Universidad del Rosario

Rennes School of Business

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Classic Graduating Project

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International Business Management
Msc in Strategic and Digital Marketing

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GRADUATING PROJECT

Submitted in fulfillment of requirements for completion of MSc in Strategic and Digital Marketing

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Supervisor: Ljupka NAUMOVSKA

OATH OF PERSONAL WORK

I undersigned **Ana Maria URIBE ARANGO** declare that the following graduating project is my own work. No part of this research has been submitted in the past for publication or for degree purposes.

I am fully responsible for the truthfulness of this declaration.

Date: August 31st, 2022

Signature:

Ana Maria Uribe A.

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Resumen

Durante la pandemia, las personas de todo el mundo tuvieron que encontrar nuevas formas de realizar todas las actividades que hacían antes, esto incluye las compras. Algo que todo el mundo estaba acostumbrado a hacer en una tienda física, tuvo que convertirse rápidamente en una experiencia virtual debido a los retos y restricciones que trajo el COVID-19. Es entonces cuando las compras online empezaron a tener un auge en algunos países como nunca antes se había visto, concretamente en el mercado latinoamericano, creando nuevas tendencias de compra, más competencia, anuncios a través de canales online, el aumento de usuarios en las redes sociales y el auge de los influencers. Es entonces cuando los usuarios comenzaron a crear contenido para apoyar a las empresas o para expresar sus opiniones respecto a un producto o marca, para dar reseñas honestas, y eso los llevó a tener seguidores que confiaron en ellos; y las empresas no se quedaron atrás, también comenzaron a publicar más en sus redes sociales y sitios web para expresar empatía con la situación de la pandemia, para conectarse más con sus clientes y para hacer crecer sus ventas con una forma diferente de publicidad.

Dicho esto, esta investigación pretende estudiar el impacto del contenido generado por el usuario (CGU) y el contenido generado por la empresa (CGC) en la captación y retención de clientes, dos conceptos clave para una estrategia de CRM exitosa y, por tanto, primordial para las empresas y negocios. De esta manera, esta investigación aplica una metodología de investigación cuantitativa, donde se realizó una encuesta a 131 participantes de Colombia tanto hombres como mujeres para entender el comportamiento de los colombianos con respecto al CGU y al CGC hacia la adquisición y retención de clientes.

Los resultados de la investigación mostraron que la CGC tiene un mayor impacto en la adquisición y retención de clientes en el mercado colombiano en comparación con la UGC. Sin embargo, también se ve que depende de la demografía del público objetivo porque si el público objetivo es de generaciones jóvenes como la gen Z, confiarán más en el UGC para la adquisición de clientes. En conclusión, esta investigación ayuda a las empresas a entender cómo pueden atraer a los clientes colombianos y cómo pueden fidelizarlos con las herramientas de UGC y CGC.

Palabras clave: contenido generado por el usuario (UGC), contenido generado por la empresa (CGC), adquisición de clientes, retención de clientes, mercado colombiano, e-commerce.

Abstract

During the pandemic, people around the world had to find new ways to perform every activity they did before, this includes shopping. Something that everyone was used to doing in a physical store, had to quickly become a virtual experience because of the challenges and restrictions that COVID-19 brought. This is when online shopping started booming in some countries as never before seen, specifically in the Latin-American market, creating new buying trends, more competition, advertisements through online channels, the increase of users on social media, and the rise of influencers. That's when users started creating content to support companies or to express their opinions concerning a product or brand, to give honest reviews, and that lead them to have followers who trusted them; and companies didn't stay behind, they also started posting more on their social media and websites to express empathy with the situation of the pandemic, to connect more with their customers and to grow their sales with a different way of advertisement.

Said this, this research aims to study the impact of user-generated content (UGC) and company-generated content (CGC) on customer acquisition and customer retention, two key concepts for a successful CRM strategy and thus, paramount for companies and businesses. In this way, this research applies a quantitative research methodology, where one survey was done on 131 participants of Colombia both men and women to understand the behavior of the Colombians regarding UGC and CGC towards customer acquisition and customer retention.

The results of the research showed that CGC has a greater impact on customer acquisition and customer retention in the Colombian market compared to the UGC. However, it is also seen that it depends on the demographics of the target audience because if the targeted audience is from young generations such as gen Z, they will trust UGC more for customer acquisition. In conclusion, this research helps companies understand how they can attract Colombian customers and how can they make them loyal with the tools of UGC and CGC.

Keywords: user-generated content (UGC), company-generated content (CGC), customer acquisition, customer retention, Colombian market, e-commerce.

1. Introduction and research question

Customers had their way of buying products or services, they often preferred to go to the store, talk to a salesperson, try the product by themselves, and then choose whether to buy it or not. However, the impact of COVID-19 changed all this model, and customers needed to find a new solution to buy what they needed or wanted, they had to start learning how to use social media, websites, blogs, and the internet in general and rely on it to make their final decision. Because of COVID-19, digital adoption across sectors increased: virtual appointments multiplied by ten, Disney+ achieved in only five months what Netflix achieved in seven years, and concepts like remote working, remote learning, and remote shopping emerged (McKinsey & Company, 2020). Companies needed to reflect their value on the internet, otherwise, how could they be noticeable? A company that didn't have an online presence was as if it didn't exist and there was a new challenge for marketers, who needed to think of new ways how to present their new products, and for companies that were created during the pandemic, it was more difficult to attract customers who trusted them.

During the first year of the pandemic, companies took the vulnerability that people felt and the uncertainty the world was going through and turned it into empathy, humility, and the perfect moment to embrace change. Marketers came up with great ideas, one good example is the Coca-Cola company and their campaign "Open like never before" in August of 2020, which was done to spread hope rather than selling directly their drinks, and they did that with concrete actions too, supporting customers and communities to emerge stronger (Coca-Cola UK, 2020). However, for other SMEs, this was not easy to do, and they started to rely on other tools like social media because these had a major increase, especially in some countries. For instance, TikTok is a social media that exists since 2016, but it wasn't until the pandemic hit that it gained a significant amount of users, and it's possible to see this growth in countries like Italy (104.5), Netherlands (94.2%), France (88.7%) and the USA (85.3%) (Statista, 2020). The increase in the usage of social media and the internet, made by both companies and users, meant a new way for people to communicate and give their opinions, and this is where user-generated content comes in.

User-generated content (UGC) is a concept that is getting stronger, especially after the pandemic as it became a more meaningful communication channel between brands and users, mainly through social media. The idea of selling only through content generated by the brand itself was not fulfilling the expectations of the current customer, which became harder to please and convince as it was going through the transformation of a very well-known customer journey, and this made them skeptical with brands. Now, consumers started to look for something that felt more realistic and that's when they began to trust UGC and influencers, because these were real people, telling their personal stories and experiences with the brand, the product, or service; and it felt authentic, boosting sales for several companies throughout the most difficult period: the pandemic.

To talk about UGC and influencers, one must talk about social media, which is the online place where they are growing faster than ever. In the Latin-American market, social media usage increased in the last decade and according to the digital report made by Hootsuite for 2021, Southern and Central America added 79% and 73% of social media saturation rates, respectively; and in the 6th and 7th place of the main reasons for using social media, there's: Finding inspiration for things to do and buy, and finding products to purchase; which is relevant as it represents the importance of this online space for consumers to inspire and therefore, connect with other people that have similar interests. Moreover, in the percentage of users following influencers on social media, only in the top 10 it's possible to find 4 Latin American countries which are: Brazil, Argentina, Colombia, and Mexico (Hootsuite, 2022).

Said this, e-commerce in Colombia increased by 40% since the pandemic, and globally, it is in 4th place in online shopping, all of this was because of the pandemic and some measures that the Colombian government introduced to engage customers with online shopping like the "IVA-free days" which are selected days where consumers can buy certain products without paying taxes (Gutiérrez Núñez, 2022). This means that Colombia's increase in online shopping is not stopping now and therefore is important to study its behavior to help companies give them an inside perspective on how the market is working.

Taking this into account, this thesis will be focused on answering the question: How can user-generated content (UGC) and company-generated (CGC) content impact customer acquisition and customer retention in the Colombian market? To proceed with this question, the following hypotheses are proposed:

- **H1:** UGC has a greater influence than CGC in both customer acquisition and customer retention in the Colombian market.
- **H2:** CGC has a greater influence on both customer acquisition and customer retention in the Colombian market.

To answer this, 4 key concepts need to be explained: User-generated content (UGC), company-generated content (CGC), customer retention, and customer acquisition. On the one hand, user-generated content refers to: “visible online content initiated, created, circulated and consumed by users,… it often includes brand-related subject matter” (Dunn & Harness, 2019). UGC is everything made by the consumer and this is usually more relatable because consumers can see how other consumers express themselves, share their experiences, and are now informing others about something brand-related (Davcik et al., 2021). Here is important to make two differentiations for UGC, there is the sponsored one and the non-sponsored one: UGC sponsored is the one where people are paid by the brand to post or comment about their products, whilst UGC non-sponsored is organic and people create material independently without an economic incentive coming from the brand (Davcik et al., 2021).

Therefore, it can be understood that influencers are part of the UGC-sponsored type. In this way, influencers are influential opinion leaders non-celebrities, with many followers on social media platforms that foster positive attitudinal and behavioral responses in their followers, that can also be called “consumers” (Martínez-López et al., 2020); influencers are similar to everyday consumers and therefore they can be more authentic than celebrities and models who are traditionally featured in advertising (Scholz, 2021). This means that user-generated content (UGC) and influencers are similar, but one can be done by anyone and is nonpaid, while the other one is paid or sponsored. According to another article, UGC can be understood also as electronic word of mouth (eWOM), as it is about sharing brand-related experiences online and the authors believe it has the power to shape advertising and marketing, but it should not be taken as a threat but as an opportunity to communicate more effectively with the consumer and also taking advantage of its characteristics such as virality and the rapid growing of online environments to talk about products/brands (Chu & Kim, 2018). In this way, UGC is a component that should be considered when shaping the marketing strategies as it is becoming the new way people interact and get to know about new products.

On the other hand, company-generated content is created by the company itself and it can be done through different channels: traditional media or online media. This type of content may sometimes be more positive for the company as it gives higher credibility regarding the message source (Dunn & Harness, 2019); it can also be called brand-generated content and it can be described as a type of advertising where the entire content is controlled and created by the company (Irelli & Chaerudin, 2020). Through this content, marketers have the opportunity to communicate a tailored message that the company desires regarding specific topics and targeted to a certain segment, and it can even be done by automated brand-generated content -or ABC, as it's also known- thanks to computing and technology advancements (Guda van Noort et al., 2020). Taking this into account, brand-generated content is also known in the literature as "marketer-generated content" and it is the content that is deliberately planned and distributed by the brand, making it very similar to the concept of advertising (Guda van Noort et al., 2020).

Hence, this type of content is the one merely made by the company without the participation of the customers or anyone else outside the company, which may provide more trust when delivering official information about changes inside the brand, but in other case scenarios, it may jeopardize it as it could mean the company is ignoring everything that's happening outside of it.

For this research, the CGC it's going to refer mostly to the online media of the company (social media, websites, blogs owned by the company, ads on different search engines, and social media) rather than the traditional media (television, radio, and newspapers); the same will be applied to UGC, that is going to be focused on comments, shares, blogs, websites, online reviews and not traditional WOM (Word of Mouth).

Lastly, customer acquisition refers to the first time a customer buys from the company, and customer retention is more of a recurrent activity, where after the first buy of the customer, they choose to keep buying from the company, meaning that the customer becomes loyal to the brand. These two concepts are crucial components of an outstanding customer relationship management strategy (CRM) and they help drive the long-term profitability of a company, making them a priority to understand and learn about (You & Joshi, 2020). Because every company is looking to grow and expand, these concepts will help them achieve that goal, by finding a person that becomes a first-time buyer, and then, with the right strategies and communication, it becomes a loyal customer.

Now, to have a clearer view of how the research question is going to be answered and analyzed, this research is going to be divided as follows:

- Literature review: this literature review helps the reader to understand concepts such as UGC, CGC, social media, e-commerce in Latin America, and e-commerce in Colombia, this is made so that the analysis of the results can be done with a wider perspective.
- Methodology: here it is explained the methodology used for this research is in a way that readers understand the nature of the results.

- Analysis and results: thanks to the use of SPSS and Google Forms, the quantitative analysis is made with findings.
- Conclusions: with the data obtained from the analysis and the results, the conclusions are done considering also the literature review and basic concepts of digital marketing to answer the research question and provide practical recommendations to companies.
- Limitations and future directions: in this part, there is some advice for future studies and recommendations that future researchers can consider.

2. Literature review

Customer acquisition and customer retention are goals that every company needs to consider and grow every year because it’s thanks to these that they increase their profits. Understanding how companies can attract customers and make them loyal can be very challenging and it comprises a large amount of information, that’s why this research is focused on the Colombian market, a market that is growing year by year, especially after the pandemic, and thus, are awakening the interest of big companies to put their efforts into this market. In this literature review, it will be explained some of the main concepts needed for this research, and their relevance, said concepts are UGC and CGC and some real-life examples of it. At the end of the literature review, there will be a short debrief of the Latin American market, Colombia, and the e-commerce landscape both before and after the pandemic.

Understanding User-Generated Content

UGC is a concept that is getting more recognition in this digital era, but it still is being under study and therefore, there are several gaps. For instance, even if there are already some academic contributions regarding the effect of UGC and the effect on customer acquisition and retention, there are no academic contributions that study the impact of both UGC and CGC and the effect on customer acquisition and customer retention in the Latin-American market which is why this thesis is focused exclusively on this target because as it was possible to see above, these countries have a huge engagement with social media and internet usage. Also, in Latin America, the power of influencers (who are part of UGC) is increasing and some of the countries that have the most influencers are Brazil, Argentina, Mexico, and Colombia (Statista, 2020).

Because UGC is something C2C (Customer-to-Customer), it needs to be authentic, so people trust the information they are seeing, as a matter of fact, some of the aspects that form UGC are trust and credibility. One study shows that credibility coming from UGC is high because, for the adoption of products or services offered online, the information coming from online *reviews* is considered more credible and authentic than the information coming directly from the sellers because it's seen as a share of experiences, whether it's negative or positive, and it induces engagement to the online portal of the companies (Shaheen et al., 2019). This means that if customers read reviews about a product or service, they are going to believe more in their attributes rather than believing the information put from the company itself, and because reviews are a part of UGC, then it would mean that UGC is more reliable than CGC when purchasing a product for the first time (customer acquisition) or even for recurrent purchases of different products but on the same company (customer retention), having a more positive impact on these two actions.

However, UGC is not always trustworthy as it can be manipulated by companies themselves to obtain the results they want and this causes a problem with the purchase intention as shown in one study from the Journal of research in interactive marketing, where they showed 2,080 respondents positive and negative reviews and then they told them that these reviews were manipulated by the companies; once they knew this, the results were that there's a positive relationship between trust and purchase intention because when they realized the negative reviews had been manipulated, the trust on the reviews decreased but the purchase intention increased, but when they found out that positive reviews were manipulated, consumers' purchase intention decreased, so one of the main suggestions is that companies need to build and maintain trust through transparent and credible business practices (Jin Ma & Lee, 2014).

