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LAUNCHING PLATFORMS FOR USER-GENERATED CONTENT

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Abstract

This paper intends to discuss and absorb the *Best Practices* employed by successful User-Generated Content (UGC)¹ platforms and constitute a guide on how to launch a platform without having a cyclical lack of content and users. Research shows that companies have resorted to integration with mature UGC platforms, and providing content by themselves, in an initial state. I conclude that integration possibilities should be explored when promoting a product to a broad market; providing initial content is more suitable for companies exploring niche markets; evaluate the pros and cons of two opposite launching strategies; and make *marketing* recommendations to follow during the launch of UGC platforms to fulfill potential market needs, while responding to business expansion opportunities.

Keywords: User-Generated Content, UGC platform, launch, user base.

¹ User-Generated Content is defined as media content created or produced by the general public rather than by paid professionals and primarily distributed on the Internet (Daugherty, Eastin and Bright, 2008).

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1. Introduction

In 2006, *Time Magazine* nominated “You” as Person of the Year, for all the content provided anonymously by individuals on the Internet. In May 2008, *Google* revealed that 10 hours worth of videos were uploaded every minute on *YouTube*². As of May 2014, 4 out of the 10 largest Internet companies in the world host some of the largest platforms for User-Generated Content. There is no question that the popularity of *UGC* has been increasing rapidly.

This paper intends to provide entrepreneurs on the verge of launching a new *UGC platform* with some *marketing* considerations that are specific to this type of companies and that can be inserted in current business models to maximize a business’s potential. Its ultimate goal is to help entrepreneurs acquire as many users as quickly as possible so that they can avoid what I will describe as the “*Chicken-Egg Problem*”, a situation where *UGC platforms* cannot attract users if they have no content and cannot generate content if they lack users.

2. Research Methodology

The research and subsequent conclusions presented on this paper follow fundamentally comparative and deductive interpretations of case studies on existing *UGC platforms*, the tactics and strategies employed by the companies operating these platforms, and the converging and diverging aspects identified among them.

The overarching research question for this paper is: “How to launch a *UGC platform* with a solid user base?” This question can be divided into three sub-questions: 1) What targeting choices do companies have when launching a *UGC platform*? 2) How can companies avoid

² *YouTube* is a platform where users can upload their own videos and view videos posted by others.

the “*Chicken-Egg Problem*”? 3) What other *marketing* considerations are specific to *UGC platforms* during their inception and how should they be dealt with?

For the first sub-question, a solid literature review on how to launch high-tech services has been combined with a deep analysis of *UGC platforms* case studies in order to identify what choices companies are faced with and illustrate these choices with real-life examples. In order to answer the second sub-question, the analyses of several case studies allowed for an international benchmarking of *Best Practices* and to illustrate two solutions that tackle the same issue from two different angles. To answer the third and last sub-question, literature review on relevant aspects of products with *network effects*, combined with former theories on segmentation and human needs allows for recommendations to be made on four elements of the *marketing mix*.

3. Hypotheses

This paper aims to validate or disregard the following hypotheses:

Hypothesis 1: When promoting a *UGC platform* to a broad market, companies should pursue efforts in integration with existing platforms.

Hypothesis 2: When promoting a *UGC platform* to a niche market, companies can benefit the most by providing content to its users in an initial stage.

4. Literature Review

Initially, I analyzed existing literature in order to provide research ground for the analysis and discussion of the main schools of thought in confront, which allowed for the identification of the key variables regarding *UGC platforms*, the “*Chicken-Egg Problem*”

by considering *network effects* products, and different ways to introduce new products and services to the market.

A study by Erick K. Clemons (2009) analyzes different Internet businesses based on their revenue sources and assesses numerous business models for Internet based companies. Some research has been conducted as to how the Web 2.0³ phenomenon affects the different elements of the business model and what strategic ideas and frameworks companies should follow to embrace these changes (Wirtz, Schilke and Ullrich, 2010).

