

2022

The Customer Advocacy

Gap

mention*me*

How well do you know your customers? *Really* know them?

Chances are, not as well as you think.



Through speaking with 2,000 consumers and 500 senior marketers, we've identified a gaping chasm between what consumers want – and what brands think they want.

A chasm we've coined the Customer Advocacy Gap.

If you're ready to face the truth head-on – and seize the opportunity to revolutionise your marketing strategy – keep reading.

Every brand wants their customers to love them, right?

Happy customers spend more. They come back. They bring their friends with them.

Ultimately, they drive revenue – *lots* of revenue, over a long time.

But when you're under pressure to report quarterly results that get the boardroom nodding, it's hard to stay focused on the bigger picture. To remember that, just because you're acquiring your target number of customers each month, there's no guarantee they'll return. That they might even cost you more than they bring in.

Meanwhile, your team is stuck funnelling fast-disappearing budget into channels delivering wildly fluctuating returns.

There's a good reason that voice telling you 'this isn't sustainable' is getting louder.

Acquisition costs have risen 6x in the past six years. Increasingly unpredictable CPAs are becoming near impossible to budget for. Regulatory and iOS changes are brutally impacting data sources.

And all the while, the distance between you and your customers grows wider.

To help overcome this and keep you ahead of the fast-evolving post-pandemic landscape, we've created this report.

Based on surveys conducted in collaboration with OnePoll, it presents the disconnect between senior marketers and the consumers they're trying to reach. From

advertising approaches to communication channels and repeat purchase tactics, it explores how brands like yours can better engage with existing and future customers to drive long-term growth.

Identify what *really* attracts your ideal consumers and turns them into loyal (and loud) brand advocates, and you'll close the Customer Advocacy Gap – kickstarting a cycle of growth that keeps on spinning in process.

A cycle that not only comfortably hits those targets every quarter, but that simultaneously drives up customer lifetime value *and* acquires a steady stream of new customers destined to love your brand.

If you're looking for proof, here are some compelling figures. Through delivering 4.5m referrals (and counting) for more than 500 brands worldwide, we know that on average:

- Referral increases new customer acquisition by 8% (rising to more than 30% through strategic optimisation)
- Referred customers spend 11% more on their first order (and 8% more on subsequent orders)
- Referred customers are 5x more likely to refer others

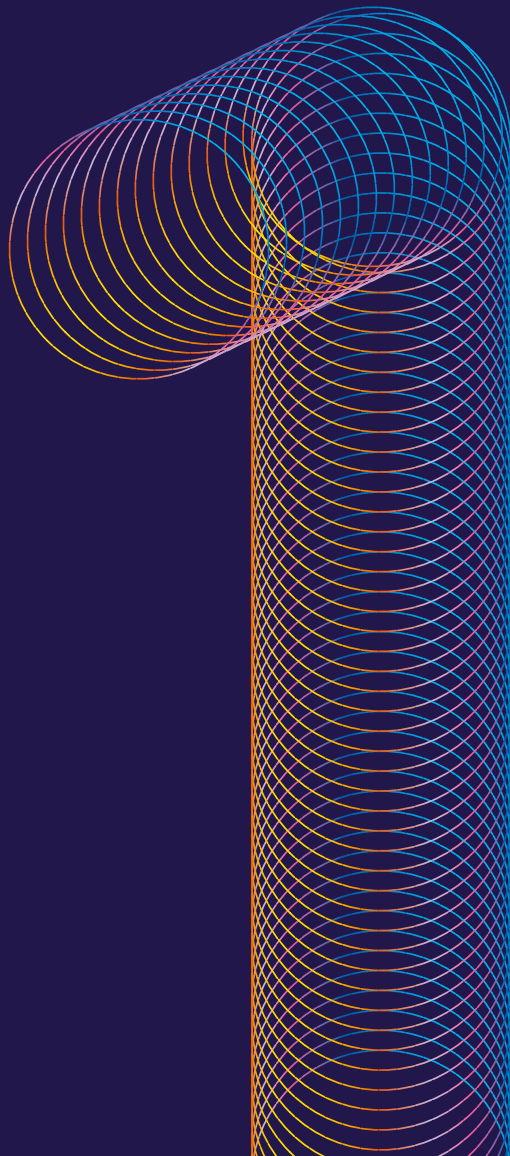
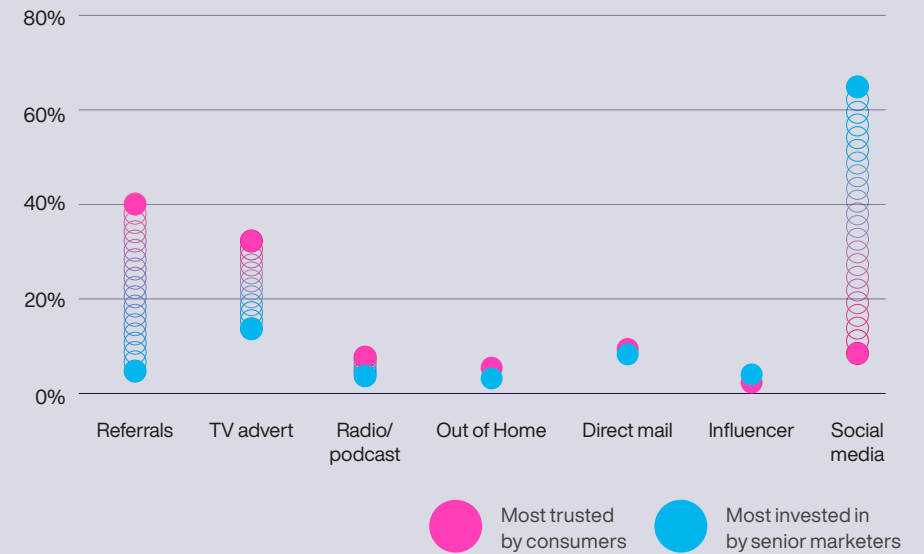
Close the Advocacy Gap with your customers, and you have the foundations for a wildly successful business.

