Report for Ofcom: The Value of User-Generated Content

21 June 2013
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01 Introduction

1.1 Background and scope of project

In December 2012, Turner Hopkins were commissioned by Ofcom to research and compile a paper to show the value of user-generated content (UGC) to the UK, its likely growth over the next ten years and the implications for Ofcom as the UK’s communications regulator.

Initially and primarily we were asked to consider:

- The production of UGC in the UK: definitions and classification, relationship to content incumbents, demographics, activity levels
- Benefits: economic, social, cultural
- Future trends
- Implications: business models, business disruption, regulatory and policy considerations

Subsequently we were asked to consider a set of secondary questions around participation:

- Does UGC drive digital take up and online penetration?
- Does UGC act as a driver to participation online generally?
- What needs to be done to support the growth of participation and remove inhibitors?

Our examination of these questions is germane in light of Ofcom’s duty to promote the interests of citizens and consumers, and particularly the refined strategic purposes in Ofcom’s Annual Plan for 2013/141, specifically: “Promote opportunities to participate”².

This paper is broadly speaking qualitative; it is discursive and presents an overarching argument with a deliberate narrative. Quantitative – that is, statistical – information is provided where relevant to our argument.³

1.2 Methods

Our research work comprised three separate strands, conducted concurrently, each one informing the others:

1.2.1 Desk Research, including literature review

A period of desk research was carried out in January-February 2013. A full bibliography reflecting this research is given in an appendix at the end of this document and, where drawn upon directly in the main body of the document, is referenced in a footnote. It should be noted that a full literature review was not part of this project’s scope; nonetheless we feel the bibliography, while not academically exhaustive, is a comprehensive and useful guide to current thinking on the topic and related areas.

1.2.2 Interviews

We interviewed, where possible in person but otherwise by phone, a series of individuals either directly involved in the production of UGC, building technology platforms to enable it or else representing businesses for whom it has serious implications. A full list of the interviewees is given in an appendix. Although we draw on these interviews frequently in this

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¹ [http://www.ofcom.org.uk/about/annual-reports-and-plans/annual-plans/annual-plan-2013-14/](http://www.ofcom.org.uk/about/annual-reports-and-plans/annual-plans/annual-plan-2013-14/)
³ For more detailed statistical data across a range of areas, the reader is encouraged to look at the Media Literacy area of Ofcom’s website: [http://stakeholders.ofcom.org.uk/market-data-research/media-literacy/](http://stakeholders.ofcom.org.uk/market-data-research/media-literacy/)
paper, assurances were given to the interviewees that there would be no direct attribution, in
order to ensure maximum candour.

It should also be noted that we are ourselves experienced and prolific UGC producers and
draw on our own experience of the field throughout this work, both to inform our discussions
and the findings in this paper. On occasion we use direct examples from our own work.

1.2.3 Workshops
As part of this research, we have conducted two workshops with Ofcom staff. The first
considered a taxonomy of UGC activity and looked at some of its drivers and possible values.
The second workshop considered this paper’s conclusions and the implications for Ofcom.

1.2.4 Blogging
Additionally, we have blogged our activity during this period on the Turner Hopkins blog
(http://turner-hopkins.com/blog/), eliciting contact and comment from the wider UGC
community. Some material from our blog has been re-used (although substantially edited) in
this document.

1.3 This paper’s structure, language and conclusions

As stated above, we have tried to present an argument with a coherent narrative. As such,
the structure runs:

- Taxonomies/definitions
- Drivers & enablers
- Business models
- Different kinds of value
- Opportunities
- Challenges
- Potential implications for policy makers
- Broad conclusions

Additionally, we give a brief executive summary of our key findings in the following section
and provide a set of appendices at the end of this document that includes further information,
more detail on our research process and sources as well as some background on Turner
Hopkins.

We have included a set of case studies drawn directly from our interview subjects as well as
our wider research. Although these case studies are distributed throughout the report, they
are intended to illustrate the overarching argument of the document, rather than
corresponding directly to the point in the document at which they appear. They can be read
together, or skipped if preferred.

We have tried to keep the language throughout informal and approachable; it is intended for
the lay reader rather than the technologist. We do use technical language where necessary
but include a brief glossary in the appendices. One use of language to which we wish to draw
attention is "user-generated content" or UGC itself. Most of the synonyms for this end up
carrying some kind of value judgement, especially such terms as "amateur", "pro-am" etc (a
judgement which we discuss at some length in Section 4) so we’ve avoided them as far as
possible. As a consequence, the reader may tire of the repeated use of "UGC", for which we
apologise.

Finally, while we have drawn on a huge amount of reading and conversation, any definitive
conclusions drawn in this paper are our own and should be considered merely as the prompt
for further discussion and decision-making.

Sarah Turner & Simon Hopkins, May 2013
02 Executive summary

2.1 Why is User-Generated Content important?
The spread of UGC practice represents a profound shift in the relationship between the media, consumers and technology. The traditional, one-way producer-consumer contract has been complemented with a set of malleable, constantly shifting transactions in which the “end” user is now, potentially, just one node on a production-distribution-consumption cycle. At its best, UGC gives rise to vastly increased social and political participation and more widespread creative practice. But it comes with challenges too: it is profoundly disruptive to content and media incumbents and presents the public with significant dangers in terms of privacy and security.

2.2 What is User-Generated Content?
It has been traditionally difficult for commentators to pin down an exact definition of UGC and the mainstream take-up of it has, if anything, led to a widening of potential definitions. It is, in truth, more a continuum of activity that overlaps with traditional creative and media practice, rather than operating as a clear and discrete field. Nonetheless, we have come to define UGC as:

- An endeavour leading to the creation of some form of media content: text, pictures, video, audio, games, data/metadata, or computer code – or any combination of these.
- Content (as above) made available to the public but via online or connected platforms.
- Activity that is not the principal or direct source of earned income for the creator.

2.3 It’s not a new thing – but it’s “gone mainstream”
User generated content is as old as the web itself. Indeed, for the first half decade of its life, most of the web's content was made on an amateur or pro-amateur basis. But factors such as broadband penetration, the spread of devices like smartphones and tablets and the emergence of cheap (or free), intuitive pro-sumer tools and software have all contributed to UGC practice becoming a mainstream activity.

2.4 But a lot of that activity is "light"
Traditionally, UGC has been a highly engaged activity, with bloggers, musicians, filmmakers, citizen journalists and photographers expending creative effort at levels that might be considered nigh on professional. However, the last five years have seen the rise of a lighter level UGC activity, often termed "social curation" wherein users' engagement with content is more focussed on commenting, judging or collating than actual creation. Although the activity is light, in aggregate it is a massive phenomenon.

2.5 User-generated data
As users participate in social curation, and indeed, in any online activity, they leave a highly detailed set of data and metadata footprints. While the creation of this data is not generally intended or conscious – and is only really “content” is the most abstract way– it is invaluable to businesses, media and potentially to civil society. Indeed, the very “free to use” nature of many platforms is down to the ability of the companies offering the platforms and services to create new business models based on data mining. Of course, when it comes to this kind of data, there remain some abiding and deep concerns about privacy and security.

2.6 Mass participation
While older forms of UGC practice were a relatively niche activity, the rise of lighter touch UGC has led to mass participation in - and engagement with - a wide range of fields, from local and national politics to entertainment, sport and the arts. The ability to engage in social curation is a driver of take-up of communications technology, especially the smart phone and tablet.
2.7 The personal and social drivers of UGC
Most individual creators are not building a full-time career from their activity; indeed, most are making little or no money from it at all. What is driving the activity then? The drivers of UGC we have identified include:

- Self-expression
- Social capital
- Altruism
- The establishment of a "maven" position
- Personal development
- Career building
- Being part of "the public conversation"

2.8 The value chain
The UGC value chain mirrors the production and distribution arc: producer > production software and devices > the network > UGC platform > the network > consumption device > end user. The rise of social curation and mashup culture has led to that "end user", however, becoming another link in the chain and the starting point of another cycle of creation, posting, consumption. The principal points in the value chain where economic value is derived are:

- Sales of creative software and pro-sumers devices
- Network fees
- UGC platform fees
- Further sales of consumer electronics
- Exploitation of data/metadata e.g. in advertising/marketing

2.9 Emerging Business Models
Innovative business models are emerging on the back of UGC's rise to mainstream activity. Among them are:

- Crowdfunding and voluntary subscriptions
- Subscriptions to pro-level hosting and distribution services
- Advertising and sponsorship driven by data "mining"
- Driving sales of related goods and services
- White-labelling of platforms and services

2.10 The Value of UGC to the UK
We break down the value of UGC into three key areas: political/social, economic and cultural (entertainment, the arts etc). Economically, UGC is driving innovation in the tech sector and creating new businesses and business models in areas like aggregation, recommendation and curation, and is, more basically, a driver of consumer take-up. In social terms UGC stimulates political participation and mass debate, as well as creates value in areas such as education, healthcare and hyperlocal media. Culturally, UGC drives creative participation, as well provides cultural incumbents with opportunities in areas such as audience engagement, talent spotting and skills development.

2.11 Opportunities
UGC creates a wide range of opportunities for content incumbents and the media, new businesses and for society more widely. The principal opportunities include:

- Technology and business model innovation
- Aggregation and filtering
- "Second screen" activity
- Skills building and education
- Harnessing political participation

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4 The scale of the larger UGC and social media players is given in our case study on "The Big Three", in section 7.
Driving of broadband take-up and usage

2.12 Challenges
There are, however, some very real challenges to UGC's continued spread and to its benefits being available to everyone in the UK. Furthermore, UGC itself presents challenges to other areas. Chief among these various challenges are:

- The possibility that this is another Internet "bubble"
- UGC can deepen cultural fragmentation
- Content becomes overwhelming to consumers
- Security and privacy are potentially compromised by massive online engagement
- UGC can spread illegal or harmful content
- Restrictive IPR (Intellectual Property Rights) practice can hinder creative engagement
- Access to high-speed networks remains inconsistent across the country presenting problems to creative practitioners and technology companies alike

2.13 Implications for policy makers
Many of the policy issues around UGC are little different from those around the wider content industries, which is unsurprising given our assertion that UGC is not an entirely discrete practice. Furthermore, many of the creative technology companies we spoke to were nervous about regulation. However, several areas clearly need particular attention, among them:

- Participation and availability to all
- Intellectual Property law and its relationship to innovation
- Data and content exploitation
- Media Plurality and competition
- Education of users on issues such as IP, data protection and illegal content
- Broadband infrastructure in key production areas (e.g. Tech City)

We propose that a UGC special interest group is convened to help monitor these areas and offer shared strategic advice.
03 Towards a definition of UGC

3.1 A widely accepted definition – and its limitations

Although the term user-generated content has been in use since the turn of the century, it remains an area whose definition is somewhat contested. However, in order to measure something, we need to know what it is, if it's a discrete “thing” or a sub-set of something larger. In this section we examine existing definitions of UGC.

Throughout our research – both in our desk research and in our interviews – the definition of UGC that kept coming up is the one that kicks off the OECD’s 2007 report Participative Web: User-Generated-Content:

“i) content made publicly available over the Internet, ii) which reflects a certain amount of creative effort, and iii) which is created outside of professional routines and practices.”

It's a useful definition and one that largely stands, but we found it problematic on a couple of fronts. For a start, that report itself lays down this caveat: “There is no widely accepted definition of UGC, and measuring its social, cultural and economic impacts are in the early stages.” And, more importantly, it’s nigh-on 6 years old, and things have moved significantly in that time. Just as Clay Shirky used I Can Has Cheezburger and Ushahidi to illustrate the two extreme poles of value in mass online activity in 2011’s Cognitive Surplus, we might take the Arab Spring and 50 Shades fan fiction to illustrate the impact of UGC over the last two years. The point is: things have moved on, and fast.

So an up-to-date definition of the area under consideration was a pressing one for us. But instead of trying to pin down a fixed definition we have begun to think of UGC as a set of continua. The two that have been most important are:

- **The continuum of engagement** – from a light-touch engagement such as a Foursquare check-in to a fuller engagement such as creating and releasing an album on Bandcamp or making a podcast
- **The continuum of professionalism** – ranging from completely un-remunerated activity to the bordering-on-professional, as in paid-for

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6 I Can Haz Cheezburger is a website collating “lolcats”, photographs of cats with humorous captions. See glossary for fuller description. [http://icanhas.cheezburger.com/](http://icanhas.cheezburger.com/)
8 That social media drives the Arab Spring has been disputed in some quarters, notably by the scholar Evgeny Morozov, who is discussed in the section on "Challenges".
3.1.1 The continuum of engagement

This diagram takes a set of UGC "elements" (brands, platforms, activity – see our taxonomy in Section 10.2) and arranges them along an axis of engagement from barely engaged at all to pretty much fully engaged. While hardly scientific, it's been extremely useful for us, not least in considering issues around value and motivations, discussed at length later in Section 4.

Nonetheless, we should acknowledge some of the issues and questions it throws up:

- Some platforms/brands can stretch along the whole spectrum, or nearly the whole spectrum. After all, serious photographers and holiday snappers alike might use Flickr or even Instagram. Think similarly for YouTube, Vimeo, SoundCloud and so on.
- Do we naturally tend to think of some forms – especially literary ones – as inherently more “engaged” than others?
- Is engagement even measurable?
- Is “curation” (that is replies or re-posting of other peoples’ content) by definition less engaged than “creation” (such as writing a blog post or making a podcast)?
- But then, is a mash-up an act of creation or curation?

Ultimately, it's an arrangement of activity that works best when used in concert with the continuum of professionalism.

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9 The continua used here were posited by us at an internal Ofcom workshop in January 2013; the distribution of elements along these continua was arrived at collaboratively in the workshops. As such, this is a somewhat subjective and definitely heuristic view; other continua and other distribution of content/activity along them are possible.
3.1.2 Continuum of professionalism

It goes without saying that terms like “professional” and “amateur” are loaded – extremely so. Turn them into -isms and you exacerbate this. “Professionalism” generally denotes seriousness, skill, and quality; “amateurism”, for most, is probably an insult. Now we’ll return to the arguments around this throughout this paper, but for the purposes of this exercise, we define the term somewhat literally: this is an axis that runs from making no money at all though to making a career of it at the other extreme. Please note: that as with the previous mapping exercise, lots of these elements could – and do – stretch right across the spectrum. Fully “pro” bands are now using Bandcamp, for instance, while a lot of app developers are firmly in the amateur camp.

Although not strictly under the heading of Definitions, we should make a couple of observations at this stage.

Firstly, a pretty obvious one: in the first continuum the majority of the content was moving towards “highly engaged”; in the second, most of this activity is a more-or-less amateur (as in not-paid) pursuit. It certainly raises a lot of questions about why exactly people engage in these various pursuits and we explore that at length in the next section of this report, Drivers & Enablers.

Secondly, on the surface, the first continuum would seem to contradict the widely-discussed10 1-9-90 rule, which suggests that 1% of the users of a digital service are highly engaged content creators, 9% are engaged in a fleeting way (commenters on blog posts, say) and the rest are mere consumers (listeners, viewers, readers). Several of our interviews claimed this paradigm still holds. However, note that the 1:9:90 rule is about usage levels; what our initial diagram suggests is that most types of UGC activity are weighted heavily towards a significant level of engagement.

Finally, both continua indicate another limitation of the OECD definition – that UGC is produced outside “professional routines and practices.” There is no question that the vast bulk of UGC activity is produced outside these practices. However, a significant quantity of it not only accrues some income for the practitioner, but to all intents and purposes, often corresponds to those “routines and practices”. Consider for example the Huffington Post and

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IMDB\textsuperscript{11}. Under the ownership of AOL and Amazon respectively, they have moved from amateur to professional status. Does this make them no longer UGC?

The reason we return to this issue at various points in this report – obsess about it, even – is that while “pro-amateur” level of endeavour is arguably an edge case, it’s without question where a lot of real value – economic, social, cultural – lies.

3.1.3 A final continuum: the continuum of cultural authority

Although we don’t refer to this continuum as often as the previous two in our research, it’s nonetheless a useful one when considering issues around cultural value in 6.4. It was broken down thus by one of our interviewees:

- Cultural authorities (e.g. Pitchfork\textsuperscript{12}, Gamespot\textsuperscript{13})
- Communities of skilled users (e.g. Mixcloud\textsuperscript{14})
- References (e.g. IMDb\textsuperscript{15}, Discogs\textsuperscript{16})

It’s worth noting that this is very different from the 1-9-90 ratio. Anyone involved in contributing to one of these categories is almost by definition in the 1%, that is, highly engaged by any reckoning. The continuum simply seeks to demonstrate that even amongst highly engaged UGC practitioners there can be very different kinds of activity even within the same “editorial” sphere.

As with our previous continua, some services can of course span the continuum; Huffington Post for instance is both an authority and a community as it features “expert” blogs and forums side by side. And the last caveat here is that the “cultural authorities” are very often fully professionalized enterprises – or at least associated with enterprises which are – so not necessarily UGC at all.

\textsuperscript{11} The Huffington post was launched in 2005 and combined professional political journalism with blogging; the site was bought by AOL in 2011 for $135million. IMDb originally launched on Usenet in 1990, as a series of film-based lists provided by community members. The site was acquired by Amazon in 1998.

\textsuperscript{12} A music reviews, news and content site: \url{http://pitchfork.com/}

\textsuperscript{13} A videogames reviews and news website: \url{http://uk.gamespot.com/}

\textsuperscript{14} \url{http://www.Mixcloud.com/}

\textsuperscript{15} \url{http://www.imdb.com/}

\textsuperscript{16} A website of user-compiled discographical information: \url{http://www.discogs.com/}
3.2 Edge cases

3.2.1 Activity as content

There’s one area of UGC that isn’t immediately obvious as content creation at all – and yet it’s the kind of activity that, in aggregate, is almost certainly of more economic value than all the far more creative endeavour put together. Let’s call it user-generated data. The dictum “data is the new oil” is now widespread.17 In field after field, from healthcare to car design, all kinds of data are now sufficiently valuable as to be considered the basis of an entire industry.

This is no less the case in the content industries, and for our purposes that’s most obviously the case in terms of recommendations, about which we talk at some length later in Value of UGC (Section 6). Amazon is only the most obvious case of a media business built on metadata. PaidContent editor Staci D. Kramer has argued that “the biggest thing Amazon got right” is to make itself a platform18, and points out that early in Amazon’s life, founder Jeff Bezos threatened to fire anyone who didn’t “get this”. But let’s be clear: it’s a platform built on metadata, which for our purposes we’ll define as information about content/goods and (crucially) information about how customers use that content as well as information about the customers themselves.

If Amazon is the market leader in this regard, there are many more examples of smaller but nonetheless highly successful content businesses that work because of the strength of their metadata-crunching, often referred to as “collaborative filtering”19. Later in this paper (6.2.1), for instance, we discuss the world-leading (and UK-based) music recommendation service Last.fm. In any case, from Facebook and Google to hundreds of vastly smaller enterprises, the market is littered with content and social media companies trying to find innovative ways of drilling for “the new oil”.

What all of these services have in common is that they generate information as a result of users doing something. In the case of Amazon that can be customers making a purchase or simply looking at a given page (bearing in mind that a page always represents, essentially, inventory.) In the case of the less celebrated but no less innovative Last.fm, the service acquires data through users installing their Audioscrobbler plug-in and simply letting it run in the background whenever they play music using, say, iTunes or Spotify.

Which is why we use the term “activity as content”. Browsing pages in an ecommerce site or listening to music on a streaming service is hardly an act of creation; actually it’s pretty much pure consumption. But it can – and frequently does – generate metadata of inestimable value to the content industries and to the wider culture – and that value is only set to grow as new ways to mine the data emerge. So while it doesn’t qualify as UGC in even the widest definitions, it’s absolutely vital and it will be referred to – at least tangentially – in this report.

3.2.2 UGC as a career component

Individuals building significant careers from UGC activity are discussed at length at various points in this paper – especially under the heading Drivers, and specifically under the subheads Career-building and Mavenhood. As such we won’t go into any detail here except to draw attention to the fact that in the knowledge industries (or among, if you prefer, the “creative class”20) it is increasingly common for professionals to pursue “portfolio” careers. Furthermore, these careers now almost always entail at least an element of UGC if for no other reason than to “build a personal brand”. The UGC activity may generate no income directly, but is an essential part of an overall professional pursuit.

