TikTok under Marketing Saturation: Comprehensive Analysis of User-Generated Content (UGC) Marketing

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Abstract: In the current information-rich digital marketing environment, TikTok is a rapidly growing social media platform, and its user base has exceeded 1.562 billion in January 2024. However, with the over-saturation of brand-generated content and social media advertising, consumers' attention to brand-generated information has shown a downward trend. Gradually, user-generated content (UGC) has become a mature marketing paradigm in recent years. UGC relies on users' creativity and subjective preference, entirely in contrast to the brand's official content, and can better stimulate consumers' interest and purchasing power. This article describes the forms of UGC and its working mechanism on TikTok and also states several advantages of UGC on TikTok by comparing it with brand-generated content (BGC). The results show that UGC enhances the brand and users' interaction. It is more cost-effective than official BGC and influencer marketing strategies. Meanwhile, it also discusses the challenges UGC marketing is currently facing. Through a comprehensive analysis of UGC marketing on TikTok, this article provides insights into the dual-edgedness of UGC and how it can be effectively used to drive brand growth and user engagement in a rapidly developing informational social media environment.

Keywords: user-generated content, TikTok, social media, marketing, advertising

1. Introduction

Nowadays, TikTok has become one of the most rapidly growing social media platforms in the global range, boasting a substantial user base with monthly active users surpassing 1.562 billion as of January 2024 [1]. Its popularity has attracted significant attention from companies, leading to substantial investments in advertising. In a testament to its appeal as a marketing channel, TikTok has reached a remarkable (10 billion pounds) in advertising revenue in 2022 alone [2]. Among numerical marketing strategies that are available to enterprises, influencer marketing can be regarded as one of the most prominent approaches that bring profitable revenue for companies, and in regards to the visibility or the credibility of benefits, leveraging those ad-paid influencers on TikTok to advertise has already been the favored means, though the cost is enormous.

However, in recent periods, people's attention towards social media advertising and official brand-generated content has shown signs of diminishing trends. In the information-rich era, the saturation of promotional content on social media has led to audience fatigue and decreased receptiveness [3]. Brands are facing challenges in maintaining consumer interest and trust [4]. In this situation, a new

marketing paradigm has emerged, which shifts people's attention towards user-generated content (UGC) marketing.

User-generated content, as the name suggests, is generated by users or consumers but not brand officials, using the creativity and authenticity of users to promote brands and products. Unlike brand-generated content (official ads, influencer marketing. etc.), which expresses the official opinion of brands, UGC marketing harnesses the power of daily users or customers to create relative content that resonates with other users.

As UGC increasingly becomes one of the mainstream approaches in marketing, it is essential to pay attention to its emergence, evolution, and impact on brand-consumer relationships since companies can tap into new opportunities to connect with consumers, drive their engagement, and cultivate their brand loyalty by knowing the UGC strategy well. Understanding how UGC marketing works is crucial for businesses to thrive in social media marketing in today's era of information and network prosperity, which can help them ultimately contribute to societal economic development.

By employing a qualitative analysis, the paper is organized into four sections: an introduction to UGC on TikTok, an examination of its benefits, challenges faced, and strategies for effective utilization. The research aims to comprehensively understand UGC's potential to enhance brand-consumer interactions and suggest directions for future exploration in digital marketing strategies.

2. Overview of UGC

2.1. The Concept of UGC

UGC is defined as any text, data, or action performed by online digital systems users, published and disseminated by them through independent channels, that incur an expressive or communicative effect either individually or combined with other contributions from the same or different sources [5].

2.2. UGC Marketing on TikTok

User-generated content (UGC) marketing is dominant on social media as a marketing strategy. On TikTok, UGC marketing involves brands encouraging content created by their users or fans to promote some product, service, or experience. Contents can be dancing and singing videos, randomly initiated challenges, product reviews (good or bad), makeup tutorials, creative expression, or just vlogs about what they have done in days. The effectiveness of TikTok's UGC marketing is mainly due to the platform's optimization of short video quality and the massive focus on user interaction. TikTok acknowledges that its algorithm is important in shaping user experience and amplifying UGC [6]. TikTok's recommendation algorithm is designed to quickly elevate videos to "viral status" and introduce users to topics that match their interests or what they have browsed for a relatively long time [7]. This algorithm allows UGC in TikTok to expand diverse content coverage and attract users as much as possible. Such "viral videos" bring high levels of engagement through comments, views, likes, and shares [8]. Moreover, this high level of engagement further drives the visibility of user-generated content, giving all users chances to gain massive exposure.