This report reveals how.

96%

of senior marketers overlook the advertising channel most trusted by consumers

CONSUMER TRUST VERSUS MARKETING SPEND



The most trusted marketing channel: referral

When we asked consumers which form of advertising they trust most, referral came out top (40%). This doesn't match up with the way marketers spend their advertising budgets.

Just 4% of the senior marketers we surveyed invest more in referral than other marketing channels.

While this may, to an extent, reflect the cost-effective nature of referral (which can yield significant results with just a fraction of a marketer's budget), it also highlights a gaping opportunity. By turning their attention to referral and the benefits of a deeper advocacy strategy, marketers stand poised ready to reach more target consumers with a higher lifetime value.

Interestingly, it appears marketers already know this – they're just yet to do anything about it.

That's right: there's a second gap

96% of marketers consider referral an important marketing channel. 13% believe it's the most important channel for acquiring new customers. So as well as a gap between what consumers trust and what marketers invest in, there's also a stark gap between the latter and what marketers believe to be effective.

That raises the obvious question: if marketers know referral is an important channel, why aren't they investing in it?

The answer is a mixed bag. One reason will undoubtedly be that they're yet to find an effective way to leverage customer advocacy. They're lacking the resources to investigate the best tool and approach to master it (hint: try [Referral Engineering®](#)).

In the meantime, they're pouring hard-fought for budget into social media – a short-term tactic with a fast-approaching limit.



10x

Consumers trust referral 10x more than marketers invest in it

The least trusted marketing channel: social media

As well as maxing out and delivering fluctuating returns, social media has another (pretty major) drawback as a marketing channel: consumers don't trust it.

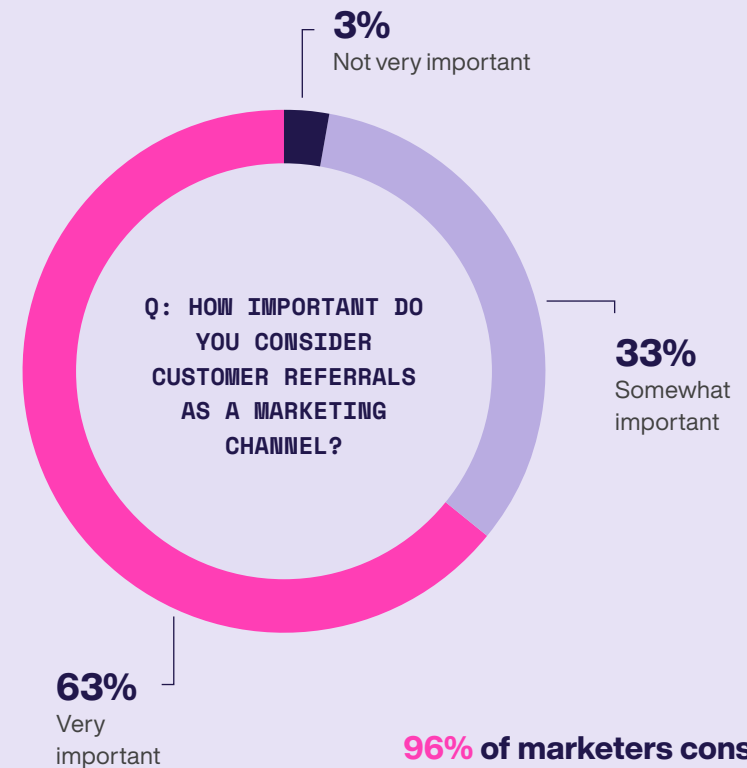
30% of consumers cite social media as their least trusted channel, followed closely by influencers at 29%. So it's somewhat alarming to learn that 63% of marketers invest the biggest chunk of their budget into the likes of Facebook, Instagram and TikTok.

A quick disclaimer... 🙋

Before you panic and turn off your social media marketing, we're not suggesting this is the answer. Done right, social media is a highly effective channel. But it requires thinking beyond the standard criteria.

Menswear retailer SPOKE, for instance, uses referral data to target lookalike audiences on Facebook. It's since converted 65% more new customers and driven a 30% higher return-on-ad-spend (compared to standard seed audiences).

So if you don't have first-party referral data, now could be the time to get some. Did we mention [we can help with that](#)?

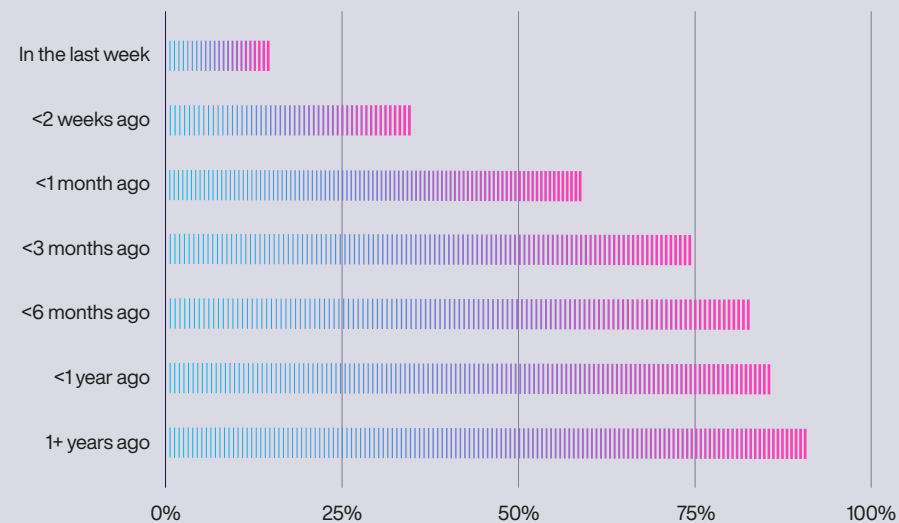


96% of marketers consider referral important – so why aren't they using it?

