Customer Advocacy: A New Era in Marketing?

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I have been active as a marketing researcher since 1964, or much of what Wilkie and Moore (2003) call Eras III and IV of scholarly research. The field of management science in marketing has grown in both scope and impact during this time. My work has been centered on new product development, with models from assessor to information acceleration. Most recently, I have been working on issues of trust, advice for consumers, and the discovery of new product opportunities by "listening in" to the online dialogue between a trusted advisor and a customer (Urban and Hauser 2004). Because I have done this recent work on the Internet, I sensed a sea change in the underlying consumer behavior. Something had shifted, and it took me a while to discover that customers had gained new power in buying decisions. Since 1950, marketing has been based on a push/pull model in which the manufacturer designs a product to fill a need and then convinces the consumer to buy with aggressive advertising, promotion, and distribution tactics. The increase in customer power changes the equation, and I believe that this shift in the power relationship will define the dividing line between Eras IV and V of marketing. I call this new era "customer advocacy" because it is based on the firm representing the customers' interest by providing them complete and unbiased information, advice on which product is best for them (including fair comparisons with competitors), joint design of products, and a partnership that breeds long-term loyalty. In other words, advocate for your customers and they will advocate for you!

In this article, I do not concentrate on my previous work nor on prior changes in the field (others in this special section have done a good job of this), but rather I emphasize the future. I examine the customer power shift and its implications for a new paradigm of marketing, outline the new strategic choices for companies, indicate some implications for scholarly research and societal marketing, and close with some personal forecasts on the emerging customer advocacy era of marketing.

Growth of Customer Power

Customers now have access to information about a company and its products from a multitude of sources. From ConsumerReports.org for third-party information, to Amazon.com for customer reviews, and to eBay for seller ratings, consumers now have much greater access to independent information about a company's products and services. The use of the Internet was predicted, but the following recent data show how fundamental the impact actually has become. For example, more than 64% of car buyers now use the Internet to research car models, features, and prices (J.D. Power 2002).[1] In addition, 68% of new car buyers rate third-party sites as very or extremely important sources of information, and they visit an average of seven different sites, such as Kelley Blue Book, Autobytel, and Edmunds (J.D. Power 2002). Many prospective buyers begin their online research months before they set foot on a dealer's lot, and 6% save an average of $450 per vehicle by using an Internet buying service (Morton, Zettelmeyer, and Risso 2001). The implication is that old-style marketing is less effective when customers have independent means to research a company's claims and obtain cost information.

Customers can find competing products more easily. Search engines, comparison sites, and online reviews all enable customers to find the best products at the lowest price. For example, travelers now enjoy a range of Web sites (e.g., Expedia, Orbitz, Travelocity) that help them find the lowest fares on flights. More than 63% of leisure travelers and 69% of business travelers use the Internet for research.[2] Internet sales grew 37% in 2002 to $28 billion even as total travel services fell 5%. Indeed, 35 million people bought tickets online in 2003 (Sileo and Friedman 2003). Increasingly, leisure and business travelers refuse to pay high fares, causing much financial difficulty for airlines. The Internet has also affected the real estate market by making a broader range of rich information available to homebuyers. Online real estate buying services (e.g., eReality, ZipReality) rebate up to 1% of the purchase price, thereby lowering commissions and saving customers thousands of dollars on the purchase of a house.

Customers can buy from anywhere, regardless of physical location. The Internet simplifies transactions for both consumers and industrial customers. Customers can connect directly with providers to buy goods and services. Electronic airline tickets eliminate the need to obtain paper tickets, thus reducing people's dependency on local travel agents. Simplified transactions also enable switching—that is, the Internet gives customers the power to find and buy from a wider array of potential providers.