The above reflects that there is a problem when customers' trust is low regarding online reviews a study made by Bright Local in 2021 shows that 62% of consumers think that at least one of the reviews they've seen for a local business it's fake, and some of the reasons to believe this are: **1)** The review is "over-the-top" in its praise, **2)** the review is one of the many similar reviews, and **3)** the reviewer uses a pseudonym or is anonymous (Pitman, 2022). In the same study, other factors of UGC besides reviews are discussed, such as recommendations from social media personalities consumers follow, professionally written articles by topic experts, and recommendations from friends and family, and the results were that 49% of consumers trust reviews as much as they trust recommendations from friends and family, 28% trust reviews as much as articles written by experts, and 21% don't trust any of the options provided, which was a surprising fact compared to 2020, where 79% consumers trusted reviews as well as recommendations from friends and family.

Considering this, UGC is a mix of feelings for consumers because they want to be sure of the quality of what they are buying and they would like to trust what they read, but after realizing that there are a lot of fake reviews and manipulated content, makes it harder to make a final decision which leads to a consumer that needs more time to make a final decision, and therefore, complicating the whole purchasing journey. Consumers also must decide about which website should they believe when reading reviews, and according to the study from Bright Local, 52% of consumers believe they've seen a fake review on Amazon, 50% on Google, and 37% on Facebook. This means that there aren't many websites they can trust either, so the customer journey is becoming more difficult each time.

Importance of UGC

UGC is a tool that can be used throughout the whole purchasing process or customer journey to influence engagement which leads to boosting conversions in different ways, it can be through sales, subscriptions, etc. A key reminder for companies is that UGC should always be real and not forced, as users can realize when something is fake and only used for promotion, and nowadays this causes the company, or someone gets "canceled".

Another important factor, is how can companies incentivize User-Generated content without asking directly the consumers and without using influencers as a channel, and this is discussed in an article that explores how companies can benefit from their physical environment to engage consumers in creating and posting environment-cued indirect advertising, which is an engrossing proposal for companies to make their businesses more “Instagrammable”, and the findings were that environments that use more interactive props (which refers to spatial elements, and objects that consumers can interact with and manipulate), color and brightness were more attractive for consumers to create indirect advertising (Campbell et al., 2022). This all includes a mix that sparks human senses with subtle ambient elements like smells, music, temperature, lighting, and color schemes.

The above reflects that companies can also influence UGC, without being too aggressive, and by using other marketing tools such as experiential marketing and neuromarketing that allows consumers to engage deeply in the purchase point thanks to different factors and immersive experiences engage and encourage customers. Then, after sharing their experiences on social media, reviews, or blogs, it will attract other potential consumers that feel related to the content they see and who may perceive this as an authentic experience. Some of the companies that use this method are restaurants and hotels, where people go to have a whole experience rather than only a product or service.

An example to illustrate this “Instagrammable” concept, can be a restaurant in Colombia called “Cereal Vibes”, this is used as an example because it reflects what experiential marketing can do and how can it motivate customers to use what’s in their environment to promote content, even if the company is not present on that specific social media. As seen in the image below, it uses neon and pastel colors, and props so the user can interact creating a perfect ambiance:

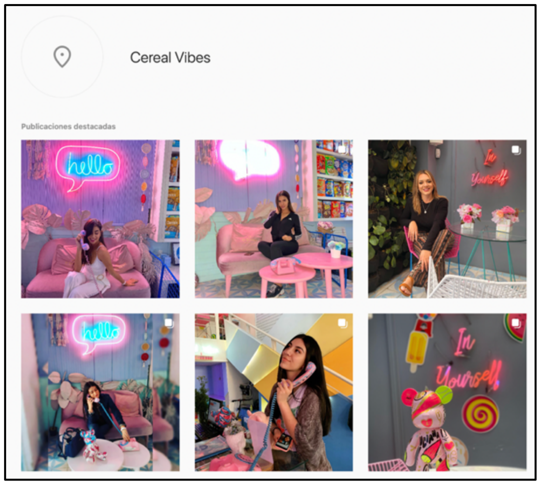

Figure 2.1. Screenshot of the location "Restaurant Cereal Vibes in Colombia" on Instagram.

Source: author's own work.

Moreover, a Hootsuite article states that according to the report made by Stackla called "Bridging the gap: consumer and marketing perspectives on content in the digital age", consumers are 2.4 times more likely to perceive user-generated content as authentic compared to content generated by companies themselves, and in percentage, 52% of consumers believe that less than half of the content created by companies is authentic, while 92% of marketers believe their content resonates as authentic to their consumers (Hootsuite, 2022). This demonstrates that even if the brand is putting its marketing efforts to be perceived as something specifically, it will look manipulated to a consumer, and thus, it's going to lose legitimacy and connection with the consumer.

From the same report, marketers and companies may have interesting findings and steps to follow, because 79% of people say user-generated content impacts their purchasing decisions, then 13% say that company-generated content is impactful, and finally, only 8% say influencer-generated content may impact their purchase decision (Business Wire, 2019). Said this, companies could lower their budget on influencer marketing and increase it on creating actions to include the customers and encourage them to create content sharing their experiences with the products/services they offer. However, in this report it's important to highlight two things: **1)** it was done before COVID-19, and **2)** in the survey they differentiate UGC and influencer, instead of taking it as a part of UGC. This means that a new report should be done considering the changes in the customers' journey and purchasing decisions changed over the pandemic and the rise of the digital era.

Understanding Company-Generated Content

Company-generated content is also known by many other names such as "brand-generated content", "marketer-generated content", etc. But it means the same, it refers to the content generated directly by the marketers to provide useful information and value proposition about their products to the customers, to help them during the purchase-making decision (Irelli & Chaerudin, 2020). This is paramount for the company because it helps to spread awareness of the benefits and the characteristics of the product, and since the beginning of the internet, it has gained another meaning, giving companies the opportunities to create new ways of marketing thanks to the possibility of owning of a website, to be able to search for a company/or product and that brand appear on the first page of a search engine, and so on.

Besides, CGC also refers to the advertisement of the company, as it is content created by them and it has as goal influence the consumer's behavior and purchase intention through the interaction of the consumer and the brand with ads on different sites such as websites, apps, and social media while providing them with information related to the brand in general or a specific product (Yao, 2020). This type of advertisement is very useful for companies and is developing year by year so that marketers can collect more precise and accurate information about their audience and help them with their digital strategy. Plus, with this digital advertising companies can attract their customers worldwide as they can target thanks to different tools such as Google ads to different countries at the same time, saving time and money for the companies; the same tools allow the marketers to keep track of their performance with KPIs (Key Performance Indicators) and valuable data.

As said before, social media is one of the digital places that a company can use to create their content and so, it is key in this company-generated content concept because nowadays if a company is not on social media, it doesn't exist. Social media provides a wide variety for companies to advertise and communicate with their customers according to their target, their wants and needs, and the way to learn. For instance, if a company wants to recruit employees or post about a technical concept, it may do it on LinkedIn; if a company wants to share memes or more "relaxed" posts, it may use Instagram and TikTok; for tutorials and long videos, YouTube; to inform an older target, Facebook; and there are many other uses and social media where companies can find the perfect communication channel.

Plus, every day, the users of social media are increasing: by April 2022, the total internet users were 5 billion, and 4.65 billion are social media users (Statista, 2022c), which compared to 2021 increased, as in 2021 social media users worldwide were 4.26 billion and it's expected to grow till 5.85 billion by 2027 (Statista, 2022d). This data reflects the importance of social media and why companies should still take advantage of this. Moreover, social media is a more affordable option because they have other ways to attract customers' attention, not only by paid advertising but with the right use of hashtags (#), locations, and descriptions, they can go viral. One way to do so is that marketers need to keep up with the trends on social media, whether it's a trending sound on TikTok or a story on Instagram because this brings more users to their content that are interested in seeing similar posts or videos.

One of the examples of virality is Ryan Air, the airline company which has 1.7 million followers on TikTok, and its 3 most viral videos have 5.3 million views, 6.9 million views, and 11.5 million views respectively, and the engagement rate is high because they for the most viewed video has approximately 34,900 comments. And their key is to use trending sounds, answer and like some comments, duet videos, and use humor as the main attribute. In image 1, it's possible to see this:

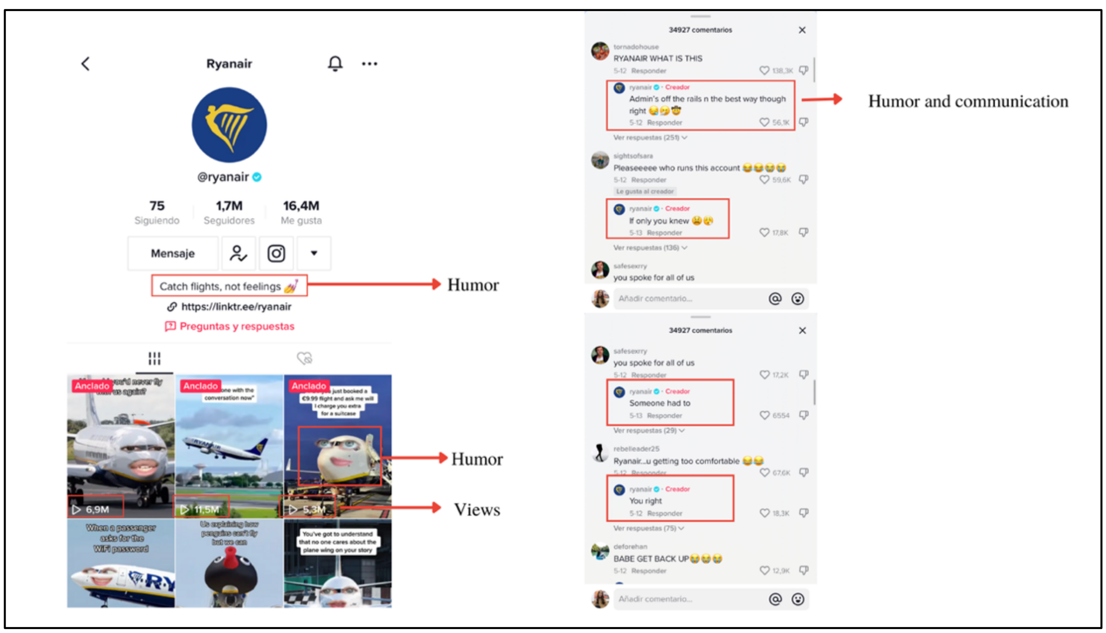

Figure 2.2. Screenshot of Ryanair's Tiktok account.

Source: author's own work.

In the above image, Ryan air knows that users on TikTok are mostly young, because according to Statista, around 24% of the audience were women between 18-24 years old, and 18% were men in the same range of age. This example was reflected in this research because it shows that CGC can generate engagement and this is the factor that creates discussions between the target of the chosen social media, which in the end would also provide more visibility and brand awareness, a key goal for companies in the creation of a digital marketing strategy.

The importance of CGC

Company-generated content is key for customers to know about the factors, characteristics, and news about a company. Many pieces of research also show that in general, a firm's performance depends on the nature and quality of direct and indirect relationships it can create with its counterparts, and to build this relationship companies need to understand deeply the other party, whether it's the customers or the stakeholders; and this means understanding what they want and desire and nowadays, customers want companies that are involved in the social media environment and they hope that companies answer their inquiries and comments through it (Mari, 2016). The customer now wants companies that are present in both the digital and physical world, so managers must include in their marketing strategies an omnichannel strategy because consumers are now more demanding.

Thus, with the rise of social media, companies are also exchanging with their customers instead of only teaching them or informing them, and they are including them in the creation of content and the product, this is referred to as co-creation. It's only through continuous dialogue, communication, and interaction that businesses can attain long-term mutual satisfaction and relationship, delivering a co-created service offering; this communication can be done through mass communication (advertising), direct and interactive communication such as personally addressed letters including offers, information, recognition of previous interactions and so on (Abeza et al., 2020). This co-creation will create a better channel to understand what the customers want and what they like or dislike, so when the final product comes, they are fully satisfied. It's paramount to mention this within the framework of CGC as it is something that the company can use to grow, be more profitable and use on their social media too, while they are collaborating with the consumers, they can post about it, have an answers and questions section, etc.

Furthermore, CGC can be done through social media, the company's website, the company's blog, etc. One of the most important things is the website of the company, as it is the place customers will visit several times before making a purchase, and so investing in a website and putting marketing efforts into it it's a win situation for companies, it can increase their revenue.

According to Forbes, the reasons to own a website are: **1)** credibility, this increases the credibility about the organization as it helps to sharing and communicating quality information to potential consumers in a more clear way than on social media and other internet services; **2)** brand, this is to show customers and potential customers information on who the company is, what it stands for and what it represents, plus it helps companies stand out from their competitors; **3)** leads, thanks to a website companies can grow leads and track their behavior to understand better what they are looking for and how; **4)** organic traffic, when having an optimized SEO website, it will allow the company to increase organic traffic which means attracting more potential customers to the website without the need of paying on advertising; **5)** saving time + customer service, a website helps to provide information in a clearer way like opening hours of a business and telephone numbers, even a section of "common asked questions" for some websites, so this helps improving customer service and saving time for the customer success managers; **6)** updates and announcements, as a website is the place open 24/7 for the customers, it's an easy way of letting them know about your latest news; **7)** digital marketing, this refers to the SEA part, when a company wants to increase traffic by paid advertising it's important to have a website and landing pages for the customers (Council, 2020). So, it's possible to see that a website is the face of the company in the digital environment, and it is the only place that will be open all day for customers and potential customers to see information about the brand, the product, and even about the physical stores. Another important part of the digital environment and one of the most famous nowadays is social media, which will be explained as follows.

Why is social media relevant?

Social media (SM) is a computer-based technology that facilitates the sharing of ideas thoughts and information through virtual networks and communities (Maya Dollarhide, 2021). Considering this, social media helps people to communicate from distance, and companies are using it too with the same purpose of communication but for their customers, because social media can also be perceived as a tool that enables direct, real-time interaction with consumers

(Mari, 2016); and therefore SM is also a tool that helps companies improve relationship management.

This relationship management is defined as a process of communication and interaction that leads to value creation, and according to a study made by (Abeza et al., 2020):

- Social media helps communication in seven ways: updating, publicizing, selling, servicing, promoting, spreading, and appreciating.
- Social media supports interaction in five ways: casual exchange, customer service, rally message, content delivery, and consumer spotlight.
- Using social media to improve relationship management brings seven benefits: updates, public relations (PR), sales, sponsorship, customer service, and interaction.