Sound familiar? If you're one of the many marketers who knows advocacy could be a powerful channel *if only* you had the time and resource to crack it, then [talk to our Sales team](#). You could be acquiring high-quality new customers faster than you can say 'most trusted marketing channel'.

9 in 10 consumers recommend brands (and marketers know it)

HOW OFTEN CONSUMERS RECOMMEND BRANDS TO FRIENDS AND FAMILY



59%

of consumers have recommended a brand within the past month

97%

of marketers believe consumers regularly recommend brands

89%

of consumers
recommend brands

Topic of conversation

Asked if they thought consumers recommend brands in their sector, almost every senior marketer answered yes. And they're right: 89% of consumers have recommended a brand at least once, with 59% having done so over the past month.

As well as highlighting referral as a powerful customer acquisition channel, it also showcases its range of applications. We surveyed marketers from a cross-section of ecommerce sectors, including retail, travel, food and finance – the majority of respondents in each sector believed brands in their sector were recommended 'most of the time'.



Generational divide

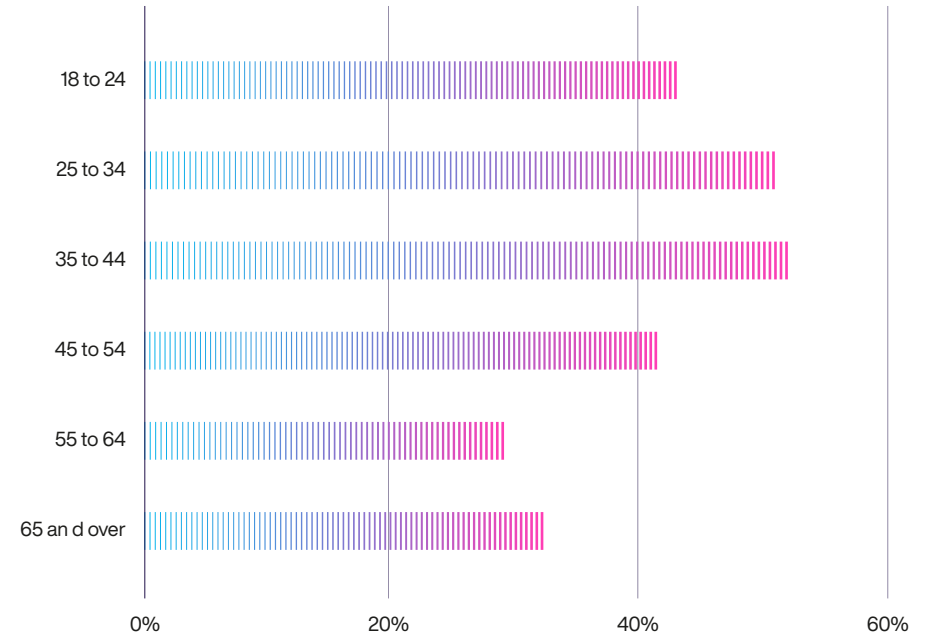
Of all the demographics, millennials are most likely to recommend brands, with just 5% of those aged 25 to 34 having never done so.

Interestingly, Gen Z is the age bracket with the biggest diversity in behaviour when it comes to recommending brands. While 42% have told friends about their favourite brands in the past month, 21% have never recommended a brand at all.

This highlights a valuable – and growing – opportunity. With **\$360bn in disposable income**, Gen Z are well primed to buy from brands – the trick is to turn their custom into advocacy. Tap into the conversations Gen Zers are having about their favourite products and services with an effective referral programme, and you can rapidly grow a customer base set only to become more wealthy as their careers develop.

