Uncapping Consumer Generated Content

Consumer generated content is all about letting people play with brands online. But is there a revenue model in this? BY MICHELLE HALPERN

THE MENTOS EXPERIMENT: More than four million people have seen this video online and countless others have uploaded their own versions of the experiment

A juggler and a trial lawyer from Buckfield, Me., are two of the most popular people in the online world right now. It all started in June when the two decided to test out the geyser effect caused by dropping Mentos candies into bottles of Diet Coke. They took some time setting up, arranging the bottles so they'd erupt somewhat like the famous Bellagio fountains in Las Vegas. They had a friend videotape, and they posted their video online.

"We told friends we thought it would take a few weeks to catch on," says Fritz Grobe, the juggler. "Literally, within hours we were seeing thousands of hits."

Within weeks, they had tapped into an ad revenue-sharing deal and made more than US$15,000 from the video that took about $300 to make. Within a month, more than four million people had watched the video online, and countless others caught them performing on the *Late Show with David Letterman* and NBC's *Today* show.

The best part of this story is that neither Coke nor Mentos-parent Perfetti Van Melle USA were involved in the buzz. This was simply a couple of guys having fun, inadvertently generating the type of publicity for which either marketer would have normally paid millions.

The video is now on the Mentos site (http://us.mentos.com), while Coca-Cola is simply taking the attention in stride. "We think people are enjoying this video because it's underground," says Susan McDermott, director, communications, Coca-Cola North America. "We have no marketing plans for it. We're just sitting and watching it with everyone else."

Who's in control?

Consumer generated content (CGC), also called user-created media, or any other combination of those two terms, has been the talk du jour in digital marketing circles. Debates centre on revenue models and the extent to which marketers should release control of their brands to consumers. The consensus, at least among some marketers, is that loss of control is inevitable and everyone should start getting used to it.

Mark Tutssel, Leo Burnett's worldwide chief creative officer, said it clearly in a speech at the International Advertising Festival in Cannes last month: "Marketers must learn to let go of the control they think they have over their brand... Once consumers have interacted with brands, they will not go back to being shouted at by marketers."

Jeffrey Elliott is well aware of that. As president and CEO of the independently run, BiteTV, a multiplatform channel based in Mississauga, Ont., Elliott is going after twentysomethings, especially males, whose media consumption habits are marked by short attention spans and the power of choice.

"You've got a new generation that doesn't want to be talked to; they want to be included, and they're going to make their own decisions," Elliott says. "The best way to get this demographic on side is to empower them and give them responsibility, choice and freedom to help shape your direction."

BiteTV encompasses a digital TV channel, a website, mobile applications, blogs and podcasts. Viewers are encouraged to submit their content, or come by the studio, where the nine BiteTV staffers will help aspiring directors.

The programming is composed of five-minute shorts: One-third of it is professional licensed material, one-third is created by the BiteTV team, and the remaining third is user-generated. Part of the user-generated content also comes from students at partner Ontario colleges like Mohawk, Centennial and Humber.

The 14-month-old venture is still in its infancy, but its website receives more than 120,000 visitors each month, and mobile downloads are up to more than 7,000 a month.

Content is paired with five-second spots from brands like Molson and Toyota Yaris. Marketers also sponsor clips by placing their brands around the video on the mobile or television screens. Podcast and blog sponsorships are added to the mix, along with traditional online banners. The channel doesn't even have a traditional media kit. Instead, unique packages are created to fit each advertiser's goals and budgets.

"We're not afraid to make mistakes," Elliott says. "We're not afraid to fall flat on our faces."

BiteTV has also created exclusive programming content with marketers like *UMM Magazine* and Hooters Restaurants. A recent 60-day initiative led 74,000 viewers online to vote for Miss Hooters.

The facts about CGC

* Despite all the buzz, only 13% of interactive marketers are currently using blogs or social networks in their efforts. And 49% said they did not plan to do so next year (Forrester Research).
* About 19% of online teens create blogs and 38% read them (Pew Internet & American Life Project).
* About 33% of online teens share artwork, photos, stories and video on the Internet; 32% have created websites for themselves or others; and 22% keep a personal web page (Pew Internet & American Life Project).
* Combined blog, podcast and RSS ad spend for 2005 totalled US$20.4 million, a 198.4% increase over 2004 (PQ Media).
* Total spending on user-generated online media is forecast to reach US$757 million by 2010 (PQ Media).
* 35% of U.S. Internet users have created and posted content online; 22% have a blog or personal web page (Pew Research).

The Internet is the core of CGC. Mobile is on the rise, especially with the increased adoption of video cellphones. But there are still some obstacles in the mobile arena, and the biggest one, according to Quickplay Media co-founder Raja Khanna, is content moderation.

