

**Deloitte.**

A new breed of  
brand advocates  
Social networking  
redefines consumer  
engagement





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# “But doth suffer a sea-change Into something rich and strange”

Ariel singing in *The Tempest*, by William Shakespeare

## A sea change in social networking

Consumer product companies are witnessing the early days of a profound transformation in interacting with consumers. A number of concurrent technology and social trends are changing the way consumer product companies connect with consumers, and more importantly how consumers interact with each other in influencing buying decisions.

First, consumers are becoming more knowledgeable about product functionality through online reviews and online pricing comparisons.

Second, the recent growth of social networking represents an increasingly popular channel of recommending products and services not only to immediate friends, but also to a broader audience of consumers. The number of visits to social networking tools like Facebook and Twitter has grown rapidly by 62% in the past year, and social network users are sharing personal recommendations more frequently.<sup>1,2</sup>

Third, retailers and consumer product companies are more actively trying to engage with consumers through social networking. For example, Mattel, the parent company of brands like Barbie, Hot Wheels, and Fisher-Price, recently launched a direct-to-consumer channel that also promotes social networking.<sup>3</sup> Similarly, Wise Foods recently launched an augmented reality game via social media to encourage teens to help shape the Cheez Doodles snack food brand via an interactive contest to create rock videos with the brand mascot.<sup>4</sup>

Fourth, the trend of consumers adopting advanced mobile devices is accelerating the use of social networking since the immediacy in interaction strengthens the experience and makes sharing opinions on products easier. According

to a recent Forrester Research study, the use of mobile phones to access social networks doubled from 5 percent in the first quarter of 2009, to ten percent in the third quarter of 2009.<sup>5</sup>

In this day and age, fewer consumers are restricted to one-on-one interactions or tethered to their computers in advocating (or criticizing) products. Furthermore, the definition of word-of-mouth advocacy has expanded well beyond physical interactions or conversations at the local barbershop to include social networking aided by mobile access. Although many companies are actively engaging consumers through social media to shape their brands, there are some consumers who, while not being primarily targeted by companies, are nonetheless proactively offering and sharing their opinions. Consequently, there is a group of consumers that is shaping brands through their advocacy and critiques, enabled by social media.

## The rising influence of brand advocates

Deloitte conducted a study in August 2009 to look at the issue of brand advocacy and how consumers engage with their favorite brands with the emergence of social networking. The study examined the behavior of surveyed consumers related to the purchase of their favorite brands, and their interaction with those brands. We surveyed more than 1,700 consumers in the United States across three categories to better understand and define brand advocates – those valuable consumers that have a favorite brand, spend an above-average amount on that brand, and are actively involved with the brand, through engagement and advocacy.<sup>6</sup>

Our analysis covered the consumer product categories of salty snacks, all purpose household cleaning solutions, and beer. We examined the characteristics and behaviors of participants identified as brand advocates to understand what influences them and the influence that they in turn hold. This analysis defined the characteristics of brand advocates, assessed motivations for preferring one brand over another, and gauged how survey participants perceive brands across categories.

While the term “brand advocate” is not new, the criteria we defined for a consumer to fit our profile of a brand advocate are unique.<sup>7</sup> First, brand advocates not

only spend more than the average consumer on their favorite brand and category, but also influence others. Second, brand advocates, while more tech savvy than the average consumer, may engage in either online recommendations (for example, via the Internet) or offline recommendations (for example, in person to friends and family). This criterion recognizes that there are advocates whose recommendations could be amplified were they to adopt social media tools. Third, brand advocates are not necessarily blindly loyal to their favorite brand. That is, they have high functional and emotional expectations from products, compared to the average consumer. Simply put – they expect more from brands and products. Finally, brand advocates are open to trying competing products based on recommendations and reviews.