Considering these factors, SM is key to helping the organization’s communication, sharing, and demonstrating that the company is consumer-oriented that is used by the consumers before, during, and after completing a purchase. SM, it’s perceived by the consumers as behind-the-scenes content too, where customers can see not only pictures and text but also videos in different formats to get the most out of the experience. In addition to this, a survey made revealed that 70% of customers feel more connected to a brand when the CEO is active on SM or when employees post or share information about the company online (Sprout Social, 2022), this shows that real people is what gets customers to feel identified with the brand and create a true connection which eventually would become customer loyalty.

As said before, one of the benefits that SM brings is customer service, and this refers to the extent to which SM is a place where customers can comment on the companies' posts or message them directly and express their concerns, compliments, or questions. According to the same study, the participants described the benefits of SM related to customer service as they were able to ask varied questions about the organization and simple trouble-shooting issues with online access to mobile apps, and some clarifications; other participants said that SM allowed them to receive real-time and direct customer support on inquiries regarding service and technical issues related with the app, website or other (Abeza et al., 2020). So, SM is seen as a priority nowadays for companies, but a key point they must consider is what type of social media is best for their targets. On one hand, the biggest companies are present on at least Facebook, Twitter, Instagram, and YouTube; however, other social media are growing fast and gaining power like TikTok or Pinterest.

On the other hand, SMEs may not have the opportunity to invest in every SM channel meaning that there should be a study depending on the target, their demographic characteristics, and what the social media is used for. For instance, according to Hootsuite's digital 2022 report, here are some statistics about the biggest and most important social media worldwide (Alyssa, 2022):

- **Facebook:** it's a social media that was founded to give people the power to build a community while bringing people together, stay connected with friends and family, be up to date with the news of the world, and share experiences (Wu, 2021). Even though this social media started very strong and was welcomed by people of all ages, it is now the platform for the older generations:

- 41% of all Facebook users are aged 45 years old and older.
- 31% are between 25-34 years old.
- 56.6% are male and 43.4% are female.
- The biggest group of Facebook users are male users between 24-35 years old.

- **Instagram:** it's a platform where users can share their experiences in images, and it has had a lot of updates since the day it started making it possible to share videos too in different formats (short videos are known as reels and long videos as IGTV), making of Instagram a very visual platform. Here:
  - 35% of all users are younger than 35 years old.
  - 49% are female.
- **Twitter:** according to its website, Twitter it's an open service that's home to diverse people, perspectives, ideas, and information where they express themselves by writing freely (Twitter, n.d.). For this social media, the statistics are:
  - 59.2% of all users are between the ages of 25 and 49.
  - 56.4% are male and 43.6% are female.
- **Snapchat:** it started as a social media for the young generation, to show people's lives in a real and natural way. Here:
  - 82% of all users are younger than 35 years old.
  - 54% are female and 34% are male.
- **YouTube:** its mission is to give people a voice and share them with the world through a community that listens, and shares stories (YouTube, 2022). Nowadays, YouTube it's

also a way to show content and connect with users in real-time with YouTube Live, an important platform for streamers of gaming content. Although there are no specific statistics in the report about the whole world, there are some about the USA:

- **LinkedIn**: it's a social media to find jobs, where approximately 49 million users are looking for a job each week. Its main mission is to connect professionals around the world to make them more productive and successful (LinkedIn, 2022). The main user statistics are:
  - 43% are female and 57% are male.
  - 59.1% of all users are between the ages of 25 and 34.
- **Pinterest:** it's used for aspiration and inspiration; it is also described as a visual discovery engine. Pinterest's mission is to bring people the inspiration they need to create a life they love and they do this by allowing their users to create "pins" and share them to inspire other people too, and by uploading content that may be useful for others (Pinterest, 2022). Some key demographics are:
  - 76.7% are female, and the male audience is increasing by 40% every year.
- **TikTok**: a short-video sharing app for entertainment, tips, and even education. TikTok's mission is to be the leading short-form mobile video to inspire creativity and bring joy to its users (TikTok, 2022), and by now they've accomplished being the most downloaded app of 2021 with 656 million downloads (Cyca, 2022), which means it outperformed other social media that were already powerful. Its statistics are:
  - 57% are female, 43% male.

Knowing these statistics helps companies of all sizes to make decisions on whether to be present on certain SM or not because even though they can create organic content, it also requires an investment when doing advertisements and partnerships with other influencers and brands. Furthermore, the statistics show what type of users are interacting there so the companies can also focus on different targets on different SM.

Because this research is based on the Colombian market, it's important to mention too some of the main statistics about it. For instance, the most used SM in percentages of people between the ages of 16-64 years, are WhatsApp (94%), Facebook (91,7%), Instagram (84,4%), and TikTok (69,5%) (Medina, 2022). Considering this, Colombians use social media mainly to keep in contact with their family and friends, as WhatsApp is a chatting App, and then the other SM is used for entertainment or other purposes like buying online, getting inspiration, and finding new content. Also, if TikTok, an App that boomed in 2020, is used by more than half of the social media users, that means that the new generation of Colombians is consuming more content in short video format that doesn't feel like an ad but as useful content.

Talking about ads, that is another advantage of SM because these ads can be targeted to a specific public, with demographics chosen by the marketers and it will all be automatic, making it easy for the companies to use these tools. Besides, marketers can use the information they get from their ads and track their behavior with the KPIs they desire given by the SM too.

Finally, to make a small recap of the Colombian market regarding SM because this research is focused on this country, the most used SM is YouTube, followed by Facebook, WhatsApp, and Instagram, and people that use the most SM are people between 25-34 both men (15,6%) and women (15,6%) which is important to know because it may indicate that people over this age don't use SM as much and may not be used to other internet features (Kemp, 2020). The fact that YouTube is the SM most used means that Colombians want to find in SM a place to stay up to date with music, news, and live transmissions; and the use of Facebook and WhatsApp represents that Colombians like to stay connected with each other to interact with family members, friends, and others.

Relevant studies related to UGC and CGC

Now, to talk about more scientific studies, one of the most complete studies found, is one where the authors are comparing UGC with traditional media, to see which one is more effective in customer retention and customer acquisition. To do so, they compared different types of UGC and traditional media in durable and nondurables products, and to make this comparison they used two specific metrics (valence and volume) and two different industries (automobiles and mobile games) to compare the involvement of the customer throughout the purchase process; the findings of this research show that UGC valence and volume have a greater impact on customer acquisition than traditional media, however, traditional media has a greater impact on customer retention (You & Joshi, 2020). So, this study, it's already stated the impact of these two variables, but they are comparing it strictly to the traditional media, ignoring the potential that company-generated content, such as social media, could have, making this research relevant as it studies the impact of another important variable in a specific market.

Another study is focused on how user-generated content vs. company-generated content influences consumer skepticism towards CSR (Corporate Social Responsibility), which is a different topic from this thesis but still shows a comparison between UGC and CGC toward a certain consumer behavior, which is relevant and shows that UGC is more reliable than the CGC and even though both can be made through social media when the content comes directly from the company, it leads to potentially damaging implications for organizations, as consumers tend to believe in the most liked comment (Dunn & Harness, 2019). However, this can change depending on the sample, because for the study of Bright Local, consumers were skeptical about the reviews “over-the-top” in their praise, so if the review looks too forced or not authentic enough, it will cause a negative effect and not a positive one.

Continuing with the study of CSR, to accomplish their research, the authors analyzed the food retail industry in the UK, and focused on what made UGC more or less believed than CGC when it came to communicating CSR practices on social media; the result was that consumers tend to believe more about UGC over CGC, and therefore the companies need to think about a way to reduce skepticism as they cannot control the UGC by themselves (Dunn & Harness, 2019). Here, although it’s possible to see the relevance of UGC and CGC there is no direct comparison with customer acquisition and customer retention which are the other two main variables studied here.

Yasin et al. have an article where they analyze the impact of 5 personality characteristics and the impact they have on the intention to forward company-generated content and user-generated content mediated by online brand community engagement, and they did this in the banking industry in Palestine because they realized online brand communities are the new effective way to do marketing and it involves both the customer and the company creating something and reflecting their attitude towards the brand, and the best way to do so is through social media and in the specific case of Palestine (their segment) it was on Facebook, and the result is that the customer's personality is the most important psychological aspect and it should be considered when creating the marketing campaigns to forward online company-generated content and user-generated content (Yasin et al., 2020). This article helps to see that the involvement of the customer throughout the process of advertising is engrossing, and it encourages the creation of UGC and so, the creation of an online brand community.

There is another short study where the authors analyze the impact of UGC on product reviews towards online purchasing and as a result, they found that UGC can influence the decision to purchase online, but in contrast to how UGC is treated in this thesis, these authors believe this is not a new concept and they compare it with the WOM (Word Of Mouth), that has been present 1960 and early 2000, where customers have the liberty to express themselves and give opinions about the products with their relatives and close people (Bahtar & Muda, 2016). This is similar to other literature studied, where the UGC is also considered the "Electronic Word of Mouth" or eWOM. To recap, the short study states that UGC is an influencer factor with the action of buying online, and this could be also taken as an act of both customer acquisition and customer retention because both include the actual act of buying, it's the goal of both concepts, it just changes the type of consumer.

However, that study presents several limitations as it doesn’t explain the concepts or methodology, meaning that it has the potential to keep investigating this and keep studying UGC, with an enhanced view of it and comparing it with a different concept.

Now, because both UGC and CGC can be done on social media, this is a concept that needs to be treated in this research. There is a study about the effects of social media advertising on consumer’s attitudes and customer response, here the authors’ objective was to determine customer attitudes toward social media advertisements and their impact on product recognition through word of mouth (WOM) and purchase intent and to do so they based their research in two main questions: “what is the attitude of users of social media towards advertisement?” and “to which extent users feel the change in their behavior after encountering ads on their home page?”, they did explanatory, quantitative research and the audience was in Pakistan; the results of the study were interesting as they found that before presenting an advertisement on social media, it was better to ask the participation of users and also it was important to be careful with the persuasion and reliability as they are influential factors on consumer’s behavior (Hussain et al., 2020). This study proves that customers like to be involved and understand what’s happening behind the process, also known as co-creation which is a very engrossing topic too in the field of marketing. Also, customers think that social media is a great way to be informed, and therefore, this can influence their behavior towards the brand and have a positive or negative impact.

Having all the information about this thesis's different aspects and variables helps to see that there is a gap in the literature and that both UGC and CGC are factors that can be studied deeper to better understand how it works. Plus, the fact that this study will analyze the impact of these concepts on customer retention and customer acquisition, is relevant not only to new literature for digital marketing strategies but also to companies, as they may use the findings of this research to shape their CRM strategies and social media strategy, helping them create an overall better marketing strategy.

E-commerce in the Latin-American market

According to an article published by Insider, on 2019 it was expected that Latin American retail e-commerce grew by 21.3%, tying with the other markets of the world like the Middle East and Africa, also, mobile was expected to be the primary channel of the retail e-commerce growth and consumers would be expected to trust more on e-commerce transactions (Ceurvels, 2019). Before the pandemic, e-commerce was already booming in the Latin-American market, users already started buying online, trusting what they saw on social media like Instagram and Facebook, and buying on international marketplaces like Amazon, eBay, or Mercado Libre. Plus, users began to increase the use of the internet, 4G started to get its way to Latin America and most of the population had access to the internet.

However, it wasn't till the pandemic that this concept of e-commerce had a huge impact on everyone's life. Companies like Rappi, the delivery app that became a "unicorn company" on 2018, started to increase their deliveries of grocery shopping after COVID-19, and the rise of new competitors started happening, so companies like Merqueo, and other SMEs, were trying to sell their products online too. This, and all the factors that brought the uncertainty of a modern world living a pandemic, made consumers find new ways to buy and rely on the companies to come up with new solutions that could overcome the new restrictions. In this way, Latin America is a priority market for e-commerce since the beginning of COVID-19. An article by Forbes says that Latin America became the world's fastest-growing region for e-commerce, internet penetration also increased and e-commerce accelerated its growth by 20% in online sales during the pandemic (O'Neill, 2022). This demonstrates the importance that Latin America had in online shopping and a whole new world of opportunities for entrepreneurs, companies, and marketers to target these people daily and offer them solutions for their problems and needs that couldn't be fulfilled in a physical context.

For instance, Amazon was one of the companies understanding the impact that the Latin American market can have and therefore, it is expanding to this market, opening operations centers and offices in Chile and Colombia, meaning the Latin American market because Amazon wants to understand better how the market works and be present, and it will do so with the project called "Proyecto Salsa" in 2023 expecting to grow and compete against big online marketplaces already powerful such as Mercado Libre; for Amazon and its competitors, it will represent a challenge and a re-organization of their business while learning how the consumers chose products and what are their needs and concerns to solve (Portafolio, 2022). The fact that companies this big are considering opening their headquarters in a Latin American country means that it has the potential to help the company's goals and that consumers are buying more online than they used to.

In Latin America, some trends that are important for companies and marketers to know are (O'Neill, 2022): **1)** almost half of the users don't go past the first page on Google Results, and 20% of the users don't go past the three first pages; **2)** most searches take place via mobile, which means that images and the content shown on websites should be adaptive in different electronics (computers, mobile, tablets), **3)** trust in online content is increasing, especially in Colombia, Peru, and Mexico; **4)** content-driven SEO is vital for deepening trust. Therefore, Latin America is becoming a strong market for online shopping and marketers can benefit from this, that's why it's relevant to talk about this market so companies can understand better its behavior to make decisions that will increase their number of customers and so, their profits.

In addition, to connect the importance of UGC and the Latin American market, for the consumers in this market, reviews are considered important as follows: **1)** in Brazil, 63% of the respondents consider reviews important to make a purchase decision; **2)** in Colombia, 60%; and in Mexico, 57% believe that (Mena Roa, 2022). As a result, UGC has a very high impact on customer acquisition, which means, for the first time the customers buy a product and they want to know more about it, they will read reviews and then complete the purchase, so informing themselves from this channel is part of their customer journey and it's an essential touchpoint.

Besides, because Latin America comprises 33 countries, it's necessary that companies correctly choose the ones they want to start with. In this way, some data to consider is that the top 6 countries with the biggest impact on e-commerce are Brazil, Mexico, Argentina, Colombia, Chile, and Peru; they are the countries with the biggest e-commerce market from 2021-2025 (Pasquali, 2021). This makes these countries appealing to companies because it means that in those countries consumers are buying more online and represent a significant part of the online commerce in Latin America.

E-commerce in the Colombian market

Colombia is a country where entrepreneurs are thriving and getting a chance to finally enter and be competitive thanks to the digital world that helps them to target more potential customers and become more visible. Rappi is a great example of this because it was founded in 2015, and only in three years it was able to turn into the “unicorn company” which refers to a company valued at over $1 billion US dollars, and it was big news for the whole country and for the company itself, and it has managed to expand to the rest of the Latin American market since then. Rappi used the power of the internet and the digital world and thanks to that, it is a great and competitive business today.

