

User Generated Content vs. Advertising: Do Consumers Trust the Word of Others Over Advertisers?

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Abstract

This study examined consumer reliance on user generated content and consumers' trust of advertising as it relates to user generated content and word of mouth. An eight-question survey was answered by 90 participants. It was found that 66.3% of consumers surveyed do rely heavily on user generated content when attempting to make purchasing decisions. It was also found that 65% of consumers trust word of mouth on the Internet more than content produced by advertisers. This research can be used by marketers and advertisers to assist in effectively reaching their targets.

I. Introduction

Should you buy the Apple iPad, or the Amazon Kindle? What type of refrigerator is best for conserving energy? Should you fly on JetBlue or American Airlines? What makes one better than the other?

These are all questions that consumers are faced with when making major purchasing decisions. Before the advent of the Internet, consumers had limited resources to assist with their decision making. Some relied on word of mouth, others relied solely on information that came directly from the producers, otherwise known as advertising. Word of mouth limited the consumers to a small number of opinions, while advertising gave them only biased information. What they needed was a larger database of reviews to assist in their decision making.

With the invention of the Internet came a new era: Web 2.0. Suddenly, web users had the ability to share information with one another through the Internet. Product reviews are now on thousands of websites in hundreds of different languages. Consumers can type any product name into a search engine and immediately have access to reviews from other consumers. Detailed and thought-out reviews can be found with the click of a mouse, allowing consumers to learn more about a product or service before making a purchasing decision.

In spite of all of these new resources, do consumers trust these reviews as a credible source of information? If so, are they trusted more than traditional advertising? The research conducted in this study aims to answer these questions while determining the how heavily consumers actually rely on word of mouth reviews.

* **Keywords:** user generated content, advertising, consumer trust, word of mouth, Web 2.0

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II. Literature Review

Traditional WOM

Dating back to the 1960s, various aspects of Word of Mouth communication have been studied and analyzed by researchers. In particular, word of mouth has been studied as a form of communication as it relates to customer satisfaction. Wayne Delozier and Arch Woodside (1976) defined word of mouth advertising as oral communication between two or more persons concerning a brand, product or service on a non-commercial basis. Delozier and Woodside argued that group influence gives reliable and trustworthy information, as it is coming from other consumers rather than the producer of the product or service. David Godes and Dina Mayzlin (2004) noted that word of mouth is the most important communication channel. They argued that it has more impact than any other form of communication.

Marsha Richins (1983) conducted a study on the relationship between negative word of mouth and how likely consumers were to share their dissatisfaction with others. The research, performed in 1983 before the advent of the user generated content on the Internet, found that 57% of those sampled did share their negative experiences with others via traditional word of mouth. The study found that consumers were quick to tell their friends about an experience with a product or service.

Web 2.0 and UGC

With the invention of the World Wide Web came an entirely new type of Word of Mouth: User Generated Content (UGC). Suddenly, users were given the ability to share their reviews with millions of other people (Ochoa & Duval, 2008). The term Web 2.0 is a popular term used to describe an entirely new generation of web that allows users to read and write content through the web (Balasubramaniam, 2009). Web 2.0 was the first sign of users beginning to interact with one another via the Internet. It was the invention of Web 2.0 that encouraged users to engage with one another on the Internet.

Sacha Wunsch-Vincent and Graham Vikery examined the quick growth of user generated content (UGC) and its over-powering importance in our society today. UGC is defined by Wunsch-Vincent and Vikery as having three parts: "i) Content made publicly available over the Internet, ii) content which reflects a 'certain amount of creative effort,' and iii) content which is 'created outside of professional routines and practices'" (2006). The highlight of the definition is that the content is created *outside* of professional routines and practices. This study also found that UGC is being produced and shared at very high rates, especially with younger people. It was found that 35% of all U.S. Internet users, and 51% of users under the age of 30, have posted content on the Internet at some point.

In 2008, Cheong and Morrison performed a study on the reliance of consumers on user generated content. This study looked at previous research on word of mouth and UGC and built on it by looking at how technology's progression has advanced these concepts. Cheong and Morrison found that most consumers view people who post UGC on the Internet as opinion leaders, even if they do not personally know the people posting (2008). The study also found that consumers trust negative UGC as much as they trust positive UGC, leaving them with the question of whether consumers even pay attention to advertisements anymore.

UGC and Advertising

Word of mouth dissemination on the Internet has proven to be one of the most effective ways to share information about a product (Frost, 2010). The Nielsen Company conducted a survey among thousands of people worldwide to discover the level of trust most consumers place in word of mouth from other consumers. The study found that 90% of participants noted that they trust recommendations from people they do know, while 70% said they trust recommendations from strangers on the Internet (Global Advertising, 2009).