Current literature presents us many different theories on how to introduce new products to the market effectively. Regarding high-tech products, some suggest that companies should be aware of the different types of members of the population according to their propensity to adopt new technology – *Innovators*, *Early Adopter*, *Early Majority*, *Late Majority* and *Laggards* (Rogers, 1983) –, target a specific niche of the *Early Majority*, explore it intensively, and gradually expand to the rest of the market (Moore, 1991). On the other hand, when launching *network effect* products – products that increase their value to users as more people use it (Farrell and Saloner 1985; Katz and Shapiro 1985) – a mass targeting strategy is more conducive to superior performance than a niche targeting strategy, according to Lee and O'Connor (2003).

Previous research states that in *network effect* products once a technology or product reaches market dominance, it becomes exceedingly difficult to reverse the process as switching costs deter consumers from adopting new alternatives, even if these have a superior performance (Farrell and Saloner 1986; Redmond 1991).

³ The Web 2.0 describes websites as platforms, rather than static website pages, which allows users to interact and collaborate (O'Reilly, 2004).

Research on how User-Generated Content achieves high levels of attention has led to the conclusion that the size and structure of a submitter's network are the most relevant factors, while message-related factors are of marginal importance (Eisner, 2012).

Past research on the behavior of users on Internet communities indicates that the vast majority (90%) tends to browse through them, without providing content (Katz, 1998). Further studies on the matter have discovered the main reasons behind browsing rather than posting, but have failed to find significant differences between the two types of users in terms of age, gender, education and employment (Preece, Nonnecke and Andrews, 2004).

5. User-Generated Content Platforms

This paper defines *UGC platforms* as online platforms that connect **individuals** to each other. This excludes platforms where customers give feedback to companies and other forms of *UGC*. Unlike traditional businesses, which sell goods or services to customers, *UGC platforms* add value by enabling users to create value to each other.

This concept is somewhat similar to *Multisided Platforms (MSPs)*, which connect different sets of customers. In fact, many *MSPs* rely on *UGC*. For example, a platform connecting students to companies will rely on the students to create and upload their CVs, describe their qualifications, and so on. This difference generates implications on the business model that are different from the ones impacting *UGC platforms*. Nevertheless, *MSPs* may act partially as *UGC platforms*. In these cases, this paper will focus only on the side of the business that relates to connecting individuals. To give an example, this paper will describe *Facebook's* launching strategy considering only its function of connecting individuals to each other, and ignoring its functions as a gaming platform and others that make it a *MSP* rather than this paper's definition of a *UGC platform*. This definition does not entail that

companies create no content whatsoever, only that customers extract their main benefit from User-Generated Content.

6. The Importance of Quick Growth

Each *UGC platform* connects individuals to each other for a certain purpose. For example, *Twitter* allows users to share short text messages and *eBay* allows users to buy and sell goods from one another. Companies provide *Software as a Service (SaaS)* allowing users to use different software in a single online platform. The *SaaS* provides users with *intrinsic value*. That is the value that a *UGC platform* offers on its own, with its functionalities alone.

Besides *intrinsic value*, products can sometimes deliver what is known as *extrinsic value*. This is the value that a product creates to its users by having a large user base. For example, Microsoft's leadership in the Operating Systems for PCs attracts a great deal of customers partly due to the compatibility that new users are able to enjoy by choosing a widely spread product. In *UGC platforms*, the importance of *extrinsic value* can be easily observed. The more users a platform has, the more content it can generate and the more valuable it becomes. This phenomenon is known as *network effects*. A large user base on *Twitter* provides its users with a large audience to share with. Users on *eBay* can find a wide variety of products that they can buy and a large number of people to sell to. This *extrinsic value* reflects the importance of acquiring large user bases in *UGC platforms*.