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20 [http://www.creativeclass.com/richard_florida/books/the_rise_of_the_creative_class](http://www.creativeclass.com/richard_florida/books/the_rise_of_the_creative_class)
3.3 So, do we have a final definition?

The blunt answer to that would be “no”, hence the use of the word *Towards* in the title of this section. In truth, this is such a contested area and, more to the point, changing so rapidly that any definition will be partial and temporary. Remember that at the time of the OECD think piece back in 2007, MySpace was still the market-leading social networking site, Flickr the most dominant photo-sharing site and CBS had just bought Last.fm for nigh-on $300 million (see below). Facebook had barely got off the ground, Twitter was but a year old, and meanwhile Instagram, Spotify, SoundCloud and for that matter the iPad had all yet to launch. And very few people in the world had heard of a South Korean singer and dancer called PSY and a Twilight fan fiction writer called E.L. James. Actually few people in the world probably even knew what “fan fiction” was – much less cared.

Diverging slightly then, from the OECD definition we’ll use the following criteria to form the basis of a more extensible definition, and trust that the reader of this report will understand the inherent difficulties in pinning this down:

- An endeavour leading to the creation of some form of media content: text, pictures, video, audio, games, data or computer code – or any combination of these.
- Content (as above) made available to the public but via online or connected platforms.
- Activity that is not the principal source of earned income for the creator.

Neither this, nor the original OECD definition implies that UGC is a discrete activity. Rather it is part of a wider environment of content creation, but a distinct one due to its participative nature.

3.4 Caveat: UGC or Social Media

We are aware that almost all the instances of UGC creation which can be included in our albeit loose definition could also be lumped together as *social media*, not least as this term is open to multiple interpretations. Wikipedia defines social media as “the means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks”\(^{21}\) (and for once Wikipedia is surely the most appropriate place to look for such a definition). The degree to which “user-generated content” and “social media” overlap depends on how we define “idea”. If we take the *patent*-based notion of an idea, then social media is merely a UGC subset. If, on the other hand, we look at things through more of a *copyright* lens, and think of all content as an expression of an idea (and, yes, this can include a lolcat), then indeed the two areas start to look like two aspects of the same phenomenon.

We bring this up here if only to draw attention to the difficulty in mapping out what is still a very young field, or set of fields.

3.5 Case study 1: H2G2 (based on interviews with BBC staff and Robbie Stamp from H2G2 as well as desk research)

H2G2, the self-styled "unconventional guide to life, the universe, and everything", was founded by the late British author and technology evangelist Douglas Adams and his business partner, Robbie Stamp (with whom Adams founded The Digital Village, a media production company) in 1999. Its fourteen-year history, with many twists and turns, is a fine illustration of how the business of user-generated content has developed over the last decade and a half. The site was originally intended to be the "earth edition" of the Hitchhikers' Guide to the Galaxy, the eponymous guide in Douglas' best-known work (hence, of course, "H2G2"). More prosaically, it's an excellent example of a community-built and -run project, which manages to maintain a coherent voice while consisting of thousands of entries on seemingly any topic imaginable.

The site was launched at the height of the late 1990s dot-com bubble, but while it came close, it failed to secure major funding and by 2000 was in danger of closing down entirely. Although the vast bulk of the content for the site was made by volunteers in the community, a core professional team was needed to maintain the site technically and to some degree editorially. In January 2001 the site was sold to the BBC in a major acquisition that caused some raised eyebrows in the H2G2 community – and within the BBC. The central team moved to the BBC, where the project stayed for a decade. During that time a mobile version of the site was launched, though this being 2005, it was for PDAs rather than smart phones, which were only just entering the market. The BBC also made extensive use of the site's underlying code base, DNA, using it to power other community sites such as Collective and 606.

The BBC announced a 25% cut in funding to its online services in 2011; the closure of several community sites was announced and a new home was sought for H2G2. In the autumn of that year it was sold to a company put together for the purpose, Not Panicking Ltd. The company included Stamp and a consortium representing the community, who are effectively shareholders in the company. The new, post-BBC site launched in October 2011.

This chequered history points to a number of issues in creating a meaningful offering in the UGC space.

Firstly, for a community to work at scale requires real complexity. The site consists of two primary areas: entries posted into the Edited Guide, and forums. All content in the Guide is peer reviewed by community members and subedited, as much to give it an H2G2 "voice" as to ensure accuracy. To outsiders the H2G2 community can appear labyrinthine. The community is structured around a bewildering number of different "official" roles, often with in-joke names ("aviators", "gurus", "scavengers"). Crucially, a core team of editors has final say over content on the site with the result that a certain sense of "us and them" can arise in the community.

The BBC's experience with the site illustrates how difficult it can be for a content incumbent to make sense of UGC. While the corporation was able to make good use of the DNA platform, H2G2 always felt somehow separate from the rest of bbc.co.uk and there was no real success in bringing H2G2 content into "formal" BBC editorial work either online or on air.

In fairness to H2G2, it was not the only BBC community site to fall foul of budget cuts and strategic pivoting. The aforementioned 606 and Collective community sites were mothballed in 2011 along with, among others, Blast and Switch. In truth, community sites and UGC more generally can be more of a headache to broadcasters than a boon. They are costly to run, with moderation an especially onerous issue, and often provide little in the way of content

22 http://www.bbc.co.uk/dna/collective/home
23 http://news.bbc.co.uk/sport1/hi/606/default.stm
24 http://www.bbc.co.uk/blast/
25 http://www.bbc.co.uk/switch/
usable elsewhere in their output. Furthermore, far from engendering a sense of connection to the public, a large organisation is often mistrusted by a community who are naturally suspicious of outside intervention.

UGC community sites can also be notoriously difficult to monetise. It's probable that without the BBC acquisition in 2001, despite being very close to funding, H2G2 would have gone to the wall. At the time of writing, the site is almost exclusively run on a volunteer basis, so overheads are small, but they're there, nonetheless. The board is currently looking at a range of business models, including sponsorship and content syndication or re-use. The inclusion of community members in the Not Panicking Ltd structure is an innovative move designed to address the issues arising as and when significant money flows into the company through, for instance, syndication. The move affords reassurance to community members that their unpaid hard work won't simply fund others' profits and gives them some say in how the content is used. It's a commendable move and potentially ameliorates the problem of an open source project being privatised, as in the case of CDDB's controversial sale to Escient and subsequent rebranding as Gracenote26.

Finally, two small observations with wider implications. Firstly, while the H2G2 community is tight knit, like any social group it is not without its problems and, given its relatively small size, just a small group or indeed even an individual can make trouble quite easily. The structure of the teams to some degrees mitigates this but nonetheless the management of intra-community relations can be onerous. And secondly, there is the issue of differentiation, principally with Wikipedia, which of course provides an obvious point of comparison. H2G2's simplest claim to difference here is precisely that it is a guide, rather than an encyclopaedic reference work. Posts have attributions and are clearly someone's "take" on a subject, albeit one where peer review ensures factual accuracy as far as possible. Furthermore, there is a real sense of "voice" on H2G2, one that in many ways reflects Douglas Adams' own – a slightly ironic, irreverent yet somehow delighted view of the world. It's this kind of differentiation that may prove the key to the project securing partners and therefore finding a viable business model.

Lessons learned:

- The value of a UGC brand to a content incumbent may be the code base or platform, in addition to, rather than the content and community.
- Where UGC is not tied to a broadcast entity there are few opportunities to cross-promote and it may well not receive broader editorial support.
- Broadcasters have tended to move away from UGC to lighter touch social media.

04 Social and personal drivers of UGC

4.1 Introduction
Our work on the continuums in Towards a Definition (Section 3) led us to observe that the UGC field seems to be full of people putting an awful lot of time and creative effort into something with little if any guarantee of financial reward. This begs the obvious question: why? If nothing else it certainly casts some doubt on the more transactional views of human activity. In this section we’ll look at some of the social and personal factors that we believe (based on our interviews, workshops and desk research), are driving UGC creation as well as touch on other potential drivers and enablers.

4.2 Self-expression
The reasons to express oneself are as varied online as they are in the real world. Nonetheless, from commenting on a blog post to making of a full blown album and releasing it on, say, SoundCloud, having something to say is, arguably a universal phenomenon – it’s part of who we are as human beings. According to Dave Haynes, VP for Business Development, over 10 hours of audio are uploaded to SoundCloud every minute. That’s a lot of self-expression.

(We prefer the term self-expression to creativity. For one thing the c-word has become so widely used as to be meaningless. More importantly, creative approaches can be taken in myriad areas that aren’t inherently expressive, from maths to football.)

4.3 Social capital
This is, of course, closely related to self-expression, although it should be said that many enjoy expressive creation without the need to share. But when it comes to any form of self-publishing, plainly creators are stepping into a social space. A comment left unsaid is, well, a thought. To leave a comment or even the briefest of restaurant reviews in a public (and very possibly permanent) space, is to act in a way which elicits response, and to a greater or lesser extent we all do this to accord ourselves “capital”. Not everyone, of course, wants to build a “personal brand”, but anyone engaged in the creation and publication of UGC is by definition also engaged in some kind of relationship with others.

Once again, here’s Clay Shirky, many of whose ideas in Cognitive Surplus have informed our thinking on this point: “Consider the list of ideas contained in this list: publication, publicity, publicize, publish, publication, publicist, publisher. They are all centered on the act of making something public…” It is possible to be in public and not necessarily be in conversation, but it’s difficult to imagine anyone choosing to be in public without caring what anyone else thinks.

It’s worth saying something at this point about trust and reputation – which are essentially corollaries to social capital. Many of the services described throughout this paper are to some extent reliant on the UGC contributors being trusted. But most UGC arenas are prone to being “gamed” to achieve business objectives. Amazon, for instance, has been cited as having to deal with fake book reviews27; meanwhile, claims about Wikipedia being prone to either pranks or politically-biased entries and edits are almost perennial28. Of course, site owners, as in these cases, pay particular attention to especially defamatory or straightforwardly fraudulent content, but self-regulating communities such as H2G2 (see our case study 3.5) manage reputation principally through the mechanism of social capital.

4.4 Altruism
Leaving aside the debate over whether altruism is always a form of enlightened self-interest, we’ll make the assertion that many people are involved in some form of UGC practice for

28 http://answers.yahoo.com/question/index?qid=20070619174250AAWdj01
basically altruistic reasons. Of course, political activism is the most overt of these, but we needn’t always think of online activism as being on a grand scale. Indeed, the advent of an inherently international network has ironically facilitated the rise of hyper-local civic activism.

And altruism may not necessarily be political at all. Perhaps the most obvious example of this is Wikipedia; one can’t deny the extraordinary and almost entirely unrewarded effort involved in its creation. This creation can’t be filed under “social capital”; Wikipedia’s creators are effectively anonymous. It’s not really a form of activism; politically contentious areas are constantly under scrutiny. Rather, people share information on it to help others find stuff out – it is, essentially, information sharing (or, if you like, teaching) as pure altruism. There are other forms of information sharing which have a more personal agenda (see Mavenhood, 4.5), but Wikipedia or, for that matter, IMDb or Discogs, to name two more genre-specific, collaboratively-built reference works, arguably come about from a straightforward and unselfish desire to share.

4.5 Mavenhood – or the sharing of expertise
Here we are into a subset of social capital, but it’s such an important one in the realm of UGC that it needs to be stressed. One of the most widely practiced areas in UGC is that of shared expertise, and again it’s a pretty wide range of activity.

At one end of this particular spectrum are the forum and all its variations. There is seemingly no area of human endeavour that doesn’t have an informed community of specialist practitioners sharing information and expertise. And many areas have dozens, if not hundreds. Try pasting either of these questions into Google if you need to see it demonstrated: how to tune a ukulele? Or, how do I run barefoot? Each will lead you to endless answers shared in YouTube, on specialist forums and on the sites of specialists. You’ll encounter a world rich in advice, and of course you’ll find an awful lot of disagreement (especially with the barefoot question!). But what’s apparent in each case is a dispersed community of individuals who want to share their experience.

Unlike the Wikipedia or Discogs editor, however, the dispenser of advice in a specialist community is almost certainly motivated by a mix of both altruism and a need to gain social capital. They may even be building a career. They certainly want to be heard; they are after all acting in an extremely public space, often in response to another community member’s question. This need not be confined to strictly specialist communities either. One of our case studies is the collaboratively built H2G2, “The Guide to Life, the Universe and Everything”. Entries include a post on Winchester Cathedral and Ham and Yam Chilli.

And then, at the other end of the spectrum is the maven. “Maven” is an ancient term, but gained a new use in Malcolm Gladwell’s Tipping Point, and has generally come to denote dominant experts in any field – and whose reach has been significantly increased by the advent of the web. Of course, mavens can and do carry out their work on a community site such as a forum or message board. But the truly successful ones tend to become their own “brands”, most often through the medium of a blog. Good UK examples include The Equity Kicker29 by Nic Brisbourne, a London-based VC who blogs about venture capital, media and technology and A Little Bird30, a website created by two journalists who write about and recommend the things they love.

This range of activity clearly begins to push at the edges of the OECD definition of UGC because, as often as not, mavens are on the way to building a career out of their expertise, or else are consolidating a position already established by actual practice in a given discipline. But many are still in the realm of the amateur or at least pro-am, and the establishment of mavenhood is unquestionably a terrific motivation for many in the UGC field.

29 http://www.theequitykicker.com/
30 http://www.a-littlebird.com/
4.6 Self image
Self-image is closely related to social capital, of course, and in an inherently public space like the world of UGC, any kind of image is formed in the context of others’ attention. However, it is worth noting that for some creators, UGC activity is a kind of mirror, a way of reflecting back to ourselves who we are.

At the “low-engagement” end of things, image is all about projection (think of that perennial observation from social media naysayers that it’s all about “what people ate for breakfast”). But once creative acts are more involved, or more creative, they take on at least some degree of self image building. Of course, the act of publication comes from other impulses altogether; and in any case, creativity as a function of self-image is hardly unique to the age of technology. But as the availability of tools has grown exponentially, so too has the ability to respond to this very human need.

4.7 Personal development
A good example of personal development through UGC is the phenomenon of teenage “shred” guitar players posting clips of themselves on YouTube. (We first observed and wrote about this trend in Spring 2008, in particular in the context of the band Meshuggah and their guitarist-composer Frederik Thordendal.31) Some of the clips are of kids playing along, often to extremely difficult music, while others demonstrate their own compositions inspired by their favourite artists. Other guitar players then critique them in the comments.

So, what’s this got to do with development or self-improvement? Isn’t this just about showing off? Well, yes, it is. But it’s that “critique” which is crucial here. The world of YouTube isn’t just public, it’s feral. Think Lord of the Flies. But as blunt as the comments are, they are, effectively, real-time feedback from peers. No music student in history has had this level of feedback, and it shows: the speed with which young musicians develop in this environment is astonishing. (The speed of transmission is also very interesting: sometimes the original track has been out for less than a week before the imitations appear.)

This is an area where the incentive to develop is rather crude, but the template works for countless areas of creative endeavour. Publishing one’s work thorough UGC channels instantly exposes it to public feedback from peers. If the creator channels that response constructively, it is an invaluable tool in developing his or her craft.

4.8 Career-building
This is where we push right up against the boundary between user-generated content and plain old content. One of our interviewees, who’s thought longer and harder than most about UGC, suggested that the point at which an online creator can, thanks to income derived from their creative work, “give up their day job”, then they’re no longer a UGC practitioner in the purest sense. They may well be making something different to traditional content, but it’s not UGC. Moreover, it doesn’t matter how circuitously that income stream comes about. A blogger who takes no advertising on their site, but who engages in lucrative paid-for engagements off the back of their blog is not a UGC producer.

We broadly agree with this, but have one slight problem with it. It’s one of narrative, causation even. Take a successful blogger who’s turned their thought leadership into a full-time career; was their writing up to the point of “going pro” UGC? Did it stop being UGC the moment they, well, quit the day job? In the case of the successful blogger-turned-maven this is probably neither-here-nor-there, I grant you. But what of someone who’s aiming to build a career? At this point things become a tad trickier.

We suggest this points to a new conception of just what a “career” is. As more and more people work in the knowledge industries, so more and more people inevitably develop portfolio careers32 – ones that encompass many aspects and will almost certainly blur the

32 For more on the rise of the portfolio career, see: “From Vocational guidance to Portfolio Careers: A Critical Reflection”, Dr Barrie Hopson, 2009:
boundaries between “work” and “life”. A “career” begins to look like simply the sum of things we do seriously in the world; some of these, if we’re lucky, will earn us a living. In this regard, UGC is arguably a vital part of career development, regardless of how much incomes it generates directly.

4.9 Communication, or being part of the conversation
UGC platforms often enable people to enter the “public conversation” quickly and with a light touch. For example, take the controversy on Twitter about The Sun’s Reeva Steenkamp/Oscar Pistorius cover story, which some felt was highly offensive.

While professional writers – The Guardian’s Roy Greenslade for instance – responded to the brouhaha within hours of it erupting (as professional journalism is now allied as much to the website as it is to the next print run), it will usually take non-pros longer to build their more considered, long form user-generated responses to any news situation. Speed of response isn’t everything and it’s essential to view a lot of UGC as an active part of the overarching democratic process.

And of course sometimes, the “conversation” isn’t verbal at all. The other breaking news at the time of writing (mid-Feb 2013) was of a spectacular and unprecedented meteorite shower in the Urals. It would have been a story in its own right, but the footage of various meteorites burning their way through the skies in an almost biblical fashion have of course been caught on smart phones and dash-cams and consequently the story has become a truly visual one – and a massively shared experience. Just a few hours after the shower, one YouTube compilation of clips has already amassed 1.5 million views and nearly 4000 comments. That’s a “conversation” on a massive scale.

As this report was being finalized, the Guardian announced the launch of GuardianWitness, a mobile app that allows users to upload video, text and photographs to the Guardian’s back end content management system. The material is reviewed by Guardian journalists before being published on the Guardian website. Interestingly, The Guardian appears to be entering the UGC arena as other content incumbents pull back from it. And already GuardianWitness’ launch has caused some controversy; it’s a sign of how disruptive UGC can be to professional practice in a given field that some journalists’ unions have reacted with unease. Nonetheless, this is a clear case of a publisher seeing value in harnessing the “public conversation”.

4.10 Other drivers and enablers
Technology (such as the widespread availability of broadband; new easy-to-use software and web tools to create, edit, remix, distribute and share content; better and cheaper devices) is clearly a driver of UGC at a very fundamental level. This ground has been extremely well covered elsewhere. The 2007 OECD report, for instance, covers tech drivers of UGC in some depth; of course there have been significant development in communications tech since then, not least the emergence of smart phones and tablets as mainstream devices. Nonetheless, the principal thread – that broadband access (including mobile) has grown exponentially in the last two decades, enabling UGC as a widespread activity – stands, so will not be examined in any depth here. However, the implications for Ofcom and other stakeholders in this respect will be addressed later in this report, under "Implications for Policy Makers" (Section 8).

The commercial involvement of Internet and media companies in UCG and more flexible licensing schemes for content (such as Creative Commons) are other important drivers. They are covered later in this report under Opportunities & Challenges (Section 7).
4.11 Case study 2: Simon Hopkins, consultant and musician

Simon, this report's co-author, is involved in a lot of activity that may well be termed UGC: he makes music and sound art under two guises, Abyssal Labs and Boom Logistics; he blogs on digital media matters on the Turner Hopkins and the Creative Industries KTN blogs; he blogs about music and the arts more generally on DGMFS and is a fairly prolific tweeter. He also has a Tumblr.36

The music projects do have the potential to make money, as they are both based on paid-for downloads. However, it’s also available to stream for free. He has no illusions about paying the bills with the income from downloads, but sees making the music available online as part of a wider process of being involved in music seriously.

Blogging, on the other hand, is definitely part of his “real” career as a consultant – that is, a career that does pay the bills. Likewise the tweeting, though interestingly, in that space, he hasn’t chosen to delineate between “life” and “work”, so the @simonphopkins feed is an at times bewildering mix of links to stories about the media, technology, opera and extreme metal. As for DGMFS, well that’s well and truly under the “no cash here” banner.

While his UGC activity doesn’t pay the bills, being a practitioner adds to Simon’s credibility and authenticity as a digital media consultant. Call it research, if you want, but a highly involved kind of research. So if blogging on Turner Hopkins and tweeting on related matters is part of his work, does that mean it’s not real UGC? While the music and DGMFS which barely makes money at all and certainly not enough to cover his time (if we were to measure time in purely financial terms) must be classic UGC?

