INTRODUCTION

The Internet presents both challenges and opportunities for firms. On the one hand, the online realm offers a host of innovative, appealing, and low-cost methods of engaging with consumers and building brands. Unsurprisingly, such interactivity can also offer darker outcomes. Consumers are now increasingly interacting online with each other rather than directly with marketers. Sites such as epinions.com and amazon.com provide rich and detailed product reviews. Likewise, tripadvisor.com and hostelworld.com both exert incredible influence on where consumers choose to stay while on holiday. These forums provide an easy means for consumers to share information on deals, product modifications, or warranty claims. All of these features of the Internet provide increased transparency and information to consumers. In many cases, such transparency and knowledge can significantly dampen marketing outcomes and force firms to try harder in order to attract and retain customers.

Beyond accelerating the transmission of purely word of mouth information, the Internet also enables an unintended activity: consumer-generated advertising. Consumer-generated advertising refers to instances where consumers are creating a message, meant to emulate an advertisement, for a collectively known brand and sharing it using the Internet (Berthon et al., 2008). These three definitional elements are key. Without emulating an advertisement, such a video is merely another form of word of mouth. Should a known brand not be featured or alluded to, then the ad has no possible effect on a known brand. Similarly, if the creation is kept private and not shared, then there can also be no effect. For firms, these ads represent a particular challenge to their branding efforts. Consumers may create ads that infringe on a firm’s copyrights, post ads that run counter to a firm’s brand positioning, or create ads that are more popular than official agency ones. In some cases, firms might be tempted to respond to consumer-generated advertising in a forceful manner through their legal department. Alternatively, firms may also seek to secretly create “consumer-generated” advertisements so as to garner increased consumer attention or steer online engagement in a particular direction. Either scenario presents possible risks for a firm, particularly in cases of established brand equity.

In this paper, we report on exploratory experiments designed to offer insight into the effect of negative firm engagement online on consumer attitudes toward a brand. We begin by offering a brief review of the growing phenomenon of consumer-generated advertising and offering hypotheses that will be tested. We then provide details on our employed methodology, analysis, and results, and
finally, we discuss the implications of our findings for firms and researchers alike.

THE RISE OF CONSUMER-GENERATED ADVERTISING

Consumer-generated advertising is a new phenomenon driven by access to free video hosting sites such as YouTube.com and the prevalence of easy to use video editing software along with cameras capable of recording quality video (Bal et al., 2010). In January 2008, there were 24,200 advertisements on YouTube, of which 2450, just over 10%, were consumer created. Consumer-generated advertisements are popular, with the top five ads earning a collective 16 million unique views (Berthon et al., 2008). To provide contrast, in December 2010, some of the most viewed official ads on YouTube included Old Spice’s most popular ad in their “The Man Your Man Could Smell Like” campaign (www.youtube.com/watch?v=owGykVbfgUE) at over 24 million views, Nike’s recent “LeBron Rise” ad (www.youtube.com/watch?v=cdejCR413c) at 4.3 million views, and Cadbury’s “Eyebrows” ad (www.youtube.com/watch?v=TVblWq3tDwY) at 6.5 million views. Consumer-generated advertising is therefore able to attract similar YouTube attention to ads created by companies and their associated ad agencies.

Research on consumer-generated advertising has only recently emerged in the extant literature. Scholars are still attempting to understand what drives consumers to create ads or how these advertisements affect the consumers that view them. Existing research hints at how advertisers might use online video sharing sites in pursuit of their own interests (Freeman and Chapman, 2007a, 2007b). Within a brand community context, Muñiz and Schau (2007) found that consumers are adept at creating their own advertisements and are able to extend existing firm-created themes and styles. Research on consumer creativity exists, but its context is limited to the realm of consumption experiences (Holbrook and Hirschman, 1982; Holbrook et al., 1984; Burroughs and Mick, 2004; Moreau and Dahl, 2005; Dahl and Moreau, 2007) and provides less insight into the creation of consumer-generated advertising. Scholars have yet to address spontaneous consumer creativity absent any consumption experience or delve into the motivations underlying consumer-generated ad creation. Similarly, in terms of response, no studies have explored the possible effects that consumer-generated ads might have on how consumers view brands. Even more specifically, research has yet to look at how response to ads is related to an ad’s creator and their motivations.