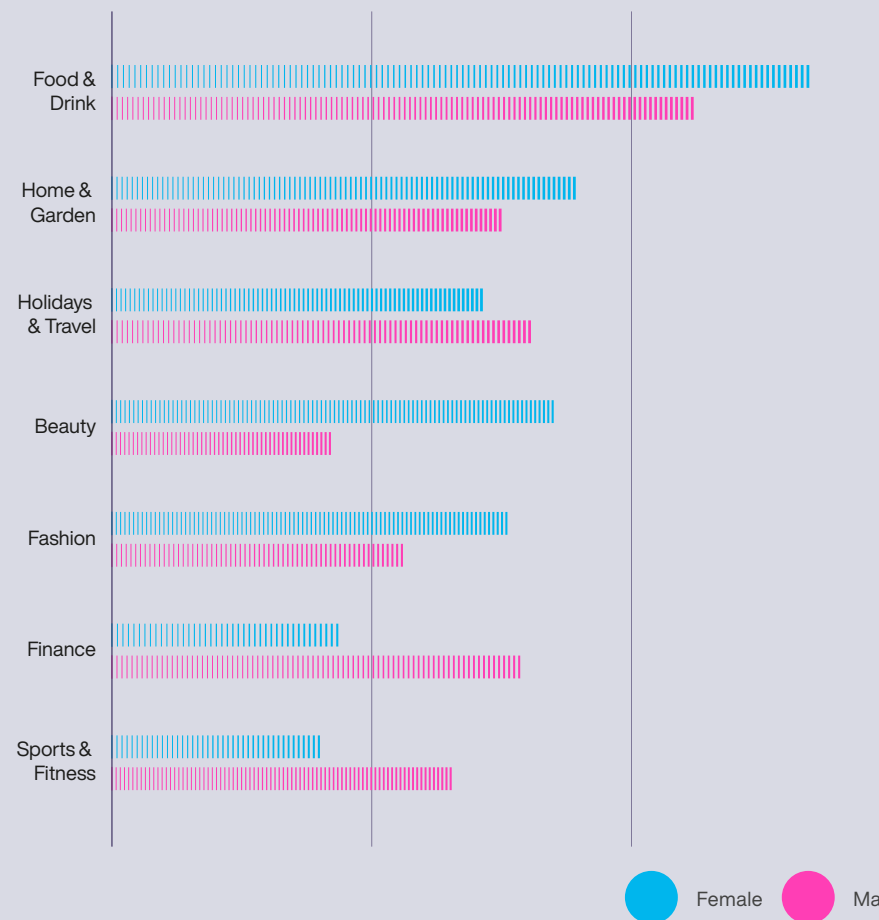


CONSUMER RECOMMENDATIONS OVER THE PAST MONTH BY AGE



Consumers are **(still)** most likely to recommend food & drink brands

RECOMMENDATIONS BY SECTOR



For the second year in a row, food and drink brands have emerged as most likely to be recommended by consumers.

This may surprise some marketers working at such brands, with 29% believing they were only recommended sometimes. Interestingly, the sector marketers *thought* most likely to be recommended – beauty – is actually the fourth most recommended among consumers.

There are a number of reasons for the continued dominance of food and drink brands among consumer recommendations.

For starters (pun intended), what we eat and drink is an everyday topic of conversation, whether we're chatting to a colleague about lunch options or gifting a friend a niche gin subscription.

Sectors marketers *believe* are most likely to be recommended:

1. Beauty
2. Travel
3. Finance

The frequency with which we spoke about our favourite food and drink brands rose even higher during the pandemic, when supermarket closures prompted more people to mix up their grocery shopping and buy from specialist providers online. Now we're returning back to the office, many people are treating themselves to meal kit delivery services that take the hassle out of preparing dinner after a long day.

While our findings highlight that consumers are more likely to recommend some sectors than others, our extensive work with 500+ brands across sectors shows that a precision-engineered referral programme – alongside a number of other factors – can turn customer advocacy into a powerful growth driver for almost any ecommerce brand.



Gender differences

While gender doesn't influence the likelihood of a customer referring friends, it does influence the kind of brands they recommend.

Men are almost twice as likely as women to recommend brands in the finance sector, while women are 9% more likely to share their favourite food and drink brands with friends.

And while it might not surprise readers to know that women are twice as likely as men to recommend beauty brands, it's worth noting that 17% of men recommend brands in this sector.

This likely reflects shifting attitudes towards male beauty standards and the rising openness with which men feel able to discuss their skincare regimes and beyond.

Of all the sectors, holidays and travel had the least notable gender split, with 32% of men and women likely to tell others about the brands helping them to enjoy memorable getaways.

As our graph shows, industry isn't a deal-breaker when it comes to referrals. While brands in certain sectors may be more likely to come up in everyday conversation, prompted by a compliment on someone's outfit or home, others are more actively sought out by consumers looking to buy.



Converting recommendations into customers

Being in a sector often recommended by customers is just one part of the puzzle. To really make your customer acquisition skyrocket, these recommendations need to convert into new customers.

It's worth bearing in mind that even industries that aren't necessarily the most obvious for brand recommendations may be primed for conversions.

Take finance, for instance. While this sector isn't in the top three for consumer recommendations, our data shows that when people do recommend finance and insurance brands, they're highly likely to convert into new customers. Because when it comes to money matters, you want the good word of somebody you know and trust.

Then, of course, there's the deeper psychology of referral: the reason referral might be an unstoppable force for one fashion brand while falling short for another. You can read more about that in our [psychology of referral guide](#).

Not sure if referral would work for your brand? [Speak with us](#). We can give you best practice guidance and benchmarks based on working with clients like you.

Marketers overrate the importance of the customer experience by 3x

BIGGEST DRIVERS OF SALES AND REFERRALS



Growing consumer expectations

If the headline of this section has got you frowning, stick with us.

We know the past decade has been spent obsessing about the customer experience and keeping up with ever-rising expectations. So to read that customers care less than we do about experience is jarring, bordering on feeling... wrong.

21% of marketers believe the experience is the most important factor for consumers buying from or recommending their brand, while only 8% of consumers cite it as their top consideration.

Here's the thing. This data doesn't suggest customers don't *care* about their experience with brands (just 5% of consumers cite it as the least important factor). It more likely suggests that us marketers are more cognizant of it. Consumers simply *expect* a good experience – they don't think about or classify it like we do. It's considered to be table stakes, only considered when it falls short.

21% of marketers believe the experience is the biggest influence on consumers buying from or recommending their brand



Products and price come out top

Instead of the experience, consumers focus on more tangible drivers.

Product quality and price are the biggest influences on buying from and recommending brands, more so than marketers realise.

Though both consumers and marketers cited product quality as the top consideration, 32% of consumers consider it the most important, compared to 26% of marketers predicting this to be the case.

Price is also more important for consumers than marketers anticipate, cited by 22% of consumers compared to 12% of marketers.

It's worth bearing in mind that the two most important qualities, quality and price, play a pretty crucial role in shaping the overall customer experience. Nobody likes a brand that delivers disappointing goods with a hefty price tag attached.

Put simply, marketers should keep on focussing on the customer experience – but not at the expense of the value their products and services offer.