Somehow this distinction feels very artificial. Could it be that all this activity is part of a wider career, consisting of multiple potential revenue streams, some more lucrative than others?

Lessons Learned:

- UGC activity is becoming an essential part of a knowledge industry worker's output, not least as a marketing platform.
- The ways income is generated by UGC in a portfolio career tend to be extremely indirect, and necessarily difficult to measure.

36 For URLs and further context, see Simon’s biography under “About Turner Hopkins” (10.6) in the appendices.
4.12 Case study 3: SoundCloud & Mixcloud (based on interviews with both companies as well as desk research)

It's instructive to compare two different audio uploading and hosting services: SoundCloud and Mixcloud.

Launched in Sweden in 2007 by Alex Ljung and artist Eric Wahlforss as a tool to allow musicians to share projects, SoundCloud pivoted early in its life to be a more general audio publishing tool and available to the public. The organisation is headquartered in Berlin, where its developer base remains, but has smaller business development teams around the world including one in London's Tech City, where a small team works mainly on community liaison, industry relationships and marketing. The company has received something in the region of £10 million in Series A and B funding37.

The service now has over 25 million registered users worldwide. The company declines to say how that figure breaks down into uploaders and passive consumers, but the ratio has skewed more to the latter as the user base has increased. To give an indication of scale, SoundCloud claims that 10 hours of audio is uploaded every minute. December 2012 saw the launch of “Next SoundCloud”38 which included a new recommendations service.

The service is editorially neutral, but it does have a highly active community, some of which aggregates around specific musical genres. (It should also be pointed out that a great deal of non-music audio is posted to the site, including by professional media outlets such as CNN and the BBC, whose journalists in the field use it for fast and easy uploading of audio).

The uploaders broadly break into two groups:

- Professional – for example record labels releasing exclusive tracks, previews etc
- Amateur and pro-am – a continuum running from unsigned bands building a career through to “pure” amateurs

Although we aren't considering the former group in this paper it's worth noting that largely both the major label and indie sector have accepted SoundCloud as a legitimate service and an effective means of marketing. The company has dealt with the thorny issue of users potentially uploading copyrighted material through a smart combination of alerts and audio fingerprinting algorithms provided by Audible Magic.39 In point of fact, an interesting example of the professional record industry coming together with the UGC community was the Beyoncé "End of Time" remix competition. The "stems" - that is, component parts – of the track were made available to users who could then upload a new mix to SoundCloud. This is marketing or brand building, of course, but it's fresh, smart and on zeitgeist.

The company's principal business model is based on subscriptions, which range from €29 to €99 per year. “Pro” subscription gives the user enhancements such as increased storage and usage stats, while “Pro Unlimited” offers unlimited uploads and downloads and a greater level of detail in stats reporting (e.g. around embedding).

SoundCloud can be used not simply via its website but through a suite of smart phone and tablet apps. It is also integrated into several production tools, including Apple's Garage Band application. The service is broadly for highly engaged creators, but has at least one significant social curation feature: listeners can tag a piece of audio with a comment, at a specific point in that audio. Tracks also come with the de riguer ability to embed elsewhere, “like” and share on Facebook, Twitter, Tumblr and Pinterest:

37 http://allthingsd.com/20110108/music-sharing-service-soundcloud-raises-10-million-from-index-union-square/
38 http://www.wired.co.uk/news/archive/2012-12/04/next-soundcloud-launch
39 http://audiblemagic.com/
By comparison, Mixcloud is arguably more specifically a social curation service. It is certainly at a different stage in its development. The Tech City-headquartered company launched in December 2008 on the back of Technology Strategy Board funding; the service itself launched in private beta in March 2009 and took another 6 months to launch publically. Since then, the company’s user base has grown 200% year on year. It currently has 4 million unique visitors a month, and those breakdown broadly as 3% uploaders, 10% actively engaged consumers (i.e., those who favourite, share, engage) and 87% pure passive consumers. This is broadly in line with the 1-9-90 rule we’ve observed elsewhere; its slight skew in favour of active uploaders is to be expected at this point in its growth. 30% of the service’s users are in either the UK or US.

At heart the service is a DJ set publishing platform, and it’s in this regard we refer to the service as a social curation tool – albeit that creating music mixes is a potentially highly creative and advanced form of curation. Having created a mix with another tool, the user can then upload the finished mix as a single MP3 to their Mixcloud account, enter track details (title/artist) with a very simple ingest tool, then mark the exact place in the mix where that track occurs. The user can then tag up with music genres, and again the mix comes with the expected embedding, tweeting and sharing functionality (Simon has reviewed the service in some depth on the Turner Hopkins blog).

The company is experimenting with several business models, including:

- Brand-funded content, including white labelling the service
- Affiliate Sales

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40 http://www.mixcloud.com/team/
41 http://turner-hopkins.com/2013/01/18/some-brief-thoughts-on-Mixcloud/
Display advertising
Direct sales

Of these, it’s the brand-based funding which returns the most revenue – currently about 95%. Although the site is genre-agnostic, its cultural background is in dance music, and this is reflected in its currently dominant categories: house, trance, techno, hip hop (Carl Cox is the site’s most popular user). The brands working with the service are ones we might expect given that breakdown and therefore its user demographics. These include Smirnoff, Malibu and Bench clothing – all very much youth lifestyle brands.

From a legal and business perspective, perhaps the most interesting aspect of the service is that the company has acquired an experimental licence from the Performing Rights Society (PRS for Music) and its US equivalents, ASCAP and BMI. Users have the incentives to provide accurate metadata, as this will facilitate the discovery of their content. Of course, not all users do provide metadata, but a further identification of content is provided by audio fingerprinting algorithms. Although the overall data collected is not 100% accurate, it is robust enough to supply the rights collections agencies with accurate enough data to make possible the correct apportioning of revenue to artists and composers (This is a particularly graphic example of the power of user-generated data discussed in this paper in Section 3).

That Mixcloud has found a solution to the perennial problem of the use of copyrighted material has certainly made them attractive to sponsor and partner brands, for whom the area of IPR is often simply too difficult to navigate. This approach suggests that it is possible to operate a social curation service that complies with copyright.

Lessons learned:

- Experimental licensing strategies can enable new business models.
- Companies providing UGC platforms should remain agile with regard to their business models and prepared to pivot quickly.
- Active content uploaders are still a small minority of UGC services, but as the numbers increase overall, the absolute numbers of uploaders is becoming a large and significant one.
- The difference between creator and curator becomes blurred in the area of mixes and mashups. Although the starting point is other peoples’ creative work, mixing can also be inherently creative and highly skilled.
- Copyright isn’t inherently a barrier to innovation – indeed it is intended to foster creativity. New market entrants should develop strategic and technological ways to deal with IP issues and build relationships with rights owners.
05 Value chain and business models

This section considers the value chain and business models emerging around user-generated content and identifies some of the businesses and industries involved in the sphere.

5.1 Value chain

The diagram above sketches out the basic UGC value chain, which broadly corresponds to the creation and publication process, based on our interviews and research. Some observations come out of this:

- The network provider is of course crucial; it is present at almost all points in the value chain. It therefore has the potential to generate significant extra income as a result of the rise of UGC – and is a tremendous enabler. However, poor networks can hamper both creativity and innovation.
- We can see that the principal points where economic value is derived include:
  - Purchase of creative software/software licence, e.g. GarageBand
  - Purchase of prosumer and consumer hardware, e.g. iMac or smartphone
  - ISP subscription, e.g. broadband or mobile data plan
  - Subscription to pro-level UGC platform (see our case study of SoundCloud, above)
  - A la carte or subscription payment for content by end user, e.g. Spotify
- UGC may be original or built on existing content, so there is a potential point in the value chain before the UGC creator – the content originator/owner. Note in our example of “The Harlem Shake” (in "Challenges", Section 7), that the musician Baauer has received no direct royalties from the millions of views of videos featuring his song – but the song is now a worldwide hit. The copyright situation with the song...
is even more tangled. As reported by EURWeb: "Retired reggaeton artist Hector Delgado and Philadelphia rapper Jayson Musson are seeking compensation from Baauer’s label, Mad Decent Records. Delgado and Musson are sampled on Bauuer’s track but have not been paid for the subsequent sales. However, it’s worth contrasting this with “PSY’s Gangnam Style”. Unusually, Google released the income figures for YouTube streams on the hit and as of January 2013 it had made approximately $8 million (at around £0.05 per view), half of which is believed to have been paid to PSY.

All users with Internet access are able to publish their content widely; the Internet is inherently a publishing platform.

Users themselves determine which UGC gains popularity through recommendation, sharing, rating and so on. There have been controversies over some practitioners buying "likes", and in the marketing and promotions community there is some debate as to whether this is a legitimate marketing strategy or not.

Users may also engage more creatively, creating mashups and adding them back into the UGC ecosystem.

By “Brand Platform” we mean an existing brand (media, cultural, lifestyle) taking on the role of UGC publisher. It may do this by creating its own technology or by working with a third party platform provider (see our case study on the V&A and Flickr).

Although device manufacture and network provision are arguably where the most money is being made in this value chain, there are business opportunities in other areas. For example, in the creation of smart, intuitive production and publishing apps/services and the provision of meaningful aggregation/recommendation. We discuss these at some length under Opportunities (Section 7).

5.2 The principal business models

This is, of course, a new and dynamic field, with new business models emerging on a regular basis and often displacing traditional ones. Although it seems certain that new models will appear in the ensuing years, we have identified the main ones. Note that some of these business models apply to the content creator, some to the platform or technology provider.

5.2.1 Voluntary contributions & crowdfunding

In this scenario the content is made freely available online, but donations are solicited from users. Wikipedia is probably the most famous example; it is funded entirely from voluntary contributions managed through the Wikimedia Foundation. But crowdfunding has succeeded elsewhere. Former Dresden Dolls singer Amanda Palmer has become the poster child for crowdfunding in music, having recently raised $1.2 million through Kickstarter. Although she’s far from the first in this; prog rock revivalists Marillion famously raised $60,000 in donations from fans for their US tour after an Internet campaign as early as 1997. However, both Palmer and Marillion are to one degree or another established acts; the question remains whether UGC practitioners can look to support their work in the same way.

One recent US Kickstarter example is of relevance to broadcasters here. The makers of the cult TV series Veronica Mars raised $2.5 million in just one day to finance a full-length movie after the studio declined to do so – six years previously. Meanwhile, Kickstarter launched in the UK in October 2012 and achieved considerable success almost immediately. On December 3 2012, WebPro News reported, “in the first month, UK-based projects saw
£2,069,164 in funding across 45,799 individual backers. 407 total projects have been launched since Halloween, and 30 of them have been successfully funded.48

One recent example of a journalist who might be doing just that is Maria Popova, who writes for and presides over an eccentric and eclectic online magazine called Brainpickings49. From the site’s inception onwards, Popova was clear that it would rely on contributions from readers in order to remain ad-free, but even Brainpickings has not been without its controversy. Some commentators have drawn attention to the fact that while Popova claims the site is ad-free, in fact the Amazon affiliate links are a kind of advertising (something she now addresses in the text quoted below). This might seem like a small controversy, but it points to the fact that any service seeking voluntary contributions needs to be as “clean” as possible in its other dealings. In other words, the business model must be clear to users. Indeed, Popova has changed the site’s paragraph about funding so that, at the time of writing, it reads:

"I love researching and writing Brain Pickings. But it takes hundreds of hours and thousands of dollars a month to sustain. Keeping it a clean, ad-free reading experience — which is important to me and, I hope, to you — means it’s subsidized by the generous support of readers like you: directly, through donations, and indirectly, whenever you buy a book on Amazon from a link on Brain Pickings, which sends me a small percentage of its price. So if you find any joy and stimulation in it, please consider a modest donation — however much you can afford, when it comes from the heart, it’s the kind of gesture that makes me warm with appreciation." [Italics ours]

5.2.2 Subscriptions or a la carte payment
In a subscription-based model, users pay to access content from a particular service. On the consumption side, this is rare in the world of UGC where access to content is usually free. On the producer side, however, paid-for subscription is quite common, with uploaders to sites such as Mixcloud and Flickr buying an enhanced “pro” account, which may give them more storage space or community and marketing access.

Some UGC platforms enable micro-payments to access individual pieces of content from creators. In the music world, Bandcamp has been highly innovative, allowing uploaders to set their own price for content (or, indeed, allowing the downloader to pay what they like — an experiment most notably tried by Radiohead with the digital release of In Rainbows50). It’s also worthy of note that the video-sharing website Vimeo has just announced a brand new paid-for on-demand service51; it’s a move which just might see a-la-carte payment for UGC become more mainstream.

5.2.3 Advertising, sponsorship, product placement
In advertising-based models, users receive a free service in return for owners of the service serving them ads. Advertising revenue depends of the number and type of visitors to a site, time they spend on it, number of pages they view and so on. Only sites with very large or valuable user bases are likely to generate enough revenue from advertising alone to be sustainable52. Nonetheless, incremental income from advertising might be used by some UGC creators to offset some production costs.

Sites that know a lot about their audiences, such as demographic data, online behaviour or location, may be able to drive higher advertising revenue as they can serve targeted advertising.

On the other hand, some brands have taken to UGC with alacrity, perhaps seeing an opportunity to build a more engaged relationship with their customers. The UK-based running

49 http://www.brainpickings.org/
50 http://www.time.com/time/arts/article/0,8599,1666973,00.html
51 http://www.guardian.co.uk/technology/2013/mar/12/vimeo-on-demand-pay-video
52 Statistic Brain estimates that average income from a click through on a banner ad is $0.20-$0.55. See http://www.statisticbrain.com/average-publisher-revenue-from-ppc-banner-advertisements/
shoe company Vivobarefoot, for instance, not only hosts a lively community on its own site, it has an extensive Flickr set dedicated to pictures users take of themselves in their trainers. It recently ran a video competition, with users filming their running “style” and having it voted on. Of course, this may work best for a “niche” brand like Vivobarefoot, but it does suggest that brands can make smart use of the UGC movement.

5.2.4 “Driving offline”: sales of related goods or services
Many UGC creators generate (or attempt to generate) revenue through driving sales of their own products or services: as a speaker at events, as a consultant, books they’ve written, music they’ve made, band merchandise and so on. In this instance, the UGC activity ultimately stands as a marketing bridgehead – albeit one which might take more time and effort than providing the monetised services!

5.2.5 Online sales of related goods and services
Sometimes called social commerce, this is the selling of third party products to users, such as books via links to Amazon or music via iTunes. A popular way to monetise video games, especially free-to-play ones, is through sales of virtual accessories and items. As with advertising above, this might only provide incremental income for the user, but in aggregate it is economically significant.

5.2.6 Third party licensing of content and/or tech
Under most terms of use for UGC sites, users agree to license their content without payment, even for the work to be commercially exploited. Newspapers and broadcasters often use readers’ and viewers’ comments or stories taken from the website as well as their answers to polling questions. Mixcloud, for example, is exploring licensing “white label” versions of their technology to brands so that users can incorporate user-curated DJ mixes on their own websites. (See Case study 3, in Section 4.12.)

5.3 Businesses involved in UGC

Although we won’t dwell on it, it may prove useful to identify the chief categories of business involved in or otherwise affected by UGC, giving examples of each. We’ll break these down into existing businesses or incumbents and new entrants.

5.3.1 Incumbent businesses

Broadcasters
Some broadcasters have become heavily involved in UGC, from second screen apps to full-on UGC services such as the BBC’s Film Network. Note, however, that the high costs of, amongst other things, moderation, have led some broadcasters to cut back dramatically on their activity.

Magazine, newspaper and book publishers
There are two stories at work here, really. On the one hand, as many newspapers and magazines have gone online for free they’ve encouraged user response to their articles, either in comments or on message boards – leading to a deeper engagement with their readership and arguably creating free content. Book publishers have generally been more conservative in their take up of UGC.

However, one announcement which came late in this paper’s writing was the announcement that the social book-cataloguing site Goodreads (which allows users to catalogue and

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53 The BBC Film Network launched in the early 2000s as an “interactive showcase for new British film-makers”. Although the project was popular with users and received considerable press attention, it was closed in 2012 as part of a wider round service closures following mandated savings in BBC New Media. See our Case Study on H2G2 for more on this.
annotate their book collections collaboratively) has been acquired by Amazon\(^{54}\). The move has not been without controversy; US Authors’ Guild president Scott Trurow has described it as “a truly devastating act of vertical integration”\(^{55}\). His concerns echo some of our observations in Opportunities and Challenges (Section 7) about both media plurality and the “exploitation” of free content creation. Nonetheless, whatever Amazon’s underlying strategic drivers in buying the service, it’s obvious that the retailer sees great value in consumer/user/reader conversation around books. Of course, the company already featured user reviews and reading list on its website. It will be intriguing to see how it integrates the somewhat deeper engagement functionality of Goodreads (including author-reader interaction and author blogs) into its existing content.

**The music industry**

We’ve drawn on many music industry examples in this paper; while the mainstream record industry has often been derided for its lacklustre response to digital, nonetheless innovation has been huge in the sector overall. Furthermore, the industry itself is finally seeing the benefits of UGC networks: three of 2012’s biggest hits, PSY’s “Gangnam Style”\(^{56}\), Gotye’s “Somebody That I Used To Know”\(^{57}\) and Bauer’s “Harlem Shake” (see Section 7) have all had their success fuelled virally by YouTube.

**Advertisers**

As we’ve seen, advertisers can benefit from increasing amounts of advertising on UGC platforms and sites as well as use UGC content in advertising campaigns.

**Brands**

Through smart encouragement and aggregation of UGC, brands can build customer loyalty and provide better customer service/experience and of course sell direct to customers through UGC sites. (See Vivobarefoot, above.)

**Videogames**

Although some console games have attempted to incorporate UGC practice (the most noteworthy being Little Big Planet\(^{58}\)), it’s notoriously difficult to do so. One area which has emerged, however, is the growth of YouTube Channels dedicated to specific games, with users uploading videos of their performance; most highly developed of these we’ve come across is Rock Band Network\(^{59}\), which remains a massive cult success despite the decline in music games generally.

\(^{54}\) [http://www.guardian.co.uk/books/2013/apr/02/amazon-purchase-goodreads-stuns-book-industry](http://www.guardian.co.uk/books/2013/apr/02/amazon-purchase-goodreads-stuns-book-industry)

\(^{55}\) [http://www.authorsguild.org/advocacy/trurow-on-amazongoodreads-this-is-how-modern-monopolies-can-be-built/](http://www.authorsguild.org/advocacy/trurow-on-amazongoodreads-this-is-how-modern-monopolies-can-be-built/)

\(^{56}\) [http://www.youtube.com/user/officialpsy](http://www.youtube.com/user/officialpsy)

\(^{57}\) See SEO specialist Stacey Clermont’s extensive coverage of the Gotye viral phenomenon: [http://staceyclermont.com/a-viral-video-case-study/](http://staceyclermont.com/a-viral-video-case-study/)

\(^{58}\) A console-based games, Little Big Planet allowed gamers to create their own environments as levels within the game and then share these environments online at a LBP community site. See [http://www.littlebigplanet.com/](http://www.littlebigplanet.com/)

5.3.2 New and emerging businesses

Hardware & software
It probably goes without saying that the manufacture of devices and software and the sale of network access and carriage is where the big money is in the UGC arena, but of course these are areas that require heavy investment. We are including:

- Network access and carriage fees
- Hardware for the creation and storage of UCG and access to it
- Software for the creation and editing of UCG (note that this can range from free or entry level software e.g. iMovie through to pro-standard e.g. Logic, Final Cut)

UGC platforms
Another big growth area is in the provision of platforms for the uploading, hosting and sharing of content, from the big hitters like YouTube\(^6\) and SoundCloud to more niche services like SlideShare (for sharing PowerPoint presentations) and on to blogging and social curation services (Wordpress, Tumblr). Although this already seems like a crowded marketplace, it is remarkable how new entrants can rise to prominence very quickly, and continue to do so; Pinterest is a keen recent example.

Social media services
If the UGC arena is a crowded marketplace, however, the social networking space might seem all but sewn up, with Facebook and Twitter the clear winners. However, recent user figures for Facebook show a slight decline amongst most demographics in the UK\(^6\). Although this decline is marginal, it indicates there might still be room for innovative services in the networking area.