To understand a bit more about the e-commerce characteristics in Colombia, it’s important to see the statistics. According to Kantar, the profile of the average online buyer is younger than 34 years old and has a high income, considering it’s a part of the 4-6 stratum in Colombia (a socioeconomic differentiation made by the government), and the average they spend on online shopping is COP 39.400 (around €9.4); most of them are women with an average of 70% and men only 30%, the average online buyer is located in the capital, Bogota (39,51%), Medellin (11,67%) and Cali (4,8%); the average age range is 25-34 years (24,70%), 35-44 years (21,25%), 18-24 years (17,07%) and 45-54 years (14,65%), the categories where they buy more are “traveling” (39,68%), “technology” (19,28%), home appliances (14,18%) and fashion (8,74%) (Salazar Sierra, 2021). These statistics help understand the bigger picture of how e-commerce works and what type of companies would fit better in the online world for the Colombian market.

Considering this, Colombia has grown a lot and so has the retail e-commerce industry. According to Statista, Colombia was the third country with the biggest annual growth in that industry during the year of the pandemic because, in 2020, Colombia grew 48.3%, just behind Peru (49.8%) and Mexico (56.7%) (Statista, 2022b). This means that even though the panorama was unpredictable, and people were concerned with the pandemic, the retail e-commerce industry found a way to overcome this and focus on offering solutions by giving people the ability to start trusting in online transactions. Furthermore, the cities where e-commerce is booming are the capital, Bogota, with over 45% of the e-commerce transactions volume, followed by Medellin and Bello (16%), Cali and Palmira (14%), Barranquilla and Soledad (10%), and Cartagena (5%) (Bravo Tejeda, 2020). This means that is mainly in the biggest cities that e-commerce is thriving, but this is no surprise as, in Colombia, some of the smaller cities don't even have access to the internet, which is an important point to highlight.

However, the scenery is changing according to CRC (Comisión de Regulación de Comunicaciones for its acronym in Spanish), by December 2021 the mobile internet connections grew 16,8% compared to the same month in 2020, representing 38 million Colombians out of approximately 50 million had access to the internet (CRC, 2022), this demonstrates that Colombians are having more access to it and this is reflected on their behavior for online shopping and the way they consume audiovisual content through social media or search engines. To talk about the use of mobile apps, which is important too because in Colombia there are more phones than the population, 98% of people use their phones to have apps, where they can chat with each other; 98%, have social media apps, 93% have entertainment and video apps, and 68% have shopping apps (Kemp, 2020).

All these things meant a great change in the market because in Colombia a shift to online shopping like this one was never seen. For instance, there was an increase of 113% of Colombian customers for Mercado Libre, an Argentinian online marketplace similar to Amazon (Medina, 2021), reflecting that people needed a new way to pursue their purchasing process in an easy and faster manner. Here, new competitors arose like Merqueo, Rappi, Linio, and others and they all were trying to focus on customer service to prove that they were a reliable place to buy and that customers could trust them. Due to the past of Colombia, trusting something they couldn't touch and feel, represented a challenge and that was one of the problems companies needed to focus on: safety for customers. Not only because of fake websites but because personal information stolen and duplicated was a common scenario for Colombians.

Considering this, the safety reasons were one big problem for the Colombian market because people believed they were being scammed and they didn't know how to verify if a website was legitimate or not, and this made harder the purchase-making decision process for Colombians. However, the panorama looks favorable because now, customers trust online purchases and digital payments more. For instance, according to Semana, a Colombian newspaper, the consumer confidence index increased from 38 to 45 points and e-commerce grew by 10 points from 2020 to 2021 (Semana, 2021). Here, the overview of retail e-commerce in Colombia shows that the fact that customers are trusting more in the online world means that there is a positive change after all the negative impacts that the pandemic brought.

Moreover, consumers are now following new values in companies and appreciating them differently than before, these new values that the consumers want to perceive in a company are: **1)** that they are omnichannel, **2)** that they provide and ensure privacy, and **3)** that companies give the chance of personalization (Pastrán, 2021). The first value means that the company needs to be present on every channel: social media, websites, OOH, TV, and so on, because Colombians like to have different choice paths and be targeted from different sides too. The second one, privacy, is the main value because of the trust concerns and privacy violations consumers have experienced, and Colombians once they feel they're not safe they prefer not to complete the purchase, at least 59% of Colombians confirmed they stopped buying from a company because they felt the company didn't fulfill the privacy terms. Lastly, personalization refers to the option of the consumers giving their touch to the product or service according to their needs, and in Colombia, this is something common, SMEs have this very clear and they offer different opportunities for the consumer to customize small things like a "gift card", or "special message" and when it comes to clothes, consumers are also able to add a phrase they want or illustrations.

Now, to keep talking about the growth of e-commerce, to put it into numbers, from 2020 to 2021, online sales had a boost of 30,2%, and companies that participated in the sales made on the online channel grew too from 1,2% in 2019 to 7,5% in 2020 (Ramirez, 2021). However, this represented a steady growth after 2020 because companies weren't growing as fast in 2021 or what goes in 2022, so this is one reason why it's important to understand how companies can develop more appropriate methods for their customers in this market and evaluate how their behavior has changed over the past years.

In addition, Colombia becomes an important country in the e-commerce industry thanks to its fast-growing pace as said before and this is supported by an article in La República, a Peruvian newspaper, where it is stated that between 2021 and 2025, e-commerce will represent 18% of the total growth of retail sales in the country (Pastrán, 2021). This means that e-commerce is going to be as powerful and useful as retail, becoming the new trend in this country. Plus, in Colombia consumers are used to getting information from social media like Facebook, because here there are Facebook groups according to what the person wants or feels identified with, in these groups, SMEs and entrepreneurs post about their businesses and they refer the customers directly to their websites or to their other social media where they can complete the purchase, so the importance of social media in Colombia is also high.

Another reason to study the Colombian market is that in 2021 according to the CCCE (la Cámara Colombiana de Comercio Electrónico by its acronym in Spanish) and Blacksip (a company expert in e-commerce) revealed that the penetration rate of the internet was 75% and over 50% of this percentage already bought at least one item online (Gutiérrez Núñez, 2022). Considering everything said before, Colombia has the potential to grow and it’s attractive for companies to enter the market because consumers in Colombia are buying online more than ever and thanks to the country's investment in making the internet something viable for most of the population, it increases the chance of people getting the habit to buy online at least once a month.

3. Methodology

This research is made within Latin America, specifically in the Colombia frame market because as explained in the literature review, this is a growing market with a great potential for companies to explore and benefit from, principally after the pandemic, this market found solutions in the challenging environment and succeeded. Plus, this research would help companies trying to understand how they can improve their customer acquisition and customer retention using tools such as user-generated and company-generated content in this market. These two last concepts are helping businesses thrive in the digital world and connect deeper with their customers to understand them and provide them with the required solutions and services.

Also, it’s relevant to study these concepts in the Colombian market because it had been a slow process to make online purchases grow significantly, but it wasn’t until 2020 that Colombians were in the need to make a decision and start trusting online methods to make purchases and test for themselves that there were secure ways to put their information online, see that the products online were the same quality as promised and that in case it was the contrary, there would be customer service guaranteed when needed.

Research Methodology

The methodology for this research comes from the need to understand the main impact of UGC and CGC on customer retention and customer acquisition specifically, in the Colombian market. To do so, this research aims to answer the generated question in the introduction and test four hypotheses that resulted from the question asked, to see if these hypotheses are accepted or not with the data collected. In this way, this research will be based on a quantitative study because it is the best type of study that fits the purpose of the question and with the answer generated, it is expected to test and develop theory.

As in any quantitative study, there are going to be variables, and here is going to be studied the relationship between them, in this way, there are four main variables: UGC, CGC, customer acquisition, and customer retention. These four variables were chosen because they are the ones that compose the research question and as they are different from each other, it will be possible to see a comparison that will result in valuable information for strategic thinking. From these variables, it's possible to see that there are two independent variables and two dependent variables as follows:

- Independent variables: UGC and CGC.
- Dependent variables: customer acquisition and customer retention.

The independent variables are the ones that affect the dependent variables and therefore it's important to see how it impacts them. To evaluate the impact, a questionnaire was made to 121 people in Colombia and there are going to be some specific statistics to present the results from the questionnaire. Now, to explain the general methodology for this research was as follows:

First, to collect data about how customers perceive and act upon online sales, a questionnaire of 19 questions was made. The questionnaire was done on Google forms anonymously and sent with a link where respondents could have access anywhere from any device: mobile, desktop, etc. The reason to select the survey method is that this research is based on quantitative data, where data is used to test and develop theory, meaning that is a deductive approach because, with this data, the theory is going to be tested, and with the results, theory can be developed too. Also, quantitative research refers to the research that examines a relationship between variables measured numerically and analyzed using statistical and graphical techniques (Saunders et al., 2015). Consequently, this research includes statistical analysis at the end with graphs to better explain the results and conclusions of the survey.

To collect the data through surveys, the questions needed to be as clear as possible, so every respondent interprets the question equally. To do so, the questions were divided into different parts: **the first part** included basic questions to understand the consumer's behavior easily and to check that they are familiar with the concept of online shopping or e-commerce; **the second part** was formed by questions with the Likert scale which is a psychometric technique to measure human attitude towards a topic and is often used in surveys, and it was used with the 5 scales "completely disagree, somehow disagree, neutral, somehow agree, and completely agree"; **the third part** was made to understand the customer's preferences, and finally, **the fourth part** of the survey was to know basic demographics about the respondents such as age and gender, the location was not included because all participants were from Colombia.

Before sending the survey to the respondents, a brief introduction was inserted first to explain that it was anonymous and to explain shortly what UGC and CGC are, so there wasn't any confusion during the survey. Once the questions were suitable, a sampling technique of 3 respondents was done first to ensure that the respondent didn’t take more than 10 minutes to complete the survey and to confirm that they understood the questions correctly.

After gathering all the answers, the results are analyzed with the use of excel to get graphs and basic statistic data associated with frequency distribution that provide a clearer vision of the answers, and thanks to this, make easier the analysis. Finally, the hypotheses are tested with a test based on association and therefore, correlation while considering the results, which leads to the conclusion and recommendations.

Sample selection

The hypothesis was tested in a specific segment which is the Colombian market from different cities, because as mentioned before, this is a market growing fast in different manners after the pandemic such as e-commerce trends and people using the internet, which augmented 2,9% in 2020 according to the data report by Hootsuite, and also the social media users augmented by 11% from January 2019 to January 2020 (Kemp, 2020), which is relevant for this research because social media is part of both UGC and CGC.

To collect data, the survey needed to have between 80-120 respondents and in the end, it was possible to get 121 answers from Colombians between the ages of 18 to more than 52 years old, both men and women regardless of the “stratum”, this in Colombia is a classification in strata of residential properties that must receive public services and it is carried out mainly to charge for residential public utilities in a differential manner by stratum (DANE, 2022). So, for this research, this is not needed and therefore, not included.

The reason to choose the age range of 18-more than 52 years is that in Colombia, even though the average online buyer is younger than 34 years old according to La República and Kantar, the percentage of people over 52 that also buy online is high (14,65%) so it is relevant to include this group (Salazar Sierra, 2021). Plus, in Colombia, the average online buyer is mainly conformed of women so for this research, the respondents were mainly women too.

The characteristics chosen for the sample allow having a wider perspective on the impact of UGC and CGC in this segment for Colombia, and therefore, it is significant for companies and individuals that want to understand in detail the impact on customer acquisition and retention in a market that hadn't been studied before.

Survey structure

The survey was done to test the hypotheses thanks to the answers of the respondents; therefore, the questions were planned according to them. So, let's review the hypotheses:

- **H1:** UGC has a greater influence than CGC in both customer acquisition and customer retention in the Colombian market.
- **H2:** CGC has a greater influence on both customer acquisition and customer retention in the Colombian market.

To test these, a survey was made in Spanish, because that is the mother tongue of all the respondents and some of the respondents may not speak English or another language, with nineteen questions to understand deeper the behavior and consumers' opinions on UGC and CGC. To make this questionnaire, there were questions done with the Likert scale as it is significant for the research to help with the analysis of results while understanding the consumer's behavior deeper. First, because these concepts may be unknown to some people, there was a brief explanation with short examples about each one, and after that, the questions that were asked were:

1. Have you ever done online shopping?
2. If your answer was no, can you specify why?
3. When I buy something, I…
    a. Read reviews about the brand/product/service
    b. See videos of people giving their opinions about the brand/product/service
    c. I follow the advice of some influencers I follow
    d. Search information about the brand/product/service on blogs and other websites
4. When I buy something is because I…
    a. See posts on the company's social media about the new product/service
    b. Click on the ads about the brand/product/service
    c. See the TV commercials about the brand/product/service
    d. See billboards about the brand/product/service

5. From 1 to 5, 1 being “I don’t trust it at all” and 5 being “I trust it completely”, how much do you trust in the information that other users post on social media about a brand/product/service?

6. From 1 to 5, 1 being “I don’t trust it at all” and 5 being “I trust it completely”, how much do you trust in the information that companies post on social media about their products/services?

Then, seven questions using the Likert scale (completely disagree, somehow disagree, neutral, somehow agree, and completely agree):

7. When I buy a product that has just been released on the market, I rely more on the information published by the company about the product (such as social media posts, ads, commercials, etc.) than on the information published by other users who have just bought the product (reviews, comments, videos, etc.).

8. When I buy a product that has just been released, I rely more on the information posted by other users who have just bought the product (reviews, comments, videos, etc.) than on the information provided by the company about the product (such as social media posts, ads, commercials, etc.).

9. When I buy an existing product, I rely more on information posted by other users (such as reviews, comments, videos, etc.) than on information posted by the company (social media posts, ads, commercials, etc.).

10. When I buy an existing product, I rely more on information published by the company (social media posts, ads, commercials, etc.) than on information published by other users (such as reviews, comments, videos, etc.).

11. When a company is trying to enter the market, it would trust more if an influencer or trustworthy person recommends it.

12. To become a first-time customer of a brand, I...

a. I go by the comments and reviews I see from other people.

b. I trust in the company's experience.

c. I go by both the reviews I see and the company's experience.

13. To become a loyal customer of a brand, I…

a. I go by the comments and reviews I see from other people.

b. I trust in the company's experience.

c. I go by both the reviews I see and the company's experience.

After the questions with the Likert scale, four questions to understand the customer's preferences:

14. When you follow an influencer or when you read reviews about a product or brand, what makes you trust them?

a. The number of followers.

b. That they talk about the pros and cons of the product.

c. That their posts show that they are being promoted by the brand with the Hashtag #ad or #promoted.

d. Other.

e. I don't follow any influencers, or I don't see other customers' reviews.

f. I don't trust what influencers may say or in other people's reviews.

15. When a company posts the features of its product either on social networks or on its website, what makes you trust what they say?

   a. That they have a certification.
   b. That their brand ambassadors are celebrities instead of influencers or other common people.
   c. That they show specific data such as figures and statistics.
   d. I don't follow any company or see their websites.

