichel

As the volume and importance of user-generated media grow, marketers—ever on the lookout for effective new ways to influence and even leverage customers—are eagerly experimenting.¹ Their efforts, which frequently take place deep in the trenches of business units or brand teams, touch upon a wide range of activities, including advertising, public relations, customer service, and even product development. The result can be exciting initiatives, such as the recent enlistment by Netflix of more than 25,000 global consumer “developers” to improve its movie recommendation algorithm by contributing ideas. The best will win a prize of a million dollars.

In our experience, however, marketers who let a thousand flowers bloom risk losing focus—for instance, by failing to recognize the areas where user-generated media could make the biggest difference or by stumbling into the public-relations problems that intense customer involvement sometimes creates. One way of enhancing focus is to take a top-down approach, starting with drawing a conceptual map that links a company’s brand, industry, and customer characteristics with its core marketing activities that could benefit from user-generated media. While each company’s map will be somewhat different, general principles apply. Companies or brands that have at one time or another been associated with controversial business practices, for example, should develop a deep understanding of what influential online voices are saying about them. Marketers in industries where R&D is a competitive differentiator may need to begin seriously enlisting users in the product-development process. When companies establish high-level priorities, the next step is often to identify the most relevant initiatives, evaluate their potential business impact, and invest more heavily in the most promising ones.

¹ By the term user-generated media, we mean online content created by consumers or Web surfers: blogs, product and service reviews written by users, user-generated videos, applications created by consumers, photo-sharing sites, information sources such as Wikipedia, social and business networks such as MySpace.com and LinkedIn, virtual worlds such as Second Life, and the like. These vehicles account for roughly one-third of all the time spent on the 100 most visited US Web sites, up from roughly 3 percent in 2005.

EXHIBIT

The user's influence in marketing

Public relations: Leverage consumers, user-generated media to deliver message, monitor it for consumer sentiment

Advertising: Leverage consumers, user-generated media in creation, dissemination of advertising

Product development/ innovation: Capitalize on feedback from online users to drive product development, innovation

Customer service: Engage consumers, use their expertise to answer questions, resolve service issues

■ Marketing activities that may benefit from user-generated media

	Public relations	Advertising	Product development/ innovation	Customer service
Consumer characteristics				
Target consumers are online	■	■	■	■
Consumers already or are likely to engage with product online (eg, it is hip, offers high emotional involvement)	■	■	■	■
Consumers have enough product knowledge to provide high level of service to other customers	■	■	■	■
Brand characteristics				
Advertising is an important part of marketing mix	■	■	■	■
Brand benefits from network effects or 'buzz,' (eg, word of mouth)	■	■	■	■
Service issues tend to be informational (ie, can be solved by answering questions)	■	■	■	■
Brand delivery is not fully consistent with its promise (eg, promises higher safety standards than actually achieved)	■	■	■	■
Some business practices (eg, labor practices) are controversial	■	■	■	■
Consumers' insights have important function in management of brand	■	■	■	■
Virtual interaction is enough to gain relevant insights about consumers	■	■	■	■
Misinformation exists in marketplace	■	■	■	■
Market characteristics				
Regulatory/safety issues do not limit having third parties provide input, advice about products/services	■	■	■	■
Company is in controversial industry	■	■	■	■
Industry has high level of Internet penetration for sales/research of products/services	■	■	■	■
R&D and innovation could be important source of distinctiveness	■	■	■	■

Amy Guggenheim Shenkan is a consultant in McKinsey's San Francisco office, and **Bart Sichel** is a principal in the New York office. Copyright © 2007 McKinsey & Company. All rights reserved.