In a blog post written by Nicole Introcaso (2011), she argued that social media is starting to take a strong hold on advertising, as it is a new medium in which consumers can express their experiences with certain products or services. It is, in turn, yet another platform consumers can turn toward before making a purchasing decision. Introcaso noted that consumers will often post their experiences with products on sites, such as Facebook and Twitter, sharing the post with all of their friends.

Word of mouth and advertising are very different forms of communication and therefore have different effects on consumers (Lorette, 2011). The timeline for traditional advertising is much shorter than that of word

of mouth. Advertising is limited to the amount of time the company can afford to run their advertisement, while word of mouth happens whenever someone buys the product. This can prove to be both beneficial and detrimental to the company, depending on the quality of their product as perceived by consumers. Word of mouth proves to be more beneficial for consumers, as the message is not biased and comes from other consumers who have used the product.

UGC on Mobile Phones

Niroshan Balasubramaniam's research on user generated content examined a new technology that has recently been released to cell phone users: Apriori. This application for smartphones allows users to connect their phones with reviews for specific products. Users simply scan a barcode on the product into their cell phone and are immediately linked to a database of reviews for that product (2009). The application requires the presence of a moderator, who would ensure that all reviews are accurate and legitimate. Balasubramaniam also raises the idea of possibly expanding their database by connecting applications like Apriori to consumer review websites such as Eopinions.com. With the expansion of information, consumers are connected to even more user generated content

Goodguide, another consumer review website, focuses on reviewing products that are sustainable, safe, ethical and healthy. Goodguide has developed a cell phone application similar to Apriori that scans product bar codes. The application reads any product barcode and comes up with a review for that product right on the spot if it has been reviewed on the website (Goodguide Delivered, 2011). This application gives consumers the ability to read a review on a product right from the store and decide whether or not they want to purchase the product.

Clever and colleagues looked at what the future holds for UGC. They raised the idea that the mobile aspect of UGC will begin to really take precedence in the upcoming years (2009). Not only will consumers be able to access product reviews from their phones, but they will also be able to actually send their personal reviews in from their phones. After a bad experience at a restaurant or with a product, the consumer has the ability to text their review to the website and see it published immediately. This invention leads to infinite possibilities for the future of user generated content.

III. Method

Research Questions

The following research questions were used to guide the study.

1. How heavily do consumers rely on UGC to assist with purchasing decisions?
2. Do consumers trust UGC more than traditional advertisements?

Research Design

The research was executed through a survey sent out to a wide variety of participants. The survey website SurveyMonkey.com was utilized to produce an eight-question survey in which participants were asked about their Internet use for purchasing. The survey, mostly including multiple-choice or short-answer questions, took approximately 10 minutes to complete. Participants were asked to omit answers to any questions that were not applicable to them.

The survey was emailed out to participants covering various demographics, such as students, professors, and other adults. Participants were made well aware that their response was completely voluntary, and their anonymity was guaranteed. A short description of the research was sent alongside the survey to brief the participants on the subject of user generated content and word of mouth.

Participants

The participants cover a wide range of demographics, particularly focusing on Generation Y and Generation X. Generation X is comprised of people born between the mid 60s and the late 70s. They are generally known to be capable in technology use and very logical. Generation Y, otherwise known as the "Net

Generation,” is made up of people born any time from the 80s to the early 2000s. This generation is heavily reliant on technology and the Internet (Thielfoldt & Scheef, 2004).

A variety of participants were chosen in order to make the findings of the study truly represent the wider population. Previous researchers have focused mainly on adults in the demographic of Generation X. With the growth of technology over the lifetime of Generation Y, it is important to focus on how that demographic perceives word of mouth and user generated content in order to come up with solutions for the future.

Measures

An in-depth survey was used as a guide to the interviews conducted (See Appendix). The survey questions covered the topics of Internet use, UGC, and purchasing behaviors. The questions detailed whether participants frequented UGC websites and how much of an impact the websites have on their purchasing decisions. The questions also aimed to discover the amount of trust participants put into these websites.

Several of the smaller questions sought to find the answer to one of the main research questions: Do participants trust consumer reviews more than traditional advertising? Questions 2a, 2b and 3 in Appendix aimed to reveal whether participants do place trust in these websites.

IV. Findings

A total of 90 people ranging from 16 years old to 56+ years old answered the survey. The majority of participants (79.8%) were classified as Generation Y, the “net generation,” and 16.9% of participants in the study were between the ages of 30 and 55, placing them in the age category of Generation X. The rest of the participants were over the age of 55, falling into an earlier generation.