Our survey analysis across these consumer product categories resulted in these key observations:

- Brand advocates spend significantly more than the average consumer on their favorite brands
- Brand advocates are a small, but very involved segment
- Brand advocates are important as influencers, yet are open to influence
- Brand advocates are hard to win over, but worth the effort
- Once a brand advocate, not always a brand advocate

Additionally, we identified four critical activities that companies should consider in maintaining and growing brand advocates:

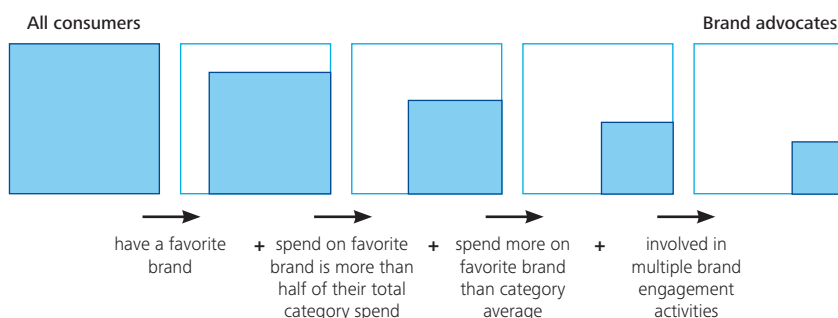
1. Embrace experimentation in social media, as it is a dynamic and evolving medium
2. Stay tuned to evolving conversations about your brand on both company and non-company supported social media
3. Bolster offline advocacy with online social media by paving the way for the next wave of social media users
4. Develop a dual-pronged approach to maintain and grow your base of brand advocates, an approach that recognizes that brand advocates do not tend to be blindly loyal

### Who are brand advocates?

Based on the analysis of survey results across the brand categories of household cleaning solutions, salty snacks, and beer, Deloitte developed a four-part definition of brand advocates (see figure 1).

1. Brand advocates have a favorite brand.
2. Their share of spend on favorite brand/product is more than half of their total category spending.
3. Brand advocates spend more on average on the category than the typical consumer.
4. Brand advocates engage with the brand more often than the average consumer (e.g., recommending and sharing with other consumers, seeking more information and interacting, providing input to the brand, paying a premium or purchasing more when on sale, and sharing the product).

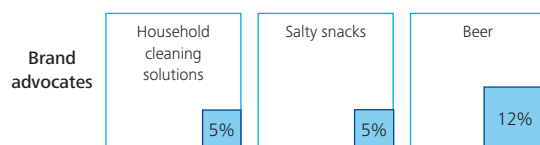
**Figure 1. Brand advocate defined**



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By our rigorous definition, of the survey participants, only 5 percent of survey respondents who purchased household cleaning solutions and salty snacks, and 12 percent who purchased beer were brand advocates (see figure 2).

**Figure 2. Brand advocates in our survey were a small percentage of overall participants**



### Key findings from this study

Our survey analysis across the consumer product categories of all purpose household cleaning solutions, salty snacks, and beer resulted in five key findings related to brand advocacy.

#### 1. Brand advocates spend significantly more than the average consumer on their favorite brands

Brand advocates across the three consumer product categories are likely to use their brand of choice twice as much as the average consumer per week (see figure 3), and spend almost twice more on the category and favorites brands in a month (see figure 4).

**Figure 3. Brand advocates have much higher frequency of use (weekly)**

Survey respondents	Household cleaning solution	Salty snacks	Beer
Brand advocates	6.8	4.4	4.5
All consumers	3.4	2.0	1.8

**Figure 4. Brand advocates spend more on their favorite categories and favorite brands (monthly)**

Survey respondents	Household cleaning solution	Salty snacks	Beer
Brand advocates category spend	\$41.10	\$52.23	\$91.69
All consumers category spend	\$18.42	\$23.56	\$35.54
Brand advocate / all consumer category spend	223%	222%	258%
Brand advocates favorite brand spend	\$25.67	\$37.74	\$69.03
All consumers favorite brand spend	\$12.13	\$12.09	\$32.66

#### 2. Brand advocates are a small, but very involved segment

Brand advocates, while constituting a small segment of total consumers, are important as purchasers and as recommenders. While most consumers surveyed have a favorite brand in the consumer products categories we analyzed, very few are brand advocates (see figure 5).