Going down: the weakest drivers of sales and recommendations

1. Brand community
2. Green credentials
3. Brand purpose



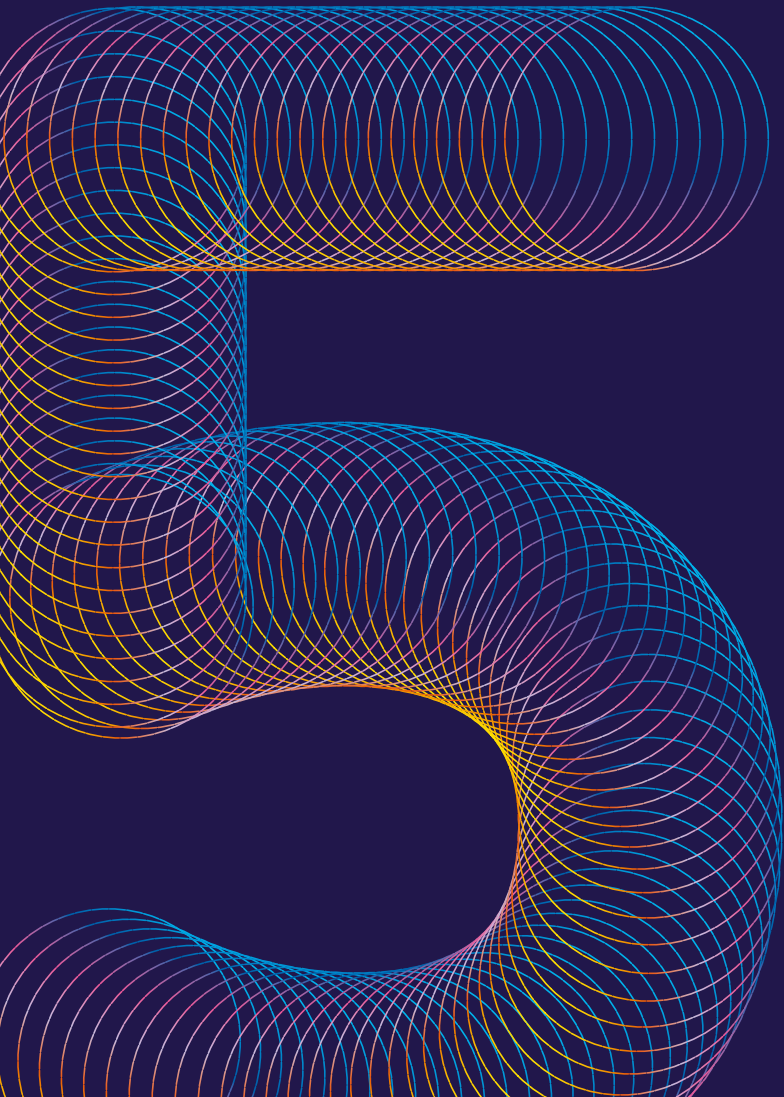
Eco-(un)friendly

Disappointingly, marketers' predictions that green credentials are the least effective drivers of referrals and purchases (28%) proved fairly accurate.

15% of consumers cite this as the least important consideration, beaten only by brand community at 31% (as suspected by 11% of marketers) when buying from or recommending brands. Even 10% of eco-friendly Gen Z see green credentials as the least important factor behind their buying decisions.

But that's not to say brands should scrap their environmental efforts altogether. Our respondents voted only for their *most* and *least* important issues, suggesting 85% of consumers do care at least slightly about a brand's eco-friendly status. And, of course, protecting our planet is the right thing to do – regardless of whether it drives profit.

Loyalty and referral rewards motivate **57%** of consumers to buy again



DRIVERS OF REPEAT PURCHASES



Driven by discounts

Unsurprisingly, discounts prove a popular motivator for getting consumers to buy again (53%). But, as any senior marketer worth their salt knows, over-using this tactic risks creating a discount culture that decreases brand value in every sense.

Rather than cut prices, brands should focus on rewarding customers through loyalty and referral programmes. These drivers came in the top three after discounts for buying again among consumers, highlighting that after simple discounts, rewarding loyalty and advocacy is an effective way to nurture it – and more likely to drive sustainable profit margins.

Meanwhile, just 10% of consumers say social media motivates them to buy from brands again. This was followed by email newsletters (15%) and brand content, such as video tutorials or blogs (18%).

15%
of consumers said an email newsletter makes them likely to buy again

Again, these findings aren't to say that marketers should discard these approaches entirely. Rather, they highlight the opportunity for brands to home in on rewarding loyal brand advocates, and see other tactics as nurturing lifetime value, rather than key drivers for ramping up repeat purchases.



Out of office

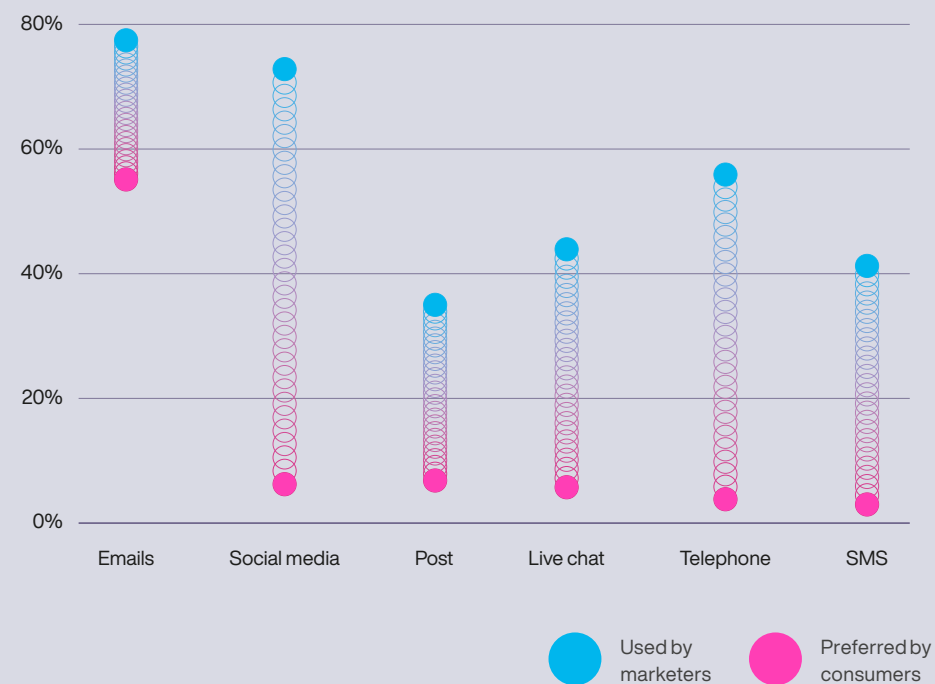
Email newsletters present the biggest gap between what marketers *think* is driving repeat purchases and what really is.