Aggregators and discovery services
Finally, services that help users navigate online content through algorithm-driven recommendations have become an essential way for users to avoid becoming overwhelmed by content. We discuss this at some length in the section on Value and Opportunities, but obvious examples include Amazon book, music and film recommendations, music recommendation engines such as Last.fm and live event alerts services such as Songkick.

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\(^6\) Note that YouTube has launched Creator Hub, a website aggregating “tools and programs to help you create better content, and make more money”. (Our italics).
\(^6\) http://www.socialbakers.com/Facebook-statistics/united-kingdom
6 Value of UGC to the UK

6.1 How is UGC valuable and to whom?

The types of value considered include:

- Economic
- Social and political
- Cultural

Naturally these areas overlap to some extent, but we'll consider them separately here and in some detail.

6.2 Economic value

There is no question that the advent of UGC and its rapid spread in the last five years has led to the creation of new businesses and jobs in the UK. The Centre for London counted 3,200 “digital economy” companies with over 48,000 employees in the Tech City area of East London in June 2012, a significant number of whom are creating services or technology for some part of the UGC value chain, including Unruly Media, SoundCloud, Last.fm, We Are Social, Editd, Conversocial, Apps For Good and Makie Lab.

Of course some of these new companies and jobs have displaced “old economy” jobs at incumbent firms whose business models have been adversely affected by digital disruption. This could be seen as part of the process of creative destruction, although it is very difficult to quantify this.

Below we discuss the main areas of UGC activity that derive economic value and identify some of the beneficiaries.

6.2.1 Aggregation

This is one of the largest areas of financial impact in UGC activity. The big hitters in the area are almost all US companies: YouTube/Google, Foursquare, Vimeo, Facebook, Pinterest, Twitter, Tumblr and most of the major blogging platforms (Wordpress, Typepad and so on). Significant exceptions include SoundCloud, a German company headquartered in Berlin and Spotify, a Swedish company headquartered in London. It's fair to say that while there is some great innovation happening in UGC aggregation in the UK (see Case study 3 on Mixcloud), no single really big UK UGC aggregator has yet emerged. However, the major players, including YouTube, Spotify and SoundCloud recognise the UK as a major market (and for US companies a potential launch pad into Europe) and therefore maintain significant sales, marketing and often development teams in the UK.

Furthermore, UK company Last.fm famously sold for nearly $300 million to CBS in 2007 and remains based in London with over 50 employees and an annual turnover of £8 million.
Although not a pure UGC company, its core recommendations service is driven by the background "scrobbing" of music plays by users (see "Activity as Content", Section 3), it is home to a vibrant community and also allows the uploading of content by independent music makers. Nonetheless it's worth remarking that Last's sale and subsequent big expansion happened over six years ago. The service arguably remains a niche one, and it remains, no pun intended, the last significant UK player to emerge in the area.

It's also worth noting that all aggregation services naturally build up vast quantities of user- and usage-data. While there remain some contentious issues here, not least with regard to privacy and anonymity, this data is nonetheless potentially of huge economic value.

### 6.2.2 Third party services

All UGC services by definition need to build an ecosystem – of technologies and users – to be meaningful. Furthermore, they tend to work best when they sit "inside" a larger ecosystem. Even an utterly dominant force like a Facebook or a Twitter succeeds precisely because it is embedded everywhere (think of ubiquitous Facebook "like" or "tweet this" buttons70). The spread of these ecosystems has created a rich seam for third party services piggy-backing on the giants.

The UK poster child in this area was TweetDeck71, originally a desktop-based client that later spawned mobile and tablet apps. Arguably, for many users, TweetDeck was the thing which first "made sense" of the Twittersphere, or at any rate made it more navigable, and certainly more useful. Its multi-column functionality allowed users to tweet from multiple accounts and sort the Twitter "stream" into themes and groups. Additionally it allowed updating of Facebook statuses, thereby conjoining two massive elements of the social media ecosystem.

TweetDeck was founded by UK-based developer, Iain Dodsworth, in 2008. Initially a tool known only by the Twitter hardcore, it was bought by Twitter itself for a reputed £25 million in 201172. While this remains an edge case for UK developers, it's hardly an outlier internationally, with the infamous sale of Instagram to Facebook for $1 billion73 unquestionably the most extreme example of a titan buying up a piggybacker. Furthermore, even the most innovative large companies can become sclerotic at times, or at least "miss a trick".

Finally, it's worth highlighting those services that join up other services in some part of the UGC ecosystem. Bandcamp Scrobbler74 for instance, does "exactly what it says on the tin", enabling users to "scrobble" plays from Bandcamp to their Last.fm profile, significantly allowing user-generated or amateur music-makers to appear among their professional counterparts. This is, admittedly, just a question of smart development around published APIs, but it can be hugely valuable for both users and UGC practitioners. It can also drive development within the "host" service, too; both Spotify and Mixcloud only developed scrobbling functionality after third party developers had done so (and after a lot of lobbying on their message boards).

There is, then, a huge economic opportunity for third party development across the UGC spectrum.

### 6.2.3 Filtering, recommendation, navigation

One of the negative consequences of the spread of UGC is a serious ramping up of "noise". But there's a real opportunity here, too. Services that offer meaningful and reliable

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70 BuiltWith.com has reported that as of March 2013 over 3.8 million websites have integrated Facebook Like buttons: [http://trends.builtwith.com/widgets/Facebook-Like](http://trends.builtwith.com/widgets/Facebook-Like)
71 [http://tweetdeck.com/](http://tweetdeck.com/)
74 [http://bandcampscrobbler.bandwidthbeta.com/](http://bandcampscrobbler.bandwidthbeta.com/). For further information on Bandcamp, see our Simon Hopkins case study in 4.11

recommendations around UGC, especially those which offer a degree of serendipity – hence 'filtering out the noise' – could prove to be really successful businesses. However, cross-industry metadata standard alignment remains a significant challenge. The most successful UGC aggregators of course offer targeted recommendations already, but these tend to use an existing array of methods based on a combination of algorithms, community/user base and some paid-for promotion (think YouTube or Vimeo).

It's often noted that the UK has a world-leading position in gatekeeping in the creative industries, through strong traditions of cultural recommendations in a variety of media especially print, radio and television. UGC has allowed new gatekeepers to come to the fore – most obviously with the advent of the blog and later Twitter – but it's also created the need for yet more gatekeeping, albeit of a radically new kind. The harnessing of the UK's vital critical tradition with the explosion of UGC activity surely offers a huge creative and financial opportunity.

6.2.4 Innovation and new business models
We discussed emerging business models at some length in the previous section, so won't rehearse those arguments and observations here except to say there is no question that the advent of UGC is driving innovation in existing businesses, perhaps especially in the traditional content industries. Indeed, it may be that this innovation happens as businesses face massive disruption, even existential threat. In these extreme (but not necessarily rare) cases, innovation around UGC and its attendant business models may prove essential.

6.3 Social and political value

6.3.1 Political engagement and debate
The Arab Spring, the Obama election campaigns, the Occupy movement (and, just possibly, its obverse, the Tea Party movement); these are the poster children for the impact of social media and its role in political life. They are undoubtedly huge moments in the development of mass digital participation in politics and social change, but two questions stand out for this paper: to what degree has a more engaged kind of UGC begun to have a political impact? And to what degree has this happened in the UK?

It's tempting to look to the power of the blog. Two highly influential blogs on the political right in the UK are Conservative Home75 and Guido Fawkes76. The two blogs are as similar as they are different. Both would claim to uphold traditional Conservative Party values at a time of an identity crisis for the party. On the other hand, Tim Montgomerie's Conservative Home sees itself more as a voice for the Conservative grassroots, while Paul Staines' Guido Fawkes "Blog of plots, rumours and conspiracy" takes a more satirical approach.

Both blogs have undoubtedly been influential, with both Montgomerie and Staines seen as go-to commentators by the mainstream media. But the question hangs over their status as UGC. Staines has founded MessageSpace, an advertising agency that advises political clients; meanwhile, in September 2009, Lord Ashcroft, the Deputy Chairman of the Conservative Party took a stake of 57.5% in the company which owns and operates ConservativeHome77.

And yet if we compare these sites, admittedly somewhat oddly, to musicians or film makers who either consciously or unwittingly build a professional career from previous UGC activity, political voices moving from the user-generated margins to political centre stage in some ways only validate the importance of UGC. It's not as though Montgomerie and Staines are unique. Across the political spectrum there's a greater amount of opinion available than at any time since the age of the pamphlet – and with almost certainly greater public access.

75 http://conservativehomeblogs.com/
76 http://order-order.com/
77 http://news.bbc.co.uk/1/hi/uk_politics/8269394.stm
And the engagement needn't be as deep as blogging. First broadcast in 1979, the BBC's Question Time is a television show that brings together politicians to answer questions from the public. As a format it has barely changed over the years, but BBC insiders say something very simple has arguably reinvigorated the brand: the creation of the Twitter hashtag #BBCQT. By using this hashtag – which is promoted on air – viewers can respond "in real time". We're using quote marks here, as the programme is aired 24 hours after recording, which unfortunately stops panellists responding to comments received via Twitter. Nonetheless, even time-shifted as it is, the engagement feels real and of a significant size. The BBC's official Question Time Twitter account has almost 170,000 followers, roughly 6% of the TV show's average viewing figures. This doesn't take place on the BBC's servers and is therefore not moderated by them, the barriers to entry for viewers are low, and it feels part of "a bigger thing". It is undoubtedly a new kind of political engagement, and if it sometimes feels like a bear pit, well, that's the nature of the beast.

How all of this will play out in the long run remains to be seen. Conservative Home and Guido Fawkes have to different degrees been absorbed into the political mainstream. And we've observed above that "#BBCQT" tweets don't actually fold back into the actual show, because of time-shifted broadcast. But it seems reasonable to assume at this stage that the use of UGC to drive political engagement and even activism will only grow and grow. How the political and media establishments respond to this will be crucial.

6.3.2 Information & knowledge sharing
We have already noted the rise of the specialist forum, message board or online community in the context of personal and social drivers. They create great value, too. Of course, Wikipedia rightly remains the pinnacle of information sharing (and we won't rehearse our reasons for this claim) but the specialist forum can create vast amounts of valuable information in specific areas of endeavour on a scale not previously conceived precisely because of the sheer number of people engaged and connected.

Previously, the mass communications paradigm served specialist communities poorly, at best offering niche broadcasting or publication, generally on a national scale at best. International communities of special interest, from model train hobbyists to amateur astronomers did exist, but they found it difficult to achieve critical mass and were generally hard to find in the first place. And apart from a very limited back channel ("a reader writes" and so on) they were resolutely one-way. That's a weakness even in the mainstream, but amongst specialist communities it's plain daft, and potentially suicidal; the whole point about specialism is that often the real insight lies beyond a coterie of paid experts.

If this all sounds like a worldwide cohort of hobbyists then consider networks like Mumsnet78 and PatientsLikeMe79. These communities offer extraordinary levels of information and support to people facing parenthood and illness – information and support from people in the same boat. The communication dynamic is the same as on forums discussing woodworking or digital photography, but few would argue that the value was somewhat greater. Moreover, when the time of medical professionals is scarce but patients expect to be more informed than ever before, forums like these offer an invaluable and unprecedented service.

This comes with risk of course. Any community comes with its cranks; they can do rather more harm, however, when discussing how to treat or at least live with an illness than, say, how to string a double bass. But the great strength of large, diverse communities is that, as often as not, these potentially dangerous voices are filtered out. Nonetheless, it's something we will look at under challenges, Section 7.

6.3.3 Increased quality/reach of education

78 http://www.mumsnet.com/
79 http://www.patientslikeme.com/
This is something of an extension of the foregoing, but a little different, too. Formal education in the UK has already been affected at primary and secondary level and, in some cases, to a profound degree. Despite all the previous concerns about privacy and security, many schools have moved with both alacrity and great speed from the walled garden approach of the digital whiteboard ecosystem to a more "open" use of tablets and laptops. Furthermore, secondary schools have implicitly acknowledged the easy availability of information (and the ease of plagiarism) that comes with the digital age, in their pulling back from coursework contributions to GCSE grades. In some ways, the tertiary sector has been slower to respond, compelling Clay Shirky to compare universities to the record industry in the early 90s, that is, knowing something huge – possibly existential – is happening as a result of digital technology, but resolutely refusing to deal with it.80

In fairness, many HFSE institutions have put material online – in some cases up to and including entire courses and live lectures – and the so-called MOOC, or massively open online course, is the cause célèbre of educational progressives right now. Indeed, the recently launched Open University-led Futurelearn81 is an initiative specifically to help traditional academia exploit the advent of the MOOC and arguably catch up with the lead established by US initiatives such as Coursera82 and the Khan Academy83.

And yet where is UGC in all of this? The model is still one-way, albeit one-to-a-lot-more-many than it is possible to achieve in a lecture theatre.

There are exceptions to this. Take Ed Cooke's brilliant Memrise84. Ed is both a British technology entrepreneur and one of the world's very few Grand Masters of Memory85; Memrise brings both of these things together and is a fine example of the potential for UGC in education. The website is all about speed learning and uses games to achieve its ends. It covers everything from languages to modern art, but what distinguishes it from some of its equivalents is that games – if you like, "courses" – can be posted by approved members of the community, crucially giving it the opportunity to scale with rather more ease than traditional education services. And of course it has the unique selling point of user-generated content: it can draw on a much wider pool of "teaching" talent than its competitors.

Admittedly, at this stage Memrise is somewhat limited to learning facts or skills; the kind of rigorous analytical skills taught by the very best teachers and academics are beyond its purview. Nonetheless, despite the fact that a lot has to shake out at the meeting point of tech and formal education, Memrise offers a glimpse of the power of UGC in this environment.

Ko-Su86 and Quipper87 are two other UK-based startups using UGC to disrupt learning and worth a mention here. Both provide platforms open to anyone who wants to teach and learn via mobile devices. The former allows users to create learning packages and publish them to a mobile platform; the latter uses "gamification" to drive uptake and usage of bite-size learning materials over mobile.

6.3.4 Localism & hyperlocalism
Nesta's March 2012 report into hyperlocal media Here and Now, UK hyperlocal media today88 had this to say under the heading "Harnessing the Power of Communities":

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80 http://www.guardian.co.uk/education/2012/dec/17/moocs-higher-education-transformation
81 http://futurelearn.com/
82 https://www.coursera.org/
84 http://www.memrise.com/
86 https://ko-su.com/
87 http://www.quipper.com/
"Most successful hyperlocal sites don’t simply broadcast information, they engage in two-way dialogue with their readers. This means good community management is crucial for building a thriving hyperlocal service.

Communities specialist Richard Millington has recently identified the four key principles that community members seek from a sustained involvement:

- Power to effect change.
- Recognition and appreciation.
- Affiliation with friends.
- A sense of achievement. 89

These principles are not unique to the online world, and hyperlocal players have as much to learn from the community development sector as they do from other media outlets. With such a close connection and overlap between the creators and consumers of hyperlocal content, engaging and involving the local community is critical to building a loyal audience. If handled correctly, this community engagement can play a key role in determining the success and longevity of a hyperlocal service [our italics]. An engaged network of participants can help solicit new content and funding, reduce volunteer churn, and lead to more and better content as loyal contributors stay involved and hone their skills."

We would, of course, support these claims, and recognise in Millington’s “four key principles” some of the themes covered in our own personal and social drivers. However, as with the development of the MOOC discussed earlier (6.3.3), the sense here remains one of finding ways for traditional local media to engage with local communities at a more granular level, and in a more conversational way – but still in a media-audience relationship.

This is of course understandable: local media, most especially the print media, but also local radio and television, is under the gravest threat of its life. Using digital media smartly to fight for survival is a no brainer.

But there’s another story in here: that of micro-media services emerging on a local scale, UGC activity aggregated around locality instead of activity or pursuit (although of course it can be both). Blogs, Facebook groups, Twitter feeds have all proven to be useful at a hyperlocal level. These services can cover local issues as diverse as environmentalism, crime control, care for the elderly, transport and parking and so on. In this regard alone, hyperlocal UGC offers vast potential for social good.

But they can facilitate business, too, with various models emerging to monetise hyperlocal UGC. The brainchild of a former local journalist and football blogger, Rick Waghorn, Addiply is a platform that facilitates targetted advertising for local bloggers and publishers. Waghorn told the Guardian:

"[Addiply] offers the publisher the chance to set his own rates and model be it pay-per-click, cost-per-thousand and two, key alternatives for that local/niche advertising market that can be pay-per-week or pay-per-month, just as you would in the Post Office. Applicable to any local/niche blog the world over; plus any ‘old media’ niche/local publishing site. Can be run off your mobile phone.” 90

Of course one could argue that Google AdSense has been a tool for monetising blogs for some years now, but the fact that platforms are being developed specifically with hyperlocal – and pro-amateur - media in mind suggests that, while traditional local media may be in its death throes, something altogether more interesting might be emerging at local level.

6.3.5 Increased digital participation & diversity

On the surface, it seems unlikely that the opportunity to create UGC has driven citizens online in quite the same numbers as have the opportunities to consume content or indeed for transactional purposes. Nonetheless, it’s worth noting that for the first half of its life, from its inception in the early 1990s through its mainstream take up at the turn of the century, the web was arguably driven by UGC – it was barely professional at all! Furthermore, the impact of

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89 Note that these principles map closely to our “personal and social drivers” of UGC.
90 http://www.guardian.co.uk/media/pda/2008/dec/04/startups-advertising
online participation on civil society is potentially huge – and with pragmatic benefits to government, such as the lowering of costs in, say consulting or transacting with citizens (something we discuss in our Conclusions).

One demographic group is of particular interest here, and precisely because they are often overlooked when it comes to discussions about Internet penetration: the 55+ group, whom we might generalise as Baby Boomers or retirees. This is an age group who largely came of age before the rise of the personal computer; many may have had to use PCs in the latter part of their careers, but some won’t. Yet the advent of the smart phone and the tablet have been a boon to this generation, with new, far more intuitive user interface approaches replacing the desktop paradigm91.

In terms of UGC, this is a group that has the one attribute possessed by no other (with the possible exception of teens): time. And of course they have a rich variety of experience. Certainly the take up of social media has been astounding in this group, with 55+ women being one of Facebook’s fastest growing demographics for some time now. Contact with remote family is often cited as a reason for uptake by women in particular92.

Meanwhile, Saga, a lifestyle portal for the over 50s (built on the existing company largely known for selling holidays and insurance) has for many years run Saga Zone93, a massive community site with forums on everything from health and holidays to technology and relationships. Sadly, apparent widespread racism and religious intolerance led Saga Zone to close as of February 26, 2013.

While the recent lesson from Saga Zone might be a salutary one (and one discussed under Challenges, Section 7) evidence suggests that for many among the older demographic, the opportunity to create, contribute and communicate have been at least as strong as the opportunity to consume in their reasons to go online.

6.4 Cultural value

Cultural value is always subjective, and nowhere more so than in the realm of UGC. For every tech Utopian espousing the creative/artistic/cultural importance of UGC there’s a naysayer. Andrew Keen is one the most prominent of these; he is, among other things, the author of the Cult of the Amateur: How blogs, MySpace, YouTube and the rest of today’s user-generated media are killing our culture and economy94, a controversial jeremiad against user-generated culture (whose title rather gives away its position). We mention this here only to qualify any remarks we make about the value of UGC in the wider creative culture, that is to say, there are other angles on this. So instead of “taking sides”, we’ll look at some of the contributions UGC can make to roles and processes with the cultural industries. We’ll leave to one side whether the creative output is good or not.

6.4.1 Talent spotting

In 2012 a new orchestra performed at the Proms, the annual summer-long festival of classical music in London, widely held to be the world’s greatest classical music festival. They were the Aldeburgh World Orchestra, a 120-piece band conducted by the acclaimed Mark Elder. They played a notably difficult set of modern pieces by Stravinsky, Britten and Mahler as well as a new commission by Charlotte Bray95. It was, by any standards, a remarkable concert, but what made it rather more so was that the orchestra comprised players from over 30 countries who had only come together for the first time just weeks before the Prom96.