**Figure 5. Share of all survey respondents who have a favorite of brand vs. those who are brand advocates**

Survey respondents	Household cleaning solution	Salty snacks	Beer
Consumers with favorite brand	65%	72%	84%
Brand advocates	5%	5%	12%

Although the brand advocates are a small group, they participate frequently in brand engagement activities. Brand engagement activities are the ways that brand advocates engage with their favorite brands and the consumer products manufacturer. As part of this study we asked respondents to choose between fifteen brand engagement activities across four categories: recommending and sharing with other consumers, seeking more information and interacting, providing input to the brand, and paying a premium or purchasing more when on sale (see figure 6).

**Figure 6. Brand engagement activities**

- Recommending and sharing with other consumers**
  - Recommended verbally
  - Shared the product/coupons with others
  - Recommended through e-mail or text message
  - Recommended online (blog/website)
  - Received compensation for marketing favorite brands
- Seeking more information and interacting with brand**
  - Searched for additional information about company/brand online
  - Looked up nutritional value on website
  - Searched for coupons online
  - Searched for coupons in store circulars
  - Entered sweepstakes or contests on website
  - Played a game on website
- Providing input to brand**
  - Suggested improvements/new products
  - Called/E-mailed/wrote the company
  - Participated in feedback group
- Paying a premium or purchasing more when on sale**
  - Paid more for this than other brand
  - Purchased your favorite brand multiple times when on sale

We found that compared to the average respondent, brand advocates had engaged in two to three times as many engagement activities in the past 12 months across the categories of household cleaning solutions, salty snacks and beer (see figure 7).

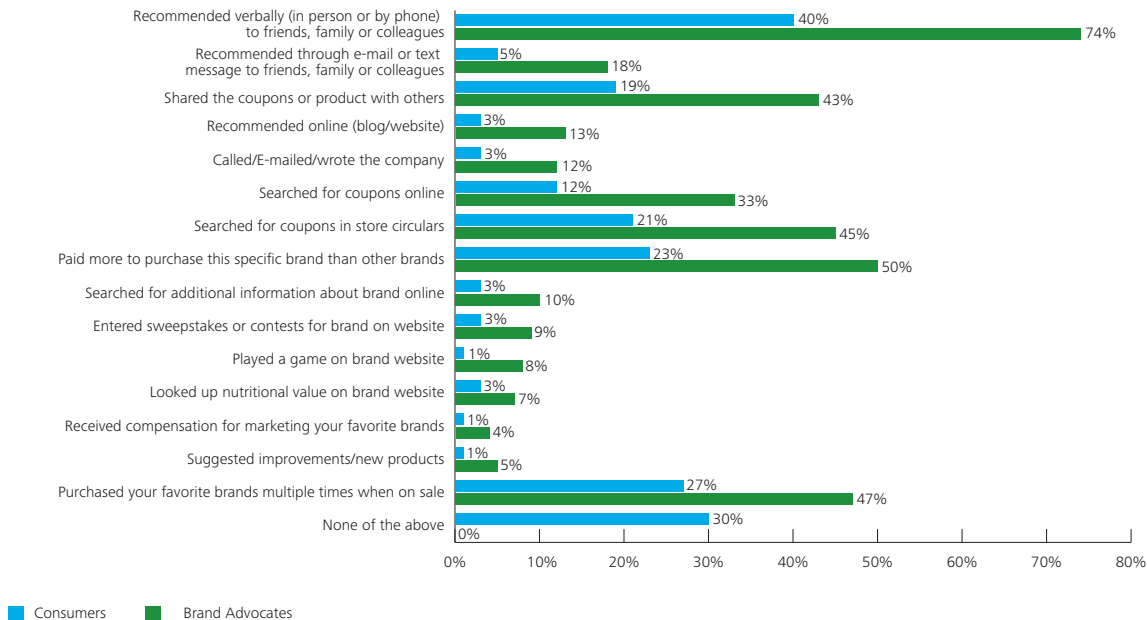
**Figure 7. Brand advocates participate in more advocacy activities (past 12 months)**