Prospective customers can find out if a company has mistreated former customers. The Internet enables consultation and collaboration between consumers. In 2002, 110 million people in the United States used the Internet for health care information. In addition, 48 million consumers went online in Japan, 31 million consumers went online in Germany, and 14 million consumers went online in France for health care information (*Health Care News* 2002). Active online communities exist for virtually every disease. Patients exchange information about the effectiveness of products and provide advice to one other about how to gain control of

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[1]J.D. Power (2002) reports 64%, Jupiter Research (2003) reports 77%, and Cospirit Research (2002) reports 83% of U.K. car shoppers use the Internet as a shopping aid.
[2]See the graph in Yankelovich Partners (2004).

their medical treatments. When a customer requests a specific prescription, 84% of the time that request is honored by the doctor (Manhattan Research 2002). Sites such as epinions.com or planetfeedback.com make it easy for customers to submit their opinion of a company or product and for other potential customers to view these ratings.

Increasing communication between customers amplifies and accelerates word-of-mouth marketing. In the past, disreputable companies lost customers one at a time. At worst, the occasional exasperated ex-customer might convince a few friends to stop buying from the company. Now, the Internet provides global reach for the disgruntled. Web sites such as thecomplaintstation.com, rating services, and discussion forums accelerate the process of weeding out bad products, poor service, and disreputable companies. On eBay, customers give positive and negative comments to sellers, and even a few negative comments can immobilize the seller's auction by reducing the number of bidders. Visible star ratings summarize the seller's reputation in terms of the quality and quantity of comments.

Customers can avoid a company's marketing efforts. Consumers have more control over the flow of marketing messages into their homes and lives. Consumers' distaste for junk mail, telemarketing calls, spam, and pop-up advertisements means that these pushy messages are more likely to earn the ire of consumers than to earn profits. Technology empowers consumers by enabling them to mute or "zap" television commercials, screen telephone calls, block pop-up advertisements, stop telemarketing, and send spam straight to the trash can. For example, 94% of people "distrust" pop-up advertisements,[3] more than 20 million people have installed pop-up blockers (Neff 2003), and more than 50 million people have signed up for "no call" protection.

In summary, customers are becoming more powerful. They are tired of corporate hype and corporate scandal. More than two-thirds (69%) of people in the United States agree with the statement, "I don't know whom to trust anymore," according to a February 2002 Golin/Harris Poll (*Trust* 2002). Companies have tarnished their images through accounting scandals and product recalls, and chief executive officers have lost credibility with fat salaries while everyday workers lost 401k retirement savings in a market downturn. According to a 2004 Gallup International and World Economic Forum study, there is a dramatic lack of trust in global and large national companies, and trust is even low when it comes to nongovernmental organizations, trade unions, and media organizations around the world. Global companies and large domestic companies are not trusted to operate in the best interest of society: 48% of the 36,000 respondents across 47 countries had little or no trust in global companies, and 52% had little or no trust in large national companies (World Economic Forum 2004); 52% was the largest value for the little or no-trust responses across all the international institutions. In 2003, two-thirds of people in the United States believed that "if the opportunity arises, most businesses will take advantage of the public if they feel they are unlikely to be found out" (Wood 2003, p. 8). Furthermore, customers are resentful of current marketing tactics: 64% of consumers are "furious" about pop-up advertisements on their screens (96% were "angry" or "furious"), and the same percentage are furious over spam (Neff 2003). In addition, 90% of customers claim that "they think less of brands featured in pop ups" (Blackshaw 2003, p. 1). These resentments make consumers fight back and exercise the increasing power that Internet technology grants them.

Company Strategic Responses

Faced with increasing customer power, a company can choose among three possible strategies: (1) amplify the traditional push/pull model of marketing, (2) strengthen relationships with customers, or (3) embrace true customer advocacy.

Push/Pull Harder

A company can respond to customers' new power with old-fashioned marketing push and pull. An increased pull by media advertising; aggressive push with price promotions (perhaps with higher initial prices or hidden fees to maintain profits); and potentially misleading, one-sided communications might get the job done. After all, these time-tested tactics have been the core of marketing for the past 50 years. However, modern-day consumers are wiser and more elusive than their more gullible predecessors. Even as consumers have embraced a greater influx of information, the media channels by which a company might push information to consumers have become less effective. Media fragmentation, consumer skepticism, and the time pressures of a modern lifestyle mean that pushing information and products on unsuspecting customers is an uphill battle.