When companies rely solely on their customers to create content for themselves, a problem arises. Upon a *UGC's* inception, there are no users. Hence, there is no content. Without content and users, there is no value added and people will not join the platform. If people do not join, then there will be no users and therefore no content, and so on. This cycle is known

as the “*Chicken-Egg Problem*” and is the reason why it is crucial to develop a solid launching strategy that enables *UGC platforms* to quickly develop a considerable user base.

This problem exists for *MSPs* as well. However, when connecting different sets of customers, sets that do not constitute individuals (i. e. companies, institutions or others) can join firstly, knowing they can create a considerable amount of content for the other set. But for *UGC platforms*, increasing the customer base one user at a time will not suffice as the content generated by one individual often provides nearly no marginal benefit to users.

7. Launching Strategies

When launching a *UGC platform*, there are two problems that can lead a platform to suffer from a shortage of users: falling in the “*Chasm*”, which is related to a company’s initial targeting choices; and the “*Chicken-Egg Problem*”.

The solutions different companies have presented to these problems may have been the product of genius, necessity, occasion, planning, intuition, or mere luck. Nonetheless, there is no reason why such strategies cannot be fully planned and executed.

Organizational theorist Geoffrey A. Moore has already addressed the first problem in his book “*Crossing the Chasm*”. Nevertheless, to put his thoughts in the context of *UGC platforms*, several *UGC platforms* have been analyzed and two successful cases with diverging strategies have been identified and will be analyzed. They are *Facebook* and *Twitter*, two social networks responsible for connecting millions of users every day.

7.1. Launching and Targeting

Two opposite strategies that define to whom a product will be sold initially will be analyzed in the context of *UGC platforms*. The cases of *Facebook* and *Twitter* demonstrate how two opposite views can bear successful results.

The Case of Facebook

This approach is suggested by Geoffrey A. Moore when selling high-tech products to mainstream customers. In a 1983 study by professor of communications studies Everett Rogers, the population was divided according to how long it takes for one to adopt innovation. From fastest to slowest, Rogers identified five main groups: *Innovators*, which represent about 2.5% of the population; *Early Adopters*, representing roughly 13.5%; *Early Majority*, making up to 34%; *Late Majority*, about 34%; and *Laggards*, the final 16% to adopt an innovation. This Technology Adoption Life Cycle led companies to believe that, in order to reach as much of the market as possible, they should start by engaging *Innovators* and smoothly and sequentially expand to the remaining groups, using *marketing momentum*. However, there was a fault in this reasoning. It is difficult to sell a product to different groups while presenting it the same way to all groups. This difficulty has been represented as gaps between each group. In each gap, there is an opportunity to lose *marketing momentum* and fail to reach the next stage. A major gap, known as the *Chasm*, has been identified between *Early Adopters* and the *Early Majority* and it is a consequence of a major difference between the two groups. *Early Adopters* see innovation as a *change agent*, a revolution. On the other hand, the *Early Majority* sees it as an evolution that can be inserted in existing operations. These are very opposite views and companies cannot market the same product as something that is both disruptive and incremental. Additionally,

members of the *Early Majority* look up almost solely to other members of the same group as references to whether they should adopt or not an innovation. According to Moore (1991), in order to cross the *Chasm*, companies need to focus on reaching one niche of the *Early Majority* as fast as possible, become a leader in that niche, and then gradually expand market share, using the initial niche as a starting point. Eventually, the company should be able to reach market dominance. An evidence of this strategy put to work in a *UGC* context is the case of *Facebook*.

At the time *Facebook* was launched, the social network market, in terms of users, was dominated by *MySpace* and *Friendster*. *Facebook*'s different design and features may set it apart from its competition nowadays, however most of its value to users is extrinsic, and without a large user base its features would not be enough to beat the competition.

Facebook came out exclusively for *Harvard* students in 2004. Later it expanded to other universities in the Boston area. By 2005, it was available to 800 college networks. In September of the same year, it stretched its reach to several US high schools. By October 2005, it had become available to some universities overseas. In 2006, the network opened for selected companies and later on to anyone over the age of 13.

