

The Ultimate Guide to Customer Advocacy

An abstract network diagram consisting of several large central nodes (one pink, two blue, one pink) connected by thin lines to smaller peripheral nodes of various colors (pink, blue, white). The background is dark blue with a grid of small white dots.

Strategic guidance, insights and case studies
for CMOs, CRM and CX leaders ready to
transform their customer economics

mention*me*

Welcome to
the Customer
Advocacy era

1st Edition

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Welcome to the customer advocacy era

Market leaders are already thinking **advocacy-first** to win against the competition

“Firms today undervalue referrals. They treat them as icing on the cake rather than an essential (perhaps the most essential) ingredient for sustainable growth.”

Fred Reichheld, NPS creator, Bain Fellow & Best-Selling Author

Turn to page 24 for more insights from Fred Reichheld.

“You’re not trying to find your next biggest-spending customer. You’re **building a funnel of customers** that will incrementally drip feed your sustainable business growth.”

Suriya Liensavanh, Global Head of CRM at GANNI

GANNI

“We’ve always known that word-of-mouth is an important marketing channel for building trust among our target consumers, but we hadn’t found **a way to track and measure its impact – until now.**”

Diane Larramendy, COO at Linxea

LINXEA

“Customer advocacy has quickly proven to offer a **high-performing growth opportunity that acquires quality customers who spend more and share our brand with others.**”

Ellis Hennebry, Senior Marketing Manager at COAT Paints

COAT

“Advocacy data has changed how we segment and communicate to our customer base. It’s helped us **identify our most loyal customer advocates** to overcome rising paid media and acquisition costs.”

David Witts, Senior CRM Manager E-Commerce Europe at PUMA

PUMA

“A referrer might recommend you once, but an advocate is in love with your brand — your job is to **keep building engagement with your advocates** because of how valuable they are to you.”

Gem Passant, CX leader

ManyPets

“Ultimately, leveraging customer advocacy is helping to **increase top line revenue and maximize ROI** across our marketing mix.”

Harry Symes-Thompson, Marketing Director at Wild

Wild

Marketing is no longer working. Change your strategy now - before it's too late.

64%

of all ad spend in the
US is on Google,
Meta and Amazon

Over the past two decades, marketing has evolved at lightning speed, rendering many businesses' strategies inefficient and expensive. Winning in the times ahead requires a different approach: **an advocacy-first approach.**

While the birth of the internet meant businesses could execute and report on digital marketing efforts for the first time, it wasn't long before challenges arose.

As more brands relied on the digital advertising of Google and Facebook, costs began to rise. The creeping sense that brands were hooked on the short-term results of these channels came to the forefront in the pandemic, as brands exhausted their budgets only to fall short of acquisition targets.

Fast-forward to 2023, and businesses' reliance on digital marketing has reached an all-time high. Today, [Google, Meta and Amazon account for 64% of ad spend in the US!](#)

Alongside rising acquisition costs, iOS changes are further ramping up the pressure, hiding first-party data from view in Meta and Google's 'walled gardens' – making it tougher than ever to acquire quality customers who keep coming back.

Times have changed, yet many marketing strategies haven't.

To win in the times ahead, there are two levers brands can pull. One, generate higher customer lifetime value (LTV) through repeat purchases or increased order value. Two, dramatically reduce customer acquisition cost (CAC) by *earning* growth instead of *paying* for it.

An advocacy-first approach can achieve both. By focusing on your existing customers – and how you can delight them enough to shout about you from the rooftops – you'll drive organic, sustainable growth that doesn't leave you panicking about hitting revenue targets at the end of every quarter.

Meanwhile, your competitors continuing to rely on paid channels will be stuck funneling in more and more money in a desperate attempt to keep up.

As we'll explore in this ebook, many successful brands are already taking an advocacy-first approach that turns their customers into loyal fans. In doing so, they're exponentially outgrowing their competitors, spurred on by more organic traffic to their website, higher quality inbound customers and strong retention rates.