In the halcyon days of mass media, people read their local newspaper and watched one of the three nationally broadcasted television channels. In the past, a company could reach a large mass of consumers through any of these mass-media outlets, but now daily newspaper readers are in the minority, national broadcasts have lost market share to a dizzying array of cable channels, and the Internet has diverted peoples' attention to a fragmented web of online sites. The national broadcast networks' market share of prime-time audiences has declined 50% since 1970. When today's figures are compared with the 1960s, the decline is even worse. The hundreds of channels available on cable or by satellite fragment television's power, making it more difficult for marketers to push their messages to the millions of viewers. It is surprising that advertising costs have not fallen; indeed, they are way up! Network prime-time television cost per thousand exposures rose 18% from 2000 to 2003 (Media Dynamics 2003).

Even if prospective customers are exposed to a television advertisement, only one-third of them actually watch it; most viewers mute the advertisement, switch channels, or leave the room (Tandemar Corporation 2000). In a 2004 study, the market research company Yankelovich found that 79% of viewers flip channels during commercials compared with 51% in 1986, and 53% turn down the volume com-

[3]The word "distrust" means to "distrust completely" and to "distrust somewhat" (Intelliseek 2003).

pared with 25% in 1986 (Smith, Clurman, and Wood 2005). Advertisements lose out in the competition with the refrigerator, the bathroom, family members, other television channels, electronic games, and the Internet. The average use of the Internet is almost the same as television viewing time (15 hours per week), and 36% of people claim that they are watching less television (Jupiter Research 2002). Some people under 21 years of age never watch television and rather use the Internet and mobile devices as the dominant media. Even on the Internet, with its deftly targeted pop-up and banner advertisements, click-through rates have fallen dramatically between 1998 and 2005. Internet service providers and software vendors now tout their ability to block pop-ups and spam. Junk mail gets tossed, and telephone calls are screened by Caller ID, answering machines, and no-call registries. The effectiveness per dollar of push/pull marketing has dropped dramatically.

Admittedly, a company may continue to thrive using a push strategy in this brave new world of fragmented media and attention-deficient, addled customers. Clever, funny, or engaging advertisements can draw customers. Shrewd selection of highly specific media with refined targeting can help a company reach its intended niche audience. However, aggressive push can be a false victory—winning the sale but losing the customer—if excessive hype or questionable (but not illegal) pricing tactics leave buyers embittered and resentful when they find out the facts, and in today's world, the customers will find out the facts.

Strengthen Relationships

In the attempt to appease a more powerful customer base, a company might pursue a strategy of relationship marketing. In recent years, many leading companies have refocused on their customers by emphasizing customer satisfaction metrics, creating consistency in customer interfaces, building better products through total quality management, and emphasizing more personalized service. Customer relationship management (CRM) software often backs such efforts by giving a company the data and functionality necessary for one-to-one marketing and for the creation of a consistent one-face-to-the-customer interface. In addition, CRM helps a company understand each customer and then deliver a consistent message or service to that customer. By putting the "custom" back in customers, these companies can target their customers more effectively and deliver persuasive information and promotions more efficiently.

Customers may like this new emphasis on one-to-one connections, but the company must be careful about how it uses the data. The ideal is for a close, positive relationship with customers, but the reality is often more invasive marketing. Too many CRM programs are based on building a huge data warehouse, mining the data, and then hitting the identified segments with aggressive e-mail, telephone, or Internet promotions, with or without customer permission. For most companies, CRM is merely a more efficient means of push/pull marketing, targeting customers in the sense of drawing accurate crosshairs on their chests. Impertinence and aggressive cross-selling can make customers treat a company as if it were a cheeky acquaintance, making the customer cross the street to avoid contact with you. It is no wonder that 55% of CRMs have not succeeded (Freeland 2003).

Customer Advocacy

A company might choose to embrace advocacy by becoming a faithful representative of customers' interests. Under this approach, a firm provides customers and prospects with open, honest, and complete information. The firm gives customers advice so that they can find the best products, even if those products are not the company's products. Far from being foolish, the honesty of advocacy reflects the reality that customers will learn the truth anyway. If a company is distorting the truth, customers will detect the falsehoods and act accordingly.