Survey respondents	Household cleaning solution	Salty snacks	Beer
Brand Advocates	3.7	3.9	4.0
All Consumers	1.5	1.8	1.7

Brand advocates, according to our findings, were involved in the following six brand engagement activities the most over the past 12 months:

1. Recommended verbally
2. Paid more for this than other brands
3. Purchased favorite brand multiple times when on sale
4. Shared the product/coupons with others
5. Searched for coupons in store circulars
6. Searched for coupons online

**Figure 8. Brand advocates surveyed are more likely to participate in all advocacy activities; however, they are much more likely to participate in technology-related activities (across all three product categories).**



Compared to the average consumer surveyed, brand advocates are twice as likely to engage in traditional brand advocacy activities, like recommending verbally. But in what's indicative of the power wielded by the Internet, we found that brand advocates are three to four times more likely to recommend online, search for additional information about the company/brand online, or play a game on a brand website.

### 3. Brand advocates are important as influencers, yet are open to influence

Advocates are more likely to influence others to purchase a brand by recommending and sharing the product or related coupons. In our study, we asked consumers how often they engaged in the following five activities related to recommending and sharing: recommend verbally; share the product/coupons with others; recommend through e-mail or text message; recommend online (blog/website); and receive compensation for marketing their favorite brands.

**Figure 9. Advocacy activities related to recommending and sharing**

#### Recommending and sharing with other consumers

- Recommended verbally
- Shared the product/coupons with others
- Recommended through e-mail or text message
- Recommended online (blog/website)
- Received compensation for marketing favorite brands

Brand advocates typically participate in recommending and sharing with other consumers two to four times more often than the average consumer surveyed across categories.

**Figure 10. Brand advocates are more likely to recommend and share**

Survey respondents	Household cleaning solution		Salty snacks		Beer	
<b>(brand advocates vs. all consumers)</b>						
Recommended verbally	70%	34%	67%	38%	83%	52%
Shared product/coupon with others	36%	14%	50%	24%	44%	20%
Recommended through email or text message	12%	4%	19%	5%	22%	8%
Recommended online (blog/website)	12%	3%	12%	3%	16%	4%
Received compensation for marketing favorite brands	6%	2%	2%	1%	3%	1%

We also found that brand advocates are much more likely to consider recommendations and reviews from others when purchasing in the three categories surveyed. The receptiveness of brand advocates to recommendations and reviews suggests that brand advocates can be swayed to try other brands. Furthermore, brand advocates place a high importance on purchasing within the category, and this is also likely why they are not averse to changing their preferred brand. Perhaps brand advocates' openness to trying other brands within a category makes them "category advocates" too.

**Figure 11. Brand advocates are more likely to purchase based on a recommendation**

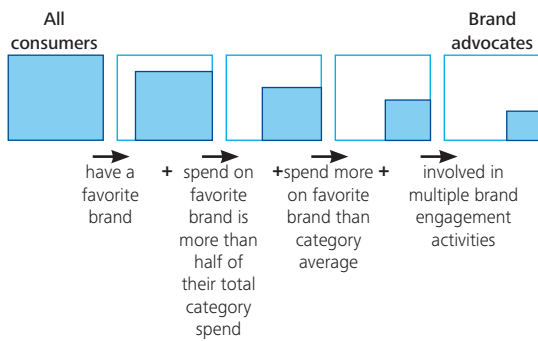
Survey respondents	Household cleaning solution	Salty snacks	Beer
Brand advocates	72%	64%	70%
All consumers	34%	36%	51%

**Figure 12: Brand advocates are more likely to purchase based on a review**

Survey respondents	Household cleaning solution	Salty snacks	Beer
Brand advocates	44%	37%	33%
All consumers	22%	18%	20%

#### 4. Brand advocates are hard to win over, but worth the effort

Brand advocates, as compared to the average consumer surveyed, have very high functional and emotional expectations from products. Brand advocates are not only more demanding and passionate, but they are also harder to win over. Simply put, they expect more from brands and products and are not blindly loyal.