1Reported YouTube statistics as of 5 December 2010.

FIRMS AND CONSUMER-GENERATED ADS

Despite the need for further understanding of consumer-generated advertising, firms have taken notice of consumer-generated advertising and are beginning to approach the phenomenon in a variety of ways. Some, such as General Motors and Doritos, have held online competitions to lure video creators with the chance of winning fame and prizes. Other corporations, such as Apple, have simply contacted the creators of advertisements they find appealing and wish to use themselves (Elliot, 2007). In selected cases, firms have actually taken to suing creators when their work runs counter to a brand’s desired image. A well-known example is that of Tourism Australia. Tourism Australia had created a racy advertisement titled “Where the Bloody Hell Are You?” (http://www.youtube.com/watch?v=m0lwGk4u9o). The ad features stunning scenes of Australian beaches and landscapes, voiced over with statements such as “we’ve bought you a beer” or “we saved you a spot on the beach” and “we’ve got the sharks out of the pool”, all ending with the question “where the bloody hell are you?” Despite acclaim, the official ad irked Dan Illic, a young comedian, who felt the ad glossed over some of Australia’s darker issues. He made a spoof of the official ad. His ad instead highlighted drug use, Australia’s detention centers for illegal immigrants, and racism against foreigners. Tourism Australia found Illic’s ad unsavory and sued him on the basis of a technicality: using the music of the official version without permission. This did not stop Illic from posting a revised version – or his supporters from re-uploading the original version – and nor did it contain the publicity from the lawsuit. The lawsuit prompted news articles in major outlets, ironically driving more viewers to his video.

The Tourism Australia case illustrates a situation whereby company action against a well-received advertisement (92% of Illic’s ratings are “likes”2) generates possible consumer ill will toward the brand and support for the creator. Action by a company is a component of brand personality (Aaker, 1997), which affects a consumer’s relationship with a brand (Fournier, 1998). Campbell (2011) outlined a model for response to consumer-generated advertising that rests on a viewer’s identification with the creator. The more interesting and creative an advertisement is, the more attracted viewers will be to the creator, and the more they will identify with them (Byrne, 1971, 1961; Newcomb, 1961, 1978; Tajfel and Turner, 1986; Campbell, 2011). Greater levels of viewer identification with the creator will, in turn, result in stronger public support for an ad’s creator (Kelman, 1961). In the face of threat or attack, this implies exhibiting solidarity with the ad’s creator. As such, we put forth

2Reported YouTube statistics for this video and those in the remainder of the article are as of 28 January 2011.
Rumors posted on the Internet also point to some companies (or their hired “consumer engagement consultants”) creating and posting ads that are purportedly created by consumers. This practice seems eerily familiar to Sony Ericsson’s ill-fated foray into guerilla marketing in 2002. In a bid to boost awareness of cameras in their cell phones, Sony Ericsson hired actors to populate tourist sites in 10 cities (Walker, 2004). Unsuspecting visitors were then asked to take a photo using one of the new cell phones. Consumers met this exercise with scorn and intrigue. The same process outlined earlier will work in reverse, with consumers choosing to purposely decrease identification and affiliation with an offending brand, causing lower perception of a brand (Tajfel and Turner, 1986; Campbell, 2011).

Hypothesis 2: Consumer attitude toward a brand will decrease following discovery of a firm impersonating a consumer.

Having developed hypotheses, we now turn to detailing the series of experiments employed to test our predictions.

METHODOLOGY

Two experiments were employed to explore the effect on attitude toward a brand participating in negative engagement online. One form is a company taking legal action against a consumer creator of an unsanctioned advertisement. Another form of negative engagement is a company impersonating a consumer and surreptitiously posting a “consumer-made” ad.