The amount of time spent on the Internet each day was not necessarily consistent among different age groups. Among the respondents, 39.5% reported that they spend between 2 and 4 hours on the Internet each day and 51.2% for more than 4 hours per day.

Participants were asked about their daily Internet usage (See Figure 1). Most participants reported news/weather (73.3%) and entertainment (75.6%) as their main uses of the Internet. An overwhelming number of participants (38.4%) checked the “other” box and specified that they use the Internet for social media.

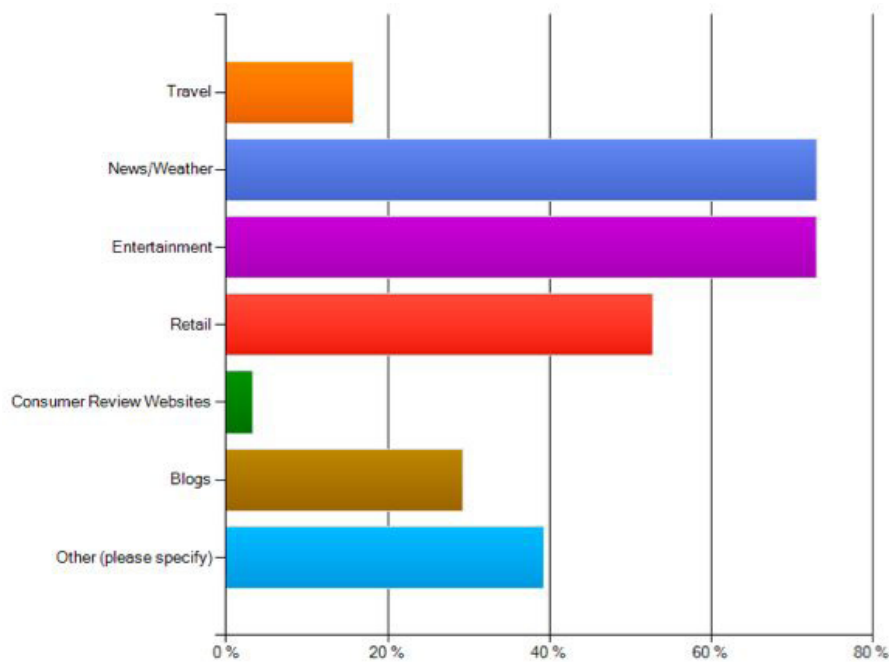


Figure 1. Websites visited daily

Although only 3.5% of participants answered that they visit consumer review websites as part of their daily Internet use, 66.3% of all participants did say that they visit these on the occasion of making major purchasing decisions. Amazon proved to be the most popular website for looking at reviews before purchasing products or services, with 66.7% of respondents attributing their review habits to the site. Travel websites were also very popular among participants, with 42.1% of participants acknowledging that they visit these sites before determining vacation choices.

Ages had an impact on respondents' visits to consumer review sites (See Figure 2). The review sites were the least popular among the age group of 16-22 with 42.6% of participants in that age group reporting that they do not actually use consumer review sites. An overwhelming majority (83.3%) of participants above the age of 25 do, in fact, use consumer review sites before making purchasing decisions.