2.3. Motivation

There are various reasons why users generate content on social media. Probable reasons include Promoting products, entertainment, or expressing themselves. No matter which motivation, they are all driven by the intrinsic psychological need to seek recognition or appreciation, which furthermore helps improve life satisfaction and happiness. Their psychological needs can be fulfilled by obtaining positive feedback, such as likes and comments (praise and approval), sharing videos and communicating with others, learning valuable and practical daily skills, and building a sense of

community and connection. Moreover, successfully seeking recognition and appreciation can be a way to verify self-worth, enhancing individual self-efficacy and self-esteem simultaneously. However, the users create and share things for different purposes at the surface. This explains the reason for UGC's popularity on social media platforms— effectively promoting user engagement and community building.

2.4. Content forms of UGC

The content of UGC is three aspects: initiated challenges, educational/ persuasive/popular science content, and real experience sharing, such as product reviews, service experience, and personal recommendations.

2.4.1. Interactive Challenge

One of the most popular forms of UGC includes elements of "challenges" and "contests," brand-established ways of motivating users to complete tasks or challenges. Common examples on TikTok include the physical therapy device makeup challenge, the weird snack challenge, the strange posture challenge, etc. Users spontaneously accept challenges based on their interests and take videos to upload. As more and more people discuss, they will automatically search for certain related brands, and some may even buy those products directly, driving the market economy. Beauty video challengers sold hand therapy devices, and the so-called sourest candy in the world was also sold out by challengers in the snack category. It is such a variety of interesting interactive challenges that allow people to invisibly promote some items or brands and increase the number of purchases.

2.4.2. Tutorial Content

Tutorial videos are also a popular form of UGC on TikTok. Short tutorial videos help other users and viewers correctly use the product, experience the service, or learn skills. These videos include makeup teaching, electronic product function teaching, daily life skills teaching, emergency handling, and so on, which are countless and truly useful. The people targeted by instructional videos will probably be those who already own a product but do not know how to use it or those on the verge of purchasing since they need more information to judge. In short, instructional videos can not only attract viewers to the greatest extent but also convey practical, useful information about the product itself and improve the purchasing power to a certain extent.

2.4.3. Real Experience Sharing

Two of the primary forms of UGC are review videos and reaction videos. These UGC content share honest feelings and reactions about a product or service, which will directly impact users' willingness to purchase the product. Because reviewers are not sponsored and have nothing to do with the brand, their authenticity can build consumers' trust in the brand and increase the purchase intention of other potential consumers.

3. UGC Advantages

3.1. The Appeal of UGC

In the digital marketing era, consumers and social media users are frequently exposed to various advertisements generated by brands, leading to "attention fatigue" among users. This information overload causes the receptive audience to feel stressed, fatigued and desensitized to the brand message. Therefore, traditional advertising and promotion strategies may not be as effective as before,