Instead of starting with *Innovators* and *Early Adopters* among its target market, *Facebook* jumped straight to a niche of the *Early Majority* – students. Still, there are millions of students around the world and reaching such a market is no easy task. Thus, *Facebook* started with colleges in the USA – a niche within a niche. Even in that market, *Facebook* started with *Harvard University* where Zuckerberg studied and where it was easier for him to promote his product. One could think that this gradual growth might not be effective since it meant that, at the beginning, there was not a large customer base to provide users

with a lot of extrinsic value. However, a *Harvard* social network would connect students to most of their friends and their friends' friends. When expanding to other universities in the Boston area, *Facebook* had already a relevant user base for this target. *Facebook* kept expanding into different schools until 2006, when it became available to companies and later on, the general population. This strategy avoids falling in the *Chasm* since members of the *Early Majority* base their adopting decisions on the recommendations made by members of the same group, and these had been on *Facebook* from the beginning. 9 months before opening to the general population, *Facebook* counted already with 5.5 million active users. At this point, *Facebook* was able to deliver considerable extrinsic value and begin competing with the dominant social networks on *intrinsic value*.

The Case of Twitter

An opposite strategy to *Facebook's* is to try and get users by targeting the whole desired market. This bears some difficulties. Reaching a larger population requires a disproportional increase in cost. In other words, it is not as efficient as reaching a niche. The amount of users that a company can attract at once depends on its monetary resources; its *marketing* capabilities; reputation of the founders/creators; and the intrinsic value of the *UGC platform*. These factors impact the "amount" of hype – *Word of Mouth*, reviews, articles, and so on – that the new *UGC platform* can generate in the market. These are the main factors behind this approach. Other factors may be more relevant in other specific situations such as ability to generate funding, which impacts the firm's monetary resources, and geographical limitations to the company, founders or the product itself.

When targeting a broad market, a company risks falling in the *Chasm*, being used solely by *Innovators* and *Early Adopters* and compromising its *extrinsic value*. One company that managed to surpass these issues while targeting a broad market was *Twitter*.

Twitter is a micro-blog where users can post text online with a maximum of 140 characters and follow other users to see the content they create. These messages are named tweets and the first one was sent in 2006. In March 2007, *Twitter* installed a 51-inch screen in the *South by Southwest Interactive Festival*⁴ displaying live tweets posted by festival attendees. This stunt increased the number of tweets per day from 20,000 to 60,000 and generated considerable media attention. This was one of the most important events in the history of *Twitter*. Also important was the membership of the actor Ashton Kutcher on the website, one of the first celebrities to join it. In 2009, Ashton Kutcher won a highly publicized race for 1 million followers on *Twitter* against the TV channel *CNN*. Nowadays, *Twitter* counts with 284 million active users and 500 million tweets sent per day.

This is not to say that *Twitter* decided to conquer the whole market at once and start with a user base of millions from the very beginning. Rather than targeting a niche in the *Early Majority* users, as recommended by Moore (1991), *Twitter* chose to advertise its product in a broader way, jumping from group to group, starting with *Innovators*, then *Early Adopters*, and so on. Although one might argue that, by advertising *Twitter* on the *South by Southwest Interactive Festival* the company's intention was to explore the niches "entrepreneurs" and/or "tech-lovers" that usually attend the festival however there is no evidence that the company tried to explore intensively these types of users.

⁴ The *South by Southwest (SXSW) Festival*'s goal is to be "an event that acts as a tool for creative people and the companies they work with to develop their careers, to bring together people from a wide area to meet and share ideas." It serves this goal for music, with *SXSW Music*; for film, with *SXSW Film*; and for interactive technologies, with *SXSW Interactive*. All festivals are held in Austin, Texas, in the USA.