Ultimately, they're driving superior customer economics that prime them for success – now and in the future.

In the current environment, the most dangerous risk you can take is standing still. Evolve your marketing now to reap the rewards in the times ahead.

Ready to explore the power of thinking advocacy-first? Turn the page.

¹Insider Intelligence <https://www.insiderintelligence.com/content/google-facebook-amazon-account-over-70-of-us-digital-ad-spending> ²Business Wire: <https://www.businesswire.com/news/home/20220719005425/en/Brands-Losing-a-Record-29-for-Each-New-Customer-Acquired>

The powerful untapped potential of customer advocacy



By Andy Cockburn,
CEO & Co-Founder at Mention Me

Since the beginning of time, the human race has relied on word of mouth recommendations to guide their choices.

From telling a colleague where those new shoes are from, to seeking out recommendations for an insurance provider, word of mouth plays a key role in how we spend our money.

Everyday, your fans are out there advocating for your brand, sharing your products and services with their friends and family. It's an innate human process, rooted in personal connection and trust.

But tracking – and therefore promoting – word of mouth isn't easy.

That's the challenge I faced, with my co-founder Tim Boughton, when managing markets for the online vacation rental marketplace HomeAway (now Vrbo) ten years ago.

We knew from surveying them that 60% of customers came via a friend's recommendation, but we had no idea how to further harness the value it was delivering, or drive it from a marketing perspective.

To tackle this, we spent the next decade building Mention Me, running intelligent referral campaigns for hundreds of brands. In the process, we discovered that referral and advocacy data has the potential to revolutionize a business.

The first-party data gathered through referral opens up new possibilities for marketing strategies: from loyalty and retention, to acquisition and customer experience. By revealing the fast-growing networks of your brand fans – underpinned by data science and AI – you can now segment, target and activate these brand champions across your channels like never before, with almost limitless potential.

You only have to look at fast-growing market disruptors like Farfetch, Airbnb and Gymshark to see earned growth in action. By attracting die-hard fans who introduce others, these purpose-driven businesses are leapfrogging competitors who rely on the stunted economics of paid channels.

In the current economic and marketing landscape, the untapped potential of customer advocacy is greater than ever. Prioritize harnessing it for your business, and you'll drive superior customer economics that underpin success.

We're already helping household brand names transform their businesses through organic, sustainable growth. Read on to join them.

What is customer advocacy?

Before we go any further, let's explore exactly what we mean by 'customer advocacy'.

A brand recommendation from someone you know will always be more powerful than other generic forms of advertising. It's coming directly from a trusted individual in a highly personal and targeted way. That has an overwhelming influence on the decision-making process for the potential buyer of a product or service.

Customer advocacy is the natural social behavior of sharing a positive impression of a brand – and a potent way to win new customers.

Examples of customer advocacy in action



'Refer-a-friend' or 'Member-get-member' offers

A brand encourages customers to refer friends and family, most commonly post-purchase, through a refer-a-friend program. Though brands often reward customers and their referred friends for successful referrals, this is rarely the main driving force (see more on social psychology in the next section).



Word of mouth recommendation

Where a brand or product comes up informally in conversation and is recommended, building a positive perception of that brand. While this form of advocacy can be difficult to track, it's the most powerful driver of organic business growth for quality brands with good products.



Social media recommendation /endorsement

An individual endorses a product and/or brand online. This could be through sharing their own social media post, re-sharing a brand's, or responding to another user's post with a brand recommendation.



Community/forum activity

Customer advocates often become active within user communities, promoting the benefits of the brands they love and helping others in the community achieve better outcomes with the product or service.



Positive reviews

An individual leaves a positive review for a brand or product, with high scores and/or a written review of their good experience.

These forms of customer advocacy can be highly valuable for your business.
Turn the page to learn how.

The value of customer advocates

When you think of your most valuable customers, who do you think of? If it's your biggest spenders, think again.