The survey results also indicate that brand advocates have unique lifestyle characteristics. When probed on these qualities, brand advocates often responded differently from the average consumer. First, brand advocates are more likely to want to be recognized as individuals with individual needs. Second, brand advocates tend to believe they are busier than the average consumer, so convenience in use and access is important. Third, they tend to be more social and outgoing, which is not surprising given their propensity to recommend and share. Additionally, brand advocates are more likely to be perfectionists, and more likely to buy new products as soon as they're launched. (See figure 13.) All of these lifestyle characteristics reiterate the challenge faced by companies of capturing — and retaining — the top spot for brand advocates' favorite brand.

Figure 13. Brand advocates have unique lifestyle characteristics

	Brand advocates	All consumers
I want to be recognized as an individual with individual needs	53%	33%
I am very busy, so convenience is key	48%	30%
I am social and outgoing	47%	29%
I am a perfectionist	37%	23%
I like to buy the newest products the second they are released	25%	13%
I am careful with money	57%	47%

Still, brand advocates' higher willingness to spend and likelihood to recommend make them worth the effort. Our research found that brand advocates spend two to three times more on their favorite brands, and are on average two to four times more likely to recommend and share. At a minimum, brand advocates are worth twice as much as the average consumer surveyed; however, taking into account the value of their recommendations to others certainly increases their relative value.

To demonstrate the value of gaining brand advocates, we estimated the impact of increasing the number of brand advocates on market share based on the higher consumption of brand advocates compared to the average consumer. The analysis suggests that in each of these product categories, a modest increase in the number of brand advocates is likely to result in a significant increase in revenue. Based on the survey responses, we estimated the increase in consumption, and corresponding increase in market share, expected from increasing the number of brand advocates.<sup>8</sup> For example, for the average brand in the household cleaning solution category, growing the number of brand advocates 50 percent — from 5 to 7.5 percent of all consumers — could result in market share increase of three percentage points. Similarly, for the average brand in the salty snack category, growing the number of brand advocates by 50 percent — from 5 to 7.5 percent of all consumers — could result in market share increase of four percentage points. And also, for the average brand in the beer category, growing the number of brand advocates by 50 percent — from 12 to 18 percent of all consumers — could result in a market share

increase of nine percentage points. To put these potential market share gains in perspective, in each of these product categories, a 1 percent increase in U.S. market share results in tremendous gains: \$50 million in household cleaners, \$180 million in salty snacks, and \$990 million in beer.<sup>9</sup>

### 5. Once a brand advocate, not always a brand advocate

As we noted earlier (on page 7), advocates can be persuaded to try products based on recommendations from others, and are more likely to consider reviews. Thus it's imperative that companies constantly work at remaining brand advocates' favorite brand.

When we asked brand advocates to describe the top five characteristics of their favorite brand, the following topped their list:

1. A brand with a good reputation
2. A brand that keeps up with the times / is modern
3. A brand with which I identify
4. A brand with happy memories for me
5. A brand that understands my needs

Brands also need to maintain their perceived superiority in functional performance. In each of the consumer product categories, functional performance (e.g., effectiveness in household cleaners, taste in salty snacks and beer) was the primary purchase motivator.