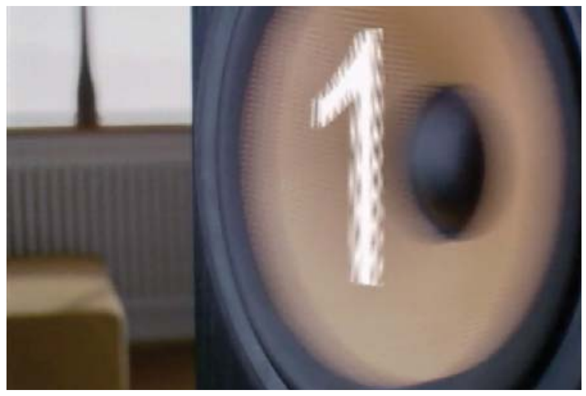
"In the mobile world, there are still no industry adopted standards for content rating, censorship and regulatory issues," he says. "So if you're doing anything with any kind of consumer created content you're going to have a serious moderation cost."

Khanna adds peer-to-peer CGC sharing is the most promising short-term trend in mobile, as there are no regulations surrounding private content-sharing. "The YouTube one-to-many publishing model is not coming to mobile tomorrow. There are still too many kinks to work out there, not the least of which is the revenue model."

What about revenue?

The revenue model has been a hot topic among major CGC-sharing sites like YouTube and Google Video. But online video community Revver.com is ahead of the pack. Revver is the site responsible for the Mentos and Diet Coke video revenue. The Los Angeles-based website, launched in November 2005, is fostering CGC by offering consumers compensation for generating online buzz.

Revver places ads at the end of each consumer-created video, then tracks viewers and shares the ad revenue 50/50 with the creator. Affiliates, or



PEOPLE ARE ENCOURAGED TO SUBMIT THEIR CONTENT to BiteTV (left) which encompasses a digital TV channel, a website, mobile applications, blogs and podcasts; Molson has created five-second spots (right) to run with BiteTV content

other consumers who place someone else's video on their site, can also earn 20% of the ad revenue, with the remaining 80% split 50/50 between Revver and the creator.

Advertisers can choose where they want their ads to appear (so a music marketer may choose to place ads at the end of consumer-created music videos), and creators can choose which ads they don't want on their content (so they can rebuke SUV ads if their video has an environmental message, for example).

Revver has also figured out a way to deal with the delicate copyright issue. The site partners with Creative Commons, a non-profit that enables copyright holders to grant some of their rights to the public while retaining others. And Revver says it screens every video uploaded to its system to ensure it abides by copyright laws.

Copyright issues have gained attention recently in light of NBC's demands that its videos be taken off sites like Bolt.com and YouTube. NBC, like most major networks, is still deciding how best to provide its programming among CGC while generating revenue. For one, the network noted short clips from *Saturday Night Live* were far more popular on free video sites like YouTube versus paid video content providers like Apple's iTunes, where the video clips cost US$1.99 to download.

Google Video is dabbling in a mixed model, with some sponsored videos free for download, and other videos costing between US$0.99 and US$14.99.

Leveraging CGC

But CGC spans beyond catchy viral videos, and some marketers have found creative ways to tap into that. Detroit-based Audi of America staged an auto theft and sent consumers in Audis around the U.S., asking them to blog about their journeys.

In such instances, CGC becomes a cornerstone of buzz or word-of-mouth marketing. "Consumers are creating content about brands. They're taking a corporate brand message and they're repurposing it in entirely new ways, whether or not the guardians of a company's brand like that," says Patrick Thoburn, founder of Matchstick, a word-of-mouth marketing agency in Toronto. "The question is how to leverage it. And the first step is to not consider it a threat, but an opportunity, because consumers' passion, enthusiasm and their third-party credibility can actually give a great deal of impact to a marketing message."

Matchstick recently ran a program with Chrysler in which consumers identified as influencers were given Chrysler 300s to drive around for a while. There was no encouragement to create content, but program participants independently started posting positive opinions in online forums.

"In this era of consumer generated media, it's about giving up control and recognizing that that comes with a great deal of benefits, but also some risks," Thoburn says. "And there will be negative commentary. But it puts a lot of emphasis back on the product and on the brand. If you have a strong brand and if you're really delivering something of value to consumers, inevitably the positive side will win out. If you have something to hide or if your product is not satisfying to consumers, then there's a good chance the negative will win out. And that's the benefit for consumers in this era, that ultimately good products will win."

And, Thoburn adds, it doesn't really matter where or how consumers create content about brands. "Our approach to marketing is that consumers themselves are a channel for getting the message out," he says. "When we apply that approach to our programs, where we seed influencers with products, the idea is those influencers are a medium for getting the message out in the same way as radio or television.

"Conversations about brands have always taken place," he says. The Internet has simply given us tools to document and track these conversations. M

Are you ready to let consumers play with your brand?

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