Even your highest spending customers are unlikely to purchase everyday. But if you're delighting them enough, they'll do something even more valuable in between each order: advocate for your brand.

By actively introducing friends and family, your brand advocates are your most effective marketers, growing your business before you've spent a dime on paid channels.

Yet assessing customers based on their Lifetime Value³ risks overlooking many of

these customers. Why? Because there's no correlation between customer spend and advocacy. None. So while your CRM campaigns focussed on big spenders may capture some brand advocates, it's likely neglecting many customers who are actively shouting loud and proud about your offering.

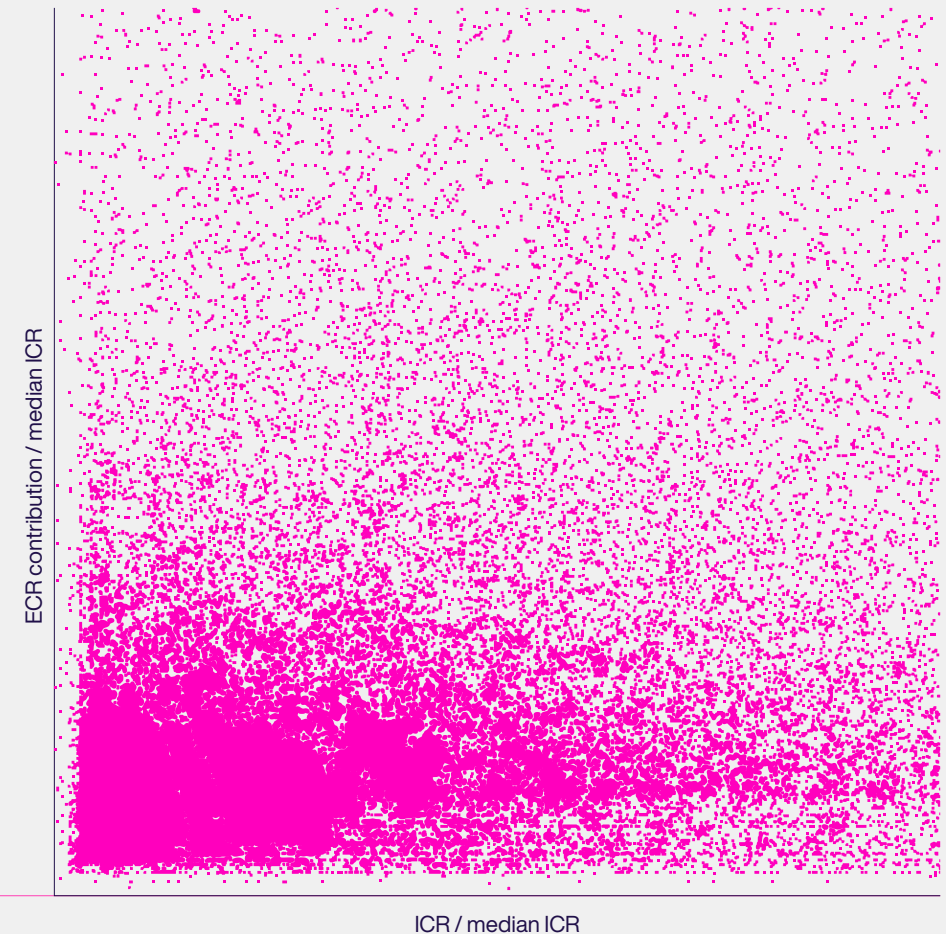
But if you don't know who your brand advocates are, you can't segment, nurture and activate them. You're stuck focusing on big spenders, regardless of whether they're sharing you with others.

Extended Customer Revenue (ECR):

A customer's spend plus the spend of those they introduce.