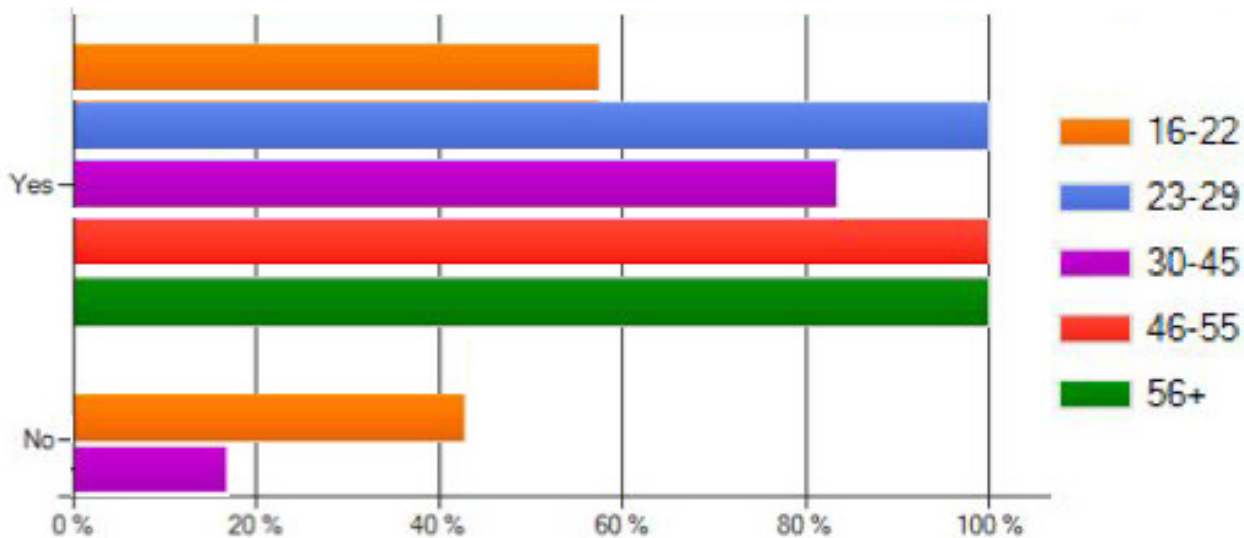


Figure 2. Use of consumer review sites before making purchasing decision by age

When asked whether participants trust information that consumers generate more than advertising by the actual producers, respondents had a wide variety of answers. Among respondents, 65% had a concrete answer of yes. Almost every participant gave an explanation of why they tend to trust other consumers more. Some of the answers included the following:

"I do value the opinions of others when it comes to consumer comments. I feel that something, either positive or negative, prompted them to make the effort to write. It is taken with the proverbial 'grain of salt.'"

"Yes, because it takes an effort to comment on websites and I don't think most people would take the effort to intentionally mislead people."

"Yes, because producers of most products tend to be really promotional in their product descriptions, and consumers have no vested interest in the sales of the product, so their reviews are inherently more trustworthy."

"Yes, it's more honest. Producers always enhance the description of what their product can actually do in order to get people to buy the product or service."

It is evident that consumers are very trusting of the reviews, mainly because of effort and lack of bias. Several of the responses noted that it takes effort for users to post reviews; therefore, the user must feel passionate about their review. Another popular response was that the consumers are not paid to write on these

websites, so they tend to be much more honest.

Approximately 23% of respondents said that they trust consumer reviews sometimes. There were a variety of factors that affect whether they trust a review that is posted. Several participants noted that they only trust information if it sounds credible and is not too extreme. The participants dismissed anything that appears to be too opinionated and not objective enough.

Those who did not trust consumer reviews (7%) discredited the reviews because they felt that anybody could write reviews on the Internet and there is no censoring on these sites. Those participants also noted that they would rather form their own opinions or listen to professional opinions than listen to those of random consumers.

When asked how much of an impact specific websites have on their buying decisions, participants certainly showed reliance on review websites. An emphasis was put on Amazon as a popular consumer review website, with 71.9% of participants noting that the website positively impacted their buying decision. Travel websites were also a popular response, with 68.4% saying they relied these websites before booking flights, hotels and other vacation activities.

In terms of turning around and posting on these consumer review websites themselves, participants tended to respond negatively. Only 17.1% confirmed that they actually posted on consumer review websites after purchasing products. Of that 17.1%, 86.4% said that they posted both negative and positive reviews when they did actually post on the sites.

V. Analysis

Through the findings in this study and previously conducted research it is evident that word of mouth via user generated content is starting to take a strong hold on Internet users in our society. It is becoming more and more prevalent in our lives especially when it comes to making purchasing decisions. With 66.3% of participants admitting that they do, in fact, look at consumer review websites before making purchasing decisions, it is apparent that these websites and their content generated by users are well respected by consumers.

The responses from participants in this study affirmed that they do, in fact, trust the word of consumers over advertisers. With 65% of participants revealing that they trust advertisers less, it is evident that trust has remained in other consumers even though they are now anonymous on the Internet. It is clear that consumers rely each other more than ever and they are even not afraid to take the advice of a stranger. Delozier and Woodside's study conducted in 1970 found that consumers trusted word of mouth from their friends over advertisers at the time. This continued trust, regardless of whether the consumer knows the identity of the reviewer, really emphasizes the idea that advertisers are not gaining the trust of consumers.

Several respondents explained that the reason they trust user generated content more than advertising was because there was no bias coming from user-posted reviews. Lorette (2011) also argued that a certain credibility comes from word of mouth that is not present with advertising. Participants noted that advertisers also have an agenda, whereas those posting consumer reviews do not. Not only do advertisers have an agenda, but they also have a set amount of time to accomplish this agenda, making their message stronger and more aggressive. Consumers posting on the Internet are not necessarily held to a certain timeline, and are therefore producing a less aggressive message.