16. If you follow any influencers recommending new products or brands, where do you follow them?

   a. YouTube
   b. TikTok
   c. Instagram
   d. Facebook
   e. Twitter
   f. I don't follow any influencer
   g. Other social media

17. If you follow any company on social media when they announce their new products, where do you follow them?

   a. YouTube
   b. TikTok
   c. Instagram
   d. Facebook
   e. Twitter
   f. I don't follow any influencer
   g. Other social media

And to finish the questionnaire, three demographic questions:

18. What is your gender?

- **a.** Female
- **b.** Male
- **c.** I prefer not to say

19. How old are you?

- **a.** Between 18-24 years old
- **b.** Between 25-31 years old
- **c.** Between 32-38 years old
- **d.** Between 39-45 years old
- **e.** Between 46-51 years old
- **f.** More than 52 years old

In the survey, it is possible to see that the first two questions are asked to see whether the respondent is suitable for the survey or not, this is because if the respondent has bought something online at least once then that means that it has used social media, or has seen websites, blogs, videos, and read reviews to get to make the final decision. The two questions that follow it are made to evaluate the behavior towards UGC first and the CGC, in this way is possible to see whether the respondent uses both tools, and just one to make a purchase decision.

Then, questions five and six asking about "trust" are made to evaluate if the respondents rely on the information they see about UGC and CGC tools online because this is significant and will help the companies to re-evaluate the tactics they are using. Then, the seven questions with the

Likert scale are done to understand the respondents' behavior towards UGC and CGC at the same time and not separately, making it possible to evaluate if the respondents trust one tool over the other or if they trust both equally. Then from questions 14 to 17, the goal is to understand some specific behavior on the use of both tools and the use of social media, which is important in this context because it is used for UGC and CGC and therefore it has a great impact. Finally, questions 18 and 19 were made to see the demographics of the respondents such as gender and age, this is important because depending on these, companies can make different decisions and take action on the way they behave.

4. Analysis and Results

All the surveys were made in Spanish, as this is the native language of the respondents and so it was easier for them, however, the results presented in this research were translated. In this analysis and results, first, the questions and the most relevant answers will be analyzed, then with the analysis made, the hypotheses will be tested using the correlation of Pearson in SPSS. To begin, the demographics are the first part that is going to be analyzed.

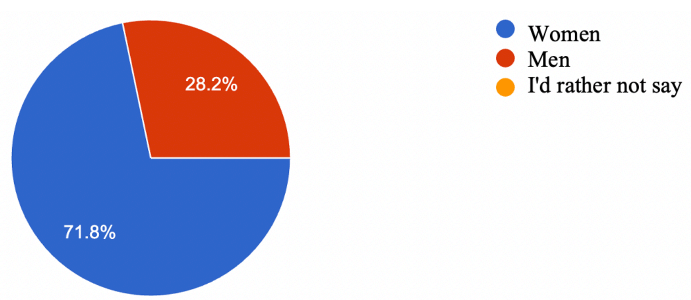

Figure 4.1. Gender answers

Source: Author’s own work

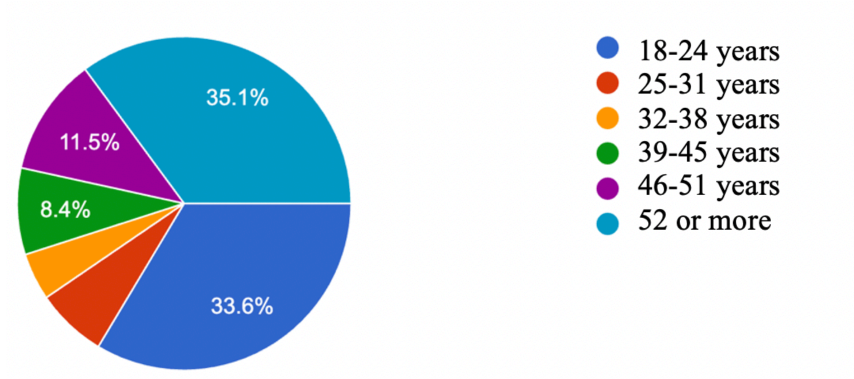

Figure 4.2. Age answers

Source: Author's own work

Most of the respondents as seen in Figure 4.1 were women, which means 94 respondents, and the most significant age range was 52 years old or more (46 respondents) followed by 18-24 years old (44 respondents). This here is partly related to the article in La República where it states that the profile of the average online buyer is most of the time a woman (70%) (Salazar Sierra, 2021), and so in this survey, most of the respondents were women.

Another important factor is that in the age range, there is a contrast between the main group ages because the age range with most respondents is 52 years old or more, which means they are generation X and generation baby boomers; while the second age range with most respondents was 18-24 years old which means they are generation Z, so here there are three different generations and therefore, it is engrossing to understand how their behavior is towards online shopping. But first, it is necessary to see some of the characteristics of the respondents' generations (Thompson, 2021):

- **Baby boomers** are the generation born between 1946-1964, known as the "boom in births" following World War II, and regardless of all the experiences they've been through, they are characterized by national optimism and prosperous consumerism. Considering the marketing characteristics, even though this generation didn't grow up with smartphones, laptops, and so on, they are a generation that adapted to all the changes and figured out on their own how to be a part of the new technologic world.

Also, they rely on word of mouth (WOM) when it comes to making a purchase decision and they take the time they need to investigate and consider if the product/service satisfies their needs (Gaviria, 2016). During the pandemic, they had to adapt again to the new buying trends and how it all worked, but as everything, they figured it out and now they are also online shoppers.

- **Generation X** is the generation born between 1965-1980, they are characterized by mistrust of the institutional authority, for being rebellious and reactive. In Colombia, generation X is a generation that believes in entrepreneurship way more than generations before and they are ready to build companies from scratch because they believe they can be successful on their merit and not with the help of the State. In marketing, it is important to keep them informed so they understand what they are buying, teach them new skills, and help them connect.
- Finally, the **generation Z** are people born between 1997-2012, they are very familiar with technology as they grew up with it, especially with personal technology such as smartphones which provide them easy access to the latest news around the world and social movements that can happen through social media, and this makes them the most depressed generation and the most engaged in social activism.

  This generation demands that companies are more participative in social and environmental issues, they want to buy from companies that are causing a positive impact on society; in Colombia, this generation prefers e-commerce since 2021 which means that there is an augmentation in digital commerce trust (Vargas, 2022).

An interesting fact about baby boomers and generation X is that their favorite social media are the ones that help them stay connected with their loved ones, so in Colombia, the favorite social media for these ages are WhatsApp and Facebook; while for the gen Z, the favorite social media in Colombia is Instagram. Now that the generations are explained, this shows that the different characteristics of each generation provide a wide perspective to this research.

In the first question of the survey “Have you ever done online shopping?” only two respondents answered “no”, the next question gave them the chance to express why they said “no” and here they specified “time, payment method”, “mistrust”, and “Insecurity that the product will not arrive”. This reflects the problem Colombians have with secure online shopping and trusting a method that is very different from going to the store, as explained in the literature review. As a result, this leads to literal fear of buying online and sticking to the old methods. Nevertheless, those two respondents only represent 1,5% of the total number of respondents, which means that the data is relevant and other aspects can be studied; and for the people that haven’t yet purchased something online, companies can still focus their efforts on making them a reliable option.

To continue with the analysis of the questions, the answers to the third question can be seen in Figure 4.3. This question was made considering UGC, and it is possible to observe that for three of the statements, the most common answer among respondents was “Sometimes”, the only important difference is for the statement “I followed some influencer’s advice”, where 55 respondents said “Never”. This shows that influencers are the part of the UGC that Colombians believe in the least, and blogs/other websites and reviews are the most reliable source.

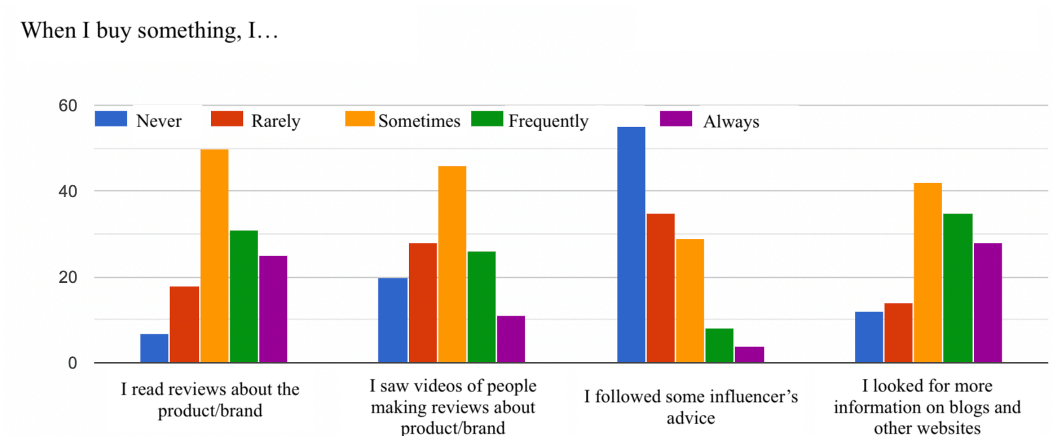

Figure 4.3. Answers to question number 3

Source: Author’s own work

For the “I read reviews” and “Looked for more information about the product on blogs and other websites”, the age groups are the following:

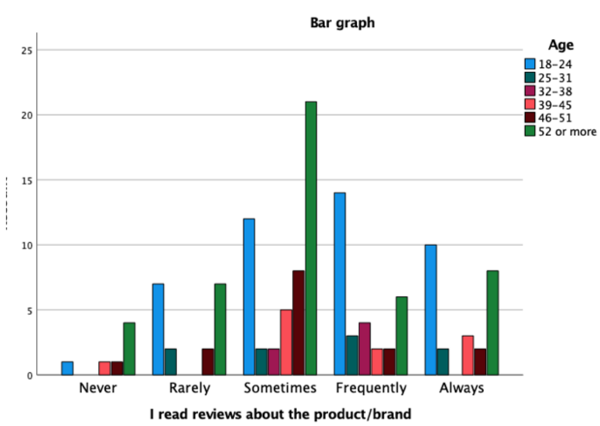

Figure 4.5. Age vs. Reviews

Source: Author’s own work

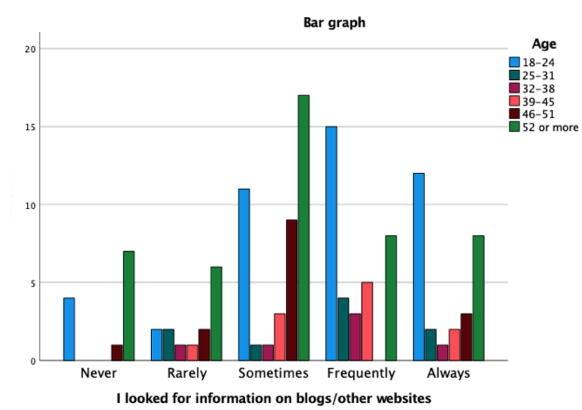

Figure 4.4. Age vs. Blogs and other websites

Source: Author’s own work

In Figure 4.4, it is observed that for the reviews, the respondents that read them “frequently” (14 respondents) or “always” (10 respondents) are between 18-24 years old, and “sometimes” the age group over 52 years, 39-45 years, and 18-24 years. This shows that respondents of all ages like to read reviews before buying, which is a trend that is increasing because according to an article in La República, 65% of people in Colombia use the information they find on the website of the company, and the previews experiences that other customers have had with the product and this can be taken as WOM and eWOM (Cigüenza Riaño, 2020).

For the respondents that answered “Always” and “Frequently” for the blogs and other websites, the most significant group is between 18-24 years, which is the younger generation. This shows that they want to understand well the characteristics of the product, read other customers’ reviews, and read opinions or watch videos or more complete reviews on blogs and other websites. According to the same article in La República, only 35% of Colombians look for information on other websites (Cigüenza Riaño, 2020). This is a trend that is changing and now a higher percentage of consumers are reading blogs and other websites, because according to figure 4.5 respondents between 18-24 years, 39-45 years, and over 52 years answered “Sometimes” which means that consumers of all ages are informing themselves more before completing a purchase.

Now, to talk about CGC, the same question was made but with the content generated from the company. The answers are portrayed in Figure 4.6.

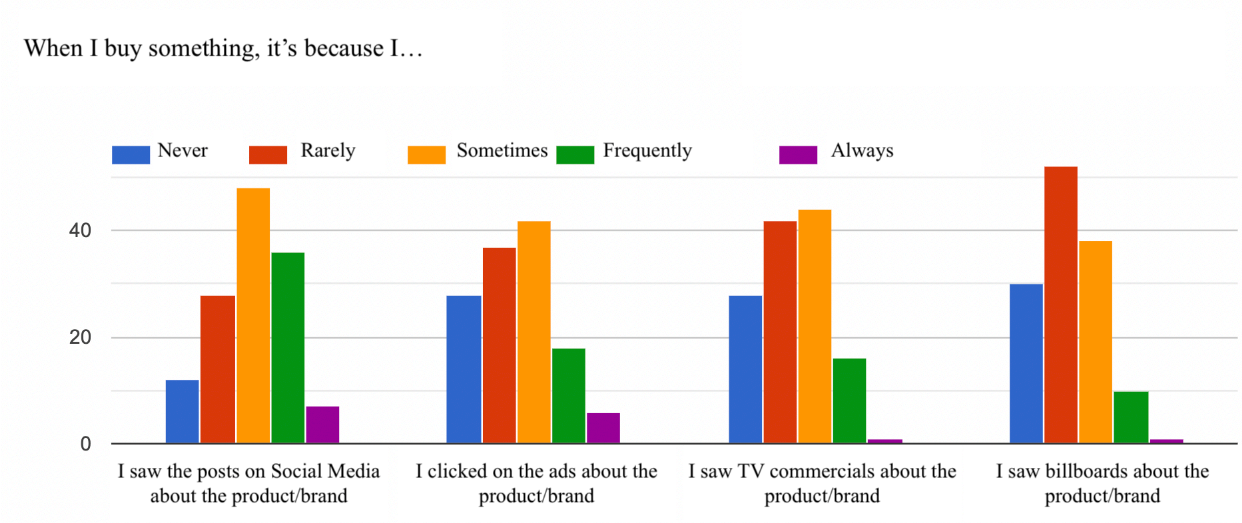

Figure 4.6. Answers to question number 4

Source: Author's own work

For this question, two of the answers included traditional media which are "TV commercials" and "Billboards", from this it's possible to see that traditional media is no longer as significant as before for Colombians. However, for digital media, ads are not welcomed by the customers as much either, because respondents said that only "Sometimes" and "Rarely" they click on ads about the products/service. Nevertheless, ads have different ways to work, for instance, users may see the ad and don't click on it, but as it is on their top of mind, they will consider looking for more information about the product or the brand before going to the website on their own, but it was all thanks to the ad. This is confirmed thanks to a study made by Kantar IBOPE media Colombia, where it is stated that of all the internet users, at least 49% say that they read, see OR click on the ads (Palacios, 2022). So, even if the respondents answered more "Never" and "Rarely" than "Frequently" and "Always", it may be that they see the ad but just don’t click on it directly. Nonetheless, 32,06% of the respondents said “Sometimes”, so this means that still they check the ads, and therefore, CGC is significant for them.