7.2. The “Chicken-Egg Problem”

To answer the second problem presented, research on the history of several *UGC platforms* has been conducted and two distinct options to avoid the cycle of the “*Chicken-Egg Problem*” have been identified. The case of *Google+*, which resorted to integration and the case of *TripAdvisor*, which resorted to providing initial content, will illustrate the two options. These are not opposite strategies as they are not incompatible with each other. They simply solve the same problem from two different angles.

Google+: Start with Users

One way to acquire a considerable user base upon a platform’s inception is to integrate it with an already popular product or service. Doing so will generate *cross-network effects*, meaning that both parts will provide users to each other. This strategy can be illustrated by *Google’s* strategy upon the launch of *Google Plus (Google+)*⁵.

Before launching *Google+* in June 2011, the company counted already with 2,610 million searches per day (2010) and about 193 million users on *Gmail*⁶. The company integrated the new platform with its other services, such as *Gmail* and *YouTube*. In fact, as of 2013, in order to post a comment on *YouTube*, users are required to have a *Google+* account. Due to this aggressive integration strategy, *Google+* was able to acquire 343 million active users until December 2012, making it the second largest social platform in the world, with *Facebook* remaining in the number one spot. “Standing on the shoulders of giants” has allowed *Google+* to grow faster than most *UGC platforms*.

Whilst forcing *YouTube* users to create *Google+* accounts in order to comment on the website might have increased the number of users, it displeased some users who did not

⁵ *Google Plus* is a social network and identity service owned by *Google Inc.*

⁶ Prior to 2011, *Google Inc.* operated already an Internet search engine and *Gmail*, an email service.

wish to affiliate themselves with the new platform and wanted to maintain their use of the old one independent and anonymous. Co-creator of *YouTube* Jawed Karim publicly criticized this move through a comment on his *YouTube* account.

TripAdvisor: Start with Content

If lack of content keeps users away, then a simple solution comes to mind: provide content. Companies can create or purchase content in order to attract users. This of course goes against the concept of *UGC*. Nonetheless, providing content does not necessarily exclude the possibility of allowing users to create part of it and can be effective as a mere starting point for a *UGC platform*. *TripAdvisor* is a successful example of this strategy.

Nowadays, *TripAdvisor* is known as a user review website, where users can write reviews about restaurants, hotels, and other topics of interest to tourists, as well as read reviews written by others. Once again, *extrinsic value* is the main value provided by *TripAdvisor*. The more users it obtains the more reviews and information it can provide to its users. Yet, this was not the founders' initial idea. *TripAdvisor*'s supposed mission was to function as a vertical search engine, allowing travelers to search the web for reviews provided by newspapers, guidebooks, magazines and other sources. As a side feature, *TripAdvisor* chose to enable its visitors to add their own reviews. Not long after, the number of user-generated reviews surpassed the number of "official" reviews.

This strategy solves the "*Chicken-Egg Problem*" by providing users with content so that initial users have content to enjoy before having to create it themselves. A company may choose to provide some content as a mean to attract users and, after gathering a large enough user-base, drop the creation of content and rely solely on what users create.

8. Further Marketing Considerations

Further elements that are specific to *UGC platforms* should be considered when launching one. The following paragraphs analyze how four elements of the *marketing mix* – Price, Place, Product and Promotion⁷ – differ in the context of *UGC platforms*.

8.1. Price

With modern technology, most *UGC platforms* can be easily copied. Therefore, charging users for content that is generated by individuals becomes a challenging task.

8.2. Place

A few years ago, *UGC platforms* could only be accessed through computers. Recently, the popularity of smartphones has led companies dealing with *UGC platforms* to develop mobile applications. Innovation has become essential when it comes to *UGC platforms*.

