

# OMC GROUP INSIGHT

No. 5 in a series of short papers on new perspectives in customer strategy and innovation



## Customer Advocacy and Customer Intimacy: aren't they the same? by Chris Lawer, CEO, The OMC Group

Recently, we received the following question:

*Dear OMC Group, can you tell me if there are there any differences between 'customer intimacy' and 'customer advocacy'? If so, can you explain them?*

Our reply is as follows.

There are indeed differences between Customer Intimacy and Customer Advocacy - but they are subtle and are mainly concerned with the particular emphasis a company places on being more open and transparent, creating trust, building dialogue, involving customers, changing its style and tactics of relationship marketing and the alignment and incentivisation of staff and business partners.

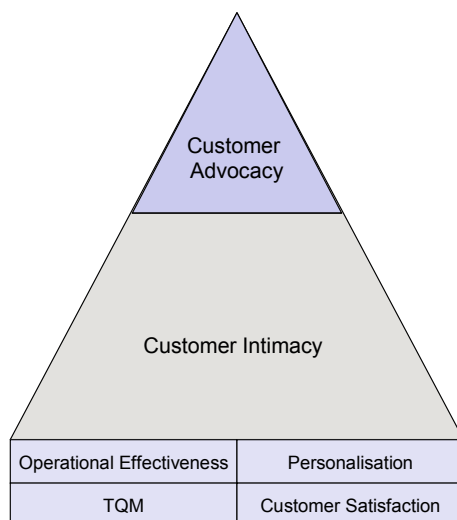


Figure 1 – Customer advocacy builds on intimacy strategy  
(Source: adapted from Urban, G. 2005)

In essence, an advocacy strategy can be viewed as a more advanced and mature form of Customer Intimacy (see figure above). It also emphasises a more “outside-in” customer

perspective rather than intimacy's more single-minded focus on operational effectiveness, targeting, segmentation and lifetime value. Whilst advocacy approaches retain and build upon intimacy strategy's foundations of total quality management and customer satisfaction, they stress a number of additional dimensions too. We summarise them below.

### The unique dimensions of customer advocacy

As Glen Urban writes in the book “Don't Just Relate, Advocate!”, the primary focus of customer advocacy is that a firm should seek to advocate for its customers by helping them discover and apply the most appropriate solution for their needs, even if that is not the company's own products or services. Of course there are limits as to how far this is realistically possible, yet the logic suggests that by finding an optimum market position between its own products and the broader needs of customers, an advocacy company can enjoy a trusted advisor status above its competitors. Then, with higher levels of customer trust, people will often tell others about the company, helping it to reduce acquisition costs by altering the balance of its marketing mix.

To be an effective customer advocacy firm, a company must optimise and integrate several distinct elements of its brand, marketing communications, service, CRM infrastructure, HR and knowledge management strategy. These elements are (briefly):

1) *Focus on customer success* First, the company must seek to understand and meet the broader need or context of its customers. Then it must focus on helping customers achieve their wider goals. For example, Cisco has moved beyond a focus on improving only the functional outcomes of its networking technology. Instead it delivers against the wider solutions-based needs or jobs

that its customers are trying to get accomplished. It does so by providing a range of supporting premium services. This means that customers whose concern is only price will probably not meet Cisco's ideal customer profile. Rather, those in need of expert advice, bespoke service and custom solutions are the more likely buyers.

2) *Be more open to customer knowledge* An advocacy firm must develop new mechanisms for learning with and from customers. It must also motivate customers and staff to engage in this learning and to value and share customer input. Of course, any partnership must be founded on two-way dialogue, where one party listens and adapts to the inputs of the other. Advocacy firms have explicit mechanisms for listening to and learning from the customer – not always the case in contact centre environments where the emphasis is often on efficiency at the expense of the quality of the dialogue.

3) *Build even higher levels of quality* Third, customer advocacy requires an even higher level of product and service quality than intimacy / relationship strategies. Without superior products, a company that is honestly trying to represent the customers' best interests will not be able to recommend itself. Progressive Insurance in the US for example, has invested heavily in innovating critical episodes of the service experience, e.g. its fast claims payment service. As a result, it occupies a trusted position because of its history of rule-busting, high quality and innovative service.

4) *Create enhanced brand engagement* For advocacy to be sustainable, the integrity of the company's positioning and service offer must be consistently upheld through the brand and the firm's marketing communications. In particular, the brand must find new platforms for customer engagement and involvement. Gone are the days when companies can use CRM techniques to simply broadcast their messages to a passive audience of willing customers. Now they must be more open, authentic and willing to respond to the active participation of customers.

5) *Build a brand community* To operate within the wider context of customer need (and gain access to valuable insight about customer problems and insight), some advocacy companies operate a branded community, in order to deliver expertise and advice for customers. For example, Farm Credit Canada provides the means for its farming customers to participate in a peer community where they can

help each other address non-financial services related problems, especially those concerning the day-to-day running of their farms.

6) *Correctly incentivise and align staff and partners* Doing what is right for customers needs to be supported by aligned incentives based on appropriate standards, measures and targets. For example, Charles Schwab & Co., the discount broker, pays a straight salary, rather than the more typical commissions to its staff. This helps it maintain high levels of integrity in its service offering to customers. Cisco, the networking company, has annual advocacy awards for its business partners who are expected to align with the company's advocacy position.

## Summary

The basic goal of advocacy is to earn much higher levels of customer trust, which can then be transformed into greater loyalty, reduced marketing costs and better innovation / learning potential. The problem with many customer intimacy approaches is that they have been turned "inwards", with the primary aim to improve the company's operational performance and productivity at the expense of moving closer to customers. Advocacy aims to correct this misalignment by organising the *entire firm* behind a unique trusted advisor or customer consultant position. Once performed consistently, this can lead to higher levels of customer loyalty.

## How can we help?

We can offer an assessment of current customer relationship management strategies and practices to determine their alignment and fit with your specific customer advocacy opportunity. You may discover that you have all the right elements in place yet some need to be boosted or fine-tuned to begin to capitalise on the advantages.

We can also define a path to achieve customer advocacy. We can recommend tailored improvement strategies and focus areas to help you realise an advocacy strategy, as well as correct flaws or gaps in your current approaches to developing customer intimacy (it is worth noting that one of our consultants worked on developing the original Value Discipline framework at CSC Index).

We can also identify opportunities for delivering value based on what customers' want from a advocacy organisation. We would do so using

the acclaimed Jobs and Outcome Driven innovation methodology which has been used successfully by a number of US companies, in order to innovate and fine-tune their service propositions. This exercise will reveal where customers are currently being over-served (to reduce costs) as well as eliminate existing projects that may not deliver sufficient increases in customer satisfaction.

## References

Urban, G. 2005 "Don't Just Relate – Advocate - A Blueprint for Profit in the Era of Customer Power", Wharton School Publishing

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### ABOUT THE OMC GROUP

The OMC Group is an associate network of customer strategy, experience and innovation management consultants, based in the UK but active across Europe and often elsewhere. We work across sectors but specialise in telecoms, financial services, retail, consumer goods, government and automotive industries, whether large or small companies. We are licensees of the highly acclaimed Outcome-Driven Innovation method.

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