Two hundred eleven students from a major university participated for course credit. Participants were randomly split into two groups, with 112 participating in Group 1 and 99 in Group 2. Participants were told that the study concerned ad effectiveness. After agreeing to an informed consent document, participants were seated at a computer and aided in adjusting their headset and its volume level while watching a sample ad. They began by first rating their attitude toward a series of brands.

In addition to the manipulated brands, attitudes toward several other brands were also asked so as to disguise the intent of the questions.

Next, participants viewed a series of consumer-generated advertisements, viewing each and immediately rating each ad on a host of dimensions. Ad order was randomly rotated to prevent bias. Ads ranged in quality and type but were all described as consumer generated. Participants spent an average of 32 minutes watching and responding to the different ads. Randomly interspersed among the series of ads were two ads used in the manipulation. Both were pretested to ensure viewer interest and intrigue.

One ad, titled “Hold on Tight!”’, was for Nintendo’s Polo automobile – a smaller version of the Golf (http://www.youtube.com/watch?v=1jqMK22zvLY) and features an animated Wii console. The Wii controller jumps and moves around, mimicking the actions a consumer would make while playing games on the device. Light, jazzy music plays in the background, and the ad appears polished and professional. At the end of the ad, the Wii controller becomes very engrossed in the game and accidentally breaks the screen. This is meant to be humorous and a tip of the hat to early reports of Wii users accidentally breaking their television screens by errantly letting go of their controllers. The ad closes with a large Wii logo waving goodbye and the slogan “Hold on Tight”. Viewers on YouTube seem to enjoy the ad with 92% of ratings being “likes” and the ad garnering more than half a million views.

The second ad was simply titled “VW Polo Commercial” and is for Volkswagen’s Polo automobile – a smaller version of the Golf (http://www.youtube.com/watch?v=ad4fag1yaM4) sold overseas. The ad features a Middle Eastern man getting into a Polo, driving, and then parking in front of a street side café. He then pulls out what appears to be a detonator and presses the button. Ironically, the bomb blast is fully contained with the VW car. The ad closes with the VW logo and the tagline “Polo. Small but tough.” Despite its dark humor, the ad has garnered over half a million views with 94% of its ratings being “likes”.

After viewing each of these ads, Group 1 answered the standard set of questions they were asked about all the ads. To Group 1, these Nintendo and Volkswagen ads were simply another one of the several ads they were shown during the study.

Group 2, however, answered the standard questions but then received additional information concerning these two videos. After viewing the Nintendo Wii ad and answering the standard questions, they were informed

The video you just watched was created by a consumer. Nintendo later learned of the ad and sued the creator to take down the ad.
Nintendo later sued the ad’s creator claiming that the video was an infringement of their copyright. Even though the creator had not profited from the video and only made it for fun, Nintendo demanded that the Wii ad be taken down. They also asked that the ad’s creator not make any more videos featuring the Wii or any of Nintendo’s products. Although Nintendo would not comment on the situation, industry insiders stated that Nintendo wanted to keep full control of their advertising and logo.

As well, after viewing the VW Polo ad and answering the standard questions, they were then told

The ad you just saw was initially thought to be created by a consumer. Later, it was discovered that VW may have actually created the Polo ad.

Volkswagen (VW) was later alleged to have hired an ad agency to make the Polo ad and spread it online pretending to have been made by a consumer. Such news was revealed by an employee of the ad agency hired to make the video. VW apparently wanted to create viral buzz around their car, but did not want to associate themselves with such a possibly offensive ad. VW also felt that having people guess about the ad being real would help create further discussion amongst consumers. VW was apparently unconcerned about deceiving their consumers.

At the close of the survey, both groups again rated their attitude toward several brands, including the two of interest: Nintendo and Volkswagen. Participants were then thanked and informed of the true nature of the survey.