Moreover, for the social media posts of the company, most of the respondents said “Sometimes” (48 respondents) and “Frequently” (36 respondents), so they see the posts and the social media of the business before completing a purchase, this may be because Colombians and consumers in general, trust more in a company that has a strong presence on the internet and that looks reliable. This is linked to the answers to question 6, where 46,6% of the respondents on a scale from 1 to 5 (1 being “No trust at all” and 5 being “Trust completely”), said “4” which means they have a high level of trust for the information companies publish on their social media about their products, this can be observed in figure 4.7.

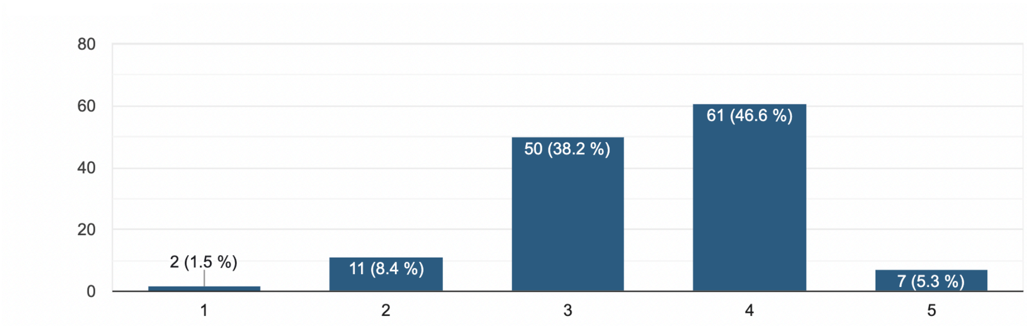

Figure 4.7. Leve of trust of CGC

Source: Author’s own work

Plus, it’s possible to see that the second majority, which is 38,2% of the respondents, said that their level of trust is “3” which means neutral. This means that even though Colombians trust CGC more, companies can still work on that and prove that they are positively doing impactful things and share it so they can be more believable to their customers and potential buyers too. The same question was made but considering the information other users post on social media to analyze the results regarding UGC, consequently, the results can be seen in Figure 4.8:

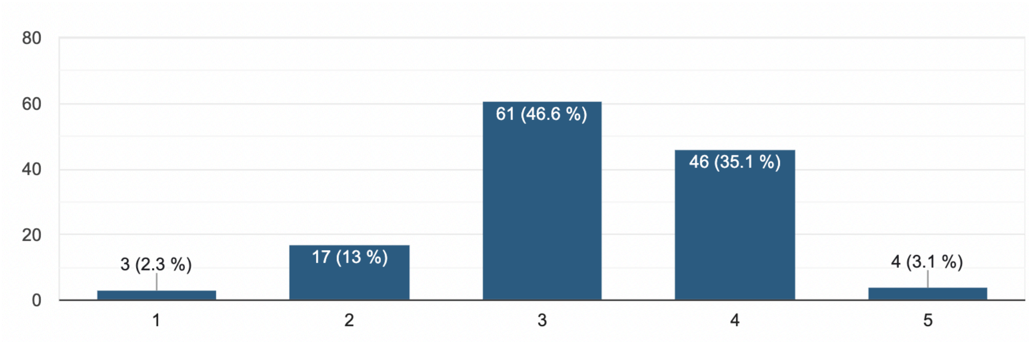

Figure 4.8. Leve lof trust on UGC

Source: Author's own work

Here it is possible to see that respondents don't believe as much about the content other people post on social media compared to the content posted by companies on the same media. This may be because of several factors, including that users believe that social media is only to show the "best part" of everything and therefore they don't consider it genuine. That's why according to an article in "El Tiempo" a Colombian newspaper, it is stated that Colombians are using social media not only to interact with their loved ones but to be updated with the news, and only now it is getting more recognition in retail (Patiño, 2020).

Now, to analyze the questions of the Likert scale, they were divided into different parts. The first two questions evaluate the respondents toward customer acquisition, as it refers to a new product or brand.

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
Trust on CGC for a new product/brand	Completely disagree	3	0	1	0	1	3	8
	Disagree	24	2	0	3	2	7	38
	Neutral	13	7	3	3	8	14	48
	Agree	4	0	2	5	3	18	32
	Completely agree	0	0	0	0	1	4	5
Total		44	9	6	11	15	46	131

Figure 4.9. Cross table "Trust on CGC for a new brand/product vs. age"

Source: Author's own work

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
Trust on UGC for a new product/brand	Completely disagree	1	0	0	0	0	3	4
	Disagree	5	0	1	3	5	7	21
	Neutral	7	4	0	2	4	16	33
	Agree	26	4	4	6	6	18	64
	Completely agree	5	1	1	0	0	2	9
Total		44	9	6	11	15	46	131

Figure 4.10. Cross table "Trust on UGC for a new product/brand vs. age"

Source: Author's own work

In these two tables, it's possible to see the difference in answers according to age. In figure 4.9, for the question "When I buy a product that has just been released on the market, I rely more on the information published by the company about the product (such as social media posts, ads, commercials, etc.) than on the information published by other users who have just bought the product (reviews, comments, videos, etc.)" it is seen that respondents of the age group between 18-24 years do not trust more on the company's information (which refers to the CGC), while the respondents that are more than 52 years old, they agree with this, meaning that they trust more in CGC rather than UGC.

This is confirmed in figure 4.10, with the question "When I buy a product that has just been released, I rely more on the information posted by other users who have just bought the product than on the information provided by the company about the product", because here it is the opposite. The age group of respondents between 18-24 years relies more on the UGC rather than CGC, while the respondents over 52 years old are neutral with this question. In this case, it doesn't mean that the group over 52 years don't trust UGC, but they don't trust it as much as they trust what the company itself publishes.

Figure 4.9 shows that 24 respondents between 18-24 years "disagree" with the company-generated content. This means that their level of trust for CGC when buying from a new brand/product is not that good coming from the company itself. However, 18 respondents over 52 years said that they agree with it, and 14 are neutral. This difference demonstrates that the older generation prefers the content they are receiving from the company as it may be more trustable to them.

In addition, figure 4.10 shows that respondents between 18-24 years "agree" with the user-generated content, and it is necessary to stay that it includes reviews, videos, blogs, and comments. This is very important because this means that gen Z feels more connected with other users, as they may perceive them as someone giving their real opinions and statements about a product/brand. For the ages of 25-31 years and 32-38 years, there is no significant analysis. However, for the respondents between 39-45 years, 6 out of 11 said that they agree, which is most of them, while for figure 4.9 most of the respondents of the same age group said that they were neutral or disagreed with CGC. The same happens for the group of 46-51 years because in figure 4.10 it is observed that the majority of them said agreed with UGC, whilst for CGC in figure 4.9 they were neutral.

However, it doesn't mean that the age group 18-24 years doesn't rely on and is up to date with CGC at all and that the age group over 52 years old doesn't rely on and is up to date with UGC. This is important to differentiate because there are different categories of both tools, for instance, UGC does not refer only to influencers, and CGC does not only refer to a website. Plus, these questions aimed to understand customer acquisition behavior, as it refers to the first time buying a product. In this way, it is possible to see that when Colombians of generation Z don't know a product, they will trust first the user-generated content, meaning reviews, comments, and videos they see about it. However, for Colombians of generation baby boomers and generation X, when they don't know a product, they will trust more what the company says about its benefits and will be more open to trying it by themselves.

Continuing with the Likert scale questions, for the existing products/brands (referring to customer retention), questions 9 and 10 were made.

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
Trust on UGC for an existing product	Completely disagree	0	0	0	0	0	2	2
	Disagree	1	0	1	2	2	6	12
	Neutral	8	3	1	2	5	17	36
	Agree	25	4	3	6	8	18	64
	Completely agree	10	2	1	1	0	3	17
Total		44	9	6	11	15	46	131

Figure 4.11. Cross table "Trust on UGC for an existing product vs. age"

Source: Author's own work

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
Trust on CGC for an existing product	Completely disagree	3	0	1	0	1	1	6
	Disagree	26	2	0	4	4	7	43
	Neutral	11	5	1	3	5	16	41
	Agree	4	2	4	4	3	18	35
	Completely agree	0	0	0	0	2	4	6
Total		44	9	6	11	15	46	131

Figure 4.12. Cross table "Trust on CGC for an existing product vs. age"

Source: Author's own work

Here, it’s seen a similar result for UGC, so 25 respondents out of the 44 between 18-24 years trust more UGC when it comes to buying a product already existing, this question was made to evaluate the behavior towards loyalty (customer retention). Whereas 18 respondents out of 46 over 52 years agree with UGC when it comes to an existing product/brand and 17 of them are neutral on this question. In this question, another group takes significance: the age group between 39-45 years and 46-51 years, where 6 out of 11 from the 39-45 years and 8 out of 15 from the 46-51 years, also agreed with UGC when buying repeatedly from a brand. This group of people refers to generation X and generation Y, also known as “millennials”. Because generation X had already been explained, Generation Y is going to be discussed.

Generation Y is also known as “Millennials”, and they are a generation that suffered the struggles of 9/11, the Great Recession and so much more. In Colombia, according to an analysis made by the company Deloitte, some of the most reliable sources of information for Millennials are organizations and individuals who are having a positive impact on the world, and therefore they trust NGOs, non-profit organizations, activists, and social media platforms (Deloitte, 2021). Considering this, it is clearer why they trust UGC to become a loyal customer rather than CGC, as they trust more on someone with good values and interest in what’s happening in the world than a company talking about itself.

Here, figure 4.11 shows that 25 respondents between 18-24 years said they agree with UGC when buying an existing product, which means that when they want to buy a product from a brand they already know, they prefer first to hear about other people’s reviews and comments and then make their purchase decision. This compared to the customer acquisition question (figure 4.10), indicates that overall, gen Z Colombians prefer to hear information about the product or brand from people outside of the company, as it may sound more reliable and real, making them think they are making a more conscious decision.

Whilst figure 4.12 show the opposite, for an existing product 18-24 years old don't trust the information the company post about their new products. This is accurate with the description of the people of gen Z, because of the easy access they have to information, they prefer to listen to someone's opinion that is causing some positive impact on an issue or someone that they feel more relatable. But the group of over 52 years trusts more CGC to buy a product from a brand they already know. The tables presented in figure 4.9 to figure 4.12 demonstrate that young generations prefer listening to people that may seem real to them instead of being informed directly by the company.

The respondents between 39-45 years and 46-51 years that agreed with UGC when buying an existing product, are now very neutral or in disagreement with CGC but it is not a significant change: from the group between 39-45 years, 3 respondents are neutral, 4 respondents disagree and 4 agree with CGC; and for the group between 46-51 years, 5 are neutral, 4 disagree and 3 only 3 agree with CGC. The variety in their answers is due to the different perspectives they have and the generations they come from (as they are a mix between gen X and Millennials, as said before), so, therefore, they prefer to find several ways to inform themselves until they find trustful information that is clear, concrete and that simply teaches them.

Now, question 11 sought to know whether Colombians would trust a company that is entering the market more when an influencer or trusted person recommends it.

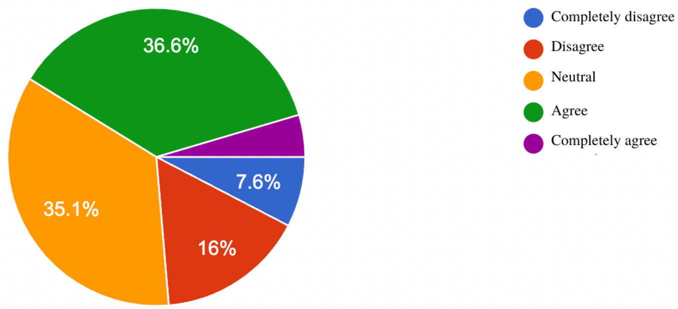

Figure 4.13. Answers to question 11

Source: Author's own work

This figure shows that 36,6% of respondents will trust a new company more if an influencer recommends it. This is a trend that came because of the pandemic, as said in an article by Noticias RCN, a news channel in Colombia, where it is stated that Colombians trust them because they feel like they are learning from the influencers every day in different manners 63% say they learn from influencers in topics such as health, hobbies, fashion and news (RCN, 2021).

This was all during the pandemic, which means that for entertainment, Colombians started to look for new ways of it and when they found influencers, they started following them and realized they provided more information about interesting topics, which would make them informed in easier ways. When analyzing figure 4.13 and comparing it with age, there is an engrossing approach.

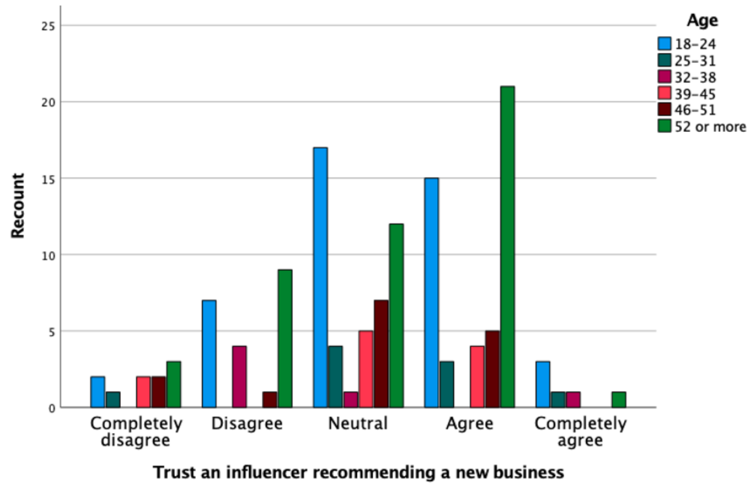

Figure 4.14. Answers to question 11 by age

Source: Author's own work

Even though on the questions before the younger generation was the one to trust more on UGC when it comes to influencers, they are very neutral compared to the group over 52 years. Figure 4.14 shows that from the group between 18-24 years, 17 respondents are neutral and 15 agree with the statement, which is surprising when comparing it to the answers of the people over 52 years. The oldest group said that they agreed with influencers making a new business more reliable, as 21 people said. So, it shows that even if the oldest group agrees more with CGC, they are very open to hearing and educating themselves with new sources of information.

Furthermore, questions 14 and 15 sought to know what makes UGC or CGC a reliable source of information for new products or existing products.

When you follow an influencer or read other people's reviews regarding a product/brand, what makes you trust them?