prompting brands to explore innovative ways to capture consumers' attention in a highly competitive market. In order to cope with the numbness generated by audiences, brands are increasingly focusing on creating meaningful and valuable content to engage their target audiences effectively [9]. User-generated content (UGC) becomes an ideal marketing tool in this context. UGC is often considered more authentic, engaging, and resonant with consumers than brand-produced content [10]. Norris et al.'s study of the phenomenon of rogue marketing of the new product category, hard seltzer, in the summer of 2019 provides further evidence that UGC is more attractive. Norris et al. explore "rogue marketing" through a comparative analysis of official advertising produced by companies. A sample of 210 respondents was recruited through students on a university hospitality management course, and social media posts, and then qualitative and quantitative data were used to measure company responses to rogue marketing. The findings found that rogue marketing was more compelling than ads produced by companies and that those who found rogue marketing messages more compelling had stronger opinions about the company's response. According to Norris et al.'s definition of rogue marketing, the so-called "rogue marketing" is UGC marketing. "Rogue marketing occurs when an unrelated individual creates and posts informal information about a brand on social media that spreads quickly. Even though the post is not sponsored or endorsed by the company to which the brand belongs, it spreads virally. It can lead to free and unexpected advertising (positive or negative)." [11]. This proves that irrelevant, informal, and non-sponsored user-generated content in today's information-rich online environment often captures people's attention and attracts more than brand-generated content. Brands address the "attention fatigue" of their marketing audiences with a consumer-centric strategy and leverage the appeal of user-generated content to create meaningful connections with their audiences.

3.2. The Authenticity and Credibility of UGC

The main advantage of user-generated content (UGC) is its authenticity and trustworthiness. In the dizzying display of advertising on social media, the brand-generated content is tiresome and immune and filled with falsehoods and lies. Some brands use false and exaggerated publicity to improve advertising effectiveness and profits, which makes them face challenges in authenticity and credibility and damages both the impressions and trust expectations of brand-generated content and ads. On the other hand, as consumers and users seek more authentic and valuable buying advice, user-generated content becomes a more attractive alternative due to its authenticity and credibility. According to Mayrhofer et al.'s findings, user-generated content does not elicit "persuasive knowledge" and subsequent adverse effects compared to overt advertising and brand posts [12]. Research also found that user-generated content inspires higher purchase intent than advertising content posted directly by brands. UGC created and shared by informal, non-sponsored real users, such as product reviews, experience sharing, and recommendations, is considered more authentic and credible by the audience. Travel Information (TRC) on TikTok is used to disseminate user-generated content and relevant information related to travel experiences and is a trusted source of information for users [13]. First of all, the authenticity of this type of UGC comes from voluntary creation by actual users based on personal experience rather than commercial interests and brand sponsorship. This type of content is more likely to resonate with other consumers because it provides the fundamental insights and advice users seek when considering decisions rather than uncertain lies or exaggerated claims. Not only that but recommendations and advice from fellow travelers who provide first-hand accounts on social media can significantly increase trust [13]. This kind of personal experience and help from the same role more effectively enhances the mutual trust relationship between users and directly contributes to the high trust level of UGC.

3.3. Cost-effective of UGC

While influencer marketing is highly effective at increasing brand awareness and user engagement, its costs can be astronomical. Superstars like Taylor Swift and The Rock charge millions per post. Lionel Messi endorsed Michelob Ultra for the 43rd edition of Ultra Bowl ads posted on social media platforms such as Instagram. The potential cost of this 60-second ad will be approximately $14 million [14]. To ensure the success of influencer marketing, brands need to invest significant costs in signing up influencers, including but not limited to signing legal contracts, paying creators, and managing approved messaging and use of brand assets. These complex processes and high fees are a substantial financial burden for many businesses.

In contrast, user-generated content offers a more cost-effective marketing option. UGC relies on users' voluntary contributions and can produce many brand-related content without expensive costs. These contents can reflect the actual user experience and increase the credibility and appeal of the brand. However, they also can be widely disseminated at a low cost through the viral effect of social media. The low cost will reduce financial pressure on companies regarding marketing and advertising. When resources are limited, using UGC as a marketing strategy can effectively reduce costs and bring a high return on investment (ROI) to the company, making UGC a critical strategy that cannot be ignored in today's digital marketing field.

4. Limitation of UGC

User-generated content (UGC) is trusted by users for its authenticity and credibility in TikTok marketing, but its limitation as a marketing tool mainly lies in the uncontrollable content. For brands and marketers, the spontaneous nature of UGC content means it is difficult for brands to control the direction of the content, which can lead to many challenges. First, the unpredictability of UGC can lead to adverse public relations situations for brands. Due to different user preferences and other reasons, users may share negative experiences or negative reviews about the brand in UGC. These negative UGC may create negative perceptions and attitudes towards the brand among other users, which may further damage the brand's image and reputation. Secondly, the quality of UGC varies and may not meet the image or quality standards that the brand hopes to convey, unlike professional marketing content backed by professional marketers, well-designed scripts, and high-quality production tools. When creating content, ordinary users may lack professional shooting equipment, editing software, and expertise in content creation. This results in UGC's poor visual effects, content structure, and information transmission.

