USER-GENERATED BRANDS: WHAT REAL COMPANIES CAN LEARN FROM
VIRTUAL WORLD BRANDS

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General topic
The emergence of virtual worlds and consumers' increased time online presents both opportunities and challenges for brand management. While a number of companies successfully experimented with virtual worlds for their branding efforts, firms have yet to establish viable ways to benefit substantially and sustainably from this emerging information and communication technology, which relies on users to create and co-create content. Remarkably, individuals and consumers have demonstrated that creating successful brands within these user-generated online environments is doable and frequently their initiatives outperform established corporations. These instances, termed user-generated brands (UGB), are most visible within Second Life, where users are free to create, own and sell their content. In this study we examine successful brands that emerged from users to shed light on the question of how to build and manage brands within user-generated environments.

The success of user-generated brands
Brands are one of companies' most valuable intangible assets and the successful creation and management of brands has become the essence of an enterprise and a top management priority (Keller and Lehmann 2006; Aaker and Joachimsthaler 2000; Mühlbacher, Hemetsberger et al. 2006). The meaning and value of brands is created through the interactions of social actors involved with them and brands reflect the complete experience customers have with and around products (Keller and Lehman 2006). With the emergence of social media and virtual worlds an increasing share of the interaction with and experience around brands occurs within this new communication reality. Because content is created and co-created by users, individuals and communities increasingly have the power to influence existing brands and even create their own brands (OECD 2007; Kane, Fichman et al. 2009). This is adding a new dimension to branding and marketing communications (Court, French et al. 2006; Klaassen 2006; Engagementdb 2009; Keller 2009; Kaplan and Haenlein 2010; Businessweek 2009; Kane, Fichman et al. 2009; Keller 2009). Established brands started exploring this new dimension and entered virtual worlds – so far with mixed results (de Mesa 2009; Kaplan and Haenlein 2009). Many companies have invested heavily only to find out that their initiatives were failures and not able to fulfill the high expectations. This failure not only means a loss of investment, but because of the rapid flow of information among users, it may even present a significant reputational risk for companies and their brands.

While large brands are still struggling to get a grip on their social media efforts, ironically users in social media environments have shown that building successful brands from scratch is possible (Füller, Pfeiffer et al. 2009). This research project labels brands that originated from users in social media environments rather than companies as user-generated brands. The existence of user-generated brands is most visible in virtual worlds, such as the prominent Second Life (de Mesa 2009; La Ferla 2009). Enabled by advances in 3D graphics, bandwidth and network connectivity, these worlds are computer-generated physical spaces, represented graphically in three dimensions, which can be experienced by many users, or so-called avatars, at once (Castronova 2005). The popular Second Life functions like a real economy and is giving avatars the opportunity to create and capture the value of their efforts. Thus, this virtual world is at the forefront of the social media revolution since it almost exclusively relies on user-generated content. As a space where entrepreneurs can freely and easily set up own business and build brands, virtual worlds have produced many successful user-generated brands. Consider for instance Stiletto Moody, a fashion business specialized on creating and selling designer high heels. The brand has already sold over 150.000 pairs of virtual shoes and after more than two years of existence still is among the most frequented places Second Life. New product releases are followed closely by a large number of fans and are at first exclusively available only to Stiletto Moody Group members. Another example is Need4Speed, the car dealership by avatar JR Breed - in real life a twenty something from the American heartland - which is nearly three times as popular as the automotive site backed by the Japanese-based international car conglomerate Nissan (Au 2006). How did JR Breed do it? What does Stiletto Moody do to have such an influence on residents of Second Life? What do any of the users who created successful brands do to encourage customers to visit their presence and buy their products?

In this study we have tried to capture the success of some of the most prominent user brands, to record not just what they do but also how they think, and most of all, to begin to conceptualize their practices. We aim to identify the pattern that contribute to their success and derive learning for companies that seek to employ social media for their brand management.