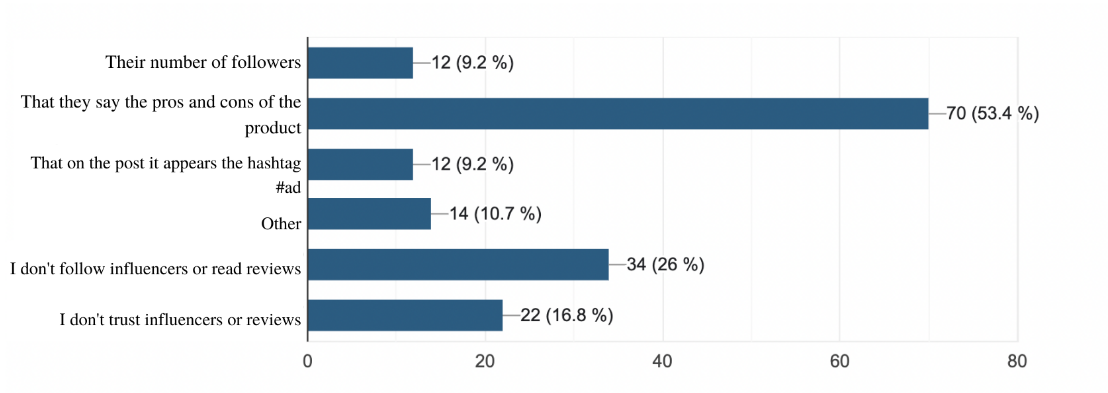

Figure 4.15. Answers to question 14

Source: Author's own work

When a company publishes the characteristics of its products on its social media or website, what makes you trust them?

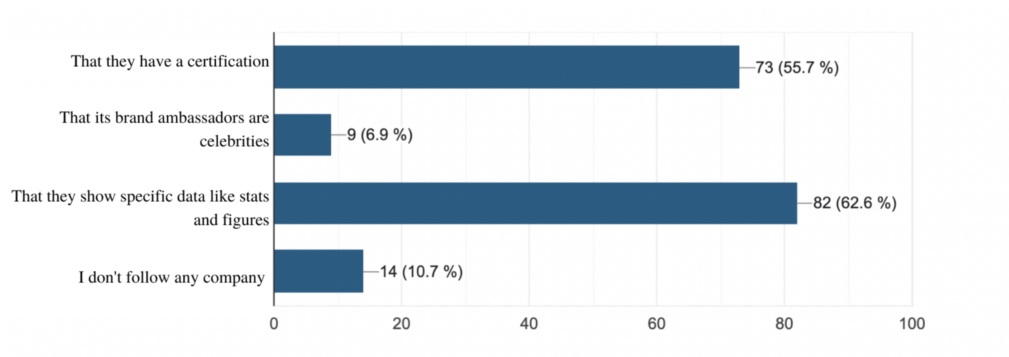

Figure 4.16. Answers to question 15

Source: Author's own work

For UGC (figure 4.15), 53,4% of respondents said that they trust UGC when people are showing the pros and cons of a product or brand. This means that if when doing UGC people "keep it real" and say every aspect of the product they are reviewing it will be more credible for their followers to believe that the critic is genuine. Even though the credibility of influencers has been increasing, some Colombians still have problems with them and because it is a part of UGC it affects how it is perceived. This is reflected in the 26% of respondents that said they didn't follow any influencers or read reviews, which is also linked to the age of the respondents as the majority is over 52 years and this is the generation that follows fewer influencers because they may not even know them.

Figure 4.16 talks about CGC and it displays the reasons why respondents believe in the content made by companies. The main reasons respondents will trust a company is if it has a certification of any kind (55,7% of respondents answered this) or because the company's posts include important data like stats and figures (62,6% of respondents). This shows that to believe in what a company is saying, it needs the approval of third parties like organizations or the government to give them the recognition and therefore, be real with the data they are showing. On the other hand, if a company has a brand ambassador that doesn't affect the level of trust positively or negatively, as it is also related to the fact that some Colombians don't welcome influencers. Following the questions, questions 16 and 17 asked about the social media the respondents use to follow influencers and companies.

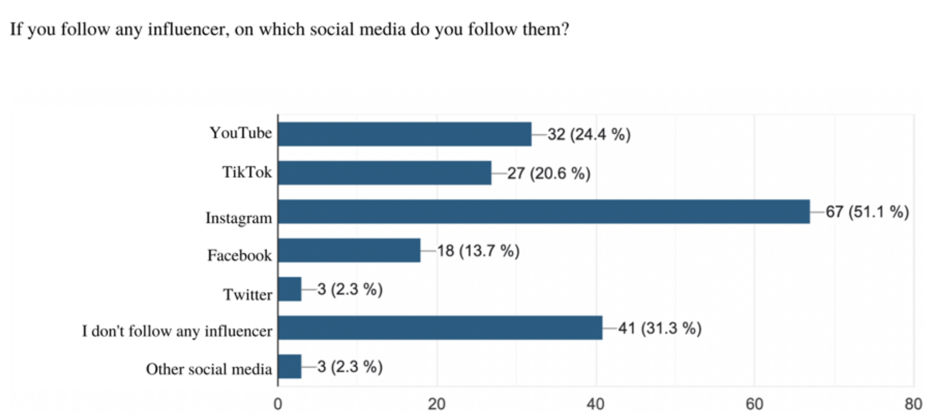

Figure 4.17. Answers to question 16

Source: Author's own work

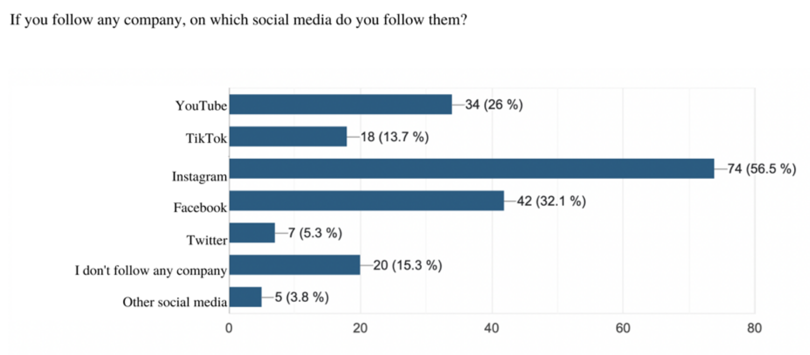

Figure 4.18. Answers to question 17

Source: Author's own work

This reveals that Colombians' favorite social media for both purposes is Instagram. For the influencers, 51,1% of the respondents said that they follow influencers on Instagram; and for the companies, 56,5% of respondents said that they follow companies on Instagram. This represents the importance of companies having a presence on Instagram because Colombians will more likely follow them there and keep up with their content and latest products thanks to Instagram.

Therefore, Instagram is a great opportunity for marketers to benefit because this social media has significant potential for Colombians. In fact, according to a global digital report, by February 2022 in Colombia, Instagram had 18.3 million users, and the percentage of the audience reachable through Instagram ads vs. internet users was 51,5% which means that marketers can see this as an opportunity to use ads and attract more potential customers (Medina, 2022).

Another important fact is that Instagram users are very varied in age at the moment in Colombia because according to Statista 33,1% of them are between 25-34 years, 28,4% are between 18-24 years, 17,3% are between 35-44 years and 8,2% are between 45-54 years (Statista, 2022a). This means that this social media covers most age groups and therefore it makes easier the targeting step for marketers when they want to do advertising or organic posts.

Figure 4.17 also shows that the second biggest percentage (31,3%) is that respondents don't follow any influencer, and this is mostly because the respondents that answered this were over 52 years, as they were 20 respondents of this age, and this is the older generation that may not use this social media specifically to follow influencers but rather to connect with family and friends.

Then, in the same figure, the second social media where respondents follow influencers is YouTube with a percentage of 24,4%. This is because YouTube is also an important social media in Colombia, as it has 30.4 million users and it is mostly used to listen to music and watch movies (Medina, 2022). So, YouTube is a social media very useful for UGC because here consumers can find several videos rating and reviewing any product they want, and it is easier than reading an article or a blog. Also, consumers can find by categories, people that have their channel specialized in certain topics, giving them more credibility about the theme they are talking about.

The social media in third place is TikTok because 20,6% of respondents said they followed influencers on this app. So, considering that YouTube and TikTok are apps where Colombians follow influencers, shows that they enjoy and prefer the video format for reviews and it's effortless for them, while Colombians are getting more educated and informed about the product/brand they are looking for. However, because TikTok is a social media that boomed only

2 years ago, means that it is growing very fast because now users like better short-video format and TikTok's largest video can go up only to three minutes, so that's easy, quick, and reliable information in one place.

Now, further analyzing figure 4.18, it is observed that it is a bit different than with the influencers. For instance, the social media in second place is Facebook (32,1%) and that represents the difference between the influencers because it means that when it comes to brands, besides Instagram, Colombians consider Facebook a more "serious" app than the other ones for this sector and therefore they will trust more what they read here.

In third place, there's YouTube with a percentage of 26%, which means that this SM is useful for influencers and companies. YouTube is an SM that provides a variety of formats for companies to publish their content, they can use long videos, short videos that are now called "shorts", they can go live with YouTube streaming, and they can advertise. So, all these tools are something that both the consumers and the companies appreciate and should benefit from to provide as much information as needed and to be clear with their communication purposes.

To continue with the analysis, the hypotheses need to be tested. To do so, the correlation of Pearson is going to be used with the help of SPSS as follows:

The general hypothesis of this research is:

- **H1:** UGC has a greater influence than CGC in both customer acquisition and customer retention in the Colombian market.

Considering the answers of the survey done to the 131 respondents, and with the help of SPSS.

The correlation of Pearson results for this hypothesis was:

Correlation

		UGC on customer acquisition	UGC on customer retention
UGC on customer acquisition	Pearson correlation	1	,642**
	Sig. (bilateral)		<,001
	N	131	131
UGC on customer retention	Pearson correlation	,642**	1
	Sig. (bilateral)	<,001	
	N	131	131

**. The correlation is significant at the 0.01 level (bilateral).

Figure 4.19 Correlation of Pearson for customer acquisition and customer retention for UGC

Source: Author's own work

Correlation

		CGC on customer acquisition	CGC on customer retention
CGC on customer acquisition	Pearson Correlation	1	,694**
	Sig. (bilateral)		<,001
	N	131	131
CGC on customer retention	Pearson Correlation	,694**	1
	Sig. (bilateral)	<,001	
	N	131	131

**. The correlation is significant at the 0.01 level (bilateral).

Figure 4.20 Correlation of Pearson for customer acquisition and customer retention for CGC

Source: Author's own work

Figure 4.19 shows the correlation between customer acquisition and customer retention with UGC; here it is observed that the correlation exists, and it is significant at the 0.01 level.

However, it is only a moderate correlation (0,642), which means that the association between these variables is not strong for UGC.

To continue and evaluate the variables' behavior toward CGC, figure 4.20 shows something similar, the correlation continues to be moderate (0,694), but it is slightly more significant than for UGC. Taking this into account, it means that the general hypothesis is rejected for this research because UGC doesn’t have a greater impact than CGC in both customer acquisition and customer retention. Nonetheless, it doesn’t mean that there is no impact from UGC on customer acquisition and customer retention, it just means that the impact is not as strong as CGC for both.

Following the other specific hypotheses, hypothesis number 2 is:

- **H2:** CGC has a greater influence on both customer acquisition and customer retention in the Colombian market.

The analysis for this hypothesis can be made with the same figures 4.19 and 4.20. Considering that, it means that CGC has a greater influence on both customer acquisition and customer retention in the Colombian market than UGC. This is because the correlation between CGC and customer acquisition/customer retention is slightly higher than UGC, for CGC it is 0,694 and for CGC it’s 0,642 at the same level of 0,01 bilateral with the 131 respondents of the survey as the sample. Therefore, it can be said that hypothesis number 2 is accepted.

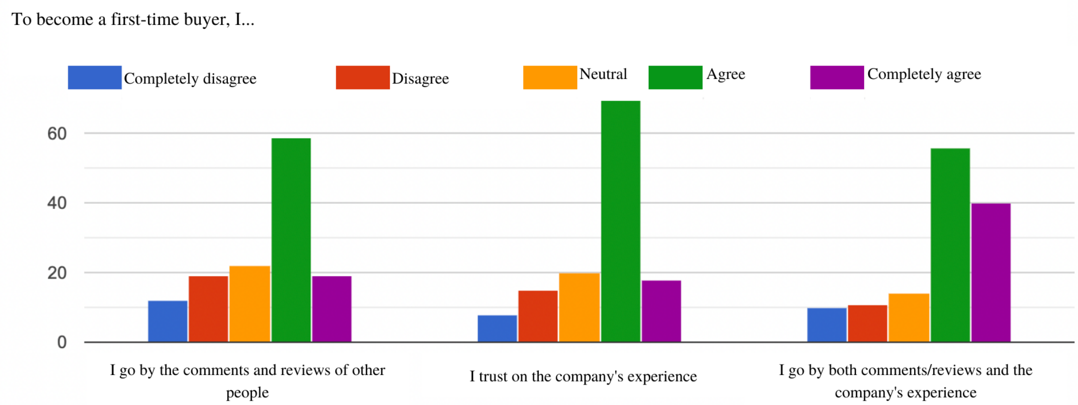

Figure 4.21 Answers to question 12

Source: Author’s own work

To show the veracity of hypothesis 2, figure 4.21 shows that to become a first-time customer of a company respondents trust more CGC than UGC because 70 respondents answered “agree” with the statement “I trust in the company’s experience”, and this is related to H2 that was accepted. So, this means that most of the respondents trust CGC in a general manner for customer acquisition as it is related to the first-time purchase.

Figure 4.22 shows that to become a loyal customer of a brand, respondents believe both in UGC and CGC, as 64 respondents said “agree” for the “I go by both company’s experience and reviews/comments” in contrast to 61 that said that trust more CGC and 47 trust UGC. This again shows the acceptance of H2 because it shows that CGC is more effective than UGC for customer retention as it refers to loyalty. These two figures, therefore, confirm the H2 in a different way than Pearson's correlation but with the same results, that it has a moderate correlation.

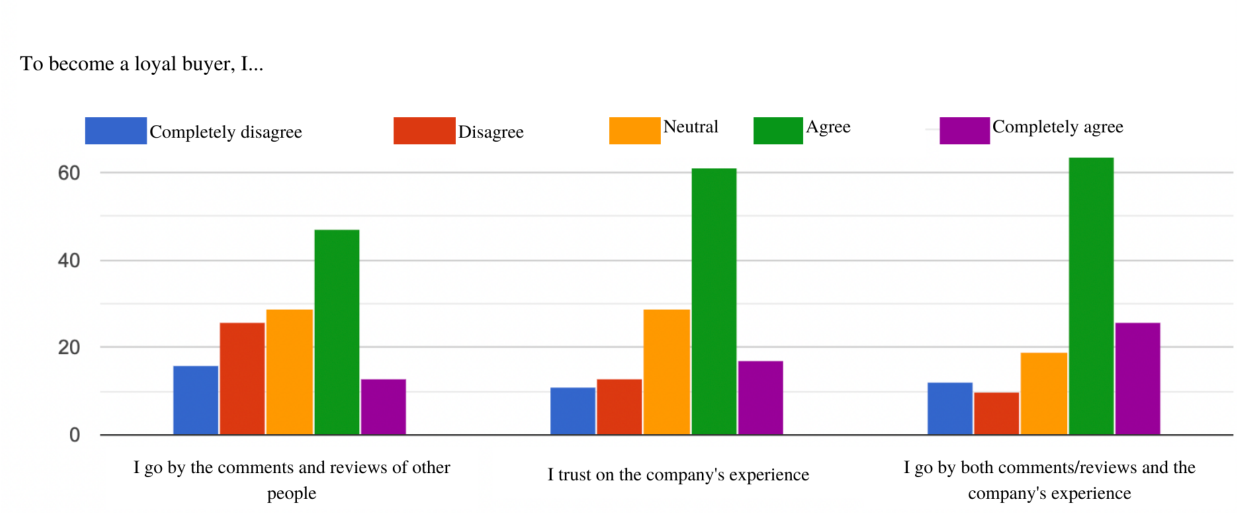

Figure 4.22 Answers to question 13

Source: Author's own work

However, it is important to analyze this with a cross table between age and each answer because some differences can be found depending on the generation the respondent is in, as it affects their behavior towards loyalty and first-time purchase.