93 http://www.sagazone.co.uk/
94 http://www.bbc.co.uk/proms/whats-on/2012/july-29/14298
95 http://www.economist.com/node/21559312
The project was run by Aldeburgh Music's Britten-Pears young artist programme, which, over the course of 3 years auditioned musicians almost entirely through YouTube submissions. We are somewhere past skateboarding cats at this point. The whole project was undoubtedly a complex and expensive one, with both corporate and public sector partners, including the British Council. And when it came to some territories, traditional auditioning methods (that is, tapes) were resorted to; China was the most notable in this regard, home as it is to some of the most promising young classical players in the world – but without YouTube.

YouTube had in fact already been demonstrated as a classical music recruitment tool by the YouTube Symphony Orchestra project in 2011, but the Aldeburgh World Orchestra’s appearance at the Proms, at the heart of the high culture world, was a remarkable example of the power of UGC in talent spotting. It might be an outlier, but across the arts and media, adroit talent scouts are scouring blogs, fan fiction sites, and video- and audio-sharing services to source a new generation of artists and creatives.

6.4.2 Skills development
Skills development is the flip side of talent spotting – it’s how the talent gets developed in the first place. We’ve covered skills exchange and personal development at some length in the Drivers section, so won’t go over that territory again other than to reiterate our core observation. Communities of interest around craft skills and creativity are providing an unprecedented level of access to information and experience for students in any creative pursuit. At the same time they supply a platform for demonstrating what a student has learned and a back channel for (often rather robust) feedback. A hugely increased talent pool of creative practitioners is of inestimable value to the cultural industries, and to the very quality of creative practice itself.

6.4.3 Audience engagement
If the consumer-producer contract is changing as rapidly and as profoundly as this paper suggests, then so is the relationship between the cultural institution and its audiences.

This has not necessarily come easily to cultural incumbents. For many institutions and companies, “digital” until very recently has been merely one wing of marketing; for some it remains that way. In this context it’s often hard to make a case for the encouragement of UGC. For instance, very few live arts venues host user reviews of their work. It’s not hard to see why; as one senior member of an opera company put it to us, “You try sitting down with a Diva and explaining why someone’s slagging her off on your site.”

Yet even caustic user reviews can drive sales of creative work. Amazon is the exemplar here. There’s no sense that the ecommerce company vets their user reviews editorially; public opinion is on display, warts and all (just take a look at the user reviews of Andrew Keen’s book cited at the beginning of this section). In traditional marketing terms this would be nonsensical; why list a product with negative reviews? What’s happening here, however, is a very different marketing paradigm, one in which we trust Amazon (whatever we think of it in other ways) as an honest broker. That it’s proved a successful strategy should hardly need pointing out. More orthodox cultural organisations have rather different operating models to Amazon, of course, but there is a great deal to be learned from the retail behemoth.

Beyond the user review/comment/post, cultural institutions are encouraging the use of audio-visual UGC to build relationships with their audience, although once we’re into this realm the degree of guardianship can become onerous. Take the world of amateur filmmaking. Both the BBC and Channel 4 have, at different points, been involved in the showcasing of amateur shorts, the former notably with the BBC Film Network. Tellingly, the Channel 4 initiative lasted

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97 http://www.youtube.com/user/symphony
98 We mean “student” here in the most informal ways, though our comments elsewhere on the rise of the MOOC suggest that this kind of learning paradigm can be extended to include formal learning.
99 We say “orthodox” here, as we would argue that Amazon is a kind of cultural organization, at least in its guise of music-, film- and bookseller.
less than a year and the BBC’s has now been mothballed, that is, no submissions have been possible since 2012. The suspicion remains that these can be useful recruitment and talent spotting tools (see above) but are high-cost ways of engaging with the audience.

Yet other cultural organisations have taken arguably more radical approaches. The English National Opera’s highly ambitious Mini Operas project\(^{100}\) created a series of collaborative pieces on the basis of submission of written scripts, music (via SoundCloud) and video (via Vimeo) bringing together hopefuls in a series of different disciplines, and rewarding them with a year of mentoring. Of course, this kind of audience engagement programme takes money, and is certainly easier to justify within a publicly funded environment. Indeed, institutions such as the ENO receive finding partly on the basis of innovation in audience development. But Mini Operas points to new approaches even for this most conventional of art forms.

### 6.5 A final word: on participation vs consumption

We opened this section of cultural value by observing that any judgments in this area are highly subjective. So let’s end with a brief, highly subjective claim. Mass consumption of others’ creative work is a relatively new paradigm in the realm of creativity. Gutenberg’s invention of movable type in the 15\(^{th}\) century is widely cited as the beginning of the mass media, but it’s what historian Paul Starr terms “The Rising of Technological Networks”\(^{101}\) in the mid 19\(^{th}\) century that provided the tipping point. The subsequent inventions of radio, phonography and television dramatically increased the degree to which massive audiences could be reached and entertained.

A curious thing happened in the years immediately after WWII, at least in the West: a public with more spare time on its hands than at any time in human history found itself with the technological means to consume thousands of hours of others’ creative endeavours year in, year out. Let’s be clear about this: this is unprecedented. When our grandparents (perhaps great-grandparents) claimed We had to make our own entertainment, they weren’t lying.

Clay Shirky would argue that the new UGC paradigm is in many ways a return to a time of making our own entertainment. Of course, it is on an unimaginably different scale, with entirely new opportunities to learn, collaborate, communicate, promote. Is this a world of unbridled brilliance? Hardly. But equally it seems unlikely that all “passive” consumption has been of indisputably “great” cultural work.

In truth, we would argue that lives are immeasurably enriched by participation over passive consumption. Indeed, that practice in any discipline deepens our very appreciation of it as a consumer. And in this, we feel, lies the true cultural value UGC.

\(^{100}\) [http://www.minioperas.org/](http://www.minioperas.org/)

\(^{101}\) Paul Starr, *The Creation of the Media – Political Origins of Modern Communications*
6.6 Case study 4: The Victoria and Albert Museum (based on interviews with staff at the V&A as well as desk research)

The Victoria and Albert Museum (V&A) prides itself on being "The world's greatest museum of art and design" and the complexity and sheer scale of its collections reflect this. However, its mission is straightforward: "to inspire creativity in all of our audiences": and it has embarked on a series of user-generated or user-engagement programmes with this inspiration in mind.

One of its most forward thinking and ambitious programmes was launched at the end of the last decade and was based on the vast number of photographs and artefacts the organisation has in its archives. Large photographic archives are a notorious mixed blessing for arts and media organisations, something reflected in our conversation with Getty Images. On one hand they are a rich resource and certainly the advent of online has made them tantalisingly so. However, their online use and display is only really meaningful if they are catalogued in a systematic way with robust metadata. Supplying this kind of cataloguing can be hugely time-consuming and therefore costly, with a very marginal return on investment. This is real "long tail territory"; a completed online archive may consist mainly of items that are not looked at from one year to the next. It's telling that it's taken Getty 10 years to digitise and catalogue less than 2% of its archive!

The V&A's response to this conundrum was highly innovative, and took a "cognitive surplus" approach similar to that of Wikipedia. Essentially the entire archive was made available to users who signed up to become involved in the cataloguing process, with photograph framing, descriptions and metadata peer reviewed by the users. Highly innovative, then, in the cultural sector102, but in truth not wholly successful. The user figures were initially encouraging, with roughly 5,000 users signing up to take part. But this figure dropped off in the second and third year and the group dwindled to a handful of dedicated amateur archivists. It was difficult for V&A to find time to really engage with the community who to some extent began to feel ignored. Furthermore, some infighting broke out on message boards used by the community. Of course, this is run of the mill (see the H2G2 case study) but the V&A again didn't have the resource to host and moderate the boards. And as the project was conceived as an ongoing one with no specific end point it has ended up drifting.

This is not to say the project has been unsuccessful – far from it. For one thing, several thousand items are now available to the general public on the website as a direct result of the project. Furthermore, it positioned the organisation as forward thinking and progressive. However, the project has been mothballed recently and looks unlikely to be revived in the near future. Given the considerable internal advocacy needed to institute the project in the first place, not least in the face of sceptical internal archivists, the project cannot be considered a complete success.

More successful was the World Beach Project103, conceived by artist Sue Lawty104. Taking as its starting point Lawty's own objets trouvé approach to sculpture and installations, WBP encouraged users around the world to make sculptures on beaches, photograph them and then upload them using an ingest toll cleverly based on a Google Maps back end. The pictures and any accompanying text were then pinned on to a map and were accessible to any the site's users. Lawty herself blogged about the project, giving her reactions to a great deal of the contributed work. Interestingly for a UGC project, a lot of the participation came from groups submitting work – particularly groups of school children.

WBP received thousands of submissions that can still be viewed on the site and the project is generally considered internally to have been a success – not least for reaching and actively engaging with audiences on a massively international scale. If the project had a single

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102 Although one with precedents elsewhere, notably the collaborative Search for Extra-Terrestrial Intelligence project (SETI): http://www.seti.org/
103 http://www.vam.ac.uk/page/w/world-beach-project/
104 http://www.suelawty.co.uk/
problem it's that, as with the tagging/cataloguing project, it was open-ended, without a definite end point. As a result, the site feels like it somewhat "fizzled out". Lawty's last blog post is from the summer of 2012 while technically visitors can still post new material. It's an object lesson in giving a project a specific temporal boundary – a beginning, middle and, crucially, an end.

A smaller project for the V&A was Recode Decode\(^{105}\). Conceived and curated by Fabrica, Benetton's communication research centre, Decode was an exhibition of cutting edge digital and interactive art and was successful in bringing an entirely new audience to the museum. Recode Decode was the exhibition's sister project and unashamedly aimed at geeks. Digital artist Karsten Schmidt\(^ {106}\) was commissioned by the museum to create an animated logo; the source code for the animation was made available on the site and other digital animators and artists were invited to "remix" it. The results were then uploaded to the site and viewable by the public. This is, of course, right at the specialist/professional end of the UGC spectrum and furthermore was never expected to garner a huge response. In fact fewer than 70 submissions made it on to the site; but the project did, again, help add to the museum's reputation for fostering creativity and innovation.

Finally, an unqualified success for the museum was a project run around the 2012 Olympic Games. Among its many roles, the V&A holds the nation's poster collection. Print and ephemera specialist curator Catherine Flood correctly predicted that alongside the formal poster campaign that ran during the Olympics, there would be some protest graphics, posters and graffiti and that if these weren't captured they would disappear for good. The museum announced a Flickr group based on these protest graphics and... well, let the public get on with it. This is UGC-corralling at its very lightest, using an existing platform and asking the public to take part in something most of them would be doing in any case. In this case,

\(^{105}\) [http://www.vam.ac.uk/microsites/decode/recodegallery](http://www.vam.ac.uk/microsites/decode/recodegallery)

\(^{106}\) [http://uk.linkedin.com/in/kschmidt](http://uk.linkedin.com/in/kschmidt)
photographing the environment around them on smart phones and digital cameras. The very best photographs were then ingested into the museum’s permanent archive and will be featured in a future exhibition looking at the history of protest in print graphics and other media. They can currently be seen in a lengthy and informative article on the site (the photos below are taken from the V&A site). The key to the overall success of the project was that ultimately it had a definite end: when the Olympics were over the Flickr group was closed and its legacy is now in the museum’s archive. For once there has been no “fizzling out”.

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It should be pointed out, of course, that an organisation such as the V&A can get caught up in UGC activity even when it hasn’t commissioned or originated it. Their biggest show last year – at least in terms of visitor numbers – was Hollywood Costumes. The exhibition was hugely well received critically and immensely popular. As a consequence there were very long queues to get into the show and almost equally long queues to see some of the more popular exhibits. The queues in turn attracted a huge number of negative comments on the tourist reviews site Trip Advisor. The Museum, unprepared for the criticism, wasn’t able to

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107 http://www.vam.ac.uk/b/blog/posters-stories-va-collection/olympic-posters-dissenting-voices
108 http://www.vam.ac.uk/content/exhibitions/exhibition-hollywood-costume/
manage the situation. When handled effectively, the most vociferous critics on social media can be converted to brand advocates. This is customer service at its best.

In fairness to the V&A, this is not an uncommon experience. Tate Modern, for instance, attracted a huge amount of opprobrium on Twitter over its handling of ticket sales for this year’s exclusive Kraftwerk concerts. Nonetheless, there are lesson here for large arts organisations about how, if they can’t always control the “public conversation”, they at least need to join it.

Lessons learned:

• Give projects a clear end date
• Tie UGC activity to specific offline campaigns
• Engage in the debate and respond to criticism to improve customer service and turn critics into fans
07 Opportunities and challenges

In this section we look at some of the opportunities and challenges presented to the UK by the rise of UGC. We should note that many of our observations under opportunities reflect much that we have covered already under "Value", while the challenges overlap considerably with "Implications" (Section 8). Furthermore, we feel that in many ways the following sections overlap richly, and at several points in the Challenges section we observe that a given problem often presents a corresponding set of opportunities.

7.1 Opportunities

7.1.1 Innovation and economic reinvigoration
This is, of course, a general point, and again comes with the caveat that all economic reinvigoration comes at the potential cost of disruption to incumbent businesses. Nonetheless, our research has led us to conclude that there is a series of definite advantages to businesses being involved in this area and that chief among these is simply innovation. It hardly needs repeating that what we're seeing here is a very new media paradigm and that in order for either new or existing businesses to succeed in the realm of UGC they have to innovate – indeed, they arguably need to do so just to survive. An increasingly innovative business environment will in turn drive new business models and create new markets. This spirit of innovation runs through many of the businesses we discuss throughout this paper.

It is also worth pointing out that the infrastructural needs created by the spread of UGC practice are huge. As we've observed in Section 5, the network is key to all of this activity, and certainly ISPs and telcos are in a position to capitalise on the spread of UGC. There will remain challenges around traffic management at peak times, but assuming that ISPs continue to monetise their investment in networks, this will remain an area ripe for growth.

7.1.2 Discovery, navigation and gatekeepers
We've talked elsewhere about the importance of "discovery" in an already crowded digital marketplace and how the advent of UGC simply adds to the urgent need for smart discovery and gatekeeping, whether provided by algorithms or human beings. There's a flip side to this, though. UGC – and perhaps more specifically user-generated data – can help provide some navigation through the digital morass, especially in the area of social curation.

An international example is Foursquare, which, in its very short existence, has built the largest directory of restaurants and bars in the world. But there's an example that's closer to home: Songkick. Founded in 2007, Songkick is one of the real success stories of the London Tech City cluster. At heart, it offers a straightforward, personalized concert alert and recommendation system, basing its recommendations on APIs provided by other platforms such as Last.fm. That is to say, it offers users information based on their actual listening habits rather than reacting to marketing imperatives. It also integrates into a number of other services and platforms through its own APIs, including SoundCloud and YouTube.

Significantly for our purposes, the service also offers "gigographies", that is enhanced listings of past gigs that include user-generated set lists, photos and reviews (see the excerpt from Swans' page, below). "Unsigned" acts and small independent venues can also add their shows to the events database, making this a truly democratic environment, with Beyoncé at the 02 and an open mic night at your local pub on the same footing.

109 http://www.songkick.com/
110 Explained in full in our Glossary (10.1), an API is an Application-Programming-Interface, a coding protocol by which an organisation can allow access to its data so that others can create third-party applications.
Initially funded by the prestigious US startup programme, Y-Combinator\(^{111}\), the company has gone on to receive funding from the Technology Strategy Board and investment from Sequoia Capital and Index Ventures. Apocryphally, Songkick is now the biggest referrer of ticket sales for live concerts in the UK after Ticketmaster\(^{112}\), a phenomenal feat for a company just 6 years old. It's also an outstanding example of how a great business can be developed at the meeting point of "official" media, "big data", and user-generated content.

7.1.3 The second screen becoming the first
"Second screen" has been a meme in the content industries for some years now; indeed, a favourite anecdote or ours is a digital media creative overheard at a second screen conference, saying of TV professionals, "Don't they get it? They're the second screen!" While this might be overstating the case right now, there's every reason to think that multi-screen, "layered" media consumption is set to become the norm. And there are surely huge business opportunities here, as the second screen fundamentally changes the "passive" nature of TV consumption.

We've already discussed, in our section on political engagement (6.3.1), how the BBC's Question Time has been reinvigorated by the use of Twitter; it's a fine example of democratic participation being driven by simple technology. But it's happened in "lower brow" areas too, the "big shiny floor shows" of early Saturday night also re-energised by a public conversation which happens around them on Twitter and Facebook.

The UK has a tradition of innovation in TV formats; second screen presents an opportunity for businesses to develop easy tools and applications for mainstream participation in UGC and social media activity, especially around "big TV moments". Based in London's Bloomsbury, just outside the Tech City cluster, MetaBroadcast\(^{113}\) is an example of a UK digital agency

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\(^{111}\) [http://ycombinator.com/](http://ycombinator.com/)


\(^{113}\) [http://metabroadcast.com/](http://metabroadcast.com/)
working in precisely this space; they have worked with several of the UK’s major broadcasters and done particularly innovative work with the BBC. They specialise in content metadata ("we work with major media companies to analyse big data about content") but the tracking of second screen activity is also a significant part of their work.

7.1.4 Pro content as official source material for UGC: a potential virtuous circle?
In Section 4.12 we discussed the Beyonce "End of Time" remix competition, hosted on Mixcloud. This is a classic example of the release of "stems" - groups of audio tracks – for use by remixers. Traditionally, official remixers of music have been offered stems by the original artist or production team, allowing them to rework the material radically. (See Case study 4, Section 6.6, on the V&A for an example of the same methodology and approach at work with digital video code). Meanwhile, amateur remixers have had to work with the finished released mixes. (The most radical response to this was arguably the much-hyped rise of the "mash up" in the early 2000s – a trend that extended right across the audiovisual industries, and was, almost inevitably, folded back into the mainstream.) So the "End of Time" competition sees a different paradigm at work.

It's difficult to say exactly what the rationale behind the competition is but it's fair to say that it's definitely a new kind of audience engagement, and an implicit acknowledgment of the widespread practice of UGC. It may also have helped the Beyoncé "brand" to gain some kudos for experimentation, forward thinking and openness. She's certainly not the first to do this – the ever-innovative Trent Reznor of Nine Inch Nails comes to mind as an example of someone who did this years ago. But it's interesting to see such a mainstream artist engaged in UGC.

It also points to other opportunities, and not just in the music space, indeed, not just in AV. What opportunities, for instance, are there in the fan fiction arena? Can struggling publishers work with the fan communities to create new hybrid works and new business models? The example of EL James' 50 Shades series genesis as Twilight fanfic is well known, but with good reason. It might be an outlier, but financially at least it's a pretty important one. However, 50 Shades' success has not been something that has any way "folded back" into the Twilight phenomenon (indeed, Twilight's author, Stephenie Meyer has been pretty sniffy about it). It's as though the whole thing has taken place in a parallel universe.

We're not suggesting that the entire audience/creator contract is going to change overnight – and may never change completely. But it's unquestionably shifting, even in the mainstream, and content incumbents should be alert to the potential opportunities of opening up content for adaptation, enhancement, mashup and remix.

7.1.5 Skills-building networks and dispersed education
We have already discussed the rise of the MOOC (in Section 6.3.3) and pointed to the recent establishment of the Open University-led Futurelearn, in the wake of the highly successful US learning aggregator Coursera. We have also discussed the more informal sharing of skills and expertise in such forums as message boards and even in YouTube comments.

What seems clear is that we're at the beginning of this transformation of learning, and that if it presents a potentially massive disruption to the formal learning sector, it also presents a plethora of opportunities for companies – especially in the start up sector – to build services that aggregate and enhance learning and knowledge sharing. For the truth is that while there is a wealth of learning content online, it can be difficult to navigate and especially difficult for individuals to find the right "learning fit".

There are also opportunities for companies and organisations to tap into the culture of information and skills sharing. Training is a prerequisite in many if not most professional fields now, but it remains expensive at a time when many companies are struggling to keep their

114 http://www.ninremixes.com/multitracks.php
head above water. Companies should look into the very real opportunities presented by online learning communities.

7.1.6 Harnessing democratic participation
It hardly needs restating that the last 3-5 years have seen social media and UGC make a massive impact on political participation around the world. The broad consensus is that this is, of course, a good thing (though an alternative view is discussed briefly in Challenges, Section 7). The question remains: how can political institutions (parties, governments, ministries and so on) and even the state itself benefit from this? Thus far, the impact of UGC and social media on political debate at least feels to be on the side of agitation, as though technology and networks are being used to express frustration with the current political status quo. Of course, this is undoubtedly partly a question of circumstance and moment. The global economic crisis has hardly abated in the last six years, and much of Europe, North Africa, the Middle East and North America is affected by large-scale unemployment and ongoing recession. That this has happened precisely when unprecedented numbers of citizens have had access to communications tech has been something of a perfect storm.