ANALYSIS AND RESULTS

Attitude toward the brand was measured using MacKenzie and Lutz’s (1989) five-item attitude toward the advertiser scale. As expected, all items loaded on a single dimension (with Cronbach’s alpha > 0.80), and an overall index was created for each brand. Any participants who indicated they had seen either video of interest were excluded from analysis.

Paired sample t-tests were used to compare the initial and final attitude toward each brand, starting first with Group 1, those participants who did not receive additional information about the brand. In the case of the Nintendo Wii ad, there was not a significant difference between Group 1’s initial (M = 27.03) and final (M = 26.99) attitude toward Nintendo, t(111) = -0.93, p = 0.36. Similarly, there was not a significant difference between Group 1’s initial (M = 24.46) and final (M = 23.60) attitude toward Volkswagen, t(111) = -1.64, p = 0.10. These results indicate support for Hypothesis 1, that solely viewing the consumer-generated advertisements for the brands did not affect participant’s overall attitude toward the brand. Results are shown in Tables 1 and 2. We next discuss the effect of company action on consumer attitude toward the brand.

When given information about a brand acting negatively, the story changes. With Group 2 – those participants who received additional information concerning negative brand action – a significant drop in attitude toward the brand was evident. For Nintendo, information of a lawsuit against the ad’s creator resulted in a significant decrease between Group 2’s initial (M = 26.89) and final (M = 25.65) attitude toward Nintendo, t(98) = -3.71, p = 0.002. Likewise, for Volkswagen, information that the company has secretly created the advertisement also resulted in a significant decrease between Group 2’s initial (M = 24.64) and final (M = 21.76) attitude toward Volkswagen, t(62) = -5.56. Results are summarized in Tables 3 and 4. Both instances indicate that news of negative brand action caused a significant drop in attitude toward the respective brands and support Hypotheses 1 and 2.

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<thead>
<tr>
<th>Table 1</th>
<th>Initial versus final attitude toward Nintendo for Group 1 (control group)</th>
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<tr>
<td>Mean attitude to Nintendo initial</td>
<td>27.03</td>
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<tr>
<td>Mean attitude to Nintendo final</td>
<td>26.99</td>
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<tr>
<td>Mean difference</td>
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<th>Initial versus final attitude toward Volkswagen for Group 1 (control group)</th>
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<td>Mean attitude to Volkswagen final</td>
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<td>Mean difference</td>
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<tr>
<th>Table 3</th>
<th>Initial versus final attitude toward Nintendo for Group 2 (information given concerning negative brand action)</th>
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<tr>
<td>Mean attitude to Nintendo initial</td>
<td>26.89</td>
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<td>Mean attitude to Nintendo final</td>
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DISCUSSION AND MANAGERIAL IMPLICATIONS

Findings from the study, graphically summarized in Figures 1 and 2, demonstrate a significant drop in attitude toward a brand following negative behavior on the part of the brand. These results highlight the fragile nature of consumer brand relationships and the importance of transparency and respect for consumers.

The first ad in the study explores the reaction of consumers to news that a brand is threatening legal action against the creator of a popular consumer-generated ad. As expected, consumers in the condition that received news of the lawsuit exhibited decreased attitude toward the brand. This confirms existing theory on response to consumer-generated advertisements. Likewise, the second ad – a controversial advertisement depicting a bomber, but an ad that nonetheless was well received by YouTube viewers – significantly decreased attitude toward Volkswagen when it was revealed that the company had planted the ad, again offering support for existing theory.

For firms, this exploratory study offers reason for caution. Although a consumer might potentially damage a firm’s brand by posting an unsavory advertisement online, these results suggest that a firm might inflict even more damage by being aggressive with the creator. Consumers identify with other consumers, and an attack by a large corporation’s legal department on what is often a young person does not garner public sympathy. Instead, results point to the possibility that firm action could cause lasting damage to a brand’s image.