When compared with other genres of websites, participants did not rank consumer review sites very high in *daily* usage. They did, however, report that they used these sites in the event of making major purchasing decisions. This can be attributed to the fact that consumers are not making important purchases every day, yet they are on the Internet every day for other reasons. Important purchasing decisions are usually a fairly rare occasion, supporting the idea that consumers do not frequent these websites as often as other websites.

Among all sites, Amazon was selected as the most popular consumer review website with a variety of travel websites coming in close behind. Because Amazon is an aggregation of reviews for thousands of different types of products, consumers are able to visit this one site and get a wide variety of reviews. Travel websites, such as Travelocity.com and Expedia.com, were also favored as top consumer review sites. Booking hotels, restaurant reservations and recreational activities are things that consumers tend to turn to others

for help because those factors end up defining the vacation.

The research conducted in this study found that consumers are as equally likely to post positive reviews as they are negative reviews. Because this study examined consumer reviews online, rather than general word of mouth, it is interesting that consumers go through the effort to get on the Internet to share their experiences. It does, however, show that participants are more reliant on these reviews and therefore go through more trouble to share their experiences with others. In Marsha Richins's study (1983) conducted before the advent of the Internet, she found that 67% of participants contributed negative word of mouth after being dissatisfied with the product. The participants in her study noted that they were more likely to engage in word of mouth communication after they were dissatisfied with a product than when they were satisfied. Because the Internet has such a fast pace of information dissemination, consumers posting these reviews post them knowing that the information will quickly reach a large volume of people. Word of mouth has a much slower and smaller scale of dissemination, meaning not as many people heard these reviews when they were popular during Richins's study.

VI. Conclusion

What started back in the early 1900s as friends giving advice to other friends has turned into a phenomenon—one that is changing the behaviors of consumers. Today, consumers rely on user generated content and word of mouth to assist them with making purchasing decisions and they trust this content more than what comes from advertisers.

The study found that consumers are heavily reliant on user generated content when it comes to making purchasing decisions. Consumers look to websites filled with user reviews to find out more information about the product or service they are considering purchasing. These reviews can now be accessed from mobile devices as well, widening the possibilities even further.

The research also found that consumers place more trust in user generated content than they do in advertisements. It is clear that consumers feel that advertisers are biased, while those who post reviews on the Internet do not hold any type of bias. They also see a certain reliability in opinion leaders who generate content on these review websites.

There were certainly limitations to this study. Time was perhaps the most important limitation, as the study was conducted over a period of only two months. Had there been more time, more responses could have been collected from a wider variety of participants. Another limitation was access to participants. The researcher was able to send out an email to a large group of students, but did not have access to a large-scale database of adults. Had the researcher been given access to a large database of adults, there would have been more participants in the Generation X and older.

In order to fully understand consumers' perceptions of user generated content and word of mouth, more research could be conducted. Advertisers could look further into this topic and develop solutions for consumers who do not trust them as much as word of mouth content. Researchers could also look into exactly which purchases consumers look to user generated content for help with, which was not covered in this study.

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Appendix: Survey Questionnaire

1. What is your age range?
 - a. 16-22
 - b. 23-29
 - c. 30-45
 - d. 46-55
 - e. 56+
 2. How many hours a day do you use the Internet?
 - a. Less than 1
 - b. 1-2
 - c. 2-4
 - d. 4-6
 - e. 6+
 3. What type of websites do you frequent? Check all that apply.
 - a. Travel
 - b. News/Weather
 - c. Entertainment
 - d. Retail
 - e. Consumer Review Websites
 - f. Blogs
 - g. Other (Please Specify)
 4. Do you visit consumer review websites before making certain purchasing decisions?
 - a. Yes
 - b. No
 5. If yes, which ones? Check all that apply.
 - a. Yelp.com
 - b. Travel Websites
 - c. Restaurants.com
 - d. Craigs List/Angies List
 - e. Blog Sites
 - f. Digg.com
 - g. Amazon.com
 - h. Other (Please specify)
 6. How much do these websites impact your buying decision? (1 being lowest, 5 being highest)

a. Yelp.com	1	2	3	4	5
b. Travel Websites	1	2	3	4	5
c. Restaurants.com	1	2	3	4	5
d. Craigs List/Angies List	1	2	3	4	5
e. Blog Sites	1	2	3	4	5
f. Digg.com	1	2	3	4	5
g. Amazon.com	1	2	3	4	5
h. Other	1	2	3	4	5
 7. Do you trust the information that consumers generate on these sites, including their comments, more than content from the actual producers of the product/services? Why or why not?
 8. Do you post on consumer review websites after purchasing a product or service?
 - a. Yes
 - b. No
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