8.3. Product

The Generated Content

A *UGC platform* should have a clear mission, even if the company chooses to adapt it throughout time. For example, *YouTube* allows us to share videos with the world; *MySpace* used to connect individuals to each other and nowadays is aimed towards the world of musicians and bands. In other words, *UGC platforms* should have a target market and specific benefits that they can offer to that market. These benefits will be shaped according to the platforms' available features. *eBay* allows users to post pictures of their products,

⁷ Despite having classified *UGC platforms* as a form of *SaaS*, the “service elements” of the *marketing mix* have been discarded. The element “People” has been disregarded as the ones offering the service are the users and thus, the element becomes defined by a company’s target. “Process” was not considered as there is already extensive literature on how to design websites and applications. Finally, “Physical Evidence” will not be analyzed as no issues that would be specific for *UGC platforms* alone were found.

attach a price tag and sell or auction these products. That way, *eBay* veers its users from turning the website into a social network to using it as a platform to exchange products.

Although a company can shape the way users use its *UGC platform*, it cannot fully control what they decide to do with the platform's features. Leaving users the responsibility for creating content can lead to undesirable content for other users. Common examples of this type of content are spam⁸, pornography and abusive comments.

Getting Users to Create

Former studies have categorized users of Internet communities as *posters* or *lurkers*. *Posters* are those that get involved the most and create content, while *lurkers* are those who do not create as much and limit themselves to seeing what is created by others. *Lurkers* are said to make up over 90% of several online groups (Katz, 1998). The main reason for users not to post is feeling that there is no need to do so. Quite often, users find that reading/browsing is enough (Andrews et al, 2004). Despite *lurkers* being important to generate revenues through advertisements, recently launched *UGC platforms* strive for content and need to attract *posters* more than *lurkers*. Furthermore, previous studies have not been able to find statistically significant demographic differences between *lurkers* and *posters*, making it hard to target *posters* specifically.

8.4. Promotion

When it comes to promotion, *UGC platforms* have the same possibilities as other Internet businesses with one major difference. *Word of Mouth* can be a powerful disseminator of a product's awareness. In the case of *UGC platforms*, since a lot of a platform's value is derived from the amount of users it has, users have a personal benefit of promoting the

⁸ Spam is the name given to undesired/unsolicited messages, usually bearing advertising content.

platform themselves. For example, *Facebook*, as a social network, helps people stay in touch with their friends. In order to do so, users will need their friends to become users as well. This leads to a *Word of Mouth* situation where, instead of simply talking about an enjoyable product, users will try to bring their acquaintances on to the platform.

9. Recommendations and Final Remarks

Bearing in mind the different strategies to avoid the “*Chicken-Egg Problem*” and how the marketing elements differ in the case of *UGC platforms*, the following paragraphs discuss the best strategic decisions for a *UGC platform* to follow upon its origin.

9.1. Launching and Targeting

Regarding a platform’s initial targeting choices, it is hard to reach a compromise between *Facebook’s* strategy and *Twitter’s*. *Facebook’s* method of exploring a niche of the *Early Majority* follows the recommendations of Moore, avoiding the risk of getting stuck with its *Early Adopters*. However it purposely limits the number of users on the platform. The question entrepreneurs should ask is whether there is a niche that makes sense targeting for their particular *UGC platform*. For example, *Facebook’s* choice of targeting *Harvard* initially made sense since a large part of a student’s network is in the same university. However, even if students are part of today’s *eBay* users, it would make no sense to implement the trading platform on one university, as students could easily buy and sell products in person, without conceding a fee to the website. Entrepreneurs must assess whether there is a niche that they can efficiently explore and use as a starting point to expand the user base of their platform. Thus, the long term impacts of starting with a certain type of customers should be taken into consideration as it has already been explained that users can shape the purpose of a *UGC platform*. If there is no niche that can benefit from

the *UGC platform* while functioning as a starting point to expansion, then companies will target their *Innovators* and *Early Adopters* on an initial basis.

9.2. The “Chicken-Egg Problem”

The first hypothesis stated at the beginning of this paper proposed that integration efforts would be more appropriate to companies with a mass targeting strategy. Integration with other platforms or websites takes advantage of an existing user base. If a company is following a niche targeting strategy, like *Facebook* did, then, unless other platforms are targeting the same niches, integration will attract a broader market, making it hard to intensively explore only one niche and making the company vulnerable to the *Chasm*. On the other hand, integration attracting a broader type of users is consistent with a mass targeting strategy. Additionally, integration does not necessarily have to happen within services provided by the same company, as in the case of *Google+*. For example, enabling users to share or like articles through *Facebook* is a common method that websites use to disseminate the content they create.