Individual customer revenue (ICR) vs
Extended customer revenue (ECR)

There's **no correlation** between customer spend and advocacy



Source: 49,300 Bloom & Wild customers who referred the brand between 2015 and 2023

Driving superior economics

Winning businesses are already harnessing the power of their customer advocates to underpin success. Here's how Airbnb's advocacy-first approach is disrupting the travel market while outperforming the competition.

In January 2023, 70% of Airbnb web traffic came via organic search, with just 20% of revenue spent on marketing. AirBnB achieved this by getting customers to come back for more and to bring in their friends. In comparison, Expedia drives 40% via organic search, and spends almost half its revenue (48%) on marketing.

Despite being a similar size with similar growth rates, Airbnb is valued at 3x the multiple more than Expedia³ – primarily due to the superior core economics driven by an ever-growing base of happy customers introducing others.

Instead of funneling more money into paid channels and hoping for different results, think about how you can make like Airbnb and turn customers into your primary source of growth. By taking this advocacy-first approach, you'll achieve superior economics and an unbeatable competitive advantage.

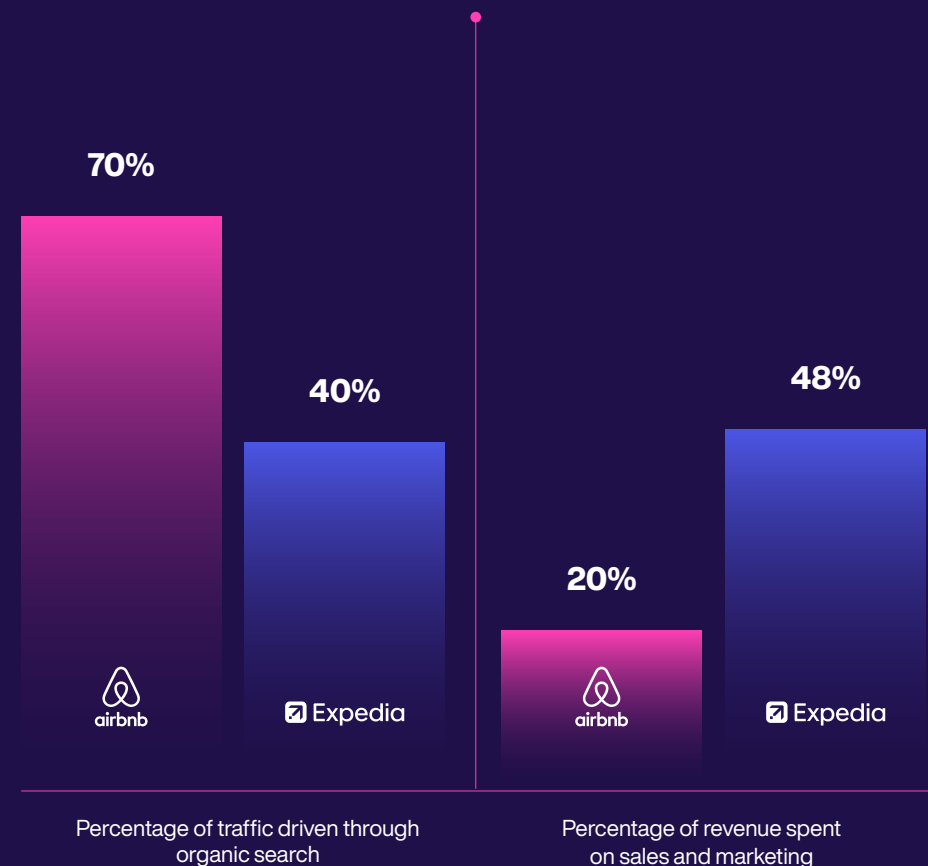
In the process, you'll gather unique insights revealing referral networks between your

customers and how you can instill more advocacy in your customer base. Get this right, and you'll increase the entire value of your business.