Just 15% of consumers said an email newsletter makes them likely to buy again, compared to a whopping 52% of senior marketers using it as a repeat purchase tactic.

This highlights an interesting contrast in how consumers view brand emails. On the one hand, it's their communication channel of choice with brands (see the next section), yet on the other it's relatively ineffective at spurring them on to buy again. Marketers may therefore be better placed saving emails for customer service correspondence, and focus instead on improving retention through rewarding customer loyalty and advocacy.

Consumers prefer email 7x more to other brand communication channels

COMMUNICATION CHANNELS OF CHOICE



Doubling down on email communications

Despite email newsletters being a poor driver of repeat purchases, consumers still want brand communications to land in their inboxes.

The majority (55%) chose email as their preferred communication channel, marking a roomy gap between what consumers want and what they're getting. While email is also the most popular channel among marketers, it's used alongside the likes of post (34%), phone (55%) and email (77%). Our findings suggest that rather than invest time and effort into an array of communications, they'd be better off homing in on email.

55%
of consumers prefer to communicate with brands via email

Anti-social behaviour

Once more, social media presents the biggest gap between what marketers provide and what consumers want. 72% of brands use this channel to communicate with customers, yet just 8% of consumers prefer it.

SMS: a future communication channel? 📱

It may not be winning any popularity contests right now, but it's worth noting that SMS as a channel has rapidly gained prominence among ecommerce brands in the US, preferred by 37% of consumers.

This, alongside our research uncovering that millennials and Gen Z consumers are more likely than their older peers to prefer SMS communications from brands, indicates the channel may gain popularity in the UK over the coming years. In the meantime, brands should continue their SMS efforts while doubling down on email.

Did you know...? 💡

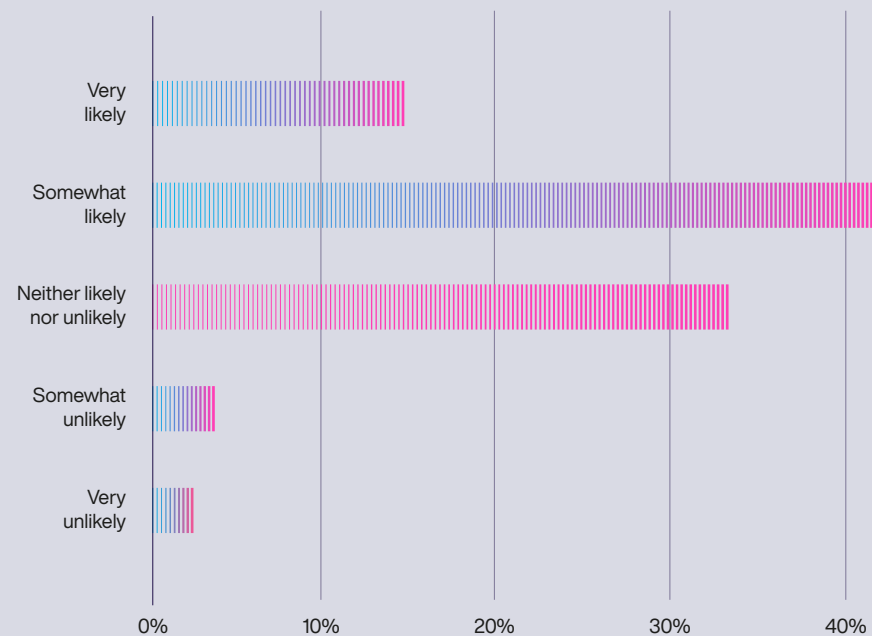
Brands working with Mention Me can ramp up their referral efforts through promoting rewards and sending timely reminders through email. Our integrations – which include Klaviyo, Emarsys and Ometria – equip marketers to set up automated referral email campaigns proven to drive up conversion rates.

Want to learn more? [Talk to our Sales team](#) today.



Welcome discounts fail to win loyalty from **44%** of consumers

HOW LIKELY CONSUMERS ARE TO BUY AGAIN AFTER
GETTING A WELCOME DISCOUNT



Short-term tactic

Offering a welcome discount is a well-known tactic for acquiring new customers. But it might not be doing much when it comes to keeping them.

Just 14% of our respondents said they were 'very likely' to buy again after claiming a discount on their first order. This contrasts with the almost half (42%) of brands offering welcome discounts to get customers in the door – short-term thinking that risks hitting monthly targets at the expense of bigger brand-building.