**Figure 14. Purchase motivators by product category for survey participants**

	Top Purchase Motivators
Household Cleaning Solutions	Effective Price Quality Reputation
Salty Snacks	Taste Price Reputation Quality
Beer	Taste Price Reputation Health

### How do brands build advocacy? Influencing the Influencers<sup>10</sup>

For companies, there are number of ways to increase brand advocacy. Building brand advocacy begins with being authentic, honest and transparent with consumers. It also involves communicating and building anticipation into interactions. As a result of these interactions, consumers often become champions for the brand. Companies can benefit because these advocates can help grow demand through their "influencer" roles, and provide inputs into the product innovation process. Consumers likely win because they know they are involved with a brand that will remain relevant and responsive to their lifestyle.

In our study, when brand advocates were asked for the most important factors in determining a favorite brand, three ranked as extremely or very important across the consumer product categories surveyed: authenticity, honesty and transparency, and sharing a point of view (see figure 15).

**Figure 15. Top five characteristics of survey participants' favorite brand**

	Top five characteristics of survey participant's favorite brand
Household Cleaning Solutions	Makes My Life Easier <b>Be Honest &amp; Transparent</b> <b>Be Authentic</b> Share a POV Give More
Salty Snacks	<b>Be Authentic</b> <b>Share a POV</b> Spend Quality Time Be Empathetic Be Exciting, <b>Be Honest &amp; Transparent</b> (tie)
Beer	<b>Be Authentic</b> Spend Quality Time <b>Be Honest &amp; Transparent, Share a POV</b> (tie) Be Exciting

Note: Common characteristics in bold.

Building close relationships with brand advocates can represent a cost-effective, targeted approach for many companies. By promoting customer interactions with brand advocates, gathering information from willing participants, and using that information to more quickly introduce products and services to the marketplace, companies can better maintain and grow brand advocates.

Consumer product companies are expanding their use of social media to maintain and build brand advocacy. The Deloitte 2009 *Tribalization of Business Survey* found that the top five business objectives related to social media are: increase word-of-mouth, increase customer loyalty, increase brand awareness, improve idea generation, and improve the quality of customer support – all objectives linked to brand advocacy.<sup>11</sup>

Recent examples of consumer product companies harnessing the enthusiasm and creativity of brand advocates come from Doritos, a salty snack brand of the Frito-Lay business unit of PepsiCo and from The Coca-Cola Company. Doritos consumers are encouraged to create 30 second commercials with the possibility of airing them on television during the Super Bowl and prize money. Additionally, consumers interacted with the brand by voting for their favorite ads as part of the selection process. One of the two winning commercial submissions was rated the top Super Bowl advertisement in 2009 by the USA Today Ad Meter.<sup>12</sup> For The Coca-Cola Company, two independent fans (and advocates) of their product developed a Facebook site that attracted many fans. When Facebook changed their rules about brand site ownership reverting to the brand companies, Coca-Cola let the two advocates continue with the site in collaboration with them.<sup>13</sup> Who better to manage a community of potential advocates than two brand advocates?

### Path Forward

Social media has changed, and continues to change, the way consumer product companies interact with consumers. Furthermore, consumers have more opportunities to interact with each other and influence buying decisions.

Concurrent to the emergence of social networking technology, there is a growing segment of consumers who rely less on traditional media and are outspoken about their views. These consumers consider themselves social and like to stay on top of trends. They are younger, more educated and more tech-savvy than the average consumers.

And they spend much more on their favorite brands.

And they are actively involved in promoting their favorite brands verbally and via technology.

They are the influencers or “brand advocates” with disproportionately high spend on their favorite brands (two to three times more than the average consumer) and disproportionately high influence on other consumers (they recommend or share two to four times more than the average consumer).

In choosing and staying loyal to a brand, brand advocates expect a brand to be honest, transparent, authentic, and share a point of view. Brand advocates also want to have regular interaction with their favorite brands and want companies to keep the corresponding messaging fresh.

Social networking provides a platform to companies and their brands to not only remain fresh and in touch with consumers, but also to help ease and grow recommendations from one-to-one in-person conversations to one-to-many conversations.