Key takeaways

- Customer advocates are your most effective marketers. Building a loyal community of fans who introduce others is the most effective way to grow
- Look beyond paid channels to focus on serving excellent products and experiences that motivate your customers to share them with others
- Advocacy data empowers you to identify your truly most valuable customers: those who refer friends and family

Thinking advocacy-first has made Airbnb **3x more valuable** than Expedia

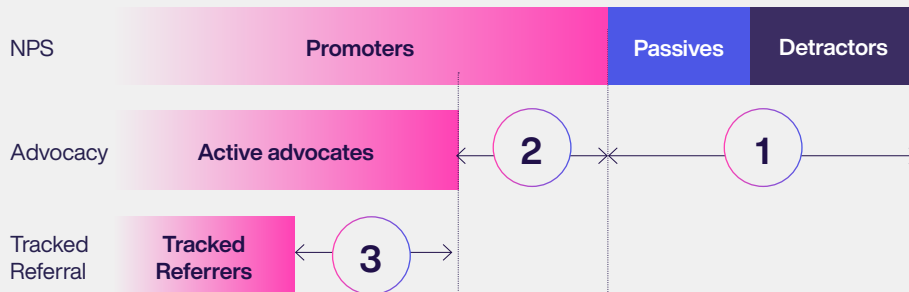


³In Jan 2023 AirBnB was trading off a ³³x EBITDA multiple where Expedia was trading off an ¹¹x EBITDA multiple

3 challenges to cracking customer advocacy

“If customer advocacy is so powerful,” you might be thinking, “why isn’t everyone taking advantage of it?” Getting an advocacy-first approach right requires solving three key challenges first. Here’s how you can do it.

Achieving high NPS scores is just the beginning. How are you activating and tracking promoters referring your business?



How to calculate Net Promoter Score (NPS)

Ask customers a single question: “how likely are you to recommend [brand] on a scale of 0-10”. Those who score 0-6 are detractors, 7-8 are passives, and 9-10 are promoters.

Subtract the percentage of detractors from the percentage of promoters, and you’re left with your overall NPS.

Challenge 1

Increase the number of promoters for your business

Simply providing a good service or product isn’t enough. Growing a customer base of loyal brand fans requires delivering memorable experiences that exceed expectations, make customers feel valued and leave a lasting impression.

As well as measuring NPS, implement technology that reveals your individual promoters. Armed with these insights, you’ll better understand what wins your customers’ advocacy, and serve more experiences that turn customers into promoters.

Challenge 2

Activate your promoters

While a high NPS score is a good indicator of customer satisfaction, many promoters don’t take further action to promote your brand. Driving these customers to actively advocate for you – whether that’s through leaving a review, posting on social media, or via word of mouth – is where true value lies.

Customer Advocacy Intelligence reveals which action to drive, when, so you can turn more customers into advocates and create moments of delight that inspire word of mouth conversations about your brand.

Asking every customer to refer will be limited in its effectiveness. Instead, invest in technology that knows when and who to ask for referrals – and how to motivate it – while moving other customers along the advocacy journey through driving other actions.

Challenge 3

Track referrals to gather valuable data and drive growth

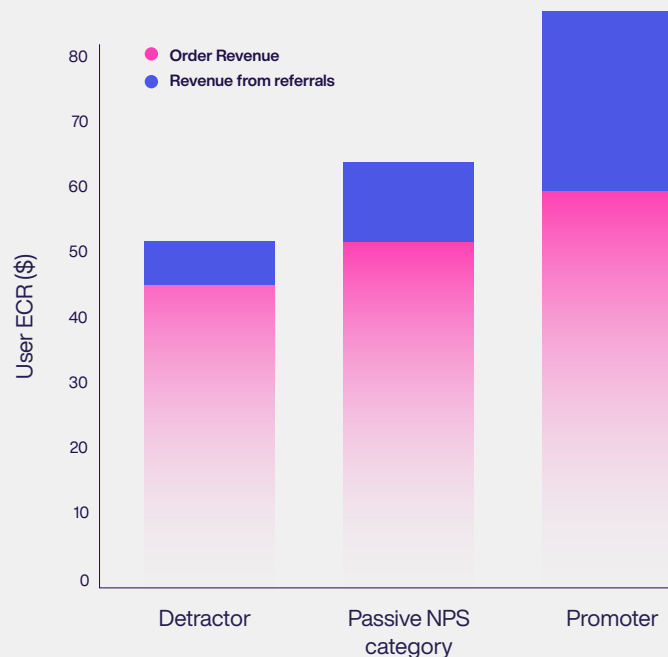
Tracking referrals will gather unique first-party data that reveals the advocates and referral networks in your customer base. Armed with these insights, you can identify your truly most valuable customers, acquire more like them across your marketing channels, and keep them coming back – driving sustainable growth and profit for your business.