But it's not all about agitation and street level mobilization. Political parties, for one thing, are harnessing the power of blogs, Twitter and social media generally to spread their message and galvanise support (see above). The opportunity now is for the formal democratic process to begin to engage with communications technology, in perhaps a radical rethink of some of the basic precepts of term-based, single vote democracy.

7.1.7 The cognitive surplus of the baby boomer generation
The first baby boomers have begun to retire. Depending exactly how one defines them, baby boomers will be doing so for the next decade. Having lived through (when averaged out), a half-century of economic growth and technological (including medical) innovation they are arguably the most privileged generation in Western history. Most will have a decent and potentially long retirement to look forward to and as such, of course, they present a tremendous business opportunity – as a market.

But the advent of relatively cheap and easy to use communications technology such as tablets and smart phones mean that this demographic present another opportunity entirely: they are a resource, a social resource – and an economic resource. Smart and intuitive tools can and do allow older users to communicate not only with each other but with other generations and we believe there is a staggering opportunity for society as a whole and businesses specifically to leverage this. Consider this: an entire generation, with unprecedented levels of health and longevity have more time and capacity than any previous generation – and now the tools – to share the experience, expertise and knowledge with the rest of society, as well, of course, as with each other. The marketing drivers around technology are so often geared to the young – "youth and middle youth". Opportunities abound to rethink this.

7.1.8 The rise and rise of social curation
One of the patterns we've observed over and over again in our research is the rise of social curation. This is not to say that long form, more considered UGC is going to decline entirely. Indeed, Wordpress CEO Matt Mullenweg pointed out at SXSW recently that the average length of a post on Wordpress has remained "relatively constant" at 280 words for several years. Nonetheless, newer entrants to the social and UGC space tend to a lighter form of curation: Tumblr, Pinterest, Instagram, FourSquare etc.

While this doesn't come as a surprise – it is, after all, rather easier to collate existing material than it is to originate it – it does though represent two distinct opportunities. Firstly, for content incumbents it presents another distribution channel. Of course, this comes with a huge set of

115 http://paidcontent.org/2013/03/09/where-wordpress-is-headed-longform-content-curation-and-maybe-some-native-advertising/
problems around IP and copyright, but interestingly some content owners such as Getty are currently taking a liberal view of, say, Tumblr, and are considering how they can monetise the social space through micropayments.

The other opportunity is plainly for creative technologists. Although this might already seem like a crowded space, it's early days and there is a great deal of room for innovation in the building of new social curation tools and services.

7.2 Challenges

7.2.1 Security & privacy
It is a truism of digital media that we all leave a "footprint". A report recently published by the US National Academy of Sciences116, based on an extensive study of the Facebook activity of 60,000 users concludes: "Facebook Likes can be used to automatically and accurately predict a range of highly sensitive personal attributes including: sexual orientation, ethnicity, religious and political views, personality traits, intelligence, happiness, use of addictive substances, parental separation, age, and gender."

The degree to which we all now leave a permanent record of our activity online has become a concern to many advocates of political freedom. Perhaps chief among them, Viktor Mayer-Schönberger, in his book Delete: The Virtue of Forgetting in the Digital Age117 argued that it is incumbent on society and technologists alike to find ways to allow individuals to wipe some of their activity from the digital record. Most likely this remains a fantasy; that once something has been made and published in cyberspace, it will always be there. Nonetheless, Mayer-Schönberger's concerns are reasonable, and arguably apply most strongly to the world of UGC.

In many ways this is the flip side of mass democratic participation. For all the public intellectuals like Kevin Kelly and Clay Shirky trumpeting the advent of "open", there are those like the highly influential Belarusian Evgeny Morozov118 who argues that in fact the digital age is playing into the hands of dictatorships that now have unprecedented access to our thinking, our political stance – and may well act on this. And of course it's not just outliers like oppressive regimes that can take advantage of our digital footprint. Our digital presence can be leveraged both legally and illegally by, among others, marketers, scamsters and identity thieves. For the moment, it seems most of us have been willing to take our chances, to accept the compromises in our digital privacy which come with the new "openness", but we all need to recognise that this may be something we at times come to rue. The question remains: does the public recognise the "deal" it has made, and is there a need for education here?

7.2.2 Overwhelming content quantity & platform proliferation
Again, this is not a problem unique to UGC, but from the point of view of both the UGC producer and the consumer, proliferating content is undoubtedly an issue. The producer struggles to be found, the consumer to find. We have discussed at length elsewhere how aggregation, discovery and gatekeeper services based on both algorithms and human intervention are a massive growth area and present a real opportunity for UK creative technology businesses. On the whole we are inclined to see this more as an opportunity than a challenge, but we recognise that for many users it is a problem. Furthermore, not only does content proliferate, so do platforms. We observe elsewhere (Section 7) that a general paradigm in digital media is for a single dominant player to emerge in any one area – itself an issue (see 7.2.10). However, before this happens, many services may compete for attention and the consumer can be left paralysed by choice. Worse, it may be that users put a great

116 http://www.pnas.org/content/early/2013/03/06/1218772110.abstract
118 http://netdelusion.com/
deal of creative effort into a platform which is eventually superceded – but with no way of migrating their work. How many millions of hours were spent on building MySpace profiles before the world eventually settled on Facebook as the social networking space?

7.2.3 Access to networks
As we’ve observed in the section on Value Chain, the network is vital. The creation of UGC doesn’t necessarily need network access (although in the case of, say, blogging or tweeting it’s mandatory) but the uploading, distribution, sharing and promotion of it surely do. We have spoken to several creative technology businesses in the UK who find the network infrastructure inadequate for their business needs. There is effectively a single Internet provider in London’s Tech City. New connections take up to 60 days and very high-speed connections are considered either too expensive or simply unavailable. Furthermore, network speeds vary dramatically depending on geographical location and upload speeds for ADSL remains inadequate for UGC producers. If UGC is to continue its spread, universal, robust, fast network access from a mix of competing providers and technologies is essential.

7.2.4 Inappropriate or illegal content
While we’ve cited many examples of outstanding content and technologies throughout this report, it would be naive to think that all UGC was either deeply creative or socially responsible. As we saw earlier in the report (6.3.5), even a site like the over-50s chat room SagaZone has had to be closed due to the posting of offensive (mostly racist and religiously intolerant) material. Or look at the “Harlem Shake” meme discussed earlier in Section 7.2.2. YouTube, whose terms of service preclude the posting of sexually explicit material, have struggled with the posting of Harlem Shake videos featuring nudity 119.

This however, could simply be an issue of the medium’s (or overall area’s) maturity. Creators of UGC and companies who make the platforms which distribute it are ultimately beholden to the same laws as the rest of us. With inappropriate or legal material (including offensive, sexually explicit, libelous or IP-infringing material) the industry to date has arguably acted rather casually, and certainly UGC creators often seem to ignore the rules obvious to creators in other fields. The recent Lord McAlpine 120 case may prove to be a turning point in this; the Conservative peer had threatened to sue any Twitter user who retweeted a tweet from Sally Bercow, the Speaker’s wife that implicated McAlpine in sex offences. McAlpine has since partly rescinded, saying he will not sue those with fewer than 500 followers. Nonetheless, it’s a wake up call to those in the UGC space who assume they operate outside the law (or more charitably simply don’t think about it at all). On one hand, the coming years will have to see a growing sense of responsibility taken by UGC practitioners and technologists, but on the other, clearer guidelines and perhaps more rigorous external enforcement are also necessary (see Conclusions).

7.2.5 IPR
UGC is unquestionably an area in which the abuse of copyright is rife. Although the “mash-up” is perhaps no longer quite the phenomenon it was, the use of others’ content in the creation of new work, from the use of Baauer’s original music in all those thousands of “Harlem Shake” videos to the use of J.K. Rowling’s characters, concepts and “universe” in unauthorised Harry Potter fanfic sites.

There is some progressive thinking going on in this area (see our note on the PRS’s experimental licence for Mixcloud). However, it’s difficult for industries that are suffering declining sales (the record industry, book publishing, the newspaper industry) to watch other, new sectors and companies flourish off the back of their work and content.

Ultimately, as with illegal and harmful content, this may simply be symptomatic of the relative youth of the UGC sector. As it matures it may find itself adhering more closely to the letter of IP law. Google only recently, for instance, introduced the use of audio-fingerprinting.

120 http://www.bbc.co.uk/news/uk-20336037
technology on YouTube, allowing it to flag up copyrighted material – something that has earned it favour with the record industry, previously seen as somewhat “at war” with the video hosting service.\(^{21}\) Furthermore, in the US, as of 2012, ISPs began taking a more active (but voluntary) approach to policing downloads although not without controversy.\(^{122}\) But this voluntary “maturing” cannot be taken as a given and there is a potential role here for more rigorous independent oversight.

### 7.2.6 "Exploitation" of free labour

There is a legitimate concern that the rise of UGC enables a small number of large organisations to make a great deal of money from the unpaid work of vast numbers of contributors. It’s an element of what the technologist and intellectual Jaron Lanier terms “Digital Maoism”\(^{123}\). As with privacy issues, most UGC practitioners at this point seem to have accepted the bargain: access to networks, distribution and audiences in return for making “free stuff”. Indeed, countering Lanier, the tech evangelist and Creative Commons advocate Cory Doctorow recently argued that there are huge “positive externalities” which had arisen from the spread of UGC (among other things) – that the collective life had been enriched by, say, free contributions to Wikipedia\(^{124}\).

But the tide may be turning on this. A recent spat between the veteran journalist Nate Thayer and the online magazine *The Atlantic* highlighted this.\(^{125}\) An editor at the magazine asked Thayer to rewrite a piece adding, “We unfortunately can’t pay you for it, but we do reach 13 million readers a month.” Effectively, this professional journalist was being asked to make UGC. Thayer was sufficiently outraged that he went on to publish the entire correspondence between him and the editor, with a fairly vicious and outraged commentary from himself. The case has become something of an Internet meme itself, spawning countless articles online.

At a time when traditional journalism is under dire threat, the case has raised alarm bells. Furthermore, there have been examples in the past of the straightforward exploitation of collective unpaid work. Of these, perhaps the most controversial was the sale of the music metadata service CDDB to Escient, which we discuss in Case study 1 on H2G2 (3.5).

This paper is largely enthusiastic about the rise of "the new amateurism", but legislators should be alert to the potential for exploitation. In most cases, whether to publish for free must remain a personal choice. However, there will undoubtedly arise circumstances when producers are put under pressure to create and publish for free – or at price point below the one they're happy with – and this needs to be considered a significant challenge to the development of satisfactory creative practice.

### 7.2.7 Loss of content/consumer protection?

Finally, a note that effectively applies to all cloud services. To date, most UGC hosting sites and cloud services have proved to be robust. Indeed, because of their distributed hosting infrastructure, they’re arguably more so than home-storage. But there have been examples of practitioners losing content. In an especially egregious example, photographer Mirco Willhelm lost over 4000 pictures when Flickr accidentally – but permanently – deleted his account.\(^{126}\) This is a rare event, but it might not remain so, with content proliferating, and services potentially going to the wall as they fail to monetise. Let’s leave the final word to Kenneth Goldsmith, founder of the extraordinary underground and art film site Ubuweb.\(^{127}\) In a blog post discussing why, having toyed with hosting Ubuweb on a cloud service he ultimately decided not to, he concludes:


\(^{123}\) [http://edge.org/3rd_culture/lanier06/lanier06_index.html](http://edge.org/3rd_culture/lanier06/lanier06_index.html)


\(^{125}\) [http://nymag.com/daily/intelligencer/2013/03/nate-thayer-vs-the-atlantic-writing-for-free.html](http://nymag.com/daily/intelligencer/2013/03/nate-thayer-vs-the-atlantic-writing-for-free.html)

\(^{126}\) [http://www.pcmag.com/article2/0,2817,2379212,00.asp](http://www.pcmag.com/article2/0,2817,2379212,00.asp)

\(^{127}\) [http://www.ubuweb.com/](http://www.ubuweb.com/)
"Don't trust the cloud. Use it, enjoy it, exploit it, but don't believe in it. Or even the web for that matter. Many people assume that the web —and its riches—will always be there waiting for you. It won't. Don't bookmark. Download. Hard drives are cheap. Fill them up with everything you think you might need to consult, watch, read, listen to, or cite in the future. Your local library should be more vast than anything up for offer on the web. Please understand that the web and its treasures are temporary and ephemeral; that Deleuze PDF that you bookmarked yesterday very well may not be there tomorrow."128

7.2.8 Another Internet bubble?
The rise of UGC and social media has been so staggeringly fast and the valuations of some startups so vast, that it has led some to question whether we are seeing another Internet bubble.129. If this seems something of only academic interest it's worth recalling that something like $5 trillion was wiped off the value of tech and related shares in 2001 – making it one of the biggest bubbles in history. The tech industry took another 5 years to get over this, although it should be said that those companies that survived it or came in its immediate aftermath (Google, Amazon) have of course gone on to be titans – a classic case of "what doesn't kill you".

Some incidents that have stirred concerns about another bubble include:

- Facebook losing 40% off its share price since launching in May
- Instagram's sale to Facebook for a staggering $1 billion
- Groupon's loss of 70% off its share price – with the consequent firing of its CEO Andrew Mason

There are factors that make the current scenario very different from 2000-2001, however. For one thing, there was vastly more money being invested (burned, as it turned out) in the earlier period. And for another, there simply wasn't a critical mass of the public online in 2000. That situation is utterly changed, and service usage reflects this. Facebook alone, for all its share price woes, currently has over 1 billion users.

Ultimately it's not for this paper to argue one way or the other on the case for a bubble. But it does remain a possibility and its reality would prove potentially disastrous to UK companies working in the UGC space.

7.2.9 Cultural fragmentation
We've asked the question: does the rise of UGC deepen the kind of cultural fragmentation that began with the introduction of multichannel TV and has accelerated with the mainstream advent of the web? It's a moot point as to whether cultural fragmentation is necessarily a bad thing, but nonetheless many in the traditional media industries lament the demise of "national moments".

An ironic thing here is that we may in fact be seeing the rise of, instead, "international moments". Originally coined by Richard Dawkins to denote the way in which an idea travels across society much like a genetic mutation, in the digital space "meme" has come to denote a concept which spreads incredibly rapidly on the Internet, often involving the copying or adaptation of the original idea by tens of thousands of users. At the time of writing, the biggest Internet meme is undoubtedly the "Harlem Shake", in which groups of users film themselves dancing to the track by the American electronic artist Baauer. The craze began early in 2013 and by mid-February around 4000 clips were being uploaded a day!

So the question here is possibly not so much "Does the rise of UGC lead to cultural fragmentation?" as "Are we seeing the rise of more dispersed mainstream cultural phenomena?" Indeed, it may be that from the broadcasters' point of view this is as much an opportunity as a challenge, with content that would previously have received, at best, national notoriety, spreading around the world almost instantaneously. In a particularly fine recent

128 http://www.poetryfoundation.org/harriet/2012/04/why-i-dont-trust-the-cloud/
129 http://www.bbc.co.uk/news/business-19241456
example of this, a junior BBC Radio 1 journalist, Chris Stark, recently interviewed the Hollywood actress Mila Kunis\textsuperscript{130}. The interviewer was gauche and plainly flustered, but Kunis handled the interview with such deftness (for instance going “off piste” from the standard promotional talk and instead discussing going down the pub with the interviewer) that the video on YouTube went viral and at the time of writing, one week after it was posted, the video had received over 10 million views, and had become a huge talking point on the blogosphere.

7.2.10 Media plurality
The truism that one (or at least a small number) of services become dominant in the digital space is well understood – and broadly true. And it applies also to the UGC arena. Uploading video? There’s YouTube (or just possibly Vimeo, if your work is “higher end”). Uploading audio? There’s SoundCloud. Photos? Flickr. And microblogging, of course, is synonymous with Twitter.

In fairness this isn’t the case across the board. In the blogging and build-your-own-website spheres there are numerous options, each offering subtly different options and price plans: Blogger, Typepad, Wordpress, Weebly, Squarespace, to name a handful. Furthermore, disruption can happen quickly, as in the case of Instagram’s entry to the market and claim to Flickr’s crown. Nonetheless, the majority of UGC practitioners are placing their content in the custodianship of a very small handful of media and technology giants\textsuperscript{131}.

7.2.11 Internet “addiction”
On the subject of Internet addiction, it’s tempting to see UGC as no different from any other activity or content on the web. However, Bruce Hood, Director of the Bristol Cognitive Development Centre in the Experimental Psychology Department at the University of Bristol believes that UGC is a special case – and he draws on his own experience of Internet addiction to make his case\textsuperscript{132}.

Initially a reluctant blogger and user of Twitter, Hood admits to being online for at least 7 hours every day, and that much of the time he is drawn online simply to see if his posts, comments or tweets have had a response. He argues that the brain releases dopamine into the system not on the receiving of a reward but on its expectation. This is why, for instance, gamblers don’t need to win very often in order to gain pleasure from their activity. So too, the inveterate blogger and/or tweeter is effectively chemically addicted to the anticipation of response, and this is why they can’t wait to get online.

This is, of course, profoundly worrying. As Nicholas Carr has argued elsewhere\textsuperscript{133}, we may not know exactly what this is doing to our brains, but it’s doing something. And that something may well not be good in the long run.

To some degree it’s difficult to see what policy makers can do about this. Certainly, it is an issue of personal responsibility and, in the case of minors, primarily parental responsibility, but there is unquestionably some responsibility on the part of civil society too. Education could, of course, play a part, but we all face a barrage of health and well being messages daily, so it’s likely to come somewhere low on a “public danger” list. Nonetheless, we raise it here as we consider it important in the overall mix of issues around UGC.

\textsuperscript{130} http://www.youtube.com/watch?feature=player_embedded&v=z4Ezru1oeQ
\textsuperscript{131} A recent example highlights potential dangers for users here. Google have announced their intention to turn off their RSS-based Reader in the summer of 2013, to much public outrage. See: http://www.engadget.com/2013/03/14/the-outrage-and-sadness-of-google-readers-demise/
\textsuperscript{132} http://www.wired.com/wiredscience/2012/05/the-self-illusion-an-interview-with-bruce-hood/
\textsuperscript{133} http://www.theshallowsbook.com/nicholascarr/Nicholas_Carrs_The_Shallows.html
7.3 Case study 5: The Social Media "Big 3" (based on desk research)

Since we look on social media as a subset of UGC, it would be remiss not to examine some of the platforms in detail. We like to refer to the most popular social media services as the "Big 3". They are: Facebook, Twitter and LinkedIn. Data is readily available for these services so this is a more statistical approach than with the other case studies. Although they are all US examples, they give a useful indication of the potential scale and reach that can be achieved by popular services.

7.3.1 Facebook
As of March 2013, UK is the 7th biggest market in the world for Facebook with 32 million subscribers (a decline of 43,000 in the last 6 months). Facebook penetration is 52% of the total UK market and 61% of all Internet users. 50% of active users log on to Facebook every day and the average user is on Facebook for 30 minutes per day.

The UK market is considered to be at or near saturation, especially as 15% of the population is under 13 so “not allowed” to use Facebook and 16.5% are over 65 and so not “typical” social media users. Although, interestingly, the biggest gain in users between November 2012 and February 2013 was in the 65+ age group.

52% of UK users are female; 48% male. The largest age group is currently 25-34 with 8 million users, followed by 18-24 years.\textsuperscript{134}

62% of Facebook users have “some college” education, while 44% claim a household income of £30,000-49,999 and 23% £50,000 or more.\textsuperscript{135}

7.3.2 Twitter
As of July 2012, there were 10 million Twitter accounts in the UK and 32.2m million profiles out of a total of 500 million accounts globally. The UK is the 4th largest market in the world for Twitter behind US, Brazil and Japan. 80% of Twitter access is via mobile phone.\textsuperscript{136}

64% of users are male, 36% female. The largest age group is 25-34 with 55% of users, followed by 35-44 with 27%.