If a company embraces honesty, it must have good, if not the best, products. With transparency, this is the only way to earn the customer's purchase. A firm will invest more in product design and quality and less in pushy promotion and advertising.

Advocacy is not a way for a company to speak at customers. Rather, it is a mutual dialogue and a partnership that assumes that if the company advocates for its customers, those customers will reciprocate with trust, purchases, and enduring loyalty. It is a partnership between a firm and its customers to the mutual benefit of both. A company advocates for customers' interests, and customers advocate for the company by buying its products and helping it design better products. Most important, the customers tell others about the firm and its products. Advocacy has duality: The partnership created by advocacy is mutual and reciprocal. If customers tell others about the positive partnership, customer acquisition costs decline, and customer preference for the product grows. Companies that advocate for customers enjoy more opportunities to sell a broader range of products to more people. This can lead to growth in sales because customers and their friends choose the company's products. It also leads to greater profit margins because customers come to realize that the company offers an extra value that is reflected in an honest price that is worth paying.

Advocacy is a major step forward in the evolving relationship between a firm and its customers. Push/pull marketing is driven by the economics of mass production—that is, efficient processes that create many low-cost goods. Relationship marketing is impelled by the saturation of push marketing and intense rivalries, particularly around quality and price. Advocacy will be the next imperative because of the accelerating growth of customer power.

Customer advocacy can be viewed as the top of a pyramid. Total quality management and customer satisfaction are at the base of the pyramid. They are necessary conditions for trust and advocacy. If a company is to recommend its own products honestly, it must have products that are good enough to recommend. The advocacy pyramid is supported in the middle by relationship marketing because CRM provides the necessary tools for a company to understand each customer and personalize its advocacy relationship with each customer. The pinnacle is advocacy. In many markets, advocacy will become the preferred strategy as firms respond to the new reality that customers are in control, not manufacturers and distributors.

Researcher Response

The growth in customer power and the new marketing strategies of firms require that scholars examine their research strategies. The philosophy of marketing is different. Traditional marketing will be based on understanding customers' needs and then convincing them to buy the firm's products, but advocacy is based on maximizing the customers' interests and partnering with customers. This goes beyond customer focus to representing actively the customers' interests as a good friend would for them. This philosophy is based on the realization that customers are in control and that the path to success is to help them make the best decisions possible in the complex world of buying. It is a mutuality of interest. If the firm helps the customer, it learns what products and services customers really want and then can provide the products that honest advice would recommend. The customer advocates for the manufacturer by telling others about the firm and developing a long-term trust with and loyalty for the firm. The research necessary to support this philosophy must be new and innovative.

The new consumer behavior will be based on transparency and trusted advice. Less money would be spent on advertising and promotion and more on product design and new Internet community communication methods. Many research topics are apparent, but I highlight three areas to provide some new detail on the required research.

Building Trust

Advocacy depends on trust, and marketers must learn about the determinants of trust and the dynamics of building enduring trust. Some analytical work has been done, but much more is necessary (for a summary of such work, see Shankar, Sultan, and Urban 2002). Behavioral science can contribute much here. What is the role of transparency in building trust? What happens when trust is broken by an error in quality or service? How can trust be rebuilt? How is trust built in a marketing world that has not been trustworthy in the past. For example, Dan Ariely at Massachusetts Institute of Technology put $50 bills on a table in the lobby of the main MIT building with a sign that read "Free Cash." Fewer than 20% of those who stopped to read the sign took the cash, presumably because they believed that there was a "catch." How does a company convince customers that it really is a partner and friend?