NPS promoters are much more likely to order and refer their friends – presenting significant value for your business. Find ways to compel these promoters to take action and introduce new customers, and you'll generate increasingly more revenue through referrals.

Promoters are worth **69% more** than detractors*

22% of promoters' value comes from referrals (compared to 9% from detractors)



* Based on anonymous footwear brand

The psychology of customer advocacy

Once you've turned loyal customers into active advocates, it's time to get inside their heads. Understand what compels these customers to share your brand with others, then watch your tracked referrals skyrocket.

In rare cases, a strong brand purpose alone can be enough, but it tends to be the products, services or experiences that will build a trusted, emotional connection with your brand fans.

Once those foundations are in place, there's just one hurdle left to convert passive fans into advocates who share your brand with others: social psychology.

Humans are hardwired to seek out community and become part of a tribe. Our appetite for kinship means we'll accept the risks involved in taking a social action if we can anticipate the recognition. We want to help our friends and be associated with brands that make us look good.

But there's a limit: If the risk of not getting a positive response from our social action outweighs the potential reward, our self-preservation kicks in and we'll keep the recommendation to ourselves.

Ultimately, if we believe referring a brand will make our relationship with that person better, we'll do it. If there's a risk it won't, we'll keep the brand to ourselves.

Master the social psychology of your customers, and you'll be well on your way

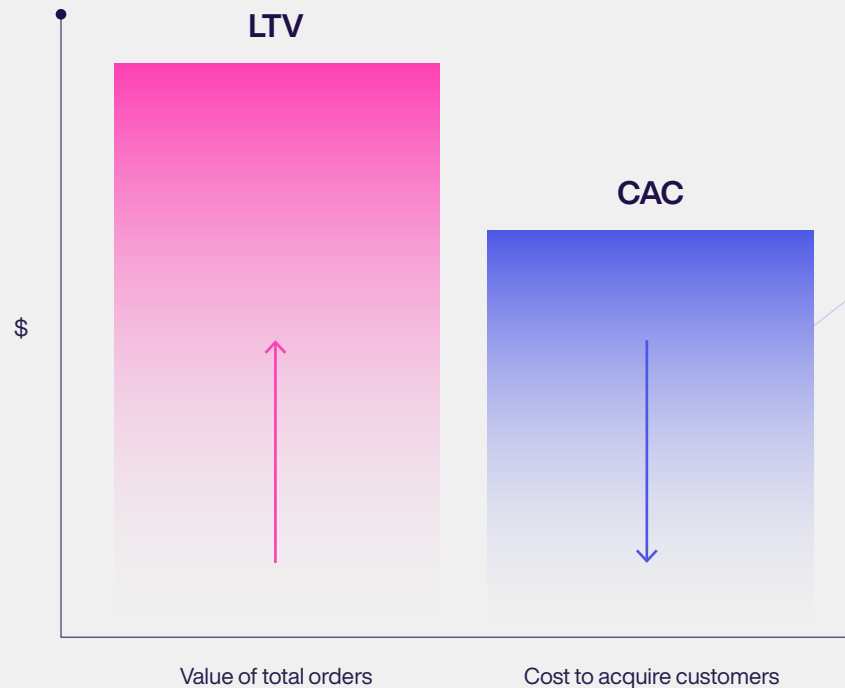
to unlocking the full potential of referral and advocacy for your business.