The second hypothesis proposed that providing initial content would be most suitable for companies with a niche targeting strategy. A broader market will have several different uses for a *UGC platform*, thus it becomes difficult to provide content that can attract all types of users. If a company is targeting a niche market instead, it is easier to identify the type of content demanded and the amount and variety of content demanded is lower.

When considering the costs associated with integration efforts or providing initial content, one should see whether they outweigh or not the long-term benefits, rather than the short-term ones. The goal of these efforts is to grow a platform’s user base significantly so that it can grow on its own afterwards.

9.3. Further Marketing Recommendations

9.3.1. Price

Instead of charging users for their services, *UGC platforms* usually rely on advertisements to generate revenues or function as a *marketing* tool for other companies. Another possibility is to impose a *freemium* model, whereby users get free access to a platform and the option to pay for an augmented experience with features such as additional services, additional content and no advertisements. When *UGC platforms* deal with transactions between users, like *eBay*, companies can charge a fee from each exchange.

9.3.2. Place

It is essential that companies find ways to stay relevant and make themselves easily accessible to their users, and that implies following technological trends. For example, should *Google Glass*⁹ become popular among their target markets, companies like *Facebook* and *Twitter* should adapt their platforms so that they can be used on this technology, adding new features if advantageous.

9.3.3. Product

The Generated Content

In order to control the content a platform generates, companies need to decide on how to deal with unexpected content. They can embrace it, separate it or block it. The decision should be aligned with the firm's mission and vision.

Embracing: in the face of unexpected content, companies can adapt their vision to that of their users and shape the platform so that the new type of content created becomes

⁹ *Google Glass* is a technological device that users can wear as a regular pair of glasses, augmenting reality with the use of an Optical head-mounted Display.

incorporated with the rest or even the core content. *TripAdvisor*'s decision to allow *UGC* was not intended to change the purpose of the website. Nonetheless, the opportunity presented itself through a great number of reviews deemed more reliable and *TripAdvisor* shifted its focus on how to deliver value to users.

Separating: Creating a separate place for a specific type of content allows users to avoid content they dislike. For example, social news forum *Reddit* is divided in sub-forums (named *subReddits*). Each *subReddit* is designed for a specific type of content such as a certain TV show, discussion topics, or content that can easily be deemed offensive by the general population. By separating these different types of contents, users are free to roam *Reddit* seeking the benefit they are after without facing undesired content.

Blocking: if a company chooses to avoid a certain type of content, it can block posts or ban users altogether. For example, *YouTube* removes pornographic videos and erases comments classified as spam or abusive. There are different ways to remove offensive content and ban users. A company can use employees to search the platform and block content; use recognition software to locate certain words or images and remove the corresponding post; and/or let its users report or vote down content. For example, *Reddit* allows users to upvote or downvote all posts, leading the most upvoted to become the most visible and the most downvoted to become the least.

Getting Users to Create

Since demographic differences were not found in previous studies, instead of trying to target *posters*, companies can try to turn users from being *lurkers* to becoming *posters* by providing incentives to post.

To find the different types of incentives a platform can offer to its users, one should look at existing theories on needs and examples of existing incentives. Maslow's *hierarchy of needs* (1943) tells us that people will only attempt to meet some needs after others have been satisfied. From the need with the highest priority to the one with the lowest, Maslow classified human needs as: physiological (requirements for survival); safety (personal security, financial security, health and well-being, and safety net against accidents and illness); love and belonging; esteem; and self-actualization.