Trusted Advisors

The complexity and number of options in most product categories is high. For example, a bank may offer 25 different mortgages, a computer manufacturer may sell eight models and 100 configurations of computers, and an auto producer may sell four brands and 25 models for each brand. Customers need honest and complete help in picking the best product for themselves, not the product that maximizes the manufacturer's profit contribution. The product should be that which a trusted friend would recommend. For the customer to have confidence, belief, and willingness to accept advice, there must be trust based on a carefully constructed advisor, whether through the Web or in person. A transparent and intelligent advisor is genuinely in the corner of the customer and represents advocacy for the customer across the firm's product offerings. Customers want to trust an advisor to save time and make a better decision. Research is necessary to determine how to build such a trusted advisor.

It is useful to give advice across a firm's product offerings, but true advocacy demands that the firm provides information and advice across all offerings in the market. The firm should compare itself with competitors even if it is not the best, because customers are doing it anyway. The firm must go beyond transparency and be proactive in representing customers' best interests. If the firm does not come out on top in the honest comparison and advice, it must redesign its products so that they are the best. This may sound counterintuitive, but it is like stopping the production line if even one quality defect occurs. It is a severe reaction, but it will not happen often, and quality will improve when everyone knows that the firm is serious about having the best products. Research is necessary on how to create effective advice systems and to decide when comparing products to competition is the best advocacy strategy.

Optimize Marketing Resource Allocations

Advertising's reach and effectiveness is going down, and prices are going up (cost per thousand viewers); the cost–benefit ratio is decreasing, and thus a company should probably spend less in any case. Even more important in this context is that for customer advocacy, a firm should be concentrating on two-sided and unbiased information and advice. More money should go to Internet advisors and to providing comparative product trials and building peer communities that comprise customers and the company. Promotion is a heavy-handed attempt to buy sales. Advocacy dictates that a firm should aspire to having superior products and should convey them on the basis of their value, not just their price-off deal. A firm should allocate old advertising budgets to product improvement, to communicating new products, and to building new trustful communication channels. Research is necessary to build optimal allocation models. This is complex because such models must include the effects of other firms that are competing in the world of trust and the long-term paybacks to loyalty and cross-selling. Advocacy is consistent with economic theory when long-term profits are defined to include partnering, loyalty, word-of-mouth diffusion, and multiproduct effects rather than just short-term maximization of profits by direct, single-product response.

These are just a few examples of the behavioral, economic, and management science opportunities for research in the world of advocacy. A rich new field for research will develop as advocacy is adopted as the new paradigm.

Societal Marketing

Customer advocacy should generate gains for society. With trust, transaction costs should decrease. Resources should be allocated to the creation of improved products to meet real customer needs, and fewer resources should be used to create minor points of differentiation in the pursuit of victory in a short-term competitive game. Customer advocacy is the right way to do marketing; it is honest, open, and ethical.

Committing to customer advocacy is an easy long-term ethical decision for a firm to make, because long-term profits will increase as the firm partners with the customer and they mutually help each other achieve their goals. Customers get innovative products they need, and firms find low customer acquisition costs, acceptance of prices based on the new customer utility that is generated, and sales growth as customers transfer their trust and loyalty to other products the firm offers and tell other buyers of their positive relationship. In the short run, the firm's profits may decline as honesty reveals the need for the firm to improve its products and as new expenditures for the development of advice-based communication methods become necessary. This is a difficult ethical decision because doing the right thing may result in short-term losses. However, pioneers will find an enduring advantage because after they earn customers' trust, other firms will find it difficult to convince customers to take the risk and switch to a new partner. All these societal implications must be modeled and tested, but I believe that customer advocacy will improve society.

The Future

Will customer advocacy become a new paradigm for marketing, or will it be relegated to a concept that applies only to small segments of the market (e.g., college-educated people) and complex products (e.g., cars, computers)? The future will reveal the answers to such questions, but my experience across a broad range of industries and segments indicates that the growth of power is fundamental. Pioneering firms are already demonstrating advantages (e.g., eBay, Orbitz, Travelocity, Expedia, credit unions), and many significant experiments are underway (e.g., General Motors, Intel, British Telecom, Suruga Bank) (for detail descriptions of these programs, see Urban 2005). I believe that over the next ten years, there will be an emergence of customer advocacy as the dominant marketing strategy that will revolutionize the practice of marketing and shift the nature of scholarly research.

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