Key takeaways

To motivate brand fans to introduce their friends and family, consider:

- 1. Building affinity with customers** through a shared purpose and appreciation of your products and service
- 2. Create moments of delight** throughout your customer journey: include hand-written notes in packages (our partnership with Inkpact makes this possible); showcase your brand personality through a distinctive tone of voice; treat loyal referrers to unexpected perks. Anything that gets your customers talking about you to others
- 3. Presenting positive opportunities** to share your brand with friends and family throughout the customer journey

The transformational impact of customer advocacy



It's more cost-effective to acquire customers through referral than paid digital channels

Customer advocacy is a potent way to drive profitable revenue, both now and in the future. But it's when looking at the raw economics of earned growth that its transformative power really comes to life.

The ability of customer advocacy to simultaneously reduce customer acquisition costs (CAC) and increase customer lifetime value (LTV) has a disproportionately large impact on profitability.

Acquiring customers through referrals is cheaper than paid digital advertising. Customers bought through the likes of paid search and social tend to buy once, only to disappear. That doesn't amount to profitable growth.

In comparison, brand advocates have a higher lifetime value, underpinned by their high propensity to refer friends and spend more themselves.

When you look at these two factors together in the form of LTV:CAC, the true value of harnessing customer advocacy starts to emerge. By increasing the number and activity of customer advocates within your customer base, you can increase lifetime value while driving down acquisition costs.

How customer advocacy alters business economics

Put into the context of your overall business economics, acquiring customers primarily through earned channels, rather than paid, offers a dramatic advantage.

By driving more earned growth through nurturing and growing customer advocacy, you'll rely less on paid acquisition and enjoy spectacular economic returns.

Benefits of uncovering and nurturing the advocacy networks within your customer base

1

Reduce your dependence on paid advertising

Acquire new, higher quality customers through referral who, on average, spend 11% more on their first purchase, return more often and are 5x more likely to refer onwards.

2

Increase the measurable LTV of your fans

Identify, nurture and reward brand advocates to dramatically increase the revenue they deliver to your brand, both through their own purchases and the purchases of the new customers they introduce.

3

Leverage fans within your customer strategy

Build segments based on each customer's stage of advocacy, then target them with messaging that drives the next best action, whether that's referring friends, giving NPS feedback, or buying again.

4

Prioritize customer experiences for your biggest fans

Give your fans the VIP treatment they deserve: early access to new collections, invites to special events, first dibs on exclusive sales – anything that makes them even prouder to shout about you from the rooftops.

5

Engage fans as advocates (even when they're not buying)

Drive your most valuable customers to introduce friends in between making their own purchases. These 'lapsed' customers may actually be your most valuable.

Become a winning business

By Fred Reichheld, NPS Creator, Bain Fellow and Best-Selling Author

Since I created the Net Promoter System (NPS) twenty years ago, the marketing landscape has significantly changed. Today, high NPS scores are no longer enough. To win in the times ahead, businesses must treat their customers with loving care that keeps them coming back and bringing their friends.

As the creator of the Net Promoter System (NPS) almost 20 years ago, I've been thrilled to see it spread throughout the world as the predominant customer success framework.

However, as it gained popularity, it began to be misused in ways that undermined its credibility. Self-reporting and linking scores to frontline employees' bonuses led to confusion and hurt the usefulness of NPS.

As I wrote about in the [Harvard Business Review](#) recently, I realized that the only way to correct these issues was to develop a complementary metric. A metric that drew on customer economics, rather than survey-based results, and illuminated the quality and profitability of a firm's growth based on audited revenues from customers. This would make it far more resistant to gaming the system and the response biases that plague the results of non-anonymized surveys.

Consequently, my Bain colleagues and I introduced Earned Growth, a metric that captures the revenue growth generated by returning customers and their referrals.