By connecting individuals to each other, *UGC platforms* almost automatically satisfy the need of love and belonging. This is a powerful incentive for users to actively participate in one. *UGC platforms* should aim to create a sense of community among their users. It is not uncommon to surf the Internet and occasionally find comments posted by users entitling themselves as “*Redditors*”, that is, *Reddit* users. The feeling of community will become harder to maintain as the *UGC platform* grows bigger. If everyone becomes a “*Redditor*” then no one will address anyone as a “*Redditor*”. Nonetheless, it will incentivize users to join and create content in the short to medium term.

UGC platforms can also fulfill the need of esteem. *Facebook* posts can be publicly “liked” by other users and *YouTube* videos can be liked or disliked. This social approval system, when positive, can increase the esteem of posters and function as an incentive to participate.

Self-actualization needs can be very specific, but for those reaching for fame and its benefits, *UGC platforms* can be an effective way to achieve it by providing them with a large audience. Although a *UGC platform* requires a high number of users to give posters the possibility of fame, users are already aware of the potential for extreme growth and try to become famous while there are fewer “user competitors”.

It is not as common for *UGC platforms* to satisfy physiological and safety needs. However, they can meet them indirectly by contributing to their users' wealth. *eBay* allows users to sell goods and *YouTube* allows its most popular posters to strike deals with advertisers and make money out of the amount of views they can attract. Additionally, being famous through a *UGC platform* can lead to being famous outside the platform, which then enables users to make money through interviews, TV appearances, and other possibilities.

Another method commonly used to keep users creating content is to notify them about new features, discussion themes or occurrences through notifications. Sometimes even just reminders to use a platform will keep users from forgetting about its existence. Finally, depending on the purpose of the platform, it is possible that companies follow a psychographic segmentation when selecting their target market and thus, can take in as a characteristic whether users are likely to create content or to lurk. For example, if one uses the VALSTM framework¹⁰, a platform that successfully targets the segments that seek self-expression is more likely to attract *posters* rather than *lurkers*.

9.3.4. Promotion

Besides the methods to promote Internet companies in general, *UGC platforms* can have a special use for celebrities. Since they connect only individuals and each one is of marginal importance to the platform's size, celebrities are highly attractive users. It has already been established how *UGC platforms* can generate *Word of Mouth*. Celebrities often speak to larger audiences and are more influent than regular individuals. Thus, getting celebrities to use a platform will consequently attract a high number of new users.

¹⁰ The Values, Attitudes and Lifestyles (VALSTM) is a research methodology used to segment a market according to psychographic characteristics, rather than using demographic groups. It categorizes people into groups according to their resources and innovation, and their motivations. These motivations can be: Ideals, Achievement or Self-Expression. It was developed by social scientist Arnold Mitchell at the Stanford Research Institute and is heavily influenced by the work of Abraham Maslow.

10. Limitations

This paper does not comprise all the necessary steps of a business model, which was not the aim of the present research. Entrepreneurs should read existing academic material on Internet companies, *Software as a Service* and *Multisided Platforms*, before adapting them with the recommendations made in this paper. Entrepreneurs should also develop a plan to deal with piracy and copyrights issues. The recommendations provided will not guarantee a successful platform but rather contribute to the success of a potentially profitable value proposition by avoiding several *marketing*-related issues. Readers should also be aware that aggressive tactics to attract users might lead to unsatisfied users, which might consequentially lead to fewer users.

Several stories of real companies have been used as examples throughout this paper. To quote Winston S. Churchill, “History is written by the victors”. The same happens in the world of business. There is a potential bias in this paper, since it looks to strategies as successful when they might have failed several times in non-documented cases. Furthermore, this paper deals mostly with ideas and managerial concepts that cannot be easily measured and lead to a certain level of subjectivity in the conclusions presented.

Finally, the recommendations made are meant to attract as many users as possible to a newly-launched *UGC platform*, not to increase its revenues. Although ultimately a higher number of users will translate in higher revenues for a firm, it is up to a company to find the best way to convert users into revenues.

11. References

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