Theoretical foundations
Brands are not only a combination of the name, term, sign, symbol or design, which marks a specific product and therefore is a marker of identification for the firm´s offering (Kotler and Bliemel 2001). They are rather complex social phenomena representing individual and social meaning (Elliott 1994; Aaker 1997; Keller 2008), which is created in the interplay between the brand as a material object and all the social actors engaged with it, mainly firms and customers (Mühlbacher, Hemetsberger et al. 2006). As brands are complex phenomena, so are the success factors that drive strong brands. Ever since building and managing brands has become top priority for managers, scholars are studying prominent brands to identify the drivers behind their success. But because of the complex nature of brands no generally accepted set of success factors for the building and managing of brands exists (Aaker 1996; Aaker and Joachimsthaler 2000; Kapferer 2008; Keller 2008). Nevertheless authors have tried to distill success stories of brands into the major factors that are driving their success. Hollis (2008) for example identifies five major success factors for global brands, including creating a great experience, a clear and consistent positioning, a sense of dynamism, a sense of authenticity and a strong corporate culture. Riesenbeck and Perrey (2007) point out ten principles that can show brand managers the way to success.

Nonetheless, these success factors (and the brand concepts behind them) are derived from the classic communication environment and are thus ripe for a review for several reasons (Keller 2009). First, communication patterns in social media environments differ significantly from the communication in classic branding. Second, social media environments illustrate specific dynamics of interaction, which influences the perception of branding efforts by relevant customers. Finally, customers in these environments choose freely with whom, how and when to interact, making mass media techniques obsolete and brand communication an interactive challenge (Keller 2009; Kaplan and Haenlein 2009; de Mesa 2009). To date no research has (re)examined drivers of success for brand management in user-generated environments. We seek to contribute to this task by proposing that user-generated brands hold valuable learning for companies. Since no prior research exists, we have taken an explorative approach to study the drivers of success for user-generated brands.

Methods and data generation
We wanted to know what outstanding user brands do and think that might explain their accomplishments. Most important, we wanted to know if the lessons they taught us could inform companies' brand management. In a multi case study we took a close look at the thinking and practices of the leading user brands. We encompassed brands from different industries – from fashion to real estate. The main data generation methods were in-depth interviews and focus groups with creators of successful user-generated brands. In addition we relied on quantitative data on existing user-generated brands to draw a detailed picture of the relevance of this new phenomenon.

Findings
The empirical analysis sheds new light on how to build brands in user-generated environments. We show that successful user-generated brands follow a pattern of enriching the lives of virtual worlds residents with innovative and authentic products. They create valuable brand meaning in the interaction with customers, offer unique and interesting content in order to get the attention of customers and excite them in a meaningful way with various interactive attractions during a compelling experience on their place. The broad patterns of thinking and practice we found among our subjects are directed towards building a community of brand enthusiasts. Following user brand creators' deep understanding of the local culture, we recognized the type and level of interactions they have with their customers.

Theoretical Contribution
With the exploration of the new phenomenon user-generated brand, this work will make two important contributions to branding theory. Firstly**,** it will define and characterize the new concept of user-generated brands and will therefore be a valuable contribution to brand definitions (Kapferer 2008). Secondly, as this research examines branding efforts in virtual worlds, it will add to the understanding of how to use marketing communication in new media environments to maximize brand value. Because the socially constructed reality of brand building in new media environments like virtual worlds has yet to be explored, the validity of established brand building models in these environments has to be reevaluated (Keller 2009).

Managerial implications
Managers receive a helpful framework for building and managing brands in social media environments. These suggestions consider the special characteristics of user-generated

environments, capitalize on the advantages offered by them and aim at enhancing companies' branding efforts. "The brand in the user's hand" is not a temporary hype, but rather an increasingly important aspect of successful brand management. Companies can enhance their brand management efforts by learning from avatars – the latest visual representation of their customers.

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