Based on our research, we have identified four critical activities to consider in maintaining and growing brand advocates:

1. Embrace experimentation in social media, as it is a dynamic and evolving medium.
2. Stay tuned to evolving conversations about your brand on both company and non-company supported social media.
3. Bolster offline advocacy with online social media by paving the way for the next wave of social media users.
4. Develop a dual-pronged approach to maintain and grow your base of brand advocates, an approach that recognizes that brand advocates do not tend to be blindly loyal.

So the question is: how will you influence the influencers?

<sup>1</sup> <http://www.emarketer.com/Article.aspx?R=1007347>, Retailers Get Ready for Social Shopping Experience, October 26, 2009

<sup>2</sup> [http://news.cnet.com/8301-31001\\_3-10374324-261.html](http://news.cnet.com/8301-31001_3-10374324-261.html), U.S. visits to social networking sites from September 2008 to September 2009, Experian Hitwise, "Growth of Facebook Leaves MySpace in Dust," October 13, 2009, Greg Sandoval, CNET

<sup>3</sup> [http://www.brandweek.com/bw/content\\_display/news-and\\_features/direct/e3i18f9dff77f3e360f3b3db12729bd624](http://www.brandweek.com/bw/content_display/news-and_features/direct/e3i18f9dff77f3e360f3b3db12729bd624), "Wise Hopes Rock Dudes Will Top Cheesy Cheetah," Oct 25, 2009, Brian Morissey

<sup>4</sup> <http://www.dmnews.com/mattel-launches-e-commerce-portal-for-various-brands/article/156009/>, Mattel launches e-commerce portal for various brands, Mary Elizabeth Hurn, October 22, 2009

<sup>5</sup> <http://www.mobilemarketer.com/cms/news/research/4458.print>, "Mobile Social Networking Blowing Up: Forrester, Dan Butcher, Mobile Marketer, October 21, 2009

<sup>6</sup> Methodology: A total of 2,621 nationally representative interviews were conducted online from 8/10/09 – 8/18/09. Respondents were exposed to three random categories from five categories: salty snacks (n=1,726), all purpose household cleaning solutions (n=1,654), beer (n=774), supermarkets (n=1,719), and fast food restaurants (n=1,793). The interview was approximately 20 minutes in length. All respondents were age 18+ (21+ to view beer category) and not employed in a sensitive industry.

<sup>7</sup> Engaging Advocates Through Search and Social Media, Yahoo! Inc., December 2006, Sebastian Fernandez, Anne Frisbie, Michele Madansky, Erika Perzi Hermanns, Edwin H. Wong

<sup>8</sup> The projected market share increase in each category was modeled using category and favorite brand spend survey data for brand advocates and the average consumer. The projected increase in market share was estimated by applying the difference between brand advocate and average consumer spend on their favorite brand as a percentage of total category spend.

<sup>9</sup> Market size for household cleaners estimated \$5 billion industry in the U.S. in 2008, beer estimated \$99.3 billion U.S. industry in 2008, and salty snacks estimated \$17.7 billion U.S. industry in 2009. Household Cleaning Products: The Consumer in the United States 2008, Mintel, June 2008; Mintel Group, August 2009; Beer Institute, June 2009

<sup>10</sup> Consumer centric innovation: Tapping into consumer insights to drive growth. Pat Conroy, Art Ash, Diane Kutyla. Deloitte, 2009.

<sup>11</sup> Deloitte 2009 Tribalization of Business Study, Ed Moran, [www.deloitte.com/us/2009tribalizationstudy](http://www.deloitte.com/us/2009tribalizationstudy)

<sup>12</sup> Doritos Issues Last Call for Consumer-Created Ads Vying for \$5 Million in Prizes and Air Time During Super Bowl XLIV, Marketing Weekly News, November 14, 2009

<sup>13</sup> The Real Thing: How two California dudes created Coke's Facebook fan page and bubbled their way to the top, Win Rosenfeld, The Big Money, November 30, 2009, <http://www.thebigmoney.com/articles/-big-money-facebook-50/2009/11/30/real-thing>

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