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
I go by UGC	Completely disagree	0	0	0	0	3	9	12
	Disagree	3	0	1	2	2	11	19
	Neutral	8	1	0	3	3	7	22
	Agree	23	6	4	5	5	16	59
	Completely agree	10	2	1	1	2	3	19
Total		44	9	6	11	15	46	131

Figure 4.23 Cross table "UGC * Age" for customer acquisition

Source: Author's own work

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
I go by CGC	Completely disagree	0	0	0	1	2	5	8
	Disagree	2	0	0	0	2	11	15
	Neutral	13	1	0	0	1	5	20
	Agree	24	6	4	8	9	19	70
	Completely agree	5	2	2	2	1	6	18
Total		44	9	6	11	15	46	131

Figure 4.24 Cross table "CGC * Age" for customer acquisition

Source: Author's own work

The above figures show that for customer acquisition more gen Z Colombians completely agree with UGC compared to CGC because there's a difference of 5 respondents. While more baby boomers completely agree with CGC for this. So, for customer acquisition, it is possible to see that it depends on age whether they prefer UGC or CGC.

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
I go by UGC	Completely disagree	1	1	1	1	4	8	16
	Disagree	5	1	1	4	3	12	26
	Neutral	11	2	1	4	2	9	29
	Agree	19	5	2	2	4	15	47
	Completely agree	8	0	1	0	2	2	13
Total		44	9	6	11	15	46	131

Figure 4.25. Cross table "UGC * Age" for customer retention

Source: Author's own work

		Age						
		18-24	25-31	32-38	39-45	46-51	52 or more	Total
I go by CGC	Completely disagree	0	1	1	1	4	4	11
	Disagree	4	0	0	0	1	8	13
	Neutral	13	3	0	3	1	9	29
	Agree	19	4	4	7	7	20	61
	Completely agree	8	1	1	0	2	5	17
Total		44	9	6	11	15	46	131

Figure 4.26 Cross table "CGC * Age" for customer retention

Source: Author's own work

Figures 4.25 and 4.26 demonstrate that for respondents over 52 years old it is more significant CGC than UGC when making a repetitive purchase while younger generations like gen Z and Millennials are indifferent between UGC and CGC in this manner.

This means that company-generated content has a greater impact on customer acquisition and customer retention than user-generated content in the Colombian market. Nevertheless, UGC is significant and necessary as seen in figures 4.9, 4.10, 4.11, and 4.12 but it depends on the target because younger generations will trust more UGC when it comes to a new product/brand (customer acquisition) rather than trusting CGC, but respondents over 52 years old will trust more on CGC; and for customer retention, it's the same with the younger respondents of 18-24 years that they will rely on UGC for a repetitive purchase, as well as consumers between 25-31 years and 46-51 years old; but, for respondents over 52 years old, it's the opposite as they still trust more CGC to purchase the same company.

In this way, it all depends on the target audience because they all present different characteristics, but in the bigger perspective, it's possible to see that Colombians still trust more companies than other types of content, especially the content generated by influencers because they still don't have an important impact on the society and so, some customers may not understand why they do or if they are someone they can rely on.

5. Conclusions and practical recommendations

Conclusions

This research aimed to know the impact of UGC and CGC on customer acquisition and customer retention in the Colombian market because of the relevance these two concepts have on customer relationship management and what it means for a company to work on this and be successful. Throughout the introduction, literature review, and analysis of the surveys made to 131 Colombians it was possible to see pertinent results that are helpful for companies that are already present in this market or companies that want to enter it.

In this context, several conclusions are worth mentioning for this study, considering the results of the surveys and the literature review presented before.

- UGC is a concept that is gaining more trust in the Colombian market, especially for the younger generation such as gen Z, because they trust what other customers say about the products or brands in a manner that they perceive as more realistic than the information published by the own companies about the benefits of using their products.

- Because influencers are a part of UGC it was suitable to mention them in this research, however, it was clear that influencers don't have a good reputation for the Colombians, principally for the older generations like generation X and baby boomers. This doesn't mean that influencers are not helpful, but what they do and how they do it, it's not clear for these generations so they prefer to rely on more traditional ways like Google search and social media like YouTube or Facebook.

- Given that the social media that customers use the most to follow both influencers and companies is mainly Instagram, that means that consumers from all generations are into this SM that allows them not only to connect with friends and family but to follow anything related to their interests and that Colombians prefer the image and video format to inform themselves, especially the younger generations because they use social media like Instagram and TikTok, that is SM undemanding for them and provides them with information first-hand and accessible for everyone. However, the older generations still prefer to read more to educate themselves about a product/brand, that's why they use social media like Facebook where they can find longer posts and articles about a topic of interest.

- As seen in the correlation of Pearson results, CGC has a greater impact on both customer acquisition and customer retention, nonetheless, this is not a strong correlation but rather a moderate correlation because it can be affected by several factors. For instance, one of the factors is age because when talking about customer acquisition, 26 respondents between 18-24 years agree more with UGC than with CGC. This UGC refers to reviews, comments, shares, blogs, and any kind of content made by the user itself, which means that younger consumers will be more open to receiving comments from people like them than from companies.

- On the other hand, for customer acquisition and retention, respondents over 52 years old are very open to receiving information from both UGC and CGC when making a purchase decision which makes it easier for companies to get to them and educate them about their products or values. One of the important differences according to the literature review is that older generations appreciate more information they can read too, that's why the most used social media in Colombia is Facebook because here, these generations can find content more practical in terms of how the information is presented as they consider that articles and in general information presented in the text are more relevant sometimes that pictures that may not say a lot or videos.

- Another important factor analyzed is that women are the most active when buying online, which means they are the ones making the purchase decisions. This is represented not only in the surveys but also in the article published by La República where 70% of the visitors for “Cyber-Monday” (Cyberlunes in Spanish, is an initiative of the Colombian Chamber of Electronic Commerce that seeks to generate an online shopping experience for consumers and an opportunity for participating brands to increase their sales (CCCE, 2022)) were women and only 30% men, (Salazar Sierra, 2021). Thus, it represents that women are the most active when it comes to being updated with the latest buying trends, needs, and discounts on the internet.

- Although respondents said it wasn’t very frequent that they clicked on the ads when buying online, it doesn’t mean that Colombians don’t see ads or think they are relevant. Yet, they are influenced by these ads, and according to the study made by Kantar IBOPE, 41% of the respondents of their survey agree that ads are an important and influential factor when buying online, and most of them were women, 54%, while men were 46%; here is paramount to mention that from the consumers that think ads are relevant, most of them are people over 50 years old, because the younger generation (between 20-34 years) 38% of them say that the ads don’t attract them and don’t encourage them to complete a purchase (ACIS, 2020).

  Thereby, younger generations don’t see ads as an effective way of customer attraction and this is related to the results acquired on the survey, where gen Z prefers UGC for customer acquisition rather than CGC because they consider it more reliable. As for the ads, it is observed that older generations trust more this and are attracted to the discounts or information they see in the ads, making them more likely to click on the ad to get more information.

- If companies want to use UGC because their target audience is younger generations than 52 years old, then they must keep in mind different factors as mentioned in the literature review because to assure that there is going to be UGC, they can motivate their consumers to post about their product/brand by adding interactive props (experiential marketing) to create an environment where customers can feel a part of it and thus, they would be willing to show that to their social media or other websites.

- Also, if companies want to use social media like TikTok, which is made for a younger audience, then they should understand the way it works and how users communicate on that SM. For instance, TikTok relies on short, fun, and educational content, so to advertise there the audience is expecting something that does not look like an ad.

- In this research, only two respondents manifested they haven't bought something online, but the rest (129 respondents) said yes. This reflects the impact of e-commerce in Colombia and how it is growing through the years since the pandemic, which allowed e-commerce to grow as never before seen. However, it can get stronger because only 35% of Colombians, by the first semester of 2021, had bought mass consumer goods online (Salazar Sierra, 2021).

- To answer the main question of this research, UGC and CGC can impact positively customer acquisition and customer retention, especially CGC. This is because CGC is more attractive to Colombians as they consider it a reliable source of information while UGC is still something new for Colombians. One of the factors that affect the most UGC is the influencers because according to the respondents their purchasing decisions are not affected by them because according to the results presented in figure 4.15 most of them don't even follow influencers (26%) or don't trust them (16,8%), while according to the results on figure 4.16 only 10,7% of the respondents don't follow any company on SM or their websites, reflecting the importance that Colombians give to CGC.

Practical recommendations

This research also provides certain steps and recommendations for companies when taking a deeper look into the results, thus, providing them with certain criteria to put into practice in their strategies to be more successful in this market.

The correlation between UGC, CGC, and customer acquisition and customer retention showed that UGC doesn't have a greater impact on both than CGC it is the opposite as CGC is the one having a greater impact. This means that the content generated by the company is more persuasive for the customers and therefore will attract more potential buyers too.

However, it was seen that company-generated content and user-generated content should not be taken into consideration separately but rather put together for both customer acquisition and retention because it depends on several factors such as age and gender, therefore the target audience is a key point to evaluate when creating the strategies for CRM. In this perspective, companies should think of a way of including their customers in the whole creation process so they feel more valued and welcomed into their strategies and their needs will be satisfied.

Considering the latest, this means that another concept is key for companies that want to enter the Colombian market and it is co-creation as mentioned in the literature review. Here, co-creation would be also considered as "relationship dialogue" that refers to the process of reasoning together so organizations and customers/relevant stakeholders can develop knowledge that creates new value for the company through three stages that are **1)** communication, where the company is the one transmitting information to inform the customer with an integrated marketing content (IMC) and their associated mediums; **2)** interaction, which is a reciprocal exchange between the organization and its customers that can be done face-to-face interactions or made with electronic channels, and finally **3)** value creation, where thanks to the two prior stages consumers transfer their value (Abeza et al., 2020).

A good and recent example of this co-creation in Colombia, where the company listened to its audience, it's the creation of the McFlurry with Chocoramo, which comprises the co-branding between McDonald's and Ramo, a Colombian company loved by all the Colombians as it has always introduced products that are made considering their traditions. This collaboration is very successful and it shows how McDonald's celebrates the Colombian flavors and its values (Tiempo, 2022).

Given that gen Z Colombians prefer UGC for customer acquisition, then a recommendation for companies is that when they try to enter the market or introduce a new product, they can give free samples of their product to users with an important target audience so they can try them and use eWOM (Electronic Word of Mouth) so they post about it and give reviews of the products to attract more potential buyers. Another important factor to highlight is that Colombians love their culture and so, they love to show it to the world, that's why when a company is willing to interact and create products according to the Colombian culture, customers will feel identified with the brand's vision or the product and therefore they will be proud to take pictures and share them, creating UGC.

Moreover, if companies want to motivate UGC through, then they should consider not making it too forced because as seen in the literature review, customers value reviews that look authentic because of the way they are written rather reviews that are only benefiting the company without considering the reality behind it. Furthermore, companies can and should promote UGC through social media, posting a story or a post where it includes an activity the user can do and using a hashtag to convert that into a movement or a trend. This has been successful worldwide and an example of it is the company Calvin Klein with the hashtag #MyCalvins so users would upload pictures or videos with their CK, and it became a trend.

Another recommendation for companies is that to assure great coverage of their audiences is to use social media because as seen also in the literature review, it is used by millions of Colombians as a place to connect with friends and family, to get inspiration, and to be updated with what is happening around the world. To do so, this research helps them evaluate which social media use in Colombia because the respondents said that 56,5% of them followed companies on Instagram, 32,1% on Facebook, and 26% on YouTube. Even though in Colombia the number one app is WhatsApp, to follow companies the results are different as shown in this research. So, considering the age groups, if the company's target is baby boomers or gen x, then Facebook and YouTube are the suitable SM; while for gen Y and gen Z, Instagram and TikTok.

Finally, if companies want to be successful in the Colombian market, they should consider having a strategy based on being omnichannel because Colombians still acknowledge traditional media such as TV commercials, and digital media since the pandemic. Also, companies should put their marketing efforts into including the customer in their creation process to motivate them to feel more connected to the brand and to reflect that their needs are being fulfilled using UGC and with CGC, companies must assure clear communication and messages so that users understand easily the information they want to transmit, this helps creates a better communication channel and a successful digital marketing strategy.

6. Limitations and future directions

Even though this research already provided helpful results and conclusions for companies and marketers that want to enter the Colombian market or that are already in it, there are certain limitations and future directions that can be considered for future studies related to the topic of UGC, CGC and CRM strategies, as follows:

- If future studies want to analyze the Colombian market too, then other variables should be considered too such as the socioeconomic stratum because this influences the income of Colombians and the opportunities they have regarding access to the internet, education, and housing. Therefore, including this variable would provide more specific results for companies in the FMCG industry for example.

- Another future direction is for the surveys, if possible, they should be done to the same quantity of females and males to have more accurate data in an equal group, the same for the age groups, the same quantity of respondents should be considered into every age group to have more consistent data that would provide specific information. And to have more extensive data, focus groups and interviews should be considered too, because in that way the responses could be debated, and interesting insights could come out of that.

- Because this research wanted to provide companies with a wider perspective on the behavior of the Colombian market, it wasn't done considering only one industry. However, seeing the results for a specific industry would be very interesting and a recommendation is to do it in the tourism and recreation industry because this is what Colombians invest in more in online shopping. Therefore, evaluating their behavior towards this industry would provide a deeper view and recommendations that companies would also appreciate.

- A limitation of this study was that most of the respondents (35,1%) were above 52 years old, and even though they represent a big part of the Colombians, assessing the behavior of younger generations that are more connected and experts on the digital world would provide a wider view of the usage of the internet and social media.

- Finally, for future studies it would be also interesting to see the behavior of UGC against other digital tools or even just the behavior of the different parts of UGC, so studies could be done by asking about the importance of reviews, influencers, comments, and shares, independently to see which one is more influencing on the customer's opinion and purchase intention.

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