Why advocacy matters to online retailers
Customer focus can mean greater loyalty and financial returns are in store

Even as shoppers turn increasingly toward the Internet, most online retailers are struggling to establish customer advocacy. Consumers defined as “Advocates” are those who recommend their primary retailer to others, buy more from that retailer as new products become available and stay with that retailer even when new competitors appear. The two other consumer attitude segments are Antagonists and Apathetics. Antagonists are those customers who actively dislike their primary retailer, while Apathetics are indifferent.

The IBM Institute for Business Value sought to better understand which online retail stores have the most Advocates and identify the attributes that most influence advocacy in this segment.

Among our most compelling survey results, we found that:

- Online retailers have yet to optimize customer relationships – only 20 percent of the online customers we surveyed are Advocates.
- Advocates spend 30 percent more online per year than Antagonists
- Advocates spend 33 percent more of their total shopping dollars online than Antagonists
- Advocates’ spending increases 27 percent more year to year with their preferred online retailers than Antagonists
- The value of 24/7 convenience is well-recognized, but customer service and the online experience are also critical to creating Advocates
- The online customer experience cannot be viewed in isolation; cross-channel consistency is vital.

Creating more Advocates
Our study findings showed that Advocates value convenience, customer service and having a “pleasant and enjoyable” online store experience as the top attributes of their primary online retailer. Rounding out the top five are two attributes categorized under assortment: “Product selection is fresh and new” and “Always find brand and styles that meet needs and preferences.”

To achieve advocacy, online retailers need a deep understanding of their core customers’ expectations and must focus on the key attributes that transform a shopper into an Advocate. In order to keep customers on the path to purchase, online retailers cannot miss the mark when it comes to enabling cross-channel services and a seamless integration that delivers convenience, customer service and a superior store experience – eliminating price as the dominant decision making factor.

Applying customer insight across shopping channels has become a mandate for growth throughout the retail industry and for the online retailer in particular. By turning more shoppers into Advocates, retailers will be positioned for greater financial benefits.
FIGURE 1. How Advocates, Apathetics and Antagonists ranked their primary online retailer on selected attributes.

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Advocates % strongly agree</th>
<th>Apathetics/Antagonists % strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>98</td>
<td>55</td>
</tr>
<tr>
<td>Customer service</td>
<td>96</td>
<td>47</td>
</tr>
<tr>
<td>Store experience</td>
<td>95</td>
<td>49</td>
</tr>
<tr>
<td>Assortment</td>
<td>92</td>
<td>41</td>
</tr>
<tr>
<td>Product availability</td>
<td>82</td>
<td>36</td>
</tr>
<tr>
<td>Multichannel</td>
<td>79</td>
<td>38</td>
</tr>
<tr>
<td>Customer insight</td>
<td>65</td>
<td>28</td>
</tr>
<tr>
<td>Promotions</td>
<td>73</td>
<td>26</td>
</tr>
<tr>
<td>Customer service</td>
<td>70</td>
<td>28</td>
</tr>
</tbody>
</table>

Note: Percentages represent those who “strongly agree” (scores of 8 to 10) that the attribute applies to their primary online retailer, n = 2, 474.
Source: 2007 IBM CFE Online Retailer Study.

How can IBM help?

- **Strategy and Change** – Help to address changing customer buying behaviors, organizational structure and metrics, and customer-centric processes.
- **Retail Industry Solutions** – Solutions to address multi-channel retailing, merchandising and supply chain, total store, and retail performance analytics.
- **Retail Industry Offerings** – Innovative and market-leading offerings to support the retail industry, including but not exclusive to merchandise operations strategy, next generation e-commerce, kiosk business solutions and customer analytics.

Key contacts:

**Retail Sector:**
- **Global**
  - Fred Balboni, fbalboni@us.ibm.com
- **Americas**
  - Kelly Chambliss, kelly.chambliss@us.ibm.com
- **Northern Europe**
  - Dirk Michael Niederhaeuser, dirk.m.niederhaeuser@de.ibm.com
- **Southern Europe**
  - Stephane Dubois, stephane.dubois@fr.ibm.com
- **Japan**
  - Ken Mori, KENMO@jp.ibm.com
- **Asia Pacific**
  - Susan De Jonge, sdejonge@cn.ibm.com
- **IBM Institute for Business Value**
  - Maureen Stancik Boyce, staboyce@us.ibm.com

Reference