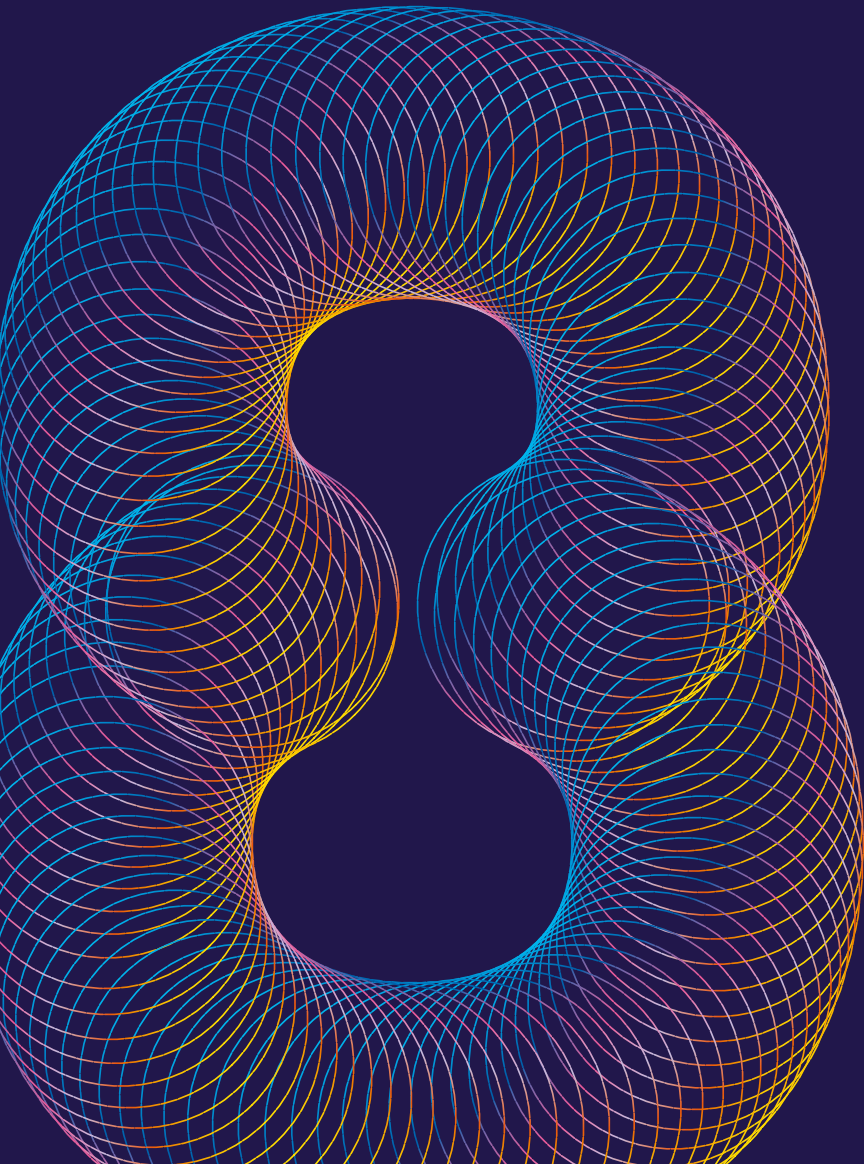
While more consumers are confident they'd be likely to buy again than not after getting a discount, the risk of creating a discount culture again looms large. Our question acknowledges a customer's second order – it doesn't take into account the (presumably low) likelihood of a loyal customer buying for the fourth, fifth or sixth time at full price when newcomers get to enjoy a lower price.

Predict the next move

Instead of relying on endless discounts to draw your customers back in, serve targeted messaging that drives action and nurtures advocacy. Our Referral Engineering® programmes use advanced predictive segmentation to serve content most likely to drive action from each customer – whether that's signing up to your newsletter, buying again or referring friends to your brand.



7 in 10 omnichannel customer experiences fall short

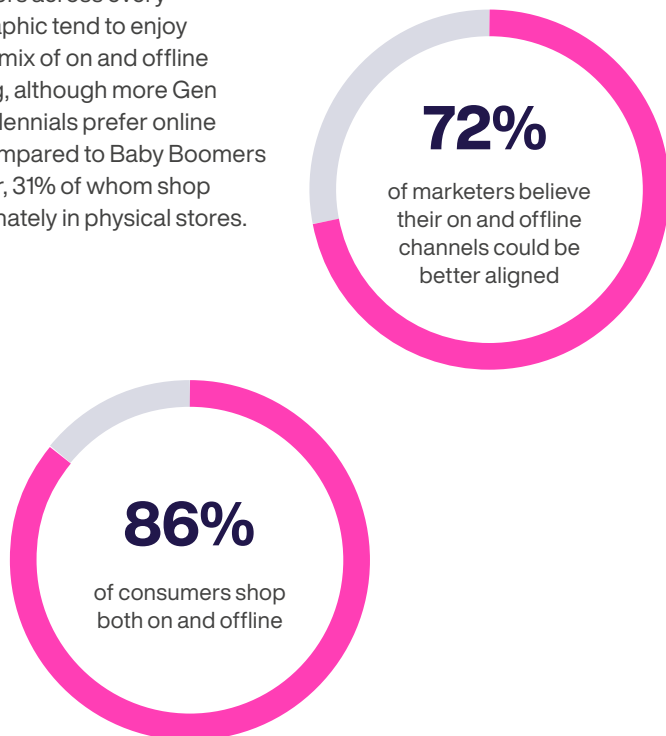


Joining the dots

Despite 86% of consumers shopping both on and offline, just 27% of senior marketers believe their omnichannel journeys are very aligned – highlighting an urgent challenge to address.

While the majority of brands (54%) say their omnichannel journeys are somewhat aligned, 18% lack confidence that they can offer customers seamless experiences across on and offline channels.