55% of users have “some college” education, while 34% claim a household income of £30,000-£49,000 and 26% of £50,000 or more.\textsuperscript{137}

UK usage is 62% engagement (retweets and replies) and 38% broadcast (solo tweets).\textsuperscript{138}

\textsuperscript{134} http://www.socialbakers.com/Facebook-statistics/united-kingdom
\textsuperscript{135} http://www.creativebrandmarketing.co.uk/uk-social-media-statistics-2012
\textsuperscript{136} http://semiocast.com/publications/2012_07_30_Twitter_reaches_half_a_billion_accounts_140m_in_the_US
\textsuperscript{137} http://www.creativebrandmarketing.co.uk/uk-social-media-statistics-2012
\textsuperscript{138} http://www.brandwatch.com/Twitter-landscape/
7.3.3 LinkedIn
As of March 2013, there were 11.5 million LinkedIn users in the UK. That equates to 18.5% of the total population or nearly 22% of the online population. The UK is the 3rd largest market behind US and India.

16% of UK LinkedIn members are based in London and 4 out of 5 of all UK professionals are on the network. The biggest industries represented are IT & Services, Financial Services and Construction. Top job titles are Owner (534,000), Director (407,000) and Managing Director (187,000).

In May 2012, LinkedIn users were 64% male and 36% female. 37% were in the 25-35 age group and 30% 35-44. 49% of users have “some college” education, 19% an undergraduate degree and 12% post-graduate. 42% of users claim an income of over £50,000.

LinkedIn’s business model has been consistently the most profitable for shareholders compared with other Internet stocks. This is largely due to its diverse revenue streams that have insulated it from a decline in advertising revenue as more and more users access social media services via mobile devices. 20% of revenue comes from premium subscriptions, 53% from online recruitment and 27% from advertising.

7.3.4 Best of the rest
Pinterest, Instagram and Google+ were also big noises in 2012 but the UK penetration for these services is still relatively small. However, given the impact Google+ has on search, it is very likely to grow in influence. The decline of MySpace continues.

Lessons learned:

- The massive rise of light touch social media engagement, or curation, is likely to continue across several services and most user demographics.
- More services will be accessed more often via mobile devices. This not only favours short-form and visual content, but exerts a downward pressure on advertising revenue.
- Social media services with diverse revenue streams will be more successful in the long term.
- UK is a large and important market for Facebook, Twitter and LinkedIn. All have offices in UK and, in the case of Facebook, their London office is their only developer centre outside the US.

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139 http://www.socialbakers.com/countries/linked-in-country-detail/united-kingdom
140 http://wallblog.co.uk/2012/09/17/linkedin-hits-10-million-uk-members-milestone-infographic/
141 http://www.creativebrandmarketing.co.uk/uk-social-media-statistics-2012
142 http://www.usatoday.com/story/tech/columnist/2013/02/17/linkedin-facebook-zynga-groupon/1923379/
08 Implications and recommendations for policy makers

8.1 Some general remarks

We have been left in no doubt through our research that user-generated content remains a vital area of the digital economy and looks set to continue its growth, especially with the introduction of new and even easier to use connected devices, the continued roll out of mobile broadband and an increasing understanding on the part of the design community of the importance of clear user experience design.

In Section 5 above, we have made the case that UGC provides significant value to the UK’s economy, civil society and creative environment. If UGC practice does indeed continue to grow then its delivery of value should do so in step. Of course, its growth will only add to the challenges laid out above.

In a moment we shall set out which challenges are of the most significance to Ofcom, with some suggestions as to what approach the regulator might take in response. Note, that as we have gone into these issues in Opportunities & Challenges above, we’ll cover them in headline-only terms here. We also discuss a broader potential role for Ofcom at the end of this section.

However, before we address these issues it is essential to point out that not one of the interviews we carried out revealed any enthusiasm for additional regulation of any kind at this stage. In fact it would be fair to say that many interviewees were straightforwardly suspicious from the get-go, despite our reassurances of our own independence.

Of course, this is to be expected. We were largely talking to creative practitioners and technology entrepreneurs, two groups that are naturally inimical to regulation (albeit for very different reasons). And where we were talking to content incumbents they most likely feel quite regulated enough.

Nonetheless, we recognise that regulation can help drive competition through liberalising markets and if not drive innovation and creativity at least remove obstacles to them. The comments below then should be read in the context of this dichotomy between creative entrepreneurs’ perception of regulation and the actual application of it. Greater – or better – stakeholder relationship-building is essential in this regard. Ongoing consultation between policy makers and the creative technology community should set out to address the latter’s inherent mistrust of regulation and build the formers’ understanding of the issues and challenges faced by technology start ups.

8.2 Intellectual Property & Innovation

Of course, IP(R) is at the heart of so many issues around digital; it’s fair to say that the advent of the World Wide Web has caused a greater shake up in thinking about copyright than at any time since the passing of the Statute of Anne in 1710. Multiple schemes are currently being worked on in the UK in order to address fundamentals around this, from Richard Hooper’s Copyright Hub \(^{143}\) to the BBC-led Digital Public Space \(^{144}\).

\(^{143}\) [http://www.theregister.co.uk/2012/07/31/hooper_copyright_hub/]
\(^{144}\) [http://www.guardian.co.uk/media/2013/jan/06/bbc-digital-public-space-archive]
UGC does provide a couple of especially thorny cases in this area: the mash-up or collage, and social curation. The mash-up is arguably an over-stated case, and probably more beloved by the digital media commentariat than by the general population. Nonetheless it’s been an area of significant innovation for over a decade now, frequently bleeding into the entertainment mainstream. Meanwhile, social curation has gone from buzz word to big business in a very short period of time, and it’s not difficult to see why: the tools have become simpler as the access has become more widespread, and furthermore it seems to answer a fundamental need on the part of many users. And again, it’s an area where there’s been significant innovation in the last few years, not least in the UK (Mixcloud and Songkick are particularly fine examples).

It would be both a shame and deeply ironic if copyright law, itself devised to drive innovation, were to end up limiting it through overzealous application, but there are positive signs that content incumbents are beginning to find ways to deal fairly with the UGC community (we are especially impressed with the Performing Right Society’s granting an experimental blanket licence to Mixcloud). Given this, and the multiple strands of work currently being carried out on IPR, we recommend that at this stage Ofcom watches the space keenly and, where possible, maintain a presence in the most interesting and influential work streams, such as the Hooper report cited above (see also: Conclusions).

8.3 The digital divide

Again, the notion of the digital divide is much debated one; it is of special concern to broadcasters with a public service remit. When it comes to UGC, there is a danger that the divide is even greater. If we return to the continuum of engagement we discussed at the head of this paper, it’s easy to see a group of highly engaged, digitally literate individuals and groups who can make a disproportionate impact on public and commercial policy (witness the Save BBC 6Music campaign145).

Whether this is unique to digital media or merely a reflection of socio-economic and educational norms is a moot point. However, we do feel that media organisations should be required to do their utmost to ensure that all users of their service are empowered by UGC and social media, and that where they are not, the voice of the “UGC community” doesn’t drown out others. A simple way of ensuring this is to give all user feedback channels proper – and equal - attention, from phone and post to email and tweets.

8.4 Data and content exploitation

As we have seen, there is potential for two different kinds of exploitation of user-generated data and content. In the case of the former, the arguments are well rehearsed and the positions fairly entrenched: on one hand a concern about the uses of (even anonymised) user data by corporations such as Google and Facebook and on the other a generalised sense that most users implicitly understand the pact they’re making and are prepared to make easy and most probably safe compromises in exchange for the free use of services they love.

In the case of content, it’s a slightly different argument. The opposing positions taken by Cory Doctorow and Jaron Lanier above can be crudely boiled down to:

- Why the hell should rich corporations get even richer from the unpaid work of others?
- Who cares whether the corporations get richer when the commons, too, are enriched? Aren’t we all better off that way?

145 In spring 2010, BBC Director General Mark Thompson announced plans to close the digital-only music radio station 6music; a grassroots campaign on the Internet (including a Facebook page with 150,000 signatories) called for the closure to be rethought and was eventually successful in saving the network: http://news.bbc.co.uk/1/hi/entertainment/8557183.stm
With apologies to their proponents for this reduction, both arguments have their pros and cons. What concerns us is that there is always a possibility for exploitation either of data or content by digital media agencies, and that a series of measures can be undertaken to ensure that this danger is minimized through, for instance, super-clear Terms and Conditions. However, that leaves responsibility with the content platform; independent regulation in this area should be investigated further.

8.5 Competition and media plurality

We have also seen that a tendency right across the digital media landscape is for one or two dominant players to emerge in each area. The irony of the long tail is that there might be an effectively infinite number of individuals and companies along it, but only one or two own the whole thing. This general rule seems to apply slightly less drastically to UGC, perhaps because practitioners need tools and platforms to do rather more things than consumers do. In that light it’s only natural that more services arise as innovative companies try to solve more problems for the creative practitioner.

Nonetheless, we are seeing the emergence of a few dominant players across various fields, including Facebook (for social), Twitter (for microblogging), Tumblr and Pinterest for social curation and SoundCloud for audio. There’s no question that each of these companies has become dominant through providing a brilliant service, and they are to be commended. But market dominance is always a double-edged sword for the consumer, and this needs to be watched closely by competition regulators, especially where large mergers or acquisitions are concerned.

8.6 Harmful & offensive content vs Freedom of speech

The issue of offensive content is, we feel, an especially raw one when it comes to UGC. The reasons are pretty straightforward, if unpalatable: we’re talking about the realm of public opinion here, which may not always correspond to the mores of a post-Enlightenment hegemony. And even where it does, the potential for vocal minorities to wreak havoc are obvious – just take the unfortunate closure of Saga Zone, cited earlier in this report (6.3.5).

For larger content incumbents who are providing a home to UGC – for instance the BBC – budgets may be available for moderation, but it’s worth noting that even for these organisations, monitoring and moderation are extremely onerous and expensive. The newer entrants to the media marketplace have taken a rather looser approach to moderation, although whether it’s from either a libertarian free speech perspective or that of simple economics isn’t always clear (most likely it’s some mixture of the two).

The balance of free speech and the intent to cause harm through speech is a constant dialogue for any liberal society and the advent of UGC is merely part of this dialogue. At the time of writing, France is in the midst of a fierce public debate about the regulation of Twitter. We urge caution on the part of regulators at this point. From our research and conversations we have come to the conclusion that broadly speaking, existing laws around defamation, obscenity and intolerance are sufficient; but UGC creators may need to be made more aware of them through clear service guidelines and education. Our suggested UGC special interest group (8.7) is one potential way to monitor this.

An obvious caveat to this observation is its obverse: that once-dominant players in technology are often eclipsed in the long run, which perhaps reflects the normal business cycle. Netscape, AOL, MySpace and Yahoo are all examples of world-beating technology brands who have declined, or, indeed, disappeared since their heyday.
8.7 A final thought: a UGC special interest group

We have suggested throughout this section that for the moment policy makers do not need to rush in to a new regulatory position with regard to UGC. However, this is a massively dynamic and ever-growing field; this paper is a snapshot of the current state of affairs for UGC practitioners and service providers, with some thoughts on future developments in the field. For policy makers to remain abreast of the field we recommend that a small panel is convened, possibly by Tech City Investment Organisation, to represent the entire UGC value chain. The panel would include:

- Content incumbents
- Creative practitioners
- Platform providers
- Network providers
- Technology entrepreneurs
- Advocacy groups e.g. Creative Commons, Open Rights Group

A panel that meets 3-4 times a year should prove sufficient to monitor the arena and continually sense-check the regulator’s position with regard to this exciting, burgeoning and at times highly disruptive field.
09 Conclusions

We have made our principal recommendations in the previous section on "Implications & Recommendations". To conclude, we will briefly draw attention to some issues where we think special attention is necessary on the part of policy makers, creative practitioners, media and content incumbents and, indeed, the public. We also highlight some areas where we feel further detailed research is desirable.

9.1 Opportunities for participation… and some inherent dangers

There is no question that as UGC activity has tended to become "lighter" it has "gone mainstream". We consider the continuum of UGC practice running from: hitting a Facebook Like button; embedding a SoundCloud widget into a Tumblr; right out to the creation of an animated film and posting it on Vimeo. When considered that widely, the number of UK citizens and consumers engaged in this practice is substantial, perhaps 50-60% of the UK’s online population. This creates a huge, possibly unprecedented opportunity for mass participation in society, politics and creative practice – among other things. Indeed, engagement in UGC practice may well be a significant mobilising factor in certain areas of tech take up, up to and including being online in the first place.

But there remains a danger that this will return to being a niche and to some degree elite activity. Already some of the blockbuster social network brands have stalled. If mass participation is indeed to be mass then the barriers to entry (cost, network connectivity, intuitive software) need to continue to come down and the benefits to user engagement need to be clear. Innovative technologists will need to find ways of making engagement meaningful, useful, safe and, yes, enjoyable – for everyone.

At the same time, the general user needs to understand some of the dangers that may be inherent in UGC practice (and in online engagement generally), dangers around security and privacy, addictive practice and illegal and inappropriate activity/content.

9.2 Legal clarity

Of course, it's easy to say "the general user needs to understand… ", but to facilitate this there needs to be real legal clarity. Arguably, laws around IPR, harmful or obscene material, defamation and so on operate no differently in the UGC space. However, as we've seen, there's a highly complex, multiple-agency ecosystem at work here. There needs to be clear codes of conduct along the entire production, distribution and consumption chain – doubly so given that any act of consumption can convert to a subsequent act of recreation and/or redistribution. These codes of conduct may ultimately come from the law, but they must be acted on by the industries involved in the field and widely understood by the public (see Further Research, 9.4).

9.3 Metadata and IPR standards

Metadata and Intellectual Property are in many ways the flip side of the same coin; the former is, after all, information about the latter. Something they have in common is that they are currently beset by problems over international harmonisation (at a time when most content is available over an inherently international network) and furthermore are both subject to multiple schemes to introduce alignment and clear codes of practice.

The situation in both areas can be both bewildering and frustrating to technology startups and to UGC practitioners. Indeed, some technologists maintain that conservative IPR enforcement and incomplete, inconsistent and often simply incorrect metadata schema are hindering innovation and business growth. Certainly a degree of oversight and coordination in both areas is desirable.
9.4 Further research
This paper is based on detailed desk research and interviews with practitioners, creative technologists and content incumbents. We have sought to give an overarching analysis of the UGC environment, its value to the UK, the challenges it faces and the implications for policy makers. We recommend that further detailed research and thinking is carried out in the following areas:

- **Demographics**: how does UGC activity in the UK break down demographically and what are the implications of this breakdown in terms of diversity and mass participation?
- **Shared data**: how is the syndication, sharing and publication of data via such protocols as APIs aiding the overall UGC environment and media more widely?
- **Cost savings for government**: what cost savings can be driven by UGC and social media activity? How are governments worldwide leveraging this activity?
- **Impact on innovation**: how is UGC driving innovation in technology and business? How can large media incumbents engage with technology SMEs working in the UGC field, what benefits could they derive from this engagement and vice-versa?
- **Public understanding of the law**: to what extent are the legal issues discussed above understood by the general user?
- **The rise of the portfolio career**: how is the so-called portfolio career having an impact on knowledge workers, and what role does UGC practice have in the building and marketing of such a career?
- **Citizen journalism**: with interest from media incumbents in citizen journalism (eg GuardianWitness and CNN's iReport) and the volume of UGC generated in response to the Boston Marathon bombings (which happened as this report went to press), this area seems ripe for further exploration.
10 Appendices

10.1 Glossary

We have intended this paper to be readable by a "lay" audience. However, some terms have been used and references made which may not be either common knowledge or common parlance. Where possible, we've elucidated these terms in either the body of the text or the footnotes. Nonetheless, we've been keen to keep the argument in the paper as coherent a narrative as possible; this brief, headline glossary captures some definitions which we thought might interrupt that narrative if presented earlier. Where appropriate, we include links to more detailed definitions, examples or sources of context.

*Algorithm*
For our purposes, we use algorithm to denote computer programmes or procedures that sift vast amounts of data and make inferences about, say, consumer usage of content. We use the term principally to distinguish from inferences and conclusions drawn by human individuals or teams (see gatekeepers below).

*Affiliate advertising*
In the context of online, affiliate marketing or advertising refers to a process whereby website/app owners and creators are remunerated for sales made through links from their own service. A widespread example is the inclusion of links to Amazon entries for books, music and DVDs on blogs. See the links in the "Recent Reading" sidebar of City of Sound:
http://www.cityofsound.com/

*API*
An Application-Programming Interface is a coding protocol by which an organisation can make elements of its software data open to public use. Third party developers will often use APIs from more than one source to build a data mashup (see below). A fine, and graphic example is Matthew Sommerville's Train Times tags real time information from Transport for London to a Google map to show exactly where its underground trains are at any given time: http://traintimes.org.uk/map/tube/

*AV*
Audio-visual content – sometimes referred to as "rich media" - applies to any online content that uses any combination of video, audio or photographic material. See http://en.wikipedia.org/wiki/Audio-visual.

*Cloud computing*
A generic term applying to services hosted on remote third party servers as opposed to an organisation's or individual's own. Cloud services in their earliest incarnations were primarily aimed at individuals or micro enterprises and have been a huge enabler of UGC, although in recent years large companies and even governmental organisations have begun using cloud-based services. In the UGC context, classic examples include blogging platforms (Wordpress, Blogger), AV-hosting (YouTube, SoundCloud) and more general website hosting (Weebly, Squarespace). However, cloud computing does not apply exclusively to publication platforms; Amazon's Cloud Drive for instance, allow the remote private storing of content and documents, while the Google Docs suite provides calendar, spreadsheet and word-processing services over the cloud. Furthermore, some services such as the relative newcomer Dropbox provide allow cloud-based content to be synced on to local drives. See:
http://en.wikipedia.org/wiki/Cloud_computing
http://www.amazon.co.uk/gp/feature.html?ie=UTF8&docId=1000655803
https://drive.google.com
https://www.dropbox.com/
Collaborative filtering
This refers generically to processes by which algorithms use data about customer/user usage and infer conclusions, most effectively in making customer recommendations. Amazon's use of collaborative filtering algorithms to make user recommendations is regarded, for instance, as amongst the most successful. The UK-based Last.fm uses subscriber's "scrobbles" (see below) to build up a highly detailed picture of listening habits, enabling it not only to make its own recommendations but to power third party recommendations (e.g. Songkick). See: http://www.cs.cmu.edu/~wcohen/collab-filtering-tutorial.ppt.

Crowdfunding
Crowdfunding is an increasingly popular way for raising money in a range of contexts from musicians and filmmakers to small entrepreneurial businesses. What distinguishes crowdfunding from normal financing is that money is raised directly from the general public, often in advance of a project's inception. Rewards to funders range from straightforward financial remuneration through less direct incentives such as meetings with the artist involved, namechecks on product and so on. Kickstarter is currently the best-known crowdfunding platform although there are others using various business models. Recent well-cited examples of crowd-funded projects include singer songwriter Amanda Palmer raising $1.2 million to fund the making of her album Theatre is Evil and the makers of the cult TV series Veronica Mars raising $2.5 million in just one day to finance a full-length movie. See: http://www.rollingstone.com/culture/blogs/gear-up/amanda-palmer-on-crowdfunding-and-the-rebirth-of-the-working-musician-20120829 http://www.kickstarter.com/

Embed/embeddable
One of the abiding aspects of so-called Web 2.0 media is that content owners or distributors allow third parties to "embed" their content in other places. Said third parties can access a simple line of code from the original source (or from a version of it already embedded elsewhere) and copy it into their own site's content management system; the content, once published, then appears in an embedded widget. The practice of embedding runs strictly counter to the traditional channel-based in media, establishing an entirely new paradigm in media distribution. Although no strict codes of practice apply, it is generally considered best practice, or at least good etiquette, to acknowledge the content's originator and to credit the source from which the embedder found that content. See the blog of this paper's co-author, Simon Hopkins, for examples of content embedded from a variety of sources including YouTube, Vimeo, SoundCloud, Mixcloud and Bandcamp: http://simonphopkins.typepad.com/my_weblog/

Fan fiction
Fan fiction – or fanfic or even simply FF – is fiction (generally, although not exclusively, short) written by fans of a given author and using that author's fictional universe and characters. Most fanfic is read only by other fans and tends to be distributed on dedicated aggregator sites. The legal status of fan fiction is still unclear in most territories, although litigation has only been enacted where the fanfic (or an aggregation of it) has been monetised. A well-cited FF example is the Harry Potter fan fiction community. HarryPotterFanFiction (http://www.harrypotterfanfiction.com/) for instance, claims to host over 7800 original works.