At the same time, brand managers must be keenly aware that consumers expect brands to be honest. Acting deceitfully, as Volkswagen was alleged to have done in the study, results in equally negative response from consumers. Although planting fake consumer-generated advertisements online might gain momentary viral attention or free ad time, the potential long-term damage to a brand appears severe. Managers must remember that news, or even rumors, travels equally fast online. The findings of this study remind managers that all aspects of their interactions with customers influence consumers’ relationship with a brand.

PUBLIC POLICY IMPLICATIONS

The marketing practices such as those by Volkswagen and Sony Ericsson are clearly exploitative and unethical. Actions such as these can have irrevocable negative implications for firms specifically with regard to brand and reputation (Harris, 2011). However, some forms of consumer-generated advertising are not so explicitly deceptive (Martin and Smith, 2008). Proctor and Gamble, for example, support networks of consumers by giving them product samples and then encouraging them to promote these products to others (Walker, 2004; Laughlin and MacDonald, 2010). Advocates of these consumer-generated advertising campaigns argue that limited harm is done because consumers are genuinely recommending products, regardless of the fact that the firm supports them (Martin and Smith, 2008). However, scholars should continue to explore the longer term implications for accepting marketing practices that are ethically questionable (Bal et al., 2010; Laughlin and MacDonald, 2010).

LIMITATIONS AND FUTURE RESEARCH

This study, as with all research, suffers from some limitations that are important to discuss for the
benefit of future research. First, some could argue that a student sample does not generalize to the wider population of consumer-generated advertisement viewers. Although this is true to some extent, as younger consumers tend to be more active online, the use of students also seems justifiable. A related issue concerns the setting that participants viewed the ads. It is entirely possible that a more realistic setting for presentation and discovery of the various videos would be advantageous. We thus encourage future research that employs such a viewing environment for participants.

Another important limitation is that only two ads were used in this exploratory study. While our aim was merely to test the possible effects of negative brand actions, researchers should explore a myriad of consumer-generated advertisements. Such work will help reveal the ad characteristics and important boundary conditions surrounding the observed effect. Further types of firm engagement should also be explored. For instance, what might be the effects of a firm taking a less aggressive stance toward an ad creator or offering to buy the rights to a video? Consumers may be less inclined to identify with a creator who has made a profit. Exploring these different approaches might yield valuable findings both for practice and theory.

The relationship a consumer has with a brand may also play a moderating role in their response to firm action. Consumers with strong relationships might be more sensitive to firm actions or, on the other hand, more willing to grant them leeway. Conversely, those consumers with little relationship to a brand may have the greatest potential to be swayed or simply not be interested. Teasing out these effects would provide guidance to firms seeking to build strong brand relationships with consumers and provide clues to situations where consumers are likely to resent brand action. Finally, further qualitative work might provide insight into the thoughts and processes underlying the demonstrated change in consumer attitudes.

**CONCLUSION**

The presented study details an initial look into the effect negative brand actions in the context of consumer-generated advertising can have on attitude toward a brand. We found that a firm threatening legal action against the creator of a consumer-generated advertisement leads to a significant decrease in attitude toward its brand. Similarly, revelation of a firm secretly creating an ad falsely purported to be consumer made also negatively affects consumer attitude toward the brand. These results conform to existing theory and point to the increasing role consumer-generated media is playing in brand management.

For academics, the present paper offers an initial step toward better understanding the dynamics of consumer sentiment in an online world. No longer is a firm largely in control of a brand and its associations held within consumer minds. Instead, these studies point to firms being forced to accept a larger extent the contributions of consumers toward brand communications. Advertisers and brand managers will need new strategies to adapt and adjust their own brand messages in the face of information being produced and shared by consumers. Likewise, our study provides a reminder to firms that consumers expect brands to play fairly and be transparent in their communications. When discovered, those brands that choose to act subversively will be punished by consumers. Such warnings hint at a more challenging period for brand managers going forward. Nonetheless, there is still considerable opportunity available for those able to craft a brand that resonates with and inspires consumers to work for its favor rather than against it.

**REFERENCES**


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