To calculate Earned Growth, firms must have systems that gather data on the costs and revenues for each customer over time. They must also ask all new customers why they came on board. If a customer comes from word of mouth or recommendation, they are "earned." If the reason is advertising, a promotional deal, or a persuasive salesperson, they are "bought."

Earned Growth provides a clear, data-driven connection between customer satisfaction, repeat and expanded purchases, word-of-mouth recommendations, a positive company culture, and business results. It reveals the real-world impact of customer loyalty and can help firms validate investments in customer experience, ultimately convincing investors of their businesses' underlying value.

Realizing the true potential of customer advocacy starts with treating your customers well, but without the right approach and technology, it's impossible to identify your brand fans and measure the value they deliver. And without measurement, it's difficult to justify investing in customer experiences that build loyal followings and drive superior economics.

I believe the introduction of the Earned Growth metric provides brands with a complementary metric that draws on customer economics and makes it far more resistant to biases that affect survey results. Earned Growth rate will enable brands to measure and track their real growth and validate investments in customer experience, leading to sustainable, organic business growth.

Advocacy isn't the icing on the cake; it is the cake. The brands that recognize, measure and optimize this will be the ones that win.

Learn more about Earned Growth and enriching customers' lives in Fred's latest book, [Winning on Purpose](#).

"Advocacy isn't the icing on the cake; it is the cake."



Getting started

Harnessing the power of customer advocacy shouldn't feel like yet another daunting business transformation project.

With these simple steps, you can begin your journey to advocacy-first thinking and make customer love the primary driver of profitable revenue.

- 1 Map out your customer journey in detail. Highlight the moments you create delight for customers, and identify more opportunities to do so.
- 2 Make it part of your company culture to delight customers and give them the best possible experiences. Demonstrate real customer love at every touchpoint
- 3 Make sure feedback channels aren't siloed, whether that's social media, reviews or customer service, so you get a full picture of customer sentiment. Some of the brands we work with have moved customer service into the marketing team to give a more holistic view of their customer feedback.

Synthesize this feedback into a report (generative AI can help with this) which leadership regularly review. Understand what makes your customers happy and unhappy, and work on improving at least one unhappy path each month.
- 4 Recognize employees exemplifying customer love and create a channel where your teams can make suggestions and provide feedback on how to make customers happier.

What next?

Thank you for taking the time to read this guide. We hope it's left you feeling inspired, informed and ready to begin your advocacy journey.

Taking the first step couldn't be easier: contact us today. Our advocacy experts are on hand to share more advocacy insights and reveal how harnessing the power of fans could transform your business.

Or you could continue sticking to the status quo and risk potentially devastating consequences long-term.

In the words of Fred Reichheld: "The truth about compound interest is that the person who understands it, earns it—the person who doesn't, pays it. Similarly with the referral effect, you will either find how to make it work to your advantage, or you will find yourself losing out to a competitor that does."

Don't find yourself losing out. [Contact us](#) today, and set yourself up to win in the future.

Want to learn more?

Head to our [Resources](#) page for case studies, ebooks, presentations and more on the power of advocacy -first thinking.

Speak with an **Advocacy Expert**

About Mention Me

Huel®

PUMA

M&S

ASOS

BLOOM
& WILD

MICHAEL KORS

ManyPets

FARFETCH

PRETTYLITTLETHING

Mention Me empowers businesses to turn customer advocacy into a powerful growth driver.

Using cutting-edge technology and expertise gathered over 10 years in customer marketing, we've built the world's first Customer Advocacy Intelligence Platform to identify, acquire and nurture brand fans.

To date, we've delivered more than USD \$2bn in revenue for 500 brands globally, including ASOS, PUMA, Charlotte Tilbury and ManyPets.

Backed by Octopus Ventures and Eight Roads, we've raised \$32 million in funding since 2018.

To learn more, visit mention-me.com or find us on the [SAP store](#).

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