5. Leverage UGC for Marketing

Businesses should make full use of the potential of user-generated content marketing. According to research by Muda and Hamzah, today's consumers trust and rely more on UGC when making purchase decisions rather than company-generated content on social media [15]. However, one of the main challenges brands face when leveraging UGC for marketing is its dynamic and uncontrollable nature. Although UGC can bring authenticity and trust to a brand, it is a challenge for a brand to incentivize the content effectively.

5.1. Encouraging the Creation of UGC

Enterprises can use various strategies to stimulate and encourage the generation of UGC, thereby turning this uncontrollability into the brand's advantage. Companies can attract users by organizing popular UGC forms on TikTok, such as "interactive challenges." An excellent example of a successful UGC integration campaign is the Barbie movie from 2023. Mattel and Warner Bros. marketing teams

have partnered with more than 100 brands ahead of the release of the movie Barbie, including on social media platforms like TikTok and Instagram, where they created a "Barbie Selfie Generator" lens extension on TikTok that will pop up every time a user Sharing a selfie increased exposure and coverage of the movie, doll, and accessories, creating a Barbie wave. By building a cost-effective form of engagement and campaign, companies can incentivize users to create positive brand-related content that goes viral.

5.2. UGC Analysis

Although UGC has limitations and cannot be directly controlled by the brand, it can help the brand understand consumers' objective feedback and needs as an essential performance indicator for evaluating products. Maia et al. and others investigated and analyzed UGC in the Booking platform to improve customer satisfaction and eliminate defects, thereby improving and enhancing the quality of the hotel industry [16]. Therefore, analysis of UGC helps companies understand customer data, leading to innovation and performance improvements. Companies can gain accurate and valuable market insights while enhancing consumer interaction and engagement. Using UGC as a performance metric, businesses can more accurately measure the impact and ROI of their marketing campaigns. Businesses can assess the popularity and engagement of specific marketing campaigns and adjust their strategies to improve performance.

6. Conclusion

Overall, brands must adapt and embrace UGC on social media, especially TikTok, and leverage its potential to attract the interest of consumers and users in a saturated digital environment. The above analysis shows that the authenticity and credibility of UGC significantly affect consumer behavior and provide brands with a way to establish deeper connections with their audiences. Compared with traditional brand-generated content, such as influencer marketing, UGC has become a new trend in marketing due to its strong appeal, good authenticity and credibility, and relatively high cost-effectiveness. Although the uncontrollability of UGC and the possibility of quality variation present a challenge for businesses, it is feasible for companies to leverage UGC in their marketing campaigns strategically. Not only can it have a positive impact on marketing benefits, but it can also increase user engagement, brand loyalty, and credibility. The role of UGC in marketing is expected to expand as brands continue to seek innovative ways to engage their target audiences. Users prioritize authentic and engaging content, signaling a change in the promotion paradigm. This research elucidates the strategic value of UGC, demonstrating its efficacy in transcending conventional brand-generated content (BGC) through authenticity and enhanced consumer engagement. It tentatively suggests that UGC can enhance brand visibility and engagement within the crowded digital landscape, providing preliminary evidence that might guide practical marketing strategies. By recognizing the limitation, further exploration is necessary to deepen people's understanding of UGC's impact on digital marketing and its potential for creating meaningful brand-consumer interactions in an increasingly saturated media environment. By integrating UGC into their marketing mix, brands can leverage consumer narratives to reinforce trust, community engagement, and sustainable competitive advantage. Future research may explore effective strategies to overcome challenges posed by UGC, including maintaining content quality and ensuring brand consistency; adapting and leveraging UGC is crucial for brands looking to stay competitive in the dynamic world of social media marketing.

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