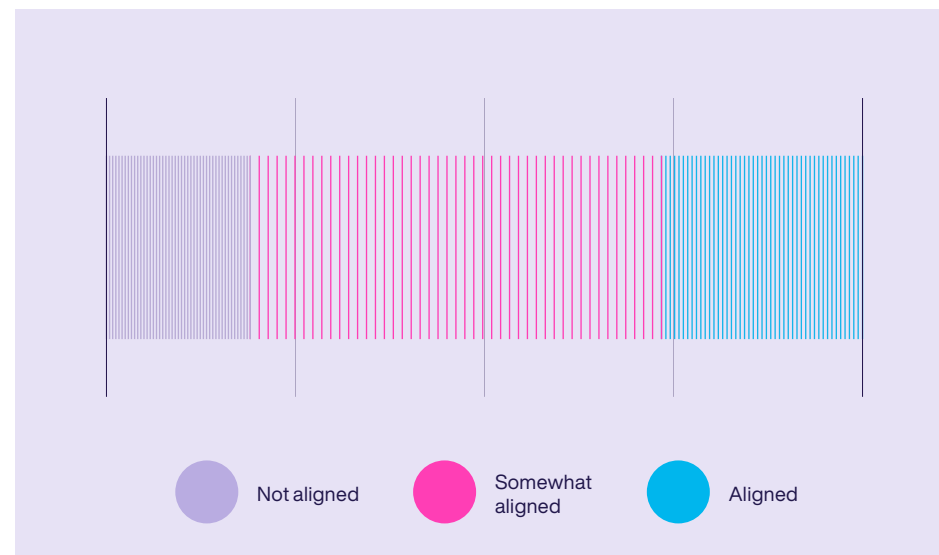
Consumers across every demographic tend to enjoy an equal mix of on and offline shopping, although more Gen Z and millennials prefer online (42%) compared to Baby Boomers and older, 31% of whom shop predominately in physical stores.



HOW CONSUMERS SHOP

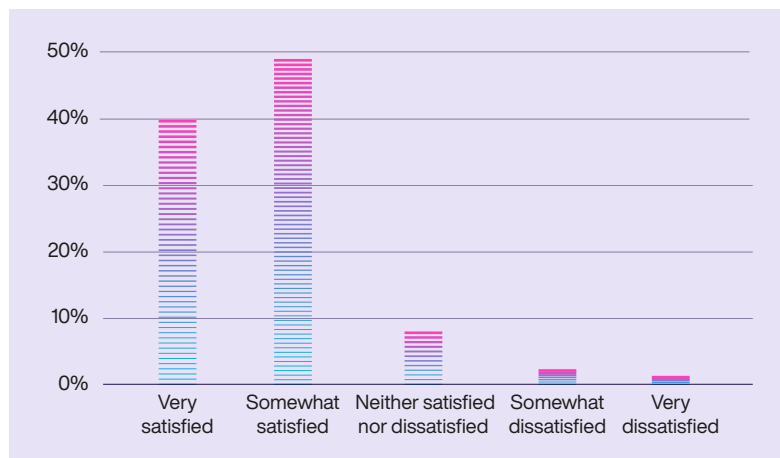


ALIGNMENT ACROSS BRANDS' ON AND OFFLINE MARKETING CHANNELS

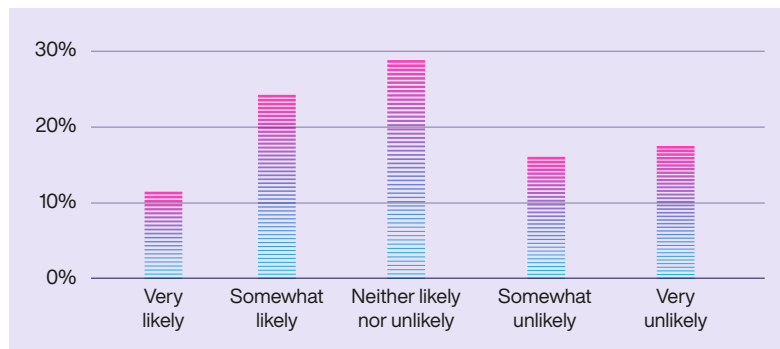


89% of marketers believe they know how to manage customer data – but they’re missing out on more

HOW SATISFIED MARKETERS ARE WITH HOW THEIR BRAND MANAGES CUSTOMER DATA



HOW LIKELY CONSUMERS ARE TO SHARE THEIR PERSONAL DETAILS WITH A BRAND BEFORE BUYING



The good news is that most senior marketers (89%) feel confident their organisation knows how to effectively manage customer data. The not-so-good news is that only 11% of consumers are very likely to give personal details, such as their email address, before buying. This highlights the importance of employing creative tactics to earn zero and first-party data, such as referral programmes and dedicated lead generation campaigns. Against a backdrop of fast-vanishing third-party data, the race is on to open channels that collect data directly from consumers – and encourage them to proactively share it with you.

Top tip 💡

Integrate your tech stack to share first-party data across channels in real-time and serve engaging customer experiences that increase conversions.

By integrating referral with your customer engagement platform, for example, you can identify your truly most valuable customers based on referring and buying behaviour, and engage them in personalised ways.

Ready to close the Customer Advocacy Gap at your business? Visit mention-me.com.

Mention Me empowers brands to harness the exponential power of fans through referral.

Since 2013, our unique Referral Engineering® approach has delivered more than 4.5m referrals totalling USD \$1.5bn in revenue for 500 brands, including Charlotte Tilbury, Farfetch, Nutmeg, Pret a Manger and Puma.

We make brands think advocacy-first by turning referral into a strategic acquisition channel that enhances wider marketing activity and the customer experience. This vision is supported by our fast-growing partner network, which includes Emarsys, Ometria, Klaviyo and Trustpilot.

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

Amplify performance across your marketing stack with our fast-growing partner network

4.5m+ referrals for 500+ brands worldwide

 ometria

 shopify

 ASOS

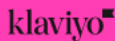
 FARFETCH

 ★ Trustpilot

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 PRETTYLITTLETHING

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The Customer Advocacy Gap | 2022 edition

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