Gatekeeper
We use gatekeeper in this document to denote some form of recognised "formal" cultural authority – a critic, DJ, magazine, radio network etc. The distinction for us is between the kinds of recommendations or filtering supplied by these cultural authorities and those made either by amateur UGC practitioners or by collaborative filtering algorithms (see above).

Hashtag
The use of the hashtag symbol “#” among users of Twitter and other social curation services such as Tumblr has grown and grown over the last 3 years or so. Users sending tweets (or posting other status updates) related to a particular theme simply insert # (agreed term/theme) in their tweet/update/post enabling other users to track a conversation aggregated around a
particular hashtag. See: http://en.wikipedia.org/wiki/Hashtag

Hyperlocal
Hyperlocal media is aimed at very small communities, generally applied to a scale smaller than either region- or town-level, the levels at which most traditional local media is aimed. Although hyperlocal media can come in traditional forms (especially print) it has become widely associated with digital media. Hyperlocal media is not exclusively amateur and, indeed, the advertising and media communities are both investigating business models that exploit hyperlocal; nonetheless, much hyperlocal content is essentially UGC in nature. See: http://www.nesta.org.uk/areas_of_work/creative_economy/destination_local/assets/features/here_and_now_uk_hyperlocal_media_today

Lolcat
Lolcats are simple images that combine a photograph of a cat with an allegedly humorous, often deliberately misspelt caption. The term in a combination of the acronym LOL ("laugh out loud") and cat. The largest repository of Lolcats online, and the website which first popularized them is I Can Has Cheezburger: http://icanhas.cheezburger.com/

Long tail
New media commentator Chris Anderson first coined the term "The Long Tail" in an article in WiReD in 2004 and later wrote a full book on the subject. Essentially, the term refers to the entire ecosystem in any given content area, as opposed to simply the "hits". It was Anderson's contention that the exigencies of physical distribution created a hit-driven culture, but that the advent of online retailing either of physical product (Amazon, Love Film) or digital content (iTunes, Pandora) turned the paradigm on its head. As there is little extra marginal cost for a retailer in the digital realm to stock an item, they can do so even when that item sells very few copies – if any. While hits remain, of course, the long tail of niche product, in aggregate – has become a viable business. Since the publication of Anderson's book, there has been controversy over its claims. For the original article, see: http://www.wired.com/wired/archive/12.10/tail.html

Mashup
A mashup can refer either to the combination of two or more pieces of media content to create a new piece, or a similar process combining code from different sources (often from APIs – see above) to create a new digital resource. The term has come to denote a general philosophical position with regard to the open-ness of data and content as in "mashup culture".

Maven
As discussed in our section on Social drivers of UGC, "maven" is a term whose use was popularised by Malcolm Gladwell in his book The Tipping Point, and generally applies to an expert in a given area who typically uses digital media to build a profile, demonstrate their expertise and build a community of followers. See: http://en.wikipedia.org/wiki/Maven

Meme
Originally geneticist Richard Dawkins' term for culturally exchanged ideas, "meme" has come to denote content ideas or themes that have a rapid, often exponential, rise to widespread cultural penetration. Recent examples include the "Keep Calm and (insert phrase)" slogan, the Harlem Shake videos discussed in our section on Challenges.

Metadata
Metadata is a catch-all term for any "data about data". In the context of this paper, we largely use it to denote information about digital content and customer uses of that content. For instance, if the data in a digital download of a song is the audio file itself, metadata might include such obvious tags as song title, composer, performer, date and so on, but could also
include usage statistics driving, say "customers who bought this also bought this" style recommendations (see "collaborative filtering", above)

Micro-payments
These are small, incremental payments for content bought online, using a third party micropayment system to facilitate sales of small amounts of content to subscribers to that system, the best known of which is PayPal. Micropayments were first considered to be a viable way to monetise digital content sales at the point where a la carte consumption of content was expected to continue to be the norm. However, with the rise of subscription services, micropayment systems lessened in importance. Nonetheless, systems such as PayPal do allow smaller businesses – and indeed, UGC practitioners – to become online vendors without the need for a merchant account. For example, see music retailer Bandcamp's description of PayPal implementation in its service: http://bandcamp.com/payment_setup

MOOC
The “Massively Open Online Course” applies to various models of online teaching currently being delivered by educational institutions around the world, allowing them to reach an international student base. Currently most MOOCs are free to the student, creating a great deal of debate about their future potential business models and their impact on the educational status quo. See: http://www.mooc-list.com/

Scrobble
"Scrobble" can be either a verb or a noun and applies to the process whereby a subscriber to the Last.fm music recommendation service tracks their digital music listening via the use of the AudioScrobbler plug-in. See: http://www.last.fm

Second screen
Another generic term without a strict definition, "second screen" tends to refer to activities carried out on a laptop, smartphone or tablet while the user is also watching television. Although the activity does not have to related to the TV content, programme and content makers have been keen to use this kind of "layered" media consumption to drive a deeper programme engagement. Second screen activity can be as “light” as the use of a Twitter hashtag (for example BBC Question Time's #BBCQT) through to dedicated second screen apps (see Umami: http://mashable.com/2011/11/08/umami-ipad-app/.)

Social Curation
We use "social curation" throughout this paper to denote activity where users bring online content together in a given online space to reflect their own tastes; we consider it a somewhat "lighter" form of engagement than an activity such as blogging, which generally takes more time and effort. In aggregate, however, it may be that social curation will turn out to be a more successful or at least more widespread phenomenon. The spread of relative newcomers in the social curation space has been rapid, with Pinterest and Tumblr perhaps the best known examples. See: http://pinterest.com/ http://www.Tumblr.com http://whatis.techtarget.com/definition/social-curation

Viral
In the digital realm, "viral" as adjective is applied to pieces of content whose rapid and exponential spread resembles that of a virus (see "meme" above). The term is widely used in the marketing community in the context of a "viral campaign", where content is seeded into the online space with the expectation that the public will spread the word about it and distribute it though social curation activity. The term is also frequently used as a noun, most often about a video, again generally conceived with a marketing intention. See: http://webmarketingtoday.com/articles/viral-principles/
10.2 A (loose) UGC taxonomy

As discussed in the introduction, we intend for this paper to be accessible to a lay audience, and hence include a brief glossary in the appendices. However, to help the reader at this point it may be helpful to break down some of the categories we use throughout with some illustrative examples where necessary. Note the obvious overlaps, and potential points for confusion, and that the term “platform” is especially contested.

**Activity, or the kind of thing being done**

- Blogging
- Micro-blogging (e.g. Twitter)
- Status updating (e.g. Foursquare check in, Facebook update)
- Creation and publishing of original photographic and AV content
- Long- and short-form fiction
- Podcasting (i.e. AV content which may contain others’ IP)
- “Mashups” or collage
- Social curation (e.g. Pinterest, Tumblr)

**Format (note: NOT codec)**

- Text
- Pictures
- Audio
- Video
- Code
- Animated GIF

**Platform (note: overlaps with activity but categorically discrete)**

- Bespoke website
- Off-the-shelf website (e.g. Squarespace)
- Blog (e.g Typepad)
- Light-touch, curational or “stream” blog (e.g. Tumblr)
- Virtual environment (e.g. World of Warcraft, Second Life, Runescape)
- AV hosting environment (e.g. Vimeo, AudioBoo)
- Tablet or smart phone app
- Desktop client
- Message Board/forum
- Embeddable widget (e.g. SlideShare)

**Device**

- Desktop PC
- Laptop
- Smartphone
- Tablet
- Connected games console

**Brand**

- Internet/mobile service provider
- Platform provider
- UGC practitioner’s own brand
- Sponsor/partner
- Advertiser
10.3 Bibliography

We have referenced quoted materials throughout this document for ease of use. This section collates some of those references together with other materials that have informed our research and conclusions. It is not to be considered an exhaustive literature review but should form the basis of a strong understanding of the area under consideration.

Books
Nicholas Carr: "The Shallows: How the Internet Is Changing the Way We Think, Read and Remember" (2011)
Paul Starr: "The Creation of the Media: Political Origins of Modern Communication" (2005)
Viktor Mayer-Schönberger: Delete: The Virtue of Forgetting in the Digital Age (2011)
Bruce Hood: "The Self Illusion: Why There is No 'You' Inside Your Head" (2011)
Andrew Keen: "The Cult of the Amateur: How blogs, MySpace, YouTube and the rest of today's user-generated media are killing our culture and economy" (2008)

Online Publications
Demos: "A Tale of Tech City" (2012): http://www.demos.co.uk/publications/ataleoftechcity
Michal Kosinskya, David Stillwell, Thore Graepelb: "Private traits and attributes are predictable from digital records of human behaviour" (2013): http://www.pnas.org/content/early/2013/03/06/1218772110.abstract


Online Articles
Nick Reynolds: The Value of User Generated Content: http://nickreynoldsatwork.wordpress.com/2013/01/14/the-value-of-user-generated-content-notes-1-the-price-of-love/


Cory Doctorow, The Guardian: "Just because something has value doesn't mean it has a price": http://www.guardian.co.uk/technology/2013/jan/08/why-charge-everything-kill-creativity

Jaron Lanier: "Digital Maoism: "The Hazards of the New Online Collectivism" http://edge.org/3rd_culture/lanier06/lanier06_index.html

Tim Ferriss: "Hacking Kickstarter: How to Raise $100,000 in 10 Days": http://www.fourhourworkweek.com/blog/2012/12/18/hacking-kickstarter-how-to-raise-100000-in-10-days-includes-successful-templates-emails-etc

GigaOm: "Instagram says 'self-help' best option for woman suing over photos — and it's right": http://gigaom.com/2013/02/14/instagram-says-self-help-best-option-for-woman-suing-over-photos-and-its-right

The Register: "Hooper's copyright hubs - could be a big British win with BBC backing": http://www.theregister.co.uk/2012/07/31/hooper_copyright_hub/

PaidContent: "Self-publishing site Lulu drops DRM on ebooks, sort of": http://paidcontent.org/2013/01/09/self-publishing-site-lulu-drops-drm-on-ebooks-sort-of/


Clay Shirky, The Guardian: "Higher education: our MP3 is the mooc": http://www.guardian.co.uk/education/2012/dec/17/moocs-higher-education-transformation

PaidContent: "Disqus says web comments aren't just popular — they're a good business": http://paidcontent.org/2013/01/14/disqus-says-web-comments-arent-just-popular-theyre-a-good-business

BBC Business: "The book industry is in the middle of an existential crisis as the rise of e-books and the Internet threaten to overturn its traditional business methods." http://www.bbc.co.uk/news/business-21205372

Tech Crunch: "MySpace Squandered the Only Thing It Had Left": http://techcrunch.com/2013/02/02/myspace-squandered-the-only-thing-it-had-left/

Mashable: "Lessons From 4 Killer UGC Campaigns": http://mashable.com/2013/01/30/brand-marketing-user-generated-content/
PaidContent: "The new economics of media: If you want free content, there’s an almost infinite supply": http://paidcontent.org/2013/03/06/the-new-economics-of-media-if-you-want-free-content-there’s-an-almost-infinite-supply/

The Guardian: "BBC makes Space for cultural history / The Digital Public Space is set to give unprecedented access to the nation’s cultural heritage": http://www.guardian.co.uk/media/2013/jan/06/bbc-digital-public-space-archive

The Telegraph: "How the record labels spurned the YouTube opportunity": http://www.telegraph.co.uk/technology/google/6832196/How-the-record-labels-spurned-the-Youtube-opportunity.html


The Guardian: "Vimeo introduces pay-per-view on-demand in search of monetisation": http://www.guardian.co.uk/technology/2013/mar/12/vimeo-on-demand-pay-video

BBC College of Journalism: "BBC processes for verifying social media content": http://www.bbc.co.uk/blogs/blogcollegeofjournalism/posts/bbcsms_bbc_procedures_for_veri

10.4 Interviewees & interview framework

The following individuals were interviewed in person or by phone during January and February:

- Vinay Solanki, Getty Images
- Nick Reynolds, BBC Future Media
- Tony Ageh, Controller of Archive, BBC
- Simon Smith, BBC Academy
- Sophie Walpole, Acting Head of Digital, V&A
- Robbie Stamp, H2G2
- Dave Haynes, SoundCloud
- Tim Plyming, British Museum
- Nikhil Shah, Mixcloud
- Jen Topping, Channel 4
- Daniel Dyball, Channel 4
- Conor Curran, musician and head of Forwind record label
- Daniel Pemberton, musician and composer
- Simone Smith, UGC Alliance
- John Kieffer, arts consultant
- Rick Waghorn, Addiply

Although the interviews were conducted conversationally, the following questions were used in each as a basic framework for discussion:

- Can we come up with a meaningful definition for User-Generated Content?
- At what point does UGC simply become content – is it when it’s professionalised (as
per the OECD’s definition), or at some other point?

- How can contributors to community-driven content sites share in any financial success? And how can they be protected from exploitation?
- Where UGC practice is a question of social curation, how can value flow back to the original content creator?
- How is it valuable (economic, social etc)?
- Who is it valuable to? Who does it destroy value for?
- How do we measure value?
- Indeed, to what degree is curation an act of content creation?
- How can ‘content incumbents’ derive value from UGC and social curation?
- Has the “You Tube culture” created a new aesthetic, and a new set of cultural values?
- Away from the content industries, how can UGC benefit institutions, civil society etc?
- How many people are creating, curating and/or consuming UGC and what information is there on demographics?
- What are the views on the current state of regulation and expectations for the future?
- Who are the intermediaries? Who creates the T&Cs? Who spots the changes?

10.5 Platforms considered

Although our research and thinking was wide-ranging, the core platforms and activity areas considered (with examples) were:

- Social media – Facebook, LinkedIn, Twitter
- Social curation - Mixcloud, YouTube, Flickr, Pinterest, Tumblr
- Blogging/self-publishing – Wordpress, Amazon Kindle Singles, Author Solutions
- AV self-publishing – SoundCloud, Bandcamp, Vimeo, Audioboo
- Marketplaces – eBay, Craigslist, Airbnb, Kickstarter
- Community – Freecycle, Gumtree, SE1.co.uk
- National and local media – BBC.co.uk and the Argus
- Wikipedia, Wikileaks, specialist forums, games (modding), Open Source, Creative Commons

10.6 About Turner Hopkins

Turner Hopkins is a partnership between Sarah Turner and Simon Hopkins. Between us, we have worked at the intersection of digital technologies with the worlds of media, culture and entertainment for 4 decades. These are sectors we love personally and understand deeply.

We work with organisations of all shapes and sizes, from world-beating arts organisations and multinational companies to government bodies and exciting tech start-ups. Our strategies address their specific needs around digital media and help them to thrive in the digital world.

The following core tenets guide everything we do:

**Transparent.** We do all the work ourselves. We believe this is what our clients are paying for and rightly expect. We don’t spread ourselves too thin or use junior team members. We bring in other team members only when we need specialist help and then draw on our extensive network of contacts.

**Collaborative.** We work in partnership with our clients ensuring that they always own the strategy we produce.
Quality obsessed. We do what’s right for our clients as defined by them, checking constantly against their requirements and communicating throughout.

Experienced. We have, to be blunt, been around. We’ve held senior management positions in both large and small organisations and have worked at the highest levels inside our client organisations as independent consultants.

Authentic. We are self-confessed geeks – technology geeks and culture geeks. As audience members and practitioners we attend, take part in, think about and write about cultural activity constantly, and are obsessed with the points where technology touches culture and society.

Realistic. We know from many years’ experience that the purest strategy in the world can be a hostage to fortune; our strategic thinking is always underpinned with consideration for logistics, budget, resources… and, most importantly, the people who have to put a strategy in place.

International. We’ve lived and worked extensively overseas. We think in international terms and believe that when our clients think internationally they expand both their thinking and, of course, their audience base or market.

Sarah Turner
Sarah started her digital media career in the early 90s while studying for an MSc in Information Systems. In 1993 she joined Maxim Training, pioneers in the use of digital media to deliver communication and change management solutions to clients such as Motorola, Lloyds, Dixons and Bovis. As head of multimedia, she was responsible for 30 staff, strategy and financial management of the department. She also featured in a BBC programme (“This Multimedia Business”) just when the corporation was starting to establish its own online presence.

In 1997 Sarah left Maxim to become Managing Director of Wired Sussex, a groundbreaking regional networking and venture group for digital media companies. While there she co-founded TIGA, the trade body for videogame developers and was seconded to the Foreign Office for 3 months to explore opportunities for UK digital media companies in Hong Kong and China, culminating in a trade mission led by Patricia Hewitt, then e-Commerce and Small Business Minister.

Sarah then embarked on a series of Government advisory roles, first with the DTI (now BIS) and later with UKTI. These have involved frequent international travel and projects as well as contact with senior staff from large and small companies (including BBC, Microsoft, Apple, Disney, Pixar, Samsung, Warner Bros, HBO and Turner Broadcasting) and Ministers such as Ed Vaizey and Downing Street Special Advisors.

In 2007, Sarah started Double Shot Consulting with Simon Hopkins and Unthinkable Consulting in 2010. In June 2012, Sarah co-founded Turner Hopkins to concentrate on strategic projects for clients in media, culture and entertainment.

Sarah is passionate about tech startups and sees them as the best source of future economic and jobs growth. She is a volunteer mentor on various programmes supporting tech startups including Springboard, Startup Yard and BBC Worldwide Labs and is also spearheading a new initiative called Angel Academe to help professional women get involved with startups – as mentors, non-execs and angel investors. She is a BAFTA member and a Follow of the Royal Society of Arts.

Linked in: http://www.linkedin.com/pub/sarah-turner/0/a5/520
Twitter: https://Twitter.com/turnipshire
Angel Academe: http://angelacademe.me/
Tumblr (with Simon): http://deathmetalaprons.Tumblr.com/
Simon Hopkins
After training as a musician and graduating from Los Angeles' Musicians’ Institute, Simon began working at Virgin Records (later EMI Virgin) in 1987. Over the subsequent ten years Simon worked in a variety of roles and departments including A&R, Commercial Marketing, International Production and Press & Marketing. A career highlight in this period was curating the 25+ series of compilations known collectively by their “AMBT” catalogue number prefix and which set a new standard for both archival and contemporary music compilation in specialist music.

Simon left Virgin in 1997 to enter the fledgling New Media sector, working as a consultant with the pioneering UK Internet outfit state51, for whom Simon liaised with the record industry, led the launch of the websites Playlouder and Motion (now Sonomu) and oversaw the very first live video webcast from Glastonbury (in 2000!) During this time he pursued parallel careers as a music journalist (writing extensively for The Wire magazine, amongst others), “talent” manager and musician.

From state 51, Simon moved to the BBC as Head of Music Interactive, where he had strategic oversight of all the corporation’s online and mobile content and services related to music, including Radio 3 and the Proms, the BBC Orchestras, Music Learning, Music Events, Classical Music TV and the generic pan-BBC music portal. Simon was responsible for a core team of thirty, with dotted line responsibility for a wider network of nearly 120, and an annual budget of £1.5 million.

In 2005 Simon joined the leading cross-media production company Somethin’ Else, where, as Head of Interactive, he built and led a multi-disciplinary team that created interactive content and services for, among others, Orange, The BBC, 02, COI, Audi, Hit40UK, Sony Entertainment and the Local Radio Company.

Turning 40 in 2007, Simon began a new life as an independent consultant, founding first Double Shot Consulting with Sarah Turner and then Unthinkable Consulting. In June 2012, Simon co-founded Turner Hopkins to concentrate on strategic projects for clients in media, culture and entertainment.

Simon continues to work as a musician, currently leading the projects Boom Logistics and Abyssal Labs, which he views not only as satisfying creative projects in their own right but as a test-bed for experiments with business models afforded by new technology, including new distribution methods and social media marketing. He writes extensively about music, culture more widely and technology on his own blog, DGMFS.

Linked in:  http://www.linkedin.com/in/simonphopkins
Twitter:  https://Twitter.com/simonphopkins
DGMFS blog:  http://simonphopkins.typepad.com/
Tumblr (with Sarah):  http://deathmetalaprongs.Tumblr.com/
Boom Logistics:  http://boomlogistics.bandcamp.com/
Abyssal Labs:  http://www.abyssallabs.com/